



ANNUAL REPORT

Attendee Draw

5 x €50 Laois Gift Cards will be given away on the night!



NOTICE is hereby given that the 2020 Annual General Meeting (AGM) of People First Credit Union will take place **on Wednesday, 28th April 2021 at 7.30 pm. Due to current Covid-19 restrictions this event will take place virtually.** To attend the AGM each member must register their individual details as below.

How do I register for the virtual AGM?

Members over the age of 16 who wish to attend the virtual AGM are requested to register their below details through our online link www.peoplefirstcu.ie/agmregistration

- Membership Account Number
- Name
- Current Email Address
- Contact Number

Please Note: Deadline for PFCU to receive registration details is by Noon on Friday 23rd April 2021

Once PFCU have verified member's details, members will receive AGM instructions and a unique link before the event. Your unique link to join the online AGM will be sent to you 24 hours prior to the AGM.

Please Note: this link cannot be shared and is unique to the email address you registered with. If you share this information, you forego the right to vote during the AGM.

Clive Davis
Secretary

AGM AGENDA

1. Credit Union Invocation
2. Acceptance of proxies (if any)
3. Ascertainment of quorum
4. Adoption of standing orders
5. Review of Minutes – AGM 2019
6. Chairman's address/Report of Directors
7. CEO Report & Consideration of Accounts
8. Declaration of dividend
9. Auditor's report
10. Report of the Credit Committee
11. Report of the Membership Committee
12. Report of the Credit Control Committee
13. Report of the Marketing & Promotion Committee
14. Report of the Board Oversight Committee
15. Report of the Nominations Committee
16. Motions
17. Appointment of tellers
18. Elections and balloting
19. Any other business
21. Results of the elections
22. AGM Attendee Draw
23. Close Meeting



Our new current account and debit card are coming soon.

Talk to us today to find out more about this exciting new service.

Launching in 2021

Mastercard is a registered trademark, and the circles design is a trademark of Mastercard International Incorporated. The MYCU Debit Card is issued by PayNet UAB pursuant to license by Mastercard International Inc. Terms and conditions apply. People First Credit Union Limited is regulated by the Central Bank of Ireland.

MESSAGE FROM THE CHAIR



Dear fellow Members,

2020 was a difficult year with the global pandemic dominating the news. It affected us all and how we went about our lives. It

also had an impact on the Credit Union and how it went about its business.

The first priority for us was the safety of all. The Management Team was very proactive in ensuring that our Offices were adapted so that both staff and Members were protected by ensuring risk was kept at a minimum. Although we had to curtail some of our services due to the requirement to keep face-to-face contact at a minimum, we are proud of the fact that, right through all the days of restrictions, we continued to maintain services to Members. This would not have been possible without the commitment and dedication of each and every staff member. It makes us all appreciate how lucky we are to have such a committed and loyal staff in PFCU.

The Board of Directors also had to make adjustments as to how it performed its role. I can assure you that there was no disruption to the governance of PFCU and both Board and Committee meetings continued to be held throughout the year, allowing for strategic decisions to be made so that the various challenges facing the Credit Union could be met. I wish to compliment each Director for the immense dedication they have shown in their volunteer role. Sadly, our friend Frank Cronin passed away during the year, a man who gave so many years of dedicated service to our Credit Union as a volunteer on the Board of Directors.

He was a true “Credit Union man” who always kept the best interests of Members to the fore. Ar dheis Dé go raibh sé.

Members will have noticed that, due to the pandemic, there were some decisions made over the course of the year that affected them. For example, on-line loan applications were promoted as an ideal way to apply for a loan when restrictions did not permit making these applications in person. However, there was a significant fall-off in loan applications, and coupled with a steep rise in shares, forced the implementation of a share cap. Some of our Members, due to circumstances beyond their control, found themselves out of work due to businesses closing. These Members, who had taken out loans and now were finding it difficult to meet their repayments, had special arrangements put in place to support them in managing the situation. Our new dedicated Member Services Area was on hand at the end of the phone to help and support Members when needed. Recognition was given to organisations supporting those affected by the pandemic through special grants allocated from our Community Fund.

As we go through 2021 we hope that things will improve, not just for PFCU, but for us all. We look forward to the day when we can return to the normal daily lives we were used to. And remember, your local Credit Union will continue to be there to help and support you when needed.

Thank you for being part of our Credit Union.

Le dea-ghuá

Kieran Brosnan

Chair, People First Credit Union

AGM STANDING ORDERS

VOTING

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

ELECTION PROCEDURE & ELECTRONIC VOTE

2. Voting on elections and motions will be by electronic means, instructions for voting electronically will be issued at the AGM to all members who have registered to attend. Members must attend for the virtual AGM for their votes to be counted.
3. Elections shall be in the following order:
 - a) Elections to the Board of Directors,
 - b) Elections to the Board Oversight Committee,
 - c) Elections for Auditor.
4. The votes will be tallied electronically. When all elections have been completed and results become available, the Chairperson will announce the results.

MOTIONS

5. In light of specific difficulties that we are facing in holding an AGM this year due to COVID-19, the purpose of this year's AGM is to deal with the essential business of the credit union. This includes reporting to members on the financial status of the credit union and voting on elections and motions. Any non-urgent matters will be dealt with at next year's AGM.
6. As such, there will be no motions from the floor due to the difficulties in managing same remotely. Members are welcome to submit questions at the AGM via a "Q&A" option that will be available for attendees at the AGM.

MISCELLANEOUS

7. The Chairperson of the credit union shall be the Chairperson of any general meeting, except where he/she is not available, in which case it shall be the Vice-Chair, except where he/she is not available, in which case the Board shall decide amongst themselves who shall act as Chair of any meeting.
8. The Chairperson may at his/her discretion, extend the privilege of the floor to any person who is not a member.
9. Matters not covered by the Agenda may be introduced under 'Other Business' at the discretion of the Chairperson. At a virtual AGM in the current circumstances, this may not be practical, however, the option may be invoked if required.
10. The Chairperson's decision on any matter relating to these standing orders or interpretation of same will be final.
11. In accordance with Section 82(2) no member shall have more than one vote on each question at any general meeting of the credit union or any adjournment thereof, irrespective of his/her shareholding or the number of accounts in his/her name in the credit union, provided however, that except in voting at elections, the presiding member shall have a second or casting vote in the event of equality of voting. Voting by proxy shall be allowed and will be in accordance with 82(4) and 82A of the Credit Union Act, 1997 (as amended). For further details of appointment of proxy, please contact PFCU directly.
12. Any matter to be decided upon by vote at the AGM shall, unless otherwise expressly provided for by law or the rules, will be decided upon by simple majority.
13. The virtual AGM will be recorded.

SUSPENSION OR ALTERNATION OF STANDING ORDERS

14. Any one of these Standing Orders or all of these Standing Orders may be suspended on a motion to this effect receiving a two-thirds majority of those present and entitled to vote.
15. Standing Orders may be amended or altered at a general meeting and only if a motion to this effect has received a two-thirds majority of those present and voting.

ADJOURNMENTS

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

AGM - RULE AMENDMENTS AND RELATED MOTIONS

17. The follow motions will be put to the meeting for a vote, the Chairperson shall have the absolute right to decide at any time when a motion has been sufficiently discussed.

Motion No. 1

That this Annual General Meeting amends the Standard Rules for Credit Unions (Republic of Ireland) by the insertion of a new Rule 1A as follows: Any reference in these rules to a member present and voting at a general meeting shall be construed as including a reference to a member in attendance and voting at a general meeting conducted wholly or partly by the use of electronic communications technology.

Motion No. 2

That this Annual General Meeting amends, Rule 96 of the Standard Rules for Credit Unions (Republic of Ireland) in paragraph (1), by the deletion of "in the State at such date, time and place" and the insertion of "at a time, at a place in the State (where applicable) and in the manner (where applicable)" so as to read as follows:

- (1) In respect of each financial year, a meeting (to be known as the "annual general meeting") of the members of the credit union shall be held at a time, at a place in the State (where applicable) and in the manner (where applicable) as the board of directors may, by resolution, determine. For the purposes of these rules, the first annual general meeting of the credit union shall be the one held in October, November, December, or January next after the organisation meeting.

And

by the insertion of a new 96A as follows:

96A

- (1) The credit union need not hold a general meeting at a physical venue but may conduct the meeting wholly or partly by the use of electronic communications technology as long as all attendees have a reasonable opportunity to participate in the meeting in accordance with this Rule.
- (2) (a) The credit union may provide for participation in a general meeting by providing or facilitating, for that purpose, the use of electronic communications technology, including a mechanism for casting votes by a member, whether before or during the meeting.
(b) The mechanism referred to in paragraph (a) shall not require the member to be physically present at the general meeting.
- (3) The use of electronic communications technology pursuant to paragraph (2) may be made subject only to such requirements or restrictions put in place by the credit union as are necessary to ensure the identification of attendees and the security of the electronic communications technology, to the extent that such requirements or restrictions are proportionate to the achievement of those objectives.

- (4) The credit union shall inform attendees, before the general meeting concerned, of any requirements or restrictions which it has put in place pursuant to paragraph (3).
- (5) The credit union that provides for the use of electronic communications technology for participation in a general meeting by an attendee shall endeavour to ensure, as far as practicable, that —
 - (a) such technology:
 - (i) provides for the security of any electronic communications by the attendee,
 - (ii) minimises the risk of data corruption and unauthorised access, and
 - (iii) provides certainty as to the source of the electronic communications.
 - (b) in the case of any failure or disruption of such technology, that failure or disruption is remedied as soon as practicable, and
 - (c) such technology enables the attendee to:
 - (i) hear what is said by the chair of the meeting and any person introduced by the chair, and
 - (ii) speak and submit questions and comments during the meeting to the chair to the extent that the attendee is entitled to do so under the rules of the credit union.
- (6) Any temporary failure or disruption of electronic communications technology shall not invalidate the general meeting or any proceedings relating to the meeting.
- (7) Unless such failure or disruption is attributable to any wilful act of the credit union, the credit union shall not be liable in respect of any failure or disruption relating to the equipment used by an attendee to access a general meeting by electronic communications technology that occurs and which failure or disruption prevents or interferes with the attendee's participation, by the use of such technology, in the meeting.
- (8) Where, in the opinion of the board of directors, it is deemed necessary, due to exceptional and unexpected circumstances, the board of directors may, by resolution, cancel a general meeting at any time prior to the holding of the meeting.

Motion No. 3

That this Annual General Meeting amends, Rule 98 of the Standard Rules for Credit Unions (Republic of Ireland) so as to read as follows:

Rule 98. Notice of general meetings.

- (1) Before a general meeting of the credit union is held, the secretary of the credit union shall, in accordance with paragraph (2), give notice of the meeting to the Bank, to the auditor of the credit union, to the Irish League of Credit Unions and to every member of the credit union who, at the beginning of the relevant period, is eligible to vote at the meeting.
- (2) Subject to paragraph (4), the notice required by paragraph (1):
 - (a) shall state the date, time, place (where applicable) and manner of holding (where applicable) of the general meeting;
 - (b) shall be accompanied by the agenda for the meeting;
 - (c) in the case of a notice of a special general meeting, shall contain a statement that the annual accounts for the most recent financial year may be obtained, not later than seven days before the date of the general meeting, at the registered office of the credit union;
 - (d) shall, within the relevant period, be delivered personally or by post to the Bank, to the auditor, to the Irish League of Credit Unions and to each member of the credit union and, if delivered by post to any member, shall be so delivered to the address of that member as recorded in the books of the credit union;
 - (e) shall be displayed in the public office or offices of the credit union; and

- (f) shall, in the case of a general meeting proposed to be held wholly or partly by the use of electronic communications technology, state
 - (i) the electronic platform to be used for the meeting,
 - (ii) details for access to the electronic platform,
 - (iii) where required by a credit union, the time and manner by which an attendee must confirm his or her intention to attend the meeting,
 - (iv) any requirements or restrictions which the credit union has put in place in order to identify attendees who intend to attend the meeting,
 - (v) the procedure for attendees to communicate questions and comments during the meeting, and
 - (vi) the procedure to be adopted for voting on resolutions proposed to be passed at the meeting.”
 - (b) In paragraph (4), by the insertion of “and containing such information” after “in such form” so as to read as follows.
- (4) With the consent of the Bank, given where the Bank considers there are exceptional circumstances justifying the application of section 80(4) of the Act, the notice required by paragraph (1) shall be given by publishing a notice, in accordance with paragraph (5), at such times (or within such period) and in such form and containing such information as the Bank may require.

And

by the insertion of a new Rule 98A as follows:

98A

- (1) Notwithstanding Rule 98 but subject to paragraph (2), notice for the purposes of Rule 96A(8) shall be given in the same manner as the notice for the general meeting referred to in Rule 98 but where, in the opinion of the board of directors, giving such notice in that manner is not reasonably practicable, notice shall be given:
 - (a) where the credit union has a website, on that website,
 - (b) by email to every member for whom the credit union has an email address, and
 - (c) in at least one national newspaper published in the State and circulating in the area in which the registered office of the credit union is situated, in a local paper and on local radio.
- (2) Paragraph (1) of this Rule shall not apply where all members agree in writing to the cancellation, change of venue or change of means of holding the general meeting concerned, or to dispensing with notice for the general meeting.”

Motion No. 4

That this Annual General Meeting amends, Rule 99(3)(a) of the Standard Rules for Credit Unions (Republic of Ireland) to provide for the notice requirements for an adjourned meeting (to include information with respect to an electronic meeting) so as to read as follows:

- (3) Subject to paragraph (3) in rule 98:
 - (a) Paragraph (2)(a), (b), (d), (e), (f) of Rule 98 shall apply to a notice under paragraph (2)(b) of this rule as they apply to a notice under paragraph (1) of that rule; and

Motion No. 5

That this Annual General Meeting approves a Motion that no Dividend or Loan Interest Rebate be made for 2020.

Motion No. 6

That this Annual General Meeting approves a Motion that PFCU transfers €30,000 to the Community Fund.

Motion No. 7

That this Annual General Meeting amends the membership of the Board Oversight Committee to consist of 5 members.

MARKETING COMMITTEE REPORT

NEW CAMPAIGNS

This year we launched new key products:

- **Stronger Together Loan** – We are beating 'Flexifi' by offering our local businesses a local way for their customers to pay through People First Credit Union
- **Agri & SME Loan** - Take your Enterprise to the next level with an SME loan from People First Credit Union
- **Monster Car Loans** at Tiny Rates! Looking for a car loan €25k or over? We are giving you our tiniest online rate yet!
- **Monster Home Improvement Loan:** Are you dreaming of making your nest bigger, brighter or warmer? We're giving your bigger loans of €30K+ our smallest online rate.
- Our **Debt Consolidation One for All Loan** – Wrap up all your loans into one single loan repayment and save yourself money!

- **Loan within shares** - In our most recent member survey you spoke and we listened! You asked for the 'Loan Within Shares' loan type, now it's back!

These new loan products have proved very popular with our members and were launched in a year where our members needed to borrow for 'Big, Small & Strange'. We thank our members for your continued support by borrowing with us which is what helps us as a Credit Union to grow. You can view our loan calculator or apply online at www.peoplefirstcu.ie/loans

MEMBER PERSONAL CURRENT ACCOUNT SERVICE

Sit tight! Its coming! The launch of our Member Personal Current Account Service including Debit Card will be launched in 2021, it has been delayed due to Covid restrictions be we are delighted to inform you of its arrival very soon.



IT'S BACK!
Loan with shares.

Borrow up to the amount of your savings with a lower interest rate of 5.49% (5.63% APR)

DIGITAL

We continue to focus on our digital channels to communicate our fantastic loan offers and CU news! Our website enables you to check repayments on a loan through our loan calculator and even apply for your loan from the comfort of your couch. You can now check your balance online, print an e-statement, or transfer money in and out of your account. Applying for a loan couldn't be easier, apply online and we can have the money in your account the very next day once we have all your relevant documents. You can now also become a member online – it just



takes a few minutes and means you can do it in your own time, start the process online and we will complete your documents with an appointment in your local branch. We are constantly keeping you updated with our latest loan offers, news and competitions, so make sure to follow us on Facebook, Instagram and LinkedIn.

LOAN GROWTH

One of our key goals in Marketing is to get the message out about our great loan rates, and the benefits of borrowing from your local Credit Union. At People First Credit Union, we keep your money close, and use it to help your friends and neighbours in the community borrow for their day to day living. So, borrowing locally makes a difference not just to you, but also your community.

Thank you for choosing us for your loan.

COMMUNITY FUNDING

People First Credit Union is more than just a place for savings and loans – it is a place for community, a place of support.

We remain committed to our communities and continue to support many groups and organisations through our sponsorship budget every year. This year, more than ever we wanted to support you our members which is why we set up a Covid-19 Community Connect Fund. The Covid-19 Community Connect Fund ran from March to September with a €20,000 fund aimed at the immediate needs of non-profit organisations impacted by Covid-19. We supported 36 local community groups and organisations this year. We can only support community groups like this by you our members saving and borrowing with us. Thank You. 'Community is our Unity'.

CEO REVIEW AND CONSIDERATION OF ACCOUNTS 2020

Dear Members,

2020 has been an unprecedented year and the staff and management of PFCU pray our members continue to remain safe and well in these difficult times. COVID-19 is affecting all our lives on a daily basis, some members more than others. It is these adversely affected members we think of most as we present the last year's performance of your credit union to you.

The Board and management confidently headed into the 2019/2020 financial year with loan demand growing, our new organisation structure taking shape and our new Strategic Plan ready to implement. Then COVID-19 dashed our optimism. The results of the impact of COVID-19 on your credit union will become evident as I go through the key items in our 2019/2020 accounts.

€135.6 MILLION
MEMBERS SHARES

€31.4 MILLION
LOANS TO MEMBERS

€20.29 MILLION
TOTAL RESERVES

- **Our loan book has decreased by 5.4%**
- **Loans issued were €16.27 million representing a decrease of 11.8%**
- **Deficit of €59,325 mainly due to increased provisioning of €798,479 due to COVID**
- **717 new members**

INVESTMENTS

The European Central Bank (ECB) ongoing quantitative easing programme continues to result in a poor investment environment for PFCU. All Irish Banks now apply a negative interest rate on short-term corporate deposits held with them and this presents a problem as legislation requires PFCU to hold 20% of our assets (equating to €31.6 million) in liquid form. This environment has made it very difficult for PFCU to get a return on the surplus funds we hold and is impacting on PFCU's ability to generate a surplus for our members from investments.

PFCU has also seen a surge in savings with shares growing €13.6 million in the financial year. This forced PFCU to put a Share cap in place from 8th September 2020. As a result, until further notice, members are restricted to lodging a maximum of €5,000 per month to the credit union and you cannot exceed more than €30,000 in total in your accounts. We appreciate this has caused upset to some members, but PFCU was left with no choice. Regrettably, we will shortly be writing to members who hold large savings

with us asking them to reduce their savings to below €30,000.

On a positive note, PFCU managed to sell some investments resulting in a capital gain of €583,217 and this greatly helped to boost our bottom line. I will caution PFCU's ability to get future capital gains on investments are now very limited.

LOAN BOOK

PFCU has had another difficult year with loans as we saw our loan book drop by 5.4% during the year. While this was very disappointing, we note two COVID-19 lockdowns severely restrict PFCU's ability to grow our loan book.

Competition in the personal loans market is fierce and will continue to be. PFCU needs our local, loyal membership to support us now by taking out loans with us. You will find our professional team of lenders to be helpful and our rates competitive.

There are some positives signs as we look ahead. PFCU launched our SME & Agri loan offering in February 2020 just as we went into the first lockdown, and we are

now starting to see some traction in these markets. We will continue to drive growth in these areas in 2021. We will also be re-entering the Home Loans market in 2021 following Central Bank of Ireland approval.

NEW MULTI-PURPOSE CURRENT ACCOUNT SERVICE (MPCAS)

PFCU is launching our new MPCAS with Debit Card to our members in April/May 2021. In light of the recent closure announcements by Banks PFCU now offers you the opportunity to maintain your current account in a trusted institution that you own. We are an institution who make decisions to benefit our members.

OTHER SERVICES/METAMO

Our new Credit Union / FEXCO collaboration (called Metamo www.metamo.ie) is continuing to work to bring our members new services. Plans are now well advanced in rolling out member insurance (home, car and travel) and member Life and Pensions. Our loan offerings are expanding and PFCU successfully obtained a tranche of the Government COVID guarantee loans from the SBCI. With work ongoing in IT and other

areas PFCU is gearing ourselves up to better service our members future needs.

YEAR-END RESULTS

Unfortunately, our year-end figures reflect the difficult year PFCU had in 2019/2020 with a loss of €59,325. This was primarily as a result of PFCU needing to fund loan provisions in case the fallout of COVID impacts on our members ability to repay. This deficit means PFCU is unable to pay a dividend or rebate.

CONCLUSION

I would also like to take this opportunity to thank the Chair, Board and Board Oversight for all their positive assistance during the year. I would like to acknowledge the passing of our esteemed Director Frank Cronin whom I respected greatly. I would like to thank all the staff for their efforts and attendance while withstanding incredible pressure over the past year. And finally, I would like to thank you our members for your continued support.

Seán Dunne
CEO

GENERAL INFORMATION

Directors

Kieran Brosnan (Chair)
Mary Carmody (Vice Chair)
Clive Davis (Secretary)
John Whelan
Evelyn Dunne
Billy Fitzpatrick
Des Mulhall
Caroline Buggy
Elsie Cummins
Gerard Fitzgibbon
Caitriona Murphy

Board Oversight Committee

John Meehan
Brendan O'Sullivan
Frank Delaney

Secretary

Clive Davis

Company Number 137CU

Registered Office

James Fintan Lalor Avenue,
Portlaoise,
Co. Laois

Auditors

Grant Thornton,
Mill House,
Henry Street,
Limerick, V94 K6HH,
Ireland.

Bankers

Ulster Bank
Laois Shopping Centre,
Portlaoise,
Co. Laois

Solicitors

Bolger, White, Egan
and Flanagan,
Lismard Court,
Portlaoise,
Co. Laois

MONTHLY CASH DRAW

PFCU MEMBERS CASH DRAW REPORT 2019/2020

MEMBERS DRAW INCOME AND EXPENDITURE ACCOUNT

INCOME

Opening Balance	€ 16,681.58
Members Entry Fees	€ 210,567.90

EXPENDITURE

Prizes to Cash Draw Winners	-€ 192,900.00
Less Spot Prizes at Cash Draw Event	-€ 200.00

CLOSING BALANCE € 34,149.48

BALANCE AS PER TB € 34,149.48

TOP PRIZE WINNERS OF MEMBERS DRAW FOR 2019/2020 €10,000 PRIZE

- Oct 19: B Lawlor, Abbeyleix
Nov 19: P O'Reilly, Portlaoise
Dec 19: T Byrne Portlaoise and D O'Neill Athy
Jan 20: S Blanchfield, Athy
Feb 20: L McGuire, Portlaoise
Mar 20: M Brange, Portlaoise
Apr 20: S Quigley, Timahoe
May 20: T Churchouse, Ballyroan
Jun 20: H Kingham, Athy
Jul 20: E Broderick, Stradbally
Aug 20: EJ Harvey, Mountmellick
Sep 20: L Armstrong, Portlaoise



June Cash Draw Winner - Helen Kingham

Are you
up to date
with our
Privacy Policy?
[www.peoplefirstcu.ie/
Privacy-Policy](http://www.peoplefirstcu.ie/Privacy-Policy)

ANNUAL REPORT OF THE BOARD OVERSIGHT COMMITTEE (BOC) 2020

The BOC are elected by the members of the Credit Union at the AGM and form part of the Governance in the Credit Union.

Under section 76M of the Credit Union Act, the function of the committee is to assess whether the Board of Directors have operated in accordance with Part IV of the Act and any other matter prescribed by the Central Bank of Ireland. This includes assessing whether the Board has carried out its functions, as set out in section 55 of the Act. With this in mind, the BOC held a meeting once a month and attended all Board meetings. At our quarterly meetings with the Board all aspects of the Credit Union Operations were discussed, and reports of these meetings were furnished to the Board and copies sent to the Central Bank. In total the BOC observed twelve meetings of the Board and hosted four quarterly Appraisal meetings with the Board.

While we are under no obligation to attend the sub-committee meetings, we have been represented at thirty-seven meetings in total, of the various sub-committees during the year and can report they are functioning very well and we compliment the volunteers who form part of them. We also report to the external and internal

auditors, who carry out a vital function within the organisation. All members of the BOC have completed mandatory training.

People First Credit Union is a very large organisation with four branches, Abbeyleix, Athy, Stradbally, and Portlaoise, it presents a great deal of work. We can assure the members that the same high standards are maintained in all offices.

We are proud to report that the PFCU offices stayed open throughout the lockdown to serve its members and all the staff deserve our thanks. We urge you, the members to keep in touch with the Credit Union if possible, through our social media or in person if preferred.

We thank the Board of Directors for its cooperation in accepting any comments we made throughout the year. We also greatly appreciate the help and assistance we received from the staff without which we would have great difficulty in meeting our commitments.

COMMITTEE MEMBERS:

Brendan O'Sullivan (Chair)

Frank Delaney (Secretary)

John Meehan



DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

The directors present their annual report and the audited financial statements for the financial year ended 30 September 2020.

PRINCIPAL ACTIVITY

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

AUTHORISATION

The credit union is authorised as follows:

- Insurance, reinsurance or ancillary insurance intermediary under the European Union (Insurance Distribution) Regulations, 2018 (as amended).
- Investment Intermediaries (Restricted Activity Investment Product Intermediary) pursuant to Section 26 of the Investment Intermediaries Act, 1995 (as amended).
- Entitled under the European Union (Payment Services) Regulations 2018 to provide payment services.

BUSINESS REVIEW

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

DIVIDENDS AND LOAN INTEREST REBATES

The directors are not proposing a dividend or loan interest rebate in respect of the year ended 30 September 2020 (2019: proposed dividend of €60,290 (0.05%) and a proposed loan interest rebate of €200,912 (7.50% (excluding online loans))).

PRINCIPAL RISKS AND UNCERTAINTIES

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

Credit risk

Credit risk is the risk that a borrower

will default on their contractual obligations relating to repayments to the credit union, resulting in financial loss.

Lack of loan demand

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

Market risk

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

Liquidity risk

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

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed processes or systems of the credit union, any failure by persons connected with the credit union or from external events. These risks are managed by the board of directors as follows:

Credit risk

In order to manage this risk, the board of directors regularly reviews and approves the credit union's credit lending policy. All loan applications are assessed with reference to the credit lending policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

Lack of loan demand

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

Market risk

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

Liquidity risk

The credit union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due.

Operational risk

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

ACCOUNTING RECORDS

The directors believe that they comply with the requirements of Section 108 of the Credit Union Act, 1997 (as amended) with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The books of account of the credit union are maintained at the credit union's premises at James Fintan Lawlor

Avenue, Portlaoise, Co. Laois.

EVENTS AFTER THE END OF THE FINANCIAL YEAR


Since the year end the COVID-19 pandemic has continued to have a direct effect on the credit union, the economy and the general population. The directors and management are closely monitoring the evolution of the pandemic, and while there is no clear indication as to when the impact will be curtailed or eliminated, they will continue to take appropriate actions to mitigate any possible adverse effects on the credit union, on its officers and on its members.

AUDITORS


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

This report was approved by the board on 12th March 2021 and signed on its behalf by:

 Director
Kieran Brosnan

 Secretary
Clive Davis

Date: 12th March 2021



WE'RE ALL ABOUT YOU
HERE TO HELP LOCAL BUSINESSES WITH MAJOR DISRUPTIONS DUE TO COVID 19. GUARANTEED.

Covid-19 Credit Guarantee Scheme from your local People First Credit Union

The scheme is designed to assist businesses, including primary Producers, impacted by Covid-19 to access credit.

People First CREDIT UNION
We're Stronger Together

Bank of Ireland Financial Group | SACU

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

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

In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify

those standards, and note the effect and reason for any material departure from those standards; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the credit union will continue in business.

The directors are responsible for ensuring that the credit union keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the credit union, enable at any time the assets, liabilities, financial position and income and expenditure of the credit union to be determined with reasonable accuracy, enable them to ensure that the financial statements comply with the Credit Union Act 1997 (as amended) and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the credit union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement was approved by the board on 12th March 2021 and signed on its behalf by:

Kieran Brosnan


Chairperson of the board of directors

Clive Davis


Member of the board of directors

Date: 12th March 2021

BOARD OVERSIGHT COMMITTEE'S RESPONSIBILITIES STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

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

This statement was approved by the board on 12th March 2021 and signed on its behalf by:

Brendan O'Sullivan


Chairperson of the board oversight committee

Date: 12th March 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEOPLE FIRST CREDIT UNION LIMITED

OPINION

We have audited the financial statements of People First Credit Union Limited, which comprise the income and expenditure account, the statement of other comprehensive income, the balance sheet, the statement of changes in reserves and the statement of cash flows for the financial year ended 30 September 2020, and the related notes to the financial statements, including the summary of significant accounting policies.

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

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

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the state of the credit union's affairs as at 30 September 2020 and of its income and expenditure and cash flows for the year then ended; and
- have been properly prepared so as to conform with the requirements of the Credit Union Act, 1997 (as amended).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (Ireland) ('ISAs (Ireland)') and applicable law. Our responsibilities under those standards are further described in the 'responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the credit union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, namely the Irish Auditing and Accounting Supervisory Authority (IAASA) Ethical Standard

concerning the integrity, objectivity and independence of the auditor, and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (Ireland) require us to report to you where:

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

OTHER INFORMATION

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent

material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY THE CREDIT UNION ACT, 1997 (AS AMENDED)

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

- we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
- in our opinion proper accounting records have been kept by the credit union;
- the financial statements are in agreement with the accounting records of the credit union; and
- the financial statements contain all primary statements, notes and significant accounting policies required to be included in accordance with section 111(1) of the Act.

RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the credit union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to

events or conditions that may cast significant doubt on the credit union's ability to continue as a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the credit union to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant

deficiencies in internal control that may be identified during the audit.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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

Denise O'Connell FCA

**for and on behalf of
Grant Thornton
Chartered Accountants
& Statutory Audit Firm
Mill House, Henry Street, Limerick**

Date: 12th March 2021

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One of the great benefits of People First Credit Union membership is the free insurance provided on savings. In brief, upon the death of a member, his or her savings balance is increased (subject to terms and conditions).

Loan Protection and Life Savings insurance is the insurance cover a credit union provides for its eligible members (**free of charge**) as an additional incentive for them to save regularly in the credit union. The amount of insurance benefit to which a member is entitled is in proportion to the amount of savings the member has and benefits are payable only on the death of a member (some terms and conditions apply).

From the 1st January 2021 we would like to notify members that our Loan Protect and Life Savings Insurance will reduce from a maximum benefit of €12,700 to €5,000.

For more information please see www.peoplefirstcu.ie/Life-Savings-Insurance



INCOME AND EXPENDITURE ACCOUNT

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

	Schedule	2020 €	2019 €
Income			
Interest on members' loans		2,661,907	2,722,962
Other interest income and similar income	1	1,001,058	1,048,745
Gains on investments		583,217	406,794
Net interest income		4,246,182	4,178,501
Other income	2	48,236	113,466
Total income		4,294,418	4,291,967
Expenditure			
Employment costs		1,604,479	1,562,953
Other management expenses	3	2,036,671	2,011,862
Depreciation		146,463	146,471
Net impairment losses/(gains) on loans to members (note 5)		566,130	(167,264)
Total expenditure		4,353,743	3,554,022
(Deficit)/surplus for the financial year		(59,325)	737,945

The financial statements were approved and authorised for issue by the board on 12th March 2021 and signed on behalf of the credit union by:



Clive Davis
Member of Board of Directors



Brendan O'Sullivan
Member of the Board Oversight Committee



Sean Dunne
CEO

Date: 12th March 2021

STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

	2020 €	2019 €
(Deficit)/surplus for the financial year	(59,325)	737,945
Other comprehensive income	-	-
Total comprehensive (loss)/income for the financial year	(59,325)	737,945

The financial statements were approved and authorised for issue by the board on 12th March 2021 and signed on behalf of the credit union by:



Clive Davis
Member of Board of Directors



Brendan O'Sullivan
Member of the Board Oversight Committee



Sean Dunne
CEO

Date: 12th March 2021

The notes on pages 22 to 34 form part of these financial statements.

BALANCE SHEET

AS AT 30 SEPTEMBER 2020

	Notes	2020 €	2019 €
Assets			
Cash and balances at bank		2,171,554	4,915,644
Deposits and investments – cash equivalents	7	11,857,554	24,159,586
Deposits and investments – other	7	109,917,906	78,824,167
Loans to members	8	31,428,040	33,230,915
Provision for bad debts	9	(1,859,276)	(1,060,797)
Tangible fixed assets	10	1,822,844	1,924,235
Investments in associates	11	265,000	265,000
Debtors, prepayments and accrued income	12	826,086	889,146
Total assets		156,429,708	143,147,896
Liabilities			
Members' savings	13	135,636,954	121,990,063
Other liabilities, creditors, accruals and charges	14	477,863	511,723
Other provisions	15	24,508	2,862
Total liabilities		136,139,325	122,504,648
Reserves			
Regulatory reserve	17	16,578,616	16,578,616
Operational risk reserve	17	1,870,000	1,856,772
Other reserves			
- Realised reserves	17	1,680,228	2,111,310
- Unrealised reserves	17	161,539	96,550
Total reserves		20,290,383	20,643,248
Total liabilities and reserves		156,429,708	143,147,896

The financial statements were approved and authorised for issue by the board on 12th March 2021 and signed on behalf of the credit union by:



Clive Davis
Member of Board of Directors



Brendan O'Sullivan
Member of the Board Oversight Committee



Sean Dunne
CEO

Date: 12th March 2021

The notes on pages 22 to 34 form part of these financial statements.

STATEMENT OF CHANGES IN RESERVES

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

	Regulatory reserve €	Operational risk reserve €	Realised reserves €	Unrealised reserves €	Total €
As at 1 October 2018	16,578,616	1,831,544	1,923,323	11,223	20,344,706
Surplus for the financial year	-	25,228	623,259	89,458	737,945
Dividends and loan interest rebates paid	-	-	(408,705)	-	(408,705)
Payments from reserves	-	-	(30,698)	-	(30,698)
Transfers between reserves	-	-	4,131	(4,131)	-
As at 1 October 2019	16,578,616	1,856,772	2,111,310	96,550	20,643,248
Deficit for the financial year	-	-	(124,314)	64,989	(59,325)
Dividends and loan interest rebates paid	-	-	(261,954)	-	(261,954)
Payments from reserves	-	-	(31,586)	-	(31,586)
Transfers between reserves	-	13,228	(13,228)	-	-
As at 30 September 2020	16,578,616	1,870,000	1,680,228	161,539	20,290,383

- The regulatory reserve of the credit union as a percentage of total assets as at 30 September 2020 was 10.60% (2019: 11.58%).
- The operational risk reserve of the credit union as a percentage of total assets as at 30 September 2020 was 1.20% (2019: 1.30%).

The notes on pages 22 to 34 form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

	Notes	2020 €	2019 €
Opening cash and cash equivalents		29,075,230	26,452,236
Cash flows from operating activities			
Loans repaid by members	8	17,926,234	18,630,393
Loans granted to members	8	(16,275,965)	(18,448,407)
Interest on members' loans		2,661,907	2,722,962
Other interest income and similar income		1,001,058	1,048,745
Gain on investments		583,217	406,794
Bad debts recovered and recoveries		384,955	439,597
Other income		48,236	113,466
Dividends paid		(58,459)	(138,161)
Interest rebates paid		(203,495)	(270,544)
Operating expenses		(3,641,150)	(3,574,815)
Other disbursements		(31,586)	(30,698)
Movement in other assets and liabilities		50,846	56,243
Net cash flows from operating activities		2,445,798	955,575
Cash flows from investing activities			
Fixed asset (purchases)/disposals		(45,072)	(73,615)
Investments in associates		-	(265,000)
Net cash flow from other investing activities		(31,093,739)	(3,845,666)
Net cash flows from investing activities		(31,138,811)	(4,184,281)
Cash flows from financing activities			
Members' savings received	13	70,851,056	69,722,950
Members' savings withdrawn	13	(57,204,165)	(63,871,250)
Net cash flow from financing activities		13,646,891	5,851,700
Net increase/(decrease) in cash and cash equivalents		(15,046,122)	2,622,994
Closing cash and cash equivalents	6	14,029,108	29,075,230

The notes on pages 22 to 34 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

1. LEGAL & REGULATORY FRAMEWORK

People First Credit Union Limited is registered with the Registry of Credit Unions and is regulated by the Central Bank of Ireland. The registered office of the credit union is located at James Fintan Lalor Avenue, Portlaoise, Co. Laois.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

The following principal accounting policies have been applied:

2.2 STATEMENT OF COMPLIANCE

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

2.3 GOING CONCERN

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

2.4 INCOME

Interest on members' loans

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

Deposit and investment income

Deposit and investment income is recognised on an accruals basis using the effective interest method.

Other income

Other income is recognised on an accruals basis.

2.5 CASH AND CASH EQUIVALENTS

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

2.6 INVESTMENTS

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

Held at amortised cost

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

Central Bank deposits

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

Investments at fair value

Investments held for trading and investment

2. ACCOUNTING POLICIES (continued)

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

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

2.7 FINANCIAL ASSETS – LOANS TO MEMBERS

Loans are financial assets with fixed or determinable payments. Loans are recognised when cash is advanced to members and measured at amortised cost using the effective interest method.

Loans are derecognised when the right to receive cash flows from the asset has expired, usually when all amounts outstanding have been repaid by the member.

2.8 PROVISION FOR BAD DEBTS

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

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

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed

what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the income and expenditure account.

2.9 TANGIBLE FIXED ASSETS

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

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

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

Depreciation is provided on the following basis:

Freehold premises 2% straight line per annum

Short leasehold property

Over the lesser of the useful economic life and the remaining term of the lease

Fixtures and fittings 15% straight line per annum

Office equipment 20% straight line per annum

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

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

2. ACCOUNTING POLICIES (continued)

2.10 INVESTMENTS IN ASSOCIATES

Investments in associates are accounted for at cost less impairment.

2.11 IMPAIRMENT OF ASSETS

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

2.12 OTHER RECEIVABLES

Other receivables such as prepayments are initially measured at transaction price including transaction costs and are subsequently measured at amortised cost using the effective interest method.

2.13 FINANCIAL LIABILITIES – MEMBERS' SAVINGS

Members' savings are redeemable and therefore are classified as financial liabilities. They are initially recognised at the amount of cash deposited and subsequently measured at amortised cost.

2.14 OTHER PAYABLES

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

2.15 PENSION COSTS

People First Credit Union Limited participates in an industry-wide pension scheme for employees (The Irish League of Credit Unions Republic of Ireland Pension Scheme). This is a funded defined benefit

scheme with assets managed by the Scheme's trustees.

The scheme is a multi-employer Scheme and due to the nature of the Scheme it is not possible for People First Credit Union Limited to separately identify its share of the Scheme's underlying assets and liabilities.

Consequently, it accounts for the Scheme as a defined contribution plan.

2.16 HOLIDAY PAY

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

2.17 TERMINATION BENEFITS

Termination benefits are included in legal and professional fees, repayments of deductions and reorganisational costs where applicable and are expensed to the income and expenditure account on an accruals basis.

2.18 DERECOGNITION OF FINANCIAL LIABILITIES

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

2.19 REGULATORY RESERVE

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

2.20 OPERATIONAL RISK RESERVE

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

2. ACCOUNTING POLICIES (continued)

operational risk reserve having due regard for the sophistication of the business model.

The directors have considered the requirements of the Act and have calculated the operational risk reserve requirement by reference to the predicted impact of operational risk events that may have a material impact on the credit union's business.

In addition, the credit union has included in its operational risk reserve a Member Personal Current Account Service operational risk reserve, in accordance with Section 49(3) of the Credit Union Act, 1997 (as amended).

2.21 OTHER RESERVES

Other reserves are the accumulated surpluses to date that have not been declared as dividends returnable to members. The other reserves are subdivided into realised and unrealised. The credit union has established a community fund reserve to be used by the credit union for social, cultural and charitable purposes in accordance with section 44 of the Credit Union Act, 1997 (as amended) and this is included in realised reserves. In accordance with the Central Bank guidance note for credit unions on matters relating to accounting for investments and distribution policy, investment income that has been recognised but will not be received within 12 months of the balance sheet date is classified as "unrealised" and is not distributable. A reclassification between unrealised and realised is made as investments come to within 12 months of maturity date. The directors have deemed it appropriate that interest on loans receivable at the balance sheet date is also classified as "unrealised" and is not distributable. All other income is classified as "realised".

2.22 DISTRIBUTION POLICY

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

The rate of dividends and loan interest rebates recommended by the board will reflect:

- the risk profile of the credit union, particularly in its loan and investments portfolios;
- the board's desire to maintain a stable rather than a volatile rate of dividend each year; and
- members' legitimate dividend and loan interest rebate expectations;

all dominated by prudence and the need to sustain the long-term welfare of the credit union.

For this reason the board will seek to build up its reserves to absorb unexpected shocks and still remain above minimum regulatory requirements.

The credit union accounts for dividends and loan interest rebates when members ratify such payments at the Annual General Meeting.

2.23 TAXATION

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

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCE OF ESTIMATION UNCERTAINTY

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

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

The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The directors regularly review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the

useful lives can have a significant impact on the depreciation charge for the financial year. The net book value of tangible fixed assets subject to depreciation at the year end was €1,822,844 (2019: €1,924,235).

Provision for bad debts

The credit union's accounting policy for impairment of loans is set out in the accounting policy in note 2.8. The estimation of loan losses is inherently uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local and international economic climates, conditions in various sectors of the economy to which the credit union is exposed, and, other external factors such as legal and regulatory requirements. The provision for bad debts in the financial statements at the year end was €1,859,276 (2019: €1,060,797) representing 5.92% (2019: 3.19%) of the total gross loan book.

Investments in associates

The investments in associates represents People First Credit Union Limited's investment in Metacu Management Designated Activity Company. This investment was made for operational purposes. The credit union holds 6.25% Redeemable A Ordinary shares in the company and through the terms of the shareholders agreement agreed between each of the participating credit unions, People First Credit Union Limited is deemed to have influence over the operations of this company. Therefore the investment has been accounted for as an investment in an associate.

Operational risk reserve

The directors have considered the requirements of the Credit Union Act, 1997 (as amended) and have developed an approach to the calculation of the operational risk reserve. In addition, the credit union has included in its operational risk reserve a Member Personal Current Account Service operational risk reserve, in accordance with Section 49(3) of the Credit Union Act, 1997 (as amended). The operational risk reserve of the credit union at the year end was €1,870,000 (2019: €1,856,772).

Adoption of going concern basis for financial statements preparation

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

4. KEY MANAGEMENT PERSONNEL COMPENSATION

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

	2020	2019
	€	€
Short term employee benefits paid to key management	417,934	339,204
Payments to pension schemes	47,633	54,095
Total key management personnel compensation	465,567	393,299

5. NET IMPAIRMENT LOSSES/(GAINS) ON LOANS TO MEMBERS

	2020	2019
	€	€
Bad debts recovered	(348,473)	(394,383)
Impairment of loan interest reclassified as bad debt recoveries	(36,482)	(45,214)
Movement in bad debts provision during the year	798,479	89,017
Loans written off during the year	152,606	183,316
Net impairment losses/(gains) on loans to members	566,130	(167,264)

6. CASH AND CASH EQUIVALENTS

	2020	2019
	€	€
Cash and balances at bank	2,171,554	4,915,644
Deposits & investments (note 7)	121,775,460	102,983,753
Less: Deposit & investment amounts maturing after three months	(109,917,906)	(78,824,167)
Total cash and cash equivalents	14,029,108	29,075,230

7. DEPOSITS AND INVESTMENTS

	2020	2019
	€	€
Deposits and investments – cash equivalents		
Accounts in authorised credit institutions (Irish and non-Irish based)	11,607,554	24,159,586
Bank bonds	250,000	-
Total deposits and investments – cash equivalents	11,857,554	24,159,586

Deposits and investments – other

Accounts in authorised credit institutions (Irish and non-Irish based)	57,500,000	54,850,000
Irish and EEA state securities	2,006,898	10,226,356
Bank bonds	40,002,614	8,488,637
Central Bank deposits	6,194,785	1,054,285
Other	4,213,609	4,204,889
Total deposits and investments – other	109,917,906	78,824,167
Total deposits and investments	121,775,460	102,983,753

8. FINANCIAL ASSETS – LOANS TO MEMBERS

	2020	2019
	€	€
As at 1 October	33,230,915	33,596,217
Loans granted during the year	16,275,965	18,448,407
Loans repaid during the year	(17,926,234)	(18,630,393)
Gross loans and advances	31,580,646	33,414,231
Bad debts		
Loans written off during the year	(152,606)	(183,316)
As at 30 September	31,428,040	33,230,915

9. PROVISION FOR BAD DEBTS

	2020	2019
	€	€
As at 1 October	1,060,797	971,780
Movement in bad debts provision during the year	798,479	89,017
As at 30 September	1,859,276	1,060,797

The provision for bad debts is analysed as follows:

	2020	2019
	€	€
Grouped assessed loans	1,859,276	1,060,797
Provision for bad debts	1,859,276	1,060,797

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10. TANGIBLE FIXED ASSETS

	Freehold premises €	Short leasehold property €	Fixtures and fittings €	Office equipment €	Total €
Cost					
1 October 2019	2,350,290	20,066	616,310	1,000,450	3,987,116
Additions	-	-	9,992	35,080	45,072
At 30 September 2020	2,350,290	20,066	626,302	1,035,530	4,032,188
Depreciation					
1 October 2019	679,139	20,066	538,954	824,722	2,062,881
Charge for year	47,006	-	20,112	79,345	146,463
At 30 September 2020	726,145	20,066	559,066	904,067	2,209,344
Net book value					
30 September 2020	1,624,145	-	67,236	131,463	1,822,844
30 September 2019	1,671,151	-	77,356	175,728	1,924,235

11. INVESTMENTS IN ASSOCIATES

Cost	€
At 1 October 2019 and 30 September 2020	<u>265,000</u>
Accumulated impairment	
At 1 October 2019 and 30 September 2020	<u>-</u>
Net book value	
At 30 September 2020	<u>265,000</u>
At 30 September 2019	<u>265,000</u>

Interests in associate

The credit union has interests in the following associate:

Associate	Type of shares held	Proportion held (%)	Net Assets €	Profit or loss €
Metacu Management Designated Activity Company	Redeemable A Ordinary	6.25%	4,128,964	(111,036)

The effect of including this investment as if it had been accounted for using the equity method would be as follows:

	Share of net assets €
At 1 October 2019	265,000
Share of other comprehensive income / (loss)	(6,940)
At 30 September 2020	<u>258,060</u>

The above financial information in respect of Metacu Management Designated Activity Company was extracted from the audited financial statements for the period ended 31 December 2019.

12. DEBTORS, PREPAYMENTS AND ACCRUED INCOME

	2020	2019
	€	€
Prepayments	136,774	133,225
Other debtors	76,404	69,697
Accrued investment income	524,373	611,268
Loan interest receivable	88,535	74,956
	826,086	889,146

13. MEMBERS' SAVINGS

	2020	2019
	€	€
As at 1 October	121,990,063	116,138,363
Received during the year	70,851,056	69,722,950
Withdrawn during the year	(57,204,165)	(63,871,250)
As at 30 September	135,636,954	121,990,063

14. OTHER LIABILITIES, CREDITORS, ACCRUALS AND CHARGES

	2020	2019
	€	€
Prize draw	34,149	16,682
Other liabilities and accruals	415,085	471,025
PAYE/PRSI	28,629	24,016
	477,863	511,723

15. OTHER PROVISIONS

	2020	2019
	€	€
Holiday pay accrual		
At 1 October	2,862	1,550
Charged to the income and expenditure account	21,646	1,312
At 30 September	24,508	2,862

16. FINANCIAL INSTRUMENTS

16A. FINANCIAL INSTRUMENTS - MEASURED AT AMORTISED COST

Financial assets	2020	2019
	€	€
Financial assets measured at amortised cost	133,085,334	137,774,606

Financial liabilities	2020	2019
	€	€
Financial liabilities measured at amortised cost	136,139,325	122,504,648

Financial assets measured at amortised cost comprise of cash and balances at bank, deposits and investments, loans, other debtors, accrued investment income and investments in associates.

Financial liabilities measured at amortised cost comprise of members' savings, other liabilities, creditors, accruals and charges and other provisions.

16B. FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENTS

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

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

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16B. FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENTS (CONTINUED)

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

At 30 September 2020	Total €	Level 1 €	Level 2 €	Level 3 €
Accounts in authorised credit institutions	17,098,027	-	17,098,027	-
Bank bonds	6,057,470	-	6,057,470	-
Total	23,155,497	-	23,155,497	-

At 30 September 2019	Total €	Level 1 €	Level 2 €	Level 3 €
Accounts in authorised credit institutions	4,051,671	-	4,051,671	-
Bank bonds	250,000	-	250,000	-
Total	4,301,671	-	4,301,671	-

There were no fair value adjustments recognised in the income and expenditure account for the year ended 30 September 2020 (2019: €nil).

17. RESERVES

	Balance 01/10/19 €	Payment of dividends and loan interest rebates €	Payments from reserves	Appropriation of current year deficit €	Transfers between reserves €	Balance 30/09/20 €
Regulatory reserve	16,578,616	-	-	-	-	16,578,616
Total operational risk reserve	1,856,772	-	-	-	13,228	1,870,000
Other reserves						
Realised						
General reserve	1,654,137	-	-	(124,314)	136,020	1,665,843
Community fund	45,971	-	(31,586)	-	-	14,385
Special reserve: dividends and loan interest rebates	261,202	(261,954)	-	-	752	-
Future dividend reserve	150,000	-	-	-	(150,000)	-
Total realised reserves	2,111,310	(261,954)	(31,586)	(124,314)	(13,228)	1,680,228
Unrealised						
Interest on loans reserve	74,956	-	-	13,579	-	88,535
Investment income reserve	21,594	-	-	51,410	-	73,004
Total unrealised reserves	96,550	-	-	64,989	-	161,539
Total reserves	20,643,248	(261,954)	(31,586)	(59,325)	-	20,290,383

18. CREDIT RISK DISCLOSURES

In line with regulatory requirements, the credit union:

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

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

	2020		2019	
	€	%	€	%
Loans not impaired				
Total loans not impaired, not past due	27,712,377	88.18	30,512,963	91.82
Impaired loans:				
Not past due	1,209,400	3.85	345,736	1.04
Up to 9 weeks past due	1,721,718	5.48	1,685,421	5.07
Between 10 and 18 weeks past due	218,005	0.69	160,133	0.48
Between 19 and 26 weeks past due	110,317	0.35	75,605	0.23
Between 27 and 39 weeks past due	172,341	0.55	79,056	0.24
Between 40 and 52 weeks past due	53,907	0.17	66,704	0.20
53 or more weeks past due	229,975	0.73	305,297	0.92
Total impaired loans	3,715,663	11.82	2,717,952	8.18
Total loans	31,428,040	100.00	33,230,915	100.00

19. RELATED PARTY TRANSACTIONS

19A. LOANS

	2020		2019	
	No. of loans	€	No. of loans	€
Loans advanced to related parties during the year	1	20,000	6	18,590
Total loans outstanding to related parties at the year end	10	58,774	12	50,917
Total provision for loans outstanding to related parties		2,107		2,928

The related party loans stated above comprise of loans outstanding to directors and the management team (to include their family members or any business in which the directors or management team had a significant shareholding).

Total loans outstanding to related parties represents 0.19% of the total loans outstanding at 30 September 2020 (2019: 0.15%).

19B. SAVINGS

The total amount of savings held by related parties at the year end was €272,625 (2019: €393,530).

20. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES

20A. FINANCIAL RISK MANAGEMENT

The credit union manages its members' shares and loans so that it earns income from the margin between interest receivable and interest payable. The main financial risks arising from the credit union's activities are credit risk, market risk, liquidity risk and interest rate risk. The board of directors reviews and agrees policies for managing each of these risks, which are summarised overleaf.



Credit risk: Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to the credit union, resulting in financial loss. In order to manage this risk the board of directors regularly reviews and approves the credit union's credit lending policy. All loan applications are assessed with reference to the credit lending policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

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

Liquidity risk: Liquidity risk is the risk that the credit union will not have sufficient cash resources to meet day to day running costs and repay members' savings when demanded. The credit union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due.

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

20B. LIQUIDITY RISK DISCLOSURES

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

20C. INTEREST RATE RISK DISCLOSURES

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

		2020 Average interest rate %		2019 Average interest rate %
	€		€	
Gross loans to members	31,428,040	8.27	33,230,915	8.50

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

21.DIVIDENDS AND LOAN INTEREST REBATES

The following distributions were paid during the year:

	2020		2019	
	%	€	%	€
Dividend on shares	0.05	58,459	0.125	138,161
Loan interest rebate (excluding online loans for 2020)	7.50	203,495	10.00	270,544

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

	2020		2019	
	%	€	%	€
Dividend on shares	0.00	-	0.05	60,290
Loan interest rebate (excluding online loans for 2019)	0.00	-	7.50	200,912

22. EVENTS AFTER THE END OF THE FINANCIAL YEAR

Since the year end the COVID-19 pandemic has continued to have a direct effect on the credit union, the economy and the general population. The directors and management are closely monitoring the evolution of the pandemic, and while there is no clear indication as to when the impact will be curtailed or eliminated, they will continue to take appropriate actions to mitigate any possible adverse effects on the credit union, on its officers and on its members.

23. 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).

24. CAPITAL COMMITMENTS

There were no capital commitments at 30 September 2020.

25. CONTINGENT LIABILITIES

25a. In September 2018, the Registry of Credit Unions advised all credit unions of a potential matter in relation to accrued interest outstanding on certain top-up loans which may have led to a potential over-collection of interest. The credit union is progressing a review of this matter to ascertain whether any top-up loans made to members might be impacted by these circumstances, and if so, to determine what actions may need to be taken. It is expected that the credit union will finalise its review over the coming months. Consequently it is impracticable at this time to estimate the impact, financial or otherwise, if any, of this matter and whether any net amounts will become payable or not in the future.

25b. At 30 September 2020 the credit union had commissioned an independent review of certain financial matters. This review is currently underway to ascertain if any members may be impacted, and if so, to determine what actions may need to be taken. It is expected that the review will be finalised over the coming months. Consequently it is impracticable at this time to estimate the impact, financial or otherwise, if any, of this matter and whether any net amounts will become payable or not in the future.

25c. There is a possible contingent liability at 30 September 2020 relating to a HR matter. The outcome of this matter is not known, however the credit union are confident that any potential liability arising therefrom should be covered by its policy of insurance.

26. COMPARATIVE INFORMATION

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

27. THE IRISH LEAGUE OF CREDIT UNIONS REPUBLIC OF IRELAND PENSION SCHEME

People First Credit Union Limited participates in an industry-wide pension scheme for employees (The Irish League of Credit Unions Republic of Ireland Pension Scheme). This is a funded defined benefit scheme with assets managed by the Scheme's trustees.

The scheme is a multi-employer Scheme and due to the nature of the Scheme it is not possible for People First Credit Union Limited to separately identify its share of the Scheme's underlying assets and liabilities. Consequently, it accounts for the Scheme as a defined contribution plan, in accordance with FRS 102.

The Pension's Act requires the trustees of the Scheme to assess whether it could meet a certain prescribed standard, known as the Minimum Funding Standard. This assesses whether, if the scheme was wound up on a specified theoretical valuation date, it could satisfy the Funding Standard at that date. Following the Scheme's actuary certifying a Minimum Funding Standard deficit in the Scheme in 2009, People First Credit Union Limited, the ILCU Group and the other credit unions participating in the Scheme entered into a funding agreement with the Scheme that was designed to ensure that, the Scheme could be reasonably expected to satisfy the Minimum Funding Standard by a specified future date (1 March 2019). This funding plan was approved by the Pensions Authority. The Scheme exited the funding plan as scheduled on 1 March 2019 meeting its statutory funding obligations on that date.

As part of the solvency assessment process, the Scheme actuary must carry out a

separate valuation under the Minimum Funding Standard every 3 years and produce a funding certificate for submission to the Pensions Authority within 9 months of the effective date of the valuation. The purpose of the certificate is to certify whether or not the assets of the scheme at the effective date are sufficient to meet the liabilities of the scheme based on the assumption that the scheme was wound up at that date. The most recent Actuarial Funding Certificate was effective as at 1 March 2018 and it certified that the Scheme satisfied the funding standard.

An actuarial review of the fund is normally carried out every three years by the Scheme's independent, professionally qualified actuary. The actuarial review considers the past and future liabilities of the scheme. The last completed triennial actuarial review was carried out with an effective date of 1 March 2017 using the Projected Unit valuation method. The principal actuarial assumption used in the valuation was the investment return would be 1.75% higher than the

annual salary increases. The market value of the scheme's assets at 1 March 2017 was €216m. The actuarial valuation disclosed a past service deficit of €6.4m at 1 March 2017 calculated under the Ongoing Actuarial Valuation method. This valuation method assumes that the Scheme will continue in existence for the foreseeable future. The assumptions used in the actuarial review to determine the past service deficit differ from the assumptions that would be used to determine the liabilities for defined benefit obligations under FRS 102. This actuarial review recommended that the rate agreed under the funding proposal, 27.5% of pensionable salary, continues to be paid. The cost of risk benefits is paid in addition to this rate giving a total contribution rate of 30% of Pensionable Salary. The 2020 actuarial review is underway and is expected to be concluded by 30 November 2020.

28. APPROVAL OF FINANCIAL STATEMENTS

The board of directors approved these financial statements for issue on 12 March 2021.

SCHEDULES TO THE INCOME AND EXPENDITURE ACCOUNT

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

The following schedules do not form part of the statutory financial statements which are the subject of the Independent Auditor's Report on pages 15 to 17.

Schedule 1 – Other interest income and similar income

	2020 €	2019 €
Investment income received/receivable within 1 year	949,648	1,034,243
Investment income receivable outside of 1 year	51,410	14,502
Total per income and expenditure account	<u>1,001,058</u>	<u>1,048,745</u>

Schedule 2 – Other income

	2020 €	2019 €
ECCU rebate	-	50,440
Rental income	17,724	17,484
Commissions and other sundry income	30,512	45,542
Total per income and expenditure account	<u>48,236</u>	<u>113,466</u>

SCHEDULES TO THE INCOME AND EXPENDITURE ACCOUNT

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

Schedule 3 – Other management expenses

	2020	2019
	€	€
Training	13,968	14,074
Rent and rates	32,790	33,527
General insurance	54,858	48,192
Computer maintenance	145,485	114,820
Lighting, heating and cleaning	47,248	39,501
Repairs and maintenance	34,303	48,927
Printing and stationery	33,986	29,441
Advertising and promotion	65,351	70,990
Postage and telephone	58,065	47,147
Chapter expenses	2,168	1,450
Debt collection	84,040	73,672
AGM expenses	36,503	41,551
Share and loan insurance and DBI	607,313	591,779
Travel expenses	8,713	11,454
Audit fee	21,175	21,525
Internal audit	14,251	16,011
Legal and professional fees, repayments of deductions and reorganisational costs	340,227	144,721
Member initiatives	25,126	103,365
Bank interest and charges	87,357	75,324
Investment management fees	14,760	14,760
Uniforms	128	407
Affiliation fees	43,673	49,696
ILCU foundation contribution	-	10,000
SPS contribution	12,187	10,760
Subscriptions	13,920	29,798
Regulatory levies	227,756	398,997
General expenses	11,320	31,676
Amortisation of capital grants received	-	(61,703)
Total per income and expenditure account	<u>2,036,671</u>	<u>2,011,862</u>



MYTH VS TRUTH

Myth: *You need twice or three times your savings to apply for a loan*

Truth: You can apply with €20 in your account and apply immediately once you are a member. Loans are based on repayment ability not on your savings.

Myth: *I thought I had to clear my loan before I could get another loan*

Truth: Our lenders would be happy to discuss a topup loan with you!

DID YOU KNOW your Credit Union account has a BIC and IBAN number so you can transfer funds electronically in and out of your account?

DID YOU KNOW we accept card payments at the counter to pay into your account?

