

ACCOUNTS & NOTICE OF AGM 2017



Tralee
CREDIT UNION LTD.

Notice is hereby given that the Annual General Meeting of Tralee Credit Union Ltd will be held at **The Rose Hotel, Tralee** on **Monday 11th of December, 2017 at 8.00pm.**

Please come along, plenty of prizes on the night including Members Car Draw.



TRALEE CREDIT UNION
celebrating 50 years • 1968 - 2018

ACHIEVING GREAT THINGS TOGETHER

FINANCIAL SERVICES
Team of the Year 2017

CREDIT UNION
Credit Team of the Year 2017

**SOCIAL CORPORATE
RESPONSIBILITY**
Finalist 2017

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Una Glazier Farmer
Hon Secretary

Motion 1

That this Annual General Meeting amends rule 5(1) of the Standard Rules of Credit Unions by the insertion of the following after number (vii)]:

"the provision of the following additional service(s) by the credit union to the members subject to the prior approval of the Registrar of Credit Unions and any other permissions or licences that may be required by law: Member Payment Account Services".

Motion 2

That this Annual General Meeting invokes Rule 3 "Change of Registered Name" by asking the membership to consider and vote on changing the name from Tralee Credit Union Ltd to Cara Credit Union Ltd.

Rule 3 states that "A credit union may change its name:

- (a) by a resolution for the purpose passed at a general meeting of the credit union after the giving of such notice as is required by the rules of the credit union for a resolution to amend the rules; and*
- (b) with the prior approval in writing of the Bank."*

For clarification please go to back page

AGM AGENDA

MONDAY 11TH DECEMBER 2017 | THE ROSE HOTEL 8.00PM

Invocation - Credit Union Prayer

1. Acceptance of Proxies (if any) by the Board of Directors
2. Ascertain that a Quorum is present
3. Adoption of Standing Orders
4. Reading and Approval of the Minutes of 2016 AGM
5. Appointment of Tellers
6. Report of the Nominating Committee & Election of Directors, Board Oversight Committee and Auditor
7. Report of the Chairman
8. Report of the Auditors
9. Report on Accounts
10. Declaration of 0.01% dividend and 2.5% Loan Interest Rebate
11. Report of the Board Oversight Committee
12. Report of CEO
13. Approval of the League Affiliation Fees – €1 per member, automatically deducted from members accounts
14. Approval of the deduction of €4.50 Death Benefit Insurance per member
15. Approval to amend the Standard Rules (please refer to Motions on page 2)
16. AGM Members Draw
17. Announcement of Election Results
18. Any Other Business
19. Live Members Car Draw
20. Close of Meeting



Tralee
CREDIT UNION LTD.

“As a member-owned organisation embedded in the local community, Tralee Credit Union Limited, is committed to enhancing benefit and choice for its members through a range of financial services. These services will be delivered with integrity within the operating principles of the credit union movement. Tralee Credit Union will lead and promote best practice in everything it does.”

CHAIRMAN'S REPORT

On behalf of your Board of Directors, I am pleased to report a good year for Tralee Credit Union and invite you to attend our 50th AGM. Our assets now stand at €220m and your support as members continues to ensure that Tralee Credit union remains strong.



Tom Lawlor

Income and Expenditure

As you will see from the attached accounts we have shown strong income for the year. The accounts show an increase in loan book income of 16% to €5.2m. This was achieved through a loan book growth of 15% with a current loan book of €74.3m, our loan book income represents 60% of income.

Investment Return

The low interest rate policy being pursued by the European Central Bank is greatly affecting our investment income. The investment portfolio represents 66% of our total assets, however the return on our investment portfolio for this year was 1.2%. With 66% of our assets generating such a low return for our members, there is increasing pressure on our loan book income to provide the income necessary to cover our expenses.

Strategic Plan

I reported last year that the Board has adopted 'Vision 2020' a strategic plan that will guide our development over the next four years. One of the key strategic targets adopted by the Board is to manage the growth in the asset base of the credit union. The Board placed a cap on individual savings of €50,000. The cap on savings has contributed to the management of the growth in our assets. We would like to thank members for their co-operation with these measures.

Also as part of 'Vision 2020' the Lauri Healy Community Project Fund was launched at last year's AGM. I am happy to report that there have been two rounds of funding to date with nine community groups benefitting from €27,000 in funds.

Dividend and Rebate

Last year we paid out a Dividend of 0.25% and Loan Interest Rebate of 5%. This year the Board are proposing a Dividend of 0.01% and a Loan Interest Rebate of 2.5%. I noted earlier in my report the continued decline in investment income. The Board considered the current interest rate environment carefully as well as measures to seek a fair balance to reward our borrowers as well as our savers in proposing this year's dividend and loan interest rebate. The Board must also act prudently in light of financial projections showing business model challenges in the years ahead. The loan interest rebate represents a recognition of the key role that our borrowers play in supporting the credit union and its income.

Governance

Your Board of Directors have worked hard on your behalf during the year. The Board met a total of 17 times to discharge their functions. The key focus items for the Board are Financial Strength, Risk Management, Compliance, Strategy and Sound Governance Practices.



Board of Directors and Board Oversight Committee - Front row left to right: John O'Connor, Tom Lawlor, Chairman, Pa Laide, CEO and Una Glazier-Farmer. Back row, left to right: Anna Brosnan, Patrick O'Brien (Board Oversight Committee), Caroline Sugrue, Eddie Enright, Gerard Pierse (Board Oversight Committee), Danny Kerins and Sean Roche. Missing from the photo: Aoife Lynch, Richard Bono, Michael O'Sullivan and Luke Prenderville (Board Oversight Committee).

People Moving On

Mairead Casey who served on our Board from 2013 resigned during the year. Anna Brosnan, one of our longest serving directors since 2008 resigned in November 2017. Both Directors have made a hugely valuable contribution to the credit union in their years of involvement. We welcome Danny Kerins and John Welch to fill these vacancies on the Board. Our CEO of 15 years Fintan Ryan departed in June 2017. We wish to extend our gratitude to Fintan for his leadership and dedication over those years. We wish to thank Katrina Rice for Acting CEO from June to September. The Board have appointed Pa Laide to take on the role of CEO. Pa has over 27 years experience working in financial services in AIB and has held various positions in management and business development. We wish Pa every success in his role as CEO.

Name Change

The Board are proposing to change the name of Tralee Credit Union Ltd. to Cara Credit Union Ltd. and are seeking members approval at our AGM. Further clarification on this motion is covered on the back page of this annual report.

Thanks

As my three year term as Chairman comes to an end, I would like to thank my fellow Directors for their support and commitment. I would also like to thank the Board Oversight Committee for their work during the year. Finally, on behalf of the Board, I would like to thank management and staff for their dedication to the provision of good service and their commitment to Tralee Credit Union. I would like to wish you all a happy and peaceful Christmas and a good 2018.

Tom Lawlor, Chairman

BOARD OVERSIGHT COMMITTEE

The Board Oversight Committee (BOC) has the task of ensuring the Board function as laid out by the Credit Union Acts and good corporate governance practice.



Gerard Pierse

The BOC considers the overall responsibilities of the Board and the functioning of the directors. There are a number of responsibilities specified by the Credit Union Act 2012 but the principal three are: Strategy implementation and review; Risk assessment and management; and Effectiveness of management and procedures.

These core responsibilities are the foundation of a strong functioning credit union Board and one of the main guidance to the BOC when evaluating and reviewing the Board's performance.

Over the past year at least one member of the BOC has been present at all board meetings and have attended a number of the committee meetings. At our request we have received additional information as required. The BOC meet separately to the Board at least once per month to review and discuss the Board's function and performance.

2017 has proven to be a very busy and challenging year for Tralee Credit Union. With the resignation of our CEO Fintan Ryan, the Board were very proactive in finding a suitable replacement and we were very happy to welcome Mr. Pa Laide as the new CEO.

The investment and regularity environment within which credit unions operates continues to be challenging and the Board constantly review our strategic planning to ensure we are prepared

for the future. The Board and credit union staff have been very conscious of the need to keep up with the latest technology and services available to members.

It is our opinion that the Board and management have taken the appropriate steps ensuring that Tralee Credit Union are prepared for the challenges that are facing the credit union and financial environment in the coming years.

Early in 2017, Niall O'Carroll left the BOC due to personal commitments and Patrick O'Brien joined the committee in his stead. We acknowledge with thanks the help and support we got from Niall.

We wish to thank the Board, management and staff for their support and co-operation during the year.

Gerard Pierse
Chairman BOC

CEO REPORT

We are happy to report that 2017 has been another successful year of growth, bringing a lot of change and development.



Pa Laide

Lending: This year, for the first time ever, we paid out over 10,000 loans valued at €38.2m - a 12% increase on loans paid out in 2016. This is a significant achievement for the credit union and demonstrates great loyalty from our members. Lending is our main source of income so it is important that we continue to grow our Loan Book in a prudent fashion offering competitive interest rates and value for money. If you need a loan we encourage you to borrow locally here with your credit union.

Delinquency: Our bad debts recovered of €836k continues to improve and now makes up 24% of our surplus. Our Pearls A1 Ratio (loans greater than 10 weeks in arrears) is at a historic low of 3.31%.

Membership: We welcomed over 2,000 new members this year and our active membership is now over 42,000. We have streamlined our membership process with a pre-joining application now available on our website, making it faster and more convenient to join.

Services: We take great pride in our personal service and our team personally facilitate over 30,000 counter transactions a month. Electronic transactions continue to increase with over 65,000 transactions electronically processed a month (direct debit, EFT and online).

Offices: We are committed to our three offices and would encourage members to use their local offices more in Tralee, Castleisland and Killorglin.

In Castleisland we increased our opening times during the year and we now have a dedicated team with a wealth of knowledge and experience in place. Our Tralee office is our busiest office and despite offering a wide range of 'Beat the Q' services we still have queues. Our queues are an issue we hope to address.

Payment Account/Debit Card: We continue to work towards the delivery of a full debit card solution and account. We are a member of a national organisation called Payac whose purpose is to work towards the delivery of a payment account and debit card solution for our members.

Awards: 2017 has been very successful and a great start to our 50th year. We recently won the 'Financial Services Team of the Year' and 'Credit Union, Credit Team of the Year' at the National Credit Team Awards in Dublin. Winning these awards amongst our peers in the financial services industry is a significant achievement for Tralee Credit Union. We were also very proud to be nominated as a Finalist at The Kerryman Business Awards in their Corporate Social Responsibility Category which acknowledges the strong links we have with our members and local community.

Thanks: I would like to thank the Board and my fellow management and staff for welcoming me to Tralee Credit Union. We expect 2018 to be another busy year and look forward to the challenges ahead.

Pa Laide, CEO

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

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

Principal Activities

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

Authorisation

The credit union is authorised as follows:

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

Business Review

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

Dividends and Loan Interest Rebate

The surplus for the financial year is set out in the

income and expenditure account on page 14. The directors are proposing a dividend in respect of the year ended 30 September 2017 of €17,266 (0.01%) (2016: €406,786 (0.25%)) and a loan interest rebate of €131,830 (2.50%) (2016: €238,769(5.00%)) subject to agreement by the membership at the AGM.

Principle risks and uncertainties

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

Credit Risk

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

Lack of Loan Demand

Lending is the principal activity of the credit union and the credit union is reliant on 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

DIRECTORS' REPORT contd.

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 policy. All loan applications are assessed with reference to the credit policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

Lack of Loan Demand

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

Market Risk

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

Liquidity Risk

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

Operational Risk

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

Accounting Records

The directors believe that they comply with the requirements of Section 108 of the Credit Union Act, 1997 (as amended) with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account of the credit union are maintained at the credit union's premises at 45-47 Ashe Street, Tralee, Co. Kerry.

Events after the End of the Financial Year

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

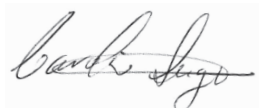
Auditors

Grant Thornton were appointed as auditors during the year and 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 18th October 2017 and signed on its behalf by:



Tom Lawlor,
Chairman of the board of directors



Caroline Sugrue,
Member of the board of directors

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE FINANCIAL YEAR ENDED 30th SEPTEMBER 2017

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

In preparing those financial statements the directors are required to:

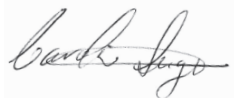
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and reason for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Credit Union will continue in business.

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

This statement was approved by the board on 18th October 2017 and signed on its behalf by:



Tom Lawlor,
Chairman of the board of directors



Caroline Sugrue,
Member of the board of directors

BOARD OVERSIGHT COMMITTEE'S RESPONSIBILITIES STATEMENT

FOR THE FINANCIAL
YEAR ENDED
30th SEPTEMBER 2017

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

This statement was approved by the board on 18th October 2017 and signed on its behalf by:

**Gerard Pierce, Chairman of
the board oversight committee**



INDEPENDENT AUDITORS' REPORT TO MEMBERS

Opinion

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

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

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

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ('ISAs (Ireland)') and applicable law. Our responsibilities under those standards are further

described in the 'responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the credit union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, namely the Irish Auditing and Accounting Supervisory Authority (IAASA) Ethical Standard concerning the integrity, objectivity and independence of the auditor, and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

INDEPENDENT AUDITORS' REPORT TO MEMBERS contd.

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;
- the financial statements contain all primary statements, notes and significant accounting policies required to be included in accordance with section 111(1)(c) of the Act

Responsibilities of directors for the financial statements

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

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

Responsibilities of the auditor for the audit of the financial statements

The auditor's objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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

INDEPENDENT AUDITORS' REPORT TO MEMBERS contd.

judgement and maintain professional scepticism throughout the audit. The auditor will also:

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

INCOME AND EXPENDITURE ACCOUNT

FOR THE FINANCIAL YEAR ENDED 30th SEPTEMBER 2017

		2017	2016
INCOME	Schedule	€	€
Interest on members' loans		5,284,896	4,541,893
Members' deposit & other interest expense & similar charges		(4,860)	(4,307)
Other interest and similar income	1	1,890,570	2,403,854
Gain on investments		1,571,392	-
Net interest income		8,741,998	6,941,440
Other income	2	117,359	475,061
Total income		8,859,357	7,416,501
EXPENDITURE			
Employment costs		2,497,308	2,174,567
Other management expenses	3	3,041,525	2,606,896
Depreciation		145,541	142,554
Net impairment losses/(gains) on loans to members (note 5)		(365,776)	(1,445,416)
Total expenditure		5,318,598	3,478,601
Surplus for the financial year		3,540,759	3,937,900

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30th SEPTEMBER 2017

	2017	2016
Surplus for the financial year	3,540,759	3,937,900
Other comprehensive income	-	-
Total comprehensive income for the financial year	3,540,759	3,937,900

The financial statements were approved, and authorised for issue, by the board of directors on the 18th October 2017 and signed on behalf of the credit union by:

CEO:

Chairman board of directors:

Chairman board oversight committee:

Patrick Laide
Tom Lawlor
Gerard Pierse

Patrick Laide 18th Oct. 2017

Tom Lawlor 18th Oct. 2017

Gerard Pierse 18th Oct. 2017

BALANCE SHEET

AS AT 30th SEPTEMBER 2017

		2017 €	2016 €
ASSETS			
	Notes		
Cash and balances at bank	6	1,692,646	768,805
Deposits and investments – cash equivalents	7	41,195,079	38,090,568
Deposits and investments – other	7	105,296,611	104,338,716
Loans to members	8	74,358,214	64,641,968
Provision for bad debts	9	(4,540,243)	(4,229,065)
Tangible fixed assets	10	2,234,905	2,313,548
Prepayments and accrued income	11	597,504	425,730
Total assets		220,834,716	206,350,270
LIABILITIES			
Members' shares	12	184,969,189	174,188,338
Members' deposits	12	228,013	247,972
Other liabilities, creditors, accruals and charges	13	1,816,809	962,002
Other provisions	14	35,580	68,597
Total liabilities		187,049,591	175,466,909
RESERVES			
Regulatory reserve	16	22,380,939	20,635,027
Operational risk reserve	16	505,000	500,000
Other reserves			
- Realised reserves	16	10,595,816	9,748,334
- Unrealised reserves	16	303,370	-
Total reserves		33,785,125	30,883,361
Total liabilities and reserves		220,834,716	206,350,270

The financial statements were approved, and authorised for issue, by the board of directors on the 18th October 2017 and signed on behalf of the credit union by:

CEO:

Chairman board of directors:

Chairman board oversight committee:

Patrick Laide
Tom Lawlor
Gerard Pierse

Patrick Laide 18th Oct. 2017

Tom Lawlor 18th Oct. 2017

Gerard Pierse 18th Oct. 2017

STATEMENT OF CHANGES IN RESERVES

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

	Regulatory Reserve €	Operational Risk Reserve €	Realised Reserve €	Unrealised Reserves €	Total €
As at 1 October 2015	18,587,497	-	9,791,473	-	28,378,970
Surplus for the financial year	-	-	3,937,900	-	3,937,900
Dividend and loan interest rebate paid	-	-	(1,433,509)	-	(1,433,509)
Transfer between reserves	2,047,530	500,000	(2,547,530)	-	-
As at 1 October 2016	20,635,027	500,000	9,748,334	-	30,883,361
Surplus for the financial year	-	-	3,540,759	-	3,540,759
Dividend and loan interest rebate paid	-	-	(638,995)	-	(638,995)
Transfer between reserves	1,745,912	5,000	(1,750,912)	-	-
Transfer to/(from) unrealised			(303,370)	303,370	-
As at 30 September 2017	22,380,939	505,000	10,595,816	303,370	33,785,125

The regulatory reserve of the credit union as a percentage of total assets as at 30 September 2017 was 10.13% (2016: 10.00%).

The operational risk reserve of the credit union as a percentage of total assets as at 30 September 2017 was 0.23% (2016: 0.24%).

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

		2017	2016
	Notes	€	€
Opening cash and cash equivalents		38,859,373	35,543,946
Cash flows from operating activities			
Loans repaid by members	8	28,189,550	25,758,049
Loans granted to members	8	(38,217,880)	(34,073,534)
Loan interest		5,284,896	4,541,893
Deposit interest		(4,860)	(4,307)
Investment interest		1,890,570	2,403,854
Gain on investments		1,571,392	-
Bad debts recovered		989,038	840,460
Other receipts		117,359	475,061
Dividends paid		(402,319)	(1,100,573)
Loan interest rebate paid		(236,676)	(332,936)
Operating expenses		(5,538,833)	(4,781,463)
Movement in other assets and liabilities		650,016	650,134
Net cash flows from operating activities		(5,707,747)	(5,623,362)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed asset (purchases)/disposals		(66,898)	(37,383)
Net cash flow from other investing activities		(957,895)	(7,550,401)
Net cash flows from investing activities		(1,024,793)	(7,587,784)
CASH FLOWS FROM FINANCING ACTIVITIES			
Members' shares and members' deposit received		206,232,961	122,200,916
Members' shares and members' deposits withdrawn		(195,472,069)	(105,674,343)
Net cash flows from financing activities		10,760,892	16,526,573
Net increase in cash and cash equivalents		4,028,352	3,315,427
Closing cash and cash equivalents	6	42,887,725	38,859,373

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

1. LEGAL AND REGULATORY FRAMEWORK

Tralee 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 45-47 Ashe Street, Tralee, Co. Kerry.

2. ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements

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

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

The following principal accounting policies have been applied:

2.2 Statement of Compliance

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

2.3 Going Concern

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

2.4 Income

Interest on members' loans

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

Deposit and investment income

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

Other income

Other income is recognised on an accruals basis.

2.5 Investments

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

Held at amortised cost

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

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.

NOTES TO THE FINANCIAL STATEMENTS contd.

Investments at Fair Value

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

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

2.6 Tangible Fixed Assets

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

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

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

Depreciation is provided on the following basis:

Freehold premises	2% straight line per annum
Fixtures and fittings	10% straight line per annum
Computer equipment	25% 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.

2.7 Impairment of Tangible Fixed Assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income and expenditure account. If an impairment loss subsequently reverses, the 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 Accounts.

2.8 Taxation

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

NOTES TO THE FINANCIAL STATEMENTS contd.

2.9 Cash and Cash Equivalents

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

2.10 Financial Assets – Loans to Members

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

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

2.11 Bad Debts Provision

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

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

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

2.12 Other Receivables

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

2.13 Financial Liabilities – Members' Shares and Members' Deposits

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

2.14 Members Deposits

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

2.15 Holiday Pay

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

2.16 Pension Costs

Tralee 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 Tralee 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. There is an agreed funding plan in respect of the Pension Scheme as a

NOTES TO THE FINANCIAL STATEMENTS contd.

result of a Minimum Funding Standard deficit certified by the Scheme's Actuary in 2009. Consequently, Tralee Credit Union Limited recognises a liability at each balance sheet date for its outstanding contributions payable under the agreed funding plan to the extent that they relate to committed funding in respect of the deficit to which the funding plan relates.

2.17 Other Payables

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

2.18 Derecognition of Financial Liabilities

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

2.19 Distribution Policy

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

The rate of dividend recommended by the board will reflect:

- the risk profile of the credit union, particularly in its loan and investments portfolios;
- the board's desire to maintain a stable rather than a volatile rate of dividend each year; and
- members' legitimate dividend expectations; all dominated by prudence and the need to sustain the long-term welfare of the credit union.

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

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

2.20 Regulatory Reserve

The Credit Union Act, 1997 (Regulatory Requirements) Regulations 2017 requires credit unions to establish and maintain a minimum regulatory reserve requirement of at least 10 per cent of the assets of the credit union. This Reserve is to be perpetual in nature, freely available to absorb losses, realised financial reserves that are unrestricted and non-distributable.

2.21 Operational Risk Reserve

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

The 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.

2.22 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. 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"

NOTES TO THE FINANCIAL STATEMENTS contd.

and is not distributable. All other income is classified as “realised”.

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

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

Determination of Depreciation, Useful Economic Life and Residual Value of Tangible Assets

The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The directors regularly review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation charge for the financial year. The net book value of tangible fixed assets subject to depreciation at the financial year end was €2,234,905 (2016: €2,313,548).

Bad Debts Provision

Tralee Credit Union Limited's accounting policy for impairment of loans is set out in the accounting policy in note 2.11. The estimation of loan losses is inherently uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local and international economic climates, conditions in various sectors of the economy to which the credit union is exposed, and, other external factors such as legal and regulatory requirements. The provision

for bad debts in the financial statements was €4,540,243 (2016: €4,229,065) representing 6.11% (2016: 6.54%) of the total gross loan book.

Operational Risk Reserve

The directors have considered the requirements of the Credit Union Act, 1997 (as amended) and have developed an approach to the calculation of the operational risk reserve. The operational risk reserve of the credit union at 30 September 2017 was €505,000 (2016: €500,000).

Adoption of Going Concern Basis for Financial Statements Preparation

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

NOTES TO THE FINANCIAL STATEMENTS contd.

	€ 2017	€ 2016
4. KEY MANAGEMENT PERSONNEL COMPENSATION		
The directors of Tralee Credit Union Limited are all unpaid volunteers. The key management personnel compensation is as follows:		
Short term employee benefits paid to key management	728,010	686,501
Payments to pension schemes	80,044	63,719
Total key management personnel compensation	808,054	750,220
5. NET IMPAIRMENT LOSSES/(GAINS) ON LOANS TO MEMBERS		
Bad debts recovered	(836,483)	(639,596)
Impairment of loan interest reclassified as bad debt recoveries	(152,555)	(200,864)
Movement in loan provisions for the year	311,178	(1,031,827)
Loans written off	312,084	426,871
Net impairment losses/(gains) on loans to members	(365,776)	(1,445,416)
6. CASH AND CASH EQUIVALENTS		
Cash and balances at bank	1,692,646	768,805
Deposits & investments (note 7)	146,491,690	142,429,284
Less: Deposit & investment amounts maturing after three months	(105,296,611)	(104,338,716)
Total cash and cash equivalents	42,887,725	38,859,373
7. DEPOSITS AND INVESTMENTS		
Deposits and investments – cash equivalents		
Accounts in authorised credit institutions (Irish and non-Irish based)	41,140,966	38,036,432
Collective investment schemes	54,113	54,136
Total deposits and investments – cash equivalents	41,195,079	38,090,568
Deposits and investments – other		
Accounts in authorised credit institutions (Irish and non-Irish based)	68,073,000	68,175,875
Irish and EEA state securities	20,500,405	19,356,604
Bank bonds	14,909,986	14,880,452
Central Bank deposits	1,813,220	1,925,785
Total deposits and investments – other	105,296,611	104,338,716
Total deposits and investments	146,491,690	142,429,284

NOTES TO THE FINANCIAL STATEMENTS contd.

	€ 2017	€ 2016		
8. FINANCIAL ASSETS – LOANS TO MEMBERS				
As at 1 October	64,641,968	56,753,354		
Loans granted during the year	38,217,880	34,073,534		
Loans repaid during the year	(28,189,550)	(25,758,049)		
Gross loans and advances	74,670,298	65,068,839		
Bad debts				
Loans written off during the year	(312,084)	(426,871)		
As at 30 September	74,358,214	64,641,968		
9. PROVISION FOR BAD DEBTS				
As at 1 October	4,229,065	5,260,892		
Net movement in bad debts provision during the year	311,178	(1,031,827)		
As at 30 September	4,540,243	4,229,065		
The provision for bad debts is analysed as follows:				
Individually significant loans	493,143	646,015		
Grouped assessed loans	4,047,100	3,583,050		
Provision for bad debts	4,540,243	4,229,065		
10. TANGIBLE FIXED ASSETS				
	€ Freehold Premises	€ Fixtures & Fittings	€ Computer Equipment	€ Total
COST				
1 October 2016	2,998,591	593,744	426,737	4,019,072
Additions	-	37,683	29,215	66,898
At 30 September 2017	2,998,591	631,427	455,952	4,085,970
DEPRECIATION				
1 October 2016	861,582	533,376	310,566	1,705,524
Charge for year	59,807	10,788	74,946	145,541
At 30 September 2017	921,389	544,164	385,512	1,851,065
NET BOOK VALUE				
30 September 2017	2,077,202	87,263	70,440	2,234,905
30 September 2016	2,137,009	60,368	116,171	2,313,548

NOTES TO THE FINANCIAL STATEMENTS contd.

	€ 2017	€ 2016
11. PREPAYMENTS AND ACCRUED INCOME		
Prepayments	52,171	13,744
Accrued income on investments	386,980	411,986
Accrued loan interest income	158,353	-
	597,504	425,730
12. MEMBERS' SAVINGS		
As at 1 October	174,436,310	157,909,737
Received during the year	206,232,961	122,200,916
Withdrawn during the year	(195,472,069)	(105,674,343)
As at 30 September	185,197,202	174,436,310
Members' shares	184,969,189	174,188,338
Members' deposits	228,013	247,972
Total member savings	185,197,202	174,436,310
13. OTHER LIABILITIES, CREDITORS, ACCRUALS & CHARGES		
Accruals and other liabilities	1,811,094	947,274
Car draw	5,715	14,728
	1,816,809	962,002
14. OTHER PROVISIONS		
Holiday Pay Accrual		
At 1 October	38,814	-
Charged to the income and expenditure account	(18,126)	38,814
At 30 September	20,688	38,814
Pension Provision		
At 1 October	29,783	44,658
Charged to the income and expenditure account	(14,891)	(14,875)
At 30 September	14,892	29,783
Total Other Provisions		
At 1 October	68,597	44,658
Charged to the income and expenditure account	(33,017)	23,939
At 30 September	35,580	68,597

NOTES TO THE FINANCIAL STATEMENTS contd.

€ 2017

€ 2016

15. FINANCIAL INSTRUMENTS

15a. Financial Instruments – Amortised Cost

Financial assets

Financial assets measured at amortised cost

222,875,417

208,197,930

Financial liabilities

Financial liabilities measured at amortised cost

187,049,591

175,466,909

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

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

15b. Financial Instruments – Fair Value Measurements

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

Quoted prices for identical instruments in active market (level 1);

Prices of recent transactions for identical instruments and valuation techniques using observable market data (level 2), and

Valuation techniques using unobservable market data (level 3).

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

At 30 September 2017

€ Total

€ Level 1

€ Level 2

€ Level 3

Collective investment schemes

54,113

-

54,113

-

Total

54,113

-

54,113

-

At 30 September 2016

€ Total

€ Level 1

€ Level 2

€ Level 3

Collective investment schemes

54,137

-

54,137

-

Total

54,137

-

54,137

-

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

NOTES TO THE FINANCIAL STATEMENTS contd.

16. RESERVES

	Balance 1/10/16 €	Payment of dividend & loan interest rebate €	Appropriation of current year surplus €	Transfers between Reserves €	Balance 30/09/17 €
Regulatory reserve	20,635,027	-	300,000	1,445,912	22,380,939
Operational risk reserve	500,000	-	5,000	-	505,000
Other Reserves					
Realised					
Dividend reserve	9,748,334	(638,995)	-	(8,109,339)	1,000,000
General reserve	-	-	2,783,293	6,663,427	9,446,720
Special reserve: dividend and loan interest rebate	-	-	149,096	-	149,096
Total realised reserves	9,748,334	(638,995)	2,932,389	(1,445,912)	10,595,816
Unrealised					
Interest on loans reserve	-	-	158,353	-	158,353
Investment income reserve	-	-	145,017	-	145,017
Total unrealised reserves	-	-	303,370	-	303,370
Total reserves	30,883,361	(638,995)	3,540,759	-	33,785,125

17. CREDIT RISK DISCLOSURES

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

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

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

NOTES TO THE FINANCIAL STATEMENTS contd.

	2017		2016	
	€	%	€	%
LOANS NOT IMPAIRED				
Total loans not impaired, not past due	56,926,659	76.56%	48,690,276	75.32%
IMPAIRED LOANS:				
Not past due	2,739,462	3.68%	2,944,067	4.55%
Up to 9 weeks past due	12,227,285	16.44%	9,628,726	14.90%
Between 10 and 18 weeks past due	490,996	0.66%	855,689	1.32%
Between 19 and 26 weeks past due	403,919	0.54%	317,618	0.49%
Between 27 and 39 weeks past due	244,981	0.33%	352,741	0.55%
Between 40 and 52 weeks past due	246,838	0.33%	333,240	0.52%
53 or more weeks past due	1,078,074	1.46%	1,519,611	2.35%
Total impaired loans	17,431,555	23.44%	15,951,692	24.68%
TOTAL LOANS	74,358,214		64,641,968	

	2017		2016	
	No. of Loans	€	No. of Loans	€
18. RELATED PARTY TRANSACTIONS				
Loans advanced to related parties during the year	11	71,000	15	149,500
Total loans outstanding to related parties at the year end	20	301,976	18	234,336
Total provision for loans outstanding to related parties		5,646		3,197
Total provision charge during the period for loans outstanding to related parties		2,449		-

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

Total loans outstanding to related parties represents 0.41% of the total loans outstanding at 30 September 2017 (2016: 0.36%).

NOTES TO THE FINANCIAL STATEMENTS contd.

19. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES

19a. Financial Risk Management

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

Credit risk: Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to the credit union, resulting in financial loss. In order to manage this risk the board of directors regularly reviews and approves Tralee Credit Union Limited's credit policy. All loan applications are assessed with reference to the credit 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: Tralee Credit Union Limited's main interest rate risk arises from adverse movements in interest rates receivable which would affect investment income. Tralee Credit Union Limited reviews any potential new investment product carefully to ensure that minimum funds are locked in low yielding long term investments yet at the same time maximising investment income receivable.

19b. Liquidity Risk Disclosures

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

19c. Interest Rate Risk Disclosures

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

	2017		2016	
	€	Average interest rate %	€	Average interest rate %
Gross loans to members	74,358,241	7.72%	64,641,968	7.91%

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

NOTES TO THE FINANCIAL STATEMENTS contd.

20. DIVIDENDS AND LOAN INTEREST REBATE

The following distributions were made during the year:

	2017		2016	
	%	€	%	€
Dividend on shares	0.25	402,319	0.75	1,100,573
Loan interest rebate	5.00	236,676	7.50	332,936

The directors are proposing a dividend in respect of the year ended 30 September 2017 of €17,266 (0.01%) (2016: €406,786 (0.25%)) and a loan interest rebate of €131,830 (2.50%) (2016: €238,769 (5.00%)) subject to agreement by the membership at the AGM.

21. EVENTS AFTER THE END OF THE FINANCIAL YEAR

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

22. INSURANCE AGAINST FRAUD

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

23. CAPITAL COMMITMENTS

There were no capital commitments at 30 September 2017.

24. CONTINGENT LIABILITIES

There are no contingent liabilities in existence at 30 September 2017 that would impact on the financial statements.

25. COMPARATIVE INFORMATION

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

NOTES TO THE FINANCIAL STATEMENTS contd.

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

Tralee 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 Tralee 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, Tralee Credit Union Limited, the ILCU group and the other credit unions participating in the scheme entered into a funding agreement with the scheme that was designed to ensure that, the Scheme could be reasonably expected to satisfy the Minimum Funding Standard by a specified future date (1 March 2019). This funding plan runs up until 2019 and was approved by the Pensions Authority. In accordance with the requirements of FRS102, Tralee Credit Union Limited has recognised a liability for its outstanding contributions payable under this funding agreement to the extent that they relate to the deficit.

As part of the above solvency assessment process, the scheme actuary must carry out a separate valuation under the Minimum Funding Standard every 3 years and produce a funding certificate for submission to

the Pensions Authority within 9 months of the effective date of the valuation. The purpose of the certificate is to certify whether or not the assets of the scheme at the effective date are sufficient to meet the liabilities of the scheme based on the assumption that the scheme was wound up at that date. The most recent actuarial funding certificate was effective as at 1 March 2015 and it certified that the scheme satisfied the funding standard. Further, the actuary was reasonably satisfied that as at 28 February 2016 the scheme can be expected to satisfy the funding standard as specified in Section 44 of the Pensions Act, 1990, at 1 March 2019, being the date specified by the Pensions Authority under Section 49(2) (a) of the Act for the purpose of the existing funding proposal.

An actuarial review of the fund is normally carried out every three years by the scheme's independent, professionally qualified actuary. The actuarial review considers the past and future liabilities of the scheme. The last completed triennial actuarial review was carried out with an effective date of 1 March 2014 using the projected unit valuation method. The principal actuarial assumption used in the valuation was the investment return would be 1.5% higher than the annual salary increases. The market value of the scheme's assets at 1 March 2014 was €157m. The actuarial valuation disclosed a past service deficit of €27.7m at 1 March 2014 calculated under the ongoing actuarial valuation method. This valuation method assumes that the scheme will continue in existence for the foreseeable future. The assumptions used in the actuarial review to determine the past service deficit differ from the assumptions that would be used to determine the liabilities for defined benefit obligations under FRS102. This actuarial review recommended that the rate agreed under the funding proposal, 27.5% 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.

SCHEDULES TO THE INCOME & EXPENDITURE ACCOUNT

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

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

SCHEDULE 1 - OTHER INTEREST INCOME AND SIMILAR INCOME	€ 2017	€ 2016
Investment income received/receivable within 1 year	1,745,553	2,403,854
Investment income receivable outside of 1 year	145,017	-
Total per income and expenditure account	1,890,570	2,403,854
SCHEDULE 2 - OTHER INCOME	€ 2017	€ 2016
LP/LS insurance rebate	-	185,468
Sundry income	54,352	230,785
Commissions	61,306	57,361
Entrance fees	1,701	1,447
Total per income and expenditure account	117,359	475,061
SCHEDULE 3 - OTHER MANAGEMENT EXPENSES	€ 2017	€ 2016
Rent and rates	43,484	36,005
Light and heat	29,151	43,532
Repairs, maintenance and cleaning	98,060	62,474
Security	9,728	19,038
Printing and stationery	59,492	67,249
Postage and telephone	68,605	54,934
Trade subscriptions	11,923	10,570
Marketing and sponsorship	148,997	143,047
Chapter expenses	1,480	11,250
AGM and convention expenses	48,043	48,892
Travel and subsistence	27,281	49,944
Bank charges	173,905	184,688
Irish credit bureau costs	30,435	24,036
Audit fee	34,695	30,000
General insurance	63,079	47,502
Share and loan insurance	526,970	603,874
Death benefit insurance	325,897	277,671
Office and board expenses	70,077	52,755
Staff training	27,053	38,260
Professional body membership	8,385	8,146
Legal and professional fees	213,348	300,223
Computer maintenance	269,907	276,133
Miscellaneous expenses	1,804	2,441
Affiliation fees and subscriptions	259,852	40,771
Regulatory levies	489,874	173,461
Total per income and expenditure account	3,041,525	2,606,896

NOMINATIONS AND ELECTIONS

Auditors

Under Rule 107 (2) Tralee Credit Union Ltd. shall appoint an auditor in accordance with Part V11 of the Act, Grant Thornton being eligible seeks re-election.

Board of Directors

Mairead Casey resigned during the year and Anna Brosnan resigned in November 2017. Danny Kerins and John Welch were co-opted to fill these vacancies and under Rule 43 retires and seeks re-election. Under 42 John O'Connor resigns and being eligible seeks re-election.



Danny Kerins

Danny Kerins has served as a director of Tralee Credit Union since July 2017. He also sits on the Audit Committee. Danny works as a Business Management Consultant. He has over 25 years management

experience in both Irish and global IT Services and Financial Services organisations. Danny holds an MBA from UL, and is a certified Coach and Mediator. He is a native of Farranfore.



John O'Connor

John O'Connor has served as a Director since February 2014. Currently he is Vice-Chairman and a member of the Risk and Remuneration Committees. John is retired. He worked with Kerry County Council in

various positions and was Head of Finance there for many years up to his retirement. He has been chairman/member of a number of national local government finance/ personnel committees. He is a member of the current Audit Committee of the Kerry Education and Training Board and of the Audit Committee of the Institute of Technology Tralee. He is a native of Castleisland and lives in the outskirts of Tralee.



John Welch

Recently retired and now living just outside of Tralee in the Spa, John has recently joined the TCU Board of Directors and brings a wealth of experience and knowledge with him. He originally trained in Civil

Engineering; however he subsequently moved into the area of project management spending a number years on large projects in Africa. John holds a Diploma in Business Management and during his 30 year career, he was heavily involved in business integration and acquisitions and mergers.

Board Oversight Committee

Niall O'Carroll resigned during the year. Patrick O'Brien was co-opted during the year to fill this vacancy and under Rule 57 he retires and being eligible seeks re-election.



Patrick O'Brien

Patrick O'Brien joined the Board Oversight Committee in 2017, having previously been on the TCU Credit Control Committee. He is a qualified certified accountant and member of the Association of

Chartered Certified Accountants (ACCA). He is the owner of O'Brien Financial Services, which he set up after recently returning from Dublin. He previously worked as a Financial Controller with the Australian Embassy and the Irish Amateur Boxing Association.

STANDING ORDERS

Reference: Recommendation 41 (b) of the Planning Committee;

1. VOTING

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

2 - 3 ELECTION PROCEDURE

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

4 - 9 MOTIONS

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

10 - 15 MISCELLANEOUS

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

16. SUSPENSION OF STANDING ORDERS

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

17. ALTERATION OF STANDING ORDERS

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

18. ADJOURNMENTS

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

MOTION FOR NAME CHANGE

As we approach our 50th Anniversary, we reflect on our heritage, our success and our achievements. We attribute our success to the loyalty and trust of our members and the dedication and commitment of our Board, management and staff. Together we have worked hard in making Tralee Credit Union one of the strongest community based credit unions in the country.

Our Future ... Together

Today, Tralee Credit Union covers not alone Tralee but also Castleisland and Killorglin and so the name Tralee Credit Union does not cover the entire hinterland surrounding these important towns. The landscape of the credit union movement has changed in the last few years. In 2014 there were 391 credit unions in the Republic of Ireland, today there are 277. Mergers will continue and in doing so will enhance the long term strength of credit unions.

As we continue into the future, and while we are in control of our name, the time is now right to facilitate a change of name for future mergers. We can no longer be defined geographically as this will hinder our growth.

Cara Credit Union

We commenced this process last January, formed a committee and assessed the 120 names proposed by Board and staff. We wanted an inclusive name that reflected our identity, our success, our growth and our strength together. A name that appealed to everyone irrespective of where you are from, a name people could relate to, that was embedded in our ethos and values. The name that resonated with everyone was 'Cara Credit Union'.

'Cara' means a friend in Irish

A friend is someone you can trust, someone you can turn to in good times and in bad. A friend is someone you can share with, grow with, who knows you and cares for you. A friend helps you and is always there for you.

Cara embodies our ethos and values. From our members survey last year, you told us that it was 'the friendliness and helpfulness of staff' that mattered most. Cara will help us connect more with members and rekindle past friendships with inactive members. The name 'Cara' is part of our heritage and culture, it is a name that can be used at national level for future mergers and is not just limited to Kerry.

By proposing this name at our AGM we are investing in our future together and laying a foundation of growth in the years to come. This name change is a significant milestone in the history of Tralee Credit Union, a milestone that should reflect our momentum and help us achieve our vision for the future together.