

**ACCOUNTS AND
NOTICE OF AGM
2016**



Notice is hereby given that the Annual General Meeting of Tralee Credit Union Ltd will be held at The Rose Hotel, Tralee on **Monday 12th of December, 2016 at 8.00pm.**

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



€200
MILLION IN ASSETS



42,000
MEMBERS



€174 MILLION
IN SAVINGS



€64 MILLION
LOAN BOOK

CONTENTS

Agenda	3
Directors Report	4 - 5
Board Oversight Committee	6
CEO Report	7 - 9
Statement of Directors Responsibilities	10

FINANCIAL STATEMENTS 2015/2016

Auditor's Report	11 - 12
Income and Expenditure Account	13
Balance Sheet	14
Statement of Changes in Reserves	15
Cash Flow Statement	16
Notes to Financial Statements	17 - 30
Schedule to the Financial Statements	31

Nominations and Elections	32
Tax Treatment of Dividend	33
Standing Orders	34 - 35



Una Glazier Farmer
Hon Secretary

AGM AGENDA

MONDAY 12th DECEMBER, 2016

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 2015 AGM
5. Appointment of Tellers
6. Report of the Nominating Committee and Election of Directors, Board Oversight Committee and Auditor
7. Report of the Directors
8. Report on Accounts
9. Proposal of 0.25% Dividend and 5% Loan Interest Rebate
10. Report of the Board Oversight Committee
11. Report of the CEO
12. Approval of the League Affiliation Fees - 90c per member
13. Approval of the deduction of €4.50 Death Benefit Insurance per member
14. Motions for Approval (see Motions 1 & 2 below)
15. AGM Members Draw
16. Announcement of Election Results
17. Any Other Business
18. Live Members Car Draw
19. Close of Meeting

Motion 1

That this Annual General Meeting amends Rule 13(2) of the Standard Rules of Credit Unions to read as follows:
“(2) A person shall be treated as having the qualification required for admission to membership of the credit union if he is a member of the same household as, and is a member of the family of, another person who is a member of the credit union and who has a direct common bond with those other members. However, a child or step-child of a member, where such child or step-child is under the age of 18 years and living outside the common bond but resident in the Republic of Ireland or the United Kingdom, shall not be precluded from membership of the credit union”.

Motion 2

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”.

MISSION STATEMENT



“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.”

DIRECTORS REPORT 2016

On behalf of your Board of Directors I am pleased to report a very good year for Tralee Credit Union. All aspects of our business have shown growth and our total assets exceeded €200m for the first time.



Tom Lawlor

This is a fantastic achievement for our community credit union, reinforcing our position as the largest community credit union in Munster. Your support as members continues to ensure that your credit union goes from strength to strength.

Loan growth: The growth in our loan book (14%) suggests confidence is returning to the local economy. In 2016 Tralee Credit Union paid out €34m to its members. Most of this money is spent locally on car purchases, home improvements, weddings, education, etc. and such spending adds dynamism to our local economy. As consumers, you can see that our loan rates are competitive and especially when buying cars, having a pre-approved loan allows you to drive a better bargain. Many of you have used our Home Loans to purchase, build or renovate your homes and we are happy to be of help. I am hopeful that this level of growth can be repeated in 2017 as a strong loan book means a strong credit union.

Investment return: The low interest rate policy being pursued by the European Central Bank is greatly affecting our investment income. In 2008 our investments were returning 4% whereas in 2016 our investments returned less than 2% and in future years the rate of return is likely to fall further. Because 70% of our assets are investments this reduction in income places more pressure on our loan book to provide the income necessary to cover expenses, maintain reserves and pay a dividend.

Strategic Plan: In October, following much work, the Board of Directors approved 'Vision 2020', a Strategic Plan that will guide our development over the next four years. The plan will see managed growth, investment in services for our members, developments in technology to retain and attract younger members and generally offer convenience for members who wish to carry out more of their credit union business online or electronically. As part of managing our growth the Board have placed a cap on individual savings of €50,000. The change affects less than one per cent of membership and these members have all had communication from us. The plan commits your Credit Union to investing in technology and services over the next four years.

Dividend and Interest Rebate: Your Board of Directors are pleased to recommend a dividend of 0.25% to you. While reduced from last year it reflects the rates currently on offer for 'on demand' deposits. The Minister for Finance announced a reduction in the DIRT rate in the budget, in current and future years which is a welcome development. The Board are happy to recommend a loan interest rebate (refund) of 5% of interest paid. This represents a recognition of the valuable role that our borrowers play in supporting the credit union and its income.

Auditors: The board would like to thank Joan O'Sullivan & Co. who has acted as auditor for Tralee Credit Union for many years. Following a



Board of Directors and Board Oversight - Front row left to right: John O'Connor, Una Glazier-Farmer, Tom Lawlor, Chairman, Fintan Ryan, CEO. Back row, left to right: Caroline Sugrue, Sean Roche, Eddie Enright, Gerard Piersie (Board Oversight Committee), Luke Prendeville (Board Oversight Committee), Michael O'Sullivan, Mairead Casey. Missing from the photo: Anna Brosnan, Richard Bono, Aoife Lynch and Niall O'Carroll (Board Oversight Committee).

tendering process, the Board are recommending the appointment of Grant Thornton as auditors in accordance with the Credit Union Acts 1997-2012.

Board of Directors and Board Oversight Committee: The volunteers that fulfil duties on your board and committees give of their time freely. Legislation and regulation places huge responsibility on volunteers in relation to their fiduciary duties, continuous training, and oversight duties. I am pleased to say that all your volunteers perform their various functions well and I thank them on your behalf. I would like to thank Mary O'Connell and Leonard O'Donnell who retired from their director positions during the year.

Thanks: I would like to thank the CEO and staff for their excellent work during the year. Credit unions were voted Ireland's 'Most Trusted Brand' for the second year in a row, by 42,000 Irish customers, against 170 brands, simply because **we put our members at the heart of everything we do.** Our staff represent the face of our Credit Union and I think the survey vindicates their good work. I would like to thank the committees for the work they do and I would, on behalf of the Board of Directors, thank you, our members for your continued support and ask you to promote the credit union whenever you can.

Tom Lawlor

Tom Lawlor
Chairman, Tralee Credit Union

BOARD OVERSIGHT COMMITTEE REPORT

The Board Oversight Committee (BOC) has the task of ensuring that the Board carries out its functions as laid out by the Credit Union Acts and adheres to good corporate governance practice.



Gerard Pierse

The Board Oversight Committee will consider the overall responsibilities of the Board as a whole and the function of the directors. There are a number of responsibilities specified by the Credit Union Act 2012 but the primary three are Strategy implementation and review, Risk assessment and management and ensuring that effective management and procedures are in place.

These core responsibilities are the foundation of a strong functioning Credit Union Board and provide the main guidance to the Board Oversight Committee when evaluating and reviewing the board's performance.

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

This year has been particularly busy for the Tralee Credit Union Board. There has been some significant positive work carried out that should ensure sustainability and success for Tralee Credit Union. The Board is focused on the strategic objectives and are well informed and tuned in to the regulatory and Credit Union environment. The Board and management have been particularly

proactive around organisational review, IT infrastructure, enhancement of member services and long term strategy.

The Board have a good dynamic and have shared the workload and responsibilities ensuring that no one member is overburdened. The atmosphere at the Board meetings is always one of openness where board members are encouraged to voice their opinions and challenge one another.

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 2016 Noelle Jameson left the Board Oversight Committee due to personnel commitments and Luke Prendeville joined the committee. We acknowledge with thanks the help and support we got from Noelle.

Finally, we would like to thank the Board, Management and our Staff for their support and co-operation during the year.

Gerard Pierse
Chairman BOC

REPORT OF OUR CEO

2016 has been a good year for Tralee Credit Union. Surpassing €200m in assets represents a big milestone in the development of your Credit Union.



Fintan Ryan

An increase in membership, growth in lending and a reduction in loan arrears are also significant achievements.

Operations: Lending, membership and transaction levels continue to grow. It has been our busiest year in lending ever with over 9,000 loans, valued at €34m, being paid out to members for a variety of purposes. Our loan-book at year end is €64m representing an increase of almost €8m (14%) on the previous year. Delinquency (loan arrears) again reduced significantly during the year indicating that members circumstances are improving. At the end of the year our delinquency rate of just over 5% was half the national average. We welcomed over 2,000 new members during the year and our active membership now stands at over 42,000 members.

Services: Members increasingly use the automatic transactions services (direct debit, EFT and online) with approximately 40,000 transactions per month being undertaken using these methods. During the year our two ATMs accounted for 66,000 transactions with a value of €9.5m. Tralee Credit Union is planning to invest in a more streamlined online offering that will allow members to carry out their business from home or "on the move". Our surveys and your actions support this investment.

Staffing Structure: During the year we undertook a major restructure of staff to reflect the current and future needs of your credit union. We thank staff for their cooperation with the changes and I

am confident that the new structure will serve the credit union well into the future. Mike Lynch our Loans Officer retired during the year after ten years of service. Mike's experience and commitment has added greatly to the strength of our credit union.

Offices:

Killorglin office transactions continue to grow and it's heartening to see members from this area using the services not just in Killorglin, but in our other offices as well. The merger with Killorglin has been very positive for our credit union. Tralee Credit Union is seeking further opportunities to expand in this way and is currently in discussions with another credit union, with a view to an amalgamation in 2017.

Castleisland: The Board recently approved the opening of the Castleisland office for additional hours. The change, which is currently being implemented, will see the office open from Tuesdays to Saturdays and through lunch times each day.

Tralee: The Tralee Office currently accounts for 70% of our business. Additional staff have been allocated to cater for this work. Results from our member survey in September tells us members are very happy with the level of service they receive, although we see that at times queuing continues to be an issue. I would also point you to the beat the queue services that are available, including online access.

Year in Review

42,000
MEMBERS

€200
MILLION IN ASSETS

2,000
NEW MEMBERS

7,095
ONLINE REGISTRATIONS

€174 MILLION
IN SAVINGS

€64 MILLION
LOAN BOOK

€34 MILLION
LOANS ISSUED

457,522
ELECTRONIC TRANSACTIONS

346,087
BRANCH TRANSACTIONS

65,906
ATM TRANSACTIONS

16,551
MEMBERS ONLINE &
MOBILE APP ACTIVITY

€25,000
LOCAL SPONSORSHIP

€10,500 EDUCATION
AWARDS

Debit Cards: Having run a very successful “pilot” project, we had hoped that we would have been able to “roll-out” debit card services to members in 2016. Unfortunately because of a decision of Central Bank in relation to this service, it has not been possible. It is still vitally important to the credit union that we can provide you with access to your accounts and access to payment services. We continue to work towards providing these services to you.

Thanks: I would like to express my thanks to our staff for their commitment to your service. I would also like to thank you, our members, for your support, loyalty and courteousness to staff. We look forward to serving you into the future.



Fintan Ryan, CEO
Tralee Credit Union



Tralee Credit Union celebrates €200 million in assets.

STATEMENT OF DIRECTORS RESPONSIBILITIES

FOR THE YEAR ENDED 30th SEPTEMBER 2016

The Credit Union Acts, 1997-2012 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 the Income and Expenditure Account 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;
- 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the credit union and to enable them to ensure that the financial statements are prepared in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland, including the standards issued by the Financial Reporting Council, and in particular FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.



Signed on behalf of the Board of Directors:
Tom Lawlor, Chairman

STATEMENT OF BOARD OVERSIGHT COMMITTEE'S RESPONSIBILITIES

FOR THE YEAR ENDED
30th SEPTEMBER 2016

The Credit Union Acts, 1997-2012 require 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 Acts, 1997-2012 and any other matter prescribed by the Central Bank in respect of which they are to have regard in relation to the Board.



Gerard Pierse
Chairperson Board Oversight Committee

INDEPENDENT AUDITOR'S REPORT TO MEMBERS

FOR THE YEAR ENDED 30th SEPTEMBER 2016

We have audited the financial statements of Tralee Credit Union Limited for the year ended 30th September 2016, which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Changes in Reserves, the Cash Flow Statement and the related notes.

The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

This report is made solely to the credit union's members, as a body, in accordance with section 120 of the Credit Union Acts, 1997-2012. 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.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement, the directors' are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing

(UK and Ireland). Those standards require us to comply with the 'Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the credit union's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the assets, liabilities, and financial position of the Credit Union as at 30th September 2016 and of its surplus for the year then ended;
- have been properly prepared in accordance with FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland,

issued by the Financial Reporting Council; and

- have been properly prepared so as to conform with the requirements of the Credit Union Acts, 1997-2012 and the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016.

Other matters prescribed by the Credit Union Acts, 1997-2012

- We have obtained all the information and explanations which we consider 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.



Joan O'Sullivan

For and on behalf of
Joan O'Sullivan & Co.
Chartered Accountants and Statutory Audit Firm
12 Denny Street
Tralee
Co. Kerry

7th November 2016

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30th SEPTEMBER 2016

		2016	2015
		€	€
INCOME			
Interest on members' loans	4	4,742,757	4,343,037
Other interest income and similar income	5	2,403,854	2,794,270
Interest payable on members' deposits		(4,307)	(15,073)
Net interest income		7,142,304	7,122,234
Other Income	7	475,061	79,666
Total income		7,617,365	7,201,900
EXPENDITURE			
Employment costs	9b	2,174,567	1,665,844
Depreciation	11	142,554	271,053
Other management expenses	Schedule 1	2,606,896	1,869,891
Net recoveries on loans to members	12d	(1,244,552)	(1,316,390)
Total expenditure		3,679,465	2,490,398
Surplus for the financial year		3,937,900	4,711,502
Total comprehensive income		3,937,900	4,711,502

The financial statements were approved, and authorised for issue, by the board of directors on the 7th November 2016 and signed on its behalf by:

On behalf of the credit union:

CEO:

Chairperson Board of Directors:

Chairperson Board Oversight Committee:



Fintan Ryan 7th Nov. 2016

Tom Lawlor 7th Nov. 2016

Gerard Pierse 7th Nov. 2016

BALANCE SHEET

AT 30th SEPTEMBER 2016

		2016 €	2015 €
ASSETS			
	Notes		
Cash and cash equivalents	10	38,859,373	35,543,946
Tangible fixed assets	11	2,313,548	2,418,719
Loans to members	12	60,412,903	51,492,462
Prepayments and accrued income	13	425,730	519,180
Investments	14	104,338,716	96,788,315
Total assets		206,350,270	186,762,622
LIABILITIES			
Members Shares and Deposits	15	174,436,310	157,909,737
Other payables	16	1,030,599	473,915
Total liabilities		175,466,909	158,383,652
ASSETS LESS LIABILITIES		30,883,361	28,378,970
RESERVES			
Regulatory reserve		20,635,027	18,587,497
Operational risk reserve		500,000	-
Dividend reserve		9,748,334	9,791,473
TOTAL RESERVES		30,883,361	28,378,970

The financial statements were approved, and authorised for issue, by the board of directors on the 7th November 2016 and signed on its behalf by:

On behalf of the credit union:

CEO:  Fintan Ryan 7th Nov. 2016
Chairperson Board of Directors:  Tom Lawlor 7th Nov. 2016
Chairperson Board Oversight Committee:  Gerard Piers 7th Nov. 2016

STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 30th SEPTEMBER 2016

	Regulatory Reserve €	Operational Risk Reserve €	Dividend Reserve €	Non-distributable Investment Income Reserve €	Total Reserves €
Opening balance at 1 October 2014	13,769,109	-	8,715,763	-	22,484,872
Central Bank Contribution	2,096,116	-	-	-	2,096,116
Killorglin Credit Union	-	-	363,059	-	363,059
Total comprehensive income for the year	-	-	4,711,502	-	4,711,502
Dividends paid during the year	-	-	(1,276,579)	-	(1,276,579)
Transfer between reserves	2,722,272	-	(2,722,272)	-	-
Closing balance at 30th September 2015	18,587,497	-	9,791,473	-	28,378,970
Opening balance at 1 October 2015	18,587,497	-	9,791,473	-	28,378,970
Total comprehensive income for the year	-	-	3,937,900	-	3,937,900
Dividends paid during the year	-	-	(1,100,573)	-	(1,100,573)
Loan interest rebate paid during the year	-	-	(332,936)	-	(332,936)
Transfer between reserves	2,047,530	500,000	(2,547,530)	-	-
Closing balance at 30th September 2016	20,635,027	500,000	9,748,334	-	30,883,361

- (1) The Regulatory reserve of the Credit Union as a % of total assets as at 30th September 2016 was 10.0%. (2015: 10.0%)
- (2) In accordance with S45 of the Credit Union Act 1997 (as amended) Tralee Credit Union Limited put in place an operational risk reserve during the current period. The board approved a transfer of €500,000 from the dividend reserve to the new operational risk reserve, following the completion of an internal process of assessing the level of the reserve required to cover the operational risk within the Credit Union.
- (3) The transfer of €2,272,272 to the Regulatory reserve in the previous year includes 10% of the surplus of the Credit Union in the amount of €5,554,516, as stated under previous Irish GAAP. No adjustment has been made to this transfer to reflect the fact that the restated surplus for the previous year under FRS 102 now stands at €4,711,502 nor has any adjustment been made for the uplift in the reserves of the Credit Union as at 1st October 2015 of €1,825,418 on transition to FRS 102 (see Note 25).
- (4) Following commencement of S13 of the 2012 Act, the requirement for Credit Unions to transfer 10% of their annual surplus to their statutory reserve (now known as the regulatory reserve) each year has been removed. Tralee Union Limited has transferred €2,008,917 of its current year surplus to its regulatory reserve so that the reserve would stand at 10% at current year end.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30th SEPTEMBER 2016

		2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES	Notes	€	€
Loans repaid by members	12a	25,758,049	22,683,853
Loans granted to members	12a	(34,073,534)	(30,997,227)
Loan Interest Received	4	4,742,757	4,343,037
Investment income received		2,497,055	2,584,093
Killorglin Credit union inclusive of Central bank contribution			4,075,945
Other income received		475,061	79,666
Bad Debts Recovered	12d	639,596	923,097
Interest paid on members' deposits		(4,307)	(15,073)
Dividends and Loan interest Rebate Paid	6	(1,433,509)	(1,276,579)
Operating expenses paid to include employment costs	6	(4,224,530)	(3,305,038)
Net cash flows from operating activities		(5,623,362)	(904,226)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(37,383)	(215,883)
Purchase of investments		(118,747,702)	(100,164,324)
Proceeds from sale of investments		111,197,301	92,654,630
Net cash flows from investing activities		(7,587,784)	(7,725,577)
CASH FLOW FROM FINANCING ACTIVITIES			
Members' shares received		122,200,916	135,134,284
Members' shares withdrawn		(105,674,343)	(93,973,640)
Net cash flows from financing activities		16,526,573	41,160,644
Net increase in cash and cash equivalents		3,315,427	32,530,841
Cash and cash equivalents at beginning of year		35,543,946	3,013,105
Cash and cash equivalents at end of year		38,859,373	35,543,946
Analysis of net funds			
Cash and balances at bank		38,859,373	35,543,946
		38,859,373	35,543,946

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30th SEPTEMBER 2016

1. Legal and Regulatory Framework

Tralee Credit Union Limited is established under the Credit Union Acts 1997-2012. The Credit Union is registered with the Registrar of Credit Unions and is regulated by the Central Bank of Ireland. The principal place of business is Ashe Street, Tralee, Co. Kerry.

2. Accounting Policies

2.01 Statement of Compliance and Basis of Preparation

These financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102'). The financial statements have been prepared on the historical cost basis.

2.02 First-time Adoption of FRS 102

These are Tralee Credit Union's first financial statements to comply with FRS 102. The date of transition to FRS 102 is 1st October 2014. The transition to FRS 102 has resulted in a number of accounting policy changes compared to those applied previously. Note 25 to the financial statements describes the differences between the reserves and surplus presented previously, and the amounts as restated to comply with the accounting policies selected in accordance with FRS 102 for the reporting period ended 30th September 2016 (i.e. comparative information), as well as the retained reserves presented in the opening Balance Sheet (i.e. at 1st October 2014). It also describes all the required changes in accounting policies made on first-time adoption of FRS 102.

2.03 Currency

The financial statements are prepared in Euro, which is the functional currency of the Credit Union. Monetary amounts in these financial statements are rounded to the nearest Euro.

2.04 Going Concern

The financial statements are prepared on the going concern basis. The directors of Tralee Credit Union Limited believe this is appropriate as the Credit Union:

- Is generating annual surpluses;
- Maintains an appropriate level of liquidity; and
- Has reserves that are currently above the minimum requirements of the Central Bank.

2.05 Income

INTEREST ON MEMBERS' LOANS

Interest on loans to members is recognised when payment is received as the Credit Union's view is that to recognise the interest income on this basis is more prudent, and although a departure from the effective interest method set out in Section 11 of FRS 102, does not give rise to a material difference in the recognition of interest income on members' loans in the financial statements.

INVESTMENT INCOME

The Credit Union currently only has investments that are valued at amortised cost, and use the effective interest method to recognise investment income.

OTHER INCOME

Other income such as commissions receivable on insurance products and foreign exchange services arises in connection to specific transactions. Income relating to individual transactions is recognised when the transaction is completed.

2.06 Dividends to Members and Interest on Members' Deposits

INTEREST ON MEMBERS' DEPOSITS

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

DIVIDENDS ON SHARES AND LOAN INTEREST REBATES

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

the dividend and loan interest rebate policy of the Credit Union. The rate of dividend and loan interest rebate recommended by the Board will reflect:

- the risk profile of the Credit Union, particularly in its loan and investment 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 rebates of loan interest when members ratify such payments at the Annual General Meeting.

2.07 Taxation

The Credit Union is not subject to income tax or corporation tax on its activities as a Credit Union.

2.08 Cash and Cash Equivalents

Cash and cash equivalents comprise operating cash on hand and cash deposited with banks with original maturity of less than or equal to three months.

2.09 Financial Instruments

The Credit Union has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the Credit Union becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when, and only when, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets and liabilities are classified according to the substance of the contractual arrangements entered into.

2.10 Basic Financial Assets

Basic financial assets are initially measured at the transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method. Basic financial instruments include the following:

LOANS TO MEMBERS

Loans to members 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.

INVESTMENTS HELD AT AMORTISED COST

Investments 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. This effectively spreads out the return on such investments over time, but does take account immediately of any impairment in the value of the investment.

2.11 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.

2.12 Impairment of Financial Assets

Financial assets, other than those held at fair value, are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the

present value of the expected cash flows discounted at the asset's original effective interest rate.

In the case of impairment of loans to members, the loans are assessed collectively in groups that share similar credit risk characteristics except for individually significant loans which are assessed on a loan by loan basis for impairment. Any 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.

2.13 De-recognition of Financial Assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Credit Union transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. In the case of loans to members, loans are derecognised, when the right to receive cash flows from the loans have expired, usually when all amounts outstanding have been repaid by the member. Tralee Credit Union Limited does not transfer loans to third parties.

2.14 Basic Financial Liabilities

Basic financial liabilities are initially recognised at the transaction price, including transaction costs, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities are subsequently carried at amortised cost using the effective interest method.

FINANCIAL LIABILITIES MEMBERS' SHARES & DEPOSITS
Members' shares, Money Management Accounts and Deposits are redeemable and therefore are classified as financial liabilities. They are initially recognised at the amount of cash deposited and subsequently members'

deposits are measured at amortised cost.

OTHER PAYABLES

Other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

2.15 De-recognition of Financial Liabilities

Financial liabilities are derecognised when the obligations of the Credit Union specified in the contract are discharged, cancelled or expire.

2.16 Tangible Fixed Assets

Tangible fixed assets comprises items of property, plant and equipment, which are stated at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is provided to write off the cost of each item of property, plant and equipment, less its estimated residual value over its estimated useful life. The categories of property, plant and equipment are depreciated as follows:

Freehold premises	- straight-line over 50 years
Fixtures & fittings	- straight-line over 10 years
Computer equipment	- straight-line over 4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the Income and Expenditure account.

2.17 Impairment of Tangible Fixed Assets

At each reporting end date, the Credit Union reviews the carrying value of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Credit Union estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Income and Expenditure account.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying 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.

2.18 Employee Benefits

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 the Credit Union to separately identify its share of the scheme's underlying assets and liabilities. Consequently, the Credit Union accounts for the scheme as a defined contribution plan.

However, there is an agreed funding plan in respect of the pension scheme as a 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.

OTHER EMPLOYEE BENEFITS

The costs of short-term employee benefits, including holiday pay, are recognised as a liability and as an expense (unless those costs are required to be recognised as part of the cost of fixed assets) over the period they are earned.

2.19 Reserves

REGULATORY RESERVE

The Credit Union is required to maintain and establish a minimum Regulatory reserve of at least 10% of the assets of the Credit Union in accordance with Credit Union Act 1997 (Regulatory Requirements) Regulations 2016.

OPERATIONAL RISK RESERVE

The Credit Union has established an Operational Risk reserve which is separate, distinct and in addition to the reserves the Credit Union is required to hold in its Regulatory reserve. The amount held in the Operational Risk reserve is the predicted impact of operational risk events that may have a material impact on the Credit Union's business.

DIVIDEND RESERVE

Dividend reserves are the accumulated surpluses to date that have not been declared as dividends or loan interest rebate returnable to members or set aside to the Regulatory or Operational Risk reserves.

2.20 Transfer of Businesses and Undertakings

Transfer of Businesses and Undertakings are accounted for using the acquisition method of accounting. This involves recognising the identifiable assets and liabilities of the acquired Credit Unions at fair value. In applying the acquisition method of accounting for these business combinations the member interests transferred by Tralee Credit Union Limited represents the consideration transferred for the net assets acquired. This consideration has been estimated as equivalent to the acquisition date fair value of the member interests in Killorglin Credit Union at the date of the transfer, and is reflected as an adjustment in 'Reserves'.

3. Use of Estimates and Judgements

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Directors to exercise judgement in applying Tralee Credit Union Limited's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below:

IMPAIRMENT LOSSES ON LOANS TO MEMBERS

The Credit Union's accounting policy for impairment of financial assets is set out in accounting policy in Note 2.12.

The estimation of loan losses is inherently uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local and international economic climates, conditions in various sectors of the economy to which the Credit Union is exposed, and, other external factors such as legal and regulatory requirements.

Credit risk is identified, assessed and measured through the use of rating and scoring tools with emphasis on weeks in arrears and other observable credit risk metrics. The ratings influence the management of individual loans. The credit rating triggers the impairment assessment and if relevant the raising of specific provisions on individual loans where there is doubt about their recoverability. Loan loss provisioning is monitored by the Credit Union, and the Credit Union assesses and approves its provisions and provision adequacy on a quarterly basis.

Key assumptions underpinning the Credit Union's estimates of collective provisions for loans with similar credit risk characteristics, and, Incurred But Not Reported provisions ('IBNR') are based on the historical experiences of the Credit Union's allied to the Credit Union's judgement of relevant conditions in the wider technological, market, economic or legal environment in which the Credit Union operates.

If a loan is impaired, the impairment loss is the difference between the carrying amount of the loan and the present value of the expected cash flows discounted at the asset's original effective interest rate taking account of pledged

shares and other security as appropriate. Assumptions are back tested with the benefit of experience. After a period of time, when it is concluded that there is no real prospect of recovery of loans/part of loans which have been subjected to a specific provision, the Credit Union writes off that amount of the loan deemed irrecoverable against the specific provision held against the loan.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30th SEPTEMBER 2016

	2016 €	2015 €
4. INTEREST ON MEMBERS LOANS		
Loan interest received in year	4,742,757	4,343,037
Total interest on members loans	4,742,757	4,343,037
5. OTHER INTEREST INCOME AND SIMILAR INCOME		
Investment income & gains received by the balance sheet date	1,991,868	2,289,083
Receivable within 12 months of balance sheet date	411,986	505,187
Total investment income	2,403,854	2,794,270

6. DIVIDENDS

The dividend and loan interest rebate is formally proposed by the directors after the year end and is confirmed at an AGM of the members.

As a result the proposed dividend for the current year does not represent a liability at the Balance Sheet date and the dividend included in the Statement of Reserves in the current year relates to dividends paid to members for the prior year.

The dividends and loan interest rebate for the current and prior year periods were as follows:

	2016 €	2015 €
Dividend paid during the year	1,100,573	1,084,415
Dividend rate:	0.75%	1.00%
Loan Interest rebate paid during the year	332,936	192,164
Rebate rate:	7.50%	5.00%
Dividend proposed, but not recognised	406,786	1,056,662
Dividend rate:	0.25%	0.75%
Loan interest rebate proposed, but not recognised	238,769	322,500
Rebate rate:	5.00%	7.50%

	Notes	2016 €	2015 €
7. OTHER INCOME			
LP/LS Insurance Rebate		185,468	-
Miscellaneous income		230,785	13,294
Commissions on Foreign Exchange/Drafts		38,279	34,914
Insurance Commission		19,082	30,235
Entrance Fees		1,447	1,223
Total other income		475,061	79,666

8. EXPENSES

Employment costs	9b	2,174,567	1,665,844
Depreciation	11	142,554	271,053
Other management expenses (Schedule 1)		2,606,896	1,869,891
		4,924,017	3,806,788

9. EMPLOYEES AND EMPLOYMENT COSTS

9a Number of Employees

The average monthly number of employees during the year was:

	2016 Number	2015 Number
Management	10	9
Other staff	48	39
Total	58	48

9b Employment Costs

	€ 2016	€ 2015
Wages and salaries	1,834,725	1,426,348
Social security costs	192,291	148,491
Payments to pension scheme	147,551	91,005
Total employment costs	2,174,567	1,665,844

9c Key Management Personnel

	€ 2016	€ 2015
Short term employee benefits	686,501	523,902
Payments to pension scheme	63,719	49,977
Total key management personnel compensation	750,220	573,879

Short-term employee benefits include wages, salaries, social security contributions and paid annual leave.

	2016 €	2015 €
10. CASH AND CASH EQUIVALENTS		
Cash balances	768,805	2,327,279
Short term deposits with banks	38,090,568	33,216,667
Total cash and cash equivalents	38,859,373	35,543,946

Short term deposits with banks are deposits with original maturity of less than or equal to three months. All other deposits with banks are included under Investments in the Balance Sheet and disclosed in Note 14.

11. TANGIBLE FIXED ASSETS

Tangible fixed assets comprise the following property, plant and equipment:

	Premises €	Fixtures & Fittings €	Computer Equipment €	Total €
COST/VALUATION				
As at 1 October 2015	2,998,591	565,094	418,004	3,981,689
Additions		28,650	8,733	37,383
As at 30th September 2016	2,998,591	593,744	426,737	4,019,072
DEPRECIATION				
As at 1 October 2015	801,610	526,325	235,035	1,562,970
Charge during year	59,972	7,051	75,531	142,554
As at 30th September 2016	861,582	533,376	310,566	1,705,524
NET BOOK VALUE				
As at 30th September 2016	2,137,009	60,368	116,171	2,313,548
As at 1 October 2015	2,196,981	38,769	182,969	2,418,719

12. LOANS TO MEMBERS - FINANCIAL ASSETS

	2016 €	2015 €
<i>Notes</i>		
12a Loans to members		
As at 1 October	56,753,354	49,061,717
Advanced during the year	34,073,534	30,997,227
Repaid during the year	(25,758,049)	(22,683,853)
Loans written off	(426,871)	(621,737)
Gross loans to members	64,641,968	56,753,354
Impairment allowances		
Individual loans	(1,381,907)	(1,417,833)
Groups of loans	(2,847,158)	(3,843,059)
Loan provision	(4,229,065)	(5,260,892)
As at 30th September	60,412,903	51,492,462

12b Credit Risk Disclosures

Tralee Credit Union Limited has a limited number of secured loans. The majority of loans to members are unsecured, except that there are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding. There are maximum amounts set down by the Central Bank in terms of what amount a member can borrow from the Credit Union.

The carrying amount of the loans to members represents Tralee Credit Union Limited's maximum exposure to credit risk. The following table 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.

	2016		2015	
	Amount €	Proportion %	Amount €	Proportion %
Not impaired:				
Neither past due or impaired	50,296,608	77.8%	41,705,905	73.5%
Up to 9 weeks past due	8,450,328	13.1%	7,339,369	12.9%
Between 10 and 18 weeks past due	-	-	-	-
Between 19 and 26 weeks past due	-	-	-	-
Between 27 and 39 weeks past due	-	-	-	-
Between 40 and 52 weeks past due	-	-	-	-
53 or more weeks due	-	-	-	-
Gross loans not impaired	58,746,936	90.9%	49,045,274	86.4%
Gross loans individually impaired	3,424,054	5.3%	3,285,115	5.8%
Gross loans collectively impaired	2,470,978	3.8%	4,422,965	7.8%
Total gross loans	64,641,968	100.0%	56,753,354	100.0%
Impairment allowance				
Individual loans	1,381,907		1,417,833	
Groups of loans	2,847,158		3,843,059	
Total carrying value	60,412,903		51,492,462	

Factors that are considered in determining whether loans are impaired are discussed in Note 3, dealing with estimates.

	2016 €	2015 €
12c Loan provision account for impairment losses		
As at 1st October	5,260,892	6,275,922
Allowances reversed during the year	(1,031,827)	(1,015,030)
As at 30th September	4,229,065	5,260,892
12d Net recoveries or losses recognised for the year		
Bad debts recovered	639,596	923,097
Reduction in loan provisions during the year	1,031,827	1,015,030
	1,671,423	1,938,127
Loans written off	(426,871)	(621,737)
Net recoveries on loans to members recognised in the year	1,244,552	1,316,390

	2016 €	2015 €
13. PREPAYMENTS AND ACCRUED INCOME		
Prepayments	13,744	13,993
Accrued investments income	411,986	505,187
	425,730	519,180

14. INVESTMENTS

Investments at the current and prior balance sheet date were all measured at amortised cost as appropriate and comprised of the following:

	2016 €	2015 €
Fixed term deposits with banks	68,175,875	55,511,432
With profit bonds	-	288,527
Irish Bank bonds	14,880,452	14,846,096
Irish Government bonds	19,356,604	24,247,676
Central Bank minimum deposits	1,925,785	1,894,584
Total investments at amortised cost	104,338,716	96,788,315

15. MEMBERS SHARES AND DEPOSITS - FINANCIAL LIABILITIES

	2016 €	2015 €
As at 1st October	157,909,737	116,749,093
Received during the year	122,200,916	135,134,284
Repaid during the year	(105,674,343)	(93,973,640)
As at 30th September	174,436,310	157,909,737

Members' shares are repayable on demand except for shares attached to loans. The breakdown of the shares between attached and unattached is as follows:

	2016 €	2015 €
Unattached shares	149,627,117	136,913,441
Attached shares	20,606,577	17,542,191
Other	4,202,616	3,454,105
Total members shares and deposits	174,436,310	157,909,737

	2016 €	2015 €
16. OTHER PAYABLES		
Creditors and other accruals	796,842	332,516
PAYE / PRSI	107,013	40,370
Payroll and short term payroll accruals	64,830	52,160
Pension commitments	61,914	48,869
	1,030,599	473,915

17. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES**17a Financial Risk Management**

Tralee Credit Union Limited is a provider of personal and business loans and also provides savings products to its members. The Credit Union invests excess funds with a view to ensuring that the return from members' loans and investments is adequate to meet the overheads of the Credit Union and provide a reasonable return to members on shares and deposits. The Credit Union has a risk register in place to help the directors manage the various risks arising from its activities to include the issuing of loans to members and investing the excess funds of the Credit Union.

The main financial risks arising from Tralee Credit Union Limited activities are credit risk, liquidity risk and interest rate risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

Credit risk: Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to Tralee Credit Union Limited, resulting in financial loss to the Credit Union. In order to manage this risk the Board approves the Credit Union's credit policy, and all changes to it. 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. The credit risk on members' loans is disclosed in Note 12b.

The Credit Union's investments are also exposed to credit risk and the Credit Union mitigates the risk by only placing investments with financial institutions where the counterparties have strong credit ratings and using investment products authorised by the Central Bank. The credit ratings of the financial institutions where investments are held are disclosed in Note 14.

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. The Credit Union adheres on an ongoing basis to the minimum liquidity ratio and minimum short term liquidity ratio as set out in the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016.

Market risk: Market risk is generally comprised of interest rate risk, currency risk and other price risk. Tralee Credit Union Limited conducts all its transactions in Euro and does not deal in derivatives or commodity markets. Therefore, the Credit Union is not exposed to any form of currency risk or other price risk.

Interest rate risk: Tralee Credit Union's main interest rate risk arises from differences between the interest rate exposures on the receivables and payables that form an integral part of a Credit Union's operations. Tralee Credit Union considers rates of interest receivable on investments and members' loans when deciding on the dividend rate payable on shares and on any loan interest rebate.

17b Interest rate risk disclosures

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

	2016		2015	
	Amount €	Proportion %	Amount €	Proportion %
Financial assets				
Gross loans to members	64,641,968	7.8%	56,753,354	8.0%
Financial liabilities				
Members shares	174,436,310	0.25%	157,909,737	0.75%

The interest rates applicable to loans to members are fixed and range from 5.5% to 9%. The dividend on shares is determined on the basis of income less administrative expenses and, as can be seen above, a consistent margin is maintained between interest receivable and dividend on shares. As a result, the surplus for the year is not particularly sensitive to interest rate risk and no sensitivity analysis is presented.

17c Liquidity risk disclosures

All of the financial liabilities of the Credit Union are repayable on demand except for some members' shares attached to loans and members' deposits which have a fixed maturity date.

17d Fair value of financial instruments

Tralee Credit Union does not hold any financial instruments at fair value.

17e Capital

The Credit Union maintains sufficient reserves to buffer the Credit Union against any losses on its members' loans and also its investments. The current regulatory reserves are the minimum requirement set down by the Central Bank, and stand at 10% of the total assets of the Credit Union at the balance sheet date.

18. POST BALANCE SHEET EVENTS

There are no material events after the Balance Sheet date to disclose.

19. CONTINGENT LIABILITIES

Tralee Credit Union had no contingent liabilities at the current or prior balance sheet date.

20. CAPITAL COMMITMENTS

There were no capital commitments either contracted for or approved by the board at the year end.

21. INSURANCE AGAINST FRAUD

The Credit Union has insurance against fraud in the amount of €5,200,000 (2015: €5,200,000) in compliance with Section 47 of the Credit Union Acts 1997 to 2012.

22. RELATED PARTY TRANSACTIONS

During the year loans were advanced to officers of the Credit Union (to include their family members or any business in which the officers had a significant shareholding) in the amount of €349,321 (2015: €266,700). These loans were approved in accordance with the Credit Union Acts, 1997-2012.

The loans outstanding from these parties at 30th September 2016 were €681,807 (2015: €496,690). These loans amounted to 1.05% of total gross loans due at 30th September 2016 (2015: 0.88%). There were no provisions against the loans due from the directors and the management team at the current or prior balance sheet date.

The directors and staff share balances stood at €690,024 at 30th September 2016 (2015: €524,728).

23. TRANSITION TO FRS102

Tralee Credit Union has adopted FRS 102 for the first time in these financial statements for the year ended 30th September 2016. The reconciliations below highlight the key impacts on both the surplus for the financial year and the reserves of the Credit Union.

Reconciliation of surplus from previous Irish accounting standards to FRS 102

	Notes	2015 €
Surplus as previously reported		5,554,516
General loan provision not allowed under FRS102	23a	(500,000)
Employment and pension costs	23b	7,606
Investment Income	23c	(350,620)
		4,711,502

Reconciliation of Credit Union's reserves from previous Irish accounting standards to FRS 102

	Notes	2016 €	2015 €
Opening reserves as previously stated		8,809,069	6,890,345
General loan provision not allowed under FRS102	23a	269,619	769,619
Employment and pension costs	23b	(74,800)	(82,406)
Investment Income	23c	787,585	1,138,205
Opening reserves in accordance with FRS102		9,791,473	8,715,763

23a General loan provision

Tralee Credit Union carried general loan provisions of €1,789,090 at 30th September 2015 and €2,289,090 at 30th September 2014 in its previous Irish GAAP financial statements. €269,619 of the general loan provision at 30th September 2015 and €769,619 of the General loan provision carried at 30th September 2014 on review do not satisfy the criteria as set down in Section 11 of FRS 102 in relation to objective evidence of impairment and as such that element of the General provision has not being recognised for the FRS 102 financial statements of the Credit Union.

23b Employment costs

Under previous Irish accounting standards, Tralee Credit Union Limited did not make a provision for holiday pay, i.e. holidays earned but not taken prior to the year end. In contrast, FRS 102 requires the cost of short-term compensated absences to be recognised when employees render the service that increases their entitlement. As a result an additional accrual has been made to reflect this. This had the impact of decreasing total reserves by €22,696 upon transition on 1st October 2014 and decreasing the surplus by €7,446 for the year ended 30th September 2015.

Under previous Irish GAAP, Tralee Credit Union Limited had availed of the exemption outlined in paragraph 9(b) of FRS 17, in relation to the ILCU multi-employer pension scheme. However, FRS 102 requires a provision to be recognised where an agreement has been entered into with a multi-employer plan that determines how the deficit will be funded. The provision is measured based on the contributions payable that arise from the agreement with the multi-employer pension plan to the extent that they relate to the deficit. This had the impact of decreasing total reserves by €59,710 upon transition on 1st October 2014 and increasing the surplus by €15,052 for the year ended 30th September 2015.

The combined effect of the accrual for holiday pay and the provision in respect of the contributions to fund the deficit on the multi-employer pension scheme was to decrease total reserves by €82,406 upon transition on 1st October 2014 and increase the surplus by €7,606 for the year ended 30th September 2015.

23c Investments

Under previous Irish GAAP, Tralee Credit Union Limited had accounted for investments under the old 'cost model' rules. Under FRS102 the investments have been restated to amortised cost value resulting in an adjustment applied retrospectively to both the income recognised from these investments and in their carrying amount. This had the impact of increasing total reserves by €1,138,205 upon transition on 1st October 2014 and decreasing the surplus by €350,620 for the year ended 30th September 2015.

24. TRANSFER OF ASSETS AND LIABILITIES OF KILLORGLIN CREDIT UNION LIMITED

In December 2014 Tralee Credit Union Limited ('TCU') accepted the transfer of the Assets and Liabilities of Killorglin Credit Union Limited. The Assets and Liabilities of Killorglin Credit Union Limited were incorporated into the Balance Sheet of Tralee Credit Union Limited at that date. To replenish Statutory Reserves a financial incentive of €2,096,116 was received from the Credit Union Resolution Fund in respect of this transfer. On the 18th December, 2014 the members of Killorglin Credit Union became members of Tralee Credit Union, and thereby became entitled to member interest associated with such membership. In applying the acquisition method of accounting for these business combinations the members' interests transferred by TCU represents the consideration transferred for the net assets acquired. The consideration has been estimated as equivalent to the acquisition-date fair value of the members interests in the transfer or credit unions (the fair value of the transferor credit union) at the date of transfer, and is reflected as an adjustment to 'reserves'.

25. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved, and authorised for issue, by the board of directors on the 7th November 2016.

SCHEDULE TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30th SEPTEMBER 2016

SCHEDULE 1		2016	2015
OTHER MANAGEMENT EXPENSES		€	€
Local Authority Charges		36,005	42,476
Light & Heat		43,532	38,218
Repairs, renewals and cleaning		62,474	60,207
Security		19,038	15,441
Printing and stationery		67,249	68,118
Postage and telephone		54,934	66,973
Trade Subscriptions		10,570	11,927
Promotion Youth and Scholarship Expenses		143,047	103,800
Chapter expenses		11,250	8,231
AGM and convention expenses		48,892	30,042
Travel and subsistence		49,944	36,585
Bank charges		184,688	108,842
Irish Credit Bureau Costs		24,036	16,579
Audit fee		30,000	24,850
General insurance		47,502	45,945
Share & loan insurance		603,874	523,720
Death benefit insurance		277,671	121,662
Other personnel costs		52,755	34,161
Staff Training		38,260	33,624
Professional Body Memberships		8,146	9,682
Legal and professional fees		300,223	200,871
Computer maintenance		276,133	85,423
Miscellaneous expenses		2,441	7,149
Affiliation fees		40,771	58,806
Regulatory levy		173,461	116,559
Total other management expenses		2,606,896	1,869,891

DEPOSITS AND INVESTMENTS		2016	2015
		€	€
		%	%
Financial Assets			
Allied Irish Bank Plc	16,960,212.25	16%	14,722,588
Bank of Ireland	17,122,399.64	16%	15,118,832
Irish Government	19,356,603.01	19%	24,247,676
Central Bank Reserve	1,925,785.00	2%	1,894,584
Ulster Bank Ireland			13,644,896
Permanent TSB	22,850,716.18	22%	23,677,931
KBC Bank Ireland Plc			2,070,282
Deutsche Bank Plc	2,000,000.00	2%	0%
Investec Bank Plc	11,123,000.00	11%	1,123,000
Bank of Scotland	13,000,000.00	12%	0%
Royal Liver			288,527
Total	104,338,716.08	100%	96,788,314

NOMINATIONS AND ELECTIONS

Auditors

Under Rule 107 (2) Tralee Credit Union Ltd. shall appoint an auditor in accordance with Part V11 of the Act, the Board propose Grant Thornton to fill this position.

Board of Directors

Mary O'Connell and John O'Brien resigned during the year. Richard Bono and Eddie Enright were co-opted during the year to fill these vacancies and under Rule 43 retire and seek re-election. Under Rule 42 Tom Lawlor and Aoife Lynch resign, and, being eligible, seek re-election.



Richard Bono

Richard Bono has served as a Director of Tralee Credit Union since April 2016 and is currently a member of the Nominations Committee. Richard successfully ran his own construction company for 35 years before retiring to Tralee in 2008. He is a member of the Royal Institute of Chartered Surveyors and is actively involved in Tralee Rugby Club, the Irish Wildlife Trust and the Kerry Vintage Car Club, he is also past president of the Rotary Club.



Eddie Enright has served as a director of Tralee Credit Union since April 2016. He also sits on the Risk Committee and the Investment Committee. He has a degree in Education and Training from NUIG. He works in financial services and is a Qualified Financial Advisor. Eddie has a wide range of Management experience having worked in various roles for 35 years at the FÁS Training Centre in Tralee. He is a native of Finuge and lives in Tralee.



Tom Lawlor has been a director with Tralee Credit Union since 2006 and has served many officer posts and sat on many committees. A great supporter of the GAA and IFA, Tom is currently chairperson and sits on our officers, investment and credit control committees.



Aoife Lynch BL has served as a director on the board of Tralee Credit Union since 2013. A Tralee native, Aoife is a practising barrister who was called to the Bar in 2007 after completing her studies at the Honourable Society of Kings Inns. Aoife was awarded her law degree from UCC where she was also editor-in-chief of the Cork Online Law Review. Aoife is a founding member of the Kerry-based charity Kare4Kidz and was a life-long member of Tralee C.I.E. Credit Union.

Board Oversight Committee

Noelle Jameson retired in 2016. Luke Prendeville was co-opted during the year and, in accordance with Rule 57, he retires and being eligible seeks re-election.



Luke Prendeville joined the Board Oversight Committee in April 2016. Luke is a member of the Chartered Institute of Management Accountants and has extensive business and accounting experience servicing technology and wireless communication multinationals. Luke is currently employed as a Financial Controller with Freeflow in Tralee.

TAX TREATMENT OF DIVIDEND

Since 1st January 2014 ALL credit union share dividend to members is subject to DIRT at 41%. Budget 2017: The rate of Deposit Interest Retention Tax will decrease by 2% each year for the next 4 years until it reaches 33%. The only members who are exempt from paying DIRT are:

- Members aged over 65 whose total income is less than the relevant limit, currently €18,000 for an individual and €36,000 for a married couple. For married couples, only one of the spouses needs to be over 65. To avail of this exemption, you must sign a self-declaration form DE1. This form is available at Tralee Credit Union and is a declaration that you (or your spouse) are aged over 65 and that your total income is less than the relevant limit.

- Members who are permanently incapacitated. Such members should either contact their local Revenue Commissioners office directly or contact a service body such as the Irish Wheelchair Association. Credit Unions have no role in approving the exemption in these cases.

If you do not complete the self declaration form, Tralee Credit Union is obliged to deduct DIRT from your dividend. You will then have to apply directly to the Revenue Commissioners for a refund of this DIRT (if you are eligible). If you are exempt from paying tax please fill in a DE1 form in our offices.

INSURANCE, unique to Credit Unions designed to give you peace of mind

Life Savings Insurance and Loan Protection Insurance

Up to €7,700 of your Savings are insured with Free Life Cover (terms and conditions apply). Your loan is also insured and is cleared in the event of your death or permanent disability (terms and conditions apply).

2016: LPLS claims on behalf of 194 deceased members was €508,917.52. May they rest in peace.

Death Benefit Insurance

Your savings attract €1,950 towards funeral expenses in the event of your death (terms and conditions apply).

2016: DBI claims on behalf of 162 deceased members was €308,100. May they rest in peace.

For further information on our insurance services visit our website www.traleecu.ie or call in to our offices.

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).



Tralee
CREDIT UNION LTD.

2017

€40 Million
TO LEND

Need a Loan? Support your Own ...

*Thank
You*

2016

€34 Million
in Loans



9,254 Members
Loans

Our Loans Help Us, Help You

€34 Million

SPENT LOCALLY...

- Sustains Growth and Employment Locally
- Gives your Credit Union the Income to Fund Services
 - pay a Dividend to Savers and Loan Interest Rebate to Borrowers
 - fund Life Savings and Loan Protection Insurance, Death Benefit Insurance
 - sponsor local projects and events, new Lauri Healy Community Fund

Your support keeps us strong

www.elainefoleydesign.com

