



**WE'RE
IN THIS
TOGETHER**

ANNUAL REPORT 2020

Notice: Cessation of CUcash Account 31st May 2021.

Over 10 years ago, the CUcash Account was introduced to Life Credit Union. It was brought in to allow members to continue to save in the credit union without those savings becoming collateral against an existing loan, and to allow electronic payments through the Irish Clearing System.

Our services have progressed a long way since those early days. In most cases, members with a loan may only need to pledge a minimal €10.00 of their shares as loan collateral. The balance of funds on deposit or future funds deposited remain available to the member. All Share and Loan Accounts now have a dedicated IBAN for ease of assigning and withdrawing funds. Our Current Account was introduced in 2019 which offers full current account services including a Mastercard debit card and the option of an overdraft. All these services are now available online, at any time via our Online Banking or Mobile App.

As a result of these new improved services, the CUcash Account will cease operation from 1st June 2021. Members with a CUcash Account can choose to transfer funds in this account to their Share Account, or to any other account via Online Banking or by visiting a branch. Any funds remaining in member accounts on 31st May 2021 will automatically be transferred to the member's Share Account.

Say hello to current account

Current Account is a full service current account, brought to you by the local credit union that you trust! You can now manage your daily finances no matter where you are in the world. With access to your funds in-branch, online or on the app, you can pay your bills, withdraw cash and pay at point of sale, anywhere in the world.

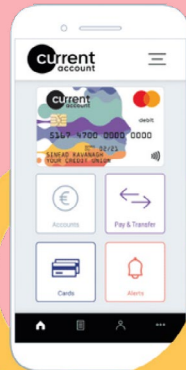
Low transparent fees

Mastercard Debit Card

Instore, online or at any ATM

 **Pay**  **fitbit**

Apply online or find out more at
www.lifecu.ie/our-accounts/current-account today!



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INVITATION FROM THE SECRETARY

2020 ANNUAL GENERAL MEETING TUESDAY 23rd MARCH 2021 VIRTUAL AGM - ONLINE EVENT

Dear Member,

It is my pleasure to invite you, as a member of Life Credit Union, to our Annual General Meeting for 2020.

This year's AGM will take place online, as a virtual AGM on Tuesday 23rd March 2021 at 7.30pm. You will be required to register for the virtual AGM prior to attendance. Full details of how to register and attend the AGM are included in the Step-by-Step Guide with your AGM booklet. Please read this carefully and follow the instructions if you wish to attend our virtual AGM.

The agenda for the meeting is on the following pages along with the financial statements for your Credit Union. I would encourage you to read it and to attend the meeting to exercise your democratic right to participate in proceedings. The Annual General Meeting is open to all members of Life Credit Union. Members who are over 16 years of age and who hold more than €10.00 in their share account on the 30th September 2020 are entitled to vote at the meeting.

The minutes for last year's AGM are available for review in the secure member's area of our Online Banking. If you wish to review these, and Standing Orders for this year's AGM, please log in to Online Banking and go to Member Notices.

We will no longer be sending out an annual account statement with your AGM booklet. You can get a statement at any time for your account(s) in your Online Banking. Just log in to your Online Banking and select e-statements from the list on the left-hand side. If you are not registered for Online Banking you can register easily on our website. Just go to www.lifecu.ie and click 'Register' on the top right-hand corner of the screen. Alternatively, you can request a statement from any of our branches.

I am very much looking forward to seeing you at the meeting.

Yours sincerely,
John Murphy
Secretary

LIFE CREDIT UNION - BOARD OF DIRECTORS 2019

Marion Hanlon – Chairman
Aidan Dunning – Vice-Chair
John Murphy - Secretary
Martin Callanan – Director
Michael P Kelly – Director
Aidan Morrison – Director

Tracy O'Brien – Director
Ellis Quinlan - Director
Sean Brady - Director
Jo Coy – Board Oversight Committee
David McCabe – Board Oversight Committee
Tony Burke – Board Oversight Committee

NOMINATION COMMITTEE REPORT

The Nomination Committee is appointed by the Board to provide suitable candidates for Director and Board Oversight positions within Life Credit Union. The Committee, comprising of at least 3 board members, meets a minimum of four times a year.

Among the duties of the Nomination Committee is the review of the succession plan on an annual basis. In doing this, the Committee Identify candidates to be proposed at the AGM for appointment to the LCU Board and the Board Oversight Committee.

The Committee must also review the composition of the Board and ensure a balance and sufficiency of skills. This is particularly relevant in the dynamic of today's Credit Union movement; with new governance demands, new technology, mergers and financial challenges. The Nomination Committee is satisfied that the Board and the Board Oversight Committee are well suited in balance, succession and sufficiency of skills to meet the challenges facing your Credit Union.

Sean Brady

Chairperson

Nomination Committee

Committee Members: Sean Brady, Marion Hanlon, Martin Callanan

ELECTIONS

The Board of Directors must be elected in accordance with section 53(6)(b) of the Credit Union Act, 1997 as amended. Nominations for Directors have been conducted in accordance with the policy of Life Credit Union. All nominees have complied with the appropriate Fitness and Probity requirements.

OPEN POSITIONS

Board of Directors;

3 vacancies exist:

Sean Brady,

Standing for re-election

John Murphy,

Standing for re-election

Martin Callanan,

Resignation

Board Oversight Committee;

1 vacancy exists:

David McCabe,

Standing for re-election

CHANGE OF AUDITOR

The Board of Directors of Life Credit Union will be recommending to members a change of Auditor to Denise O'Connell of Grant Thornton.

MOTIONS AND RULE CHANGES

MOTIONS TO THE FLOOR

a) That no dividend shall be paid on members' shares.

Motions for consideration by the meeting can be received up to 5pm on 16th March 2021. Motions must be received in writing, signed by a proposer and seconder and addressed to the Secretary of the Credit Union.

Please note that in order for the motions to be discussed at the AGM, both the proposer and seconder must be present at the AGM.

Motions from the Board of Directors for consideration by the meeting will be available on our website www.lifecu.ie and displayed in the front office of Main Street branch Naas from 17th of March 2021.

RULE CHANGES

Amendments to Standard Rules for Credit Unions (Republic of Ireland) proposed by the Board of Life Credit Union.

That this Annual General Meeting agrees to amend Rule 11 of the Standard Rules for Credit Unions (Republic of Ireland) by the insertion of "Residence, employment, attending college, university or training courses in the parishes of Naas, Maynooth, Newbridge, Caragh, Sallins, Killeel, Kill, Rathmore, Eadestown, Two Mile House, Athgarvan, Ballymore Eustace, Suncroft, Calverstown, Curragh Camp, Milltown, Allen, or within a 5-mile radius of the Town hall, Naas. If the person is a member of the same household and is a family member of the person who is a member of LCU and holds the common bond, in accordance with Rule. 16. (2).", to read as follows:

Rule 11. Membership

Membership shall be limited to and consist of the signatories to the application to register the credit union and such other persons having the following common bond:

Residence, employment, attending college, university or training courses in the parishes of Naas, Maynooth, Newbridge, Caragh, Sallins, Killeel, Kill, Rathmore, Eadestown, Two Mile House, Athgarvan, Ballymore Eustace, Suncroft, Calverstown, Curragh Camp, Milltown, Allen, or within a 5-mile radius of the Town hall, Naas. If the person is a member of the same household and is a family member of the person who is a member of LCU and holds the common bond, in accordance with Rule. 16. (2)

as have been duly admitted members of the credit union in accordance with these rules and comply with such of the rules as relate to membership and including, if otherwise qualified, such other persons as were members of the unincorporated body known as N/A immediately before the date on which such body secured registration as Life Credit Union Limited.

CEO'S STATEMENT

For more than 50 years Life Credit Union's financial strength and local expertise have enabled us to support our members through many an economic crisis, and today this is no different. We have an experienced management team and all the necessary measures in place to serve our members without interruption, while still protecting the health and safety of our employees and their families. The Board and management have always adapted the business as required to ensure that Life Credit Union is financially strong and secure, and I think this year's financials are evidence of the effectiveness of this approach.

The key highlights are as follows:

€172M

MEMBER SHARES

€55.6M

LOANS TO MEMBERS

€24.2M

TOTAL RESERVES

- The loan book stands at €55.6m, representing a decrease of 3% on the prior year.
- The Loan value of applications is €22.8m, represents a decrease of 25% year-on-year.
- Deficit of €0.27m; this is an adverse movement of €0.7m compared with the Budget surplus projection and is primarily driven by bad-debt provisioning of €1.2m, an excess of €0.9m compared to the Budget provision and arising from the Covid 19 pandemic.
- Total Expenditure of €4.7m represents a decrease of 2% year-on-year.
- 2,130 new members joined Life Credit Union.

FINANCIALS

Despite the unanticipated shock to the economy caused by coronavirus Life Credit Union managed to deliver satisfactory financial results. As mentioned above the Income and Expenditure account shows a deficit of €0.27 million driven primarily by provisions for loan losses. Whilst this is of course a disappointing outcome, given the necessity to greatly increase our provisions for bad debts, it is in fact a good outcome in the circumstances. The additional provision for bad debts is an accounting feature common to all financial institutions this year. I might add that Life Credit Union has proactively engaged with members with loan repayment difficulties from the outset of the crisis and put in place special arrangements for such members. Overall, the level of arrears on our loan book has not increased significantly and we continue to monitor the situation closely and are always available to engage with members in this regard.

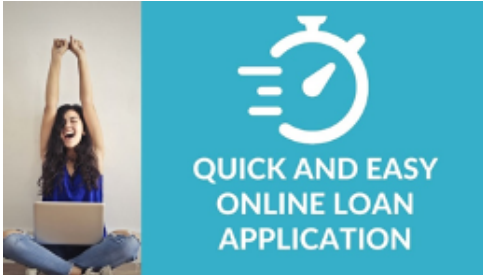
INVESTMENTS

Investment income has reduced yet again this year to €0.78 million down by 28%, despite growth in the investment portfolio. The national and international interest rate environment remains challenging with negative interest rates on short term funds and overall investment returns which are dictated by the prevailing interest rate climate poor. We do not anticipate any improvement in this for the foreseeable future. This obviously has adverse implications for our overall finances as over 70% of our assets are invested.

LENDING

The last 12 months has been a challenging operating environment. We had a strong start to the year prior to restrictions on movement impacting business performance. This year we

issued 4,169 loans to the value of €22.8m within our community. The quality of our lending remains an important focus and loan decisions are based on an assessment of a member's ability to repay. This enables us to be fair to all members and facilitates good lending decisions. We cannot achieve these results without acknowledging the many members who continue to honour their loan agreements.



MAKING OUR LENDING PROCESSES MORE USER FRIENDLY

Ever conscious of the need to both improve our services to existing members and to appeal to potential members, we introduced enhanced online functionality to our services. We have introduced an online loan application which has proven very popular with members, with over 55% of loans now coming over this channel.

Both members and non-members can now apply for and drawdown a loan online, without having to visit a branch. For members who do not wish to apply online we now offer a phone application and of course applications can be made in Branch.

NEW PRODUCTS & MEMBER SERVICES

Life Credit Union has identified that one of our key future members is 18 – 34 years old, tech savvy, smartphone user, that are open to using non-traditional financial service providers. This future member is interested in consuming the following Life CU products - online current accounts, debit cards, overdraft, savings account, small personal loans, car loan and insurance products.

We upgraded our Online Banking environment to facilitate members who prefer to use Life Credit Union's services online and to enhance online security in line with European PSD2 legislation. Members can sign up for Online Banking easily through our website www.lifecu.ie.



Electronic signatures. We launched a simple new process to enable members to sign documentation for all personal loans electronically, and have funds transferred directly to their chosen account.

Online membership applications, which allows prospective members to apply for membership online and upload the relevant documentation on our website.

We also upgraded our Mobile App, making it more user friendly and easier for members to carry out many of their day to day needs. Through the app members can now view balances and recent transactions, transfer money to internal and external accounts, pay bills and get e-statements.

All of this represents a major investment in our online and digital offering. In doing this we are meeting the evident demand from members and we have planned for further investment in this area.

COMMON BOND EXPANSION

Life Credit Union has been invited to provide credit union services to the student body of Maynooth University. There are 1,580 faculty and staff employed in Maynooth University catering for circa 13,000 students, about 60% of these students live/work in the common bond the remaining 40% commute daily. The services on offer by Life CU will include financial wellness clinics, budgeting education, debit cards, online transactions and student loans.

Benefits of membership for students

- Reduce mental health issues associated with financial stress.
- Creating a habit of regular saving amongst students – providing a financial safety net for people who may otherwise not save.
- Access to affordable responsibly-lent credit at competitive interest rates – preventing the need to resort to more exorbitant methods of borrowing (maximum credit union loan rate of 12.68% APR) - extremely competitive particularly with Provident who charge upwards of 187.2% APR.
- Self-help solution that empowers through improved financial literacy and money management skills.
- Support for students to improve their overall financial wellbeing and thus increasing the amount of disposable income available to them.

GOING GREEN

Recent climate change call to action events have meant that the “Green” agenda is firmly front and centre now with the Irish public and our Members. To make our planet that little bit greener and ensure that Life Credit Union lives up to the “reuse, reduce, re-cycle” motto and this year where possible we are sending the annual reports and statements via email. If we do not have an email address for you, we are posting out an abridged version of the annual report. **To see the full version go to <https://lifecu.ie/about/annual-reports>**

ACKNOWLEDGEMENTS

Life Credit Union continues to be a strong, efficient, well-governed and transparent Credit Union, meeting the everyday financial needs of its members. I am very proud of the commitment of our Management Team and Staff and I am deeply grateful for their continued dedication and relentless hard work, helping our members in achieving their financial goals. It would not be possible for us to provide the services we do without the voluntary input of our Directors, Board Oversight Committee and other Volunteers who freely give up their time and we would like to thank them for the level of service, care, and professionalism they display on your behalf.

CHAIRMAN'S REPORT

On behalf of your Board of Directors it is a great honour for me to present to you our Annual Report and Accounts for 2020 in this our 53rd year.

The year 2020 has been a very difficult one for our community, our country and the world. As I write we continue to fight COVID-19, and no one knows when this will all end or indeed how it will end.

As Chair of Life Credit Union, I can assure you, our members, that you have an excellent Board, Board Oversight Committee, management team and staff.

On behalf of the Board, I would like to express our thanks and appreciation to the management team and staff for their total commitment, professionalism and dedicated hard work throughout this challenging year.

On a personal note, I would like to thank my fellow directors and Board Oversight Committee. They have given an enormous amount of unpaid personal time, knowledge and experience over and above what they would normally give. Our total emphasis as a Board is to keep Life Credit Union financially strong while providing excellent service to you, our members. We have had to respond to a very fluid environment by making urgent and necessary decisions to ensure that we deal with this crisis in the best manner possible.

As you are aware, we were required to introduce revised opening hours in all branches due to restrictions and the safety requirements of COVID-19. We took all precautions in our branches to ensure a safe environment for our members and our staff. I would like to thank all our members for their cooperation in this regard and to pay a special tribute to our counter staff in all branches who ensured maintenance of excellent customer service in challenging circumstances.

There has been a significant increase in the use of all our online services which has underlined the importance of our investment in this area. Given the evident demand from our members we have plans to further improve our online services whilst continuing to maintain our branch presence which we know is also important for many members.

Because of the shock to the economy caused by COVID-19, Life Credit Union has increased the provision for loan losses by 48% to €3.7m. This unfortunately has resulted in a deficit of €0.27m. Notwithstanding this, Life Credit Union remains strong with capital reserves of 12.2%.

The Board is not proposing a dividend this year. A dividend payment is not justified in a year in which we made a loss due to the financial impact of COVID-19. The Central Bank of Ireland have also indicated they do not want regulated firms to make dividend payments or other forms of distribution at this time. The Central Bank has taken this position based on the European Central Bank's recommendation, that until 1st Jan 2021 no dividends are to be paid by credit institutions for the financial year 2019 and 2020.

The Board is recommending a motion for the expansion of our common bond to include students. An important element of our strategy is to attract younger members. Maynooth Students Union has offered Life Credit Union an opportunity to deliver credit union services to their students. This is an ideal opportunity to develop and offer our services to more members. We currently have just 18% of our membership borrowing from us. This must increase if we are to ensure that the financial security which we currently enjoy continues long into the future. I therefore request that you support this important rule change.

2021 will continue to be challenging for the Credit Union sector. Loan loss provisions could continue to rise, loan growth could remain sluggish and investment returns are extremely low, and in some cases negative.

The difference between returns on loans at over 8% and investments at 0.6% and falling, emphasizes the need for continued growth in our loan book to generate the income necessary to enhance our surplus. It is vital we lend out our assets rather than having to have them invested. Our loan to assets ratio is 28% and, while better than our credit union peers, it is vital that we increase this percentage. We continue to develop our loan products and I would like to remind you that we have no fees or charges, hidden or otherwise! By borrowing from Life Credit Union, you will help us grow and prosper.

In this very challenging environment, there is a resultant need to control costs and ensure very efficient service delivery. Your Board and Management team will continue to focus on long-term value creation for all our members and to actively support our community.

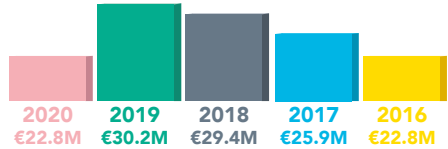
I hope everyone stays safe and healthy over the coming year and beyond.

Marion Hanlon
Chairman



CREDIT COMMITTEE REPORT

Notwithstanding the very challenging operating environment that we faced this year, I am pleased to report that this year we issued over 4,169 loans with a total value of €22.8M into our community.



DIFFERENT WAYS TO APPLY?

This year, we introduced a full, end to end online loan application process for members and non-members alike. You can now apply for and drawdown a loan through our online channel without having to call into a branch office.

For those that do not want to apply online, we have also introduced a telephone application process to make life more convenient for you, our members and keep everyone safe.

LOANS FOR ALL PURPOSES

We have a wide variety of loan types to meet all our member's needs, please contact us about your requirements, our staff are waiting to help you.



75,000 over 10 years
€192 per week

521 weekly payments of €191.72
Total amount payable €99,795
APR 6.16%



15,000 over 5 years
€70 per week

261 weekly payments of €70.42,
total amount payable €18,330
APR 8.56%



3,500 over 2 years
€37 per week

105 weekly payments of €36.99
total amount payable €3,850
APR 9.93%

Finally, I wish to thank all of my colleagues in the Credit Committee for their continued hard work and commitment.

Aidan Morrisson
Chairperson

Committee Members: Tracy O'Brien, Karen Mulligan, Julie Thornton

CREDIT CONTROL COMMITTEE

The Credit Control Committee is responsible for ensuring that loans are repaid in accordance with the terms and conditions of the loan agreement. The Credit Control Committee meet monthly to discuss potential accounts for charge off and review the work being undertaken by the credit control staff. Where appropriate, the Committee will recommend any necessary actions to be taken in line with the Credit Union's policy and best practice.

The Credit Control Department monitors all loans and where a loan falls into arrears, the department proactively engages with the member from the onset of arrears with a view to understanding any financial difficulties the member may be experiencing and work together with the member to find an affordable solution.

This year we have seen a rise in forbearance requests from members due to the COVID-19 virus. Measures were put in place to address the difficulties faced by members which included a payment holiday or reduced payment arrangement. Up to 30th September 2020, members with loans totalling €4.5m (8% of the loan book) had contacted the Credit Control Department to request a temporary arrangement to reduce their loan repayments for a period of up to 6 months. Many of these members have now resumed back to their contractual repayments.

We urge members who are still experiencing financial difficulty after the payment break to contact a member of our staff at the earliest opportunity. We are understanding of people's needs at this difficult time and we can work through and find a satisfactory solution.

Unfortunately, some members do not co-operate with the Credit Union in honouring their debts and ignore all communication. In these circumstances, their loan account details are sent to our solicitors with instructions to commence legal proceedings, leading to court action if necessary.

John Murphy
Chairperson

Committee Members: John Murphy, Marion Stapleton, Darragh Carr, Lorraine Greville

MARKETING COMMITTEE

LOAN CAMPAIGNS AND BRAND AWARENESS

The aim of the Marketing Committee is to promote Life Credit Union as a modern, relevant financial partner for our community. This is done by raising awareness through marketing campaigns aimed at attracting new members, growing our lending to members and supporting our membership experience. Our campaigns focused on the needs of our members and this year some of our larger campaigns were centred on Home Improvements and Debt Consolidation - communicating to members our low rate loans to support their financial goals and wellbeing.

Throughout the latter part of the year, since the Covid-19 pandemic, our communications have been largely focused on member support, and making sure that members know about the various supports and services that Life Credit Union can offer in these tough times.

DIGITAL

With the Covid-19 pandemic hitting in March, our digital channels have been more important than ever as a way of us communicating important news to our members. It gives us a way of letting members know about any operational changes quickly and efficiently. Throughout the pandemic, we kept our social channels and website up to date with our latest news and support mechanisms for our members.

We also enhanced our digital processes and now members and non-members can apply for and drawdown a loan without having to visit a branch. In these uncertain times, this was a big leap forward for Life Credit Union in maintaining continuity of service, through a channel that keeps both members and our staff safe.

We will continue to keep you updated with our latest loan offers, news and competitions through our website and social media channels, so make sure to follow us on Facebook, Instagram and LinkedIn.

COMMUNITY

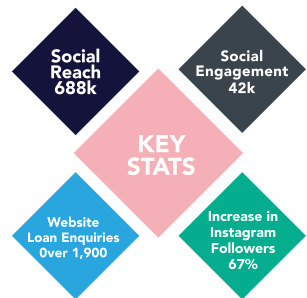
We remain committed to our communities and continue to support many groups and organisations through our sponsorship budget. Some of the groups that we supported throughout this year included:

- Maynooth GAA
- Maynooth Gospel Choir
- Newbridge Cycling Club
- Two Mile House Community Centre
- Men's Shed Naas

We thank you for your trust in Life Credit Union and look forward to an engaging life-long relationship. Keep safe and look after each other.

Michael P. Kelly
Chairperson

Committee Members: Sean Brady, Seamus Leydon



AUDIT, RISK AND COMPLIANCE COMMITTEE —

The Board of Directors have overall responsibility for ensuring Life Credit Union has appropriate and prudent policies, procedures and controls to manage risk and ensure compliance with statutory requirements. The role of the Audit, Risk and Compliance (ARC) Committee is to assist the Board in carrying out its statutory and regulatory obligations through its Risk Management, Compliance and Internal Audit Functions.

The ARC Committee, together with the Board of Directors and the Management Team, recognises the importance of safeguarding members' and their funds to ensure they are not put at risk. An unprecedented global pandemic has brought increased risk and volatility to the economy along with public health concerns and has been a key focus of the Committee in its engagements.

The Committee engaged extensively in the year, meeting on 10 occasions. This engagement encompassed the following activities.

- Review of regulatory returns compliance
- Setting Internal Audit and Compliance plans
- Reviewing output from Internal Audit and Compliance testing
- Reviewing the performance of the Internal Auditor and the Risk and Compliance Officer
- Reviewing and assessing the risks to Life Credit Union within the Risk Management System
- Review of upcoming regulation and potential impacts on Life Credit Union
- Tender process for External Auditor
- Communicating to the Board on the Committees' activities

The members of the ARC Committee wish to express their thanks to the staff and management of Life Credit Union who assisted the Committee in carrying out its function.

I wish to express my gratitude to my colleagues on the ARC Committee for their hard work and dedication during the year.

On behalf of the ARC Committee we hope you stay safe and look after each other.

Michael P Kelly

Chairperson

Committee Members: Eilis Quinlan and Martin Callanan

INVESTMENT COMMITTEE

The Investment portfolio represents a significant proportion of the overall Life Credit Union Balance Sheet. While the Board of Directors retain overall responsibility for the investment portfolio it has appointed an Investment and Treasury sub-committee to support it in discharging its duties.

The main objectives of the Committee are to:

- ensure that the credit union adequately manages its liquidity
- ensure that the investment portfolio of the credit union is compliant with relevant legislation and regulations
- invest surplus funds

At all times liquidity and security of member funds is paramount; the return on investments is a secondary issue to the liquidity and safety of the underlying investment. The objective of the committee when investing is to maximise the return on the investment portfolio through investing in authorised investments for credit unions, whilst minimising the risk to Life Credit Union through awareness of the liquidity requirements and complying with all statutory and regulatory obligations. The Board uses the services of an external investment advisor. The Investment Committee and the Board retain responsibility for all investment decisions and the investment advisor accordingly acts in an advisory capacity.

All investments are held in the name of Life Credit Union Ltd.

The credit union total investment portfolio at end September 2020 was €123.0 million (2019: €128.0 million). The 4% decrease in the investment portfolio is driven by an increase in short term funds held with the Central Bank of €8.5m which supports our short-term liquidity requirements and has no cost unlike short term bank deposits. Such funds held with the Central Bank are not included in the Investment Portfolio in the Accounts. Investment income decreased by 28% from €1.1m in 2019 to €0.8m in 2020. This is a result of the low and negative interest rate environment and we expect this environment to continue to have an impact in the medium term.

The introduction of new investment regulations in 2018 for credit unions has not altered the underlying picture of pressure on investment income arising from market conditions that have been in place for several years now. Credit union deposits have been exposed to increasingly low and negative rates of return in 2020. In light of these challenges, we believe that the investment portfolio of Life Credit Union is as well positioned as possible. We have worked with our external investment advisor to place a prudent proportion of the portfolio in medium term investments, while at the same time ensuring that liquidity levels remain appropriate.

More information on the portfolio is available later in the booklet:

- The liquidity of the credit union is outlined on page 47, and
- The investment portfolio analysed on page 41.

I would like to thank my fellow committee members for all their hard work and dedication during the year.

Aidan Dunning

Chairperson

Committee Members: Marion Hanlon, Eilis Quinlan, Karen Mulligan & Lorraine Greville

CAR DRAW



WIN A CAR
or €12,000 cash

EVERY
MONTH!

Plus, 2 cash prizes of €3,000 and €1,500

Join now at www.lifecu.ie/member-services/car-draw

CAR DRAW ACCOUNTS 2019/120

Opening Balance 01 Oct 2019.....	€231,218
Members Contributions.....	€270,887
Interest and fees	(€874)
Prizes	(€270,000)
Closing Balance 30 Sept 2020.....	€231,231

FINANCIAL REPORT

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DIRECTOR'S REPORT

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The Directors are reporting a deficit for the year which is due to, inter alia, the challenges posed to us in light of the COVID-19 pandemic. The deficit of €0.27 million is primarily driven by increased provisions for bad debts. The additional provision for bad debts is common to all financial institutions this year. It is important to note that Life Credit Union Limited has proactively engaged with members with loan repayment difficulties from the outset of the crisis and put in place special arrangements for such members. Overall, the level of arrears on our loan book has not increased significantly and we continue to monitor the situation closely. We are always available to engage with members in this regard.

We expect that trading in the coming year will continue to be challenging and very much dependent on the impact of COVID-19 on our local economy. We will continue to invest in technology and business development services to ensure that we can continue to offer our members an excellent service in these challenging times.

We are satisfied that the finances of Life Credit Union Limited are in good shape, that our loans are well provisioned, our investments prudently invested, that we are well capitalised with strong reserves and that we are well able to fund our future plans.

AUTHORISATIONS

Life Credit Union Limited maintains the authorisation to carry out foreign exchange transactions, to arrange mortgage products and life and insurance and pensions policies on behalf of its members.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the statement of respective responsibilities of directors and auditors in the auditor's report to the members, is made with a view to distinguishing for the members, the respective responsibilities of the directors in relation to the 'financial statements'.

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 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 judgments and estimates that are reasonable and prudent; 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 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 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.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the credit union are:

I) COVID-19 PANDEMIC RISK

COVID-19 has presented significant challenges to our credit union in 2020 and this is likely to be a challenge for 2021. The principal risks and uncertainties arising out of Covid-19 to our credit union are falling loan demand, increased loan default, capital management and other operational matters including managing the safety of our staff and members while continuing to offer the same quality service.

II) CREDIT RISK

The Directors have identified the risk of loan default as being the principal risk to the credit union. 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.

III) BREXIT RISK

The principal risks and uncertainties arising out of Brexit to our credit union are falling loan demand, increased loan default, impact on UK based material suppliers and impact on UK based investment counterparties.

IV) 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.

V) LACK OF DEMAND FOR LOANS

The provision of loans to members is a key function of the credit union. The interest received from loans is the main source of revenue from which both operating costs are serviced and surpluses generated.

VI) INVESTMENT PORTFOLIO PERFORMANCE

Is a risk both through the potential to loss of capital and/or insufficient rate of return.

VII) OPERATIONAL RISK

Is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

THESE RISKS ARE MANAGED BY THE BOARD AS FOLLOWS:

I) COVID-19 PANDEMIC RISK

A BCP Committee has been established led by the CEO. This Committee meets at least bi-weekly and is comprised of the senior management team. More Regular meetings of the Finance, Strategy & Budget Committee are held which includes members of management and the Board. An update on COVID-19 is provided to the Board on a monthly basis. There is a fully documented risk assessment which is reviewed and updated as required by management and the Board.

II) CREDIT RISK

In order to manage this risk, the Board regularly reviews and approves the credit union's lending policy. All loan applications are assessed with reference to the lending policy. The credit union further protects against this risk by employing suitably qualified individuals to underwrite and assess loan applications. Subsequently, loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

III) BREXIT RISK

There is a fully documented risk assessment which is reviewed and updated as required by management and the Board.

IV) LIQUIDITY RISK

The liquidity level of the credit union is monitored on a regular basis to ensure funds are maintained in short term deposits at all times so that it has sufficient cash to meet its obligations as they fall due.

V) LACK OF DEMAND FOR LOANS

The credit union offers a wide range of competitive lending products to its members. The products and services are promoted by regular marketing activities throughout the year. The need to increase demand for loans is balanced by the need to ensure that borrowers have the capacity to repay the amount borrowed.

VI) INVESTMENT PORTFOLIO PERFORMANCE

The Board regularly reviews and approves the credit union's investment policy in which it sets out the types of investments within which the credit union can invest funds. A key factor for all investments is the need to balance the secure return of capital with the interest yield. Funds are invested in compliance with the credit union's policy and regulatory guidance.

VII) OPERATIONAL RISK

The operational risk of the credit union is managed through the recruitment and employment of suitably qualified staff to ensure appropriate processes, procedures and systems are implemented and applied. This is further supported by a robust reporting structure and active management of operational risk events.

EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no other material adjusting or non adjusting events after the end of the reporting period which would require disclosure in the financial statements.

AUDITORS

We express our thanks to EisnerAmper who have acted as the auditors of Life Credit Union for the financial years 2012 to 2020 inclusive. Grant Thornton offer themselves for appointment as auditors in accordance with the Credit Union Act 1997 (as amended).

On behalf of the Board



Marion Hanlon
Chairperson



John Murphy
Director

Date: 3 November 2020

STATEMENT OF BOARD OVERSIGHT COMMITTEE'S RESPONSIBILITIES

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The Credit Union Act 1997 (as amended) requires the appointment of a Board Oversight Committee to assess whether the Board of Directors has operated in accordance with Part IV, Part IV (a) and any regulations made for the purposes of Part IV or Part IV (a) of the Credit Union Act 1997 (as amended) and any other matter prescribed by the Central Bank in respect of which they are to have regard in relation to the Board.

On behalf of the Board Oversight Committee



Jo Coy
Chairperson

Date: 3 November 2020

AUDITOR'S REPORT

OPINION

We have audited the financial statements of Life Credit Union Limited ('the Credit Union') for the year ended 30 September 2020, which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Changes in Reserves, the Cash Flow Statement and the related notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law, including the Credit Union Act 1997 (as amended), and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion the financial statements:

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

BASIS FOR OPINION

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE CREDIT UNION ACT 1997 (AS AMENDED)

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

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

RESPECTIVE RESPONSIBILITIES

Responsibilities of directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

FURTHER INFORMATION REGARDING THE SCOPE OF OUR RESPONSIBILITIES AS AUDITOR

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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



EisnerAmper Audit Limited

Chartered Accountants, Statutory Audit Firm
Carmanhall Road, Sandyford, Dublin 18

16 November 2020

INCOME AND EXPENDITURE

FOR THE YEAR ENDED 30 SEPTEMBER 2020

		2020	2019
	Note	€	€
Income			
Interest on members' loans		4,254,949	4,246,711
Other interest and similar income	4	776,634	1,072,206
Net interest income		5,031,583	5,318,917
Other income	6	446,417	640,343
Total income		5,478,000	5,959,260
Expenditure			
Employment costs	7	1,756,631	2,009,396
Other management expenses (Schedule 1)		2,473,285	2,360,586
Depreciation		439,527	388,666
Net impairment losses/gains on loans to members	12	987,347	(73,046)
Provision for liabilities and charges		88,278	-
Total expenditure		5,745,068	4,685,602
(Deficit)/Surplus for financial year		(267,068)	1,273,658
Other comprehensive income		-	-
Total comprehensive (expense)/income		(267,068)	1,273,658

The financial statements were approved, and authorised for issue, by the Board on 3 November 2020 and signed on its behalf by:


Marion Hanlon
Chairperson


Jo Coy
Board Oversight Committee


Karen Mulligan
Chief Executive Officer

Date: 3 November 2020

BALANCE SHEET

FOR THE YEAR ENDED 30 SEPTEMBER 2020

		2020	2019
	Note	€	€
ASSETS			
Cash and cash equivalents	8	29,382,493	33,891,807
Deposits and investments	10	109,523,030	98,750,662
Loans to members	11	55,565,218	57,259,037
Provision for bad & doubtful debts	12	(3,709,280)	(2,512,930)
Member Current Accounts	13	9,088	51
Prepayments and accrued income	14	1,263,295	1,445,070
Tangible fixed assets	9	5,885,874	5,916,791
Total Assets		<u>197,919,718</u>	<u>194,750,488</u>
LIABILITIES			
Members' shares	15	172,111,937	169,253,744
Member Current Accounts	13	504,202	15,505
Creditors and accruals	16	1,077,236	971,576
Total Liabilities		<u>173,693,375</u>	<u>170,240,825</u>
Total Assets less Total Liabilities		<u>24,226,343</u>	<u>24,509,663</u>
RESERVES			
Regulatory reserve		19,791,403	19,475,049
Operational risk reserve		661,508	612,428
Realised reserves		3,773,432	4,422,186
Total Reserves		<u>24,226,343</u>	<u>24,509,663</u>

The financial statements were approved, and authorised for issue, by the Board on 3 November 2020 and signed on its behalf by:


Marion Hanlon
Chairperson


Jo Coy
Board Oversight Committee


Karen Mulligan
Chief Executive Officer

Date: 3 November 2020

STATEMENT OF RESERVES

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Regulatory reserve (1)	Operational risk reserve (2)	Realised reserves (3)	Total reserves
	€	€	€	€
Opening balance at 1 October 2018	17,797,626	364,061	5,088,737	23,250,424
Total comprehensive income for the year	-	-	1,273,658	1,273,658
Dividends paid during the year (Note 5)	-	-	(14,419)	(14,419)
Transfer between reserves	1,677,423	248,367	(1,925,790)	-
Closing balance at 30 September 2019	<u>19,475,049</u>	<u>612,428</u>	<u>4,422,186</u>	<u>24,509,663</u>
Opening balance at 1 October 2019	19,475,049	612,428	4,422,186	24,509,663
Total comprehensive income for the year	-	-	(267,068)	(267,068)
Dividends paid during the year (Note 5)	-	-	(16,252)	(16,252)
Transfer between reserves	316,354	49,080	(365,434)	-
Closing balance at 30 September 2020	<u>19,791,403</u>	<u>661,508</u>	<u>3,773,432</u>	<u>24,226,343</u>

- I. The regulatory reserve of the credit union as a percentage of total assets as at 30 September 2020 was 10% (2019: 10%) which meets the Credit Union's regulatory reserve requirement of 10%.
- II. In accordance with Section 45 of the Credit Union Act 1997 (as amended) Life Credit Union Limited put in place an operational risk reserve. The Board deemed an additional transfer from the realised reserves to the operational risk reserve necessary during the current period of €49,080 (2019: €248,367).
- III. The Board of Life Credit Union Limited transferred €316,354 of its realised reserves to its regulatory reserve in order to meet its regulatory reserve requirements.
- IV. The total realised reserve of the credit union as at 30 September 2020 was 12.2% (2019: 12.6%).

CASHFLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	2020	2019
	€	€
Cash flows from operating activities		
Loans repaid by members	24,403,446	24,393,042
Loans granted to members	(22,890,601)	(30,222,809)
Loan interest received	4,474,081	4,436,423
Member Current Accounts lodgements/withdrawals	479,660	15,454
Investment income received	794,612	1,191,783
Other receipts	36,591	15,432
Bad debts recovered	170,645	181,671
Dividends paid	(16,252)	(14,419)
Operating expenses including employment costs	(4,318,194)	(4,369,982)
Movement in receivables	573,823	810,270
Movement in creditors	128,811	156,373
Net cash flows from operating activities	<u>3,836,622</u>	<u>(3,406,762)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(431,761)	(236,509)
Net cash flows from other investing activities	(10,772,368)	(7,250,991)
Net cash flows from investing activities	<u>(11,204,129)</u>	<u>(7,487,500)</u>
Cash flow from financing activities		
Members' shares received	93,969,448	145,053,900
Members' shares withdrawn	(91,111,255)	(129,693,100)
Net cash flows from financing activities	<u>2,858,193</u>	<u>15,360,800</u>
Net increase/(decrease) in cash and cash equivalents	<u>(4,509,314)</u>	<u>4,466,538</u>
Cash and cash equivalents at beginning of year	33,891,807	29,425,269
Cash and cash equivalents at end of year	<u>29,382,493</u>	<u>33,891,807</u>

NOTES TO THE FINANCIAL STATEMENTS —

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. Legal and regulatory framework

Life Credit Union Limited is established under the Credit Union Act 1997 (Regulatory Requirements) Revised Updated to 1 January 2020. The credit union is registered with the Registry of Credit Unions and is regulated by the Central Bank of Ireland.

2. Significant Accounting policies

2.1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with the historical cost convention. The financial reporting framework that has been applied in their preparation is FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) as issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland.

2.2. 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.

2.3. Going concern

The financial statements are prepared on the going concern basis. The Directors of Life Credit Union Limited believe this is appropriate as the credit union:

- maintains an appropriate level of liquidity; and
- has reserves that are currently above the minimum requirements of the Central Bank of Ireland.

2.4. Income recognition

Interest on Members' loans

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

Investment income

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

Other income

Other income includes commissions receivable on insurance products and income due from the ILCU in relation to the reimbursement of costs. Other income is recognised on an accruals basis.

2.5. Dividends to Members

Dividends on shares and loan interest rebates

Dividends are made from current year's surplus or 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 credit union recognises dividends when approved at the Annual General Meeting.

The rate of dividend and loan interest rebate recommended by the board will reflect inter alia:

- the Board's responsibility to ensure that members' savings are safeguarded;
- the credit union's regulatory reserve requirements;
- the macro economic environment and the returns available for similar savings products in the Irish financial services sector;
- the Board's desire to maintain dividends at a sustainable level on an ongoing basis; and
- members' legitimate dividend and loan interest rebate expectations.

2.6 Taxation

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

2.7. 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.

2.8. Financial instruments

The Credit Union has elected to apply in full, the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments' of FRS 102 to 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.

2.9. 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 assets include the following:

i) 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.

ii) Deposits and 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 un-collectability. This effectively spreads out the return on such investments over time and does take account immediately of any impairment in the value of the investment.

iii) Prepayments

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.

2.10. Other Financial Assets

The credit union initially recognises its other investments at fair value. At the end of each reporting period the credit union measures these investments at amortised cost using the effective interest method less impairment on the basis that reliable fair values are not available for these investments. This approach is consistent with FRS 102

2.11. 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. Losses expected from future events are not recognised.

If there is objective evidence of impairment, loss is recognised in the Income and Expenditure Account immediately. Objective evidence that a financial asset or group of assets is impaired includes observable data about the following loss events:

- significant financial difficulty of the member or investment issuer;
- a breach of contract, such as a default or delinquency in interest or principal payments;

-
- the credit union, for economic or legal reasons relating to the Member's or investment issuer's financial difficulty, granting a concession that the credit union would not otherwise consider;
 - it has become a probable that the Member or investment issuer will enter bankruptcy or other financial reorganisation; and
 - observable data indicating that there has been a measurable decrease in the estimated future cash flows from a group of loans.

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.

Investments are assessed for impairment individually.

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. De-recognition of financial assets

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled; b) the credit union transfers to another party, substantially all of the risks and rewards of ownership of the financial asset; or c) the credit union, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

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. Life Credit Union Limited does not transfer loans to third parties.

2.13. 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.

i) Members' shares and money management accounts

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

ii) Creditors

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

2.14. 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.

2.15. Tangible fixed assets and depreciation

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:

Premises	2.0% Straight Line
Fixtures and fittings	12.5% Straight Line
Office equipment	20% Straight Line
Computers	25% Straight Line

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.

2.16. Impairment of tangible fixed assets

At each reporting end date, the credit union reviews the carrying value of its tangible fixed 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 of the asset less costs to sell and the asset's value in use ("VIU"). VIU is the present value of the future cash flows expected to be derived from the asset. In assessing VIU, the estimated future cash flows to be derived from continuing use of the asset and from its ultimate disposal 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.

2.17. Leases

Leases entered into by the credit union as a lessee, are primarily operating leases. The total fixed payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

2.18. Employee benefits

Pension Scheme

The credit union operates a defined contribution pension scheme for employees. There are no liabilities for pension benefits under the defined contribution pension scheme, other than contributions payable as a proportion of employees' salaries in respect of each year.

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 tangible fixed assets) over the period they are earned. Termination benefits are recognised immediately as an expense when the credit union is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2.19. Reserves

i) 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) Revised Updated 1 January 2020.

ii) Operational Risk reserve

In accordance with section 45 of the Credit Union Act 1997 (as amended) the credit union 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.

iii) Realised Reserves

Realised reserves are the accumulated realised surpluses to date.

iv) Non-Distributable Investment Income reserve

Investment income that has been recognised in the financial statements but will not be received within 12 months of the Balance Sheet date is classified as “non-distributable” and is not distributable as a dividend in accordance with Section 31 of the Credit Union Act 1997 (Regulatory Requirements) Revised Updated 1 January 2020. A reclassification between non-distributable and distributable is made as investments come to within 12 months of maturity date.

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 Life 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:

i) 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 2.11. 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. Credit risk and loss is identified, assessed and measured through the application of the credit union’s accounting policy. The estimated methodology used to apply this policy incorporates provisions calculated based upon:

a) Grouped assessment – Roll rate methodology

The roll rate methodology determines, for a defined period, the pattern or trend of deterioration (or “roll”) or improvement of loans for a given arrears profile to a period at which loss on the loan (100% provision) is deemed to have occurred (arrears of 180 days or more).

This observable historical deterioration pattern is used to determine roll rates and thereafter Probabilities of Default rates (“PD”) which are applied to the net loan balance of loans (i.e. gross loans net of attached savings), at a point in time, to determine the appropriate provision for bad and doubtful debts at that time.

b) Individually significant loans

Having calculated a loan provision using the grouped assessment, additional testing is undertaken upon loans considered individually significant and loans deemed unsuitable for the grouped assessment. Individually significant loans are assessed for objective evidence of impairment. Where objective evidence of impairment is identified, a Discounted Cash Flow (“DCF”) is performed to determine a revised net present value for these loans.

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. 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. 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.

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

The annual depreciation charge depends primarily on the estimated useful economic life of each type of asset and, in certain circumstances, estimates of residual values. The Directors review the useful lives on an annual basis 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.

4. Other interest income and similar income

	2020	2019
	€	€
Investment income received by 30 September 2020	242,474	520,068
Investment income and gains receivable within 12 months of 30 September 2020	534,160	552,138
Total interest and similar income	<u>776,634</u>	<u>1,072,206</u>

5. Dividends and loan interest rebates

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

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

	2020	2019
	€	€
Dividend paid during the year	<u>16,252</u>	<u>14,419</u>
Dividend rate:		
Members' shares (gross)	<u>0.01%</u>	<u>0.01%</u>
No loan interest rebate was paid for the current year (2018: Nil).		
Proposed dividends	<u>-</u>	<u>16,371</u>
Dividend rate:		
Members' shares (gross)	<u>0.00%</u>	<u>0.01%</u>

The Directors are not recommending the payment of loan interest rebate for the current year (2020: Nil).

6. Other Income	2020	2019
	€	€
Legal fees recovered	818	-
Other income	419,217	634,895
Other interest income	5,710	5,368
Income from additional services	20,672	80
Total other income	<u>446,417</u>	<u>640,343</u>

Life Credit Union Limited has an agreement with the Irish League of Credit Unions (“ILCU”) for the reimbursement of certain costs incurred by the credit union relating to the Newbridge branch up to August 2021. Payments were received in 2018 and 2019 amounting to €3,152,432. A fourth tranche payment is receivable of €409,826 for the year to August 2020.

7. Employees and employment costs

7a. Number of employees

The average monthly number of employees during the year was:

	2020	2019
	Number	Number
Management	8	7
Other staff	53	49
Total	<u>61</u>	<u>56</u>

7b. Employment Costs

	2020	2019
	€	€
Wages and salaries	1,509,237	1,740,155
Social security costs	145,866	184,141
Contributions to defined contribution pension schemes	101,528	85,100
Total employment costs	<u>1,756,631</u>	<u>2,009,396</u>

7c. Key management personnel

The remuneration of key management personnel was as follows:

	2020	2019
	€	€
Short term employee benefits	665,464	613,304
Contributions to defined contribution pension schemes	44,926	37,171
Total key management personnel compensation	710,390	650,475

Short-term employee benefits include wages, salaries, social security contributions and paid annual leave. Wages and salaries includes funds received from the Revenue Commissioners under the Temporary Wage Subsidy Scheme in 2020 (Schedule 2).

8. Cash and cash equivalents

	2020	2019
	€	€
Cash balances	6,039,690	3,499,963
Short term deposits with banks	23,342,803	30,391,844
Total cash and cash equivalents	29,382,493	33,891,807

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 10.

9. Tangible fixed assets

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

	Premises	Computer Equipment	Fixtures and Fittings	Office Equipment	Total
	€	€	€	€	€
Cost					
At 1 October 2019	6,694,418	556,363	755,613	789,754	8,796,148
Additions	-	402,258	8,892	20,611	431,761
Disposals	-	(141,637)	(2,492)	(7,129)	(151,258)
At 30 September 2020	<u>6,694,418</u>	<u>816,984</u>	<u>762,013</u>	<u>803,236</u>	<u>9,076,651</u>
Depreciation					
At 1 October 2019	(1,514,015)	(377,770)	(451,518)	(536,054)	(2,879,357)
Charge for year	(133,888)	(135,387)	(84,520)	(85,732)	(439,527)
Disposals	-	119,351	2,102	6,654	128,107
At 30 September 2020	<u>(1,647,903)</u>	<u>(393,806)</u>	<u>(533,936)</u>	<u>(615,132)</u>	<u>(3,190,777)</u>
Net book Value					
At 30 September 2019	<u>5,180,403</u>	<u>178,593</u>	<u>304,095</u>	<u>253,700</u>	<u>5,916,791</u>
At 30 September 2020	<u>5,046,515</u>	<u>423,178</u>	<u>228,077</u>	<u>188,104</u>	<u>5,885,874</u>

The Directors reviewed the carrying value of the credit union's principal tangible fixed asset, its premises, at the financial year-end to determine whether there is any indication that it has suffered an impairment loss. As set out in the credit union's accounting policy, 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). FRS 102 Section 27 defines "recoverable amount" as the higher of fair value less costs to sell and value in use ("VIU"). In the case of premises, fair value less costs to sell would normally be the amount obtainable from the sale of the premises in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

VIU is a measure of the value of the premises to the business which operates from it, in this case the credit union, and this value is calculated by estimating the present value of the future cash flows the credit union can expect to generate from its occupation of, and doing business from, the premises.

To estimate the VIU, the Board carried out a calculation of its VIU as at 30 September 2020. Having considered the carrying value and the VIU, the Board concluded that no impairment provision was required in the Income & Expenditure Account of the credit union for the year ended 30 September 2020.

10. Deposits and Investments

Deposits and investments at the current and prior Balance Sheet date have been classified as basic financial instruments and are measured at amortised cost as appropriate and comprised of the following:

Basic Financial Instruments	2020	2019
	€	€
Irish and EMU State Securities	19,717,759	11,147,355
Accounts in Authorised Credit Institutions (Irish and Non-Irish based)	36,000,002	45,500,000
Bank Bonds	30,273,528	40,585,354
Central Bank minimum deposits	10,017,949	1,517,953
Total Basic Investments	<u>96,009,238</u>	<u>98,750,662</u>
Other Financial Instruments		
Structured Bonds	5,006,756	-
Structured Deposits	8,507,036	-
Total Other Investments	<u>13,513,792</u>	<u>-</u>
Total Investments	<u>109,523,030</u>	<u>98,750,662</u>

The above investments have a fixed minimum annual return and are capital guaranteed. There is a potential additional return on investments with a par value of €8.5m in the final year of investment which is dependent on the performance of certain indices.

Set out below is a summary of the Credit Union's investment portfolio, analysed by the credit rating of deposit investment / counterparty:

Credit rating of deposit/investment counterparty:	2020	2019
	€	€
Aa3	27,546,157	9,736,778
A1	24,741,164	9,858,343
A2	10,313,012	37,685,717
A3	13,000,000	13,000,000
Baa1	9,404,748	7,451,871
Baa2	14,500,000	-
Baa3	-	19,500,000
Unrated	10,017,949	1,517,953
Total investments	<u>109,523,030</u>	<u>98,750,662</u>

Central Bank minimum deposits do not carry a rating and have therefore been classified as unrated.

11. Loans to members

	2020		2019			
	Mortgages	Other Loans	Total Mortgages	Other Loans	Total	
	€	€	€	€	€	€
As at 1 October	3,274,373	53,984,664	57,259,037	3,199,212	48,410,636	51,609,848
Advanced during the year	150,000	22,740,601	22,890,601	485,000	29,737,809	30,222,809
Repaid during the year	(620,954)	(23,782,492)	(24,403,446)	(409,839)	(23,983,203)	(24,393,042)
Loans written off	-	(180,974)	(180,974)	-	(180,578)	(180,578)
Gross loans to Members	<u>2,803,419</u>	<u>52,761,799</u>	<u>55,565,218</u>	<u>3,274,373</u>	<u>53,984,664</u>	<u>57,259,037</u>

Loan provision

Individually significant	(135,715)	(78,706)	(214,421)	(63,609)	(72,391)	(136,000)
Grouped assessed loans	(22,501)	(3,472,358)	(3,494,859)	(6,595)	(2,370,335)	(2,376,930)
Loan provision	<u>(158,216)</u>	<u>(3,551,064)</u>	<u>(3,709,280)</u>	<u>(70,204)</u>	<u>(2,442,726)</u>	<u>(2,512,930)</u>
As at 30 September	<u>2,645,203</u>	<u>49,210,735</u>	<u>51,855,938</u>	<u>3,204,169</u>	<u>51,541,938</u>	<u>54,746,107</u>

Life Credit Union Limited currently offer mortgages to its members. All mortgages issued by Life Credit Union Limited are secured by a first legal charge as outlined in the terms and conditions of the mortgage product. There are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding. There are maximum amounts set out by the regulations in terms of the maximum amount a member can borrow from the credit union.

The carrying amount of the loans to members represents Life 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.

Credit quality of loans	2020		2019	
	Amount	Proportion of loan book	Amount	Proportion of loan book
	€	%	€	%
Performing Loans				
Neither past due nor impaired	49,165,970	88.48%	41,175,918	71.91%
Up to 9 weeks past due	4,196,789	7.55%	13,945,686	24.36%
Non Performing Loans				
Between 10 and 18 weeks past due	601,726	1.08%	692,835	1.21%
Between 19 and 26 weeks past due	278,465	0.50%	201,394	0.35%
Between 27 and 52 weeks past due	393,073	0.71%	529,759	0.93%
53 or more weeks due	929,195	1.67%	713,445	1.25%
Total gross loans	55,565,218	100%	57,259,037	100%
Less: Loan provisions				
Individually significant loans	(214,421)	0.39%	(136,000)	0.24%
Grouped assessed loans	(3,494,859)	6.29%	(2,376,930)	4.15%
Total provisions	(3,709,280)	6.68%	(2,512,930)	4.39%
Total carrying value	51,855,938		54,746,107	

Factors that are considered in determining whether loans are impaired are discussed in note 3, dealing with the use of estimates and judgements. Loans which are neither past due nor impaired are reviewed on a quarterly basis. The credit union has not identified any material matters which impact upon the credit quality of these assets.

Description of collateral held as security

	2020			2019		
	Mortgage loans	Unsecured loans	Total	Mortgage loans	Unsecured loans	Total
	€	€	€	€	€	€
Total gross loans	2,803,419	52,761,799	55,565,218	3,274,373	53,984,664	57,259,037
Attached savings	7,130	7,712,085	7,719,215	9,752	9,497,873	9,507,625
Estimated value of security	10,773,900	-	10,773,900	11,974,400	-	11,974,400

12. Loan provision account for impairment losses

	2020	2019
	€	€
As at 1 October	2,512,930	2,408,606
Provisions increased during the year	1,196,350	104,324
As at 30 September	<u>3,709,280</u>	<u>2,512,930</u>

Net recoveries or losses recognised for the year

	2020	2019
	€	€
Bad debts recovered during the year	(170,645)	(181,671)
Impairment of loan interest reclassified as net impairment gains	(219,332)	(176,277)
Increase in loan provisions during the year	1,196,350	104,324
	806,373	(253,624)
Loans written off during the year	180,974	180,578
Net recoveries on loans to members recognised for the year	<u>987,347</u>	<u>(73,046)</u>

13. Member Current Accounts

	2020			2019		
	Credit Balances	Debit Balances	Permitted Overdrafts	Credit Balances	Debit Balances	Permitted Overdrafts
	€	€	€	€	€	€
Balance of accounts	504,202	9,088	10,250	15,505	51	600
Number of accounts	490	115	17	52	2	3

On 26th August 2019, Life Credit Union launched a current account, debit card and overdraft facility for its members.

14. Prepayments and accrued income

	2020	2019
	€	€
Prepayments	153,222	120,721
Accrued investment income	534,160	552,138
Accrued loan interest income	133,586	133,386
Other receivables	442,327	638,825
	<u>1,263,295</u>	<u>1,445,070</u>

Other receivables includes €409,826 (2019:€624,911) receivable, from the Irish League of Credit Unions ("ILCU"), for the reimbursement of costs incurred by the credit union relating to the Newbridge branch.

15. Members' shares

	2020	2019
	€	€
As at 1 October	169,253,744	153,892,944
Received during the year	93,969,448	145,053,900
Withdrawn during the year	(91,111,255)	(129,693,100)
As at 30 September	<u>172,111,937</u>	<u>169,253,744</u>

Members' shares are repayable on demand except for shares attached to loans. Attached and unattached shares are as follows:

	2020	2019
	€	€
Unattached shares	164,392,722	159,746,119
Attached shares	7,719,215	9,507,625
Total Members' shares	<u>172,111,937</u>	<u>169,253,744</u>

Consequently, €164,392,722 of Members' shares are repayable on demand.

16. Creditors and accruals

	2020	2019
	€	€
DIRT	4,720	4,448
PAYE/PRSI	46,597	51,925
Trade creditors	57,378	75,972
Car Draw	231,231	231,218
Pensions payable	14,933	13,440
Provision for liabilities and charges	88,278	-
Other creditors & accruals	634,099	594,573
Total other creditors and accruals	<u>1,077,236</u>	<u>971,576</u>

Included in the provision for liabilities and charges is a provision for loan interest overcharges of €88,278 with respect to the period 2011 to 2016. Any members impacted will be contacted and refunded as soon as practicable.

17. Additional financial instruments disclosures

17a. Financial risk management

Life Credit Union Limited is a provider of personal, mortgage 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 Life Credit Union Limited's 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.

i) Credit risk

Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to Life 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. 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. Credit risk on members' loans is disclosed in note 11.

The Credit Union complies with section 12 of the Credit Union Act 1997 (Regulatory Requirements) Revised Updated to 1 January 2020. This regulation:

- restricts the concentration of lending by the credit union within certain sectors or to connected persons or groups;
- restricts the absolute amount of lending to certain sectors to a set percentage of the regulatory reserve;

-
- restricts the loan duration of certain loans to specified limits; and
 - requires specified lending practices to be in place where loans are made to certain sectors such as commercial loans, community loans and loans to other credit unions.

The credit union's cash at banks and 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 10.

ii) 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) Revised Updated to 1 January 2020. The credit union's liquidity ratio as at 30 September 2020 was 32.74% (2019: 31.21%).

iii) Market risk

Market risk is generally comprised of interest rate risk, currency risk and other price risk. Life Credit Union conducts all of 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 is the risk that future cash flows and values of a financial instrument fluctuate because of a change in market interest rates. The Credit union manages interest rate risk by ongoing monitoring of the interest rate outlook to ensure that the investment portfolio is appropriately positioned.

The credit union receives variable interest income from its loans to members, a combination of variable and fixed interest income from its deposits and investments. Dividends are also payable to members but these do not constitute interest payments. The credit union is not exposed to any material interest rate risks relating to the mismatch of interest rates on its financial assets and liabilities. The credit union's main interest rate risk relates to its exposure to low yielding money market and bond products which are currently available in the current low interest rate environment. Consequently, the credit union's investment income has decreased during the year.

Set out below is a sensitivity analysis for the credit union's interest rate risk disclosing the impact on profit or loss and total reserves for a 10% increase and 10% decrease in interest rates on its investment portfolio. The interest income on members' loans has not been adjusted on the basis that interest rates do not tend to vary.

	Amount	Effect of 10% increase	Effect of 10% decrease
	€	€	€
Investment income	776,634	854,297	698,971
Deficit for the financial year	(267,068)	(189,405)	(344,731)
Total reserves	24,226,343	24,304,006	24,148,680

17b. Interest rate disclosure

	2020	2020	2019	2019
	Amount	Average interest rate	Amount	Average interest rate
	€	%	€	%
Financial assets				
Gross loans to members	55,565,218	8.03%	57,259,037	8.31%
Financial liabilities				
Members' shares	172,111,937	-	169,253,744	-

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.

17d. Fair value of financial instruments

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

18. Capital

The credit union maintains sufficient reserves to buffer the credit union against unforeseen losses. The credit union's regulatory reserves meet the minimum requirement set down by the Central Bank, and are 10.0% of the total assets at the balance sheet date. The credit union's total capital reserves at 30 September 2020 were €24.2m (12.2% of total assets) (2019: €24.5m and 12.6% of total assets).

19. Operating lease commitments

There is a commitment to an operating lease in relation to the branch premises for Monread.

	2020	2019
	€	€
Within 12 months	37,208	38,577
1 - 5 years	157,568	154,246
After 5 years	98,093	131,848
	<u>292,869</u>	<u>324,671</u>

Total lease payments expensed to the Income and Expenditure Account amounted to €31,532.90

20. Events after the end of the reporting period

There are no material adjusting or non adjusting events after the end of the reporting period which would require disclosure in the financial statements.

21. Capital commitments

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

22. Insurance against fraud

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

23. Related party transactions

(i) *Disclosures required by FRS 102*

Loans

During the year, loans were advanced to Directors and the management team of the credit union (to include their family members or any business in which the Directors or management team had a significant shareholding) in the amount of €48,000 (2019: €89,500). These loans were approved in accordance with the credit union's lending policy and the Credit Union Act 1997 (Regulatory Requirements) Revised Updated to 1 January 2020. The loans outstanding from these parties at 30 September 2020 were €161,144 (2019: €215,126). These loans amounted to 0.29% of total gross loans due at 30 September 2020 (2019: 0.38%).

There were no provisions against the loans due from the Directors and the management team at the current or prior Balance Sheet date.

Shares

The total share transactions by related parties during the year were €50,514 (2019: €41,578). The total amount of shares held at the year end was €304,001 (2019: €204,133).

(ii) Disclosure required by Section 47(1)(b) of the Credit Union Act 1997 (Regulatory Requirements) Regulations Revised Updated to 1st January 2020.

Total loans outstanding to Directors and the management team of the credit union (to include their family members or any business in which the directors or management team had a significant shareholding) at 30 September 2020 were €161,144 (2019: €215,126). These loans amounted to 0.29% of total gross loans outstanding at 30 September 2020 (2019: 0.38%).

24. Approval of Financial Statements

The financial statements were approved, and authorised for issue, by the Board on 3rd November 2020.

Non-statutory financial information

The following information does not form part of the statutory financial statements and consequently is not audited.

SCHEDULE 1 - OTHER MANAGEMENT EXPENSES

	2020	2019
	€	€
Rent & rates	52,623	79,983
Lighting, heating & cleaning	42,828	49,477
Repairs & renewals	142,933	162,447
Security	27,160	31,332
Printing & stationery	29,384	94,668
Postage & telephone	54,623	75,901
Promotion & advertising	232,315	230,314
Community	29,519	29,011
Training & education	25,612	18,460
AGM expenses	31,953	53,822
Travel & subsistence	9,347	10,349
Bank charges	71,878	71,687
Audit fee	28,274	27,675
General insurance	67,193	65,211
Share and loan insurance	409,447	286,614
Legal & professional fees	268,061	238,404
Computer maintenance	503,597	406,099
Miscellaneous expenses	55,151	49,863
Affiliation fees	48,559	31,715
Regulatory levy	314,467	318,880
Subscriptions	28,361	28,674
Total per Income and Expenditure Account	<u>2,473,285</u>	<u>2,360,586</u>

SCHEDULE 2 - TOTAL EMPLOYMENT COSTS

	2020	2019
	€	€
Costs incurred by Life Credit Union Limited	1,984,111	2,009,396
Temporary Wage Subsidy Scheme receipts from Revenue Commissioners	(227,480)	-
Total per Income and Expenditure Account	<u>1,756,631</u>	<u>2,009,396</u>



Naas Branch

20 North Main Street, Naas, Co. Kildare
W91 RV10

Monread Branch

Monread Shopping Centre, Naas, Co. Kildare
W91 X257

Maynooth Branch

Main Street, Maynooth, Co. Kildare
W23 NX70

Newbridge Branch

Edward Street, Newbridge, Co. Kildare
W12 XF98

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045 879 622



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