

Tower Credit Union Limited



CLONDALKIN

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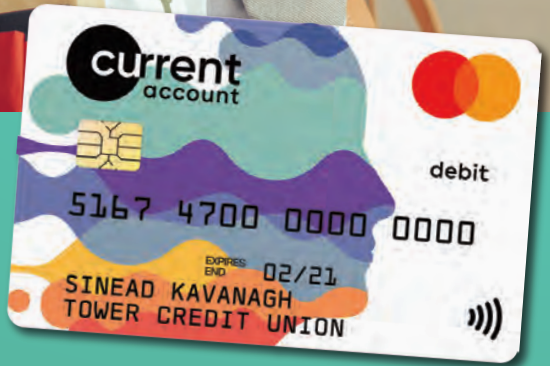
NEILSTOWN

CITYWEST

Annual Accounts
and Financial Statements
Year Ended 30th September 2019



current
account
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Tower Credit Union Limited is regulated by the Central Bank of Ireland

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Credit Union Invocation

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

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

Annual General Meeting 2019

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Members of Tower Credit Union Ltd. will take place in **The Louis Fitzgerald Hotel**, Clondalkin, Dublin 22 on **Wednesday 29th January 2020, commencing at 8.00 p.m.**

NOTICE OF ELECTIONS

Elections will be held to fill four (4) vacancies on the Board of Directors, one (1) vacancy on the Board Oversight Committee and the position of Auditor.

Michael Walsh
Secretary
20 November 2019

**Members attending the AGM
will be entered into a FREE draw
for One4All Gift cards**

**€2,000 in prizes
will be given out on the night**

Light refreshments will be served after the meeting

Directors, Committee Members and Other Information

BOARD OF DIRECTORS

Anne Brougham (Chair), Joe Menton (Vice Chair), Michael Walsh (Secretary), Gemma Ainscough, Kieran Carroll, Bernie Dartnell, Robert Dowds, Tom Dunphy, John Finn, Noel Molloy and Peggy Roche.

BOARD OVERSIGHT COMMITTEE

Brian Douglas (Chair), Ciaran Fitzgerald and John Maguire.

CREDIT COMMITTEE

Bernie Dartnell (Chair), Kieran Carroll and Lorraine Phelan.

CREDIT CONTROL COMMITTEE

John Finn (Chair), Joe Menton and Noel Molloy.

MEMBERSHIP COMMITTEE

Michael Walsh (Chair), Peggy Galvin and Sharon Howley.

NOMINATION COMMITTEE

Anne Brougham (Chair), Joe Menton and Robert Dowds.

AUDIT, RISK & COMPLIANCE COMMITTEE

Peggy Roche (Chair), Gemma Ainscough and Anne Brougham.

OTHER VOLUNTEERS

Tony Foster.

AUDITOR

Philip Monahan FCA, Keveny Monahan & Company, Chartered Accountants & Statutory Audit Firm, 18-22 Pembroke Road, Dublin 4.

INTERNAL AUDITOR

Duffy Burke & Company, Public & Forensic Accountants, Liosbain Business Park, Galway.

COMPLIANCE OFFICER

Dmitry Stimasov.

RISK MANAGEMENT

Compliance & Risk Management Associates Ltd (CARMA), 51 Mount Anville Wood, Dublin 14.

Annual General Meeting 2019 - Agenda

1. Acceptance of Proxies (if any) by the Board of Directors.
2. Ascertainment that a quorum is present.
3. Adoption of Standing Orders.
4. Reading and approval (or correction) of minutes of the previous AGM.
5. Report of the Board of Directors.
6. Consideration of the Annual Accounts for the year ended 30 September 2019.
7. Report of the Auditor.
8. Approval of Dividend.
9. Report of the Board Oversight Committee.
10. Report of the Nomination Committee.
11. Appointment of Tellers.
12. Election of Auditor.
13. Election to fill vacancies on the Board Oversight Committee.
14. Election to fill vacancies on the Board of Directors.
15. Report of the Credit Committee.
16. Report of the Credit Control Committee.
17. Report of the Membership Committee.
18. Report of the Community Development Committee.
19. Motions & Amendments to Rules.
20. Any Other Business.
21. Announcement of Election Results.
22. Adjournment or Close of Meeting.

Standing Orders for General Meetings

VOTING.

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

ELECTION PROCEDURE.

2. Elections to fill vacancies on the Board of Directors, the Board Oversight Committee and the position of Auditor shall be by majority vote and by secret ballot.
3. When nominations are announced, Tellers shall be appointed by the chair and the ballot papers shall be distributed. Ballots shall be conducted in the following order: (i) Auditor; (ii) Board Oversight Committee; (iii) board of directors. When the ballots are completed, the ballot papers shall be collected and counted by the Tellers. Ballot papers which contain votes for more candidates than the number of vacancies which are required to be filled shall be void. When the votes have been counted by the Tellers, the results shall be handed to the Chair who shall announce the result of the ballots in accordance with the agenda of the meeting. In the event that all vacancies are not filled by the first ballot, further ballots from the nominated candidates not already elected shall be taken as required. In the event of an equality of votes between candidates for any vacancy, a further ballot between those candidates shall be conducted to fill the vacancy and should that ballot fail to determine the matter, the vacancy shall be filled by lot from among those candidates.

MOTIONS

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

Standing Orders for General Meetings *continued*

MISCELLANEOUS.

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

SUSPENSION OF STANDING ORDERS.

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

ALTERATION OF STANDING ORDERS.

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

ADJOURNMENTS.

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

Statement of Directors' Responsibilities

The Credit Union Act, 1997 (as amended) requires the Directors to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Credit Union and of the income and expenditure of the Credit Union for that period.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the credit union will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Credit Union and which enables them to ensure that the financial statements comply with the Credit Union Act, 1997 (as amended) and Generally Accepted Accounting Practice in Ireland, including the standards issued by the Financial Reporting Council, and in particular FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”. They are also responsible for safeguarding the assets of the Credit Union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Anne Brougham
Chair of the Board
20 November 2019

Michael Walsh
Secretary
20 November 2019

Directors' Report - Year Ended 30 September 2019

The directors present their annual report and the audited financial statements for the year ended 30 September 2019.

Principal activities

The principal activity of the credit union involves the acceptance of savings from member's and the provision of loans to member's in accordance with the provisions of the Credit Union Act 1997 (as amended) and the Rules of the Credit Union for the time being in force.

Authorisation

The Credit Union is authorised as follows:

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

Business review

Both the level of business and the year-end financial position were satisfactory. The Directors expect to develop and expand the credit union's current activities and they are confident of its ability to continue to operate successfully in the future.

Results, Dividends & Loan Interest Rebate

The excess of income over expenditure for the year amounted to €663,656 (2018: €1,174,662).

Total assets at year-end amounted to €98,900,650 which is an increase of €6,518,620 over the previous year. Members' shares increased by €5,961,188 to €77,975,399 similarly loans to members increased by 0.01% from €29,322,670 to €29,350,888.

Total income for the year amounted to €3,963,109 with interest on member's loans at €3,041,037 accounting for 76.7% of this amount.

Total expenditure for the year increased from €2,935,747 to €3,299,453.

The excess of income over expenditure for the year is set out in the Income and Expenditure account on page 16. The Directors recommend a dividend in respect of the year ended 30 September 2019 of 0.125% (€94,310), (2018: 0.125% (€87,085)) and a loan interest rebate of 5% on Standard Interest Rate Loans (€132,792), (2018: 5% (€132,455)).

Directors' Report - Year Ended 30 September 2019

Reserves

The Central Bank requires credit unions to maintain a Regulatory Reserve Ratio of not less than 10% of total assets on an ongoing basis. In addition, Section 45 (5)(a) of the Credit Union Act 1997 (as amended) requires credit unions to maintain reserves in addition to the Regulatory Reserve in respect of operational risk having regard to the nature, scale, complexity and risk profile of its business. The credit union has adopted the Basic Indicator Approach (BIA) in the calculation of the operational risk reserve and it is maintained at 15% of the average gross income for the previous three years.

The following table shows the assets, shares, loans and reserves of the credit union at the year end with the previous year stated for comparison purposes.

	2018	Net Movement	2019
Assets	92,382,030	6,518,620	98,900,650
Shares	72,014,211	5,961,188	77,975,399
Loans	29,322,670	28,218	29,350,888
Total Reserves	14,376,126	441,911	14,818,037

Principal risks and uncertainties

The credit union is fully aware of its principal risks, monitors these constantly and does everything in its power to minimise all risks and to handle prudently those residual risks over which it has little control. The credit union has adopted the PRISM risk categories of the Central Bank for the purpose of categorising its risks. These categories are, capital risk, credit risk, operational risk, liquidity risk, governance risk, environmental risk, strategic risk, market risk and insurance risk. The board reviews and agrees policies for managing each of these risks, which are summarised below.

Credit risk:

Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to the Credit Union resulting in financial loss. In order to manage this risk, the Board approves the Credit Union's lending policy, and all changes to it. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate impairment on loans advanced. The Board approves the Credit Union's Credit Control policy which monitors the procedures for the collection of loans in arrears and also the basis for impairments on loans (See Note 17).

Liquidity risk:

Tower Credit Union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The objective of the liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise. Members shares which are available on demand and those not on demand are identified as liabilities, other shares which are held as member's resources, are not available for withdrawal in accordance with the Credit Union Act 1997 (as amended).

Directors' Report - Year Ended 30 September 2019

Market risk:

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

Interest rate risk:

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

Deposit protection scheme:

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

Operational risk:

This is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. The operational risks faced by the Credit Union are assessed on a regular basis and an appropriate system of control exists to mitigate these risks. The Internal Audit Function is used as a mechanism to mitigate and prepare contingency plans against operational risk and reports to the Board. The Board, through its committee structures, is responsible for assessing the effectiveness of the system of inspection and control.

Regulatory risk:

This is the risk that changing laws and the volume and complexity of regulatory requirements may impact the Credit Union's ability to compete and grow. This risk is regularly reviewed by the Board.

Conduct risk:

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

Directors' Report - Year Ended 30 September 2019

Accounting records

The Directors believe that they comply with the requirements of Section 108 of the Credit Union Act, 1997 (as amended) with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account of the Credit Union are maintained at the Credit Union's premises at 22 Main Street, Clondalkin, Dublin 22.

Liquidity

It is the policy of the board of directors to maintain liquid funds at a minimum of 20% of unattached savings at all times. This is to ensure that the credit union can meet its normal day to day obligations as they arise. At year end liquid funds amounted to 37% of unattached savings.

Provision for bad and doubtful debts

The credit union maintains a provision for bad and doubtful debts in line with best practice. The adequacy of the provision is reviewed every month by the credit control committee and independently every quarter by an external accountancy firm. Following the review carried out at 30 September 2019, the board of directors considered it prudent for the credit union to have a provision of €1,656,945 (2018: €1,765,813).

Health and safety

As part of our responsibility to our employees and volunteers the credit union is committed to providing and maintaining a safe place to work and I am pleased to report that no accidents or ill health were reported during the year.

EFT services

The credit union became an associate member of the clearing system in August 2016. Since then members have had the option of having their loans and withdrawals paid directly to their bank accounts. While each member will only have one membership number, they will have a separate IBAN for each account they hold in the credit union which is not related in any way to the membership number.

Events since the end of the year

There have been no post balance sheet events affecting the Credit Union since 30 September 2019.

Auditors

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

Anne Brougham
Chair of the Board of Directors
20 November 2019.

Independent Auditor's Report

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

Opinion

We have audited the financial statements of Tower Credit Union Limited for the year ended 30 September 2019 which comprise the Income and Expenditure Account, the Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Reserves, the Statement of Cash Flows, and the related notes. The financial reporting framework that has been applied in their preparation is Irish law, including the Credit Union Act, 1997 (as amended) and accounting standards issued by the Financial Reporting Council including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the assets, liabilities and financial position of the Credit Union as at 30 September 2019 and of its surplus 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, issued by the Financial Reporting Council; and
- have been properly prepared in accordance with the requirements of the Credit Union Act, 1997 (as amended) and the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016.

Basis for Opinion

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

Conclusions relating to going concern

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

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

Independent Auditor's Report - *continued*

Other Information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

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

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit;
- In our opinion proper accounting records have been kept by the Credit Union;
- The financial statements are in agreement with the accounting records; and
- The financial statements contain all primary statements, notes and significant accounting policies required to be included in accordance with Section 111(1)(c) of the Act.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 8, 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 cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report - *continued*

Auditors 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 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. A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

Scope of the audit of the financial statements

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

The purpose of our audit 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.

Philip Monahan

for and on behalf of
Keveny Monahan & Co.
Chartered Accountants and Statutory Audit Firm
Herbert House
18 – 22 Pembroke Road
Dublin 4

Date: 20 November 2019

Annual Accounts & Financial Statements

**INCOME AND EXPENDITURE ACCOUNT
for the year ended 30 September 2019**

	2019	2018
	€	€
INCOME		
Interest on Members' Loans	3,041,037	3,065,855
Members' Deposit Interest and Similar Charges	-11,568	-12,112
Other Interest Income and Similar Income (Schedule 1)	902,464	1,030,026
NET INTEREST INCOME	3,931,933	4,083,769
Other Income (Schedule 2)	31,176	26,640
TOTAL INCOME	3,963,109	4,110,409
EXPENDITURE		
Employment Costs	1,476,043	1,295,625
Other Management Expenses (Schedule 3)	1,833,664	1,751,135
Depreciation and Impairment	221,007	206,603
Net impairment losses/(gains) on loans to members (Note 5)	-231,261	-317,616
TOTAL EXPENDITURE	3,299,453	2,935,747
EXCESS OF INCOME OVER EXPENDITURE FOR YEAR	663,656	1,174,662

The financial statements were approved, and authorised for issue, by the board of directors on 20 November 2019 and signed on its behalf by:

Anne Brougham
Chair of the Board
20 November 2019

Michael O'Conaill
CEO
20 November 2019

Brian Douglas
Member of Board Oversight Committee
20 November 2019

Annual Accounts & Financial Statements

**STATEMENT OF OTHER COMPREHENSIVE INCOME
for the year ended 30 September 2019**

	2019	2018
	€	€
Excess of Income over Expenditure for the year	663,656	1,174,662
Other Comprehensive Income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	663,656	1,174,662

The financial statements were approved, and authorised for issue, by the board of directors on 20 November 2019 and signed on its behalf by:

Anne Brougham
Chair of the Board
20 November 2019

Michael O’Conaill
CEO
20 November 2019

Brian Douglas
Member of Board Oversight Committee
20 November 2019

Annual Accounts & Financial Statements

BALANCE SHEET

as at 30 September 2019

	Notes	2019 €	2018 €
ASSETS			
Cash and Cash Equivalents	8	3,972,697	4,195,559
Deposits & Investments	9	61,641,971	55,385,313
Loans to Members	10	29,350,888	29,322,670
Less: Provision for Bad Debts	11	-1,656,945	-1,765,813
Tangible Fixed Assets	12	4,978,726	4,651,492
Debtors, Prepayments and Accrued Income	13	613,313	592,809
TOTAL ASSETS		98,900,650	92,382,030
LIABILITIES			
Members' Shares	14	77,975,399	72,014,211
Members' Current Accounts	14	2,424	-
Members' Deposits	14	5,855,457	5,755,765
Money Management Accounts	14	3,681	3,776
Other Liabilities, Creditors, Accruals and Charges	15	245,652	232,152
TOTAL LIABILITIES		84,082,613	78,005,904
ASSETS LESS LIABILITIES		14,818,037	14,376,126
RESERVES			
Regulatory Reserve	16	10,612,488	10,280,660
Operational Risk Reserve	16	798,874	598,874
Other Reserves			
Realised Reserves	16	3,406,675	3,496,592
TOTAL RESERVES		14,818,037	14,376,126

The financial statements were approved, and authorised for issue, by the board of directors on 20 November 2019 and signed on its behalf by:

Anne Brougham
Chair of the Board
20 November 2019

Michael O'Conaill
CEO
20 November 2019

Brian Douglas
Member of Board Oversight Committee
20 November 2019

Annual Accounts & Financial Statements

STATEMENT OF CHANGES IN RESERVES

For the financial year ended 30 September 2019

	Realised Reserves €	Dividend Reserve €	Regulatory Reserve €	Operational Risk Reserve €	Total €
As at 01 October 2017	2,320,346	804,543	9,693,329	598,874	13,417,092
Excess of Income over Expenditure	1,174,662	-	-	-	1,174,662
Dividend & Loan Interest Rebate	-215,628	-	-	-	-215,628
Transfer to Operational Risk Reserve	-	-	-	-	-
Transfer to Regulatory Reserve	-587,331	-	587,331	-	-
Transfer to Dividend Reserve	-	-	-	-	-
As at 01 October 2018	2,692,049	804,543	10,280,660	598,874	14,376,126
Excess of Income over Expenditure	663,656	-	-	-	663,656
Dividend & Loan Interest Rebate	-221,745	-	-	-	-221,745
Transfer to Operational Risk Reserve	-200,000	-	-	200,000	-
Transfer to Regulatory Reserve	-331,828	-	331,828	-	-
Transfer to Dividend Reserve	-	-	-	-	-
As at 30 September 2019	2,602,132	804,543	10,612,488	798,874	14,818,037

Annual Accounts & Financial Statements

CASH FLOW STATEMENT

for the year ended 30 September 2019

	2019	2018
	€	€
Cash and Cash equivalents at beginning of year	59,580,872	55,028,845
Cash flows from operating activities		
Loans repaid	15,499,013	15,265,704
Loans granted	-16,803,063	-17,832,952
Loan interest	3,041,037	3,031,643
Interest paid	-11,568	-12,112
Investment income	544,734	516,988
Bad debts recovered	422,880	442,959
Dividend & loan interest rebate paid	-221,744	-215,628
Operating expenses	-3,300,963	-3,344,078
Other receipts	31,176	26,640
Movement in other assets and liabilities	-7,004	-88,024
Net cash generated from operating activities	-805,502	-2,208,860
Cash flows from investing activities		
Net funds on sale of investment property	-	450,000
Net cash flow from other investing activities	-548,240	433,266
Net cash flows from investing activities	-548,240	883,266
Cash flows from financing activities		
Members' Shares Received	29,307,066	26,255,731
Members' Deposits Received	6,393,960	6,302,175
Members' Shares Withdrawn	-22,034,634	-20,347,448
Members' Deposits Withdrawn	-6,278,854	-6,332,837
Net cash flows from financing activities	7,387,538	5,877,621
Net increase in cash and cash equivalents	6,033,796	4,552,027
Cash and cash equivalents at end of year	65,614,668	59,580,872

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2019

1. LEGAL AND REGULATORY FRAMEWORK

Tower Credit Union Limited is established under the Credit Union Act 1997 (as amended). The Credit Union is registered with the Registrar of Credit Unions and is regulated by the Central Bank of Ireland. The principal place of business is 22 Main Street, Clondalkin, Dublin 22.

2. ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

These financial statements have been prepared in accordance with applicable Irish accounting standards including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and Irish statute comprising the Credit Union Act, 1997 (as amended).

The financial statements have been prepared on the historical cost basis except for modifications to a fair value basis for certain financial instruments as specified in the accounting policies below.

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 Tower Credit Union Limited believe this is appropriate as the Credit Union:

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

2.4 INCOME

Interest on members' loans

Interest on loans to members is recognised using the effective interest method, and is calculated and accrued on a daily basis.

Investment Income

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

Other Income

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

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2.5 DIVIDENDS TO MEMBERS AND INTEREST ON MEMBERS' DEPOSITS

Interest on members' deposits

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

Dividend on shares and loan interest rebates

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

The rate of dividend and loan interest rebate recommended by the Board will reflect:

- The risk profile of the Credit Union, particularly in its loan and investment portfolios;
- The Boards desire to maintain a stable rather than volatile rate of dividend each year; and
- members' legitimate dividend and loan interest rebate expectations.

All decisions made about dividends are dominated by prudence and the need to sustain the long-term welfare of the Credit Union. For this reason, the Board will seek to build up its reserves to absorb unexpected shocks and still remain above minimum regulatory requirements. The Credit Union accounts for dividends and rebates of loan interest when members ratify such payments at the Annual General Meeting.

2.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

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

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

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

Premises	Over 50 years & 42 years
Fixtures and Fittings	Over 10 years
Office Equipment	Over 4 years

During the prior financial year, the Credit Union engaged Scott Murphy Chartered Building Surveyors to carry out a report on building component life cycle expectancy for the premises located at 22 Main Street, Clondalkin, Dublin 22. The report deemed the life expectancy of this premises to be 42 years. Therefore, since 01 October 2017 this property is being depreciated on a straight-line basis over 42 years. The premises residual value in 42 years cannot be estimated reliably, therefore, the directors have deemed it prudent to depreciate this premises to nil.

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

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within “other gains” or “other losses” in the Income and Expenditure Account.

2.7 IMPAIRMENT OF FIXED ASSETS

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

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

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Income and Expenditure Account.

2.8 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.

2.9 TAXATION

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

2.10 BASIC FINANCIAL ASSETS

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

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Loans to members

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

Investments held at amortised cost

Investments held at amortised cost are measured at amortised cost using the effective interest method less impairment. This means that the investment is measured at the amount paid for the investment, minus any repayments of the principal; plus or minus the cumulative amortisation using the effective interest method of any difference between the amount at initial recognition and the maturity amount; minus, in the case of a financial asset, any reduction for impairment or un-collectability. This effectively spreads out the return on such investments over time, but does not take account immediately of any impairment in the value of the investment.

Other receivables

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

2.11 NON BASIC FINANCIAL ASSETS

Investments held at fair value

The fair value of assets traded on an active market will be the price that would be received if an asset were sold in an orderly transaction between market participants at the measurement date. In the absence of an active market, the credit union establishes fair value by reference to recent transactions in similar items. If a reliable measure of fair value is not available the credit union measures the asset at cost less impairment until a reliable measure of fair value becomes available.

2.12 IMPAIRMENT OF FINANCIAL ASSETS

Financial assets, other than those held at fair value, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the expected cash flows discounted at the asset's original effective interest rate.

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

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

2.13 DE-RECOGNITION OF FINANCIAL ASSETS

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Credit Union transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

In the case of loans to members, loans are derecognised, when the right to receive cash flows from the loans has expired, usually when all amounts outstanding have been repaid by the member. Tower Credit Union Limited does not transfer loans to third parties.

2.14 BASIC FINANCIAL LIABILITIES

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

Financial liabilities members' shares and deposits

Members' Shares, Money Management Accounts and Deposits are redeemable and therefore are classified as financial liabilities. They are initially recognised at the amount of cash deposited and subsequently members' deposits are measured at amortised cost.

Other payables

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

2.15 DE-RECOGNITION OF FINANCIAL LIABILITIES

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

2.16 EMPLOYEE BENEFITS

Pension Costs

Tower Credit Union Limited operates a defined contribution pension scheme for its employees, the assets of which are held separately from those of the Credit Union in independently administered funds. Contributions to the scheme are paid to approved funds held with Standard Life Assurance Company and Friends First Life Assurance Company. Contributions are charged to the income and expenditure account in the year in which they fall due.

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Other employee benefits

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

2.17 RESERVES

Regulatory Reserve

The Credit Union is required to establish and maintain a minimum regulatory reserve of at least 10% of the assets of the Credit Union in accordance with the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016. The sum of €10,612,488 in the regulatory reserve at 30 September 2019 represented 10.73% of the total assets of the Credit Union.

Operational Risk Reserve

The Credit Union has established an operational risk reserve which is separate, distinct and in addition to the reserves the Credit Union is required to hold in its regulatory reserve. The amount held in the operational risk reserve is the predicted impact of operational risk events that may have a material impact on the Credit Union's business. The sum of €798,874 in the operational risk reserve at 30 September 2019 represented 0.81% of Total Assets.

Dividend reserve

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

Other Reserves

Other reserves are the accumulated surpluses to date that have not been declared as dividends or loan interest rebates and the funds held in the Community Development Fund established by resolution of the members, in line with Section 44 of the Credit Union Act 1997 (as amended), at the annual general meeting held in respect of the year ended 30 September 2019.

3. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Credit Union'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:

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

The annual depreciation charge depends primarily on the estimated useful lives of each type of asset and, in certain circumstances, estimates of residual values. The directors regularly review these useful lives and change them if necessary to reflect current conditions. In determining these useful economic 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.

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Impairment of buildings

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. In that event, an impairment loss is recognised as the difference between the carrying amount and the “value in use” calculation. The impairment charge, if applicable, is charged to the Income and Expenditure account in the period in which the related events or changes in circumstances occur.

Bad debt provision – impairment of loans to members

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

The estimation of loan losses is inherently uncertain and depends upon 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.

Operational Risk reserve

The directors have considered the requirements of the Credit Union Act, 1997 (as amended) and have considered an approach to the calculation of the operational risk reserve. Tower Credit Union Limited uses the Basic Indicator Approach as set out in the operational risk measurements techniques proposed under Basel II capital adequacy rules for banking institutions in calculating the Operational Risk Reserve.

4. RATES OF INTEREST CHARGED ON LOANS

The rates of interest charged on loans per annum were as follows:

	Monthly %	APR %
Standard Loans	1.00	12.68
Loans fully secured by shares	0.56	6.96
Special Car Loans	0.58	7.19
Special Christmas Loans	0.66	8.25
Special Holiday Loans	0.66	8.25
One-4-One Loans	0.46	5.64
Personal Micro Credit Loans	1.00	12.68

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

	2019	2018
	€	€
Bad Debts Recovered	-422,880	-442,959
Movement in bad debts provision during the year	-108,868	-177,952
Loans written off	300,487	303,295
Net impairment losses/(gains) on loans to members	-231,561	-317,616

6. RATES OF INTEREST PAID ON MEMBERS' DEPOSITS

The rate of interest paid on members' deposit accounts were as follows:

	2019	2018
	%	%
On Demand Deposit Accounts	0.125	0.125
30 Day Notice Accounts	0.375	0.375

7. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Credit Union, directly or indirectly, including any Director of the Credit Union. The Directors of Tower Credit Union Limited are all unpaid volunteers. The key management personnel compensation was as follows:

	2019	2019
	€	€
Short term employee benefits paid to key management	733,845	706,920
Payments to pension schemes	81,366	78,045
Total key management personnel compensation	815,211	784,965

8. CASH AND CASH EQUIVALENTS

	2019	2018
	€	€
Cash and balances at bank	3,972,697	4,195,559

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9. DEPOSITS AND INVESTMENTS	2019	2018
	€	€
Accounts in authorised credit institutions (Irish and Non-Irish based)	39,442,408	33,344,746
Irish and EEA State Securities	0.00	5,899,469
Bank Bonds	12,095,160	6,046,456
Other	9,489,804	9,489,804
Central Bank Deposits	614,599	601,487
Total Deposits and Investments	61,641,971	55,385,313
	=====	=====

10. FINANCIAL ASSETS – LOANS	2019	2018
	€	€
As at 01 October	29,322,670	28,184,497
Loans granted during the year	16,803,063	17,832,952
Loans repaid during the year	-16,474,358	-16,391,484
Gross loans and advances to members	29,651,375	29,625,965
Loans written off during the year	-300,487	-303,295
As at 30 September	29,350,888	29,322,670
	=====	=====

11. PROVISION FOR BAD DEBTS/IMPAIRMENT OF LOANS TO MEMBERS

	2019	2018
	€	€
As at 01 October	1,765,813	1,943,765
Net movement in bad debt provision for loans currently outstanding	172,409	107,166
Decrease in bad debt provision as a result of write offs previously provided for	-281,277	-285,118
As at 30 September	1,656,945	1,765,813
	=====	=====

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12. TANGIBLE FIXED ASSETS

	Freehold Property €	Fixtures, Fittings €	Office Equipment €	Total €
COST				
At 1 October 2018	8,726,575	244,886	474,720	9,446,181
Additions	290,010	72,876	185,354	548,240
Disposals	-	-	-42,501	-42,501
At 30 September 2019	9,016,585	317,762	617,573	9,951,920
DEPRECIATION				
At 1 October 2018	4,254,936	220,742	319,011	4,794,689
Charge for year	115,351	15,663	89,993	221,007
Disposals	-	-	-42,501	-42,501
At 30 September 2019	4,370,287	236,405	366,503	4,973,195
NET BOOK VALUE				
At 30 September 2019	4,646,298	81,357	251,070	4,978,725
NET BOOK VALUE				
At 30 September 2018	4,471,639	24,144	155,709	4,651,492

13. DEBTORS, PREPAYMENTS AND ACCRUED INCOME

	2019	2018
	€	€
Loan interest receivable	75,902	81,347
Prepayments	109,318	70,073
Investment Interest Receivable	428,093	441,389
	<u>613,313</u>	<u>592,809</u>
	=====	=====

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14. MEMBERS SHARES AND DEPOSITS

	2019	2018
	€	€
Members' Shares	77,975,399	72,014,211
Members' Current Accounts	2,424	-
Members' Deposits		
-Demand Deposit Accounts	4,125,282	3,893,138
-30 Day Notice Accounts	1,730,175	1,862,628
Money Management Accounts	3,681	3,776
	83,836,961	77,773,753
	=====	=====

15. OTHER LIABILITIES, CREDITORS, ACCRUALS AND CHARGES

	2019	2018
	€	€
Revenue – DIRT	1,318	465
Revenue – PAYE/PRSI	33,848	31,125
Other creditors and accruals	210,485	200,562
	245,651	281,213
	=====	=====

16. RESERVES

	Balance 01/10/2018 €	Net Movement €	Balance 30/09/2019 €
Regulatory Reserve	10,280,660	331,828	10,612,488
Operational Risk Reserve	598,874	200,000	798,874
Other Reserves			
Undistributed Surplus	2,589,914	-89,917	2,499,997
Community Development Fund	102,135	-	102,135
Dividend Reserve	804,543	-	804,543
Total Reserves	14,376,126	441,911	14,818,037

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17. CREDIT RISK DISCLOSURES

Tower Credit Union Limited offers loans to members however the majority of all loans to members are unsecured, except that there are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding. Individual members may borrow up to €25,000 unsecured and €100,000 secured.

The Credit Union complies with Regulation 12 of the Credit Union Act, 1997 (Regulatory Requirements) Regulations 2016. This Regulation:

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

The carrying amount of the loans to members represents Tower 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.

	2019		2018	
	€	%	€	%
LOANS NOT IMPAIRED				
Total Loans not Impaired	24,382,240	83.07	23,705,487	80.84
IMPAIRED LOANS				
Not past due	1,366,981	4.66	1,457,808	4.97
Up to 9 weeks past due	2,374,605	8.09	2,659,695	9.07
Between 10 and 18 weeks past due	252,886	0.86	334,986	1.14
Between 19 and 26 weeks past due	206,789	0.70	194,095	0.66
Between 27 and 39 weeks past due	147,599	0.50	148,795	0.51
Between 40 and 52 weeks past due	77,194	0.26	71,510	0.25
53 or more weeks past due	542,594	1.85	750,294	2.56
TOTAL IMPAIRED LOANS	4,968,648	16.93	5,617,183	19.16
TOTAL LOANS	29,350,888		29,322,670	

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18. RELATED PARTY TRANSACTIONS

	2019		2018	
	No	Amount	No	Amount
Loans advanced to related parties during the year	12	€55,500	13	€51,030
Total loans outstanding to related parties at the year-end	21	€135,220	22	€138,349
Total provision for loans outstanding to related parties		€1,759		€1,414

The related party loans stated above comprise of loans to members of the board of directors, the management team and members of the families of members of the board of directors and the management team of Tower Credit Union Limited. Total loans outstanding to related parties represented 0.46% of the total loans outstanding at year end.

19. DIVIDENDS AND LOAN INTEREST REBATE

The following distributions were made during the year

	2019		2018	
	Rate %	€	Rate %	€
Dividend on Shares	0.125	87,085	0.125	81,756
Loan Interest Rebate	5.00	134,659	5.00	133,872

The Directors are proposing a dividend of 0.125% (€94,310) and a loan interest rebate of 5% (€132,792) on standard rate loans for approval by the members at the AGM.

20. POST BALANCE SHEET EVENTS

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

21. INSURANCE AGAINST FRAUD

The Credit Union has insurance against fraud in the amount of €2,600,000 in compliance with Section 47 of the Credit Union Act, 1997 (as amended).

22. CONTINGENT LIABILITIES

On 17 September 2018, the Central Bank sought information from credit unions in relation to accrued interest outstanding on loans in circumstances where additional credit is extended to a member by way of a top-up loan. The Central Bank had become aware of a potential issue where credit unions had not collected all interest due before the extension of additional credit. The credit union is satisfied that interest is calculated and explained correctly to a member at the time of drawdown of a top-up loan. The credit union is engaged with other credit unions and its IT system provider to investigate if matters raised by the Central Bank are applicable to its IT system. It is the policy of Tower Credit Union Limited that interest due should be paid by a member prior to a top-up loan being issued.

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23. COMPARATIVE INFORMATION

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

SUPPLEMENTARY INFORMATION RELATING TO THE FINANCIAL STATEMENTS

The following schedules do not form part of the statutory financial statements which are the subject of the Independent Auditor's Report on pages 13 to 15.

SCHEDULE 1 - OTHER INTEREST INCOME AND SIMILAR INCOME

	2019	2018
	€	€
Investment income received/receivable within 1 year	544,734	516,988
Gain on sale of investments	357,730	513,038
	902,464	1,030,026

SCHEDULE 2 - OTHER INCOME

	2019	2018
	€	€
ECCU Claims Experience Refund	-	12,043
Commission	31,176	9,073
Profit on sale of investment property		5,524
TOTAL PER INCOME AND EXPENDITURE ACCOUNT	31,176	26,640

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SUPPLEMENTARY INFORMATION RELATING TO THE FINANCIAL STATEMENTS

SCHEDULE 3 - OTHER MANAGEMENT EXPENSES

	2019	2018
	€	€
Rates	79,844	60,688
Lighting, Heating and Cleaning	37,504	34,798
Repairs and Renewals	29,360	34,093
Printing and Stationery	54,388	54,550
Postage and Telephone	57,997	39,854
Donations & Sponsorships	36,850	48,175
Debt Collection	-	2,592
Promotion and Advertising	83,146	59,532
Education & Training	28,419	29,314
Convention/Chapter Expenses	8,068	9,459
General Meeting Expenses	29,408	22,400
Recruitment Expenses	38,315	7,594
Entertainment Costs	695	840
Bank Interest & Charges	79,272	66,670
Audit Fee	17,637	26,000
General Insurance	34,574	27,224
Share & Loan Insurance	384,946	357,290
Legal and Professional Fees	254,043	252,899
Maintenance Contracts	269,571	187,857
Miscellaneous Expenses	24,977	22,785
Death Benefit Insurance	115,344	114,097
Affiliation/Registration Fees	169,306	182,424
PAYAC MPCAS Funding	-	110,000
TOTAL PER INCOME AND EXPENDITURE ACCOUNT	1,833,664	1,751,135

Statement of Board Oversight Committee Responsibilities

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

REPORT OF THE BOARD OVERSIGHT COMMITTEE

The board oversight committee met collectively on 12 occasions during the year for the purposes of carrying out its statutory responsibilities.

In compliance with Section 76O (1) (b) of the Credit Union Act 1997 (as amended) “the Act” the committee met with the board of directors to report on its assessment of whether the board of directors had operated in accordance with Part IV and Part IVA of the Act and any regulations relating to Part IV and Part IVA.

The committee confirms that as provided for in Section 76O (3) of the Act it had access at all times to the books and documents of the credit union.

In order to carry out its responsibilities, the committee was represented at all regular monthly meetings of the board of directors and at meetings of board committees held during the year.

The committee confirms that in its opinion the board of directors has complied with the requirements of Part IV and Part IVA of the Credit Union Act 1997 (as amended).

In conclusion, on behalf of the committee I wish to thank the directors, volunteers and staff for their cooperation during the past year.

Brian Douglas
Chair of the Committee
20 November 2019

Report of the Nomination Committee

The nomination committee is appointed annually by the board of directors.

Principle Responsibilities

The principle responsibilities of the committee are set out in Section 56B of the Credit Union Act 1997 (as amended) and include:

- (i) Identifying candidates to be nominated for appointment to the board of directors;
- (ii) Accepting nominations of candidates proposed to be appointed to the board of directors;
- (iii) Proposing candidates for election by a general meeting to be members of the board of directors;
- (iv) Informing candidates of the time commitment expected from them in respect of their role as a member of the board of directors;
- (v) Ensuring there is an appropriate succession plan in place for the board of directors;
- (vi) Ensuring that each director is given adequate induction to his/her role on the board of directors;
- (vii) Arranging training for the members of the board of directors; and
- (viii) Assisting the credit union in ensuring that the persons nominated for the board of directors comply with the standards of fitness and probity issued by the Central Bank.

Since the commencement of Section 56B, every candidate to be nominated for appointment as a member of the board of directors shall be proposed through the nomination committee. No person shall otherwise be put forward for election or seek election at the AGM.

Vacancies to be filled at AGM 2019

This year there are vacancies for an auditor, two (2) members of the board oversight committee and four (4) directors.

Succession Planning Workshop

To fulfil its obligations under the Section 56B, the nomination committee sought expressions of interest for the vacancies on the board of directors and board oversight committee. A succession planning workshop was held on Saturday 23 November 2019 at which prospective candidates were given an introduction to the role of the board of directors and board oversight committee and were made aware of the time commitment expected in respect of each role.

Report of the Nomination Committee

Fitness and Probity

The nomination committee confirms that the credit union has performed the necessary due diligence in respect of all candidates nominated to fill vacancies on the board oversight committee and board of directors and is satisfied that the persons nominated are compliant with the fitness and probity standards for credit unions issued under Section 50 of the Central Bank Reform Act 2010.

Auditor

Keveny Monahan & Co., Chartered Accountants & Statutory Audit Firm, being willing and eligible, are nominated for election to the position of auditor of the credit union for the year ending 30th September 2020.

Board Oversight Committee

The candidates being nominated to fill the vacancies on the board oversight committee are:

- John Maguire
- Suresh George Plathottam

Board of Directors

The candidates being nominated to fill the vacancies on the board of directors are:

- Kieran Carroll
- Bernie Dartnell
- Brian Douglas
- Padraig Kelly

In conclusion, I wish to thank the board of directors, board oversight committee, volunteers and staff for their assistance during the year.

Anne Brougham
Chair of the Committee
20 November 2019

Report of Credit Committee

The credit committee is appointed annually by the board of directors to consider and decide on applications for credit and to oversee the lending function in the credit union.

The credit committee meets every week to consider loan applications from members.

This year, 6,601 loans amounting to €16,803,063 were advanced to members.

Regrettably 541 applications amounting to €3,295,630 were not approved this year.

The following tables show the main categories for which loans were advanced this year.

€	2019		2018	
	Number	Amount €	Number	Amount €
0 – 500	1,264	482,199	1,315	517,878
501 – 2,000	3,183	3,972,122	3,226	4,125,942
2,001 – 5,000	1,433	5,062,746	1,572	5,691,224
5,001 – 10,000	519	3,950,972	533	4,080,370
10,001 – 15,000	127	1,647,371	132	1,710,376
15,001 – 25,000	65	1,339,553	57	1,159,933
Over 25,000	10	348,100	14	461,129
Total	6,601	16,803,063	6,849	17,746,852

Duration	2019		2018	
	Number	Amount €	Number	Amount €
Less than 1 year	2,099	2,345,379	2,232	2,526,382
1 year to 3 years	2,585	5,649,212	2,559	6,101,709
3 years to 5 years	1,892	8,641,877	2,022	9,060,488
Over 5 years	25	166,595	36	58,273
Total	6,601	16,803,063	6,849	17,746,852

“Personal Micro Credit – It Makes Sense Loans”

The credit union introduced the PMC loan product, for members who had never previously had a credit union loan, in November 2016. The PMC loan is designed to make small amounts of credit available to members who have no credit history with as little fuss as possible. The PMC loan is repaid through the An Post Household Budget Scheme which means that a member doesn't have to call to the credit union office to make loan repayments. During the year ended 30 September 2019, 576 (2018; 434) PMC loans totalling €352,030 (2018; €276,217) were approved by the credit union.

If you think the PMC loan may be suitable for you, please do not hesitate to contact us.

In conclusion, on behalf of the committee, I wish to thank the directors and staff for their co-operation and assistance during the year

Bernie Dartnell
Chair of the Committee
20 November 2019

Guidance to Members when making a Loan Application

“Help us to Help You”

The aim of the Credit Union is to make a decision on loan applications as quickly as possible.

The biggest cause of delay is insufficient information being provided at application stage.

To help speed up a decision

Please bring the following documents when making your loan application

Personal Application (Spousal income not required)

- 2 recent consecutive payslips or social welfare slips.
- A recent bank statement for 3 months (where applicable). See note below
- Member Passbook/ID.

Personal Application (Spousal Income Required)

- All of the above; and
- Signed Spousal Consent Form and 2 recent payslips or social welfare slips.

Self Employed

- Certified Accounts or Notice of Assessment.
- Tax Clearance Certificate.
- A recent bank statement for 3 months (where applicable). See note below.
- Member Passbook/ID.

Please have your documents to hand before reaching the Member Services Counter

Don't have access to print your payslips? No problem.

- email them to us while you are waiting in the queue to loans@towercu.ie

Bank Statements

- Minimum of 3 months (must include current month).
- Must include Name and Address.
- Transaction print offs acceptable with an original statement.

Report of the Credit Control Committee

The credit control committee is appointed annually by the board of directors to seek to ensure the repayment of loans in accordance with loan agreements.

The committee meets at least monthly to review the performance of the credit union's loan book and reports its findings to each regular monthly meeting of the board of directors.

Loan Arrears

Reminder letters are issued to all members whose loan accounts fall into arrears.

The credit union writes to members in arrears to make them aware of the Credit Union's reporting requirements to the Central Credit Register. This is to give the members concerned the opportunity to bring their accounts up-to-date. Where members respond to the letters no further action is taken by the committee.

The number of arrears letters issued to members during the year ended 30 September 2019 was 4,121 (2018: 5,001). The decrease this year reflects an improvement in the overall performance of the credit unions loan book. The response to the letters was very positive with most members arranging to bring their accounts up to date.

Members who are experiencing difficulty meeting their agreed loan repayments should contact the credit union immediately if their financial circumstances change. Failure to do so could result in their loans going into arrears which could potentially damage their credit rating. Members approaching the credit control team will be dealt with in a sympathetic manner and in complete confidence.

The Money Advice & Budgeting Service (MABS) provides a free, independent and confidential service to people who may be experiencing difficulty with managing their debt. The MABS helpline number is 0761 072000 or visit www.mabs.ie for further information.

Loan Rescheduling

The committee approved 29 (2018: 63) applications for loan rescheduling during the year. Applicants for rescheduling are reminded that rescheduling a loan will restrict access to further credit in accordance with the Central Bank Section 35 Regulatory Requirements.

Bad Debts

A total of 112 (2018: 144) loans in the sum of €300,487 (2018: €303,295) were written off to the credit union's bad debts register during the year. Bad debts recovered this year amounted to €422,880 (2018: €442,959).

In conclusion, on behalf of the committee, I wish to thank the board of directors, credit control manager and credit union staff for the support given to the committee during the year.

John Finn
Chair of the Committee
20 November 2019

Report of the Membership Committee

The membership committee is appointed annually by the board of directors to consider and decide on applications for membership of the credit union.

The following table shows the membership details of the credit union for the year ended 30 September 2019.

Membership at start of year	25,933
New members admitted during the year	1,511
Memberships reactivated during the year	159
Accounts closed during the year	1,592
Number of members who died during the year	95
Number of members at year end	25,916

Who may become a Member of Tower Credit Union?

Any person who lives or works in Citywest, Clondalkin, Neilstown, Saggart, Rathcoole, Brittas or Newcastle may become a member of Tower Credit Union.

To become a member of the credit union an applicant must provide the following;

- (i) proof of identity;
- (ii) verification of permanent place of residence; and
- (iii) proof of tax identification number (PPS number).

Insurance Benefits

Tower Credit Union provides Loan Protection Insurance Cover, Life Savings Insurance Cover and Death Benefit Insurance Cover (**€1,300**) free of charge to eligible members. ***To be eligible for the Death Benefit Insurance Cover, a member must have a minimum share balance of €250 at date of death.***

Loan Protection Insurance

The coverage provided by this insurance means that any outstanding loan balance will be repaid in full on the death of an eligible member. This year 22 loans to the value of €87,758.80 were repaid under this policy (2018: 32 (€148,431.15)).

Life Savings Insurance (LS) & Death Benefit Insurance (DBI)

This year 80 Life Savings claims (2018: 100) and 80 Death Benefit claims (2018: 98) were paid totalling €205,412.56 and €104,000.00 respectively (2018: €276,788.53 and €127,400).

Should you have any queries regarding membership of the credit union please call into any of our offices and our staff will be happy to assist you. Alternatively, you may visit www.towercu.ie.

In conclusion, I wish to thank the board of directors and credit union staff for their assistance during the year.

Michael Walsh
Chair of the Committee
20 November 2019

Report of the Community Development Committee

The community development committee is appointed annually by the board of directors to administer the Community Development Fund (CDF) on behalf of the credit union.

The Community Development Fund was established by the members at the 2003 AGM to be used for social, cultural or charitable purposes (including community development). As well as supporting local charities and organisations, the fund may be used to support national charities.

The committee meets monthly to consider applications for funding from the CDF.

Organisations seeking funding from the CDF must apply in writing on a form provided by the credit union for that purpose and must state briefly how the funding will be used by the organisation. Occasionally, the committee may invite applicants to meet the committee when considering an application for funding.

This year the committee approved 67 (2018: 82) applications for funding totalling €36,850 (2018: €49,227). Since the CDF was established the credit union has made a total of €672,346 in charitable donations and contributions to community projects.

In conclusion, on behalf of the committee, I wish to thank the board of directors and credit union staff for their assistance during the year.

Tom Dunphy
Chair of the Committee
20 November 2019

Anti-Money Laundering/Countering the Financing of Terrorism

IMPORTANT NOTICE TO MEMBERS

Please note that under the Criminal Justice (Money Laundering and Terrorist Financing) Acts 2010 to 2018 and conforming with European Legislation and Directives in these matters, all Credit Unions are legally obliged to prevent and assist in the prevention of Money Laundering and Terrorist Financing.

In compliance with this legislation and to ensure that the credit union has up-to-date information on its members you may be asked to verify:

- Your identity, address and PPS number
- The source of funds you may wish to lodge into your account
- The beneficial ownership of any funds in your account
- The intended purpose for the use of any funds in your account

Credit unions are also obliged to maintain details and copies of all documents used in establishing any of the above considerations and have them available for inspection by any or all of the following persons in accordance with law:

- The Central Bank
- An Garda Síochána
- The Revenue Commissioners

Your cooperation and assistance with credit union personnel performing these functions is very much appreciated.

Board of Directors
20 November 2019

Member Complaints Procedure

Introduction

Tower Credit Union makes every effort to provide the best quality experience and service to its members. However, it recognises that things may go wrong from time to time. The Credit Union takes all Member complaints seriously and has put the following policy and procedures in place to ensure that complaints are dealt with in a professional way and allows the Credit Union the opportunity to learn from its mistakes and make improvements.

Tower Credit Union fully complies with Rule 108 of the Standard Rules for Credit Unions.

Rule 108

Rule 108 of the Standard Rules of the Credit Union applies to any dispute between a credit union and:

- (a) *a member of the credit union in his capacity as a member;*
- (b) *any former member of the credit union (in that capacity) who ceased to be a member of the credit union not more than six months previously;*
- (c) *any person claiming through any such member or former member (in their capacity as such); or*
- (d) *any person claiming under the rules of the credit union.*

The procedure on page 46 is drawn up in accordance with Rule 108. Please note that it deals with complaints of members in their capacity as members. Typical complaints might be mistakes, unfair treatment or poor service.

The procedure does not apply to complaints by officers of the credit union including directors, other volunteers and employees, other than in their capacity as members.

Employee relations matters, disputes among officers of the credit union and complaints by professional advisers to the credit union are not included in this procedure.

Member Complaints Procedure

It is the aspiration of your credit union that a complaint against the credit union will be resolved in a fair and equitable manner. In order that this is accomplished the following is the procedure which you should follow in order to have your complaint, in your capacity as a member, settled. For a full description of this procedure, please refer to Rule 108 of the Standard Rules of the Credit Union.

For the purposes of this procedure the complaining party or parties shall be referred to as the complainant.

Step 1. The complainant discusses the complaint with the complaints officer of the credit union who will, where possible, resolve the complaint.

The complaints officer is Adrian Mangan.

If the complaint is not resolved to the satisfaction of the complainant:

Step 2. The complainant, or a person on behalf of the complainant, may complete a complaints form which is pre-addressed to the complaints sub-committee. The complainant shall have the right to be heard by the sub-committee which shall investigate, discuss and, wherever possible, resolve the complaint.

The members of the complaints sub-committee are; Kieran Carroll, Peggy Roche and Joe Menton.

If the complaint is not resolved to the satisfaction of the complainant:

Step 3. The complainant may request the secretary of the credit union to forward the complaints form to the board of directors of the credit union. The complainant shall have the right to be heard by the board of directors which shall investigate, discuss and, wherever possible, resolve the complaint.

If the complaint is not resolved to the satisfaction of the complainant:

Step 4. The complainant may refer the complaint to the Financial Services & Pensions Ombudsman, 3rd Floor, Lincoln House, Lincoln Place, Dublin 2. Telephone (01) 5677000 or email info@fspo.ie so long as the complaint:

- (a) falls within the jurisdiction of that Ombudsman, and
- (b) does not relate to a matter that involves only the governance of the credit union.

Notes

Notes

Car Loan



Typical Example: Car Loan at 7.95%* (APR 8.27%) monthly repayment of €202.53 on a loan amount of €10,000 over a period of 60 months. Total amount repayable €12,149.86. Total cost of credit €2,149.86 T&C's apply

at 7.95%

(APR: 8.27%)*

Call us today on
01-4570884

Tower Credit Union Ltd is regulated by the Central Bank of Ireland



Main Office

22 Main Street
Clondalkin
Dublin 22

Tel: (01) 4570884

Email: info@towercu.ie

Rathcoole Branch
Main Street
Rathcoole

Co. Dublin

Tel: (01) 4589888

Neilstown Branch
Neilstown Road
Clondalkin

Dublin 22

Tel: (01) 4571218

Citywest Branch
Citywest S.C
Citywest

Co. Dublin

Tel: (01) 4570884