

ANNUAL REPORT 2020



€136M
TOTAL SAVINGS



€43.6M
LOAN BOOK



35,530
MEMBERS



€22M
LOANS ISSUED THIS YEAR

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INVOCATION

We meet to serve our community,
to use our resources wisely and well,
to represent all members of our community fairly,
to make decisions that promote the common good.
We recognize our responsibility to the past and the future,
and the rights and needs of both individuals and community.
May we act wisely and well

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Heritage Credit Union Limited will take place online, on Monday 26th April 2021 at 7.30 pm.

Please register to attend the online Annual General Meeting at www.heritagecu.ie/AGM by close of business on Thursday 22nd April 2021 to allow sufficient time for the credit union to process and validate registrations.

Elections will be held to fill seven vacancies on the Board of Directors, two vacancies on the Board Oversight Committee, and the position of Auditor.

Kevin Young
Secretary

Date: 02/04/2021

VIRTUAL AGM

In these unprecedented times, Heritage Credit Union has done all that we can to continue to deliver vital services to you, our members, whilst keeping our staff and volunteers safe. The Board of Directors hope that all members, and their families, are keeping safe and well also.

With Covid-19 impacting all of our lives, we have taken the decision to hold our Annual General Meeting (AGM) by virtual means which will result in us doing things a little differently this year. We want our members to continue to have the opportunity to vote on key decisions about the running of the credit union including election of officers.

In order to attend and participate in this year's AGM please see instructions below:

1. Please register to attend the Annual General Meeting online at www.heritagecu.ie/AGM by close of business on Thursday 22nd April 2021.
2. Your login details will be emailed to you once you are verified as a member eligible to attend.
3. We will also email you a copy of the minutes of last year's AGM and standing orders for this year's AGM. Please read these before the meeting.
4. Please submit questions to the Board in advance of the AGM by e-mailing agm@heritagecu.ie and these will be addressed during the meeting.
5. Before the date of the AGM, we would advise you to familiarise yourself with Zoom and prepare for the event ahead of time.
6. The starting time will be 7.30pm on Monday 26th April 2021. However, we suggest to you to login a little bit earlier to avoid any last-minute technical issues.
7. Please click on the link provided. Please note that your login details are specific to you and can only be used on one device.

8. Please wait for the host (Chair) to start the meeting. While you are waiting, you can test your computer audio. Please make sure it is turned on and at the right volume.
9. You will be requested to type in your name before joining the meeting. Please fill in the field with your name and surname. This information will be used to identify you for the purposes of determining a quorum.
10. Please select "Join with Computer Audio", so that you will be able to see and hear the Chair and any persons presenting.
11. All non-presenting participants will be muted, and their webcams will be disabled to allow the smooth running of the meeting. However, you can type a question to the host by clicking on the "Q&A" button at the bottom of the page.
12. During the meeting, you will be given the option to vote anonymously online for the election of officers, adoption of reports and on resolutions proposed to be passed at the meeting. A screen will pop up at the appropriate time and you will be asked to vote.
13. Please note that the virtual AGM will be recorded for minute-taking and archiving purposes, so any contribution you make will be recorded. The recording will be destroyed as soon as possible thereafter, once draft minutes are prepared.
14. At the end of the AGM, the host will close the Zoom meeting.

At Heritage Credit Union, our dedicated team are available to follow up on AGM queries. Some queries may require research, so in order to allow sufficient time to prepare the necessary response, please send your question(s) in writing, to arrive no later than close of business on Thursday 22nd April 2021, to:

**Chief Executive Officer
Heritage Credit Union Ltd., Main Street, Rathfarnham, Dublin 14
Or email agm@heritagecu.ie**

CREDIT UNION

DIRECTORS & OTHER INFORMATION

BOARD OF DIRECTORS:

Paul Moran	Chairperson
Marie Kelly	Vice-Chairperson
Kevin Young	Secretary
Colm Lawless	
Daphne Byrne	
Brian Billings	(Resigned February 2020)
Mary Cullen	
Conor Duff	(Co-opted July 2020)
John Davin	(Resigned November 2020)
Gareth Fahey	(Resigned September 2020)
Aisling Vaughan	(Resigned January 2021)
Adrian O'Brien	
Gerard Dunne	(Co-opted December 2020)
Kieran Corcoran	(Co-opted January 2021)
Keith Fitzgerald	(Co-opted January 2021)

BOARD OVERSIGHT COMMITTEE:

Ruth O'Sullivan	Chairperson
Stephen Nolan	(Resigned in December 2020)
Fearghal Kearney	
Anne Fleming	
Tony Shewbridge	(Co-opted January 2021)

AUDITORS:

Grant Thornton, Mill House, Henry Street, Limerick

BANK:

Bank of Ireland, College Green, Dublin 2

MANAGEMENT AND STAFF:

Al McCauley	Chief Executive Officer		
Ger Flaherty	Finance Manager		
Clare Lammas	Risk & Compliance Manager		
Alan Roche	Operations Manager		
Laura Cahill	Elaine Fitzpatrick	Alyson McDermott	Nikki Ong
Georgina Carthy	Susan Foley	Martin McElvaney	Colleen O'Neill
Niamh Coker	Evelyn Hennessy	Liam McGovern	Valerie O'Reilly
Sally Corbett	Aaron Johnston	Sandra McGrane	Sean Patchell
Deirdre Corcoran	Melissa Keenan	Bernie McGrath	Roshni Shah
Rita Cullen	Ray Kelly	Lisa Mulligan	Carmel Timmons
Teszina Cullen	Teresa Kelly	Craig Nolan	Sinead Ryan
Sheila Cullinan	Lee Lawrence	Petina O'Connor	Lorraine Tyrell
Treasa Ennis	Liz Lehane	Sylvia O'Flaherty	Celine Yarr
Katrina Fallon	Nicole Lowney	Colin O'Malley	

AGM AGENDA

1. The acceptance by the Board of Directors of the authorised representatives of members that are not natural persons;
2. Ascertainment that a quorum is present;
3. Adoption of Standing Orders;
4. Reading and approval (or correction) of the minutes of the last annual general meeting;
5. Report of the Chairperson;
6. Consideration of accounts;
7. Report of the Auditor;
8. Report of the Board Oversight Committee;
9. Declaration of dividend and rebate of interest;
10. Report of the Credit Committee;
11. Report of Credit Control Committee;
12. Report of Membership Committee;
13. Community and Marketing Report;
14. Report of the Nomination Committee;
15. Appointment of Tellers;
16. Election of Auditor;
17. Election to fill vacancies on the Board of Directors;
18. Election to fill vacancies on the Board Oversight Committee;
19. Amendment of Standard Rules;
20. Any other business;
21. Prize Draws;
22. Announcement of election results;
23. Adjournment or close of meeting.

CREDIT UNION STANDING ORDERS

1. VOTING

1. Each member shall be entitled to one vote irrespective of his/her shareholding, in accordance with section 82(2) of the Credit Union Act, 1997 (as amended).
Due to the fact that this year's AGM will be a virtual meeting, voting on motions and elections will be by electronic means. Elections to the Board of Directors, to the Board Oversight Committee and the position of Auditor shall be by majority vote and by secret ballot. Candidates for the position of Directors or Board Oversight Committee shall serve a three-year term. The Auditor shall serve a one-year term.

2. ELECTION PROCEDURE ELECTRONIC VOTING

2. When nominations are announced tellers shall be appointed by the chairman and voting procedures and instructions shall be communicated to attendees. The mechanics of the virtual voting process (circulated to registered attendees) will be explained in more detail at the AGM by the Chair. Elections shall be in the following order:
 - (a). Election of auditor;
 - (b). Election for membership of the Board of Directors; and
 - (c). Election for membership of the Board Oversight Committee.When the votes have been counted by the tellers, the results shall be announced by the chair.



WE'RE DOING THINGS A LITTLE DIFFERENTLY THIS YEAR.

Please register to attend the online Annual General meeting at www.heritagecu.ie/AGM by close of business on Thursday 22nd April 2021 to allow sufficient time for the credit union to process and validate registrations.

3-4 MOTIONS

3. Due to the specific difficulties we are facing in holding an Annual General Meeting this year due to Covid-19, the purpose of this year's AGM is limited to dealing with the essential business of the credit union. This includes reporting to members on the financial status of the credit union, and electing officers.
As such, there will be no motions from the floor due to the difficulties in managing same remotely. Members have been invited to submit questions to the Board in advance of the AGM and the Board will address these during the AGM.
4. The Chairman's decision on any matter relating to these Standing Orders or interpretation of same shall be final.

5-9 MISCELLANEOUS

5. The Chairperson of the credit union shall be the Chairperson of any general meeting, except where he/she is not available, in which case it shall be the Vice-Chair, except where he/she is not available, in which case the Board shall decide amongst themselves who shall act as Chair of any general meeting.
6. The Chairman may at his/her discretion,

- extend the privilege of the floor to any person who is not a member.
7. Matters not covered by the Agenda may be introduced under "Other Business" at the discretion of the Chairman. At a virtual AGM in the current circumstances, this may not be practical, however, the option may be invoked if required.
8. The Chairperson shall have a second or casting vote in addition to his/her own vote on matters other than voting at elections where there is an equality of votes (Standard Rule 99(1)).
9. Any matter to be decided upon by a vote at the AGM shall, unless otherwise expressly provided for by law or the rules be decided upon by majority vote.

10. ADJOURNMENTS

Adjournments of the AGM shall take place only in accordance with section 81(1) and the provisions concerning notice, voting and quorum are also set out in section 81 and the new section 80A inserted by the Finance (Miscellaneous Provisions) Act 2020.

DUBLIN CREDIT UNIONS ARE

LOVING  LOCAL



#LovingLocal

#StayLocalBorrowLocalSpendLocal

DublinGazette
THE FUTURE IS LOCAL, THE FUTURE IS FREE



HERITAGE
CREDIT UNION

proud to be part of

#STAYLOCALBORROWLOCALSPENDLOCAL



HERE FOR YOU AND YOURS ALWAYS

CYCLE AGAINST SUICIDE

Heritage Credit Union supported Cycle Against Suicide, in the delivery of their evidence-based secondary schools' programme - HEADSTRONG. This programme is designed as a whole school approach to mental health. It supports mental health education in schools, reduces stigma, promotes resilience and fosters a sense of belonging among students. This is so important as mental health presents in teen years. The World Health Organisation (2018), states that every 40 seconds worldwide, someone dies by suicide. Suicide is the second leading cause of death among 15 to 29 year olds. Ireland sadly, ranks 4th highest on teen suicides. This highlights the importance of Cycle Against Suicide's work in secondary schools and Heritage Credit Union are delighted to support this important initiative.



Pictured at the presentation of financial support to Cycle Against Suicide were Steven Purcell (CAS), Ger Flaherty, Finance Manager (HCU) and Sally Corbett, Team Leader (HCU).

Electronic Banking services available to all our members

- View on-line statements
- Check account balances and transactions
- Send and receive payments to and from over 30 SEPA countries across Europe
- Receive your salary and other payments directly into your Credit Union account
- Transfer money between Credit Union accounts
- Pay utility bills electronically
- Transfer money to and from external bank accounts
- Apply for loans
- Drawdown your loan



**With No Fees
or Charges**

DID YOU KNOW?

With Heritage Credit Union you can complete a full loan application from the comfort of your own home. You can apply, submit documentation, and once approved, electronically sign the document to collect your loan.

Get A Loan From Home With Heritage Credit Union

REPORT OF THE CHAIRPERSON

The credit union movement is no stranger to change. At the time of last year's AGM, we were anticipating the change that Brexit would bring. Little did we know, or could we have ever foreseen, that we would have had to deal with a major pandemic. In the meantime, COVID-19 has impacted on every element of the credit union. It has devastated large sections of our community. It has affected us personally, socially, and economically in ways we could not have imagined. Indeed, the AGM where we can all come together and meet up must now take place online. Our thoughts are with our members who have had to endure much loss and upset during this time.

As a member-led and community-based organisation, we have done all we can to help reduce the burden on our members. The management and staff deserve an abundance of credit for their flexibility in trying to ensure staff and members were safe, while ensuring continuity of services to members. It is important to us that we provide members with the ability to transact in a manner that suits them. We extended opening hours in all our offices. As well as keeping branches open at pre-pandemic levels, we continued the development of our online presence, enhancing our online loan application and introducing digital signatures to allow members to collect loans from the comfort of their own homes at a time of their own choosing.

It is no surprise to members that the regulations governing Credit Unions are very strict when compared to other financial service providers. This requires us to maintain reserves (retained surplus) of at least 10% of Total Assets, high short-term liquidity levels, and we operate under restrictions on the type and duration of our investments and lending.

In times of slow economic growth, the attractiveness of the credit union as a place to invest your money cannot be mistaken. Charging no fees and protected by generous

liquidity provisions and the Deposit Guarantee Scheme, the Credit Union is seen as a desirable destination for savings.

Credit unions are limited in the amount and type of investments they can invest in. There are limitations around investments over longer terms, so in the current climate of negligible and sometimes negative returns, it is difficult to find investments that can provide income to the credit union.

Heritage holds €136m of members savings. While these savings can be used as an indicator of the strength of the organisation; the fuel that keeps it going and funds the services provided, is interest on loans. Great strides have been made and we currently have €43.6m of members money loaned to other members, and we still have a phenomenal further €90m available to lend within our community right now if/when demand resumes.

Currently we are approving 98% of loan applications. We are listening and we are lending. The best route to members money working for other members is through lending. It is back to the basic principles of the movement, and we would urge our fellow members to think of the Credit Union first as a provider of finance, for your own needs and for your family, friends and the community.

We probably undersell the benefits of Credit Union lending, whether that is the insurances, multiple channels (online or in-person), rapid turnaround, excellent loan approval rate or simply the fact that any interest earned goes back to the membership and community, whether by way of dividends, sponsorship, or improved services or member benefits.

Heritage has engaged extensively with and supported those members experiencing difficulties during this time. We have found members, for the most part, very diligent in meeting their obligations to the Credit Union.

Since the financial year-end we have welcomed the members of Halston Street and Milltown-Clonskeagh Credit Unions into the Heritage fold. We hope that they and all our members are experiencing the benefits of our merged entity.

We are delighted to announce three new initiatives which we believe will appeal to many of our members:

- The CU Greener Homes initiative, offering a one-stop solution to finance and implement energy efficient projects in the home.
- A new member-pay option for Death Benefit Insurance (DBI)
- Our collaboration with Zurich Life Assurance plc to make a range of financial planning products available to our members.

Further details of these products can be found elsewhere in this booklet, on our website, or from any of our offices.

Times like these remind us of some of the reasons why Credit Unions are unique in our society. We take our responsibilities to our communities very seriously. We thank you for your support in these difficult times, and we look forward to our continued growth as I wish you all health and happiness as we at last begin to emerge from this difficult time.

I would like to thank all involved in Heritage Credit Union for their efforts in a difficult year - management, staff and volunteers, including my colleagues on the Board and Board Oversight Committee.

As outlined in our Invocation, we recognise our responsibility to the past and the future, and the rights and needs of both individuals and community. Whether in good times, in pandemic or in recession, we will continue to support and work for our members.

Paul Moran
Chairperson

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A WARMER
GREENER
HOME**



Support from start to finish for all your home energy efficiency improvements

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enèrgia

**House
2Home**
Stronger Buildings. Smarter Energy.


Heritage Credit Union
IMAGINE MORE

REPORT OF THE DIRECTORS

For the financial year ended 30 September 2020

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

PRINCIPAL ACTIVITY

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

AUTHORISATION

The credit union is authorised as follows:

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

BUSINESS REVIEW

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

DIVIDENDS AND LOAN INTEREST REBATES

The directors are not proposing a dividend or loan interest rebate in respect of the year ended 30 September 2020 (2019: proposed dividend of €59,778 (0.05%) and a proposed loan interest rebate of €154,200 (5.00% on standard rate loans)).

PRINCIPAL RISKS AND UNCERTAINTIES

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

Credit risk

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

Lack of loan demand

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

Market risk

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

Liquidity risk

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

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed processes or systems of the credit union, any failure by persons connected with the credit union or from external events.

These risks are managed by the board of directors as follows:

Credit risk

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

Lack of Loan Demand

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

Market Risk

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

Liquidity Risk

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

Operational Risk

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

ACCOUNTING RECORDS

The directors believe that they comply with the requirements of Section 108 of the Credit Union Act, 1997 (as amended) with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The books of account of the credit union are maintained at the credit union's premises at Credit Union House, Main Street, Rathfarnham, Dublin 14.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

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

- b. At 30 September 2020, the credit union is at an advanced stage of a proposed Transfers of Engagements process with Halston Street Credit Union Limited and Miltown-Clonskeagh Credit Union Limited. The proposed Transfers of Engagements process is expected to complete in the coming weeks.

AUDITORS

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

This report was approved by the board on 27/10/2020 and signed on its behalf by:

Paul Moran
Chairperson of the Board of Directors

Aisling Vaughan
Member of the Board of Directors

Date: 27/10/2020



€21.2M
TOTAL RESERVES

DIRECTORS' RESPONSIBILITIES STATEMENT

For the financial year ended 30 September 2020

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

In preparing those financial statements the directors are required to:

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

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

This statement was approved by the board on 27/10/2020 and signed on its behalf by:

Paul Moran
Chairperson of the Board of Directors

Aisling Vaughan
Member of the Board of Directors

Date: 27/10/2020



€158M
TOTAL ASSETS

BOARD OVERSIGHT COMMITTEE'S RESPONSIBILITIES STATEMENT

For the financial year ended 30 September 2020

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

This statement was approved by the board oversight committee on 27/10/2020 and signed on its behalf by:

Fearghal Kearney
Member of the Board Oversight Committee

Date: 27/10/2020

ARE YOU CREATING
A HOME OFFICE
SPACE?



We are member focused
and local

TALK TO US FIRST

Heritage Credit Union


Tel: 01 490 0162 Email: info@heritagecu.ie Web: www.heritagecu.ie

Rathfarnham Village | Capel Street | Fortfield | Harold's Cross | Nutgrove Shopping Centre | Rialto | Thomas Street | Walkinstown | Windy Arbour

*Promotional Terms and Conditions apply. Full list of promotional terms and conditions are available at any of our offices. Heritage Credit Union Limited is regulated by the Central Bank of Ireland.

We say yes to
98% loan*
applications.

Home Improvement
Loan*
PROMOTION
7.63%
(7.9% APR)

Register for our on-line
banking today and avail
of our many on-line
services. 



**ARE YOU
THINKING OF
TRADING UP?**

Car Loan*
PROMOTION
7.63%
(7.9% APR)



**We are member focused
and local**

TALK TO US FIRST

**We say yes to
98% loan*
applications.**

**Register for our on-line
banking today and avail
of our many on-line
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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HERITAGE CREDIT UNION LIMITED

Opinion

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

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

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

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ('ISAs (Ireland)') and applicable law. Our responsibilities under those standards are further described in the responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of

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

Conclusions relating to going concern

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

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

Other information

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

INDEPENDENT AUDITORS' REPORT

To the members of Heritage Credit Union Limited
(continued)

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

Matters on which we are required to report by the Credit Union Act, 1997 (as amended)

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

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

Responsibilities of directors for the financial statements

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

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

Responsibilities of the auditor for the audit of the financial statements

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

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

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

auditors' report. However, future events or conditions may cause the credit union to cease to continue as a going concern.

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

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.

The purpose of our audit work and to whom we owe our responsibilities

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

DENISE O'CONNELL FCA FOR AND ON BEHALF OF GRANT THORNTON

Chartered Accountants
& Statutory Audit Firm,
Mill House,
Henry Street,
Limerick.

Date: 27/10/2020



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- View Statement
- Apply for Loan
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- Draw Down Loan

INSURANCE FOR MEMBERS



LIFE SAVINGS



LOAN PROTECTION



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FOREIGN EXCHANGE


BILL PAY


FREE WILL MAKING

**YOU ARE A MEMBER NOT JUST A NUMBER
HERE FOR YOU AND YOURS ALWAYS** 

INCOME AND EXPENDITURE ACCOUNT

For the financial year ended 30 September 2020

		2020	2019
INCOME	Schedule	€	€
Interest on members' loans		3,942,848	3,781,911
Members' deposit and other interest expense and similar charges		(110)	(122)
Other interest income and similar income	1	824,666	1,429,202
NET INTEREST INCOME		4,767,404	5,210,991
Other income	2	32,112	52,549
TOTAL INCOME		4,799,516	5,263,540
EXPENDITURE			
Employment costs		1,488,555	1,435,561
Other management expenses	3	2,335,971	2,147,315
Depreciation		186,177	188,647
Net impairment losses on loans to members (note 5)		564,105	130,974
TOTAL EXPENDITURE		4,574,808	3,902,497
SURPLUS FOR THE FINANCIAL YEAR		224,708	1,361,043

The financial statements were approved and authorised for issue by the board on 27/10/2020 and signed on behalf of the credit union by:

Paul Moran
Member of the
Board of Directors

Fearghal Kearney
Member of the Board
Oversight Committee

Al McCauley
Chief Executive Officer

Date: 27/10/2020

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the financial year ended 30 September 2020

	2020	2019
	€	€
Surplus for the financial year	224,708	1,361,043
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	224,708	1,361,043

The financial statements were approved and authorised for issue by the board on 27/10/2020 and signed on behalf of the credit union by:

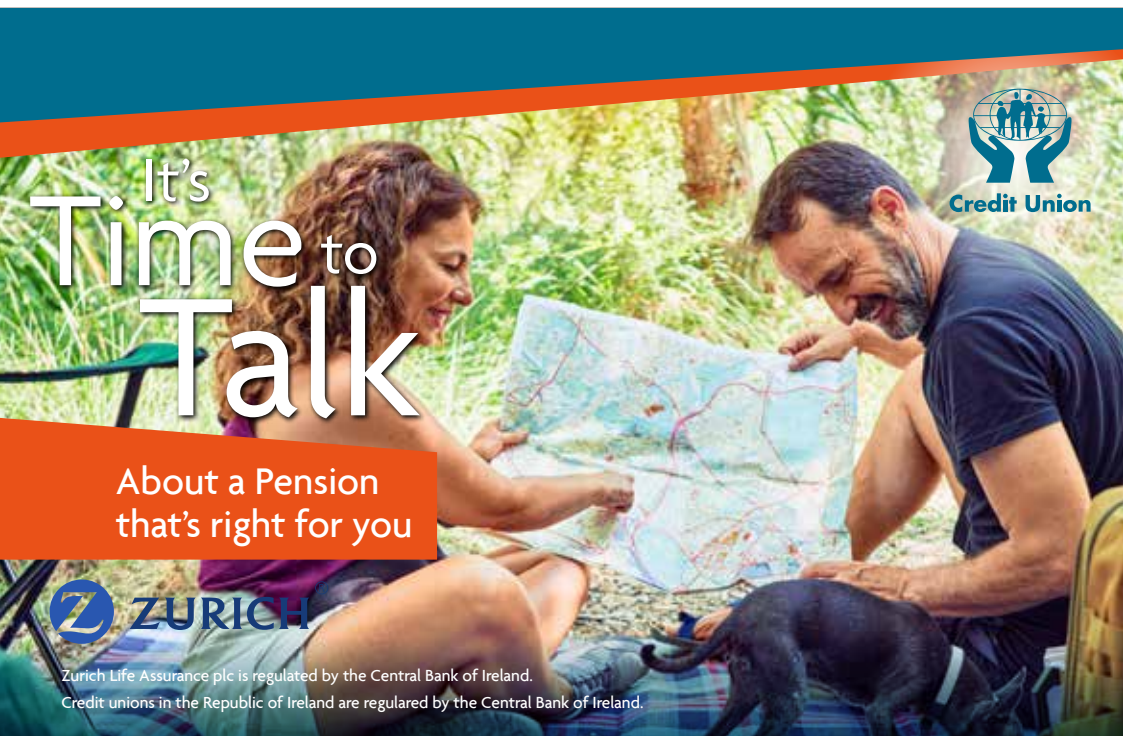
Paul Moran
Member of the
Board of Directors

Fearghal Kearney
Member of the Board
Oversight Committee

Al McCauley
Chief Executive Officer

Date: 27/10/2020

The notes on pages 26 to 41 form part of these financial statements



It's Time to Talk

About a Pension
that's right for you



BALANCE SHEET

As at 30 September 2020

		2020	2019
ASSETS	Notes	€	€
Cash and balances at bank		5,252,635	1,785,567
Deposits and investments – cash equivalents	7	19,369,605	39,177,049
Deposits and investments – other	7	90,147,073	60,404,142
Loans to members	8	43,608,623	44,768,059
Provision for bad debts	9	(3,684,201)	(3,229,203)
Tangible fixed assets	10	2,797,290	2,876,431
Debtors, prepayments and accrued income	11	920,493	823,249
TOTAL ASSETS		158,411,518	146,605,294
LIABILITIES			
Members' shares	12	133,553,984	121,922,371
Members' deposits and Thrift accounts	12	2,912,432	2,619,523
Other liabilities, creditors, accruals and charges	13	679,401	815,144
Other provisions	14	19,285	16,748
TOTAL LIABILITIES		137,165,102	125,373,786
RESERVES			
Regulatory reserve	16	16,168,186	15,368,186
Operational risk reserve	16	997,125	880,246
Other reserves			
- Realised reserves	16	3,944,674	4,817,261
- Unrealised reserves	16	136,431	165,815
TOTAL RESERVES		21,246,416	21,231,508
TOTAL LIABILITIES AND RESERVES		158,411,518	146,605,294

The financial statements were approved and authorised for issue by the board on 27/10/2020 and signed on behalf of the credit union by:

Paul Moran
Member of the
Board of Directors

Fearghal Kearney
Member of the Board
Oversight Committee

Al McCauley
Chief Executive Officer

Date: 27/10/2020

STATEMENT OF CHANGES IN RESERVES

For the financial year ended 30 September 2020

	Regulatory reserve	Operational risk reserve	Realised reserves	Unrealised reserves	Total
	€	€	€	€	€
As at 1 October 2018	15,268,186	789,319	3,895,465	169,394	20,122,364
Surplus for the financial year	100,000	90,927	1,155,093	15,023	1,361,043
Dividends paid and loan interest rebates paid	-	-	(251,899)	-	(251,899)
Transfers between reserves	-	-	18,602	(18,602)	-
As at 1 October 2019	15,368,186	880,246	4,817,261	165,815	21,231,508
Surplus for the financial year	94,000	116,879	228	13,601	224,708
Dividends paid and loan interest rebates paid	-	-	(209,800)	-	(209,800)
Transfer between reserves	706,000	-	(663,015)	(42,985)	-
As at 30 September 2020	16,168,186	997,125	3,944,674	136,431	21,246,416

- The regulatory reserve of the credit union as a percentage of total assets as at 30 September 2020 was 10.21% (2019: 10.48%).
- The operational risk reserve of the credit union as a percentage of total assets as at 30 September 2020 was 0.63% (2019: 0.60%).

The notes on pages 26 to 41 form part of these financial statements

STATEMENT OF CASH FLOWS

For the financial year ended 30 September 2020

	Notes	2020 €	2019 €
Opening cash and cash equivalents		40,962,616	26,910,807
Cash flows from operating activities			
Loans repaid by members	8	22,273,926	22,789,258
Loans granted to members	8	(21,534,687)	(26,991,835)
Interest on members' loans		3,942,848	3,781,911
Deposit interest paid		(110)	(122)
Other interest income and similar income		824,666	1,429,202
Bad debts recovered and recoveries		311,090	339,562
Dividends paid		(57,929)	(110,931)
Loan interest rebates paid		(151,871)	(140,968)
Other income		32,112	52,549
Operating expenses		(3,824,526)	(3,582,876)
Movement in other assets and liabilities		(230,450)	(3,149)
Net cash flows from operating activities		1,585,069	(2,437,399)
Cash flows from investing activities			
Fixed asset (purchases)/disposals		(107,036)	(75,652)
Net cash flow from other investing activities		(29,742,931)	10,973,978
Net cash flows from investing activities		(29,849,967)	10,898,326
Cash flows from financing activities			
Members' savings received	12	43,988,536	41,000,187
Members' savings withdrawn	12	(32,064,014)	(35,409,305)
Net cash flow from financing activities		11,924,522	5,590,882
Net increase in cash and cash equivalents		(16,340,376)	14,051,809
Closing cash and cash equivalents	6	24,622,240	40,962,616

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

1 LEGAL AND REGULATORY FRAMEWORK

Heritage Credit Union Limited is registered with the Registry of Credit Unions and is regulated by the Central Bank of Ireland. The registered office of the credit union is located at Credit Union House, Main Street, Rathfarnham, Dublin 14.

2 ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2. Statement of compliance

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

2.3. Going concern

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

2.4. Income

Interest on members’ loans

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

Deposit and investment income

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

Other income

Other income is recognised on an accruals basis.

2.5. Cash and cash equivalents

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

2.6. Investments

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

Held at amortised cost

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

Central Bank Deposits

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

Investments at fair value

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

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

2.7. Financial assets – loans to members

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

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

2.8. Provision for bad debts

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

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

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

2.9. Tangible fixed assets

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

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Freehold premises	2% straight line per annum
Fixtures and equipment	20% straight line per annum
Computers	33.33% straight line per annum

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020
(CONTINUED)

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.

2.10. Impairment of assets

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

2.11. Other receivables

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

2.12. Members' deposits

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

2.13. Financial liabilities – members' shares and members' deposits and thrift accounts

Members' shares, members' deposits and thrift 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.

2.14. Other payables

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

2.15. Pension costs

The credit union operates a defined contribution pension scheme. The assets of these schemes are held separately from those of the credit union in independently administered funds. Employer contributions to the scheme are charged to the income and expenditure account in the period to which they relate.

2.16. Holiday pay

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

2.17. Derecognition of financial liabilities

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

2.18. Regulatory reserve

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

2.19. Operational risk reserve

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

The definition of operational risk is the risk of losses stemming from inadequate or failed internal processes, people and systems or from external events. The directors have considered the requirements of the Act and have considered an approach to the calculation of the operational

risk reserve. The credit union 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. Therefore the credit union will hold an operational risk reserve which will at a minimum equal 15% of the average positive gross income for the previous three years. For any year in which there was a deficit, this will be excluded from the calculation.

2.20. Other reserves

Other reserves are the accumulated surpluses to date that have not been declared as dividends returnable to members. The other reserves are subdivided into realised and unrealised. In accordance with the Central Bank guidance note for credit unions on matters relating to accounting for investments and distribution policy, investment income that has been recognised but will not be received within 12 months of the balance sheet date is classified as “unrealised” and is not distributable. A reclassification between unrealised and realised is made as investments come to within 12 months of maturity date. The directors have deemed it appropriate that interest on loans receivable at the balance sheet date is also classified as “unrealised” and is not distributable. All other income is classified as “realised”.

2.21. Distribution policy

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

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

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

- members’ legitimate dividend and loan interest rebate expectations all dominated by prudence and the need to sustain the long-term welfare of the credit union.

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

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

2.22 Taxation

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

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

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

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

The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The directors regularly review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation charge for the financial year. The net book value of tangible fixed assets subject to depreciation at the year end was €2,797,290 (2019: €2,876,431).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020
(CONTINUED)

Provision for bad debts

The credit union's accounting policy for impairment of loans is set out in the accounting policy in note 2.8. The estimation of loan losses is inherently uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local and international economic climates, conditions in various sectors of the economy to which the credit union is exposed, and, other external factors such as legal and regulatory requirements. The provision for bad debts in the financial statements at the year end was €3,684,201 (2019: €3,229,203) representing 8.45% (2019: 7.21%) of the total gross loan book.

Operational risk reserve

The directors have considered the requirements of the Credit Union Act, 1997 (as amended) and have considered an approach to the calculation of the operational risk reserve. The credit union 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 minimum operational risk reserve. The operational risk reserve of the credit union at the year end was €997,125 (2019: €880,246).

Adoption of going concern basis for financial statements preparation

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

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4. KEY MANAGEMENT PERSONNEL COMPENSATION

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

	2020	2019
	€	€
Short term employee benefits paid to key management	406,508	357,276
Payments to pension schemes	23,401	18,950
Total key management personnel compensation	429,909	376,226

5. NET IMPAIRMENT LOSSES ON LOANS TO MEMBERS

	2020	2019
	€	€
Bad debts recovered	(230,279)	(262,297)
Impairment of loan interest reclassified as bad debt recoveries	(80,811)	(77,265)
Movement in bad debts provision during the year	454,998	165,234
Loans written off during the year	420,197	305,302
Net impairment losses on loans to members	564,105	130,974

6. CASH AND CASH EQUIVALENTS

	2020	2019
	€	€
Cash and balances at bank	5,252,635	1,785,567
Deposits & investments (note 7)	109,516,678	99,581,191
Less: Deposit & investment amounts maturing after three months	(90,147,073)	(60,404,142)
Total cash and cash equivalents	24,622,240	40,962,616

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020
(CONTINUED)

7. DEPOSITS AND INVESTMENTS

	2020	2019
	€	€
Deposits and investments – cash equivalents		
Accounts in authorised credit institutions (Irish and non-Irish based)	19,369,605	39,177,049
Total deposits and investments – cash equivalents	19,369,605	39,177,049
Deposits and investments – other		
Accounts in authorised credit institutions (Irish and non-Irish based)	52,059,794	41,515,620
Irish and EEA state securities	3,358,098	3,376,593
Bank bonds	25,691,320	12,975,254
Central Bank deposits	7,541,580	1,041,581
Other	1,496,281	1,495,094
Total deposits and investments – other	90,147,073	60,404,142
Total deposits and investments	109,516,678	99,581,191

8. FINANCIAL ASSETS – LOANS TO MEMBERS

	2020	2019
	€	€
As at 1 October	44,768,059	40,870,784
Loans granted during the year	21,534,687	26,991,835
Loans repaid during the year	(22,273,926)	(22,789,258)
Gross loans and advances	44,028,820	45,073,361
Bad debts		
Loans written off during the year	(420,197)	(305,302)
As at 30 September	43,608,623	44,768,059

9. PROVISION FOR BAD DEBTS

	2020	2019
	€	€
As at 1 October	3,229,203	3,063,969
Movement in bad debts provision during the year	454,998	165,234
As at 30 September	3,684,201	3,229,203

The provision for bad debts is analysed as follows:

	2020	2019
	€	€
Grouped assessed loans	3,684,201	3,229,203
Provision for bad debts	3,684,201	3,229,203

10. TANGIBLE FIXED ASSETS

	Freehold Premises €	Fixtures & Equipment €	Computers €	Total €
COST				
1 October 2019	5,155,240	663,554	611,633	6,430,427
Additions	-	49,847	57,189	107,036
At 30 September 2020	5,155,240	713,401	668,822	6,537,463
DEPRECIATION				
1 October 2019	2,431,418	574,498	548,080	3,553,996
Charge for year	89,849	44,897	51,431	186,177
At 30 September 2020	2,521,267	619,395	599,511	3,740,173
NET BOOK VALUE				
At 30 September 2020	2,633,973	94,006	69,311	2,797,290
At 30 September 2019	2,723,822	89,056	63,553	2,876,431

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020
(CONTINUED)

11. DEBTORS, PREPAYMENTS AND ACCRUED INCOME

	2020	2019
	€	€
Loan interest receivable	124,037	117,714
Prepayments	165,054	184,958
Accrued income on investments	530,748	431,742
Other debtors	100,654	88,835
As at 30 September	920,493	823,249

12. MEMBERS' SAVINGS

	2020	2019
	€	€
As at 1 October	124,541,894	118,951,012
Received during the year	43,988,536	41,000,187
Withdrawn during the year	(32,064,014)	(35,409,305)
As at 30 September	136,466,416	124,541,894

Member Savings are analysed as follows:

Members' shares	133,553,984	121,922,371
Members' deposits/thrift accounts	2,912,432	2,619,523
Total members' savings	136,466,416	124,541,894

13. OTHER LIABILITIES, CREDITORS, ACCRUALS AND CHARGES

	2020	2019
	€	€
Accruals	596,680	745,591
PAYE/PRSI	34,721	31,273
Cash draw	48,000	38,280
As at 30 September	679,401	815,144

14. OTHER PROVISIONS

	2020	2019
	€	€
Holiday pay accrual		
At 1 October	16,748	12,338
Charged to the income and expenditure account	2,537	4,410
As at 30 September	19,285	16,748

15. FINANCIAL INSTRUMENTS

15a. Financial instruments – measured at amortised cost	2020	2019
	€	€
Financial assets		
Financial assets measured at amortised cost	126,587,114	134,086,176
	2020	2019
Financial liabilities	€	€
Financial liabilities measured at amortised cost	137,165,102	125,373,786

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

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

15b. Financial instruments – fair value measurements

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020
(CONTINUED)

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

At 30 September 2020	Total	Level 1	Level 2	Level 3
	€	€	€	€
Accounts in Authorised Credit Institutions	29,413,335	-	29,413,335	-
Bank Bonds	3,008,889	-	3,008,889	-
Total	32,422,224	-	32,422,224	-

At 30 September 2019	Total	Level 1	Level 2	Level 3
	€	€	€	€
Accounts in Authorised Credit Institutions	9,560,329	-	9,560,329	-
Bank Bonds	3,008,889	-	3,008,889	-
Total	12,569,218	-	12,569,218	-

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

16. RESERVES

	Balance 01/10/19	Payment of dividends and loan interest rebates	Appropriation of current Year surplus	Transfers between reserves	Balance 30/09/20
	€	€	€	€	€
Regulatory reserve	15,368,186	-	94,000	706,000	16,168,186
Operational risk reserve	880,246	-	116,879	-	997,125
OTHER RESERVES					
Realised					
General reserve	4,483,283	-	228	(538,837)	3,944,674
Special reserve: proposed dividends and loan interest rebates	213,978	(209,800)	-	(4,178)	-
Future dividend reserve	120,000	-	-	(120,000)	-
Total realised reserves	4,817,261	(209,800)	228	(663,015)	3,944,674
Unrealised					
Interest on loans reserve	117,714	-	6,323	-	124,037
Investment income reserve	48,101	-	7,278	(42,985)	12,394
Total unrealised reserves	165,815	-	13,601	(42,985)	136,431
Total reserves	21,231,508	(209,800)	224,708	-	21,246,416

17. CREDIT RISK DISCLOSURES

In line with regulatory requirements, the credit union:

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

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

	2020		2019	
	€	%	€	%
LOANS NOT IMPAIRED				
Total loans not impaired, not past due	34,955,754	80.16%	38,634,836	86.30%
IMPAIRED LOANS:				
Not past due	1,305,093	2.99%	289,898	0.65%
Up to 9 weeks past due	4,342,591	9.96%	3,978,737	8.89%
Between 10 and 18 weeks past due	957,476	2.19%	677,788	1.51%
Between 19 and 26 weeks past due	731,176	1.68%	362,346	0.81%
Between 27 and 39 weeks past due	593,239	1.36%	192,644	0.43%
Between 40 and 52 weeks past due	199,833	0.46%	119,214	0.27%
53 or more weeks past due	523,461	1.20%	512,596	1.14%
Total impaired loans	8,652,869	19.84%	6,133,223	13.70%
TOTAL LOANS	43,608,623	100.00%	44,768,059	100.00%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020
(CONTINUED)

18. RELATED PARTY TRANSACTIONS

18a. Loans

	2020		2019	
	No. of loans	€	No. of loans	€
Loans advanced to related parties during the year	3	20,865	-	-
Total loans outstanding to related parties at the year end	4	18,570	3	11,956
Total provision for loans outstanding to related parties		159		69

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

Total loans outstanding to related parties represents 0.04% of the total loans outstanding at 30 September 2020 (2019: 0.03%).

18b. Savings

The total amount of savings held by related parties at the year end was €227,567 (2019: €247,936).

19. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES

19a. Financial risk management

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

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

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

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

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

19b. Liquidity risk disclosures

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

19c. Interest rate risk disclosures

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

	2020		2019	
	€	Average Int Rate %	€	Average Int Rate %
Gross loans to members	43,608,623	9.08%	44,768,059	9.13%

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

20. RATE OF INTEREST PAID ON MEMBERS' DEPOSIT ACCOUNTS

	2020		2019	
	%	€	%	€
Interest on deposits	0.02%	110	0.02%	122

21. DIVIDENDS AND LOAN INTEREST REBATES

The following distributions were made during the year:

	2020		2019	
	%	€	%	€
Dividends on shares	0.05%	57,929	0.10%	110,931
Loan interest rebates (on standard rate loans)	5.00%	151,871	5.00%	140,968

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

	2020		2019	
	%	€	%	€
Dividends on shares	0.00%	-	0.05%	59,778
Loan interest rebates (on standard rate loans)	0.00%	-	5.00%	154,200

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020
(CONTINUED)

22. EVENTS AFTER THE END OF THE FINANCIAL YEAR

- a. Since the year end the COVID-19 pandemic has continued to have a direct effect on the credit union, the economy and the general population. The directors and management are closely monitoring the evolution of the pandemic, and while there is no clear indication as to when the impact will be curtailed or eliminated, they will continue to take appropriate actions to mitigate any possible adverse effects on the credit union, on its officers and on its members.
- b. At 30 September 2020, the credit union is at an advanced stage of proposed Transfers of Engagements processes with Halston Street Credit Union Limited and Miltown-Clonskeagh Credit Union Limited. The proposed Transfers of Engagements process are expected to complete in the coming weeks.

23. INSURANCE AGAINST FRAUD

The credit union has Insurance against fraud in the amount of €5,200,000 (2019: €5,200,000) in compliance with Section 47 of the Credit Union Act, 1997 (as amended).

24. CAPITAL COMMITMENTS

There were no capital commitments at 30 September 2020.

25. CONTINGENT LIABILITIES

In September 2018, the Registry of Credit Unions advised all credit unions of a potential matter in relation to accrued interest outstanding on certain top-up loans which may have led to a potential over-collection of interest. The credit union is progressing a review of this matter to ascertain whether any

At Heritage Credit Union, our members can avail of our **Green Home Improvement Loan** to carry out a range of green home improvements which include:



Cavity Wall
Insulation



Solid Wall
Insulation



Loft
insulation



Replacing an oil
or gas boiler



Solar Photovoltaic
(PV) Panels

top-up loans made to members might be impacted by these circumstances, and if so, to determine what actions may need to be taken. It is expected that the credit union will finalise its review over the coming months. Consequently it is impracticable at this time to estimate the impact, financial or otherwise, if any, of this matter and whether any net amounts will become payable or not in the future.

26. COMPARATIVE INFORMATION

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

27. APPROVAL OF FINANCIAL STATEMENTS

The board of directors approved these financial statements for issue on 27/10/2020.

The following schedules do not form part of the statutory financial statements which are the subject of the Independent Auditors' Report on pages 17 to 19.

SCHEDULES TO THE INCOME AND EXPENDITURE ACCOUNT

For the financial year ended 30 September 2020

SCHEDULE 1 OTHER INTEREST INCOME AND SIMILAR INCOME

	2020	2019
	€	€
Investment income and gains received/receivable within 1 year	817,388	1,414,179
Investment income receivable outside of 1 year	7,278	15,023
Total per income and expenditure account	824,666	1,429,202

SCHEDULE 2 OTHER INCOME

	2020	2019
	€	€
Commission and fees	31,549	33,540
Paypoint	563	621
ECCU rebate	-	18,388
Total per income and expenditure account	32,112	52,549

SCHEDULES TO THE INCOME AND EXPENDITURE ACCOUNT

For the financial year ended 30 September 2020
(CONTINUED)

SCHEDULE 3 OTHER MANAGEMENT EXPENSES

	2020	2019
	€	€
Rates	56,052	69,766
Light, heat, canteen and cleaning	79,534	75,405
Repairs and maintenance	89,386	79,153
Security costs	25,545	24,468
Printing and stationery	37,360	42,067
Postage and telephone	43,767	46,112
Donations and sponsorship	36,189	48,909
Debt collection	23,535	28,762
Promotion and advertising	71,407	92,269
Training costs	32,673	52,386
Convention expenses	-	1,686
AGM expenses	36,627	39,430
Travel and subsistence	9,715	16,845
Audit fee	21,325	21,525
General insurance	59,874	55,190
Share and loan insurance, DBI and SPS contributions	729,856	686,311
Pension	142,149	116,420
Legal and professional fees	267,660	151,488
Computer maintenance	208,165	136,554
Miscellaneous expenses	7,162	6,781
Affiliation fees	44,250	52,000
Bank charges	73,253	77,275
Regulatory levies and charges	240,487	226,513
Total per income and expenditure account	2,335,971	2,147,315

HERE FOR YOU AND YOURS ALWAYS 



SCHEDULE 4 CASH DRAW INCOME AND EXPENDITURE ACCOUNT

	2020	2019
	€	€
Opening Balance 1 October	38,280	44,420
Receipts	117,040	107,310
Disbursements	(107,320)	(113,450)
As at 30 September	48,000	38,280

SCHEDULE 5 LIST OF INVESTMENTS AT 30 SEPTEMBER 2020

	Amount €	% of Total	Credit Rating
AIB Group	1,008,642	1%	A2
Bank of Ireland Group	2,300,000	2%	A2
BBVA SA	4,000,000	4%	A2
BNP Paribas	8,567,832	8%	Aa3
Government of Portugal	3,358,098	3%	Baa3
Banco Sabadell SA	11,340,327	11%	Baa3
Barclays plc	14,500,000	14%	A2
Investec Bank plc	3,500,000	3%	A1
Deutsche Bank AG	500,000	1%	A3
Goldman Sachs	14,750,000	15%	A1
Natwest Group	20,033,475	20%	A3/Baa2
PTSB Group	14,013,535	14%	Baa2
Lloyds Banking Group	3,301,989	3%	A1
Rabobank	301,200	0%	Aa3
Societe Generale	500,000	1%	A1
Sub-total	101,975,098	100%	
CBI Minimum Reserve	7,541,580		
Total	109,516,678		

REPORT OF THE BOARD OVERSIGHT COMMITTEE

The Board Oversight Committee (“BOC”) operates as an independent function within Heritage Credit Union. The main purpose of the BOC is to oversee, on behalf of the members, the performance of the Board of Directors in carrying out their functions, through assessing performance and compliance of the Board with legislation and regulations from the Central Bank. The BOC has authority vested in it by the Credit Union Acts 1997 to 2012 to allow it be an independent voice in the members’ interest if and as required.

The principal function of the BOC, as defined by the Credit Union Acts 1997 to 2012, is to assess if the Board has operated in accordance with Part IV of the Act. This relates to the duties and responsibilities assigned to the Board of Directors. The BOC also monitors how well the Board activities are performed. This involves attending all Board meetings and reviewing communication and documentation. We conduct monthly meetings and review the correspondences, meeting minutes, reports, policies and other communications as appropriate. The performance of the subcommittees and both the individual and collective workings of the Board are considered on an ongoing basis and reported back to the Board four times a year at meetings held specifically for that purpose.

I am pleased to report that the Board, despite the challenges of operating under a pandemic, continued to conduct Board meetings virtually throughout 2020. The Board makes prudent use of external advice to complement the experience and skillsets of its members. Professional discussion takes place, and this committee is satisfied that the Board functions in the members best interests.

The BOC ensure that we have excellent governance structures in place and continue to improve our knowledge on governance by keeping technically up to date through attendance at Continuing Professional Development Courses including CU Learn.

Ruth O’Sullivan
Chairperson, Board Oversight Committee

THREE OF OUR 2020 SCHOLARSHIP AWARD WINNERS!



Katie Gerrard



Fionn Whelan



Ellen Yarr

REPORT OF THE CREDIT COMMITTEE

The Credit Committee meet on a weekly basis to oversee the lending process, reviewing samples of applications which have been approved to ensure that lending policies are correctly and fairly applied. When loans are granted, we ensure the correct documentation is supplied and that the member can afford to pay the loan within their current financial circumstances.

Our Lending Policy and procedures are reviewed and updated annually.

2020 was a very different and challenging year due to Covid-19 and although the level of loans issued was down on 2019, we are pleased to report that the year was stronger than we anticipated with €21,534,687 issued in loans across seven branches.

The tables below show the range of loan purposes and the activity over the past two years.

Loan issued by Purpose	2020		2019	
	Volume	€	Volume	€
Home Improvements	1,854	8,903,044	3,107	13,750,717
Car Purchase / Repair	1,287	6,563,093	1,369	7,665,217
Holidays	1,107	2,462,856	1,248	1,933,858
Christmas	451	547,910	551	590,135
Funeral Expenses	250	345,565	99	155,740
Education	233	515,506	357	794,131
Medical	147	388,090	295	663,529
PMC Loans	124	73,836	157	98,580
Communion / Confirmation	115	204,767	81	68,870
Weddings	110	1,030,046	162	814,935
Debt Consolidation	35	349,974	58	306,123
Mortgages	1	150,000	1	150,000
Grand total	5,714	21,534,687	7,485	26,991,835

Loans Issued by Value	2020		2019	
	Volume	€	Volume	€
0 - 500	1,031	397,615	1,322	527,722
501 - 1,000	1,245	1,086,767	1,589	1,384,767
1,001 - 3,000	1,777	3,688,878	2,429	5,011,558
3,001 - 5,000	661	2,932,143	898	3,924,006
5,001 - 10,000	579	4,653,421	771	6,147,516
10,001 - 25,000	339	5,384,849	386	6,268,700
25,001 - 50,000	69	2,383,014	76	2,629,443
50,001 - 100,000	12	858,000	13	948,123
Over 100,000	1	150,000	1	150,000
Grand total	5,714	21,534,687	7,485	26,991,835

Loans are granted primarily on the member's ability to repay. When applying for a loan you must provide the documentation to demonstrate the ability to repay. This may include payslips and bank statements.

Loans are approved from Monday through to Saturday and members now have the facility to apply online and even collect their approved loan online using a digital signature. This is especially important in current times.

Since the year-end we have added two additional branches to our Credit Union and members now have the option of 9 different offices to repay their loans or apply for a loan, in addition to our online offerings. Our friendly and experienced staff are always on hand to answer any queries you may have regarding loans and repayments.

The Credit Committee would like to thank staff and management for their help and support throughout this difficult year. We would especially like to thank the members, who save and borrow with us.

Anne Carroll, Mary Cullen, Marie Kelly, Denis Kehoe

LEGAL NOTICES

What follows describes a number of legal notices which we need to communicate to you. All of them are on display in our offices, on our website or available over the counter. We have tried to write them in plain English insofar as the law permits. If after reading any of them there are some matters that you are unhappy with or do not fully understand, please ask and we will be delighted to help you as best we can.

1. GDPR

By now everybody knows that the General Data Protection Regulation 2018 ("GDPR") came into force on 25th May 2018. We undertook a major exercise to ensure that we were fully compliant with the new rules. We have a privacy statement which describes how we collect, generate, process, use, disclose, keep secure or when necessary destroy the information we hold about people and we encourage you to read it.

There are 2 matters in particular which we want to draw to your attention. One is that we will conduct credit checks against both the Central Credit Register ("CCR") and the Irish Credit Bureau ("ICB") for virtually all loans above €500. The law requires us to conduct a CCR check on ALL loans over €2,000 even if the loan is fully secured by shares.

Although not legally required, we also conduct CCR and ICB checks on all loans above shares. The legal basis for this under GDPR is Legitimate Interests i.e. we believe it is in our legitimate interests to perform such checks before approving any loan application and committing to communicate borrowers' repayment records to ICB and CCR throughout the lifetime of their loans. Under GDPR loan applicants have the right to object to this but such objections are likely to lead to the rejection of the application.

The second matter relates to how we keep you informed about our evolving range of products and services. From time to time we shall write to you, by post or email or text message, informing you of new loan products, new interest rates, new services that we offer to members or other information about your credit union. We do not view this as direct marketing which under GDPR requires explicit consent, rather it is informing you in your capacity as a shareholder in the credit union which GDPR permits under the Legitimate Interests basis. However, every time we contact you via email or text, we shall give you the right to opt out of such communications.

2. Asking you for up-to-date proof of identity and/or address

S54(3) of the Criminal Justice Money Laundering & Terrorist Financing) Act 2010 (as amended) requires us to keep the identity and address documentation we hold about you up-to-date. Therefore, from time to time we may request up-to-date proof of identity and address either when you are conducting business at the counter or otherwise. We don't do this lightly and won't do it more than is absolutely necessary however the law does oblige us to do so.

3. Receiving the credit union's annual financial statements and AGM notices by email rather than post

In an effort to reduce the cost of printing and posting annual financial statements we are asking all members to consent to receive these by email. However important principles apply

- a. No member will be forced to receive these by email. All members will continue to receive these by post until they consent to receive them by email only in writing.
- b. The law requires that the only email addresses we use for this are personal addresses. Therefore we are allowed to send them to email address such as paddymurphy123@outlook.com but not SalesManager@Bigbusiness.com.
- c. Any member who opts to receive these by email only can change their mind at any time.

Furthermore, in an effort to maximise attendance at our annual AGM we plan to send reminders of these by both email and text as the date approaches. The legal basis under GDPR which we will be using is Legitimate Interests because it is in your interest to be reminded of the forthcoming meeting so that you can attend and exercise your rights under law. However, every time we do this, we shall give you an easy way of opting out of these text messages if you prefer.

4. Deposit Guarantee Scheme

Under the European Communities (Deposit Guarantee Schemes) Regulations, 1995 all member savings up to €100,000 per member are guaranteed by the State. The law obliges us to provide you with a Deposit Information Notice annually and this can be found elsewhere in this booklet as well as on our website.

5. S53 Notice

The European Communities (Payment Services) Regulations 2009 requires that we provide you with what is called a S53 Framework Contract describing how we process transactions into and out of your account, as well as other matters such as who bears losses due to fraud or error. With more and more EFTs into and out of members' account the risks of fraud or error are increasing so this is important. For example, if you give us an incorrect IBAN of an account to which you ask us to send funds, if loss ensues you will be responsible but if you give us a correct number and we send it to a wrong account, we will be responsible.

The notice is on display in our office, on our website or available over the counter. We strongly encourage you to read it. Processing is a technical matter and although it contains a lot of technical content, it is important and should be read. It is written in a manner which has to comply with law but as noted above, we have tried to draft it in plain English insofar as the legislation allows.

REPORT OF THE CREDIT CONTROL COMMITTEE

The function of the Credit Control Committee is to oversee the application of the Credit Control Policy of Heritage Credit Union and to ensure loan commitments are honoured by members. The Committee meets with the Credit Control function regularly to review and monitor all loans in arrears and works with them to take the appropriate steps in dealing with outstanding loans. Regular meetings are also held with the Credit Committee.

With the outbreak of the Covid-19 pandemic, a substantial amount of Credit Control time was spent supporting members who experienced temporary financial strain in meeting their loan repayments. Up to the end of the financial year, the Credit Union agreed 494 Covid19-related Temporary Repayment Flexibility Arrangements totalling €6.92 million. Borrowers could avail of a Temporary Repayment Flexibility Arrangement for an initial period of up to 3 months, but this was extendable on a case-by-case basis. Most borrowers who availed of this facility did not extend their Flexibility Arrangements beyond the initial three-month period. By the end of the financial year, the outstanding Covid-19 Flexibility Arrangements had reduced to 30 members with loans totalling €475,000.

The Committee wishes to stress the importance of maintaining contact with our Credit Union should any member have problems with their loan repayments. Contact should be made with our Credit Controller as early as possible to discuss their problem, in complete confidence, either by phone 01-4999848 or email creditcontrol@heritagecu.ie.

During the past financial year, loans totalling €420,197 were written off as bad debts, and €230,279 was recovered from loans previously written off. We are happy to report that some of the loans written off during the year have already re-commenced payments.

Even though a loan is written off members should be aware that the debt remains and is still owed to the Credit Union. The policy of the Credit Union is that all overdue debts are vigorously followed up by all possible means. Unfortunately, in some cases this may result in legal proceedings being initiated. However this only happens when all other avenues have been exhausted.

Our Credit Union is a member of the Irish Credit Bureau (ICB) and the arrears position on loans is reported on a monthly basis. We are also obliged to report the status of outstanding loans on a monthly basis to the Central Credit Register (CCR). Borrowers should be aware that failing to make their agreed repayments will have a negative impact on their capability to obtain credit in the future.

The Committee would like to thank all of our members who continue to meet their loan obligations. We also thank the Credit Control staff for their continued hard work and to the wider staff and management for their help and cooperation throughout the year. We would also like to thank Jane Kerley, who has recently stepped down from the committee, for her contribution to the committee's efforts over recent years, and we wish her well in the future.

Daphne Byrne, Helena Shanahan, Adrian O'Brien

REPORT OF THE MEMBERSHIP COMMITTEE

All membership applications are reviewed by the Membership Committee to ensure that individual credit union applicants are eligible for membership.

During the year 1,136 new members joined Heritage Credit Union, and an analysis by age range follows:

	2020	2019
Under 16	274	355
16-19	72	62
20-24	149	159
25-29	135	152
30-34	83	134
35-39	88	125
40-44	71	96
45-49	65	85
50-54	56	66
55-59	50	51
60-64	37	35
65-69	27	33
70-74	16	22
75-79	7	12
80-84	4	7
85+	2	5
Total	1,136	1,399

On 30th September 2020, our membership stood at 35,530.

To apply for membership a person must:

- Live, work, or attend an educational establishment in the area covered by our

Common Bond or be a family member sharing the same residence as an existing member.

- Provide evidence of identify such as Passport, Driving Licence, or official identity card.
- Provide evidence of address such as a household bill, bank statement or official headed document, all dated within six months prior to date of application.

Our school saving scheme operates in four Primary Schools: Loreto Primary School, St. Mary's Boys National School, Ballyronn Boys National School and Rathfarnham Parish National School. Regretfully, due to COVID-19 the savings scheme has had to be suspended.

We wish to extend our sincere sympathy to the families and friends of members who passed away during the year.

The Committee would like to thank all the members for their ongoing support of the credit union and ask for their assistance in spreading the credit union message to a wider audience.

We thank the management and staff for their assistance during the year.

Daphne Byrne, Christine Kennedy, Helena Shanahan, Alan Roche



BASIC INFORMATION ABOUT THE PROTECTION OF YOUR ELIGIBLE DEPOSITS

Eligible deposits in Heritage Credit Union Ltd are protected by:	the Deposit Guarantee Scheme (“DGS”) ⁽¹⁾
Limit of protection:	€100,000 per depositor per credit union
If you have more eligible deposits at the same credit union:	All your eligible deposits at the same credit union are ‘aggregated’ and the total is subject to the limit of €100,000
If you have a joint account with other person(s):	The limit of €100,000 applies to each depositor separately ⁽²⁾
Reimbursement period if the credit union fails	20 working days
Currency of reimbursement:	Euro
To contact the credit union for enquiries relating to your account:	Heritage Credit Union Ltd, Credit Union House, Main St, Rathfarnham, Dublin 14 Email: info@heritagecu.ie
To contact the DGS for further information on compensation:	Deposit Guarantee Scheme, Central Bank of Ireland, PO BOX 11517, Spencer Dock, North Wall Quay, Dublin 1 Tel: 1890 777777 Email: info@depositguarantee.ie
For more information:	www.depositguarantee.ie

(1) Scheme responsible for the protection of your deposit

Your savings are covered by a statutory deposit guarantee scheme. If insolvency should occur, you will be repaid up to €100,000.

This repayment covers at maximum €100,000 per person per credit union. This means that all eligible savings at the same credit union are added up in order to determine the coverage level. If, for instance, a member holds share with €90,000 and deposits with €20,000, (s)he will only be repaid €100,000.

(2) Limit of protection for joint accounts

In case of joint accounts, the limit of €100,000 applies to each member. However, eligible savings in an account to which two or more persons are entitled as members of a business partnership, association or grouping of a similar nature, without legal personality, are aggregated and treated as if made by a single member for the purpose of calculating the limit of €100,000.

In some cases eligible savings which are categorised as “temporary high balances” are protected above €100,000 for six months after the amount has been credited or from the moment when such they become legally transferable. These are savings relating to certain events which include:

- a. certain transactions relating to the purchase, sale or equity release in relation to a private residential property;
- b. sums paid to the member in respect of insurance benefits, personal injuries, disability and incapacity benefits, wrongful conviction, unfair dismissal, redundancy, and retirement benefits;
- c. the member’s marriage, judicial separation, dissolution of civil partnership, and divorce;
- d. sums paid to the member in respect of benefits payable on death; claims for compensation in respect of a person’s death or a legacy or distribution from the estate of a deceased person.

In general, all retail savings and businesses are covered by the Deposit Guarantee Scheme. Exceptions for certain savings are stated on the website of the Deposit Guarantee Scheme. Your credit union will also inform you on request whether certain savings are covered or not. If savings are eligible, the credit union shall also confirm this on the statement of account.

COMMUNITY AND MARKETING REPORT

We were delighted to see that once again in 2020, the Credit Union movement was named as the organisation offering the best customer experience by CX Ireland. The movement has now received this award for five years in a row - which is a first of its kind! and we would like to congratulate all of our colleagues within the movement for this exceptional achievement.

For us, January 2020 started with another successful AGM and Schools Quiz. Our 2020 Schools Quiz welcomed new schools, and year on year we remain highly impressed with the level of knowledge and skill within our common bond National Schools. Due to Covid restrictions, unfortunately this year, our Schools Quiz, a big part of our annual calendar has been postponed. However, for all our members who look forward to this event, we are delighted to be supporting the first ever “virtual” ILCU Monster Schools Quiz. This brand new virtual experience brings fun for all the family. Join in on the excitement and log on to www.creditunion.ie/news/schools-quiz to learn more!

Although a very different type of year, in 2020 we continued to provide the same level of sponsorship support to our local clubs, groups and schools within our common bond. We also supported a number of national charities and causes that raise awareness of those most vulnerable in our society, including Cycle Against Suicide and Make A Wish Foundation.

Following the announcement of the national restrictions in early 2020, we embarked on a unique campaign with our Dublin Credit Union colleagues to raise the profile of local businesses, including the local Credit Union, and how important it was for people to shop and support their local community, during a very difficult time in our history. It highlighted that by staying, borrowing and spending locally, we were supporting local and keeping our local shopkeepers in business and also keeping our family, friends and neighbours employed. This campaign was our way of supporting our local community and also reminding everyone that the Credit Union movement is here through good times and bad, not driven by profit and always putting our members first.

Working with our Dublin Credit Union colleagues, we reminded people that Together Everyone Achieves More. Our #staylocalborrowlocalspendlocal campaign included radio promotions, sponsorship of the Dublin Gazette #lovinglocal campaign, podcasts, video and digital media campaigns, encouraging members of our communities to support local. This campaign continues to be a key part of our messaging in 2021, and Heritage Credit Union is playing a proactive role in this great collaboration. Autumn 2020, saw us successfully merge with two more Credit Unions, Halston Street and Milltown-Clonskeagh Credit

MONSTER CREDIT UNION SCHOOLS QUIZ



Unions. We would like to take this opportunity to once again welcome members of both Credit Unions and remind our new members that this merger means access to additional services, longer opening hours, greater choice of locations, enhanced on-line banking services and a range of additional member benefits.

Throughout 2020, our product range has gone from strength to strength. In March, we introduced Docusign, enabling our members to complete the entire loan process from the comfort of their own home. Met with a very positive response, this product offering has transformed our on-line loan application process and has proved to be very popular with our members, since launch. Throughout 2020 we also worked closely with the ILCU on a number of initiatives and we have recently launched a Financial Planning Service working alongside Zurich and the CU Green Loan working alongside the ILCU, House To Home and Energia - providing members with support from start to finish for all home energy efficiency improvements.

In 2021, we continue to grow our membership, grow our loan book and grow our relationship with our members, offering a very comprehensive range of services and benefits. Our staff continue to drive the message that when you talk to Heritage Credit Union, you are a valued member and not just an account number.

For us, our message is as important as ever. At Heritage Credit Union, we are here for you and yours always, So Talk To Us First.



DUBLIN CREDIT UNIONS ARE
LOVING  LOCAL

 **HERITAGE**
CREDIT UNION
proud to be part of
#STAYLOCALBORROWLOCALSPENDLOCAL



#LovingLocal
#StayLocalBorrowLocalSpendLocal

DublinGazette
THE FUTURE IS LOCAL, THE FUTURE IS FREE

REPORT OF THE INSURANCE OFFICER

Heritage Credit Union provides Loan Protection, Life Savings, and Death Benefit Insurances for the benefit of its members. The related insurance premiums are currently borne by the Credit Union as an operational expense. Cover is subject to underwriting criteria. Further details of these insurances can be found on our website, or by contacting any of our offices.

Despite the fact that the premiums are borne by the credit union, and the significant benefits and peace of mind that these insurances bring, it is surprising that many members remain unaware of their existence.

The following is a summary of our claims experience:

Year ended 30th September	2020		2019	
	Amount	Quantity	Amount	Quantity
Loan Protection	€95,887	26	€115,066	33
Disability			€19,751	1
Life Savings	€261,661	204	€215,375	204
Death Benefit	€185,000	182	€159,600	182
Total	€542,548		€509,792	

These insurances comprise one of our highest expense headings, and while there is no current intention to reduce or discontinue cover, this is something which is kept under ongoing review.

In response to feedback from members we are delighted to announce the launch of two new insurance-related products: an optional Death Benefit Insurance product, and a collaboration with Zurich Life Assurance plc in relation to pensions, investments and life assurance.

Optional additional Death Benefit Insurance product.

The death of a loved one causes huge upheaval in the lives of those left behind. As well as the loss and the grief, there are the financial implications. In response to member requests, Heritage Credit Union is introducing a new whole of life insurance policy to members called Death Benefit Plus which you can buy on-line or by telephone.

For a small monthly premium this whole of life insurance policy can provide a lump sum on death to help pay bills and expenses or it could be gifted to someone on your death. You will not be asked any medical questions and are guaranteed to be accepted for cover under this policy provided:

- You are resident and living in the Republic of Ireland and,
- are aged at least 18 and under 80 years of age and,
- hold an account with an Irish based financial institution (e.g. a Credit Union or Bank account) that allows payments by direct debit.

For further information, logon to the Death Benefit Plus website www.dbplus.ie to obtain an individual quotation. You can also buy a policy on this secure website, by simply continuing on the same quote page and completing an on-line application form. Alternatively, you can also give the insurer, ECCU Assurance DAC, a call directly at LoCall 0818 29 39 49. Acceptance criteria, terms and conditions apply.

Collaboration with Zurich Life

In the coming weeks we will be launching our collaboration with Zurich Life Assurance plc to make a range of financial planning products available to members. Members will be able to set up a consultation, via phone or video call, with a Zurich Financial Planner who will assess the individual's needs and objectives before providing a tailored solution from their range of products.

We believe that this new initiative will make this process very straightforward for our members and ensure more people get prepared to manage their financial future. Further information can be found at www.heritagecu.ie/financialplanning

Al McCauley
Insurance Officer

AMENDMENT OF STANDARD RULES 2020

Motion 1

That this Annual General Meeting amends the Standard Rules for Credit Unions (Republic of Ireland) by the insertion of a new Rule 1A as follows:

Any reference in these rules to a member present and voting at a general meeting shall be construed as including a reference to a member in attendance and voting at a general meeting conducted wholly or partly by the use of electronic communications technology.

Motion 2

That this Annual General Meeting amends Rule 96 of the Standard Rules for Credit Unions (Republic of Ireland) in paragraph (1), by the substitution of “at a time, at a place in the State (where applicable) and in the manner (where applicable)” for “in the State at such date, time and place”;

And

by the insertion of a new 96A as follows:

96A (1) The credit union need not hold a general meeting at a physical venue but may conduct the meeting wholly or partly by the use of electronic communications technology as long as all attendees have a reasonable opportunity to participate in the meeting in accordance with this Rule.

(2). (a) The credit union may provide for participation in a general meeting by providing or facilitating, for that purpose, the use of electronic communications technology, including a mechanism for casting votes by a member, whether before or during the meeting.

(b) The mechanism referred to in paragraph (a) shall not require the member to be physically present at the general meeting.

(3) The use of electronic communications technology pursuant to paragraph (2) may be made subject only to such requirements or restrictions put in place by the credit union as are necessary to ensure the identification of attendees and the security of the electronic communications technology, to the extent that such requirements or restrictions are proportionate to the achievement of those objectives.

(4) The credit union shall inform attendees, before the general meeting concerned, of any requirements or restrictions which it has put in place pursuant to paragraph (3).

(5) The credit union that provides for the use of electronic communications technology for participation in a general meeting by an attendee shall endeavour to ensure, as far as practicable, that—

(a) such technology:

- (i) provides for the security of any electronic communications by the attendee,
- (ii) minimises the risk of data corruption and unauthorised access, and
- (iii) provides certainty as to the source of the electronic communications.

(b) in the case of any failure or disruption of such technology, that failure or disruption is remedied as soon as practicable, and

AMENDMENT OF STANDARD RULES 2020

(c) such technology enables the attendee to:

- (i) hear what is said by the chair of the meeting and any person introduced by the chair, and
- (ii) speak and submit questions and comments during the meeting to the chair to the extent that the attendee is entitled to do so under the rules of the credit union.

(6) Any temporary failure or disruption of electronic communications technology shall not invalidate the general meeting or any proceedings relating to the meeting.

(7) Unless such failure or disruption is attributable to any wilful act of the credit union, the credit union shall not be liable in respect of any failure or disruption relating to the equipment used by an attendee to access a general meeting by electronic communications technology that occurs and which failure or disruption prevents or interferes with the attendee's participation, by the use of such technology, in the meeting.

(8) Where, in the opinion of the board of directors, it is deemed necessary, due to exceptional and unexpected circumstances, the board of directors may, by resolution, cancel a general meeting at any time prior to the holding of the meeting.

Motion 3

That this Annual General Meeting amends Rule 98 of the Standard Rules for Credit Unions (Republic of Ireland)

(a) In paragraph (2):

- (i) by the substitution of the following paragraph for paragraph (a): “(a) shall state the date, time, place (where applicable) and manner of holding (where applicable) of the general meeting;”
- (ii) in paragraph (c), by the substitution of “;” for “; and”;
- (iii) in paragraph (e), by the insertion of “and”;
- (iv) by the insertion of the following paragraph after paragraph (e):
“(f) shall, in the case of a general meeting proposed to be held wholly or partly by the use of electronic communications technology, state
 - (i) the electronic platform to be used for the meeting,
 - (ii) details for access to the electronic platform,
 - (iii) where required by a credit union, the time and manner by which an attendee must confirm his or her intention to attend the meeting,
 - (iv) any requirements or restrictions which the credit union has put in place in order to identify attendees who intend to attend the meeting,
 - (v) the procedure for attendees to communicate questions and comments during the meeting, and
 - (vi) the procedure to be adopted for voting on resolutions proposed to be passed at the meeting.”

(b) In paragraph (4), by the insertion of “and containing such information” after “in such form”.

AMENDMENT OF STANDARD RULES 2020

And

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

98 A (1) Notwithstanding Rule 98 but subject to paragraph (2), notice for the purposes of Rule 96A(8) shall be given in the same manner as the notice for the general meeting referred to in Rule 98 but where, in the opinion of the board of directors, giving such notice in that manner is not reasonably practicable, notice shall be given

- (a) where the credit union has a website, on that website,
- (b) by email to every member for whom the credit union has an email address, and
- (c) in at least one national newspaper published in the State and circulating in the area in which the registered office of the credit union is situated, in a local paper and on local radio.

(2) Paragraph (1) shall not apply where all members agree in writing to the cancellation, change of venue or change of means of holding the general meeting concerned, or to dispensing with notice for the general meeting.”

Motion 4

That this Annual General Meeting amends Rule 99(3)(a) of the Standard Rules for Credit Unions (Republic of Ireland) by the substitution of “paragraphs (a), (b), (d) (e) of paragraph (2)” for “paragraphs (a), (b), (d), (e), (f) of paragraph (2)”.



It's
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Talk

About a Pension
that's right for you



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Loans are subject to approval. Terms and conditions apply. If you do not meet the repayments on your loan, your account will go into arrears. This may affect your credit rating which may limit your ability to access credit in the future. Heritage Credit Union Limited is regulated by the Central Bank of Ireland.