



Stay Strong & GROW

with Sarsfield Credit Union

ACCOUNTS & NOTICE OF 56TH AGM, 2017

Notice is hereby given that the Annual General Meeting of Sarsfield Credit Union Ltd. will be held in The Clayton Hotel, Limerick on Wednesday 28th March, 2018 at 7pm.

Credit Union Prayer

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

O Divine Master
Grant that I may not so much seek
To be consoled as to console
To be understood as to understand
To be loved as to love
For it is in giving, that we receive
It is in pardoning, that we are pardoned
And it is in dying, that we are born to eternal life.

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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, and any intervening special general meeting.
- 5 Report of the Board of Directors.
- 6 Consideration of accounts and related matters.
- 7 Report of the Auditor.
- 8 Report of Board Oversight Committee.
- 9 Declaration of dividend and rebate of interest.
- 11 Report of Credit Control Committee.
- 10 Report of Credit Committee.
- 12 Report of the Membership & Marketing Committee.
- 13 Report of the Nominating Committee.
- 14 Appointment of Tellers.
- 15 Election of Auditor.
- 16 Election to fill vacancies on the Board Oversight Committee.
- 17 Election to fill vacancies on the Board of Directors.
- 18 Announcement of election results.
- 19 Any other appropriate business.
- 20 Adjournment or close of meeting.

MOTOR
LOAN
7.5%*

TOYING WITH GETTING A CAR?

or need to clear your PCP finance?

€10,000 Car Loan

For Only **€46.12** Weekly
Over 5 Years

- Own Your Car • No Hidden Fees
- No Early Repayment Penalties • No Balloon Repayments

Come and talk to us
in Glentworth Street or call 061 317 910

www.sarsfieldcu.ie



A typical €10,000 five year car loan will have weekly repayments of €46.12 interest rate of 7.5% (7.8% APR).

Fixed cost of interest €1,991.80 - Total amount repayable €11,991.80.

Loans are subject to approval, terms and conditions apply. Sarsfield Credit Union is regulated by the Central Bank of Ireland.

Chairman's Report

For the Financial Year Ended 30 September 2017

I am happy to present the Chairman's Report for the fiscal year ended 30th Sept 2017.

You will of course have noted that our Annual General Meeting is being held later than normal. The delay has resulted from a disagreement between the independent auditor and the Credit Union with regard to the accounting treatment for a new Depository Guarantee Contributory Fund Charge ("**DGSCFC**") in the sum of €30,742 relating to the financial year ended 30 Sept 2016. Unfortunately this disagreement has culminated in the independent auditors inserting a qualification in their audit report on the financial statements of the Credit Union for the year ended 30 Sept 2017. It is important to note that the qualification relates **specifically to the accounting treatment, and only the accounting treatment for DGSCFC**. Let me assure you the members, on behalf of the Board of Directors, the Management and Staff of our Credit Union that the independent auditors qualification **has no effect on the reserve position of the Credit Union at the 30th Sept 2017**. Their report clearly states that "**except for** the effect of the matter described in the "basis for qualified opinion" section of their report, they confirm that the Credit Unions 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 Sept 2017 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the requirements of the Credit Union Act, 1997 (as amended)."

As members you will be aware the Deposit Guarantee Scheme ("**DGS**") protects depositors / member shares for up to €100,000 in the event of a credit institution failing. In order to provide this protection to depositors / members previously 0.2% of the covered deposits of each financial institution were transferred from the original Deposit Protection Account held at the Central Bank to a new account called the

DGS Legacy Fund also held with the Central Bank. In November 2015 a new Directive on Deposit Guarantee Schemes (2014/49/EU) was transposed into Irish Legislation under European Union (Deposit Guarantee Schemes) Regulations 2015 (S.I.No. 516 of 2015) under which the Central Bank was required to establish the new Deposit Guarantee Scheme Contributory Fund ("**the Fund**"). All financial institutions are required to make annual payments into the Fund to achieve targeted funding levels of 0.8% of covered deposit by 2024. Beginning in 2016 contributions to the Fund are charged annually to financial institutions based on the calendar year ending the 31st Dec and became a charge to the Income and Expenditure Account.

Unfortunately, despite having sufficient information to hand prior to the completion of our 2016 Financial Statements in 2016 (ie European Union (Deposit Guarantee Schemes) Regulations 2015 (S.I.No. 516 of 2015) and a letter from Central Bank to Sarsfield Credit Union on the 13th July 2016 advising the charge would become payable in 2016), we omitted to make a provision in our 2016 Financial Statements for this new charge. In Dec 2016 all credit unions received correspondence from the Central Bank advising the exact amount of the charge to be applied to them for the year ending 31st Dec 2016 and the charge was paid by Sarsfield.

Having taken independent expert technical accounting advice in relation to the accounting treatment for DGSCFC for 2016, your Board took the decision to restate the 2016 Financial Statements to take account of a DGSCFC in the sum of €30,742, relating to the period 1st Jan 2016 to the 30th Sept 2016, to show the charge in the correct year it was incurred. Unfortunately the independent auditor did not agree with our accounting treatment for the 2016 DGSCFC.

Given the significance of the charge to our Income & Expenditure Account, the Directors, while being mindful of the negative publicity that has surrounded some credit unions over the last 12 months, felt it was very important to reflect this charge in the correct accounting year to ensure our Financial Statements at the

30th Sept 2016 and 2017 are stated correctly, give a true and fair view, are comparable year on year and show the positive progress our Credit Union has made at the 30th Sept 2017.

Following the restatement of our figures we are reporting a surplus of €185,534 at the 30th Sept 2017 versus a surplus of €106,862 at the 30th Sept 2016. Total Income year on year has increased with overall expenditure down which demonstrates that Management and Staff have managed your Credit Union well this year. The increase in Loan Interest Income from €538,321 in 2016 to €621,184 in 2017 reflects the increased demand from members for loans with Total Loans increasing from €7,609,323 at 1st Oct 2016 to €9,181,115 at the 30th Sept 2017. Positively our marketing campaigns promoting our loan products to existing and new members alike is working as well as promoting our Credit Union as a lender of first choice to all members rather than choosing a bank for a loan.

The reduction in costs reflects the efforts of cost controls implemented during the year. The reduction in Investment Income is a reflection of the steady decline in Bond and Deposit Rates. We can do nothing about this decline which is a trend likely to continue for the foreseeable future. Our options of cost reductions are limited but we will continue to monitor them closely.

We introduced Online Banking to members in April 2017. The introduction of this service is a very positive development for the future of our Credit Union and I would encourage all members to sign up and register for this service so that you can access your accounts with Sarsfield 24/7 from the comfort of your home whenever required.

Your Board is proposing a Dividend of 0.10% at a cost of €39,531 and a Loan Interest Rebate of 5% at a cost of €31,163. The overall cost of these proposals is €70,694. The Dividend Rate is above on demand deposit rates currently available on the market. The Loan Interest Rebate is important in order to encourage Members to continue to take out Loans with our Credit Union. With the continued decline in Investment Income over the last number of years one of the main challenges going forward will continue to be to

increase Income from Members' Loans.

Where does your Credit Union stand in relation to the future?

Over the past year we have held discussions with a number of other credit unions. To date nothing has come to fruition but it is a slow process, discussions continue and we are positive of developments in this area in the coming months. We have improved our service to members with the introduction of Online Banking and expect this service to attract interest from existing as well as new members living and/or working in the City. We are aware that some older members may find this daunting at first but our staff are always on hand to set a member up with secure online access and to answer any questions they may have about using the service. Let me assure you that we do not intend to emulate the banks, we just want to make members' lives easier by offering 24 / 7 access to their accounts and the ability to be able to transfer funds between their bank accounts when required without having to call into the Credit Union. Our customer orientated counter staff will continue however to offer our usual friendly services.

We are always seeking help from volunteers with the requisite skills and should you feel that you can afford to give a few hours a month to your Credit Union I would strongly encourage you to please contact any member of staff.

Ladies and gentlemen, I would like to thank you the Members, my fellow Directors on the Board, Management, Staff and Volunteers for all your support and efforts in growing our Credit Union during the year. This is my first year as Chairman of our Credit Union and I hope that you will continue that support for your Credit Union into 2018 and the future. Sarsfield Credit Union Ltd is GROWING and is financially STRONG, I trust that this will continue so into the future.



Pat Woods

Chairman
Sarsfield Credit Union Ltd.

Report of the CEO

For the Financial Year Ended 30 September 2017

I am happy to present the CEO report for our Financial Year Ended the 30th Sept 2017. The Chairman's report has addressed in detail the independent auditors decision to qualify our Financial Statements at the 30th Sept 2017 and I'm not going to cover this issue again here. It has been a strong year for our Credit Union with many positives that demonstrate the progress we have made during 2017 delivering a surplus for the financial year of €185,534 versus €106,862 in 2016.

Loan growth: We issued new loans totalling €5.885m to members during the year (versus €5.284m in 2016) resulting in an increase in new loans issued of 11.4%. Our loan book at the 30th Sept 2017 stood at €9.181m versus €7.609m in 2016 equating to growth in our loan book of 20.66% compared to the average loan growth across the credit union sector of 9.49%. This is a strong performance and suggests economic confidence is returning amongst our members and in the local economy. Positively most of the loans advanced to members was spent locally on car purchases, home improvements, weddings, education, business expansion etc. and such spending promotes increased employment in our local economy. As Members, you can see that our loan rates are very competitive and transparent with no hidden fees. We have enhanced our Loan Underwriting, Due Diligence and Decision Making processes over the last 12 months to ensure timely loan decisions for members. I am confident that this level of growth can be repeated in 2018 with the support of you the Members. A strong performing loan book means a strong future for our Credit Union. I would encourage all members to consider "YOUR" Credit Union first when looking for a loan and to recommend new members to Sarsfield Credit Union. To reward members for taking loans from our Credit Union

we are recommending a Loan Interest Rebate of 5% on member loans at the 30th Sept 2017 for approval.

Credit Control: Our Loan Book is in good shape with low levels of arrears reflecting the quality of our Loan Underwriting, Due Diligence and Approval process. Loan Underwriting and Credit Control are key functions of our business model, particularly as we endeavor to grow our loan book from an historically low base. Loan arrears as a percentage of our loan book at the 30th Sept 2017 were 0.75% compared to the credit union sector average level of arrears of 6.5%. This is a testament to the quality and integrity of the members of Sarsfield Credit Union. Our Credit Control Function is also focused on recovering any loan bad debts that have been written off over the years and procedures have been stepped up in 2017 to facilitate the recovery of these bad debts. Members in difficulty with loan repayments continue to respond well and engage with our Credit Control staff. I would encourage any member experiencing cashflow difficulties, either temporary or of a longer term nature, which could result in loan repayment difficulties to contact the Credit Union as soon as possible to discuss their circumstances.

Investment Returns: The low interest rate policy being pursued by the European Central Bank continues to impact on our investment income as it does all Credit Unions. In 2017 our investments returned an average yield of 1.8% which outperformed the average return for the credit union sector of 1.3%. While 76% of our investment yield is hedged to 2020, in future years the rate of return is likely to fall further. Because approximately 79% of our assets are investments this reduction in investment income places more pressure on our loan book to grow in order to provide the income necessary to pay

a dividend, loan interest rebates, cover costs and maintain reserves.

Strategic Plan: In October, the Board and Management Team met to review the performance of our Strategic Plan for the period to 2020 that will guide our development over the coming years. The plan will see managed growth, focused marketing of the Credit Union, investment in services for our members such as an online loan application process and developments in technology to attract younger members.

Membership: Membership is open to all who reside or work within our community or common bond. We urge all members to promote and recommend membership of our Credit Union to family and friends.

Nomination: Our nomination service is unique to credit unions. An eligible member may nominate a person or persons to receive up to €23,000 of their property in the Credit Union at the time of his or her death. Terms and conditions apply. No charge is levied for this very valuable service. We would encourage all members to ensure they have an up to date nomination of their accounts in the event of their demise.

Online Banking: We introduced Online Banking to members in 2017 and up take from members has been steady. I would encourage all members to sign up and register for this service, it's a simple straight forward process and staff are happy to help with any questions members may have. The service allows members to access their accounts 24 / 7, electronically transfer funds between their bank and Credit Union, view their accounts, print statements and certificates of interest, pay bills etc. We can also now send loan advances directly to

your bank account avoiding the need to have to lodge a loan cheque in your bank and having to queue to make this lodgement.

Regulation & Compliance: The range of legislative and statutory instruments to be complied with is significant and onerous. We strive to ensure compliance with all of these requirements, while continuing to deliver a quality service at the same time.

Finally, I would like to thank the Board of Directors, Board Oversight Committee, my Management Team and Staff for their commitment and hard work during the year and to you our Members for your continued support and co-operation and ask that you promote YOUR credit union whenever you can and to keep it in mind for all your loan requirements.



David Costelloe
CEO

Directors' Report

For the Financial Year Ended 30 September 2017

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

Directors response to the 'Qualified Opinion' Audit Report

The Independent Auditors have issued a 'Qualified Opinion' Audit Report for Sarsfield Credit Union Ltd (the "Credit Union"), that we would like to address at the outset of the Directors' Report. It is important to note from the Independent Auditors Report that except for the effect of the matter described in the "basis for qualified opinion" section of their report, they confirm that the Credit Unions financial statements:

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

The accounting requirement in respect of the Deposit Guarantee Scheme Contributory Fund Charge is that a credit union must recognise a provision when:

- (a) the credit union has an obligation at the year-end as a result of a past event;
- (b) it is probable (i.e. more likely than not) that the credit union will be required to make a payment in settlement; and
- (c) the amount of the obligation can be estimated reliably.

It is the opinion of the Directors that the Deposit Guarantee Scheme Contributory Fund Charge met all three requirements as at 30 September 2016 and should have been provided at that time (Refer Letter from Central Bank on the 13th July 2016). The auditor contends that the Deposit Guarantee Scheme Contributory Fund Charge did

not meet all three requirements and has therefore disagreed with our accounting treatment.

The difference in the two accounting treatments is simply whether the Deposit Guarantee Scheme Contributory Fund Charge is recognised in 2016 or 2017. It does not have any impact on the Reserve position as at the 30th Sept 2017.

Principal activities

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

Authorisation

The credit union is authorised as follows:

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

Business review

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

Dividends and loan interest rebate

The surplus for the financial year is set out in the income and expenditure account on page 14. The directors are proposing a dividend in respect of the year ended 30 September 2017 of €39,531 (0.10%) (2016: €38,702 (0.10%) and a loan interest rebate of €31,163 (5.00%) (2016: €13,530 (2.50%)) subject to agreement

by the membership at the AGM.

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

Lack of Loan Demand

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

Market Risk

The board of directors regularly reviews and approves the credit union's investment policy

and funds are invested in compliance with this policy and regulatory guidance.

Liquidity Risk

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

Operational Risk

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

Accounting records

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

Events after the end of the financial year

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

Auditors

In accordance with Section 115 (1)(a) of the Credit Union Act, 1997 (as amended), the auditors Grant Thornton have not put themselves forward for re-election. In accordance with the Credit Union Handbook the Credit Union's procedure is to rotate Auditors in line with best practice guidance. The Directors have put the position out for tender and members will vote to fill the position of auditor at the next Annual General meeting of Sarsfield Credit Union Limited.

This statement was approved by the board on 29 / 11 / 2017 and signed on its behalf by:

Chairperson of the board of directors

Member of the board of directors



Directors' responsibilities statement

For the financial year ended 30 September 2017

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

In preparing those financial statements the directors are required to:

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

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

This statement was approved by the board on 29 / 11 / 2017 and signed on its behalf by:

Chairperson of the board of directors

Member of the board of directors

Board oversight committee's responsibilities statement

For the financial year ended 30 September 2017

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

This statement was approved by the board oversight committee on 29 / 11 / 2017 and signed on its behalf by:

Chairperson of the board oversight committee

Independent Auditors' Report

to the members of Sarsfield Credit Union Limited

Qualified Opinion

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

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

In our opinion, except for the effect of the matter described in the 'basis for qualified opinion' section, Sarsfield Credit Union Limited's financial statements:

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

Basis for qualified 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.

As set out in note 15, the directors have included a prior year adjustment in the current year financial statements in relation to the new Deposit Guarantee Scheme Contributory Fund Charge. The directors concluded that the prior year financial statements, which were approved by the board on 1 November 2016, contained an omission, amounting to €30,742 in respect of the new Deposit Guarantee Scheme Contributory Fund Charge. The details of the amount of the Deposit Guarantee Scheme Contributory Fund Charge were communicated by the Central Bank of Ireland on 20 December 2016 to Sarsfield Credit Union Limited and confirmation of the period to which the charge related was sought by Sarsfield Credit Union Limited and received from the Central Bank of Ireland on 10 January 2017, after the prior year financial statements were finalised and approved by the board. Therefore, in our opinion, at the time the prior year financial statements were finalised the directors did not have, and could not reasonably be expected to have had, sufficient reliable information that they could have used to include the Deposit Guarantee Scheme Contributory Fund Charge as a charge in the income and expenditure account for the year ended 30 September 2016. Therefore, the prior year adjustment as presented in these financial statements, should not have been made and the charge should have

been reflected in the income and expenditure account for 2017. Accordingly, the comparative total expenditure for 2016 is overstated and the surplus for 2016 is understated by €30,742. Total expenditure for 2017 is understated and the surplus for 2017 is overstated by €30,742. As at 30 September 2016, accruals have been overstated and realised reserves understated by €30,742.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine

whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

Responsibilities of directors for the financial statements

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

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

Responsibilities of the auditor for the audit of the financial statements

The auditor's objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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: 29 / 11 / 2017

Income & Expenditure Account

FOR THE FINANCIAL YEAR ENDED
30 SEPTEMBER 2017

		AS RESTATED	
INCOME	SCHEDULE	2017 €	2016 €
Interest on members' loans	1	621,184	538,321
Other interest and similar income		669,031	688,270
Net interest income		1,290,215	1,226,591
Other income	2	17,591	13,816
Total income		1,307,806	1,240,407
Expenditure	3		
Employment costs		451,276	396,545
Other management expenses		555,121	621,139
Depreciation		73,630	68,132
DGS Contributory Fund Charge		44,202	30,742
Net impairment losses/(gains) on loans to members (note 5)		(1,957)	16,987
Total expenditure		1,122,272	1,133,545
Surplus for the financial year		185,534	106,862

The financial statements were approved and authorised for issue by the board on 29/11/2017 and signed on behalf of the credit union by:

Member of the board oversight committee: 

Member of the board of directors: 

CEO: 

Statement of Comprehensive Income

FOR THE YEAR ENDED
30 SEPTEMBER 2017

		AS RESTATED	
INCOME		2017 €	2016 €
Surplus for the financial year		185,534	106,862
Other comprehensive income		-	-
Total comprehensive income for the financial year		185,534	106,862

The financial statements were approved and authorised for issue by the board on 29/11/2017 and signed on behalf of the credit union by:

Member of the board oversight committee: 

Member of the board of directors: 

CEO: 

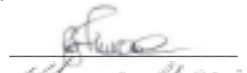
The notes on pages 18 to 30 form part of these financial statements.

Balance Sheet

AS AT
30 SEPTEMBER 2017

		AS RESTATED	
ASSETS	NOTES	2017 €	2016 €
Cash and balances at bank	6	355,989	361,292
Deposits and investments - cash equivalents	7	9,679,819	10,051,365
Deposits and investments - other	7	27,889,411	28,240,983
Loans to members	8	9,181,115	7,609,323
Provision for bad debts	9	(616,349)	(616,349)
Tangible fixed assets	10	1,318,342	1,373,461
Prepayments and accrued income	11	42,002	82,357
Total assets		47,850,329	47,102,432
Liabilities			
Members' shares	12	40,079,491	39,531,507
Other liabilities, creditors, accruals & charges	13	231,838	165,053
Other provisions	14	3,000	4,210
Total liabilities		40,314,329	39,700,770
Reserves			
Regulatory reserve	17	5,159,429	5,159,429
Operational risk reserve	17	211,690	235,379
Other reserves			
- Realised reserves	17	2,131,204	1,983,552
- Unrealised reserves	17	33,677	23,302
Total reserves		7,536,000	7,401,662
Total liabilities and reserves		47,850,329	47,102,432

The financial statements were approved and authorised for issue by the board on 29/11/2017 and signed on behalf of the credit union by:

Member of the board oversight committee: 

Member of the board of directors: 

CEO: 

The notes on pages 18 to 30 form part of these financial statements.

Statement of Changes in Reserves

FOR THE FINANCIAL YEAR ENDED
30 SEPTEMBER 2017

	REGULATORY RESERVE	OPERATIONAL RISK RESERVE	REALISED RESERVES	UNREALISED RESERVES	TOTAL
	€	€	€	€	€
As at 1 October 2015	5,159,429	-	2,180,383	45,878	7,385,690
Surplus for the financial year (as restated)	-	-	88,509	18,353	106,862
Dividend paid	-	-	(90,890)	-	(90,890)
Other transfers	-	-	40,929	(40,929)	-
Transfer to the operational risk reserve	-	235,379	(235,379)	-	-
As restated at 1 October 2016	5,159,429	235,379	1,983,552	23,302	7,401,662
Surplus for the financial year	-	-	158,544	26,990	185,534
Dividend and loan interest rebate paid	-	-	(51,196)	-	(51,196)
Other transfers	-	-	16,615	(16,615)	-
Transfer to/(from) the operational risk reserve	-	(23,689)	23,689	-	-
As at 30 September '17	5,159,429	211,690	2,131,204	33,677	7,536,000

The regulatory reserve of the credit union as a percentage of total assets as at 30 September 2017 was 10.78% (2016: 10.95%).

The operational risk reserve of the credit union as a percentage of total assets as at 30 September 2017 was 0.44% (2016: 0.50%).

The notes on pages 18 to 30 form part of these financial statements.

Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED
30 SEPTEMBER 2017

ASSETS	NOTES	2017 €	AS RESTATED 2016 €
Opening cash and cash equivalents		10,412,657	10,029,866
Cash flows from operating activities			
Loans repaid by members	8	4,299,453	4,243,771
Loans granted to members	8	(5,884,677)	(5,283,565)
Interest on loans		621,184	538,321
Investment interest		669,031	688,270
Bad debts recovered		15,389	24,822
Dividends and loan interest rebate paid		(51,196)	(90,890)
Other receipts		17,591	13,816
Operating expenses		(1,050,599)	(1,048,426)
Movement in other assets and liabilities		105,930	(14,921)
Net cash flows from operating activities		(1,257,894)	(928,802)
Cash flows from investing activities			
Fixed asset (purchases)/disposals		(18,511)	(2,181)
Net cash flow from other investing activities		351,572	(351,323)
Net cash flows from investing activities		333,061	(353,504)
Cash flows from financing activities			
Members' shares received		13,075,335	15,424,898
Members' shares withdrawn		(12,527,351)	(13,759,801)
Net cash flow from financing activities		547,984	1,665,097
Net increase/(decrease) in cash & cash equivalents		(376,849)	382,791
Closing cash and cash equivalents	6	10,035,808	10,412,657

The notes on pages 18 to 30 form part of these financial statements.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED
30 SEPTEMBER 2017

1. LEGAL AND REGULATORY FRAMEWORK

Sarsfield 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 Glentworth Street, Limerick.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Statement of compliance

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

2.3 Going concern

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

2.4 Income

Interest on members' loans

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

Deposit and investment income

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

Other income

Other income is recognised on an accruals basis.

2.5 Investments

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

Held at amortised cost

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

Central Bank Deposits

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

Investments at Fair Value

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

end date and all gains and losses are taken to the income and expenditure account.

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

2.6 Tangible fixed assets

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

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

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

Depreciation is provided on the following basis:

Freehold premises	2% straight line per annum
Computer equipment	20% straight line per annum
Office equipment	10% straight line per annum

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying

amount and are recognised within 'other gains' or 'other losses' in the income and expenditure account.

2.7 Impairment of tangible fixed assets

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

2.8 Taxation

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

2.9 Cash and cash equivalents

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

2.10 Financial assets - loans to members

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

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

2.11 Bad debts provision

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

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

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

2.12 Other receivables

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

2.13 Financial liabilities – members' shares

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

2.14 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.

2.15 Pension costs

The credit union operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the credit union pays fixed contributions into a separate entity. Once the contributions have been paid the credit union has no further payments obligations. The contributions are recognised as an expense in the income and expenditure account when they fall due. Amounts not paid are shown in accruals as a liability on the balance sheet. The assets of the plan are held separately from the credit union in independently administered funds.

2.16 Other payables

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

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 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 dividend and loan interest rebate to members each year is based on the distribution policy of the credit union.

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

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

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

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

2.19 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.

2.20 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. Sarsfield Credit Union Limited uses the Basic Indicator Approach as set out in the operational risk measurements techniques proposed under Basel II capital adequacy rules for banking institutions in calculating the operational risk reserve. Therefore Sarsfield Credit Union Limited 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.

2.21 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".

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

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

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

The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The directors regularly review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation charge for the financial year. The net book value of tangible fixed assets subject to depreciation at the financial year end was €1,318,342 (2016: €1,373,461).

Bad debts provision

Sarsfield Credit Union Limited's accounting policy for impairment of loans is set out in the accounting policy in note 2.11. The estimation of loan losses is inherently uncertain and

depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local and international economic climates, conditions in various sectors of the economy to which the credit union is exposed, and, other external factors such as legal and regulatory requirements. The provision for bad debts in the financial statements was €616,349 (2016: €616,349) representing 6.71% (2016: 8.10%) of the total gross loan book.

Operational risk reserve

The directors have considered the requirements of the Credit Union Act, 1997 (as amended) and have developed an approach to the calculation of the operational risk reserve. Sarsfield Credit Union Limited uses the basic indicator approach as set out in the operational risk measurements techniques proposed under Basel II capital adequacy rules for banking institutions in calculating the minimum

operational risk reserve. The operational risk reserve of the credit union at 30 September 2017 was €211,690 (2016: €235,379).

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.

4. KEY MANAGEMENT PERSONNEL COMPENSATION

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

	2017 €	2016 €
Short term employee benefits paid to key management	220,393	186,659
Payments to pension schemes	15,750	11,000
Total key management personnel compensation	236,143	197,659

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

	2017 €	2016 €
Bad debts recovered	(10,291)	(18,531)
Impairment of loan interest reclassified as bad debt recoveries	(5,098)	(6,291)
Movement in loan provisions for the year	-	18,189
Loans written off	13,432	23,620
Net impairment losses/(gains) on loans to members	(1,957)	16,987

6. CASH AND CASH EQUIVALENTS

	2017 €	2016 €
Cash and balances at bank	355,989	361,292
Deposits & investments (note 7)	37,569,230	38,292,348
Less: Deposit & investment amounts maturing after three months	(27,889,411)	(28,240,983)
Total cash and cash equivalents	10,035,808	10,412,657

7. DEPOSITS AND INVESTMENTS

	2017 €	2016 €
Deposits and investments – cash equivalents		
Accounts in authorised credit institutions (Irish and non-Irish based)	9,656,379	10,031,540
Equities	23,440	19,825
Total deposits and investments – cash equivalents	9,679,819	10,051,365
Deposits and investments - Other		
Accounts in authorised credit institutions (Irish and non-Irish based)	14,580,053	13,797,246
Irish and EEA state securities	9,707,483	9,777,910
Bank bonds	3,312,933	4,331,595
Central bank deposits	288,942	334,232
Total deposits and investments – other	27,889,411	28,240,983
Total deposits and investments	37,569,230	38,292,348

8. FINANCIAL ASSETS – LOANS TO MEMBERS

	2017 €	2016 €
As at 1 October	7,609,323	6,593,149
Loans granted during the year	5,884,677	5,283,565
Loans repaid during the year	(4,299,453)	(4,243,771)
Gross loans and advances	9,194,547	7,632,943
Bad debts		
Loans written off during the year	(13,432)	(23,620)
As at 30 September	9,181,115	7,609,323

9. PROVISION FOR BAD DEBTS

	2017 €	2016 €
As at 1 October	616,349	598,160
Net movement in bad debts provision during the year	-	18,189
As at 30 September	616,349	616,349
The provision for bad debts is analysed as follows:		
Individually significant loans	238,556	251,991
Grouped assessed loans	377,793	364,358
Provision for bad debts	616,349	616,349

10. TANGIBLE FIXED ASSETS

	FREEHOLD PREMISES	COMPUTER EQUIPMENT	OFFICE EQUIPMENT	TOTAL
	€	€	€	€
COST				
1 October 2016	2,468,233	306,794	235,091	3,010,118
Additions	-	18,511	-	18,511
At 30 September 2017	2,468,233	325,305	235,091	3,028,629
DEPRECIATION				
1 October 2016	1,166,963	258,267	211,427	1,636,657
Charge for year	49,365	16,560	7,705	73,630
At 30 September 2017	1,216,328	274,827	219,132	1,710,287
NET BOOK VALUE				
30 September 2017	1,251,905	50,478	15,959	1,318,342
30 September 2016	1,301,270	48,527	23,664	1,373,461

11. PREPAYMENTS AND ACCRUED INCOME

	2017 €	2016 €
Loan interest receivable	19,628	16,615
Prepayments	22,374	65,742
	42,002	82,357

12. MEMBERS' SHARES

	2017 €	2016 €
As at 1 October	39,531,507	37,866,410
Received during the year	13,075,335	15,424,898
Withdrawn during the year	(12,527,351)	(13,759,801)
As at 30 September	40,079,491	39,531,507

13. OTHER LIABILITIES, CREDITORS, ACCRUALS AND CHARGES

	2017 €	2016 €
Creditors	12,969	22,166
Other liabilities – member funds	96,000	-
Accruals	122,869	142,887
	231,838	165,053

14. OTHER PROVISIONS

	2017 €	2016 €
Holiday pay accrual		
At 1 October	4,210	837
Charged to the income and expenditure account	(1,210)	3,373
At 30 September	3,000	4,210

15. PRIOR YEAR ADJUSTMENT

The prior year adjustment arises due to the omission to provide for the Deposit Guarantee Scheme (DGS) Contributory Fund Charge in the 2016 Financial Statements, for amounts relating to the period before 30 September 2016. This arose due to failure to use information that was available when the Financial Statements were authorised for issue in 2016. The effect is to reduce the prior year surplus by €30,742 and increase accruals by €30,742 in the prior year, resulting in a restated surplus of €106,862 in 2016. There is no effect on the reserve position of the Credit Union as a result of the restatement in 2017.

	AS PREVIOUSLY STATED 30 SEPTEMBER 2016	EFFECT OF CORRECTION 30 SEPTEMBER 2016	AS RESTATED 30 SEPTEMBER 2016
	€	€	€
Income and expenditure account			
Income	1,240,407	-	1,240,407
Expenditure	1,102,803	30,742	1,133,545
Surplus/(Deficit)	137,604	(30,742)	106,862

	AS PREVIOUSLY STATED 30 SEPTEMBER 2016	EFFECT OF CORRECTION 30 SEPTEMBER 2016	AS RESTATED 30 SEPTEMBER 2016
	€	€	€
Balance Sheet			
Members' shares	39,531,507	-	39,531,507
Other liabilities, creditors, accruals	134,311	30,742	165,053
Other provisions	4,210	-	4,210
Total liabilities	39,670,028	30,742	39,700,770
Total reserves	7,432,404	(30,742)	7,401,662
Total liabilities and reserves	47,102,432	-	47,102,432

16. FINANCIAL INSTRUMENTS

16A. FINANCIAL INSTRUMENTS - AMORTISED COST	2017 €	2016 €
Financial assets		
Financial assets measured at amortised cost	41,572,642	40,234,950
		AS RESTATED
	2017 €	2016 €
Financial liabilities		
Financial liabilities measured at amortised cost	40,314,329	39,700,770

Financial assets measured at amortised cost comprise cash and balances at bank, deposits and investments and loans. Financial liabilities measured at amortised cost comprise member savings, creditors and accruals and provisions.

16B. FINANCIAL INSTRUMENTS - FAIR VALUE MEASUREMENTS

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

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

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

At 30 September 2017	Total	Level 1	Level 2	Level 3
	€	€	€	€
Equities	23,440	23,440	-	-
Accounts in authorised credit institutions	5,510,252	-	5,510,252	-
Total	5,533,692	23,440	5,510,252	-

At 30 September 2016	Total	Level 1	Level 2	Level 3
	€	€	€	€
Equities	19,825	19,825	-	-
Accounts in authorised credit institutions	6,008,188	-	6,008,188	-
Total	6,028,013	19,825	6,008,188	-

The fair value adjustment recognised in the income and expenditure account was as follows:

	2017 €	2016 €
Fair value adjustment	3,615	(16,782)

17. RESERVES

	AS RESTATED BALANCE 01/10/16	PAYMENT OF DIVIDEND & LOAN INTEREST REBATE	APPROPRIATION OF CURRENT YEAR SURPLUS	TRANSFERS BETWEEN RESERVES	BALANCE 30/09/17
	€	€	€	€	€
Regulatory reserve	5,159,429	-	-	-	5,159,429
Operational risk reserve	235,379	-	-	(23,689)	211,690
Other reserves					
Realised					
Undistributed surplus	1,135,192	-	87,850	41,340	1,264,382
Special reserve: proposed dividend & loan interest rebate	52,232	(51,196)	70,694	(1,036)	70,694
Future dividend reserve	796,128	-	-	-	796,128
Total realised reserves	1,983,552	(51,196)	158,544	40,304	2,131,204
Unrealised					
Interest on loans reserve	16,615	-	19,628	(16,615)	19,628
Investment income reserve	6,687	-	7,362	-	14,049
Total unrealised reserves	23,302	-	26,990	(16,615)	33,677
Total reserves	7,401,662	(51,196)	185,534	-	7,536,000

18. CREDIT RISK DISCLOSURES

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

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

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

	2017 €	%	2016 €	%
LOANS NOT IMPAIRED				
Total loans not impaired, not past due	6,012,913	65.49%	5,052,231	66.40%
IMPAIRED LOANS:				
Not past due	2,573,168	28.04%	2,042,606	26.84%
Up to 9 weeks past due	526,519	5.73%	420,287	5.52%
Between 10 and 18 weeks past due	17,672	0.19%	15,171	0.20%
Between 19 and 26 weeks past due	6,261	0.07%	8,757	0.12%
Between 27 and 39 weeks past due	3,207	0.03%	14,056	0.18%
Between 40 and 52 weeks past due	3,916	0.04%	-	0.00%
53 or more weeks past due	37,459	0.41%	56,215	0.74%
Total impaired loans	3,168,202	34.51%	2,557,092	33.60%
TOTAL LOANS	9,181,115	100.00%	7,609,323	100.00%

19. RELATED PARTY TRANSACTIONS

	NO. OF LOANS	2017 €	NO. OF LOANS	2016 €
Loans advanced to related parties during the year	7	75,876	6	30,495
Total loans outstanding to related parties at the year end	12	118,723	9	67,659

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

Total loans outstanding to related parties represents 1.29% of the total loans outstanding at 30 September 2017 (2016: 0.89%).

20. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES

20A. FINANCIAL RISK MANAGEMENT

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

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

20B. LIQUIDITY RISK DISCLOSURES

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

20C. INTEREST RATE RISK DISCLOSURES

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

	2017 €	AVERAGE INTEREST RATE %	2016 €	AVERAGE INTEREST RATE %
Gross loans to members	9,181,115	7.76%	7,609,323	7.86%

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

21. DIVIDENDS AND LOAN INTEREST REBATE

The following distributions were made during the year:

	%	2017 €	%	2016 €
Dividend on shares	0.10	37,725	0.25	90,890
Loan interest rebate	2.50	13,471	0.00	-

The directors are proposing a dividend in respect of the year ended 30 September 2017 of €39,531 (0.10%) (2016: €38,702 (0.10%)) and a loan interest rebate of €31,163 (5.00%) (2016: €13,530 (2.50%)) subject to agreement by the membership at the AGM.

22. EVENTS AFTER THE END OF THE FINANCIAL YEAR

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

23. INSURANCE AGAINST FRAUD

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

24. CAPITAL COMMITMENTS

There were no capital commitments at 30 September 2017.

25. CONTINGENT LIABILITIES

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

26. COMPARATIVE INFORMATION

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

Schedules to the Income and Expenditure account

The following Schedules do not form part of the statutory financial statements which are the subject of the Independent Auditor's Report on pages 11 to 13.

SCHEDULE 1 – OTHER INTEREST INCOME AND SIMILAR INCOME

	2017 €	2016 €
Investment income and gains received/receivable within 1 year	661,669	686,532
Investment income and gains receivable outside of 1 year	7,362	1,738
Total per income and expenditure account	669,031	688,270

SCHEDULE 2 – OTHER INCOME

	2017 €	2016 €
Entrance fees	307	316
Commission and fees	14,970	12,774
Other	2,399	78
RPI income	(85)	648
Total per income and expenditure account	17,591	13,816

SCHEDULE 3 – OTHER MANAGEMENT EXPENSES

	2017 €	2016 €
Rates	7,874	9,033
Light, heating and cleaning	25,136	25,002
Repairs and renewals	553	5,100
Security costs	8,836	10,820
Printing and stationery	10,849	9,775
Postage and telephone	8,200	10,104
Donations and sponsorship	2,850	3,250
Debt collection	7,116	6,578
Promotion and advertising	28,006	29,611
Staff training and recruitment	10,254	9,080
League and chapter dues	1,074	654
AGM expenses	10,324	14,105
Travel and subsistence	2,757	3,880
Bank charges	17,637	15,666
Audit fee	11,993	11,993
General insurance	17,666	15,487
Share and loan insurance	142,155	139,399
Pension	40,019	35,632
Legal and professional fees	33,414	88,680
Computer maintenance	43,454	23,245
Miscellaneous expenses	2,533	1,648
Death benefit insurance	51,342	79,354
Affiliation fees & SPS contribution	22,098	27,124
Regulatory levies and charges	48,981	45,919
Total per income and expenditure account	555,121	621,139

Notice of Motions

Rule 11. Membership

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

of resident, working or in full time education within the scheduled area as set out in the map attached to the Standard Rules, to include the religious community resident in St. Alphonsus Monastery and full time employees in the monastery as have been duly admitted members of the Credit Unions in accordance with these rules and comply with such of the rules as relate to membership and including, if otherwise qualified, such other persons as were members of the unincorporated body known as Arch-Confraternity Credit Union Limited immediately before the date on which such body secured registration as Sarsfield Credit Union Limited

Rule 13. Qualifications for membership

(1) An applicant shall be admitted to membership only when:

- (i) it shall have been determined that he is eligible for membership in accordance with rule 11; and
- (ii) his application for membership shall have been approved by the affirmative vote of a majority of the board of directors or by a duly appointed and authorised membership committee present at a meeting at which the application is considered; and
- (iii) he has paid an entrance fee of €1.25 (not more than €1.27); and
- (iv) he has paid for a minimum of €10 share(s) (this minimum to be at least one and not more than ten or such larger number of shares as may be prescribed by the Minister) in the credit union.

Rule 29. Shares: general provisions

(1) All shares in the credit union shall be of €1 denomination and shall be subscribed for in full. An amount of less than €1 may be credited to a member's share account in the credit union but no share shall be allotted to a member unless it is fully paid in cash

(2) A member of the credit union:

Shall not hold on deposit with the credit union more than €100,000 or such other maximum as may be prescribed by law or by the Bank; and

Shall not have or claim an interest in shares in the credit union exceeding an amount which, when aggregated with the amount held by the member on deposit with the credit union, exceeds whichever is the greater of €200,000 or one per cent of the total assets of the credit union or such other maximums as may be prescribed by law or the Bank.

(3) Notwithstanding paragraph (2), the board of directors may determine from time to time the maximum amount of shares and deposits which may be held by a member and which shall be no greater than that permitted by paragraph (2).

Motion regarding transfer of engagements.

That this AGM approves the Board to make decisions in relation to the transfers of engagements from another Credit Union satisfactory to the board of Sarsfield Credit Union Limited subject to all relevant due diligence being completed and the Board being satisfied with the results of same and approval of the Central Bank to proceed with the transfer.

Standing Orders

1. VOTING

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

2 - 3 ELECTION PROCEDURE

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

4 - 9 MOTIONS

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

10 - 15 MISCELLANEOUS

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

16. SUSPENSION OF STANDING ORDERS

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

17. ALTERATION OF STANDING ORDERS

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

18. ADJOURNMENTS

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

Notice of Elections

Elections will be held to fill 2 vacancies on the Board of Directors, and the position of Auditor. Notice of the above vacancies were advertised within the credit union office and on our website

www.sarsfieldcu.ie. If you are interested in becoming a volunteer within Sarsfield Credit Union please inform us of same in writing no later than Friday 23rd March 2018.

Requirement for Proof of Identity

Sarsfield Credit Union Ltd., in common with all other financial institutions, is required to establish Proof of Identity and Proof of Residential Address for all members in accordance with Anti Money Laundering provisions contained in the Criminal Justice (Money Laundering and

Terrorist Financing) Act 2010 as amended. To help us meet our obligations we may from time to time ask you to provide updated documents and we thank you in advance for your co-operation and understanding.

Important Notice - DIRT

From 1st January 2014, Deposit Interest Retention Tax (DIRT) must be deducted from all dividend or interest paid to credit union members. This brings credit unions into line with other financial institutions.

Members who can be exempt from DIRT are those who:

- Are aged over 65 (or whose spouse or civil partner is aged over 65), And
- Whose total income is below the relevant

limit (currently €18,000 for a single person or €36,000 for a married couple or a couple in a civil partnership)

In certain circumstances, members who are permanently incapacitated may also be entitled to an exemption from DIRT.

To avail of this exemption, you must complete a self-declaration form. Please contact a member of staff for more information.

CRS Notice



Sarsfield Credit Union Ltd., in common with other financial institutions is required to verify your tax residency for the purposes of the Common Reporting Standard (CRS). The CRS

is provided for by Section 891F of the Taxes Consolidation Act 1997 and was established to enable an automatic exchange of financial account information between countries. Since January 1st 2016 new Members of the Credit Union have been required to self-certify their country of tax residence and we are now requesting existing Members who are no longer resident in Ireland to notify us.

INSURANCE

unique to Credit Unions designed to give you peace of mind.



Loan Protection Insurance

Sarsfield CU takes out cover on the lives of eligible members who have loans with us. This means that should a member with an outstanding loan die, the balance is repaid in full, subject to terms & conditions.

Life Savings Insurance

Sarsfield CU pays out an additional amount in the event of a member's death.

The amount paid out to an eligible member is in direct proportion to the savings and the age of a member. Subject to the maximum benefit of €5,000, every euro you save before the age of 55 provides €1 euro of insurance. (terms and conditions apply)

Death Benefit Insurance

Your savings attract €1,000 towards funeral expenses in the event of your death. The benefit is payable to the deceased members family. (terms and conditions apply)



MEMBER NOTICE CENTRAL CREDIT REGISTER

The Central Credit Register is a national database that will, on request, provide:

- a borrower with an individual credit report detailing their credit agreements;
- a lender with comprehensive information to help with credit assessments; and
- the Central Bank with better insights into national trends in the provision of credit.

The Credit Reporting Act 2013 requires us to process your personal and credit information for the Central Credit Register. From 30 June 2017, we will submit personal information to the Central Credit Register that we may already have about you, like: your name, address, date of birth & your PPSN

The Central Credit Register needs this information to make sure it accurately matches your loans, including loans that you may have with other lenders. Producing a full and accurate credit

report is one of the main aims of the Central Credit Register. We will also submit credit information each month about your loans, if the loan is for €500 or more.

LENDERS MAY ONLY ACCESS YOUR CREDIT REPORT: when considering an application for a new loan, if you ask to change the terms of a loan or if they are reviewing a loan in arrears.

We invite you to read the Central Credit Register factsheet at:

If you have any other question about any of your loans with us, you can contact us at (061) 317910

<https://www.centralcreditregister.ie/media/1083/a-consumer-guide-to-the-central-credit-register.pdf>





Sarsfield
Credit Union Ltd.

Online Banking

with Sarsfield Credit Union

- Transfer money between your accounts
- Move money to other bank accounts
- Check your balances
- Check your statement
- Pay a bill
- Apply for a loan

Register Online
for your PIN today

3 Easy Steps

How to
Register for
Your PIN

1. Click Register at top of Home Page
2. Complete all details in the form
3. Click the "Submit Form" button

Once submitted, Sarsfield Credit Union will contact you to confirm your details and soon after you will receive a PIN in the post.



Convenience Anytime for **YOU**

Come and talk to us in Glentworth Street or Call 061 317 910

E: happytohelp@sarsfieldcu.ie

www.sarsfieldcu.ie

