



FIRST CHOICE CREDIT UNION

Notice of AGM & Annual Accounts 2024



First Choice Credit Union Limited is regulated by the Central Bank of Ireland.

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IN A ROW



Credit Unions have topped the CXi 2024 league table for delivering the best customer experience in Ireland, for a **recording-breaking ten years in a row.**

**THANK YOU IRELAND,
WE  LOVE YOU TOO.**



FIRST CHOICE
Credit Union

MAKING MORE POSSIBLE

NOTICE OF AGM

Notice is hereby given that the 2024 Virtual Annual General Meeting of the members of First Choice Credit Union Limited will take place **via Zoom Webinar** on **Tuesday 3rd December 2024 @ 7.00pm.**

James McLoughlin

Secretary, First Choice Credit Union Limited.

REGISTRATION

Members wishing to attend the Virtual AGM need to request an invitation to join and apply by visiting **www.firstchoicecreditunion.ie** or emailing **agm@fccu.ie** and include the following:

- Member Name
- Member Number
- Member Address
- Member email Address



A link to the AGM Zoom Webinar will be forwarded to the email address you provided at registration, prior to the meeting. Additionally, you will also receive a link to access AGM 2024 reports, biographies of those standing for election and additional information.

Please note: Registration must be submitted no later than midnight Friday 29th November 2024.

THE FOLLOWING INFORMATION IS PERTINENT TO THIS NOTICE

- First Choice Credit Union will be using Zoom Webinar as the electronic platform for the meeting.
- We invite members to register for our virtual AGM on our website, www.firstchoicecreditunion.ie or by emailing agm@fccu.ie.
- The information required to request an invitation is your name, member number, address and email address. The Credit Union will validate members details prior to issuing invitations.
- Please note that registration for the AGM will close at midnight Friday 29th November 2024 to allow us sufficient time to validate all registrations.
- All non-presenting participants will be muted and will have their cameras switched off to allow the smooth running of the meeting. However, you can type a question to the host by clicking on the "Q&A" button on the bottom of the screen.
- Elections for the Board of Directors, Board Oversight Committee, Auditor and Rule Amendments will take place. Voting will be conducted by way of online poll and each member will be asked to vote Yes/ No electronically for each of the above, when instructed by the Chairperson. The votes will be tallied electronically, verified and recorded by the meeting Secretary & Internal Auditor.
- The AGM meeting will be recorded for minute taking purposes. Members who register for the meeting will be agreeing to the recording of the meeting and their participation in it, on registering.

ORDER OF BUSINESS

- | | |
|---|--|
| a) Invocation | j) Declaration of Dividend and Rebate of Interest (if any) |
| b) Acceptance of Proxies, if any, by the Board of Directors | k) Approval of Affiliation Fees |
| c) Ascertainment that a quorum is present | l) Report of the Nomination Committee |
| d) Adoption of Standing Orders | m) Appointment of Tellers |
| e) Approval (or correction) of the minutes of the 2023 AGM and any intervening special general meeting | n) Rule Amendment Ballot |
| f) Report of the Board Oversight Committee | o) Results of Rule Amendment Ballot |
| g) Report of the Board of Directors; incorporating the reports of the Credit Committee, Credit Control Committee and Membership Committee | p) Election to fill vacancies on the Board of Directors |
| h) Consideration of Accounts | q) Election to fill vacancies on the Board Oversight Committee |
| i) Report of the Auditor | r) Election of the Auditor |
| | s) Announcement of Election Results |
| | t) Any Other Business |
| | u) Adjournment or Close of Meeting |

RULE CHANGES & MOTIONS

The standard rule book has been amended by First Choice Credit Union to incorporate legislative changes throughout 2024. Amendments to the standard rules have consequently been passed by board resolution to incorporate these changes. Unlike previous years, these proposed rule amendments do not require formal approval at the AGM.

ELECTIONS

Rule Amendment

Motion 1

Rule 40 (2)

That this Annual General Meeting amends Rule 40 (2) to read as follows: At the time of the adoption of these rules, the board of directors shall consist of 11 members, all of whom shall be members of the credit union.

Election of Directors under Section 53 of the Credit Union Act 1997 (As Amended)

Subject to the approval of Motion 1 there will be two vacancies on the Board of Directors at AGM 2024.

The following candidates have been proposed by the Nomination Committee to fill those vacancies:

- Aidan Staunton
- Mairead King

The following directors, having served the full term, offer themselves for re-election on the proposal of the Nomination Committee:

- Francis Moore
- Marie Quinn

Election of Board Oversight Committee Members under Section 76N of the Credit Union Act 1997 (As Amended)

There is one vacancy to be filled on the Board Oversight committee at AGM 2024.

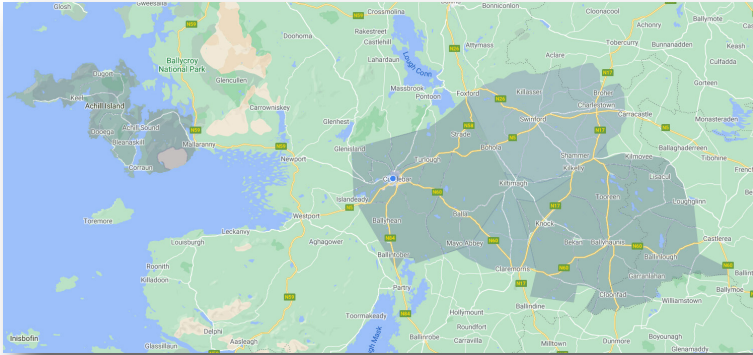
The following candidate offers themselves for re-election to fill the vacancy:

- Denis Gallagher

Election of Auditor under Section 115 of the Credit Union Act 1997 (As Amended)

The Auditors Grant Thornton, Mill House, Henry Street, Limerick being eligible, offer themselves for election.

FIRST CHOICE CREDIT UNION COMMON BOND



In order to become a member of First Choice Credit Union, you must satisfy the common bond criteria by either living or working in any of the areas highlighted in the map above. With six offices, our common bond covers the areas, of Achill, Balla, Ballyhaunis, Castlebar, Kiltimagh and Swinford. Anyone who would like to join, can apply for membership in any First Choice Credit Union office or apply online at www.firstchoicecreditunion.ie.

The common bond is the factor which unites the members of a Credit Union together. It defines the area in which a credit union can operate. For further information on our common bond, please don't hesitate to contact us on 094 9022969, visit any of our offices or go to www.firstchoicecreditunion.ie.



Irish Life Financial Services helping
First Choice Credit Union Members
 build better futures

Speak to us today to plan ahead for your future

Irish Life Financial Services is an insurance intermediary that can review your protection, retirement, savings and investment needs.

AFFILIATION FEES

It is proposed that an affiliation fee of €1.50 for the year end 30th September 2024 be paid by deduction from the share account of each member. Affiliation fees are paid to the Irish League of Credit Unions to assist in its functioning.

ILCU INTERNATIONAL DEVELOPMENT FOUNDATION

It is proposed that €2,000 be donated to the Irish League of Credit Unions International Development Foundation. The Foundation supports dedicated local partners to develop and strengthen the credit union movement in three core countries – Ethiopia, Sierra Leone and The Gambia.

NOMINATION ON ACCOUNTS

This is a unique facility for credit union members. If you are over 16 years of age you can nominate who is to receive the monies in your accounts with the credit union upon your death, which includes shares, deposits and insurance proceeds.

You may nominate a person(s) of choice to receive your property presently up to a maximum value of €27,000. Any amount in excess of this balance will form part of your estate.

We ask members to review their Nomination arrangements, particularly if you have not done so in the last five years, have married or have reached the age of 16 years. For more information visit any First Choice Credit Union office, call us on 094 9022969 or email us at info@fccu.ie.



Credit Union members save even more on car, home and pet insurance with Allianz.

→ Find out more at allianz.ie/first-choice-credit-union

Allianz p.l.c. is regulated by the Central Bank of Ireland. Standard acceptance criteria, terms & conditions apply.

Directors' report

For the financial year ended 30 September 2024

The directors present their annual report and the audited financial statements for the financial year ended 30 September 2024.

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 Community (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 proposing dividends in respect of the financial year ended 30 September 2024 of €262,819 (0.125%) and loan interest rebates on the standard rate loans of €74,410 (10.00%). (2023: The directors did not propose a dividend or loan interest rebate).

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.

Global macro-economic risk

There is an economic and operational risk relating to disruption to global supply chains and a general uncertainty in the markets as a result of the changing geopolitical landscape.

Directors' report (continued)

For the financial year ended 30 September 2024

These risks and uncertainties 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 loan policy. All loan applications are assessed with reference to the loan 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.

Global macro-economic risk

The board of directors and management closely monitor the disruption to global supply chains and markets and continue to take appropriate actions to mitigate any possible adverse effects on the credit union.

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 Market Square, Castlebar, Co. Mayo.

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 of the Credit Union Act, 1997 (as amended), Grant Thornton offer themselves for re-election.

This report was approved by the board and signed on its behalf by:

Joe Butler

Chairperson of the board of directors

James McLoughlin

Member of the board of directors

Date: 15 November 2024

Directors' responsibilities statement

For the financial year ended 30 September 2024

The directors are responsible for preparing the financial statements in accordance with applicable Irish law and regulations. The directors have elected to prepare the financial statements in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102). 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. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the credit union's website.

On behalf of the board of directors:

Joe Butler
Chairperson of the board of directors

James McLoughlin
Member of the board of directors

Date: 15 November 2024

Board oversight committee's responsibilities statement

For the financial year ended 30 September 2024

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.

On behalf of the board oversight committee:

Brendan Coyne
Chairperson of the board oversight committee

Date: 15 November 2024

Independent auditor's report to the members of First Choice Credit Union Limited

Opinion

We have audited the financial statements of First Choice Credit Union Limited for the financial year ended 30 September 2024, which comprise:

- the Income and expenditure account;
- the Statement of other comprehensive income;
- the Balance sheet;
- the Statement of changes in reserves;
- the Statement of cash flows; and
- the related notes 1 to 33, including a summary of significant accounting policies as set out in note 2.

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 (as amended) "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (Generally Accepted Accounting Practice in Ireland).

In our opinion, First Choice 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 2024 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, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), 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

In auditing the financial statements, we have concluded that the director's use of going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the credit union's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditor's report to the members of First Choice Credit Union Limited (continued)

Other information

Other information comprises information included in the annual report, other than the financial statements and our auditor's 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 (as amended), 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 auditor's 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.

Independent auditor's report to the members of First Choice Credit Union Limited (continued)

Responsibilities of the auditor for the audit of the financial statements (continued)

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 auditor's 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 auditor's report. However, future events or conditions may cause the credit union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the credit union and the credit union's members as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Nolan FCA
for and on behalf of
Grant Thornton
Chartered Accountants
& Statutory Audit Firm
Limerick

Date: 15 November 2024

Income and expenditure account

For the financial year ended 30 September 2024

		2024	2023
	Schedule	€	€
Income			
Interest on members' loans		3,301,212	2,922,944
Other interest income and similar income	1	<u>3,923,420</u>	<u>2,539,569</u>
Net interest income		7,224,632	5,462,513
Other income	2	<u>293,198</u>	<u>343,295</u>
Total income		<u>7,517,830</u>	<u>5,805,808</u>
Expenditure			
Employment costs		2,097,787	1,854,828
Other management expenses	3	3,075,984	2,382,146
Depreciation		202,558	195,040
Net impairment gains on loans to members (note 6)		<u>(284,770)</u>	<u>(81,932)</u>
Total expenditure		<u>5,091,559</u>	<u>4,350,082</u>
Surplus for the financial year		<u><u>2,426,271</u></u>	<u><u>1,455,726</u></u>

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

Joe Butler

 Member of the board of
 directors

Anne King

 CEO

Date: 15 November 2024

Statement of other comprehensive income

For the financial year ended 30 September 2024

	2024	2023
	€	€
Surplus for the financial year	2,426,271	1,455,726
Other comprehensive income	-	-
Total comprehensive income for the financial year	<u>2,426,271</u>	<u>1,455,726</u>

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

Joe Butler

Member of the board of
directors

Anne King

CEO

Date: 15 November 2024

Balance sheet

As at 30 September 2024

	Notes	2024	2023
		€	€
Assets			
Cash and balances at bank	7	8,651,918	10,307,633
Deposits and investments – cash equivalents	8	44,112,571	37,555,068
Deposits and investments – other	8	163,236,466	147,315,875
Loans to members	9	48,297,888	37,013,941
Provision for bad debts	10	(3,344,966)	(3,206,154)
Tangible fixed assets	11	2,186,056	2,206,844
Equity investment	12	50,000	-
Investments in associates	13	296,250	265,000
Debtors, prepayments and accrued income	14	3,863,708	3,308,610
Total assets		267,349,891	234,766,817
Liabilities			
Members' shares	15	210,926,528	185,884,873
Members' deposits	16	406,645	489,339
Members' current accounts	17	7,144,032	6,402,068
Other liabilities, creditors, accruals and charges	18	1,018,233	640,867
Other provisions	19	38,529	24,711
Total liabilities		219,533,967	193,441,858
Reserves			
Regulatory reserve	21	28,567,860	25,704,819
Operational risk reserve	21	1,403,926	1,293,326
Other reserves			
- Realised reserves	21	17,195,073	13,974,994
- Unrealised reserves	21	649,065	351,820
Total reserves		47,815,924	41,324,959
Total liabilities and reserves		267,349,891	234,766,817

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

Joe Butler
Member of the board of
directors

Anne King
CEO

Date: 15 November 2024

The notes on pages 18 to 35 form part of these financial statements.

Statement of changes in reserves

For the financial year ended 30 September 2024

	Regulatory reserve	Operational risk reserve	Realised reserves	Unrealised reserves	Total
	€	€	€	€	€
As at 1 October 2022	25,704,819	1,293,326	12,671,806	199,282	39,869,233
Surplus for the financial year	-	-	1,294,103	161,623	1,455,726
Transfers between reserves	-	-	9,085	(9,085)	-
As at 1 October 2023	25,704,819	1,293,326	13,974,994	351,820	41,324,959
Transfers of engagements	2,863,041	110,600	1,066,479	24,574	4,064,694
Surplus for the financial year	-	-	2,003,600	272,671	2,276,271
Community fund reserve	-	-	150,000	-	150,000
As at 30 September 2024	28,567,860	1,403,926	17,195,073	649,065	47,815,924

- The regulatory reserve of the credit union as a percentage of total assets as at 30 September 2024 was 10.69% (2023: 10.95%).
- The operational risk reserve of the credit union as a percentage of total assets as at 30 September 2024 was 0.53% (2023: 0.55%).

Statement of cash flows

For the financial year ended 30 September 2024

	Notes	2024 €	2023 €
Opening cash and cash equivalents		47,862,701	44,011,757
Cash flows from operating activities			
Loans repaid by members	9	18,944,738	16,255,159
Loans granted to members	9	(24,467,301)	(18,086,826)
Interest on members' loans		3,301,212	2,922,944
Other interest income and similar income		3,923,420	2,539,569
Bad debts recovered and recoveries		367,207	276,928
Other income		293,198	343,295
Members' current account lodgements	17	55,173,137	48,731,986
Members' current account withdrawals	17	(54,431,755)	(47,087,833)
Operating expenses		(5,173,189)	(4,236,916)
Movement in other assets and liabilities		(77,253)	(2,253,985)
Net cash flows from operating activities		(2,146,586)	(595,679)
Cash flows from investing activities			
Cash and investments introduced from transfers of engagements		21,598,939	-
Fixed assets purchases		(22,969)	(24,371)
Investments in associates		(31,250)	-
Equity investment		(50,000)	-
Net cash flow from other investing activities		(15,920,591)	3,484,662
Net cash flows from investing activities		5,574,129	3,460,291
Cash flows from financing activities			
Members' shares received	15	140,460,121	127,198,767
Members' shares withdrawn	15	(138,903,182)	(126,140,938)
Members' deposits received	16	95,900	54,862
Members' deposits withdrawn	16	(178,594)	(126,359)
Net cash flow from financing activities		1,474,245	986,332
Net increase in cash and cash equivalents		4,901,788	3,850,944
Closing cash and cash equivalents	7	52,764,489	47,862,701

The notes on pages 18 to 35 form part of these financial statements.

Notes to the financial statements

For the financial year ended 30 September 2024

1. Legal and regulatory framework

First Choice 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 Market Square, Castlebar, Co. Mayo.

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 a 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

Deposits 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.

Notes to the financial statements (continued)

For the financial year ended 30 September 2024

2. Accounting policies (continued)

2.6 Deposits and investments

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 minimum deposits with the Central Bank but may also hold an excess over the regulatory minimum. The regulatory minimum deposits are technically assets of the credit union but to which the credit union has restricted access. The regulatory minimum portion will not ordinarily be returned to the credit union while it is a going concern and is separately identified in note 8, Deposits and investments - other. Funds held with the Central Bank in excess of the regulatory minimum requirements are fully available to the credit union and are therefore treated as cash equivalents and are separately identified in note 8, Deposits and investments – cash equivalents. The amounts held on deposit with the Central Bank are not subject to impairment reviews.

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 economic 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.

Notes to the financial statements (continued)

For the financial year ended 30 September 2024

2. Accounting policies (continued)

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, using the straight-line method.

Depreciation is provided on the following basis:

Premises	40 years straight line
Computers and equipment	5 years straight line
Fixtures and fittings	7 years straight line

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 in the income and expenditure account.

2.10 Impairment of 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.

2.11 Equity investment

Equity investment made by the credit union is accounted for at cost less impairment.

2.12 Investments in associates

Investments in associates are accounted for at cost less impairment.

2.13 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.

Notes to the financial statements (continued)

For the financial year ended 30 September 2024

2. Accounting policies (continued)

2.14 Financial liabilities – members' shares and members' deposits

Members' shares and members' deposits 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.

2.15 Interest on members' deposits

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

2.16 Members' current accounts

The credit union provides Member Personal Current Account Services in accordance with Section 49(3) of the Credit Union Act, 1997 (as amended).

2.17 Other payables

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

2.18 Operating leases

Rentals payable under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

2.19 Pension

The credit union operates a defined contribution pension scheme. The assets of this scheme are held separately from those of the credit union in independently administered funds. Employer contributions to the pension scheme are charged to the income and expenditure account in the period to which they relate. The amount payable at the year end in respect of same was €19,950 (2023: €22,192).

2.20 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.

2.21 Derecognition of financial liabilities

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

2.22 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. In instances where the credit union has been approved for long term lending, a minimum regulatory reserve of at least 12.5 per cent is required. This reserve is to be perpetual in nature, freely available to absorb losses, realised financial reserves that are unrestricted and non-distributable.

Notes to the financial statements (continued)

For the financial year ended 30 September 2024

2. Accounting policies (continued)

2.23 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 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.

In addition, the credit union has included in its operational risk reserve a Member Personal Current Account Service operational risk reserve, in accordance with Section 49(3) of the Credit Union Act, 1997 (as amended).

2.24 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. The credit union has established a community fund reserve to be used by the credit union for social, cultural and charitable purposes in accordance with section 44 of the Credit Union Act, 1997 (as amended) and this is included in realised reserves. 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 and the balance of the SPS refund receivable is also classified as unrealised and is not distributable. All other income is classified as realised.

2.25 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.

Notes to the financial statements (continued)

For the financial year ended 30 September 2024

2. Accounting policies (continued)

2.26 Transfer of engagements

Transfer of engagements are accounted for using the acquisition method of accounting. This involves recognising identifiable assets and liabilities of the acquired credit unions at fair value. In applying the acquisition method of accounting for these business combinations, the member interests transferred by the credit union represents the consideration transferred for the net assets acquired. This consideration has been estimated as equivalent to the acquisition date fair value of the members' interests in the transferor credit union (the fair value of the transferor credit union) at the date of the transfer, and is reflected as an adjustment in reserves.

2.27 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 €2,186,056 (2023: €2,206,844).

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 €3,344,966 (2023: €3,206,154) representing 6.93% (2023: 8.66%) of the total gross loan book.

Investments in associates

The investments in associates represents the credit union's investment in Metacu Management Designated Activity Company. This investment was made for operational purposes. The credit union holds 6.25% Redeemable A Ordinary shares in the company and through the terms of the shareholders agreement agreed between each of the participating credit unions, the credit union is deemed to have influence over the operations of this company. Therefore the investment has been accounted for as an investment in an associate.

Notes to the financial statements (continued)

For the financial year ended 30 September 2024

3. Judgements in applying accounting policies and key source of estimation uncertainty (continued)

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. 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. In addition, the credit union has included in its operational risk reserve a Member Personal Current Account Service operational risk reserve, in accordance with Section 49(3) of the Credit Union Act, 1997 (as amended). The operational risk reserve of the credit union at the year end was €1,403,926 (2023: €1,293,326).

Adoption of going concern basis for financial statements preparation

The credit union continue to closely monitor developments within the global macro-economic environment. 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.

Notes to the financial statements (continued)

For the financial year ended 30 September 2024

4. Transfer of engagements

On 8 April 2024, First Choice Credit Union Limited ("FCCU") accepted the transfer of Kiltimagh District Credit Union ("KDCU"). The assets and liabilities of KDCU at the date of transfer were incorporated into the balance sheet of FCCU at that date.

FCCU did not pay any consideration in respect of the transfer of engagements. On the date of transfer, the members of the transferor credit union became members of FCCU, and thereby became entitled to member interest associated with such membership. In applying the acquisition method of accounting for this business combination, the members' interests transferred by FCCU represents the consideration transferred for the net assets acquired. This consideration has been estimated as equivalent to the acquisition date fair value of the members' interests in the transferor credit union (the fair value of the transferor credit union) at the date of transfer, and is reflected as an adjustment in reserves in note 21.

The fair values of the net assets acquired are detailed below:

	Fair value of KDCU assets and liabilities acquired by FCCU €
Cash on hand and at bank	754,058
Deposits and investments	20,844,881
Loans to members	6,088,906
Provision for bad debts	(383,897)
Tangible fixed assets	158,801
Debtors, prepayments and accrued income	105,467
Members' shares	(23,484,716)
Other liabilities, creditors, accruals and charges	(18,806)
Total	4,064,694

5. Key management personnel compensation

The directors of the credit union are all unpaid volunteers. The key management personnel compensation is as follows.

	2024 €	2023 €
Short term employee benefits paid to key management	537,514	577,836
Payments to pension schemes	47,203	51,170
Total key management personnel compensation	584,717	629,006

6. Net impairment gains on loans to members

	2024 €	2023 €
Bad debts recovered	(325,485)	(228,942)
Impairment of loan interest reclassified as bad debt recoveries	(41,722)	(47,986)
Movement in bad debts provision during the year	(245,085)	(160,328)
Loans written off during the year	327,522	355,324
Net impairment gains on loans to members	(284,770)	(81,932)

Notes to the financial statements (continued)

For the financial year ended 30 September 2024

7. Cash and cash equivalents

	2024	2023
	€	€
Cash and balances at bank	8,651,918	10,307,633
Deposits and investments – cash equivalents (note 8)	44,112,571	37,555,068
Total cash and cash equivalents	52,764,489	47,862,701

8. Deposits and investments

	2024	2023
	€	€
Deposits and investments – cash equivalents		
Accounts in authorised credit institutions (Irish and non-Irish based)	34,429,988	33,609,265
Irish and EEA state securities	8,867,951	3,385,841
Central Bank deposits	814,632	559,962
Total deposits and investments – cash equivalents	44,112,571	37,555,068
Deposits and investments – other		
Accounts in authorised credit institutions (Irish and non-Irish based)	81,308,507	83,050,802
Irish and EEA state securities	3,211,242	1,092,144
Bank bonds	76,663,590	61,359,276
Central Bank deposits	2,053,127	1,813,653
Total deposits and investments – other	163,236,466	147,315,875
Total deposits and investments	207,349,037	184,870,943

The rating category of counterparties with whom the investments were held at 30 September 2024 and 30 September 2023 is as follows:

	2024	2023
	€	€
Aa2	8,867,926	4,385,816
Aa3	47,761,134	46,458,538
A1	115,233,494	104,607,674
A2	8,527,602	8,549,673
A3	18,879,881	14,800,000
Baa1	5,211,241	3,695,627
Central bank	2,867,759	2,373,615
Total	207,349,037	184,870,943

9. Financial assets – loans to members

	2024	2023
	€	€
As at 1 October	37,013,941	35,537,598
Loans arising on transfer of engagements	6,088,906	-
Loans granted during the year	24,467,301	18,086,826
Loans repaid during the year	(18,944,738)	(16,255,159)
Gross loans and advances	48,625,410	37,369,265
Bad debts		
Loans written off during the year	(327,522)	(355,324)
As at 30 September	48,297,888	37,013,941

Notes to the financial statements (continued)

For the financial year ended 30 September 2024

10. Provision for bad debts

	2024	2023
	€	€
As at 1 October	3,206,154	3,366,482
Provision arising on transfer of engagements	383,897	-
Movement in bad debts provision during the year	(245,085)	(160,328)
As at 30 September	<u>3,344,966</u>	<u>3,206,154</u>

The provision for bad debts is analysed as follows:

	2024	2023
	€	€
Grouped assessed loans	3,344,966	3,206,154
Provision for bad debts	<u>3,344,966</u>	<u>3,206,154</u>

11. Tangible fixed assets

	Premises €	Computers and equipment €	Fixtures and fittings €	Mobile office €	Total €
Cost					
As at 1 October 2023	4,707,580	1,309,751	352,251	12,577	6,382,159
Additions	-	20,423	2,546	-	22,967
On transfer of engagements	146,375	-	12,426	-	158,803
Disposals	-	(103,586)	(53,269)	(12,577)	(169,432)
As at 30 September 2024	<u>4,853,955</u>	<u>1,226,588</u>	<u>313,954</u>	<u>-</u>	<u>6,394,497</u>
Depreciation					
As at 1 October 2023	2,644,818	1,178,120	339,800	12,577	4,175,315
Charge for the year	124,841	65,331	12,386	-	202,558
On transfer of engagements	-	-	-	-	-
Disposals	-	(103,586)	(53,269)	(12,577)	(169,432)
As at 30 September 2024	<u>2,769,659</u>	<u>1,139,865</u>	<u>298,917</u>	<u>-</u>	<u>4,208,441</u>
Net book value					
As at 30 September 2024	<u>2,084,296</u>	<u>86,723</u>	<u>15,037</u>	<u>-</u>	<u>2,186,056</u>
As at 30 September 2023	2,062,762	131,631	12,451	-	2,206,844

Arising from the Ballyhaunis & District Credit Union Limited voluntary transfer of engagement on 8 May 2015, the credit union entered into a Transfer of Rights Agreement with the Irish League of Credit Unions ("ILCU") in relation to the two transferred premises. Material benefits accrue to the ILCU on any sale of the transferred premises where the sale proceeds exceed the transferred values. One of these premises was sold during 2020 and the other premises remains retained by the credit union at 30 September 2024.

Notes to the financial statements (continued)

For the financial year ended 30 September 2024

12. Equity investment

	€
Cost	
As at 1 October 2023	-
Initial investment	50,000
As at 30 September 2024	<u>50,000</u>
Accumulated impairment	
As at 30 September 2024	<u>-</u>
Net book value	
As at 30 September 2024	<u>50,000</u>
As at 30 September 2023	<u>-</u>

The equity investment represents an investment made by the Credit Union in CU Mortgage Services Designated Activity Company, a company with registered number 755686, and having its registered office at 5 High Street, Dublin 8, D08 X7T1.

13. Investments in associates

	€
Cost	
As at 1 October 2023	265,000
Additions	31,250
As at 30 September 2024	<u>296,250</u>
Accumulated impairment	
As at 1 October 2023 and 30 September 2024	<u>-</u>
Net book value	
As at 30 September 2024	<u>296,250</u>
As at 30 September 2023	<u>265,000</u>

Interests in associate

The credit union has interests in the following associate:

Associate	Registered address	Type of shares held	Proportion held %	Net assets €	Profit or (loss) €
MetaCU Management Designated Activity Company	14 Ely Place Dublin 2 Ireland	Redeemable A Ordinary	6.25%	4,056,303	8,098

The above financial information in respect of MetaCU Management Designated Activity Company was extracted from the audited financial statements for the year ended 31 December 2023.

The effect of including this investment as if it had been accounted for using the equity method would be as follows:

	Share of net assets €
As at 1 October 2023	253,012
Share of profit for the financial year after tax	506
As at 30 September 2024	<u>253,518</u>

Notes to the financial statements (continued)

For the financial year ended 30 September 2024

14. Debtors, prepayments and accrued income

	2024	2023
	€	€
Prepayments	218,752	153,955
Other debtors	2,106,793	2,095,868
Accrued investment income	1,434,590	978,842
Loan interest receivable	103,573	79,945
As at 30 September	<u>3,863,708</u>	<u>3,308,610</u>

15. Members' shares

	2024	2023
	€	€
As at 1 October	185,884,873	184,827,044
Members' shares arising on transfer of engagements	23,484,716	-
Received during the year	140,460,121	127,198,767
Withdrawn during the year	(138,903,182)	(126,140,938)
As at 30 September	<u>210,926,528</u>	<u>185,884,873</u>

16. Members' deposits

	2024	2023
	€	€
As at 1 October	489,339	560,836
Received during the year	95,900	54,862
Withdrawn during the year	(178,594)	(126,359)
As at 30 September	<u>406,645</u>	<u>489,339</u>

17. Members' current accounts

	2024	2023
	€	€
As at 1 October	6,402,068	4,757,857
Lodgements during the year	55,173,137	48,731,986
Withdrawals during the year	(54,431,755)	(47,087,833)
Provision movement	582	58
As at 30 September	<u>7,144,032</u>	<u>6,402,068</u>

	2024		2023	
	No. of Accounts	Balance of Accounts €	No. of Accounts	Balance of Accounts €
Debit	101	4,751	113	4,169
Debit (net of provision)	101	-	113	-
Credit	2,786	7,144,032	2,607	6,402,068
Permitted overdrafts	37	15,142	37	15,337

Notes to the financial statements (continued)

For the financial year ended 30 September 2024

18. Other liabilities, creditors, accruals and charges

	2024	2023
	€	€
Accruals and other liabilities	979,474	592,300
PAYE/PRSI	38,759	48,567
As at 30 September	<u>1,018,233</u>	<u>640,867</u>

19. Other provisions

	2024	2023
	€	€
Holiday pay accrual		
At 1 October	24,711	32,075
Charged/(credited) to the income and expenditure account	13,818	(7,364)
As at 30 September	<u>38,529</u>	<u>24,711</u>

20. Financial instruments – measured at amortised cost

Financial assets	2024	2023
	€	€
Financial assets measured at amortised cost	<u>264,841,510</u>	<u>232,326,073</u>
Financial liabilities	2024	2023
	€	€
Financial liabilities measured at amortised cost	<u>219,533,967</u>	<u>193,441,858</u>

Financial assets measured at amortised cost comprise of cash and balances at bank, deposits and investments, loans, members' current accounts overdrawn, accrued investment income, equity investment, investments in associates and other debtors.

Financial liabilities measured at amortised cost comprise of members' shares, members' deposits, members' current accounts, other liabilities, creditors, accruals and charges and other provisions.

Notes to the financial statements (continued)

For the financial year ended 30 September 2024

21. Reserves

	Balance 01/10/23	Arising from ToE	Appropriation of current year surplus	Balance 30/09/24
	€	€	€	€
Regulatory reserve	<u>25,704,819</u>	<u>2,863,041</u>	-	<u>28,567,860</u>
Operational risk reserve	<u>1,293,326</u>	<u>110,600</u>	-	<u>1,403,926</u>
Other reserves				
Realised				
Community fund	-	-	150,000	150,000
General reserve	<u>13,974,994</u>	<u>1,066,479</u>	<u>2,003,600</u>	<u>17,045,073</u>
Total realised reserves	<u>13,974,994</u>	<u>1,066,479</u>	<u>2,153,600</u>	<u>17,195,073</u>
Unrealised				
Interest on loans reserve	79,945	-	23,628	103,573
Investment income reserve	176,007	13,649	249,043	438,699
SPS reserve	<u>95,868</u>	<u>10,925</u>	-	<u>106,793</u>
Total unrealised reserves	<u>351,820</u>	<u>24,574</u>	<u>272,671</u>	<u>649,065</u>
Total reserves	<u>41,324,959</u>	<u>4,064,694</u>	<u>2,426,271</u>	<u>47,815,924</u>

Notes to the financial statements (continued)

For the financial year ended 30 September 2024

22. Credit risk disclosures

In line with regulatory reporting, 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 percentage 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 house loans, 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.

	2024		2023	
	€	%	€	%
Loans not impaired				
Total loans not impaired, not past due	44,064,100	91.24%	33,570,335	90.70%
Impaired loans:				
Not past due	150,060	0.31%	276,009	0.75%
Up to 9 weeks past due	2,832,272	5.86%	2,199,158	5.94%
Between 10 and 18 weeks past due	396,390	0.82%	244,929	0.66%
Between 19 and 26 weeks past due	315,907	0.65%	159,150	0.43%
Between 27 and 39 weeks past due	163,364	0.34%	249,603	0.67%
Between 40 and 52 weeks past due	139,497	0.29%	134,502	0.36%
53 or more weeks past due	236,298	0.49%	180,255	0.49%
Total impaired loans	4,233,788	8.76%	3,443,606	9.30%
Total loans	48,297,888	100.00%	37,013,941	100.00%

23. Related party transactions

23a. Loans

	2024		2023	
	No. of loans	€	No. of loans	€
Loans advanced to related parties during the year	2	4,200	10	94,250
Total loans outstanding to related parties at the year end	9	90,679	12	125,571
Total provisions for loans outstanding to related parties		3,241		9,355

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 0.19% of the total loans outstanding at 30 September 2024 (2023: 0.34%).

23b. Savings

The total amount of savings held by related parties at the year end was €551,047 (2023: €524,399).

Notes to the financial statements (continued)

For the financial year ended 30 September 2024

24. Additional financial instruments disclosures

24a. 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 unions 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 loan policy. Credit risk mitigation may include the requirement to obtain collateral as set out in the credit union's loan policy. Where collateral or guarantees are required, they are usually taken as a secondary source of repayment in the event of the borrower's default. The credit union maintains policies which detail the acceptability of specific classes of collateral. The principal collateral types for loans are: an attachment over members' pledged shares; personal guarantees; and charges over assets. The nature and level of collateral required depends on a number of factors such as the term of the loan and the amount of exposure. All loan applications are assessed with reference to the loan policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed. The credit union is also exposed to counterparty credit risk pertaining to its deposit and investment portfolio. In order to manage this 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.

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.

24b. 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 the minimum short term liquidity ratio as set out in regulatory requirements.

Notes to the financial statements (continued)

For the financial year ended 30 September 2024

24c. Interest rate risk disclosures

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

	2024		2023	
	€	Average interest rate %	€	Average interest rate %
Gross loans to members	<u>48,297,888</u>	<u>7.81%</u>	<u>37,013,941</u>	<u>8.23%</u>

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

25. Dividends and loan interest rebates

The following distributions were paid during the year:

	2024		2023	
	%	€	%	€
Dividend on shares	==	==	==	==
Loan interest rebate	==	==	==	==

The directors are proposing dividends in respect of the financial year ended 30 September 2024 of €262,819 (0.125%) and loan interest rebates on the standard rate loans of €74,410 (10.00%). (2023: The directors did not propose a dividend or loan interest rebate).

26. Rate of interest paid on members' deposit accounts

	2024		2023	
	%	€	%	€
Interest on members' deposits	==	==	==	==

27. Events after the end of the financial year

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

28. Insurance against fraud

The credit union has Insurance against fraud in the amount of €5,200,000 (2023: €5,200,000) in compliance with Section 47 of the Credit Union Act, 1997 (as amended).

29. Commitments under operating leases

The credit union had future minimum lease payments under operating leases as follows:

	2024	2023
	€	€
Less than 1 year	25,609	18,056
1 to 5 years	102,434	9,029
As at 30 September	<u>128,043</u>	<u>27,085</u>

Notes to the financial statements (continued)

For the financial year ended 30 September 2024

30. Contingent Liabilities

Included in other debtors in note 14 is an amount of €2,000,000 which relates to an investment that matured in June 2023. The investment was made in 2018 in the amount of €2,000,000 in a product called a “Protected Note 8”. The Protected Note 8 was a 5 year and 1 month investment with Banca IMI S.p.A., an Italian bank that has since merged with Intesa Sanpaolo S.p.A., also an Italian bank. The investment was capital protected. The investment was made with an Irish investment firm called BlackBee Investments Limited. BlackBee Investments Limited is a MiFID investment firm. MiFID refers to the European Union (Markets in Financial Instruments) Regulations 2017. Following an application by the Central Bank of Ireland, the High Court appointed liquidators to BlackBee Investments Limited in May 2023. Subsequent to this, in June 2023, the credit union’s investment with Banca IMI S.p.A. matured, and, the funds were returned by Intesa Sanpaolo S.p.A to BlackBee Investments Limited (at this point, in liquidation). At 30 September 2024, the funds had not yet been returned to the credit union by the liquidators of BlackBee Investments Limited. Regulation 49 of the Investment Firms Regulations sets out the requirements as regards segregation of client assets and sets out that an investment firm shall not use client assets for any purpose other than for the sole account of that client. The credit union has no reason to believe that the matured investment that is now held by the liquidators has mingled with any other BlackBee Investments Limited funds. The credit union has sought legal advice in this regard. While the Board of Directors is satisfied that the investment has matured and the funds will be returned to the credit union, the timing of the return of the funds is uncertain. Furthermore, under MiFID regulations, liquidators can, in certain circumstances, seek to deduct reasonable costs from investment funds in the fulfilment of their function. At 30 September 2024, there is no indication that the liquidators will seek to deduct costs, however this remains a possibility. Consequently it is impracticable at this time to estimate the impact, financial or otherwise, of the delayed timing of the receipt of funds if any, and, the financial impact of the liquidation costs if any.

31. Capital commitments

There were no capital commitments at 30 September 2024.

32. Comparative information

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

33. Approval of financial statements

The board of directors approved these financial statements for issue on 15 November 2024.

Schedules to the income and expenditure account

For the financial year ended 30 September 2024

The following schedules do not form part of the statutory financial statements which are the subject of Independent Auditor's report on pages 10 to 12.

Schedule 1 – Other interest income and similar income

	2024	2023
	€	€
Investment income received/receivable within 1 year	3,674,377	2,384,955
Investment income receivable outside of 1 year	249,043	154,614
Total per income and expenditure account	<u>3,923,420</u>	<u>2,539,569</u>

Schedule 2 – Other income

	2024	2023
	€	€
Commissions, fees and charges	95,555	136,295
Miscellaneous income	18,744	32,236
MPCAS income	178,899	174,764
Total per income and expenditure account	<u>293,198</u>	<u>343,295</u>

Schedules to the income and expenditure account (continued)

For the financial year ended 30 September 2024

Schedule 3 – Other management expenses

	2024	2023
	€	€
Rent and rates	35,577	58,282
Lighting, heating and cleaning	101,222	104,900
Repairs and renewals	16,989	14,119
Security costs	40,455	29,086
Printing and stationery	60,105	43,696
Postage, telephone and broadband	92,815	51,143
Donations and sponsorship	16,183	18,955
Promotion and advertising	161,282	153,135
Training costs	19,698	11,517
AGM and convention expenses	30,754	38,934
Travel expenses	18,620	15,534
Bank and cash handling charges	165,200	142,898
Audit fee	34,379	34,379
Board oversight committee expenses	600	-
Operating lease - rental charge	27,920	19,213
General insurance	93,573	88,422
Share and loan insurance	254,699	228,649
Legal and professional costs	362,987	240,741
Computer maintenance	489,753	406,192
League affiliation fees and SPS fund	38,076	17,606
Regulatory levies	710,193	401,027
Subscriptions	65,464	60,688
Other expenses	40,982	17,069
MPCAS charges	197,876	185,903
Provision on current accounts	582	58
Total per income and expenditure account	<u>3,075,984</u>	<u>2,382,146</u>

FIRST CHOICE CREDIT UNION COMMUNITY FUND

The First Choice Credit Union Community Fund is an initiative designed to support projects within our common bond of Achill, Balla, Ballyhaunis, Castlebar, Kiltimagh, Swinford and surrounding areas, for Social, Cultural or Charitable purposes (including Community Development).

The Community Fund is for larger scale projects and initiatives that will benefit the wider community and is separate to the sponsorship and financial supports that First Choice Credit Union has long been associated with. These smaller sponsorships and financial supports will continue to be issued by the Credit Union.

IN 2024, WE AWARDED €100,000 to 12 very worthy recipients through our Community Fund. Applications for our next round of funding will open early in the new year. To those who were unsuccessful last time around, we would encourage all to apply again in the future.

2024 COMMUNITY FUND RECIPIENTS

Ballyhaunis Community Gardening Club
Ballyglass Childcare Center
Manulla Football Club
Breaffy National School
St. Brid's Special School Castlebar
The Celtic Furrow, Ballintubber Abbey Trust
Down Syndrome Mayo, Swinford
Ballyheane Football Club

Mayo Gaels G.A.A. Club
Achill Community Gardening Club
Kilbeagh Community Group, Charlestown
St. Anthony's Special School, Castlebar



BALLYHAUNIS COMMUNITY GARDENING CLUB



BALLYGLASS CHILDCARE CENTER



MANULLA F.C.



BREAFFY NATIONAL SCHOOL

**St. Brid's
Special School**



ST. BRID'S SPECIAL SCHOOL CASTLEBAR



MAYO GAELS G.A.A. CLUB



**THE CELTIC FURROW,
BALLINTUBBER ABBEY TRUST**



ACHILL COMMUNITY GARDENING CLUB



DOWN SYNDROME MAYO, SWINFORD



KILBEGH COMMUNITY GROUP, CHARLESTOWN



BALLYHEANE F.C.



ST. ANTHONY'S SPECIAL SCHOOL CASTLEBAR

FIRST CHOICE CREDIT UNION COMMUNITY SPONSORSHIPS

Whilst our Community Fund is aimed at large scale projects, we continue to provide smaller sponsorships to many clubs, community groups, schools and more, throughout our common bond. In 2024, we provided over 60 such sponsorships and we encourage all to apply to help support your goals.

A sponsorship application form can be completed in any First Choice Credit Union Office. Alternatively, a form can be downloaded from our website www.firstchoicecreditunion.ie.



COLÁISTE POBALL ACLA



BALLA GOLF CLUB



BALLYHAUNIS SUMMER FESTIVAL



CASTLEBAR SCOUTS



RACE 2 GLORY KILTIMAGH



SWINFORD TIDY TOWNS

BRENDAN HOPKINS BURSARY

Each year we award 5 x €1,000 Bursaries to student members of First Choice Credit Union who are continuing their education to third level. Applications for next year's Brendan Hopkins Bursary, in memory of former Director Brendan Hopkins, will open during the summer of 2025 and we do encourage all student members to apply. Applications can be made via a short, simple form on our website www.firstchoicecreditunion.ie.

The bursaries are exclusive to First Choice Credit Union members to assist them with their chosen education path and is not based on academic results which means that all entries have an equal chance of winning.

The 2023 Brendan Hopkins Bursary Winners were as follows: Laura Dunne, Naoise Hopkins, Jack Quinn, Margaret Onwochei and Clodagh Byrne.



Laura Dunne



Naoise Hopkins



Jack Quinn



Margaret Onwochei



Clodagh Byrne

**NEXT YEAR'S
BURSARY WILL
OPEN IN
SUMMER 2025!**



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YOUR LOCAL
CREDIT UNION.**

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or talk to us today.

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(6.06% APR*)

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€80,000.

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Achill, Balla, Ballyhaunis
Castlebar, Kiltimagh &
Swinford.



* Annual Percentage Rate.

Warning: 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.

Loans are subject to approval. Terms & Conditions apply.
First Choice Credit Union Limited is regulated by the Central Bank of Ireland.



Switching is Easy

with Current Account from First Choice Credit Union

- ✓ Same Friendly Service
- ✓ Globally Accepted Debit Mastercard
- ✓ Apple Pay, Google Pay & Google Wallet
- ✓ Low, Transparent Fees

Find out more or apply:



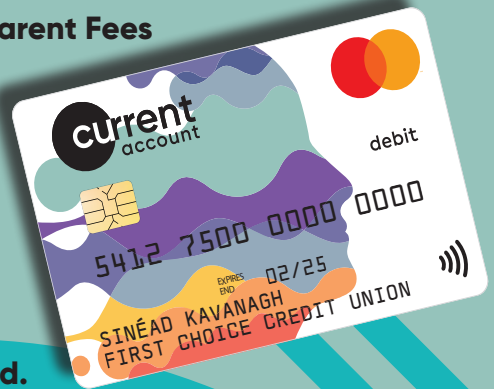
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Achill, Balla, Ballyhaunis,
Castlebar, Kiltimagh & Swinford.



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Achill, Balla, Ballyhaunis,
Castlebar, Kiltimagh &
Swinford.



Warning: 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.

Warning: The cost of your repayments may increase.

* Annual Percentage Rate.

Loans are subject to approval. Terms & Conditions apply.
First Choice Credit Union Limited is regulated by the Central Bank of Ireland.

Warning: If you do not keep up your repayments you may lose your home.