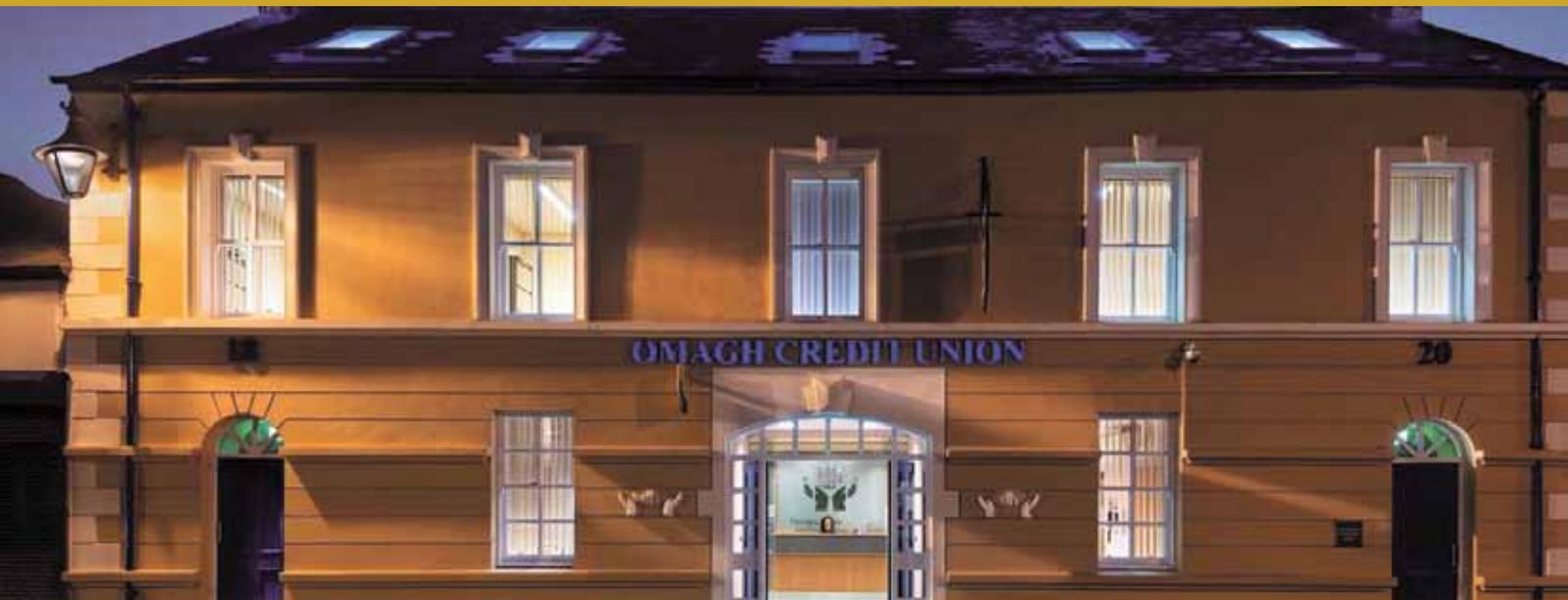


# OMAGH CREDIT UNION LIMITED



# Financial Statement & Annual Reports 30th September 2019

website: [www.omaghcreditunion.co.uk](http://www.omaghcreditunion.co.uk)





# Art Competition 2018





# OMAGH CREDIT UNION LTD

Registered Office: 18-20 John Street, Omagh, Co Tyrone BT78 1DW

Telephone/Fax: 0288224 5353

Website: [www.omaghcreditunion.co.uk](http://www.omaghcreditunion.co.uk)

Email : [manager.ocu@omaghcreditunion.co.uk](mailto:manager.ocu@omaghcreditunion.co.uk)

PRA/FCA Registration Number: 573651

C.U.Registration Number : CU0056

## BOARD OF DIRECTORS 2019

Breda Campbell (Chairperson), Frank Loughran (Vice Chairperson),  
Colm Broderick (Hon.Treasurer), Roderick Hackett (Hon. Secretary),  
Kathleen Winters, Betty Quinn, Liam Donaghy,  
Martin McLaughlin, Maura Cox, Michael Brogan, Terry McGarrity  
COMMITTEE MEMBERS: Evelyn Heaney, Jacqueline Convey,

## SUPERVISORS:

Gerry McSorley, Eamon Sharkey, Gene Gillease, Donal Connolly

## OFFICE STAFF:

Catherine Loughrey (Manager)  
Bernie Liggett (Assistant Manager), Brenda McCallion,  
Trevor Robinson, Anne Coyle, John Morrow  
Janice O'Brien Nuala McElduff, Tracey McGread

## REGISTERED AUDITORS:

McElholm & Co Ltd Chartered Accountants  
28 Gortin Road, Omagh, Co Tyrone, BT79 7HX

## SOLICITORS:

Fox Law  
6 James Street, Omagh, Co. Tyrone, BT78 1DH

## BANKERS:

First Trust, 8 High Street, Omagh, Co Tyrone, BT78 1BH  
Danske Bank, 5-7 Market Street, Omagh, BT78 1DN

Omagh Credit Union Limited is Authorised by the Prudential Regulation Authority and regulated  
by the Financial Conduct Authority and the Prudential Regulation Authority



# OMAGH CREDIT UNION LIMITED

## FORTY-NINTH ANNUAL GENERAL MEETING

### In the Boardroom, Thursday, 14th November 2019

The Order of Business shall be:

1. Ascertainment that a quorum is present.
2. Adoption of Minutes of 2018 Annual General Meeting.
3. Chairman's Report.
4. Report of Board of Directors and reappointment of McElholm & Co Ltd Chartered Accountants and Registered Auditors of Omagh Credit Union Ltd.
5. Report of Treasurer and consideration of Annual Accounts.
6. Report of Independent Auditor.
7. The Board of Directors recommend that the following dividend on shares and rebate on loan interest be decided and sanctioned by members, at this Annual General Meeting –  
**1 %** dividend on shares and **48%** rebate of loan interest, along with 1% dividend on savings in minor accounts, subject to the provisions of sub-paragraphs (a), (a)(1), (a)(2), (a)(3).
  - (a) The dividend of **1%** and **48%** rebate of loan interest shall be reduced by a sum of £19.44 to pay the annual premium of £19.44 to ECCU Assurance Company Limited for the £2000 Death Benefit Insurance in respect of each insurable member PROVIDED:
    - (1) If any insurable member's dividend of **1%** on their shares and **48%** rebate of loan interest payable does not amount to the sum of £19.44 then, the sum of £19.44 will not be deducted and that member will have to give in writing their willingness to join the Death Benefit Insurance Scheme and tender the fee of £19.44 during office hours; or
    - (2) If an insurable member does not wish to avail of the assurance cover provided under the £2000 Death Benefit Insurance, that the member has to notify Secretary or a member of Staff of Credit Union in writing to this effect.
    - (3) The dividend of **1%** shall be reduced by a sum of £1.48 in respect of each member of the Minor Accounts Section (birth to aged 16) in order to pay the annual premium of £1.48 due to ECCU Assurance Company Limited for the £2000 Death Benefit Insurance in respect of each insurable Member of the Minor Accounts Section.
8. Adoption of amendments to Standard Rules as passed at I.L.C.U. Annual General Meeting 2019
9. Approval of subscription of 60p per member to the Irish League of Credit Unions International Development Foundation.
10. Under Rule 168 (Donations) of the ILCU rule book, the incoming Board of Directors intend to allocate up to 5% of operating surplus for promotion, development and sponsorship.
11. Report of the Credit Committee.
12. Report of the Supervisory Committee.
13. Reports of the other Committees (Insurance, Credit Control).
14. Report of Nominating Committee.
15. Election of Directors.
16. Election of Supervisors.

Refreshments will be served.



# From the Chair . . .

I take great pleasure in welcoming you all here in my role as chairperson of Omagh Credit Union Ltd.

As you read through these financial statements and reports you will appreciate it has been very successful year for our Credit Union. This success is a result of the hard work and commitment from Staff, Board of Directors, Volunteers and Supervisors. We continue to rise to the challenge of implementing all the rules and regulations we must adhere to, in order to keep our Credit Union compliant with the PRA and FCA. We can, through the careful management of your funds, declare a Dividend of 1% and an Interest Rebate of 48%.

May I take this opportunity to remind all our members to check out their DBI status - this Insurance, which the Board stresses, IS NOT AUTOMATIC- currently pays out £2000.00 at the time of death. When a members individual Dividend and Interest Rebate is declared, the premium for the DBI is deducted from this amount. However, if this Dividend or Interest Rebate is insufficient to cover the cost of the premium - THE MEMBER MUST PAY THE PREMIUM AT THE COUNTER. If a member does not want this cover - TALK TO THE STAFF and they, in their usual professional way, will make sure that the members wishes are carried out and the premium will be instantly refunded. At a national level, there are changes coming all around Insurance benefits within the Credit Union movement -we will keep you informed as we get the information ourselves.

I reiterate the appeals of previous years - if you have free time and feel you could offer your services as a volunteer/director, we would be delighted to see where you could serve best within our Credit Union. The Credit Union Movement greatly depends on Volunteers and will not survive without them!

I would like to thank all the Directors, Volunteers and Supervisors for their hard work and support during the year. Thanks also to Catherine and all the staff for their hard work and diligence and acknowledge their role in the continuing success of Omagh Credit Union Ltd.

A special word of thanks to our Auditors, McElholm & Co for their professionalism in ensuring the efficiency of the Credit Union by scrutinising our business practices on behalf of you, the members.

Finally may I take this opportunity - early I grant you - to wish you all a very Happy Christmas and prosperous New Year!

**Breda Campbell**



## From the Board . . .

Dear Member,

In 2019, Omagh Credit Union Limited has been very proactive in growing lending over the past year. The figures in this report are reflective of a Credit Union that continues to grow and strengthen, while confidence continues to be expressed by the steady rise in membership. By keeping abreast of the modernisation of Credit Union Legislation, we are heading into 2020 in a very positive position. This is an opportunity to offer services to local community organisations which stands to further this Credit Union's growth within our common bond. This Credit Union will continue to succeed if it continues to change to meet members' needs.

In the past year, Omagh Credit Union Ltd has grown its membership by 361 and indeed in September of this year it reached its 12 thousandth member and have now exceeded to over 12,000+ members. Our Credit Union has provided £8.3 million in loans to its members for ordinary everyday things like cars, white household goods, home improvements, holidays, back to school expenses etc. If you are considering taking out a loan in the weeks, months ahead, please do not hesitate to call in to the office or contact the Credit Union to discuss your needs. Remember Ireland has one of the world's largest Credit Union sectors per capita!

The directors pride themselves that, in relation to regulation they are actively aware of the General Data Protection Regulation, Money Laundering Regulations, Compliance Regulatory Requirements and the financial regulatory bodies - F.C.A. (Financial Conduct Authority) & P.R.A. (Prudential Regulation Authority). The Directors would like to take this opportunity again to reassure you that your savings remain safe and secure in the Credit Union and are guaranteed up to £85,000 per member, as covered by the Financial Services Compensation Scheme (F.S.C.S.)

Your Credit Union remains strong and safe and fully committed to serving Members financial needs. It has been operating successfully for the past 54 years and will continue, with your support, to do so well into the future. If you, as a member have any queries on anything contained in this Annual Report, please do not hesitate to call into the office, and the staff are available to answer your queries or alternatively phone or email using the contact details listed at the beginning of this AGM Report.

At Omagh Credit Union Ltd. It is recognised and appreciated the loyalty which has always existed between you, the Members, and the Credit Union. For this the Board thank you and assure you that, together and with your continued loyalty, we will continue to make a positive difference to our community.

In conclusion, the voluntary Directors of Omagh Credit Union Ltd., like all Credit Unions across the island of Ireland, play a significant role in ensuring access to affordable credit to those who need it most. The most vulnerable in our communities are susceptible to the lure of "easy borrowing" from high cost, doorstep and payday lenders, but they are paying the price with excessive interest rates, crippling fees and charges. Please help us to reach out to those who might need a loan and ask them to talk directly to their Credit Union.

Omagh Credit Union Ltd posted in November 2018 – Dividend totalling £149,700 – which was distributed among the membership and Loan Interest Rebate totalling £877,000 which also was distributed to borrowing members. In all in excess of £1,000,000+ was handed back to the members. A magnificent achievement by any standards! Members should be justly proud of your Credit Union! Congratulations you!

Yours Sincerely,

**Roderick Hackett**  
**Hon. Secretary to Board of Directors**



# Credit Committee Report

The Credit Committee is pleased to report another successful year of operations.

The Credit Committee has responsibility for developing and implementing Omagh Credit Unions lending policy. The credit committee meet weekly and in conjunction with staff who act as loan officers consider all loan applications for that week. Most loans (95%) are usually approved, some loans will be refused possibly because the member is considered not to have the ability to repay or it is in their best interests to reduce their borrowings.

The application procedures are simple and straight forward and are continually being monitored to identify areas of improvement. The Credit Committee's strategic plan is to grow the loan book.

The outgoing year (2018-2019) presented challenges as a result of uncertainties over Brexit, challenges from High Street banks and other lenders and reductions in benefit payments resulting from Welfare Reform. At the time of writing these challenges will remain into the incoming year (2019-2020) and will be exaggerated particularly into the 2nd quarter (March 2020) if the financial mitigations introduced by the NI Executive in 2016 are phased out as planned in 2020. The impact on many of our members may be serious.

Currently Omagh Credit Union Ltd has a total of over £17.6 million invested in the community (loans). This year we loaned over £8.3 million. The number of borrowers has declined from 4618 in 2018 to 4504 in 2019. However, the amount loaned out is increasing.

## LOANS BY AMOUNT 1/10/2018 – 30/09/2019

From – To	Number of loans	Total Value
0-250 596	£91,577	
250.01-500	1077	£454,495
500.01-750	358	£225,547
750.01-1000	686	£659,908
1000.01-2000	782	£1,307,407.35
2000.01-3000	351	£96,9442.77
3000.01-5000	325	£1,425,249.78
5000.01-30,000	329	£3,199,184.25
30,000.01-42,500	0	£0.00
<b>TOTAL</b>	<b>4504</b>	<b>£8,332,811.15</b>

The Credit Committee is determined to continue its policy of supporting its members in times of need and bearing in mind that it is lending out other members' savings will continue to exercise due diligence on every application.

In conclusion, members should remain satisfied that their Credit Union is well managed and continually exercises its duties in a professional manner.

As Chairperson I wish to thank my colleagues on the Committee, the Manager and staff for their support and assistance throughout the year.

**Betty Quinn (Chairperson) Liam Donaghy, Maura Cox, Jackie Convey**



# The Supervisory Committee Report

The Supervisors of Omagh Credit Union Limited are an essential committee within the Credit Union structure. The Supervisors, alongside the Compliance and Risk Officers, are an important safety feature of the Credit Union and are an active and competent Committee. Our role is to provide a framework of flexible, varied checks to establish effective procedures and protocols within our credit union to ensure that the interests of the members are properly protected as laid out in the Credit Union Act 1997 (Sections 58 to 62). This year our work plan involved 300 hours carrying out over 240 individual checks examining the internal control environment, the books, papers, records and accounts within our credit union. The officers have carried out their duties in a confident, efficient and thorough manner and have prioritised any issues or risks as they arose. Our report shows;

- A full range of control and checks were carried out on all the financial records relating to Omagh Credit Union Ltd;
- Samples of Members Shares, Easy Shares and Loan Balances were verified;
- Attendance at meetings of the Special Committee set up to consider, scrutinise and approve loans to Officers, Volunteer and Staff Personnel;
- Deposit and Investment book balances were verified;
- Monthly checks were carried out on Cash Book transactions, Petty Cash expenditure, Temporary Cash held, Staff Salaries, NIC Contributions, Pension Contributions, Oil Stamps and Loan Repayment Amendments;
- Supervisory and Credit Union courses were attended throughout the year to ensure the latest financial checks and developments within Credit Union were adhered to. Training of two new volunteers is ongoing;
- Liaised with the Risk and Compliance Officers to further minimize risk to our credit union;
- A review of Credit Control Committee policy and procedures were carried out with a number of recommendations made;
- A review of Credit Unions ECCU and Star Plan Insurances coverage, together with policy and procedures, were carried out and recommendations made;
- Attended monthly meetings of the Board of Directors and monitored attendance;
- Liaised with the various Committee members to ensure the smooth running of our credit union;
- A meeting was held with the PRA Officers and the accountants to verify the financial status of our credit union.

The Supervisory Committee wish to thank Catherine, Bernie and staff for the assistance and co-operation given to us throughout the year.

## **Supervisory Committee**

**Eamon Sharkey, Gerard Mc Sorley, Gene Gillease, Donal Connolly.**



# Partial amendment of rules

## Notice to Financial Conduct Authority

At the Annual General Meeting of OMAGH Credit Union Limited the following amendment to Standard Rules of Northern Ireland were approved by a two-thirds majority of members present and voting at that meeting:

### **Resolution No. 1**

That this Annual General Meeting amends Rule 72 of the Standard Rules for Credit Unions (Northern Ireland) by the deletion of the following Rule 72:

#### **Rule 72. Nominating Committee**

The board of directors shall, at least 30 days prior to each annual general meeting, appoint a nominating committee of three members of the credit union who shall ensure that there is at least one candidate for each vacancy for which an election is being held. The nominating committee shall nominate a member in respect of each such vacancy for which no nomination, in accordance with Rule 73, has been received.

and by the insertion of the following new Rule 72:

#### **Rule 72. Nominating Committee**

- 1) The Board of Directors shall establish a Nominating Committee which shall meet at least once, 30 days prior to each Annual General Meeting.
- 2) The Nominating Committee shall comprise not less than three members and not more than five members one of which should be a member of the Board of Directors.
- 3) The Nominating Committee shall be responsible for:
  - a) Identifying candidates to be nominated for appointment to the Board of Directors.
  - b) Accepting nominations of candidates proposed to be appointed to the Board of Directors
  - c) Proposing candidates for election by a general meeting, to be members of the board
  - d) Assisting the credit union in performing any obligations of the credit union under the Accountability Regime
  - e) Maintaining a record in writing of the periods of time during which a person has served as a member of the Board of Directors of the credit union.
- 4) In considering the proposing of candidates under (3)(c), the Nominating Committee shall have regard to;
  - a) The number of directors on the Board of Directors; and
  - b) The number of vacancies to be filled.

The Nominating Committee shall ensure that there is at least one candidate for each vacancy for which an election is being held.

### **Resolution No. 2**

That this Annual General Meeting amends Rule 73 of the Standard Rules for Credit Unions (Northern Ireland) by the deletion of the following Rule 73:

#### **Rule 73. Nominations for office**

Nominations shall be in writing signed by a proposer and seconder who shall be members of the credit union and also by the nominee so as to indicate his consent, and shall be sent by hand or by post so as to reach the registered office of the credit union at least three days before the date of the annual general meeting. All such nominees shall be members of the credit union and of full legal age.

and the insertion of the following new Rule 73:

#### **Rule 73. Nominations for Office**

- 1) Every candidate to be nominated for appointment as a member of the Board of Directors of a credit union shall be proposed through the Nominating Committee of the credit union. No person shall otherwise be put forward for election or seek election at an Annual General Meeting or Special General Meeting of the credit union at which an election is held for members of the Board of Directors. All candidates shall be members of the credit union and of full legal age. The Nominating Committee shall determine the appropriate timescales in respect of identifying, accepting and proposing candidates for the Board of Directors.



- 2) The Nominating Committee shall ensure it receives nominations for appointment of persons as members of the Board of Directors of a credit union in time prior to any Annual General Meeting, or Special General Meeting at which an election is held for such members, so as to enable any requirements by or under the Accountability Regime or any other regulatory obligations to be met in advance of those persons being nominated for appointment.
- 3) Nominations for all other offices of the credit union other than the Board of Directors shall be in writing signed by a proposer and seconder who shall be members of the credit union and also by the nominee so as to indicate his consent, and shall be sent by hand or by post so as to reach the registered office of the credit union by the date publicised by the credit union or at least three days before the date of the Annual General Meeting. All such nominees shall be members of the credit union and of full legal age. The Nominating Committee shall undertake all appropriate due diligence on such persons.
- 4) The Nominating Committee shall nominate a member in respect of each such vacancy for which no nomination for office under Rule 73(3), has been received.

### **Resolution No. 3**

That this Annual General Meeting agrees to amend Section 16, Rule 113 of the Standard Rules for Credit Unions (Northern Ireland) SECTION 16. SUPERVISORY COMMITTEE by inserting the following:

#### **SECTION 16. SUPERVISORY COMMITTEE/INTERNAL AUDITOR**

And the insertion of the following:

In the event that the Credit Union is unable to form a Supervisory Committee the Board may appoint an external company to carry out internal audit duties

To read as:

#### **SECTION 16. SUPERVISORY COMMITTEE/INTERNAL AUDITOR**

##### **Rule 113. Membership**

The supervisory committee shall consist of not less than three and not more than seven members of full age. In the event that the Credit Union is unable to form a Supervisory Committee the Board may appoint an external company to carry out internal audit duties.

### **Resolution No. 4**

That this Annual General Meeting agrees to amend Section 16, Rule 117 of the Standard Rules for Credit Unions (Northern Ireland) by inserting the following:

Where an Internal Auditor has been appointed by the Board a detailed report must be submitted to the Board at their monthly meeting.

To read as:

##### **Rule 117. Chairman and secretary**

The supervisory committee shall choose from its number a chairman and secretary. The secretary shall prepare and have custody of complete records of all actions taken by the committee. Where an Internal Auditor has been appointed by the Board a detailed report must be submitted to the Board at their monthly meeting.

### **Resolution No. 5**

That this Annual General Meeting agrees to amend Section 16, Rule 118 of the Standard Rules for Credit Unions (Northern Ireland) by inserting the following:

/Internal Auditor

To read as:

##### **Rule 118. Duties**

The supervisory committee/Internal Auditor shall ensure that the duties of the officers of the credit union are properly carried out and shall fulfil such functions as may be prescribed by the Regulators from time to time and more particularly shall:

### **Resolution No. 6**

That this Annual General Meeting agrees to amend Section 16, Rule 119 of the Standard Rules for Credit Unions (Northern Ireland) by inserting the following:

/internal auditor



Where a Supervisory Committee has been appointed

To read as:

**Rule 119. Right to attend meetings**

The supervisory committee, or any member thereof acting on behalf of the said committee/internal auditor, may attend any meeting of the board of directors or of any other committee of the credit union and shall have the right to be heard thereat. Where a Supervisory Committee has been appointed notice of every such meeting shall be given to the supervisory committee.

**Resolution No. 7**

That this Annual General Meeting agrees to amend Section 16, Rule 120 of the Standard Rules for Credit Unions (Northern Ireland) by inserting the following:

Where a Supervisory Committee has been appointed,

To read as:

**Rule 120. Expenses**

Where a Supervisory Committee has been appointed, the board of directors shall approve the payment of any expenses necessarily incurred by the supervisory committee in carrying out its duties.

**Resolution No. 8**

That this Annual General Meeting agrees to amend Section 16, Rule 121 of the Standard Rules for Credit Unions (Northern Ireland) by inserting the following:

Where a Supervisory Committee has been appointed,

To read as:

**Rule 121. Suspension of officers**

Where a Supervisory Committee has been appointed, the supervisory committee may, by unanimous vote of its entire membership, at a special meeting called for the purpose suspend from office any officer of the credit union who in the opinion of the supervisory committee is guilty of a persistent or serious breach of the law in relation to the credit union, these rules or the policies laid down by the board of directors. Whether or not it suspends any officer the supervisory committee may by unanimous decision convene a meeting of the board of directors or a special general meeting of the credit union to consider such action or decision at which such officer or officers shall be given an opportunity of being heard and/or represented.

**Resolution No. 9**

That this Annual General Meeting agrees to amend Section 16, Rule 122 of the Standard Rules for Credit Unions (Northern Ireland) by inserting the following:

Where a Supervisory Committee has been appointed,

To read as:

9

**Rule 122. Special general meeting following suspension**

Where a Supervisory Committee has been appointed, whenever an officer of the credit union has been suspended from office by the supervisory committee under the preceding rule and within seven days thereof has not submitted his resignation, the supervisory committee shall convene a special general meeting of the credit union to be held not later than 30 days after such suspension. If a majority of the members present at such meeting so signify by secret ballot they may:

- (a) ratify the suspension and remove from office the person so suspended and determine the manner in which the vacancy so caused shall be filled and, notwithstanding the provisions of Rules 79, 88 and 112, fill such vacancy at such meeting;
- (b) rescind the suspension by the supervisory committee; or
- (c) remove from office any other officer of the credit union (whether or not he has been suspended by the supervisory committee) and determine the manner in which the vacancy so caused shall be filled and, notwithstanding the provisions of Rules 79, 88 and 112, fill such vacancy at such meeting; provided, however, that no person shall be removed from office under this rule without being given an opportunity of being represented or being heard at such special general meeting of which he shall be given 14 days' notice in writing.

**Resolution No. 10**

That this Annual General Meeting agrees to amend Section 8, Rule 41 of the Standard Rules for Credit Unions (Northern Ireland) by deleting the following:

This committee shall consist of a majority of the credit committee, at least two directors and at least one member of the supervisory committee,

And inserting the following

This committee shall consist of a majority of the credit committee, and three other elected officers from the Board/supervisors,

To read as follows:

**Rule 41. Loans to officers**

An officer of the credit union may be granted a loan by the credit committee subject to Rule 164 but if the granting of such a loan would place his liability (including contingent liability) to the credit union in excess of his shareholding therein the application shall not be considered by the credit committee but must receive the approval of the majority of a special committee appointed by the board of directors for the consideration of loans to officers. This committee shall consist of a majority of the credit committee, and three other elected officers from the Board/supervisors, the applicant not being present when the decision is taken.

**Resolution No. 11**

That this Annual General Meeting agrees to amend Section 9, Rule 48 of the Standard Rules for Credit Unions (Northern Ireland) by inserting the following:

In the event that a Supervisory committee is not elected then the Board of Directors may appoint an internal auditor.

To read as:

**Rule 48. Elections**

The members present at the organisation meeting shall appoint a chairman for the meeting and shall elect by secret ballot the required number of members of full age to be directors of the credit union, not less than three and not more than seven members of full age, none of whom shall be directors of the credit union, to form the supervisory committee, and an auditor. In the event that a Supervisory committee is not elected then the Board of Directors may appoint an internal auditor.

**Resolution No. 12**

That this Annual General Meeting agrees to amend Section 9, Rule 51 of the Standard Rules for Credit Unions (Northern Ireland) by inserting the following:

Where a Supervisory committee has been elected then the

To read as:

**Rule 51. Terms of office for supervisors**

Where a Supervisory committee has been elected then the regular terms of office for members of the supervisory committee shall be for three years and to meet this requirement, one or more members of the supervisory committee shall retire at each annual general meeting after the organisation meeting. A member of the supervisory committee elected at the organisation meeting shall hold office until the conclusion of the first, second or third annual general meeting. A person shall be eligible for re-election or appointment to the supervisory committee immediately on retirement from such office under this rule.

**Resolution No. 13**

That this Annual General Meeting agrees to amend Section 13, Rule 100 of the Standard Rules for Credit Unions (Northern Ireland) by deleting "or loan officer" where appearing in the existing rule:

To read as follows:

**SECTION 13. MEMBERSHIP COMMITTEE/OFFICER****Rule 100. Appointment**

The board of directors may appoint a membership committee or membership officer to consider and decide on applications for membership of the credit union. The membership officer shall not be the treasurer and the membership committee shall not include the treasurer.



# Succession Policy Rationale

The Board of Directors of Omagh Credit Union Ltd. recognises that fresh ideas and thinking are required to ensure that the board does not become stale or complacent and that the evolving needs of members and other stakeholders are met.

\*N.I. Creds. 2.2.39 states “Credit union should identify present and future staffing requirements (including volunteers and paid staff) and make appropriate plans for their recruitment and training”.

To this end, Omagh Credit Union Ltd. has developed an appropriate induction training programme. The training is carried out by an experienced member of staff, Board of Directors or Supervisory Committee as appropriate. It may also be carried out by an external body, such as the Irish League of Credit Unions (ILCU). The training will under the credit union Acts cover the following:

- The nature and ethos of credit unions;
- The structure of the credit union;
- The roles of the various parties in the credit union;
- The credit union operation, e.g. how it operates on a day to day basis and use of the IT system;
- The credit union’s policies covering areas relevant to the person;
- Statutorily required training, including Anti Money Laundering (at least annually), Data Protection training, Health & Safety.

All personnel taking up a new post or role within the credit union will receive adequate training to allow them to fulfil their obligations to an acceptable standard. This training is typically done “on the job”.

\*CREDS are the Credit Unions Source Book – FCA Handbook.

**Succession Committee: Kathleen Winters, Evelyn Heaney**

*Volunteers are the lifeblood of the Credit Union Movement- Be Part of It!*

## Training Liasion Report...

**The requirement to conduct training is ideally driven internally by the credit union’s needs and requirements - deriving from its operations and strategic plan, and is identified by a formal annual training needs analysis of all officers. The Board can then, by the virtue of the training policy, require any role within the credit union to undertake a training course or qualification on an on-going or once off basis.**

Omagh Credit Union continues to carry out training in all areas of its operation.

Staff and Volunteers can sign up for the Credit Union Professional Development (CUCPD) scheme, provided by the ILCU, or they can avail of in- house training.

Among the topics that our personnel have completed this year include:

Anti-money Laundering, the General Data Protection Regulations, Prudential reporting, Insurance, Complaints Handling, Risk Management, Data Protection, Dementia Awareness, and Compliance.

In this way, Staff and Volunteers continue to maintain and improve the professional standards of this Credit Union.

If training is required for your role in this Credit Union, please contact me, and I will assist you to obtain the courses which would benefit your role in Omagh Credit Union Limited.

**Terry Mc Garrity (Training Liaison Officer )**



## Credit Control Committee

In line with other Financial Businesses, Omagh Credit Union Ltd. has in place a Credit Control Policy which is acted on by an appointed Credit Control Committee who are answerable to the Board of Directors. Cash flow is the very lifeblood of a business. In this regard, the committee undertake to do everything it can to ensure that our members are repaying their loans on time. Furthermore, the recovery of debt can be frustrating, time consuming and therefore it is better to have put in place proper procedures, which enable the early identification of potential bad debts. The key to getting paid on time is having an effective Credit Management policy.

Credit Control is an integral part of Credit Union day to day processes. You can be assured Members that the full rigors of the Legal Process and Tracing Agencies are used in recovering any debts outstanding to your Credit Union. The Committee would urge caution to all Members in respect of borrowing, especially from Pay Day Lenders, Credit Card Companies or Money Lenders, registered or not. Please consider all issues before taking on additional borrowings.

**\*\*\*REMEMBER IF YOUR ACCOUNT IS NOT KEPT UP TO DATE  
IT WILL AFFECT YOUR CREDIT RATING\*\*\***

The Credit Control Committee would like to express sincere thanks to Management and Staff for their help throughout the past year.

**Michael Brogan (Chairman), Roddy Hackett, Evelyn Heaney & Trevor Robinson.**



# INSURANCE REPORT

Your Credit Union makes available Life Savings and Loan Protection Insurance cover on the lives of eligible saving and borrowing members. There is NO additional cost to the individual member. This Insurance Protection is provided by ECCU Assurance Company Ltd. which is owned by the Irish Credit Union Movement.

## Life Savings Insurance:

- The Life Savings policy is a Life Assurance Policy that pays a benefit which is based on the amount of savings made during a member's lifetime.
- The amount paid will depend on the member's age and savings history, rewarding consistent and regular members.
- No direct charge to members.
- Paid as an operational expense by Omagh Credit Union.
- Paid to person nominated by deceased members (if no nomination card completed goes to solicitor handling deceased's estate).
- Unique to Credit Unions.

## Eligibility:

Members must:

- Have joined the Credit Union before age 70.
- Be able to perform the normal duties of their occupation OR be in good health.
- Remain a member of Omagh Credit Union.

## Loan Protection Insurance:

- Loan Protection cover is a Life Assurance Benefit designed to clear the outstanding loan balance on the death of a member.
- No direct charge to members.
- Paid as an operational expense by Omagh Credit Union.
- Unique to Credit Unions.

## Eligibility:

- Basic cover is up to age 70 but Omagh has chosen to extend cover to age 85.
- Cover ceases on the member's 85th birthday.

**Death Benefit Insurance (DBI)** provides £2000 Life Assurance Cover to help pay for funeral expenses.

## Eligibility:

Members must:

- Be a Credit Union member.
- Have joined the Credit Union before the age of 70 and eligible for cover under the Life Savings policy and remained a member of Omagh Credit Union.
- A premium must be paid by each member (deducted from annual dividend received/Loan Interest Rebate or can be paid at counter).
- There is no upper age limit.
- Members who are NOT in good health when joining scheme are NOT eligible for DBI cover.
- An insured member who BECOMES ill does not lose this benefit.

## Death Claims from October 2017 to September 2018

Total Death Claims 63	Amount of loans cleared £51,866.36	Amount paid to shares £75,210.24	Total £127,176.60
--------------------------	---------------------------------------	-------------------------------------	----------------------

In addition to the Loan Protection scheme there was 47 claims for the £2000 Death Benefit Insurance Scheme plus an extra £2000 for an accidental death. Total paid out for the year amounted to £92,000 in the DBI scheme operated by this Credit Union.

**Martin McLaughlin (Honorary Insurance Officer)**



# Treasurer's Report

It gives me great pleasure to deliver this report to you.

Members' savings in the credit union are described as shares; each share is entitled to the dividend when the Credit Union is successful.

Unlike a bank that may offer an interest rate on savings, at the end of every year, after providing for reserves and paying expenses, Credit Unions give all the remaining profits back to our account holders in the form of a dividend.

This ensures that any profit that is made by OCU stays within our community and does not go to unknown external shareholders.

It does not matter whether you have £5.00 or £15,000.00 with OCU or how often you use your account you will get the same rate of dividend as everyone else.

The money that is reinvested in OCU goes towards providing a better service for account holders in the future. We are also committed to improving the economic and social well-being of our members.

As our credit union has performed well we are pleased to offer members who take out loans from OCU, a rebate on the interest paid by the borrower.

In recent years, Interest rates on Investments offered to us, have fallen, but due to the diligent work of the management, staff, directors and volunteers' we can report expenses are down (12%) on the year to date, resulting in a surplus of £1.5 Million on the year to date, which is an increase of +£320,000. It is worth stating, going forward, that our main source of income is Interest received from loans and this must grow which will in turn help increase Dividend and Loan Interest Rebate rates for the future.

Performance Ratios	2017	2018	2019
Reserves to total savings (must be greater that 8%)	23.56%	22.91%	22.87%
Reserves to total assets (between 10% & 20%)	18.96%	18.60%	18.61%
Members Loans as a percentage of net assets	46.80%	47.06%	47.17%

As you can see, OCU operate within the boundaries of regulation and are performing well.

	2017	2018	2019
Number of Members	13,686	14,067	14,424
Members Shares	£27,818,854	£28,028,642	£30,828,593
Loans to Members	£16,084,787	£16,866,933	£17,866,215
Value of loans Granted	£7,253,725	£8,154,808	£8,333,281
Operating Surplus	£1,346,328	£1,199,993	£1,391,367
Dividend on Savings	£214,615	£143,739	£302,102
Loan Interest Rebate	£856,732	£877,890	£986,608



Investment income received has increased by 34.10% from £169,109 for the year ended 30 September 2018 to £228,463 for the year ended 30 September 2019.

Our balance sheet and reserves are healthy and we are able to reward members the following.

See below for comparative years.

	2017	2018	2019
<b>Dividend rate</b>	<b>0.8%</b>	<b>0.5%</b>	<b>1%</b>
<b>Loan Interest Rebate</b>	<b>45%</b>	<b>45%</b>	<b>48%</b>

A Huge appreciation goes to Office Manager, Catherine and her team for their continued help and support and assistance during the year. Also, I would like to acknowledge the good working relationship with McElholm and Company.

**Colm Broderick**  
Treasurer



## Omagh Credit Union Limited DIRECTORS' REPORT

for the year ended 30 September 2019

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

### Dividends and Interest Rebate

The directors propose a dividend of £302,102 at the rate of 1.00% (2018: £143,739 at 0.50%).

The directors propose an interest rebate of £986,608 at the rate of 48.00% (2018: £877,890 at 45.00%).

### Directors and Supervisors

The directors who served during the year are as follows:

Breda Campbell  
Colm Broderick  
Roderick Hackett  
Frank Loughran  
Ann Quinn  
Liam Donaghy  
Conor Breslin  
Martin McLaughlin  
Kathleen Winters  
Maura Cox  
Terence McGarrity  
Michael Brogan

The supervisors who served during the year are as follows:

Gerry McSorley  
Eamonn Sharkey  
Gene Gillease

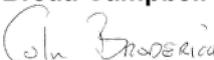
### Post Balance Sheet Events

There have been no significant events affecting the Credit Union since the year-end.

### Auditors

The auditors, McElholm & Co, have indicated their willingness to continue in office in accordance with Section 44 of the Credit Unions (Northern Ireland) Order 1985.

### Approved by the Board of Directors and signed on its behalf by:

Chairperson	 _____ <b>Breda Campbell</b>
Treasurer	 _____ <b>Colm Broderick</b>
Secretary	 _____ <b>Roderick Hackett</b>
Date	4 November 2019



## Omagh Credit Union Limited

for the year ended 30 September 2019

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The Credit Unions (Northern Ireland) Order 1985 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 year. In preparing these financial statements the directors are required to:

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

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Credit Union and enable them to ensure that the financial statements are prepared in accordance with applicable law in Northern Ireland and UK Generally Accepted Accounting Practice, including the standards issued by the Financial Reporting Council, and in particular FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". They are responsible for safeguarding the assets of the Credit Union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information (information needed by the Credit Union's auditor in connection with preparing the auditor's report) of which the Credit Union's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Credit Union's auditor is aware of that information.

**Approved by the Board of Directors and signed on its behalf by:**

Chairperson

**Breda Campbell**

Treasurer

**Colm Broderick**

Secretary

**Roderick Hackett**

Date

4 November 2019



# INDEPENDENT AUDITOR'S REPORT

## to the Members of Omagh Credit Union Limited

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Omagh Credit Union Limited for the year ended 30 September 2019 which comprise the Revenue Account, the Balance Sheet, the Statement of Changes in Reserves, the Statement of Cash Flows and the related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the assets, liabilities, and financial position of the Credit Union as at 30 September 2019 and of its surplus and cash flows for the year then ended;
- have been properly prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", issued by the Financial Reporting Council; and
- have been properly prepared in accordance with the requirements of Credit Unions (Northern Ireland) Order 1985.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Credit Union in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which FRC require us to report to you where:

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

#### Other Information

The other information comprises the 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, 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 exception

We have nothing to report in respect of the following matters where the Credit Unions (Northern Ireland) Order 1985 requires us to report to you if, in our opinion:

- proper books of account have not been kept by the Credit Union in accordance with the requirements of legislation,
- a satisfactory system of control over transactions has not been maintained by the Credit Union in accordance with the requirements of the legislation,
- the Revenue Account and the Balance Sheet are not in agreement with the books of account of the Credit Union,
- we have not obtained all the information and explanations necessary for the purposes of our audit.

#### Responsibilities of directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities as set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



## **INDEPENDENT AUDITOR'S REPORT to the Members of Omagh Credit Union Limited**

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **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 Article 47 of the Credit Unions (Northern Ireland) Order 1985. 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.

**Niall McKenna FCA (Senior Statutory Auditor)  
for and on behalf of  
MCELHOLM & CO**

Chartered Accountants & Registered Auditors  
30a Gortin Road  
Omagh  
Co Tyrone  
BT79 7HX

**4 November 2019**



## Omagh Credit Union Limited REVENUE ACCOUNT

for the year ended 30 September 2019

	Notes	2019 £	2018 £
<b>Revenue</b>			
Interest on members' loans	4	2,070,974	1,952,844
Other interest income and similar income	5	228,463	169,109
<b>Net interest income</b>		<b>2,299,437</b>	<b>2,121,953</b>
Other revenue	7	991	943
<b>Total revenue</b>		<b>2,300,428</b>	<b>2,122,896</b>
<b>Expenditure</b>			
Employment costs	8	215,473	194,742
Other management expenses (Schedule 1)		425,034	409,707
Depreciation		21,456	22,606
Net (recoveries) or losses on loans to members	13.4	271,608	295,848
<b>Total expenditure</b>		<b>933,571</b>	<b>922,903</b>
<b>Surplus of expenditure over revenue before taxation</b>		<b>1,366,857</b>	<b>1,199,993</b>
<b>Taxation</b>	10	<b>24,510</b>	-
<b>Surplus of expenditure over revenue after taxation</b>		<b>1,391,367</b>	<b>1,199,993</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>1,391,367</b>	<b>1,199,993</b>

The financial statements were approved and authorised for issue by the Board of Directors on 4 November 2019 and signed on its behalf by;

Chairperson

**Breda Campbell**

Treasurer

**Colm Broderick**

Secretary

**Roderick Hackett**

Date

4 November 2019

**Omagh Credit Union Limited**

Credit Union Number: CU0056

**BALANCE SHEET**

as at 30 September 2019

	Notes	2019 £	2018 £
<b>Assets</b>			
Cash and cash equivalents	11	1,504,240	2,065,226
Tangible fixed assets	12	380,429	393,250
Loans to members	13	17,866,213	16,866,932
Provision for bad debts	13	(472,200)	(382,693)
Prepayments and other debtors	14	22,746	29,366
Accrued income	14	257,418	311,193
Deposits and investments	15	18,410,379	16,640,801
<b>Total Assets</b>		<b>37,969,225</b>	<b>35,924,075</b>
<b>Liabilities</b>			
Members' shares	16	29,550,619	28,028,757
Members' deposits	17	1,277,974	1,129,213
Trade creditors and accruals	18	85,994	80,068
Other creditors	18	4,658	5,298
<b>Total Liabilities</b>		<b>30,919,245</b>	<b>29,243,336</b>
<b>Net Assets</b>		<b>7,049,980</b>	<b>6,680,739</b>
<b>Members' Resources</b>			
General reserve	19	5,018,370	4,918,370
Distribution reserve	19	1,305,610	1,036,369
Operational risk reserve	19	726,000	726,000
<b>Total Members' Resources</b>		<b>7,049,980</b>	<b>6,680,739</b>

Approved by the Board of Directors and signed on its behalf by:

Chairperson

**Breda Campbell**

Treasurer

**Colm Broderick**

Secretary

**Roderick Hackett**

Date

4 November 2019



## Omagh Credit Union Limited

### STATEMENT OF CHANGES IN RESERVES

for the year ended 30 September 2019

	General reserve	Distribution reserve	Operational risk reserve	Total
	£	£	£	£
At 1 October 2017	4,718,370	1,108,434	726,000	6,552,804
Dividends paid during the year	-	(234,959)		(234,959)
Loan interest rebate paid during the year		(837,099)		(837,099)
Surplus allocation in year	200,000	(200,000)	-	-
Other movement in reserves	-	1,199,993	-	1,199,993
	<u>4,918,370</u>	<u>1,036,369</u>	<u>726,000</u>	<u>6,680,739</u>
At 30 September 2018	4,918,370	1,036,369	726,000	6,680,739
Dividends paid during the year	-	(162,775)		(162,775)
Loan interest rebate paid during the year		(859,351)		(859,351)
Surplus allocation in year	100,000	(100,000)	-	-
Other movement in reserves	-	1,391,367	-	1,391,367
	<u>5,018,370</u>	<u>1,305,610</u>	<u>726,000</u>	<u>7,049,980</u>
At 30 September 2019	5,018,370	1,305,610	726,000	7,049,980

The General Reserve of the Credit Union as a % of the total assets as at 30th September 2019 was 13.22% which is in excess of the Credit Union's Regulatory Reserve requirement of 10%.

The Distribution Reserve is the accumulated surpluses to date that have not been declared as dividends or loan interest rebate returnable to members or set aside to the General Reserve.



## Omagh Credit Union Limited

# STATEMENT OF CASH FLOWS

for the year ended 30 September 2019

	2019 £	2018 £
<b>Opening cash and cash equivalents</b>	<b>8,815,226</b>	<b>3,483,713</b>
<b>Cash flows from operating activities</b>		
Loans repaid	7,104,341	7,065,175
Loans granted	(8,359,530)	(8,192,010)
Loan interest income	2,055,459	1,950,865
Investment income	228,463	169,109
Other revenue received	991	943
Bad debts recovered	73,807	61,856
Dividends paid	(162,775)	(234,959)
Loan interest rebate	(859,351)	(837,099)
Operating expenses	(640,507)	(604,449)
Movement in other assets	75,910	171
Movement in other liabilities	5,286	(112,171)
Taxation	24,395	3
Net cash used in operating activities	<u>(453,511)</u>	<u>(732,566)</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(8,635)	(2,967)
Receipts from disposal of tangible fixed assets	-	6,199
Net cash flow from other investing activities	<u>(2,993,575)</u>	<u>4,721,732</u>
Net cash (used in)/generated from investing activities	<u>(3,002,210)</u>	<u>4,724,964</u>
<b>Cash flows from financing activities</b>		
Members' shares received	8,024,137	7,629,697
Members' deposits received	930,914	833,070
Members' shares withdrawn	(6,502,160)	(6,357,104)
Members' deposits withdrawn	(782,153)	(766,548)
Net cash generated from financing activities	<u>1,670,738</u>	<u>1,339,115</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<u>(1,784,983)</u>	<u>5,331,513</u>
<b>Cash and cash equivalents at end of financial year</b>	<b>11 <u>7,030,243</u></b>	<b><u>8,815,226</u></b>



## **Omagh Credit Union Limited**

# **NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 September 2019

### **1. LEGAL AND REGULATORY FRAMEWORK**

Omagh Credit Union Limited is established under the Credit Unions (Northern Ireland) Order 1985. The Credit Union is registered with and regulated by the Financial Conduct Authority ("FCA") and Prudential Regulation Authority ("PRA"). The principal place of business is 20 John Street, Omagh, Co Tyrone, BT78 1DW.

### **2. ACCOUNTING POLICIES**

The following principal accounting policies have been applied;

#### **Statement of compliance and basis of preparation**

The financial statements of the Credit Union for the year ended 30th September 2019 have been prepared in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) issued by the Financial Reporting Council.

The financial statements have been prepared on the historical cost basis.

#### **Currency**

The financial statements are prepared in Pound Sterling (£), which is the functional currency of the Credit Union. Monetary amounts in these financial statements are rounded to the nearest Pound Sterling.

#### **Going concern**

The financial statements are prepared on the going concern basis. The directors of Omagh Credit Union Limited, believe this is appropriate as the Credit Union:

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

#### **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Credit Union and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following criteria must also be met before revenue is recognised:

##### **(i) Interest on members' loans**

Interest on Members' Loans is recognised when payment is received.

##### **(ii) Investment income**

Investment income is recognised when received or irrevocably receivable. Investments are recognised at cost less any permanent diminution in capital value but ignoring any increase in capital value or encashment value until realised in the form of cash or cash equivalents.

##### **(iii) Other revenue**

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

#### **Dividend and loan interest rebate**

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

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

- the risk profile of the Credit Union, particularly in its loan and investment portfolios;
- the 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 rebates of loan interest when the members ratify such payments at the Annual General Meeting.



## Omagh Credit Union Limited

# NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 30 September 2019

### Taxation

Corporation tax is provided for on taxable interest from investments. All other income of the Credit Union is exempt from Corporation tax.

### Investments

#### Cash and short-term deposits

These are valued at the deposit amount plus any accrued interest and interest income is recognised in the statement on an accruals (time) basis.

#### Tangible fixed assets and depreciation

Tangible fixed assets comprises items of property, plant and equipment, which are stated at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is provided to write off the cost of each item of property, plant and equipment, less its estimated residual value over its estimated useful life. The categories of property, plant and equipment are depreciated as follows:

Land and buildings freehold	4% Reducing balance
Office equipment	15% Reducing balance
Computer equipment	25% Straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the Revenue account.

#### Impairment of tangible fixed assets

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

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

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

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

#### 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.

#### Financial instruments

The Credit Union has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised when the Credit Union becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when, and only when, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets and liabilities are classified according to the substance of the contractual arrangements entered into.



## Omagh Credit Union Limited

# NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 30 September 2019

### Basic financial assets

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

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

#### Investments held at amortised cost

Investments held at amortised cost are measured at amortised cost using the effective interest method less impairment. This means that the investment is measured at the amount paid for the investment, minus any repayments of the principal; plus or minus the cumulative amortisation using the effective interest method of any difference between the amount at initial recognition and the maturity amount; minus, in the case of a financial asset, any reduction for impairment or un-collectability. This effectively spreads out the return on such investments over time but does take account immediately of any impairment in the value of the investment. Omagh Credit Union Limited's only investments are deposits with banks and other approved institutions.

#### Other Debtors

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.

#### Impairment of financial assets

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

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

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

Any impairment losses are recognised in the Revenue 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 Revenue account.

#### De-recognition of financial assets

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

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



## Omagh Credit Union Limited

# NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 30 September 2019

### Basic financial liabilities

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

### Members' shares

Members' shares in Omagh Credit Union Limited are redeemable and therefore are classified as financial liabilities. They are recognised at the amount of cash deposited and subsequently minors' deposits are measured at amortised cost.

### Other creditors

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

### De-recognition of financial liability

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

### Employee benefits

#### Pension Scheme

Omagh Credit Union Limited participates in an industry-wide pension scheme for employees (The Irish League of Credit Unions Northern Ireland Pension Scheme). This is a funded defined benefit scheme with assets managed by the scheme's trustees.

The scheme is a multi-employer scheme and due to the nature of the scheme, it is not possible for the Credit Union to separately identify its share of the scheme's underlying assets and liabilities. Consequently, the Credit Union accounts for the scheme as a defined contribution plan.

However, there is an agreed funding plan in respect of the pension scheme in place based on a recovery plan dated 28 February 2017. Consequently, Omagh Credit Union Limited recognises a liability at each Balance Sheet date for its outstanding contributions payable under the agreed funding plan to the extent that they relate to committed funding in respect of the deficit to which the funding plan relates.

#### Other Employee Benefits

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

### Distribution

Omagh Credit Union Limited's policy is to pay a reasonable rate of dividend and loan interest rebate subject to covering operating expenses and meeting reserve requirements as set out in the Credit Union's Reserve Management Policy.

#### General reserve

The Credit Union is required to maintain and establish a minimum General reserve of at least 10% of the assets of the Credit Union in accordance with the PRA Rulebook: Non-CRR Firms: Credit Unions Instrument 2016.

#### Distribution reserve

The Unappropriated surplus is the accumulated surpluses to date that have not been declared as dividends or loan interest rebate returnable to members or set aside to the General reserve.

#### Operational risk reserve

The Credit Union has established an Operational Risk reserve which is separate, distinct and in addition to the reserves the Credit Union is required to hold in its Regulatory reserve. The amount held in the Operational Risk reserve is the predicted impact of operational risk events that may have a material impact on the Credit Union's business.



## Omagh Credit Union Limited

# NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 30 September 2019

### 3. CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Directors to exercise judgement in applying Omagh Credit Union Limited's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below:

#### Impairment losses on loans to members

The Credit Union's accounting policy for impairment of financial assets is set out in accounting policy in Note 2. The estimation of loan losses is inherently uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local and international economic climates, conditions in various sectors of the economy to which the Credit Union is exposed, and, other external factors such as legal and regulatory requirements. Credit risk is identified, assessed and measured through the use of rating and scoring tools with emphasis on weeks in arrears and other observable credit risk metrics. The ratings influence the management of individual loans. The credit rating triggers the impairment assessment and if relevant the raising of specific provisions on individual loans where there is doubt about their recoverability. Loan loss provisioning is monitored by the Credit Union, and the Credit Union assesses and approves its provisions and provision adequacy on a quarterly basis. At all times the Credit Union ensures that its provisions meet the minimum requirements contained within the PRA Credit Union Rule book. Key assumptions underpinning the Credit Union's estimates of collective provisions for loans with similar credit risk characteristics, and, Incurred But Not Reported provisions ("IBNR") are based on the historical experiences of the Credit Union's allied to the Credit Union's judgement of relevant conditions in the wider technological, market, economic or legal environment in which the Credit Union operates. If a loan is impaired, the impairment loss is the difference between the carrying amount of the loan and the present value of the expected cash flows discounted at the asset's original effective interest rate taking account of pledged shares and other security as appropriate. Assumptions are back tested with the benefit of experience. After a period of time, when it is concluded that there is no real prospect of recovery of loans/part of loans which have been subjected to a specific provision, the Credit Union writes off that amount of the loan deemed irrecoverable against the specific provision held against the loan.

### 4. INTEREST ON MEMBERS' LOANS

	2019 £	2018 £
Closing accrued interest receivable	98,265	82,750
Loan interest received in year	2,055,459	1,950,865
Opening accrued loan interest receivable	(82,750)	(80,771)
	<u>2,070,974</u>	<u>1,952,844</u>

### 5. OTHER INTEREST INCOME AND SIMILAR INCOME

	2019 £	2018 £
Investment income received	<u>228,463</u>	<u>169,109</u>

### 6. INTEREST PAYABLE AND DIVIDENDS

The interest expense for the Credit Union comprises of interest payable on deposits, and was as follows for the current and prior year:



## Omagh Credit Union Limited

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2019

continued

### Dividends and loan interest rebate

The following distributions were made during the year:

	2019 %	2019 £	2018 %	2018 £
Dividends on shares	0.50	162,775	0.80	234,959
Loan interest rebate	45.00	859,351	45.00	837,099
		<u>1,022,126</u>		<u>1,072,058</u>

The above dividends refer to those paid out in those years from the surplus earned in previous years.

### Proposed dividends and loan interest rebate

At the year-end the directors have allocated the amount of £1,305,610 to the Distribution Reserve which may be returned to the members by way of dividend and a loan interest rebate by way of resolution by a majority of the members at the annual general meeting. The proposed distribution is as follows:

	2019 %	2019 £	2018 %	2018 £
Dividends on shares	1.00	302,102	0.50	143,739
Loan interest rebate	48.00	986,608	45.00	877,890
		<u>1,288,710</u>		<u>1,021,629</u>

## 7. OTHER REVENUE

	2019 £	2018 £
Entrance fees	158	249
Miscellaneous income	833	694
	<u>991</u>	<u>943</u>

## 8. EMPLOYEES AND REMUNERATION

The average monthly number of employees during the year was:

	2019 Number	2018 Number
Manager	1	1
Other staff	8	8
	<u>9</u>	<u>9</u>

The staff costs comprise:

	2019 £	2018 £
Wages and salaries	179,122	171,122
Pension costs	36,351	23,620
	<u>215,473</u>	<u>194,742</u>



# Omagh Credit Union Limited

## NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 30 September 2019

### 9. KEY MANAGEMENT PERSONNEL

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

	2019 £	2018 £
Short term employee benefits	35,988	36,017
Payments to pension scheme	5,623	5,339
Total key management personnel compensation	<u>41,611</u>	<u>41,356</u>

Short-term employee benefits include wages, salaries, social security contributions and paid annual leave.

### 10. TAXATION

	2019 £	2018 £
Corporation tax charge in respect of current year	<u>(24,510)</u>	<u>-</u>

### 11. CASH AND CASH EQUIVALENTS

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

	2019 £	2018 £
Cash and bank balances	1,504,240	2,065,226
Deposits and investments	5,526,003	6,750,000
	<u>7,030,243</u>	<u>8,815,226</u>

### 12. TANGIBLE FIXED ASSETS

	Land and buildings freehold £	Office equipment £	Computer equipment £	Total £
<b>Cost</b>				
At 1 October 2018	633,460	40,180	134,802	808,442
Additions	-	-	8,635	8,635
Disposals	-	-	(9,666)	(9,666)
At 30 September 2019	<u>633,460</u>	<u>40,180</u>	<u>133,771</u>	<u>807,411</u>
<b>Depreciation</b>				
At 1 October 2018	250,888	34,180	130,124	415,192
Charge for the year	15,303	1,500	4,653	21,456
On disposals	-	-	(9,666)	(9,666)
At 30 September 2019	<u>266,191</u>	<u>35,680</u>	<u>125,111</u>	<u>426,982</u>
<b>Net book value</b>				
At 30 September 2019	<u>367,269</u>	<u>4,500</u>	<u>8,660</u>	<u>380,429</u>
At 30 September 2018	<u>382,572</u>	<u>6,000</u>	<u>4,678</u>	<u>393,250</u>



## Omagh Credit Union Limited

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2019

continued

#### 13. LOANS TO MEMBERS - FINANCIAL ASSETS

##### 13.1 LOANS TO MEMBERS

	2019 £	2018 £
As at 1 October	16,866,932	16,084,786
Advanced during the year	8,359,530	8,192,010
Repaid during the year	(7,104,341)	(7,065,175)
Loans written off	(255,908)	(344,689)
<b>Gross loans to members</b>	<b>13.2 17,866,213</b>	16,866,932
<b>Impairment allowances</b>		
The provision for bad debts is analysed as follows;		
Individually significant loans	(472,201)	(382,693)
<b>Loan provision</b>	<b>13.3 (472,201)</b>	(382,693)
As at 30 September	<b>13.2 17,394,012</b>	16,484,239

##### 13.2 CREDIT RISK DISCLOSURES

Omagh Credit Union Limited does not offer mortgages and as a result all loans to members are unsecured, except that there are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding. There are maximum amounts set down by the PRA in terms of what amount a member can borrow from the Credit Union.

The carrying amount of the loans to members represents Omagh 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

	2019 £	2019 %	2018 £	2018 %
<b>Gross loans not impaired</b>				
Not past due	17,000,378	95.15	16,318,027	96.75
<b>Gross loans individually impaired</b>				
Between 10 and 18 weeks past due	438,325	2.45	432,615	2.56
Between 27 and 39 weeks past due	196,545	1.10	71,463	0.42
Between 40 and 52 weeks past due	162,559	0.94	31,954	0.19
53 or more weeks past due	68,409	0.36	12,874	0.08
Total	865,838	4.85	548,906	3.25
<b>Total gross loans</b>	<b>17,866,216</b>	<b>100.00</b>	16,866,933	100.00
<b>Impairment allowance</b>				
Individually significant loans	(472,201)		(382,693)	
<b>Total carrying value</b>	<b>17,394,015</b>		16,484,240	



## Omagh Credit Union Limited

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2019

continued

#### 13.3 LOAN PROVISION ACCOUNT FOR IMPAIRMENT LOSSES

	2019 £	2018 £
As at 1 October	382,693	369,678
Allowances reversed during the year	89,507	13,015
Increase in loan provision during the year	89,507	13,015
As at 30 September	<u>472,200</u>	<u>382,693</u>

#### 13.4 NET RECOVERIES OR LOSSES RECOGNISED FOR THE YEAR

	2019 £	2018 £
Bad debts recovered	(73,807)	(61,856)
Increase in provision	89,507	13,015
Loans written off	255,908	344,689
Net (recoveries)/losses on loans to members recognised for the year	<u>271,608</u>	<u>295,848</u>

#### 13.5 ANALYSIS OF GROSS LOANS OUTSTANDING

	2019 Number of loans	2019 £	2018 Number of loans	2018 £
Less than one year	215	121,434	189	101,139
Greater than 1 year and less than 3 years	548	951,468	554	923,943
Greater than 3 years and less than 5 years	2,100	8,995,328	2,095	8,551,561
Greater than 5 years and less than 10 years	753	7,797,985	716	7,290,289
	<u>3,616</u>	<u>17,866,215</u>	<u>3,554</u>	<u>16,866,932</u>

#### 14. DEBTORS, PREPAYMENTS AND ACCRUED INCOME

	2019 £	2018 £
Prepayments	22,746	29,366
Accrued income	257,418	311,193
	<u>280,164</u>	<u>340,559</u>

#### 15. DEPOSITS

	2019 £	2018 £
Cash and short-term deposits	5,526,003	6,750,000
Fixed-term deposit accounts	12,884,376	9,890,801
	<u>18,410,379</u>	<u>16,640,801</u>

Deposits with banks at the current and prior Balance Sheet date were all measured at amortised cost as appropriate and comprised of the following:



# Omagh Credit Union Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2019

continued

### Deposits- Continued

The category of counterparties with whom the deposits and investments were held was as follows:

	2019 £	2018 £
<b>Deposits</b>		
Aaa	2,745,813	-
A2	1,500,000	-
A3	1,500,000	1,500,000
Aa3	2,011,993	946,949
Baa1	434,956	5,493,492
Baa2	155,321	1,196,242
Baa3	2,254,000	-
Caa1	1,522,498	-
Not listed/no rating	759,795	754,118
<b>Total deposits</b>	<b>12,884,376</b>	<b>9,890,801</b>

### 16. MEMBERS' SHARES - FINANCIAL LIABILITIES

	2019 £	2018 £
As at 1 October	28,028,642	26,756,164
Received during the year	8,024,137	7,629,697
Repaid during the year	(6,502,160)	(6,357,104)
As at 30 September	<b>29,550,619</b>	<b>28,028,757</b>

	2019 £	2018 £
Members' share accounts	29,550,619	28,028,642
Easy share accounts	1,277,974	1,129,213
<b>Total</b>	<b>30,828,593</b>	<b>29,157,855</b>

### 17. MEMBERS' DEPOSITS - FINANCIAL LIABILITIES

	2019 £	2018 £
As at 1 October	1,129,213	1,062,691
Received during the year	930,914	833,070
Repaid during the year	(782,153)	(766,548)
As at 30 September	<b>1,277,974</b>	<b>1,129,213</b>

### 18. OTHER CREDITORS AND ACCRUALS

	2019 £	2018 £
PAYE/NIC	2,570	3,749
Accruals	85,994	80,068
Other creditors	2,088	1,549
	<b>90,652</b>	<b>85,366</b>



## Omagh Credit Union Limited NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 30 September 2019

### 19. CREDIT UNION RESERVES

	General reserve	Distribution reserve	Operational risk reserve	Total
	£	£	£	£
At 1 October 2018	4,918,370	1,036,369	726,000	6,680,739
Distribution in year	-	(1,022,126)	-	(1,022,126)
Surplus allocation in year	100,000	(100,000)	-	-
Other movement in reserves	-	1,391,367	-	1,391,367
	<u>5,018,370</u>	<u>1,305,610</u>	<u>726,000</u>	<u>7,049,980</u>
At 30 September 2019	<u>5,018,370</u>	<u>1,305,610</u>	<u>726,000</u>	<u>7,049,980</u>

### 20. FINANCIAL INSTRUMENTS

Omagh Credit Union Limited is a provider of personal and business loans and also provides savings products to its members. The Credit Union invests excess funds with a view to ensuring that the return from members' loans and investments is adequate to meet the overheads of the Credit Union and provide a reasonable return to members on shares and deposits. The Credit Union has a risk register in place to help the directors manage the various risks arising from its activities to include the issuing of loans to members and investing the excess funds of the Credit Union.

The main financial risks arising from Omagh Credit Union Ltd's activities are credit risk, liquidity risk, market risk and interest rate risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

#### Credit Risk:

Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to Omagh Credit Union Limited, resulting in financial loss to the Credit Union. In order to manage this risk the Board of Directors approves Omagh Credit Union Limited's lending policy, and all changes to it. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed. The credit risk on members' loans is disclosed in Note 13.2

The Credit Union's investments are also exposed to credit risk and the Credit Union mitigates the risk by only placing investments with financial institutions where the counterparties have strong credit ratings and using investment products authorised by the PRA. The credit ratings of the financial institutions where investments are held are disclosed in Note 15.

#### Liquidity Risk:

Liquidity risk: The Credit Union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The Credit Union adheres on an ongoing basis to the minimum liquidity ratio as set out in the PRA Rulebook.

#### Market Risk:

Market risk is generally comprised of interest rate risk, currency risk and other price risk. Omagh Credit Union Limited conducts all its transactions in Pound Sterling and does not deal in derivatives or commodity markets. Therefore Omagh Credit Union Limited is not exposed to any form of currency risk or other price risk.

#### Interest Rate Risk:

The Credit Union's main interest rate risk arises from differences between the interest rate exposures on the receivables and payables that form an integral part of a Credit Union's operations. The Credit Union considers rates of interest receivable on investments and members' loans when deciding on the dividend rate payable on shares and on any loan interest rebate.



## Omagh Credit Union Limited

# NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 30 September 2019

### 20.1 INTEREST RATE RISK DISCLOSURE

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

	2019	Average interest rate	2018	Average interest rate
	£	%	£	%
<b>Financial assets</b>				
Gross loans to members	<u>17,886,215</u>	<u>12.68</u>	<u>16,866,933</u>	<u>12.68</u>
<b>Financial liabilities</b>				
Members' shares	<u>30,828,593</u>	<u>1.50</u>	<u>29,157,855</u>	<u>1.50</u>

The interest rates applicable to loans to members are fixed at 12.68%. The dividend on shares and interest on deposits is determined on the basis of income less administrative expenses and, as can be seen above, a consistent margin is maintained between interest receivable and dividend on shares and interest payable on deposits. As a result, the surplus for the year is not particularly sensitive to interest rate risk and no sensitivity analysis is presented.

### 20.2 LIQUIDITY RISK DISCLOSURE

All of the financial liabilities of the Credit Union are repayable on demand except for some members' shares attached to loans.

### 21. PENSION SCHEME

The Credit Union participates in the Irish League of Credit Unions Northern Ireland Pension scheme. This is a defined benefit scheme but the Credit Union is unable to identify its share of the assets and liabilities of the scheme. There is an agreed funding plan in respect of the pension scheme in place based on a funding shortfall calculated as at 28 February 2017. Consequently Omagh Credit Union Limited has recognised a liability at 30 September 2019 of £3,346 (30 September 2018: £3,346).

### 22. RELATED PARTY TRANSACTIONS

Directors, supervisors and staff (i.e. officers) of the Credit Union during the financial year ended 30 September 2019 operated share and loan accounts with the Credit Union. The following transactions and balances existed with members who were officers during the financial year ended 30 September 2019:

	No. of loans	2019 £
Loans advanced to Related Parties during the year	13	<b>63,433</b>
Total loans outstanding to Related Parties at the year end	15	<u><b>180,508</b></u>

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

The directors and management team share balances stood at £203,253 at 30 September 2019 (2018: £170,338) which includes Easy Share Accounts.

### 23. INSURANCE AGAINST FRAUD

The Credit Union has insurance against fraud in compliance with the PRA Rulebook.

### 24. CAPITAL COMMITMENTS

The Credit Union had no material capital commitments at the year-ended 30 September 2019.



## Omagh Credit Union Limited

# NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 30 September 2019

### 26. CONTINGENT LIABILITIES

Omagh Credit Union Limited had no contingent liabilities at the current or prior Balance Sheet date.

### 27. MINORS

	2019	2018
	£	£
Minor deposits	(1,710,592)	(1,584,181)
Cash at bank	1,749,022	1,597,809
Owed to Credit Union	(33,446)	(21,054)
Bank fees due	(153)	-
Proposed dividend	(16,517)	(7,771)
Accrued interest income	11,686	15,197
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

### 28. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

### 29. CAPITAL

The Credit Union maintains sufficient reserves to buffer the Credit Union against any losses on its members' loans and also its investments. The current total reserves are in excess of the minimum requirement set down by the PRA, and stands at 18.61% of the total assets of the Credit Union at the Balance Sheet date.

### 30. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved, and authorised for issue, by the Board of Directors on 4 November 2019.



## Omagh Credit Union Limited

### SCHEDULE TO THE REVENUE ACCOUNT

for the year ended 2019

#### Schedule 1 - Other Management Expenses

	2019 £	2018 £
<b>Other Management Expenses</b>		
Training and seminars	4,194	6,920
Rent and rates payable	13,783	13,055
General insurance	13,078	10,413
Share and loan insurance	193,728	193,387
Fidelity bond insurance	5,191	4,973
Light and heat	5,768	5,540
Repairs and renewals	8,513	6,904
Computer and equipment maintenance	31,082	26,125
Printing and stationery	25,007	19,444
Promotion and education	20,246	17,177
Sponsorship	2,845	13,290
Telephone and postage	2,858	2,409
Chapter expenses	2,160	160
Convention expenses	1,130	1,611
Legal and debt recovery fees	2,066	2,631
Audit fees	9,000	9,000
FCA fees	1,965	2,458
Compliance and risk	6,366	4,606
Trade association membership dues	6,992	6,785
Bank interest and charges	37,389	34,750
Cash short	134	(210)
Returned/Relodged cheques	(1,353)	1,019
Affiliation fees	11,540	11,090
CUSOP	10,290	5,827
Saving protection scheme	3,058	3,058
General expenses	8,004	7,285
	<u>425,034</u>	<u>409,707</u>



## Analytical Ratios - 30 September 2019

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
	£	£	£	£	£	£	£	£	£	£	£
<b>General Reserve %</b>											
Total assets	37,969,225	35,924,075	34,569,194	31,838,917	29,249,447	27,158,855	25,299,844	23,276,367	21,667,977	20,511,538	19,321,656
Total savings	30,828,593	29,157,970	27,818,853	25,365,579	23,213,503	21,537,179	20,166,998	18,828,614	17,610,499	16,619,059	15,551,039
General Reserve	4,918,370	4,918,370	4,718,370	4,468,370	4,128,370	3,793,370	3,493,370	3,358,379	3,198,370	3,138,370	2,928,370
% of total assets	12.95%	13.13%	13.65%	14.03%	14.11%	13.97%	13.81%	14.43%	14.76%	15.30%	15.16%
% of total savings	15.95%	16.18%	16.96%	17.61%	17.78%	17.61%	17.32%	17.84%	18.16%	18.88%	18.83%
<b>Transfer to general reserve %</b>											
Total income	2,300,428	2,122,896	2,211,550	2,140,132	2,083,152	2,004,206	1,817,264	1,575,747	1,559,913	1,572,488	1,561,748
Transfer to general reserve	100,000	200,000	250,000	340,000	370,000	450,000	535,000	301,000	60,000	210,000	190,000
% transferred	4.35%	9.42%	11.30%	15.88%	17.76%	22.45%	29.44%	17.19%	3.85%	13.35%	12.17%
<b>Loan indicators</b>											
Gross loans at year end	17,866,213	16,866,932	16,084,786	15,700,212	15,414,502	13,709,503	13,163,203	12,038,341	10,810,585	10,630,465	10,721,260
Loans net of provision	17,394,013	16,484,239	15,715,108	15,330,534	15,044,824	14,371,825	12,825,525	11,300,663	10,072,907	9,992,787	10,203,582
Total assets	37,969,225	35,924,075	34,569,194	31,838,917	29,249,447	27,158,855	25,299,844	23,276,036	21,667,977	20,511,538	19,321,656
Net assets (excluding shares)	37,878,573	35,838,709	34,371,657	31,651,820	29,117,422	27,067,935	25,225,716	23,159,216	21,583,648	20,429,574	19,232,678
98% of net assets	37,121,002	35,121,935	33,684,224	31,018,784	28,535,074	26,526,576	24,721,202	22,696,032	21,151,975	20,020,983	18,848,024
Net loans/total assets	45.81%	45.89%	45.46%	48.15%	51.44%	52.92%	50.69%	48.55%	46.49%	48.72%	52.81%
Net loans/net assets	45.92%	46.00%	45.72%	48.43%	51.67%	53.10%	50.84%	48.80%	46.67%	48.91%	53.05%
<b>Net return</b>											
Surplus before transfer	1,391,367	1,199,993	1,346,328	1,353,798	1,344,468	1,366,611	1,533,278	1,120,070	848,479	873,162	946,182
Dividend	162,775	234,959	214,615	246,000	341,000	336,000	314,000	292,000	262,000	221,000	306,000
Interest rebate	859,351	837,099	856,732	830,000	703,000	664,000	611,000	538,000	512,000	450,000	443,000
Transfer to general reserve	100,000	200,000	250,000	340,000	370,000	450,000	535,000	301,000	60,000	210,000	190,000
% transferred	7.19%	16.67%	18.57%	25.11%	27.52%	34.89%	34.89%	26.87%	7.07%	24.05%	20.08%



# HIGHLIGHTS OF PROGRESS IN 2018/2019

- **MEMBERSHIP – GRAND TOTAL 14,424**  
Adult Members 12,015  
Minors Accounts (birth -16 years) 2409
- **MEMBERS SHARES - £30,828,593**
- **LOANS TO MEMBERS - £17,866,215**  
**OVER £8 MILLION LOANED IN 2018/2019**
- **MINORS' DEPOSITS - £1,710,592**
- **1% MINORS' DIVIDEND - £16,517**
- **TOTAL RESERVES – £7,049,980**
- **OPERATING SURPLUS FOR YEAR - £1,391,367**
- **1% SAVINGS DIVIDEND - £302,102**
- **48% LOAN INTEREST REBATE - £986,608**
- **£8,333,281– TOTAL OF 4541 LOANS GRANTED**



## **COLLECTION OF ADDITIONAL INFORMATION FOR CRS**

Dear Members, please be advised that, in compliance with the OECD Common Reporting Standard, which came into effect on 1st January 2016, Omagh Credit Union Limited is required to seek information on the Tax Residency of its Members.

To this effect, *all New Members must sign a Self-Certification relating to their Tax Residency and if not UK tax resident provide their TIN within 90 days of account opening.*



# PUTTING PEOPLE FIRST

WHETHER YOUR LOAN'S TO  
CHANGE THE CAR, CHANGE THE CARPETS, GET AWAY,  
OR GET THE KIDS KITTED OUT FOR SCHOOL  
THEN TALK TO OMAGH CREDIT UNION  
TODAY ON 028 8224 5353



**OMAGH**  
**Credit Union**  
**PERSONAL LOANS**

**WE LOOK AT THINGS DIFFERENTLY**

Loans are subject to approval. Terms and conditions apply.  
Omagh Credit Union is authorised by the Prudential Regulation Authority and  
regulated by the Financial Conduct Authority and the Prudential Regulation Authority.



[omaghcreditunion.co.uk](http://omaghcreditunion.co.uk)



# Sponsorship throughout the year £2,845

Knights of St Columbus, Holy Family P.S, St Conor's P.S, Omagh Parkinsons Society, Chamber of Commerce, Omagh Community Church, Omagh Lions Club, Omagh Harriers, Harold Mc Cauley House, Friends of Africa, Tyrone Farming Society, Drumragh Sarsfield, County Tyrone Supercup N.I, Dunbreen Rovers, Clarity for the Blind, Tattyreagh G.A.C, Drumragh Intergrated College, Omagh St Enda's, Comhaltas Ceoltairi Eireann, Goldrush Whitenoize, Alzheimers Society, The Weigh Inn Darts Competition.

**Current contribution from  
Omagh Credit Union  
to the ILCU Foundation.  
£6992.40**

*Helping to fight poverty around the world*



# MEMBERS

## IS YOUR IDENTIFICATION UP TO DATE ?

In order for Omagh Credit Union to comply with regulation it is necessary that we have up to date Identification for **ALL** members including under 16's

### PHOTOGRAPHIC IDENTIFICATION

Current Valid Passport

**\*\*Current Valid Driving Licence\*\***

National Identity Card

Birth Certificate (for a only minor/or  
evidence of name change only)



**\*\*A driving licence can only be used for PHOTOGRAPHIC ID**

**NOT address verification\*\***

### ADDRESS VERIFICATION

(Dated within last 3 months)

Current Utility Bill (e.g. Gas/Electricity)

Official document from a Government Body

Original Recent Bank/Building Society

Statement

Local authority Document

(e.g. Rates Bill)

Current Insurance Document (e.g. House/  
Motor Insurance)



**Website: [www.omaghcreditunion.co.uk](http://www.omaghcreditunion.co.uk)**

**TELEPHONE/FAX (028) 82245353**

**Email: [manager.ocu@omaghcreditunion.co.uk](mailto:manager.ocu@omaghcreditunion.co.uk)**





## YOUR SAVINGS INSURANCE COVER—WHAT IS THIS?

It is important that all members understand how well covered their shares are in the event of their death. The terms are a little bit complex but worth studying carefully.

SHARES LODGED AT AGE	COVER PROVIDED	**CONDITIONS**
Before the age of 55	100% cover	<b>PROVIDED YOU LEAVE THEM UNTOUCHED UNTIL THE DATE OF DEATH</b>
Between the age of 55 and 60	75% cover 75p for £1	<b>PROVIDED YOU LEAVE THEM UNTOUCHED UNTIL THE DATE OF DEATH</b>
Between the age of 60 and 65	50% cover 50p for £1	<b>PROVIDED YOU LEAVE THEM UNTOUCHED UNTIL THE DATE OF DEATH</b>
Between the age of 65 and 70	25% cover 25p for £1	<b>PROVIDED YOU LEAVE THEM UNTOUCHED UNTIL THE DATE OF DEATH</b>
Over 70	NO COVER	<b>SAVINGS LODGED AFTER 70 ARE NOT INSURABLE</b>

**SPECIAL NOTICE**

**DEATH BENEFIT INSURANCE**

*All eligible members are urged to take out Death Benefit Insurance, offered by E.C.C.U., the Credit Union Insurers*

*To be eligible a member must:*

*Have joined the Credit Union before 70 years of age*

*Have paid the premium*

*Be in good health*

The maximum shares you can hold are £12,500 in your main account and £2500 in your Easy Share account.

So the maximum insurance cover you can have is based on the sum of £15,000.

The following conditions should be noted in order that members are covered by this insurance.

- Members must have joined the Credit Union before the age of 70 and remain a member.
- Shares up to £6000 are covered regardless of health
- Sums in excess of that are covered if the member is in good health or can carry out their normal duties.
- All sums I referred to earlier are doubled if the members’ death is the result of an accident.
- Death by suicide does not qualify as accidental death.

The ideal position to be in is to have £15,000 in your main account and your easy share account at your 55th birthday and to leave it untouched for the rest of your life. This would mean your next of kin would receive £30,000 on your death.

Opening hours: Mon-Sat 9.45am—5pm  
 18-20 John Street | OMAGH | Co.Tyrone | BT78 1DW  
 Telephone/Fax (028)82245353



# NEED A LOAN?

## FAST! FRIENDLY ! FLEXIBLE!

- Loans are insured at no direct cost to the eligible member
- No Hidden fees or transaction charges
- Reasonable interest rates
- Repayments calculated on the reducing balance of the loan. This means smaller interest repayments on your loan.
- Repayment terms to suit your particular circumstances
- You can repay the loan earlier with no penalty
- Additional lump sum repayments accepted with no penalty
- Flexibility to make later repayments than agreed with no penalty
- The Credit Union is very flexible and can help you choose the repayment plan to suit you.
- If your circumstances change and you want to alter your repayment plan, the Credit Union is there to help you
- You can repay your loan in full at any time, with out any penalty or additional charges
- Loan protection Insurance is the Insurance cover your credit Union provides on the lives of eligible members with Credit Union loans
- Only Credit Union members can apply for a Credit Union Loan
- If you are a member speak to your Credit Union about making application
- If you are not already a member, call into your local Credit Union for more details on how to apply for a membership.





# Protecting your money

Your eligible deposits with our Credit Union are protected up to a total of £85,000 by the Financial Services Compensation Scheme, the UK's deposit protection scheme.



**St. Conor's P.S. winners at Omagh Credit Union Quiz 2019.**

Pupils from St Conor's Primary School, winners in the under 11 section of Omagh Credit Union Ltd Schools quiz with Eamon Sharkey, Supervisor.



**St. Ronan's P.S. winners at Omagh Credit Union Quiz 2019.**

Pupils from St Ronan's Primary School, winners in the under 13 section of Omagh Credit Union Ltd Schools quiz with Breda Campbell, Chairperson.