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2013 Financial Statements

Financial Statements of the Credit Union Restructuring Board (ReBo)

For the year ended 31 December 2013

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ReBo Board Members and General Information

Attendance of ReBo Board Members' at Board Meetings in 2013 (ReBo Board met on 11 Occasions in 2013)		
Board Member		No. of Meetings Attended
Mr Robert (Bobby) McVeigh - (Chairman)	Independent	10
Mr Eoin McGettigan	Independent	9
Mr Tom Kavanagh (resigned 30 June 2014).	Independent	9
Mr Brendan Burke	Independent	9
Ms Kathleen Prendergast	Independent	9
Mr Stephen O'Donovan	Independent	10
Mr Joe O'Toole	Commission on Credit Unions	9
Mr Pat Fay	ILCU	10
Mr Jimmy Johnstone	ILCU	11
Mr Tim Molan	CUMA	11
Mr Kevin Johnson	CUDA	11
Mr Neil Ryan	DoF	10
Ms Elaine Byrne	CBI	9

All members of the Credit Union Restructuring Board were appointed by the Minister for Finance effective from 1 January 2013.

Auditors

Comptroller and Auditor General,
Treasury Building,
Dublin Castle,
Dublin 2.

Bankers

Allied Irish Banks plc,
52 Upper Baggot Street,
Dublin 4.

Statement of Board Members' Responsibilities

The Credit Union Restructuring Board ("ReBo") was established on the 1 January 2013 under the terms set out in the Credit Union and Co-Operation with Overseas Regulators Act 2012 (the Act) as an independent body to facilitate and oversee the restructuring of the credit union sector in Ireland.

Section 54 (2) of the Act requires the Chief Executive, under the direction of the Board of ReBo shall keep, in such form and in respect of such accounting periods as may be approved of by the Minister for Finance, with the consent of the Minister for Public Expenditure and Reform, all proper and usual accounts of moneys received and spent by ReBo, including an income and expenditure account and a balance sheet.

In preparing those accounts, the Board is required to:

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the Financial Statements on a going concern basis unless it is inappropriate, to presume that the body will continue in operation,
- disclose and explain any material departures from applicable accounting standards.

The Board is responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of ReBo and which enable it to ensure that the Financial Statements comply with Section 54 (2) of the Act. The Board is also responsible for safeguarding all the assets of ReBo and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Board

Mr Robert (Bobby) McVeigh
Chairman

McVeigh
RP

28/11/2014
Date

Statement on Internal Financial Controls Responsibilities

On behalf of the Board of ReBo I acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated by ReBo.

The system of internal financial control can only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely period.

Key control procedures

The Board has taken steps to ensure an appropriate control environment is in place by:

- clearly defining management responsibilities,
- establishing formal procedures through various committee functions to monitor the activities and safeguard the assets of the organisation,
- adopting the principles of corporate governance contained in the "Code of Practice for the Governance of State bodies",
- developing a strong culture of accountability across all levels of the organisation.

The system of internal financial controls is based on a framework of regular management information, systems of delegation and accountability, a set of financial and administrative procedures and the on-going checking by the internal audit function as part of its agreed audit plan.

In particular it includes:

- a comprehensive budgeting system with an annual budget, which is reviewed and approved by the Board of ReBo,
- regular review by the Board of the monthly financial reports which indicate financial performance against the agreed budget,
- review by the Board of the Annual Financial Statements,
- the establishment of financial authorisation limits for expenditure and contract commitments.

ReBo has an outsourced internal audit function which operates in accordance with the Framework Code of Best Practice set out in the Code of Practice for the Governance of State Bodies. The internal audit function reports directly to the Audit and Risk Committee of the Board. In its review of risk in late-2013, the internal audit function found that, in the absence of a strategic plan, all business risks facing the organisation could not be considered complete. The Board undertook to complete the strategic plan and update the risk register in early-2014.

The Board's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the Internal Auditor, the Audit and Risk Committee, which oversees the work of the internal auditor and the executive managers within ReBo who have responsibility for the development and maintenance of the financial control framework.

During the initial set-up of ReBo, there were two separate processes whereby an interim project manager and interim staff were procured by the Board. With unforeseen delays in the appointment of a permanent CEO and a permanent staff, and mindful of the need for continuity, the interim project manager and staffing put in place cost €161,782, an amount which ultimately dictated that an alternative original procurement process would have been more appropriate. Another payment, amounting to €9,188, was made for the provision of a functioning ReBo website. An extension of the scope of the

original terms of procurement dictated that an alternative procurement should have been followed in the first instance.

The Board are of the opinion that these spends were reasonable and necessary in the interests of business continuity. ReBo is currently implementing a standardised process for procurement in order to ensure it is fully compliant with all procurement guidelines.

Annual review of controls

I confirm that, in respect of the year ended 31 December 2013, the Board conducted a review of the effectiveness of the system of internal financial control.

Signed on behalf of the Board

Mr Robert (Bobby) McVeigh
Chairman



Date

28/11/2014



Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Credit Union Restructuring Board (ReBo)

I have audited the financial statements of the Credit Union Restructuring Board for the year ended 31 December 2013 under the Credit Union and Co-operation with Overseas Regulators Act 2012. The financial statements, which have been prepared under the accounting policies set out therein, comprise the statement of accounting policies, the income and expenditure account, the balance sheet, the cash flow statement and the related notes. The financial statements have been prepared in the form prescribed under section 54 of the Act, and in accordance with generally accepted accounting practice in Ireland.

Responsibilities of the Credit Union Restructuring Board (the Board)

The Board is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view of the transactions of the Board and of its state of affairs and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the Board's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

In addition, I read the Board's annual report to identify if there are any material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the financial statements

In my opinion, the financial statements, which have been properly prepared in accordance with generally accepted accounting practice in Ireland, give a true and fair view of the state of the Board's affairs at 31 December 2013 and of its income and expenditure for 2013.

In my opinion, proper books of account have been kept by the Board. The financial statements are in agreement with the books of account.

Matters on which I report by exception

I report by exception if

- I have not received all the information and explanations I required for my audit, or
- my audit noted any material instance where public money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the information given in the Board's annual report is not consistent with the related financial statements, or
- the statement on internal financial control does not reflect the Board's compliance with the Code of Practice for the Governance of State Bodies, or
- I find there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters upon which reporting is by exception.


Seamus McCarthy
Comptroller and Auditor General

30 November 2014

Statement of Accounting Policies

1. Establishment of the Credit Union Restructuring Board (ReBo)

The Credit Union Restructuring Board (ReBo) was established on 1 January 2013 in accordance with the Credit Union and Co-Operation with Overseas Regulators Act 2012 (the Act). The primary function of ReBo under section 44 of the Act is to facilitate and oversee the voluntary restructuring of credit unions. The Minister for Finance shall, no later than 1 January 2016, conduct a review to determine whether or not ReBo has completed the performance of its functions. If ReBo has not completed the performance of its functions, then the Minister shall conduct a further review within 12 months of the preceding review. When the Minister is satisfied, after conducting a review, that ReBo has completed the performance of its functions under this Part, the Minister may, by order, dissolve ReBo.

2. Basis of Accounts

ReBo's Financial Statements have been prepared in accordance with the Financial Reporting Standards promulgated by the Financial Reporting Council, any changes to these standards are adopted as they become operative.

The Financial Statements have been prepared under the accruals method of accounting and in accordance with generally accepted accounting principles under the historical cost convention.

The Financial Statements are in the format approved by the Minister for Finance with the consent of the Minister for Public Expenditure and Reform. The financial year is from the 1 January to 31 December.

3. Income

Income is receivable in respect of the running costs of ReBo from the Credit Union Fund via the Department of Finance.

4. ReBo Levy

In accordance with the section 47 of the Act, ReBo is required to make regulations for a levy payable by credit unions equivalent to half the total expenditure ReBo incurs annually. Funds collected by way of the ReBo levy are payable to the Credit Union Fund which is administered and managed by the Minister for Finance.

5. Capital expenditure

Given the anticipated short finite duration of ReBo, all expenditure (including capital items) is written off to the income and expenditure account when incurred.

6. Value Added Tax (VAT)

ReBo incurs VAT on expenditure in relation to its operations. Such VAT is not recoverable and, accordingly, expenditure is shown inclusive of VAT in the Income and Expenditure Account and the Balance Sheet.

7. Stocks

All consumables are written off in the year of purchase.

8. Staff Pensions

Provision is made for the obligations arising under the Public Service Pensions (Single Scheme and Other Provisions) Act 2012. All directly-paid employees are obliged to join the scheme. Employee contribution rates are 3% of Pensionable Remuneration and 3.5% of Net Pensionable Remuneration. There is no employer contribution.

Credit Union Restructuring Board (ReBo)

Income and Expenditure Account for the year ended 31 December 2013

	Notes	2013 €
<u>Income</u>		
Credit Union Fund	1	693,102
Levy	2	-
Deposit Interest (net of DIRT)	3	2,818
		<u>695,920</u>
<u>Expenditure</u>		
Staff Costs	5	453,254
Levy – payable to CUF	2	-
Establishment & Office Administration Costs		7,273
Information technology & communication costs	6	24,265
Legal & professional fees	7	91,931
Bank charges & sundry expenses		1,201
Board costs	8	117,996
		<u>695,920</u>
Surplus / (Deficit) for the year		<u>-</u>

Amounts shown under Income and Expenditure are in respect of continuing operations. The accounting policies and notes 1 to 18 form part of the Financial Statements.

ReBo had no gains or losses in the financial year other than those dealt with in the Income and Expenditure Account.

Signed on behalf of the Board

Mr Robert (Bobby) McVeigh
Chairman:



Date

28/11/2014

Director:



Date

28/11/2014

Credit Union Restructuring Board (ReBo)

Balance Sheet at 31 December 2013

	Notes	2013 €
<u>Current Assets</u>		
Debtors and prepayments	10	6,012
Cash at bank	11	<u>142,398</u>
Total Current Assets		<u>148,410</u>
<u>Current Liabilities</u>		
Deferred Income	12	56,898
Creditors and accruals (amounts falling due within 1 year)	13	<u>91,512</u>
Total Current Liabilities		<u>148,410</u>
Total assets less current liabilities		<u>-</u>
Represented by:		_____
Revenue reserves		<u>-</u>

The accounting policies and notes 1 to 18 form part of the Financial Statements.

Signed on behalf of the Board

Mr Robert (Bobby) McVeigh
Chairman:



Director:



28/11/14
Date

28/11/14
Date


Credit Union Restructuring Board (ReBo)

Cash Flow Statement for year ended 31 December 2013

	Notes	2013 €
Reconciliation of operating surplus/(deficit) for the year		
Surplus/(Deficit) for the year		
(Increase)/Decrease in debtors and prepayments		(6,012)
Increase/(Decrease) in current liabilities		<u>148,410</u>
Net cash inflow from operating activities		<u>142,398</u>
Cash Flow Statement		
Net cash inflow from operating activities		<u>142,398</u>
Increase in cash		<u>142,398</u>
Reconciliation of net cash flows to movement in net funds		
Increase in cash in the year		<u>142,398</u>
Closing net funds at 31 December 2013		<u>142,398</u>

The accounting policies and notes 1 to 18 form part of the Financial Statements.

Signed on behalf of the Board

Mr Robert (Bobby) McVeigh
Chairman: 

28/11/14
Date


Director:

28/11/14
Date

Notes to the Financial Statements

1. Credit Union Fund Income

The Credit Union Restructuring Board (ReBo) was established on the 1 January 2013 under Section 42 of the Credit Union and Co-operation with Overseas Regulators Act 2012. The members of the Board were appointed (on an administrative basis) on 31 August 2012 by the Minister for Finance and ReBo operated on this administrative basis pending its formal establishment under the Act. Costs incurred from 31st August 2012 to 31 December 2012 were borne by the Department of Finance.

ReBo receives its funding from the Credit Union Fund which was established under section 57 of the same Act and is administered by the Minister for Finance. The main purposes of the Credit Union Fund are to provide a source of financial support for the restructuring of credit unions, to provide stabilisation support and to meet the expenses of the Credit Union Restructuring Board (ReBo) in discharging its functions under the Act. An amount of € 750,000 was drawn down from the Credit Union Fund during 2013.

2. ReBo Levy

In accordance with section 47 of the 2012 Act, ReBo is required to make regulations for a levy payable by credit unions equivalent to half the total expenditure ReBo incurs annually. For the year ended 31 December 2013 this amounts to €347,960. Before making regulations under this section, ReBo must consult with the Minister and the Credit Union Advisory Committee. This consultation process is in progress and ReBo intends to make regulations before the end of 2014 prescribing the levies to be paid. The levy is payable to ReBo in the first instance and ReBo in turn pays it over to the Credit Union Fund.

The Act gives ReBo the power to provide for exemptions from the payment of the ReBo levy, or waiving, remitting or refunding that levy in different circumstances and to make an arrangement with the Central Bank of Ireland for the collection of the levy.

3. Deposit Interest (net of DIRT)

ReBo earned €4,206 in deposit interest during the year on which deposit interest retention tax of €1,388 or 33% was payable.

4. Leasing

There were no leasing arrangements during the year under review. Accommodation was free of charge.

5. Staffing Costs

	2013
	€
Staff Salaries	236,244
Contracted Staff	162,255
Travel and Subsistence	21,234
Recruitment fees	26,842
Other staffing costs	6,679
Total staffing costs	<u>453,254</u>

Staff Salaries includes the cost of seconded staff, as provided for under the Credit Union and Co-Operation with Overseas Regulators Act 2012.

During 2013 ReBo had an average full time equivalent of 4 staff, including its Chief Executive.

CEO Remuneration package

Annual basic salary	€85,127
Performance related pay scheme	Nil
Company car	Nil

The CEO's gross remuneration from date of appointment in June 2013 was € 47,081 and his pension contributions were in line with the Single Public Service Pension Scheme.

Staff remuneration levels, in line with government pay agreements, were revised in July 2013 to reflect the implementation of the Haddington Road Agreement.

ReBo complies with the rules of the Single Public Service Pension Scheme. All relevant employees contribute 3.5% of net pensionable remuneration and 3% of pensionable remuneration.

6. Information Technology/Communication costs

	2013
	€
Information Technology	19,696
Communication	4,569
Total	<u>24,265</u>

7. Legal and Professional Fees

	2013
	€
Legal	59,813
Audit – statutory	9,100
Audit – internal audit	7,687
Other consultancy	15,331
Total legal & professional	<u>91,931</u>

8. Board Costs

Board members fees are sanctioned by the Minister for Finance and are in line with remuneration guidelines laid down by the Department of Public Expenditure and Reform. The Chairman's fee is set at €11,970 and the fee for board members is set at € 7,695. Where members are employed by a body within the Irish public sector, no fee is payable to the member concerned.

Paid/Payable	2013
	€
Board Members	117,730
Other	266
	<u>117,996</u>

Board member fees incurred in 2013 totalled €72,912 inclusive of applicable employer PRSI €7,077.

No additional fee payments are made in respect of membership of sub-committees or working groups of ReBo.

The Chairman has not as yet requested payment of his remuneration – this has been fully provided for within the financial statements.

The “Other” figure (€266) above reflects an amount paid to Mr. Johnstone’s full-time employer as compensation for time spent on ReBo business.

Payable to ReBo Board Members in 2013

Board Member	Gross Remuneration Payable	Expenses Payable	Total Board Costs
	€	€	€
Mr Robert (Bobby) McVeigh (Chairman)	13,257	31,393	44,650
Mr Eoin McGettigan	8,522	2,311	10,833
Mr Tom Kavanagh	8,522	Nil	8,522
Mr Brendan Burke	8,522	Nil	8,522
Ms Kathleen Prendergast	8,522	4,153	12,675
Mr Stephen O’Donovan	Nil	4,408	4,408
Mr Joe O’Toole	8,522	Nil	8,522
Mr Pat Fay	Nil	Nil	Nil
Mr Jimmy Johnstone	Nil	1,063	1,063
Mr Tim Molan	8,522	1,490	10,012
Mr Kevin Johnson	8,523	Nil	8,523
Mr Neil Ryan	Nil	Nil	Nil
Ms Elaine Byrne	Nil	Nil	Nil
Total Board Costs	72,912	44,818	117,730

The Chairman is Canadian-resident and so each board meeting entails transatlantic travel thereby giving rise to both airline and accommodation expenditure.

9. Taxation

No provision for corporation tax has been made as the organisation has no taxable profits.

10. Debtors and Prepayments

	2013
	€
Sundry prepayments	5,490
Deposit interest receivable	522
	<u>6,012</u>

11. Cash at bank as at 31 December

	2013
	€
Current account	40,002
Deposit accounts	102,296
Petty cash	100
	<u>142,398</u>

12. Deferred Income

Amounts drawn down from the Credit Union Fund to meet the expenses of ReBo in discharging its functions unspent at 31 December 2013 amounted to €56,898.

13. Creditors and accruals (falling due within one year)

	2013
	€
Creditors	13,908
Payroll taxes	9,075
Accruals – staff costs	37,491
Accruals – overheads	31,038
	<u>91,512</u>

14. Capital Commitments

There were no capital commitments at 31 December 2013.

15. Approval of Financial Statements

The financial statements were approved by the Board of ReBo on 26 February 2014.

16. Subsequent Events

There have been no events between the reporting date and the date on which the financial statements were approved by the Board, which would require adjustment to the financial statements or any additional disclosures.

17. Transactions with Related Parties

There were no related party transactions.

18. Board Members – Conflict of Interest

In cases where a conflict of interest has been declared, Board members do not participate in or attend Board discussions relating to the matters in question.



Restructuring Report 2013

2013 Restructuring Report

The Credit Union Restructuring Board “ReBo” was established on a statutory basis on 1st January 2013. In June 2013 the Chief Executive was appointed and undertook a recruitment process so that by early November ReBo had in place a Restructuring Team in place to actively engage with credit unions. Internal procedures have been developed and implemented so that ReBo can fulfil its mandate of facilitating and overseeing the restructuring of credit unions in a voluntary, incentivised and time bound manner.

Expressions of Interest Received to Date

In May 2013 ReBo contacted all 392 Credit Unions to invite them to engage with ReBo and to seek information on their restructuring plans via an Expressions of Interest (EOI’s) form. The results of this exercise as at 31 December 2013 are summarised in the table below.

Region	Total no. CUs	EoIs received		EoI Seeking Contact		EoI Not Seeking Contact	
		Number	%	Number	%	Number	%
Dublin	108	32	30%	28	88%	1	12%
Rest of Leinster	105	42	40%	41	98%	3	2%
Connaught	44	13	30%	9	69%	4	31%
Ulster	27	9	33%	8	89%	1	11%
Munster	108	25	23%	18	72%	7	28%
Total	392	121	31%	105	87%	16	13%

Of the 121 Expressions of Interest received, 87% were open to engagement with ReBo in the development of possible restructuring proposals. ReBo also had direct meetings with 30 credit unions who did not return EOI’s. As at the end of December 2013 ReBo had held meetings with 100 of the 105 credit unions who sought a meeting through the EOI process.

ReBo Interaction with Credit Unions

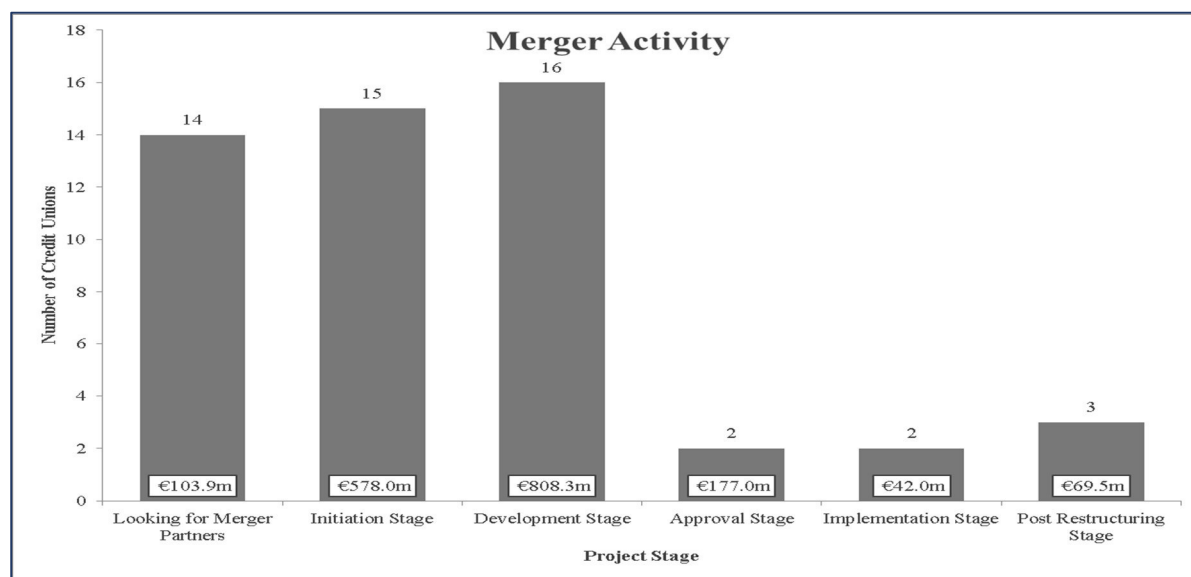
ReBo has also interacted with credit unions on a number of other levels;

- ReBo has presented at 9 credit union chapter meetings and also at various events including CUMA, Institute of Chartered Accountants, National Supervisors Forum, CUDA and ILCU AGM.
- ReBo held a series of 12 information events across the country in December 2013 with 379 attendees representing 129 credit unions. Feedback from the information events via an online follow up survey was very positive from the attendees who found the events both useful and informative.
- In addition to the direct interactions by ReBo with credit unions to promote restructuring, ReBo has made positive use of media to highlight its work.

Recent Mergers

The ReBo restructuring team has been actively involved with two recently approved merger transactions. Both mergers are now complete (Balbriggan, Donabate & Skerries) which completed in December 2013 and (Baltinglass & Castledermot) which completed on the 21st January 2014.

The chart below provides details of the number of credit unions as at 31 December 2013 considering or already in a merger process in which ReBo is involved. It also outlines the stage each credit union is at in the process and the total asset value involved at each stage.



At the end of 2013, 52 Credit unions with a total asset value of circa €1.8bn were actively engaged with ReBo in seeking to develop restructuring proposals.

ReBo Strategic Plan

The finalised strategic plan was approved by the ReBo Board at its January 2014 meeting and is now available for download from the ReBo Website.

ReBo Risk Register

A draft ReBo Risk register was prepared for the Board by the ReBo Audit & Risk committee in 2013 prior to the approval of the ReBo strategic plan in January 2014. The ReBo Board is due to review and update the ReBo Risk Register and Action plan at its March and April board meetings in 2014.

Guidelines for the operating principles of ReBo

In conjunction with the development of the ReBo strategic plan, ReBo have developed and presented to the Minister for Finance guidelines for the operating principles of ReBo as required by section 46 of the Credit Union and Co-Operation with Overseas Regulators Act, 2012. The Minister for Finance is due to lay a copy of these guidelines before each House of the Oireachtas and to publish them in Iris Oifigiúil.

State Aid Funding

Throughout 2013, ReBo personnel have proactively engaged with Department of Finance staff with a view to assisting the Department with its state aid application for the use of the Credit Union Fund to provide a source of financial support for funding requirements identified as part of a restructuring proposal. The management and administration of the Credit Union Fund is the Department's responsibility. It is ReBo's understanding that the Department has submitted a draft State aid restructuring notification to DG Competition and that currently discussions are taking place between the Department and the Central Bank to ensure that the financial support satisfies state aid requirements and meets regulatory requirements.

ReBo has a statutory function for recommending to the Central Bank that credit unions whose regulatory reserves are between 7.5% and 10% and are not otherwise party to a restructuring proposal be considered for stabilisation support. ReBo's understanding is that the Department is still working on proposals for the introduction of a stabilisation levy and the target is to have a levy in place within 2014. This is subject to the Department receiving prior approval from the EU Commission.

The ReBo Levy

In accordance with section 47 of the 2012 Act, ReBo is required to make regulations for a levy payable by credit unions equivalent to half the total expenditure ReBo incurs annually. This is

consistent with the co-funding of ReBo by the movement as recommended by the Commission on Credit Unions. ReBo is planning to consult with the Minister for Finance and the Credit Union Advisory Committee in the second quarter of 2014 to agree proposals in relation to the ReBo Levy. Funds collected by way of the ReBo levy are payable into the Credit Union Fund.

Prompt Payments of Accounts Act, 1997

In addition to the Prompt Payment of Accounts act 1997, the Government have extended their commitment to pay suppliers within 15 days of receipt of a valid invoice to state agencies.

It is the policy of ReBo to ensure that all invoices are paid promptly in line with the above timeframe. During the year under review all the accounts of ReBo were paid on time, that is, within the time limits specified by the Government and the Prompt Payments of Accounts Act, 1997, and accordingly no interest was paid.

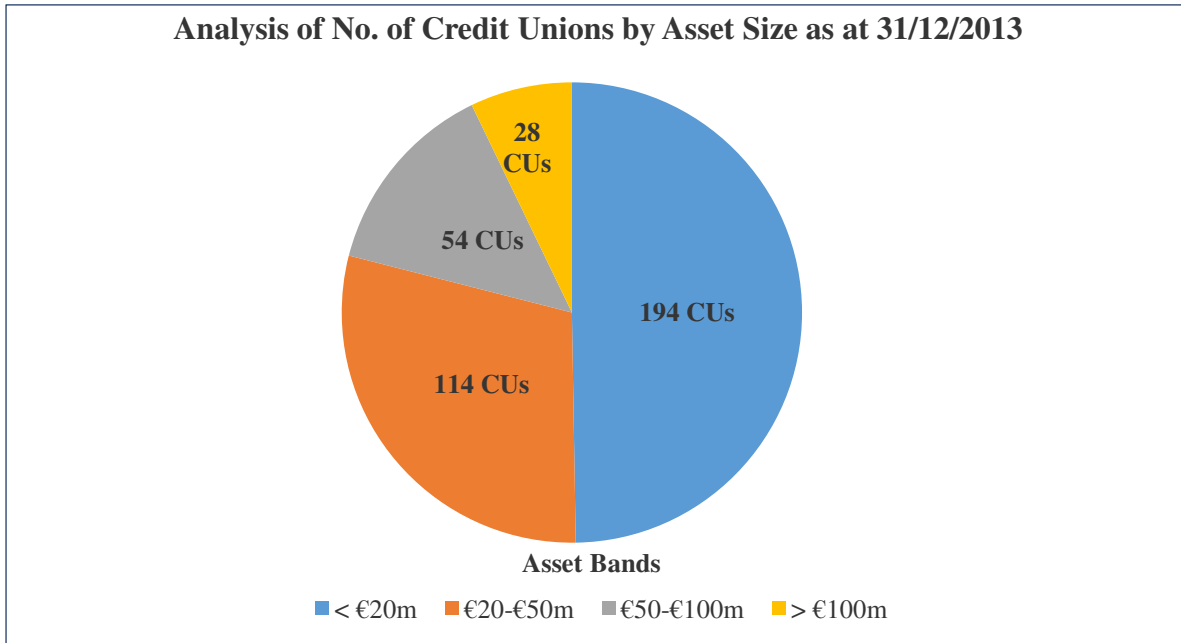
Outlook for 2014

At least 9 of the restructure proposals involving 20 credit unions currently at or beyond initiation stage are expected to materialise into actual mergers in 2014. ReBo expects that credit unions across the country will continue to look at their operating models with a view to future sustainability and that interest in mergers will rise significantly as the number of completed mergers increases.

In the first 2 quarters of 2014, ReBo will undertake a high level engagement and assessment of all credit unions so that each credit union will be categorised so as to identify their willingness & suitability to engage in a restructuring process. As part of this process ReBo will seek to offer a path to sustainability for credit unions that would not otherwise be capable of independent viability but will not impinge on the Central Bank's independence or resolution actions.

The key drivers influencing credit unions thinking at this stage are on-going viability in light of income reduction, cost increases and growing regulatory compliance on one hand, and strategic growth and development opportunities on the other.

The chart below shows that just under 50% of credit unions have assets of less than €20 million. Credit unions in this asset category face a difficult challenge if they are continue with their existing business model and from ReBo's engagements to date many are beginning to consider mergers as a path to viability and sustainability.



Credit unions in the larger asset categories, whilst having issues with longer term viability, are more likely to see mergers as an opportunity for strategic growth and to develop more sustainable business models.

2014 Management Accounts

**Income and Expenditure Account for the 9 months ended 30 September
2014**

	2014 €
<u>Income</u>	
Credit Union Fund	2,125,000
Levy	-
Deposit Interest (net of DIRT)	1,827
	2,126,827
<u>Expenditure</u>	
Staff Costs	513,961
Levy – payable to CUF	-
Establishment & Office Administration Costs	79,190
Information technology & communication costs	58,579
Legal & professional fees	78,293
Bank charges & sundry expenses	1,762
Board costs	86,038
	817,823
Surplus / (Deficit) for the year	1,309,004
Financial Assistance to Credit Unions	1,424,833
Adjusted Surplus/(Deficit) for the period	(115,829)

Balance Sheet at 30 September 2014

	2014
	€
<u>Current Assets</u>	
Debtors and prepayments	38,348
Cash at bank	493,030
Total Current Assets	<u>531,378</u>
<u>Current Liabilities</u>	
Creditors and accruals (amounts falling due within 1 year)	573,714
Total Current Liabilities	<u>573,714</u>
Total assets less current liabilities	<u><u>(42,336)</u></u>
Represented by:	
Revenue reserves	<u><u>(42,336)</u></u>

Restructuring Report 2014

2014 Restructuring Report

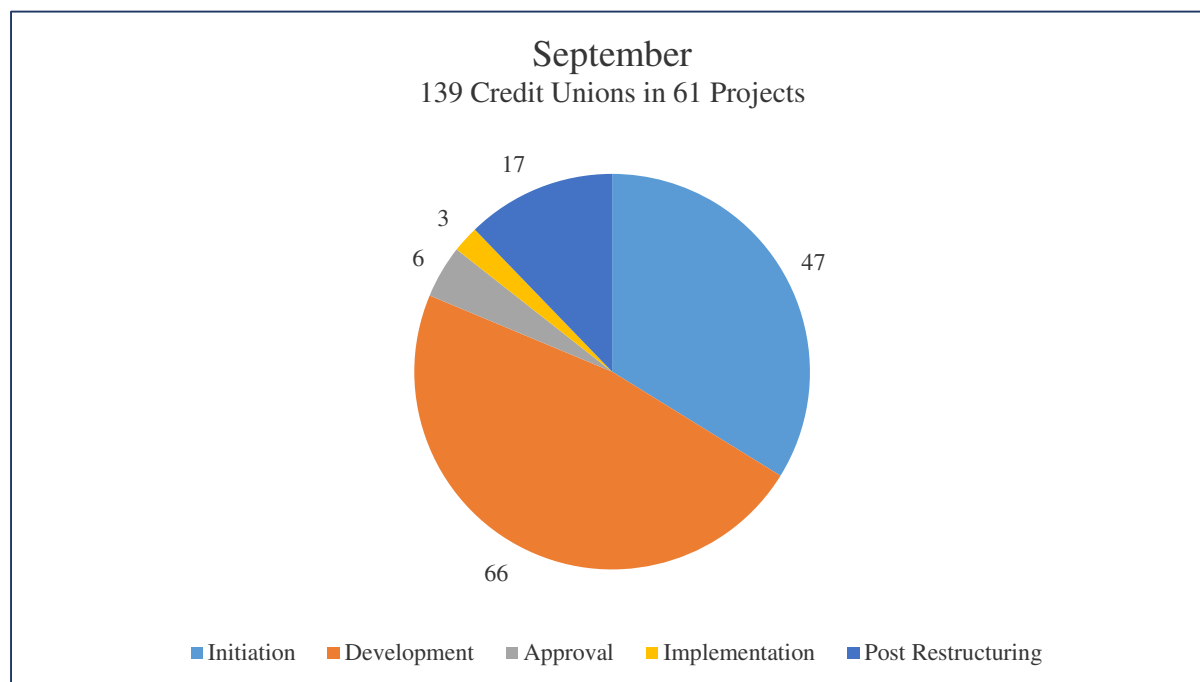
Engagement with Credit Unions

Engagement with Credit Unions									
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Met	108	161	203*	241*	267*	302*	306*	311*	312*
Scheduled to meet	39	24	15	16	14	5	8	9	4
Don't want to meet	16	13	42	57	57	81	72	65	64
Awaiting response	-	-	44	46	39	-	-	-	-
Outstanding	226	191	84	28	11	-	-	-	-

*ReBo has met an additional 11 credit unions that have completed a transfer of engagements and are no longer registered

Progression of Projects January - September

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	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Initiation	31	33	56	61	56	56	53	52	47
Development	16	18	29	39	50	52	54	62	66
Approval	2	2	2	5	5	8	14	6	6
Implementation	2	-	-	-	2	2	5	11	3
Post Restructuring	3	5	5	5	5	5	7	9	17
Total	54	58	92	110	118	123	133	140	139



The majority of our projects are now at development stage. We have noticed an increase in the number of credit unions who have contacted us recently who are seeking a merger partner.