



Clonakilty
CREDIT UNION
Safe - Strong - Secure



DUNMANWAY
Credit Union Limited
Let's Prosper Together

ANNUAL REPORTS & SECTION 130 PACK

IN RELATION TO THE PROPOSED TRANSFER OF ENGAGEMENTS
OF DUNMANWAY CREDIT UNION LIMITED
TO MUINTIR CLANNA CAOILTE CREDIT UNION LIMITED



NOTICE OF MEETINGS

Notice is hereby given that the Annual General Meeting of Muintir Clanna Caoilte Credit Union Limited will take place on Monday 12th December 2022, at 8.00pm in Fernhill House Hotel.

Notice is hereby given that the Annual General Meeting of Dunmanway Credit Union Limited will take place on Monday 12th December 2022, at 7.00pm by Zoom.



Clonakilty CREDIT UNION

Safe - Strong - Secure

Notice of Annual General Meetings and Proposed Transfer of Engagements

We are delighted to present to you, the members of Muintir Clanna Caoilte Credit Union Limited and Dunmanway Credit Union Limited, the Annual Reports for both Credit Unions and information in relation to the proposed transfer of engagements of Dunmanway Credit Union Limited to Muintir Clanna Caoilte Credit Union Limited. You will find further details and information in relation to the proposed transfer of engagements in the third section of this booklet (pages 67 to 71). To summarise, this proposal, if approved by members, will bring our two Credit Unions together with over 17,000 members and in excess of €100 million in assets. The decision to come together was made so that we will be stronger as one and we can provide an enhanced range of services for all of our members. The Combined Credit Union, which will be called Clonakilty and Dunmanway Credit Union and will also be better positioned to meet the ever-increasing regulatory requirements. The Boards of Directors of both Credit Unions are confident that the enlarged Credit Union will strengthen our position as the most trusted, respected and preferred financial institution for all of our members.

Arran O'Driscoll,
Chair, Muintir Clanna Caoilte Credit Union Limited.

Henry Duggan,
Chair, Dunmanway Credit Union Limited.

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Directors and other Information

Directors

Ms. Arran O'Driscoll (Chairperson)
Mr. John Moloney (Vice Chairperson)
Ms. Noreen Burke (Secretary)
Ms. Mary Gallwey
Mr. Edward McSweeney
Ms. Paula Desmond
Mr. Richard Barrett
Ms. Sinead Crowley (Appointed 15 December 2021)
Ms. Fiona O'Sullivan
Mr. Tomás Ahern
Mr. Jack Cullinane (Resigned 15 December 2021)
Ms. Kay Keohane

Board Oversight Committee Members

Mr. David Jennings
Ms. Deirdre Kelleher
Mr. Micheal McCarthy

Registered Office and Business Address

Credit Union Centre
Kent Street
Clonakilty
Co. Cork
P85 DC93

Auditors

Cuddy, O'Leary & Rigney
Chartered Accountants and Statutory Audit Firm
3003 Euro Business Park
Little Island
Co. Cork
T45 FX94

Bankers

Bank of Ireland
Pearse Street
Clonakilty
Co. Cork
P85 NY32
Ireland

Solicitors

McCarthy & Co. Solicitors
Ashe Street
Clonakilty
Co. Cork
P85 E403

Pierce & Fitzgibbon
Market Street,
Listowel,
Co. Kerry
V31 DK38
Ireland

Notice and Agenda of Annual General Meeting of Muintir Clanna Caoilte Credit Union Limited on Monday, 12th December 2022, at 8.00pm in the Fernhill House Hotel.

Notice is hereby given that the Annual General Meeting of Muintir Clanna Caoilte Credit Union Limited will take place on Monday 12th December 2022, at 8.00pm, the Fernhill House Hotel.

The agenda for the Annual General Meeting is as follows:

1. Invocation – Credit Union Prayer
2. Acceptance of Proxies (if any) by the Board of Directors
3. Ascertain that a Quorum is present
4. Adoption of Standing Orders
5. Reading and Approval of the Minutes of 2021 AGM
6. Appointment of Tellers
7. Report of the Nominating Committee and Election of Directors, Board Oversight Committee and Auditor
8. Report of the Board of Directors
9. Consideration of Special Resolution
The members of Muintir Clanna Caoilte Credit Union Limited resolve that the Credit Union accepts the Transfer of Engagements of Dunmanway Credit Union Limited in accordance with the relevant provisions of the Credit Union Act 1997 (as amended).
10. Proposed Rule Amendment – Name Change
That the members of Muintir Clanna Caoilte Credit Union Limited hereby resolve to change the name of Muintir Clanna Caoilte Credit Union Limited to Clonakilty and Dunmanway Credit Union, subject to the approval of the Registry of Credit Unions, in accordance with the relevant provisions of the Credit Union Act 1997 (as amended).
11. Report of the Auditors
12. Presentation of Accounts
13. Declaration of dividend and rebate of interest (if any)
14. Report of the Board Oversight Committee
15. Report of Credit Committee
16. Report of Credit Control Committee
17. Report of Membership Committee
18. Report of Marketing & Education Committee
19. Election of Auditor
20. Election to fill vacancies on the Board Oversight Committee
21. Election to fill vacancies on Board of Directors
22. Announcement of Election results
23. Any other business
24. Adjournment or close of meeting

Notice of Elections

Elections will be held to fill 3 vacancies on the Board of Directors, 1 vacancy on the Board of the Oversight Committee and the position of Auditor.

Standing Orders for Muintir Clanna Caoilte Credit Union Annual General Meeting

MOTIONS

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

MISCELLANEOUS

7. The chair of the board of directors shall be the chair of any general meeting, except where he/she is not available, in which case it shall be the vice-chair, except where he/she is not available, in which case the board shall decide amongst themselves who shall act as chair of any general meeting.
8. The chair may at his/her discretion, extend the privilege of the floor to any person who is not a member.
9. Only matters covered by the Agenda at AGM may be considered.
10. The chairman's decision on any matter relating to these Standing Orders or interpretation of same shall be final.
11. No member shall have more than one vote on each question at any general meeting of the credit union or any adjournment thereof irrespective of his/her shareholding or the number of accounts in his/her name in the credit union provided, however, that except in voting at elections, the presiding member shall have a second or casting vote in the event of equality of voting. Voting by proxy shall be allowed only when a member other than a natural person votes through a representative, who is a member of the group, duly authorised in writing for that purpose and accepted as such by the board of directors.
12. Any Special Resolution to be decided upon by vote at the AGM shall, unless otherwise expressly provided for by law or the rules, be decided upon by 75% majority of those present and voting.

SUSPENSION OF STANDING ORDERS

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

ALTERATION OF STANDING ORDERS

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

ADJOURNMENTS

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

Message from the Chairperson of Muintir Clanna Caoilte Credit Union Limited

On behalf of the Board of Directors, I am pleased to present to you our Annual Report and Accounts for the financial year ended 30th September 2022.

Looking back, it was a year with many twists and turns, made unpredictable by a variety of domestic, European and international affairs.

In the first quarter of the Credit Union Financial year, Covid-19 case numbers began to creep back up and the arrival of the Omicron variant led the Government to announce new restrictions in early December. Nightclubs again had to close, and bars and restaurants had to revert to the six adults per table limit. The Pandemic Unemployment Payment was also reinstated, and vaccination certificates were required for gyms, leisure centres and hotel bars. More was to come, and, on the 20 December 2021, even tighter restrictions were imposed to curb the spread of Covid-19 over the Christmas period. Early closing time for bars, restaurants, cinemas, theatres and live events. The number of spectators attending outdoor or sporting events was limited and a maximum of 100 people could attend wedding receptions, which had to end at midnight. It felt like Christmas 2020 all over again. It was a race between the vaccines and the variants and people wondered whether there was ever any light at the end of the Covid tunnel.

That light came rather suddenly at the end of January when almost all the restrictions were lifted, the vaccination and booster programme was allowing people get back to normal, no obligatory face masks and meeting people wherever and whenever again.

Just as society began to recover from the harshness of Covid 19, the Russian invasion of Ukraine began on the 24th of February and since then everyone has been feeling and seeing the effects on their television, in their locality and in their pocket. Supply chain issues lingering from Covid worsened and the price of everything from building materials, fuel, heat, electricity, flour, butter and all the basics have spiralled upward putting pressure back on the economy and people like you and me.

As always, Muintir Clanna Caoilte Credit Union have remained open and continued to serve the needs of its members, helping its members whatever the need. Staff and Board got on diligently with their business in what was and continues to be very unpredictable and unstable economic and social environment.

The Board continued to monitor member share growth. Although 5 of the first 6 months saw growth it was in no way comparable to the level of growth experienced in the first 6 months of the previous financial year. Share growth for the financial year was -€85,305.03 whereas in the previous financial year share growth was an incredible €3,239,382.23, a very welcome turnaround. The share cap put in place had its desired affect combined with the fact that members were again able to spend their money, holiday abroad, arrange weddings and generally live life again.

Thankfully, Muintir Clanna Caoilte Credit Union's loan book saw more ups than downs during the financial year. There was upward growth and an increase on the previous financial year of €257,331.20. The Credit Union saw loan growth of 3.82% which was above our projected growth of 2.39%. This again reflects the confidence and faith that our members have in us to provide for their borrowing needs and to the hard work, personal touch and dedication of all our Credit Union staff providing fantastic customer service that we are recognised and known for.

The Credit Union welcomed 506 new members, again another welcome increase of 146 from the previous year. The largest cohort of new members were under the age of 16, which is reassuring for the future of the Credit Union and going forward we need to be mindful of the expectations and needs of this generation, keep up and continue to adapt so that as a Credit Union we are relevant and can be here for them in the future too.



Message from the Chairperson of Muintir Clanna Caoilte Credit Union Limited (Continued)

One of the main priorities for Muintir Clanna Caoilte Credit Union during the year was the decision taken by the Board to first explore and then pursue merger discussions with our neighbouring Credit Union in Dunmanway. After much discussion and careful consideration, the Board decided that a merger would be in the best interests of both Muintir Clanna Caoilte Credit Union and Dunmanway Credit Union, it would bring two safe, secure and likeminded Credit Unions voluntarily together making them stronger and better together and in turn allow Muintir Clanna Caoilte and Dunmanway Credit Union offer existing yet additional and enhanced services to its members and the communities it serves. The merger discussions have been conducted in a spirit of mutual respect and trust and at all times in the best interests of their members and their staff. The Boards of both Credit Union have the utmost respect for the merger process and the effort which has been involved in bringing it to the point where all our members have the opportunity to make their decision at AGM. The Boards of both Muintir Clanna Caoilte Credit Union and Dunmanway Credit Union have complete faith and confidence that a vote in favour of the Merger is the right move and the right time to make sure the Credit Union in Muintir Clanna Caoilte and Dunmanway thrives with its members.

Finally, and for now it remains a priority for Muintir Clanna Caoilte Credit Union to maintain and build reserves and the Board has again for a third year in a row taken the cautious decision not to issue the payment of a dividend or loan interest rebate for the financial year ending 30th September 2022.

Muintir Clanna Caoilte Credit Union always works in the interests of its members. Our doors are open 6 days a week, our staff are there to welcome members face to face, speak with our members and more importantly listen to our members whatever the need. We are committed to our communities our members and our staff and securing our future together. Safe, Strong and Secure. I would like to thank all staff, management, my fellow board members and volunteers for their support and dedication.

Thank you,

Ms. Arran O'Driscoll
Chairperson of the board of directors

Date: 18 October 2022



Directors' Report

For the financial year ended 30 September 2022

The directors present their report and the audited financial statements for the financial year ended 30 September 2022.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Credit Risk

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

Lack of Loan Demand

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

Market Risk

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

Liquidity Risk

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

Operational Risk

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

These risks are managed by the Board of Directors as follows:

Credit Risk

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

Lack of Loan Demand

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

Market Risk

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

Liquidity Risk

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

Operational Risk

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

Directors' Report (Continued)

For the financial year ended 30 September 2022

BUSINESS REVIEW

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

The current directors and board oversight committee members are as set out on page 3.

ACCOUNTING RECORDS

The directors believe that they comply with the requirements of section 108 of the Credit Union Acts 1997 to 2018 with regard to books of accounts by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account of the Credit Union are maintained at the Credit Union's premises at Credit Union Centre, Kent Street, Clonakilty, Co. Cork, P85 DC93.

POST BALANCE SHEET EVENTS

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

AUDITORS

The auditors, Cuddy, O'Leary & Rigney, have indicated their willingness to continue in office in accordance with Section 115 of the Credit Union Acts 1997 to 2018.

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



Ms. Arran O'Driscoll
Chairperson of the board of directors

Ms. Noreen Burke
Secretary of the Board of Directors

Date: 18 October 2022

Directors' responsibilities statement

For the financial year ended 30 September 2022

The Credit Union Acts 1997 to 2018 requires the directors to prepare financial statements for each financial year 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 financial 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 confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper 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 Irish law and Generally Accepted Accounting Practice in Ireland, 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:



Ms. Arran O'Driscoll
Chairperson of the board of directors



Ms. Noreen Burke
Secretary of the Board of Directors

Date: 18 October 2022:

Board oversight committee's responsibilities statement

For the financial year ended 30 September 2022

The Credit Union Acts 1997 to 2018 requires the appointment of a Board Oversight Committee to assess whether the board of directors has operated in accordance with Part IV, Part IV (a) and any regulations made for the purposes of Part IV or Part IV(a) of the Credit Union Acts 1997 to 2018 and any other matter prescribed by the Central Bank in respect of which they are to have regard in relation to the board.

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



Ms. Deirdre Kelleher
Chairperson of the Board Oversight Committee



Mr. David Jennings
Secretary of the Board Oversight Committee

Date: 18 October 2022:

Independent auditors' report to the members of Muintir Clanna Caoilte Credit Union Limited

OPINION

We have audited the financial statements of Muintir Clanna Caoilte Credit Union Limited for the financial year ended 30 September 2022 which comprise the Income & Expenditure Account, the Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Reserves, the Statement of Cash Flows and notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish law including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued in the United Kingdom by the Financial Reporting Council and the Credit Union Acts 1997 to 2018.

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 2022 and of its surplus for the financial year then ended;
- have been properly prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been properly prepared in accordance with the requirements of the Credit Union Acts 1997 to 2018.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below 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 the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), 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

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

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

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

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our Auditor's Report thereon. 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 course of 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.

Report of Independent Auditor (continued)

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE CREDIT UNION ACTS 1997 TO 2018

In our opinion, based on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion proper accounting records have been kept by the Credit Union.
- Properly audited and the financial statements are in agreement with the accounting records.

RESPECTIVE RESPONSIBILITIES RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of Directors' Responsibilities as set out on page 6, 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 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.

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 (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. The description forms part of our Auditor's Report.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

Our report is made solely to the Credit Union's members, as a body, in accordance with section 120 of the Credit Union Acts 1997 to 2018. 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.

Richard Cuddy FCA
for and on behalf of

CUDDY, O'LEARY & RIGNEY

Chartered Accountants and Statutory Audit Firm
3003 Euro Business Park
Little Island, Co. Cork, T45 FX94

Date: 18 October 2022

Income and expenditure account

For the financial year ended 30 September 2022

	Notes	2022 €	2021 €
Income			
Interest on members' loans	4	1,555,697	1,492,758
Other interest income and similar income	5	253,269	265,605
Net interest income		1,808,966	1,758,363
Other income	7	23,363	113,259
Total income		1,832,329	1,871,622
Expenditure			
Employment costs		508,860	542,709
Other management expenses (Schedule 4)		576,367	746,924
Depreciation		63,975	79,627
Net (recoveries) or losses on loans to members	11.4	193,257	(31,179)
Total expenditure		1,342,459	1,338,081
Surplus of income over expenditure		489,870	533,541
Other comprehensive income		-	-
Total comprehensive income		489,870	533,541
Transfer (to) / from reserves			
Additional Regulatory reserve		43,057	396,498

The financial statements were approved and authorised for issue by the Board of Directors on 18 October 2022 and signed on its behalf by:



Ms. Arran O'Driscoll
Chairperson



Mr. Anthony Forde
Chief Executive Officer



Ms. Deirdre Kelleher
Chairperson of the BOC

Date: 18 October 2022:

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

Statement of comprehensive income

For the financial year ended 30 September 2022

	2022 €	2021 €
Surplus for the financial year	489,870	533,541
Other comprehensive income	-	-

Note of historical cost gains and losses

The difference between the results as disclosed in the Revenue Account and the result on an unmodified historical cost basis is not material.

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

Balance sheet

As at 30th September 2022

	Notes	2022 €	2021 €
Assets			
Cash and cash equivalents	9	10,741,289	10,436,000
Property, plant and equipment	10	1,158,572	1,190,489
Loans to members	11	18,465,467	17,784,336
Provision for bad debts	11	(1,519,249)	(1,254,249)
Prepayments and other debtors	12	72,390	46,738
Accrued income	12	146,878	100,413
Deposits and investments	13	37,031,957	37,381,446
Total Assets		66,097,304	65,685,173
Liabilities			
Members' shares	14	56,232,807	56,319,112
Trade creditors and accruals	15	66,832	66,832
Other creditors	15	8,566	-
Total Liabilities		56,308,205	56,385,944
Net Assets			
Members' Resources		9,789,099	9,299,229
Additional Regulatory reserve	16	6,940,000	6,896,943
Other reserves		2,849,099	2,402,286
Total Members' Resources		9,789,099	9,299,229

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



Ms. Arran O'Driscoll
Chairperson



Mr. Anthony Forde
Chief Executive Officer



Ms. Deirdre Kelleher
Chairperson of the BOC

Date: 18 October 2022:

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

Statement of changes in reserves

For the financial year ended 30 September 2022

	Additional Regulatory reserve	Other reserves	Total Operational risk reserve	Total
	€	€	€	€
At 1 October 2020	6,500,445	1,940,243	325,000	8,765,688
Surplus allocation in financial year	396,498	-	-	396,498
Other movement in Reserve	-	137,043	-	137,043
At 30 September 2021	6,896,943	2,077,286	325,000	9,299,229
At 1 October 2021	6,896,943	2,077,286	325,000	9,299,229
Surplus allocation in financial year	43,057	-	-	43,057
Other movement in Reserve	-	446,813	-	446,813
At 30 September 2022	6,940,000	2,524,099	325,000	9,789,099

- The Regulatory Reserve of the Credit Union as a % of the total assets as at 30th September 2022 was 10.50% which is in excess of the Credit Union's Regulatory Reserve requirement of 10%.
- In accordance with section 45 of the Credit Union Act 1997 (as amended) Muintir Clanna Caoilte Credit Union Limited put in place an Operational Risk Reserve. The Board have approved that €325,000 will remain as the current year operational risk reserve, following the completion of an internal process of assessing the level of reserve required to cover the operational risk within the Credit Union.
- Following the commencement of Section 13 of the 2012 Act, the requirement for Credit Unions to transfer 10% of their annual surplus to their Statutory Reserve (now known as the Regulatory Reserve) each year has been removed. Notwithstanding this the Board of Muintir Clanna Caoilte Credit Union Limited has transferred € 43,057 of its current year surplus to its regulatory reserve.

Statement of cash flows

For the financial year ended 30 September 2022

Notes	2022 €	2021 €
Opening cash and cash equivalents	10,436,000	12,811,323
Loans repaid	7,555,111	7,586,734
Loans granted	(8,303,772)	(8,110,429)
Loan interest income	1,555,697	1,492,758
Investment income	253,269	265,605
Other income received	23,363	113,259
Bad debts recovered	139,273	131,074
Operating expenses	(1,085,227)	(1,289,633)
Movement in other assets	(72,117)	15,236
Movement in other liabilities	8,566	3,252
Net cash generated from operating activities	74,163	207,856
Cash flows from investing activities		
Purchase of property, plant and equipment	(32,058)	(3,574)
Net cash flow from other investing activities	349,489	(5,818,987)
Net cash generated from/(used in) investing activities	317,431	(5,822,561)
Cash flows from financing activities		
Members' shares received	30,003,893	29,263,385
Members' shares withdrawn	(30,090,198)	(26,024,003)
Net cash (used in)/generated from financing activities	(86,305)	3,239,382
Net increase/(decrease) in cash and cash equivalents	305,289	(2,375,323)
Cash and cash equivalents at end of financial year 9	10,741,289	10,436,000

Notes to the financial statements

For the financial year ended 30 September 2022

1. LEGAL AND REGULATORY FRAMEWORK

Muintir Clanna Caoilte Credit Union Limited is registered with the Registry of Credit Unions and is regulated by the Central Bank of Ireland. The registered office of the Credit Union is located at Credit Union Centre, Kent Street, Clonakilty, Co. Cork, P85 DC93.

2. ACCOUNTING POLICIES

The following principal accounting policies have been applied;

Statement of compliance and basis of preparation

These financial statements have been prepared in accordance with FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland). The financial statements are prepared on the historical cost basis.

Currency

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

Going concern

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

Income recognition

(i) Interest on members' loans

Interest on loans to members is recognised using the effective interest method, and is calculated and accrued on a daily basis.

(ii) Investment income

The Credit Union currently only has investments that are valued at amortised cost, and use the effective interest method to recognise investment income.

(iii) Other 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.

Investments

Held at amortised cost

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

Central Bank deposits

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

Notes to the financial statements (continued)

For the financial year ended 30 September 2022

Investments at fair value

Investments held for trading and investment in stock market shares (i.e. non-convertible preference shares and non-puttable ordinary shares or preference shares) are included in this category. Financial assets at fair value are classified as held for trading if they are acquired for sale in the short term. They are valued at fair value (market value) at the yearend date and all gains and losses are taken to the income and expenditure account. The fair value of quoted investments is determined by reference to bid prices at the close of business on the balance sheet date. Where there is no active market these assets will be carried at cost less impairment.

Property, plant and equipment and depreciation

Tangible fixed assets are stated at cost or at valuation, less accumulated depreciation. The charge to depreciation is calculated to write off the original cost or valuation of tangible fixed assets, less their estimated residual value, over their expected useful lives as follows:

Land and buildings freehold	2% Straight line
Fixtures, fittings and equipment	20% Straight line

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 Income and Expenditure 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 Income and Expenditure account.

Impairment of tangible fixed assets

Tangible fixed assets are stated at cost or at valuation, less accumulated depreciation. The charge to depreciation is calculated to write off the original cost or valuation of tangible fixed assets, less their estimated residual value, over their expected useful lives as follows

Cash and cash equivalents

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

Notes to the financial statements (continued)

For the financial year ended 30 September 2022

Basic financial assets

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. 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.

Other Debtors

Bank deposits held at amortised cost.

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

Government and bank bonds with capital guaranteed

Irish government and senior bank bonds are designated on initial recognition as held to maturity investments as the Credit Union intends, and is able to, hold to maturity. These are carried at amortised cost using the effective interest method. The fair value of these products will change during their life, but they have a fixed maturity value at a future date. When designated as held to maturity, any change in the fair value during the term of the investment is ignored, with the Credit Union only accounting for interest received. Gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process. Investments intended to be held for an undefined period are not included in this classification.

De-recognition of financial assets

Financial assets are derecognised 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 risk 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 party.

In the case of loans to members, loans are derecognised, when the right to receive cash flows from the loans have expired, usually when all amounts outstanding have been repaid by the member.

Notes to the financial statements (continued)

For the financial year ended 30 September 2022

Impairment of financial assets

Financial assets, other than those held at fair value, are assessed for indicators of impairment at each reporting 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 Income and Expenditure account.

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

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 Muintir Clanna Caoilte Credit Union Limited are redeemable and therefore are classified as financial liabilities. They are recognised at the amount of cash deposited.

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 derecognised when the obligations of the Credit Union specified in the contract are discharged, cancelled or expire.

Holiday pay

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

Pensions

The Credit Union operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Credit Union. Annual contributions payable to the Credit Union's pension scheme are charged to the Revenue Account in the period to which they relate.

Notes to the financial statements (continued)

For the financial year ended 30 September 2022

Distribution

Muintir Clanna Caoilte 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.

Reserves

Regulatory reserve

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

Operational risk reserve

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

Other reserves

Other Reserves are the accumulated surpluses to date and Reserves arising on the Transfer of Engagements that have not been declared as dividends returnable to members. The Other Reserves are subdivided into realised and unrealised. In accordance with the Central Bank Guidance Note for Credit Unions on Matters Relating to Accounting for Investments and Distribution Policy, investment income that has been recognised but will not be received within 12 months of the balance sheet date is classified as "unrealised" and is not distributable. A reclassification between unrealised and realised is made as investments come to within 12 months of maturity date. Interest on Loans receivable at the balance sheet date is also classified as "unrealised" and is not distributable. All other income is classified as "realised".

Dividend and loan interest rebate

Dividends are made from current year's surplus. 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:

- We the risk profile of the Credit Union, particularly in its loan and investment portfolios;
- We the Board's desire to maintain a stable rather than a volatile rate of dividend each year; and
- We 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 members ratify such payments at the Annual General Meeting.

Notes to the financial statements (continued)

For the financial year ended 30 September 2022

Use of Estimates and Judgements

The preparation of financial statements required the use of certain accounting estimated. It also requires the Directors to exercise judgement in applying Muintir Clanna Caoilte Credit Unions 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 above. 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 review 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. Key assumptions underpinning the Credit Union's estimates of collective provisions for loans 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 judgment 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 loans deemed irrecoverable against the specific provision held against the loan.

3. GOING CONCERN

The financial statements are prepared on the going concern basis. The directors of Muintir Clanna Caoilte Credit Union 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 Central Bank.

Notes to the financial statements (continued)

For the financial year ended 30 September 2022

4. INTEREST ON MEMBERS' LOANS

	2022 €	2021 €
Loan interest received in financial year	<u>1,555,697</u>	<u>1,492,758</u>

5. OTHER INTEREST INCOME AND SIMILAR INCOME

	2022 €	2021 €
Investment income received	115,745	170,513
Investment income receivable within 12 months	137,524	95,092
	<u>253,269</u>	<u>265,605</u>

6. INTEREST PAYABLE AND DIVIDENDS

The interest expense for the Credit Union comprises of interest payable on deposits for the current and prior financial year:

At the financial year-end the directors decided not to allocate funds to be returned to the members by way of dividend and a loan interest rebate

7. OTHER INCOME

	2022 €	2021 €
Insurance commission	227	192
ECCU-Refund	-	95,498
Foreign exchange commission	11,982	5,169
Entrance Fees	504	400
Rent received	10,650	12,000
	<u>23,363</u>	<u>113,259</u>

8. KEY MANAGEMENT PERSONNEL

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

	2022 €	2021 €
Short term employee benefits	192,173	190,270
Payments to pension scheme	19,217	19,027
Total key management personnel compensation	<u>211,390</u>	<u>209,297</u>

Notes to the financial statements (continued)

For the financial year ended 30 September 2022

9. 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.

	2022	2021
	€	€
Cash and bank balances	966,098	451,119
Cash equivalents	9,775,191	9,984,881
	10,741,289	10,436,000

10. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings freehold	Fixtures, fittings and equipment	Total
	€	€	€
Cost			
At 1 October 2021	2,004,693	559,924	2,564,617
Additions	-	32,058	32,058
At 30 September 2022	2,004,693	591,982	2,596,675
Depreciation			
At 1 October 2021	849,443	524,685	1,374,128
Charge for the financial year	40,094	23,881	63,975
At 30 September 2022	889,537	548,566	1,438,103
Net book value			
At 30 September 2022	1,115,156	43,416	1,158,572
At 30 September 2021	1,155,250	35,239	1,190,489

Notes to the financial statements (continued)

For the financial year ended 30 September 2022

11. LOANS TO MEMBERS - FINANCIAL ASSETS

11.1 LOANS TO MEMBERS

	2022	2021
	€	€
As at 1 October	17,784,336	17,360,536
Advanced during the financial year	8,303,772	8,110,429
Repaid during the financial year	(7,555,111)	(7,586,734)
Loans written off	(67,530)	(99,895)
Gross loans to members	11.2 18,465,467	17,784,336

11.2 CREDIT RISK DISCLOSURES

The majority of loans offered by Muintir Clanna Caoilte Credit Union Limited are unsecured, except that there are restrictions on the extent to which the borrowers may withdraw their savings when loans are outstanding. There are maximum amounts set down by the Central Bank in terms of what amount a member can borrow from the Credit Union

The carrying amount of the loans to members represents Muintir Clanna Caoilte Credit Union Limited's maximum exposure to credit risk. The following table 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.

	2022		2021	
	€	%	€	%
Gross loans not impaired				
Not past due	16,323,088	88.40	15,982,883	89.87
Gross loans collectively impaired				
Up to 9 weeks past due	1,217,958	6.60	955,872	5.38
Between 10 and 18 weeks past due	290,611	1.57	148,146	0.83
Between 19 and 26 weeks past due	59,210	0.32	50,398	0.28
Between 27 and 39 weeks past due	101,271	0.55	135,387	0.76
Between 40 and 52 weeks past due	52,492	0.28	38,485	0.22
53 or more weeks past due	420,837	2.28	473,164	2.66
Total	2,142,379	11.60	1,801,452	10.13
Total gross loans	18,465,467	100.00	17,784,335	100.00
Impairment allowance				
Individually significant loans	(731,798)		(592,844)	
Collectively assessed loans	(787,451)		(661,408)	
Total carrying value	16,946,218		16,530,083	

Notes to the financial statements (continued)

For the financial year ended 30 September 2022

11.3 LOAN PROVISION ACCOUNT FOR IMPAIRMENT LOSSES

	2022	2021
	€	€
As at 1 October	1,254,249	1,254,249
Allowances reversed during the financial year	265,000	-
Increase/(Decrease) in loan provision during the financial year	265,000	-
As at 30 September	1,519,249	1,254,249

11.4 NET RECOVERIES OR LOSSES RECOGNISED FOR THE FINANCIAL YEAR

	2022	2021
	€	€
Bad debts recovered	(139,273)	(131,074)
Reduction/Increase	265,000	-
Loans written off	125,727	(131,074)
Net (recoveries)/losses on loans to members recognised for the financial year	67,530	99,895
	193,257	(31,179)

The current bad debt provision in the financial statements amounts to €1,519,249 which represents 8.23% of the gross loan book. This amount exceeds the Resolution 49 requirement by €731,798.

11.5 ANALYSIS OF GROSS LOANS OUTSTANDING

	2022	2022	2021	2021
	Number of loans	€	Number of loans	€
Less than one year	295	559,478	291	537,173
Greater than 1 year and less than 3 years	810	4,055,311	773	3,999,880
Greater than 3 years and less than 5 years	752	8,267,731	750	8,205,518
Greater than 5 years and less than 10 years	180	5,245,244	159	4,674,961
Greater than 10 years and less than 25 years	6	337,703	6	366,803
	2,043	18,465,467	1,979	17,784,335

12. DEBTORS, PREPAYMENTS AND ACCRUED INCOME

	2022	2021
	€	€
Prepayments	63,427	36,953
Other debtors	8,963	9,785
Accrued income	137,495	95,092
Accrued Interest Income	9,383	5,321
	219,268	147,151

Notes to the financial statements (continued)

For the financial year ended 30 September 2022

13. DEPOSITS AND INVESTMENTS

	2022	2021
	€	€
Fixed-term deposit accounts	23,413,020	26,750,000
Investment bonds with profit	5,000,000	6,621,003
Government bonds	8,618,937	4,010,443
	<u>37,031,957</u>	<u>37,381,446</u>

14. MEMBERS' SHARES - FINANCIAL LIABILITIES

	2022	2021
	€	€
As at 1 October	56,319,112	53,079,730
Received during the financial year	30,003,893	29,263,385
Repaid during the financial year	(30,090,198)	(26,024,003)
As at 30 September	<u>56,232,807</u>	<u>56,319,112</u>

15. OTHER CREDITORS AND ACCRUALS

	2022	2021
	€	€
Accruals	66,832	66,832
Other creditors	8,566	-
	<u>75,398</u>	<u>66,832</u>

16. CREDIT UNION RESERVES

	Additional Regulatory €	Other reserves €	Total €
At 1 October 2021	6,896,943	2,402,286	9,299,229
Surplus allocation in financial year	43,057	-	43,057
Other movement in reserves	-	446,813	446,813
At 30 September 2022	<u>6,940,000</u>	<u>2,849,099</u>	<u>9,789,099</u>

Notes to the financial statements (continued)

For the financial year ended 30 September 2022

17. FINANCIAL INSTRUMENTS

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

Credit Risk:

Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to Muintir Clanna Caoilte Credit Union Limited, resulting in financial loss to the Credit Union. In order to manage this risk the Board of Directors approves Muintir Clanna Caoilte 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.

Liquidity Risk:

Muintir Clanna Caoilte Credit Union Limited'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 objective of the Credit Union's liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise.

Market Risk:

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

17.1 INTEREST RATE RISK DISCLOSURE

	2022	Average interest rate	2021	Average interest rate
	€	%	€	%
Financial assets				
Gross loans to members	18,465,467	8.43	17,784,335	8.60
Financial liabilities				
Members' shares	56,232,807	-	56,319,112	-

17.2 LIQUIDITY RISK DISCLOSURE

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

Notes to the financial statements (continued)

For the financial year ended 30 September 2022

18. PENSION SCHEME

The Credit Union operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Credit Union in an independently administered fund.

19. RELATED PARTY TRANSACTIONS

The related party loans stated below comprise of loans to Members of the Board of Directors, the management team and Members of the family of Members of the Board of Directors and the management team of Muintir Clanna Caoilte Credit Union Limited.

	No. of loans	2022 €
Loans advanced to Related Parties during the year	3	31,000
Total loans outstanding to Related Parties at the financial year end	16	<u>229,092</u>

Total loans outstanding to related parties represents 1.24% of the total loans outstanding at 30 September 2022 (2021: 1.52%).

20. INSURANCE AGAINST FRAUD

The Credit Union has insurance against fraud in the amount of €5,200,000 in compliance with Section 47 of the Credit Union Act 1997.

21. POST-BALANCE SHEET EVENTS

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

22. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved, and authorised for issue, by the Board of Directors on 18 October 2022.

Schedules to the income and expenditure account

For the financial year ended 30 September 2022

SCHEDULE 1 – INTEREST ON LOANS

Interest on Loans

Interest on members' loans

2022	2021
€	€
1,555,697	1,492,758
1,555,697	1,492,758

SCHEDULE 2 – INVESTMENT INCOME

Investment Income

Investment income received

Investment income receivable within 12 months

2022	2021
€	€
115,745	170,513
137,524	95,092
253,269	265,605

SCHEDULE 3 – OTHER INCOME

Other Income

Insurance commission

ECCU-Refund

Foreign exchange commission

Entrance Fees

Rent received

2022	2021
€	€
227	192
-	95,498
11,982	5,169
504	400
10,650	12,000
23,363	113,259

SCHEDULE 4 – OTHER MANAGEMENT EXPENSES

Other Management Expenses

Training and seminars

General insurance

Share and loan insurance

Death benefit insurance

Light and heat

Rates and refuse

Repairs and renewals

Computer costs

Printing and stationery

Promotion and advertising

Telephone and postage

AGM expenses

Chapter expenses

Convention expenses

Travelling and subsistence

Office Expenses

Legal and professional fees

Transfer Of Engagements Fees

Audit fees

Risk compliance & Internal Audit

Bank charges

Affiliation fees

Saving protection scheme

Regulation levy

Credit Institution Resolution Fund

DGS Contributory Fund

2022	2021
€	€
8,218	9,858
30,678	24,849
194,138	170,064
67,671	85,280
13,485	11,972
18,148	13,813
28,601	39,471
76,377	68,673
10,314	5,986
41,011	45,107
14,271	12,895
9,624	11,580
851	835
6,082	179
11,343	1,494
31,129	26,404
29,158	17,187
36,158	-
13,284	18,480
48,032	47,716
35,192	25,830
12,466	14,455
(245,678)	4,647
14,571	12,733
10,901	15,634
60,342	61,782
576,367	746,924

Muintir Clanna Caoilte Credit Union Limited

Unaudited Management Accounts

For the period to 30th September 2022

INCOME AND EXPENDITURE ACCOUNT

For the financial year ended 30 September 2022

Income		€
Interest Income		1,555,697
Investment Income	Rec'd/Receivable within 1 year	253,269
Investment Gains		0
Investment Losses		0
Bad Debts Recovered		139,273
Other Income		23,364
Exceptional Gains		248,544
Financial Support		0
Total Income		<u>2,220,147</u>
Expenditure		€
Net Loan Protection / Life Savings Insurance		194,138
Salaries and Related Expenses		508,860
Interest on Borrowings		0
Interest on Deposits		0
Bad Debts Written Off		67,530
Bad Debts Provision		265,000
Other Expenses		694,748
Exceptional Losses		0
Total Expenditure		<u>1,730,276</u>
YTD Surplus (Deficit)		<u>489,871</u>



Muintir Clanna Caoilte Credit Union Limited
Unaudited Management Accounts

For the period to 30th September 2022

BALANCE SHEET

For the financial year ended 30 September 2022

Income		€
Cash and Current Accounts		966,176
Minimum Reserve Deposit Held		2,836,087
Investments		
Irish and EEA State Securities		4,002,813
Accounts in Authorised Credit Institutions		28,352,046
Bank Bonds		11,616,124
Total Investments		<u>43,970,983</u>
Loans		18,465,467
Less Provision For Bad Debts		-1,519,249
Fixed Assets less Depreciation		1,158,572
Other Assets		219,268
Total Assets		<u>66,097,304</u>
Liabilities		€
Member Shares	Regular	56,232,806
Other Liabilities		75,398
Total Liabilities		<u>56,308,204</u>
Net Worth		<u>9,789,100</u>
Represented By:		
Reserves		€
Regulatory Reserve		6,940,000
Operational Risk Reserve		325,000
Undistributed Surplus Brought Forward		2,034,229
YTD Surplus (Deficit)		489,871
Total Reserves		<u>9,789,100</u>



Annual Report 2022

NOTICE OF OUR VIRTUAL ANNUAL GENERAL MEETING

The 2022 General Meeting of the Dunmanway Credit Union Limited will take place via Zoom Webinar on Monday 12th December at 7.00 p.m.

Members wishing to attend the Virtual AGM need to register by close of business on Wednesday 7th December by emailing us on :

agm@dunmanwaycu.ie and include the following information in their email:

- Name.
- Member Account Number.

Please note the following .:

- ▶ Dunmanway Credit Union will be using a Zoom Webinar for the presentation of our AGM Meeting.
- ▶ On Friday the 9th of December, following registration and verification by the Credit Union, Members will be sent an email invitation to join the meeting on Monday the 12th of December.
- ▶ The Credit Union Standing Orders (page 38) of your Booklet no 1 to 16 will cover the Virtual Meeting process outlining how it will run.
- ▶ The virtual AGM meeting will be recorded.

**A Number of Prize Draws totalling €1,000
will be Ruffled on The Night**



**€1000
Raffle
Prizes
up for
grabs**

Dunmanway Credit Union Annual General Meeting – Notice and Agenda

Notice is hereby given that the Annual General Meeting of Dunmanway Credit Union Limited will take place on Monday 12th December 2022, at 7.00pm by Zoom.

The agenda for the Annual General Meeting is as follows:

1. The acceptance by the Board of Directors of the authorised representatives of members that are not natural persons.
2. Ascertainment that a quorum is present.
3. Adoption of Standing Orders.
4. Reading and approval (or correction) of the minutes of the last AGM and any intervening special general meeting.
5. Report of the Board of Directors.
6. Consideration of Special Resolution
The members of Dunmanway Credit Union Limited resolve that the Credit Union transfers its engagements to Muintir Clanna Caoilte Credit Union Limited in accordance with the relevant provisions of the Credit Union Act 1997 (as amended).
7. Report of the Financial Statements.
8. Report of the Auditor.
9. Report of the Board Oversight Committee.
10. Declaration of dividend and rebate of interest (if any).
11. Report of the Credit Committee.
12. Report of the Credit Control Committee.
13. Report of the Membership Committee.
14. Report of the Planning and Development Committee.
15. Report of the Education Committee.
16. Report of any Sub-Committee.
17. Report of the Nominating Committee.
18. Appointment of Tellers.
19. Election of Auditor.
20. Election to fill vacancy on the Board Oversight Committee.
21. Election to fill vacancies on the Board of Directors.
22. Any other business.
23. Announcement of Election Results.
24. Adjournment or close of Meeting. The members assembled at any annual general meeting may suspend the order of the business upon a two-thirds (2/3) vote of the members present at the meeting.

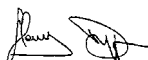
Message from the Chairperson of Dunmanway Credit Union Limited

Dear Members,

We are pleased to inform you that the Board of Muintir Clanna Caoilte Credit Union Limited and Dunmanway Credit Union Limited are now in a position to ask you, our members to approve the transfer of engagements of Dunmanway Credit Union Limited to Muintir Clanna Caoilte Credit Union Limited. The Special Resolutions to approve the Transfer of Engagements will be voted on at the forthcoming Annual General Meeting on the 12th of December 2022.

This merger arises following many meetings and much deliberation between the Directors of our credit unions. It is our firm belief that our members can be better served together, and we consider it an ideal opportunity to grow and develop our services to all our members locally. This merger provides our credit unions with the combined strength to meet the challenging times ahead. On completion of the proposed transfer of engagements, the common bond of Muintir Clanna Caoilte Credit Union Limited will be extended to include all current members of Dunmanway Credit Union Limited.

The enlarged credit union will allow access to a broader range of services, satisfying member expectations, providing security of savings together with greater efficiencies through sharing costs resulting in better value for members. The enlarged credit union will also continue to provide a member focused service delivery. The credit union movement throughout Ireland has seen many mergers in recent years. The overriding purpose of these mergers is to provide assurance of credit union services in local communities where stronger credit unions can offer an expanded range of services for current and future generations of members. We acknowledge with great appreciation the challenging work and dedication invested in building our credit unions by all the volunteers and staff since the foundation of our credit unions in 1969 which were set up with one objective – to be of service to members and never to profit from them. Included in this Section 130 Pack, for your information is a statement required under Section 130 of the Credit Union Act, 1997 (as amended). We want to thank the Chief Executive Officers and staff of both Muintir Clanna Caoilte Credit Union Limited and Dunmanway Credit Union Limited who have worked tirelessly to meet all the requirements of the Central Bank, to facilitate this merger. We also take this opportunity to thank you the members for your continued loyalty to Dunmanway Credit Union and look forward to your support at the Annual General Meeting on the 12th December 2022.



Henry Duggan
Chairperson
Dunmanway Credit Union Limited

Standing Orders for Credit Unions for Virtual - Annual General Meeting (ROI)

1. Voting

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

Since this year's AGM will be a virtual meeting, voting on motions and elections will be by electronic means. Each member will be given the opportunity to exercise their vote electronically during the meeting.

2. Election Procedure

- Electronic Voting

2. Following the announcement of nominations attendees will be given the opportunity to vote electronically "Yes" or "No" for each candidate. Those in attendance will be given one (1) minute to record their vote. The mechanics of the electronic virtual voting process will be explained in more detail at the AGM by the Chair. Elections shall be in the following order:

- a) nominations for directors.
- b) nominations for members of the board oversight committee
- c) nominations for auditor

The votes will be tallied electronically and verified by our Internal Auditor. When all elections have been completed and results become available the chair will announce the results.

3 - 4 Motions

3. Due to the specific difficulties we are facing in holding an Annual General Meeting this year due to Covid-19, the purpose of this year's AGM is to deal with the essential business of the credit union.

This includes reporting to members on the financial status of the credit union, declare a dividend/interest rebate, and elect officers. Any other non-urgent matters will be dealt with at next year's AGM.

As such, there will be no motions from the floor due to the difficulties in managing same remotely.

Members will be invited to submit questions to the board via "Chat" button on the toolbar in the Zoom Webinar and the board will address these during the AGM.

4. The Chairman's decision on any matter relating to these Standing Orders or interpretation of same shall be final.

5 - 9 Miscellaneous

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

6. The Chairperson may at his/her discretion, extend the privilege of the floor to any person who is not a member.

7. Matters not covered by the Agenda may be introduced under "Other Business" at the discretion of the Chairperson. At a virtual AGM in the current circumstances, this may not be practical, however, the option may be invoked if required.

8. The Chairperson shall have a second or casting vote in addition to his/her own vote on matters other than voting at elections where there is an equality of votes (Standard Rule 99(1)).

9. Any matter to be decided upon by a vote at the AGM shall, unless otherwise expressly provided for by law or the rules be decided upon by majority vote.

10. Adjournments

Adjournments of the AGM shall take place only in accordance with sections 81(1) and 80A of the Credit Union Act, 1997 (as amended).

11-16 Virtual Meeting Items

11. Members shall keep their microphones muted and video cameras off for the duration of the meeting, except for when requested to make contributions for the meeting.

12. A member shall only address the meeting when called upon by the Chair to do so, when invited to contribute.

13. All members are asked to utilise the Q&A button on the bottom of the toolbar in Zoom to ask questions.

14. All members are reminded to conduct themselves in a professional manner. Please refrain from sharing any explicit, violent or inappropriate content.

15. Provision shall be made for the protection of the Chair from vilification (personal abuse)

16. All members are asked to keep their mobile phone silent. The vibrate setting can also cause disruptions. If you must take urgent calls, please ensure that your microphone is muted.

Officers and other Information

Chairperson	Henry Duggan
Manager	Ted O'Shea
Secretary	Alma Murphy.
Directors	Donal O'Brien, Martina O'Mahony, Fiona Barry, Margaret Hennessy, John Galvin, Mary McCarthy, Tony Calnan.
Board oversight committee	Anne Deane, June Deane, Michael Connolly.
Registered Office	Main Street Dunmanway Co. Cork
Auditor	Grant Thornton Chartered Accountants & Statutory Audit Firm Mill House Henry Street, Limerick
Principal Bankers	Bank of Ireland Dunmanway, Co. Cork

Notice of Elections

Elections will be held to fill the following vacancies:

- **3 vacancies on the Board of Directors.**
- **1 vacancy on the Board Oversight Committee.**
- **The Position of Auditor.**

Amendments to Standard Rules arising from League AGM 2022

Legal (1) Standard Rules

There were no rule amendments to the Standard Rules for Credit Unions (Republic of Ireland) arising from League AGM 2022.

Contents

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Directors' Report

For the Financial Year ended 30 September 2022

The directors present their annual report and the audited financial statements for the financial year ended 30 September 2022.

Principal activity

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

Authorisation

The credit union is authorised as follows:

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

Business review

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

Dividends

The directors are not proposing a dividend in respect of the financial year ended 30 September 2022 (2021: The directors did not propose a dividend).

Principal risks and uncertainties

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

Credit risk

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

Lack of loan demand

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

Market risk

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

Liquidity risk

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

Operational risk

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

Global macro-economic risk

There is an economic and operational risk relating to rising inflation rates, disruption to global supply chains and a general uncertainty in the markets as a result of the pandemic and the on-going war in Eastern Europe.

Directors' Report (continued)

For the Financial Year ended 30 September 2022

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

Credit risk

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

Lack of loan demand

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

Market risk

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

Liquidity risk

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

Operational risk

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

Global macro-economic risk

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

Accounting records

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

Events after the end of the financial year

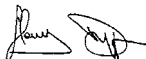
At 30 September 2022 the credit union is at an advanced stage of a proposed Transfer of Engagements process. The proposed Transfer of Engagements process is expected to complete in the coming months.

Auditors

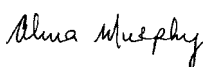
In accordance with Section 115 of the Credit Union Act, 1997 (as amended), the auditors Grant Thornton offer themselves for re-election.

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

Chairperson of the board of directors:



Member of the board of directors:



Date: 14th November 2022

Directors' Responsibilities Statement

For the financial year ended 30 September 2022

The directors are responsible for preparing the financial statements in accordance with applicable Irish law and regulations. The directors have elected to prepare the financial statements in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102). The directors are also responsible for preparing the other information included in the annual report. The Credit Union Act, 1997 (as amended) requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the credit union and of the income and expenditure of the credit union for that period.

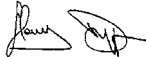
In preparing those financial statements the directors are required to:

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

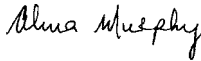
The directors are responsible for ensuring that the credit union keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the credit union, enable at any time the assets, liabilities, financial position and income and expenditure of the credit union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

On behalf of the board:

Chairperson of the board of directors:



Member of the board of directors:



Date: 14th November 2022

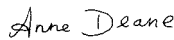
Board Oversight Committee's Responsibilities Statement

For the Financial Year Ended 30 September 2022

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

On behalf of the board oversight committee:

Chairperson of the board oversight committee:



Date: 14th November 2022

Independent Auditor's Report to the members of Dunmanway Credit Union Limited

Opinion

We have audited the financial statements of Dunmanway Credit Union Limited, which comprise the income and expenditure account, the statement of other comprehensive income, the balance sheet, the statement of changes in reserves, the statement of cash flows for the financial year ended 30 September 2022, and the related notes to the financial statements, including the summary of significant accounting policies.

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

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

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the state of the credit union's affairs as at 30 September 2022 and of its income and expenditure and cash flows for the year then ended; and
- have been properly prepared so as to conform with the requirements of the Credit Union Act, 1997 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ('ISAs (Ireland)') and applicable law. Our responsibilities under those standards are further described in the 'responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the credit union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

Independent Auditor's Report (continued)

to the members of Dunmanway Credit Union Limited

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

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

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

Responsibilities of directors for the financial statements

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

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

Responsibilities of the auditor for the audit of the financial statements

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

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

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

Independent Auditor's Report (continued)

to the members of Dunmanway Credit Union Limited

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

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

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

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

Denise O'Connell FCA
for and on behalf of
Grant Thornton
Chartered Accountants
& Statutory Audit Firm
Limerick

Date: 14th November 2022

Income and Expenditure Account

For the Financial Year ended 30 September 2022

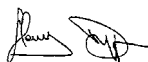
		2022	2021
	Schedule	€	€
Income			
Interest on members' loans		763,925	752,693
Other interest income and similar income	1	143,881	146,351
Net interest income		907,806	899,044
Other income	2	146,945	30,351
Total income		1,054,751	929,395
Expenditure			
Employment costs		282,460	273,755
Other management expenses	3	330,654	325,491
Pension exit costs		279,800	-
Depreciation		17,529	17,452
Net impairment gains on loans to members (note 5)		(235,546)	(154,410)
Total expenditure		674,897	462,288
Surplus for the financial year		379,854	467,107

Statement of other comprehensive income

For the Financial Year Ended 30 September 2022

	2022	2021
	€	€
Surplus for the financial year	379,854	467,107
Other comprehensive income	-	-
Total comprehensive income for the financial year	379,854	467,107


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



Chairperson of the Board of Directors



Chairperson of the Board Oversight Committee



Manager

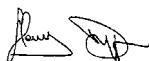
Date: 14th November 2022

Balance sheet

As at 30 September 2022

	Notes	2022	2021
		€	€
Assets			
Cash and balances at bank		637,162	699,344
Deposits and investments – cash equivalents	7	5,060,403	4,913,468
Deposits and investments – other	7	17,840,725	17,657,763
Loans to members	8	9,388,899	9,896,631
Provision for bad debts	9	(689,131)	(778,693)
Tangible fixed assets	10	201,600	217,902
Debtors, prepayments and accrued income	11	50,764	46,298
Total assets		32,490,422	32,652,713
Liabilities			
Members' shares	12	24,001,248	24,538,732
Other liabilities, creditors, accruals and charges	13	149,829	140,073
Other provisions	14	10,199	24,616
Total liabilities		24,161,276	24,703,421
Reserves			
Regulatory reserve	16	4,075,566	4,075,566
Operational risk reserve	16	265,193	265,193
Other reserves			
– Realised reserves	16	3,932,044	3,568,822
– Unrealised reserves	16	56,343	39,711
Total reserves		8,329,146	7,949,292
Total liabilities and reserves		32,490,422	32,652,713

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



Chairperson of the Board of Directors



Chairperson of the Board Oversight Committee



Manager

Date: 14th November 2022

The notes on pages 50 to 63 form part of these financial statements.

Statement of changes in reserves

For the Financial Year ended 30 September 2022

	Regulatory reserve €	Operational risk reserve €	Realised reserves €	Unrealised reserves €	Total €
As at 1 October 2020	4,075,566	265,193	3,103,758	37,668	7,482,185
Surplus for the financial year	-	-	462,065	5,042	467,107
Transfers between reserves	-	-	2,999	(2,999)	-
As at 1 October 2021	4,075,566	265,193	3,568,822	39,711	7,949,292
Surplus for the financial year	-	-	358,796	21,058	379,854
Transfers between reserves	-	-	4,426	(4,426)	-
As at 30 September 2022	4,075,566	265,193	3,932,044	56,343	8,329,146

- The regulatory reserve of the credit union as a percentage of total assets as at 30 September 2022 was 12.54% (2021: 12.48%).
- The operational risk reserve of the credit union as a percentage of total assets as at 30 September 2022 was 0.82% (2021: 0.81%).

Statement of cash flows

For the Financial Year ended 30 September 2022

	Notes	2022 €	2021 €
Opening cash and cash equivalents		5,612,812	6,630,210
Cash flows from operating activities			
Loans repaid by members	8	3,218,407	3,507,396
Loans granted to members	8	(2,726,701)	(4,047,430)
Interest on members' loans		763,925	752,693
Other interest income and similar income		143,881	146,351
Bad debts recovered and recoveries		162,010	168,727
Other income		146,945	30,351
Operating expenses		(892,914)	(599,246)
Movement in other assets and liabilities		(9,127)	(1,751)
Net cash flows from operating activities		806,426	(42,909)
Cash flows from investing activities			
Fixed asset (purchases)/disposals		(1,227)	(1,290)
Net cash flow from other investing activities		(182,962)	(527,716)
Net cash flows from investing activities		(184,189)	(529,006)
Cash flows from financing activities			
Members' shares received	12	7,901,436	9,693,042
Members' shares withdrawn	12	(8,438,920)	(10,138,525)
Net cash flow from financing activities		(537,484)	(445,483)
Net increase/(decrease) in cash and cash equivalents		84,753	(1,017,398)
Closing cash and cash equivalents	6	5,697,565	5,612,812

The notes on pages 50 to 63 form part of these financial statements.

Notes to the financial statements

For the Financial Year ended 30 September 2022

1. Legal and regulatory framework

Dunmanway Credit Union Limited is registered with the Registry of Credit Unions and is regulated by the Central Bank of Ireland. The registered office of the credit union is located at Main Street, Dunmanway, Co. Cork.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Statement of compliance

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

2.3 Going concern

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

2.4 Income

Interest on members' loans

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

Deposit and investment income

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

Other income

Other income is recognised on an accruals basis.

2.5 Cash and cash equivalents

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

Notes to the financial statements (continued)

For the Financial Year ended 30 September 2022

2. Accounting policies (continued)

2.6 Deposits and investments

Held at amortised cost

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

Central Bank deposits

Credit unions are obliged to maintain certain minimum deposits with the Central Bank but may also hold an excess over the regulatory minimum. The regulatory minimum deposits are technically assets of the credit union but to which the credit union has restricted access. The regulatory minimum portion will not ordinarily be returned to the credit union while it is a going concern and is separately identified in note 7, Deposits and investments – other. Funds held with the Central Bank in excess of the regulatory minimum requirements are fully available to the credit union and are therefore treated as cash equivalents and are separately identified in note 7, Deposits and investments – cash equivalents. The amounts held on deposit with the Central Bank are not subject to impairment reviews.

Investments at fair value

Investments designated on initial recognition as non basic are recognised at fair value. They are subsequently measured at fair value (market value) at the year-end date and all gains and losses are taken to the income and expenditure account.

2.7 Financial assets – loans to members

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

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

2.8 Provision for bad debts

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

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

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

Notes to the financial statements (continued)

For the Financial Year ended 30 September 2022

2. Accounting policies (continued)

2.9 Tangible fixed assets

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

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

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

Depreciation is provided on the following basis:

Premises	2% straight line per annum
Computer equipment	33.33% straight line per annum
Fixtures and fittings	20% straight line per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income and expenditure account.

2.10 Impairment of assets

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

2.11 Other receivables

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

2.12 Financial liabilities – members' shares

Members' shares are redeemable and therefore are classified as financial liabilities. They are initially recognised at the amount of cash deposited and subsequently measured at amortised cost.

Notes to the financial statements (continued)

For the Financial Year ended 30 September 2022

2. Accounting policies (continued)

2.13 Other payables

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

2.14 Pension costs

Dunmanway Credit Union Limited participates in an industry-wide pension scheme for employees (The Irish League of Credit Unions Republic of Ireland Pension Scheme) ("the Scheme"). This is a funded defined benefit scheme with assets managed by the Scheme's trustees. The ILCU is the principal employer of the Scheme and Dunmanway Credit Union Limited is a participating employer. The Scheme is a multi-employer defined benefit scheme and there is insufficient information for the credit union to separately identify its share of the Scheme's underlying assets and liabilities. Consequently, the Scheme is currently accounted for as a defined contribution plan. If an agreement is entered into with the Scheme that determines how Dunmanway Credit Union Limited will fund a past service deficit, the credit union shall recognise a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit). Please refer to note 24 for further detail.

2.15 Holiday pay

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

2.16 Termination benefits

Termination benefits are included in employment costs where applicable and are expensed to the income and expenditure account on an accruals basis.

2.17 Derecognition of financial liabilities

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

2.18 Regulatory reserve

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

2.19 Operational risk reserve

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

Notes to the financial statements (continued)

For the Financial Year ended 30 September 2022

2. Accounting policies (continued)

2.19 Operational risk reserve (continued)

The definition of operational risk is the risk of losses stemming from inadequate or failed internal processes, people and systems or from external events. The directors have considered the requirements of the Act and have considered an approach to the calculation of the operational risk reserve. The credit union uses the Basel Indicator Approach as set out in the operational risk measurements techniques proposed under Basel II capital adequacy rules for banking institutions in calculating the operational risk reserve. Therefore the credit union will hold an operational risk reserve which will at a minimum equal 15% of the average positive gross income for the previous three years. For any year in which there was a deficit, this will be excluded from the calculation.

2.20 Other reserves

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

2.21 Distribution policy

Dividends are made from the current year's surplus or reserves set aside for that purpose. The board's proposed dividend to members each year is based on the distribution policy of the credit union.

The rate of dividend recommended by the board will reflect:

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

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

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

2.22 Taxation

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

Notes to the financial statements (continued)

For the Financial Year ended 30 September 2022

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

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

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

The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The directors regularly review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation charge for the financial year. The net book value of tangible fixed assets subject to depreciation at the year end was €201,600 (2021: €217,902).

Provision for bad debts

The credit union's accounting policy for impairment of loans is set out in the accounting policy in note 2.8. The estimation of loan losses is inherently uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local and international economic climates, conditions in various sectors of the economy to which the credit union is exposed, and, other external factors such as legal and regulatory requirements. The provision for bad debts in the financial statements at the year end was €689,131 (2021: €778,693) representing 7.34% (2021: 7.87%) of the total gross loan book.

Operational risk reserve

The directors have considered the requirements of the Credit Union Act, 1997 (as amended) and have developed an approach to the calculation of the operational risk reserve. The credit union uses the Basic Indicator Approach as set out in the operational risk measurements techniques proposed under Basel II capital adequacy rules for banking institutions in calculating the operational risk reserve. The operational risk reserve of the credit union at the year end was €265,193 (2021: €265,193).

Adoption of going concern basis for financial statements preparation

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

Notes to the financial statements (continued)

For the Financial Year ended 30 September 2022

4. Key management personnel compensation

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

	2022 €	2021 €
Short term employee benefits paid to key management	159,401	139,039
Payments to pension schemes	12,631	27,464
Total key management personnel compensation	172,032	166,503

5. Net impairment gains on loans to members

	2022 €	2021 €
Bad debts recovered	(151,943)	(146,758)
Impairment of loan interest reclassified as bad debt recoveries	(10,067)	(21,969)
Movement in bad debt provisions during the year	(89,562)	(1,503)
Loans written off during the year	16,026	15,820
Net impairment gains on loans to members	(235,546)	(154,410)

6. Cash and cash equivalents

	2022 €	2021 €
Cash and balances at bank	637,162	699,344
Deposits and investments – cash equivalents (note 7)	5,060,403	4,913,468
Total cash and cash equivalents	5,697,565	5,612,812

7. Deposits and investments

	2022 €	2021 €
Deposits and investments – cash equivalents		
Accounts in authorised credit institutions (Irish and non-Irish based)	3,719,801	3,734,918
Bank bonds	509,337	350,867
Central Bank deposits	831,265	827,683
Total deposits and investments – cash equivalents	5,060,403	4,913,468

Deposits and investments – other

Accounts in authorised credit institutions (Irish and non-Irish based)	10,175,685	10,177,496
Bank bonds	7,532,602	7,344,267
Central Bank deposits	132,438	136,000

Total deposits and investments – other	17,840,725	17,657,763
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Total deposits and investments	22,901,128	22,571,231
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Notes to the financial statements (continued)

For the Financial Year ended 30 September 2022

8. Financial assets – loans to members

	2022 €	2021 €
As at 1 October	9,896,631	9,372,417
Loans granted during the year	2,726,701	4,047,430
Loans repaid during the year	(3,218,407)	(3,507,396)
Gross loans and advances	<u>9,404,925</u>	<u>9,912,451</u>
Bad debts		
Loans written off during the year	<u>(16,026)</u>	<u>(15,820)</u>
As at 30 September	<u>9,388,899</u>	<u>9,896,631</u>

9. Provision for bad debts

	2022 €	2021 €
As at 1 October	778,693	780,196
Movement in bad debts provision during the year	<u>(89,562)</u>	<u>(1,503)</u>
As at 30 September	<u>689,131</u>	<u>778,693</u>

The provision for bad debts is analysed as follows:

	2022 €	2021 €
Grouped assessed loans	<u>689,131</u>	<u>778,693</u>
Provision for bad debts	<u>689,131</u>	<u>778,693</u>

10. Tangible fixed assets

	Premises €	Computer equipment €	Fixtures and fittings €	Total €
Cost				
1 October 2021	409,863	187,161	65,755	662,779
Additions	<u>-</u>	<u>1,227</u>	<u>-</u>	<u>1,227</u>
At 30 September 2022	<u>409,863</u>	<u>188,388</u>	<u>65,755</u>	<u>664,006</u>
Depreciation				
1 October 2021	205,652	174,699	64,526	444,877
Charge for year	<u>8,197</u>	<u>8,467</u>	<u>865</u>	<u>17,529</u>
At 30 September 2022	<u>213,849</u>	<u>183,166</u>	<u>65,391</u>	<u>462,406</u>
Net book value				
At 30 September 2022	<u>196,014</u>	<u>5,222</u>	<u>364</u>	<u>201,600</u>
At 30 September 2021	<u>204,211</u>	<u>12,462</u>	<u>1,229</u>	<u>217,902</u>

Notes to the financial statements (continued)

For the Financial Year ended 30 September 2022

11. Debtors, prepayments and accrued income		
	2022	2021
	€	€
Prepayments	10,315	20,631
Loan interest receivable	21,241	25,667
Debtors	19,208	–
	<hr/>	<hr/>
As at 30 September	50,764	46,298
	<hr/> <hr/>	<hr/> <hr/>
12. Members' shares		
	2022	2021
	€	€
As at 1 October	24,538,732	24,984,215
Received during the year	7,901,436	9,693,042
Withdrawn during the year	(8,438,920)	(10,138,525)
	<hr/>	<hr/>
As at 30 September	24,001,248	24,538,732
	<hr/> <hr/>	<hr/> <hr/>
13. Other liabilities, creditors, accruals and charges		
	2022	2021
	€	€
Other creditors and accruals	102,607	89,148
PAYE/PRSI	47,222	50,925
	<hr/>	<hr/>
As at 30 September	149,829	140,073
	<hr/> <hr/>	<hr/> <hr/>
14. Other provisions		
Holiday pay accrual	2022	2021
	€	€
At 1 October	24,616	26,610
Charged to the income and expenditure account	(14,417)	(1,994)
	<hr/>	<hr/>
As at 30 September	10,199	24,616
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements (continued)

For the Financial Year ended 30 September 2022

15. Financial instruments

15a. Financial instruments – measured at amortised cost

Financial assets	2022	2021
	€	€
Financial assets measured at amortised cost	26,811,861	27,727,475
Financial liabilities	2022	2021
	€	€
Financial liabilities measured at amortised cost	24,161,276	24,703,421

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

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

15b. Financial instruments – fair value measurements

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

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

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

At 30 September 2022	Total €	Level 1 €	Level 2 €	Level 3 €
Accounts in authorised credit institutions (Irish and non-Irish based)	3,726,561	–	3,726,561	–
Bank bonds	2,407,975	–	2,407,975	–
Total	6,134,536	–	6,134,536	–
At 30 September 2021	Total €	Level 1 €	Level 2 €	Level 3 €
Accounts in authorised credit institutions (Irish and non-Irish based)	3,726,546	–	3,726,546	–
Bank bonds	1,713,185	–	1,713,185	–
Total	5,439,731	–	5,439,731	–

There was no fair value movement recognised in the income and expenditure account for the year ended 30 September 2022 (2021: €nil).

Notes to the financial statements (continued)

For the Financial Year ended 30 September 2022

16. Reserves

	Balance 01/10/21 €	Appropriation of current year surplus €	Transfers between reserves €	Balance 30/09/22 €
Regulatory reserve	<u>4,075,566</u>	<u>-</u>	<u>-</u>	<u>4,075,566</u>
Operational risk reserve	<u>265,193</u>	<u>-</u>	<u>-</u>	<u>265,193</u>
Other reserves				
Realised				
General reserve	<u>3,568,822</u>	<u>358,796</u>	<u>4,426</u>	<u>3,932,044</u>
Total realised reserves	<u>3,568,822</u>	<u>358,796</u>	<u>4,426</u>	<u>3,932,044</u>
Unrealised				
Interest on loans reserve	<u>25,667</u>	<u>-</u>	<u>(4,426)</u>	<u>21,241</u>
Investment income reserve	<u>14,044</u>	<u>7,330</u>	<u>-</u>	<u>21,374</u>
SPS reserve	<u>-</u>	<u>13,728</u>	<u>-</u>	<u>13,728</u>
Total unrealised reserves	<u>39,711</u>	<u>21,058</u>	<u>(4,426)</u>	<u>56,343</u>
Total reserves	<u>7,949,292</u>	<u>379,854</u>	<u>-</u>	<u>8,329,146</u>

Notes to the financial statements (continued)

For the Financial Year ended 30 September 2022

17. Credit risk disclosures

In line with regulatory requirements, the credit union:

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

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

	2022		2021	
	€	%	€	%
Loans not impaired				
Total loans not impaired, not past due	9,220,160	98.20%	9,608,677	97.09%
Impaired loans:				
Not past due	14,064	0.15%	20,914	0.21%
Up to 9 weeks past due	50,577	0.54%	81,084	0.82%
Between 10 and 18 weeks past due	186	0.01%	18,408	0.19%
Between 19 and 26 weeks past due	13,675	0.14%	34,099	0.34%
Between 27 and 39 weeks past due	6,367	0.07%	5,870	0.06%
Between 40 and 52 weeks past due	14,928	0.16%	14,563	0.15%
53 or more weeks past due	68,942	0.73%	113,016	1.14%
Total impaired loans	<u>168,739</u>	<u>1.80%</u>	<u>287,954</u>	<u>2.91%</u>
Total loans	<u>9,388,899</u>	<u>100.00%</u>	<u>9,896,631</u>	<u>100.00%</u>

18. Related party transactions

18a. Loans

	2022		2021	
	Loans	No. of €	Loans	No. of €
Loans advanced to related parties during the year	3	9,750	7	87,300
Total loans outstanding to related parties at the year end	6	92,095	7	118,389
Total provision for loans outstanding to related parties		6,107		7,827

The related party loans stated above comprise of loans outstanding to directors and the management team (to include their family members or any business in which the directors or management team had a significant shareholding). Total loans outstanding to related parties represents 0.98% of the total loans outstanding at 30 September 2022 (2021: 1.20%).

Notes to the financial statements (continued)

For the Financial Year ended 30 September 2022

18b. Shares

The total amount of shares held by related parties at the year end was €334,976 (2021: €333,189).

19. Additional financial instruments disclosures

19a. Financial risk management

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

Credit risk: Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to the credit union, resulting in financial loss. In order to manage this risk the board of directors regularly reviews and approves the credit union's credit policy. Credit risk mitigation may include the requirement to obtain collateral as set out in the credit union's credit policy. Where collateral or guarantees are required, they are usually taken as a secondary source of repayment in the event of the borrower's default. The credit union maintains policies which detail the acceptability of specific classes of collateral. The principal collateral types for loans are: an attachment over members' pledged shares and personal guarantees. The nature and level of collateral required depends on a number of factors such as the term of the loan and the amount of exposure. All loan applications are assessed with reference to the credit policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

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

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

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

19b. Liquidity risk disclosures

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

19c. Interest rate risk disclosures

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

	2022		2021	
	€	Average Interest Rate %	€	Average Interest Rate %
Gross loans to members	<u>9,388,899</u>	8.01%	<u>9,896,631</u>	8.28%

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

Notes to the financial statements (continued)

For the Financial Year ended 30 September 2022

20. Dividends

The following distributions were made during the year:

	2022		2021	
	%	€	%	€
Dividend on shares	-	-	-	-

The directors are not proposing a dividend in respect of the financial year ended 30 September 2022 (2021: The directors did not propose a dividend).

21. Events after the end of the financial year

At 30 September 2022 the credit union is at an advanced stage of a proposed Transfer of Engagements process. The proposed Transfer of Engagements process is expected to complete in the coming months.

22. Insurance against fraud

The credit union has Insurance against fraud in the amount of €1,900,000 (2021: €1,900,000) in compliance with Section 47 of the Credit Union Act, 1997 (as amended).

23. Comparative information

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

24. The Irish League of Credit Unions Republic of Ireland Pension Scheme

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

Dunmanway Credit Union Limited fully exited the scheme on 31 May 2022 incurring an exit cost of €279,800. This cost is included in the income and expenditure account for the financial year ended 30 September 2022 and was paid to the trustees of the Scheme during the financial year.

25. Approval of financial statements

The board of directors approved these financial statements for issue on 14th November 2022.

Schedules to the income and expenditure account

For the Financial Year ended 30 September 2022

The following schedules do not form part of the statutory financial statements which are the subject of the Independent Auditor's report on pages 43 to 45.

Schedule 1 – Other interest income and similar income

	2022	2021
	€	€
Investment income received/receivable within 1 year	136,551	141,309
Investment income receivable outside of 1 year	7,330	5,042
Total per income and expenditure account	143,881	146,351

Schedule 2 – Other income

	2022	2021
	€	€
Commissions and sundry income	2,909	1,594
ECCU rebate	6,749	28,757
SPS refund	137,287	-
Total per income and expenditure account	146,945	30,351

Schedule 3 – Other Management Expenses

	2022	2021
	€	€
Rates	4,719	2,836
Light and heating	8,943	6,668
Printing and stationery	5,449	7,138
Postage and telephone	6,680	6,022
Education and training	3,010	5,930
Donations and sponsorship	660	444
Promotion and advertising	4,172	3,937
Meeting and AGM expenses	13,035	16,136
Travel and subsistence	544	182
Bank charges	12,185	16,370
Audit fee	14,575	14,576
ECCU insurance	75,170	74,065
General insurance	20,151	18,297
Legal and professional fees	37,290	41,291
Maintenance and office expenses	10,532	7,821
Computer costs	44,269	46,911
Regulatory levies and fees	32,602	51,237
Subscription fees	7,166	5,630
Transfer of engagement costs	29,502	-
Total per income and expenditure account	330,654	325,491

Dunmanway Credit Union Limited

Unaudited Management Accounts

For the period to 30th September 2022

Income and Expenditure Account

For the Financial Year Ended 30 September 2022

Income		€
Interest Income		778,418
Investment Income	Rec'd/Receivable within 1 year	103,307
Bad Debts Recovered		151,943
Other Income		9,658
Exceptional Gains		123,558
Total Income		<u>1,166,884</u>
Expenditure		€
Net Loan Protection / Life Savings Insurance		75,170
Salaries and Related Expenses		276,938
Bad Debts Written Off		16,026
Bad Debts Provision		(89,562)
Other Expenses		259,864
Exceptional Losses		279,800
Total Expenditure		<u>818,236</u>
YTD Surplus		<u>348,648</u>

Dunmanway Credit Union Limited

Unaudited Management Accounts

For the period to 30th September 2022

Balance sheet

As at 30 September 2022

Assets		€
Cash and Current Accounts		630,374
Minimum Reserve Deposit Held		963,612
Investments		
Accounts in Authorised Credit Institutions		13,869,801
Bank Bonds		8,022,577
Total Investments		<u>21,892,378</u>
Loans		9,388,899
Less Provision For Bad Debts		(689,131)
Fixed Assets less Depreciation		201,600
Other Assets		48,250
Total Assets		<u>32,435,982</u>
Liabilities		€
Member Shares	Regular	24,001,248
Other Liabilities		136,795
Total Liabilities		<u>24,138,043</u>
Net Worth		<u>8,297,939</u>
Represented By:		
Reserves		€
Regulatory Reserve		4,075,566
Operational Risk Reserve		265,193
Undistributed Surplus Brought Forward		3,399,932
YTD Surplus (Deficit)		348,648
Other Reserves	Realised	180,000
	Unrealised	28,600
Proposed Dividend and Interest Rebate		0
Total Reserves		<u>8,297,939</u>



STRONGER TOGETHER

**Section 130 Pack in relation to the proposed Transfer of Engagements
of Dunmanway Credit Union Limited to
Muintir Clanna Caoilte Credit Union Limited**

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Message from the Chairs of Muintir Clanna Caoilte Credit Union Limited and Dunmanway Credit Union Limited

Dear Members,

We are pleased to inform you, that the Board of Directors of Muintir Clanna Caoilte Credit Union Limited and Dunmanway Credit Union Limited are in a position to ask our members to approve the transfer of engagements, of Dunmanway Credit Union Limited to Muintir Clanna Caoilte Credit Union Limited. The Credit Union movement is based on co-operation amongst Credit Unions. The proposed transfer arises from the belief of the Boards of both Credit Unions that all of our members can be better served together, and we consider it an ideal opportunity to grow and develop our services to members in an enlarged and complementary common bond. The Special Resolutions to approve the Transfer of Engagements will be voted on at the forthcoming Annual General Meetings.

The Boards of both Credit Unions are confident that our decision to combine our Credit Unions will strengthen our position to be the most trusted, respected and preferred financial services provider for our members, providing good value, modern, accessible and tailored services. On completion of the proposed transfer of engagements, the common bond of Muintir Clanna Caoilte Credit Union Limited will be extended to include all current members of Dunmanway Credit Union Limited. The advantages for members are that the enlarged Credit Union will protect the provision of Credit Union services in our community and allow for more investment in our community. It will allow access to a broader range of services including savings and loan services at competitive and sustainable rates. The combined Credit Union will be a stronger, more viable Credit Union with healthy financial reserves, satisfy member expectations and security of savings and provide greater efficiencies through sharing costs resulting in better value for members.

In these changing times Credit Unions offer a very different service to the other financial institutions. Our Credit Unions were set up with one aim in mind – to be of service to their members, never to profit from them. We hold in the highest regard the hard work and dedication that the volunteers and staff of our Credit Unions have invested into building up their Credit Unions since their inception.

Included in this booklet, for your information are the statements required under Section 130 of the Credit Union Act, 1997 (as amended). We would like to take this opportunity to thank you the members for your continued loyalty to your Credit Union and look forward to your support at the Annual General Meetings.

Arran O'Driscoll,
Chair, Muintir Clanna Caoilte Credit Union Limited.

Henry Duggan,
Chair, Dunmanway Credit Union Limited.

Proposed Transfer of Engagements

Muintir Clanna Caoilte Credit Union Limited

The Board of Muintir Clanna Caoilte Credit Union Limited is pleased to present the following Special Resolution to the members for consideration at the Annual General Meeting:

Proposed Special Resolution

The members of Muintir Clanna Caoilte Credit Union Limited resolve that the Credit Union accepts the Transfer of Engagements of Dunmanway Credit Union Limited in accordance with the relevant provisions of the Credit Union Act 1997 (as amended).

Noreen Burke,

Secretary, Muintir Clanna Caoilte Credit Union Limited

Muintir Clanna Caoilte Credit Union Limited Statement required under Section 130 of the Credit Union Act 1997 (as amended) in respect of Dunmanway Credit Union Limited

In accordance with Section 130 of the Credit Union Act, 1997 (as amended), the following matters are required to be stated:

1. The financial position of Muintir Clanna Caoilte Credit Union Limited and of Dunmanway Credit Union Limited is set out in the form of the audited annual accounts for Muintir Clanna Caoilte Credit Union Limited as at 30th September 2022 and the most recent unaudited Income & Expenditure Account and Balance sheet, and the audited annual accounts for Dunmanway Credit Union Limited as at 30th September 2022 and the most recent unaudited Income & Expenditure Account and Balance sheet.
2. No payment is proposed to be made to the members of Dunmanway Credit Union Limited or Muintir Clanna Caoilte Credit Union Limited in consideration of the proposed transfer.
3. There will be no change to the terms governing outstanding loans currently held by members in Dunmanway Credit Union Limited or Muintir Clanna Caoilte Credit Union Limited. Members with current loans in Muintir Clanna Caoilte Credit Union and Dunmanway Credit Union will continue to repay loans under the existing terms of their credit agreements. New loans issued after the Transfer of Engagements will be at the then prevailing loan rate in Muintir Clanna Caoilte Credit Union Limited.
4. Staff at Dunmanway Credit Union Limited and Muintir Clanna Caoilte Credit Union Limited have been fully appraised of all aspects of the Transfer of Engagements and are very much involved in the Transfer of Engagements process. The staff of Dunmanway Credit Union Limited will transfer to Muintir Clanna Caoilte Credit Union Limited under the Transfer of Undertakings (Protection of Employment) regulations 2003.

Proposed Transfer of Engagements

Dunmanway Credit Union Limited

The Board of Dunmanway Credit Union Limited is pleased to present the following Special Resolution to the members for consideration at the Annual General Meeting:

Proposed Special Resolution

The members of Dunmanway Credit Union Limited resolve that the Credit Union Transfers its Engagements to Muintir Clanna Caoilte Credit Union Limited in accordance with the relevant provisions of the Credit Union Act 1997 (as amended).

Alma Murphy,
Secretary, Dunmanway Credit Union Limited

Dunmanway Credit Union Limited Statement required under Section 130 of the Credit Union Act 1997 (as amended)

In accordance with Section 130 of the Credit Union Act, 1997 (as amended), the following matters are required to be stated:

1. The financial position of Muintir Clanna Caoilte Credit Union Limited and of Dunmanway Credit Union Limited is set out in the form of the audited annual accounts for Muintir Clanna Caoilte Credit Union Limited as at 30th September 2022 and the most recent unaudited Income & Expenditure Account and Balance sheet, and the audited annual accounts for Dunmanway Credit Union Limited as at 30th September 2022 and the most recent unaudited Income & Expenditure Account and Balance sheet.
2. No payment is proposed to be made to the members of Dunmanway Credit Union Limited or Muintir Clanna Caoilte Credit Union Limited in consideration of the proposed transfer.
3. There will be no change to the terms governing outstanding loans currently held by members in Dunmanway Credit Union Limited or Muintir Clanna Caoilte Credit Union Limited. Members with current loans in Muintir Clanna Caoilte Credit Union and Dunmanway Credit Union will continue to repay loans under the existing terms of their credit agreements. New loans issued after the Transfer of Engagements will be at the then prevailing loan rate in Muintir Clanna Caoilte Credit Union Limited.
4. Staff at Dunmanway Credit Union Limited and Muintir Clanna Caoilte Credit Union Limited have been fully appraised of all aspects of the Transfer of Engagements and are very much involved in the Transfer of Engagements process. The staff of Dunmanway Credit Union Limited will transfer to Muintir Clanna Caoilte Credit Union Limited under the Transfer of Undertakings (Protection of Employment) regulations 2003.

A NEW PARTNERSHIP

Why is this necessary?

Out two Credit Unions have spent considerable time examining how our members could be better served into the future. The proposal to combine our two Credit Unions will offer additional services to the members whilst ensuring compliance with all relevant legislation and regulations. There is also increased financial strength in combining our resources.

What does a Transfer of Engagements mean?

A Transfer of Engagement means that Dunmanway Credit Union Limited will transfer their assets and liabilities to Muintir Clanna Caoilte Credit Union Limited. Members in Muintir Clanna Caoilte and Dunmanway can continue in exactly the same way as before with the added advantage of access to all of the services that the combined credit union can offer.

What will happen next?

We envisage that if the Transfer of Engagements is approved by the Central Bank, the affairs of Dunmanway Credit Union Limited will be transferred to Muintir Clanna Caoilte Credit Union Limited before the end of January 2023. Both Credit Union offices will need to close for a short period in order to facilitate the transfer, and members will be kept informed of developments closer to the time. Until then, it is business as usual at both Credit Unions.

How will this change affect me?

For existing members there will be no noticeable change. The offices in Clonakilty and Dunmanway will remain open for members.

- If you are a member of Dunmanway Credit Union Limited, you will still continue to be able to conduct your business in the Dunmanway office. In addition, once the transfer takes effect, you will be able to transact your business in the Clonakilty office also and vice-versa for members of Muintir Clanna Caoilte Credit Union Limited.
- If you are a member of Dunmanway Credit Union Limited, a new account number will be issued to you. All of your account balances and information will remain exactly the same.
- Members with current loans in Muintir Clanna Caoilte Credit Union Limited and Dunmanway Credit Union Limited will continue to repay loans under the existing terms of their credit agreements. New loans issued after the Transfer of Engagements will be at the then prevailing loan rate in Muintir Clanna Caoilte Credit Union Limited.
- If you are a member of Dunmanway Credit Union Limited, you will qualify for the Death Benefit Insurance of €1,950 once the Transfer of Engagements takes effect.

Do I have to do anything?

We do welcome any views that any member may have on the proposed Transfer of Engagements. Members may write to the secretary of either credit union or email to info@clonakiltycreditunion.ie or info@dunmanwaycu.ie with any views, comments or queries they may have.



Clonakilty

CREDIT UNION

Safe - Strong - Secure

Tel: 023 8833842
Email: info@clonakiltycreditunion.ie

Muintir Clanna Caoilte Credit Union,
Credit Union Centre, Kent St.,
Clonakilty,
Co. Cork



DUNMANWAY

Credit Union Limited
Let's Prosper Together

Main Street, Dunmanway, Co. Cork
Tel. 023 88 45787
Website. www.dunmanwaycu.ie
Email. info@dunmanwaycu.ie

Credit Unions of Ireland are
regulated by the Central Bank of Ireland.