



**Clonakilty &
Dunmanway
Credit Union**

**ANNUAL
REPORT 2023**

ACCOUNTS & NOTICE OF AGM 2023



Credit Unions are regulated by the Central Bank of Ireland.



Credit Union Invocation

LORD *make me an instrument of Thy peace*

Where there is hatred, let me sow love

Where there is injury, pardon

Where there is doubt, faith

Where there is despair, hope

Where there is darkness, light

And where there is sadness, joy

O Divine Master, *grant that I may*

not so much seek to be consoled as to console,

to be understood as to understand,

to be loved as to love,

for it is in giving that we receive,

it is pardoning that we are pardoned,

and it is in dying that we are born to eternal life

Notice of Annual General Meeting at Fernhill House Hotel on Thursday 7th December 2023 at 8pm

Standard Rule 96 (4): The business at annual general meetings of the members shall be:

- (a) The acceptance by the board of directors of the authorised representatives of members that are not natural persons;
- (b) Ascertainment that a quorum is present;
- (c) Adoption of Standing Orders*;
- (d) Reading and approval (or correction) of the minutes of the last annual general meeting, and any intervening special general meeting;
- (e) Report of the Board of Directors;
- (f) Consideration of accounts;
- (g) Report of the Auditor;
- (h) Report of the Board Oversight Committee;
- (i) Declaration of dividend and rebate of interest;
- (j) Report of the Credit Committee;
- (k) Report of Credit Control Committee;
- (l) Report of Membership Committee;
- (m) Report of any Sub-Committee;
- (n) Report of the Nomination Committee;
- (o) Appointment of Tellers;
- (p) Election of Auditor;
- (q) Election to fill vacancies on the Board Oversight Committee;
- (r) Election to fill vacancies on the Board of Directors;
- (s) Any other business;
- (t) Announcement of election results;
- (u) Adjournment or close of meeting.

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

STANDING ORDERS

1. VOTING:

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

2-3. ELECTION PROCEDURE

2. Elections to the board of directors, to the board oversight committee and the position of auditor shall be by majority vote and by secret ballot.

3. When nominations are announced tellers shall be appointed by the chair and ballot papers shall be distributed. Nominations shall be in the following order:

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

When voting is completed, the votes shall be taken and tallied by the tellers. Any ballot paper which contains votes for more than the number required to be elected shall be void. All elections shall be by secret ballot and by majority vote. When the votes have been counted by the tellers, the results shall be announced by the chair. In the event that all vacancies are not filled by the first ballot further ballots shall be taken as required. In the event of an equality of votes between candidates for the remaining vacancies not filled in accordance with the above procedure one further ballot shall be taken and should that ballot fail to determine the issue, the vacancies shall be filled by lot from among such candidates having an equality of votes.

4-9 MOTIONS

4. All motions from the floor of the AGM must be proposed and seconded by members present at the AGM and moved by the proposer. If the proposer is absent when the motion is called, the motion shall be deemed to have failed.

5. A proposer of a motion may speak for such period as shall be at the discretion of the chair of the meeting and shall have the right of reply before the motion is put to the meeting for a vote.

6. In exercising his/her right of reply, a proposer may not introduce new material.

7. The seconder of a motion shall have such time as shall be allowed by the chair to second the motion.

8. Members are entitled to speak on any such motion and must do so through the chair. All speakers to any motion shall have such time as shall be at the discretion of the chair.

9. The chair shall have the absolute right to decide at any time when a motion has been sufficiently discussed and may put the motion to the meeting giving the proposer the right of reply before doing so.

10-15 MISCELLANEOUS

10. The chair of the board of directors shall be the chair of any general meeting, except where he/she is not available, in which case it shall be the vice-chair, except where he/she is not available, in which case the board shall decide amongst themselves who shall act as chair of any general meeting.

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

12. Matters not covered by the Agenda may be introduced under "Other Business" at the discretion of the chair.

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

14. No member shall have more than one vote on each question at any general meeting of the credit union or any adjournment thereof irrespective of his/her shareholding or the number of accounts in his/her name in the credit union provided, however, that except in

voting at elections, the presiding member shall have a second or casting vote in the event of equality of voting. Voting by proxy shall be allowed only when a member other than a natural person votes through a representative, who is a member of the group, duly authorised in writing for that purpose and accepted as such by the board of directors.

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

16. SUSPENSION OF STANDING ORDERS

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

17. ALTERATION OF STANDING ORDERS

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

18. ADJOURNMENTS

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

STANDARD RULES AMENDMENTS

Rule 30 (1)(a)

That this Annual General Meeting amends Rule 30 of the Standard Rules for Credit Unions (Republic of Ireland) by the deletion of the following Rule 30 (1)(a)

(1) (a) Provided a share dividend has been declared in accordance with the Act, the directors may recommend to the annual general meeting for approval a refund to the members on record as of the end of each financial year who have been borrowers during such year of a percentage of interest which such borrowers have paid during such year, and such rate of refund shall apply to all such member borrowers. Where a credit union operates a system whereby different rates of interest are charged for different classes of loans, the board of directors may recommend a different rate of refund applicable to each class of loan. Such refunds shall apply to all member borrowers in each class of loan.

And by the insertion of the following Rule 30 (1)(a) to read:

(1) (a) The directors may recommend to the annual general meeting for approval a refund to the members on record as of the end of each financial year who have been borrowers during such year of a percentage of interest which such borrowers have paid during such year, and such rate of refund shall apply to all such member borrowers. Where a credit union operates a system whereby different rates of interest are charged for different classes of loans, the board of directors may recommend a different rate of refund applicable to each class of loan. Such refunds shall apply to all member borrowers in each class of loan

DIRECTORS AND OTHER INFORMATION

Directors

Ms. Arran O'Driscoll (Chairperson)
Mr. John Moloney (Vice Chairperson)
Ms. Noreen Burke (Secretary)
Ms. Mary Gallwey
Mr. Richard Barrett
Mr. Henry Duggan (co-opted)
Ms. Martina Connolly (co-opted)
Mr. Bernard McCarthy (co-opted)
Ms. Mary McCarthy (co-opted)
Mr. Tomás Ahern
Ms. Kay Keohane

Board Oversight Committee Members

Mr. Micheal McCarthy
Ms. Fiona Barry
Mr. David Jennings

Business Address

Credit Union Centre
Kent Street
Clonakilty
Co. Cork
P85 CD93

Auditors

Cuddy, O'Leary & Rigney
Chartered Accountants & 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

Pierse & Fitzgibbon
Market Street
Listowel
Co. Kerry
Ireland

BOARD OF DIRECTORS' REPORT

On behalf of the Board of Directors, I am pleased to present to you our Annual Report and Accounts for the financial year end 30th September 2023.

This is the first AGM of the merged Clonakilty and Dunmanway Credit Union and I'm honoured to Chair tonight's meeting.

I would like to begin by thanking our members for supporting the merger and for taking what was a brave step.

Together, we decided that we wanted to be the ones to shape and decide our Credit Unions future, keep our Credit Union offices open, protect local jobs, build our branch strength, capital strength and viability.

Once the merger was approved last December by special resolution in both Dunmanway and Clonakilty it began a series of events. A letter was sent the following day to the Central Bank confirming the members decision, notice was placed in two newspapers confirming the merger had been voted for and a 21-day period came into effect during which any member was free to make a representation to the Central Bank. The required time passed without any representation being made and subsequently the Registrar of Credit Unions cancelled registration of Dunmanway Credit Union and the merger officially became a reality on the 20th January 2023. In turn, a new Board then came into effect, 4 of Clonakilty Credit Unions members stepped down, 4 of Dunmanway Credit Union members were co-opted and finally the name change to Clonakilty and Dunmanway Credit Union occurred in May 2023.

We are now one Credit Union with two offices both fully operational. The core management and business and member support functions are based in Clonakilty. Loans continue to be approved in the local offices by staff who are familiar with local members. There were some immediate and obvious changes for example members in Dunmanway were issued a new CU number but also retained their existing number. Death benefit insurance which was available to Clonakilty members to the value of €1,950 was extended to Dunmanway members and likewise LP/LS cover to the sum of €5,000 available to Clonakilty members was also expanded to include Dunmanway members and the share cap was harmonised to €20,000 post merger.

In terms of our staff, all were protected by Transfer of Undertakings regulations and as a result of the merger every single staff member now has the benefit of access to a pension scheme.

The board and management spent much of the year monitoring the transition with a particular focus on integrating and standardising the operations of both offices and re-looking at our policies and procedures. This is still an ongoing work in progress. Change does not happen overnight and although we might want things to move more quickly its important after such a big decision to take everything at an appropriate pace.

It has been a unique year and because Clonakilty and Dunmanway Credit Union didn't exist as one entity prior to January 2023 its difficult to compare the year gone by to any other year, there is no like for like comparison at this point in time.

However, here are some observations about Clonakilty and Dunmanway Credit Union in the 8 months post-merger:

- demand for Credit Union loans has been steady, the months of February and June saw a decline in demand, but the other 6 months saw an increase. In August alone, the Credit Union issued a phenomenal €1.4m in loans. 91.5% of loans are personal loans ...Car Loans, Home Improvement Loans, Motor Expense loans and Education loans were very popular. And it is great to see wedding loans and travel loans making a comeback too.
- share growth declined in 5 of the 8 months. in May for example the share growth declined by €491,525.58 while the other 3 months saw a growth.
- overall Clonakilty and Dunmanway Credit Union's saw loan growth of 58.15% and share growth of 41.68% but its important to remember that these figures reflect that amalgamation of our loans and shares as a result of the merger.
- our bread-and-butter loans are in the €5,000 to €10,000 bracket, where there were 755 loans issued but interestingly and reassuringly there was also strong demand for the loans in the €50,000 to €70,000 bracket where we issued 57 loans. 12.8% of loans are for amounts in excess of €50,000.
- our average loan balance was €10,230.
- we have had the benefit of good timing in that there has been a dramatic shift in ECB interest rates over the past year and as result we have seen a much more favourable investment environment, as evidenced by the increasing average yield on our investments.

Together our combined strength offers us greater security and will help us face any possible future shocks should they arise.

The Credit Union welcomed 655 new members. The largest cohort of new members were under the age of 16, 193 of them in total, following the trend from previous years. The next largest cohort were the 20-24 bracket, 61 of them in total and then the 16-19 age bracket with 50 in total. This bodes well for our Credit Union. Today's youth have an incredible grasp of the challenges of our time. It's essential that we have them around the table. Young people are more connected today than any other generation, not only online but between each other. Therefore, we must engage with them. Reaching them where they are and how they want to be reached...that means being online! It also means partnering with others...in various secondary schools, national schools and perhaps with nearby universities. Clonakilty and Dunmanway Credit Union cannot be indifferent when it comes to youth. Otherwise, we will miss an opportunity.

One of the most significant decisions taken by Clonakilty and Dunmanway Credit Union during the year was to pass a binding resolution to invest in the Irish League of Credit Unions Mortgage CUSO. The vision of the Mortgage CUSO is for Credit Unions "to collectively achieve a significant share of the Irish mortgage market" by making mortgages a 'core' product for Credit Unions. The initial investment will go towards brand

development, product standardisation, pricing model support, training & advocacy for the next three years. The Mortgage CUSO is an ideal opportunity for Credit Unions to demonstrate sectoral co-operation and collaboration in service provision to Members, Regulators and Government. Credit Unions cannot stand still and as members of the Irish League of Credit Unions we should be supportive of ILCU initiatives.

For an unprecedented ninth year running, Credit Unions once again topped the league table for the best customer experience in Ireland according to the Customer Experience Insight Report for 2023. Not only did credit unions beat 149 other organisations to retain this top position, they also further improved their already winning score, widening the customer experience gap between them and their rivals to achieve the highest score ever seen in the CXi Ireland survey. It is clear that our members have faith in us, they are happy with us and we need to be there to continue to meet their needs.

As a result of our merger, Clonakilty and Dunmanway Credit Union is one of the best capitalised Credit Unions in the country. We now have scale to allow us to expand and grow our core services and product offering within the existing statutory regulations. At the moment combined house/business loan concentration is just 2% of our total assets so we have capacity and a lot of potential to lend.

The merger has created opportunities and challenges which the Board is considering through a new Strategic Plan. The Board will need to think long term and ensure that Clonakilty and Dunmanway Credit Union is an inter-generational organisation doing what's best for our members and meeting their needs whether its in person or online. We are committed to building and maintaining our reserves and to our communities and our members and securing our future together. In preparing our strategy, a priority for us is embedding Environmental, Social and Governance factors into our operations, policies and procedures. At the end of the day climate change is about people and communities, it is a risk to communities and as a Credit Union we need to prepare and adapt. Social is already rooted in the Credit Unions DNA but we need more on the environmental.

As Clonakilty and Dunmanway Credit Union we are well reserved and have created a strong combined balance sheet with a strong surplus. For the first time in four years, the Board is pleased to confirm that it has taken the decision to propose the payment of a dividend of €120,174 at the rate of 0.15% and a loan interest rebate of €238,334 at the rate of 10.00% for the financial year ending 30th September 2023.

The priority of Clonakilty and Dunmanway Credit Union is that it continues to work for our 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. Our members can expect the same good treatment regardless of which office they call to, equally our members should get the same service whether they visit us in person or interact with us online. Our staff are one of our core strengths and we are extremely mindful of this, as we continued to add to our team during the year.

This evening my four-year term as Chair comes to an end. In line with Credit Union rules, another volunteer Board member will take on the responsibility and the honour.

It was an enjoyable, educational, challenging and interesting 4 years. My 4-year term coincided with the appointment of a new CEO Anthony Forde, we were not long in the hot seats when Covid struck, not an ideal start but time has flown by and so much has been achieved. As CEO Anthony's door was always open or he has been at the end of the phone or email to offer independent, accurate and objective advice and information, acting always in the best interests of our Credit Union.

I would like to thank Kate Deasy and every member of staff for their hard work and dedication to Clonakilty and Dunmanway Credit Union. It is much appreciated.

At volunteer level, I would like to thank my fellow board members and committee volunteers past and present for your time, commitment, support and active participation. In particular, I would like to give special mention to John Moloney, Noreen Burke, who as Vice Chair and Secretary formed part of the Executive with me and were a fantastic support throughout.

I would also like to acknowledge the contribution made by Henry Duggan, Martina Connolly, Alma Murphy and Ted O Shea who worked with us on the Steering Committee guiding and facilitating the merger of the two Credit Unions.

Lastly, I would like to thank my husband, mam, sister and family for their support, patience and encouragement throughout.

I look forward to volunteering with Clonakilty and Dunmanway Credit Union into the future.

Yours sincerely,
Arran O Driscoll
Chair

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the financial year ended 30 September 2023.

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

This is an Economic and operational risk relating to the rising inflation rates, disruption to global supply chains and general uncertainty in the markets as a result of the pandemic and ongoing war in Eastern Europe.

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 always maintain sufficient funds in liquid form 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 the 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.

Business Review

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

Dividends and Interest Rebate

The directors propose a dividend of €120,174 at the rate of 0.15% (2022: €0 at 0.00%). The directors propose an interest rebate of €238,334 at the rate of 10.00% (2022: €0 at 0.00%).

Directors and Board Oversight Committee Members

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

Authorisation

The Credit Union is authorised as follows:

Entitled under the European Union (Payment Services) Regulations 2018 to provide payment services.

Accounting Records

The directors believe that they comply with the requirements of section 108 of the Credit Union Acts 1997 to 2018 regarding 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

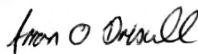
There have been no significant events affecting the Credit Union since the financial year-end.

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:

Chairperson of the Board of Directors



Ms. Arran O'Driscoll

Secretary of the Board of Directors



Ms. Noreen Burke

Date 19/10/2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Credit Union Acts 1997 to 2018 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 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:

Chairperson of the Board of Directors



Ms. Arran O'Driscoll

Secretary of the Board of Directors



Ms. Noreen Burke


Date 19/10/2023

STATEMENT OF BOARD OVERSIGHT COMMITTEE'S RESPONSIBILITIES

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 on behalf of the Board Oversight Committee:

Chairperson of the Board Oversight Committee



Mr. David Jennings

Secretary of the Board Oversight Committee



Ms. Fiona Barry

Date 19/10/2023

INDEPENDENT AUDITOR'S REPORT

to the Members of Clonakilty and Dunmanway Credit Union Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Clonakilty and Dunmanway Credit Union Limited for the financial year ended 30 September 2023 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 2023 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.

Opinions on other matters prescribed by the Credit Union Acts 1997 to 2018

Based solely 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/wp-content/uploads/2022/10/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

CUDDY, O'LEARY & RIGNEY

Chartered Accountants and Statutory Audit Firm

3003 Euro Business Park

Little Island

Co. Cork

T45 FX94



Date: 19/10/2023



**Clonakilty &
Dunmanway
Credit Union**

For all your Lending needs.

Borrow up to

€70,000

Loans For:

**Home Improvement, Car, Personal,
Education, Holiday.**

#supportlocal ... we do ...

Clonakilty,
Credit Union Centre,
Kent Street, Clonakilty,
Co. Cork
023 883 3842

Dunmanway,
Main St, Dunmanway,
Co. Cork
023 884 5787

 loans@cdcreditunion.ie  www.cdcreditunion.ie



Warning: If you do not meet the repayments on your loan, your account will go into arrears. This may affect your credit rating, which may limit your ability to access credit in the future. T&C's Apply. All loans are subject to approval. Credit Unions are regulated by the Central Bank of Ireland.

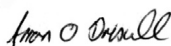
INCOME & EXPENDITURE ACCOUNT

for the financial year ended 30 September 2023

	Notes	2023 €	2022 €
Income			
Interest on members' loans	5	2,177,454	1,555,697
Other interest income and similar income	6	592,257	253,269
Net interest income		2,769,711	1,808,966
Other income	8	20,325	23,363
Total income		2,790,036	1,832,329
Expenditure			
Employment costs		618,489	508,860
Other management expenses (Schedule 4)		1,158,934	576,367
Depreciation		69,859	63,975
Net (recoveries) or losses on loans to members	12.4	(91,164)	193,257
Total expenditure		1,756,118	1,342,459
Surplus of income over expenditure		1,033,918	489,870
Other comprehensive income		-	-
Total comprehensive income		1,033,918	489,870

The financial statements were approved and authorised for issue by the Board of Directors on 19/10/2023 and signed on its behalf by;

Chairperson



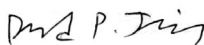
Ms. Arran O'Driscoll

Chief Executive Officer



Mr. Anthony Forde

Chairperson of the BOC



Mr. David Jennings

Date: 19/10/2023

STATEMENT OF OTHER COMPREHENSIVE INCOME

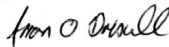
for the financial year ended 30 September 2023

	2023 €	2022 €
Surplus for the financial year	1,033,918	489,870
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.

Chairperson



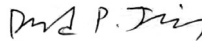
Ms. Arran O'Driscoll

Chief Executive Officer



Mr. Anthony Forde

Chairperson of the BOC



Mr. David Jennings

Date: 19/10/2023

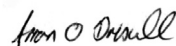
BALANCE SHEET

as at 30 September 2023

	Notes	2023 €	2022 €
Assets			
Cash and cash equivalents	10	10,883,679	10,741,289
Property, plant and equipment	11	1,313,926	1,158,572
Loans to members	12	29,203,991	18,465,466
Provision for bad debts	12	(2,208,380)	(1,519,249)
Prepayments and other debtors	13	54,742	72,390
Accrued income	13	228,247	146,878
Deposits and investments	14	59,499,798	37,031,957
Total Assets		98,976,003	66,097,303
Liabilities			
Members' shares	15	79,675,425	56,232,806
Trade creditors and accruals	16	99,432	66,832
Other creditors	16	6,607	8,566
Total Liabilities		79,781,464	56,308,204
Net Assets		19,194,539	9,789,099
Members' Resources			
Regulatory reserve	17	11,015,566	6,940,000
Distribution reserve	17	358,508	-
Operational risk reserve	17	590,193	325,000
Other reserves		7,230,272	2,524,099
Total Members' Resources		19,194,539	9,789,099

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

Chairperson



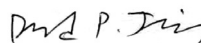
Ms. Arran O'Driscoll

Chief Executive Officer



Mr. Anthony Forde

Chairperson of the BOC



Mr. David Jennings

Date: 19/10/2023

STATEMENT OF CHANGES IN RESERVES

for the financial year ended 30 September 2023

	Regulatory reserve	Distribution reserve	Operational risk reserve	Other reserves	Unrealised income reserve	IT reserve	EGS reserve	Realised reserve	Total
	€	€	€	€	€	€	€	€	€
At 1 October 2021	6,896,943	-	325,000	2,077,286	-	-	-	-	9,299,229
Surplus allocation in financial year	43,057	-	-	-	-	-	-	-	43,057
Other movement in reserves	-	-	-	446,813	-	-	-	-	446,813
At 30 September 2022	6,940,000	-	325,000	2,524,099	-	-	-	-	9,789,099
At 1 October 2022	6,940,000	-	325,000	2,524,099	-	-	-	-	9,789,099
Surplus allocation in financial year	-	358,508	-	-	-	50,000	50,000	575,410	1,033,918
Transfer of engagement	4,075,566	-	265,193	-	56,343	-	-	3,974,420	8,371,522
At 30 September 2023	11,015,566	358,508	590,193	2,524,099	56,343	50,000	50,000	4,549,830	19,194,539

The regulatory reserve of the credit union as a percentage of total assets as at 30 September 2023 was 11.13% (2022: 10.50%)

The operation risk reserve of the credit union as a percentage of total assets as at 30 September 2023 was 0.60% (2022: 0.49%)

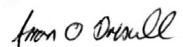
STATEMENT OF CASH FLOWS

for the financial year ended 30 September 2023

	2023 €	2022 €
Opening cash and cash equivalents	10,741,289	10,436,000
Cash flows from operating activities		
Loans repaid	9,937,275	7,555,111
Loans granted	(11,617,252)	(8,303,772)
Loan interest income	2,177,454	1,555,697
Investment income	592,257	253,269
Other income received	20,325	23,363
Bad debts recovered	181,474	139,273
Operating expenses	(1,777,423)	(1,085,227)
Movement in other assets	(63,721)	(72,117)
Movement in other liabilities	30,641	8,566
Net cash (used in)/generated from operating activities	<u>(518,970)</u>	<u>74,163</u>
Cash flows from investing activities		
Cash and investments introduced from transfer of engagements	23,812,587	-
Purchase of property, plant and equipment	(29,256)	(32,058)
Net cash flow from other investing activities	<u>(22,467,841)</u>	<u>349,489</u>
Net cash (used in)/generated from investing activities	<u>1,315,490</u>	<u>317,431</u>
Cash flows from financing activities		
Members' shares received	36,532,145	30,003,893
Members' shares withdrawn	(37,186,275)	(30,090,198)
Net cash used in financing activities	<u>(654,130)</u>	<u>(86,305)</u>
Net (decrease)/increase in cash and cash equivalents	142,390	305,289
Cash and cash equivalents at end of financial year	10 10,883,679	10,741,289

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

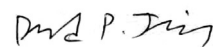
Chairperson


Ms. Arran O'Driscoll

Chief Executive Officer


Mr. Anthony Forde

Chairperson of the BOC


Mr. David Jennings

Date: 19/10/2023

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2023

1. LEGAL AND REGULATORY FRAMEWORK

Clonakilty and 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 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 uncollectability.

Central Bank deposits

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

Investments at fair value

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

NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30 September 2023

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
Computer equipment	25% 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 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.

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

NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30 September 2023

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 not 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 risks and rewards of ownership of the financial asset, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated 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.

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 Clonakilty and Dunmanway 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.

for the financial year ended 30 September 2023

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.

Distribution

Clonakilty and Dunmanway 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".

Transfer of engagements

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

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:

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2023

continued

Use of Estimates and Judgements

The preparation of financial statements required the use of certain accounting estimates. It also requires the Directors to exercise judgement in applying Clonakilty and Dunmanway 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 Clonakilty and Dunmanway 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.

4. TRANSFER OF ENGAGEMENTS

On 21 January 2023 Munitir Clanna Caoilte Credit Union ("MCCCU") accepted the transfer of Dunmanway Credit Union Limited ("DCU"). The assets and liabilities of DCU at the date of transfer were incorporated into the balance sheet of MCCCU at that date. MCCCU did not pay any consideration in respect of the transfer of engagements. On the date of transfer, the members of the transferor credit union became members of MCCCU, and thereby became entitled to member interest associated with such membership. In applying the acquisition method of accounting for this business combination, the members' interests transferred by MCCCU represents the consideration transferred for the net assets acquired. This consideration has been estimated as equivalent to the acquisition date fair value of the members' interests in the transferor credit union (the fair value of the transferor credit union) at the date of transfer, and is reflected as an adjustment in the reserves note 17.

The fair value of the net assets acquired are detailed as follows:

	2023	2022
	€	€
Tangible fixed assets	195,956	-
Cash on hand and at bank	1,691,860	-
Deposits and investments	22,120,727	-
Loans	9,148,858	-
Provision for bad debts	(689,131)	-
Member savings	(24,096,750)	-
Other liabilities, creditors, accruals and charges	(43,192)	-
Debtors, prepayments, and accrued income	43,194	-
	<u>8,371,522</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2023

continued

5. INTEREST ON MEMBERS' LOANS

	2023 €	2022 €
Loan interest received in financial year	<u>2,177,454</u>	<u>1,555,697</u>

6. OTHER INTEREST INCOME AND SIMILAR INCOME

	2023 €	2022 €
Investment income received	386,926	115,745
Investment income receivable within 12 months	205,331	137,524
	<u>592,257</u>	<u>253,269</u>

7. INTEREST PAYABLE AND DIVIDENDS

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

Proposed dividends and loan interest rebate

At the financial year-end the directors have allocated the amount of €358,508 to the Distribution Reserve which may be returned to the members by way of dividend and a loan interest rebate by way of resolution by a majority of the members at the annual general meeting. The proposed distribution is as follows:

	2023 %	2023 €	2022 %	2022 €
Dividends on shares	0.15	120,174	-	-
Loan interest rebate	10.00	238,334	-	-
		<u>358,508</u>		<u>-</u>

8. OTHER INCOME

	2023 €	2022 €
Insurance commission	1,202	227
Foreign exchange commission	10,106	11,982
Entrance Fees	617	504
Rent received	8,400	10,650
	<u>20,325</u>	<u>23,363</u>

9. KEY MANAGEMENT PERSONNEL

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

	2023 €	2022 €
Short term employee benefits	225,284	192,173
Payments to pension scheme	22,527	19,217
Total key management personnel compensation	<u>247,811</u>	<u>211,390</u>

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2023

continued

10. 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.

	2023 €	2022 €
Cash and bank balances	1,100,434	966,098
Cash equivalents	9,783,245	9,775,191
	<u>10,883,679</u>	<u>10,741,289</u>

11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings freehold €	Fixtures, fittings and equipment €	Computer equipment €	Total €
Cost				
At 1 October 2022	2,004,693	591,982	-	2,596,675
Additions	-	29,256	-	29,256
Transfer of Engagement	409,863	1,081	116,904	527,848
At 30 September 2023	<u>2,414,556</u>	<u>622,319</u>	<u>116,904</u>	<u>3,153,779</u>
Depreciation				
At 1 October 2022	889,537	548,566	-	1,438,103
Charge for the financial year	45,559	22,311	1,989	69,859
Transfer of Engagement	(216,581)	(788)	(114,522)	(331,891)
At 30 September 2023	<u>1,151,677</u>	<u>571,665</u>	<u>116,511</u>	<u>1,839,853</u>
Net book value				
At 30 September 2023	<u>1,262,879</u>	<u>50,654</u>	<u>393</u>	<u>1,313,926</u>
At 30 September 2022	<u>1,115,156</u>	<u>43,416</u>	<u>-</u>	<u>1,158,572</u>

12. LOANS TO MEMBERS - FINANCIAL ASSETS

12.1 LOANS TO MEMBERS

	2023 €	2022 €
As at 1 October	18,465,466	17,784,335
Advanced during the financial year	11,617,252	8,303,772
Repaid during the financial year	(9,937,275)	(7,555,111)
Transfer of engagement movement	9,148,858	-
Loans written off	(90,310)	(67,530)
Gross loans to members	12.2 <u>29,203,991</u>	<u>18,465,466</u>

NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30 September 2023

12.2 CREDIT RISK DISCLOSURES

The majority of loans offered by Clonakilty and Dunmanway 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 Clonakilty and Dunmanway 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.

	2023 €	2023 %	2022 €	2022 %
Gross loans not impaired				
Not past due	25,544,854	87.46	16,323,088	88.40
Gross loans collectively impaired				
Up to 9 weeks past due	2,031,562	6.97	1,217,958	6.60
Between 10 and 18 weeks past due	380,808	1.30	290,611	1.57
Between 19 and 26 weeks past due	344,482	1.18	59,210	0.32
Between 27 and 39 weeks past due	216,221	0.74	101,271	0.55
Between 40 and 52 weeks past due	168,352	0.58	52,492	0.28
53 or more weeks past due	517,712	1.77	420,837	2.28
Total	3,659,137	12.54	2,142,379	11.60
Total gross loans	29,203,991	100.00	18,465,467	100.00
Impairment allowance				
Individually significant loans	(1,825,384)		(731,798)	
Collectively assessed loans	(328,996)		(787,451)	
Total carrying value	27,049,611		16,946,218	

12.3 LOAN PROVISION ACCOUNT FOR IMPAIRMENT LOSSES

	2023 €	2022 €
As at 1 October	1,519,249	1,254,249
Allowances reversed during the financial year	-	265,000
Transfer of engagement movement	689,131	-
Increase in loan provision during the financial year	689,131	265,000
As at 30 September	2,208,380	1,519,249

12.4 NET RECOVERIES OR LOSSES RECOGNISED FOR THE FINANCIAL YEAR

	2023 €	2022 €
Bad debts recovered	(181,474)	(139,273)
Increase/Reduction	-	265,000
Loans written off	(181,474)	125,727
	90,310	67,530
Net (recoveries)/losses on loans to members recognised for the financial year	(91,164)	193,257

The current bad debt provision in the financial statements amounts to €2,208,380 which represents 7.56% of the gross loan book. This amount exceeds the Resolution 49 requirement by €943,129.

NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30 September 2023

12.5 ANALYSIS OF GROSS LOANS OUTSTANDING

	2023 Number of loans	2023 €	2022 Number of loans	2022 €
Less than one year	414	871,738	295	559,478
Greater than 1 year and less than 3 years	1,067	5,550,540	810	4,055,311
Greater than 3 years and less than 5 years	1,076	12,251,271	752	8,267,731
Greater than 5 years and less than 10 years	310	9,609,041	180	5,245,244
Greater than 10 years and less than 25 years	13	921,401	6	337,703
	2,880	29,203,991	2,043	18,465,467

13. DEBTORS, PREPAYMENTS AND ACCRUED INCOME

	2023 €	2022 €
Prepayments	37,313	63,427
Other debtors	17,429	8,963
Accrued income	205,331	137,495
Accrued Interest Income	22,916	9,383
	282,989	219,268

14. DEPOSITS AND INVESTMENTS

	2023 €	2022 €
Fixed-term deposit accounts	41,265,084	23,413,020
Investment bonds with profit	13,525,558	5,000,000
Government bonds	4,709,156	8,618,937
	59,499,798	37,031,957

15. MEMBERS' SHARES - FINANCIAL LIABILITIES

	2023 €	2022 €
As at 1 October	56,232,806	56,319,111
Received during the financial year	36,532,145	30,003,893
Repaid during the financial year	(37,186,275)	(30,090,198)
Members' shares opening balance toe	24,096,749	-
As at 30 September	79,675,425	56,232,806

16. OTHER CREDITORS AND ACCRUALS

	2023 €	2022 €
Accruals	99,432	66,832
Other creditors	6,607	8,566
	106,039	75,398

NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30 September 2023

17. CREDIT UNION RESERVES

	Regulatory reserve	Distribution reserve	Operational risk reserve	Other reserves	Total
	€	€	€	€	€
At 1 October 2022	6,940,000	-	325,000	2,524,099	9,789,099
Surplus allocation in financial year	-	358,508	-	675,410	1,033,918
Transfer of Engagement	4,075,566	-	265,193	4,030,763	8,371,522
	<u>11,015,566</u>	<u>358,508</u>	<u>590,193</u>	<u>7,230,272</u>	<u>19,194,539</u>
At 30 September 2023	<u>11,015,566</u>	<u>358,508</u>	<u>590,193</u>	<u>7,230,272</u>	<u>19,194,539</u>

18. FINANCIAL INSTRUMENTS

Clonakilty and Dunmanway 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 Clonakilty and Dunmanway 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 Clonakilty and Dunmanway Credit Union Limited, resulting in financial loss to the Credit Union. In order to manage this risk the Board of Directors approves Clonakilty and Dunmanway 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:

Clonakilty and Dunmanway 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. Clonakilty and Dunmanway Credit Union Limited conducts all its transactions in Euro and does not deal in derivatives or commodity markets. Therefore Clonakilty and Dunmanway Credit Union Limited is not exposed to any form of currency risk or other price risk.

18.1 INTEREST RATE RISK DISCLOSURE

	2023	Average interest rate	2022	Average interest rate
	€	%	€	%
Financial assets				
Gross loans to members	<u>29,203,991</u>	<u>7.20</u>	<u>18,465,467</u>	<u>8.43</u>
Financial liabilities				
Members' shares	<u>79,675,425</u>	<u>-</u>	<u>56,232,807</u>	<u>-</u>

18.2 LIQUIDITY RISK DISCLOSURE

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

19. 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.

NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30 September 2023

20. 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 Clonakilty and Dunmanway Credit Union Limited.

	No. of loans	2023 €
Loans advanced to Related Parties during the year	9	70,500
Total loans outstanding to Related Parties at the financial year end	16	<u>240,953</u>

Total loans outstanding to related parties represents 0.83% of the total loans outstanding at 30 September 2023 (2022:1.24%).

21. 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.

22. CAPITAL COMMITMENTS

There were no capital commitments as at 30 September 2023.

23. POST-BALANCE SHEET EVENTS

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

24. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved, and authorised for issue, by the Board of Directors on 19/10/2023.

SCHEDULES TO THE INCOME & EXPENDITURE ACCOUNT

for the financial year ended 2023

Schedule 1 - Interest on Loans

	2023	2022
	€	€
Interest on Loans		
Interest on members' loans	2,177,454	1,555,697
	<u>2,177,454</u>	<u>1,555,697</u>

Schedule 2 - Investment Income

	2023	2022
	€	€
Investment Income		
Investment income received	386,926	115,745
Investment income receivable within 12 months	205,331	137,524
	<u>592,257</u>	<u>253,269</u>

Schedule 3 - Other Income

	2023	2022
	€	€
Other Income		
Insurance commission	1,202	227
Foreign exchange commission	10,106	11,982
Entrance Fees	617	504
Rent received	8,400	10,650
	<u>20,325</u>	<u>23,363</u>

SCHEDULES TO THE INCOME & EXPENDITURE ACCOUNT

for the financial year ended 2023

Schedule 4 - Other Management Expenses

	2023	2022
	€	€
Other Management Expenses		
Training and seminars	9,733	8,218
General insurance	31,835	30,678
Share and loan insurance	237,982	194,138
Death benefit insurance	154,769	67,671
Light and heat	27,241	13,485
Rates and refuse	30,303	18,148
Repairs and renewals	40,573	28,601
Computer costs	80,866	76,377
Printing and stationery	19,295	10,314
Promotion and advertising	50,144	41,011
Telephone and postage	22,738	14,271
AGM expenses	21,798	9,624
Chapter expenses	-	851
Convention expenses	35,073	6,082
Travelling and subsistence	11,004	11,343
Office Expenses	33,546	31,129
Legal and professional fees	47,793	29,158
Transfer Of Engagements Fees	47,835	36,158
Audit fees	24,500	13,284
Risk compliance & Internal Audit	44,434	48,032
Bank charges	37,779	35,192
Affiliation fees	21,420	12,466
Saving protection scheme	5,158	(245,678)
Regulation levy	17,893	14,571
Credit Institution Resolution Fund	19,154	10,901
DGS Contributory Fund	86,068	60,342
	<u>1,158,934</u>	<u>576,367</u>

REPORT OF THE BOARD OVERSIGHT COMMITTEE 2023

The role of the BOC is to oversee the functioning of the Board of Directors and report directly to the membership on its operation relative to current legislation.

The members of the Board Oversight Committee as elected for the year 2022-23 at last year's AGM were Deirdre Kelleher (Chair), David Jennings (Secretary) and Michéal McCarthy.

However, as members will be aware a Special Resolution was passed at last year's AGM approving a Transfer of Engagements with Dunmanway Credit Union and when that was also passed on the same night at the Dunmanway AGM, the TOE went on to take place on January 20th, 2023. As part of the TOE agreement, Deirdre Kelleher resigned from the BOC with effect from the date of the TOE and Fiona Barry from Dunmanway Credit Union was co-opted.

The committee would like to thank Deirdre for her work on the committee over the years. The reconstituted committee then consisted of David Jennings (Chairperson) Fiona Barry (Secretary) and Michéal McCarthy.

During the year the Committee met regularly with the majority of these meetings taking place online. The Committee was represented at all Board of Director meetings.

The Committee is satisfied that, during its attendance, the meetings were conducted in accordance with the provisions of Part IVA of the 2012 Act.

In the course of the year, the Board Oversight Committee would have held a number of meetings with the Board of Directors, where the Board's performance of its duties was reviewed. The meetings were held via ZOOM and covered the following topics:

- Board evaluations
- Risk
- Compliance
- Operational resilience
- How the TOE has progressed.

Based on the compliance, risk and governance assessments undertaken and reports provided, together with the reviews held with the Board of Directors in 2022-23, the Board Oversight Committee concludes that in the year 2022-23 the Board of Directors of Clonakilty and Dunmanway Credit Union Ltd was compliant with Part IV of the 1997 Act, as amended by Part IVA of 2012 Act, whereby any non-material breaches that were identified were either addressed or mitigated.

MEMBERSHIP COMMITTEE REPORT 2023

Applications for membership of our Credit Union are reviewed by the membership officer and approved by the Board of Directors at their monthly meeting.

To qualify for membership a person must be resident or employed within the common bond of the credit union. We are pleased to report that our membership continues to grow. This year 655 new accounts were opened. We thank you our members for your continued support without which this would not have been possible. Our total membership now stands at 17,994

We would like to remind members of the importance of completing a Nomination Form. This is a legally binding document that in the event of a member's death saves family members much inconvenience and expense. Forms can be completed in the office.

CREDIT COMMITTEE REPORT 2023

The Credit Committee consider and make decisions on applications for credit within the framework and policies drawn up by the Board of Directors.

We are happy to report quite a successful year. The Credit Committee met throughout the past year and dealt with over 2134 applications. For the same period, a total of 2025 loans were approved amounting to €12,870,586.44.

These loans were for a wide selection of purposes i.e., Educational, home improvements, cars, holidays, etc. The most important factor is that a member should consider is to borrow wisely and repay regularly as per their credit agreement.

Clonakilty and Dunmanway Credit Union Ltd always works to assist members with their applications.

Individual applications are judged on their own merits, and the Credit Union tries to take an objective and fair view. The Board of Directors of the Credit Union would like to significantly increase the amount of member's who borrow from the Credit Union. As such, we would urge our members to continue to see us as your preferred financial institution when it comes to your borrowing requirements.

The Credit Committee would like to take this opportunity to express our thanks to our CEO and Assistant Manager and all the staff of the Clonakilty and Dunmanway Credit Union who through their various roles assist the Credit Committee in carrying out its function.

Credit Committee Members
Tomás Ahern, Noreen Burke, Martin Collins

REPORT FROM EDUCATION AND MARKETING COMMITTEE

The duties and goals of the Committee include engaging and increasing our membership and supporting our local communities.

October to January was business as usual where we focused our efforts on raising the profile of Muintir Clanna Caoilte Credit Union within the Common Bond and the important task of keeping up our loan book.

The Credit Union then underwent a monumental change with the completion of the merger of Clonakilty and Dunmanway Credit Union at the end of January 2023. This saw the Credit Unions membership and Common Bond expand quite dramatically and it meant that the marketing committee also had to expand its horizons too.

Our mission remained unchanged to promote Clonakilty and Dunmanway Credit Union to both our current and potential members and to serve our communities.

As Clonakilty and Dunmanway Credit Union, we continued our social media presence particularly through Facebook and we also continued with the more traditional advertising in the likes of the Southern Star, the West Cork People, the Bandon Opinion, the ARC and Whats On.

The Marketing Committee hosted a number of online competitions with concert tickets to the likes of George Ezra and marked different occasions such as Fathers Day, |Easter, Halloween and Christmas doing our best to support local businesses in the process.

Our local communities are extremely important to our Credit Union and when our Credit Union thrives, so do our communities through sponsorship and promotion of local events and initiatives.

For example, one of the more significant Credit Union sponsorships that occurred during the year saw a donation being made to Ballineen Enniskean Development Association, a voluntary group who work tirelessly in the twin villages and have begun fundraising efforts to revitalise the beautiful old Station House which has fallen into disrepair.

The Credit Union also happily facilitated local fundraising efforts for Daffodil Day and Darkness into Light and other worthy causes such as Marymount Hospital and CoAction.

January 2023 saw the enthusiastic return of the Schools Quiz for the first-time post Covid. It was as if it had never been away and there was fantastic participation from the National Schools. The day saw some tough questions and some great answers. We would like to thank all the schools, the children and teachers for their enthusiasm and participation and we would like to take this opportunity to give special mention to the team from Gaelscoil Mhichíl Uí Choileáin who went very close to the top after they qualified to represent Clonakilty and Dunmanway Credit Union in Dublin at the finals of the National Schools Quiz.

The Art Competition again had a fabulous entry and there were 2 winners at Chapter level.

Our college bursary Kevin Mullen “Cash for College” returned for its fifth year. This year there were four lucky winners, a student from Maria Immaculata Dunmanway, Sacred Heart Secondary School, Clonakilty Community College, and Mount Saint Michael in Rosscarbery each receiving €1,000 to help them on their way. €500 went to the secondary school with the most entries and this went to Sacred Heart Secondary School.

The Credit Union engaged Clear Direction Sales & Marketing Solutions to work with us on brand design and driving awareness to our members and non-members post-merger.

We continue to promote our loans, offering low interest rates; with exceptional benefits attached to every loan, for example, no fees or charges, no penalties for early repayments, flexible repayments, free insurance and interest rebate.

As we approach the first anniversary of the merged Clonakilty and Dunmanway Credit Union, we look forward to building on our network of relationships and work with our members and our communities so that we can continue to have a safe, strong and secure Credit Union and prosper together.

For and on behalf of the Marketing Committee:

Arran O’Driscoll, Noreen Burke, Sinead McCarthy, Marie Cahalane, Aoife O Brien, Hazel Lavery, Sinead Crowley, Tomás Aherne and Peter Walsh

CREDIT CONTROL COMMITTEE REPORT

The Credit Control Function is closely monitored by our Credit Control Committee who meet on a regular basis to oversee the repayment of loans and to ensure that Clonakilty & Dunmanway Credit Unions policies and procedures are implemented.

Credit unions pride themselves on putting the needs of their members first. In times of need, members have always turned to their local credit union for support. And during this challenging time, amidst all of the doubt, uncertainty and worry, Clonakilty & Dunmanway Credit Union will be on hand to help you. You'll find a listening ear, a reassuring voice and you'll be dealing with someone who will do what they can to provide you with the support that you need.

Our Credit Control Department is committed to working with members who find themselves in financial difficulty. Whilst most members maintain their agreed repayments, we would urge any member experiencing financial difficulty to contact our Credit Control Officers, Marie Cahalane and Sinead McCarthy. We can assure members that they will be treated fairly and with empathy.

In the last year, we transferred €90,309.59 to our Bad Debt Category. We would like to point out, however, that this transfer is only an accounting exercise and the member is obliged to make regular repayments thereafter. Clonakilty Credit Union requires a robust effort to recover these loans. A total of €181,473.91 was recovered in the last year from this and previous years transfers.

We would like to thank the Credit Control Department, CEO, Assistant Manager, Staff, Board of Directors, Board Oversight Committee and all other committee members for their help and commitment throughout the last year.

We would especially like to thank all Clonakilty & Dunmanway Credit Union members, especially borrowers who make regular repayments in accordance with the agreed terms of their loan. This is what makes the work of the Credit Union possible and maintains in services within the community.

Credit Control Committee: Richard Barrett, Gerard Peppard, Liam Santry, Sandra Stanley, Noel Tobin

NOMINATION COMMITTEE REPORT Year ending September 2023

Under the Credit Union Act 1997 as amended, the Nomination committee is responsible for identifying, accepting and proposing candidates for election to the Board of Directors and to ensure Fitness and Probity standards are met by the candidates.


6 vacancies arise on the Board of Directors and 2 vacancies arise on the Board Oversight Committee.

The following Board members are seeking election/re-election at the AGM;

Bernard McCarthy
Henry Duggan
Martina Connolly
Tomás Ahern
Mary Gallwey

The position of external auditor with Cuddy O'Leary and Rigney seeking re-election

Nomination committee members; Martina Connolly, John Moloney ,Kay Keohane



*Everyone at Clonakilty
& Dunmanway Credit Union
would like to wish all our
members a Merry Christmas
& Happy New Year.*



**Clonakilty &
Dunmanway
Credit Union**