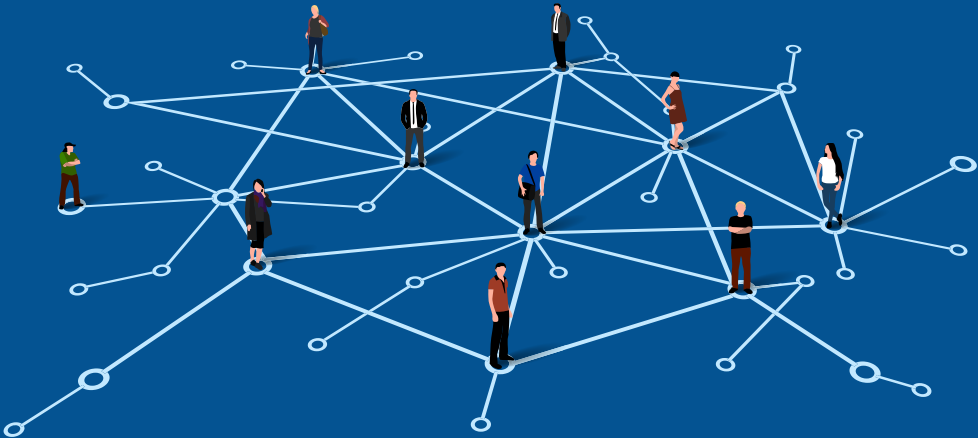


INISHOWEN CREDIT UNION

2021

ANNUAL REPORT



V I R T U A L A G M

Monday 31st January 2022 at 7.30pm

Inishowen



Credit Union

Let's Grow Together

Notice of AGM

Dear Member,

The past year has been very difficult for all of us and we hope you are coping with the continued restrictions which have been placed upon our normal way of life. Our thoughts and prayers are with those members who are sadly no longer with us and those who suffered bereavement since our last AGM. We thank you for your continued support during the past year and we hope that 2022 will see a return to normal life.

This year, due to the ongoing impact of COVID-19 and the related public health restrictions, we are unable to hold a physical Annual General Meeting (AGM). Instead, the AGM will be held **virtually** on **Monday 31st January 2022 at 7.30pm**. We encourage as many members as possible to join us for our virtual AGM and details are set out below on how to register for attendance.

The virtual AGM will be hosted on the “Zoom Webinar” videoconferencing platform. (www.zoom.us).

Members can register for the 2021 AGM in one of three ways:

- a. Complete the form on our website. Please note, to register through the website you must have registered for your online banking PIN.
- b. By calling us on 0749361017 and choosing option 3.
- c. Register in person in any of our four offices: Buncrana, Carndonagh, Merville and Muff.

Registration will close on Tuesday 25th January 2022 at 5pm. If necessary, we will contact you if we need to validate your membership details. Please note that, in a household where more than one member wishes to attend, each member will need to attend the meeting on their own device using their own email address.

Following registration, we will contact you by email with further details of how to participate in the AGM. Your AGM registration email will contain detailed instructions on joining the meeting and the protocols to be followed during the course of the meeting.

We recommend that you familiarise yourself with the “Zoom” platform in advance of participating in the AGM – download the application to your laptop, tablet, smartphone or other device you intend to use. www.zoom.us.

We encourage members to submit questions in advance of the meeting by emailing agm@inishowencu.ie. Members who participate in the virtual AGM will also be able to submit questions during the meeting, via the “Q&A” function on the Zoom platform.

Members who participate in the online AGM will have the opportunity as usual to vote on key decisions about the running of the credit union, including the election of officers, and any resolutions to be considered at the AGM.

These votes will take place anonymously via the “Poll” function on the Zoom platform.

If you have any further questions please email us at agm@inishowencu.ie or contact our office on 074 9361017. We look forward to seeing you at our virtual AGM.

Yours sincerely
Martina Whoriskey
Secretary
23rd December 2021

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Annual General Meeting - Order of Business

1. The acceptance by the Board of Directors of the authorised representatives of members that are not natural persons;
2. Ascertainment that there is a quorum present;
3. Adoption of Standing Orders;
4. Reading and approval of the 50th Annual General Meeting minutes;
5. Approval of the Special General Meeting minutes;
6. Minute’s Silence for Deceased Members;
7. Report of the Chairperson;
8. ILCU Foundation – a year in review;
9. Report of the Board of Directors;
10. Consideration of Accounts - Finance Report;
11. Independent Auditor’s Report;
12. Report of the Board Oversight Committee;
13. Declaration of Dividend and Loan Interest Rebate;
14. Report of the Credit Committee;
15. Report of the Credit Control Committee;
16. Report of the Membership Committee;
17. Report of the Marketing Committee;
18. Report of Nomination Committee;
19. Report of the Risk and Compliance Committee;
20. Report of the Strategy Committee;
21. Insurance Report;
22. Appointment of Tellers;
23. Election of Auditor;
24. Election to fill vacancies on Board Oversight Committee;
25. Election to fill vacancies on the Board of Directors;
26. Annual Draw;
27. Any Other Business;
28. Announcement of Election Results;
29. Adjournment or Close of Meeting.

Rule Amendments

Rule 98(2)(d)

That this Annual General Meeting amends Rule 98(2)(d) by the deletion of “and” in line 4 so as to read as follows:

(d) shall, within the relevant period, be delivered personally or by post to the Bank, to the auditor, to the Irish League of Credit Unions and to each member of the credit union and, if delivered by post to any member, shall be so delivered to the address of that member as recorded in the books of the credit union;

Rule 99(3)(a)

That this Annual General Meeting amends Rule 99(3)(a) of Inishowen Credit Union to provide for the notice requirements for an adjourned meeting (to include information with respect to an electronic meeting) so as to read as follows:

(3) Subject to paragraph (3) in rule 98:

(a) Paragraph (2)(a), (b), (d), (e), (f) of Rule 98 shall apply to a notice under paragraph (2)(b) of this rule as they apply to a notice under paragraph (1) of that rule; and

Deletion of Rule 63(4)

That this Annual General Meeting agrees to delete Rule 63(4) of the rules for Inishowen Credit Union to remove the requirement for credit unions to complete and return the Return of Officers form to the Irish League of Credit Unions.



...AND BE IN WITH A CHANCE TO
WIN €200

VISIT OUR WEBSITE OR ASK A MEMBER OF STAFF FOR MORE INFORMATION.

Inishowen
Credit Union
Let's Grow Together

Buncrana | Carndonagh | Moville | Muff
www.inishowencu.ie

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

Officers and Committees

Chair: Kevin Helferty.

Vice Chair: Paul Brogan.

Secretary: Martina Whoriskey.

Directors:

Paul Brogan, Nadean Cavanagh, Paul Doherty, Catherine Gillespie, Anne Marie Gleeson, Eoghan Gleeson, Kevin Helferty, William McCorkell, John McGonagle, Helen McIntyre, Martina Whoriskey, Fionán Bradley (retired), Sarah McLaughlin (retired), Siobhan Mc Laughlin (retired).

Board Oversight Committee:

Clare Bradley, David Hegarty, Carol Irwin, Kieran McCallion and Anne Parker.

Credit Committee:

Paul Brogan, Claire Grant, Gretta McLaughlin and Sean Murphy.

Credit Control Committee:

Daniel McGeoghan, Denis O'Donnell, John McGonagle, Margaret Doherty, Michael Bradley, Paul Doherty and William McCorkell.

Marketing Committee:

Anne Vekins, Fionán Bradley, Grainne Gillen, Kevin Helferty, Jordan O'Brien and Sarah Webster.

Nomination Committee:

Paul Brogan, Catherine Gillespie, Anne Marie Gleeson, William McCorkell and John McGonagle.

Risk and Compliance Committee:

Nadean Cavanagh, Eoghan Gleeson and Martina Whoriskey.

Finance and Audit Committee:

Paul Brogan, Eoghan Gleeson and Kevin Helferty.

Strategy Committee:

Nadean Cavanagh, Maeve Douglas, Anne Marie Gleeson and Kevin Helferty.

Complaints Committee:

Paul Brogan, Paul Doherty and Maeve Douglas.

Chapter Delegates:

Paul Brogan and Kevin Helferty.

Insurance Officers:

Josephine Doherty, Maeve Douglas, Claire Grant and Katherine McBride.

Management:

Maeve Douglas, Katherine McBride, Feleena McCallion, Breda McNulty (resigned) and Ashley Young.

Staff:

Joe Bonner, Christine Butler, Charlotte Crawford, Catherine Doherty, Valerie Durkan, Orla Devlin, Clare Doherty, Gary Doherty, Josephine Doherty, Deirdre Forbes, Gemma Gallagher, Niamh Gallagher, Donna Gill, Claire Grant, Catherine Hegarty, Nona Kelly (resigned), Michelle Kemmy (resigned), Edel Lafferty, Stella Lynch, Kevin Matthews, Joe McCauley, Joanne McCormick, Alison McDaid (resigned), Oonagh McDermott, Kate McLaughlin, Marlene McLaughlin, Sean McMenamin, Bernie Skinnader and Luca Zaltron.

Volunteers:

Paul Brogan, Clare Bradley, Fionán Bradley, Michael Bradley, Nadean Cavanagh, Margaret Doherty, Paul Doherty, Grainne Gillen, Catherine Gillespie, Anne Marie Gleeson, Eoghan Gleeson, David Hegarty, Kevin Helferty, Carol Irwin, Kieran McCallion, Daniel McGeoghan, William McCorkell, John McGonagle, Helen McIntyre, Gretta McLaughlin, Sean Murphy, Jordan O'Brien, Denis O'Donnell, Anne Parker, Aoife Porter, Anne Vekins, Sarah Webster, Martina Whoriskey.

Credit Union Number

274 CU

Main Office

Cockhill Road, Bunclra, Co. Donegal.

Other Branches

Station Road, Carndonagh, Co. Donegal.

Foyle Street, Moville, Co. Donegal.

Main Street, Muff, Co. Donegal.

Auditors

SMC Chartered Accountants Ltd
Glenview Business Park,
Mountain Top, Letterkenny, Co. Donegal.

Bankers

Allied Irish Bank (AIB)
Lower Main Street, Bunclra, Co. Donegal.

Bank of Ireland (BOI)
Main Street, Bunclra, Co. Donegal.

Ulster Bank (UB)
Ardaravan Square, Bunclra, Co. Donegal.

Chairperson's Report 2021

What's another year?

I have had the honour and privilege of serving as your CU Chairman for the past 3 difficult years. Truthfully, I am glad to be stepping down from the increasingly onerous post of Chair; but pleased to be able to say that we will be "passing the baton" to a very safe pair of hands for the next 3 years.

Doubtless, our members will have seen and felt the impact of the relentless regulation imposed on Irish Credit Unions by The Central Bank- sadly I think there is little prospect of that easing in the immediate future, given the apparent abdication by Government of their responsibility to direct the Regulator to ensure that the "regime" is applied to credit unions in a balanced and fair manner. I would remind you that Credit Unions didn't cause the Irish banking/financial crisis; yet ever since that, we have faced relentless, repressive regulation which hinders us from providing the services members require – and deserve - from their own, not-for-profit, financial cooperative. In my firm view, until and unless our TDS and Ministers are told by the member-voters (who elect them) that they must ensure a level playing field for Irish Credit Unions, nothing significant will change. Who was it who said that we get the politicians and Government that we deserve! We do elect them!!

We were glad to see the back of, yet another year dominated by the COVID-19 pandemic. Not only have our working lives been changed, but even the way we eat, meet, greet and socialise has been "changed utterly". Sadly, some of our members, staff and volunteers have further suffered - with the loss of much-loved family members during 2021. (May they Rest In Peace.) It was a troubled year.

But, as stated last year, I recall an old saying: "Tough Times never last, but tough people do." We are a resilient people, who manage to remain positive in the face of adversity. In fact, credit unions were born in troubled times; our founding fathers had courage, foresight, hope and a firm belief in the power of co-operation. Despite opposition from big banks, big business and "big brother" in Government, they persevered, put down firm foundations throughout Ireland, and built a safe and strong credit union movement that we are so proud of today. Their key message was: "Together we are stronger"; coupled with the truth that PERSEVERANCE PAYS.

Our own credit union has prospered over the past 52 years- as our Audited Accounts and strong Balance Sheet will confirm. Admittedly the past few years were especially difficult, with significantly increased compliance costs and expenses, substantially less than hoped- for loan demand/loan interest income, with negative bank interest rates on credit union savings/deposits, plus a 10% minimum Regulatory Reserve requirement imposed by the Central Bank (CBI). The effect of that 10% is that we must put into the Regulatory Reserve each month €10 for every €100 increase in our assets – with no upper limit or "cap"- and we cannot reduce that Regulatory Reserve once the funds are added. It is a crippling cost, draining resources. To top that, the CBI had effectively stopped all credit unions from paying a Dividend and Loan Interest Rebate to members for 2020; and they have pressed us to reduce our rebate to members for the past year ended 30/09/2021. That type of "micro- management" and regressive, repressive CU regulation is totally unfair and unbalanced.

Despite all of that, our credit union remains safe and strong; and we will continue to survive and thrive long into the future because of what we, the members, do together for our mutual benefit.. Our credit union is a shining example of hope: for our members, their families, friends and for the wider community in Inishowen. It shows what can be done, when people "pull together." Remember: Example is not just one thing that influences others; in practice it is the only thing! The importance for me is that, if we work together caring and sharing (saving, borrowing and insuring) as members of our community credit union, the members will prosper. That is the reality of credit union at work in our own Inishowen community.

I stress also: "It's not just about the money." In truth, it is about changing people's lives for the better-ordinary people doing extraordinary things, by sharing their resources in mutual help and co-operation. Credit Unions today are living proof - if proof were needed - that Co-operation really does work, regardless of class, creed, or status in society. Working together, we are intent on building a lasting legacy that can be our "present" (our gift) to current and future generations in the wider Inishowen community. We are all pulling together: one CU team of volunteers and staff, being there when needed - for our members, their families, friends and the wider community we share.

Indeed, at this point I am happy to confirm that, in September 2021 we merged with our neighbours in Moville (formerly Foyle Credit Union), whereby their members and resources would transfer into Buncrana; and the newly merged CU was then renamed as "Inishowen Credit Union". The process was long and complex, with every stage strictly controlled by CBI. Nonetheless, we did it! It is our joint aim now that this will enable the entire population of the Inishowen peninsula to enjoy access to modern financial services, on a co-operative basis, from a member-owned and run credit union.

That aim is not without its challenges right now - not least, as I have stated, because of relentless, restrictive regulation by the CBI, which seems to make no distinction between big banks (which exist to profit from people) and credit unions (who exist to serve our members on a not-for-profit basis). We intend to continue to lobby our TDs and Ministers until we get the changes that our members need, want - and deserve- as we were promised in the current "Programme for Government."

I believe that we need your renewed active support and feedback, if we can continue to improve people's lives - financially, socially and emotionally - long into the 21st Century. We have survived the greatest challenge in living memory: to how we live and work, to our independence, our health and our future. We may be on the cusp of a "new normal", living and coping with COVID? We have not survived to give up now, to lose confidence, or to lose hope. We have survived - and will thrive - within a co-operative Inishowen Credit Union, which serves all our members- and all the people who wish to use our credit union going forward, in mutual self-help.

That is what Credit Unions were born to do - and we try to do that day and daily, in MOMENTS OF TRUTH - changing members' lives for the better. Putting people before profit - "People helping people" and " Stronger Together".

Finally, as I step down as Chairman, I wish to record my gratitude to you, the members [for your loyalty in these difficult days]; to my friends and colleagues on the Board [without whom we cannot exist]; to the many volunteers; to the CEO, management and staff, who work to make our vision a reality: all building a "Strong Credit Union in Safe Hands". Remember: those 'Safe Hands' are/must be yours!

I feel that working together in one CU team, we are equal to the challenge!
"There is no strength without unity".

Thank you.

Kevin Helferty,
Chairman.

December 2021.

Directors' Report

The directors' present their annual report and the audited financial statements for the financial year ended 30th September 2021.

Principal Activities

The principal activities of the credit union are the provision of savings and loans to members in its common bond. The credit union manages its members' shares, capital and loans to members so that it earns income from the margin between interest payable and interest receivable.

Business Review

The directors are satisfied with the current year results and the year-end financial position of the credit union. The directors are aware of the challenges faced by the decline in investment income as a result of prolonged unprecedented low interest rates, combined with increased costs. Lending activity has started to pick up again and the directors are of the opinion that the credit union is well positioned to meet these challenges and are confident of its ability to continue to operate successfully in the future.

Results and Dividends

The excess of income over expenditure for the year is set out in the Income and Expenditure Account on page 13.

The directors recommend payment of a dividend of 0.01% and a loan interest rebate of 5% on standard loans and 2.5% on discounted loans for the year ended 30th September 2021. Details are shown in Note 7 to the accounts.

Principal Risks and Uncertainties

The principal risks and challenges facing the credit union are summarised as follows:

- Members defaulting on loans
- Not lending a sufficient proportion of funds so that too much of the credit unions' resources are tied up in investment products
- Poor performance of investments
- The risk of not having sufficient cash resources to meet day to day running costs and repay members' savings when demanded.
- Impact of BREXIT
- Impact of COVID 19

The credit union board are fully aware of the principal risks, monitors these constantly and strives to minimise all risks and handle prudently those residual risks over which it has little control.

Auditors

The auditors, SMC Chartered Accountants Ltd, have indicated their willingness to continue in office in accordance with the provisions of Section 115 of the Credit Union Act 1997, as amended.

This report was approved by the board on 23rd December 2021 and signed on its behalf by

Kevin Helferty
Chairperson

Martina Whoriskey
Secretary

Statement of Directors' and Board Oversight Committee's Responsibilities

for the year ended 30th September 2021

Statement of Directors' Responsibilities

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 the Income and Expenditure Account 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;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Credit Union will continue in business.

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 to 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.

On behalf of the Board of Directors

Kevin Helferty
Chairperson

Martina Whoriskey
Secretary

Date: 23rd December 2021

Statement of Board Oversight Committee's Responsibilities

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 The Credit Union Act 1997, as amended and any other matter prescribed by the Central Bank in respect of which they are to have regard in relation to the Board.

Kieran McCallion
Chairperson

Anne Parker
Secretary

Date: 23rd December 2021

Independent Auditors' Report to the Members of Inishowen Credit Union Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Inishowen Credit Union Limited for the year ended 30th September 2021, which comprise the Income and Expenditure Account, Balance Sheet, Statement of Changes in Reserves and Cash flow Statement 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 and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In our opinion the financial statements:

- give a true and fair view of the state of the Credit Union's affairs as at 30th September 2021 and its income and expenditure and cash flows for the year then ended;
- have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly prepared in accordance 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 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 ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard 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

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

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

Other information

The 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 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 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 we consider necessary for the purposes of our audit.
- In our opinion proper accounting records have been kept by the Credit Union, 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 directors' responsibilities statement set on page 9, 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 management either intends 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.

Further details relating to our work as auditor is set out in the Scope of Responsibilities Statement contained in the appendix of this report, which is to be read as an integral part of our 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 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.

SMC Chartered Accountants
Chartered Accountants & Statutory Audit Firm
Unit 3, 1st Floor, Glenview Business Park
Mountain Top, Letterkenny, Co Donegal
Date: 23rd December 2021

Appendix to the Independent Auditors' Report

Further information regarding the scope of our responsibilities as auditor

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We 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 our 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 director's 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 going concerns. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as going concerns.
- 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 fair presentation.

We communicate 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 we identify during our audit.



Inishowen Credit Union donated water bottles to Gleneely Colts FC and Inishowen Athletics Club

Income and Expenditure Account

for the year ended 30th September 2021

		2021	2020
	Note	€	€
Interest on members' loans	5	1,615,938	1,700,783
Other interest income and similar income	6	559,528	641,713
Net interest income		2,175,466	2,342,496
Other income	8	96,657	449
Employment costs	10b	(801,604)	(757,471)
Depreciation	12	(143,213)	(161,138)
Other management expenses (Schedule 1)		(1,129,060)	(964,527)
Net recoveries or losses on loans to members	13d	289,297	(207,755)
Surplus for the financial year		487,543	252,054
Other comprehensive income		-	-
Total comprehensive income		487,543	252,054

The financial statements were approved, and authorised for issue, by the Board on 23rd December 2021 and signed on its behalf by:

Maeve Douglas
Manager

Kevin Helferty
Member of the
Board of Directors

Kieran McCallion
Member of the
Board Oversight Committee



On 21st September 2021, We opened our 4 offices as Inishowen Credit Union Ltd, following the merger between Buncrana Credit Union and Foyle Credit Union. Our members can now visit any of the 4 offices located in Buncrana, Carndonagh, Moville and Muff.

Balance Sheet

as at 30th September 2021

	Note	2021 €	2020 €
ASSETS			
Cash and cash equivalents	11	10,612,951	11,772,806
Tangible fixed assets	12	1,480,026	1,104,231
Loans to members	13	22,574,737	18,615,504
Prepayments and accrued income	14	517,148	461,342
Deposits and investments	15	71,090,551	55,325,666
Total assets		<u>106,275,413</u>	<u>87,279,549</u>
LIABILITIES			
Members' shares	16	88,952,793	72,748,066
Other payables	17	259,514	146,539
Total liabilities		<u>89,212,307</u>	<u>72,894,605</u>
ASSETS LESS LIABILITIES		17,063,106	14,384,944
RESERVES			
Operational risk reserve		509,403	439,403
Regulatory reserve		10,627,542	8,727,955
Other reserves			
- Realised reserves		5,926,161	5,217,586
Total reserves		<u>17,063,106</u>	<u>14,384,944</u>

The financial statements were approved, and authorised for issue, by the Board on 23rd December 2021 and signed on its behalf by:

Maeve Douglas
Manager

Kevin Helferty
Member of the
Board of Directors

Kieran McCallion
Member of the
Board Oversight Committee

Statement of Changes in Reserves

for the year ended 30th September 2021

	Regulatory reserve €	Operational risk reserve €	Realised reserves €	Unrealised reserves €	Arising on transfer of engagement €	Total reserves €
Opening balance at 1st October 2019	8,406,949	412,755	5,295,718	-	431,257	14,546,679
Excess of income over expenditure for the year	-	-	252,054	-	-	252,054
Dividends and interest rebate paid during the year (Note 6)	-	-	(413,789)	-	-	(413,789)
Transfer between reserves	321,006	26,648	(347,654)	-	-	-
Closing balance at 30th September 2020	8,727,955	439,403	4,786,329	-	431,257	14,384,944
Opening balance at 1st October 2020	8,727,955	439,403	4,786,329	-	431,257	14,384,944
Excess of income over expenditure for the year	-	-	487,543	-	-	487,543
Transfer of Engagement	1,643,465	70,000	477,154	-	-	2,190,619
Dividends and interest rebate paid during the year (Note 6)	-	-	-	-	-	-
Transfer between reserves	256,122	-	175,135	-	(431,257)	-
Closing balance at 30th September 2021	10,627,542	509,403	5,926,161	-	-	17,063,106

- (1) The Regulatory reserve of the Credit Union as % of total assets as at 30th September 2021 was 10% (2020: 10%).
- (2) In accordance with S45 of the Credit Union Act 1997 (as amended) Inishowen Credit Union Limited put in place an Operational Risk reserve during the year ended 30th September 2016. The adequacy of the reserve is reviewed annually by the Board with the last review being completed at 30th September 2021, which was deemed adequate. The operational risk reserve as a % of total assets as at 30 September 2021 was 0.48% (2020: 0.50%).
- (3) Following commencement of S13 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 Inishowen Credit Union Limited has transferred €256,122 (2020: €321,006) of its current year surplus to its Regulatory reserve so that the reserve would stand at 10% at current year end.

Cash Flow Statement

for the year ended 30th September 2021

	Note	2021 €	2020 €
Cash flows from operating activities			
Cash & Investments Introduced from Foyle CU		1,591,712	-
Loans repaid by members	13a	10,857,562	11,041,495
Loans granted to members	13a	(11,251,153)	(9,288,565)
Loan interest received	5	1,606,400	1,706,772
Investment income received		612,324	626,225
Bad debts recovered	13d	179,622	195,135
Dividends paid	7	-	(68,474)
Interest rebate paid	7	-	(345,315)
Operating expenses paid to include employment costs		(1,914,924)	(1,719,881)
Net cash flows from operating activities		1,681,543	2,147,389
Cash flows from investing activities			
Net cash flow from investments		(6,440,310)	(7,876,161)
Purchase of fixed assets	12	(29,295)	(68,198)
Net cash flows from investing activities		(6,469,605)	(7,944,359)
Cash flow from financing activities			
Members' shares received	16	21,499,582	25,187,078
Members' shares withdrawn	16	(17,968,032)	(21,264,317)
Net cash flows from financing activities		3,531,550	3,922,761
Other Receipts			
		96,657	449
Net (decrease)/increase in cash and cash equivalents		(1,159,855)	(1,873,760)
Cash & cash equivalents at beginning of year		11,772,806	13,646,566
Cash & cash equivalents at end of year	11	10,612,951	11,772,806

Notes to the Financial Statements

for the year ended 30th September 2021

1. Legal and regulatory framework

Inishowen Credit Union Limited is established under the Credit Union Act 1997, as amended. The Credit Union is registered with the Registrar of Credit Unions and is regulated by the Central Bank of Ireland. The principal place of business is Buncrana, Co Donegal with branches in Carndonagh, Moville and Muff, Co Donegal.

2. Accounting policies

2.1. 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” (“FRS 102”).

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

2.2. 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.

2.3. Going concern

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

- Is generating annual surpluses;
- Maintains an appropriate level of liquidity; and
- Have reserves that currently meet the minimum requirements of the Central Bank.

2.4. Income

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.

Any interest received on loans, which are deemed to be less than 26 weeks in arrears, is accounted for as interest received from performing loans through the income and expenditure account.

Any interest received on loans, which are deemed to be greater than 26 weeks in arrears, is accounted for as interest received from non-performing loans through the income and expenditure account.

Any income received on loans where the loans have been written off will be accounted for as bad debts recovered in the income and expenditure account.

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.

Other income

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

Notes to the Financial Statements contd.

for the year ended 30th September 2021

2.5. Dividends to Members

Dividends on shares and loan interest rebates

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 Board in determining the level of distribution considers its ongoing operating expenses, capital requirements and financial risks. Dividends are accounted for when members ratify such payments at the Annual General Meeting. No liability to pay a distribution is recognised in the financial statements until the majority of members vote at the AGM.

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

- the amount of reserve allocation required to maintain reserves at an appropriate level;
- our risk profile particularly in our loan and investment portfolios;
- prevailing market conditions;
- members' legitimate dividend and loan interest rebate expectations and;
- the need to prudently sustain the long term welfare of the Credit Union.

The Credit Union accounts for dividends and rebates of loan interest when members ratify such payments at the Annual General Meeting.

2.6. Taxation

The Credit Union is not subject to income tax or corporation tax on its activities as a Credit Union.

2.7. Cash and cash equivalents

Cash and cash equivalents comprise operating cash on hand and cash deposited with banks with original maturity of less than or equal to three months.

2.8. Financial instruments

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

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

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

Notes to the Financial Statements contd.

for the year ended 30th September 2021

2.9. Basic financial assets

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

Loans to members

Loans to members 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.

Investments held at amortised cost

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

Held to Maturity investments

Investments designated on initial recognition as held-to-maturity are investments that 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 some investment products will change during their life, but they will have a fixed maturity value at some 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.

2.10. 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.

2.11. Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

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

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

Any impairment losses are recognised in the Income and Expenditure account.

Notes to the Financial Statements contd.

for the year ended 30th September 2021

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.

2.12. 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.

Financial liabilities members' shares and deposits

Members' shares in the Credit Union are redeemable and therefore are classified as financial liabilities. They are initially recognised at the amount of cash deposited and subsequently members' deposits are measured at the nominal amount.

Other payables

Other payables are classified as current liabilities if payment is due within one year or less. Other payables are recognised initially at transaction price.

2.13. Tangible fixed assets

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

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

Freehold land and buildings	4% straight line
Office equipment	25% straight line
Computer equipment	25% straight line
Fixtures and fittings	10% straight line

2.14. Impairment of tangible fixed assets

At each reporting end date, the Credit Union reviews the carrying value of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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.

Notes to the Financial Statements contd.

for the year ended 30th September 2021

2.15. Employee benefits

Pension Scheme

Inishowen Credit Union Limited participates 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.

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

However, there is an agreed funding plan in respect of the pension scheme as a result of a Minimum Funding Standard deficit certified by the scheme's actuary in 2009. Consequently, Inishowen Credit Union Limited recognises a liability at each Balance Sheet date for its outstanding contributions payable under the agreed funding plan to the extent that they relate to committed funding in respect of the deficit to which the funding plan relates.

Other Employee Benefits

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

2.16. Reserves

Regulatory reserve

The Credit Union is required to maintain and establish a minimum Regulatory reserve of at least 10% of the assets of the Credit Union in accordance with Credit Union Act 1997 (Regulatory Requirements) Regulations 2016.

Operational Risk reserve

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

Other reserves – Realised reserves

Realised reserves are the accumulated surpluses to date that have not been declared as dividends returnable to members.

2.17 Transfer of Engagements

Transfer of Engagements are accounted for by using the Purchase Method of accounting in accordance with Section 19 "Business Combinations and Goodwill of FRS102. This involves recognising Assets & Liabilities of the Transferor Credit Union at Fair Value plus any costs directly attributable to the Business Combination. The value of member interests transferred by Inishowen Credit Union (the Transferee Credit Union) to the former members of the Transferor Credit Union represents the consideration for the Net Assets transferred.

Notes to the Financial Statements contd.

for the year ended 30th September 2021

3. Use of estimates and judgements

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

Impairment losses on loans to members

The Credit Union's accounting policy for impairment of financial assets is set out in accounting policy in Note 2.11. The estimation of loan losses is inherently uncertain and depends upon many factors, including historic loan loss trends, credit risk characteristics in loan classes, local and international economic climates, conditions in various sectors of the economy to which the Credit Union is exposed, and, other external factors such as legal and regulatory requirements.

Credit risk is identified, assessed and measured through the use of rating and scoring tools with emphasis on weeks in arrears and other observable credit risk metrics. The ratings influence the management of individual loans. The credit rating triggers the impairment assessment and if relevant the raising of specific provisions on individual loans where there is doubt about their recoverability. Loan loss provisioning is monitored by the Credit Union, and the Credit Union assesses and approves its provisions and provision adequacy on a quarterly basis. Key assumptions underpinning the Credit Union's estimates of collective provisions for loans with similar credit risk characteristics, and, Incurred But Not Reported provisions ("IBNR") are based on the historical experiences of the Credit Union's judgement of relevant conditions in the wider technological, market, economic or legal environment in which the Credit Union operates. If a loan is impaired, the impairment loss is the difference between the carrying amount of the loan and the present value of the expected cash flows discounted at the asset's original effective interest rate taking account of pledged shares and other security as appropriate. Assumptions are back tested with the benefit of experience. After a period of time, when it is concluded that there is no real prospect of recovery of loans/part of loans which have been subjected to a specific provision, the Credit Union writes off that amount of the loan deemed irrecoverable against the specific provision held against the loan.

Impairment of buildings

The credit union's policy is to carry out periodic impairment reviews of the credit union's premises comparing the carrying value of each property to the market value at the balance sheet date. Impairment reviews are subject to the assumption that a market exists for the relevant property at the date of review. The estimates of impairment based on market value are recognised in the Income & Expenditure account in the period identified.

4. Transfer of Engagements

During the year, a Transfer of Engagement took place where the Assets, Liabilities and Operations of Foyle Credit Union Ltd (FCU) were transferred to Buncrana Credit Union Ltd (BCU) and BCU was then renamed Inishowen Credit Union Ltd (ICU). The transaction took place on the 17th September 2021. The Assets & Liabilities transferred under the transfer were accounted for at Fair Value.

No consideration was payable in relation to the Transfer of Engagement. On the date of the transfer the members of FCU became members of ICU and thereby became entitled to member interests associated with such membership. In applying the purchase method of

Notes to the Financial Statements contd.

for the year ended 30th September 2021

accounting for the business combination, members interests transferred to ICU represent the consideration transferred for the net assets of FCU. This consideration has been calculated as the equivalent fair value of the members interests in FCU at the date of the transfer and is reflected as an adjustment in reserves in the Statement of Changes in Reserves.

The Fair Values of the net assets acquired are detailed in the table below

	2021
	€
Cash & cash equivalents	1,591,712
Deposits & Investments	9,324,575
Loans to members	3,584,396
Less provisions for Bad Debts	(128,430)
Prepayments and accrued income	31,478
Tangible fixed assets	489,713
Members shares	(12,673,177)
Creditors and accruals	(29,648)
	<u>2,190,619</u>

5. Interest on members' loans

5a. Interest received & receivable

	2021	2020
	€	€
Closing accrued loan interest receivable	53,500	43,962
Loan interest received in year	1,606,400	1,706,772
Opening accrued loan interest receivable	(43,962)	(49,951)
Total interest on members' loans	<u>1,615,938</u>	<u>1,700,783</u>

5b. Interest received from performing and non-performing loans

	2021	2020
	€	€
Interest received from performing loans	1,576,115	1,673,507
Interest received from non-performing loans	30,285	33,265
Total interest received	<u>1,606,400</u>	<u>1,706,772</u>

6. Other interest income and similar income

	2021	2020
	€	€
Investment income and gains received by the Balance Sheet date	250,989	342,017
Receivable within 12 months of Balance Sheet date	308,539	299,696
Total investment income	<u>559,528</u>	<u>641,713</u>

Notes to the Financial Statements contd.

for the year ended 30th September 2021

7. Dividends payable

The dividends and loan interest rebate for the current and prior year periods were as follows:

	2021	2020
	€	€
Dividend paid during the year	NIL	68,474
Dividend rate: Members' shares	0%	0.10%
Loan interest rebate paid during the year	NIL	345,315
Loan interest rebate rate	0%	15%
Dividend and loan interest rebate proposed, but not recognised		

The directors propose to pay a dividend of 0.01% (€8,744) and a loan interest rebate of 5% on standard loans and 2.5% on discounted loans (€80,049) for the year ended 30th September 2021, subject to agreement by the membership at the AGM.

8. Other income

	2021	2020
	€	€
ECCU rebate	96,180	-
Entrance fees	477	449
Other income	-	-
Total other income	96,657	449

9. Expenses

	2021	2020
	€	€
Employment costs	801,604	757,471
Depreciation	143,213	161,138
Other management expenses (Schedule 1)	1,190,698	964,527
	2,135,515	1,883,136

10. Employees and employment costs

10a. Number of employees

The average monthly number of employees during the year was:

	2021	2020
	Number	Number
Manager	1	1
Other staff	23	21
Total	24	22

10b. Employment costs

	2021	2020
	€	€
Wages and salaries	735,415	690,845
Payments to pension schemes	66,189	66,626
Total employment costs	801,604	757,471

Notes to the Financial Statements contd.

for the year ended 30th September 2021

10c. Key management personnel

The remuneration of key management personnel was as follows:

	2021	2020
	€	€
Short term employee benefits	293,033	291,433
Payments to defined benefit pension schemes	30,446	29,709
Total key management personnel compensation	323,479	321,142

11. Cash & cash equivalents

	2021	2020
	€	€
Cash and balances at bank	3,248,368	1,545,837
Deposits and investments	7,364,583	10,226,969
Total cash and cash equivalents	10,612,951	11,772,806

Deposits and investments categorised under cash and cash equivalents above are those with maturity of less than or equal to three months.

12. Tangible fixed assets

Tangible fixed assets comprise the following property, plant and equipment:

	Freehold land & buildings €	Fixtures & Fittings €	Office equipment €	Computer equipment €	Total €
Cost					
At 1 st October 2020	1,482,020	336,526	209,060	559,759	2,587,365
Transfer of Engagement	426,502	13,868	23,901	25,442	489,713
Additions	-	3,125	2,061	24,109	29,295
Disposals	-	-	-	-	-
At 30th September 2021	1,908,522	353,519	235,022	609,310	3,106,373
Depreciation					
At 1 st October 2020	627,020	226,038	157,882	472,194	1,483,134
Charge for the year	46,059	19,258	24,596	53,300	143,213
Eliminated on disposals	-	-	-	-	-
At 30th September 2021	673,079	245,296	182,478	525,494	1,626,347
Net book value					
At 30th September 2020	855,000	110,488	51,178	87,565	1,104,231
At 30th September 2021	1,235,443	108,223	52,544	83,816	1,480,026

Notes to the Financial Statements contd.

for the year ended 30th September 2021

13. Loans to members – financial assets

13a. Loans to members

	Note	2021 €	2020 €
As at 1 st October		20,845,530	22,683,934
Transfer from TOE		3,584,396	-
Advanced during the year		11,251,153	9,288,565
Repaid during the year		(10,857,562)	(11,041,495)
Loans written off		(43,714)	(85,474)
Gross loans to members	12b	24,779,803	20,845,530
Impairment allowances			
Individual loans		(323,527)	(421,073)
Groups of loans		(1,881,539)	(1,808,953)
Loan provision	12c	(2,205,066)	(2,230,026)
As at 30th September		22,574,737	18,615,504

13b. Credit risk disclosures

The carrying amount of the loans to members represents Inishowen 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.

	2021		2020	
	Amount €	Proportion %	Amount €	Proportion %
Gross loans Not impaired:				
Not past due	22,239,976	89.75%	17,972,945	86.22%
Gross loans individually impaired				
Not past due	1,518,263	6.13%	1,755,463	8.42%
Up to 9 weeks past due	549,860	2.22%	543,305	2.61%
Between 10 and 18 weeks past due	146,074	0.59%	212,873	1.02%
Between 19 and 26 weeks past due	107,263	0.43%	136,797	0.66%
Between 27 and 39 weeks past due	79,818	0.32%	74,848	0.36%
Between 40 and 52 weeks past due	64,222	0.26%	8,618	0.04%
53 or more weeks past due	74,327	0.30%	140,681	0.67%
Gross loans individually impaired	2,539,827	10.25%	2,872,585	13.78%
Total gross loans	24,779,803	100%	20,845,530	100%

Notes to the Financial Statements contd.

for the year ended 30th September 2021

13b. Credit risk disclosures (Cont'd)

	2021	2020
	€	€
Impairment allowance		
Individual loans	(323,527)	(421,073)
Groups of loans	(1,881,539)	(1,808,953)
Total carrying value	<u>22,574,737</u>	<u>18,615,504</u>

Factors that are considered in determining whether loans are impaired are discussed in Note 3, dealing with estimates.

13c. Loan provision account for impairment losses

	2021	2020
	€	€
As at 1 st October	2,230,024	1,912,612
Transfer in from TOE	128,430	-
Net movement in loan provisions for loans outstanding	(109,674)	402,886
Decrease in loan provisions during the year	(43,714)	(85,474)
As at 30th September	<u>2,205,066</u>	<u>2,230,024</u>

13d. Net (recoveries) or losses recognised for the year

	2021	2020
	€	€
Bad debts recovered	(179,622)	(195,132)
(Decrease)/Increase in loan provisions during the year	(153,389)	317,413
Loans written off	43,714	85,474
Net (recoveries)/losses on loans to members recognised for the year	<u>(289,297)</u>	<u>207,755</u>

13e. Analysis of Gross Loans Outstanding

	2021		2020	
	Number of Loans	€	Number of Loans	€
Less than one year	913	959,586	1,081	1,303,728
Greater than 1 year and less than 3 years	1,813	7,028,381	1,411	6,136,378
Greater than 3 years and less than 5 years	1,145	9,634,903	824	7,047,642
Greater than 5 years and less than 10 years	219	7,156,933	199	6,311,099
Greater than 10 years and less than 25 years	-	-	2	46,683
	<u>4,090</u>	<u>24,779,803</u>	<u>3,517</u>	<u>20,845,530</u>

14. Prepayments and accrued income

	2021	2020
	€	€
Prepayments and other debtors	155,109	117,683
Accrued income investments	308,539	299,697
Accrued loan interest income	53,500	43,962
	<u>517,148</u>	<u>461,342</u>

Notes to the Financial Statements contd.

for the year ended 30th September 2021

15. Deposits and investments

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

Cash Equivalents (Original Maturity within 3 months)

	2021	2020
	€	€
Fixed term deposits with banks (note 11)	7,364,583	10,226,969
Total cash equivalents	<u>7,364,583</u>	<u>10,226,969</u>

Other (Original Maturity after 3 months)

	2021	2020
	€	€
Fixed term deposits and bonds with banks	64,727,650	51,409,839
Central Bank Minimum deposits	6,362,901	3,915,827
Total other	<u>71,090,551</u>	<u>55,325,666</u>

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

	2021	2020
	€	€
A1	15,626,138	12,674,737
A2	17,568,034	10,346,295
A3	9,902,953	5,907,592
Aa2	2,950,042	-
Aa3	3,997,795	6,954,648
Baa1	5,984,575	2,963,105
Baa2	6,685,558	4,225,000
Baa3	2,012,555	8,338,462
Total deposits and investments	<u>64,727,650</u>	<u>51,409,839</u>

16. Members' Shares – financial liabilities

	2021	2020
	€	€
As at 1 st October	72,748,066	68,825,305
Acquired re TOE	12,673,177	-
Received during the year	21,499,582	25,187,078
Repaid during the year	(17,968,032)	(21,264,317)
As at 30th September	<u>88,952,793</u>	<u>72,748,066</u>

Members' shares are repayable on demand except for shares attached to loans. The breakdown of the shares between attached and unattached is as follows:

	2021	2020
	€	€
Unattached shares	81,612,452	66,396,607
Attached shares	7,340,341	6,351,459
Total members' shares	<u>88,952,793</u>	<u>72,748,066</u>

Notes to the Financial Statements contd.

for the year ended 30th September 2021

17. Other payables

	2021	2020
	€	€
PAYE/PRSI	15,564	14,625
Other accruals	243,950	131,914
	259,514	146,539

18. Rate of interest on members loans

	Rate %	APR %
Personal loans	10%	10.51%
Personal loans (FCU)	11.9%	12.61%
Secured loans	6%	6.18%
Secured loans (FCU)	7%	7.25%
Student loans	6%	6.18%
Car loans (FCU)	7%	7.25%
Car loans	7.5%	7.78%
First time borrowers loans	8.5%	8.84%
Home Improvement/Switcher (€50k - €80k)	6.95%	7.18%
Home Improvement/Switcher (€35k - €49,999)	7.95%	8.25%
Black Friday loans	5.95%	6.11%
Community loans	6%	6.18%
COVID 19 Loans	5%	5.13%

19. Additional financial instruments disclosures

19a. Financial risk management

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

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

Credit risk: Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to Inishowen Credit Union Limited, resulting in financial loss to the Credit Union. In order to manage this risk the Board approves the Credit Union's credit policy, and all changes to it. 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. The credit risk on members' loans is disclosed in Note 12b.

Notes to the Financial Statements contd.

for the year ended 30th September 2021

The Credit Union's investments are also exposed to credit risk and the Credit Union mitigates the risk by only placing investments with financial institutions where the counterparties have strong credit ratings and using investment products authorised by the Central Bank.

Liquidity risk: The Credit Union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The Credit Union adheres on an ongoing basis to the minimum liquidity ratio and minimum short term liquidity ratio as set out in the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016.

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

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

19b. Interest rate risk disclosures

The interest rates applicable to loans to members are disclosed in note 17. The dividend on shares and interest on deposits is determined on the basis of income less administrative expenses and, as can be seen above, a consistent margin is maintained between interest receivable and dividend on shares. As a result, the surplus for the year is not particularly sensitive to interest rate risk and no sensitivity analysis is presented.

19c. Liquidity risk disclosures

All of the financial liabilities of the Credit Union are repayable on demand except for some members' shares attached to loans and members' deposits which have a fixed maturity date.

19d. Fair value of financial instruments

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

19e. Capital

The Credit Union maintains sufficient reserves to buffer the Credit Union against any losses on its members' loans and also its investments. The current Regulatory reserves meets the minimum requirement set down by the Central Bank, and stand at 10% of the total assets of the Credit Union at the Balance Sheet date.

20. Pension scheme – Irish League of Credit Unions

Inishowen Credit Union Limited participates 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. The scheme is a multi-employer Scheme and due to the nature of the Scheme it is not possible for Inishowen Credit Union Limited to separately identify its share of the Scheme's underlying assets and liabilities. Consequently, it accounts for the Scheme as a defined contribution plan, in accordance with FRS 102.

Notes to the Financial Statements contd.

for the year ended 30th September 2021

The Pension's Act requires the trustees of the Scheme to assess whether it could meet a certain prescribed standard, known as the Minimum Funding Standard. This assesses whether, if the scheme was wound up on a specified theoretical valuation date, it could satisfy the Funding Standard at that date.

As part of the above solvency assessment process, the Scheme actuary must carry out a separate valuation under the Minimum Funding Standard every 3 years and produce a funding certificate for submission to the Pensions Authority within 9 months of the effective date of the valuation. The purpose of the certificate is to certify whether or not the assets of the scheme at the effective date are sufficient to meet the liabilities of the scheme based on the assumption that the scheme was wound up at that date. The most recent Actuarial Funding Certificate was effective as at 1 March 2020 and it certified that the Scheme satisfied the funding standard.

An actuarial review of the fund is normally carried out every three years by the Scheme's independent, professionally qualified actuary. The actuarial review considers the past and future liabilities of the scheme. The last completed triennial actuarial review was carried out with an effective date of 29th February 2020. The principal actuarial assumption used in the valuation was the investment return in the years before members retire would be 1.25% higher than the annual salary increases. The market value of the scheme's assets at 29th February 2020 was €250m. The actuarial valuation disclosed a past service deficit of €41.8m at 29th February 2020 calculated under the Ongoing Actuarial Valuation method. This valuation method assumes that the Scheme will continue in existence for the foreseeable future. The assumptions used in the actuarial review to determine the past service deficit differ from the assumptions that would be used to determine the liabilities for defined benefit obligations under FRS102. Following the actuarial review, the same contribution as applied previously - 27.5% for pension plus 2.5% for risk benefits – was invoiced in February 2021. The principal employer and trustees have undertaken a review of the scheme and are in the process of considering a Section 50a application to the Pensions Authority which delivers benefits to scheme members while maintaining the existing contribution rate.

FRS 102 Accounting Requirements for multi-employer defined benefit plans

The Irish League of Credit Unions ("ILCU") and certain individual credit unions (henceforth "the Employers") participate in an industry-wide pension scheme for employees, The Irish League of Credit Unions Republic of Ireland Pension Scheme ("ILCU ROI Pension Scheme"). The ILCU ROI Pension Scheme is a multi-employer defined benefit scheme.

Financial Reporting Standard 102 ("The Financial Reporting Standard applicable in the UK and Republic of Ireland ") (FRS 102) provides accounting guidance in respect of accounting for multi-employer defined benefit pension plans.

FRS 102 paragraph 28.11 states that "if sufficient information is not available to use defined benefit accounting for a multi-employer plan that is a defined benefit plan, an entity shall account for the plan in accordance with [paragraphs 28.13](#) and [28.13A](#) as if it was a defined contribution plan and make the disclosures required by [paragraphs 28.40](#) and [28.40A](#)".

On 24 May 2019, the Financial Reporting Council ("FRC") issued amendments to FRS 102 in respect of multi-employer defined benefit plans. These narrow-scope amendments responded to a current financial reporting issue regarding where to present the impact of an employer's

Notes to the Financial Statements contd.

for the year ended 30th September 2021

transition from defined contribution accounting to defined benefit accounting; it shall be presented in other comprehensive income. The transition is required by FRS 102 when sufficient information about the multi-employer defined benefit plan becomes available for the employer to apply defined benefit accounting for the first time.

The FRC in their May 2019 publication "Impact Assessment and Feedback Statement Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland Multi-employer defined benefit plans" state **that these amendments will only affect entities that participate in multi-employer defined benefit plans, for which sufficient information to apply defined benefit accounting has not been available, but now becomes available.** These amendments do not affect the accounting for the defined benefit plan before or after sufficient information becomes available, which is already clear in FRS 102, but only specify the accounting at the date of transition to defined benefit accounting. The effective date for these amendments is accounting periods beginning on or after 1 January 2020, with early application permitted.

The ILCU as one of the employers in the scheme has in conjunction with its external accounting advisors concluded that it is not appropriate for the ILCU to separately identify its share of the Scheme's underlying assets and liabilities for the following reasons:

Key Factor	Assessment
Assets not segregated	<p>The fair value of the ILCU ROI Pension Scheme Assets can be determined. However, these assets are not segregated or tracked by contributing employers. There is no mechanism to allocate the assets to individual employers as contributions paid are pooled in a single fund and none of the contributing employers have separately segregated asset pools.</p> <p>Any methodology used to allocate scheme assets to individual employers (for the purpose of using defined benefit accounting) would be based on arbitrary measures (such as based on an allocation of liabilities).</p> <p>The allocation of assets (based on liabilities) would not represent the contribution profile of the individual employers. This is particularly relevant in the context of current contributions being based on the salary roll of active employees as opposed to the liability of that participating employer.</p>
Common Contribution Rate	<p>The ILCU is a participating employer in the ILCU ROI Pension Scheme and pays the same contribution rate applied to active members of 27.5% comprising employer contribution of 18.5% and employee contribution of 9% as other employers in the scheme. Effectively, this means that funding of the scheme is shared in proportion to the number of current active members in the scheme rather than reflecting a pattern of current and former members. As a result, this common contribution rate is not linked to the individual employer's liabilities in respect of their current and former employees.</p>

Notes to the Financial Statements contd.

for the year ended 30th September 2021

Based on the assessment performed above the ILCU does not have sufficient information to separately and appropriately identify its share of the Scheme's underlying assets and liabilities. Consequently, the ILCU accounts for the Scheme as a defined contribution plan in accordance with FRS 102.

21. Post Balance Sheet events

There are no material events after the Balance Sheet date to disclose.

22. Contingent liabilities

In September 2018, the Registry of Credit Unions advised all credit unions of a potential matter in relation to accrued interest outstanding on certain top-up loans which may have led to a potential over-collection of interest. Following this, Inishowen Credit Union undertook this review to ascertain whether any top-up loans made to members might be impacted by these circumstances, and if so, to determine what actions may need to be taken.

The credit union has undertaken a review of a sample of top up loans and based on this review, is satisfied that no over-collection of interest has occurred in the sample chosen.

The credit union is satisfied that the sample chosen is a representative sample, mindful of the nature, scale and complexity of the credit union.

23. Capital commitments

There were no capital commitments either contracted for or approved by the Board at the year end.

24. Insurance against fraud

The Credit Union has insurance against fraud in the amount of €5,200,000 (2020: €5,200,000) in compliance with Section 47 of the Credit Union Act 1997, as amended.

25. Related party transactions

During the year loans were advanced to directors and the management of the credit union (to include their family members or any business in which the directors or management team had a significant shareholding) in the amount of €162,606 (2020: €81,010). These loans were approved in accordance with the Standard Credit Union rules and the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016. The loans outstanding from these parties at 30th September 2021 were €200,250 (2020: €222,298). These loans amounted to 0.81% of total gross loans due at 30th September 2021 (2020: 1.07%).

There were provisions of €12,452 against the loans due from directors, the management team and their family members at 30th September 2021 (2020: €20,557).

The related party share balances stood at €522,006 at 30th September 2021 (2020: €454,297).

Notes to the Financial Statements contd.

for the year ended 30th September 2021

26. Members Prize Draw

Inishowen Credit Union operates a members only prize draw which is non-profit making, with draws held twice a year. The transactions for the financial year ended 30th September 2021 are summarised as follows:

	€
Opening Balance at 1st October 2020	252
Income from members' ticket sales	49,410
Expenses	(290)
Prizes	<u>(48,850)</u>
Closing Balance at 30th September 2021	<u>522</u>

The closing balance is included in other accruals as per note 16.

27. Approval of Financial Statements

The financial statements were approved, and authorised for issue, by the Board on 23rd December 2021.



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Schedule to the Financial Statements

for the year ended 30th September 2021

Schedule 1 - Other management expenses

	2021	2020
	€	€
Rent and Rates	30,604	28,418
Light, heat and cleaning	39,801	31,427
Repairs and maintenance	14,347	16,641
Printing and stationery	17,025	17,573
Postage and telephone	38,075	27,727
Promotion and advertising	38,860	62,476
Donations and sponsorship	19,900	26,968
Computer maintenance	114,166	80,288
Training costs	4,992	9,409
Chapter expenses	-	350
AGM expenses	22,469	22,183
Travel and subsistence	6,457	8,605
General insurance	34,844	32,196
Share and loan insurance	280,476	265,866
Audit fees	11,685	11,685
Internal audit fee	16,828	17,836
Consultancy and professional fees	184,492	60,763
Debt collection fees	27,180	8,309
Bank charges	38,919	22,793
CUSOP expenses	22,785	24,470
Irish credit bureau costs	15,491	13,047
Affiliation fees	24,970	24,405
Savings protection scheme contribution	6,590	7,041
Financial regulatory costs	112,283	111,834
General expenses	5,821	32,217
Total other management expenses	<u>1,129,060</u>	<u>964,527</u>

WHY BORROW WITH US?

01

COMPETITIVE RATES



02



FAST LOAN APPROVAL

03

ANNUAL INTEREST REBATE



04



FREE LOAN PROTECTION INSURANCE

05

LOAN INTEREST IS CALCULATED ON A REDUCING BALANCE



06



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07

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