

INISHOWEN CREDIT UNION

# 2022 ANNUAL REPORT

Monday 23rd  
January 2023  
at 7.30pm



**Inishowen**  
Credit Union  
Let's Grow Together

Inishowen Credit Union is regulated by the Central Bank of Ireland

## Inishowen Credit Union Limited Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Inishowen Credit Union will be held virtually over Zoom on Monday 23rd January 2023 at 7:30pm.

Members can register for the 2022 AGM in one of three ways:

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

For more information go to [www.inishowencu.ie/agm](http://www.inishowencu.ie/agm)

**You must be over 16 to register.**

Signed: Kevin Helferty

Date: 9th December 2022



**Inishowen  
Credit Union**  
Let's Grow Together

## Online & Mobile App Banking

- Move money between your accounts
- Move money to other bank accounts Check your balances
- Get your e-Statement
- Pay a bill
- Make a Payment

### Mobile Banking App

**AVAILABLE NOW**

- 1 Search for Inishowen Credit Union  
on  or 
- 2 Download the App to your Mobile Device

BUNCRANA | CARNDONAGH | MOVILLE | MUFF  
Email: [info@inishowencu.ie](mailto:info@inishowencu.ie)  
[www.inishowencu.ie](http://www.inishowencu.ie)

Register at

[www.inishowencu.ie](http://www.inishowencu.ie)

for your PIN today to access  
Online & Mobile App Banking



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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 53rd Annual General Meeting minutes;
5. Minute’s Silence for Deceased Members;
6. Report of the Chairperson;
7. ILCU Foundation – a year in review;
8. Report of the Board of Directors;
9. Consideration of Accounts - Finance Report;
10. Independent Auditor’s Report;
11. Report of the Board Oversight Committee;
12. Declaration of Dividend and Loan Interest Rebate;
13. Report of the Credit Committee;
14. Report of the Credit Control Committee;
15. Report of the Membership Committee;
16. Report of the Marketing Committee;
17. Report of Nomination Committee;
18. Report of the Risk and Compliance Committee;
19. Report of the Strategy Committee;
20. Insurance Report;
21. Appointment of Tellers;
22. Election of Auditor;
23. Election to fill vacancies on Board Oversight Committee;
24. Election to fill vacancies on the Board of Directors;
25. Annual Draw;
26. Any Other Business;
27. Announcement of Election Results;
28. Adjournment or Close of Meeting.



**Inishowen**  
Credit Union  
Let's Grow Together



**7.5%** APR.

ONLINE  
LOAN  
APPLICATIONS



# NEED NEW WHEELS?

## CAR LOAN

With a credit union car loan, you can own your car from day one!

**Loans from €5,000-€50,000**  
Repayment terms up to 5 years

Sample loan amount €10,000  
Loan Term 5 years, Weekly Repayments of €46,  
Total cost of credit €1,992, Total repayments: €11,992

**INISHOWENCU.IE**

Inishowen Credit Union Limited is regulated by the Central Bank of Ireland. Loans are subject to approval. Terms & Conditions apply. 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.

## Officers and Committees

**Chair:** Paul Brogan.

**Vice Chair:** Helen McIntyre.

**Secretary:** Kevin Helferty

### Directors:

Paul Brogan, Helen McIntyre, Kevin Helferty, Nadean Cavanagh, Ciara Cronin (Retired), Catherine Gillespie, Anne Marie Gleeson, Eoghan Gleeson, William McCorkell, Liam McConalogue (r), John McGonagle, Frank Togher.

### Board Oversight Committee:

Shane Crossan, Anne Parker, Carol Irwin, Peter Lavelle and Jason Le Masurier

### Credit Committee:

Sean Murphy, Gretta McLaughlin and Paul Brogan.

### Credit Control Committee:

Margaret Doherty, Daniel McGeoghan, Denis O'Donnell, John McGonagle, Frank Togher and William McCorkell.

### Marketing Committee:

Fionán Bradley, Kevin Helferty, Grainne Gillen, Catherine Gillespie Jordan O'Brien (r), Anne Vekins (r), and Sarah Webster.

### Nomination Committee:

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

### Risk and Compliance Committee:

Eoghan Gleeson, Nadean Cavanagh, Liam McConalogue.

### Finance and Audit Committee:

Paul Brogan, Eoghan Gleeson and Kevin Helferty.

### Strategy Committee:

Kevin Helferty, Nadean Cavanagh, Anne Marie Gleeson and Helen McIntyre.

### Complaints Committee:

Catherine Gillespie, Paul Brogan, and Randal Tate.

### Chapter Delegates:

Paul Brogan and Kevin Helferty

### Insurance Officers:

Josephine Doherty and Claire Grant.

### Membership Committee:

Claire Grant, Josephine Doherty and Gemma Gallagher.

### Management:

Randal Tate (Interim CEO), Brendan Malone, Liam Grant, Eva Quinn, Luca Zaltron, Maeve Douglas (Resigned), Katherine McBride (r), Feleena McCallion (r) and Ashley Young (r)

### Staff:

Joe Bonner, Christine Butler, Charlotte Crawford, Cecilia Cregan, Catherine Doherty, Ciara Doherty, Eimear Duncan, Valerie Durkan, Orla Devlin, Clare Doherty, Gary Doherty, Josephine Doherty, Deirdre Forbes, Gemma Gallagher, Niamh Gallagher, Donna Gill, Claire Grant, Aleksandra Kemmy, Edel Lafferty, Stella Lynch, Joe McCauley, Joanne McCormick, Charlotte McDaid, Oonagh McDermott, Brenda McGrenaghan, Kate McLaughlin, Marlene McLaughlin, Sean McMenamin, Catherine Porter, Bernie Skinnader and Aeryn Tinney.

### Volunteers:

Fionán Bradley, Paul Brogan, Nadean Cavanagh, Ciara Cronin (r), Shane Crossan, Margaret Doherty, Grainne Gillen, Catherine Gillespie, Anne Marie Gleeson, Eoghan Gleeson, Kevin Helferty, Carol Irwin, Peter Lavelle, Jason LeMasurier, Liam McConalogue (r), Daniel McGeoghan, William McCorkell, John McGonagle, Helen McIntyre, Gretta McLaughlin, Sean Murphy, Jordan O'Brien (r), Denis O'Donnell, Anne Parker, Anne Vekins (r), Sarah Webster.

### Credit Union Number

274 CU

### Main Office

Cockhill Road, Buncrana, 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,  
Letterkenny, Donegal

### Bankers

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

## Chairperson's Report 2022

Once again, members will see that we have had another difficult year during 2021/22. We continued to feel the impact of increasing regulatory costs, persistently low investment returns, plus surging inflation in the second half of the past year. These factors affected credit unions specifically because of restrictive investment limits and relentless regulation imposed on Irish Credit Unions by the Central Bank. 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 "regulatory regime" is applied to credit unions in a balanced, consistent and fair manner.

We also had another year dominated by the COVID-19 pandemic. Not only have our working lives been changed, with home and hybrid working for many, but sadly some of our members, staff and volunteers have further suffered - with the loss of much-loved family members during 2021/22. (May they rest in peace.) It was a very difficult year for the community here in Inishowen.

Nonetheless, your own credit union has prospered over the past 53 years - as our Audited Accounts and strong Balance Sheet will confirm. Admittedly the past year was especially difficult, with a large, significantly increased, pension deficit in the ILCU Pension Scheme, for which we had to pay our share to preserve the pension entitlements of credit union management and staff.

In addition, we felt the impact of increasing compliance costs and expenses; then we had 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. The effect of that 10% is that we must put into the Regulatory Reserve each month €1,000 for every €10,000 increase in our assets - with no "cap" - and we cannot reduce that Regulatory Reserve once the funds are added, even if those assets should fall in value. It is a crippling cost on Irish credit unions, draining total members' 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 had pressured us to reduce our rebate to members for 2021. [Despite the fact that we have very strong Reserves - which we built up for "a rainy day" over the years - we are not permitted to recommend a Dividend or Interest Rebate to members again this year, as we do not have a surplus in the current year.] That type of "short-term micro- management" and regressive, repressive CU regulation is totally unbalanced and unfair, especially when compared to the regulatory regime which applies to banks etc.

Despite all of that, your 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 remember too: "It's not just about the money." In truth, it is about changing members' lives for the better-with ordinary people sharing their resources in mutual help and co-operation. Credit Unions today are living proof that co-operation 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" to future generations in the wider Inishowen community. We are all pulling together in one CU team of volunteers and staff, being there when needed - for our members, their families, friends, and neighbours - serving the wider community that we share. It is our ambition now that this will enable the entire population of the

Inishowen peninsula to enjoy access to modern financial services, on a co-operative not-for-profit basis, from your member-owned credit union.

That ambition has its challenges at present - not least, as I 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 - in the 21st Century. With your support, we have survived, and we 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 still try to do that day and daily - changing members' lives for the better, putting people before profit.

Finally, as I continue as Chairperson, I wish to record my gratitude to you, the members [for your loyalty in these difficult times]; to my friends and colleagues on the Board & BOC [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." Those 'Safe Hands' are yours!

Thank you.

Paul Brogan,  
Chairperson.

December 2022.

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**AND**  
**E-AGM REPORT**  
[www.inishowencu.ie](http://www.inishowencu.ie)

Environmentally Friendly /Paperless...  
**ONLINE BANKING**  
**Accounts**  
Personal Account  
Deposit 10,000.00  
111111111  
Last payment: 2015-02-12  
Loan Repayment 75.00  
2222222  
Last payment: 2015-02-01  
Bank Visa 100.00  
3333333  
Last payment: 2015-01-29

**Statements**  
**Transfers**  
**Deposites**

Inishowen  
Credit Union  
Let's work together

PEOPLE HELPING PEOPLE

## Directors' Report

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

### 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 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 is encouraging and the return on investments has improved therefore 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 results for the year are set out in the Income and Expenditure Account on page 8.

The directors do not recommend payment of a dividend or loan interest rebate in respect of the year ended 30<sup>th</sup> September 2022. 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 19 December 2022 and signed on its behalf by

**Paul Brogan**  
Chairperson

**Kevin Helferty**  
Secretary

**Date: 19/12/2022**



## Statement of Directors' and Board Oversight Committee's Responsibilities

for the year ended 30th September 2022

### 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

**Paul Brogan**  
Chairperson

**Kevin Helferty**  
Secretary

**Date: 19/12/2022**

### 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.

**Shane Crossan**  
Chairperson

**Carol Irwin**  
Committee Member

**Date: 19/12/2022**

# 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 2022, 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 2022 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

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 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 3, 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, 1<sup>st</sup> Floor, Glenview Business Park**

**Mountain Top, Letterkenny, Co Donegal**

**Date: 19/12/2022**

## 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.

## Income and Expenditure Account

for the year ended 30th September 2022

		2022	2021
	Note	€	€
Interest on members' loans	5	2,004,452	1,615,938
Other interest income and similar income	6	535,771	559,528
<b>Net interest income</b>		<b>2,540,223</b>	<b>2,175,466</b>
Other income	8	32,159	96,657
SPS refund	8a	446,832	-
Employment costs	10b	(908,379)	(801,604)
Pension costs deficit	20	(693,380)	-
Depreciation	12	(164,006)	(143,213)
Other management expenses (Schedule 1)		(1,553,885)	(1,129,060)
Net recoveries or losses on loans to members	13d	180,772	289,297
<b>(Deficit) Surplus for the financial year</b>		<b>(119,664)</b>	<b>487,543</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>(119,664)</b>	<b>487,543</b>

The financial statements were approved, and authorised for issue, by the Board on 19 December 2022 and signed on its behalf by:

**Randal Tate**  
Interim Manager

**Paul Brogan**  
Member of the  
Board of Directors

**Carol Irwin**  
Member of the  
Board Oversight Committee

**Date: 19/12/2022**

## Balance Sheet

as at 30th September 2022

	Note	2022 €	2021 €
<b>ASSETS</b>			
Cash and cash equivalents	11	12,292,477	10,612,951
Tangible fixed assets	12	1,367,744	1,480,026
Loans to members	13	23,760,270	22,574,737
Prepayments and accrued income	14	533,281	517,148
Deposits and investments	15	68,172,136	71,090,551
<b>Total assets</b>		<b>106,125,908</b>	<b>106,275,413</b>
<b>LIABILITIES</b>			
Members' shares	16	88,977,420	88,952,793
Other payables	17	283,421	259,514
<b>Total liabilities</b>		<b>89,260,841</b>	<b>89,212,307</b>
<b>ASSETS LESS LIABILITIES</b>		<b>16,865,067</b>	<b>17,063,106</b>
<b>RESERVES</b>			
Operational risk reserve			1,305,000
Regulatory reserve		509,403	509,403
Other reserves		10,650,292	10,627,542
- Realised reserves		5,660,689	5,926,161
- Unrealised reserves		44,683	-
<b>Total reserves</b>		<b>16,865,067</b>	<b>17,063,106</b>

The financial statements were approved, and authorised for issue, by the Board on 19 December 2022 and signed on its behalf by:

**Randal Tate**  
Interim Manager

**Paul Brogan**  
Member of the  
Board of Directors

**Carol Irwin**  
Member of the  
Board Oversight Committee

**Date: 19/12/2022**

## Statement of Changes in Reserves

for the year ended 30th September 2022

	Regulatory reserve €	Operational risk reserve €	Realised reserves €	Unrealised reserves €	Arising on transfer of engagement €	Total reserves €
<b>Opening balance at 1<sup>st</sup> October 2020</b>	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)	-
<b>Closing balance at 30<sup>th</sup> September 2021</b>	<b>10,627,542</b>	<b>509,403</b>	<b>5,926,161</b>	<b>-</b>	<b>-</b>	<b>17,063,106</b>
<b>Opening balance at 1<sup>st</sup> October 2021</b>	10,627,542	509,403	5,926,161	-	-	17,063,106
Excess of income over expenditure for the year	-	-	(119,664)	-	-	(119,664)
Dividends and interest rebate paid during the year (Note 6)	-	-	(78,375)	-	-	(78,375)
Transfer between reserves	22,750	-	(67,433)	44,683	-	-
<b>Closing balance at 30<sup>th</sup> September 2022</b>	<b>10,650,292</b>	<b>509,403</b>	<b>5,660,689</b>	<b>44,683</b>	<b>-</b>	<b>16,865,067</b>

- (1) The Regulatory reserve of the Credit Union as % of total assets as at 30th September 2022 was 10% (2021: 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 2022, which was deemed adequate. The operational risk reserve as a % of total assets as at 30 September 2022 was 0.48% (2021: 0.48%).
- (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 €22,750 (2021: €256,122) of its prior 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 2022

	Note	2022 €	2021 €
<b>Cash flows from operating activities</b>			
Cash & Investments Introduced from Foyle CU		-	1,591,712
Loans repaid by members	13a	<b>11,909,513</b>	10,857,562
Loans granted to members	13a	<b>(13,081,737)</b>	(11,251,153)
Loan interest received	5	<b>2,012,914</b>	1,606,400
Investment income received		<b>568,872</b>	612,324
Bad debts recovered	13d	<b>167,463</b>	179,622
SPS refund received	8a	<b>402,149</b>	-
Dividends paid	7	<b>(8,608)</b>	-
Interest rebate paid	7	<b>(69,767)</b>	-
Operating expenses paid to include employment costs		<b>(3,144,750)</b>	(1,914,924)
<b>Net cash flows from operating activities</b>		<b>(1,243,951)</b>	<b>1,681,543</b>
<b>Cash flows from investing activities</b>			
Net cash flow from investments		<b>2,918,415</b>	<b>(6,440,310)</b>
Purchase of fixed assets	12	<b>(51,724)</b>	<b>(29,295)</b>
<b>Net cash flows from investing activities</b>		<b>2,866,691</b>	<b>(6,469,605)</b>
<b>Cash flow from financing activities</b>			
Members' shares received	16	<b>20,355,755</b>	21,499,582
Members' shares withdrawn	16	<b>(20,331,128)</b>	(17,968,032)
<b>Net cash flows from financing activities</b>		<b>24,627</b>	<b>3,531,550</b>
<b>Other Receipts</b>		<b>32,159</b>	<b>96,657</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>1,679,526</b>	<b>(1,159,855)</b>
Cash & cash equivalents at beginning of year		<b>10,612,951</b>	<b>11,772,806</b>
<b>Cash &amp; cash equivalents at end of year</b>	11	<b>12,292,477</b>	<b>10,612,951</b>



## Notes to the Financial Statements

for the year ended 30th September 2022

### 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 2022

### 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.

### 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.

## Notes to the Financial Statements *contd.*

for the year ended 30th September 2022

### *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 not 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.

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.

## Notes to the Financial Statements *contd.*

for the year ended 30th September 2022

### *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.

## **2.15. Employee benefits**

### *Defined Benefit 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 ILCU is the principal employer of the Scheme and Inishowen Credit Union Limited is a participating employer.

The scheme is a multi-employer defined benefit Scheme and there is insufficient information for Inishowen Credit Union Limited to separately identify its share of the Scheme's underlying assets and liabilities. Consequently, the Scheme is currently accounted for as a defined contribution plan.

If an agreement is entered into with the Scheme that determines how Inishowen Credit Union Limited will fund a past service deficit, Inishowen Credit Union Limited shall recognise a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit).

## Notes to the Financial Statements *contd.*

for the year ended 30th September 2022

### *Defined Contribution Pension Scheme*

Inishowen Credit Union Ltd. also participates in a defined contribution pension scheme, to which some of its employees are members. Pension benefits are funded over the employees' period of service by way of defined contributions paid to an approved fund held with New Ireland Assurance Company PLC. Contributions are based on a fixed percentage of an employee's annual salary and the charge to the Income and Expenditure Account reflects contributions paid and payable in respect of the year ended 30 September 2022.

### *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.

## **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.

## Notes to the Financial Statements *contd.*

for the year ended 30th September 2022

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.

### *Pensions*

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 scheme of the defined benefit type, with assets invested in separate trustee administered funds. Judgement is required to assess whether Inishowen Credit Union Limited has sufficient information to enable it to account for the plan as a defined benefit plan. An assessment has been performed of the information currently available and Inishowen Credit Union Limited has determined that there is currently insufficient information available to provide an appropriate allocation of pension assets and liabilities.

## **4. Transfer of Engagements**

During the previous 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 17<sup>th</sup> 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 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.

## Notes to the Financial Statements contd.

for the year ended 30th September 2022

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

		<b>2021</b>
		<b>€</b>
Cash & cash equivalents		<b>1,591,712</b>
Deposits & Investments		<b>9,324,575</b>
Loans to members		<b>3,584,396</b>
Less provisions for Bad Debts		<b>(128,430)</b>
Prepayments and accrued income		<b>31,478</b>
Tangible fixed assets		<b>489,713</b>
Members shares		<b>(12,673,177)</b>
Creditors and accruals		<b>(29,648)</b>
		<hr/> <b>2,190,619</b>
<b>5. Interest on members' loans</b>		
<b>5a. Interest received &amp; receivable</b>		
	<b>2022</b>	<b>2021</b>
	<b>€</b>	<b>€</b>
Closing accrued loan interest receivable	<b>45,038</b>	53,500
Loan interest received in year	<b>2,012,914</b>	1,606,400
Opening accrued loan interest receivable	<b>(53,500)</b>	(43,962)
<b>Total interest on members' loans</b>	<hr/> <b>2,004,452</b>	<hr/> <b>1,615,938</b>
<b>5b. Interest received from performing and non-performing loans</b>		
	<b>2022</b>	<b>2021</b>
	<b>€</b>	<b>€</b>
Interest received from performing loans	<b>1,985,157</b>	1,576,115
Interest received from non-performing loans	<b>27,757</b>	30,285
<b>Total interest received</b>	<hr/> <b>2,012,914</b>	<hr/> <b>1,606,400</b>
<b>6. Other interest income and similar income</b>		
	<b>2022</b>	<b>2021</b>
	<b>€</b>	<b>€</b>
Investment income and gains received by the Balance Sheet date	<b>260,333</b>	250,989
Receivable within 12 months of Balance Sheet date	<b>275,438</b>	308,539
<b>Total investment income</b>	<hr/> <b>535,771</b>	<hr/> <b>559,528</b>

## Notes to the Financial Statements contd.

for the year ended 30th September 2022

### 7. Dividends payable

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

	2022	2021
	€	€
<b>Dividend paid during the year</b>	<b>8,608</b>	NIL
Dividend rate: Members' shares	<b>0.01%</b>	0%
<b>Loan interest rebate paid during the year</b>	<b>69,767</b>	NIL
Loan interest rebate rate	<b>5%/2.5%</b>	0%
<b>Dividend and loan interest rebate proposed, but not recognised</b>		

The directors do not propose to pay any dividend or loan interest rebate for the year ended 30th September 2022, subject to agreement by the membership at the AGM.

### 8. Other income

	2022	2021
	€	€
ECCU rebate	<b>31,641</b>	96,180
Entrance fees	<b>518</b>	477
Other income	-	-
<b>Total other income</b>	<b>32,159</b>	<b>96,657</b>

### 8a. SPS Refund

The Savings Protection Scheme (SPS) is a discretionary scheme funded by Credit Unions affiliated to the Irish League of Credit Unions (ILCU).

At the ILCU 2022 AGM, a resolution was passed to authorise a distribution from the SPS funds to all affiliated Credit Unions based on asset size. ICU received €402,149 during the year and a further €44,683 is due to be received.

### 9. Expenses

		2022	2021
	Note	€	€
Employment costs	10b	<b>908,379</b>	801,604
Depreciation	12	<b>164,006</b>	143,213
Other management expenses (Schedule 1)		<b>1,553,885</b>	1,129,060
		<b>2,626,270</b>	<b>2,073,877</b>

### 10. Employees and employment costs

#### 10a. Number of employees

The average monthly number of employees during the year was:

	2022	2021
	Number	Number
Manager	<b>1</b>	1
Other staff	<b>29</b>	23
<b>Total</b>	<b>30</b>	<b>24</b>



## Notes to the Financial Statements contd.

for the year ended 30th September 2022

### 10b. Employment costs

	2022	2021
	€	€
Wages and salaries	873,521	735,415
Payments to pension schemes	34,858	66,189
<b>Total employment costs</b>	<b>908,379</b>	<b>801,604</b>

Inishowen Credit Union paid a sum of €693,380 in respect of a past service Pension Deficit in accordance with Note 20 on Page 29.

### 10c. Key management personnel

The remuneration of key management personnel was as follows:

	2022	2021
	€	€
Short term employee benefits	263,580	293,033
Payments to defined benefit pension schemes	10,824	30,446
<b>Total key management personnel compensation</b>	<b>274,404</b>	<b>323,479</b>

### 11. Cash & cash equivalents

	2022	2021
	€	€
Cash and balances at bank	3,746,861	3,248,368
Deposits and investments	8,545,616	7,364,583
<b>Total cash and cash equivalents</b>	<b>12,292,477</b>	<b>10,612,951</b>

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
	€	€	€	€	€
<b>Cost</b>					
At 1 <sup>st</sup> October 2021	1,908,522	353,519	235,022	609,310	3,106,373
Transfer of Engagement	-	-	-	-	-
Additions	-	22,397	4,956	24,371	51,724
Disposals	-	-	-	-	-
<b>At 30th September 2022</b>	<b>1,908,522</b>	<b>375,916</b>	<b>239,978</b>	<b>633,681</b>	<b>3,158,097</b>
<b>Depreciation</b>					
At 1st October 2021	673,079	245,296	182,478	525,494	1,626,347
Charge for the year	67,744	23,002	29,149	44,111	164,006
Eliminated on disposals	-	-	-	-	-
<b>At 30th September 2022</b>	<b>740,823</b>	<b>268,298</b>	<b>211,627</b>	<b>569,605</b>	<b>1,790,353</b>
<b>Net book value</b>					
<b>At 30<sup>th</sup> September 2021</b>	<b>1,235,443</b>	<b>108,223</b>	<b>52,544</b>	<b>83,819</b>	<b>1,480,026</b>
At 30th September 2022	1,167,699	107,618	28,351	64,076	1,367,744

## Notes to the Financial Statements contd.

for the year ended 30th September 2022

### 13. Loans to members – financial assets

#### 13a. Loans to members

	Note	2022 €	2021 €
As at 1 <sup>st</sup> October		<b>24,779,803</b>	20,845,530
Transfer from TOE		-	3,584,396
Advanced during the year		<b>13,081,737</b>	11,251,153
Repaid during the year		<b>(11,909,513)</b>	(10,857,562)
Loans written off		<b>(83,667)</b>	(43,714)
<b>Gross loans to members</b>	12b	<b>25,868,360</b>	24,779,803
Impairment allowances			
Individual loans		<b>(466,519)</b>	(323,527)
Groups of loans		<b>(1,641,571)</b>	(1,881,539)
<b>Loan provision</b>	12c	<b>(2,108,090)</b>	<b>(2,205,066)</b>
<b>As at 30<sup>th</sup> September</b>		<b>23,760,270</b>	<b>22,574,737</b>

#### 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.

	2022		2021	
	Amount €	Proportion %	Amount €	Proportion %
<b>Gross loans Not impaired:</b>				
Not past due	<b>23,121,334</b>	<b>89.38%</b>	22,539,976	89.75%
<b>Gross loans individually impaired</b>				
Not past due	<b>1,692,663</b>	<b>6.54%</b>	1,518,263	6.13%
Up to 9 weeks past due	<b>591,395</b>	<b>2.29%</b>	549,860	2.22%
Between 10 and 18 weeks past due	<b>91,248</b>	<b>0.35%</b>	146,074	0.59%
Between 19 and 26 weeks past due	<b>23,282</b>	<b>0.09%</b>	107,263	0.43%
Between 27 and 39 weeks past due	<b>77,745</b>	<b>0.31%</b>	79,818	0.32%
Between 40 and 52 weeks past due	<b>109,866</b>	<b>0.42%</b>	64,222	0.26%
53 or more weeks past due	<b>160,827</b>	<b>0.62%</b>	74,327	0.30%
Gross loans individually impaired	<b>2,747,026</b>	<b>10.62%</b>	2,539,827	10.25%
<b>Total gross loans</b>	<b>25,868,360</b>	<b>100%</b>	24,779,803	100%

## Notes to the Financial Statements contd.

for the year ended 30th September 2022

### 13b. Credit risk disclosures (Cont'd)

	2022	2021
	€	€
<b>Impairment allowance</b>		
Individual loans	(466,519)	(323,527)
Groups of loans	<u>(1,641,571)</u>	<u>(1,881,539)</u>
<b>Total carrying value</b>	<u><b>23,760,270</b></u>	<u><b>22,574,737</b></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

	2022	2021
	€	€
As at 1 <sup>st</sup> October	2,205,066	2,230,024
Transfer in from TOE	-	128,430
Net movement in loan provisions for loans outstanding	(13,309)	(109,674)
Decrease in loan provisions during the year	<u>(83,667)</u>	<u>(43,714)</u>
<b>As at 30<sup>th</sup> September</b>	<u><b>2,108,090</b></u>	<u><b>2,205,066</b></u>

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

	2022	2021
	€	€
Bad debts recovered	(167,463)	(179,622)
(Decrease) / Increase in loan provisions during the year	(96,976)	(153,389)
Loans written off	83,667	43,714
<b>Net (recoveries)/losses on loans to members recognised for the year</b>	<u><b>(180,772)</b></u>	<u><b>(289,297)</b></u>

### 13e. Analysis of Gross Loans Outstanding

	2022		2021	
	Number of	€	Number of	€
	Loans		Loans	
Less than one year	1,077	1,041,968	913	959,586
Greater than 1 year and less than 3 years	1,877	7,120,365	1,813	7,028,381
Greater than 3 years and less than 5 years	1,118	9,863,340	1,145	9,634,903
Greater than 5 years and less than 10 years	250	7,842,687	219	7,156,933
Greater than 10 years and less than 25 years	-	-	-	-
	<u>4,322</u>	<u>25,868,360</u>	<u>4,090</u>	<u>24,779,803</u>

### 14. Prepayments and accrued income

	2022	2021
	€	€
Prepayments and other debtors	212,805	155,109
Accrued income investments	275,438	308,539
Accrued loan interest income	45,038	53,500
	<u><b>533,281</b></u>	<u><b>517,148</b></u>

## Notes to the Financial Statements contd.

for the year ended 30th September 2022

### 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)

	2022	2021
	€	€
Fixed term deposits with banks (note 11)	8,545,616	7,364,583
<b>Total cash equivalents</b>	<b>8,545,616</b>	<b>7,364,583</b>

#### Other (Original Maturity after 3 months)

	2022	2021
	€	€
Fixed term deposits and bonds with banks	61,914,520	64,727,650
Central Bank Minimum deposits	6,257,616	6,362,901
<b>Total other</b>	<b>68,172,136</b>	<b>71,090,551</b>

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

	2022	2021
	€	€
A1	19,373,728	15,626,138
A2	15,916,301	17,568,034
A3	8,500,000	9,902,953
Aa2	2,940,620	2,950,042
Aa3	2,000,000	3,997,795
Baa1	7,487,791	5,984,575
Baa2	3,686,829	6,685,558
Baa3	2,009,251	2,012,555
<b>Total deposits and investments</b>	<b>61,914,520</b>	<b>64,727,650</b>

### 16. Members' Shares – financial liabilities

	2022	2021
	€	€
As at 1 <sup>st</sup> October	88,952,793	72,748,066
Acquired re TOE	-	12,673,177
Received during the year	20,355,755	21,499,582
Repaid during the year	(20,331,128)	(17,968,032)
<b>As at 30<sup>th</sup> September</b>	<b>88,977,420</b>	<b>88,952,793</b>

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

	2022	2021
	€	€
Unattached shares	81,715,932	81,612,452
Attached shares	7,261,488	7,340,341
<b>Total members' shares</b>	<b>88,977,420</b>	<b>88,952,793</b>

## Notes to the Financial Statements contd.

for the year ended 30th September 2022

### 17. Other payables

	2022	2021
	€	€
PAYE/PRSI	20,863	15,564
Other accruals	262,558	243,950
	<b>283,421</b>	<b>259,514</b>

### 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%
Blace Friday loans	5.95%	6.11%
Community loans	6%	6.18%
COVID 19 loans	5%	5.13%
Low Cost Loans	5%	5.13%
Cultivate Loans	6.55%	6.75%

### 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 2022

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

### *The Irish League of Credit Unions Republic of Ireland 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.

On 31 March 2022, the defined benefit scheme closed to future accrual and although staff retained all the benefits that they had earned in the scheme to that date, Inishowen Credit Union Limited and its employees ceased making regular contributions to the scheme and ceased earning any additional benefits from the scheme.

## Notes to the Financial Statements contd.

for the year ended 30th September 2022

At the date of closure of the scheme, there was a past service deficit which was allocated to each individual credit union based on the total benefits earned by staff in each credit union. Inishowen Credit Union Limited's allocation of that past service deficit is €693,380. This total cost is included in the Income & Expenditure account for the year ended 30 September 2022.

As this is a pooled pension scheme, Inishowen Credit Union Limited remains liable to cover the cost of their share of any future increase in the total cost of providing the pension payments to credit union employees who were part of the scheme. Inishowen Credit Union Limited could exit the scheme and therefore never have to make a potential additional payment requirement but exiting the scheme would incur a substantial additional cost.

If credit unions exit the Scheme, they are required to pay to the trustees the exit amount which the trustees determine is required to fund benefits in respect of their active, deferred and pensioner members on a "no risk" basis. The exiting credit union thereby settles any liability they have to contribute to the Scheme in the future without increasing the risk for remaining credit unions.

### 21. Post Balance Sheet events

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

### 22. Contingent liabilities

The Registry of Credit Unions informed credit unions in the Republic of Ireland on 17 September 2018 that it had become aware of a potential matter that may impact certain credit unions in respect of accrued interest outstanding on loans where additional credit is extended to a member by way of a top-up-loan, which could potentially result in over-collection of interest.

Further to this in 2021, Inishowen Credit Union undertook a review to ascertain whether any top-up loans made to members might be impacted by these circumstances and were satisfied that no over-collection of interest has occurred in the sample chosen.

The Registry of Credit Unions has further communicated with Credit Unions on 9 September 2022 requesting that the credit unions position be considered further. Inishowen Credit Union have considered the position and made submissions to the Registrar of Credit Unions, however as the process is not yet complete and therefore, the existence of any liability and any reliable estimate amount of any liability associated with this matter, while possible, remains uncertain along with the timing of same. Consequently, no provision has been made in the financial statements to 30th September 2022 for any amount that may become payable by Inishowen 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 (2021: €5,200,000) in compliance with Section 47 of the Credit Union Act 1997, as amended.

## Notes to the Financial Statements contd.

for the year ended 30th September 2022

### 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 €79,550 (2020: €162,600). 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 2022 were €136,771 (2021: €200,250). These loans amounted to 0.53% of total gross loans due at 30th September 2022 (2021: 0.81%).

There were provisions of €7,492 against the loans due from directors, the management team and their family members at 30th September 2022 (2021: €12,452).

The related party share balances stood at €330,862 at 30th September 2022 (2021: €522,006).

### 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 2022 are summarised as follows:

	€
Opening Balance at 1st October 2021	522
Income from members' ticket sales	54,810
Expenses	(886)
Prizes	<u>(54,000)</u>
Closing Balance at 30th September 2022	<u>446</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 19 December 2022.



## Schedule to the Financial Statements

for the year ended 30th September 2022

### Schedule 1 - Other management expenses

	2022	2021
	€	€
Rent and Rates	32,866	30,604
Light, heat and cleaning	54,055	39,801
Repairs and maintenance	11,253	14,347
Printing and stationery	29,910	17,025
Postage and telephone	30,541	38,075
Promotion and advertising	62,232	38,860
Donations and sponsorship	3,955	19,900
Computer maintenance	189,911	114,166
Training costs	8,363	4,992
Chapter expenses	-	-
AGM expenses	31,365	22,469
Travel and subsistence	8,513	6,457
General insurance	39,945	34,844
Share and loan insurance	369,638	280,476
Audit fees	11,685	11,685
Internal audit fee	14,700	16,828
Consultancy and professional fees	269,552	184,492
Debt collection fees	40,928	27,180
Bank charges	58,634	38,919
CUSOP expenses	33,438	22,785
Irish credit bureau costs	9,383	15,491
Affiliation fees	32,881	24,970
Savings protection scheme contribution	7,024	6,590
Financial regulatory costs	158,751	112,283
General expenses	44,362	5,821
<b>Total other management expenses</b>	<b>1,553,885</b>	<b>1,129,060</b>



1 – Winners of our Buddy Bench Facebook competition, Craigtown National School in Carndonagh!

2, 3, 4 & 5 – Some of our student bursary award winners being presented with their awards from director Anne Marie Gleeson.

6, 7, 8, 9, 10 & 11 – Members, Staff and volunteers enjoying the celebrations at the one-year anniversary of our merger and International Credit Union Day. Highland Radio broadcasted from our Moville Office on the day. Paul Brogan, Chairperson of the Board of Directors, and Brendan Malone, Operations Manager, were interviewed by John Breslin and shared about our credit union, the importance of our volunteers and members, and more.

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