



# SECTION 130 PACK

IN RELATION TO THE PROPOSED TRANSFER  
OF ENGAGEMENTS OF  
COOTEHILL CREDIT UNION LIMITED  
TO LINK CREDIT UNION LIMITED





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

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# NOTICE OF MEETINGS



## Notice and Formal Invitation of Link Credit Union Limited Virtual SGM

Notice is hereby given that a Special General Meeting of Link Credit Union Limited will take place on **Monday 10th October 2022 at 6.30 p.m. via Zoom Webinar.**

## Notice and Formal Invitation of Cootehill Credit Union Limited SGM

Notice is hereby given that a Special General Meeting of Cootehill Credit Union Limited will take place on **Monday 10th October 2022 at 8.00 p.m. in the Errigal Country House Hotel, Cavan Road, Cootehill, Co. Cavan.**



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# MESSAGE FROM LINK CREDIT UNION LIMITED & COOTEHILL CREDIT UNION LIMITED

## Dear Members,

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

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

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

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

*Ian Primrose*  
**Ian Primrose**  
Chairperson  
Link Credit Union Ltd

*Colm McCormick*  
**Colm McCormick**  
Chairperson  
Cootehill Credit Union Ltd

# PROPOSED TRANSFER OF ENGAGEMENTS

## LINK CREDIT UNION LIMITED

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

### PROPOSED SPECIAL RESOLUTION

*The members of Link Credit Union Limited resolve that the Credit Union accepts the Transfer of Engagements of Cootehill Credit Union Limited in accordance with the relevant provisions of the Credit Union Act 1997 (as amended).*

*David Donagh, Secretary, Link Credit Union Limited*

**Link Credit Union Limited Statement required under Section 130 of the Credit Union Act 1997 (as amended) in respect of Cootehill Credit Union Limited.**

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

1. The financial position of Link Credit Union Limited and of Cootehill Credit Union Limited is set out in the form of the audited annual accounts for Link Credit Union Limited as at 30th September 2021 and the most recent unaudited Income & Expenditure Account and Balance sheet as at 31st July 2022, and the audited annual accounts for Cootehill Credit Union Limited as at 30th September 2021 and the most recent unaudited Income & Expenditure Account and Balance sheet as at 31st July 2022.
2. No payment is proposed to be made to the members of Cootehill Credit Union Limited or Link Credit Union Limited in consideration of the proposed transfer.
3. There will be no change to the terms governing outstanding loans currently held by members in Cootehill Credit Union Limited or Link Credit Union Limited. Members with current loans in Link Credit Union Limited and Cootehill Credit Union Limited will continue to repay loans under the existing terms of their credit agreements. New loans issued after the Transfer of Engagements will be at the then prevailing loan rate in Link Credit Union Limited.
4. Staff at Cootehill Credit Union Limited and Link Credit Union Limited have been fully appraised of all aspects of the Transfer of Engagements and are very much involved in the Transfer of Engagements process. The staff of Cootehill Credit Union Limited will transfer to Link Credit Union Limited under the Transfer of Undertakings (Protection of Employment) Regulations 2003.

## COOTEHILL CREDIT UNION LIMITED

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

### PROPOSED SPECIAL RESOLUTION

*The members of Cootehill Credit Union Limited resolve that the Credit Union Transfers its Engagements to Link Credit Union Limited in accordance with the relevant provisions of the Credit Union Act 1997 (as amended).*

*Patrick Boyle, Secretary, Cootehill Credit Union Limited*

# PROPOSED TRANSFER OF ENGAGEMENTS

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

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

1. The financial position of Link Credit Union Limited and of Cootehill Credit Union Limited is set out in the form of the audited annual accounts for Link Credit Union Limited as at 30th September 2021 and the most recent unaudited Income & Expenditure Account and Balance sheet as at 31st July 2022, and the audited annual accounts for Cootehill Credit Union Limited as at 30th September 2021 and the most recent unaudited Income & Expenditure Account and Balance sheet as at 31st July 2022.
2. No payment is proposed to be made to the members of Cootehill Credit Union Limited or Link Credit Union Limited in consideration of the proposed transfer.
3. There will be no change to the terms governing outstanding loans currently held by members in Cootehill Credit Union Limited or Link Credit Union Limited. Members with current loans in Link Credit Union Limited and Cootehill Credit Union Limited will continue to repay loans under the existing terms of their credit agreements. New loans issued after the Transfer of Engagements will be at the then prevailing loan rate in Link Credit Union Limited.
4. Staff at Cootehill Credit Union Limited and Link Credit Union Limited have been fully appraised of all aspects of the Transfer of Engagements and are very much involved in the Transfer of Engagements process. The staff of Cootehill Credit Union Limited will transfer to Link Credit Union Limited under the Transfer of Undertakings (Protection of Employment) Regulations 2003.

## MEMBER INFORMATION

The advantages for members are that the enlarged Credit Union will protect the provision of Credit Union services in our community and allow for more investment in our community. The decision to seek a transfer of engagements was made in order to offer additional services to the members whilst ensuring compliance with all relevant legislation and regulations. There is also increased financial strength in combining both our Credit Unions.

**WHAT DOES A TRANSFER OF ENGAGEMENTS MEAN?**

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

# MEMBER INFORMATION *(cont)*

## WHAT WILL HAPPEN NEXT?

We envisage that if the Transfer of Engagements is approved by the Members in both Credit Unions and the Central Bank, the affairs of Cootehill Credit Union Limited will be transferred to Link Credit Union Limited before the end of November 2022. All Credit Union offices may need to close for a short period in order to facilitate the transfer, and members will be kept informed of developments closer to the time. Until then, it is business as usual at both Credit Unions.

## HOW WILL THIS CHANGE AFFECT ME?

For existing members there will be no noticeable change. The offices in Kingscourt, Bailieborough and Cootehill will remain open for members.

All members will have the added advantage of being able to transact their business, if it is convenient for them to do so, in all three offices when the transfer takes operational effect.

- If you are a member of Cootehill Credit Union Limited, you will still continue to be able to conduct your business in the Cootehill office. In addition, once the transfer takes effect, you will be able to transact your business in the Kingscourt and Bailieborough offices also.
- If you are a member of Cootehill Credit Union Limited, you will now be able to avail of the Current Account and Debit Card service in Link Credit Union Limited.
- If you are a member of Cootehill Credit Union Limited, you will be able to join the Credit Union on-line and conduct Loan Applications and Drawdowns on-line without needing to call into the office (where applicable).
- Members with current loans in Link Credit Union Limited and Cootehill Credit Union Limited will continue to repay loans under the existing terms of their credit agreements. New loans issued after the Transfer of Engagements will be at the then prevailing loan rate in Link Credit Union Limited.
- If you are a member of Cootehill Credit Union Limited, Loan Repayment Protection Insurance will no longer be available as a product on completion of the Transfer of Engagements.
- If you are a member of Cootehill Credit Union Limited, a new account number will be issued to you. All of your account balances and information will remain exactly the same.
- If you are a member of Cootehill Credit Union Limited, you will now be included in the free Link Credit Union Limited Death Benefit Insurance of €1,300. Should an accidental death occur the Death Benefit amount payable is doubled to €2,600. Qualifying criteria for Death-Benefit Insurance if you are:
  - a. Aged over 16;
  - b. have joined the Credit Union (Link Credit Union Limited or Cootehill Credit Union Limited) before your 70th Birthday;
  - c. have maintained a minimum share balance of €25 in your account;
  - d. are actively at work, carrying out your normal duties, or otherwise in general good health.

## DO I HAVE TO DO ANYTHING?

We do welcome any views that any member may have on the proposed Transfer of Engagements. Members may write to the secretary of either Credit Union or email to [info@linkcu.ie](mailto:info@linkcu.ie) or [info@cootehillcu.ie](mailto:info@cootehillcu.ie) with any views, comments or queries they may have.





LINK CREDIT UNION



# LINK CREDIT UNION LIMITED

## SPECIAL GENERAL MEETING

### NOTICE & AGENDA

Notice is hereby given that the Special General Meeting of Link Credit Union Limited will take place on **Monday 10th October 2022, at 6.30pm**, by Zoom webinar.

**The agenda for the Special General Meeting is as follows:**

1. Acceptance by the Board of Directors of the authorised representatives of members that are not natural persons
2. Ascertainment that a quorum is present
3. Adoption of Standing Orders
4. Appointment of Tellers
5. Consideration of Special Resolution  
*The members of Link Credit Union Limited resolve that the Credit Union accepts the Transfer of Engagements of Cootehill Credit Union Limited in accordance with the relevant provisions of the Credit Union Act 1997 (as amended).*
6. Rule Amendment – Board of Directors  
*‘That this Special General Meeting agrees that the registered number of members of the Board of Directors in Link Credit Union Limited be increased from nine to eleven.’*
7. Close of Meeting



# NOTICE & FORMAL INVITATION OF LINK CREDIT UNION LIMITED SPECIAL GENERAL MEETING

Notice is hereby given that a Special General Meeting of Link Credit Union Limited will take place on **Monday 10th October 2022 at 6.30 p.m. via Zoom Webinar.**

**Members wishing to attend the Virtual AGM need to register before 5.30pm on Wednesday 5th October 2022 by sending an email to [sgm2022@linkcu.ie](mailto:sgm2022@linkcu.ie) providing the following information:**

- Name
- Membership Number
- Date of Birth
- This information will be verified against the members records with the Credit Union. The same email address cannot be used for multiple registrations.

**The following information is pertinent to this notice:**

- Link Credit Union Limited will be using Zoom Webinar as the electronic platform to host the meeting.
- Closing date for registration is **5.30pm on Wednesday 5th October 2022.**
- The Credit Union will be verifying member details prior to invitations being sent, including the requirement to have up-to-date, acceptable photographic identification and address verification on file with the Credit Union.
- If information is not up to date, the Credit Union will notify you by email.
- Once the verification process is complete, a link to the Virtual SGM will be emailed to you by Monday 10th October. (Please ensure to check your junk and spam folders for this email).
- A Zoom tutorial will be available on our website [www.linkcu.ie](http://www.linkcu.ie).
- All non-presenting participants will be muted and have their cameras switched off to allow the smooth running of the meeting.
- A member can type a question to the Chairperson by clicking on the "Q&A" button of the screen, at any time during the meeting. We will answer all questions asked at the SGM.
- The Q&A button can also be used to advise the Chair that you wish to speak to the meeting
- Questions can be submitted ahead of the meeting to **[sgm2022@linkcu.ie](mailto:sgm2022@linkcu.ie) by Wednesday 5th October at 5.30pm.**
- Voting will be conducted by way of online poll and each member will be asked to vote Yes/ No when instructed by the Chairperson. The votes will be tallied electronically and announced by the Chairperson.
- In order to comply with GDPR requirements members are not permitted to record the meeting.

*David Donagh*  
**David Donagh**  
Hon Secretary



# MODEL STANDING ORDERS FOR CREDIT UNIONS

## Virtual/Hybrid Annual General Meeting (ROI)

### 1. VOTING

- Each member is entitled to one vote irrespective of his/her shareholding, and only the first named member on joint accounts, in accordance with section 82(2) of the Credit Union Act, 1997 (as amended). As the SGM will be a virtual meeting, all voting will be by electronic means. Each member registered for and attending the virtual SGM, will be given the opportunity to exercise their vote electronically during the meeting.

### 2-3 ELECTION PROCEDURE - ELECTRONIC VOTING

- Following the announcement of voting, attendees will be given the opportunity to vote electronically. Those in attendance will be given 20 seconds to record their vote. The mechanics of the electronic voting process will be explained in more detail at the SGM by the Chair.
- The votes will be tallied electronically. When all votes have been completed and results become available, the Chair will announce the results.

### 4-8 MOTIONS

- Members will be permitted to move motions from the floor but should give the Credit Union advance notice in order to permit a smooth and efficient management of this process, as the meeting is being held remotely. Please send by email to [sgm2022@linkcu.ie](mailto:sgm2022@linkcu.ie) before 5.30pm on Wednesday 5th October 2022.
- Members will be invited to submit questions to the Board via "Q&A" button on the toolbar in the Zoom Webinar and the Board will address these during the SGM.
- Any Special Resolution to be decided upon by vote at the SGM shall, unless otherwise expressly provided for by law or the rules, be decided upon by 75% majority of those present and voting by a show of hands. Voting is by electronic means
- A proposer of a motion may speak for such period as shall be at the discretion of the Chair of the meeting and shall have the right of reply before the motion is put to the meeting for a vote.
- The Chair shall have the absolute right to decide at any time when a motion has been sufficiently discussed.

### 9-13 MISCELLANEOUS

- The Chair of the Board of Directors shall be the Chair of any general meeting, except where he/she is not available, in which case it shall be the Vice-chair, except where he/she is not available, in which case the Board shall decide amongst themselves who shall act as Chair of any general meeting.
- The Chair may at his/her discretion, extend the privilege of the floor to any person who is not a member.
- Only matters on the agenda will be considered at the SGM.
- The Chair shall have the absolute right to decide at any time when a topic has been sufficiently discussed.



13. No member shall have more than one vote on each question at any general meeting of the Credit Union or any adjournment thereof irrespective of his/her shareholding or the number of accounts in his/her name in the Credit Union provided, however, except in voting at elections, the presiding member shall have a second or casting vote in the event of equality of voting. Voting by proxy shall be allowed only when a member other than a natural person votes through a representative, who is a member of the group, duly authorised in writing for that purpose and accepted as such by the Board of Directors. Proxies must be received by 5.30pm on Wednesday 5th October 2022.

#### **14-15 SUSPENSION/ALTERATION OF STANDING ORDERS**

14. Any one of these Standing Orders or all of these Standing Orders may be suspended on a motion to this effect receiving a two-thirds majority of those present and entitled to vote.
15. Standing Orders may be amended or altered at a general meeting and only if a motion to this effect has received a two-thirds majority of those present and voting.

#### **16 ADJOURNMENTS**

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

#### **17-23 VIRTUAL MEETING ITEMS**

17. All non-presenting participants will be muted and have their cameras switched off to allow the smooth running of the meeting.
18. A member shall only address the meeting when called upon by the Chair to do so, when invited to contribute.
19. All members are asked to utilise the "Q&A" button on the bottom of the toolbar in Zoom Webinar to ask questions.
20. All members are reminded to conduct themselves in a professional manner. Please refrain from sharing any explicit, violent or inappropriate content.
21. Provision shall be made for the protection of the Chair from vilification (personal abuse).
22. All members are asked to turn their mobile phone on silent as even the vibrate setting can cause disruptions.
23. The SGM will be recorded.



## 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 of the Income and Expenditure of the Credit Union for that period. In preparing those financial statements, the Directors are required to:

- (i) select suitable accounting policies and then apply them consistently;
- (ii) make judgements and estimates that are reasonable and prudent;
- (iii) 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 which 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

*Michael Donohoe*

**Michael Donohoe**

Chairperson

28<sup>th</sup> October 2021

*David Donagh*

**David Donagh**

Secretary

28<sup>th</sup> October 2021

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

On behalf of the Board Oversight Committee

*Darragh Smith*

**Darragh Smith**

Chairperson

28<sup>th</sup> October 2021

# INDEPENDENT AUDITORS REPORT

TO THE MEMBERS OF LINK CREDIT UNION LIMITED

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

We have audited the Financial Statements of Link 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 of 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.

### CONCLUSION 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 the 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 considered were 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, 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 controls as they determine is necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

In preparing for 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 and 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.

#### **Purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Credit Union's members, as a body, in accordance with Section 120 of the Credit Union Act 1997, as amended. Our audit work has been undertaken so that we might state to the Credit Union's members those matters we are required to state to them in an auditors' 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.

#### **Paul Rundle FCCA - Statutory Auditor**

#### **For and on behalf of**

**J.P. Rundle & Co.**

Chartered Certified Accountants and Registered Auditors,  
Moore Hall,  
Ardee,  
Co. Louth.

28<sup>th</sup> October 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 judgement 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 a going concern. 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 a going concern.
- 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.



# FINANCIAL STATEMENTS

## Income & Expenditure Account

For the year ended 30th September 2021

Income	Schedule	2021 €	2020 €
Interest on members' loans	1	1,653,073	1,765,049
Other interest and similar income	2	560,205	525,165
<b>Net interest income</b>		<b>2,213,278</b>	<b>2,290,214</b>
Other income	3	146,227	23,838
<b>Total Income</b>		<b>2,359,505</b>	<b>2,314,052</b>

### Expenditure

Salaries, pension and other wage costs		887,692	896,877
Other management expenses	4	1,290,349	1,295,613
Depreciation		80,645	74,155
Net impairment losses/(gains) on loans to members (note 5)		(158,583)	(24,617)
<b>Total Expenditure</b>		<b>2,100,103</b>	<b>2,242,028</b>

## Statement of comprehensive income For the year ended 30<sup>th</sup> September 2021

	2021 €	2020 €
Surplus for the financial year	259,402	72,024
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>259,402</b>	<b>72,024</b>

On behalf of the Credit Union

**Michael Donohoe**  
Chairperson of the  
Board of Directors

28<sup>th</sup> October 2021

**Darragh Smith**  
Chairperson of the Board  
Oversight Committee

28<sup>th</sup> October 2021

**Angela Rice**  
CEO

28<sup>th</sup> October 2021

# FINANCIAL STATEMENTS

## Balance Sheet

As at 30th September 2021

Assets	Notes	2021 €	2020 €
Cash and balances at bank	6	3,550,229	2,520,934
Deposits and investments – Cash Equivalents	6	14,521,870	11,836,591
Deposits and investments – other	7	78,827,866	72,560,309
Loans to members	9	18,510,838	19,010,189
Less: Impairment of Bad and Doubtful Debts	10	(1,490,969)	(1,467,389)
Members' overdrawn current accounts	15	525	-
Tangible Fixed Assets	12	724,480	805,125
Prepayments and Accrued Income	13	93,122	100,364
<b>Total Assets</b>		<b>114,737,961</b>	<b>105,366,123</b>
<b>Other Liabilities</b>			
Other Liabilities and Charges	14	404,626	248,353
Bank Overdraft		201,212	134,092
		<b>605,838</b>	<b>382,445</b>
<b>Members' Liabilities</b>			
Members' Savings	15	85,263,019	79,798,778
Members' EFT Accounts	15	9,670,400	7,095,960
Members' Current Accounts	15	1,271,361	420,999
<b>Total Liabilities</b>		<b>96,810,618</b>	<b>87,698,182</b>
<b>Members Resources/Reserves</b>			
Regulatory reserves		12,129,156	11,629,156
Operational risk reserve		500,000	500,000
MPCAS Reserve		200,000	200,000
Other reserves  Retained Earnings			
- Realised reserves		5,098,187	5,338,785
- Unrealised reserves		-	-
<b>Total Reserves</b>		<b>17,927,343</b>	<b>17,667,941</b>
<b>Total Liabilities and Reserves</b>		<b>114,737,961</b>	<b>105,366,123</b>

On behalf of the Credit Union

**Michael Donohoe**  
Chairperson of the  
Board of Directors  
28<sup>th</sup> October 2021

**Darragh Smith**  
Chairperson of the Board  
Oversight Committee  
28<sup>th</sup> October 2021

**Angela Rice**  
CEO

28<sup>th</sup> October 2021



# FINANCIAL STATEMENTS

## Statement of changes in reserves

For the year ended 30th September 2021

### MOVEMENT IN RESERVES

	Regulatory Reserve €	MPCAS Reserve €	Operational Risk reserve €	Dividend Reserve €	Unallocated Surplus €	Total €
<b>As at 1 October 2019</b>	<b>10,879,156</b>	<b>200,000</b>	<b>500,000</b>	<b>255,833</b>	<b>5,760,928</b>	<b>17,595,917</b>
Surplus for the year	-	-	-	-	72,024	72,024
Dividends paid during the year	-	-	-	-	-	-
Loan Interest rebate paid during the year	-	-	-	-	-	-
Transfer between reserves	750,000	-	-	-	(750,000)	-
<b>Closing Balance at 30 September 2020</b>	<b>11,629,156</b>	<b>200,000</b>	<b>500,000</b>	<b>255,833</b>	<b>5,082,952</b>	<b>17,667,941</b>
<b>Opening Balance at 1 October 2020</b>	<b>11,629,156</b>	<b>200,000</b>	<b>500,000</b>	<b>255,833</b>	<b>5,082,952</b>	<b>17,667,941</b>
Surplus for the year	-	-	-	-	259,402	259,402
Dividends paid during the year	-	-	-	-	-	-
Loan Interest rebate paid during the year	-	-	-	-	-	-
Transfer between reserves	500,000	-	-	-	(500,000)	-
<b>Closing Balance at 30th September 2021</b>	<b>12,129,156</b>	<b>200,000</b>	<b>500,000</b>	<b>255,833</b>	<b>4,842,354</b>	<b>17,927,343</b>

- The Regulatory reserve of the Credit Union as a % of total assets as at 30 September 2021 was 10.57% (2020: 11.04%) which is in excess of the 10% required limit.
- In accordance with Section 45 of the Credit Union Act 1997 as amended Link Credit Union Limited put in place an Operational Risk Reserve. (This represents 0.44% of Total Assets)
- In accordance with Central Bank Requirements Link Credit Union Limited put in place an MPCAS Operational Risk Reserve. (This represents 0.17% of Total Assets)

# FINANCIAL STATEMENTS

## Cash Flow Statement

For the year ended 30th September 2021

		2021 €	2020 €
<b>Cash flows from operating activities</b>	<b>Notes</b>		
Operating Surplus		259,402	72,024
Depreciation	12	80,645	74,155
Impairment of bad and Doubtful debts	10	93,729	194,458
<b>Net cash inflow from trading activities</b>		<b>433,776</b>	<b>340,637</b>
<b>Cash flows from investing activities</b>			
New loans to members	9	(9,313,677)	(8,963,797)
Repayment of members loans	9	9,742,879	9,714,233
Dividend and interest rebate		-	-
Net movement in other assets		7,242	178
Net movement in other creditors		156,273	(36,714)
Net movement in EFT accounts	15	2,574,440	1,885,173
Net movement in current accounts	15	849,837	415,935
<b>Net cash flows from operating activities</b>		<b>4,450,770</b>	<b>3,355,645</b>
<b>Cash flows from financing activities</b>			
Purchase of property, plant and equipment	12	-	(158,379)
Net movement in investments		(6,267,557)	(4,252,859)
<b>Net cash generated from investing activities</b>		<b>(6,267,557)</b>	<b>(4,411,238)</b>
<b>Cash flows from financing activities</b>			
New shares by members	15	28,626,953	26,809,698
Repayment of shares	15	(23,162,712)	(22,869,757)
<b>Net cash generated from financing activities</b>		<b>5,464,241</b>	<b>3,939,941</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>3,647,454</b>	<b>2,884,348</b>
<b>Cash and cash equivalents at 1st October</b>		<b>14,223,433</b>	<b>11,339,085</b>
<b>Closing cash and cash equivalents at 30th September</b>		<b>17,870,887</b>	<b>14,223,433</b>



# NOTES TO THE FINANCIAL STATEMENTS

For year ended 30th September 2021

## 1. LEGAL AND REGULATORY FRAMEWORK

Link Credit Union Limited is established under the Credit Union Act 1997, as amended. Link Credit Union Limited is registered with the Registrar of Credit Unions and is regulated by the Central Bank of Ireland. The principal place of business is Main Street, Kingscourt, Co. Cavan.

## 2. ACCOUNTING POLICIES

### Statement of compliance and basis of preparation

These financial statements have been prepared in accordance with FRS 102 (the Financial Reporting Standard applicable in the UK and Republic of Ireland). The financial statements are prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

### Currency

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

### Going concern

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

- is generating annual surpluses;
- maintains an appropriate level of liquidity; and
- has reserves that are currently above the minimum requirements of the Central Bank.

### 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.

#### *Investment Income*

Investment income is recognised on the accruals basis.

#### *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.

#### *Government Grants*

Government grants are recognised at their fair value in the income and expenditure account where there is a reasonable assurance that the grant will be received and the Credit Union has complied with all attached conditions. Capital Grants received where the Credit Union has yet to comply with all attached conditions are recognised as a liability (and included in deferred income within creditors and accruals) and released to income when all attached conditions have been complied with. Government grants received are included in "other income" in the income and expenditure account. The revenue grant during the year relates to contributions towards employee costs.

### Dividends to members and loan interest rebates

Dividends are made from current year's surplus or the dividend reserve set aside for that purpose. The Board's proposed distribution to members each year is based on the Distribution Policy of the Credit Union.

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

- the risk profile of the Credit Union, particularly in its loan & investment books;
- the Board’s desire to maintain a stable rather than a volatile rate of dividend each year; and
- members’ legitimate dividend expectations;

all dominated by prudence and the need to sustain the long-term welfare of the Credit Union. For this reason the Board will seek to build up the reserves to absorb unexpected shocks and still remain above the minimum regulatory requirements.

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

**Taxation**

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

**Tangible fixed assets**

Tangible fixed assets comprises items of property, plant and 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, on a straight line basis over its estimated useful life. The categories of property, plant and equipment are depreciated as follows:

Land	No Depreciation	
Buildings	50 years	2% Straight line
Fixtures & Fittings	5 years	20% Straight line
Computer	3 years	33.33% Straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the Income and Expenditure Account.

**Impairment of tangible fixed assets**

At each reporting date, Link Credit Union Limited reviews the carrying value of its tangible fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Credit Union estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Income and Expenditure account.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Income and Expenditure account.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and loans and advances to banks (i.e. cash deposited with banks and bonds) with maturity of less than or equal to three months.



## 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.

### 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 - Financial Assets*

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*

Investments are accounted for differently depending on how the different investments are designated at the outset and based on meeting certain criteria. The Credit Union uses the following accounting methods:

- a. **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.
- b. **Investments at Fair Value**  
Investments held which are considered non-basic financial instruments under Section 11 of FRS 102 and investment in stock market shares (i.e. non-convertible preference shares and non-puttable ordinary shares or preference shares) are included in this category. They are valued at fair value (market value) at the year-end date and all gains and losses are taken to the Income and Expenditure Account. The fair value of quoted investments is determined by reference to bid prices at the close of business on the Balance Sheet date.
- c. **Central Bank Deposits**  
Credit Unions are obliged to maintain certain minimum deposits with the Central Bank but may also hold an excess over the regulatory minimum. The regulatory minimum deposits are technically assets of the Credit Union but to which the Credit Union has restricted access. The regulatory minimum portion will not ordinarily be returned to the Credit Union while it is a going concern and are separately identified in note 7. Funds held with the Central Bank in excess of the regulatory minimum requirements are fully available to the Credit Union and are therefore treated as cash equivalents and included with other on demand cash deposits with banks. The amounts held on deposit with the Central Bank are not subject to impairment reviews.

### 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.



## **Impairment of financial assets**

Link Credit Union Limited assesses, at each balance sheet date, if there is objective evidence that any of its financial assets are impaired. That means 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. In the case of impairment of loans to members, the loans are assessed collectively in groups that share similar credit risk characteristics. Individually significant loans are assessed on a loan by loan basis. In addition, if, during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised. Any impairment losses are recognised in the Income and Expenditure Account as the difference between the carrying value of the loan and the net present value of the expected cash flows. 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.

## **De-recognition of financial assets**

Financial assets are de-recognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Credit Union transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. In the case of loans to members, loans are de-recognised when the right to receive cash flows from the asset have expired, usually when all amounts outstanding have been repaid by the member. Link Credit Union Limited does not transfer loans to third parties.

## **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 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***

Member's shareholdings in Link Credit Union Limited are redeemable and therefore are classified as financial liabilities. They are initially recognised at the amount of cash deposited and subsequently measured at amortised cost.

### ***Other payables***

Other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

## **De-recognition of financial liabilities**

Financial liabilities are de-recognised when the obligations of the Credit Union specified in the contract are discharged, cancelled or expire.

## **Employee benefits**

### ***Pension scheme***

Link 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 Link 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.



### ***Short term employee benefits***

The cost of short term employee benefits, including holiday pay, are recognised as a liability and as an expense over the period they are earned.

Termination benefits are recognised immediately as an expense when the Credit Union is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

### **Reserves**

Reserves/retained earnings are the accumulated surpluses to date that have not been declared as dividends returnable to members. The reserves are subdivided into realised and unrealised in accordance with the Central Bank Guidance Note for Credit Unions on Matters Relating to Accounting for Investments and Distribution Policy.

### ***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***

Section 45(5)(a) of the 1997 Act requires each Credit Union to maintain an additional reserve that it has assessed is required for operational risk having regard to the nature, scale and complexity of the Credit Union. Credit Unions are required to maintain a minimum operational risk reserve having due regard for the sophistication of the business model. The definition of operational risk is the risk of losses stemming from inadequate or failed internal processes, people and systems or from external events. Link Credit Union Limited uses the Basic Indicator Approach as set out in the operational risk measurements proposed under Basel II capital adequacy rules for banking institutions in calculating the Operational Risk Reserve which will at a minimum equal 15% of the average gross income for the previous three years. For any year which there was a deficit, this will be excluded from the calculation.

### ***Dividend reserve, General reserve and unallocated surplus***

The dividend reserve and unallocated surplus are the accumulated surpluses to date that have not been declared as dividends or loan interest rebate returnable to members or set aside to the Regulatory or Operational Risk reserves.

### ***Unrealised reserves***

Investment income that has been recognised but will not be received within 12 months of the balance sheet date is classified as 'unrealised' and is not distributable as a dividend in accordance with the Central Bank direction. All other income is classified as 'realised'. A reclassification between unrealised and realised is made as investments come to within 12 months of maturity date.

## **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 Link 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:

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

The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The useful lives are regularly reviewed and changed if necessary to reflect current conditions. In determining these useful lives, technological change, patterns of consumption, physical condition and expected economic utilisation of the assets are considered. Changes in the useful lives can have a significant impact on the depreciation charge for the financial year.

### ***Impairment losses on loans to members***

The Credit Union's accounting policy for impairment of financial assets is set out in the accounting policies. The estimation of loan losses is inherently uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local and international economic climates, conditions in various sectors of the economy to which the Credit Union is exposed, and, other external factors such as legal and regulatory requirements. Credit risk is identified, assessed and measured with the emphasis on weeks in arrears and other observable credit risk metrics. 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 along with 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. 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.

### ***Operational risk reserve***

The Directors have considered the requirements of the Credit Union Act 1997, as amended and have considered an approach to the calculation of the operational risk reserve based on the indicative guidance issued by the Central Bank.

## **4. KEY MANAGEMENT REMUNERATION**

The Directors of Link Credit Union Limited are all unpaid volunteers. Remuneration of the key management team for Link Credit Union Limited is as follows:

	<b>2021</b>	<b>2020</b>
	<b>€</b>	<b>€</b>
Short term employees benefits paid to key management	242,232	243,350
Payments to defined contribution/benefit pension scheme	34,745	34,341
<b>Total key management personnel compensation</b>	<b>276,977</b>	<b>277,691</b>

## **5. NET IMPAIRMENT (GAINS)/LOSS ON LOANS TO MEMBERS**

	<b>2021</b>	<b>2020</b>
	<b>€</b>	<b>€</b>
Bad Debts recovered	(220,881)	(184,457)
Impairment of loan interest reclassified as bad debt recoveries	(31,431)	(34,618)
Movement in loan provisions for the year	23,580	116,855
Loans charged off	70,149	77,603
<b>Net impairment (gains)/loss on loans to members</b>	<b>(158,583)</b>	<b>(24,617)</b>

## **6. CASH AND CASH EQUIVALENTS**

	<b>2021</b>	<b>2020</b>
	<b>€</b>	<b>€</b>
Cash balances	3,550,229	2,520,934
Deposits and investments cash equivalents	14,521,870	11,836,591
<b>Total cash &amp; cash equivalents</b>	<b>18,072,099</b>	<b>14,357,525</b>

Deposits and investments included under cash and cash equivalents above are those with maturity of less than or equal to 3 months.



## 7. DEPOSITS AND INVESTMENTS

	2021	2020
The Credit Union has the following investments:	€	€
Irish and EEA State Securities	2,323,200	1,324,743
Accounts in Authorised Credit Institutions	72,543,375	63,156,063
Bank bonds	13,643,363	12,149,496
Other	3,034,298	7,056,831
Central Bank deposits - regulatory minimum	805,500	709,767
Other Central Bank deposits	1,000,000	-
<b>Total deposits and investments</b>	<b>93,349,736</b>	<b>84,396,900</b>
Less: Deposits and investment cash equivalents	(14,521,870)	(11,836,591)
<b>Deposits and Investments - Other</b>	<b>78,827,866</b>	<b>72,560,309</b>

## 8. DIVIDEND AND LOAN INTEREST REBATE

The dividends and loan interest rebate for the current and prior year periods are detailed below:

### Paid during the year

There were no dividends or loan interest rebates paid in the years 2020 or 2021.

### Proposed, but not recognised

There were no dividends or loan interest rebates proposed in the years 2020 or 2021.

The dividend and any loan interest rebate are formally proposed by the Directors after the year end and are confirmed at an AGM of the members. As a result the proposed dividend for the current year does not represent a liability at the balance sheet date and the dividend included in the Statement of Reserves in the current year relates to dividends paid to members for the prior year.

## 9. FINANCIAL ASSETS – LOANS TO MEMBERS

	2021	2020
	€	€
As at 1 October	19,010,189	19,838,228
Advanced during the year	9,313,677	8,963,797
Repaid during the year	(9,742,879)	(9,714,233)
Loans charged off during the year	(70,149)	(77,603)
<b>Gross loans and advances</b>	<b>18,510,838</b>	<b>19,010,189</b>
<b>Impairment Losses</b>		
Individual financial assets	(829,499)	(795,463)
Group of financial assets	(661,470)	(671,926)
<b>Loan Provision</b>	<b>(1,490,969)</b>	<b>(1,467,389)</b>
<b>Net loans as at 30 September</b>	<b>17,019,869</b>	<b>17,542,800</b>

## 10. MOVEMENT IN IMPAIRMENT FOR DOUBTFUL DEBTS

	2021	2020
	€	€
Opening impairment	1,467,389	1,350,534
Bad debts incurred during the year	(70,149)	(77,603)
Increase/decrease in impairment	93,729	194,458
<b>Closing impairment</b>	<b>1,490,969</b>	<b>1,467,389</b>

The current impairment in the financial statements is €1,490,969 (2020: €1,467,389), a net movement of €23,580 and represents 8.05% (2020: 7.72 %) of the total loan book. The provision for bad debts is analysed in note 11.

## 11. CREDIT RISK DISCLOSURES

The majority of Link Credit Union Limited's loans to members are unsecured, except that there are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding. A small number of loans are secured by property.

The Credit Union complies with Section 12 of the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016. This regulation:

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

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

<b>Gross Loans</b>	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
<b>Loans not impaired</b>	<b>€</b>	<b>%</b>	<b>€</b>	<b>%</b>
Gross loans not impaired	14,179,225	76.60%	15,597,744	82.05%
<b>GROSS LOANS IMPAIRED:</b>				
Not past due	2,753,401	14.87%	1,851,953	9.74%
Up to 9 weeks past due	1,034,125	5.59%	960,571	5.05%
Between 10 and 18 weeks past due	133,822	0.72%	197,609	1.04%
Between 19 and 26 weeks past due	147,685	0.80%	124,216	0.65%
Between 27 and 39 weeks past due	86,796	0.47%	37,599	0.20%
Between 40 and 52 weeks past due	42,055	0.23%	79,425	0.42%
53 or more weeks past due	133,729	0.72%	161,072	0.85%
<b>Gross loans impaired</b>	<b>4,331,613</b>	<b>23.40%</b>	<b>3,412,445</b>	<b>17.95%</b>
<b>TOTAL GROSS LOANS</b>	<b>18,510,838</b>	<b>100%</b>	<b>19,010,189</b>	<b>100%</b>

<b>Impaired Allowance</b>	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>€</b>	<b>%</b>	<b>€</b>	<b>%</b>
Individual Loans	829,499	55.63%	795,463	54.21%
Group of Loans	661,470	44.37%	671,926	45.79%
<b>Total carrying value</b>	<b>1,490,969</b>	<b>100%</b>	<b>1,467,389</b>	<b>100%</b>

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

**12. TANGIBLE FIXED ASSETS**

<b>Cost</b>	<b>Land &amp; Buildings €</b>	<b>Fixtures &amp; fittings €</b>	<b>Computer equipment €</b>	<b>Total €</b>
1 October 2020	752,476	221,637	407,112	1,381,225
Additions	-	-	-	-
Disposals	-	-	-	-
<b>At 30 September 2021</b>	<b>752,476</b>	<b>221,637</b>	<b>407,112</b>	<b>1,381,225</b>

**DEPRECIATION**

1 October 2020	85,139	209,552	281,409	576,100
Charge for year	11,240	11,717	57,688	80,645
Disposals	-	-	-	-
<b>At 30 September 2021</b>	<b>96,379</b>	<b>221,269</b>	<b>339,097</b>	<b>656,745</b>

**NET BOOK VALUE**

<b>30 September 2021</b>	<b>656,097</b>	<b>368</b>	<b>68,015</b>	<b>724,480</b>
<b>30 September 2020</b>	<b>667,337</b>	<b>12,085</b>	<b>125,703</b>	<b>805,125</b>

**13. PREPAYMENTS AND ACCRUED INCOME**

	<b>2021 €</b>	<b>2020 €</b>
Sundry debtors and prepayments	55,396	52,070
Accrued loan interest income	37,726	48,294
<b>Total Prepayments &amp; Accrued Income</b>	<b>93,122</b>	<b>100,364</b>

**14. OTHER LIABILITIES**

	<b>2021 €</b>	<b>2020 €</b>
PAYE/PRSI	17,493	18,114
Members' draw	385	20,751
Creditors and accruals	386,748	209,488
<b>Total Other Liabilities</b>	<b>404,626</b>	<b>248,353</b>

## 15. FINANCIAL LIABILITIES

<b>Members' Savings</b>	<b>2021</b>	<b>2020</b>
	€	€
As at 1 October 2020	79,798,778	75,858,837
Received during the year	28,626,953	26,809,698
Repaid during the year	(23,162,712)	(22,869,757)
<b>As at 30 September 2021</b>	<b>85,263,019</b>	<b>79,798,778</b>

<b>Members' EFT accounts</b>	<b>2021</b>	<b>2020</b>
	€	€
As at 1 October 2020	7,095,960	5,210,787
Received during the year	22,003,444	22,083,502
Repaid during the year	(19,429,004)	(20,198,329)
<b>As at 30 September 2021</b>	<b>9,670,400</b>	<b>7,095,960</b>

<b>Members' Current accounts</b>	<b>2021</b>	<b>2020</b>
	€	€
As at 1 October 2020	420,999	5,064
Received during the year	5,633,368	1,642,566
Repaid during the year	(4,783,531)	(1,226,631)
	<b>1,270,836</b>	<b>420,999</b>
Members Overdrawn Current Accounts	525	-
<b>As at 30 September 2021</b>	<b>1,271,361</b>	<b>420,999</b>

## 16. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES

### 16a. Financial risk management

Link Credit Union Limited manages its members' shares and loans to members so that it earns income from the margin between interest receivable and interest payable. The main financial risks arising from Link Credit Union Limited's activities are credit risk, liquidity risk, market 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 Link Credit Union Limited, resulting in financial loss to the Credit Union. In order to manage this risk the Board approves Link Credit Union Limited's lending policy, and all changes to it. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently, loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

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 counter parties have strong credit ratings and using investment products authorised by the Central Bank.



**Liquidity risk:** Link Credit Union Limited's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The objective of the Credit Union's liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise. 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. Link Credit Union Limited conducts all of its transactions in Euro and does not deal in derivatives or commodity markets. Therefore Link Credit Union Limited is not exposed to any form of currency risk or other price risk.

**Interest rate risk:** Link Credit Union Limited'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 members' shares and on any loan interest rebate. Link Credit Union Limited does not use interest rate options to hedge its own positions.

#### 16b. Interest rate risk disclosures

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

	2021		2020	
	Amount	Avg Interest Rate	Amount	Avg Interest Rate
	€	€	€	€
<b>Financial Assets</b>				
Loans to members	18,510,838	9.22%	19,010,189	9.38%
<b>Financial Liabilities</b>				
Members' Savings	85,263,019	0.00%	79,798,778	0.00%

The dividend payable is at the discretion of the Directors and is therefore not a financial liability of the Credit Union until declared and approved at the AGM.

#### 16c. Liquidity risk disclosures

All of Link Credit Union Limited's financial liabilities are repayable on demand except for some members' shares attached to loans. The Credit Union retains, at all times, liquid assets amounting to a minimum of 20% of unattached savings.

#### 16d. Fair value of financial instruments

Investments held which are considered non-basic financial instruments under Section 11 of FRS 102 are measured at fair value as set out in note 2 (Investments - b).

#### 16e. Capital

The Credit Union maintains sufficient reserves to buffer itself against any losses on its members' loans and its investments. The current regulatory reserves are in excess of the minimum requirement set down by the Central Bank.



**17. POST BALANCE SHEET EVENTS**

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

**18. CONTINGENT LIABILITIES**

There is a contingent liability included in the letter of authority held by Bank of Ireland with regard to Credit Card Services in the sum of €5,000, Electronic Funds Transfer €50,000, Wages €60,000 and Visa Business Card €2,500.

**19. CAPITAL COMMITMENTS**

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

**20. RELATED PARTY TRANSACTIONS**

	2021		2020	
	No of Loans	€	No of Loans	€
Loans advanced to related parties during the year	5	23,000	11	105,872
Total loans outstanding to related parties	17	131,123	20	186,866
Total provision for loans outstanding to related parties		6,572		11,837

The related party loans stated above comprise of loans to members of the Board of Directors, the Management team and members of the family of the Board of Directors and the Management team of Link Credit Union Limited.

The total loans outstanding to related parties represents 0.71% of the total loans outstanding at 30th September 2021 (2020 – 0.98%).

The total amount of shares held by related parties at the year end was € 104,215 (2020 - €123,336).

**21. INSURANCE AGAINST FRAUD**

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

**22. NON-AUDIT SERVICES**

It is a requirement that any non audit services provided by the auditor be described in the financial statements. The auditor has provided assistance to the Directors in respect of the preparation of these financial statements.



### 23. THE IRISH LEAGUE OF CREDIT UNIONS REPUBLIC OF IRELAND PENSION SCHEME

Link 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 Link 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.

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 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 29 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 29 February 2020 was €250m. The actuarial valuation disclosed a past service deficit of €41.8m at 29 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 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	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. 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). 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.
Common Contribution Rate	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.

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.



## 24. PENSIONS

The Credit Union also operates a defined contribution scheme. The assets of the scheme are held separately from those of the Credit Union in an independently administered fund. Pension costs for the year amounted to €86,545 (2020 - €90,125).

## 25. COMPARATIVES

The comparative figures have been restated where necessary on a basis consistent with the current year presentation.

## 26. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved, and authorised for issue, by the Board on the 28th October 2021

<b>Schedule 1 – Interest on members' loans</b>	<b>2021</b>	<b>2020</b>
	<b>€</b>	<b>€</b>
Closing accrued loan interest receivable	37,726	48,294
Loan interest received in the year	1,663,641	1,758,899
Opening accrued loan interest receivable	(48,294)	(42,144)
<b>Total interest on members loans</b>	<b>1,653,073</b>	<b>1,765,049</b>

<b>Schedule 2 – Other interest income and similar income</b>	<b>2021</b>	<b>2020</b>
	<b>€</b>	<b>€</b>
Investment Income Received	366,743	305,092
Investment Income receivable within 1 year	193,462	220,073
Investment Income receivable after 1 year	-	-
<b>Total investment income</b>	<b>560,205</b>	<b>525,165</b>

<b>Schedule 3 – Other Income</b>	<b>2021</b>	<b>2020</b>
	<b>€</b>	<b>€</b>
Commission	7,233	11,876
Eccu Refund	47,930	-
Business Account income	1,203	5,262
Fees	212	246
Cash over	187	91
Government Grants	68,101	-
Other income	21,361	6,363
<b>Total other income</b>	<b>146,227</b>	<b>23,838</b>

## Schedule 4 – Other Management Expenses

	2021	2020
	€	€
Rent & Rates	4,561	8,309
Lighting, Heating and Cleaning	26,495	29,349
Repairs and Renewals	27,261	14,204
Printing, Stationery and Postage	26,234	56,324
Telephone	10,262	10,984
Donations and Sponsorship	16,339	14,532
ICB	5,528	5,096
Promotion and Advertising	49,774	16,638
Training Costs	15,868	13,810
AGM Expenses	27,011	17,828
Travel and Subsistence	1,559	5,810
Bank interest and charges	103,537	116,819
Audit Fee	20,355	22,000
General Insurance	38,811	34,980
LPLS and Death Benefit Insurance	221,594	295,642
Legal & Professional Fees	229,038	132,051
Computer Maintenance and Data Storage	248,391	266,938
Cash short	51	1,488
Miscellaneous Expenses	36,750	49,150
Affiliation Fees (Net)	27,548	28,605
SPS Contribution	8,651	10,696
SPS Repaid	5,022	6,968
Credit Institutions Resolution Fund Levy	26,884	27,167
Regulatory Levies	112,825	110,225
<b>Total</b>	<b>1,290,349</b>	<b>1,295,613</b>



# LINK CREDIT UNION

## UNAUDITED ACCOUNTS

At 31st July 2022

### Income & Expenditure Accounts

	31st July 2022
Income	€
Interest Income	1,397,738
Investment Income	503,986
Bad Debts Recovered	148,539
Other Income	76,177
Exceptional Gains	482,412
<b>Total Income</b>	<b>2,608,851</b>
Expenditure	€
Net Loan Protection / Life Savings Insurance	177,098
Salaries and Related Expenses	730,262
Bad Debts Written Off	65,552
Bad Debts Provision	(4,110)
Other Expenses	979,804
Exceptional Losses	717,742
<b>Total Expenditure</b>	<b>2,666,348</b>
<b>YTD (Deficit) Surplus</b>	<b>(57,496)</b>

The unaudited accounts for Link Credit Union Limited as at 31st July 2022 show an operating deficit of €57,496. This deficit arises as a result of Link Credit Union Limited paying a once-off contribution of €717,742 to fund its part of the deficit in the Irish League of Credit Unions Defined Benefit Pension Scheme.

The unaudited accounts for Link Credit Union Limited as at 31st July 2022 show a once-off exceptional gain of €482,412. This exceptional gain arises as a result of refund to Link Credit Union Limited from the Irish League of Credit Unions in respect of distribution of funds in the Stabilisation Protection Scheme.



# LINK CREDIT UNION UNAUDITED ACCOUNTS

At 31st July 2022

## Balance Sheet

31st July 2022

### Assets

€

Cash and Current Accounts	2,512,037
Minimum Reserve Deposit Held	1,836,406

### Investments

Irish and EEA State Securities	2,309,238
Accounts in Authorised Credit Institutions	72,130,420
Bank Bonds	21,459,252

<b>Total Investments</b>	<b>95,898,910</b>
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Loans	19,026,726
Less Provision For Bad Debts	(1,486,860)
Fixed Assets less Depreciation	660,831
Other Assets	577,763

<b>Total Assets</b>	<b>119,025,813</b>
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### Liabilities

€

Member Shares	85,813,456
Other Member Funds	14,188,021
Other Liabilities	1,154,490

<b>Total Liabilities</b>	<b>101,155,967</b>
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### Net Worth

**17,869,846**

### Reserves

€

Regulatory Reserve	12,129,156
Operational Risk Reserve	700,000
YTD Surplus (Deficit)	(57,496)
Other Reserves	
Realised	5,082,200
Unrealised	15,986

<b>Total Reserves</b>	<b>17,869,846</b>
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# COOTEHILL CREDIT UNION

## SPECIAL GENERAL MEETING & AGENDA

Notice is hereby given that a Special General Meeting of Cootehill Credit Union Limited will take place on

**Monday 10th October 2022, at 8.00 p.m. in the Errigal Country House Hotel, Cavan Road, Cootehill, Co. Cavan.**

**The agenda for the Special General Meeting is as follows:**

1. The acceptance by the Board of Directors of the authorised representatives of members that are not natural persons;
2. Ascertainment that a quorum is present
3. Adoption of Standing Orders;
4. Appointment of Tellers;
5. Consideration of Special Resolution  
*The members of Cootehill Credit Union Limited resolve that the Credit Union transfers its engagements to Link Credit Union Limited in accordance with the relevant provisions of the Credit Union Act 1997 (as amended).*
6. Close of meeting.

# STANDING ORDERS

## Motions

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

## Miscellaneous

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

## Suspension of Standing Orders

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

## Alteration of Standing Orders

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

## Adjournments

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

# DIRECTORS RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland, including the Accounting Standards issued by the Financial Reporting Council.

The Credit Union Act 1997, as amended requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Credit Union and of the income and expenditure of the Credit Union for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Credit Union will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at anytime the financial position of the Credit Union and which enables them to ensure that the financial statements comply with the Credit Union Act 1997, as amended. They are also responsible for safeguarding the assets of the Credit Union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board

*Colm McCormick*  
**Member of the Board of Directors**  
27th October 2021

*Mary Brigid Duffy*  
**Member of the Board of Directors**  
27th October 2021

# STATEMENT OF BOARD OVERSIGHT COMMITTEE'S RESPONSIBILITIES

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

*Michael Hannon*  
**Chairperson of the Board Oversight Committee**  
27th October 2021

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF COOTEHILL CREDIT UNION LTD

Year ended 30th September 2021

### Opinion

We have audited the financial statements of Cootehill Credit Union Limited for the year ended 30 September 2021 which comprise the Income and Expenditure Account, Balance Sheet, the Statement of Changes in Reserves, statement of cash flows and related notes. The relevant 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 issued by the Financial Reporting Council.

In our opinion, the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Credit Union as at 30 September 2021 and of its surplus and cash flows for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been properly prepared so as to conform with the requirements of the Credit Union Act 1997, as amended.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard as issued by the Irish Auditing and Accounting Service 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 the ISA's (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 company'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 audit 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.

### **Other matters prescribed by the Credit Union Act 1997, as amended**

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

- 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.
- The financial statements are in agreement with the accounting records.

### **Responsibilities of Directors for the financial statements**

As explained more fully in the Directors responsibilities statement set out on page 1, 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 the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Directors are responsible for assessing the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Credit Union or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at: [http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description of auditors responsibilities for audit.pdf](http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf). This description forms part of our audit 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 Unions Acts 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 auditors' 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.

**Anthony Doolan**

**For and on behalf of Hayes Coghlan Doolan**

Certified Public Accountants and Statutory Audit Firm

3rd Floor, The Bank Building

Mullingar,

Co. Westmeath

27th October 2021

# INCOME & EXPENDITURE ACCOUNT

Year ended 30th September 2021

		2021 €	2020 €
<b>INCOME</b>			
Interest on Members' Loan	1	808,619	797,841
Other Interest Receivable and Similar Income	2	204,774	217,423
<b>Net Interest Income</b>		<b>1,013,393</b>	<b>1,015,264</b>
Other Income	3	64,978	28,652
<b>Total Income</b>		<b>1,078,371</b>	<b>1,043,916</b>
<b>EXPENDITURE</b>			
Salaries and other wages costs		390,963	386,632
Other Management Expenses	4	549,234	521,715
Depreciation		47,923	47,923
Bad Debt Provision		(254,020)	78,610
Bad Debts Recovered		(204,404)	(126,790)
Bad and Doubtful Debt		4,649	31,794
<b>Total Expenditure</b>		<b>534,345</b>	<b>939,884</b>
<b>EXCESS OF INCOME OVER EXPENDITURE FOR THE YEAR</b>		<b>544,026</b>	<b>104,032</b>

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

*George Hamilton*  
**Manager**

27th October 2021

*Colm McCormick*  
**Member of the  
Board of Directors**

27th October 2021

*Mary Smith*  
**Member of the Board  
Oversight Committee**

27th October 2021

# BALANCE SHEET

Year ended 30th September 2021

<b>ASSETS</b>	<b>Notes</b>	<b>2021 €</b>	<b>2020 €</b>
Cash and Deposits at Bank		1,001,031	1,603,073
Deposits and Investments - Cash Equivalents	14	4,616,531	5,033,679
Deposits and Investments	14	22,666,364	21,886,743
Loans to Members	12	11,205,664	10,145,670
Less: Provision for Bad and Doubtful Debts	12	(738,684)	(992,703)
Tangible assets	10	888,199	933,643
Property held for resale	11	135,000	135,000
Prepayments and Accrued Income	13	169,099	185,913
<b>Total Assets</b>		<b>39,943,204</b>	<b>38,931,018</b>

## MEMBERS LIABILITIES

Members' Shares	15	33,347,397	32,915,691
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## OTHER LIABILITIES

Other Liabilities, Creditors, Accruals & Charges	16	107,813	71,359
<b>Total Liabilities</b>		<b>33,455,210</b>	<b>32,987,050</b>

## TOTAL ASSETS LESS LIABILITIES

**6,487,994      5,943,968**

## MEMBERS RESOURCES

Regulatory Reserve	4,240,638	4,105,638
Operational Risk Reserve	150,000	150,000
Other Reserves	2,097,356	1,688,330
<b>Total Reserves</b>	<b>6,487,994</b>	<b>5,943,968</b>

*George Hamilton*  
**Manager**

27th October 2021

*Colm McCormick*  
**Member of the  
Board of Directors**

27th October 2021

*Mary Smith*  
**Member of the Board  
Oversight Committee**

27th October 2021

# STATEMENT OF CHANGES IN RESERVES

Year ended 30th September 2021

	Regulatory Reserve €	Operational Risk Reserve €	Unrealised Property Reserve €	Undistributed Surplus €	Total Reserves €
<b>Opening Balance as at 1 Oct' 19</b>	<b>3,835,638</b>	<b>150,000</b>	<b>8,769</b>	<b>1,941,476</b>	<b>5,935,883</b>
Surplus for year	70,000	-	-	34,032	104,032
Dividends paid during the year	-	-	-	(15,116)	(15,116)
Loan Interest Rebate paid during the year	-	-	-	(80,831)	(80,831)
Transfer between reserves	200,000	-	-	(200,000)	-
<b>Closing Balance as at 30 Sep '20</b>	<b>4,105,638</b>	<b>150,000</b>	<b>8,769</b>	<b>1,679,561</b>	<b>5,943,968</b>
<b>Opening Balance as at 1 Oct '20</b>	<b>4,105,638</b>	<b>150,000</b>	<b>8,769</b>	<b>1,679,561</b>	<b>5,943,968</b>
Surplus for year	135,000	-	-	409,026	544,026
Dividends paid during the year	-	-	-	-	-
Loan Interest Rebate paid during the year	-	-	-	-	-
<b>Closing Balance as at 30 Sep '21</b>	<b>4,240,638</b>	<b>150,000</b>	<b>8,769</b>	<b>2,088,587</b>	<b>6,487,994</b>

1. The Regulatory reserve of the Credit Union as % of total assets as at 30 September 2021 was 10.62%. (30 September 2020: 10.55%).
2. In accordance with S45 of the Credit Union Act 1997 (as amended) Cootehill Credit Union Limited put in place an Operational Risk reserve. Following the completion of an internal process of assessing the level of the reserve required to cover the operational risk within the Credit Union, the Directors are satisfied that no further transfer is required in the current year. The Operational Risk reserve as a % of the total assets as at 30 September 2021 was 0.38% (30 September 2020 : 0.39%)
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 however the Board have decided to transfer €135,000 to the Regulatory Reserve from this year's surplus.
4. The opening balance as at 1 October 2017 in the Unrealised Property Reserve relates to uplift in the market value of the property held for resale, €8,769.



# STATEMENT OF CASH FLOWS

Year ended 30th September 2021

	2021	2020
	€	€
<b>Opening Cash and Cash Equivalents</b>	<b>6,636,753</b>	<b>6,517,955</b>
<b>Cash Flows from Operating Activities</b>		
Loans Repaid	4,169,037	3,919,269
Loans Granted	(5,233,680)	(4,544,155)
Loan Interest Received	811,053	798,674
Investment Interest Received	209,759	233,499
Bad Debts Recovered	204,404	126,790
Dividends Paid	-	(15,116)
Loan Interest Rebate Paid	-	(80,831)
Operating Expenses	(940,197)	(908,347)
<b>Net Cash Flows from Operating Activities</b>	<b>(779,624)</b>	<b>(470,217)</b>
<b>Cash Flows from Investing Activities</b>		
Fixed Asset Purchases	(2,478)	(82,411)
Net Cash Flow from Managing Cash Equivalents	(779,621)	(2,058,583)
<b>Net cash flows from investing activities</b>	<b>(782,099)</b>	<b>(2,140,994)</b>
<b>Cash Flows from Financing Activities</b>		
Members' Shares Received	20,904,098	19,923,717
Members' Shares Withdrawn	(20,472,393)	(17,234,482)
<b>Net cash flows from financing activities</b>	<b>431,705</b>	<b>2,689,235</b>
<b>Other Receipts / (Disbursements)</b>		
Other Income	64,978	28,652
Decrease / (Increase) in debtors and prepayments	9,395	6,919
Decrease / (Increase) in Other Liabilities and Charge	36,454	5,203
<b>Total Other Receipts / (Disbursements)</b>	<b>110,827</b>	<b>40,774</b>
<b>Closing Cash and Cash Equivalents</b>	<b>5,617,562</b>	<b>6,636,753</b>

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30th September 2021

## 1. Statement of Compliance

Cootehill 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 22/24 Market Street, Cootehill, Co. Cavan.

## 2. Accounting Policies

### 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.

### Currency

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

### Going Concern

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

- Is generating annual surpluses;
- Maintains an appropriate level of liquidity; and
- Has reserves that are currently above the minimum requirements of the Central Bank

### 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.

#### *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.

### Dividends to Members

Dividends on shares and loan interest rebates

Dividends are made from current year's surplus or the undistributed surplus set aside for that purpose. The Board's proposed distribution to members each year is based on the dividend and loan interest rebate policy of the Credit Union.

## NOTES TO THE FINANCIAL STATEMENTS (Cont)

### *Dividend and Interest Rebate Policy*

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

- the risk profile of the Credit Union, particularly in its loan and investment portfolios;
- the Board's desire to maintain a stable rather than a volatile rate of dividend each year; and

### **Taxation**

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

### **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.

### **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.

### **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.

## NOTES TO THE FINANCIAL STATEMENTS (Cont)

### **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.

### **Impairment of financial assets**

Financial assets, other than those held at fair value, 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.

### **De-recognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Credit Union transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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

### **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 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 amortised cost.

## NOTES TO THE FINANCIAL STATEMENTS (Cont)

### *Other payables*

Other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

### **De-recognition of financial liabilities**

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

### **Tangible assets**

Tangible fixed assets comprises items of property, plant and 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**

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

Freehold property	-	Over remaining estimated useful life of 45 years
Fittings fixtures and equipment	-	10% straight line
Computers	-	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the Income and Expenditure account.

### **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). Where it is not possible to estimate the recoverable amount of an individual asset, the Credit Union estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Income and Expenditure account

## NOTES TO THE FINANCIAL STATEMENTS (Cont)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Income and Expenditure account.

### **Employee Benefits**

#### *Pension Scheme*

Cootehill 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, it accounts for the Scheme as a defined contribution plan.

#### *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.

### **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.

#### *Unrealised Property Reserve*

The Credit Union maintains an Unrealised Property Reserve in respect of unrealised gains on property held for resale.

#### *Undistributed Surplus*

The Credit Union maintains an Undistributed Surplus which is maintained to fund the development of the Credit Union and to pay dividends in the future, if recommended by the Board of Directors and approved at the Annual General Meeting.

### **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 Cootehill Credit Union Limited's accounting policies. The areas requiring a higher degree of judgement, or

## NOTES TO THE FINANCIAL STATEMENTS (Cont)

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. The estimation of loan losses is inherently uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local and international economic climates, conditions in various sectors of the economy to which the Credit Union is exposed, and, other external factors such as legal and regulatory requirements. Credit risk is identified, assessed and measured through the use of rating and scoring tools with emphasis on weeks in arrears and other observable credit risk metrics. The ratings influence the Management of individual loans. The credit 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 allied to 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.

### 4. Interest on Members' Loans

	2021 €	2020 €
Closing accrued loan interest receivable	24,338	26,772
Loan interest received in year	811,053	798,674
Opening accrued loan interest receivable	(26,772)	(27,605)
	<b>808,619</b>	<b>797,841</b>

### 4.1 Bad Debts Recovered

	2021 €	2020 €
Bad debts recovered	183,024	103,025
Loan interest received on loans greater than 26 weeks in arrears	21,380	23,765
	<b>204,404</b>	<b>126,790</b>

## NOTES TO THE FINANCIAL STATEMENTS (Cont)

### 5. Other Interest Income and Similar Income

	2021 €	2020 €
Investment income and gains received by the Balance Sheet	108,369	116,033
Receivable within 12 months of Balance Sheet date	96,405	101,390
	<b>204,774</b>	<b>217,423</b>

### 6. Dividends

The dividend and any loan interest rebate are formally proposed by the Directors after the year end and are confirmed at an AGM of the members. As a result, the proposed dividend for the current year does not represent a liability at the Balance Sheet date and the dividend included in the Statement of Reserves in the current year relates to dividends paid to members for the prior year.

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

	2021 €	2020 €
Dividend paid during the year	-	15,116
Dividend rate on Members' shares	0.0%	0.05%
Interest Rebate paid during the year	-	80,831
Interest Rebate rate on Members' loans	0.0%	10.0%

The dividends and loan interest rebate proposed for the current and prior year are as follows:

	2021 €	2020 €
Dividend proposed, but not recognised	-	-
Dividend Rate on Members' shares	0%	0%
Loan Interest Rebate proposed, but not recognised	-	-
Loan Interest Rebate rate on loans	0%	0%



## NOTES TO THE FINANCIAL STATEMENTS (Cont)

### 7. Employees and Employment Costs

	2021 Number	2020 Number
Management and Administrative Staff	10	10

The aggregate payroll costs incurred during the year were:

	2021 €	2020 €
Wages and salaries	352,697	348,514
Social insurance costs	38,266	38,118
Other retirement benefit costs	23,191	20,115
	<b>414,154</b>	<b>406,747</b>

### 8. Key Management Personnel

The remuneration of key Management personnel was as follows:

	2021 €	2020 €
Short term employee benefits	164,971	152,113
Pension contributions to defined benefit plans in respect of qualifying services	14,412	12,273
	<b>179,383</b>	<b>164,386</b>

Short-term employee benefits include wages, salaries, social security contributions and paid annual leave.

### 9. Cash and Cash Equivalents

	2021 €	2020 €
Cash at bank and in hand	1,001,031	1,603,074
Short-term deposits	4,616,531	5,033,679
	<b>5,617,562</b>	<b>6,636,753</b>

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

## NOTES TO THE FINANCIAL STATEMENTS (Cont)

### 10. Tangible Assets

	Freehold Property	Office Equipment & Furniture	Computers	Total
<b>COST</b>	€	€	€	€
At 1 October 2020	3,720,622	172,609	204,225	4,097,456
Additions	-	1,111	1,367	2,478
<b>At 30 September 2021</b>	<b>3,720,622</b>	<b>173,720</b>	<b>205,592</b>	<b>4,099,934</b>

#### DEPRECIATION / IMPAIRMENT

At 1 October 2020	2,876,186	140,339	147,287	3,163,812
Charge for the year	22,224	4,270	21,429	47,923
<b>At 30 September 2021</b>	<b>2,898,410</b>	<b>144,609</b>	<b>168,716</b>	<b>3,211,735</b>

#### CARRYING AMOUNT

<b>At 30 September 2021</b>	<b>822,212</b>	<b>29,111</b>	<b>36,876</b>	<b>888,199</b>
<b>At 30 September 2020</b>	<b>844,436</b>	<b>32,270</b>	<b>56,938</b>	<b>933,644</b>

### 11. Property Held for Resale

	2021 €	2020 €
Premises at Bridge Street	135,000	135,000

The property has been valued by Crosbie & Graham Auctioneers, Market Street, Cootehill at €135,000 on the 20th October 2015. This property is currently sale agreed.

### 12. Loans to Members - Financial Assets

	2021 €	2020 €
As at 1st October 2020	10,145,670	9,552,578
Advanced during the year	5,233,680	4,544,155
Repaid during the year	(4,169,037)	(3,919,269)
Loans charged off	(4,649)	(31,794)
<b>Gross loans to members</b>	<b>11,205,664</b>	<b>10,145,670</b>
<b>Impairment Allowances</b>		
Individual loans	(302,643)	(417,695)
Groups of loans	(436,041)	(575,008)
	<b>(738,684)</b>	<b>(992,703)</b>
<b>As at 30th September 2021</b>	<b>10,466,980</b>	<b>9,152,967</b>

## NOTES TO THE FINANCIAL STATEMENTS (Cont)

### 12.1 Credit Risk Disclosures

The carrying amount of the loans to members represents Cootehill 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.

	30 September 2021		30 September 2020	
	€	%	€	%
<b>Loans not impaired</b>				
Neither past due or impaired	9,583,459	85.52%	8,403,174	82.83%
<b>Impaired Loans</b>				
Not Past Due	975,074	8.70%	1,106,463	10.91%
Up to 9 Weeks Past Due	387,433	3.46%	295,681	2.91%
Between 10 and 18 weeks past due	134,123	1.20%	44,153	0.44%
Between 19 and 26 weeks past due	678	0.01%	75,226	0.74%
Between 27 and 39 weeks past due	16,941	0.15%	45,444	0.45%
Between 40 and 52 weeks past due	2,846	0.03%	10,540	0.10%
53 or More Weeks Past Due	105,110	0.94%	164,989	1.63%
<b>Total Loans Impaired</b>	<b>1,622,205</b>	<b>14.48%</b>	<b>1,742,496</b>	<b>17.17%</b>
<b>Total Gross Loans</b>	<b>11,205,664</b>	<b>100%</b>	<b>10,145,670</b>	<b>100%</b>

### 12.2 Loan Provision Account for Impairment Losses

	2021	2020
	€	€
As at 1st October 2020	992,703	914,093
Decrease in Bad Debt Provision as a Result of Loan Charge Offs	(4,649)	(31,794)
Increase / (Decrease) in Bad Debt Prov as a Result of change in IBNR provision	(249,370)	110,404
<b>As at 30th September 2021</b>	<b>738,684</b>	<b>992,703</b>

### 12.3 Analysis of Gross Loans Outstanding

	30 September 2021		30 September 2020	
	No. of Loans Outstanding	Amount	No. of Loans Outstanding	Amount
		€		€
Less than one year	144	230,492	188	350,039
Greater than 1 year and less than 3 years	411	2,364,982	427	2,631,944
Greater than 3 years and less than 5 years	401	4,883,661	356	4,135,504
Greater that 5 years and less than 10 years	102	3,248,021	75	2,377,824
Greater than 10 years and less than 25 year	12	478,508	15	650,359
	<b>1,070</b>	<b>11,205,664</b>	<b>1,061</b>	<b>10,145,670</b>

## NOTES TO THE FINANCIAL STATEMENTS (Cont)

### 13. Prepayments and Accrued Income

	2021 €	2020 €
Prepayments	48,356	57,751
Accrued Loan Interest	24,338	26,772
Accrued Investment Income	96,405	101,390
	<b>169,099</b>	<b>185,913</b>

### 14. Investments

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

	2021 €	2020 €
<b>Cash Equivalents (original Maturity within 3 month)</b>		
Accounts in Authorised Credit Institutions	4,616,531	5,033,679
<b>Other (Original Maturity after 3 months)</b>		
Accounts in Authorised Credit Institutions	13,556,492	12,521,622
Bank Bonds	6,705,654	5,856,835
Other Investments	1,000,797	2,504,865
Central Bank Minimum Deposits	1,403,421	1,003,421
	<b>22,666,364</b>	<b>21,886,743</b>

### 15. Members' Shares

	2021 €	2020 €
Regular Share Accounts	20,254,149	19,491,136
Special Share Accounts	12,822,213	13,203,410
Other	271,035	221,145
	<b>33,347,397</b>	<b>32,915,691</b>
<b>Unattached Shares &amp; Deposits</b>	<b>31,969,237</b>	<b>31,332,897</b>

### 16. Creditors: amounts falling due within one year

	2021 €	2020 €
Accruals	107,813	71,359

## NOTES TO THE FINANCIAL STATEMENTS (Cont)

### 17. Additional Financial Instruments Disclosures

#### *Financial risk management*

Cootehill Credit Union Limited is a provider of personal and business 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 Cootehill Credit Union Limited 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 Cootehill 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 12.

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 counter-parties 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. Cootehill 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.

## NOTES TO THE FINANCIAL STATEMENTS (Cont)

### 18. Interest Rate Charged on Loans

	30 September 2021		30 September 2020	
	Variable Rate	APR	Variable Rate	APR
Standard Loans up to €10,000	9.6%	10.03%	9.6%	10.03%
Standard Loans in excess of €10,000	7.25%	7.5%	7.25%	7.5%
Shares in Excess of Loan	5.25%	5.38%	5.25%	5.38%
Student Loans	5.0%	5.12%	5.0%	5.12%
Commercial / Farming Loans	5.75%	5.9%	5.75%	5.9%

### 19. Liquidity Risk Disclosures

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

### 20. Fair Value of Financial Statements

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

### 21. 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 are in excess of the minimum requirement set down by the Central Bank, and stand at 10.62% of the total assets of the Credit Union at the Balance Sheet date.

### 22. Pension Scheme - Irish League of Credit Unions

Cootehill 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 Cootehill 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.

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

## NOTES TO THE FINANCIAL STATEMENTS (Cont)

with an effective date of 29 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 29 February 2020 was €250m. The actuarial valuation disclosed a past service deficit of €41.8m at 29 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.

### **23. Post Balance Sheet Events**

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

### **24. Contingent Liabilities**

Cootehill Credit Union Limited had no contingent liabilities at the current or prior Balance Sheet date.

### **25. Capital Commitments**

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

### **26. Insurance Against Fraud**

The Credit Union has insurance fraud in the amount of €2,600,000 (2020: €1,900,000) in compliance with Section 47 of Credit Union Act 1997, as amended.

### **27. Related Party Transactions**

During the year loans were advanced to Directors and the Management team 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 €39,000 (2020 : €37,000). 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 2021 were €71,348 (2020 : €84,867).

There were no provisions against the loans due from the Directors and the Management team at the current or prior Balance Sheet date.

The Directors and Management team (to include their family members or any business in which the Directors or Management team had a significant shareholding) share balances stood at €329,683 at 30 September 2021 (30 September 2020 : €286,370).

### **28. Approval of Financial Statements**

The Board of Directors approved these financial statements for issue on.

# SCHEDULES TO THE FINANCIAL STATEMENTS

Year ended 30th September 2021

	2021	2020
	€	€
<b>Schedule 1 - Interest on Loans</b>		
Loan Interest Income Received	784,281	771,069
Loan Interest Income Receivable	24,338	26,772
	<b>808,619</b>	<b>797,841</b>
<b>Schedule 2 - Other Interest Receivable and Similar Income</b>		
Investment Income Received	108,369	116,033
Investment Income Receivable within 1 year	96,405	101,390
	<b>204,774</b>	<b>217,423</b>
<b>Schedule 3 - Other Income</b>		
ECCU Claims experience refund	35,052	-
Insurance Commission	14,497	14,063
Other Income	15,429	14,589
	<b>64,978</b>	<b>28,652</b>
<b>Schedule 4 - Other Management Expenses</b>		
Pension	23,191	20,115
Staff training	8,636	8,761
Rates	2,540	8,032
General Insurance	22,527	21,340
Share and Loan Insurance (Gross)	113,774	108,589
Light and heat	18,094	14,598
Cleaning	4,244	4,828
Repairs and maintenance	6,849	8,907
Security	1,674	-
Printing and stationery	6,069	5,324
Promotion and Advertising	10,742	15,540
Donations and Sponsorship	4,670	4,670
Postage and Telephone	6,959	5,106
Computer Maintenance	70,245	72,693
AGM Expenses	10,993	8,441
Travelling and subsistence	849	8,613
Chapter Expenses	581	540
Legal and professional	97,672	83,102
Debt Collection	3,125	1,581
Audit Fee	12,000	12,000
Bank charges	36,230	25,707
Investment Charges	2,773	3,061
SPS Contribution	2,836	3,019
Deposit Guarantee Scheme Contribution	38,887	29,567
League Affiliation Fees	9,489	9,497
Miscellaneous expenses	11,169	9,902
Regulatory Levy	22,416	28,182
	<b>549,234</b>	<b>521,715</b>



# COOTEHILL CREDIT UNION UNAUDITED ACCOUNTS

At 31st July 2022

## Income & Expenditure Accounts

		31st July 2022
Income		€
Interest Income		706,209
Investment Income	<i>Rec'd/Receivable within 1 year</i>	129,605
Bad Debts Recovered		85,025
Other Income		37,956
Exceptional Gains		167,940
<b>Total Income</b>		<b>1,126,735</b>
Expenditure		€
Net Loan Protection / Life Savings Insurance		97,179
Salaries and Related Expenses		320,419
Bad Debts Written Off		10,358
Bad Debts Provision		101,135
Other Expenses		445,598
Exceptional Losses		515,350
<b>Total Expenditure</b>		<b>1,490,039</b>
<b>YTD Surplus (Deficit)</b>		<b>(363,304)</b>

The unaudited accounts for Cootehill Credit Union Limited as at 31st July 2022 show an operating deficit of €363,304.. This deficit arises as a result of Cootehill Credit Union Limited paying a once-off contribution of €515,350 to fund its part of the deficit in the Irish League of Credit Unions Defined Benefit Pension Scheme.

The unaudited accounts for Cootehill Credit Union Limited as at 31st July 2022 show a once-off exceptional gain of €167,940. This exceptional gain arises as a result of refund to Cootehill Credit Union Limited from the Irish League of Credit Unions in respect of distribution of funds in the Stabilisation Protection Scheme.

# COOTEHILL CREDIT UNION

## UNAUDITED ACCOUNTS

At 31st July 2022

### Balance Sheet

31st July 2022

#### Assets

€

Cash and Current Accounts	1,337,998
Minimum Reserve Deposit Held	1,563,310

#### Investments

Accounts in Authorised Credit Institutions	18,241,235
Bank Bonds	6,692,353

<b>Total Investments</b>	<b>24,933,588</b>
--------------------------	-------------------

Loans	11,777,052
Less Provision For Bad Debts	(839,820)
Fixed Assets less Depreciation	969,615
Other Assets	311,742

<b>Total Assets</b>	<b>40,053,485</b>
---------------------	-------------------

#### Liabilities

€

Member Shares	Regular	20,767,780
	Special	12,495,383
Other Liabilities		665,633

<b>Total Liabilities</b>	<b>33,928,796</b>
--------------------------	-------------------

#### Net Worth

6,124,689

#### Reserves

€

Regulatory Reserve		4,240,638
Operational Risk Reserve		150,000
Undistributed Surplus Brought Forward		2,088,586
YTD Surplus (Deficit)		(363,304)
Other Reserves	Realised	8,769
	Unrealised	

<b>Total Reserves</b>	<b>6,124,689</b>
-----------------------	------------------



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*Beef Farmers*

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Talk to your local Cultivate Credit Union today or visit

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Freephone 1800 839 999

## GET IN TOUCH

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