

# Annual Report | 2021



## Financial Accounts, Notice & Agenda AGM 2021

**AGM will take place on Tuesday 25th January 2022  
at Falls Hotel, Ennistymon at 7.30 pm**

Notice is formally given of the  
**Annual General Meeting**

which will take place on Tuesday, 25th January 2022  
at the Falls Hotel, Ennistymon at 7.30pm

All members are invited to attend

*Eileen Hegarty, Secretary*



**DRAW FOR PRIZES**  
**for attendees on the night.**

## Proposed Rule Amendments

### **Motion 1**

Rule 98(2)(c)

That this Annual General Meeting confirms that Rule 98(2)(c) reads as follows:

(c) in the case of a notice of a special general meeting, shall contain a statement that the annual accounts for the most recent financial year may be obtained, not later than seven days before the date of the general meeting, at the registered office of the credit union;

### **Motion 2**

Rule 98(2)(d)

That this Annual General Meeting confirms that Rule 98(2)(d) reads as follows:

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

### **Motion 3**

Rule 99(3)(a)

That this Annual General Meeting confirms that Rule 99(3)(a) of the Standard Rules for Credit Unions (Republic of Ireland) to provide for the notice requirements for an adjourned meeting (to include information with respect to an electronic meeting) reads as follows:

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

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

### **Motion 4**

That this Annual General Meeting agrees to delete Rule 63(4) of the Standard Rules for Credit Unions (Republic of Ireland) (2019) to remove the requirement for credit unions to complete and return the Return of Officers form to the Irish League of Credit Unions.



## AGM Agenda

### **Rule 96(4) of the Standard Rules for Credit Unions (Republic of Ireland) (2019)**

The business at general meeting of the credit union must contain the following items on the agenda:

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

The members assembled at any annual general meeting may suspend the order of business upon a two-thirds vote of the members present at the meeting.

# Standing Orders for Annual General Meeting 2021

## I. Voting

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

## 2 - 3 Election Procedure

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

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

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

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

## 4 - 9 Motions

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

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

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

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

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

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

## 10 - 15 Miscellaneous

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

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

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

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

14. No member shall have more than one vote on each question at any general meeting of the credit union or any adjournment thereof irrespective of his/her shareholding or the number of accounts in his/her name in the credit union provided, however, that except in voting at elections, the presiding member shall have a second or casting vote in the event of equality of voting. Voting by proxy shall be allowed only when a member other than a natural person votes through a representative, who is a member of the group, duly authorised in writing for that purpose and accepted as such by the board of directors.

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

## 16. Suspension of Standing Orders

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

## 17. Alteration of Standing Orders

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

## 18. Adjournments

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





## Reports

### REPORT OF CREDIT COMMITTEE

It is my pleasure to report on the activities of the Credit Committee for the year ended 30th of September 2021. The provision of loans to members is the primary service of our Credit Union. All loan applications are individually assessed and whilst every effort is made to approve each application, the process has to ensure that there is no undue risk to the individual borrower or to the Credit Union as a whole.

When evaluating loan applications we are always conscious of the fact that we are lending members' savings. We are therefore obliged to establish that the member has the ability to repay the loan. In the last year our Credit Union granted 522 loans which is a tremendous achievement in the context of a worldwide pandemic.

In summary,

- 522 loans were granted during the year
- The value of loans granted during the year was €3,615,833, which represents a 20.6% increase on the previous year
- Overall, the loan book grew by €571,934 to €6,581,175 which represents an overall increase of 9.5% on the previous year

In 2021 we ramped up our online loan offering and it is now possible to apply online for a loan and if approved the funds can be transferred to the member's bank account immediately after the member signs the credit agreement documentation online. Almost 15% of all approved loans were sourced from online applications in 2021.

The Committee continues to meet monthly and provides regular updates to the Board on its activities. I would like to take this opportunity to thank fellow committee members and the staff for their support during the year.

*Rachel O'Mahony, Secretary, EDCU Credit Committee*

### REPORT OF CREDIT CONTROL COMMITTEE

The Credit Control Committee consists of three directors who meet on a monthly basis with the Credit Control Officer. The main function of the Credit Control Committee is to ensure that members repay their loans in accordance with their credit agreements. Our goal is to protect all of our member's savings.

All loans issued are closely monitored from the moment they are granted. We understand that some members encounter genuine difficulties in meeting their repayments and we encourage them to contact us without delay if this is the case. We continue to work closely with any member in difficulty to reach a suitable outcome. Our staff are experienced in dealing with sensitive issues and we continue to ensure that excellent member service is our top priority. We always encourage our members to talk to us and in particular over the last 18 months as a result of COVID we encouraged our members who experienced financial difficulty to talk to a member of our team about their borrowing requirements and / or financial position if they found themselves in difficulty.

We are a Credit Union for our members and strive to help members with their finances at all times. It is rare that we are unable to help a member sort out their finances provided they are open and forthcoming with their situation.

On the other hand, if a member refuses to repay their loan and fails to respond to attempts to contact them, they will be pursued through the legal system until the debt is recovered in full.

The committee reports that a sum of €14,080 was recovered from bad debts and €50,421 was written off for the year ended 30th September 2021.

We continue to operate under strict regulatory guidelines, but we still strive to provide the best possible service for our members. We acknowledge and are thankful that the vast majority of our members recognise the value of the service we provide and continue to prioritise their repayments to us, even when encountering financial difficulty.

Our door is always open to discuss your account and we appreciate your business and we would like to thank all the members who worked with us throughout the year.

*Eileen Hegarty, Chairperson, Credit Control Committee*

## **REPORT OF MEMBERSHIP COMMITTEE**

Current membership of Ennistymon & District Credit Union stands at 6,821. During the past financial year 226 new members joined the Credit Union. 243 members closed their accounts during the year for various reasons. We would like to take this opportunity to welcome all our new members and look forward to assisting them with their financial needs.

Membership of Ennistymon & District Credit Union is open to those people who live, work, or attend school within our common bond area. The common bond area defines where a Credit Union can operate. Opening an account is a simple and straightforward process. We recently introduced an online membership application process which is proving to be very popular.

Under the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 and 2013 we are required to maintain photographic proof of identity and current address verification for all our members. Therefore members may be asked to provide evidence of their identity on an ongoing basis to update their records. We would appreciate your cooperation with such requests.

*Mary Shannon, Chairperson, Membership Committee*

## **REPORT OF NOMINATIONS COMMITTEE**

The Nomination Committee is a statutory committee of the Board of Ennistymon & District Credit Union. The members of this committee are John Shannon, Eileen Hegarty, and Maureen Scales. We are responsible for keeping under review the composition of the Board and its committees and for ensuring that appropriate succession plans are in place for both. To enable us to do this we must first identify and recruit suitable volunteers for nomination or temporary co-option to Board membership. As part of this process the Committee is required to manage a Fitness and Probity pre-approval assessment of each volunteer in accordance with Central Bank and legal requirements.

The Committee aims to maintain a Board membership of nine which broadly reflects the demographic of the Credit Union's common bond area while providing the Credit Union with a range of developmental skills and experience relevant to its activities and governance. New Board members are required to participate in induction training. Ongoing training is also provided for all Board Members, Oversight Committee, Volunteers and Staff. This training programme is intended to familiarise members with the organisation, operation and performance of the Credit Union, the role and responsibilities of the Board and its subcommittees and aspects of the Credit Union's developmental strategy.

If you have the time, skill and expertise we encourage you to put yourself forward as a volunteer. It is through volunteering that we continue to make a huge impact on the success of our Credit Union. We would like to thank the Board of Directors, Board Oversight Committee, our CEO and the staff and all the volunteers for their continued support and commitment during the year.

*John Shannon, Chairperson, Nominations Committee*



## Directors Report

for the year ended 30th September, 2021

I am pleased to present the report of the Board of Directors for the year ending September 30th, 2021. While the results are set out in detail in the Financial Report, overall, this year's outcome must be seen in the context of the continuing challenges caused by the Covid pandemic and, to a lesser extent, Brexit. We have seen significant growth in loans, savings, and investments notwithstanding the huge disruption caused by the pandemic and the credit union now has assets of over €32 million. This is particularly pleasing considering the current economic climate and all the uncertainty regarding ongoing pandemic measures.

I am happy to report that we have recorded a small surplus this year following a particularly challenging year in 2020. This performance needs to be placed in the context of the ongoing low interest rate environment which shows no sign of changing for the next 12-18 months. This continues to make it very difficult to get a reasonable return when we invest our members' savings. In many instances the rates on offer on our investments are close to or in some cases below zero and this has put significant pressure on our resources as we continue to see huge inflows of members' savings into our credit union.

The credit union continues to be strong, safe, and secure. Our reserve ratio, at 19.1%, is well above the Irish credit union average of 15.6% and is 9.1% greater than the minimum 10% regulatory requirement.

We are entering the final year of our current Strategic Plan which will end in September 2022. We have commenced planning for the next strategic plan which will provide a roadmap from fiscal 2023 to the end of 2025. An outline of the current Strategic Plan can be viewed on our website if anyone would like more detail.

The focus of the Board continues to be to provide a quality service to our members. This year we launched several new services, including online membership applications, membership of CUSOP which provides all members with individual BIC and IBAN codes, and the ability to transact direct debits.

The success of Ennistymon & District Credit Union is built on the efforts of our members volunteering their time freely. If you would like to learn more about participating in the running of our credit union, please contact our CEO - Paul Morgan, or any member of the Board of Directors and we will provide additional information.

Looking ahead I am pleased to announce that we are recommencing our build programme in the main Ennistymon office in 2022 and we have just recently completed an upgrade to our Miltown office.

I want to thank our Management and Staff for their efforts in the past year. In addition, I want to pay tribute to my fellow Board Directors, the Board Oversight Committee and Volunteers of Ennistymon & District Credit Union for their dedication and support. The responsibility of managing a credit union of our size is immense and involves great dedication and commitment.

I would like to wish every Ennistymon & District Credit Union member best wishes for 2022. Please remember that Ennistymon & District Credit Union is your Credit Union and I encourage all members to make full use of our services.

*John Hehir, Chairperson*



Maurice & Robert Cogan  
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## CEO Report

for the year ended 30th September, 2021

As CEO of Ennistymon & District Credit Union my areas of responsibility include management of the Operations side of our credit union as well as advising the Board of Directors on strategy development and implementation of the credit union strategy, once decided upon by the Board.

The past 18 months have posed unprecedented challenges for our credit union and the movement in general, particularly from the Covid pandemic and the continuing low interest environment that prevails.

The Covid pandemic has brought our whole community significant uncertainty and high levels of anxiety and I commend all our membership, staff, and volunteers for adhering to very strict guidelines and protocols over the last year. I am proud that the credit union has been able to function as normally as possible due to the efforts of members and staff with all of our locations remaining open during the pandemic.

Credit unions are rightly regarded as a safe home for members' savings and in recent years we have seen significant growth in savings as more and more people recognize this and entrust their savings to our credit union. We are finding it ever more difficult to obtain a reasonable return on these funds when we seek to invest them on behalf of the credit union. Many banks now offer a negative rate of interest on these funds. This trend has been evident in our annual accounts in recent years and, unfortunately, looks set to continue into the future and I can assure you that the Board and Management are treating this issue as a significant risk to the credit union.

In 2021 we took the opportunity to improve our product and service offerings for our members –

- significant upgrades to our I.T. systems which will provide for future growth as well as improved cybersecurity;
- ability to apply for loans online and sign loan documents remotely with straight-through loan drawdown to your selected bank account;
- online membership applications are now available via our mobile app;
- we are now able to accept and originate direct debits and credit transfers which will allow for a quicker, more seamless transmission of funds to your destination accounts;
- each member now has a separate IBAN which permits SEPA transfers;
- new loan offerings including the Greenify Loan to finance energy saving costs to improve your home and a higher Cultivate Loan limit of €75,000 for all agricultural lending requirements; and
- significant renovation of our Miltown branch to improve member service.

We have taken these steps to improve our offerings to our members and more and more members are using these new services. These improvements are timely from a Covid perspective because they allow members to transact in the safety of their home, however, we will also ensure that transactions at the counter continue to be carried out as efficiently as possible for our members.

We are working continuously on enhancing the services provided to members and hope to have further exciting announcements in this regard in 2022.

I hope that this report gives an insight into the work that is going on behind the scenes to meet your financial needs. I believe that you will begin to experience the benefits over the coming year and for many years to come.

*Paul Morgan, CEO*



## Statement of Directors Responsibilities

for the year ended 30th September, 2021

The Credit Union Acts 1997 as amended requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Credit Union and of the income and expenditure of the Credit Union for that period. In preparing those financial statements, the directors are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 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 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:

*John Shannon, Vice Chairman*

*Eileen Hegarty, Secretary*

Date: 16/12/2020

## Statement of Board Oversight Committee Responsibilities

for the year ended 30th September, 2021

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 IVA and any regulations made for the purpose 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 Oversight Committee:

*Patrick Garrihy, Chairperson*

Date: 16/12/2020





## Independent Auditor's Report to the Members of Ennistymon and District Credit Union Limited

### Opinion

We have audited the financial statements of Ennistymon & District Credit Union Ltd., for the year ended 30th September 2021 which comprise of the Income and Expenditure account, the Balance Sheet, the Statement of Changes in Reserves, the Cash Flow Statement and the 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 FRS102 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 prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been properly prepared in accordance with the requirements of the Credit Union Acts 1997, as amended.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Credit Union in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

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

### Other Information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Credit Union Act 1997, as amended**

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

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

## **Respective responsibilities**

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

As explained more fully in the Directors' Responsibilities Statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

### ***F.D.C. & Associates Ltd***

Registered Auditors and Accountants.

8 Carmody St. Business Park, Ennis, Co. Clare.

Date: 16th December, 2021



## Appendix to the Independent Auditors Report

### Further information regarding the scope of our responsibilities as auditor

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls 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 controls.
- 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 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.



## Income & Expenditure Account

for year ended 30th September, 2021

	Schedule	2021 €	2020 €
<b>INCOME</b>			
Interest on Members' Loans	1	497,296	460,293
Other Interest Income and Similar Income	2	183,387	177,488
Net Interest Income		<u>680,683</u>	<u>637,781</u>
Other Income	3	<u>35,017</u>	<u>3,736</u>
Movement in fair value of 'other' investments to realised and unrealised reserves		<u>4,500</u>	<u>-</u>
<b>Total Income:</b>		<b>720,200</b>	<b>641,517</b>
<b>EXPENDITURE</b>			
Salaries & Pension		280,120	249,571
Other Management Expenses	4	439,169	399,613
Depreciation		28,598	27,257
Bad Debts Recovered		(14,080)	(12,507)
Bad Debts Provision		(65,688)	106,468
Bad Debts written off		<u>50,421</u>	<u>26,535</u>
<b>Total Expenditure:</b>		<b>718,540</b>	<b>796,937</b>
<b>Excess of Income over Expenditure for the year</b>		<b>1,660</b>	<b>(155,420)</b>

### **On behalf of Ennistymon & District Credit Union Ltd.**

Chief Executive Officer:

Paul Morgan

Date: 16th December 2021

Member of Board Oversight Committee:

Patrick Garrihy

Date: 16th December 2021

Member of the Board of Directors:

John Shannon

Date: 16th December 2021



## Balance Sheet

as at 30th September, 2021

	Notes	2021 €	2020 €
<b>Assets</b>			
Cash and Balances at Bank		1,864,657	1,931,153
Deposits and Investments	6	24,168,926	22,032,457
Loans to Members	7	6,581,175	6,009,992
Less: Provision for Bad and Doubtful Loans	8	(337,777)	(403,465)
Tangible Fixed Assets	9	412,415	352,609
Prepayments & Accrued Income	10	180,902	165,806
<b>Total Assets:</b>		<b>32,870,298</b>	<b>30,088,552</b>
<b>Liabilities</b>			
Member's Shares	11	26,529,111	23,772,430
Other Liabilities and Charges	12	77,436	54,031
<b>Total Liabilities</b>		<b>26,606,547</b>	<b>23,826,461</b>
<b>Reserves</b>			
Regulatory Reserves		3,616,680	3,616,680
Operational Risk Reserve		235,000	240,000
Other Reserves			
- Realised Reserves		2,371,806	2,374,573
- Unrealised Reserves		40,265	30,838
<b>Total Reserves:</b>	13	<b>6,263,751</b>	<b>6,262,091</b>
<b>Total Liabilities and Reserves:</b>		<b>32,870,298</b>	<b>30,088,552</b>

**On behalf of Ennistymon & District Credit Union Ltd.**

Chief Executive Officer:

Paul Morgan

Date: 16th December 2021

Member of Board Oversight Committee:

Patrick Garrihy

Date: 16th December 2021

Member of the Board of Directors:

John Shannon

Date: 16th December 2021



## Statement of Changes in Reserves

	Other Reserves				
	Regulatory Reserve €	Operational Risk Reserve €	Realised Reserve €	Unrealised Reserve €	Total Reserves €
<b>As at 1st October 2019</b>	<b>3,616,680</b>	<b>150,000</b>	<b>2,627,288</b>	<b>23,543</b>	<b>6,417,511</b>
Deficit for the year	-	-	(155,420)	-	(155,420)
Transfer between reserves	-	90,000	(97,295)	7,295	-
<b>As at 30th September 2020</b>	<b>3,616,680</b>	<b>240,000</b>	<b>2,374,573</b>	<b>30,838</b>	<b>6,262,091</b>
<b>As at 1st October 2020</b>	<b>3,616,680</b>	<b>240,000</b>	<b>2,374,573</b>	<b>30,838</b>	<b>6,262,091</b>
Surplus for the year	-	-	1,660	-	1,660
Transfer between reserves		(5,000)	(4,427)	9,427	-
<b>As at 30th September 2021</b>	<b>3,616,680</b>	<b>235,000</b>	<b>2,371,806</b>	<b>40,265</b>	<b>6,263,751</b>

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## Cash Flow Statement

	Notes	2021 €	2020 €
<b>Cash flows from operating activities</b>			
Loans repaid by members		2,994,229	2,826,157
Loans granted to members		(3,615,833)	(2,997,508)
Loan interest received		494,234	455,926
Investment income received		178,580	173,103
Other income received		43,330	3,736
Bad debts recovered		14,080	12,507
Operating expenses		(719,289)	(649,184)
Movement in other assets and liabilities		7,865	(5,157)
<b>Net cash flows from operating activities</b>		<b><u>(602,804)</u></b>	<b><u>(180,420)</u></b>
<b>Cash flows from investing activities</b>			
Purchase of fixed assets		(88,404)	(35,494)
Net Cash flow from investment activities		827,120	(3,045,011)
<b>Net cash flows from investing activities</b>		<b><u>738,716</u></b>	<b><u>(3,080,505)</u></b>
<b>Cash flows from financing activities</b>			
Members' shares received		9,748,029	8,186,064
Members' shares withdrawn		(6,991,348)	(6,395,270)
<b>Net cash flows from financing activities</b>		<b><u>2,756,681</u></b>	<b><u>1,790,794</u></b>
<b>Net Increase/(decrease) in cash and cash equivalents</b>		<b><u>2,892,593</u></b>	<b><u>(1,470,131)</u></b>
Cash and cash equivalents at beginning of year		5,373,432	6,843,563
<b>Cash and cash equivalents at end of year</b>	<b>5</b>	<b><u>8,266,025</u></b>	<b><u>5,373,432</u></b>



## Notes to the Financial Statements

for the year ended 30th September 2021

### 1. Legal and regulatory framework

Ennistymon & District Credit Union Ltd is established under the Credit Union Act 1997 (as amended). Ennistymon & District Credit Union Ltd is registered with the Registrar of Credit Unions and is regulated by the Central Bank of Ireland. The principal place of business is Church Street, Ennistymon, Co. Clare.

### 2. Accounting policies

#### 2.1. Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland and Irish Statute comprising of the Credit Union Act, 1997 (as amended). The financial statements are prepared on the historical cost basis.

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

#### 2.2 Going Concern

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

#### 2.3 Interest on Loans

Interest on Members' Loans is recognised on an accruals basis over time irrespective of when the interest is physically received by the credit union. Accrued interest receivable on loans at the year end is transferred to an Unrealised Reserve.

#### 2.4 Investment Income

Investment Income is recognised on an accruals basis.

The specific investments products held by the Credit Union are accounted for as follows.

##### *Held at amortised cost*

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

for the year ended 30th September 2021

### **Central Bank Deposits**

Credit Unions are obliged to maintain certain deposits with the Central Bank. These deposits are technically assets of the credit union but to which the credit union has restricted access. The funds on deposit with the Central Bank attract nominal interest and will not ordinarily be returned to the credit union while it is a going concern. In accordance with the direction of the Central Bank the amounts are shown as current assets and are not subject to impairment reviews.

### **Investments at fair value**

Investments held for trading and investment in stock market shares are included in this category. Financial assets at fair value are classified as held for trading if they are acquired for sale in the short term. They are valued at fair value (market value) at the year end date and all gains and losses are taken to the income and expenditure account.

The credit union uses the following hierarchy to estimate the fair value of these investments:

#### *Level 1 fair values.*

The best evidence of fair value is a quoted price for an identical asset in an active market. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted price is usually the current bid price.

#### *Level 2 fair values.*

When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the entity can demonstrate that the last transaction price is not a good estimate of fair value (eg because it reflects the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distress sale), that price is adjusted.

#### *Level 3 fair values.*

If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

## **2.5 Other Income**

Other Income such as commissions receivable on foreign exchange services arise in connection to specific transactions. Income is recognised on an accruals basis.



## Notes to the Financial Statements (continued)

for the year ended 30th September 2021

### 2.6 Tangible fixed assets

Tangible fixed assets comprises items of property, equipment, fixtures & fittings and computers 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 charged so as to allocate the cost of the assets less their residual value over their estimated useful lives using the straight line method.

Depreciation is provided on the following basis.

Premises	50 years
Office equipment	5 years
Fixtures and fittings	5 years
Computers	5 years

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted prospectively if appropriate or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income and Expenditure Account.

### 2.7 Cash and Cash Equivalents

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

### 2.8 Financial Assets - 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.

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

### 2.9 Impairment of bad debts

Ennistymon & District Credit Union Ltd. assesses, at each balance sheet date, if there is objective evidence that any of its loans to members are impaired. 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. Bad debt provisioning is monitored by the Credit Union and the Credit Union assesses and approves its provisions and adequacy of same on a bi-monthly basis.

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

### 2.10 Financial liabilities - members' shares

Members' shares in Ennistymon & District Credit Union Ltd are redeemable and therefore are classified as financial liabilities. They are recognised at the amount of cash deposited.



## Notes to the Financial Statements (continued)

for the year ended 30th September 2021

### 2.11 Holiday Pay

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

### 2.12 Pension Costs

Ennistymon & District 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 Ennistymon & District 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.

### 2.13 Termination Benefits

Termination benefits are recognised as an expense when the Credit Union is committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Credit Union has made an offer of voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date then they are discounted to their present value.

### 2.14 Creditors

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

### 2.15 Distribution Policy

Ennistymon & District Credit Union Limited's policy is to pay a reasonable rate of dividend and loan interest rebate subject to covering operating costs and meeting reserve requirements.

### 2.16 Regulatory Reserve

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

### 2.17 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. The directors have considered the requirements of the Act and have considered an approach to the calculation of the operational risk reserve.



## Notes to the Financial Statements (continued) for the year ended 30th September 2021

### 2.18 Other Reserves

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

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

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Directors to exercise judgement in applying Ennistymon & District Credit Union’s accounting policies. The items in the financial statements where these judgements and estimates have been made include:

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

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

#### Impairment of Buildings

The carrying value of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. In the event, an impairment loss is recognised as the difference between the carrying amount and assets market value. The impairment charge, if applicable is charged to the Income and Expenditure Account in the period in which the related events or changes in circumstances occur.

#### Bad Debts provision

Ennistymon & District Credit Union Ltd account policy for impairment of loans is set out in the accounting policy in Note 2.8. The estimation of loan losses is inherently uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local and international economic climates, conditions in various sectors of the economy to which the credit union is exposed and other external factors such as legal and regulatory requirements. 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





## Notes to the Financial Statements (continued)

for the year ended 30th September 2021

provisions and adequacy of same on a bi-monthly basis. Key assumptions underpinning the Credit Union's estimate of collective provisions for loans with similar credit risk characteristics, and incurred but not reported provisions ("IBNR") are based on the historic 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.

### 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.

## 4. Key Management Remuneration

The Directors of Ennistymon & District Credit Union Ltd are all unpaid volunteers. The remuneration of key management personnel is as follows.

	2021 €	2020 €
Gross Salaries paid to key management	105,357	98,836
Contribution to pension schemes	11,793	4,309
Total key management personnel compensation	<u>117,150</u>	<u>103,145</u>

## 5. Cash and cash equivalents

	2021 €	2020 €
Cash and balances at bank	1,864,657	1,931,153
Deposits and Investments (Note 6)	24,168,926	22,032,457
Less: Deposits and Investments maturing after three months	(17,767,558)	(18,590,178)
Total cash and cash equivalents	<u>8,266,025</u>	<u>5,373,432</u>

## 6. Deposits and investments

Deposits & Investments at the current and prior balance sheet date have been classified as either basic or other financial instruments and are measured at amortised cost or fair value as appropriate and comprise of the following.

	2021 €	2020 €
<b>Basic Financial Instruments</b>		
Accounts in Authorised Credit Institutions	13,147,153	12,487,580
Irish and EMU State Securities	1,695,905	202,104
Bank Bonds	7,510,636	7,532,041
Central Bank Deposits	810,732	810,732
Other Deposits	-	1,000,000
Total Basic	<u>23,164,426</u>	<u>22,032,457</u>

	2021 €	2020 €
<b>Other Financial Instruments</b>		
Collective Investment in Transferable Securities (Corporate Bonds)	1,004,500	-
<b>Total Investments at Fair Value (Level 1)</b>	<u>1,004,500</u>	<u>-</u>
<b>Total Investments (Basic &amp; Others)</b>	<u>24,168,926</u>	<u>22,032,457</u>

## 7. Financial Assets - Loans

As at 1st October	6,009,992	5,865,176
Advanced during the year	3,615,833	2,997,508
Repaid during the year	<u>(2,994,229)</u>	<u>(2,826,157)</u>
Gross loans and advances to members	6,631,596	6,036,527
Loans written off during the year	<u>(50,421)</u>	<u>(26,535)</u>
As at 30th September	<u>6,581,175</u>	<u>6,009,992</u>

## 8. Provision for bad debts

As at 1st October	403,465	296,997
Decrease in bad debt provision as a result of loans written off previously provided for (Decrease)/Increase in bad debts provision	<u>(50,421)</u> <u>(15,267)</u>	<u>(26,535)</u> <u>133,003</u>
As at 30th September	<u>337,777</u>	<u>403,465</u>

## 9. Fixed Assets

	Premises €	Fixtures/ Fittings €	Office Equip. €	Computers €	Total €
<b>Cost as at</b>					
<b>1st October, 2020</b>	<u>474,847</u>	<u>30,733</u>	<u>17,947</u>	<u>155,431</u>	<u>678,958</u>
Additions	21,066	-	3,325	64,013	88,404
Disposals	-	-	-	(14,907)	(14,907)
<b>And as at</b>					
<b>30th September, 2021</b>	<u>495,913</u>	<u>30,733</u>	<u>21,272</u>	<u>204,537</u>	<u>752,455</u>
<b>Depreciation</b>					
<b>At 1st October, 2020</b>	<u>168,420</u>	<u>30,733</u>	<u>15,862</u>	<u>111,334</u>	<u>326,349</u>
Charge for year	10,624	-	889	17,085	28,598
On Disposals	-	-	-	(14,907)	(14,907)
<b>At 30th September, 2021</b>	<u>179,044</u>	<u>30,733</u>	<u>16,751</u>	<u>113,512</u>	<u>340,040</u>
<b>Net book value:</b>					
<b>30th September, 2021</b>	<u>316,869</u>	<u>-</u>	<u>4,521</u>	<u>91,025</u>	<u>412,415</u>
<b>30th September, 2020</b>	<u>306,427</u>	<u>-</u>	<u>2,085</u>	<u>44,097</u>	<u>352,609</u>



**Notes to the Financial Statements (continued)**  
for the year ended 30th September 2021

<b>10. Prepayments and accrued income</b>	<b>2021</b>	<b>2020</b>
	<b>€</b>	<b>€</b>
Prepayments	53,661	46,434
Accrued investment income	103,347	98,540
Accrued loan interest income	23,894	20,832
	<u>180,902</u>	<u>165,806</u>

<b>11. Members shares</b>		
Member share accounts	<u>26,529,111</u>	<u>23,772,430</u>

<b>12. Other Liabilities</b>		
Creditors and other accruals	<u>77,436</u>	<u>54,031</u>

**13. Reserves**

	<b>Balance 01/10/20</b>	<b>Appropriation of current year Deficit</b>	<b>Transfer Between Reserves</b>	<b>Balance 30/09/21</b>
	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>
<b>Regulatory Reserve</b>	<u>3,616,680</u>	<u>-</u>	<u>-</u>	<u>3,616,680</u>
<b>Operational Risk Reserve</b>	<u>240,000</u>	<u>-</u>	<u>(5,000)</u>	<u>235,000</u>
<b>Other Reserves Realised</b>				
Computer/IT Reserve	20,000	-	-	20,000
Reorganisation Reserve	1,165,307	-	-	1,165,307
General Reserve	<u>1,189,266</u>	<u>1,660</u>	<u>(4,427)</u>	<u>1,186,499</u>
<b>Total Realised Reserves</b>	<u>2,374,573</u>	<u>1,660</u>	<u>(4,427)</u>	<u>2,371,806</u>



## Notes to the Financial Statements (continued)

for the year ended 30th September 2021

	€	€	€	€
<b>Unrealised</b>				
Interest on Loans Reserve	20,832	-	3,062	23,894
Investment Income Reserve	10,006	-	1,865	11,871
Investment Fair Value Reserve	-	-	4,500	4,500
	<u>30,838</u>	<u>-</u>	<u>9,427</u>	<u>40,265</u>
Total Unrealised Reserves	30,838	-	9,427	40,265
	<u>6,262,091</u>	<u>1,660</u>	<u>-</u>	<u>6,263,751</u>
Total Reserves	6,262,091	1,660	-	6,263,751

The Regulatory Reserve at 30th September 2021 represents 11% of total assets at that date. (2020 - 12.02%)

The Operational Risk Reserve at 30th September 2021 represents 0.71% of total assets at that date (2020 - 0.8%). The board approved a decrease in the operational risk reserve of €5,000 following the completion of an internal process to estimate the credit union's operation risk reserve requirement.

## 14. Credit Risk Disclosures

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);
- require specified lending practices to be in place where loans are made to certain sectors such as business loans, community loans or loans to another credit union.

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



## Notes to the Financial Statements (continued)

for the year ended 30th September 2021

	Amount €	2021 Proportion %	2020 Amount €	Proportion %
<b>Loans not impaired</b>				
Total loans not impaired	6,123,874	93.05	4,347,900	72.35
<b>Impaired Loan:</b>				
Not Past Due	76,822	1.17	652,294	10.85
Up to 9 Weeks Past Due	157,990	2.40	410,659	6.83
Between 10 and 18 Weeks past due	54,636	0.83	235,784	3.92
Between 19 and 26 Weeks past due	13,852	0.21	84,890	1.41
Between 27 and 39 Weeks past due	101,436	1.54	110,498	1.84
Between 40 and 52 Weeks past due	3,842	0.06	103,164	1.72
53 or More Weeks Past Due	48,723	0.74	64,803	1.08
<b>Total Impaired Loans</b>	<b>457,301</b>		<b>1,662,092</b>	
<b>Total Loans</b>	<b>6,581,175</b>		<b>6,009,992</b>	

### 15. Related Party Transactions

	No. of loans	€
Loans advanced to Related Parties during the year.	-	-
Total Loans Outstanding to Related Parties at the year end	3	28,506
Total Provisions for Loans Outstanding to Related Parties	-	-
Total Provision charge during the year for Loans Outstanding to Related Parties	-	-

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 a member of the Board of Directors and the Management Team of Ennistymon & District Credit Union Ltd. Related parties have been identified in line with the definition in the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016.

Total Loans Outstanding to Related Parties represent 0.43% of the total loans outstanding at 30th September, 2021.



## Notes to the Financial Statements (continued)

for the year ended 30th September 2021

### 16. Additional financial instruments disclosures

#### 16a Financial risk management

Ennistymon & District Credit Union 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 Ennistymon & District Credit Union's activities are credit risk, liquidity risk and interest rate risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

**Credit risk:** Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to Ennistymon & District Credit Union, resulting in financial loss to the Credit Union. In order to manage this risk the Board approves Ennistymon & District Credit Union's lending policy, and all changes to it. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

**Liquidity risk:** Ennistymon & District 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 objective of the Credit Union's liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise.

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

**Interest rate risk:** Ennistymon & District Credit Union's main interest rate risk arises from adverse movements in interest rates receivable which would affect investment income. Ennistymon and District Credit Union Ltd reviews any potential new investment product carefully to ensure that minimum funds are locked in low yielding long term investments yet at the same time maximising investment income receivable. The Credit Union considers rates of interest receivable when deciding on the dividend rate payable on members' shares and on any loan interest rebate.

#### 16b. Interest rate risk disclosures

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

	2021		2020	
	Amount €	Av Interest Rate	Amount €	Av. Interest Rate
Financial Assets				
Loans to members	6,581,175	8.04%	6,009,992	7.98%

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.





## Notes to the Financial Statements (continued)

for the year ended 30th September 2021

### 16c. Liquidity risk disclosures

All Ennistymon & District Credit Union's financial liabilities are repayable on demand. The Credit Union retains, at all times, liquid assets amounting to a minimum of 20% of unattached savings.

### 17. Dividends and Loan Interest Rebate

The directors are proposing not to pay a dividend in respect of the year ended 30th September 2021 subject to agreement by membership at the AGM.

### 18. Post balance sheet events

There are no material events after the balance sheet date to disclose.

### 19. Insurance against Fraud

The Credit Union has Insurance against fraud in the amount of €1,300,000 in compliance with Section 47 of the Credit Union Act 1997 (as amended).

### 20. Commitments and Contingencies

#### Capital Commitments

The Credit Union had no capital commitments at 30th September, 2021.

#### Contingencies

There were no material contingencies existing at 30th September, 2021.

### 21. The Irish League of Credit Unions Republic of Ireland Pension Scheme

Ennistymon & District 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 Ennistymon & District 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



## Notes to the Financial Statements (continued)

for the year ended 30th September 2021

that the scheme was wound up at that date. The most recent Actuarial Funding Certificate was effective as at 1 March 2018 and it certified that the Scheme satisfied the funding standard.

An actuarial review of the fund is normally carried out every three years by the Scheme's independent, professionally qualified actuary. The actuarial review considers the past and future liabilities of the scheme. The last completed triennial actuarial review was carried out with an effective date of 29th February, 2020. The principal actuarial assumption used in the valuation was the investment return in the years before members retire would be 1.25% higher than the annual salary increases. The market value of the scheme's assets at 29th February 2020 was €250m. The actuarial valuation disclosed a past service deficit of €41.8m at 29th February 2020 calculated under the Ongoing Actuarial Valuation method. This valuation method assumes that the Scheme will continue in existence for the foreseeable future. The assumptions used in the actuarial review to determine the past service deficit differ from the assumptions that would be used to determine the liabilities for defined benefit obligations under FRS 102. 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 potential solutions to address the deficit.

## Schedules to Income and Expenditure Account

The following schedules do not form part of the statutory statements which are the subject of the Independent Auditors Report on pages 11-13.

### SCHEDULE 1. - Interest on Loans

	2021 €	2020 €
Loan Interest Income Received	473,402	439,461
Loan Interest Income Receivable	23,894	20,832
<b>Total per Income and Expenditure Account</b>	<b>497,296</b>	<b>460,293</b>

### SCHEDULE 2 - Other Interest Income and Similar Income

Investment Income Received/Receivable within 1 year	178,858	175,316
Investment Income Receivable outside of 1 year	4,529	2,172
<b>Total per Income and Expenditure Account</b>	<b>183,387</b>	<b>177,488</b>

### SCHEDULE 3 - Other Income:

	2021	2020
	€	€
Fees and Commission	2,141	3,736
ECCU Claims Experience Refund	32,876	-
	<u>35,017</u>	<u>3,736</u>

### SCHEDULE 4 - Other Management Expenses:

	2021	2020
	€	€
Rent and Rates	2,135	4,630
Lighting & Heating	6,799	5,959
Repairs and Renewals	14,143	3,852
Affiliation Fee	10,781	10,924
Printing and Stationery	7,579	7,237
Postage and Telephone	6,763	13,219
Donations, Sponsorship, Promotion & Advertising	20,606	4,985
Training & Education Costs	5,788	6,364
Chapter & Convention	-	899
AGM Expenses	7,678	1,040
Travel	2,066	4,120
Social	-	1,200
Bank Charges & Interest	29,399	20,415
Audit Fee	11,500	11,500
Office Equipment Maintenance	699	417
General Insurance	16,000	14,849
Share and Loan Insurance	79,685	85,763
Legal & Professional Fees	72,487	58,572
Computer Maintenance	79,575	57,670
Miscellaneous Expenses	5,826	8,736
Central Bank Funding Fees	9,220	6,082
Regulatory Levies	20,407	28,983
Irish Credit Bureau	3,373	3,606
Security, Health & Safety	5,174	5,002
Strategic Plan Implementation Costs	14,541	32,522
Membership Fees	6,945	1,067
<b>Total:</b>	<b><u>439,169</u></b>	<b><u>399,613</u></b>



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Ennistymon & District Credit Union Ltd. Is regulated by the Central Bank of Ireland.  
Loans are subject to approval. Terms & Conditions apply.