



**OVER  
25 YEARS  
IN OUR  
COMMUNITY**

MANORHAMILTON  
& DISTRICT  
CREDIT UNION LTD.

# **Report & Financial Statements for the year ended September 30, 2022**

A.G.M. Monday 12th December 2022 at 7.30 pm



  
**AT THE  
HEART OF THE  
COMMUNITY**



**Manorhamilton & District  
Credit Union**

**WE LOOK AT THINGS DIFFERENTLY**

# Credit Union Prayer

...

Lord, Make me an instrument of Thy peace  
Where there is hatred, let me sow love  
Where there is injury, pardon  
Where there is doubt, faith  
Where there is despair, hope  
Where there is darkness, light  
Where there is sadness, joy.

O Divine Master grant that I may not so much seek  
To be consoled as to console  
To be understood as to understand  
To be loved as to love  
For it is in giving that we receive  
It is in pardoning that we are pardoned  
And it is in dying that we are born to eternal life.

...



**Credit Union**

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# ... Notice of A.G.M and Agenda

**Manorhamilton and District Credit Union Ltd.**  
**Main St, Manorhamilton, Co. Leitrim.**  
**Phone (071) 9855500**

Dear Member,

You are invited to the 26th Annual General Meeting of Manorhamilton and District Credit Union which will be held on Monday 12th December 2022 in The Library, St Clare's Comprehensive, Manorhamilton, Co Leitrim at 7.30pm.

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

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

Yours sincerely,  
Seamus Mc Gourty  
Secretary Board of Directors

# Chairperson's Address

As we come to the end of our 25th anniversary of the Credit Union, on behalf of the Board of Directors, Management Team and Staff, I am delighted to report a very successful year!

2022 proved to be a very busy year, getting back to normal with Covid still in the background. We organised an official opening and celebrated 25 years in business. I would like to thank our Manager Pauline, and staff, Board of Directors, Oversight Committee, volunteers, and our neighbour Shane Kerrigan, for all the help in organising a very successful day. A special thanks to Pauline and Clare for all their help during the reconstruction phase of the building.

It was a very successful year for Manorhamilton & District Credit Union. Our loans increased and our Credit Union recorded the best ever month for loans in August 2022. I would like to take this opportunity to thank all volunteers staff and you the members for your continuous effort and support in helping to grow your Credit Union with over 17 million in assets.

During the past year, our board meetings took place via Zoom. I would like to thank the secretary for taking minutes and details on each meeting and all the Committee's for their monthly reports Pauline for organising the Zoom calls, staff for all the report-writing and keeping all our policies up-to-date and for keeping in constant contact with board members and with the board themselves for participating in the discussions, and the oversight committee for all their help during the year and looking after the voting and counting and reporting back to the board. Now that the risk of Covid has reduced, monthly meetings have resumed in person and board members can join via Zoom if they wish.

Clare is moving to other duties within the Credit Union, due to the 12-year rule on rotation of positions within the board. I want to thank Clare for all her hard work on policies and several other duties over the years at the Credit Union.

John Mc Morrow is also taking a break from his volunteerism on Board Oversight Committee, I want to thank him for all his work over the years. His knowledge of Credit Union regulation and legislation has been a great help to all at Manorhamilton Credit Union and the wider Credit Union community.


During 2022, we had regular reviews and audits of the business, all of which have been satisfactory. These reviews are all part of our governance structure which we continually develop and grow to ensure the future success and safety of our Credit Union. We wish Eliana all the best in her new post and thank her for all her hard work and welcome Helen Mc Manus who joined the staff in November.

Credit Unions are the leading organisations in Ireland for customer experience, this is because they put their members and their communities at the heart of everything they do. Irish Credit Unions have now won prestigious CXI (Customer Experience Ireland) Award for customer experience for a global, record-breaking Eight consecutive years. This is a world first.

For now, I would like to thank my fellow Directors, Board Oversight Members and Volunteers for the time they give to their Credit Unions. There is great satisfaction in the work that our volunteers undertake and if any of our members wish to find out more or get involved in voluntary work for our Credit Union, please don't hesitate to get in touch with us. The Board of Directors, Management and Staff would like to take the opportunity to thank all our members for their continued loyalty and support.

Wishing you all a safe and healthy 2023.

Eugene Kelly, Chairman



## ••• Minutes of 25th AGM ( Virtual)

### of Manorhamilton & District Credit Union held on 13th December 2021 via My Webinar.

Eugene welcomed all our members to the 24th Annual General Meeting covering the year 30th September 2021, on behalf of the board of directors.

Due to COVID 19 and the restrictions in place we are holding our second virtual AGM and we thank everyone for joining us tonight.

A special welcome to Helene McManus, ILCU President & Eoin O Boyle, our auditors. The audio of this meeting will be recorded solely for minuting purposes following the conclusion of the AGM.

Attendees' mics and camera have been switched off for the duration of the meeting. If you have a question during the AGM please submit it through the chat function in Zoom. The chat feature is being monitored throughout the meeting.

The agenda for the meeting is set out on page 2 of our annual report and the booklet also contains various reports which have been distributed via email prior to the AGM.

Before we begin, I would like to extend our deepest sympathy from the board of Manorhamilton and district Credit Union to family and friends of those members of our credit union who have passed away during the year.

Moving on to the agenda proper.

- *Acceptance of proxies:*

Eugene Kelly confirmed that there were no proxies.

- *Ascertainment of Quorum:*

Eugene Kelly confirmed that a quorum is present

- *Adoption of standing orders:*

It is proposed that the normal rules and procedures as outlined on page 8 to 9 of the Annual Report will apply. Members are asked to give their name when speaking or seeking answers through the chat function, for the purpose of recording the minutes of this meeting.

Proposed by Clare McGauran and seconded Lorraine McBride.

- *Minutes of 24th AGM held on 26th March 2021:*  
The minutes of 24th AGM held on the 26th March 2021 are on page 5 of booklet and will be taken as read. Eugene asked if there were any questions on the minutes, of which none arose.  
Proposed by Anthony Murray and seconded by Rossa O'Connor.
- *Report of the Board of Directors (Pages 17 - 22) of booklet*  
Eugene advised that this report will be taken as read and asked if there were any questions. No questions arose.  
Proposed by Clare McGauran and seconded by Treasa Nealon.
- *Consideration of accounts & Report of Auditor ( page 24 to 52)*  
Eoin O Boyle, auditor presented the accounts.  
Proposed by John O'Flynn and seconded by Lorraine McBride.
- *Board Oversight Committee Report Page 23*  
Eugene invited John Mc Morrow to speak on behalf of the committee. John referred to the Board Oversight committee report in AGM booklet.  
Declaration of Dividend and rebate of Interest if any  
The Directors of Manorhamilton and district Credit Union Ltd. propose that no dividend or loan interest rebate in respect of the year ended 30th September 2021:  
Gross Dividend on shares Nil  
Loan Interest Rebate of Nil  
Proposed by John McMorrow and seconded by Sharon O'Hagan.
- *Report of Credit Committee*  
Report will be taken as read.  
Proposed by Bernie McGauran and seconded by Carla Nealon.
- *Report of Credit Control Committee*  
Report will be taken as read.  
Proposed by Pat Harte and seconded by Majella Barry.
- *Report of Membership Committee*  
Report will be taken as read.  
Proposed by Austin Nealon and seconded by Clare Mc Gauran.
- *Sub Committee Reports*  
None.
- *Report of Nomination Committee*  
Report presented by Sharon O Hagan  
Proposed by Lorraine McBride and seconded by Carla Nealon.
- *Appointment of Tellers*  
Eugene advised that counting of the vote will be automated by our service provider and verified by staff and Board Oversight Committee following completion. Results will be made available later in the meeting.
- *Elections / Balloting*  
Those in attendance who have voting rights - will be afforded an opportunity to



participate in all polls on an electronic basis by voting in favour or against. Polls are presented in the form of a balloting form with checkboxes beside the choices given. When this balloting form appears on screen you then can vote.

1st Ballot – Members will vote for the auditor

Eoin O Boyle is seeking election for the role of Manorhamilton and district Credit Union Auditor.

2nd Ballot – members are now asked to fill the vacancies on the Board Oversight Committee

3rd Ballot – Members are now asked to vote on the vacancies on the Board of Directors

- *Rule Amendments*

Proposed Standard Rule Amendments (Page 15), to this year's Annual general Meeting will be presented to attendees on their screen.

4th Ballot – Member are now asked to vote for these rule amendments.

Rule amendment adopted unanimously.

- *Announcement of Election results*

The election results are announced to the meeting in the following order

- Auditor Eoin O Boyle
- Board Oversight Comm : Bernie Mc Morrow
- Board of Directors: Elaine McBride, Sharon O'Hagan, Mary McLoughlin, Francis Fox & Teresa Gilligan.

Address from Helene McManus, President ILCU

Eugene Kelly then invited Helene McManus President of the Irish League of Credit Union to speak. President McManus congratulated Manorhamilton & District Credit Union on its 25th Anniversary. The president spoke about the important role which credit unions play in our communities and gave an overview of the history of the credit union movement and how they have progressed over the intervening years. She encouraged all members to continue to support their local credit union and to get involved in volunteering with the credit union.

- *Any other Business*

Eugene expressed thanks to Anne O'Brien and Philip Maguire leaving the board after many years of service. He welcomed Francis Fox and Teresa Gilligan to the board and congratulated everyone elected this evening.

Thanks to Pauline and staff for a lot extra work to comply with covid 19 and in preparation for the AGM. A special thanks to the board secretary Seamus McGourty for all the hard work over the year and very accurate recording of all board meetings.

- *Close of Meeting*

Thanks to the members for their attendance of our AGM.

Thanks to all board and oversight committee, staff, and James and Martin from Mywebinar for assistance in organising the Virtual AGM.

Meeting closed @ 8PM

# Model Standing Orders for Credit Unions

Reference: Recommendation 41 (b) of the Planning Committee;

## 1. VOTING

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

## 2 - 3 ELECTION PROCEDURE

2. Elections to the board of directors, to the board oversight committee and the position of auditor shall be by majority vote and by secret ballot.
3. When nominations are announced tellers shall be appointed by the chair and ballot papers shall be distributed. Nominations shall be in the following order:
  - (a) nominations for auditor;
  - (b) nominations for members of the board oversight committee;
  - (c) nominations for directors.

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

## 4 - 9 MOTIONS

4. All motions from the floor of the AGM must be proposed and seconded by members present at the AGM and moved by the proposer. If the proposer is absent when the motion is called, the motion shall be deemed to have failed.
5. A proposer of a motion may speak for such period as shall be at the discretion of the chair of the meeting and shall have the right of reply before the motion is put to the meeting for a vote.
6. In exercising his/her right of reply, a proposer may not introduce new material.

7. The seconder of a motion shall have such time as shall be allowed by the chair to second the motion.
8. Members are entitled to speak on any such motion and must do so through the chair. All speakers to any motion shall have such time as shall be at the discretion of the chair.
9. The chair shall have the absolute right to decide at any time when a motion has been sufficiently discussed and may put the motion to the meeting giving the proposer the right of reply before doing so.

## **10 - 15 MISCELLANEOUS**

10. The chair of the board of directors shall be the chair of any general meeting, except where he/she is not available, in which case it shall be the vice-chair, except where he/she is not available, in which case the board shall decide amongst themselves who shall act as chair of any general meeting.
11. The chair may at his/her discretion, extend the privilege of the floor to any person who is not a member.
12. Matters not covered by the Agenda may be introduced under "Other Business" at the discretion of the chair.
13. The chairman's decision on any matter relating to these Standing Orders or interpretation of same shall be final.
14. No member shall have more than one vote on each question at any general meeting of the credit union or any adjournment thereof irrespective of his/her shareholding or the number of accounts in his/her name in the credit union provided, however, that except in voting at elections, the presiding member shall have a second or casting vote in the event of equality of voting. Voting by proxy shall be allowed only when a member other than a natural person votes through a representative, who is a member of the group, duly authorised in writing for that purpose and accepted as such by the board of directors.
15. Any matter to be decided upon by vote at the AGM shall, unless otherwise expressly provided for by law or the rules, be decided upon by simple majority.
16. Suspension of Standing Orders  
Any one of these Orders or all of these Standing Orders may be suspended on a motion to this effect receiving a two-thirds majority of those present and entitled to vote.
17. Alteration of Standing Orders  
Standing Orders may be amended or altered at a general meeting and only if a motion to this effect has received a two-thirds majority of those present and voting.
18. Adjournments  
Adjournments of the AGM shall take place only in accordance with section 81(1) of the Credit Union Act, 1997 (as amended).

# Report of the Board Oversight Committee

'The board oversight committee of a credit union shall 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, and any other matter prescribed by the Bank in respect of which they are to have regard to in relation to the board of directors.' - Section 76M Credit Union Act 1997 (as amended).

In assessing the performance of the Board of Directors, the Board Oversight Committee carried out the following actions during the financial year ended 30th September 2022:

1. Monitored the effectiveness of the Board of Directors in the governance of the Credit Union on an ongoing basis.
2. Examined board minutes, board sub-committee reports as well as reports produced periodically by the Credit Union's Risk/Compliance Officer, Internal Auditor etc.
3. Met formally with the Board of Directors on four occasions during the year and presented written reports to the board, at least two weeks in advance of these meetings. Meetings were conducted by a mix of in person attendance and remote attendance.
4. A member of the Board Oversight Committee is obliged to attend all meetings of the Board of Directors and to attend periodically, meetings of the Boards sub-committees. These functions were carried out by a mix of in person attendance and remote attendance.

Based on the above, the Board Oversight Committee is satisfied with the performance of the Board of Directors of Manorhamilton & District Credit Union Ltd., during financial year ended 30th September 2022.

In conclusion, the Board Oversight Committee would not be able to carry out its functions without the co-operation and assistance of the Chairperson and Board of Directors. The Manager, Credit Union staff and volunteers. On behalf of our members, we would like to thank them for the excellent service they continue to provide to all of us.

**Majella Barry, Chairperson.**

**John McMorrow, Secretary.**

**Bernie McMorrow.**

# Credit Committee Report to AGM 2022

During the last year Manorhamilton Credit Union issued 646 loan totalling €2,934,829.30 to our members in our community. As of 30/09/2022 our loan book is now €5,528,525.00. This is a growth of 11 % on last year.

All loan applications are considered based on our lending criteria and principally, your repayment capacity

We also offer flexibility regarding loan repayments – a loan can be paid back early without penalties or it can be restructured if there is a change in the borrower's circumstances.

We will continue to monitor our product range, interest rates and loan assessment process to fully provide for all our members requirements.

We offer the following loan products:

- Special Education Loan
- Car Loan
- Home Improvements Loan
- Personal Loan
- Promotional Loan Rate

Terms and conditions apply to all Loans

In addition to our excellent competitive loan rates the majority of loans issued qualify for free life cover, there are no hidden charges, no penalties for early repayment and interest is only payable on any outstanding balance. Credit Committee would like to thank Pauline, Carla, Sharon, Lorraine and Eliana, Aoife and Helen for all their help and support throughout the year.

**Anne Gilligan**

**Elaine Mc Bride**

**Clare Mc Gauran**

# Credit Control Committee Report

The role of the credit control committee is to try to ensure repayment of members loans are in accordance with their Credit Agreement. The committee ensures that the policies and procedures adopted by the board of directors governing the pursuit and recovery of loans are fully implemented. The committee reports to the board of directors at our monthly Credit Union meetings.

As a committee we have responsibility to our members to ensure that every effort is made to minimise the level of bad debt, maximise the recovery of historic bad debt & ensure adequate provisions for non-performing loans whilst recommending loan charge off and decisions made regarding appropriate action to be taken on member loans.

We are very grateful to the vast majority of our members who, during what was a very difficult and economically challenging year have diligently repaid their loans. We would strongly encourage any of our members who are experiencing financial difficulties to contact us at the earliest stage possible. Our staff are very experienced, confidential and sympathetic in assisting our members who find themselves in financial difficulties often through no fault of their own. Every effort will be made to find a solution that suits both the member and the credit union.

## Note Re: Top-Up Loans Accrued Interest Refund

During the current financial year, a potential issue was identified by Manorhamilton Credit Union Ltd in the calculation of the "Total Repayable" figure on a number of credit agreements for top-up loans issued between 2014 and 2018, where there was an accrued interest amount outstanding at the date of the top-up.

Following a full review of all loans issued by, it was determined that no overcharging or over collection occurred. However, we do acknowledge that the credit agreement 'Total Repayable' figure did not include 'accrued interest' and this could have been misleading for our members. In light of this omission on our part, and as gesture of goodwill, we refunded accrued interest to all affected members.

Should you have any questions in respect of the refund, please contact us, and we shall be happy to assist you.

# Membership Committee Report 2022

We are delighted to report that our membership has continued to grow and that 191 new members joined Manorhamilton & District Credit Union in the last twelve months to bring our total membership to 3819. We encourage potential new members to contact us by phone or e-mail to initiate joining process. Applications can be processed over the phone and new members then attend the office to sign relevant documentation. All members must comply with the following legislation.

We would like to remind Members to review their Nomination arrangements, particularly if you have not done so recently. All members over 16 years of age are entitled to nominate someone to receive their shares up to a maximum of €23,000 in the event of their death.

## **CRIMINAL JUSTICE (ANTI MONEY LAUNDERING AND COUNTER TERRORIST FINANCING) ACTS, 2010 & 2013**

The Criminal Justice (Anti Money Laundering & Counter Terrorist Financing) Acts 2010 & 2013 require Credit Unions to adopt policies and procedures, in relation to their business, to prevent and detect the commission of money laundering and terrorist financing. For our Credit Union to comply with this legislation, we must apply 'customer due diligence' steps to all members prior to the establishment of a business relationship with the member and on an on-going basis thereafter. This requires the following steps: -

- Identification and verification of a member's identity and residency
- Identification of beneficial owners/controllers of funds
- Obtaining information on the source of funds and the purpose of the account
- Enhanced due diligence where required
- Conducting on-going monitoring.

Finally, welcome to all new members who have joined in the last 12 months, we look forward to dealing with you in the future and continuing to work with all our members.

Many thanks to all the staff for all their help over the last year.

**Helen McManus**  
**Carla Nealon**  
**Susan McDermott**

# WANT TO DITCH THE DIESEL?

We've got the flexible  
**electric** car loan for you

MANORHAMILTON & DISTRICT CREDIT UNION LIMITED

## CAR LOANS

Have you had your Credit ReUnion?

Call us on **071 985 5500**

Email [desk@manorhamiltoncu.ie](mailto:desk@manorhamiltoncu.ie)

Loans are subject to approval. Terms and conditions apply. If you do not meet the repayments on your loan, your account will go into arrears. This may affect your credit rating which may limit your ability to access credit in the future. Manorhamilton & District Credit Union Limited is regulated by the Central Bank of Ireland.



**manorhamiltoncu.ie**

**WE LOOK AT THINGS DIFFERENTLY**



# Directors and Other Information

<b>Directors</b>	Eugene Kelly (Chairperson) Elaine McBride (Vice Chairperson) Seamus McGourty (Secretary) Clare McGauran Sharon O'Hagan Mary McLoughlin John O'Flynn Francis Fox (Appointed 13 December 2021) Teresa Gilligan (Appointed 13 December 2021) Philip Maguire (Resigned 13 December 2021) Anne O'Brien (Resigned 13 December 2021)
<b>Board Oversight Committee Members</b>	Majella Barry (Chairperson) John McMorrow (Secretary) Bernie McMorrow
<b>Membership Committee</b>	Helen McManus (Chairperson) Susan McDermott (Secretary) Carla Nealon
<b>Credit Committee</b>	Elaine McBride (Chairperson) Anne Gilligan (Secretary) Clare McGauran
<b>Credit Control Committee</b>	John O'Flynn (Chairperson) Mary McLoughlin (Secretary) Philip Maguire
<b>Credit Union Number</b>	472CU
<b>Registered Office and Business Address</b>	Main Street Manorhamilton Co Leitrim
<b>Auditors</b>	O'Boyle & Co. Chartered Accountants and Statutory Audit Firm Church Street Longford
<b>Bankers</b>	Bank of Ireland Stephen Street Abbeyquarter North Sligo AIB Main Street Manorhamilton Co Leitrim Danske Bank 3 Harbourmaster Place IFSC Dublin 1

# Directors' Report

## for the financial year ended 30th September 2022

The directors present their Annual Report and the Audited Financial Statements for the financial year ended 30 September 2022.

### **Objects**

The purpose of the Credit Union is to allow members save together and lend to each other at a fair and reasonable rate of interest. The acceptance of member savings and lending to members is carried out in accordance with legislation and criteria determined by the Irish League of Credit Unions and the Credit Union itself.

### **Principal Risks and Uncertainties**

The Credit Union, as with many other financial institutions, continues to face uncertainties arising from general economic conditions. The Board of Directors is responsible for the general control, direction and management of the Credit Union and for ensuring that they have in place effective governance arrangements including risk management systems and internal audit functions. The Directors actively monitor the effects of economic and other conditions on the daily operations of the Credit Union and meet as a board (remotely or face-to-face) as often as necessary, but at least monthly, to discuss the risks and challenges facing the Credit Union and to discharge their responsibilities.

The principal risks and uncertainties facing the Credit Union are loan default; not lending a sufficient proportion of funds so that too much of the Credit Union's resources are tied up in investment products; poor performance of investments; the risk that the Credit Union will not have sufficient cash resources to meet day to day running costs and repay members savings when demanded (liquidity risk). The Board appoints various sub committees, retains the services of suitably qualified advisors and appoints staff in order to assist in the management of its principal risks and uncertainties. These risks are managed and controlled by the Credit Union's Board of Directors as follows:

#### *Loan default*

The risk of members not repaying their loans and defaulting on their loans. The directors identify loan default as the greatest risk to the Credit Union. This risk is managed based on the continuous update and improvement of lending procedures; active monitoring of loans and repayments and the continued training of all relevant personnel within the Credit Union.

#### *Not lending enough of surplus funds*

The risk of a reduced demand for loans amongst members. Manorhamilton & District Credit Union Limited encourages lending by offering a wide range of competitive lending products to its members. The product and service are promoted by regular marketing activities throughout the year. The need to

increase demand for loans is balanced by the need to ensure that borrowers have the capacity to repay the amount borrowed.

#### *Investment Portfolio Performance*

The risk of the loss of capital or insufficient return on investments in the Credit Union's Investment portfolio. The Credit Union's Board of Directors regularly review and approve the Credit Union's investment policy in which it sets out the types of investments within which the Credit Union can invest funds. A key factor for all investments is the need to balance the secure return of capital with the interest yield. Funds are invested in compliance with the Credit Union's policy and regulatory guidance.

#### *Liquidity risks*

The risk that the Credit Union will not have enough cash available to manage the day to day running of the Credit Union; and repay members savings on demand. The liquidity level of the Credit Union is monitored on a regular basis to ensure funds are maintained in short term deposits at all times so that it has sufficient cash to meet its obligations as they fall due.

#### *Operational Risk*

The risk of loss (financial or otherwise) arising as a result of inadequate internal processes, people and systems. The Credit Union manages operational risk through the recruitment and employment of suitably qualified staff and management who ensure that appropriate processes, procedures and systems are implemented and applied. This is further supported by a robust reporting structure and active management of operational risk events.

#### *Strategy/business model risk*

The risk which the Credit Union faces if they cannot compete effectively or operate a viable business model and the inherent risk in the Credit Union's strategy.

### **Business Review**

The Income and Expenditure account, the Balance Sheet and the Statement of Changes in Reserves and the Statement of Cash Flows for the year ended 30 September 2022 are set out on pages 26 to 29.

In the current financial year ended 30 September 2022, the Credit Union experienced an increase in savings and new loans granted to members. Members' savings increased by €399,384 to €14,714,837. Loans to members increased by €539,000 to €5,528,525. The loan to savings ratio was 38% at the year end (2021: 35%).

Total income for the year (excluding exceptional items) decreased from €564,654 in 2021 to €561,923 in 2022. Income from loans to members decreased by €1,009. Income from investments decreased by €3,735. Total expenditure (excluding exceptional items) increased slightly from €451,111 in 2021 to €451,201 in 2022.

Overall a surplus of €27,290 was generated for the year, down from the 2021 surplus of €113,543. In accordance with the general instructions of the Central Bank of Ireland, the Directors do not recommend a payment of a dividend or

interest rebate for the year. The surplus will be used to maintain and build the Credit Union's reserves.

The Directors consider that the level of business conducted throughout the year and the financial position at the year-end as set out in the financial statements is satisfactory, given the current challenging environment.

### **Dividends and Loan Interest Rebate**

In September 2022, the Central Bank of Ireland issued general instructions for all Credit Unions to demonstrate prudent forward-looking capital reserve management in the current challenging environment. In accordance with this instruction, the Credit Union's Board of Directors for the year end 30 September 2022 do not recommend the payment of a dividend on shares or a rebate on interest paid by members on loans throughout the year (2021: €Nil proposed dividend on shares and interest rebate on loans). The Board recommends that the surplus be used to maintain and build the Credit Union's reserves.

### **Future Developments**

The Directors anticipate that surpluses may decline over the next few years, arising from the uncertainties caused by the long effects of the Covid-19 pandemic, which continues to impact on members' lives long term and the macroeconomic effects it may have in the future. In addition, uncertainties arising from declines in investment returns, changes in the banking sector, international tax changes and climate change. However, the Directors are confident that the solvent financial position of Manorhamilton & District Credit Union Limited will be maintained. The Directors expect in the coming years to develop and expand the Credit Union's current activities and they are confident of its ability to operate successfully in the future

### **Board of Directors**

The directors of the Credit Union at 30 September 2022 and during the year were as follows:

Eugene Kelly, Elaine McBride, Seamus McGourty, Clare McGauran, Sharon O'Hagan, John O' Flynn, Mary McLoughlin, Francis Fox (appointed 13/12/2021), Teresa Gilligan (appointed 13/12/2021), Philip McGuire (resigned 13/12/2021) and Anne O'Brien (resigned 13/12/2021).

In accordance with the Credit Union's governance policy and the Credit Union Act 1997 (as amended), the term of office of a member of the Board of Directors shall not extend beyond three subsequent AGMs after being so elected. Having served this term a director must retire at the next AGM of the Credit Union. A retiring member of the Board is eligible for re-election once (s)/he has not served for more than twelve years in aggregate on the previous fifteen years on either the Board of Directors or the Board Oversight Committee.

### **Board Oversight Committee**

The members of the Board Oversight Committee of the Credit Union at 30 September 2022 and during the year were as follows:

John McMorrow, Majella Barry and Bernie McMorrow.

In accordance with the Credit Union's governance policy and the Credit Union Act 1997 (as amended), the term of office of a member of the Board Oversight Committee shall not extend beyond three subsequent AGMs after being so elected. Having served this term a committee member must retire at the next AGM of the Credit Union. A retiring committee member is eligible for re-election, once s(he) has not served more than twelve years in aggregate in the previous fifteen years on either the Board of Directors or the Board Oversight Committee.

### **Regulatory Reserve**

At 30 September 2022, reserves held in regulatory reserve represented 10.74% of the total assets of the Credit Union (2021: 10.5%)

### **Membership of Credit Union**

Membership of Manorhamilton & District Credit Union at 30th September 2022 stood at 3,774 (2021: 3,688).

### **Authorisation**

The Credit Union is authorised to conduct payment services. It is regulated by the Central Bank of Ireland for these activities.

### **Accounting Records**

The Directors believe that they comply with the requirements of section 108 of the Credit Union Act 1997 (as amended) with regard to keeping proper accounting records for the Credit Union, is by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the Credit Union are maintained at the Credit Union's premises at Main Street, Manorhamilton, Co Leitrim.

### **Post Balance Sheet Events**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Credit Union, the results of those operations or the state of affairs of the Credit Union in financial years subsequent to the financial year ended 30 September 2022.

### **Auditors**

The auditors, O'Boyle & Co., have indicated their willingness to continue in office in accordance with Section 115 of the Credit Union Act 1997 (as amended).

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

**Chairperson of the Board of Directors**

  
Eugene Kelly

**Secretary of the Board of Directors**

  
Seamus McGourty

**Date: 7 November 2022**

# Statement of Directors Responsibilities

## for the financial year ended 30th September 2022

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 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 financial year. In preparing these financial statements the Directors are required to:

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

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Credit Union and enable them to ensure that the financial statements are prepared in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland, including the standards issued by the Financial Reporting Council, and in particular FRS102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”. They are responsible for safeguarding the assets of the Credit Union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Credit Union’s website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the Directors are aware:

- there is no relevant audit information (information needed by the Credit Union’s auditor in connection with preparing the auditor’s report) of which the Credit Union’s auditor is unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Credit Union’s auditor is aware of that information.

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

**Ch. of the Board of Directors**



Eugene Kelly

**Sec. of the Board of Directors**



Seamus McGourty

**Date: 7 November 2022**

# Report of The Board Oversight Committee

for the financial year ended 30th September 2022

## Statement of Board Oversight Committee's Responsibilities

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

## Board Oversight Committee Report

The function of the Board Oversight Committee is to assess whether the Board of Directors has operated in accordance with the governance requirements set out in legislation, regulations, and guidance.

The Board Oversight Committee of Manorhamilton & District Credit Union Limited has in furtherance of its role:

- Attended all meetings of the Board of Directors throughout the year;
- Met as a committee monthly as required by the legislation;
- Formally met with the Board of Directors once a quarter and provided a performance report to the Board of Directors as required by legislation;
- Participated in various committee meetings throughout the year;
- Participated in specialised Board Oversight Committee training.

The Board Oversight Committee is satisfied to report that the actions and decisions of the Board of Directors of Manorhamilton & District Credit Union Limited are compliant with current legislation and regulation.

The Board Oversight Committee is satisfied that the method of continual reviews of the Credit Union's processes and procedures, as employed by the Board, ensures that Manorhamilton & District Credit Union Limited meets all of the requirements laid down from a legal and regulatory perspective.

## Approved on behalf of the Board Oversight Committee

### Member of the Board Oversight Committee



Bernie McMorrow

**Date: 7 November 2022**

# Report on the audit of the financial statements

## Opinion

We have audited the financial statements of Manorhamilton & District Credit Union Limited for the financial year ended 30 September 2022 which comprise the Income & Expenditure Account, the Balance Sheet, the Statement of Changes in Reserves, the Statement of Cash Flows and notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish law including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued in the United Kingdom by the Financial Reporting Council and the Credit Union Acts 1997 (as amended)

In our opinion the financial statements:

- give a true and fair view of the state of the assets, liabilities, and financial position of the Credit Union as at 30 September 2022 and of its surplus for the financial year then ended;
- have been properly prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been properly prepared in accordance with the requirements of the Credit Union Acts 1997 (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 the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively,



may cast significant doubt on the Credit Union's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Other Information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Credit Union Acts 1997 (as amended)**

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

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

### **Respective responsibilities**

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

As explained more fully in the Statement of Directors' Responsibilities as set out on page 20, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the

preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

Our report is made solely to the Credit Union's members, as a body, in accordance with section 120 of the Credit Union Act 1997 (as amended). Our audit work has been undertaken so that we might state to the Credit Union's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Credit Union and the Credit Union's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Eoin O'Boyle for and on behalf of  
O'BOYLE & CO.  
Chartered Accountants and Statutory Audit Firm  
Church Street,  
Longford,  
7 November 2022

# Appendix to the Independent Auditor's 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 directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as going concerns. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Credit Union to cease to continue as going concerns.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

# Income & Expenditure Account

for the financial year ended 30th September 2022

		2022	2021
	Note	€	€
<b>Income</b>			
Interest on members' loans	4	499,858	500,867
Other interest income and similar income	5	47,519	51,254
<b>Net interest income</b>		<b>547,377</b>	552,121
Other income	7	14,546	12,533
<b>Total income</b>		<b>561,923</b>	564,654
<b>Expenditure</b>			
<b>Employment costs</b>	9	<b>172,555</b>	176,287
Other management expenses (Schedule 1)		229,672	208,978
Depreciation		53,582	38,310
Bad and doubtful debt provision	13.4	(22,826)	33,507
Bad and doubtful debt written off	13.4	43,681	4,072
Bad debt recovered	13.4	(25,463)	(10,043)
<b>Total expenditure</b>		<b>451,201</b>	451,111
<b>Surplus/(deficit) of income over expenditure before exceptional gains/ (losses)</b>		<b>110,722</b>	113,543
Refund from ILCU Stabilisation Protection Scheme	8.1	70,522	-
Deficit paid to ILCU pension scheme	8.2	(148,046)	-
Loan interest returned to members	8.3	(5,908)	-
		(83,432)	-
<b>Surplus/(deficit) of income over expenditure after exceptional gains/ (losses)</b>		<b>27,290</b>	113,543
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>27,290</b>	113,543

The financial statements were approved and authorised for issue by the Board of Directors on 7 November 2022 and signed on its behalf by:

Manager Pauline Murray

Chairperson of the Board of Directors Eugene Kelly

Member of Board Oversight Committee Berrie Mc Morrow

Date: 7 November 2022

# Balance Sheet

as at 30th of September 2022

		2022	2021
	Note	€	€
<b>Assets</b>			
Cash and cash equivalents	11	<b>1,081,863</b>	1,213,609
Tangible fixed assets	12	<b>638,759</b>	596,556
Loans to members	13	<b>5,528,525</b>	4,989,525
Provision for bad debts	13	<b>(303,995)</b>	(326,821)
Central Bank Minimum Reserve	14	<b>33,050</b>	174,312
Prepayments and accrued income	15	<b>63,040</b>	46,432
Deposits and investments – cash equivalents	16	<b>2,762,155</b>	2,545,654
Deposits and investments – other	16	<b>7,402,891</b>	7,533,823
<b>Total assets</b>		<b>17,206,288</b>	16,773,090
<b>Liabilities</b>			
Members' shares	17	<b>13,997,112</b>	13,418,771
Members' deposits	17	<b>717,725</b>	896,682
Creditors, accruals & other liabilities	18	<b>59,733</b>	53,209
<b>Total liabilities</b>		<b>14,774,570</b>	14,368,662
<b>Net Assets</b>		<b>2,431,718</b>	2,404,428
<b>Members' Resources</b>			
Regulatory reserve		<b>1,848,320</b>	1,761,220
Distribution reserve		<b>133,546</b>	133,546
Operational risk reserve		<b>80,000</b>	80,000
Undistributed surplus reserve		<b>362,800</b>	429,662
Non-distributable income reserve		<b>7,052</b>	-
<b>Total Members' Resources</b>		<b>2,431,718</b>	2,404,428

The financial statements were approved and authorised for issue by the Board of Directors on 7 November 2022 and signed on its behalf by:

Manager Paulie Murray

Chairperson of the Board of Directors Eugene Kelly

Member of Board Oversight Committee Bernie Mc Morrow

Date: 7 November 2022

# Statement of Changes in Reserves

## for the financial year ended 30th September 2022

	Regulatory Reserve	Distributions Reserve	Operational Risk Reserve	Undistributed surplus reserve	Non-distributable income reserve	Total
	€	€	€	€	€	€
At 1 October 2020	1,611,120	133,546	80,000	466,219	-	2,290,885
Total comprehensive income for the financial year	-	-	-	113,543	-	113,543
Transfer to Regulatory Reserve	150,100	-	-	(150,100)	-	-
<b>At 30 September 2021</b>	<b>1,761,220</b>	<b>133,546</b>	<b>80,000</b>	<b>429,662</b>	<b>-</b>	<b>2,404,428</b>
At 1 October 2021	1,761,220	133,546	80,000	429,662	-	2,404,428
Total comprehensive income for the financial year	-	-	-	27,290	-	27,290
Surplus allocation in financial year	-	-	-	(7,052)	7,052	-
Transfer to Regulatory Reserve	87,100	-	-	(87,100)	-	-
<b>At 30 September 2022</b>	<b>1,848,32</b>	<b>133,546</b>	<b>80,000</b>	<b>362,800</b>	<b>7,052</b>	<b>2,431,718</b>

### (i) Regulatory Reserve

Following the commencement of Section 13 of The Credit Union and Co-Operation with Overseas Regulators Act 2012, the requirement for Credit Unions (under the principal Credit Union Act 1997) to transfer 10% of their annual surplus to their Statutory Reserve (now known as the Regulatory Reserve) each financial year has been removed. Notwithstanding this, the Board of Manorhamilton & District Credit Union Limited has transferred €87,100 from its General Reserve to its Regulatory Reserve (2021: €150,100) so that the Regulatory Reserve would stand at 10.74% at the current year end (2021: 10.5%), which is in excess of the required limit of 10%.

### (ii) Operational Risk Reserve

In accordance with section 45 of the Credit Union Act 1997 (as amended) Manorhamilton & District Credit Union Limited put in place an Operational Risk Reserve. The Board completed an internal process of assessing the level of the Reserve required to cover the operational risk within the Credit Union and they are satisfied that no further transfer to the Reserve is required at present. The Operational Risk Reserve as a % of total assets as at 30th September 2022 was 0.47% (2021: 0.48%)

### (iii) Non-Distributable Income Reserve

The non-distributable income reserve related to income receivable by the Credit Union, which is due to be paid to the Credit Union greater than 12 months from the balance sheet date.

# Cash Flow Statement

for the financial year ended 30th September 2022

		2022	2021
	Note	€	€
Opening cash and cash equivalents		<b>3,759,263</b>	3,569,973
<b>Cash flows from operating activities</b>			
Loans repaid		<b>2,352,148</b>	2,263,461
Loans granted		<b>(2,934,829)</b>	(2,729,989)
Loan interest income		<b>498,180</b>	504,452
Investment income		<b>47,519</b>	51,254
Other income received		<b>14,546</b>	12,533
Bad debts recovered		<b>25,463</b>	10,043
Operating expenses		<b>(402,224)</b>	(385,265)
Movement in other assets		<b>(14,930)</b>	7,173
Movement in other liabilities		<b>6,524</b>	5,391
<b>Net cash (used in)/generated from operating activities</b>		<b>(407,603)</b>	(260,947)
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		<b>(95,788)</b>	(13,970)
Net cash flow (from)/to other investing activities		<b>272,194</b>	(414,640)
<b>Net cash generated (from)/used in investing activities</b>		<b>176,406</b>	(428,610)
<b>Cash flows from financing activities</b>			
Members' shares received		<b>6,165,928</b>	4,193,193
Members' deposits received		<b>32,151</b>	8,307,644
Members' shares withdrawn		<b>(5,587,587)</b>	(3,215,003)
Members' deposits withdrawn		<b>(211,108)</b>	(8,406,987)
<b>Net cash generated from financing activities</b>		<b>399,384</b>	878,847
<b>Other receipts / (disbursements)</b>			
Refund from ILCU Stabilisation Protection Scheme		<b>70,522</b>	-
Deficit paid to ILCU pension scheme		<b>(148,046)</b>	-
Loan interest returned to members		<b>(5,908)</b>	-
		<b>(83,432)</b>	
<b>Net increase in cash and cash equivalents</b>		<b>84,755</b>	189,290
Cash and cash equivalents at end of financial year	11	<b>3,844,018</b>	3,759,263

# Notes To The Financial Statements

## for the financial year ended 30th September 2022

### 1. LEGAL AND REGULATORY FRAMEWORK

Manorhamilton & District Credit Union Limited is established under the Credit Union Act 1997 (as amended) The Credit Union is registered with the Registrar of Credit Unions (No. 472CU) and is regulated by the Central Bank of Ireland. The principal place of business is Main Street, Manorhamilton, Co Leitrim with a sub office located in Blacklion, Co. Cavan. The nature of the Credit Union's operations and its principal activities are set out in the Directors' Report on pages 16 to 19.

### 2. ACCOUNTING POLICIES

The following principal accounting policies have been applied consistently in dealing with items, which are considered material in relation to the Credit Union's financial statements:

#### 2.1 Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with applicable Irish accounting standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102) and Irish statute comprising of the Credit Union Act 1997 (as amended).

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

#### 2.2 Currency

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

#### 2.3 Going concern

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

- is generating annual surpluses;
- is maintaining an appropriate level of liquidity and in compliance with Central Bank of Ireland limits; and
- has reserves that are currently above the minimum legal requirements of the Central Bank.

However, the Directors recognise that in the current regulatory and business environment, the current business model for the Credit Union may become unsuitable in the long term. Interest on loans combined with interest on investments may become insufficient to cover the cost of running the Credit Union. The Directors are actively addressing a long term strategy for the Credit Union, including contracting the level of service and expanding its product range.

#### 2.4 Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Credit Union and the revenue can be reliably measured. Income is measured at the fair value of the consideration received. The following criteria must also be met before revenue is recognised:



### **(i) Interest on members' loans**

Interest on loans to members is recognised using the effective interest method, and is calculated and accrued on a daily basis.

### **(ii) Investment income**

Investment income is accounted for in accordance with the initial classification of investments at the outset and based on meeting certain criteria (see 2.8 Investments below).

### **(iii) Other income**

Other income such as entrance fees arise in connection to specific transactions. Income relating to individual transactions is recognised when the transaction is completed.

## **2.5 Dividend and loan interest rebate**

Dividends and loan interest rebates are made from current year's surplus or the distribution reserves 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 and guidance from the Central Bank of Ireland.

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

- the risk profile for 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 and interest rebate in each year; and
- members' legitimate dividend and loan interest rebate expectations;

all dominated by prudence and the need to sustain the long-term viability of the Credit Union.

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

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

## **2.6 Taxation**

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

## **2.7 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash deposits with bank and investments with the original maturity of less than or equal to three months or are capable of being accessed within three months.

## **2.8 Investments**

Investment income is recognised in accordance with the investment type.

### **(i) Cash and short-term deposits**

Cash, short-term deposits and term deposits are recognised at the deposit amount. Interest receivable is recognised in the income and Expenditure account on an accruals basis and in the balance sheet as accrued income.

### **(ii) Fixed-term deposit accounts**

Term deposits and fixed interest investment bonds with fixed maturity dates are valued at the lower of cost or encashment value and interest is recognised in the Income and Expenditure account when it is received or irrevocably receivable.

### **(iii) Bonds with guaranteed capital and variable interest rates**

Interest income is recognised as received. Some bonds pay high rates of interest in early financial years and lower rates in later financial years. Paying higher amounts in early financial years reduces (impairs) the capital value of the bond. The capital value of the bond is tested annually for impairment and impairments losses are taken to the Income and Expenditure account. Impairment gains which reverse a previous impairment loss are taken to the Income and Expenditure account with any gains in excess of the cost of the product ignored until the bond matures.

### **(iv) 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 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.

### **(v) Central Bank deposits**

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

### **(vi) Investments at fair value**

Investments held for trading and investment in stock market shares (i.e. non-convertible preference shares and non-puttable ordinary shares or preference shares) are included in this category. Financial assets at fair value are classified as held for trading if they are acquired for sale in the short term. They are valued at fair value (market value) at the financial 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. Where there is no active market these assets will be carried at cost less impairment.

## **2.9 Investment properties**

Revalued investment properties are not depreciated or amortised. Where the valuation indicates a permanent diminution in the value of the property, the permanent diminution is charged to the income and expenditure account. All other fluctuations in value are transferred to a revaluation reserve.

## **2.10 Tangible fixed assets and depreciation**

Tangible fixed assets which comprises of the items below, are stated at cost, less accumulated depreciation and any accumulated impairment losses. Costs

includes expenditure that is directly attributable to the acquisition of the asset and can include the costs of site preparation, initial delivery and handling, installation and assembly, and testing of functionality.

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

Freehold buildings	4% Straight line
Fixtures and fittings	12.5% Straight line
Computers	20% Straight line

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

### 2.11 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.

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.

### 2.12 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 assets and settle the liability simultaneously.

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

### **2.13 Basic financial assets**

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

#### **(i) 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.

#### **(ii) Other Debtors**

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.

#### **(iii) Investments held at amortised cost**

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

### **2.14 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 assets original effective interest rate.

In the case of impairment of loans to members, the Credit Union assess if there is objective evidence that any of its loans are impaired with due consideration of environmental factors. 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 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 the adequacy of same on a quarterly basis. Any impairment losses are recognised in the Income and Expenditure account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the Income and Expenditure Account.

### **2.15 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 the risks and rewards of ownership of the financial assets or if some significant risks and rewards of ownership are retained but control of the assets has transferred to another party that is able to sell the asset in its entirety to the 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. Manorhamilton & District Credit Union Limited does not transfer loans to third parties.

### **2.16 Bad debt provision**

Allowances for impaired loans represent reserves and/or provisions made during the financial year less amounts utilised or realised charged against the surplus for the financial year. Amounts are created after a detailed review of individual loans and groups of loans. Allowances are established by reviewing the credit worthiness of individual borrowers and the value of collateral underlying the loan. General allowances are measured based on Resolution 49 of the Irish League of Credit Unions. Bad debts in the Credit Union are recognised when there is a reasonable doubt that the full amount of principal will not be collected, or the financial capacity of the borrower has deteriorated such that the recovery of the whole or part of an outstanding loan advanced is in doubt. In all cases where it is impractical to estimate the recoverable amount the carrying amount is reduced to zero.

### **2.17 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 future payments discounted at a market rate of interest. Financial liabilities are subsequently carried at amortised cost using the effective interest method.

#### **(i) Members' shares**

Members' shares in Manorhamilton & District Credit Union Limited are redeemable and therefore are classified as financial liabilities. They are recognised at the amount of cash deposited and subsequently measured at amortised cost.

#### **(ii) 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.

## 2.18 De-recognition of financial liability

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

## 2.19 Employee benefits

### *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.

### *Pension Scheme*

Manorhamilton & District Credit Union Limited participated in an industry-wide pension scheme for employees (The Irish League of Credit Unions Republic of Ireland Pension Scheme) which ceased on 31 March 2022. This was a funded defined benefit scheme with assets managed by the Scheme's trustees. The ILCU is the principal employer of the scheme and Manorhamilton & District Credit Union Limited was a participating employer

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

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

From June 2022, Manorhamilton & District Credit Union Limited operates a defined contribution pension scheme. Contributions to the scheme are charged to the Income and Expenditure account as they become payable in accordance with the rules of the scheme. The assets of the scheme are held separately from those of the Credit Union in an independently administered fund. Differences between the amount charged to the Income and Expenditure account and payments made to pension funds are treated as assets or liabilities.

## 2.20 Distributions

Manorhamilton & District Credit Union Limited's policy is to pay a reasonable rate of dividend and loan interest rebate subject to covering operating expenses and meeting reserve requirements as set out in the Credit Union's Reserve Management Policy.

## 2.21 Reserves

### **(i) Regulatory reserve**

The Credit Union Act 1997 (Regulatory Requirements) Regulations 2016 (and its amendments) 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.

### **(ii) Operational risk reserve**

Section 45(5)(a) of the Credit Union Act 1997 (as amended) requires each credit union to maintain an additional reserve that it has assessed is required for operational risk having regard to the nature, scale and complexity of the Credit Union. The reserve should be separate, distinct and in addition to the reserves the Credit Union is required to hold in its Regulatory Reserve.

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 Credit Union has established an Operational Risk reserve under Section 45(5)(a) of the Act, which is separate, distinct and in addition to the reserves that the Credit Union holds in its Regulatory reserve. The Credit Union has adopted the 'Basic Indicator Approach' as proposed under Basel II capital adequacy rules in calculating the minimum amounts to be held in this reserve. Therefore, the Credit Union will hold an operational risk reserve, which will at a minimum equal 15% of the average positive gross income for the current and previous two years. For any year in which there was a deficit this will be excluded from the calculation.

### **(iii) Undistributed surplus reserve**

Undistributed surplus reserves 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.

### **(iv) Non-Distributable income reserve**

income that has been recognised in the financial statements but will not be received within 12 months of the Balance Sheet date is classified as "non-distributable" and is not distributable as a dividend in accordance with Section 31 of the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016. A reclassification between non-distributable and distributable is made as investments come to within 12 months of maturity date.

### **(v) General reserve**

General reserves were established to maintain and develop the business model of the Credit Union.

## **2.22 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions, during the financial year, which are denominated in foreign currencies are translated at the rates of exchange ruling at the date of the transaction. The resulting exchange differences are dealt with in the Income and Expenditure Account.

## **3. CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATES**

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

### **Adoption of going concern basis for financial statements preparation**

The Directors have prepared cash flow projections for a period that exceeds twelve months from the date of the approval of the financial statements. These projections indicate that there are no material uncertainty regarding the Credit Union's ability to meet its liabilities as they fall due, and to continue as a going

concern in this period. On this basis the Directors consider it appropriate to prepare the financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets and liabilities that may arise if the Credit Union was unable to continue as a going concern.

### **The Irish League of Credit Unions Republic of Ireland Pension Scheme**

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

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

The Credit Union's accounting policy for impairment of financial assets is set out in Note 2.14. 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 monthly 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 judgment of relevant conditions in the wider technological, market, economic or legal environment in which the Credit Union operates. 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

### **Useful lives of tangible fixed assets and impairment**

Long-lived assets comprising primarily of buildings, fixtures and fittings, and computers represent a portion of total 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.



The Credit Union buildings are carried in the financial statements at cost less accumulated annual depreciation (4% straight line per annum). The annual depreciation charge applied depends primarily on the estimated life and residual value of the tangible assets. The Directors regularly review the useful lives by considering the expected economic utilisation of the buildings and their physical conditions. The Credit Union carries out a review for impairment of the tangible asset if events or changes in circumstances indicate that the net book value of the tangible assets may not be recoverable. Impairment reviews comprise a comparison of the net book value of the tangible asset with the recoverable amount (the higher of net realisable value and value in use). To the extent that the net book value exceeds the recoverable amount for an asset, the tangible asset is impaired and is written down. Any impaired loss is recognised in the income and Expenditure account. The net book value of buildings subject to depreciation and impairment charge at the financial year end date was €554,596 (2021: €569,579).

#### 4 INTEREST ON MEMBERS' LOANS

	2022	2021
	€	€
Closing accrued interest receivable	14,330	12,652
Loan interest received in financial year	498,180	504,452
Opening accrued loan interest receivable	(12,652)	(16,237)
Total interest on members' loans	499,858	500,867

#### 5 OTHER INTEREST INCOME AND SIMILAR INCOME

	2022	2021
	€	€
Investment income received	25,029	33,014
Investment income receivable within 12 months	22,490	18,240
Total investment income	47,519	51,254

#### 6 INTEREST PAYABLE AND DIVIDENDS

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

There have been no dividends or loan interest rebates paid to members during the last two financial years ended 30 September 2021 and 2022.

At the financial year-end the directors have not allocated any monies to the Distribution Reserve and therefore no dividend or loan interest rebate is proposed for the year ended 30 September 2022.

## 7. OTHER INCOME

	2022	2021
	€	€
Entrance fees	243	202
Rent received	1,349	-
E.C.C.U. claims experience refund	12,954	12,331
Total other income	14,546	12,533

## 8 EXCEPTIONAL GAINS/(LOSSES)

During the financial year ended 30 September 2022, the following income was received and expenditure incurred, which were not part of the ordinary activities of the Credit Union.

### 8.1 Refund from Irish League of Credit Unions Stabilisation Protection Scheme

The Stabilisation Protection Scheme (SPS) is a fund operated by the Irish League of Credit Unions (ILCU) and annually all credit unions affiliated with the ILCU pay a contribution to this fund as a levy charge based on the assets size of the Credit Union. The SPS provides support, financial or otherwise, to credit unions who are faced with exceptional events. An exceptional event faced by many credit unions in the current financial year ended 30 September 2022 was a large deficit on the ILCU Pension Fund (see 8.2). At the Annual General Meeting 2022 of the ILCU, a rule amendment was approved to permit a payment from the SPS Fund to all affiliated credit unions which was paid pro-rata to credit unions based on their asset size at 30 September 2021.

Manorhamilton & District Credit Union Limited is an affiliated member of the ILCU and, during the financial year end 30 September 2022, received a credit note from the fund of €70,522. 90% of this credit note (€63,470) was paid to the Credit Union on 31 August 2022 and the balance 10% (€7,052) is payable to the Credit Union by 31 December 2025. The remaining balance (€7,052) is included in the financial statements as accrued income – other (see note 15).

### 8.2 Deficit paid to Irish League of Credit Unions Pension Fund

The Irish League of Credit Unions (ILCU) operated an industry-wide pension scheme for employees, which was funded as a defined benefit scheme with assets managed by the Scheme's trustees. Further details on the Scheme is disclosed in note 20 to the financial statements. The scheme reported a past deficit and a contribution by all participating credit unions to fund the shortfall in the pension fund was required to be made in the year or by agreement to be paid over a 10-year period. Credit Unions in the scheme contribute in proportion to the liabilities for the current and former employees who were members of the Defined Benefit Scheme.

Manorhamilton & District Credit Union Limited was a member of the DB Scheme for past employees and was required to make a total contribution to the scheme's past deficit of €148,046.

### 8.3 Loan Interest returned to members

In September 2018, The Registry of Credit Unions wrote to all Credit Unions in the Republic of Ireland notifying that it had become aware of an issue that affected certain credit unions in relation to accrued interest outstanding on loans in circumstances where additional credit is extended to a member by way of a top-up-loan, which could lead to the potential over-collection of interest. During the year ended 30 September 2022, the liability was quantified and an amount of €5,908 is to be repaid to members who were overcharged interest on their loans.

## 9. EMPLOYEES AND REMUNERATION

The average monthly number of employees during the financial year was:

	2022 Number	2021 Number
Key management personnel	2	2
Other staff	5	5
<b>Total average employees</b>	<b>7</b>	<b>7</b>

The staff costs comprise:

	2022 €	2021 €
Wages and salaries	142,508	141,682
Employer PRSI Contributions	15,218	14,709
Pension costs	14,829	19,896
<b>Total staff costs</b>	<b>172,555</b>	<b>176,287</b>

## 10. KEY MANAGEMENT PERSONNEL

The directors of Manorhamilton & District Credit Union Limited are all unpaid volunteers. The management personnel compensation is as follows:

	2022 €	2021 €
Short term employee benefits (incl ER PRSI)	90,788	90,306
Payments to pension scheme	13,226	16,147
<b>Total key management personnel compensation</b>	<b>104,014</b>	<b>106,453</b>

Key management personnel remuneration costs are included in the total staff costs (Note 9).

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

## 11. CASH AND CASH EQUIVALENTS

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

	2022	2021
	€	€
Cash and bank balances	<b>1,081,863</b>	1,213,609
Deposits and investments	<b>2,762,155</b>	2,545,654
	<b>3,844,018</b>	3,759,263

## 12. TANGIBLE FIXED ASSETS

	Freehold buildings	Fixtures and fittings	Computers	Total
	€	€	€	€
<b>Cost</b>				
At 1 October 2021	747,282	80,105	134,262	961,649
Additions	15,529	3,572	76,684	95,785
<b>At 30 September 2022</b>	<b>762,811</b>	<b>83,677</b>	<b>210,946</b>	<b>1,057,434</b>
<b>Depreciation and impairments</b>				
At 1 October 2021	177,703	62,196	125,194	365,093
Charge for the financial year	30,512	4,006	19,064	53,582
<b>At 30 September 2022</b>	<b>208,215</b>	<b>66,202</b>	<b>144,258</b>	<b>418,675</b>
<b>Net book value</b>				
<b>At 30 September 2022</b>	<b>554,596</b>	<b>17,475</b>	<b>66,688</b>	<b>638,759</b>
At 30 September 2021	569,579	17,909	9,068	596,556

In accordance with standard accounting practice the Directors have brought both premises into the financial statements at cost value, adjusted for impairment in prior years.

## 13. LOANS TO MEMBERS - FINANCIAL ASSETS

### 13.1 LOANS TO MEMBERS

		2022	2021
		€	€
Gross loans to members as at 1 October		<b>4,989,525</b>	4,527,069
Advanced during the financial year		<b>2,934,829</b>	2,729,989
Repaid during the financial year		<b>(2,352,148)</b>	(2,263,461)
Loans written off		<b>(43,681)</b>	(4,072)
<b>Gross loans to members</b>	13.2	<b>5,528,525</b>	4,989,525
<b>Impairment allowances</b>			
The provision for bad debts is analysed as follows:			
Individually significant loans		<b>(154,180)</b>	(149,598)
Collectively assessed loans		<b>(149,815)</b>	(177,223)
<b>Loan provision for bad and doubtful debts as at 30 September</b>	13.3	<b>(303,995)</b>	(326,821)
As at 30 September	13.2	<b>5,224,530</b>	4,662,704

### 13.2 CREDIT RISK DISCLOSURES

The Credit Union does not offer mortgages and as a result all loans to members are unsecured, except that there are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding.

The Credit Union complies with Section 12 of the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016 (and its amendments). 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 commercial loans, community loans or loans to another Credit Union.

The carrying amount of the loans to members represents the Credit Union's maximum exposure to credit risk.

	2022	2022	2021	2021
	€	%	€	%
<b>Gross loans not impaired</b>				
Not past due	576,017	10.42	627,987	12.59
<b>Gross loans impaired</b>				
Not past due	4,478,188	81.00	3,776,619	75.69
Up to 9 weeks past due	288,002	5.21	345,303	6.92
Between 10 and 18 weeks past due	42,578	0.77	33,924	0.68
Between 19 and 26 weeks past due	-	-	26,600	0.53
Between 27 and 39 weeks past due	37,764	0.68	56,215	1.13
Between 40 and 52 weeks past due	42,949	0.78	8,267	0.17
53 or more weeks past due	63,027	1.14	114,609	2.29
Total	4,952,508	89.58	4,361,537	87.41
<b>Total gross loans</b>	<b>5,528,525</b>	<b>100.00</b>	<b>4,989,524</b>	<b>100.00</b>
<b>Impairment allowance</b>				
Individually significant loans	(154,180)		(149,598)	
Collectively assessed loans	(149,815)		(177,223)	
<b>Total carrying value</b>	<b>(5,224,530)</b>		<b>4,662,703</b>	

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

### 13.3 LOAN PROVISION ACCOUNT FOR IMPAIRMENT LOSSES

	2022	2021
	€	€
<b>As at 1 October</b>	<b>326,821</b>	293,314
Decrease in bad debt provision as a result of loan write offs	(43,681)	(4,072)
Allowances increased during the financial year	20,855	37,579
(Decrease)/Increase in loan provision during the financial year	(22,826)	33,507
<b>As at 30 September</b>	<b>303,995</b>	326,821

### 13.4 NET RECOVERIES OR LOSSES RECOGNISED FOR THE FINANCIAL YEAR

	2022	2021
	€	€
Bad debts recovered	(25,463)	(10,043)
Net (decrease)/increase in bad and doubtful debt provision	(22,826)	33,507
	(48,289)	23,464
Loans written off	43,681	4,072
<b>Net (recoveries)/losses on loans to members recognised for the year</b>	<b>(4,608)</b>	<b>27,536</b>

### 13.5 ANALYSIS OF GROSS LOANS OUTSTANDING

	2022 Number of loans	2022 €	2021 Number of loans	2021 €
Less than one year	197	288,269	191	264,314
Greater than 1 year and less than 3 years	236	1,191,116	275	1,275,937
Greater than 3 years and less than 5 years	201	2,145,920	164	1,619,213
Greater than 5 years and less than 10 years	84	1,855,235	82	1,730,128
Greater than 10 years and less than 25 years	2	47,985	3	99,933
	<b>720</b>	<b>5,528,525</b>	<b>715</b>	<b>4,989,525</b>

### 14 CENTRAL BANK MINIMUM RESERVE

At 30 September 2022, the minimum reserve with the Central Bank of Ireland that Manorhamilton & District Credit Union Limited was required to hold was €33,050. The Credit Union held €141,262 in excess of the minimum requirement.

Funds held above the minimum reserve requirement are held by the Credit Union as “relevant liquid assets” with the Central Bank of Ireland and are reflected as cash and cash equivalents within Note 11.

### 15 PREPAYMENTS AND ACCRUED INCOME

	2022 €	2021 €
Prepayments	7,565	15,540
Accrued income – investment income	22,490	18,240
Accrued income – loan interest	14,330	12,652
Accrued income – other	18,655	-
	<b>63,040</b>	<b>46,432</b>

### 16. DEPOSITS AND INVESTMENTS

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

#### 16.1 Cash equivalents (original maturity within 3 months)

	2022 €	2021 €
Accounts in Authorised Credit Institutions	2,762,155	2,545,654

## 16.2 Other (original maturity after 3 months)

	2022	2021
	€	€
Accounts in Authorised Credit Institutions	6,374,003	6,000,361
Bank Bonds	1,028,888	1,533,462
<b>Total other</b>	<b>7,402,891</b>	<b>7,533,823</b>

## 16.3 Total Deposits and Investments

	2022	2021
	€	€
Accounts in Authorised Credit Institutions	10,165,046	10,079,477

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

	2022	2021
	€	€
<b>Deposits and investments</b>		
A1	6,772,697	5,836,008
A2	-	500,000
Aa3	500,000	500,000
Ba1	250,000	250,000
Baa1	2,642,349	2,993,469
<b>Total deposits and investments</b>	<b>10,165,046</b>	<b>10,079,477</b>

## 17.1 MEMBERS' SHARES - FINANCIAL LIABILITIES

	2022	2021
	€	€
As at 1 October	13,418,771	12,459,454
Received during the financial year	6,165,928	12,176,051
Repaid during the financial year	(5,587,587)	(11,216,734)
<b>As at 30 September</b>	<b>13,997,112</b>	<b>13,418,771</b>

## 17.2. MEMBERS' DEPOSITS - FINANCIAL LIABILITIES

	2022	2021
	€	€
As at 1 October	896,682	977,152
Received during the financial year	32,151	324,786
Repaid during the financial year	(211,108)	(405,256)
<b>As at 30 September</b>	<b>717,725</b>	<b>896,682</b>



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

	2022	2021
	€	€
Unattached shares	12,544,037	12,705,843
Attached shares	2,170,800	1,609,610
<b>Total members' shares and deposits</b>	<b>14,714,837</b>	<b>14,315,453</b>

## **18. CREDITORS, ACCRUALS AND OTHER LIABILITIES**

	2022	2021
	€	€
PAYE/PRSI	3,243	3,385
Accruals and other liabilities	56,490	49,824
<b>Total creditors, accruals and other liabilities</b>	<b>59,733</b>	<b>53,209</b>

## **19. FINANCIAL INSTRUMENTS**

### **19.1 FINANCIAL RISK MANAGEMENT**

Manorhamilton & District Credit Union Limited manages its members' shares and loans so that it earns income from the margin between interest receivable and interest payable. The main financial risks arising from Manorhamilton & District Credit Union Limited's activities are credit risk, market risk, liquidity risk and interest rate risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

#### **(i) Credit Risk:**

Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to Manorhamilton & District Credit Union Limited, resulting in financial loss to the Credit Union. In order to manage this risk, the Board of Directors approves Manorhamilton & District 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 risk on members' loans is disclosed in Note 13.2.

The Credit Union's investments are also exposed to credit risk and the Credit Union mitigates the risk by only placing investments with financial institutions where the counterparties have strong credit ratings and using investment products authorised by the Central Bank. The credit ratings of the financial institutions where investments are held are disclosed in Note 16.4.

#### **(ii) 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 (and its amendments).

### (iii) Market Risk:

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

### (iv) 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. The Board continuously monitors interest rate risk through detailed analysis of monthly management accounts and financial forecasts.

## 19.2 INTEREST RATE RISK DISCLOSURES

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

	2022	Average interest rate	2021	Average interest rate
	€	%	€	%
<b>Financial assets</b>				
Gross loans to members	5,528,525	9.40	4,989,525	10.57
<b>Financial liabilities</b>				
Members' shares and flexi accounts	13,997,112	-	13,418,771	-
Members' deposits	717,725	-	896,682	-
	14,714,837	-	14,315,453	-

## 19.3 LIQUIDITY RISK DISCLOSURE

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

## 19.4 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Credit Union does not currently hold financial instruments at fair value.

## 19.5 CAPITAL

The Credit Union maintains sufficient reserves to buffer the Credit Union against any losses on its members' loans and also its investments. Full details of these reserves are set out in the Statement of Changes in Reserves on page 28.

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

Manorhamilton & 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.

On 31 March 2022, the defined benefit scheme closed to future accrual and staff retained all the benefits that they had earned in the scheme to that date. At the date of closure of the scheme, there was a past service deficit which was allocated to each individual credit union based on the total benefits earned by staff in each credit union. Manorhamilton & District Credit Union Limited's allocation of that past service deficit was €148,046. This total cost is included in the Income and Expenditure account for the year ended 30 September 2022. The deficit amount was paid to the trustees of the scheme during the year.

As this is a pooled pension scheme, Manorhamilton & District Credit Union Limited remains liable to cover the cost of their share of any future increase in the total cost of providing the pension payments to credit union employees who were part of the scheme.

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

## 21. RELATED PARTY TRANSACTIONS

A related party of Manorhamilton & District Credit Union is defined under the Credit Union (Regulatory Requirements) Regulations 2016, as follows:

- (a) A member of the Board of Directors or the Management Team of the Credit Union;
- (b) A member of the family of the Board of Directors or the Management Team of the Credit Union (being that person's father, mother, spouse or civil partner, cohabitant, son, daughter, brother or sister); or
- (c) A business in which a member of the Board of Directors or a member of the Management Team of the Credit Union has a significant shareholding (10% or more of the voting shares).

During the financial year ended 30 September 2022 related parties of the Credit Union operated share and loan accounts with the Credit Union. These loans were approved in accordance with all relevant legislation and regulatory requirements for credit unions at the time of the advance. The following transactions and balances existed with members who were related parties of the Credit Union during the financial year ended 30 September:

	No. of loans	2022 €	No. of loans	2021 €
<b>During the financial year ended 30 September:</b>				
Loans advanced to related parties during the financial year were:	6	72,000	4	30,191
<b>Related Party as at 30 September:</b>				
Total loans outstanding from related parties at the financial year end:	10	141,429		85,439
Provisions held against related parties loans due were:		5,763		8,979
<b>Total shares held against loans of related parties were:</b>	<b>14</b>	<b>43,445</b>		<b>21,000</b>

Loans outstanding to related parties at 30 September 2022 amounted to 2.56% (2021: 1.71%) of total gross loans due at the year end.

## 22. INSURANCE AGAINST FRAUD

The Credit Union has insurance against fraud in the amount of €1,300,000 (2021: €1,300,000) in compliance with Section 47 of the Credit Union Act 1997 (as amended).

## 23. CAPITAL COMMITMENTS

The Credit Union had no material capital commitments at the financial year-ended 30 September 2022.

## 24. POST-BALANCE SHEET EVENTS

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Credit Union, the results of those operations or the state of affairs of the Credit Union in financial years subsequent to the financial period ended 30 September 2022.

## 25. CONTINGENT LIABILITIES

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

## 26. PROVISION AVAILABLE FOR SMALL ENTITIES

In common with many other businesses of our size and nature, we use our auditors to assist with the preparation of the financial statements.

## 27. COMPARATIVE INFORMATION

Comparative information has been reclassified where necessary to conform the current year presentation.

## 28. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved, and authorised for issue, by the Board of Directors on 7 November 2022.

# SCHEDULE TO THE INCOME & EXPENDITURE ACCOUNT

## for the financial year ended 30 September 2022

*(not forming part of the statutory audited financial statements)*

### Schedule 1 - Other Management Expenses

	2022	2021
	€	€
<b>Other Management Expenses</b>		
Training and seminars	<b>3,245</b>	2,589
Rent and rates payable	<b>4,254</b>	3,427
General insurance	<b>13,761</b>	11,674
Share and loan insurance	<b>48,527</b>	45,044
Light and heat	<b>11,703</b>	9,718
Repairs and renewals	<b>2,759</b>	1,696
Computer and equipment maintenance	<b>28,562</b>	25,761
Office expenses	<b>10,706</b>	11,337
Printing and stationery	<b>1,600</b>	3,916
Promotion, education and sponsorship	<b>11,671</b>	5,792
Telephone and broadband	<b>2,956</b>	5,761
Postage	<b>986</b>	881
AGM expenses	<b>6,533</b>	5,290
Travelling and subsistence	<b>577</b>	129
Professional and internal audit fees	<b>19,910</b>	18,663
Audit fees	<b>12,792</b>	11,675
Bank interest and charges	<b>2,855</b>	3,715
Negative Interest	<b>4,892</b>	3,621
Affiliation fees	<b>4,951</b>	6,027
Stabilisation (previously savings) protection scheme contribution	<b>884</b>	739
Deposit guarantee scheme	<b>15,089</b>	16,115
Regulatory levies	<b>10,969</b>	7,900
CUSOP Costs	<b>9,589</b>	7,502
General expenses	<b>(99)</b>	6
	<b>229,672</b>	208,978

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Loans are subject to approval. Terms and conditions apply. If you do not meet the repayments on your loan, your account will go into arrears. This may affect your credit rating which may limit your ability to access credit in the future. Manoramilton and District Credit Union is regulated by the Central Bank of Ireland.



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

# Manorhamilton & District Credit Union Ltd.

tel. 071 9855500

Email: [info@manorhamilton.cumail.ie](mailto:info@manorhamilton.cumail.ie)

Your Credit Union exists for one purpose only to serve its members – not to profit from their needs.

Use your Credit Union to your advantage and to enhance your community.

## Opening Hours

### at Manorhamilton

Tuesday 10am to 2pm

Wednesday 10am to 2pm

Thursday 10am to 2pm  
6.30pm to 8.30pm

Friday 10am to 2pm

### at Market House, Blacklion

Thursday 2pm to 4pm

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