



# SECTION 130 PACK

## **TRANSFER OF ENGAGEMENTS**

Rowlagh Credit Union Limited to  
Community Credit Union Limited



**Rowlagh  
Credit Union**



# Booklet Contents

Message from Community Credit Union Limited and Rowlagh Credit Union Limited

Member Information

Passed Board Resolutions and Statements required under Section 130 of the Credit Union Act, 1997 (as amended)

## **Community Credit Union Limited**

- Statement of Director's and Board Oversight Committee Responsibilities
- Independent Auditor's Report to the members
- Financial Statements for year-ended 30th September 2024
- Unaudited Management Accounts for 31st January 2025

## **Rowlagh Credit Union Limited**

- Statement of Director's and Board Oversight Committee Responsibilities
- Independent Auditor's Report to the members
- Financial Statements for year-ended 30th September 2024
- Unaudited Management Accounts for 31st January 2025

# Message from Community Credit Union Limited and Rowlagh Credit Union Limited

Dear Member,

We are delighted to inform you that, on the 18th March 2025, the Board of Directors of Rowlagh Credit Union Limited have passed a resolution to transfer their engagements to Community Credit Union Limited. The Board of Directors of Community Credit Union Limited have also passed a resolution to accept the engagements of Rowlagh Credit Union Limited. The Transfer of Engagements requires the approval of the Central Bank.

The proposed transfer arises from the belief of the Boards of our credit unions that our members can be better served together and we consider it an ideal opportunity to grow and develop our services to members locally. On completion of the proposed Transfer of Engagements, the common bond of Community Credit Union Limited will be extended to include the common bond of Rowlagh Credit Union Limited. We are confident that the decision to combine our credit unions will strengthen our position to be the most trusted, respected and preferred financial services provider for our members, providing good value, modern accessible and tailored services.

The staff of Rowlagh Credit Union Limited will transfer to Community Credit Union Limited under the Transfer of Undertakings (protection of employment) regulations 2003. One member of staff in Rowlagh Credit Union will avail of a Voluntary Exit Programme as part of the Transfer of Engagements process.

We would like to take this opportunity to thank you the members for your continued loyalty to your Credit Union. In particular, we would like to acknowledge the voluntary contribution of the members of the Board of Directors, Board Oversight Committee, and volunteers of Rowlagh Credit Union Limited over the years.

Enclosed for your information are the board resolutions approving the proposed transfer and also the statements required under Section 130 of the Credit Union Act, 1997 (as amended).

**Patrick Kelly**

Chair, Community Credit Union Limited

**Noreen Kelly**

Chair, Rowlagh Credit Union Limited

## Member Information

### What does a Transfer of Engagements mean?

A Transfer of Engagement means that Rowlagh Credit Union Limited will transfer their assets and liabilities to Community Credit Union Limited. Members in Community and Rowlagh can continue in exactly the same way as before with the added advantage of access to all of the services that the Combined Credit Union can offer, including the provision of low-cost loans.

### What will happen next?

We envisage that if the Transfer of Engagements is approved by the Central Bank, the affairs of Rowlagh Credit Union Limited will be transferred to Community Credit Union Limited before the end of April 2024.

### How will this change affect me?

For existing members there will be no noticeable change. The offices at Blanchardstown Centre, West Cabra and Rowlagh will remain open for members.

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

- If you are a member of Rowlagh Credit Union, you will still continue to be able to conduct your business in the Collinstown Road office during the opening hours of that office. In addition, once the transfer takes effect, you will be able to transact your business in all of the other offices also.
- If you are a member of Rowlagh Credit Union, a new account number will be issued to you. All of your account balances and information will remain exactly the same.
- Members with current loans in Community Credit Union and Rowlagh Credit Union will continue to repay loans under the existing terms of their credit agreements. New loans issued after the Transfer of Engagements will be at the then prevailing loan rate in Community Credit Union Limited.
- On completion of the Transfer of Engagements, the existing Rowlagh Credit Union Limited members insurance cover will be replaced with the Community Credit Union Limited member insurance cover. A summary of the key benefits is set out below;
  - **Life Savings Insurance**  
This provides members with a life benefit, paid based upon deposit at age of death up to a maximum benefit of €20,000, with a guaranteed minimum payment of €1,000 for every member that has a minimum balance of €250 in their share account.
  - **Loan Protection**  
This provides cover for 100% of the loan balance up to a Limit of €100K for members under 70, and a limit of €40K for members agreed 70 to 85 years.

### Do I have to do anything?

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

# Community Credit Union Limited Statement required under Section 130 of the Credit Union Act 1997 in respect of Rowlagh Credit Union Limited

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

1. The financial position of Community Credit Union Limited and of Rowlagh Credit Union Limited is set out in the form of the audited annual accounts for Community Credit Union Limited as at 30th September 2024 and the most recent unaudited Income & Expenditure Account and Balance sheet as at 31st January 2025, and the audited annual accounts for Rowlagh Credit Union Limited as at 30th September 2024 and the most recent unaudited Income & Expenditure Account and Balance sheet as at 31st January 2025.
2. No payment is proposed to be made to the members of Rowlagh Credit Union Limited or Community Credit Union Limited in consideration of the proposed transfer.
3. There will be no change to the terms governing outstanding loans currently held by members in Rowlagh Credit Union Limited or Community Credit Union Limited. Members with current loans in Community Credit Union Limited and Rowlagh Credit Union Limited will continue to repay loans under the existing terms of their credit agreements. New loans issued after the Transfer of Engagements will be at the then prevailing loan rate in Community Credit Union Limited.
4. Staff at Rowlagh Credit Union Limited and Community Credit Union Limited have been fully appraised of all aspects of the Transfer of Engagements and are very much involved in the Transfer of Engagements process. Staff from Rowlagh Credit Union Limited will transfer to Community Credit Union Limited under the Transfer of Undertakings (Protection of Employment) regulations 2003. One member of staff in Rowlagh Credit Union will avail of a Voluntary Exit Programme as part of the Transfer of Engagements process.

## Passed Board Resolution – Community Credit Union Limited

That at its meeting of the 18th March 2025, the Board of Directors of Community Credit Union Limited resolved to undertake the engagements of Rowlagh Credit Union Limited in accordance with the relevant provisions of the Credit Union Act 1997 (as amended).

**Shane Hanrahan**

Secretary, Community Credit Union Limited

## Rowlagh Credit Union Limited Statement required under Section 130 of the Credit Union Act 1997

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

1. The financial position of Community Credit Union Limited and of Rowlagh Credit Union Limited is set out in the form of the audited annual accounts for Community Credit Union Limited as at 30th September 2024 and the most recent unaudited Income & Expenditure Account and Balance sheet as at 31st January 2025, and the audited annual accounts for Rowlagh Credit Union Limited as at 30th September 2024 and the most recent unaudited Income & Expenditure Account and Balance sheet as at 31st January 2025.
2. No payment is proposed to be made to the members of Rowlagh Credit Union Limited or Community Credit Union Limited in consideration of the proposed transfer.
3. There will be no change to the terms governing outstanding loans currently held by members in Rowlagh Credit Union Limited or Community Credit Union Limited. Members with current loans in Community Credit Union Limited and Rowlagh Credit Union Limited will continue to repay loans under the existing terms of their credit agreements. New loans issued after the Transfer of Engagements will be at the then prevailing loan rate in Community Credit Union Limited.
4. Staff at Rowlagh Credit Union Limited and Community Credit Union Limited have been fully appraised of all aspects of the Transfer of Engagements and are very much involved in the Transfer of Engagements process. Staff from Rowlagh Credit Union Limited will transfer to Community Credit Union Limited under the Transfer of Undertakings (Protection of Employment) regulations 2003. One member of staff in Rowlagh Credit Union will avail of a Voluntary Exit Programme as part of the Transfer of Engagements process.

### Passed Board Resolution – Rowlagh Credit Union Limited

That at its meeting of the 18th March 2025, the Board of Directors of Rowlagh Credit Union Limited resolved that the Credit Union transfers its engagements to Community Credit Union Limited in accordance with the relevant provisions of the Credit Union Act 1997 (as amended).

**Helen Power**  
Secretary, Rowlagh Credit Union Limited

# **COMMUNITY CREDIT UNION LIMITED**

## **FINANCIAL STATEMENTS**

Audited financial statements as at 30th September 2024  
Unaudited management accounts for 31st January 2025



## Directors Responsibilities Statement

The directors are responsible for preparing the financial statements in accordance with applicable Irish law and regulations. The directors have elected to prepare the financial statements in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102). The directors are also responsible for preparing the other information included in the annual report. The Credit Union Act, 1997 (as amended) requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the credit union and of the income and expenditure of the credit union for that period.

In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and reason for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the credit union will continue in business.

The directors are responsible for ensuring that the credit union keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the credit union, enable at any time the assets, liabilities, financial position and income and expenditure of the credit union to be determined with reasonable accuracy, enable them to ensure that the financial statements comply with the Credit Union Act, 1997 (as amended) and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the credit union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the credit union's website.

On behalf of the board:



**Colin Hernon**  
Chair of the Board of Directors



**Shane Harrahan**  
Member of the Board of Directors

Date: 8th November 2024

## Statement of the Board Oversight Committee 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 to in relation to the board of directors.

On behalf of the board oversight committee:



**Dominica McCaffrey**  
Chairperson of the Board Oversight Committee

Date: 8th November 2024

# Current Account Monthly Fee Comparison

as per bonkers.ie search for  
standard current accounts September 2024.



€4 per month



€6

per month



€6

per month



€7.15

per month

Mastercard is a registered trade mark and the circles design is a trademark of Mastercard International Incorporated. This card is issued by Transact Payments Malta Limited pursuant to licence by Mastercard International. Community Credit Union Limited is regulated by the Central Bank of Ireland. W175AE 02/22

# Independent Auditor's Report

## To the Members of Community Credit Union Ltd

### Opinion

We have audited the financial statements of Community Credit Union Limited for the financial year ended 30 September 2024, which comprise:

- the Income and expenditure account;
- the Statement of other comprehensive income;
- the Balance sheet;
- the Statement of changes in reserves;
- the Statement of cash flows; and
- the related notes 1 to 30, including a summary of significant accounting policies as set out in note 2.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law including the Credit Union Act, 1997 (as amended) and accounting standards issued by the Financial Reporting Council including FRS 102 (as amended) "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (Generally Accepted Accounting Practice in Ireland).

In our opinion, Community Credit Union Limited's financial statements:

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the state of the credit union's affairs as at 30 September 2024 and of its income and expenditure and cash flows for the year then ended; and
- have been properly prepared so as to conform with the requirements of the Credit Union Act, 1997 (as amended).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ('ISAs (Ireland)') and applicable law. Our responsibilities under those standards are further described in the 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the credit union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. 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 director's use of 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**

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

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

### **Matters on which we are required to report by the Credit Union Act, 1997 (as amended)**

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

- we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
- in our opinion proper accounting records have been kept by the credit union;
- the financial statements are in agreement with the accounting records of the credit union;
- the financial statements contain all primary statements, notes and significant accounting policies required to be included in accordance with section 111(1)(c) of the Act.

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

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, including FRS 102 (as amended), and for such internal control as they determine 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 intends to liquidate the credit union or to cease operations, or has no realistic alternative but to do so.

### **Responsibilities of the auditor for the audit of the financial statements**

The auditor's 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 their 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.

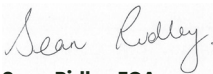
As part of an audit in accordance with ISAs (Ireland), the auditor will exercise professional judgement and maintain professional scepticism throughout the audit. The auditor will also:

- 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 their 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 a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the credit union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

The auditor communicates 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 may be identified during the audit.

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

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



**Sean Ridley FCA**

for and on behalf of  
Grant Thornton  
Chartered Accountants  
& Statutory Audit Firm  
Limerick

Date: 8th November 2024

## Income and expenditure account for the year ended 30<sup>th</sup> September 2024

		2024	2023
	Schedule	€	€
<b>Income</b>			
Interest on members' loans		4,343,889	3,987,263
Other interest income and similar income	1	<u>1,241,275</u>	<u>1,203,820</u>
<b>Net interest income</b>		<b>5,585,164</b>	<b>5,191,083</b>
Other income	2	<u>173,380</u>	<u>86,280</u>
<b>Total income</b>		<b><u>5,758,544</u></b>	<b><u>5,277,363</u></b>
<b>Expenditure</b>			
Employment costs		1,967,130	2,025,101
Other management expenses	3	2,762,304	2,375,892
Depreciation		77,430	114,360
Net impairment gains on loans to members (note 5)		<u>(298,198)</u>	<u>(423,962)</u>
<b>Total expenditure</b>		<b><u>4,508,666</u></b>	<b><u>4,091,391</u></b>
<b>Surplus for the financial year</b>		<b><u>1,249,878</u></b>	<b><u>1,185,972</u></b>

## Statement of other comprehensive income for the year ended 30<sup>th</sup> September 2024

	2024	2023
	€	€
Surplus for the financial year	1,249,878	1,185,972
Other comprehensive income	-	-
<b>Total comprehensive income for the financial year</b>	<b><u>1,249,878</u></b>	<b><u>1,185,972</u></b>

The financial statements were approved and authorised for issue by the board and signed on behalf of the credit union by:



**Colin Heron**  
Member of the Board of Directors



**Claire Lawton**  
Interim CEO

Date: 8th November 2024

## Balance Sheet as at 30<sup>th</sup> September 2024

	Notes	2024 €	2023 €
<b>Assets</b>			
Cash and balances at bank	6	6,431,998	5,938,850
Deposits and investments – cash equivalents	7	21,136,399	18,320,452
Deposits and investments – other	7	60,685,984	69,393,228
Loans to members	8	55,379,484	47,190,450
Provision for bad debts	9	(2,880,102)	(3,277,331)
Members' current accounts overdrawn	15	3,186	1,239
Tangible fixed assets	10	714,907	638,398
Investment property	11	-	142,704
Equity investment	12	30,000	-
Debtors, prepayments and accrued income	13	287,107	294,428
<b>Total assets</b>		<b>141,788,963</b>	<b>138,642,418</b>
<b>Liabilities</b>			
Members' shares	14	110,202,905	107,307,769
Members' deposits	14	6,816,454	7,472,627
Members' current accounts	15	1,593,979	1,611,110
Other liabilities, creditors, accruals and charges	16	515,287	529,601
Other provisions	17	41,816	36,316
<b>Total liabilities</b>		<b>119,170,441</b>	<b>116,957,423</b>
<b>Reserves</b>			
Regulatory reserve	19	18,000,000	14,000,000
Operational risk reserve	19	1,028,640	1,028,640
Other reserves			
- Realised reserves	19	3,293,525	6,373,051
- Unrealised reserves	19	296,357	283,304
<b>Total reserves</b>		<b>22,618,522</b>	<b>21,684,995</b>
<b>Total liabilities and reserves</b>		<b>141,788,963</b>	<b>138,642,418</b>

The financial statements were approved and authorised for issue by the board and signed on behalf of the credit union by:



**Colin Heron**  
Member of the Board of Directors



**Claire Lawton**  
Interim CEO

Date: 8th November 2024

## Statement of Changes in Reserves

### for the year ended 30<sup>th</sup> September 2024

	Regulatory reserve	Operational risk reserve	Realised reserves	Unrealised reserves	Total
	€	€	€	€	€
<b>As at 1 October 2022</b>	<b>13,700,000</b>	<b>1,028,640</b>	<b>5,576,360</b>	<b>194,023</b>	<b>20,499,023</b>
Surplus for the financial year	-	-	1,096,691	89,281	1,185,972
Transfers between reserves	300,000	-	(300,000)	-	-
<b>As at 1 October 2023</b>	<b>14,000,000</b>	<b>1,028,640</b>	<b>6,373,051</b>	<b>283,304</b>	<b>21,684,995</b>
Payment of dividends	-	-	(316,351)	-	(316,351)
Surplus for the financial year	-	-	1,222,639	27,239	1,249,878
Transfers between reserves	4,000,000	-	(3,985,814)	(14,186)	-
<b>As at 30 September 2024</b>	<b>18,000,000</b>	<b>1,028,640</b>	<b>3,293,525</b>	<b>296,357</b>	<b>22,618,522</b>

- The regulatory reserve of the credit union as a percentage of total assets as at 30 September 2024 was 12.69% (2023: 10.10%).
- The operational risk reserve of the credit union as a percentage of total assets as at 30 September 2024 was 0.73% (2023: 0.74%).



## Statement of Cash Flows

for the financial year ended 30<sup>th</sup> September 2024

		2024	2023
	Notes	€	€
<b>Opening cash and cash equivalents</b>		<b>24,259,302</b>	<b>17,418,573</b>
<b>Cash flows from operating activities</b>			
Loans repaid by members	8	18,798,901	17,736,105
Loans granted to members	8	(27,485,164)	(24,390,843)
Interest on members' loans		4,343,889	3,987,263
Other interest income and similar income		1,241,275	1,203,820
Other income		173,380	86,280
Dividends paid		(316,351)	-
Members' current account lodgements	15	11,538,018	9,986,278
Members' current account withdrawals	15	(11,557,096)	(8,842,044)
Bad debts recovered and recoveries	5	398,198	423,962
Operating expenses		(4,728,739)	(4,400,993)
Movement in other assets and liabilities		(1,493)	(343,599)
<b>Net cash flows from operating activities</b>		<b><u>(7,595,182)</u></b>	<b><u>(4,553,771)</u></b>
<b>Cash flows from investing activities</b>			
Fixed asset purchases	10	(153,939)	(27,988)
Investment property disposals	11	142,009	-
Equity investment	12	(30,000)	-
Net cash flow from other investing activities		8,707,244	9,787,461
<b>Net cash flows from investing activities</b>		<b><u>8,665,314</u></b>	<b><u>9,759,473</u></b>
<b>Cash flows from financing activities</b>			
Members' savings received	14	48,797,451	45,548,806
Members' savings withdrawn	14	(46,558,488)	(43,913,779)
<b>Net cash flow from financing activities</b>		<b><u>2,238,963</u></b>	<b><u>1,635,027</u></b>
<b>Net increase in cash and cash equivalents</b>		<b><u>3,309,095</u></b>	<b><u>6,840,729</u></b>
<b>Closing cash and cash equivalents</b>	6	<b><u>27,568,397</u></b>	<b><u>24,259,302</u></b>

# Notes to the Financial Statements

## for the year ended 30<sup>th</sup> September 2024

### 1. Legal and Regulatory Framework

Community Credit Union Limited is registered with the Registry of Credit Unions and is regulated by the Central Bank of Ireland. The registered office of the credit union is located at Villa Park Gardens, Navan Road, Dublin 7.

### 2. Accounting Policies

#### 2.1 Basis of preparation of financial statements

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 United Kingdom and the Republic of Ireland and Irish statute comprising of the Credit Union Act, 1997 (as amended). The financial statements have been prepared on the historical cost basis except for the valuation of the investment property as specified in the accounting policies below.

The financial statements are presented in Euro (€) which is also the functional currency of the credit union.

The following principal accounting policies have been applied:

#### 2.2 Statement of compliance

The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102).

#### 2.3 Going concern

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

#### 2.4 Income

##### ***Interest on members' loans***

Interest on members' loans is recognised on an accruals basis using the effective interest method.

##### ***Deposit and investment income***

Deposit and investment income is recognised on an accruals basis using the effective interest method.

##### ***Other income***

Other income is recognised on an accruals basis.

#### 2.5 Cash and cash equivalents

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

#### 2.6 Taxation

The credit union is not subject to income tax or corporation tax on its activities.

#### 2.7 Deposits and 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 the case of a financial asset, any reduction for impairment or uncollectability.

### Central Bank deposits

Credit unions are obliged to maintain certain minimum deposits with the Central Bank but may also hold an excess over the regulatory minimum. The regulatory minimum deposits are technically assets of the credit union but to which the credit union has restricted access. The regulatory minimum portion will not ordinarily be returned to the credit union while it is a going concern and is separately identified in note 7, Deposits and investments – other. Funds held with the Central Bank in excess of the regulatory minimum requirements are fully available to the credit union and are therefore treated as cash equivalents and are separately identified in note 7, Deposits and investments – cash equivalents. The amounts held on deposit with the Central Bank are not subject to impairment reviews.

## 2.8 Financial assets – loans to members

Loans are financial assets with fixed or determinable payments. Loans are recognised when cash is advanced to members and measured at amortised cost using the effective interest method.

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

## 2.9 Provision for bad debts

The credit union assesses if there is objective evidence that any of its loans are impaired with due consideration of economic 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 regular basis. Any bad debts/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.

## 2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The credit union adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the credit union. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the income and expenditure account during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Premises	2% straight line
Leasehold improvements	4% straight line
Computer equipment	33% straight line
Fixtures, fittings and equipment	15% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income and expenditure account.

### 2.11 Impairment of assets

At each reporting date assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income and expenditure account. If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the 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 Equity investment

Equity investment made by the credit union is accounted for at cost less impairment.

### 2.13 Investment properties

Investment properties are carried at fair value determined annually at each reporting date as derived from an independent market valuation for comparable property adjusted if necessary for any difference in the nature, location or condition of the specific asset, with changes in fair value recognised in the income and expenditure account. No depreciation is provided.

### 2.14 Other receivables

Other receivables such as prepayments are initially measured at transaction price including transaction costs and are subsequently measured at amortised cost using the effective interest method.

### 2.15 Financial liabilities – members' shares and members' deposits

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

### 2.16 Interest on members' deposits

Interest on members' deposits is recognised on an accruals basis using the effective interest method.

### 2.17 Members' current accounts

The credit union provided Member Personal Current Account Services in accordance with Section 49(3) of the Credit Union Act, 1997 (as amended) during the financial year.

### 2.18 Other payables

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

### 2.19 Pension

The credit union operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the credit union pays fixed contributions into a separate entity. Once the contributions have been paid the credit union has no further payments obligations. The contributions are recognised as an expense in the income and expenditure account when they fall due. Amounts not paid are shown in accruals as a liability on the balance sheet. The assets of the plan are held separately from the credit union in independently administered funds. The amount payable at the year end in respect of same was €18,999 (2023: €13,233).

## 2.20 Holiday pay

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

## 2.21 Termination benefits

Termination benefits are expensed to the income and expenditure account as incurred.

## 2.22 Operating leases

Rentals payable under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

## 2.23 Derecognition of financial liabilities

Financial liabilities are derecognised when the obligations of the credit union specified in the contract are discharged, cancelled or expired.

## 2.24 Regulatory reserve

The Credit Union Act 1997 (Regulatory Requirements) Regulations 2016 requires credit unions to establish and maintain a minimum regulatory reserve requirement of at least 10 per cent of the assets of the credit union. In instances where the credit union has been approved for long term lending, a minimum regulatory reserve of at least 12.5 per cent is required. This reserve is to be perpetual in nature, freely available to absorb losses, realised financial reserves that are unrestricted and non-distributable.

## 2.25 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. Credit unions are required to maintain a minimum operational risk reserve having due regard for the sophistication of the business model.

The definition of operational risk is the risk of losses stemming from inadequate or failed internal processes, people and systems or from external events. The directors have considered the requirements of the Act and have considered an approach to the calculation of the operational risk reserve. The credit union uses the Basel Indicator Approach as set out in the operational risk measurements techniques proposed under Basel II capital adequacy rules for banking institutions in calculating the operational risk 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 previous three years. For any year in which there was a deficit, this will be excluded from the calculation.

In addition, the credit union included in its operational risk reserve a Member Personal Current Account Service operational risk reserve, in accordance with Section 49(3) of the Credit Union Act, 1997 (as amended).

## 2.26 Other reserves

Other reserves are the accumulated surpluses to date that have not been declared as dividends returnable to members and reserves arising on transfers of engagements. The other reserves are subdivided into realised and unrealised. In accordance with the Central Bank guidance note for credit unions on matters relating to accounting for investments and distribution policy, investment income that has been recognised but will not be received within 12 months of the balance sheet date is classified as unrealised and is not distributable. A reclassification between unrealised and realised is made as investments come to within 12 months of maturity date. The directors have deemed it appropriate that interest on loans receivable at the balance sheet date and the balance of the SPS refund receivable is also classified as unrealised and is not distributable. All other income is classified as realised.

## 2.27 Distribution policy

Dividends are made from the current year's surplus or reserves set aside for that purpose. The board's proposed dividends to members each year is based on the distribution policy of the credit union.

The rate of dividends recommended by the board will reflect:

- the risk profile of the credit union, particularly in its loan and investments portfolios;
- the board's desire to maintain a stable rather than a volatile rate of dividend each year; and
- members' legitimate dividend expectations;

all dominated by prudence and the need to sustain the long-term welfare of the credit union.

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

The credit union accounts for dividends when members ratify such payments at the Annual General Meeting.

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

Preparation of the financial statements requires the directors to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

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

The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The directors regularly review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation charge for the financial year. The net book value of tangible fixed assets subject to depreciation at the year end was €714,907 (2023: €638,398).

### ***Provision for bad debts***

The credit union's accounting policy for impairment of loans is set out in note 2.9. 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. The provision for bad debts in the financial statements at the year end was €2,880,102 (2023: €3,277,331) representing 5.20% (2023: 6.94%) of the total gross loan book.

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

The directors have considered the requirements of the Credit Union Act, 1997 (as amended) and have developed an approach to the calculation of the operational risk reserve. The credit union uses the basic indicator approach as set out in the operational risk measurements techniques proposed under Basel II capital adequacy rules for banking institutions in calculating the minimum operational risk reserve. In addition, the credit union included in its operational risk reserve a Member Personal Current Account Service operational risk reserve, in accordance with Section 49(3) of the Credit Union Act, 1997 (as amended). The operational risk reserve of the credit union at the year end was €1,028,640 (2023: €1,028,640).

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

The credit union continue to closely monitor developments within the global macro-economic environment. The directors have prepared projections and cash flows for a period of at least twelve months from the date of the approval of the financial statements which demonstrate that there is no material uncertainty regarding the credit union's ability to meet its liabilities as they fall due, and to continue as a going concern. 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.

4. Key management personnel compensation	2024	2023
	€	€
Short term employee benefits paid to key management	707,675	710,474
Payments to pension schemes	49,679	31,875
<b>Total key management personnel compensation</b>	<b>757,354</b>	<b>742,349</b>

5. Net impairment gains on loans to members	2024	2023
	€	€
Bad debts recovered	(298,330)	(328,567)
Impairment of loan interest reclassified as bad debt recoveries	(99,868)	(95,395)
Movement in bad debts provision during the year	(397,229)	(69,254)
Loans written off during the year	497,229	69,254
<b>Net impairment gains on loans to members</b>	<b>(298,198)</b>	<b>(423,962)</b>

6. Cash and cash equivalents	2024	2023
	€	€
Cash and balances at bank	6,431,998	5,938,850
Deposits and investments – cash equivalents (note 7)	21,136,399	18,320,452
<b>Total cash and cash equivalents</b>	<b>27,568,397</b>	<b>24,259,302</b>

7. Deposits and investments	2024	2023
	€	€
<b>Deposits and investments – cash equivalents</b>		
Accounts in authorised credit institutions (Irish and non-Irish based)	21,009,839	18,268,651
Central Bank deposits	126,560	51,801
<b>Total deposits and investments – cash equivalents</b>	<b>21,136,399</b>	<b>18,320,452</b>

<b>Deposits and investments – other</b>		
Accounts in authorised credit institutions (Irish and non-Irish based)	25,729,921	33,097,618
Bank bonds	26,489,660	27,862,625
Central Bank deposits	1,008,396	983,155
Irish and EEA state securities	7,458,007	7,449,830
<b>Total deposits and investments – other</b>	<b>60,685,984</b>	<b>69,393,228</b>
<b>Total deposits and investments</b>	<b>81,822,383</b>	<b>87,713,680</b>

The rating category of counterparties with whom the investments were held at 30 September 2024 was as follows:

<b>Deposits and investments – other</b>	€	€
A1	57,467,887	51,801,376
Aa2	1,460,160	9,279,875
Aa3	16,856,015	17,882,182
Baa1	4,903,365	7,715,291
Central Bank deposits	1,134,956	1,034,956
<b>Total</b>	<b>81,822,383</b>	<b>87,713,680</b>

## 8. Financial assets – loans to members

	2024	2023
	€	€
As at 1 October	47,190,450	40,604,966
Loans granted during the year	27,485,164	24,390,843
Loans repaid during the year	(18,798,901)	(17,736,105)
<b>Gross loans and advances</b>	<b>55,876,713</b>	<b>47,259,704</b>
<b>Bad debts</b>		
Loans written off during the year	(497,229)	(69,254)
<b>As at 30 September</b>	<b>55,379,484</b>	<b>47,190,450</b>

## 9. Provision for bad debts

	2024	2023
	€	€
As at 1 October	3,277,331	3,346,585
Movement in bad debts provision during the year	(397,229)	(69,254)
<b>As at 30 September</b>	<b>2,880,102</b>	<b>3,277,331</b>

The provision for bad debts is analysed as follows:

	2024	2023
	€	€
Grouped assessed loans	2,880,102	3,277,331
<b>Provision for bad debts</b>	<b>2,880,102</b>	<b>3,277,331</b>



## 10. Tangible Fixed Assets

	Premises	Leasehold improvements	Computer Equipment	Fixtures, fittings and equipment	Total
<b>Cost</b>	€	€	€	€	€
At 1 October 2023	1,108,241	446,498	506,594	450,177	2,511,510
Additions	-	114,466	33,367	6,106	153,939
<b>At 30 September 2024</b>	<b>1,108,241</b>	<b>560,964</b>	<b>539,961</b>	<b>456,283</b>	<b>2,665,449</b>
<b>Depreciation</b>					
At 1 October 2023	634,900	446,498	476,346	315,368	1,873,112
Charge for the year	22,164	-	32,083	23,183	77,430
<b>At 30 September 2024</b>	<b>657,064</b>	<b>446,498</b>	<b>508,429</b>	<b>338,551</b>	<b>1,950,542</b>
<b>Net book value</b>					
<b>30 September 2024</b>	<b>451,177</b>	<b>114,466</b>	<b>31,532</b>	<b>117,732</b>	<b>714,907</b>
30 September 2023	473,341	-	30,248	134,809	638,398

## 11. Investment property

	2024	2023
	€	€
Balance as at 1 October	142,704	-
Transfer from tangible fixed assets	-	142,704
Disposals	(142,704)	-
<b>As at 30 September</b>	<b>-</b>	<b>142,704</b>

The former investment property, Laurel Lodge, has been sold during the financial year ended 30 September 2024.

## 12. Equity investment

<b>Cost</b>	€
As at 1 October 2023	-
Initial investment	30,000
<b>As at 30 September 2024</b>	<b>30,000</b>
<b>Accumulated impairment</b>	
As at 30 September 2024	-
<b>Net book value</b>	
<b>As at 30 September 2024</b>	<b>30,000</b>
<b>As at 30 September 2023</b>	<b>-</b>

The equity investment represents an investment made by the credit union in CU Mortgage Services Designated Activity Company, a company with registered number 755686, and having its registered office at Suite 28, Morrison Chambers, 32 Nassau Street, Dublin, D02 XF22.

### 13. Debtors, prepayments and accrued incomes

	2024	2023
	€	€
Loan interest receivable	152,294	166,480
Other debtor – SPS refund	56,906	56,906
Prepayments	77,907	71,042
<b>As at 30 September</b>	<b>287,107</b>	<b>294,428</b>

### 14. Members' savings

	2024	2023
	€	€
As at 1 October	114,780,396	113,145,369
Received during the year	48,797,451	45,548,806
Withdrawn during the year	(46,558,488)	(43,913,779)
<b>As at 30 September</b>	<b>117,019,359</b>	<b>114,780,396</b>

Members' savings are analysed as follows:

	2024	2023
	€	€
Members' shares	110,202,905	107,307,769
Members' deposits	6,816,454	7,472,627
<b>Total members' savings</b>	<b>117,019,359</b>	<b>114,780,396</b>

### 15. Members' current accounts

	2024	2023
	€	€
As at 1 October	1,609,871	465,637
Lodgements during the year	11,538,018	9,986,278
Withdrawals during the year	(11,557,096)	(8,842,044)
<b>As at 30 September</b>	<b>1,590,793</b>	<b>1,609,871</b>

	2024		2023	
	No. of Accounts	Balance of Accounts	No. of Accounts	Balance of Accounts
Debit	63	3,186	76	1,239
Credit	630	1,593,979	573	1,611,110
Permitted overdrafts	11	10,000	6	7,500

## 16. Other liabilities, creditors, accruals and charges

	2024	2023
	€	€
PAYE/PRSI	34,341	34,145
Other creditors and accruals	480,946	495,456
<b>As at 30 September</b>	<b>515,287</b>	<b>529,601</b>

## 17. Other provisions

	2024	2023
	€	€
<b>Holiday pay accrual</b>	<b>€</b>	<b>€</b>
As at 1 October	36,316	34,249
Charged to the income and expenditure account	5,500	2,067
<b>As at 30 September</b>	<b>41,816</b>	<b>36,316</b>

## 18. Financial instruments – measured at amortised cost

	2024	2023
	€	€
<b>Financial assets</b>	<b>€</b>	<b>€</b>
Financial assets measured at amortised cost	140,843,855	137,623,794

	2024	2023
	€	€
<b>Financial liabilities</b>	<b>€</b>	<b>€</b>
Financial assets measured at amortised cost	119,170,441	116,957,423

Financial assets measured at amortised cost comprise of cash and balances at bank, deposits and investments, equity investment, loans, members' current accounts overdrawn and other debtors.

Financial liabilities measured at amortised cost comprise of members' savings, members' current accounts, other liabilities, creditors, accruals and charges and other provisions.

## 19. Reserves

	Balance 01/10/23	Payment of dividend	Appropriation of current year surplus	Transfers between reserves	Balance 30/09/24
	€	€	€	€	€
<b>Regulatory reserve</b>	<b>14,000,000</b>	-	-	<b>4,000,000</b>	<b>18,000,000</b>
<b>Operational risk reserve</b>	<b>1,028,640</b>	-	-	-	<b>1,028,640</b>
<b>Other reserves</b>					
<b>Realised</b>					
Undistributed surplus	6,373,051	(316,351)	1,222,639	(3,985,814)	3,293,525
<b>Total realised reserves</b>	<b>6,373,051</b>	<b>(316,351)</b>	<b>1,222,639</b>	<b>(3,985,814)</b>	<b>3,293,525</b>
<b>Unrealised</b>					
Interest on loans reserve	166,480	-	-	(14,186)	152,294
Investment income reserve	59,918	-	27,239	-	87,157
SPS reserve	56,906	-	-	-	56,906
<b>Total unrealised reserves</b>	<b>283,304</b>	-	<b>27,239</b>	<b>(14,186)</b>	<b>296,357</b>
<b>Total reserves</b>	<b>21,684,995</b>	<b>(316,351)</b>	<b>1,249,878</b>	-	<b>22,618,522</b>

## 20. Credit risk disclosures

In line with regulatory requirements, the credit union:

- 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 percentage of the regulatory reserve (large exposure limit);
- restricts the loan duration of certain loans to specified limits (maturity limits); and
- requires specified lending practices to be in place where loans are made to certain sectors such as house loans, business 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. The following provides information on the credit quality of loan repayments. Where loans are not impaired it is expected that the amounts repayable will be received in full.

### Loans Arrears Analysis

	2024	2024	2023	2023
	€	%	€	%
<b>Loans not impaired</b>				
Total loans not impaired, not past due	44,601,266	80.55%	36,259,341	76.84%
<b>Impaired loans:</b>				
Up to 9 weeks past due	9,216,102	16.64%	9,131,953	19.35%
Between 10 and 18 weeks past due	477,782	0.86%	486,214	1.03%
Between 19 and 26 weeks past due	164,970	0.30%	243,131	0.52%

Between 27 and 39 weeks past due	223,019	0.40%	246,202	0.52%
Between 40 and 52 weeks past due	173,642	0.31%	242,220	0.51%
53 or more weeks past due	522,703	0.94%	581,389	1.23%
<b>Total impaired loans</b>	<b>10,778,218</b>	<b>19.45%</b>	<b>10,931,109</b>	<b>23.16%</b>
<b>Total gross loans</b>	<b>55,379,484</b>	<b>100%</b>	<b>47,190,450</b>	<b>100%</b>

Factors that are considered in determining whether loans are impaired are discussed in the accounting policies, dealing with the use of estimates and judgements. Loans which are neither past due nor impaired are reviewed on a monthly basis. The Credit Union has not identified any material matters which impact upon the credit quality of these assets.

## 21. Related party transactions

### 21a. Loans

	2024		2023	
	No. of loans	€	No. of loans	€
Loans advanced to related parties during the year	4	32,490	4	420,490
Total loans outstanding to related parties at the year end	10	516,634	8	479,880
Total provision for loans outstanding to related parties		6,649		47,781

The related party loans stated above comprise of loans outstanding to directors and the management team (to include their family members or any business in which the directors or management team had a significant shareholding). Total loans outstanding to related parties represents 0.93% of the total loans outstanding at 30 September 2024 (2023: 1.02%).

### 21b. Loans

The total amount of savings held by related parties at the year end was €250,785 (2023: €297,601).

## 22. Additional financial instruments disclosures

### 22a. Financial risk management

The credit union manages its members' savings and loans so that it earns income from the margin between interest receivable and interest payable. The main financial risks arising from the credit union'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.

**Credit risk:** Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to the credit union, resulting in financial loss. In order to manage this risk the board of directors regularly reviews and approves the credit union's loans policy. Credit risk mitigation may include the requirement to obtain collateral as set out in the credit union's loan policy. Where collateral or guarantees are required, they are usually taken as a secondary source of repayment in the event of the borrower's default. The credit union maintains policies which detail the acceptability of specific classes of

collateral. The principal collateral types for loans are: an attachment over members' pledged shares and personal guarantees. The nature and level of collateral required depends on a number of factors such as the term of the loan and the amount of exposure. All loan applications are assessed with reference to the loans policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed. The credit union is also exposed to counterparty credit risk pertaining to its deposit and investment portfolio. In order to manage this risk the board of directors regularly reviews and approves the credit union's investment policy and funds are invested in compliance with this policy and regulatory guidance.

**Market Risk:** Market risk is the risk that the value of an investment will decrease. This risk can arise from fluctuations in values of, or income from, assets or changes in interest rates. The board of directors regularly reviews and approves the credit union's investment policy and funds are invested in compliance with this policy and regulatory guidance.

**Liquidity risk:** Liquidity risk is 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. 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.

**Interest Rate Risk:** The credit union's main interest rate risk arises from adverse movements in interest rates receivable which would affect investment income. The credit union reviews any potential new investment product carefully to ensure that minimum funds are locked in low yielding long term investments yet at the same time maximising investment income receivable.

## 22b. Liquidity risk disclosures

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 regulatory requirements.

## 22c. Interest Rate Risk Disclosures

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

	2024	Average interest rate	2023	Average interest rate
	€	%	€	%
Gross loans to members	<u>55,379,485</u>	<u>8.22%</u>	<u>47,190,450</u>	<u>9.09%</u>

Any dividend payable is at the discretion of the directors and is therefore not a financial liability of the credit union until declared and approved at the AGM.

## 23. Dividends

The following distributions were paid during the year:

	2024		2023	
	%	€	%	€
Dividend on shares	<u>0.30%</u>	<u>316,351</u>	<u>-</u>	<u>-</u>

The directors propose the following distributions in respect of the year:

	2024		2023	
	%	€	%	€
Dividend on shares	0.30%	322,880	0.30%	318,102

## 24. Rate of interest paid on members' deposit accounts

The following distributions were paid during the year:

	2024		2023	
	%	€	%	€
Interest on deposits	-	-	-	-

## 25. Events after the end of the financial year

At 30 September 2024, the credit union is at an advanced stage of a proposed Transfer of Engagements process. The proposed Transfer of Engagements process is expected to be completed in the coming months.

## 26. Insurance against fraud

The credit union has Insurance against fraud in the amount of €5,200,000 (2023: €5,200,000) in compliance with Section 47 of the Credit Union Act, 1997 (as amended).

## 27. Capital commitments

The credit union had capital commitments for leasehold improvements of €216,228 at 30 September 2024 (2023: €Nil).

## 28. Commitments under operating leases

The credit union entered into a 25 year lease in respect of a property on 1 October 1997 which was extended for a 3 year period on 1 October 2024. The credit union had future minimum lease payments under operating leases as follows:

	2024	2023
	€	€
Less than 1 year	107,000	107,442
1 to 5 years	214,000	107,000
Greater than 5 years	-	-
<b>As at 30 September</b>	<b>321,000</b>	<b>214,442</b>

## 29. Comparative information

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

## 30. Approval of financial statements

The board of directors approved these financial statements for issue on 8th November 2024

## Schedules to the Financial Statements for the year ended 30<sup>th</sup> September 2024

The following schedules do not form part of the statutory financial statements which are the subject of the Independent Auditor's report on pages 15 to 17.

<b>Schedule 1 – Other interest income and similar income</b>	<b>2024</b>	<b>2023</b>
	€	€
Investment income received/receivable within 1 year	1,309,557	1,225,370
Investment income receivable outside of 1 year	27,239	26,787
Realised loss on investments	-	(48,337)
Realised loss on encashment of investments	(95,521)	-
<b>Total per income and expenditure account</b>	<b><u>1,241,275</u></b>	<b><u>1,203,820</u></b>

<b>Schedule 2 – Other income</b>	<b>2024</b>	<b>2023</b>
	€	€
Miscellaneous income	300	1,200
Bank interest & commissions	137,028	63,269
MPCAS income	36,052	21,811
<b>Total per income and expenditure account</b>	<b><u>173,380</u></b>	<b><u>86,280</u></b>



## Schedules to the Financial Statements for the year ended 30<sup>th</sup> September 2024

### Schedule 3 – Other management expenses

	2024	2023
	€	€
Rent and rates	145,599	142,976
Lighting, heating and cleaning	72,411	61,843
Repairs and renewals	29,303	5,327
Printing, postage and stationery	41,265	57,107
Telephone	19,614	29,861
Promotion and advertising	61,679	54,967
Donations and sponsorship	78,511	40,529
Training costs	8,013	10,669
AGM, convention and meeting expenses	73,639	65,992
Audit fee	20,849	20,849
General insurance	84,667	63,313
Share and loan insurance	469,209	476,298
Legal and professional fees	476,101	315,329
Security	27,601	28,207
Computer maintenance	448,918	385,079
Staff uniforms	8,589	13,596
Miscellaneous office expenses	13,853	16,054
Death benefit insurance	-	79,966
ILCU subscriptions	57,963	56,500
Bank charges	63,495	48,497
Regulatory levies and charges	370,255	299,797
Loss on disposal of investment property	695	-
Savings protection scheme	5,414	9,967
MPCAS costs	58,788	93,169
Strategic initiative costs	55,500	-
Proposed merger costs	70,373	-
<b>Total</b>	<b><u>2,762,304</u></b>	<b><u>2,375,892</u></b>

# Unaudited Management Accounts

## for 31st January 2025

### Income and expenditure account

31 Jan 2025

€

#### Income

Interest Income		1,509,553
Investment Income	Rec'd/Receivable within 1 year	442,620
Bad Debts Recovered		104,120
Other Income		59,371
<b>Total Income</b>		<b><u>2,115,664</u></b>

#### Expenditure

Net Loan Protection / Life Savings Insurance		165,342
Salaries and Related Expenses		694,672
Other Expenses		841,448
<b>Total expenditure</b>		<b><u>1,701,462</u></b>
<b>YTD Surplus (Deficit)</b>		<b><u>414,202</u></b>

## Balance Sheet

31 Jan 2025

€

### Assets

Cash and Current Accounts	7,409,622
Minimum Reserve Deposit Held	1,134,956

### Investments

Irish and EEA State Securities	7,465,969
Accounts in Authorised Credit Institutions	45,793,114
Bank Bonds	27,485,557

**Total Investments** 80,744,640

Loans	55,937,341
Less Provision For Bad Debts	(2,791,864)
Fixed Assets less Depreciation	900,104
Other Assets	564,615

**Total Assets** **143,899,414**

### Liabilities

Member Shares	Regular	111,993,798
Member Deposits		6,973,494
Other Member Funds		1,668,329
Other Liabilities		553,153

**Total Liabilities** **121,188,774**

### Net Worth

**22,710,640**

Represented By:

### Reserves

Regulatory Reserve	18,500,000
Operational Risk Reserve	1,028,640
YTD Surplus (Deficit)	414,202
Other Reserves	Realised 2,710,892
	Unrealised 56,906

**Total Reserves** **22,710,640**

# **ROWLAGH CREDIT UNION LIMITED**

## **FINANCIAL STATEMENTS**

Audited financial statements as at 30th September 2024  
Unaudited management accounts for 31st January 2025

## Directors Responsibilities Statement

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

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

**Catherine Cullen**  
Member of the Board of Directors

**Helen Power**  
Member of the Board of Directors

Date 3rd December 2024

## Statement of the Board Oversight Committee Responsibilities

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

Approved on behalf of the Board Oversight Committee

**Margaret Kenny**  
Member of the Board Oversight Committee

**Paul Bissett**  
Member of the Board Oversight Committee

Date 3rd December 2024

# Independent Auditor's Report

## To the Members of Rowlagh Credit Union Ltd

### Opinion

We have audited the financial statements of Rowlagh Credit Union Limited for the financial year ended 30 September 2024 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 Act, 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 2024 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 Act, 1997 (as amended).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Credit Union in accordance with 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 Act, 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 4, 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.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: [www.iaasa.ie/wp-content/uploads/2022/10/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](http://www.iaasa.ie/wp-content/uploads/2022/10/Description_of_auditors_responsibilities_for_audit.pdf). The description forms part of our Auditor's 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.

#### **Joann Magee**

for and on behalf of  
COLLIGAN O CEARBHAILL & CO.  
Bri Chualann Court  
Adelaide Road, Bray, Co. Wicklow  
Ireland

Date: 3rd December 2024

# Income and Expenditure Account

## for the year ended 30<sup>th</sup> September 2024

	Notes	2024 €	2023 €
<b>Income</b>			
Interest on members' loans	3	727,555	740,030
Other interest income and similar income	4	252,749	213,758
<b>Net interest income</b>		<b>980,304</b>	<b>953,788</b>
Other income	6	193	860
<b>Total income</b>		<b>980,497</b>	<b>954,648</b>
<b>Expenditure</b>			
Employment costs	7	390,132	390,255
Other management expenses (Schedule 1)		598,479	603,212
Depreciation		30,147	71,807
Impairment of fixed assets/investments		30,000	152,000
Net (recoveries) or losses on loans to members		(71,884)	(40,056)
<b>Total expenditure</b>		<b>976,874</b>	<b>1,177,218</b>
<b>Surplus of income over expenditure</b>		<b>3,623</b>	<b>(222,570)</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>3,623</b>	<b>(222,570)</b>

The financial statements were approved and authorised for issue by the Board of Directors on 3rd December 2024 and signed on its behalf by;

**Patrick Devaney**  
CEO

**Catherine Cullen**  
Member of Board of Directors

Date: 3rd December 2024



## Balance Sheet

as at 30<sup>th</sup> September 2024

	Notes	2024 €	2023 €
<b>Assets</b>			
Cash and cash equivalents	9	2,367,932	2,773,195
Tangible fixed assets	10	963,081	1,019,928
Loans to members	11	6,481,733	6,448,661
Provision for bad debts	11	(468,807)	(521,282)
Prepayments and other debtors	12	31,492	10,972
Accrued income	12	79,080	72,063
Deposits and investments	13	10,125,369	9,625,384
Funds receivable from ILCU SPS Guarantee	13	8,883	8,883
<b>Total assets</b>		<b>19,588,763</b>	<b>19,437,804</b>
<b>Liabilities</b>			
Members' shares	14	17,089,397	16,918,329
Trade creditors and accruals	15	89,851	91,612
Other creditors	15	40,729	62,700
<b>Total liabilities</b>		<b>17,219,977</b>	<b>17,072,641</b>
<b>Members' Resources</b>			
Members' Resources		2,150,000	2,150,000
Operational risk reserve		150,000	150,000
Other reserves		68,786	65,163
<b>Total reserves</b>		<b>2,368,786</b>	<b>2,365,163</b>
<b>Total liabilities and reserves</b>		<b>19,588,763</b>	<b>19,437,804</b>

The financial statements were approved and authorised for issue by the Board of Directors on 3rd December 2024 and signed on its behalf by;

**Patrick Devaney**  
CEO

**Catherine Cullen**  
Member of Board of Directors

Date: 3rd December 2024

## Statement of Changes in Reserves

for the year ended 30<sup>th</sup> September 2024

	Regulatory reserve	Operational risk reserve	Other reserves	Unrealised income reserve	Total
	€	€	€	€	€
<b>As at 1 October 2022</b>	<b>2,150,000</b>	<b>150,000</b>	<b>278,850</b>	<b>8,883</b>	<b>2,587,733</b>
Other movement in reserves	-	-	(222,570)	-	(222,570)
<b>At 30 September 2023</b>	<b>2,150,000</b>	<b>150,000</b>	<b>56,280</b>	<b>8,883</b>	<b>2,365,163</b>
At 1 October 2023	2,150,000	150,000	56,280	8,883	2,365,163
Other movement in reserves	-	-	3,623	-	3,623
<b>At 30 September 2024</b>	<b>2,150,000</b>	<b>150,000</b>	<b>59,903</b>	<b>8,883</b>	<b>2,368,786</b>

- The Regulatory Reserve of the Credit Union as a % of the total assets as at 30th September 2024 was 10.97% which is more than the Credit Union's Regulatory Reserve requirement of 10%.

The financial statements were approved and authorised for issue by the Board of Directors on 3rd December 2024 and signed on its behalf by;

**Patrick Devaney**  
CEO

**Catherine Cullen**  
Member of Board of Directors

Date: 3rd December 2024

## Statement of Cash Flows

for the financial year ended 30<sup>th</sup> September 2024

	Notes	2024 €	2023 €
<b>Opening cash and cash equivalents</b>		<b>2,773,195</b>	<b>4,580,181</b>
<b>Cash flows from operating activities</b>			
Loans repaid		4,249,687	4,008,949
Loans granted		(4,344,123)	(3,972,647)
Loan interest income		724,788	742,705
Investment income		252,749	213,758
Other income received		193	860
Bad debts recovered		80,773	94,211
Operating expenses		(988,611)	(993,472)
Movement in other assets		(24,770)	(24,192)
Movement in other liabilities		(23,732)	(171,154)
<b>Net cash flows from operating activities</b>		<b>(73,046)</b>	<b>(100,982)</b>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(3,300)	(13,905)
Net cash flow from other investing activities		(499,986)	(1,502,682)
<b>Net cash used in investing activities</b>		<b>(503,286)</b>	<b>(1,516,587)</b>
<b>Cash flows from financing activities</b>			
Members' shares received		5,621,777	5,063,073
Members' shares withdrawn		(5,450,708)	(5,252,490)
<b>Net cash generated from financing activities</b>		<b>171,069</b>	<b>(189,417)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(405,263)</b>	<b>(1,806,986)</b>
<b>Cash and cash equivalents at end of financial year</b>	9	<b>2,367,932</b>	<b>2,773,195</b>

# Notes to the Financial Statements

## for the year ended 30<sup>th</sup> September 2024

### 1. LEGAL AND REGULATORY FRAMEWORK

Rowlagh Credit Union Limited is registered with the Registry of Credit Unions and is regulated by the Central Bank of Ireland. The registered office of the Credit Union is located at Collinstown Road, Clondalkin, Dublin 22.

### 2. ACCOUNTING POLICIES

The following principal accounting policies have been applied;

#### Statement of compliance and basis of preparation

These financial statements have been prepared in accordance with FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland). The financial statements are prepared on the historical cost basis. These are the company's first set of financial statements prepared in accordance with FRS 102. The transition to FRS 102 has resulted in a small number of accounting policy changes compared to those applied previously (see note for an explanation of these changes).

#### Currency

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

#### Going concern

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

#### Income recognition

Revenue 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. Revenue is measured at the fair value of the consideration received.

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

Interest on members loans is calculated and accrued on a daily basis.

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

Investment income is recognised when received or irrevocably receivable. Investments are recognised at cost less any permanent diminution in capital value but ignoring any increase in capital value or encashment value until realised in the form of cash or cash equivalents.

#### Investments

##### *Deposit and investments*

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 statement when it is received or irrevocably receivable.

##### *Held at amortised cost*

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

### **Central Bank deposits**

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

### **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 yearend 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.

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

Tangible fixed assets are stated at cost or at valuation, less accumulated depreciation. The charge to depreciation is calculated to write off the original cost or valuation of tangible fixed assets, less their estimated residual value, over their expected useful lives as follows:

Land and buildings freehold	2% Straight line
Fixtures, fittings and equipment	10% Straight line
Computer equipment	33% Straight line

### **Impairment of tangible fixed assets**

Tangible fixed assets are stated at cost or at valuation, less accumulated depreciation. The charge to depreciation is calculated to write off the original cost or valuation of tangible fixed assets, less their estimated residual value, over their expected useful lives as follows:

### **Basic financial assets**

#### **Loans to members**

Loans are financial assets with fixed or determinable payments. Loans are recognised when cash is advanced to members and measured at amortised cost. Loans are derecognised when the right to receive cash flows from the asset have expired, usually when all amounts outstanding have been repaid by the member.

#### **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.

### **Basic financial liabilities**

#### **Members' shares**

Members' shares in Rowlagh Credit Union Limited are redeemable and therefore are classified as financial liabilities. They are recognised at the amount of cash deposited.

## 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.

## Pensions

The Credit Union operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Credit Union. Annual contributions payable to the Credit Union's pension scheme are charged to the Revenue Account in the period to which they relate.

## Distribution

Rowlagh 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.

## Reserves

### *Regulatory reserve*

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

### *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. Credit Unions are required to maintain a minimum operational risk reserve having due regard for the sophistication of the business model.

### *Other reserves*

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

## CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATES

The directors are required to make significant judgements and estimates when preparing the financial statements. The items in the financial statements where these judgements and estimates have been made include;

### Provision for bad debts

The estimation of loan losses is inherently uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local and international economic climates, conditions in various sectors of the economy to which the Credit Union is exposed, and, other external factors such as legal and regulatory requirements. Credit risk is identified, assessed and measured through the use of rating and scoring tools with emphasis on weeks in arrears and other observable credit risk metrics. The ratings influence the management of individual loans. The credit rating triggers the impairment assessment and if relevant the raising of specific provisions on individual loans where there is doubt about their recoverability. Loan loss provisioning is monitored by the Credit Union, and

the Credit Union assesses and approves its provisions and provision adequacy on a quarterly basis. Key assumptions underpinning the Credit Union's estimates of collective provisions for loans with similar credit risk characteristics, and, Incurred But Not Reported provisions ("IBNR") are based on the historical experiences of the Credit Union's allied to the Credit Union's judgement of relevant conditions in the wider technological, market, economic or legal environment in which the Credit Union operates. If a loan is impaired, the impairment loss is the difference between the carrying amount of the loan and the present value of the expected cash flows discounted at the asset's original effective interest rate taking account of pledged shares and other security as appropriate. Assumptions are back tested with the benefit of experience. After a period of time, when it is concluded that there is no real prospect of recovery of loans/ part of loans which have been subjected to a specific provision, the Credit Union writes off that amount of the loan deemed irrecoverable against the specific provision held against the loan.

### 3. INTEREST ON MEMBERS' LOANS

	2024	2023
	€	€
Closing accrued interest receivable	15,784	13,017
Loan interest received in financial year	724,788	742,705
Opening accrued loan interest receivable	(13,017)	(15,692)
	<b>727,555</b>	<b>740,030</b>

### 4. OTHER INTEREST INCOME AND SIMILAR INCOME

	2024	2023
	€	€
Investment income received	189,454	154,712
Investment income receivable within 12 months	63,295	59,046
	<b>298,198</b>	<b>213,758</b>

### 5. INTEREST PAYABLE AND DIVIDENDS

The interest expense for the Credit Union comprises of interest payable on deposits, and was as follows for the current and prior financial year: nil

At the financial year-end the directors do not propose to pay a dividend.

### 6. OTHER INCOME

	2024	2023
	€	€
Entrance fees	137	141
Cash over	56	719
	<b>193</b>	<b>860</b>

### 7. INTEREST PAYABLE AND DIVIDENDS

The average monthly number of employees during the year was: 7

	2024	2023
	Number	Number
Administration	5	5
Management	2	2
	<b>7</b>	<b>7</b>

The staff costs comprise:

	2024	2023
	€	€
Wages and salaries	371,411	372,452
Pension costs	18,721	17,803
<b>Total deposits and investments</b>	<b>390,132</b>	<b>390,255</b>

## 8. KEY MANAGEMENT PERSONNEL

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

	2024	2023
	€	€
Short term employee benefits	154,296	138,375
Payments to pension scheme	6,300	6,000
<b>Total key management personnel compensation</b>	<b>160,596</b>	<b>144,375</b>

## 9. 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.

	2024	2023
	€	€
Cash and bank balances	788,857	841,591
Cash equivalents	1,579,075	1,931,604
<b>Total key management personnel compensation</b>	<b>2,367,932</b>	<b>2,773,195</b>

## 10. TANGIBLE FIXED ASSETS

	Land and buildings freehold	Fixtures, fittings and equipment	Computer equipment	Total
<b>Cost</b>	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>
At 1 October 2023	1,000,000	58,352	154,854	1,213,206
Additions	-	865	2,435	3,300
Revaluation	(50,000)	-	-	(50,000)
<b>At 30 September 2024</b>	<b>950,000</b>	<b>59,217</b>	<b>157,289</b>	<b>1,166,506</b>
<b>Depreciation</b>				
At 1 October 2023	-	48,516	144,762	193,278
Charge for the financial year	20,000	2,378	7,769	30,147
Revaluation	(20,000)	-	-	(20,000)
<b>At 30 September 2024</b>	<b>-</b>	<b>50,894</b>	<b>152,531</b>	<b>203,425</b>
<b>Net book value</b>				
<b>30 September 2024</b>	<b>950,000</b>	<b>8,323</b>	<b>4,758</b>	<b>963,081</b>
30 September 2023	1,000,000	9,836	10,092	1,019,928



On 3rd September 2024 Vincent Finnegan, Registered Valuer, valued the Credit Union premises at €950,000.

## 11. LOANS TO MEMBERS – FINANCIAL ASSETS

### 11.1 LOANS TO MEMBERS

	2024	2023
	€	€
As at 1 October	6,448,661	6,557,881
Advanced during the financial year	4,344,123	3,972,647
Repaid during the financial year	(4,249,687)	(4,008,949)
Loans written off	(61,364)	(72,918)
<b>Gross loans to members</b>	<b>11.2 6,481,733</b>	<b>6,448,661</b>
<b>Impairment allowances</b>		
Impairment allowance		
Individual loans	(456,353)	(418,269)
Collectively assessed loans	(12,454)	(101,015)
<b>Loan provision</b>	<b>11.3 (468,807)</b>	<b>(519,284)</b>
<b>As at 30 September</b>	<b>6,012,926</b>	<b>5,929,377</b>

### 11.2 LOAN PROVISION ACCOUNT FOR IMPAIRMENT LOSSES

	2024	2023
	€	€
As at 1 October	521,282	6,557,881
Allowance for loan losses made during the financial	(61,364)	-
Allowances reversed during the financial year	8,889	(18,763)
(Decrease) in loan provision during the financial	(52,475)	(18,763)
<b>As at 30 September</b>	<b>468,807</b>	<b>521,282</b>

### 11.3 LOAN PROVISION ACCOUNT FOR IMPAIRMENT LOSSES

	2024	2023
	€	€
Bad debts recovered	(80,773)	(94,211)
Reduction	8,889	54,155
	(71,884)	(40,056)
<b>Net losses on loans to members recognised for the financial year</b>	<b>(71,884)</b>	<b>(40,056)</b>

Rowlagh Credit Union Ltd. 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. There are maximum amounts set down by the Central Bank in terms of what amount a member can borrow from the Credit Union.

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

The following table provides information on the credit quality of loan repayments. Where loans are not impaired it is expected that the amounts repayable will be received in full.

	2024		2023	
	Amount €	Proportion %	Amount €	Proportion %
Secured loans	1,061,096	16.37	926,788	14.37
Neither past due or impaired	4,418,474	68.16	4,403,161	68.28
Up to 9 weeks past due	756,002	11.67	763,936	11.87
Between 10 to 18 weeks past due	64,038	0.99	92,385	1.43
Between 19 to 26 weeks past due	42,063	0.65	44,819	0.69
> 26 weeks past due	140,062	2.16	217,572	3.36
	<u>6,481,733</u>	<u>100.00</u>	<u>6,448,661</u>	<u>100.00</u>
Impairment allowance				
Individual loans	(456,353)		(418,269)	
Groups of loans	(12,454)		(103,013)	
Total carrying value	<u>6,012,926</u>		<u>5,927,379</u>	

## 12. DEBTORS, PREPAYMENTS AND ACCRUED INCOME

	2024	2023
	€	€
Prepayments	31,412	9,872
Other debtors	80	1,100
Accrued income	79,080	72,063
	<u>110,572</u>	<u>83,035</u>

## 13. DEPOSITS AND INVESTMENTS

	2024	2023
	€	€
Deposit and investments	<u>10,125,369</u>	<u>9,625,383</u>

By counterparty;

	2024	2023
	€	€
<b>Deposits and investments</b>		
BCP Societe Generale	1,650,000	1,650,000
Deutsche Bank	1,000,000	1,000,000
BNP	1,703,515	1,703,515
Credit Agricole	1,002,667	1,002,683
San Paulo	1,500,000	1,500,000
Natwest	1,950,000	1,650,000
NORD LB	1,200,000	1,000,000
Central Bank minimum reserve	119,186	119,186
<b>Total deposits and investments</b>	<u>10,125,368</u>	<u>9,625,384</u>

#### 14. MEMBERS' SHARES – FINANCIAL LIABILITIES

	2024	2023
	€	€
As at 1 October	16,918,329	17,107,746
Received during the financial year	5,621,777	5,063,073
Repaid during the financial year	(5,450,708)	(5,252,490)
<b>As at 30 September</b>	<b>17,089,397</b>	<b>16,918,329</b>

#### 15. OTHER CREDITORS AND ACCRUALS

	2024	2023
	€	€
Savings stamps	7,369	7,369
PAYE	8,343	9,811
Holiday pay	2,139	2,231
Accruals	89,851	91,612
Other creditors	22,878	43,289
	<b>130,580</b>	<b>154,312</b>

#### 16. LIQUIDITY RISK DISCLOSURE

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

#### 17. RELATED PARTY TRANSACTIONS

Directors, supervisors and staff (i.e. officers) of the Credit Union during the financial year ended 30 September 2024 operated share and loan accounts with the Credit Union. All loans advanced to directors, supervisors and staff are approved in accordance with Section 36(4) Credit Union Act, 1997 (as amended). The following transactions and balances existed with members who were officers during the financial year ended 30 September 2024:

	No. of loans	2024 €
Loans advanced to Related Parties during the financial year	13	30,594
Total loans outstanding to Related Parties at the financial year end	4	29,657
Total provisions for loans outstanding to Related Parties		938
		<b>61,189</b>

The total amount of savings held by related parties with loan balances at the year end was €90,585

#### 18. INSURANCE AGAINST FRAUD

The Credit Union has Insurance against fraud in the amount of €2,600,000 in compliance with Section 47 of the Credit Union Act 1997.

#### 19. CAPITAL COMMITMENTS

The Credit Union had no material capital commitments at the financial year-ended 30 September 2024.

## 20. POST-BALANCE SHEET EVENTS

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

## 21. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES

### Financial risk management

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

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

**Liquidity risk:** Rowlagh Credit Union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The objective of the Credit Union's liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise. Note 2 provides further details about the impact of the maturity mismatch on the going concern status of Rowlagh Credit Union.

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

**Interest rate risk:** Rowlagh 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 when deciding on the dividend rate payable on members' shares. Rowlagh Credit Union does not use interest rate options to hedge its own positions.

## 22. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved, and authorised for issue, by the Board of Directors on 3rd December 2024.

## Schedules to the Financial Statements for the year ended 30<sup>th</sup> September 2024

### Schedule 1 – Other management expenses

	2024	2023
	€	€
Training and seminars	12,390	14,326
Rent and rates payable	22,562	27,571
General insurance	21,650	15,577
Share and loan insurance	113,908	121,652
Death benefit insurance	30,597	34,749
Security and cash transit	10,873	8,689
Light and heat	26,064	23,289
Repairs and renewals	6,696	11,320
Computer and equipment maintenance	75,050	73,286
Printing and stationery	14,980	8,883
Promotion and education	16,782	10,376
Telephone and postage	4,064	6,807
AGM expenses	28,543	20,203
Accountancy fees	39,215	36,593
Legal and debt recovery fees	19,531	18,780
Professional and internal audit fees	40,437	56,435
Audit fees	6,765	14,686
Credit agency fees	3,099	3,535
Bank interest and charges	39,926	37,207
Cash short	756	994
Subscriptions and donations	2,442	1,089
Affiliation fees	8,146	9,007
Saving protection scheme	471	1,498
Regulation levy	46,041	44,409
General expenses	7,491	2,251
<b>Total</b>	<b>598,479</b>	<b>603,212</b>

# Unaudited Management Accounts

## for 31st January 2025

### Income and expenditure account

31 Jan 2025

€

#### Income

Interest Income		238,893
Investment Income	Rec'd/Receivable within 1 year	82,107
Bad Debts Recovered		27,703
Other Income		13,486
<b>Total Income</b>		<b><u>362,189</u></b>

#### Expenditure

Net Loan Protection / Life Savings Insurance		37,513
Salaries and Related Expenses		142,899
Bad Debts Written Off		20,469
Bad Debts Provision		(20,469)
Other Expenses		288,541
<b>Total expenditure</b>		<b><u>468,953</u></b>
<b>YTD Surplus (Deficit)</b>		<b><u>(106,764)</u></b>

## Balance Sheet

31 Jan 2025

€

### Assets

Cash and Current Accounts	1,149,675
Minimum Reserve Deposit Held	119,186

### Investments

Irish and EEA State Securities	999,588
Accounts in Authorised Credit Institutions	9,879,855
Bank Bonds	506,596

### Total Investments

Loans	6,312,855
Less Provision For Bad Debts	(448,338)
Fixed Assets less Depreciation	954,749
Other Assets	148,131

### Total Assets

**19,622,297**

### Liabilities

Member Shares	Regular	17,164,596
Other Liabilities		204,568

### Total Liabilities

**17,369,164**

### Net Worth

**2,253,133**

Represented By:

### Reserves

Regulatory Reserve	2,150,000
Operational Risk Reserve	150,000
Undistributed Surplus Brought Forward	59,897
YTD Surplus (Deficit)	(106,764)

### Total Reserves

**2,253,133**



FSC  
[www.fsc.org](http://www.fsc.org)

MIX

Paper from  
responsible sources

FSC™ C165815