
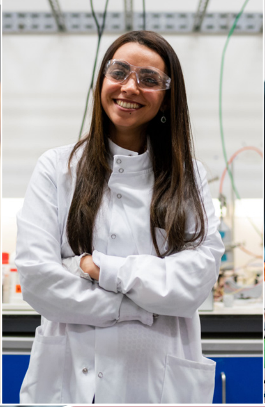


HSSCU

PROPOSED TRANSFER OF ENGAGEMENTS OF JIM LARKIN CREDIT UNION LIMITED TO HEALTH SERVICES STAFFS CREDIT UNION LIMITED.

SECTION 130 PACK







Make Memories

Contents

Message from the Chairs of Health Services Staffs Credit Union Limited and Jim Larkin Credit Union Limited

Dear Members,

We are pleased to inform you, that the Board of Directors of Health Services Staffs Credit Union Limited and Jim Larkin Credit Union Limited are in a position to ask our members to approve the transfer of engagements, of Jim Larkin Credit Union Limited to Health Services Staffs Credit Union Limited. The Special Resolutions to approve the Transfer of Engagements will be voted on at the forthcoming Annual General Meetings.

This merger arises from the belief of the Board of Directors 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. The Boards of both Credit Unions are confident that our decision to combine our Credit Unions will strengthen our position to be the most trusted, respected and preferred financial services provider for our members, providing good value, modern, accessible and tailored services. On completion of the proposed transfer of engagements, the common bond of Health Services Staffs Credit Union Limited will be extended to include all current members of Jim Larkin Credit Union Limited. The advantages for members are that the enlarged Credit Union will:

- protect the provision of Credit Union services in our community and allow for more investment in our community:
- allow access to a broader range of savings and loan services at competitive and sustainable rates:
- be a stronger, more viable Credit Union with healthy financial reserves:
- satisfy member expectations and security of savings and:
- provide greater efficiencies through sharing costs resulting in better value for members:

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

Marie Mc Bryan,
Chair, Health Services Staffs Credit Union Limited

Christine Rowland,
Chair, Jim Larkin Credit Union Limited

Member Information

What does a Transfer of Engagements mean?

This is a merger of two Credit Unions. However, under the Credit Union Act 1997 (as amended) the legal mechanism used is called a Transfer of Engagements. This means that Jim Larkin Credit Union Limited will transfer its assets and liabilities to Health Services Staffs Credit Union Limited. Members of Jim Larkin Credit Union Limited and Health Services Staffs can continue in exactly the same way as before with the added advantage of access to all of the services that Health Services Staffs Credit Union can offer.

What will happen next?

We envisage that if the Transfer of Engagements is approved by the Central Bank, the affairs of Jim Larkin Credit Union Limited will be transferred to Health Services Staffs Credit Union Limited before the end of February 2022.

How will this change affect me?

- For existing members, there will be no noticeable change.
- 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 offices when the merger takes effect.
- If you are a member of Jim Larkin Credit Union Limited, a new account number will be issued to you. All of your account balances and information will remain exactly the same.
- Members of Jim Larkin Credit Union Limited now qualify for the Death Benefit Insurance currently in place in Health Services Staffs Credit Union.

Do I have to do anything?

We 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@hsscu.ie or info@jimlarkincu.ie with any views, comments or queries they may have.

Statement under Section 130 of the Credit Union Act 1997 (as amended) - Health Services Staffs 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 Health Services Staffs Credit Union Limited and of Jim Larkin Credit Union Limited is set out in the form of the audited annual accounts for Health Services Staffs Credit Union Limited as at 30th September 2021 and the most recent unaudited Income & Expenditure Account and Balance sheet as at October 31st 2021, and the audited annual accounts for Jim Larkin Credit Union Limited as at 30th September 2021 and the most recent unaudited Income & Expenditure Account and Balance sheet as at 31st October 2021.
2. No payment to members of Health Services Staffs Credit Union Limited or to members of Jim Larkin Credit Union Limited is proposed in connection with the transfer of engagements.
3. Following the proposed Transfer of Engagements, all new loans or amendments to existing loans to the former members of Jim Larkin Credit Union Limited will be subject to the current terms and conditions and interest rates of loans available in Health Services Staffs Credit Union Limited. Existing loans on the Standard Loan Rate to former members of Jim Larkin Credit Union Limited will be reduced from 10.47% APR to Health Services Staffs Credit Union Limited Standard Variable Loan Rate of 8.83% APR.
4. The staff of Health Services Staffs Credit Union Limited and Jim Larkin Credit Union Limited have been consulted regarding the proposed Transfer of Engagements with no issues arising.

Statement required under Section 130 of the Credit Union Act 1997 - Jim Larkin 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 Health Services Staffs Credit Union Limited and of Jim Larkin Credit Union Limited is set out in the form of the audited annual accounts for Health Services Staffs Credit Union Limited as at 30th September 2021 and the most recent unaudited Income & Expenditure Account and Balance sheet as at October 31st 2021, and the audited annual accounts for Jim Larkin Credit Union Limited as at 30th September 2021 and the most recent unaudited Income & Expenditure Account and Balance sheet as at 31st October 2021.
2. No payment to members of Health Services Staffs Credit Union Limited or to members of Jim Larkin Credit Union Limited is proposed in connection with the transfer of engagements.
3. Following the proposed Transfer of Engagements, all new loans or amendments to existing loans to the former members of Jim Larkin Credit Union Limited will be subject to the current terms and conditions and interest rates of loans available in Health Services Staffs Credit Union Limited. Existing loans on the Standard Loan Rate to former members of Jim Larkin Credit Union Limited will be reduced from 10.47% APR to Health Services Staffs Credit Union Limited Standard Variable Loan Rate of 8.83% APR.
4. The staff of Health Services Staffs Credit Union Limited and Jim Larkin Credit Union Limited have been consulted regarding the proposed Transfer of Engagements with no issues arising.

Health Services Staffs Credit Union Limited

The Board of Health Services Staffs Credit Union Limited are pleased to present the following Special Resolution to the members for consideration at the Annual General Meeting:

Proposed Special Resolution

The members of Health Services Staffs Credit Union Limited resolve that the credit union accepts the Transfer of Engagements of Jim Larkin Credit Union Limited to Health Services Staffs Credit Union Limited in accordance with the relevant provisions of the Credit Union Act 1997 (as amended).

Pascal Keeve,
Secretary, Health Services Staffs Credit Union Limited

Jim Larkin Credit Union Limited

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

Proposed Special Resolution

The members of Jim Larkin Credit Union Limited resolve that the Credit Union Transfers its Engagements to Health Services Staffs Credit Union Limited in accordance with the relevant provisions of the Credit Union Act 1997 (as amended).

Terence Cullen,
Secretary, Jim Larkin Credit Union Limited

Directors' Responsibilities Statement

For the financial year ended 30 September 2021

The directors are responsible for preparing the financial statements in accordance with applicable Irish law and regulations. 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.

On behalf of the board:

Chairperson of the board of directors

Member of the board of directors
Date: 22nd of Nov. 2021

Board Oversight Committee's Responsibilities Statement

For the financial year ended 30 September 2021

The Credit Union Act, 1997 (as amended) requires the appointment of a board oversight committee to assess whether the board of directors has operated in accordance with part iv, part 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:

Chairperson of the board oversight committee
Date: 22nd of Nov. 2021

Independent Auditors' Report to the Members of Health Services Staffs Credit Union Limited

Opinion
We have audited the financial statements of Health Services Staffs Credit Union Limited, which comprise the income and expenditure account, the statement of other comprehensive income, the balance sheet, the statement of changes in reserves and the statement of cash flows for the financial year ended 30 September 2021, and the related notes to the financial statements, including the summary of significant accounting policies.

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 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (Generally Accepted Accounting Practice in Ireland).

In our opinion, Health Services Staffs 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 2021 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 auditors' 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; and
- 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.

Independent Auditors' Report to the Members of Health Services Staffs Credit Union Limited (Continued)

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, 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 auditors' 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 auditors' 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 auditors' 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the credit union and the credit union's members as a body, for our audit work, for this report, or for the opinions we have formed.

Denise O'Connell FCA
for and on behalf of
Grant Thornton
Chartered Accountants
& Statutory Audit Firm
Mill House, Henry Street, Limerick

Date: 22nd of Nov. 2021

Income and Expenditure Account

For the financial year ended 30 September 2021

Income	Schedule	2021 €	2020 €
Interest on members' loans		14,124,730	13,688,304
Members' deposit and other interest expense and similar charges		(8,732)	(29,493)
Other interest income and similar income	1	1,125,340	1,039,037
Net interest income		**15,241,338**	**14,697,848**
Other income	2	378,361	144,620
Total income		**15,619,699**	**14,842,468**
Expenditure			
Employment costs		4,646,414	4,623,678
Other management expenses	3	6,105,749	6,077,275
Depreciation		851,136	886,175
Impairment of premises		-	252,807
Fair value movement on investment property		-	60,000
Net impairment (gains)/losses on loans to members (note 5)		(427,467)	2,670,061
Total expenditure		**11,175,832**	**14,569,996**
Surplus for the financial year		**4,443,867**	**272,472**

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

Mau McBryan

Member of the board of directors

Member of the board oversight committee

Seán Hanford.

CEO
Date: 22nd of Nov. 2021

Statement of Other Comprehensive Income

For the financial year ended 30 September 2021

	2021 €	2020 €
Surplus for the financial year	4,443,867	272,472
Other comprehensive income	-	-
Total comprehensive income for the financial year	**4,443,867**	**272,472**

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

Mau McBryan

Member of the board of directors

Member of the board oversight committee

Seán Hanford.

CEO
Date: 22nd of Nov. 2021

The notes on pages 11 to 23 form part of these financial statements.

Balance Sheet

As at 30 September 2021

	Notes	2021	2020
Assets		**€**	**€**
Cash and balances at bank		12,049,976	7,610,079
Deposits and investments – cash equivalents	7	57,238,675	60,108,590
Deposits and investments – other	7	156,428,633	136,063,555
Loans to members	8	201,845,098	189,150,876
Provision for bad debts	9	(10,675,910)	(11,213,204)
Members' current accounts overdrawn	15	26,845	21,535
Tangible fixed assets	10	5,673,044	4,208,856
Investment property	11	400,000	507,500
Debtors, prepayments and accrued income	12	3,992,706	4,346,549
Total assets		**426,979,067**	**390,804,336**
Liabilities			
Members' shares	13	348,684,334	318,770,606
Members' deposits	13	12,618,883	13,112,746
Other members' funds	13	4,872,096	3,281,751
Members' budget accounts	14	1,144,972	1,044,151
Members' current accounts	15	647,657	228,632
Other liabilities, creditors, accruals and charges	16	2,204,616	1,972,972
Other provisions	17	5,539	36,375
Total liabilities		**370,178,097**	**338,447,233**
Reserves			
Regulatory reserve	19	44,831,369	41,031,369
Operational risk reserve	19	3,340,593	3,340,593
Other reserves			
- Realised reserves	19	8,193,920	7,550,033
- Unrealised reserves	19	435,088	435,108
Total reserves		**56,800,970**	**52,357,103**
Total liabilities and reserves		**426,979,067**	**390,804,336**

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

Member of the board of directors **Member of the board oversight committee** **CEO**

Date: 22nd of Nov. 2021

The notes on pages 11 to 23 form part of these financial statements.

Statement of Changes in Reserves

For the financial year ended 30 September 2021

	Regulatory reserve €	Operational risk reserve €	Realised reserves €	Unrealised reserves €	Total €
As at 1 October 2019	**39,556,369**	**3,165,251**	**9,401,370**	**381,361**	**52,504,351**
Surplus for the financial year	200,000	-	18,725	53,747	272,472
Dividends and loan interest rebates paid	-	-	(419,720)	-	(419,720)
Transfers between reserves	1,275,000	175,342	(1,450,342)	-	-
As at 1 October 2020	**41,031,369**	**3,340,593**	**7,550,033**	**435,108**	**52,357,103**
Surplus for the financial year	3,800,000	-	603,840	40,027	4,443,867
Transfers between reserves	-	-	40,047	(40,047)	-
As at 30 September 2021	**44,831,369**	**3,340,593**	**8,193,920**	**435,088**	**56,800,970**

- The regulatory reserve of the credit union as a percentage of total assets as at 30 September 2021 was 10.50% (2020: 10.50%).

- The operational risk reserve of the credit union as a percentage of total assets as at 30 September 2021 was 0.78% (2020: 0.85%).

The notes on pages 11 to 23 form part of these financial statements.

Statement of Cash Flows

For the financial year ended 30 September 2021

	Notes	2021 €	2020 €
Opening cash and cash equivalents		**67,718,669**	**62,736,112**
Cash flows from operating activities			
Loans repaid by members	8	79,676,820	77,498,411
Loans granted to members	8	(93,533,957)	(87,067,209)
Interest on members' loans		14,124,730	13,688,304
Members' deposit and other interest expense and similar charges		(8,732)	(29,493)
Other interest income and similar income		1,125,340	1,039,037
Bad debts recovered and recoveries		1,053,088	1,036,782
Dividends paid		-	(287,184)
Loan interest rebates paid		-	(132,536)
Other income		378,361	144,620
Members' budget account lodgements	14	3,719,496	3,908,336
Members' budget account withdrawals	14	(3,618,675)	(3,917,868)
Members' current account lodgements	15	7,180,705	1,538,097
Members' current account withdrawals	15	(6,810,986)	(1,331,515)
Operating expenses		(10,708,167)	(10,700,953)
Movement in other assets and liabilities		554,651	(400,031)
Net cash flows from operating activities		**(6,867,326)**	**(5,013,202)**
Cash flows from investing activities			
Fixed assets (purchases)/disposals		(2,207,824)	(871,905)
Net cash flow from other investing activities		(20,365,078)	(2,914,951)
Net cash flows from investing activities		**(22,572,902)**	**(3,786,856)**
Cash flows from financing activities			
Members' savings received	13	207,816,912	173,105,859
Members' savings withdrawn	13	(176,806,702)	(159,323,244)
Net cash flow from financing activities		**31,010,210**	**13,782,615**
Net increase in cash and cash equivalents		**1,569,982**	**4,982,557**
Closing cash and cash equivalents	**6**	**69,288,651**	**67,718,669**

The notes on pages 11 to 23 form part of these financial statements.

Notes to the Financial Statements

For the financial year ended 30 September 2021

1. Legal and regulatory framework

Health Services Staffs 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 5 High Street, Christchurch, Dublin 8.

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.

<u>The following principal accounting policies have been applied:</u>

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 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 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.

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 year-end date and all gains and losses are taken to the income and expenditure account. The fair value of quoted investments is determined by reference to bid prices at the close of business on the balance sheet date. Where there is no active market these assets will be carried at cost plus accrued income less impairment.

Notes to the Financial Statements (Continued)

For the financial year ended 30 September 2021

2. Accounting policies (continued)

2.7 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.

2.8 Bad debts provision
The credit union assesses if there is objective evidence that any of its loans are impaired with due consideration of environmental factors. The loans are assessed collectively in groups that share similar credit risk characteristics. Individually significant loans are assessed on a loan by loan basis. In addition, if there is objective evidence that any individual loan is impaired, a specific loss will be recognised. Bad debt provisioning is monitored by the credit union, and the credit union assesses and approves its provisions and the adequacy of same on a regular basis.

2. Accounting policies (continued)

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.

2.9 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	6.18% straight line per annum
Construction work in progress	Not depreciated
Leasehold improvements	Over the lesser of the useful economic life and the remaining term of the lease
Computer and office equipment	20% straight line per annum
Fixtures and fittings	20% straight line per annum
Software	25% straight line per annum
Motor vehicles	25% straight line per annum

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.

2.10 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 accounts.

Notes to the Financial Statements (Continued)

For the financial year ended 30 September 2021

2. Accounting policies (continued)

2.11 Investment properties
Investment properties for which fair value can be measured reliably without undue cost or effort are measured at fair value at each reporting date with changes in fair value recognised in the income and expenditure account. No depreciation is provided.

2.12 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.

2.13 Financial liabilities – members' savings
Members' savings 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.

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

2.15 Members' current accounts
The credit union provides Member Personal Current Account Services in accordance with Section 49(3) of the Credit Union Act, 1997 (as amended).

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

2.17 Pension costs
The credit union operates a defined contribution pension scheme. The assets of this scheme are held separately from those of the credit union in independently administered funds. Employer contributions to the pension scheme are charged to the income and expenditure account in the period to which they relate.

2.18 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.

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

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

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

2.22 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 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 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 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 has 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).

Notes to the Financial Statements (Continued)

For the financial year ended 30 September 2021

2. Accounting policies (continued)

2.23 Other reserves
Other reserves are the accumulated surpluses to date that have not been declared as dividends returnable to members. The other reserves are subdivided into realised and unrealised. In accordance with the Central Bank guidance note for credit unions on matters relating to accounting for investments and distribution policy, investment income that has been recognised but will not be received within 12 months of the balance sheet date is classified as "unrealised" and is not distributable. 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 is also classified as "unrealised" and is not distributable. All other income is classified as "realised".

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

The rate of dividends and loan interest rebates 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 and loan interest rebate 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 and loan interest rebates when members ratify such payments at the Annual General Meeting.

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

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 €5,673,044 (2020: €4,208,856).

Provision for bad debts
The credit union's accounting policy for impairment of loans is set out in the accounting policy in note 2.8. The estimation of loan losses is inherently uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local and international economic climates, conditions in various sectors of the economy to which the credit union is exposed, and, other external factors such as legal and regulatory requirements. The provision for bad debts in the financial statements at the year end was €10,675,910 (2020: €11,213,204) representing 5.29% (2020: 5.93%) 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 operational risk reserve. In addition, the credit union has 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 €3,340,593 (2020: €3,340,593).

Notes to the Financial Statements (Continued)

For the financial year ended 30 September 2021

Adoption of going concern basis for financial statements preparation
The credit union continue to closely monitor the evolution of the COVID-19 pandemic. 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

The directors of the credit union are all unpaid volunteers. The key management personnel compensation is as follows.

	2021 €	2020 €
Short term employee benefits paid to key management	548,616	565,327
Payments to pension schemes	81,796	84,703
Total key management personnel compensation	**630,412**	**650,030**

5. Net impairment (gains)/losses on loans to members

	2021 €	2020 €
Bad debts recovered	(856,479)	(814,582)
Impairment of loan interest reclassed as bad debt recoveries	(196,609)	(222,200)
Movement in bad debts provision during the year	(537,294)	2,582,935
Loans written off during the year	1,162,915	1,123,908
Net impairment (gains)/ losses on loans to members	**(427,467)**	**2,670,061**

6. Cash and cash equivalents

	2021 €	2020 €
Cash and balances at bank	12,049,976	7,610,079
Deposits and investments – cash equivalents (note 7)	57,238,675	60,108,590
Total cash and cash equivalents	**69,288,651**	**67,718,669**

7. Deposits and investments

	2021	2020
Deposits and investments – cash equivalents	**€**	**€**
Accounts in authorised credit institutions (Irish and non-Irish based)	41,616,432	46,554,158
Irish and EEA state securities	20,000	20,000
Bank bonds	-	200,000
Central Bank deposits	15,602,243	13,334,432
Total deposits and investments – cash equivalents	**57,238,675**	**60,108,590**
Deposits and investments – other		
Accounts in authorised credit institutions (Irish and non-Irish based)	103,088,391	98,010,685
Irish and EEA state securities	19,555,894	9,575,720
Bank bonds	27,472,140	22,487,551
Central Bank deposits	3,278,066	2,945,877
Other investments	3,034,142	3,043,722
Total deposits and investments – other	**156,428,633**	**136,063,555**
Total deposits and investments	**213,667,308**	**196,172,145**

Notes to the Financial Statements (Continued)

For the financial year ended 30 September 2021

8. Financial assets – loans to members

	2021 €	2020 €
As at 1 October	189,150,876	180,705,986
Loans granted during the year	93,533,957	87,067,209
Loans repaid during the year	(79,676,820)	(77,498,411)
Gross loans and advances	**203,008,013**	**190,274,784**
Bad debts		
Loans written off during the year	(1,162,915)	(1,123,908)
As at 30 September	**201,845,098**	**189,150,876**

9. Provision for bad debts

	2021 €	2020 €
As at 1 October	11,213,204	8,630,269
Movement in bad debts provision during the year	(537,294)	2,582,935
As at 30 September	**10,675,910**	**11,213,204**

The provision for bad debts is analysed as follows:

	2021 €	2020 €
Grouped assessed loans	10,675,910	11,213,204
Provision for bad debts	**10,675,910**	**11,213,204**

10. Tangible fixed assets

	Premises €	Construction work in progress €	Leasehold improvements €	Computer and office equipment €	Fixtures and fittings €	Software €	Motor vehicles €	Total €
Cost								
1 October 2020	6,883,358	791,417	485,680	1,813,094	560,159	315,622	24,500	10,873,830
Additions	8,746	2,110,367	-	140,700	8,089	47,422	-	2,315,324
At 30 September 2021	**6,892,104**	**2,901,784**	**485,680**	**1,953,794**	**568,248**	**363,044**	**24,500**	**13,189,154**
Depreciation								
1 October 2020	4,671,489	-	110,575	1,266,324	392,298	199,788	24,500	6,664,974
Charge for year	426,089	-	48,568	277,999	56,008	42,472	-	851,136
At 30 September 2021	**5,097,578**	**-**	**159,143**	**1,544,323**	**448,306**	**242,260**	**24,500**	**7,516,110**
Net book value At 30 September 2021	**1,794,526**	**2,901,784**	**326,537**	**409,471**	**119,942**	**120,784**	**-**	**5,673,044**
At 30 September 2020	2,211,869	791,417	375,105	546,770	167,861	115,834	-	4,208,856

Notes to the Financial Statements (Continued)

For the financial year ended 30 September 2021

11. Investment properties

	2021 €	2020 €
Balance at 1 October	507,500	567,500
Fair value adjustment	-	(60,000)
Disposal	(107,500)	-
As at 30 September	**400,000**	**507,500**

The credit union disposed of an investment property during the year. As at 30 September 2021 the credit union holds one investment property which was acquired by way of Transfer of Engagements.

12. Debtors, prepayments and accrued income

	2021 €	2020 €
Loan interest receivable	382,860	422,907
Prepayments	410,021	417,904
Other debtors	3,199,825	3,505,738
As at 30 September	**3,992,706**	**4,346,549**

13. Members' savings

	2021 €	2020 €
As at 1 October	335,165,103	321,382,488
Received during the year	207,816,912	173,105,859
Withdrawn during the year	(176,806,702)	(159,323,244)
As at 30 September	**366,175,313**	**335,165,103**

Members' savings are analysed as follows:

	2021 €	2020 €
Members' shares	348,684,334	318,770,606
Members' deposits	12,618,883	13,112,746
Other members' funds	4,872,096	3,281,751
Total members' savings	**366,175,313**	**335,165,103**

14. Members' budget accounts

	2021 €	2020 €
As at 1 October	1,044,151	1,053,683
Lodgements during the year	3,719,496	3,908,336
Withdrawals during the year	(3,618,675)	(3,917,868)
As at 30 September	**1,144,972**	**1,044,151**

15. Members' current accounts

	2021 €	2020 €
As at 1 October	207,097	515
Lodgements	7,180,705	1,538,097
Withdrawals	(6,810,986)	(1,331,515)
As at 30 September	**576,816**	**207,097**

Provision

Provision held on overdrawn current account	43,996	-
As at 30 September	**43,996**	**-**

Member current accounts debit

Balance of accounts held	70,841	21,535
Less provision held	(43,996)	-
As at 30 September	**26,845**	**21,535**

Member current accounts credit

Balance of accounts held	647,657	228,632
As at 30 September	**647,657**	**228,632**

	No. of Accounts	Balance of Accounts €
Debit (net of provision)	288	26,845
Credit	959	647,657
Permitted overdrafts	1,184	124,670

Notes to the Financial Statements (Continued)

For the financial year ended 30 September 2021

16. Other liabilities, creditors, accruals and charges

	2021	2020
	€	€
Members' draw balance	411,778	405,834
PAYE/PRSI	152,055	137,732
Other creditors and accruals	1,640,783	1,429,406
As at 30 September	**2,204,616**	**1,972,972**

17. Other provisions

	2021	2020
Holiday pay accrual	€	€
At 1 October	36,375	56,006
Charged to the income and expenditure account	(30,836)	(19,631)
As at 30 September	**5,539**	**36,375**

18. Financial instruments

18a. Financial instruments – measured at amortised cost

Financial assets	**2021**	**2020**
	€	€
Financial assets measured at amortised cost	398,242,160	368,906,963

Financial liabilities	**2021**	**2020**
	€	€
Financial liabilities measured at amortised cost	370,178,097	338,447,233

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

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

18b. Financial instruments – fair value measurements

FRS 102 requires fair value measurements to be disclosed by the source of inputs, using a three level hierarchy:

- Quoted prices for identical instruments in active market (level 1);
- Prices of recent transactions for identical instruments and valuation techniques using observable market data (level 2), and
- Valuation techniques using unobservable market data (level 3).

The table below sets out fair value measurements using the fair value hierarchy:

Notes to the Financial Statements (Continued)

For the financial year ended 30 September 2021

At 30 September 2021	Total	Level 1	Level 2	Level 3
	€	€	€	€
Accounts in authorised credit institutions	26,087,362	-	26,087,362	-
Bank bonds	6,503,526	-	6,503,526	-
Total	**32,590,888**	**-**	**32,590,888**	**-**

At 30 September 2020	Total	Level 1	Level 2	Level 3
	€	€	€	€
Accounts in authorised credit institutions	21,045,612	-	21,045,612	-
Bank bonds	6,507,798	-	6,507,798	-
Total	**27,553,410**	**-**	**27,553,410**	**-**

There were no fair value adjustments recognised in the income and expenditure account for the year ended 30 September 2021 (2020: €nil).

19. Reserves

	Balance 01/10/20	Appropriation of current year surplus	Transfers between reserves	Balance 30/09/21
	€	€	€	€
Regulatory reserve	**41,031,369**	**3,800,000**	**-**	**44,831,369**
Operational risk reserve	**3,340,593**	**-**	**-**	**3,340,593**
Other reserves				
Realised				
General reserve	7,550,033	603,840	40,047	8,193,920
Total realised reserves	**7,550,033**	**603,840**	**40,047**	**8,193,920**
Unrealised				
Interest on loans reserve	422,907	-	(40,047)	382,860
Investment income reserve	12,201	40,027	-	52,228
Total unrealised reserves	**435,108**	**40,027**	**(40,047)**	**435,088**
Total reserves	**52,357,103**	**4,443,867**	**-**	**56,800,970**

Notes to the Financial Statements (Continued)

For the financial year ended 30 September 2021

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 percentages of the regulatory reserve (large exposure limit)
- restricts the loan duration of certain loans to specified limits (maturity limits)
- requires specified lending practices to be in place where loans are made to certain sectors such as business loans, community loans or loans to another credit union.

The carrying amount of the loans to members represents 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.

	2021		2020	
	€	%	€	%
Loans not impaired				
Total loans not impaired, not past due	190,262,147	94.26%	130,529,917	69.01%
Impaired loans:				
Not past due	2,543,628	1.26%	1,603,831	0.85%
Up to 9 weeks past due	2,333,979	1.16%	49,658,008	26.25%
Between 10 and 18 weeks past due	873,483	0.43%	2,923,011	1.55%
Between 19 and 26 weeks past due	703,080	0.34%	1,198,324	0.63%
Between 27 and 39 weeks past due	782,331	0.39%	1,305,591	0.69%
Between 40 and 52 weeks past due	396,100	0.20%	627,082	0.33%
53 or more weeks past due	3,950,350	1.96%	1,305,112	0.69%
Total impaired loans	11,582,951	5.74%	58,620,959	30.99%
Total loans	**201,845,098**	**100.00%**	**189,150,876**	**100.00%**

21. Related party transactions

21a. Loans

	2021		2020	
	No. of loans	€	No. of loans	€
Loans advanced to related parties during the year	4	77,500	8	122,500
Total loans outstanding to related parties at the year end	31	670,875	26	737,448
Total provision for loans outstanding to related parties		34,910		48,520

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 0.33% of the total loans outstanding at 30 September 2021 (2020: 0.39%).

Notes to the Financial Statements (Continued)

For the financial year ended 30 September 2021

21b. Savings

The total amount of savings held by related parties at the year end was €550,419 (2020: €566,510).

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 policies. Credit risk mitigation may include the requirement to obtain collateral as set out in the credit union's loans policies. 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; personal guarantees; and charges over assets. 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 policies in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

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.

Notes to the Financial Statements (Continued)

For the financial year ended 30 September 2021

22. Additional financial instruments disclosures (Continued)

22c. Interest rate risk disclosures

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

	2021		2020	
		Average interest rate		Average interest rate
	€	%	€	%
Gross loans to members	201,845,098	7.35%	189,150,876	7.48%

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 and interest rebates

The following distributions were paid during the year:

	2021		2020	
	%	€	%	€
Dividend on shares	0.00%	-	0.10%	287,184
Loan interest rebates	0.00%	-	1.00%	132,536

The directors are not proposing a dividend or loan interest rebate in respect of the financial year ended 30 September 2021 (2020: The directors did not propose a dividend or loan interest rebate).

24. Rate of interest paid on members' deposit accounts

	2021		2020	
	%	€	%	€
Interest on regular deposits	0.10%/0%	7,832	0.10%	13,353
Christmas savings' deposits	0.10%/0%	900	0.10%	1,351

The rate of interest on deposits for the period 1 October 2020 to 30 June 2021 was 0.10% and thereafter the rate of interest on all deposit accounts reduced to 0%. (The rate of interest on deposits for the year ended 30 September 2020 was 0.10%)

25. Events after the end of the financial year

There have been no significant events affecting the credit union since the year end.

26. Insurance against fraud

The credit union has Insurance against fraud in the amount of €5,200,000 (2020: €5,200,000) in compliance with Section 47 of the Credit Union Act, 1997 (as amended).

Notes to the Financial Statements (Continued)

For the financial year ended 30 September 2021

27. Capital commitments

There is a capital commitment at year end pertaining to refurbishment works to the High Street premises. Refurbishment works commenced during the third quarter of 2020 and are expected to conclude by the second quarter of 2022. Estimated costs to completion at 30 September 2021 amount to circa €1.5 million.

28. Commitments under operating leases

The credit union had future minimum lease payments under a non-cancellable operating lease as follows:

	2021 €	2020 €
Less than 1 year	49,200	49,200
1 to 5 years	196,800	196,800
Greater than 5 years	53,300	102,500
As at 30 September	**299,300**	**348,500**

The credit union had future minimum lease payments under an operating lease as follows:

	2021 €	2020 €
Less than 1 year	5,000	3,750
1 to 5 years	18,750	-
As at 30 September	**23,750**	**3,750**

29. Contingent liabilities

In September 2018, the Registry of Credit Unions advised all credit unions of a potential matter in relation to accrued interest outstanding on certain top-up loans which may have led to a potential over-collection of interest. Following this, the credit union undertook a review to ascertain whether any top-up loans made to members might be impacted by these circumstances, and if so, to determine what actions may need to be taken. The credit union has concluded its review and is satisfied that no over-collection of interest has occurred.

30. Comparative information

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

31. Approval of financial statements

The board of directors approved these financial statements for issue on 22nd November 2021.

Schedules to the Income and Expenditure Account

For the financial year ended 30 September 2021

The following schedules do not form part of the statutory financial statements which are the subject of the Independent Auditors' report on pages 5 to 6.

Schedule 1 – Other interest income and similar income

	2021 €	2020 €
Investment income received/ receivable within 1 year	1,085,313	1,026,836
Investment income receivable outside of 1 year	40,027	12,201
Total per income and expenditure account	**1,125,340**	**1,039,037**

Schedule 2 – Other income

	2021 €	2020 €
ECCU rebate	186,166	-
Commissions, fees and sundry income	111,305	115,673
Rental income	33,800	23,400
MPCAS fees	47,090	5,547
Total per income and expenditure account	**378,361**	**144,620**

Schedules to the Income and Expenditure Account

For the financial year ended 30 September 2021 (continued)

Schedule 3 – Other management expenses

	2021 €	2020 €
Printing and stationery	109,894	158,022
Office expenses	69,290	77,145
Rates	56,443	39,902
Leasing	54,200	54,200
Postage and telephone	245,593	293,026
Light and heat	86,918	90,990
Cleaning	86,801	66,205
Security costs	135,952	123,222
Travel and subsistence	18,897	70,747
Chapter fees	-	300
Share and loan insurance	1,431,541	1,375,760
Death benefit insurance	657,210	619,500
Convention, training and annual conference	64,713	71,330
Repairs and maintenance	57,934	321,278
General insurance	113,987	99,825
Audit fee	31,980	23,595
Internal audit	29,013	25,523
Computer and software maintenance	770,661	714,155
AGM expenses	58,881	84,545
Regulatory levies and charges	848,928	582,680
Affiliation fees	37,500	50,500
Debit card expense	71,032	57,884
Savings protection scheme fund contribution	(8,615)	30,657
Professional fees	475,285	478,854
Marketing and advertising	116,175	129,917
Staff uniforms	-	4,690
I.T. strategy / national advertising	40,910	38,320
Donations and sponsorship	39,171	74,706
Bank charges	196,584	156,457
Bursary expenses	164,875	163,340
Provision for current account	43,996	-
Total per income and expenditure account	**6,105,749**	**6,077,275**

Unaudited Management Accounts

Income and Expenditure A/C

Income and Expenditure A/C	Oct-21
Income	€
Interest Income	1,257,717
Investment Income	121,170
Other Income	24,361
Bad Debts Recovered	50,923
Total Income	**1,454,171**
Expenditure	
Net Loan Protection/Life Savings Insurance	130,705
Salaries and Related Expenses	374,331
Interest on Deposits	
Bad Debts Written Off	96,033
Other Expenses	611,361
Total Expenditure	**1,212,429**
Excess of Income over Expenditure	**241,742**

Balance Sheet

Balance Sheet		Oct-21
Assets		€
Cash		28,773
Bank Accounts		12,964,976
Minimum Reserve		19,380,309
Investments		191,894,064
Loans		204,164,726
Bad Debt Provision	Specific	(10,754,262)
Fixed Assets Less Depreciation		6,236,545
Other Assets		3,132,632
Total Assets		**427,047,763**
Liabilities		
Shares		348,375,469
Deposits		12,688,504
Other Member Funds		6,711,999
Other Liabilities		2,229,072
Total Liabilities		**370,005,044**
Net Worth		**57,042,719**
Represented By:		
Capital		€
Statutory Reserve		42,701,369
Operational Risk reserve		3,340,593
Undistributed Surplus YTD		241,742
Other Reserves	Realised	10,336,108
	Unrealised	422,907
Total Capital		**57,042,719**

Statement of Directors' Responsibilities

for the year ended 30 September 2021

The Credit Union Acts, 1997 (as amended) requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Credit Union and of the income and expenditure of the Credit Union for that 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 Generally Accepted Accounting Practice in Ireland and comply with the Credit Union Acts, 1997 (as amended). They are also responsible for safeguarding the assets of the Credit Union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

On behalf of the Credit Union board;

Christine Rowland
Member of the Board of Directors

Terence Cullen
Member of the Board of Directors

Date: 3rd December 2021

Statement of Board Oversight Committee's Responsibilities

for the year ended 30 September 2021

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

On behalf of the Credit Union board;

Rhonda Donaghey
Chairperson of the Board Oversight Committee

Date: 3rd December 2021

Independent Auditors Report to the Members of Jim Larkin Credit Union Limited

for the year ended 30 September 2021

Report on the audit of the financial statements

Opinion

We have audited the financial statements of South Dublin Credit Union Limited for the financial year ended 30 September 2021 which comprise the Income & Expenditure Account, the Balance Sheet, the Statement of Changes in Reserves, the Statement of Cash Flows and notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish law including FRS 102 ''The Financial Reporting Standard applicable in the UK and Republic of Ireland'' issued in the United Kingdom by the Financial Reporting Council and the Credit Union Acts 1997 (as amended).

In our opinion the financial statements:

- give a true and fair view of the state of the assets, liabilities, and financial position of the Credit Union as at 30 September 2021 and of its surplus for the financial year then ended;
- have been properly prepared in accordance with FRS 102 ''The Financial Reporting Standard applicable in the UK and Republic of Ireland''; and
- have been properly prepared in accordance with the requirements of the Credit Union Acts 1997 (as amended).

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Credit Union's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Other Information

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

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

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

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

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion proper accounting records have been kept by the Credit Union.
- 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 26, 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.

Independent Auditors Report to the Members of Jim Larkin Credit Union Limited (Continued)

for the year ended 30 September 2021

Responsibilities of directors for the financial statements (Continued)

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

Auditor's responsibilities for the audit of the financial statements

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

Further information regarding the scope of our responsibilities as auditor

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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

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

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

COLLIGAN O'CEARBHAILL & CO
Chartered Accountants & Statutory Auditors
Bri Chualann Court, Adelaide Road
Bray
Co Wicklow

Date: 3rd December 2021

Accounting Policies
for the year ended 30 September 2021

Statement of compliance
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

Basis of preparation
These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102").The financial statements have been prepared on the historical cost basis.

Revenue 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. The following criteria must also be met before revenue is recognised:

(i) Interest on members' loans
Interest on loans to members is recognised using the effective interest method, and is calculated and accrued on a daily basis

(ii) Investment income
Investment income is 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.

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

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

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

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

Use of estimates and judgements
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.

Reserves
Regulatory reserve
The Credit Union is required to maintain and establish a minimum Regulatory reserve of at least 10% of the assets of the Credit Union in accordance with Credit Union Act 1997 (Regulatory Requirements) Regulations 2021.

Accounting Policies (Continued)

for the year ended 30 September 2021

Operational Risk reserve
The Credit Union has established an Operational Risk reserve which is separate, distinct and in addition to the reserves the Credit Union is required to hold in its Regulatory reserve. The amount held in the Operational Risk reserve is the predicted impact of operational risk events that may have a material impact on the Credit Union's business.

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

Non-Distributable Investment Income reserve
Investment income that has been recognised in the financial statements but will not be received within 12 months of the Balance Sheet date is classified as "non-distributable" and is not distributable as a dividend in accordance with Section 31 of the Credit Union Act 1997 (Regulatory Requirements) Regulations 2021. A reclassification between non-distributable and distributable is made as investments come to within 12 months of maturity date.

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:

Fixtures, fittings and equipment	-	20%/15% Reducing balance
Computer equipment	-	25% Straight line
Premises	-	5% Straight line
Software	-	33% Straight line

Investments

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 year-end date and all gains and losses are taken to the income and expenditure account The fair value of quoted investments is determined by reference to bid prices at the close of business on the balance sheet date. Where there is no active market these assets will be carried at cost less impairment.

Held to Maturity investments
Investments designated on initial recognition as held-to-maturity are investments that the credit union intends, and is able to, hold to maturity. These are carried at amortised cost using the effective interest method. The fair value of some investment products will change during their life, but they will have a fixed maturity value at some future date. When designated as held-to-maturity, any change in the fair value during the term of the investment is ignored, with the credit union only accounting for interest received. Gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process. Investments intended to be held for an undefined period are not included in this classification.

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

The specific investment products held by the Credit Union are accounted for as follows:

Fixed-term deposit accounts

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

Bad and Doubtful Debts

Allowances for impaired loans are represented by provisions made during the year less amounts utilised or realised charged against the surplus for the 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.

Accounting Policies (Continued)

for the year ended 30 September 2021

Cash and cash equivalents

Cash and cash equivalents comprise operating cash on hand and cash deposited with banks with original maturity of less than or equal to three months.

Impairment of financial assets

Financial assets, other than those held at fair value, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the expected cash flows discounted at the asset's original effective interest rate.

In the case of impairment of loans to members, the loans are assessed collectively in groups that share similar credit risk characteristics except for individually significant loans which are assessed on a loan by loan basis for impairment.

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

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

Income and Expenditure Account

for the year ended 30 September 2021

	Notes	2021 €	2020 €
Income			
Interest on members' loans		137,439	151,481
Investment income	2	155	524
Net interest income		**137,594**	**152,005**
Other income		3,732	1,377
Total income		**141,326**	**153,382**
Expenditure			
Salaries and other wage costs		20,827	20,805
Other management expenses		89,112	76,045
Depreciation charge on fixed assets	6	4,999	5,497
Provision for bad and doubtful debts	3	-	21,136
Loans written off	3	9,109	14,871
Bad debts recovered		(2,047)	(765)
Total expenditure		**122,000**	**137,589**
Surplus		**19,326**	**15,793**

On behalf of the Credit Union

John Kane
Manager

Rhonda Donaghey
Member of the Board Oversight Committee

Christine Rowland
Member of the Board of Directors

Date: 3rd December 2021

Balance Sheet
as at 30 September 2021

	Notes	€	2021 €	€	2020 €
Assets					
Cash and cash equivalents	16		1,879,781		1,411,375
Deposits and investments	4		-		-
Loans to members	5		1,444,627		1,464,446
Provision for bad and doubtful debts	5		(110,130)		(110,130)
			3,214,278		2,765,691
Other Assets					
Tangible assets	6		12,075		17,074
Prepayments and other debtors			12,737		14,076
Total Assets			**3,239,090**		**2,796,841**
Liabilities					
Members' shares	13		2,623,531		2,214,219
Creditors and accruals			31,423		17,812
			2,654,954		2,232,031
Members' Resources					
Additional regulatory reserve		323,908		279,684	
Distribution reserve		250,228		275,126	
Operational risk reserve		10,000		10,000	
			584,136		564,810
Total Liabilities and Reserves			**3,239,090**		**2,796,841**

On behalf of the Credit Union

John Kane
Manager

Rhonda Donaghey
Member of Board Oversight Committee

Christine Rowland
Member of Board of Directors

Date: 3rd December 2021

Statement of Changes in Reserves
for the year ended 30 September 2021

	Regulatory Reserve €	Distribution reserve €	Operational risk reserve €	Total €
At 1 October 2019	251,460	296,711	10,000	558,171
Distribution in year	-	(9,154)	-	(9,154)
Surplus in year	-	15,793	-	15,793
Other movement in reserves	28,224	(28,224)	-	-
At 30 September 2020	**279,684**	**275,126**	**10,000**	**564,810**
At 1 October 2020	279,684	275,126	10,000	564,810
Distribution in year	-	-		-
Surplus in year	-	19,326	-	19,326
Other movement in reserves	44,224	(44,224)	-	-
At 30 September 2021	**323,908**	**250,228**	**10,000**	**584,136**

(1) The Regulatory reserve of the Credit Union as % of total assets as at 30th September 2021 was 10%. (2020: 10%).

(2) In accordance with S45 of the Credit Union Act 1997 (as amended) Jim Larkin Credit Union Ltd. put in place an Operational Risk reserve during year end 30.9.16. The Board do not feel an increase in this reserve is required.

(3) The transfer of €44,224 to the Regulatory reserve represents the increase required to maintain the Regulatory reserves at 10% of the of the gross assets of the Credit Union, as stated under previous Irish GAAP.

Cash Flow Statement

for the year ended 30 September 2021

	Notes	€	2021 €	€	2020 €
Reconciliation of operating surplus to net cash inflow from operating activities					
Operating surplus			19,326		15,793
Depreciation	6		4,999		5,497
Provision for bad and doubtful debts	3		-		21,136
Loans written off	3		9,109		14,871
Net cash inflow from trading activities			**33,434**		**57,297**
New loans to members		(720,700)		(647,745)	
Repayment of members' loans		731,410		713,533	
Net movement in members' loans	5		10,710		65,788
New shares by members		682,183		547,422	
Repayment of shares		(272,870)		(268,780)	
Net movement in members' shares and deposits			409,313		278,642
Net movement in other assets			1,339		2,022
Net movement in other creditors			13,610		1,828
Net cash generated from operating activities			**468,406**		**405,577**
Cash flows from investing activities					
Net movement in investments			-		240,006
Cash flows from financing activities					
Dividends and interest rebate paid	7		-		(9,154)
Net increase/(decrease) in cash and cash equivalents			468,406		636,429
Cash and cash equivalents at 1st October 2020			1,411,375		774,946
Cash and cash equivalents at 30th September 2021			**1,879,781**		**1,411,375**

Notes to the Financial Statements
for the year ended 30 September 2021

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 and are presented in Euro (€).

Legal and regulatory framework
Jim Larkin Credit Union Limited, c/o SIPTU, Dublin 1 is established under the Credit Union Acts 1997, as amended. The Credit Union is registered with the Registrar of Credit Unions and is regulated by the Central Bank of Ireland.

Revenue 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 loans to members 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.

Reserves
Regulatory reserve
The Credit Union is required to maintain and establish a minimum Regulatory reserve of at least 10% of the assets of the Credit Union in accordance with Credit Union Act 1997 (Regulatory Requirements) Regulations 2016.

Operational Risk reserve
The Credit Union has established an Operational Risk reserve which is separate, distinct and in addition to the reserves the Credit Union is required to hold in its Regulatory reserve. The amount held in the Operational Risk reserve is the predicted impact of operational risk events that may have a material impact on the Credit Union's business.

Non-Distributable Investment Income reserve
Investment income that has been recognised in the financial statements but will not be received within 12 months of the Balance Sheet date is classified as "non-distributable" and is not distributable as a dividend in accordance with Section 31 of the Credit Union Act 1997 (Regulatory Requirements) Regulations 2021. A reclassification between non-distributable and distributable is made as investments come to within 12 months of maturity date.

Use of estimates and judgements
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 Unions 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

Basic financial liabilities
Basic financial liabilities are initially recognised at the transaction price, including transaction costs, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities are subsequently carried at amortised cost using the effective interest method.

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

Notes to the Financial Statements (Continued)
for the year ended 30 September 2021

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

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:

Software	-	33% Straight line
Fixtures, fittings and equipment	-	20% Reducing balance
Improvements to premises	-	5% Straight line
Computer equipment	-	25% Straight line

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

Held at amortised cost
Investments designated on initial recognition as held at amortised cost are measured at amortised cost using the effective interest method less impairment. This means that the investment is measured at the amount paid for the investment, minus any repayments of the principal; plus or minus the cumulative amortisation using the effective interest method of any difference between the amount at initial recognition and the maturity amount; minus, in the case of a financial asset, any reduction for impairment or un-collectability. This effectively spreads out the return on such investments over time, but does take account immediately of any impairment in the value of the investment.

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

Fixed-term deposit accounts
Term deposits and fixed interest investment bonds with fixed maturity dates are valued at the lower of cost or encashment value and interest is recognised in the income statement when it is received or irrevocably receivable.

Pensions
Staff pension costs under a defined contribution plan are charged to the Income and Expenditure account in the period to which they relate.

Bad and Doubtful Debts
Allowances for impaired loans represent reserves and/or provisions made during the year less amounts utilised or realised charged against the surplus for the 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.

Cash and cash equivalents
Cash and cash equivalents comprise operating cash on hand and cash deposited with banks with original maturity of less than or equal to three months.

Impairment of financial assets
Financial assets, other than those held at fair value, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the expected cash flows discounted at the asset’s original effective interest rate.

In the case of impairment of loans to members, the loans are assessed collectively in groups that share similar credit risk characteristics except for individually significant loans which are assessed on a loan by loan basis for impairment.

Notes to the Financial Statements (Continued)

for the year ended 30 September 2021

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

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

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.

Other employee benefits

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.

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

Distribution to members

Jim Larkin Credit Union Limited's policy is to pay a reasonable rate of dividend subject to covering operating expenses and meeting reserve requirements as set out in the Credit Union's Reserve Management Policy.

Taxation

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

1. Going Concern

The financial statements are prepared on the going concern basis. The directors of Jim Larkin Credit Union Limited believe this is appropriate as the Credit Union;

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

2. Income From Investments

	2021	2020
	€	€
Investment income received	155	524
Investment income receivable within 12 months	-	-
	155	**524**

3. Bad and Doubtful Debts

	2021	2020
	€	€
Provision for bad and doubtful debts	-	21,136
Loans written off	9,109	14,871
Total movement	**9,109**	**36,007**

4. Investments

	2021	2020
	€	€
Fixed-term deposit accounts	-	-

5. Members' Loans

	2021	2020
	€	€
Loans to members	1,444,627	1,464,446
Provision for bad and doubtful debts	(110,130)	(110,130)
	1,334,497	**1,354,316**

Movement in members' loans	**2021**	**2020**
	€	€
Opening balance	1,464,446	1,545,105
Cash movement in year	(10,710)	(65,788)
Loans written off	(9,109)	(14,871)
Closing balance	**1,444,627**	**1,464,446**

Movement in provision for doubtful debts	**2021**	**2020**
	€	€
Opening provision	110,130	88,994
Movement in year	-	21,136
Closing provision	**110,130**	**110,130**

Notes to the Financial Statements (Continued)

for the year ended 30 September 2021

Jim Larkin Credit Union Limited 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 Jim Larkin Credit Union Limited's maximum exposure to credit risk.

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

	2021 Amount €	2021 Proportion %	2020 Amount €	2020 Proportion %
Not Impaired;				
Secured loans	82,748	5.72	112,314	7.67
Neither past due or impaired	1,155,037	79.95	1,140,692	77.89
Individually Impaired;				
Up to 9 weeks past due	116,177	8.04	131,542	8.98
Between 10 to 18 weeks past due	35,429	2.45	40,856	2.79
Between 19 to 26 weeks past due	10,908	0.76	4,877	0.33
Between 27 to 39 weeks past due	16,787	1.17	10,769	0.74
Between 40 to 52 weeks past due	-	-	7,430	0.51
53 or more weeks past due	27,541	1.91	15,966	1.09
	1,444,627	**100.00**	**1,464,446**	**100.00**
Impairment Allowance				
Individual loans	(52,166)		(64,481)	
Groups of loans	(57,964)		(45,649)	
Total carrying value	**1,331,497**		**1,354,316**	

6. Tangible Fixed Assets

	Fixtures, fittings and equipment €	Computer Software €	Premises €	Total €
Cost				
At 1st October 2020	36,886	45,678	88,992	171,556
Additions	-	-	-	-
At 30 September 2021	36,886	45,678	88,992	171,556
Depreciation				
At 1 October 2020	33,314	45,678	75,490	154,482
Charge for the year	549	-	4,450	4,999
At 30 September 2021	33,863	45,678	79,940	159,481
Net book value				
At 30 September 2021	**3,023**	**-**	**9,052**	**12,075**
At 30 September 2020	**3,572**	**-**	**13,502**	**17,074**

Notes to the Financial Statements (Continued)

for the year ended 30 September 2021

7. Dividends

The following distributions were made during the year:

	2020		2019	
	%	€	%	€
Dividends on shares	**0.00%**	**-**	**0.50**	**9,154**

The above dividends refer to those paid out in those years from the surplus earned in previous years.

8. Proposed Dividends

At the year-end the directors have allocated the amount of €250,228 to the Distribution Reserve which may be returned to the members by way of dividend and a loan interest rebate by way of resolution by a majority of the members at the annual general meeting. At year end 30th September 2021 the directors propose to pay the following dividend;

	2021	2021	2020	2020
	%	€	%	€
Dividends on shares	-	-	-	-
		-		**-**

9. Related Party Transactions

Directors, board oversight committee and staff (i.e. officers) of the Credit Union during the financial year ended 30 September 2021 operated share and loan accounts with the Credit Union. All loans advanced to directors, board oversight committee 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 2021:

	€
New loans advanced to officers	30,000
Loan balances relating to officers	53,050
Provisions against loans to officers	-
Total share and deposit balances relating to officers	**196,865**

10. Insurance Against Fraud

The Credit Union has insurance against fraud in the amount of €1,300,000 in compliance with Section 47 of the Credit Union Act 1997 to 2012.

11. Rates Of Interest Charged On Members' Loans

Interest was charged at a rate of 0.834% per month on members loans during the entire financial year. The APR is 10.47%.

12. Treasury Management And Financial Instruments

Financial risk management

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

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

Liquidity risk

The Credit Union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The Credit Union adheres on an ongoing basis to the minimum liquidity ratio and minimum short term liquidity ratio as set out in the Credit Union Act 1997 (Regulatory Requirements) Regulations 2021.

Market risk

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

Interest rate risk

The Credit Union's main interest rate risk arises from differences between the interest rate exposures on the receivables and payables that form an integral part of a Credit Union's operations. The Credit Union considers rates of interest receivable on investments and members' loans when deciding on the dividend rate payable.

Notes to the Financial Statements (Continued)

for the year ended 30 September 2021

Brexit risk

The UK has now exited the European Union block but the full impact of Brexit remains unclear, particularly in relation to Northern Ireland.

Brexit continues to give rise to risks for the credit union in particular where members have jobs in sectors that could be adversely impacted. The directors are closely monitoring the Brexit situation as it unfolds. To mitigate against any potential negative impact the credit union continues to maintain strong reserves

Covid-19

The Covid 19 pandemic is on-going. The directors and management of the credit union monitor the daily updates and work tirelessly to ensure they are compliant with all of the most up to date government guidelines with a view to keeping staff, members and the community as a whole safe and Covid free.

Management carry out regular reviews of the loan book on a loan by loan basis, with a view to identifying any members loans which could be in difficulty as a result of the pandemic. The Credit Union maintain a conservative provisioning policy. The Credit Union also holds an operational reserve of €10,000. This reserve serves to mitigate against any bad debts that may arise but have not been provided for.

As a result of all the above the directors are satisfied that the Credit Union has sufficient resources and will be able to absorb any loss that may arise as a result of the pandemic

13. Members' Shares

	2021	2020
	€	€
Regular share accounts	**2,623,531**	**2,214,219**

14. Capital Commitments

The Credit Union had no material capital commitments at the year-ended 30 September 2021.

15. Post-Balance Sheet Events

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

16. Cash And Cash Equivalents

	2021	2020
	€	€
Cash and bank balances	1,401,639	811,254
Deposit accounts less than 3 months maturity	478,142	600,121
Total	**1,879,781**	**1,411,375**

17. Contingent liabilities

In September 2018 the Registry of Credit Unions advised all credit unions of a potential matter in relation to accrued interest outstanding on certain top-up loans which may have led to a potential over-collection of interest. Following this, the credit union undertook a review to ascertain whether any top-up loans made to members might be impacted by these circumstances and if so to determine what actions may need to be taken. The credit union has concluded its review and is satisfied that no over-collection of interest has occurred.

18. Approval Of Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 3rd December 2021.

Schedule 1 - Other Income Analysis

for the year ended 30 September 2021

	2021 €	2020 €
Other Income		
Entrance fees	23	24
E.C.C.U. claims experience refund fees	1,313	-
Government grants - TWSS	2,396	1,353
	3,732	**1,377**

Schedule 2 - Analysis of Other Management Expenses

for the year ended 30 September 2021

	2021 €	2020 €
Expenditure		
Training and seminars	439	1,570
Rent and rates payable	5,000	5,000
General insurance	3,489	3,353
Share and loan insurance	21,386	20,731
Repairs and maintenance	1,253	1,113
Computer and equipment maintenance	6,651	4,988
Printing and stationery	972	1,116
AGM expenses	1,834	1,469
Travelling and subsistence	-	244
Legal and debt recovery fees	500	948
Professional and internal audit fees	27,090	15,984
Audit fees	7,000	7,000
Bank interest and charges	3,457	2,651
Miscellaneous expenses	5,441	4,420
Affiliation fees	1,645	2,068
Regulation levy	2,955	3,390
	89,112	**76,045**

Unaudited Management Accounts

Income & Expenditure 31/10/2021

Income	
Investment Interest	0
Loan Interest	12,316
Other Income	0
Written off Bad Debts Recovered	425
Total Income	**12,741**
Expenditure	
Loan Protection Insurance	1,243
Salaries & Related Expenses	4,235
Bad Debts Written Off	0
Other Expenses	12,856
Total Expenditure	**18,334**
YTD Surplus(Deficit)	**(5,593)**

Balance Sheet 31/10/2021

Assets	
Cash & Bank	1,388,705
Investment Accounts	478,142
Members Loans	1,459,872
Provision for Bad Debts	(110,130)
Fixed Assets	12,075
Other Expenses	12,737
Total Assets	**3,241,401**
Liabilities	
Members Shares	2,631,435
Other Liabilities	31,427
Total Liabilities	**2,662,862**
Net Worth	**578,539**
Reserves	
Regulatory Reserve	324,140
Operational Reserve	10,000
YTD Surplus (Deficit)	(5,593)
Other Reserves	249,992
Total Reserves	**578,539**

Jim Larkin
CREDIT UNION

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