

Inishowen



Credit Union

Let's Grow Together

INISHOWEN CREDIT UNION

2024 ANNUAL REPORT

**AGM WILL BE HELD
IN PERSON & ONLINE**

**MONDAY DECEMBER 16TH
2024 AT 7.30PM**

Inishowen Credit Union Limited Notice of Annual General Meeting

Dear Member,

Notice is hereby given that the Annual General Meeting of Inishowen Credit Union will be held in person in the Inishowen Gateway Hotel, Buncrana and virtually over Zoom on Monday 16th December 2024 at 7:30pm.

We ask that all members who would like to attend the AGM virtually register in advance.

PLEASE NOTE You do not need to register if you wish to attend in person.

There will be a bus leaving our Moville Office with a pickup at our Carndonagh Office. This is subject to demand and **must be** prebooked by contacting us on 074 9361017 and choosing option 4, emailing us at info@inishowencu.ie or simply call into any of our three offices.

Members can register to attend the 2024 AGM virtually in one of three ways:

1. Complete the form on our website. Please note to register through the website, you must have registered for your online banking PIN.
2. By calling us on 0749361017 and choosing option 4.
3. Register in person in any of our three offices: Buncrana, Carndonagh and Moville.

**Registration will close on Tuesday 10th December at 5pm.
You must be over 16 to register.**

For more information go to www.inishowencu.ie/agm

Signed: Kevin Helferty, Secretary

Date: 25th November 2024

Inishowen Credit Union
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Call to register for your pin
074 9361017

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www.inishowencu.ie

Members Draw

The Member's draw has been in place since 2014.

The Member's draw is a non-profit making draw, after the deduction of expenses, which are minimal all funds are paid out in prizes. The Credit Union do not make any profit from it.

All members are eligible to enter once they reach the age of eighteen.

There are two draws every year, once you have registered to enter you are included in every draw unless you come back and change it.

Please be aware that €10 is automatically withdrawn from your shares twice a year, on the day before the draw. To ensure your participation, it is important to maintain sufficient funds in your account to cover this amount.

Our last prize draw had prizes of over €40,000 with a top prize of €10,000.

The prize fund continues to grow with each draw.

We have a member's draw ticket attached to the back of this annual report. If you would like to enter simply tear off the ticket and drop into one of our three offices.

If you're not in you can't win!

Dreaming of **HOME IMPROVEMENTS?**

Big plans don't have to mean
big repayments!

Speak to us today about your loan,
designed for you, on your terms.
Loans available up to €80,000



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Annual General Meeting - Order of Business

1. The acceptance by the Board of Directors of the authorised representatives of members that are not natural persons;
2. Ascertainment that there is a quorum present;
3. Adoption of Standing Orders;
4. Approval of the 2023 Annual General Meeting minutes;
5. Minute's Silence for Deceased Members;
6. Report of the Chairperson;
7. Report of the Board of Directors;
8. Report of the Finance, Audit and Remuneration Committee;
9. Independent Auditor's Report and consideration of accounts.
10. Report of the Board Oversight Committee;
11. Declaration of Dividend and Loan Interest Rebate;
12. Report of the Credit Committee;
13. Report of the Credit Control Committee;
14. Report of the Membership Committee;
15. Report of the Marketing Committee;
16. Report of Nomination Committee;
17. Report of the Risk and Compliance Committee;
18. Report of the Strategy Committee;
19. Insurance Report;
20. Report of the ESG Committee;
21. Appointment of Tellers;
22. Election of Auditor;
23. Election to fill vacancies on Board Oversight Committee;
24. Election to fill vacancies on the Board of Directors;
25. Annual Draw;
26. Any Other Business Q & A
27. ILCU Foundation – a year in review;
28. Announcement of Election Results;
29. Adjournment or Close of Meeting.

Rule Amendments

There has been a complete amendment to the Standard Rules for Credit Unions arising from League AGM 2024.

The Credit Union (Amendment) Act 2023 ('CUAA') permits the credit union Board of Directors to approve the changes to the Rules at a Board meeting. The Board of Inishowen Credit Union have approved the changes to the Rules on 18 November 2024 and a copy of the new rule book can be found on our website <https://inishowencu.ie>

The Central Bank of Ireland have confirmed that the Board of Directors of a credit union can pass a resolution adopting the Standard Rules for Credit Unions 2024 and can submit same to the Central Bank of Ireland for registration. The Central Bank will register all of the changes to the Standard Rules, to include amendments relating to the Credit Union Amendment Act, the Assisted Decision-Making (Capacity) Act 2015 and gender-neutral language in one go rather than individually and separately.

REGISTER FOR

E-STATEMENTS AND E-AGM REPORT

www.inishowencu.ie

Environmentally Friendly / Paperless...
ONLINE BANKING

Accounts

Personal Account	10,000.00
Deposit 1111111111 Last payment: 2015-02-12	75.00
Loan Repayment 22222222 Last payment: 2015-02-01	100.00
Bank Visa 33333333 Last payment: 2015-01-29	

Statements

Transfers

Deposites

PEOPLE HELPING PEOPLE

Inishowen
Credit Union
Let's Grow Together

Officers and Committees

Chair: Paul Brogan.

Vice Chair: Colm McColgan.

Secretary: Kevin Helferty

Directors:

Paul Brogan, Colm McColgan, Kevin Helferty, Nadean Cavanagh, Victoria Coleman, David Doherty, Catherine Gillespie, John McGonagle, Brid McGinley and Frank Togher (Retired)

Board Oversight Committee

Shane Crossan, Anne Parker and Peter Lavelle.

Credit Committee:

Paul Brogan, Helen McIntyre and Gretta McLaughlin.

Credit Control Committee:

William McCorkell, Margaret Doherty, Grainne Gillen, Denis O'Donnell and Frank Togher.

Marketing Committee:

Catherine Gillespie, Elizabeth Lynch, Mairead Diggin, Eoghan Gleeson, Kevin Helferty, Carol Irwin and Sarah Webster (Retired)

Nomination Committee:

Paul Brogan, Catherine Gillespie, Brid McGinley and John McGonagle.

Risk and Compliance Committee:

Nadean Cavanagh, Victoria Coleman and David Doherty.

Finance and Audit Committee:

Paul Brogan, Colm McColgan and Kevin Helferty.

Strategy Committee:

Kevin Helferty, Catherine Gillespie, Nadean Cavanagh, and Jonathan Coyle.

Complaints Committee:

Jonathan Coyle, Catherine Gillespie and Paul Brogan.

Chapter Delegates:

Paul Brogan and Kevin Helferty

Insurance Officers:

Claire Grant and Josephine Doherty.

Membership Committee:

Claire Grant, Josephine Doherty and Gemma Gallagher.

ESG Committee

David Doherty, Colm McColgan, Jonathan Coyle, Gemma Gallagher, Liam Grant, Joanne McCormick.

Management:

Jonathan Coyle, Brendan Malone, Liam Grant, Eva Quinn.

Staff:

Dermott Barr, Joe Bonner (Resigned), Christine Butler, Charlotte Crawford, Ciara Doherty, Helen Douglas, Orla Devlin, Gary Doherty, Josephine Doherty, Deirdre Forbes, Gemma Gallagher, Donna Gill, Claire Grant, Caroline Hegarty, Aleksandra Kemmy, Edel Lafferty, Stella Lynch, Joe McCauley, Joanne McCormick, Charlotte McDaid, Oonagh McDermott, Brenda McGrenaghan, Ella McLaughlin, Kate McLaughlin, Marlene McLaughlin(Retired), Sean McMenamin, Catherine Porter, Lucy Porter, Bernie Skinnader and Aeryn Tinney.

Volunteers:

Paul Brogan, Nadean Cavanagh, Victoria Coleman, Shane Crossan, Mairead Diggin, David Doherty, Margaret Doherty, Grainne Gillen, Catherine Gillespie, Eoghan Gleeson, Kevin Helferty, Carol Irwin, Peter Lavelle, Elizabeth Lynch, Colm McColgan, William McCorkell, Brid McGinley, John McGonagle, Helen McIntyre, Gretta McLaughlin, Denis O'Donnell, Anne Parker, Frank Togher, Sarah Webster (Retired)

Credit Union Number

274 CU

Main Office

Cockhill Road, Buncrana, Co. Donegal

Other Branches

Station Road, Carndonagh, Co. Donegal
Foyle Street, Moville, Co. Donegal

Auditors

SMC Chartered Accountants Ltd
Glenview Business Park,
Mountain Top Letterkenny, Co. Donegal,
Letterkenny, Donegal

Bankers

Allied Irish Bank (AIB) Lower Main Street Buncrana, Co Donegal



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- Invest in new or second hand machinery
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- Purchase additional livestock
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Sample loan amount €30,000
Loan Term 7 years
Monthly: €446.21
Cost: €7,481.62
Total repayable €37,481.62



- ✓ Unsecured
- ✓ Join and borrow straightaway
- ✓ Flexible repayments

www.inishowencu.ie
loans@inishowencu.ie
074 9361017

Chairperson's Report

I am very pleased to be able to report that we have had another year of steady growth in 2023/24. We are optimistic about the future – not complacent – striving to constantly improve our financial performance; and therefore, we are able to recommend a modest dividend on members savings, plus an attractive interest rebate on your personal loans, for the year ended 30 September 2024.

In addition to paying a dividend and rebate, we are proud to announce that we have allocated €50,000 in 2024 to the establishment of a community fund. This fund will be dedicated to supporting our local community by enhancing access to life-saving equipment. The main focus will be to provide defibrillators across all areas of our community, ensuring that these vital devices are more readily available in critical situations.

We look forward to sharing more details of this soon, including how to apply for the fund.

The only reason why our CU exists is: “not for profit, not for charity, but for service to our members”. If you agree that our member service is improving, please tell others. If you don't, please tell us! Feedback from members is the most important factor that helps us to constantly improve. But that journey is “a marathon, not a sprint” and we are well aware that we can -and will- use member feedback to further improve how we serve you, our members and co-owners. Remember: our credit union exists for our mutual benefit. We thrive by helping each other. “You help me, I help you, we help each other..... on a not-for-profit, co-operative basis.

As I said last year, our big goal is to improve the financial well-being of our members; that is not just about the money, but also about encouraging and helping our members to engage actively with us in this financial co-op....which they own. We feel that we are genuinely demonstrating the “Credit Union difference”, building here in Inishowen, a growing community of over 30,000 members who show (not just by words, but by actions) that we care and we share with our neighbours, our friends and our families. After all isn't that what credit union friends are for?

You may be aware of that for the 10th year in a row, credit unions have been voted the most trusted financial organisation in Ireland – that is a great achievement, a proud record; and we are determined to maintain that trust for very many, years ahead. So, we recommit ourselves to Inishowen Credit Union, which is here to stay. With your ongoing support, I remain confident that together we will build a strong, vibrant, credit union that will not just survive but thrive – long-term – serving present and future members long into the 21st century.

I wish to thank you, our members and owners of this credit union, for your ongoing support and trust. I also wish to thank our credit union team – especially our Volunteers, my fellow Directors, Board Oversight Committee, our CEO, his management team and staff, plus advisors and all who have helped our CU in any way for their support during the past year.

Finally, I remain confident that we will continue to maintain a safe and sound credit union that we can all be justifiably proud of, serving future generations of members long into the future. Thank you!

Paul Brogan.

Chairperson
November 2024.

Directors' Report

The directors' present their annual report and the audited financial statements for the financial year ended 30th September 2024.

Principal Activities

The principal activities of the credit union are the provision of savings and loans to members in its common bond. The credit union manages its members' shares, capital and loans to members so that it earns income from the margin between interest payable and interest receivable.

Business Review

The directors are aware of the challenges posed by global events plus significantly increased costs. Lending activity is very encouraging and the return on investments has improved therefore the directors are of the opinion that the credit union is well positioned to meet these challenges and are confident of its ability to continue to operate successfully in the future.

Results and Dividends

The results for the year are set out in the Income and Expenditure Account on page 9.

The directors recommend payment of a dividend or loan interest rebate in respect of the year ended 30th September 2024. Details are shown in Note 7 to the accounts.

Principal Risks and Uncertainties

The principal risks and challenges facing the credit union are summarised as follows:

- Members defaulting on loans
- Not lending a sufficient proportion of funds so that too much of the credit unions' resources are tied up in investment products
- Poor performance of investments
- The risk of not having sufficient cash resources to meet day to day running costs and repay members' savings when demanded
- Impact of cost-of-living increases on members.

The credit union board are fully aware of the principal risks, monitors these constantly and strives to minimise all risks and handle prudently those residual risks over which it has little control.

Auditors

The auditors, SMC Chartered Accountants Ltd, have indicated their willingness to continue in office in accordance with the provisions of Section 115 of the Credit Union Act 1997, as amended.

This report was approved by the board on 18 November 2024 and signed on its behalf by

Paul Brogan
Chairperson

Kevin Helferty
Secretary

Statement of Directors' and Board Oversight Committee's Responsibilities

for the year ended 30th September 2024

Statement of Directors' Responsibilities

The Credit Union Act 1997, as amended requires the directors to prepare financial statements for each financial year which give a true and fair view of the State of Affairs of the Credit Union and the Income and Expenditure Account of the Credit Union for that period. In preparing those financial statements, the directors are required to:

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

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

On behalf of the Board of Directors

Paul Brogan
Chairperson

Kevin Helferty
Secretary

Date: 18 November 2024

Statement of Board Oversight Committee's Responsibilities

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

Shane Crossan
Chairperson

Peter Lavelle
Committee member

Date: 18 November 2024

Independent Auditors' Report to the Members of Inishowen Credit Union Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Inishowen Credit Union Limited for the year ended 30th September 2024, which comprise the Income and Expenditure Account, Balance Sheet, Statement of Changes in Reserves and Cash flow Statement and notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In our opinion the financial statements:

- give a true and fair view of the state of the Credit Union's affairs as at 30th September 2024 and its income and expenditure and cash flows for the year then ended;
- have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly prepared in accordance with the requirements of the Credit Union Act 1997, as amended.

Basis for opinion

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

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

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 audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine

whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

SMC Chartered Accountants

Chartered Accountants & Statutory Audit Firm

Unit 3, 1st Floor, Glenview Business Park

Mountain Top

Letterkenny

Co Donegal

Date: 18 November 2024

Appendix to the Independent Auditors' Report

Further information regarding the scope of our responsibilities as auditor

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

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

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

Income and Expenditure Account

for the year ended 30th September 2024

	Note	2024 €	2023 €
Interest on members' loans	5	2,557,889	2,195,100
Other interest income and similar income	6	1,250,582	893,473
Net interest income		3,808,471	3,088,573
Other income	8	651	560
SPS refund	8a	-	-
Employment costs	10b	(1,100,019)	(958,748)
Pension costs deficit	20	-	-
Depreciation	12	(138,702)	(141,569)
Loss on Investments		-	148,118
Impairment Fixed Assets	4	-	(45,786)
Other management expenses (Schedule 1)		(1,597,760)	(1,405,758)
Net recoveries or losses on loans to members	13d	113,656	56,315
(Deficit) Surplus for the financial year		1,086,297	445,469
Other comprehensive income		-	-
Total comprehensive income		1,086,297	445,469

The financial statements were approved, and authorised for issue, by the Board on 18 November 2024 and signed on its behalf by:

Jonathan Coyle
CEO

Paul Brogan
Member of the
Board of Directors

Shane Crossan
Member of the
Board Oversight Committee

Balance Sheet

as at 30th September 2024

	Note	2024 €	2023 €
ASSETS			
Cash and cash equivalents	11	20,878,647	19,056,701
Tangible fixed assets	12	1,192,532	1,191,533
Loans to members	13	33,029,451	28,162,226
Prepayments and accrued income	14	685,852	515,809
Deposits and investments	15	55,880,654	57,894,582
Total assets		111,667,136	106,820,851
LIABILITIES			
Members' shares	16	92,993,683	89,353,156
Other payables	17	276,620	157,159
Total liabilities		93,270,303	89,510,315
ASSETS LESS LIABILITIES		18,396,833	17,310,536
RESERVES			
Operational risk reserve		683,519	509,403
Regulatory reserve		11,167,292	10,687,292
Other reserves			
- Realised reserves		6,362,912	6,069,158
- Unrealised reserves		183,110	44,683
Total reserves		18,396,833	17,310,536

The financial statements were approved, and authorised for issue, by the Board on 18 November 2024 and signed on its behalf by:

Jonathan Coyle
CEO

Paul Brogan
Member of the
Board of Directors

Shane Crossan
Member of the
Board Oversight Committee

Statement of Changes in Reserves

for the year ended 30th September 2024

	Regulatory reserve	Operational risk reserve	Realised reserves	Unrealised reserves	Arising on transfer of engagement	Total reserves
	€	€	€	€	€	€
Opening balance at 1st October 2022	10,650,292	509,403	5,660,689	44,683	-	16,865,067
Excess of income over expenditure for the year	-	-	445,469	-	-	445,469
Dividends and interest rebate paid during the year (Note 6)	-	-	-	-	-	-
Transfer between reserves	37,000	-	(37,000)	-	-	-
Closing balance at 30th September 2023	10,687,292	509,403	6,069,158	44,683	-	17,310,536
Opening balance at 1st October 2023	10,687,292	509,403	6,069,158	44,683	-	17,310,536
Excess of income over expenditure for the year	-	-	1,086,297	-	-	1,086,297
Dividends and interest rebate paid during the year (Note 6)	-	-	-	-	-	-
Transfer between reserves	480,000	174,116	(792,543)	138,427	-	-
Closing balance at 30th September 2024	11,167,292	683,519	6,362,912	183,110	-	18,396,833

- (1) The Regulatory reserve of the Credit Union as % of total assets as at 30th September 2024 was 10% (2023: 10%).
- (2) In accordance with S45 of the Credit Union Act 1997 (as amended) Inishowen Credit Union Limited put in place an Operational Risk reserve during the year ended 30th September 2016. The adequacy of the reserve is reviewed annually by the Board with the last review being completed at 30th September 2024, which was deemed adequate. The operational risk reserve as a % of total assets as at 30 September 2024 was 0.61% (2023: 0.48%).
- (3) Following commencement of S13 of the 2012 Act, the requirement for Credit Unions to transfer 10% of their annual surplus to their statutory reserve (now known as the Regulatory reserve) each year has been removed. Notwithstanding this the Board of Inishowen Credit Union Limited has transferred €480,000 (2023: €37,000) of its prior year surplus to its Regulatory reserve so that the reserve would stand at 10% at current year end.

Cash Flow Statement

for the year ended 30th September 2024

	Note	2024 €	2023 €
Cash flows from operating activities			
Loans repaid by members	13a	13,697,094	12,740,494
Loans granted to members	13a	(18,647,508)	(17,246,951)
Loan interest received	5	2,539,029	2,181,551
Investment income received		1,207,740	718,840
Bad debts recovered	13d	196,845	160,816
SPS refund received	8a	-	-
Dividends paid	7	-	-
Interest rebate paid	7	-	-
Operating expenses paid to include employment costs		(2,686,659)	(2,433,232)
Net cash flows from operating activities		(3,693,459)	(3,878,482)
Cash flows from investing activities			
Net cash flow from investments		2,013,928	10,277,554
Purchase of fixed assets	12	(139,701)	(11,144)
Net cash flows from investing activities		1,874,227	10,266,410
Cash flow from financing activities			
Members' shares received	16	24,747,436	21,591,283
Members' shares withdrawn	16	(21,106,909)	(21,215,547)
Net cash flows from financing activities		3,640,527	375,736
Other Receipts		651	560
Net (decrease)/increase in cash and cash equivalents		1,821,946	6,764,477
Cash & cash equivalents at beginning of year		19,056,701	12,292,477
Cash & cash equivalents at end of year	11	20,878,647	19,056,701

Notes to the Financial Statements

for the year ended 30th September 2024

1. Legal and regulatory framework

Inishowen Credit Union Limited is established under the Credit Union Act 1997, as amended. The Credit Union is registered with the Registrar of Credit Unions and is regulated by the Central Bank of Ireland. The principal place of business is Buncrana, Co Donegal with branches in Carndonagh and Moville, Co Donegal.

2. Accounting policies

2.1. Statement of compliance and basis of preparation

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

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

2.2. Currency

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

2.3. Going concern

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

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

2.4. Income

Interest on members' loans

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

Any interest received on loans, which are deemed to be less than 26 weeks in arrears, is accounted for as interest received from performing loans through the income and expenditure account.

Any interest received on loans, which are deemed to be greater than 26 weeks in arrears, is accounted for as interest received from non-performing loans through the income and expenditure account.

Any income received on loans where the loans have been written off will be accounted for as bad debts recovered in the income and expenditure account.

Investment income

The Credit Union currently only has investments that are valued at amortised cost, and use the effective interest method to recognise investment income.

Other income

Other income such as commissions receivable on insurance products and foreign exchange services arises in connection to specific transactions. Income relating to individual transactions is recognised when the transaction is completed.

Notes to the Financial Statements *contd.*

for the year ended 30th September 2024

2.5. Dividends to Members

Dividends on shares and loan interest rebates

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

The Board in determining the level of distribution considers its ongoing operating expenses, capital requirements and financial risks. Dividends are accounted for when members ratify such payments at the Annual General Meeting. No liability to pay a distribution is recognised in the financial statements until the majority of members vote at the AGM.

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

- the amount of reserve allocation required to maintain reserves at an appropriate level;
- our risk profile particularly in our loan and investment portfolios;
- prevailing market conditions;
- members' legitimate dividend and loan interest rebate expectations and;
- the need to prudently sustain the long term welfare of the Credit Union.

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

2.6. Taxation

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

2.7. Cash and cash equivalents

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

2.8. Financial instruments

The Credit Union has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised when the Credit Union becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when, and only when, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

2.9. Basic financial assets

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

Loans to members

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

Notes to the Financial Statements *contd.*

for the year ended 30th September 2024

Investments held at amortised cost

Investments held at amortised cost are measured at amortised cost using the effective interest method less impairment. This means that the investment is measured at the amount paid for the investment, minus any repayments of the principal; plus or minus the cumulative amortisation using the effective interest method of any difference between the amount at initial recognition and the maturity amount; minus, in the case of a financial asset, any reduction for impairment or un-collectability. This effectively spreads out the return on such investments over time, but does not take account immediately of any impairment in the value of the investment.

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.

2.10. 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.

2.11. Impairment of financial assets

Financial assets 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.

2.12. 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.

Notes to the Financial Statements *contd.*

for the year ended 30th September 2024

Financial liabilities members' shares and deposits

Members' shares in the Credit Union 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 the nominal amount.

Other payables

Other payables are classified as current liabilities if payment is due within one year or less. Other payables are recognised initially at transaction price.

2.13. Tangible fixed assets

Tangible fixed assets comprises items of property, fixtures and fittings, and office and computer equipment, which are stated at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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

Freehold land and buildings	4% straight line
Office equipment	25% straight line
Computer equipment	25% straight line
Fixtures and fittings	10% straight line

2.14. Impairment of tangible fixed assets

At each reporting end date, the Credit Union reviews the carrying value of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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

2.15. Employee benefits

Defined Benefit Pension Scheme

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

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

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

Notes to the Financial Statements *contd.*

for the year ended 30th September 2024

Defined Contribution Pension Scheme

Inishowen Credit Union Ltd. also participates in a defined contribution pension scheme, to which some of its employees are members. Pension benefits are funded over the employees' period of service by way of defined contributions paid to an approved fund held with New Ireland Assurance Company PLC. Contributions are based on a fixed percentage of an employee's annual salary and the charge to the Income and Expenditure Account reflects contributions paid and payable in respect of the year ended 30 September 2024.

Other Employee Benefits

The costs of short-term employee benefits, including holiday pay, are recognised as a liability and as an expense (unless those costs are required to be recognised as part of the cost of fixed assets) over the period they are earned.

2.16. 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.

Other reserves – Realised reserves

Realised reserves are the accumulated surpluses to date that have not been declared as dividends returnable to members.

3. Use of estimates and judgements

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

Impairment losses on loans to members

The Credit Union's accounting policy for impairment of financial assets is set out in accounting policy in Note 2.11. The estimation of loan losses is inherently uncertain and depends upon many factors, including historic 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.

Notes to the Financial Statements *contd.*

for the year ended 30th September 2024

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 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.

Impairment of buildings

The credit union's policy is to carry out periodic impairment reviews of the credit union's premises comparing the carrying value of each property to the market value at the balance sheet date. Impairment reviews are subject to the assumption that a market exists for the relevant property at the date of review. The estimates of impairment based on market value are recognised in the Income & Expenditure account in the period identified.

Pensions

Inishowen Credit Union Limited participates in an industry-wide pension scheme for employees (The Irish League of Credit Unions Republic of Ireland Pension Scheme). This is a funded scheme of the defined benefit type, with assets invested in separate trustee administered funds. Judgement is required to assess whether Inishowen Credit Union Limited has sufficient information to enable it to account for the Scheme as a defined benefit scheme. An assessment has been performed of the information currently available and Inishowen Credit Union Limited has determined that there is currently insufficient information available to provide an appropriate allocation of pension assets and liabilities.

4. **Impairment of Fixed Assets**

In accordance with its Accounting Policy, Inishowen Credit Union Limited has written down the carrying amount of the property at Muff, Co. Donegal to its Market Value at 30th September 2023. The property ceased to be used as an operating branch of the Credit Union in June 2023.

5. **Interest on members' loans**

5a. **Interest received & receivable**

	2024	2023
	€	€
Closing accrued loan interest receivable	77,447	58,587
Loan interest received in year	2,539,029	2,181,551
Opening accrued loan interest receivable	(58,587)	(45,038)
Total interest on members' loans	2,557,889	2,195,100

Notes to the Financial Statements contd.

for the year ended 30th September 2024

5b. Interest received from performing and non-performing loans

	2024	2023
	€	€
Interest received from performing loans	2,514,650	2,150,070
Interest received from non-performing loans	24,379	31,481
Total interest received	2,539,029	2,181,551

6. Other interest income and similar income

	2024	2023
	€	€
Investment income and gains received by the Balance Sheet date	905,787	591,520
Receivable within 12 months of Balance Sheet date	344,795	301,953
Total investment income	1,250,582	893,473

7. Dividends payable

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

	2024	2023
	€	€
Dividend paid during the year	Nil	Nil
Dividend rate: Members' shares	0%	0%
Loan interest rebate paid during the year	Nil	Nil
Loan interest rebate rate	Nil	Nil
Dividend and loan interest rebate proposed, but not recognised		

The directors propose to pay a 0.10% dividend (€89,477) and loan interest rebate of 7.5% (€184,551) for the year ended 30th September 2024.

8. Other income

	2024	2023
	€	€
ECCU rebate	-	-
Entrance fees	651	560
Other income	-	-
Total other income	651	560

8a. SPS Refund

The Savings Protection Scheme (SPS) is a discretionary scheme funded by Credit Unions affiliated to the Irish League of Credit Unions (ILCU).

At the ILCU 2022 AGM, a resolution was passed to authorise a distribution from the SPS funds to all affiliated Credit Unions based on asset size. ICU received €402,149 during the year ended 30th September 2022 and a further €44,683 is due to be received. There were no funds received in the year ended 30th September 2024.

Notes to the Financial Statements contd.

for the year ended 30th September 2024

9. Expenses

	Note	2024 €	2023 €
Employment costs	10b	1,100,019	958,748
Depreciation	12	138,702	141,569
Other management expenses (Schedule 1)		1,597,760	1,405,758
		2,836,481	2,406,075

10. Employees and employment costs

10a. Number of employees

The average monthly number of employees during the year was:

	2024 Number	2023 Number
Manager	1	1
Other staff	30	30
Total	31	31

10b. Employment costs

	2024 €	2023 €
Wages and salaries	1,033,921	919,166
Payments to pension schemes	66,098	39,582
Total employment costs	1,100,019	958,748

10c. Key management personnel

The remuneration of key management personnel was as follows:

	2024 €	2023 €
Short term employee benefits	278,269	242,895
Payments to pension schemes	20,826	11,833
Total key management personnel compensation	299,095	254,728

11. Cash & cash equivalents

	2024 €	2023 €
Cash and balances at bank	1,407,733	862,944
Deposits and investments	19,470,914	18,193,757
Total cash and cash equivalents	20,878,647	19,056,701

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

Notes to the Financial Statements contd.

for the year ended 30th September 2024

12. Tangible fixed assets

Tangible fixed assets comprise the following property, plant and equipment:

	Freehold land & buildings €	Fixtures & Fittings €	Office equipment €	Computer equipment €	Total €
Cost					
At 1 st October 2023	1,841,913	381,053	242,208	637,265	3,102,439
Impairment	-	-	-	-	-
Additions	-	50,570	1,361	87,770	139,701
Disposals	-	-	-	(387,536)	(387,536)
At 30th September 2024	1,841,913	431,623	243,569	337,499	2,854,604
Depreciation					
At 1 st October 2023	782,695	291,829	226,482	609,900	1,910,906
Impairment	-	-	-	-	-
Charge for the year	60,391	28,193	13,992	36,126	138,702
Eliminated on disposals	-	-	-	(387,536)	(387,536)
At 30th September 2023	843,086	320,022	240,474	258,490	1,662,072
Net book value					
At 30th September 2024	998,827	111,601	3,095	79,009	1,192,532
At 30th September 2023	1,059,218	89,224	15,726	27,365	1,191,533

13. Loans to members – financial assets**13a. Loans to members**

	Note	2024 €	2023 €
As at 1 st October		30,236,544	25,868,360
Advanced during the year		18,647,508	17,246,951
Repaid during the year		(13,697,094)	(12,740,494)
Loans written off		(103,536)	(138,273)
Gross loans to members	12b	35,083,422	30,236,544
Impairment allowances			
Individual loans		(503,985)	(441,788)
Groups of loans		(1,549,986)	(1,632,530)
Loan provision	12c	(2,053,971)	(2,074,318)
As at 30th September		33,029,451	28,162,226

Notes to the Financial Statements contd.

for the year ended 30th September 2024

13b. Credit risk disclosures

The carrying amount of the loans to members represents Inishowen 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.

	2024		2023	
	Amount €	Proportion %	Amount €	Proportion %
Gross loans Not impaired:				
Not past due	30,466,109	86.84%	26,751,645	88.47%
Gross loans individually impaired				
Not past due	3,061,621	8.73%	2,312,984	7.65%
Up to 9 weeks past due	1,060,539	3.02%	756,942	2.50%
Between 10 and 18 weeks past due	161,692	0.46%	144,591	0.48%
Between 19 and 26 weeks past due	60,926	0.17%	45,429	0.15%
Between 27 and 39 weeks past due	61,200	0.17%	74,869	0.25%
Between 40 and 52 weeks past due	87,220	0.25%	25,779	0.09%
53 or more weeks past due	124,115	0.35%	124,305	0.41%
Gross loans individually impaired	4,617,313	13.16%	3,484,899	11.53%
Total gross loans	35,083,422	100%	30,236,544	100%

13b. Credit risk disclosures (Cont'd)

Impairment allowance	2024	2023
	€	€
Individual loans	(503,985)	(441,788)
Groups of loans	(1,549,986)	(1,632,530)
Total carrying value	33,029,451	28,162,226

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

13c. Loan provision account for impairment losses

	2024	2023
	€	€
As at 1 st October	2,074,318	2,108,090
Net movement in loan provisions for loans outstanding	83,189	104,501
Decrease in loan provisions during the year	(103,536)	(138,273)
As at 30th September	2,053,971	2,074,318

Notes to the Financial Statements contd.

for the year ended 30th September 2024

13d. Net (recoveries) or losses recognised for the year

	2024	2023
	€	€
Bad debts recovered	(196,845)	(160,816)
(Decrease) / Increase in loan provisions during the year	(20,347)	(33,772)
Loans written off	103,536	138,273
Net (recoveries) / losses on loans to members recognised for the year	(113,656)	(56,315)

13e. Analysis of Gross Loans Outstanding

	2024		2023	
	Number	€	Number	€
	of Loans		of Loans	
Less than one year	1,074	1,131,079	1,152	1,225,110
Greater than 1 year and less than 3 years	1,795	7,565,805	1,829	7,266,346
Greater than 3 years and less than 5 years	1,509	15,209,525	1,253	12,445,636
Greater than 5 years and less than 10 years	325	11,177,033	284	9,299,452
Greater than 10 years and less than 25 years	-	-	-	-
	4,703	35,083,422	4,518	30,236,544

14. Prepayments and accrued income

	2024	2023
	€	€
Prepayments and other debtors	263,610	155,269
Accrued income investments	344,795	301,953
Accrued loan interest income	77,447	58,587
	685,852	515,809

15. Deposits and investments

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

Cash Equivalents (Original Maturity within 3 months)

	2024	2023
	€	€
Fixed term deposits with banks (note 11)	19,470,914	18,193,757
Total cash equivalents	19,470,914	18,193,757

Other (Original Maturity after 3 months)

	2024	2023
	€	€
Fixed term deposits and bonds with banks	55,052,425	57,151,136
Central Bank Minimum deposits	828,229	743,446
Total other	55,880,654	57,894,582

Notes to the Financial Statements *contd.*

for the year ended 30th September 2024

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

	2024	2023
	€	€
A1	25,001,369	17,076,911
A2	4,136,374	16,145,908
A3	4,491,674	9,000,000
Aa2	6,921,839	2,931,228
Aa3	7,500,000	2,500,000
Approved Housing Body	998,515	-
Baa1	4,000,000	7,491,134
Baa2	2,002,654	-
Baa3	-	2,005,955
Total deposits and investments	55,052,425	57,151,136

16. Members' Shares – financial liabilities

	2024	2023
	€	€
As at 1 st October	89,353,156	88,977,420
Received during the year	24,747,436	21,591,283
Repaid during the year	(21,106,909)	(21,215,547)
As at 30th September	92,993,683	89,353,156

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

	2024	2023
	€	€
Unattached shares	85,764,980	81,625,427
Attached shares	7,228,703	7,727,729
Total members' shares	92,993,683	89,353,156

17. Other payables

	2024	2023
	€	€
PAYE/PRSI	20,017	20,116
Other accruals	256,603	137,043
	276,620	157,159

Notes to the Financial Statements contd.

for the year ended 30th September 2024

18. Rate of interest on members loans

	Rate %	APR %
Personal loans	10%	10.51%
Personal loans (FCU)	11.9%	12.61%
Secured loans	6%	6.18%
Secured loans (FCU)	7%	7.25%
Student loans	6%	6.18%
Car loans (FCU)	7%	7.25%
Car loans	7.5%	7.78%
First time borrowers loans	8.5%	8.84%
Home Improvement/Switcher (€50k - €80k)	6.95%	7.18%
Home Improvement/Switcher (€35k - €49,999)	7.95%	8.25%
Blace Friday loans	5.95%	6.11%
Community loans	6%	6.18%
COVID 19 loans	5%	5.13%
Low Cost Loans	5%	5.13%
Cultivate Loans	6.55%	6.75%
Back To School Loans	8.5%	8.84%

19. Additional financial instruments disclosures

19a. Financial risk management

Inishowen Credit Union Limited is a provider of personal loans and also provides savings products to its members. The Credit Union invests excess funds with a view to ensuring that the return from members' loans and investments is adequate to meet the overheads of the Credit Union and provide a reasonable return to members on shares and deposits. The Credit Union has a risk register in place to help the directors manage the various risks arising from its activities to include the issuing of loans to members and investing the excess funds of the Credit Union.

The main financial risks arising from Inishowen 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 Inishowen Credit Union Limited, resulting in financial loss to the Credit Union. In order to manage this risk the Board approves the Credit Union's credit policy, and all changes to it. All loan applications are assessed with reference to the credit policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed. The credit risk on members' loans is disclosed in Note 12b.

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.

Notes to the Financial Statements *contd.*

for the year ended 30th September 2024

Liquidity risk: The Credit Union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The Credit Union adheres on an ongoing basis to the minimum liquidity ratio and minimum short term liquidity ratio as set out in the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016.

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

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

19b. Interest rate risk disclosures

The interest rates applicable to loans to members are disclosed in note 18. The dividend on shares and interest on deposits is determined on the basis of income less administrative expenses and, as can be seen above, a consistent margin is maintained between interest receivable and dividend on shares. As a result, the surplus for the year is not particularly sensitive to interest rate risk and no sensitivity analysis is presented.

19c. Liquidity risk disclosures

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

19d. Fair value of financial instruments

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

19e. Capital

The Credit Union maintains sufficient reserves to buffer the Credit Union against any losses on its members' loans and also its investments. The current Regulatory reserves meets the minimum requirement set down by the Central Bank, and stand at 10% of the total assets of the Credit Union at the Balance Sheet date.

20. Pension scheme – Irish League of Credit Unions

The Irish League of Credit Unions Republic of Ireland Pension Scheme

Inishowen Credit Union Limited participates in an industry-wide pension scheme for employees (The Irish League of Credit Unions Republic of Ireland Pension Scheme). This is a funded defined benefit scheme with assets managed by the Scheme's trustees.

On 31 March 2022, the defined benefit scheme ceased to accrual and although staff retained all the benefits that they had earned in the scheme to that date, Inishowen Credit Union Limited and its employees ceased making regular contributions to the scheme and ceased earning any additional benefits from the scheme.

Notes to the Financial Statements contd.

for the year ended 30th September 2024

At the date of closure of the scheme, there was a past service deficit which was allocated to each individual credit union based on the total benefits earned by staff in each credit union. Inishowen Credit Union Limited's allocation of that past service deficit was €693,380. This total cost was included in the Income & Expenditure account for the year ended 30 September 2022 and this deficit amount was paid to the trustees prior to 30th September 2022. During the year ending 30th September 2024 there were no contributions in respect of a past service deficit payable and hence no charge to the Income and Expenditure account.

As this is a pooled pension scheme, Inishowen Credit Union Limited remains liable to cover the cost of their share of any future increase in the total cost of providing the pension payments to credit union employees who were part of the scheme. Inishowen Credit Union Limited could exit the scheme and therefore never have to make a potential additional payment requirement but exiting the scheme would incur a substantial additional cost.

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

21. Post Balance Sheet events

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

22. Contingent liabilities

The Registry of Credit Unions informed credit unions in the Republic of Ireland on 17 September 2018 that it had become aware of a potential matter that may impact certain credit unions in respect of accrued interest outstanding on loans where additional credit is extended to a member by way of a top-up-loan, which could potentially result in over-collection of interest.

Following this, Inishowen Credit Union undertook a review to ascertain whether members might be impacted by these circumstances and made submissions to the Registrar of Credit Unions confirming that the issue did not arise in Inishowen Credit Union.

In October 2024, the Registry of Credit Unions confirmed that they are of the view that Inishowen Credit Union is not impacted by the interest accruing issue that arose in the sector.

23. Capital commitments

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

24. Insurance against fraud

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

25. Related party transactions

During the year loans were advanced to directors and the management of the credit union (to include their family members or any business in which the directors or management team had a significant shareholding) in the amount of €30,000 (2023: €79,800). These loans were approved in accordance with the Standard Credit Union rules and the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016. The loans outstanding from these parties at 30th September 2024 were €105,915 (2023: €144,415). These loans amounted to 0.3% of total gross loans due at 30th September 2024 (2023: 0.48%).

Notes to the Financial Statements *contd.*

for the year ended 30th September 2024

There were provisions of €4,123 against the loans due from directors, the management team and their family members at 30th September 2024 (2023: €7,685).

The related party share balances stood at €337,100 at 30th September 2024 (2023: €331,763).

26. Members Prize Draw

Inishowen Credit Union operates a members only prize draw which is non-profit making, with draws held twice a year. The transactions for the financial year ended 30th September 2024 are summarised as follows:

	€
Opening Balance at 1st October 2023	518
Income from members' ticket sales	81,010
Expenses	(857)
Prizes	(79,500)
Closing Balance at 30th September 2024	<u>1,171</u>

The closing balance is included in other accruals as per note 16.

27. Approval of Financial Statements

The financial statements were approved, and authorised for issue, by the Board on 18 November 2024

Schedule to the Financial Statements

for the year ended 30th September 2024

Schedule 1 - Other management expenses

	2024	2023
	€	€
Rent and Rates	23,616	41,945
Light, heat and cleaning	52,221	55,722
Repairs and maintenance	18,949	16,719
Printing and stationery	18,330	13,781
Postage and telephone	22,547	23,185
Promotion and advertising	116,666	55,903
Donations and sponsorship	18,422	9,275
Computer maintenance	247,129	202,517
Training costs	21,980	14,636
AGM expenses	35,348	33,416
Travel and subsistence	6,952	8,719
General insurance	44,499	43,916
Share and loan insurance	389,648	374,180
Audit fees	14,760	14,445
Internal audit fee	18,450	18,049
Consultancy and professional fees	88,962	91,770
Debt collection fees	34,189	39,189
Bank charges	71,941	49,426
CUSOP expenses	54,911	27,293
Credit Reports Fees	10,254	10,248
Affiliation fees	36,323	34,689
Savings protection scheme contribution	8,358	8,049
Financial regulatory costs	208,302	171,663
General expenses	35,003	47,023
Total other management expenses	1,597,760	1,405,758



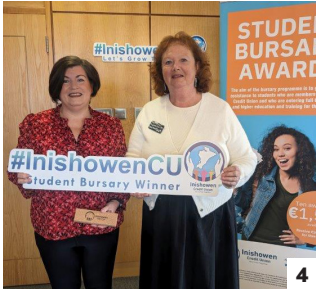
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12

Photo 1, 2, 3, 4, 5, 6 – 2024 student bursary winners
 Photo 7, 8, 9 & 10 – Our quiz winners and runners up.
 Photo 11 – Art 2024 Art Competition winners.
 Photo 12 – Kevin Helferty presents donation cheque to ILCU.



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Sample loan amount €10,000
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Total cost of credit €1,992, Total repayments: €11,992

**FOR MEMBERS
NOT PROFIT**

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