



# Connemara Credit Union Ltd

*Clifden Connemara Co. Galway*



## Annual Report for the Year Ending 30<sup>th</sup> September 2020

**Notice of AGM Meeting**

**The ANNUAL GENERAL MEETING  
for 2020**

is being held on

**Wednesday April 21<sup>st</sup> 2021**

**VENUE: Online**

**TIME: 7:30 PM**

## ***Credit Union Invocation***

Lord, make me an instrument of Thy peace.

Where there is hatred, let me sow love;  
where there is injury, pardon;  
where there is doubt, faith;  
where there is despair, hope;  
where there is darkness, light;  
and where there is sadness, joy.

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

***Amen***

# AGENDA

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

***All attendees on the night will be entered into our raffle***

***Looking forward to seeing you there***

***Please attend***

# Nomination Committee Report

***The role of the Nomination Committee has been extended with the commencement of the Credit Union and Co-Operation with Overseas Regulations Act 2012 and now includes:***

- ***Identifying and assessing candidates to be nominated for appointment to the Board of Directors***
- ***Accepting nomination of candidates proposed to be appointed to the Board of Directors***
- ***Proposing candidates for election at AGM.***
- ***Assisting the credit union in meeting its obligation in respect of Part 3 of the Central Bank Reform***

***The Board currently consists of 9 directors. There are three vacancies on the Board of Directors this year.***

***The nomination committee continue to recruit candidates for election to the Board.***

***If you have any interest in serving on the Board of Directors or the Board Oversight Committee of your Credit Union please contact us. We currently have two potential new candidates eligible for this years' AGM.***

***New candidates for the Board and Board Oversight committee are subject to due diligence and fitness and probity regulations as per the Central Bank.***

**Following is a synopsis of the benefits of serving on the Board or as a Volunteer and what is expected of Board members and Board Oversight Committee members:**

Board members are obliged at a minimum, except in exceptional circumstances, to attend monthly meetings, and the Credit Union is obliged to hold at least 10 monthly meetings each year (we normally hold 12).

Under the new legislation, one of the requirements is that all Board members need to

be assessed for fitness and probity. This includes an assurance from the member that they meet the standards set down by the Central Bank i.e

- be competent and capable
- be honest, ethical and act with integrity
- be financially sound

**and must ensure that they have sufficient time to devote to the role of director and the responsibilities associated with that role.**

Board members must be aware that an extra time commitment may be required depending on which committee they may serve on.

New Board and Committee members will receive ongoing training and education.

## Benefits of Volunteering

**Volunteers are core to the unique ethos of the Credit Union**

There can be many benefits of volunteering with the Credit Union which include:

- Gaining skills and experience in the running of a regulated financial service provider
- The opportunity to work on developmental and business projects
- Education and training
- Meet new people from the community
- Giving something back to your community

As with any organisation, the Credit Union needs a broad range of skills and experience. This could include accountancy, marketing, business experience and leadership skills. If you possess any or all of the above and feel you could be a benefit to your Credit Union please come to the AGM or contact us for more information.

# Some Benefits of being a Member of a Credit Union

## Life Savings and Loan Protection Insurance

### What is Life Savings Protection Insurance?

Life Savings insurance is the life insurance cover your credit union takes out for all eligible members as an additional incentive to save regularly and maintain savings with the credit union.

**What are the benefits?** With Life Savings insurance, a benefit is calculated and added to a member's total assets with the credit union upon that member's death. The amount they receive will depend on the age and savings history in the credit union.

**No insurance is payable on amounts saved after your 70<sup>th</sup> birthday. Share withdrawals after the age of 55 will affect the level of insurance benefit received**

The insurance benefit is subject to a maximum benefit set by the Credit Union, which, in the case of Connemara Credit Union Ltd. this limit is currently €7,700. **Please ask for details.**

**Loan Protection Insurance** covers your loan in the event of your death.

**Joint Accounts** Joint Accounts are covered by Connemara Credit Union under the Life Savings and Loan Protection Insurance. This is an important benefit for members at no direct cost to the member.

**The Premium for both insurances are borne as an operational expense by the credit union.**

## Nomination Form (Beneficiary)

A Nomination Form is an instruction from you, the Member, on how your credit union funds are allocated upon your death. All members,

aged 16 and over, can complete a Nomination Form. Your Nomination Form covers a statutory maximum amount (€23,000). Any amount in excess of this will be paid to your estate.

Nominations are automatically revoked by your subsequent marriage. We would encourage you to check your Nomination form to ensure it is valid and correct.

## Keeping your Account Active

If you have not made a transaction on your account within 2 years, your account will be classed as **inactive**.

To reactivate your account you will need to call to any branch with Photo ID, recent proof of address and proof of your PPS Number.

Our message to you, our Member, is to actively use our credit union services.

**Foreign Exchange** Connemara Credit Union Limited offers a Foreign Exchange facility to our members. Foreign Exchange cash transactions are commission free to our members.

**Loans** Connemara Credit Union Limited continues to provide competitive rates and essential financial services to over 7000 members in the local community

For example Connemara Credit Union Limited offers a standard Personal loan at 10.5 % APR, which compares very favourably with personal loan rates being charged by other financial institutions and also some promotional loans at lower interest rates.

***Connemara Credit Union now offers you the ability to transact with your account online***



**Connemara  
Credit Union**



## Online Banking & Mobile App

Register at  
**[www.connemaracu.ie](http://www.connemaracu.ie)**  
for your PIN today to access  
Online Banking & Mobile App

- Move money between your accounts
- Move money to other bank accounts
- Check your balances
- Get your e-Statements
- Pay your bills

### Connemara Credit Union

Main Street, Clifden, Co. Galway

Tel: 095 21101

Email: [info@connemaracu.ie](mailto:info@connemaracu.ie)

Web: [www.connemaracu.ie](http://www.connemaracu.ie)

3 easy steps to



## Register for your PIN

- 1 Go to **[www.connemaracu.ie](http://www.connemaracu.ie)** and click the **REGISTER** button on the homepage
- 2 Complete all details in the form
- 3 Click the **SUBMIT FORM** button

The **Online & Mobile App** banking facility is available to all members who have registered at **[www.connemaracu.ie](http://www.connemaracu.ie)** and received their PIN.

How to download

## Mobile Banking App

- 1 Search for Connemara Credit Union on  OR 
- 2 Download the App to your Mobile Device
- 3 Follow on-screen steps to activate the App on Your Mobile Device

Please note that terms and conditions apply.  
Connemara Credit Union is regulated  
by the Central Bank of Ireland.

Powered by progress.ie

## PLEASE NOTE:

### Deposit Interest Retention Tax (DIRT)

From 1<sup>st</sup> January 2014 all credit union share dividend and deposit interest paid to members will be subject to DIRT, with the exception of dividend or interest paid to members who are exempt from DIRT.

The only members who are exempt are:

- Members aged over 65 whose total income is less than the relevant limit, currently €18,000 for an individual and €36,000 for a married couple. For married couples, only one of the spouses needs to be over 65. To avail of this exemption, you must sign a self-declaration form DE1. This form is available in your credit union and is a declaration that you (or your spouse) are aged over 65 and that your total income is less than the relevant limit.
- Members who are permanently incapacitated. Such members should either contact their local Revenue Commissioners office directly or contact a service body such as the Irish Wheelchair Association. Credit unions have no role in approving the exemption in these cases.

***If you do not complete the self-declaration form, the credit union will be obliged to deduct DIRT from your dividend or interest. You will then have to apply directly to the Revenue Commissioners for a refund of this DIRT (if you are eligible).***

### Central Credit Registry (CCR)

The Central Credit Register is a system for collecting personal and credit information on loans. The CCR is operated by Central Bank of Ireland under the Credit Report Act 2013.

- Since 30 June 2017, banks, credit unions and any lender providing consumer loans of €500 or more have had to submit personal and credit information on those loans to the Central Credit Register.
- This is done each month on loans such as credit cards, mortgages, overdrafts and personal loans.
- Since October 2018, lenders must request a copy of your credit report when you apply for a loan of €2,000 or more.

Further information is available at [www.centralcreditregister.ie](http://www.centralcreditregister.ie)

### GDPR and You

One of the biggest changes to Irish Data Privacy Law came into effect on 25<sup>th</sup> May 2018. On that date, the General Data Protection Regulation (GDPR) was introduced to strengthen data protection and to make it easier for you to access your personal information and control how it is used. Further information available at [www.gdprandyou.ie](http://www.gdprandyou.ie)

As a member of Connemara Credit Union, you frequently share information with us. In doing so we take your privacy seriously and we put a strong emphasis on protecting your data. We understand that you trust us to protect your information, to process, share and retain this data in a secure and confidential manner.

We collect information about you:

- When you ask us to provide you with certain products and services
- When you use our products and services

- When you use our website and online services
- When you give us information verbally or in writing
- From Credit References Agencies, Fraud Prevention Agencies, etc.

We use information about you to:

- Decide and recommend how our products and services might be suitable for you
- Provide you with relevant products and services and to fulfil our contract to you
- Identify ways we can improve our products and services
- Maintain and monitor your products and services
- Protect your interests
- Manage our business for our legitimate interests
- Comply with our legal and regulatory obligations.

## Privacy Notice

Connemara Credit Union have provided you with a Privacy Notice where we outline certain information, for example, what personal data we use, what purpose(s) we use it for, how long we keep it, to whom we disclose it, etc. You are entitled to receive a copy of our Privacy Notice, which is available to you in branch or online at [www.connemaracu.ie](http://www.connemaracu.ie)

## Standard Rules - Rule Amendments

That this AGM agrees to allow for the future convening of Connemara CU AGMs by the use of electronic communications technology where a meeting at a physical venue is not possible. Motions 1,2,3&4 to be passed to accommodate this change.

### **Motion 1**

That this Annual General Meeting amends the Standard Rules for Credit Unions (Republic of Ireland) by the insertion of a new Rule 1A as follows:

Any reference in these rules to a member present and voting at a general meeting shall be construed as including a reference to a member in attendance and voting at a general meeting conducted wholly or partly by the use of electronic communications technology.

### **Motion 2**

That this Annual General Meeting amends Rule 96 of the Standard Rules for Credit Unions (Republic of Ireland) in paragraph (1), by the substitution of “at a time, at a place in the State (where applicable) and in the manner (where applicable)” for “in the State at such date, time and place”,

**And** by the insertion of a new 96A as follows:

96A

- (1) The credit union need not hold a general meeting at a physical venue but may conduct the meeting wholly or partly by the use of electronic communications technology as long as all attendees have a reasonable opportunity to participate in the meeting in accordance with this Rule.
- (2) (a) The credit union may provide for participation in a general meeting by providing or facilitating, for that purpose, the use of electronic communications technology, including a mechanism for casting votes by a member, whether before or during the meeting.



- (b) The mechanism referred to in paragraph (a) shall not require the member to be physically present at the general meeting.
- (3) The use of electronic communications technology pursuant to paragraph (2) may be made subject only to such requirements or restrictions put in place by the credit union as are necessary to ensure the identification of attendees and the security of the electronic communications technology, to the extent that such requirements or restrictions are proportionate to the achievement of those objectives.
- (4) The credit union shall inform attendees, before the general meeting concerned, of any requirements or restrictions which it has put in place pursuant to paragraph (3).
- (5) The credit union that provides for the use of electronic communications technology for participation in a general meeting by an attendee shall endeavour to ensure, as far as practicable, that—
- (a) such technology:
- (i) provides for the security of any electronic communications by the attendee,
  - (ii) minimises the risk of data corruption and unauthorised access, and
  - (iii) provides certainty as to the source of the electronic communications.
- (b) in the case of any failure or disruption of such technology, that failure or disruption is remedied as soon as practicable, and
- (c) such technology enables the attendee to:
- (i) hear what is said by the chair of the meeting and any person introduced by the chair, and
  - (ii) speak and submit questions and comments during the meeting to the chair to the extent that the attendee is entitled to do so under the rules of the credit union.
- (6) Any temporary failure or disruption of electronic communications technology shall not invalidate the general meeting or any proceedings relating to the meeting.
- (7) Unless such failure or disruption is attributable to any willful act of the credit union, the credit union shall not be liable in respect of any failure or disruption relating to the equipment used by an attendee to access a general meeting by electronic communications technology that occurs and which failure or disruption prevents or interferes with the attendee's participation, by the use of such technology, in the meeting.
- (8) Where, in the opinion of the board of directors, it is deemed necessary, due to exceptional and unexpected circumstances, the board of directors may, by resolution, cancel a general meeting at any time prior to the holding of the meeting.

### **Motion 3**

That this Annual General Meeting amends Rule 98 of the Standard Rules for Credit Unions (Republic of Ireland)

- (a) In paragraph (2):
- (i) by the substitution of the following paragraph for paragraph (a): “(a) shall state the date, time, place (where applicable) and manner of holding (where applicable) of the general meeting;”
  - (ii) in paragraph (c), by the substitution of “;” for “; and”;
  - (iii) in paragraph (e), by the insertion of “and”;
  - (iv) by the insertion of the following paragraph after paragraph (e):  
“(f) shall, in the case of a general meeting proposed to be held wholly or partly by the use

of electronic communications technology, state

- (i) the electronic platform to be used for the meeting,
- (ii) details for access to the electronic platform,
- (iii) where required by a credit union, the time and manner by which an attendee must confirm his or her intention to attend the meeting,
- (iv) any requirements or restrictions which the credit union has put in place in order to identify attendees who intend to attend the meeting,
- (v) the procedure for attendees to communicate questions and comments during the meeting, and
- (vi) the procedure to be adopted for voting on resolutions proposed to be passed at the meeting."

(b) In paragraph (4), by the insertion of "and containing such information" after "in such form".

## **And**

by the insertion of a new Rule 98A as follows:

### **98 A**

- (1) Notwithstanding Rule 98 but subject to paragraph (2), notice for the purposes of Rule 96A(8) shall be given in the same manner as the notice for the general meeting referred to in Rule 98 but where, in the opinion of the board of directors, giving such notice in that manner is not reasonably practicable, notice shall be given
  - (a) where the credit union has a website, on that website,
  - (b) by email to every member for whom the credit union has an email address, and
  - (c) in at least one national newspaper published in the State and circulating in the area in which the registered office of the credit union is situated, in a local paper and on local radio.
- (2) Paragraph (1) shall not apply where all members agree in writing to the cancellation, change of venue or change of means of holding the general meeting concerned, or to dispensing with notice for the general meeting."

## **Motion 4**

That this Annual General Meeting amends Rule 99(3)(a) of the Standard Rules for Credit Unions (Republic of Ireland) by the substitution of "paragraphs (a), (b), (d) (e) of paragraph (2)" for "paragraphs (a), (b), (d), (e), (f) of paragraph (2)".



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CREDIT UNION  
LTD



Tel: 095 21101 / 43973

email:[info@connemaracu.ie](mailto:info@connemaracu.ie)

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



# Connemara Credit Union Limited

## Financial statements for the year ended 30 September 2020

### FINANCIAL STATEMENTS

For the year ended 30 September 2020

Directors Report and Business Review	10
Statement of Directors Responsibilities	13
Statement of Board Oversight Committee Responsibilities	13
Independent Auditors Report to the Members of Connemara Credit Union Limited 2020	14
Income & Expenditure Account for the year ended 30 September 2020	16
Balance Sheet as at 30 September 2020	17
Statement of reserves & changes in members' interests	17
Cash Flow Statement	18
Notes to & forming part of the accounts for the year ended 30 September 2020	19

## Directors Report and Business Review

The Directors present their report and results with the audited financial statements for the year ended September 30<sup>th</sup> 2020.

**Principal activities.** The principal activity of Connemara Credit Union is 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 receivable and interest payable.

**Results & distributions to members.** The Board is not proposing distributions to members in the current year.

**Credit Union performance & business review.** The Credit Union performance has been as expected by the Directors in the year, having generated a surplus of €125,858 after net recoveries on impaired loans of €34,302. The Credit Union continues to receive significant levels of savings growth, which result in a diminution of Credit Union capital, which now stands at 13.9% of assets down from 14.31% in 2019. The Board have proposed the allocation of 100,000 to a community reserve which may be used for social, cultural and charitable purposes in accordance with the Credit Union Act.

Covid 19 continues to pose increasing risk to the Credit Union both locally and nationally. In addition to these risks being measured internally and externally the Credit Union has been affected, and is mindful of the effects on its Members, its service providers and suppliers. The Credit Union will continue to evaluate and measure additional risk and uncertainty resulting from the pandemic and the impacts on its financial position in the following key areas;

- Operational interference leading to changes in the business model due to falling demand, reduced member interaction, supply chain disruptions, employee absenteeism, & the work-from-home, environment which is now more commonplace.

- Increased Member saving balances, the escalating mismatch in Credit Unions asset and liability maturity levels, and the impact of negative interest rates.
- Member capacity to maintain their commitments to the Credit Union and the forbearance options it may offer to minimise loan losses. Increased stress testing of borrowers in non-essential service environments, and reduced cash flows in general of many members.
- Downward asset valuations, such investment returns and those of the Credit Unions property and equipment, and the Credit Unions use of judgement and estimates in its financial reporting.

### Key performance indicators

The table below shows some of the KPIS over the past two years

	30/09/2020	30/09/2019
	€	€
Total assets	29,062,556	27,776,755
Regulatory capital	3,180,000	2,917,173
Total savings	24,863,289	23,711,967
Expense to income	84%	80%
Regulatory Capital	10.94%	10.50%
Total Capital	13.90%	14.31%

Various key performance indicators are used to measure and monitor periodic progress and some of these are shown in the table above. Regulatory capital is the reserve expressed as a percentage of total assets. It is an indication of the Credit Unions' financial strength, which has remained constant over the last 2 years through increased allocations and income margins.

**Going concern.** The board prepares the accounts on the going concern basis having consideration for its risks and uncertainties and its capacity to actively manage those risks through appropriate policy, procedure and professional advice.

**Financial risk management, objectives and policies.** The Credit Union has a formal structure for managing risk, including procedures for identifying and measuring risks, establishing risk limits, reporting lines, mandates and other control procedures. The Board is responsible for managing and controlling the balance sheet exposures and the use of financial instruments for risk management purposes.

**Principle risks and uncertainties.** The Credit Union operates within a conservative, Board approved risk appetite. Protecting members' interests is paramount, and the credit union contributes to various regulatory levies and compensation schemes. The principal business risks to which the Credit Union is exposed are considered the main financial risks arising from Connemara Credit Unions activities. 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 or debt issuer 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 approves the Credit Unions investment and lending policies together with its risk appetite statement. Credit risk also arises on the management of the investment portfolio The Credit Union also has appropriate governance structures in place to monitor such risks on an ongoing basis.

**Liquidity risk:** Connemara Credit Union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The objective of the liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise. Members shares which are available on demand and those not on demand are identified as liabilities, other shares which are held as member's resources, are not available for withdrawal in accordance with the Credit Union Act, 1997 as amended.

**Market risk:** Connemara Credit Union conducts all its transactions in euro, accordingly the Credit Union is not exposed to any currency risk or other such direct market risk. The Credit Union considers its potential exposure to overall market risk in the banking sector and seeks to minimise such risk through its investment policy.

**Interest rate risk:** Connemara Credit Union's main interest rate risk arises from differences between the interest rate exposures on loans and investments receivable, as offset by its cost of capital, which is typically that of distributions to members' payable in the form of dividends, and interest rebates. Connemara Credit Union considers rates of interest receivable when deciding on the appropriation of income and its returns to members. The Board monitors such policy in line with the Credit Union Act, 1997 as amended and guidance notes issued by the Central Bank of Ireland.

**Deposit Protection Scheme:** being the risk of higher financial levies being imposed on the Credit Union for further claims relating to the failure of other financial organisations. Costs associated with the DGS continue to represent an ongoing burden on the Credit Union. Membership of the scheme remains compulsory for all financial institutions.

**Operational Risk:** This is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. The operational risks faced by the Credit Union are assessed on a regular basis and an appropriate system of control exists to mitigate these risks. The Board, through its committee structures is responsible for assessing the effectiveness of the system of inspection and control. The controls are reviewed by the Credit Unions internal auditors on an ongoing basis.

**Regulatory Risk:** This is the risk that changing laws and the volume and complexity of regulatory requirements may impact the Credit Unions ability to compete and grow. This risk is regularly reviewed by the Board.

**Conduct Risk:** This is the risk that actual or potential member detriment arises, or may arise, from the way the Credit Union conducts its business. The Board has primary responsibility for ensuring that the manner in which the Credit Union conducts dealings with its members is fair and in their interests. This culture is embedded throughout the business and the Credit Union considers all matters that impact upon the fair treatment of our members, including product design and terms and conditions, complaints, fees and charges and ensuring that staff are trained and suitably qualified.

#### **Directors:**

The Directors who served during the year are

Declan Nee	Sean Brennan	Maureen Maloney
Emer O' Regan	Nora Lee	Karin Joyce
Pat Coyne	Gerard Delaney	Noreen Conneely

In accordance with the Credit Union Act, 1997 as amended, the following directors retire by rotation and are outgoing for the 2020 financial year.

Sean Brennan	Nora Lee	Karin Joyce	Maureen Maloney	Pat Coyne
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For the coming year, the following Directors offer themselves for re-election.

Sean Brennan	Nora Lee	Karin Joyce
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**Board oversight committee:** Members of the committee who served during the year are as follows

Adam Griffiths	Joseph Coyne	Mary Kinnane	Joseph Cadmus	Bridget McCallion
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In accordance with Section 58 of the Credit Union Act 1977, as amended, the following members of the Board Oversight Committee retire:

Mary Kinnane	Adam Griffiths	Bridget McCallion
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For the coming year, the following Board Oversight Committee member offer themselves for re-election:

Mary Kinnane

**Auditors:** The Auditors, (DBCO) Duffy Burke & Co , being eligible, have indicated their willingness to continue in office in accordance with section 151 of the Credit Union Act, 1997 as amended.

## Statement of Directors Responsibilities

For the year ended 30 September 2020

The directors are responsible for preparing the Annual Report, Directors' Report and the annual accounts in accordance with applicable laws and regulations.

The Credit Union Act, 1997 as amended requires the directors to prepare the Credit Union annual accounts for each financial year. Under that law they have elected to prepare the Credit Union annual accounts in accordance with accounting Standards and applicable law (Irish & UK generally Accepted Accounting Practice), including FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The Credit Union annual accounts are required by law to give a true and fair view of the state of the affairs of the Credit Union as at the end of the financial year and of the income and expenditure of the Credit Union for the financial year.

In preparing these annual accounts, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable Irish Accounting Standards have been followed, subject to any material departures disclosed and explained in the annual accounts; and
- prepare the annual accounts on the going concern basis, unless it is inappropriate to presume that the Credit Union will continue in business.

In addition to the annual accounts, Statutory Instrument 1 of 2016 requires the directors to prepare and include, for each financial year, additional disclosures and statements, each containing prescribed information relating to the business of the Credit Union.

### Directors' Responsibilities for Accounting Records and Internal Controls

The directors are responsible for ensuring that the Credit Union:

- keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of the Credit Union, in accordance with the Act; and
- takes reasonable care to establish, maintain, document and review such systems and controls as are appropriate to its business, in accordance with the legislation and guidance from the Central Bank of Ireland under the Credit Unions Acts and Statutory Instruments.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Credit Union and to prevent and detect fraud and other irregularities.

On behalf of the Board of Directors  
Chairperson Declan Nee

## Statement of Board Oversight Committee Responsibilities

For the year ended 30 September 2020

The Credit Union Act, 1997 as amended require the appointment of a Board Oversight Committee.

The board oversight committee of a credit union shall assess whether the board of directors has operated in accordance with–

- Part IV of the Credit Union Acts 1997, and any regulations made for the purposes of Part IV, and
- Any other matter prescribed by the Central Bank in respect of which they are to have regard to in relation to the board of directors.

On behalf of the Committee  
Chairperson Joseph Coyne

# Independent Auditors Report to the Members of Connemara Credit Union Limited 2020

## Opinion

We have audited the financial statements of Connemara Credit Union Limited for the year ended 30 September 2020, 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 1. 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 2020 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

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

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

## Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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

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

- We have obtained all the information and explanations which we 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, 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.

#### **1. 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 which is located at:

<http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Descriptionofauditorsreponsibilitiesforaudit.pdf>

#### **2. 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.

DBCO  
Duffy Burke & CO  
Statutory Audit Firm  
Certified Public Accountants  
Galway

16/02/2021

## Income & Expenditure Account for the year ended 30 September 2020

		30/09/2020	30/09/2019
		€	€
Interest on members' loans	2	773,310	768,865
Interest on investments	3	76,265	89,173
Interest Payable and Similar Charges		-	-
<b>Net interest income</b>		<b>849,575</b>	<b>858,038</b>
Fees & commissions receivable	4	5,331	12,334
Fees & commissions payable	4	(88,784)	(91,723)
Other Operating Income	5	1,898	26,661
<b>Total net income</b>		<b>768,020</b>	<b>805,310</b>
Employment costs	6	(307,525)	(316,613)
Management expenses	8	(327,593)	(305,157)
Depreciation & amortisation	11	(41,346)	(56,465)
<b>Operating surplus (Deficit) before Loan impairments and provisions</b>		<b>91,556</b>	<b>127,075</b>
Net (Impairments) recoveries on loans to members	10	34,302	21,856
Gains (losses) on Investments		-	-
<b>Surplus (Deficit) for year</b>		<b>125,858</b>	<b>148,931</b>
Other comprehensive income			
<b>Total Income for Year</b>		<b>125,858</b>	<b>148,931</b>

Surplus for the financial year represents the Credit Union's total comprehensive income and is attributable to the members of the Credit Union. Surplus for the year is from continuing operations.

The annual accounts were approved by the board on the 16/02/2021 signed on behalf of the Credit Union by:

Chairperson

Declan Nee

Manager

Kathleen Diamond

Board Oversight Committee

Joseph Coyne

## Balance Sheet as at 30 September 2020

		30/09/2020	30/09/2019
		€	€
<b>ASSETS</b>			
Cash & cash equivalents	22	5,997,855	5,365,522
Deposits with Banks	22	14,211,719	10,961,719
Debt Securities	22	-	2,408,930
Central Bank	22	169,194	169,280
Loans to Members	9	7,378,760	7,588,704
Tangible fixed assets	11	1,165,414	1,096,954
Other receivables		139,614	185,646
<b>Total Assets</b>		<b>29,062,556</b>	<b>27,776,755</b>
<b>LIABILITIES</b>			
Members' Shares	12	24,863,289	23,711,967
Accruals & deferred income	13	130,241	65,434
Provisions for liabilities	16	30,460	25,172
<b>Total Liabilities</b>		<b>25,023,990</b>	<b>23,802,573</b>
<b>Assets less Liabilities</b>		<b>4,038,566</b>	<b>3,974,182</b>
<b>RESERVES</b>			
Regulatory reserve		3,180,000	2,917,173
Other reserves		858,566	1,057,009
<b>TOTAL RESERVES</b>		<b>4,038,566</b>	<b>3,974,182</b>

The annual accounts were approved by the board on the 16/02/2021 signed on behalf of the Credit Union by:

Chairperson

Declan Nee

Manager

Kathleen Diamond

Board Oversight Committee

Joseph Coyne



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Credit Union**

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## Statement of reserves & changes in members' interests

	Regulatory Reserve	Operational Risk Reserve	Distributions Reserve	Non distributable Income	Community Reserve	Retained Earnings	Total
	€	€	€	€	€	€	€
Balance	2,917,173	161,396	326,111	42,344	-	527,158	3,974,182
Surplus						125,858	125,858
Allocations	262,827	-	-	-	100,000	(362,827)	-
Distributions	-	-	(61,475)	-	-	-	(61,475)
30/09/2020	3,180,000	161,396	264,636	42,344	100,000	290,189	4,038,565
30/09/2018	2,859,673	161,396	387,543	6,117	-	471,954	3,886,683
Surplus						148,931	148,931
Allocations	57,500	-	-	36,227	-	(93,727)	-
Distributions	-	-	(61,432)	-	-	-	(61,432)
30/09/2019	2,917,173	161,396	326,111	42,344	-	527,158	3,974,182

### Statutory percentages & regulatory capital

The Credit Union Acts and regulations require the Credit Union to maintain statutory capital and ratios in relation to its assets and liabilities.

Type	Note	Reserve Required	% Amount
Regulatory Reserve	a	10% of Assets	10.94%
Operational Risk	b	Board defined	0.56%
Lending Concentrations	c	% of Regulatory Capital	0.00%

- I. The Credit Union policy is to maintain sufficient capital resources in order to support its growth, continue its lending and exceed the minimum capital requirements set by the Central Bank of Ireland. The Credit Unions related policies on strategy, risk and financial management set out the governance processes which are followed in order to ensure these requirements are met. There have been no reported breaches of capital requirements during the year, and there have been no material changes to the way in which the Credit Union manages its capital compared to the prior year.
- II. Reserves contributing to regulatory capital must be realised unrestricted and non-distributable. The Board must maintain regulatory capital at or above 10% of assets. Regulatory capital excludes amounts set aside for impairments.
- III. The Board determines from ongoing risk assessments the amount held as an operational risk reserve and must be expressed as a percentage of assets.
- IV. Where the credit union has lending concentrations to connected parties greater than 10% of its regulatory capital, the credit union must hold the amount of the exposure that is in excess of the limit in a realised reserve separate from the regulatory reserve.
- V. Community Reserves are set aside in accordance with the provisions of S 44 of the Credit Union Act 1997, as amended, funds are utilised for social, cultural and charitable purposes, allocations are approved at Annual General Meetings.

## Cash Flow Statement

	30/09/2020	30/09/2019
	€	€
<b>Cash flows from operating activities</b>		
Surplus (Deficit) for year	125,858	148,931
Depreciation	41,346	56,465
Loan Impairments	16,093	(20,837)
<b>Total</b>	<b>183,297</b>	<b>184,559</b>
<b>Changes in operating assets &amp; liabilities</b>		
Net Movements in prepayments & accrued income	46,032	(83,805)
Net Movements in accruals & other liabilities	70,095	(62,943)
Movements in net loans to members	193,851	(435,010)
Movements in members' Shares	1,151,322	521,201
Movements in members' Deposits	-	-
<b>Net cash generated by operating activities</b>	<b>1,644,597</b>	<b>124,002</b>
<b>Cash flows from investing activities</b>		
Net Movement in investments & cash	(840,984)	1,550,577
Purchase of fixed assets	(109,805)	(40,355)
<b>Net cash generated by investing activities</b>	<b>(950,789)</b>	<b>1,510,222</b>
<b>Cash flow from financing activities</b>		
Dividends and rebates paid in year	(61,475)	(61,432)
Community reserve distributions	-	-
<b>Net cash (used in) generated by financing activities</b>	<b>(61,475)</b>	<b>(61,432)</b>
<b>Net (decrease) Increase in cash &amp; cash equivalents</b>	<b>632,333</b>	<b>1,572,792</b>
Cash & cash equivalents at beginning of year	5,365,522	3,792,729
<b>Cash &amp; cash equivalents at end of year</b>	<b>5,997,855</b>	<b>5,365,521</b>
<b>Analysis of the balances of cash &amp; cash equivalents shown in the balance sheet</b>		
Cash in hand	376,308	964,996
Investments repayable within 3 months.	5,621,547	4,400,526
<b>Total</b>	<b>5,997,855</b>	<b>5,365,522</b>

## Notes to & forming part of the accounts for the year ended 30 September 2020

### 1. Principal Accounting Policies & information

#### 1.1 General Information

The Credit Union is registered under the Credit Union Act, 1997 as amended. The address of the main office is Seaview, Clifden, Connemara Co. Galway.

## **1.2 Statement of Compliance**

The financial statements of the Credit Union are prepared in accordance with the Credit Union Act, 1997 as amended incorporating the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016, and Ireland UK applicable accounting standards including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102").

## **1.3 Accounting Convention**

The Credit Union has prepared the annual accounts in accordance with the Credit Union Act, 1997 as amended to include Statutory Instrument 1 of 2016 and Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) as issued in September 2015. In preparing the annual accounts under FRS 102, the use of certain critical account estimates and judgments has been required. The areas involving a higher degree of judgement or areas where assumptions and estimates are significant to the annual accounts, are set out in note 1.14. The annual accounts have been prepared under the historical cost convention, which the exception of non-basic investments which are held at fair value through the income statement. The presentation currency of the annual accounts is euro.

## **1.4 Going concern**

The current economic conditions present risks and uncertainties for all businesses. The Directors have carefully considered the risks and uncertainties and the extent to which they might affect the preparation of the financial statements on a going concern basis. The Directors consider that:

- the Credit Union maintains an appropriate level of liquidity sufficient to meet the normal demands of the business and the requirements which might arise in stressed circumstances
- the availability and quality of liquid assets is such that it ensures funds are available to repay exceptional demand from its members
- other assets are primarily in the form of personal loans both secured and unsecured. Regular assessment of the recoverability of all loans is undertaken and provision made where appropriate, and
- reasonable surpluses have and will be generated in order to keep capital at a suitable level to meet regulatory requirements

As discussed in the director's report, the Directors are satisfied that the Credit Union has adequate resources to continue in business for the foreseeable future. For this reason, the accounts are prepared on a going concern basis.

## **1.5 Interest income & expense**

Interest income and interest expense for all interest bearing financial instruments are recognised in 'interest receivable and similar income' or 'interest payable and similar charges' using the effective interest rates of the financial assets or financial liabilities to which they relate. The effective interest rate is the rate that discounts the expected future cash flows, over the expected life of the financial instrument, to the net carrying amount of the financial asset or liability.

There are no fees receivable or payable in relation to members' loan advances or settlements. Interest on impaired financial assets is recognised at the original effective interest rate of the financial asset applied to the carrying amount as reduced by an allowance for impairment.

## **1.6 Commissions**

Commission receivable from the sale of third party products is recognised on fulfilment of contractual obligations, that is when products are completed.

## **1.7 Cash and cash equivalents**

For the purpose of the cash flow statement, cash comprises cash in hand and amounts with banks repayable on demand. Cash equivalents comprise highly liquid, unrestricted investments that are readily convertible into cash with an insignificant risk of changes in value with original maturities of less than three months.

## 1.8 Financial assets

The Credit Union initially recognises loans, deposits and debt securities on the date on which they originated. All other financial instruments are recognised on the trade date, being the date on which the Credit Union becomes a party to the contractual provision of the instrument.

### (a) Loan commitments

The Credit Union's loans and advances to members are classified as loan commitments. Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

The Credit Union measures its loans and advances at amortised cost less impairment provisions. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition, minus principal repayments, plus the cumulative amortisation using the effective interest rate method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. The initial value recognised is the amount of the contractual loan issued to the borrower.

### (b) Debt instruments

Debt instruments are non-derivative assets with fixed or determinable payments and fixed maturity that the Credit Union has the positive intent and ability to hold to maturity, some of which are designated as at fair value through the income statement. Investments are carried at amortised cost using the effective interest rate method (see above), less any impairment losses, except those designated at fair value.

The Credit Union derecognises a financial asset when its contractual rights to a cash flow are discharged or cancelled, or expire or substantially all the risk and rewards of ownership have been transferred.

## 1.9 Financial liabilities measured at amortised cost

The Credit Union classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost. The Credit Union derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

## 1.10 Impairment of financial assets

### a) Assets carried at amortised cost

A financial asset or group of financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s) and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably. Throughout the year and at each year end individual assessments are made of all loans and advances and also against properties which are in possession or in arrears by three months or more and/or are subject to forbearance activities. Individual impairment provisions are made against those loans and advances where there is objective evidence of impairment.

Objective evidence of impairment may include:

- Significant financial difficulty of the borrower/issuer;
- Deterioration in payment status;
- Renegotiation of the terms of an asset due to financial difficulty of the borrower or issuer, including granting a concession/forbearance to the borrower or issuer;
- Becoming probable that the borrower or issuer will enter bankruptcy or other financial reorganisation; and
- Any other information discovered during regular review suggesting that a loss is likely in the short to medium term.

The Credit Union considers evidence of impairment for assets carried at amortised cost at both an individual asset and a collective level. Those found not to be individually impaired are then collectively assessed for any impairment that has been incurred but not yet identified by grouping together loans and advances and held to maturity investments with similar risk characteristics.

In assessing collective impairment, the Credit Union uses its historical loss experience and certain observable local data to build a risk weighted modelling of historical trends of the probability of default, the timing of recoveries and the amount of loss incurred. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets measured at amortised cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

In considering expected future cash flows, account is taken of any discount which may be needed against the value of any property or guarantee at the balance sheet date thought necessary to achieve a sale. The Credit Union participates in an industry wide insurance scheme for the recovery of certain loans on the death or disability of its members. The costs of the insurance is funded by the Credit Union as an operational expense.

Where certain emerging impairment characteristics are considered significant but not assessed as part of the impairment calculation, the Board may elect to apply an override to the impairment provision. The amount of impairment loss is recognised immediately through the income statement and a corresponding reduction in the value of the financial asset is recognised through the use of provisions.

#### b) Forbearance strategies and renegotiated loans

A range of forbearance options are available to support members who are experiencing financial difficulty. The purpose of forbearance is to support members who have temporary financial difficulties and help them enter into payment arrangements which are mutually beneficial to the member and the Credit Union. The main options offered by the Credit Union include:

- Reduced payment;
- An arrangement to clear outstanding arrears; and
- Extension of loan term.

Members requesting a forbearance option will need to provide information to support the request which is likely to include a budget planner, statement of assets and liabilities, bank/credit card statements, payslips etc. in order that the request can be properly assessed. If the forbearance request is granted the account is monitored in accordance with Central Bank Requirements. The Credit Union is obligated to retain specific provisions against rescheduled loans until the maturity of the balance. At the appropriate time, the forbearance option that has been implemented is cancelled and the member's normal contractual payment is restored, however provisions are retained on the account.

### 1.11 Tangible assets property plant and equipment

Additions and improvements to office premises and equipment, including costs directly attributable to the acquisition of the asset, are capitalised at cost. In the balance sheet, the value of property, plant and equipment represents the original cost, less cumulative depreciation.

The costs, less estimated residual values of assets, are depreciated on a straight-line basis over their estimated useful economic lives as follows:

- |                         |                               |
|-------------------------|-------------------------------|
| • Freehold buildings –  | -50 years straight line       |
| • Computers –           | -5 to 10 years Straight line  |
| • Office equipment,     | -10 to 15 years straight line |
| • Fixtures and fittings | -10 to 15 years straight line |

Assets are reviewed for impairment at each balance sheet date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.



## **1.12 Taxation**

The Credit Union is not liable to income tax on its activities as a Credit Union.

## **1.13 Provisions and contingent liabilities**

The Credit Union has an obligation to contribute to the Deposit Guarantee Scheme to enable the Central Bank to meet compensation claims from, in particular, retail depositors of failed financial institutions. A provision is recognised to the extent it can be reliably estimated and when the Credit Union has an obligation in accordance with International Financial Reporting Interpretation Committee, Interpretation 21: Levies. Contingent liabilities are potential obligations from past events which shall be confirmed by future events. Contingent liabilities are not recognised in the balance sheet.

## **1.14 Accounting estimates & judgements**

The Credit Union makes estimates and judgements that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. These are described below:

- a) Impairment losses on loans and advances to members. The Credit Union reviews its loan book at least on a quarterly basis to assess impairment. In determining whether an impairment loss should be recorded, the Credit Union is required to exercise a degree of judgement. Impairment provisions are calculated using historical arrears experience, modelled credit risk characteristics and expected cash flows.
- b) Loan interest accrued on members' loans is considered impaired when past due, the credit union uses judgement to determine the impairment amount on loan interest.
- c) Determination of depreciation, useful economic life and residual value of tangible fixed assets. The annual depreciation charge depends primarily on the estimated useful economic life of each type of asset and also, estimates of residual values. The Directors review the useful lives and residual values on an annual basis 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.

## **1.15 Employee Benefits**

The Credit Union participates in a pension scheme for employees, administered by Irish Life. The scheme is a defined contribution scheme with assets managed separately to those of the Credit Union. The Credit Union recognises contributions to the scheme in the income and expenditure account when they fall due and also recognises a liability at the balance sheet date for any outstanding contributions. The cost of short term employee benefits including holiday pay are recognised as liabilities and expenses over the period they are earned.

## **1.16 Dividends & Returns to Members**

The Credit Union determines its distributions to members annually based on its policy statement which reflects that distributions are made from current year's surplus or reserves set aside for that purpose. The Board in determining the level of distribution considers its ongoing capital requirements, budgetary needs and financial risks. It is the policy of the board to then propose a return to members. The Credit Union accounts for dividends and rebates of loan interest when members ratify such payments at the Annual General Meeting. No liability to pay a distribution exists until the majority of members vote at the AGM.

## 2. Interest on members' loans

	30/09/2020	30/09/2019
	€	€
Loan interest received in year	729,947	737,327
Accrued interest at 30 September	43,363	31,538
<b>Total interest on members' loans</b>	<b>773,310</b>	<b>768,865</b>

Included within interest income is €6,957 in respect of interest income accrued on impaired loans nine or more weeks in arrears. The credit union impairs loan interest accrued until received in cash.

## 3. Interest on Investments

The Credit Union amortises its investments in line with the accounting policies set out in note 1 using the effective interest rate under FRS 102 Interest receivable in the annual accounts is due as follows at the year end.

	30/09/2020	30/09/2019
	€	€
Interest received at Balance Sheet Date	12,416	31,917
Receivable within 12 months of the Balance Sheet Date	63,849	57,256
<b>Total Investment Income</b>	<b>76,265</b>	<b>89,173</b>

## 4. Fees & commissions

	30/09/2020	30/09/2019
<b>Fees Receivable</b>	€	€
Entrance Fees	88	156
Other Commissions	5,243	12,178
<b>Total Receivable</b>	<b>5,331</b>	<b>12,334</b>

### **Fees and commissions payable**

Banking fees and charges	24,814	33,369
Regulatory fees and levies	45,445	47,496
ILCU ,& other association costs	18,525	7,205
Other Commissions and subscriptions	-	3,653
<b>Total fees and commissions payable</b>	<b>88,784</b>	<b>91,723</b>

## 5. Other operating income

	30/09/2020	30/09/2019
	€	€
LP/LS Insurance rebate	-	22,247
Cash Over/ (Short)	80	-
Other Income	1,068	3,359
Rental Income	750	1,055
<b>Total Other Income</b>	<b>1,898</b>	<b>26,661</b>

## 6. Employees

The average number of persons employed by the Credit Union during the year was as follows:

	30/09/2020	30/09/2019
Full time Staff	7	6
Part time Staff	1	2
<b>Total</b>	<b>8</b>	<b>8</b>

Employments costs are attributable to Salaries, employers PRSI and Pensions, details of which, associated with key management are given in note 7.

## 7. Remuneration of, and transactions with officers and related parties

### **Key management compensation**

Key management includes the Officers (directors and those staff members) with responsibility for specific aspects of the Credit Unions business on an individual or committee basis. Under Sec 68 (1) of the Credit Union Acts, Directors are prohibited from earning any compensation directly or indirectly in the performance of their function as a director or member of a principal committee. The section also prohibits payments to members of the Board Oversight Committee. The compensation paid or payable to key management for employee services is shown below.

	30/09/2020	30/09/2019
	€	€
Salaries	234,314	226,014
Tax & Social Welfare	49,206	70,059
Pension Costs	24,005	20,540
<b>Total Staff Costs</b>	<b>307,525</b>	<b>316,613</b>

### **Transactions with officers**

The Credit Union is prohibited from making a loan to a related party which would provide that party with more favourable terms than a loan by the credit union to non-related parties (including, without limitation, terms as to credit assessment, duration, interest rates, amortisation schedules, collateral requirements.) Officers of the Credit Union under arm's length transactions and in the normal course of business in their capacity as members of the Credit Union, had the following transactions and balances at the year end:

	30/09/2020	30/09/2019
	€	€
Savings balances	264,294	303,737
Loan Balances	155,775	97,920
Loans Issued	97,600	27,100
<b>Loans outstanding as a % of Overall Loans</b>	<b>1.98%</b>	<b>1.21%</b>

There were no transactions outside the course of normal business with any related party during the year. Officers of the Credit Union contributed €Nil to the provision for bad & doubtful debt at the year end. (2019, €Nil).

### **Transactions with family members of officers.**

SI 1 of 2019 requires the disclosure of loans to a member of the family of a member of the board of directors or the management team of a credit union; or (c) a business in which a member of the board of directors or the management team of a credit union has a significant shareholding(10%). A family member means in relation to any person, that person's father, mother, spouse or civil partner, cohabitant, son, daughter, brother, or sister;

	30/09/2020	30/09/2019
	€	€
Loans outstanding		
Loans to Family	57,580	88,897
Loans to business	-	-
<b>Total</b>	<b>57,580</b>	<b>88,897</b>
<b>Loans outstanding as a % of Overall Loans</b>	<b>0.73%</b>	<b>1.10%</b>

## 8. Management expenses

	30/09/2020	30/09/2019
	€	€
Rent & Rates	8,644	5,026
Light, Heat & Cleaning	11,506	10,195
Repairs & Renewals	7,549	5,757
Printing & Stationary	7,324	8,045
Postage & Telephone	12,898	8,536
Donations & Sponsorship	3,000	3,100
Promotion & Advertising	10,615	13,116
Training Costs	6,368	10,871
Chapter Expenses	190	-
AGM Expenses	480	7,761
Travel & Subsistence	2,676	4,278
Audit Fees	14,000	25,068
General Insurance	16,116	15,037
Share, Loan & Death Benefit Insurance	95,875	99,104
Legal & Professional Fees	18,110	4,373
Risk, Compliance & Internal Audit	32,069	17,862
Computer Equipment & Licences	60,312	44,024
Security Expenses	9,909	12,891
Miscellaneous Expenses	9,952	7,212
<b>Total</b>	<b>327,593</b>	<b>305,157</b>

## 9. Loans to members

	30/09/2020	30/09/2019
	€	€
Loans fully secured by savings	2,414,247	2,330,192.00
All other loans	5,457,009	5,734,915
<b>Total loans</b>	<b>7,871,256</b>	<b>8,065,107</b>
At 1 October	8,065,107	7,630,097
Loans advanced in year	3,572,616	4,085,080
Repaid in year	(3,737,206)	(3,602,622)
Written off in year	(29,261)	(47,448)
Gross Loans outstanding	7,871,256	8,065,107
Impairments ( see note)	(492,496)	(476,403)
<b>Net loans outstanding</b>	<b>7,378,760</b>	<b>7,588,704</b>

The remaining contractual maturity of loans to members from the balance sheet date is as follows, though this may not reflect the actual pattern of repayments as loans may be prepaid by members or fall into arrears.

	30/09/2020	30/09/2019
	€	€
Not more than 1 year	379,368	327,396
More than 1 year, less than 3 years	2,114,559	2,162,278
More than 3 years, less than 5 years	3,834,586	4,537,406
More than 5 years, less than 10 years	1,515,656	1,038,027
More than 10 years	27,087	-
Less Impairments	(492,496)	(476,403)
<b>Total Loans</b>	<b>7,378,760</b>	<b>7,588,704</b>

## 10. Impairment provisions on loans to members

The Credit Union accounts for impairments on loans as outlined in note 1. Provisions against loans to members are as follows

	30/09/2020	30/09/2019
	€	€
At 1 October		
Collective provision	144,572	144,572
Individual provision	331,831	352,666
<b>Total</b>	<b>476,403</b>	<b>497,238</b>
<b>Charges to provisions</b>		
Collective provision	59,175	-
Individual provision	(13,821)	26,613
<b>Total</b>	<b>45,354</b>	<b>26,613</b>
<b>Release of provisions</b>		
Collective provision		
Individual provision	(29,261)	(47,448)
	(29,261)	(47,448)
At 30 September		
Collective provision	203,747	144,572
Individual provision	288,749	331,831
<b>Total</b>	<b>492,496</b>	<b>476,403</b>
Net recoveries or losses recognised for the year		
Bad Debts Recovered	54,302	48,467
Net movements in impairments	(16,093)	20,835
Bad Debts written off	(29,261)	(47,448)
Net recoveries (losses) recognised in year	34,302	21,856

## 11. Tangible fixed assets

	Land & Buildings	Office Equipment	Fixtures & Fittings	Computer Equipment	Total
	€	€	€	€	€
<b>Cost/Valuation</b>					
30/09/2019	1,185,359	59,098	40,508	182,366	1,467,331
Additions in year	-	-	-	109,805	109,805
Disposals in year	-	-	-	-	-
30/09/2020	1,185,359	59,098	40,508	292,171	1,577,136
<b>Depreciation</b>					
30/09/2019	182,862	32,472	23,074	131,968	370,376
Charge for the year	23,707	-	-	17,639	41,346
On Disposals	-	-	-	-	-
30/09/2020	206,569	32,472	23,074	149,607	411,722
<b>Net Book Values</b>					
30/09/2020	978,790	26,626	17,434	142,564	1,165,414
30/09/2019	1,002,497	26,626	17,434	50,398	1,096,955

Freehold land & buildings are occupied by the Credit Union for its own activities. Market Valuations of the premises were obtained in 2019 from Messers Matt O Sullivan M.I.P.A.V determining market values of €1.13m, on that basis the Board consider no impairment review is necessary. The Credit has determined that both hardware and software form an integral part of the overall systems and therefore does not separate intangible components.

## 12. Members shares

Members' shares are distinguished between those which are unconditionally repayable on demand and those which are committed or otherwise pledged to the credit union by virtue of loans or guarantees. The Credit Union retains rights to exercise liens over shares where a member has an outstanding liability to the Credit Union in accordance with Section 20 of the Credit Union Act, 1997 as amended. At the balance sheet date.

<b>Members Savings</b>	30/09/2020	30/09/2019
	€	€
Those committed	2,414,247	2,330,192
Those on demand	22,449,042	21,381,775
<b>Total Savings</b>	<b>24,863,289</b>	<b>23,711,967</b>

<b>Members Shares</b>	30/09/2020	30/09/2019
	€	€
Shares at 1 October	23,711,967	23,190,767
Receipts	16,174,443	17,101,133
Withdrawals	(15,023,121)	(16,579,935)
<b>Shares at 30 September</b>	<b>24,863,289</b>	<b>23,711,967</b>

## 13. Accruals & Deferred Income

<b>Other liabilities due within one year comprise</b>	30/09/2020	30/09/2019
	€	€
Creditors	130,241	65,434
<b>Total</b>	<b>130,241</b>	<b>65,434</b>

## 14. Insurance against fraud

The Credit Union has insurance against fraud in the amount of €1,900,000 (2019: €1,900,000) in compliance with Section 47 of the Credit Union Act, 1997 as amended.

## 15. Interest Charged on Members Loans

Interest on Members Loans is charged in accordance with the Credit Unions registered rules and the Credit Union Act, 1997 as amended.

## 16. Provisions for liabilities

### Deposit guarantee scheme & credit institutions resolution fund

In line with other financial institutions the Credit Union is obliged to hold minimum deposits with the Central Bank of Ireland in the form of minimum reserves and deposits under the Deposit Guarantee Scheme. Credit Unions deposits under the scheme are reduced or reimbursed from the scheme in accordance with compensation payments to failed financial institutions. The Credit Union is obliged to fund guarantee levies of 0.01% of its covered savings until 2024. The Credit Union has estimated levies due based on its assets at the yearend 2020.

### Holiday Pay

The Credit Union recognises its liability for employee benefits due at each year end.

	30/09/2020	30/09/2019
	€	€
Short term payroll accruals	3,172	3,172
Central Bank levies	27,288	22,000
<b>Total</b>	<b>30,460</b>	<b>25,172</b>

## 17. Financial commitments

There were no capital commitments at the balance sheet date.

## 18. Contingent Liabilities

On 17<sup>th</sup> September 2018, the Central Bank raised queries with Credit Unions in relation to accrued interest outstanding on loans, in circumstances where additional credit is extended to a member by way of a top-up loan. A potential issue may arise where the Credit Union has not collected all outstanding interest due before the extension of additional credit. The Credit Union is satisfied that interest is calculated, collected and explained correctly to the member at the time of drawdown. The Credit Union is engaged with its IT system provider to investigate if matters raised with Credit Unions are applicable to its IT system. The Credit Union has not concluded its findings at the balance sheet date. Given the uncertainty of the above and the outcomes it is impractical for the Credit Union to estimate the impact (if any) of any findings which may arise.

## 19. Returns to members

At 30 September, the Directors are not proposing any distributions to members in the form of dividends or rebate of interest. (2019 dividend on shares of 0.025% and a rebate of loan interest of 7.5%.)

## 20. Post Balance Sheet Events

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

## 21. Comparative Information

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

## 22. Financial instruments

The Credit Union is a retailer of financial instruments in the form of personal loans and savings products, and also uses financial instruments to invest in liquid assets and manage its surplus funds. The Credit Union does not raise funds from wholesale money markets in support of its retail operations. The Credit Union has a formal structure for managing risk, including formal risk policies, risk limits, reporting structures, mandates and other control procedures. This structure is reviewed regularly by the Board. The Credit Union does not use any derivative financial instruments, nor enter into any financial instruments for trading or speculative purposes. The Credit Unions financial assets and liabilities are measured on an ongoing basis at amortised cost. The table below analyses the Credit Unions assets and liabilities by category.

### Carrying value by category 30<sup>th</sup> September 2020

	Debt instruments at amortised cost	Debt instruments at fair value	Financial liabilities at amortised cost	Other financial instruments at amortised cost	Total
	€	€	€	€	€
<b>ASSETS</b>					
Cash and equivalents	5,997,855	-	-	-	5,997,855
Bank Deposits	14,211,719	-	-	-	14,211,719
Members loans	7,378,760	-	-	-	7,378,760
Central Bank	169,194	-	-	-	169,194
Total financial assets	27,757,528	-	-	-	27,757,528
Non-financial assets					1,305,028
Total	-	-	-	-	29,062,556
<b>LIABILITIES</b>					
Savings	-	-	24,863,289	-	24,863,289
Creditors and Provisions	-	-	160,701	-	160,701
Total financial liabilities			25,023,990		25,023,990
Reserves					4,038,566
Total					29,062,556

## Carrying value by category 30<sup>th</sup> September 2019

	Debt instruments at amortised cost	Debt instruments at fair value	Financial liabilities at amortised cost	Other financial instruments at amortised cost	Total
	€	€	€	€	€
<b>ASSETS</b>					
Cash and equivalents	5,365,522	-	-	-	5,365,522
Bank Deposits	10,961,719	-	-	-	10,961,719
Debt Securities	2,408,930	-	-	-	2,408,930
Members loans	7,588,704	-	-	-	7,588,704
Central Bank	169,280	-	-	-	169,280
<b>Total financial assets</b>	<b>26,494,155</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,494,155</b>
<b>Non-financial assets</b>					<b>1,282,600</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,776,755</b>
<b>LIABILITIES</b>					
Savings	-	-	23,711,967	-	23,711,967
Creditors and Provisions	-	-	90,606	-	90,606
<b>Total financial liabilities</b>			<b>23,802,573</b>		<b>23,802,573</b>
Reserves					3,974,182
<b>Total</b>					<b>27,776,755</b>

## Liquidity Risk

Liquidity risk is the risk that the Credit Union will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Credit Union monitors liquidity requirements on a daily basis in line with specific policies in this area, approved by the Board and in line with Central Bank requirements. The liquidity risk appetite is supported by qualitative and quantitative measures that are monitored by the Board on a monthly basis.

The Credit Union's policy is to maintain sufficient funds in a liquid form at all times to ensure that the Credit Union can cover all fluctuations in funding, retain public confidence in the solvency of the Credit Union and to enable the Credit Union to meet its financial obligations and regulatory ratios.

The following table analyses the remaining contractual maturity of the Credit Union's financial assets and liabilities. In practice the contractual maturities are not always reflected in actual experience. For example loans to members can repay ahead of contractual maturity or fall into arrears beyond that date. Members savings accounts which are typically on demand can also be repaid later than on the earliest date on which repayment can be requested.

## At the 30<sup>th</sup> of September 2020

	Less than 1 year	More than 1 year, but not more than 3 years	More than 3 years but not more than 5 years	More than 5 years but not more than 10 years	More than 10 years	Total
	€	€	€	€	€	€
<b>Financial assets</b>						
Cash & Cash Equivalents	5,997,855	-	-	-	-	5,997,855
Bank Deposits	360,000	2,500,000	6,351,719	5,000,000	-	14,211,719
Debt Securities	-	-	-	-	-	-
Members loans	379,368	2,114,559	3,834,586	1,515,656	27,087	7,871,256
Funds at Central Bank	169,194	-	-	-	-	169,194
<b>Total financial assets</b>	<b>6,906,417</b>	<b>4,614,559</b>	<b>10,186,305</b>	<b>6,515,656</b>	<b>27,087</b>	<b>28,250,024</b>
<b>Financial liabilities</b>						
Savings	22,693,695	836,164	999,421	329,009	5,000	24,863,289
<b>Total financial liabilities</b>	<b>22,693,695</b>	<b>836,164</b>	<b>999,421</b>	<b>329,009</b>	<b>5,000</b>	<b>24,863,289</b>



## At the 30<sup>th</sup> of September 2019

	Less than 1 year	More than 1 year, but not more than 3 years	More than 3 years but not more than 5 years	More than 5 years but not more than 10 years	More than 10 years	Total
Financial assets	€	€	€	€	€	€
Cash & Cash Equivalents	5,365,522					5,365,522
Bank Deposits	2,550,000	1,400,000	6,011,719	1,000,000	-	10,961,719
Debt Securities	1,408,930	-	1,000,000	-	-	2,408,930
Members loans	327,396	2,162,278	4,537,406	1,038,027	-	8,065,107
Funds at Central Bank	169,280	-	-	-	-	169,280
<b>Total financial assets</b>	<b>9,821,128</b>	<b>3,562,278</b>	<b>11,549,125</b>	<b>2,038,027</b>	<b>-</b>	<b>26,970,558</b>
<b>Financial liabilities</b>						
Savings	22,979,098	193,396	418,149	121,324	-	23,711,967
<b>Total financial liabilities</b>	<b>22,979,098</b>	<b>193,396</b>	<b>418,149</b>	<b>121,324</b>	<b>-</b>	<b>23,711,967</b>

### Credit risk

The Credit Union's credit risk arises from its portfolio of loans to members and from potential losses on investments with other financial institutions that could result from the failure of treasury counterparties to observe the terms of the contract entered into. The Credit Union has no risk appetite for material credit losses, this is controlled through observations of legislation and regulations, the appointment of committees, credit quality rules, underwriting standards and counterparty limits. All loan applications are assessed with reference to the Credit Union's lending policy. Changes to policy are approved by the Board and the approval of loan applications is mandated. Appropriate credit limits have been established by the Board for individual exposures and together with Central Bank guidelines on credit exposures. Policies are continually monitored by the Board, Board Oversight Committee and internal audit. Credit risk in respect of treasury counterparties is assessed using a number of methodologies to include rating agencies and Central Bank Regulations. For treasury related counterparties, the Credit Union is limited to a maximum 25% exposure to any one counterparty of investments made.

The Credit Union's maximum credit risk exposure is detailed in the table below:

	30/09/2020	30/09/2019
	€	€
Cash and liquid assets	5,997,855	5,365,522
Investments	14,380,913	13,539,929
Members' loans	7,871,256	8,065,107
Less savings attached to loans	(2,414,247)	(2,330,192)
<b>Total balance sheet exposure</b>	<b>25,835,777</b>	<b>24,640,366</b>
Off Balance Sheet- Loans approved but unissued	-	-
<b>Total Exposure</b>	<b>25,835,777</b>	<b>24,640,366</b>



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### *Credit quality analysis of counterparties*

The table below sets out information about the exposure the Credit Union has to counterparties for debt securities, & related, cash & cash equivalents. Amounts held with financial institutions are analysed by their Moody's Credit rating where appropriate. Unrated amounts refer to own funds and receivables.

	30/09/2020	30/09/2019
	€	€
A1	4,500,000	1,022,935
A2	3,484,810	256,054
A3	4,000,000	3,000,000
Aa3	3,750,000	3,750,000
B1	1,796,738	5,115,813
Baa1	-	3,458,931
Baa2	2,301,719	2,301,719
<b>Total</b>	<b>19,833,267</b>	<b>18,905,452</b>

### *Credit quality analysis of loans to members*

	30/09/2020	30/09/2019
	€	€
Neither past due nor impaired	6,915,209	6,645,839
1 to 9 weeks	496,401	1,063,955
10 to 18 weeks	204,739	44,600
19 to 26 weeks	61,602	31,603
27 to 39 weeks	24,544	48,753
40 to 52 weeks	7,609	57,868
53 weeks plus	161,152	172,489
<b>Total</b>	<b>7,871,256</b>	<b>8,065,107</b>
Impairment Allowance		
Individual	288,749	331,831
Collective	203,747	144,572
<b>Total Allowance</b>	<b>492,496</b>	<b>476,403</b>

### **Forbearance**

A range of forbearance options are available to support members who are in financial difficulty as provided for in the accounting policies at note 1.

### **Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency risk, interest rate risk and other price risk. Of these, only interest rate risk is significant for the Credit Union. The Credit Union is not directly exposed to currency risk as it deals only with products in euro, and its products are only interest orientated so are not exposed to other pricing risks.

The Credit Union is exposed to movements in interest rates reflecting the mismatch between the dates on which interest receivable on assets and interest payable on liabilities are next reset to market rates or if earlier, the dates on which the instruments mature. The Credit Union manages this exposure on a regular basis, within the limits set by the Board, however as the Credit Union only declares its dividends at the year-end based on such market rates, the board considers its sensitivity to such rates as marginal.



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