

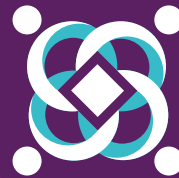
2023

INFORMATION IN RELATION TO THE
PROPOSED TRANSFER OF ENGAGEMENTS



TERMONFECKIN
CREDIT UNION LIMITED

to



CONNECT
CREDIT UNION

Section 130 Pack



Virtual SGM

The Special General Meeting for Connect Credit Union will take place online.

**Wednesday, 23rd August
2023 at 8.15pm**

To view & take part in the S.G.M you must register by Emailing: **info@connectcu.ie**



Notice of SGM

The Special General Meeting for Termonfeckin Credit Union will take place on:

**Wednesday, 23rd August
2023 at 7.30pm**

in Scoil Naomh Feichin -
Termonfeckin National School,
Newtown, Co. Louth, **A92 YN15.**



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Collective Chairpersons Statement

Dear Member,

We, the Chairpersons of Connect & Termonfeckin Credit Unions, are pleased to present to you, information in relation to the proposed Transfer of Engagements of Termonfeckin Credit Union Limited to Connect Credit Union Limited.

These proposed transfers arise from the belief of the Board of Directors of both Credit Unions concerned that their members can be better served together and we consider it an ideal opportunity to grow and develop our services to members in an enlarged and complimentary common bond.

Should the membership approve of the Transfer of Engagements, the common bond and services of Connect Credit Union Limited will be extended to include all current, former and future members of Termonfeckin Credit Union Limited.

The changing landscape of the Credit Union environment has led to opportunities for Credit Unions nationally to seek strategic alliances and the Boards of each Credit Union are mindful of the needs of our members for enhanced products and services. We believe this proposed transfer will create a local Credit Union with the size and resources capable of providing additional products and services to the benefit of our membership.

The financial details of both Credit Unions are outlined in this booklet; a brief outline of them is as follows.

Connect Credit Union Limited, was established in 1968 and has approximately €69 million in assets, with a long standing common bond including Blackrock and surrounding areas to include Kilsaran, Annagassan, Clogherhead, Knockbridge, Kilkerry and Castlebellingham.

Termonfeckin Credit Union Limited, was established in 1963 and has approximately €12 million in assets, with a common bond drawn from all the townlands of the parish of Termonfeckin and surrounding areas. We will be retaining the existing office in Termonfeckin following the transfer.


The Board of Directors of the two Credit Unions are confident that the decision to join forces will strengthen our position to be the most trusted, respected and preferred financial institution for our members, providing good value, and a modern accessible and tailored service.

We would like to take this opportunity to thank you, the members, for your continued loyalty to your Credit Union.

Attached for your information are the proposed Members Resolutions approving the transfer and also the statement required under section 130 of the Credit Union Act, 1997 (as amended)



Chairperson
Connect Credit Union



Chairperson
Termonfeckin Credit Union Ltd

TRANSFER OF ENGAGEMENTS

Notice of Special General Meeting

Notice is hereby given that there will be an SGM for members of Connect Credit Union online by zoom on: **Wednesday, 23rd August 2023 at 8.15pm**

Connect Credit Union

The Board of Directors of Connect Credit Union Limited are pleased to present the following Special Resolution to the members for consideration at the Special General Meeting:

Proposed Special Resolution

The members of Connect Credit Union Limited resolve that the Credit Union accepts the Transfer of Engagements of Termonfeckin Credit Union Limited into Connect Credit Union Limited in accordance with the relevant provisions of the Credit Union Act 1997 (as amended).



Aileen Conry

Secretary, Connect Credit Union Limited

TRANSFER OF ENGAGEMENTS

Notice of Special General Meeting


Notice is hereby given that there will be an SGM for members of Termonfeckin Credit Union on **Wednesday, 23rd August 2023 at 7.30pm** in Scoil Naomh Feichin - Termonfeckin National School, Newtown, Co. Louth, A92 YN15.

Termonfeckin Credit Union

The Board of Directors of Termonfeckin Credit Union Limited are pleased to present the following Special Resolution to the members for consideration at the Special General Meeting:

Proposed Special Resolution

The members of Termonfeckin Credit Union Limited resolve that the Credit Union transfers its engagements to Connect Credit Union Limited in accordance with the relevant provisions of the Credit Union Act 1997 (as amended).



Cathal Kearney

Secretary, Termonfeckin Credit Union Limited

Statement Under Section 130 of the Credit Union Act 1997 (as Amended)

IN ACCORDANCE WITH SECTION 130 OF THE CREDIT UNION ACT, 1997 (AS AMENDED) THE FOLLOWING MATTERS REQUIRE TO BE STATED:

CONNECT CREDIT UNION LTD

- 1.** The financial position of Connect Credit Union Limited is set out in the form of the Unaudited Management Accounts as at 30th June 2023 and the Audited Income & Expenditure Account and Balance Sheet as at 30th September 2022.
- 2.** No payment to the members of Connect Credit Union Limited is proposed in connection with the Transfer of Engagement.
- 3.** Following the Transfer of Engagement, all new loans or amendments to existing loans to former members of Termonfeckin Credit Union Ltd will be subject to the current terms and conditions and interest rates of loans due to Connect Credit Union Ltd. Existing Loans to former members of Termonfeckin Credit Union Ltd will remain subject to their current terms and conditions.
- 4.** The employees of Connect Credit Union Ltd and Termonfeckin Credit Union Ltd have been consulted regarding the Transfer of Engagement with no issues arising.

TERMONFECKIN CREDIT UNION LTD

- 1.** The financial position of Termonfeckin Credit Union Limited is set out in the form of the Unaudited Managements Accounts of as at 30th June 2023 and the Audited Income & Expenditure Account and Balance Sheet as at 30th September 2022.
- 2.** No payment to the members of Termonfeckin Credit Union Limited is proposed in connection with the Transfer of Engagement.
- 3.** Following the Transfer of Engagement, all new loans or amendments to existing loans to former members of Termonfeckin Credit Union Limited will be subject to the current terms and conditions and interest rates of loans due to Connect Credit Union Ltd. Existing Loans to former members of Termonfeckin Credit Union Limited will remain subject to their current terms and conditions.
- 4.** The employees of Connect Credit Union Ltd and Termonfeckin Credit Union Ltd have been consulted regarding the Transfer of Engagement with no issues arising.

A NEW PARTNERSHIP

WHAT DOES A TRANSFER OF ENGAGEMENT MEAN?

A transfer of engagement means that Termonfeckin Credit Union Limited will transfer their assets and liabilities to Connect Credit Union Ltd. Following the completion of the transfer of engagements, all members of Termonfeckin Credit Union Limited will become members of Connect Credit Union Ltd and will have the same entitlements to attend and vote at the meetings of Connect Credit Union Ltd.

WHAT WILL HAPPEN NEXT?

We envisage that once the transfer of engagements is approved by the members at the Special General Meetings, and the Central Bank of Ireland, the affairs of Termonfeckin Credit Union Limited will be transferred to Connect Credit Union Ltd by close of business on the 23rd September 2023. After this transfer, the members of Termonfeckin Credit Union Limited will become members of Connect Credit Union Ltd. All members will then transact their business with Connect Credit Union Ltd.

The summary of the IT implementation plan is as follows:

Phase 1: Connect Credit Union

Connect Credit Union will have their offices closed on Saturday the 23rd September 2023 to facilitate the data migration. A full training schedule for all Connect Credit Union staff and officers is in place. The parallel testing period was completed during non business hours, so there was no closed periods for members.

Phase 2: Termonfeckin Credit Union

Termonfeckin Credit Union data is being migrated to Progress Systems on Saturday the 23rd September 2023 also. The 'GO LIVE' date is Saturday 23rd of September for all offices.

Once the offices are fully integrated under one IT platform, all members will have access to and benefit from the same variety of services.

HOW WILL THIS CHANGE AFFECT ME?

Members of Termonfeckin Credit Union Limited will be able to conduct their business in any of the Connect Credit Union offices in Kilsaran, Clogherhead, Blackrock and 6 Clanbrassil Street Dundalk, in addition to their own office. Members of Connect Credit Union will be able to conduct their business in the Termonfeckin office.

ACCOUNT NUMBERS

If you are a member of Termonfeckin Credit Union, your member number will change and all of your account balances and information will remain exactly the same.

DO I HAVE TO DO ANYTHING?

No, but we welcome any views or queries that members may have on the proposed Transfer of Engagements. Members may write to credit union staff via email info@connectcu.ie with any views, comments or queries you may have.

LOAN RATES

Members with current loans in Termonfeckin Credit Union Ltd will transfer to Connect Credit Union at their existing rates. Following the transfer, all new loans issued in Termonfeckin and Connect Credit Union will be at the prevailing loan rate.

MORTGAGE AND BUSINESS LENDING

Members of Termonfeckin Credit Union Ltd can apply for Connect Credit Union Mortgages. A standard mortgage loan and green mortgage loan are offered at competitive interest rates. Both loans come with the added security of a 3 year rate guarantee. Member can also avail of free loan protection and 12 month free current account banking.

CURRENT ACCOUNTS

Termonfeckin Credit Union Ltd members will be able to avail of Connect Credit Union Current Accounts. All members can apply for a globally accepted debit card and overdraft facility. Current Accounts are available to all members aged 12 and up. Concessions apply to students and members aged 66 or over. Current Accounts incur a charge of only €4.00 per month. Termonfeckin members will now be able to bank with people they know.

INSURANCE BENEFITS

Loan Protection Insurance:

- Loan Protection Insurance for death is offered at no direct cost to the members.
- CCU operate the 'Over 70' rider, which means that the upper age limit for cover is 85 years of age.
- Any borrower on reaching their 85th birthday will cease to have Loan Protection Insurance cover or no longer qualify.

Life Savings Protection Insurance:

- Life Savings Insurance is available to members up to a maximum individual life savings cover of €5,000. This is at no direct cost to member.
- Age <55 = 100% of share balance at death.
- Age 55-59 = 75% of share balance at death.
- Age 50-64 = 50% of share balance at death.
- Age 65-70 = 25% of share balance at death.
- Age >70 = 25% of lowest share balance from age 70 to date of death.

MEMBERS DRAW

Termonfeckin members will now be able to enter the quarterly members draw for €13.00 per quarter. Members can sign up online, in branch or request an application form via post. There are 4 draws per year with a chance to win 5 cash prizes , with a total pot of over €10,000 per quarter.

ONLINE BANKING & APP

Members can access their account 24/7 via the website or the mobile app. Not only can members view all account balances, but can make payments set up standing orders, direct debits, submit loan applications and/or current account applications.

DAILY CASH WITHDRAWAL LIMITS

Termonfeckin members can now save up to a total of €30,000 with a monthly lodgement limit of €5,000.

Statement of Director's Responsibilities

The Credit Union Acts 1997 to 2012 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Credit Union and of the income and expenditure of the Credit Union for that period. In preparing those financial statements, the Directors are required to:

- (i) select suitable accounting policies and then apply them consistently;
- (ii) make judgements and estimates that are reasonable and prudent;
- (iii) 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 which enables them to ensure that the financial statements comply with the Credit Union Acts 1997 to 2012. They are also responsible for safeguarding the assets of the Credit Union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Chairperson: Carol McGuinness

Secretary: Shauna Doyle

Date: 1st November 2022

Statement of Board Oversight Committee's Responsibilities

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

Chairperson: Maive McQuillan

Secretary: Teresa Harratty

Date: 1st November 2022

Independent Auditors' report to the members of Connect Credit Union Limited

We have audited the financial statements of Connect Credit Union Ltd for the financial year ended 30 September 2022 which comprise the Revenue Account, the Balance Sheet, the Statement of Changes in Reserves, the Statement of Cash Flows and notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish law including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued in the United Kingdom by the Financial Reporting Council and the Credit Union Acts 1997 to 2018.

In our opinion the financial statements:

- give a true and fair view of the state of the assets, liabilities, and financial position of the Credit Union as at 30 September 2022 and of its surplus for the financial year then ended;
- have been properly prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been properly prepared in accordance with the requirements of the Credit Union Acts 1997 to 2018.

Basis of Opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Credit Union's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

Opinions on other matters prescribed by the Credit Union Acts 1997 to 2018

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

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

Respective responsibilities

Responsibilities of directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: www.iaasa.ie. The description forms part of our Auditor's Report.

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

Our report is made solely to the Credit Union's members, as a body, in accordance with section 120 of the Credit Union Acts 1997 to 2018. 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.

Francis Lynch

Francis Lynch,
FLC Frank Lynch & Co.

Avoca House, 28-31 Seatown Place, Dundalk, Co. Louth

1st November 2022

Statement of Comprehensive Income for the year ended 30th September 2022

	Note	2022 €	2021 €
Revenue			
Interest on Members' Loans	8	1,641,453	1,467,460
Other interest income and similar income	9	234,238	340,939
Net Interest Income		<u>1,875,691</u>	<u>1,808,399</u>
Other Revenue	11	4,242	24,539
Total Revenue		<u><u>1,879,933</u></u>	<u><u>1,832,938</u></u>
Expenditure			
Employment Costs	12	672,343	570,158
Other management expenses (Schudule 1)		839,886	1,097,365
Depreciation		96,970	104,748
Net (recoveries) or losses on loans to members	16.4	101,683	(186,349)
Total Expenditure		<u><u>1,710,882</u></u>	<u><u>1,585,922</u></u>
Surplus of Revenue Over Expenditure		169,051	247,016
Other Comprehensive Income		-	-
Total Comprehensive Income		<u><u>169,051</u></u>	<u><u>247,016</u></u>

On behalf of the Credit Union

C.E.O.	<u>Norman McDonnell</u>	Date: 1st November 2022
Member of the Board Oversight Committee	<u>Mauro McQuillan</u>	Date: 1st November 2022
Member of the Board of Directors	<u>Carol McGuinness</u>	Date: 1st November 2022

Balance Sheet as at 30th September 2022

		2022	2021
	Note	€	€
Assests			
Cash and Cash Equivalents	14	13,328,560	9,326,037
Property, Plant and Equipment	15	1,626,734	1,609,994
Loans to members	16.1	22,715,477	19,281,276
Provision for Bad Debts	16.3	(1,558,634)	(1,443,927)
Stock and Stationery		2,546	2,546
Prepayments and Other Debtors	17	61,395	22,956
Accrued Income	17	20,446	20,447
Deposits and Investments	18	28,967,463	31,727,013
Total Assets		<u>65,163,987</u>	<u>60,546,342</u>
Liabilities			
Members' Deposits	19	54,669,263	50,257,018
Trade Creditors and Accruals	20	710,374	673,801
Other Creditors	20	12,902	13,126
Total Liabilities		<u>55,392,539</u>	<u>50,943,945</u>
Net Assets		<u>9,771,448</u>	<u>9,602,397</u>
Members' Resources			
Additional Regulatory Reserves	21	8,224,071	8,224,071
Operational Risk Reserve	21	318,462	318,462
Surplus Reserves	21	1,228,915	1,059,864
Total Members' Resources		<u>9,771,448</u>	<u>9,602,397</u>

On behalf of the Credit Union

C.E.O.



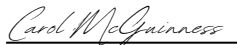
Date: 1st November 2022

Member of the Board Oversight Committee



Date: 1st November 2022

Member of the Board of Directors



Date: 1st November 2022

Statement of Changes in Reserves for the year ended 30 September 2022

	Additional Regulatory Reserve	Operational Risk Reserve	Surplus Reserve	Total
	€	€	€	€
As at 1 October 2020	8,224,071	318,462	812,848	9,355,381
Other Movement in Reserves	-	-	247,016	247,016
As at 30 September 2021	<u>8,224,071</u>	<u>318,462</u>	<u>1,059,864</u>	<u>9,602,397</u>
As at 1 October 2021	8,224,071	318,462	1,059,864	9,602,397
Other Movement in Reserves	-	-	169,051	169,051
As at 30 September 2022	<u>8,224,071</u>	<u>318,462</u>	<u>1,228,915</u>	<u>9,771,448</u>

The Regulatory Reserve of the Credit Union as a % of the total assets as at 30th September 2022 was 12.62% which is more than the Credit Union's Regulatory Reserve requirement of 10%.

In accordance with section 45 of the Credit Union Acts 1997 to 2018 Connect Credit Union Ltd put in place an Operational Risk Reserve.

Following the commencement of Section 13 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 financial year has been removed.

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

Member of the Board Oversight Committee

Maevie McGuillan

Date: 1st November 2022

Member of the Board of Directors

Carol McGuinness

Date: 1st November 2022

Statement of cash flow for the year ended 30 September 2022

	2022	2021
	€	€
Opening Cash and Cash Equivalents	12,814,184	8,567,568
Cash Flows from Operating Activities		
Loans Repaid	8,501,590	7,893,996
Loans Granted	(12,080,121)	(11,074,913)
Loan Interest Income	1,641,453	1,467,460
Invested Income	234,238	340,939
Other Revenue Received	4,242	24,539
Bad Debts recovered	157,354	239,020
Operating Expenses	(1,512,229)	(1,667,523)
Movements in Other Assets	(38,438)	(24,168)
Movement in Other Liabilities	36,349	151,318
Net Cash Used in Operating Activities	<u>(3,055,562)</u>	<u>(2,649,332)</u>
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	(113,710)	(10,511)
Net Cash Flow from Other Investing Activities	(728,597)	3,544,719
Net Cash (Used In) / Generated from Investing Activities	<u>(842,307)</u>	<u>3,534,208</u>
Cash Flow from Financing Activities		
Members' Deposits Received	4,412,245	3,361,740
Net Cash Generated from Financing Activities	<u>4,412,245</u>	<u>3,361,740</u>
Net increase in Cash and Cash Equivalents	<u>514,376</u>	<u>4,246,616</u>
Cash and Cash equivalents at the End of the year	14 <u>13,328,560</u>	<u>12,814,184</u>

Notes to the financial statements for the year ended 30th September 2022

1. LEGAL AND REGULATORY FRAMEWORK

Connect Credit Union Limited is established under the Credit Union Act 1997 (as amended). Connect Credit Union Limited is registered with the Registrar of Credit Unions and is regulated by the Central Bank of Ireland.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

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

2.2 Going Concern

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

2.3 Revenue Recognition

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

(i) Interest on members' loans

Interest on Members' Loans is recognised when payment is received as specified in Section 110(1)(c)(i) of the Credit Union Acts 1997 to 2018 (i.e. on a cash basis).

3. INVESTMENTS

Investment income is recognised on an accrual basis.

3.1. Fixed-term deposit accounts

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

3.2. Held at amortised cost

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

3.3. Central Bank deposits

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

3.4. Investments at fair value

Investments held for trading and investment in stock market shares (i.e. non-convertible preference shares and non-puttable ordinary shares or preference shares) are included in this category. Financial assets at fair value are classified as held for trading if they are acquired for sale in the short term. They are valued at fair value (market value) at the financial year end date and all gains and losses are taken to the income and expenditure account. The fair value of quoted investments is determined by reference to bid prices at the close of business on the balance sheet date. Where there is no active market these assets will be carried at cost less impairment.

4. PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

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

- | | |
|-------------------------------|----------------------|
| • Land and buildings freehold | 2% Straight line |
| • Fixtures and Fittings | 25% Reducing Balance |
| • Computer equipment | 25% Straight line |
| • Motor Vehicles | 25% Straight line |

4.1 Impairment of Assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income and expenditure account. If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income and expenditure account.

4.2 Cash and cash equivalents

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

5. BASIC FINANCIAL ASSETS

5.1. Loans to members

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

5.2. Bad debt provision

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

6. BASIC FINANCIAL LIABILITIES

6.1. Members' shares

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

6.2. Holiday Pay

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

6.3. Pensions

Connect Credit Union contributes to defined contribution schemes. Contributions to the pension scheme are charged to the Income and Expenditure Account in the period to which they relate. This is in accordance with the rules Financial Reporting Standard 17.

6.4. Distribution

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

7. RESERVES

7.1. Regulatory reserve

The Credit Union Act, (Regulatory Requirements) (Amendment) Regulations 2018 requires Credit Unions to establish and maintain a minimum Regulatory Reserve requirement of at least 10 per cent of the assets of the credit union. This Reserve is to be perpetual in nature, freely available to absorb losses, realised financial reserves that are unrestricted and non-distributable.

7.2. Operational risk reserve

Section 45(5)(a) of the Credit Union Acts 1997 to 2018 requires each credit union to maintain an additional reserve that it has assessed is required for operational risk having regard to the nature, scale and complexity of the credit union. Credit Unions are required to maintain a minimum operational risk reserve having due regard for the sophistication of the business model

7.3. Other reserves

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

8. INTEREST ON MEMBERS' LOANS

	2022	2021
	€	€
Loan interest received in financial year	<u>1,641,453</u>	<u>1,4675,460</u>

9. OTHER INTEREST INCOME AND SIMILAR INCOME

	2022	2021
	€	€
Investment Income Received	<u>234,238</u>	<u>340,939</u>

10. INTEREST PAYABLE AND DIVIDENDS

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

At the financial year-end the directors have allocated the amount of €0.00 to the Distribution Reserve which may be returned to the members by way of dividend and a loan interest rebate by way of resolution by a majority of the members at the annual general meeting.

Dividend & Interest Rebate paid during the year

	2022	2021
	€	€
Dividend on Members' Shares	0	0
Interest Rebate	<u>0</u>	<u>0</u>

11. OTHER REVENUE

	2022	2021
	€	€
Entrance fees	718	373
Rent received	-	9,900
Grants received	-	4,117
E.C.C.U. Claims Experience Refund Fees	<u>3,524</u>	<u>10,149</u>
	<u>4,242</u>	<u>24,539</u>

12. EMPLOYEES AND REMUNERATION

	2022	2021
	€	€
The staff costs comprise:		
Wages and salaries	631,808	539,913
Pension costs	<u>40,535</u>	<u>30,245</u>
	<u>672,343</u>	<u>570,158</u>

13. KEY MANAGEMENT PERSONNEL

The Directors of Connect Credit Union Limited are all unpaid volunteers. The key management personnel compensation is as follows:

	2022	2021
	€	€
Short term employee benefits	237,049	220,766
Payments to pension schemes	15,512	13,680
	<u>252,561</u>	<u>234,446</u>
Total key management personnel compensation	<u><u>252,561</u></u>	<u><u>234,446</u></u>

14. CASH AND CASH EQUIVALENTS

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

	2022	2021
	€	€
Cash and bank balances	7,836,637	6,975,037
Cash equivalents	5,491,923	2,351,000
	<u>13,328,560</u>	<u>9,326,037</u>
	<u><u>13,328,560</u></u>	<u><u>9,326,037</u></u>

15. PROPERTY, PLANT AND EQUIPMENT

	Premises	Fixtures & Fittings	Computer Equipment	Motor Vehicles	Total
	€	€	€	€	€
Cost					
At 1 October 2021	1,616,715	243,017	310,228	-	2,169,960
Additions	71,124	4,919	2,417	35,250	113,710
At 30 September 2022	<u>1,687,839</u>	<u>247,936</u>	<u>312,645</u>	<u>35,250</u>	<u>2,283,670</u>
Depreciation					
At 1 October 2021	144,208	175,064	240,694	-	559,966
Charge for the year	45,761	17,910	31,097	2,202	96,970
At 30 September 2022	<u>189,969</u>	<u>192,974</u>	<u>271,791</u>	<u>2,202</u>	<u>656,936</u>
Net book value					
At 30 September 2022	<u>1,497,870</u>	<u>54,962</u>	<u>40,854</u>	<u>33,048</u>	<u>1,626,734</u>
At 30 September 2021	<u>1,472,507</u>	<u>67,953</u>	<u>69,534</u>	<u>-</u>	<u>1,609,994</u>

16. LOANS TO MEMBERS - FINANCIAL ASSETS

	2022	2021
	€	€
16.1 . Loans to Members		
As at 1 October	19,281,276	16,230,702
Advanced during the financial year	12,080,121	11,074,913
Repaid during the financial year	(8,501,590)	(7,893,996)
Loans written off	(144,330)	(130,343)
Gross loans to members	11.2 <u>22,715,477</u>	<u>19,281,276</u>

Connect Credit Union offer both secured and unsecured lending. Mortgage loans are fully secured by way of a first legal charge on the family home. All other loans are classed as unsecured; despite low levels of security on individual loans by way of shares secured as collateral.

16.2. Credit Risk Disclosure

Connect Credit Union Ltd complies with Section 12 of the Credit Union Act 1997 (Regulatory Requirements) Regulation 2016. This Regulation:

- restricts the concentration of lending by the Credit Union within certain sectors or to connected persons or groups (concentration limits);
- restricts the absolute amount of lending to certain sectors to a set percentages of the regulatory reserve (large exposure limit);
- restricts the loan duration of certain loans to specified limits (maturity limits);
- requires specified lending practices to be in place where loans are made to certain sectors such as commercial loans, community loans or loans to another credit union.

The carrying amount of the loans to members represents Connect 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/bad, it is expected that the amounts repayable will be recovered in full.

	2022		2021	
	Amount €	Porportion %	Amount €	Proportion %
Gross Loans Not Impaired:				
Not Past Due	19,621,235	86.37	16,233,369	84.14
Gross Loans Individually Impaired				
Not Past Due	2,299,499	10.12	2,471,394	12.81
Between 10 and 18 weeks past due	190,398	0.84	164,561	0.85
Between 19 and 26 weeks past due	69,565	0.31	41,616	0.22
Between 10 and 18 weeks past due	254,012	1.12	157,498	0.82
53 or more weeks past due	280,768	1.24	222,838	1.16
Total	<u>3,094,242</u>	<u>13.63</u>	<u>3,057,907</u>	<u>15.86</u>
Total Gross Loans	<u>22,715,477</u>	<u>100.00</u>	<u>19,281,276</u>	<u>100.00</u>
Impairment allowance				
Collectively Assessed Loans	(1,558,633)		(1,443,927)	
Total carrying value	<u><u>21,156,844</u></u>		<u><u>17,837,349</u></u>	

16.3 Loan Provision Account and Impairment Loses

	2022 €	2021 €
As at 1 October	1,443,927	1,521,598
Allowances Reserved During The Financial Year	114,707	(77,671)
Increase/(Decrease) in Loan Provision During the Financial Year	<u>114,707</u>	<u>(77,671)</u>
As at 30 September	<u><u>1,558,634</u></u>	<u><u>1,443,927</u></u>

16.4 Net Recoveries or Losses Recognised for the Financial Year

	2022 €	2021 €
Bad Debts Recovered	(157,354)	(239,020)
Reduction/Increase	114,707	(77,672)
Loans Written Off	<u>144,330</u>	<u>130,343</u>
Net (Recoveries)/Losses on Loans to Members recognised for the Financial Year	<u><u>101,683</u></u>	<u><u>(186,349)</u></u>

17. DEBTORS, PREPAYMENTS AND ACCRUED INCOME

	2022	2021
	€	€
Prepayments	61,395	22,956
Accrued Income	20,446	20,447
	<u>81,841</u>	<u>43,403</u>

18. DEPOSITS AND INVESTMENT

	2022	2021
	€	€
Fixed-term Deposit Account	28,967,463	31,727,013

Deposits and Investment- Cash Equivalents	2022	2021
	€	€
Accounts in Authorised Credit Institutions maturing after 3 months	19,802,786	26,063,074
Bank Bonds maturing after 3 months	9,164,677	5,663,939
Total Deposits and Investments- Cash Equivalents	<u>28,967,463</u>	<u>31,727,013</u>

19. MEMBERS DEPOSITS- FINANCIAL LIABILITIES

	2022	2021
	€	€
As at 1 October	50,257,018	46,895,278
Received during the financial year	4,412,245	3,361,740
As at the 30th September	<u>54,669,263</u>	<u>50,257,018</u>

20. OTHER CREDITORS AND ACCRUALS

	2022	2021
	€	€
PAYE/PRSI	12,902	13,126
Accruals	710,374	673,801
	<u>723,276</u>	<u>686,927</u>

21. CREDIT UNION RESERVES	Additional Regulatory Reserve	Operational Risk Reserve	Surplus Reserve	Total
	€	€	€	€
As at 1 October 2021	8,224,071	318,462	1,059,864	9,602,397
Other Movement in Reserves	-	-	169,051	169,051
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at the 30th September 2022	<u>8,224,071</u>	<u>318,462</u>	<u>1,228,915</u>	<u>9,771,448</u>

22. FINANCIAL INSTRUMENTS

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

Liquidity risk:

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

Market risk:

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

Interest rate risk:

Connect Credit Union Limited'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. Connect Credit Union Limited considers rates of interest receivable when deciding on the dividend rate payable on members' shares. Connect Credit Union Limited does not use interest rate options to hedge its own positions.

22.1. Interest rate risk disclosures

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

	2022		2021	
	Amount €	Av. Interest Rate	Amount €	Av. Interest Rate
Financial Assets				
Loans to members	22,715,477	7.90%	19,281,276	8.55%

22.2. Liquidity risk disclosures

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

23. RELATED PARTY TRANSACTIONS

Directors, supervisors and staff (i.e. officers) of the Credit Union during the financial year ended 30 September 2022 operated share and loan accounts with the Credit Union. All loans advanced to directors, supervisors and staff are approved in accordance with Section 36(4) Credit Union Acts 1997 to 2018. The following transactions and balances existed with members who were officers during the financial year ended 30 September 2022:

	No. of Loans	2022 €
Loans advanced to Related Officers during the financial year	10	97,070

24. CAPITAL COMMITMENTS

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

25. POST BALANCE SHEET EVENTS

There have been no material events after the balance sheet date to disclose

	2022	2021
	€	€
26. PRIZE DRAW		
Opening balance	51	13
Lodged to Account from members	25,982	20,880
Affiliation fee Paid Back 2016-2019	-	8
Paid out in Prizes to Members	(26,030)	(20,850)
	<u>3</u>	<u>51</u>

27. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved, and authorised for issue, by the Board of Directors on 1 November 2022.

SCHEDULE 1 - OTHER MANAGEMENT EXPENSES	2022	2021
	€	€
Training and seminars	36,694	21,749
Rent and Rates payable	10,070	7,310
General Insurance	272,085	222,338
Security and Cash Transit	8,039	21,207
Light and Heat	26,795	18,249
Repairs and Renewals	90,588	133,637
Computer and equipment maintenance	97,129	109,707
Printing and Stationery	33,922	21,073
Promotion and Education	111,584	95,831
Telephone and Postage	20,174	20,612
AGM Expenses	5,475	19,862
Legal and debt recovery fees	19,930	17,557
Professional and Internal Audit fees	59,730	100,168
Audit Fees	24,000	23,000
Bank interest and charges	83,818	60,781
Affiliation Fees	(229,929)	23,406
General Expenses	169,782	180,878
	<u>839,886</u>	<u>1,097,365</u>

Statement of Comprehensive Income for the year ended 30th June 2023

	€
Revenue	
Interest on Members' Loans	1,407,401
Other interest income and similar income	310,125
PAYAC Current Account Income	44,434
	<hr/>
Net Interest Income	1,761,959
Other Revenue	744
	<hr/>
Total Revenue	<u>1,762,704</u>
Expenditure	
Employment Costs	575,814
Other management expenses (Schudule 1)	943,775
Depreciation	83,808
Net (recoveries) or losses on loans to members	57,582
	<hr/>
Total Expenditure	<u>1,664,979</u>
Surplus of Revenue Over Expenditure	101,725
Other Comprehensive Income	-
	<hr/>
Total Comprehensive Income	<u>101,725</u>

Connect Credit Union Balance Sheet as at 30th June 2023

	€
Assests	
Cash and Cash Equivalents	4,208,128
Property, Plant and Equipment	1,639,052
Loans to members	25,396,197
Provision for Bad Debts	(1,557,502)
Stock and Stationery	2,546
Prepayments and Other Debtors	57,799
Accrued Income	51,137
Deposits and Investments	39,462,805
Total Assets	<u>69,260,161</u>
Liabilities	
Members' Deposits	58,813,957
Trade Creditors and Accruals	573,034
Total Liabilities	<u>59,386,991</u>
Net Assets	<u><u>9,873,170</u></u>
Members' Resources	
Additional Regulatory Reserves	8,224,071
Operational Risk Reserve	518,462
Surplus Reserves	<u>1,130,637</u>
Total Members' Resources	<u><u>9,873,170</u></u>



TERMONECKIN

CREDIT UNION LIMITED

Statement of Directors' Responsibilities

The Credit Union Acts 1997 as amended requires directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the credit union and of the income and expenditure of the credit union for that period. In preparing those financial statements, the directors are required to:

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

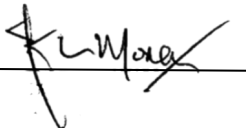
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Credit Union and to enable them to ensure that the financial statements are prepared in accordance with applicable Irish law and Generally Accepted Accounting 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.

Chairperson: Laurena Borrigan Secretary: Cathal S. Keenan

Date: 6th December 2022

Statement of Board Oversight Committee's Responsibilities

The Credit Union Acts 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 IVA and any regulations made for the purposes of Part IV and Part IVA of the Credit Union Acts 1997 to 2012 and any other matter prescribed by the Central Bank in respect of which they are to have regard to in relation to the Board.

Chairperson: 

Date: 6th December 2022



Independent Auditors' report to the members of Termonfeckin Credit Union Ltd.

Opinion

We have audited the financial statements of Termonfeckin Credit Union Limited for the year ended 30/09/22, 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 including the Credit Union Act 1997 (as amended) and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. In our opinion the financial statements: 1. Give a true and fair view of the state of the assets, liabilities and financial position of the Credit Union as at 30/09/22 and its surplus for the year then ended; 2. Have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and 3. 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 group and parent company's ability to continue as a going concern for a period of at least twelve months from 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..

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

Based solely on the work undertaken in the course of the audit, we report that: 1. We have obtained all the information and explanations which we consider necessary for the purposes of our audit. 2. In our opinion the accounting records were sufficient to permit the financial statements to be readily and properly audited, and 3. The financial statements are in agreement with the accounting records. 4. The financial statements contain all primary statements, notes and significant accounting policies required to be included in accordance with Section 111(1)(c) of the Credit Union Act 1997 (as amended)

Independent auditors' report Contd.

Respective responsibilities

Responsibilities of directors for the financial statements
As explained more fully in the directors' responsibilities statement set on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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. As part of an audit in accordance with ISAs (Ireland), the auditor will exercise professional judgement and maintain professional scepticism throughout the audit. The auditor will also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the credit union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the credit union's ability to continue as a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the auditors' report. However, future events or conditions may cause the credit union to cease to continue as a going concern.



Independent auditors' report Contd.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.

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

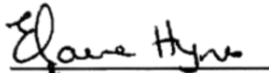
Craig Mc Evoy,
Statutory Audit Firm
10 Dublin Road, Drogheda, Co. Louth.
6/12/2022

Income and Expenditure Account for the year ended 30th September 2022

	Note	2022 €	2021 €
Revenue			
Interest on Members' Loans	3	190,068	175,825
Other interest income and similar income	4	45,631	72,626
Net Interest Income		<u>235,699</u>	<u>248,451</u>
Expenditure			
Other income		(10,133)	(357)
Employment Costs	7	86,332	87,593
Other management expenses (Schudule 1)		131,739	120,736
Depreciation		20,376	20,651
Net (recoveries) or losses on loans to members	11.4	(24,045)	(40,638)
Total Expenditure		<u>204,269</u>	<u>187,985</u>
Surplus of Revenue Over Expenditure		31,430	60,466
Other Comprehensive Income		43,911	-
Total Comprehensive Income		<u>75,341</u>	<u>60,466</u>

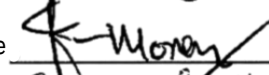
On behalf of the Credit Union

C.E.O.



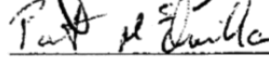
Date: 6th December 2022

Member of the Board Oversight Committee



Date: 6th December 2022

Member of the Board of Directors



Date: 6th December 2022

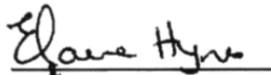


Balance Sheet as at 30th September 2022

		2022	2021
	Note	€	€
Assests			
Cash and Cash Equivalents	6	1,757,038	1,882,550
Deposit and Investments	7	7,566,161	7,413,728
Loans to members	9a	1,920,944	1,797,084
Tangible Fixed assets	8	484,287	504,662
Debtors/Prepayments & Accrued Income	10	6,475	6,346
Total Assets		<u>11,734,905</u>	<u>11,604,370</u>
Liabilities			
Members' Shares	11	8,905,243	8,801,458
Members' Deposits		408,643	436,238
Other Creditors	12	43,347	64,343
Total Liabilities		<u>9,357,233</u>	<u>9,302,039</u>
Net Assets		<u>2,377,672</u>	<u>2,302,331</u>
Members' Resources			
Regulatory Reserves		1,486,442	1,486,442
Operational Risk Reserve		67,200	67,200
Other Reserves		824,030	748,689
Total Members' Resources		<u>2,377,672</u>	<u>2,302,331</u>

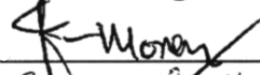
On behalf of the Credit Union

C.E.O.



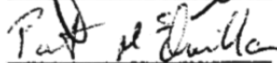
Date: 6th December 2022

Member of the Board Oversight Committee



Date: 6th December 2022

Member of the Board of Directors



Date: 6th December 2022

Statement of Changes in Reserves for the year ended 30 September 2022

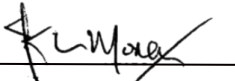
	Regulatory Reserve	Operational Risk Reserve	Surplus Reserve	Total
	€	€	€	€
As at 1 October 2020	1,111,442	67,200	1,063,223	2,241,865
Other Movement in Reserves	-	-	60,466	60,466
Transfer between Reserves	375,000		(375,000)	
As at 30 September 2021	<u>1,486,442</u>	<u>67,200</u>	<u>748,689</u>	<u>2,302,331</u>
As at 1st October 2021	1,486,442	67,200	748,689	2,302,331
Other Movement in Reserves	-	-	75,341	75,341
As at 30 September 2022	<u>1,486,442</u>	<u>67,200</u>	<u>824,030</u>	<u>2,377,672</u>

The Regulatory Reserve of the Credit Union as a % of the total assets as at 30th September 2022 was 12.7%. (2021: 12.8%)

In accordance with section 45 of the Credit Union Acts 1997 to 2018 Termonfeckin Credit Union Ltd put in place an Operational Risk Reserve.

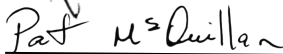
Approved by the Board of Directors and signed on behalf of the Credit Union by:

Member of the Board Oversight Committee



Date: 6th December 2022

Member of the Board of Directors



Date: 6th December 2022



Statement of cash flow for the year ended 30 September 2022

	2022	2021
	€	€
Opening Cash and Cash Equivalents	1,882,550	2,371,006
Cash Flows from Operating Activities		
Loans Repaid	954,110	949,955
Loans Granted	(107,779,70)	(1,143,499)
Loan Interest Income	189,939	174,563
Invested Income	45,631	77,1721
Other Revenue Received	54,044	(200,498)
Bad Debts recovered	24,045	40,638
Operating Expenses	(239,067)	357
Net Cash Used in Operating Activities	<u>(49,268)</u>	<u>(100,763)</u>
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	0	0
Net Cash Flow from Other Investing Activities	(152,434)	(812,169)
Net Cash from Investing Activities	<u>(152,434)</u>	<u>(812,169)</u>
Cash Flow from Financing Activities		
Members' Deposits Received	76,189	424,476
Net Cash Generated from Financing Activities	<u>76,189</u>	<u>424,476</u>
Net increase in Cash and Cash Equivalents	<u>(125,513)</u>	<u>(488,486)</u>
Cash and Cash equivalents at the End of the year	<u><u>1,757,037</u></u>	<u><u>1,882,550</u></u>

Notes to the financial statements for the year ended 30th September 2022

1. LEGAL AND REGULATORY FRAMEWORK

Termonfeckin Credit Union Ltd. is established under the Credit Union Acts 1997 (as amended). The Credit Union is registered with the Registrar of Credit Unions and is regulated by the Central Bank of Ireland. The principal place of business is Big Street, Termonfeckin, Co. Louth.

2. ACCOUNTING POLICIES

2.1. 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" ("FRS102"). The financial statements have been prepared on the historical cost basis.

2.2. Going Concern

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

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

2.3. 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.

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 arises in connection to specific transactions. Income relating to individual transactions is recognised when the transaction is completed.



2.4. Dividends to Members

Dividends on shares and loan interest rebate.

Dividends are made from current year's surplus or the dividend reserves set aside for that purpose. The Boards proposed distribution to members each year is based on the dividend and loan interest rebate policy of the Credit Union.

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

- the risk profile of the Credit Union, particularly in its loan and investment portfolios.
- the Board's desire to maintain a stable rather than a volatile rate of dividend each year; and members' legitimate dividend and loan interest rebate expectations; All dominated by prudence and the need to sustain the long-term welfare of the Credit Union.

For this reason the Board will seek to build up its reserves to absorb unexpected shocks and still remain above minimum regulatory requirements. The Credit Union accounts for dividends and rebates of loan interest when members ratify such payments at the Annual General Meeting.

2.5. Taxation

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

2.6. 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.

2.7. 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.

2.8. 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.

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.

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 take account immediately of any impairment in the value of the investment.

2.9. 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.

2.10. Impairment of financial assets

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

In the case of impairment of loans to members: loans are assessed collectively in groups that share similar credit risk characteristics; individually significant loans are assessed on a loan by loan basis for impairment; and an historical experience provision is applied to other loans.

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.



2.11. De-recognition of financial assets

Financial assets are de-recognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Credit Union transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

In the case of loans to members, loans are de-recognised, when the right to receive cash flows from the loans have expired, usually when all amounts outstanding have been repaid by the member. Termonfeckin Credit Union Ltd does not transfer loans to third parties.

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.

Financial liabilities members' shares

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

Other payables

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

2.13. De-recognition of financial liabilities

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

2.14. Tangible fixed assets

Tangible fixed assets comprise of items of property, plant and 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 50 years straight line
- Computers 5 years straight Line
- Fixtures, Fittings & Equipment 8 years straight line.

2.15. Impairment of tangible fixed assets

At each reporting end date, the Credit Union reviews the carrying value of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Credit Union estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

2.16. Employee benefits

Pension Scheme

Termonfeckin Credit Union Ltd participates in a Zurich Life Assurance Pension Scheme. This is a defined contribution scheme. The assets of the scheme are held separately from those of the credit union in an independently administered fund. The pension cost in the Financial statements represents contributions payable by the credit union to the fund and amounted to 11,023.

2.17. 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.

General reserve

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



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

Loan loss provisioning is monitored by the Credit Union, and the Credit Union assesses and approves its provisions and provision adequacy on a quarterly basis. Key assumptions underpinning the Credit Union's estimates of collective provisions for loans with similar credit risk characteristics are based on the historical experiences allied to the Credit Union's judgement of relevant conditions in the wider technological, market, economic or legal environment in which the Credit Union operates. 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.

4. DIVIDENDS

The dividend and any loan interest rebate are formally proposed by the directors after the year end and are confined at an AGM of the members. As a result, the proposed dividend for the current year does not represent a liability at the Balance Sheet date and the dividend included in the Statement of Reserves in the current year relates to dividends paid to members for the prior year.

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

Dividend & Interest Rebate paid during the year	2022	2021
	€	€
Dividend on Members' Shares	0	0
Interest Rebate	0	0
	<hr/> <hr/>	<hr/> <hr/>

5. EMPLOYMENT COST

	2022	2021
	€	€
The staff costs comprise:		
Wages and salaries	75,309	76,570
Pension costs	11,023	11,023
	<u>86,332</u>	<u>87,593</u>

KEY MANAGEMENT PERSONNEL

	2022	2021
	€	€
The remuneration of key management personnel is as follows:		
Short term employee benefits	75,309	76,570
Payments to pension schemes	11,023	11,023
	<u>86,332</u>	<u>87,593</u>

6. CASH AND CASH EQUIVALENTS

	2022	2021
	€	€
Cash and bank balances	1,757,038	982,187
Cash equivalents	0	900,363
	<u>1,757,038</u>	<u>1,882,550</u>

Deposits and Investments cash equivalents are deposits with maturity of less than or equal to three months. All other deposits with banks are included under Investments and disclosed in Note 7.

7. INVESTMENTS

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

	2022	2021
	€	€
Accounts in Authorised Credit Institutions	7,518,636	7,365,995
Central Bank Min Deposits	47,525	47,733
	<u>7,566,161</u>	<u>7,413,728</u>



8. Tangible Assets

	Premises	Computer	Fixtures & Fittings	Total
	€	€	€	€
Cost				
At 1 October 2021	564,060	74,448	122,483	760,991
Additions				
At 30 September 2022	<u>564,060</u>	<u>74,448</u>	<u>122,483</u>	<u>760,991</u>
Depreciation				
At 1 October 2021	78,687	56,129	121,513	256,329
Charge for the year	11,2881	8,349	745	20,375
At 30 September 2022	<u>89,968</u>	<u>64,478</u>	<u>122,258</u>	<u>276,704</u>
Net book value				
At 30 September 2022	<u>474,092</u>	<u>9,970</u>	<u>225</u>	<u>484,287</u>
At 30 September 2021	<u>485,373</u>	<u>18,319</u>	<u>970</u>	<u>504,662</u>

9. LOANS TO MEMBERS - FINANCIAL ASSETS

9a. Loans to Members

	2022	2021
	€	€
As at 1 October	2,033,339	1857,446
Advanced during the financial year	1,077,970	1,143,499
Repaid during the financial year	(954,110)	(949,955)
Loans written off	-	(17,651)
Gross loans to members	<u>2,157,199</u>	<u>2,033,339</u>
Individual Significant Loans		
Collectively Assessed Loans.	(178,407)	(169,524)
Other Assessed loans	(57,848)	(66,731)
Loan Provision	<u>(236,255)</u>	<u>(2336,255)</u>
As at 30th September 2022	<u>1,920,944</u>	<u>1,797,084</u>

9b. Credit risk disclosures

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

The carrying amount of the loans to members represents Termonfeckin Credit Union Ltd 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.

	2022		2021	
	Amount €	Porportion %	Amount €	Proportion %
Total Loans Not Impaired:	1,838,057	85.21	1,727,782	84.97
Impaired Loans				
Not Past Due:				
Up to 9 weeks past due	275,056	12.75	261,499	12.86
Between 10 and 18 weeks past due	13,053	0.61	14,488	0.71
Between 19 and 39 weeks past due	11,275	0.52	11,805	0.58
Between 40 and 52 weeks past due	0	0	0	0
53 or more weeks past due	19,758	0.92	17,756	0.87
Gross Loans impaired	<u>319,142</u>	<u>14.79</u>	<u>305,557</u>	<u>15.03</u>
Total Gross loans	<u>2,157,199</u>	<u>100.00</u>	<u>2,033,339</u>	<u>100.00</u>
Impairment allowance				
Collectively Assessed Loans	(178,407)		(169,524)	
other Assessed Loans	(57,848)		(66,731)	
Total carrying value	<u><u>1,920,944</u></u>		<u><u>1,797,084</u></u>	



9c. Loan Provision Account and Impairment Losses

	2022	2021
	€	€
As at 1 October	236,255	253,907
Allowances Reserved During The Financial Year	-	-
Increase/(Decrease) in Loan Provision During the Financial Year	-	(17,651)
As at 30 September	236,255	236,255

9d. Net Recoveries or Losses Recognised for the Financial Year

	2022	2021
	€	€
Bad Debts Recovered	(24,045)	(40,638)
Reduction/Increase	-	(17,651)
Loans Written Off	-	17,651
Net (Recoveries)/Losses on Loans to Members recognised for the Financial Year	(24,045)	(40,638)

10. PREPAYMENTS AND ACCRUED INCOME

	2022	2021
	€	€
Prepayments	723	723
Accrued Income	5,752	5,623
	6,475	6,346

11. MEMBERS SHARES - FINANCIAL LIABILITIES

	2022	2021
	€	€
As at 1 October	8,905,243	8,801,458
As at the 30th September	8,905,243	8,801,452

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

Unattached Shares	8,423,220	8,015,380
Attached Shares	482,023	786,087
Total Members Savings	8,905,243	8,801,458

12. OTHER PAYABLES

	2022 €	2021 €
PAYE/PRSI	4,814	4,906
Accruals	38,533	59,437
	43,347	64,343

13. FINANCIAL RISK MANAGEMENT

Termonfeckin Credit Union Ltd is a provider of personal and business loans and 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 Termonfeckin Credit Union Ltd 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 Termonfeckin Credit Union Ltd, resulting in financial loss to the Credit Union. In order to manage this risk the Board approves the Credit Union's credit policy, and all changes to it. All loan applications are assessed with reference to the credit policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed. The credit risk on members' loans is disclosed in Note 9b. The Credit Union's investments are also exposed to credit risk and the Credit Union mitigates the risk by only placing investments with financial institutions where the counterparties have strong credit ratings and using investment products authorised by the Central Bank.



Liquidity Risk

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

Market Risk

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

Interest Rate Risk

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

13b. Interest Rate Risk Disclosures

The following table shows the average interest rates applicable to relevant financial assets as at the balance sheet date:

	2022		2021	
	Amount €	Proportion %	Amount €	Proportion %
Financial Assets				
Gross loans to members	2,157,199	9.80%	2,033,339	9.70%
Financial Liabilities				
members shares	8,905,243		8,801,458	
members Deposits	408,643	0.00%	436,238	0.00%

The interest rates applicable to loans to members are variable ranging from 4.99% - 10.5%. The dividend on shares 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 has not been particularly sensitive to interest rate risk and no sensitivity analysis is presented.

13c. Liquidity Risk disclosures

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

13d. Fair Value of Financial Instruments

Termonfeckin Credit Union Ltd does not hold any financial instruments at fair value.

13e. Capital

The Credit Union maintains sufficient reserves to buffer the Credit Union against any losses on its members' loans and its investments. The current reserves are in excess of the minimum requirement set down by the Central Bank, and stand at 20% of the total assets of the Credit Union at the Balance Sheet date.

14. POST BALANCE SHEET EVENTS

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

15. CONTINGENT LIABILITIES

Termonfeckin Credit Union Ltd has no contingent liabilities at the current or prior Balance Sheet date.

16. OTHER COMPREHENSIVE INCOME

The ILCU Stabilisation Protection Scheme issued a rebate to members during the year on a pro rate basis on asset size. Termonfeckin Credit Union received €43,911

17. INSURANCE AGAINST FRAUD

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

18. RELATED PARTY TRANSACTIONS

During the year loans totalling €20,000 were advanced to directors and the management team of the Credit Union (to include their family members or any business in which the directors or management team had a significant shareholding). The loans outstanding from these parties at 30th September 2022 were €45,866.



SCHEDULE 1- OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2022	2021
	€	€
Invested Income	45,631	72,626
Received within one year	45,631	72,626
Total per Income and Expenditure account	<u>45,631</u>	<u>72,626</u>

SCHEDULE 2- OTHER INCOME

	2022	2021
	€	€
Fees	27	48
Sundry Income	10,106	309
Total per Income and Expenditure account	<u>10,133</u>	<u>357</u>

Schedule 3 - Other Management Expenses

	2022	2021
	€	€
Rent & Rates	2,498	661
Lighting & Heating	3,142	2,237
Repairs , Maintenance & Cleaning	998	1,739
Security	1,359	3,848
Printing & Stationery	1,450	1,619
Postage & Telephone	1,216	1,131
Promotion and Advertising	1,308	97
Meeting Expenses	1,916	1,046
Internal Audit Fees	3,149	8,712
Travel and Subsistence	843	767
Bank Charges	4,658	4,420
Audit Fee	7,077	6,655
General Insurance	5,024	4,637
Share & Loan Insurance	28,630	20,222
Legal & Professional Charges	7,389	3,196
Training Costs	155	589
Computer costs	21,6501	12,956
Donations	400	550
ILCU Affiliation Fees	3,884	3,420
Compliance Costs	13,332	14,420
Regulatory and Statutory Levies	19,296	21,953
General Expenses	2,364	5,861
	<u>131,739</u>	<u>120,736</u>



Statement of Comprehensive Income for the year ended 30th June 2023

Revenue	€
Interest on Members' Loans	143,925
Interest from bank deposits	57,817
Other Income	5,793
Total Revenue	<u>207,535</u>
Expenditure	
Employment Costs	70,841
Management expenses	281,302
Net bad debt recoveries	(16,023)
Total Expenditure	<u>(336,120)</u>
Surplus / Defecit	<u>(128,585)</u>

Termonfeckin Balance Sheet as at 30th June 2023

Assests	Note	€
Cash and Cash Equivalents		1,810,167
Property, Plant and Equipment		469,444
Loans to members		2,111,020
Provision for Bad Debts		(236,255)
Prepayments and Other Debtors		722
Deposits and Investments	1	7,446,419
Total Assets		<u>11,601,517</u>
Liabilities		
Members' Deposits		9,312,908
Trade Creditors and Accruals		39,525
Total Liabilities		<u>9,352,433</u>
Net Assets		<u><u>2,249,084</u></u>
Members' Resources		
Regulatory Reserves		1,486,442
Operational Risk Reserve		67,200
Surplus Reserves		695,442
Total Members' Resources		<u><u>2,249,084</u></u>

Note 1: Should the transfer proceed, in line with FRS102, Termonfeckin Credit Union will be required to apply a fair value adjustment to the carrying value of two bank bonds. The financial impact of this adjustment is estimated to be a €125,042 reduction in the value of the investment. This is reflected in the management accounts above.

Connecting Communities Since 1968.

Connect Credit Union is committed to working together to champion the financial needs of our valued members.

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CONNECT
CREDIT UNION



TERMONFECKIN
CREDIT UNION LIMITED



Credit Unions in the Republic of Ireland are regulated by the Central Bank of Ireland.