



DRUMSHANBO Credit Union

THE SQUARE | DRUMSHANBO | CO. LEITRIM

managed by the people
for the people

Annual Report 2024

NOTICE, AGENDA & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2024

Join us on Thursday 5th December 2024
at 7.00pm for our Hybrid AGM



Supporting Our Community

The Credit Union also supported the following local charities and groups throughout the year

Drumshanbo Credit Union ART COMPETITION RESULTS 2024

AGE 7 YRS AND UNDER

1st: Mya Gilmartin, St. Hughes N.S. Dowra
2nd: Charlie Kodl, St. Patrick's N.S. Drumshanbo
3rd: Romy Earley, Strabraggan N.S.

AGE 8 TO 10 YRS

1st: Maya Gill, St. Brigid's N.S. Drumcong
2nd: Roisin Dolan, Leitrim Village
3rd: Derus Markow, St. Patricks N.S. Tarmon

AGE 11 TO 13 YRS

1st: Alesha Dunne, St. Patricks N.S. Drumshanbo
2nd: Avril Gilmartin, St Brigid's N.S. Drumcong
3rd: Jennifer McKeon, St. Patricks N.S. Drumshanbo

SPECIAL CATEGORY 7 & under

1st: Conall Maxwell, St. Patricks N.S. Drumshanbo
2nd: Justin Carey, St. Brigid's N.S. Drumcong
3rd: Eva Harbuz, St. Brigid's N.S. Drumcong
4th: Saoirse Lynch, St. Brigid's N.S. Drumcong

SPECIAL CATEGORY 8-10 Years

1st: Nika Wynczac Phillips, St. Brigid's N.S. Drumcong
2nd: Clodagh Welby, St. Patrick's N.S. Drumshanbo
3rd: Marek Gazi, St. Brigid's N.S. Drumcong

SPECIAL CATEGORY 11-13 Years

1st: Jake Reid, St. Brigid's N.S. Drumcong

SPECIAL CATEGORY 18 & Over

1st: Siobhán Mooney

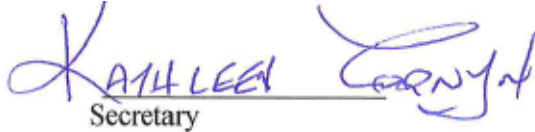
- North West Hospice
- St Patrick's Day Parade
- Alzheimer's Society
- The Written Word
- Ballinaglera GAA
- Joe Mooney Summer School
- Leitrim Ladies
- An Toastal
- Kiltubrid GAA
- Allen Gaels GAA
- Leitrim 50 Mile Challenge
- Tony McGowan Run
- Leitrim Gaels GAA
- Curravagh National School
- Drumkeerin GAA



Notice of Meeting

All members are cordially invited to our Hybrid Annual General Meeting on **Thursday 5th December 2024** at 7pm in our office at Drumshanbo Credit Union. This will be a mix of online and in person. If you wish to join us online, please email info@drumshanbocu.ie, putting AGM in the subject line, before 3pm on Tuesday 3rd December 2024. On receipt of your request, we will verify your details and then send you an email with a link to join the meeting.

Yours faithfully,


Secretary

Agenda

- | | |
|--|--|
| (a) The acceptance by the Board of Directors of the authorised representatives of members not natural persons | (j) Amendments to Standard Rules |
| (b) Ascertainment that a quorum is present | (k) Report of the Credit Control Committee |
| (c) Adoption of Standing Orders | (l) Report of the Membership Committee |
| (d) Reading and approval (or correction) of the Minutes of the last Annual General Meeting and any intervening Special General Meeting and matters arising | (m) Board Oversight Report to the AGM |
| (e) Report of the Chairperson | (n) Report of the Credit Committee |
| (f) Report of the Board of Directors | (o) Report of the Investment Committee |
| (g) Consideration of Financial Accounts | (p) Report of the Nomination Committee |
| (h) Report of the Independent External Auditor | (q) Appointment of Tellers |
| (i) Declaration of Dividends interest and Rebate of interest on loans (if any) | (r) Election of Independent External Auditor |
| | (s) Election to fill vacancies on the Board of Directors and Board Oversight Committee |
| | (t) Any other Business |
| | (u) Announcement of Election Results |
| | (v) Adjournment or close of meeting |

There is 1 vacancy on the Board of Directors following the retirement of Lukas Kodl. This year Kathleen Cornyn and Zona Foley are retiring from the board and Serena McCarthy is retiring from the board oversight committee. All three are seeking re-election. All members have the right to put themselves forward for nomination. Nomination Forms are available on request by emailing info@drumshanbocu.ie Completed nomination forms must be returned to the offices of Drumshanbo Credit Union, on or before the closing date of Tuesday, 3rd December 2024 at 3 pm.

The Nomination Committee will oversee the process and Fitness and Probity requirements must be met.

NB: only members holding at least €10 in their account and who have reached the age of 16 years on 30th September 2024 will be entitled to vote.

Drumshanbo Credit Union Limited

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Drumshanbo Credit Union Limited

REPORT OF THE CHAIRPERSON

On behalf of the Board of Directors, I would like to welcome you, the members, to the 45th AGM of Drumshanbo Credit Union. I am very pleased to present our Annual Report for the year ending 30th September 2024. The Credit Union, thanks to the foresight of its founding members, has grown and continues to grow with the challenges coming from a rapidly changing financial services sector. However, the Board is delighted with the results which show growth in membership and lending.

We had 161 new members this year with 24% of them under 16. We have seen continued growth in our younger members due to the significant effort being made by staff through our continued engagement with the local National and Secondary Schools. We are delighted that, once again, Drumshanbo Vocational School took up the ILCU Cluedin module teaching resource this year.

We are very pleased to report growth in loans of nearly 5% during the year. We issued over €2.9m in loans to our members. Interest from lending provides the majority of the income of our Credit Union.

This year we have also seen increased investment income due to the availability of more favourable products in the market.

A surplus of €84,361 was generated for the year, up from the 2023 surplus of €28,719. All of this surplus has been put directly into our Regulatory Reserve to keep this reserve at 10.5% of our total assets. This is a regulatory requirement and is the main reason why Savings Caps are applied on members' shares. Overall, our total assets now stand at €16.8m.

Under normal circumstances, the Board of Directors would now be proposing a share dividend and loan interest rebate but complying with advice from the Central Bank this is not the case this year. However, the Board has continued to invest in new resources to provide the best possible services to our members. We continue to see the benefits of our IT investment. I am delighted to see that a significant number of members now avail of online services and I would encourage those not yet registered to do so at www.drumshanbocu.ie.

This year has seen the sale finalised of our previous Credit Union office on Church Street. We have also seen a significant change to our Credit Union Act 1997 with the enactment of the Credit Union (Amendment) Act 2023. One of the amendments has set out new measures regarding the provision of AGM Notices via electronic means. This allows Credit Unions to reduce paper waste and AGM costs by transitioning from the posting of physical documents to the electronic delivery of documents to members.

The numbers of members who use our mobile app and online banking, are growing steadily. Registered members have 24/7 access to their accounts, giving them up to date balances, the ability to transfer between their accounts and to other accounts, pay bills, create payees, print their own statements and securely upload documents. You can register for online access on www.drumshanbocu.ie/register.

As well as offering personal, face-to-face service, Drumshanbo Credit Union is enhancing our online and digital service. People want innovative services, and personal respect, and we won't accept that one should be at the expense of the other. We are focused on providing a modern digital platform with human touch services. Regardless of the channel a member chooses to use to avail of a credit union's services, there is always a friendly member of staff available to provide support and guidance as, and when, required.

Loan demand for cars and home improvements remain strong this year. We would ask members to remember that the Credit Union has no hidden fees or charges, offers free life and loan insurance, charges interest on the reducing loan balance and offers a flexible repayment model that allows unlimited lump sums to be paid without penalty, which means that the quicker the loan is repaid the less interest is paid.

I am delighted to announce that we will be launching an online loan application module to our online / mobile app service in early 2025. This will enable you to apply for a loan online and securely send and sign any required documentation for this process.

I must pay tribute to retiring director, Lukas Kodl, who has served the Credit Union in the past year. I would like to sincerely thank our volunteers for all the time given over the years at board and committee level. We hope that they will remain involved with the credit union and continue to contribute to the community. The volunteer ethos in this Credit Union remains strong and your board of directors is doing an exceptional job in a challenging environment, with ever increasing demands on their time. I would like to take this opportunity to thank my fellow directors for their commitment to the credit union. I would also like to commend the work done by our Board Oversight Committee and all other Committees that are volunteer based.

Change continues at Drumshanbo Credit Union. This year our esteemed colleague, Geraldine Kennedy, retired. We wish Geraldine many years of health and happiness in her next chapter. We also welcome Gabriel Van Rensburg who joined our operations team this year.

Drumshanbo Credit Union Limited

I would like to once again thank our manager, Sharon Sweeney, and staff Fergal Mc Partland, Nollaig Doyle Carroll, Geraldine Kennedy (retired), Karen Gallogly, Nicola Quinn, Olive Sharpley and Gabriel Van Rensburg, for the efficient manner in which they conduct the day to day running of the Credit Union throughout the year and for contributing to our continued success.

Finally, I want to take this opportunity to sympathise with all who have lost loved ones in the year just passed. I would also like to especially thank you, our members, for your continued support and on behalf of Drumshanbo Credit Union may I wish you all the very best for 2025.

John Deane
Chairperson

Drumshanbo Credit Union Limited

DIRECTORS AND OTHER INFORMATION

Directors	John Deane (Chairperson) Sheila Flynn (Vice-Chairperson) Kathleen Cornyn (Secretary) Zona Foley (Assistant Secretary) Joseph McManus Eugene O'Connell Brendan McWeeney Eilis McGowan (<i>Appointed 14 December 2023</i>) Lukas Kodl (<i>Appointed 14 December 2023</i>) Deirdre Ferry (<i>Resigned 14 December 2023</i>) Alan O'Ceallaigh (<i>Resigned 14 December 2023</i>)
Board Oversight Committee Members	Serena McCarthy (Chairperson) Jaime Tighe (Secretary) Sharon McGourty (<i>Appointed 14 December 2023</i>) Kathryn Tully (<i>Resigned 14 December 2023</i>)
Membership Committee	Karen Gallogly Nicola Quinn Olive Sharpley
Credit Committee	Eugene O'Connell (Chairperson) Sheila Flynn (Secretary) Joseph McManus John Deane (<i>Resigned 13 December 2023</i>)
Credit Control Committee	Kathleen Cornyn (Chairperson) Olive Sharpley (Secretary) (<i>Appointed 13 December 2023</i>) Ann Moran PJ Meehan (<i>Resigned 13 December 2023</i>)
Credit Union Number	380CU
Registered Office and Business Address	The Square Drumshanbo Co. Leitrim
Auditors	O'Boyle & Co. Chartered Accountants and Statutory Audit Firm Church Street Longford
Bankers	Bank of Ireland Carrick on Shannon Co. Leitrim Danske Bank 3 Harbourmaster Place IFSC Dublin 1
Solicitors	Cathal L. Flynn & Co. St. George's Terrace Carrick-on-Shannon Co. Leitrim

Drumshanbo Credit Union Limited

DIRECTORS' REPORT

for the financial year ended 30 September 2024

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

Objects

The purpose of the Credit Union is to allow members save together and lend to each other at a fair and reasonable rate of interest. The acceptance of member savings and lending to members is carried out in accordance with legislation and criteria determined by the Irish League of Credit Unions and the Credit Union itself.

Principal Risks and Uncertainties

The Credit Union, as with many other financial institutions, continues to face uncertainties arising from general economic conditions. The Board of Directors is responsible for the general control, direction and management of the Credit Union and for ensuring that they have in place effective governance arrangements including risk management systems and internal audit functions. The Directors actively monitor the effects of economic and other conditions on the daily operations of the Credit Union and meet as a board as often as necessary and in accordance with the Credit Union Act 1997 (as amended) to discuss the risks and challenges facing the Credit Union and to discharge their responsibilities.

The principal risks and uncertainties facing the Credit Union are loan default; not lending a sufficient proportion of funds so that too much of the Credit Union's resources are tied up in investment products; poor performance of investments; the risk that the Credit Union will not have sufficient cash resources to meet day to day running costs and repay members savings when demanded (liquidity risk). The Board appoints various sub committees, retains the services of suitably qualified advisors and appoints staff in order to assist in the management of its principal risks and uncertainties. These risks are managed and controlled by the Credit Union's Board of Directors as follows:

Loan default

The risk of members not repaying their loans and defaulting on their loans. The Directors identify loan default as the greatest risk to the Credit Union. This risk is managed based on the continuous update and improvement of lending procedures; active monitoring of loans and repayments and the continued training of all relevant personnel within the Credit Union.

Not lending enough of surplus funds

The risk of a reduced demand for loans amongst members. Drumshanbo Credit Union Limited encourages lending by offering a wide range of competitive lending products to its members. The products and services are promoted by regular marketing activities throughout the year. The need to increase demand for loans is balanced by the need to ensure that borrowers have the capacity to repay the amount borrowed.

Investment portfolio performance

The risk to the loss of capital or insufficient return on investments in the Credit Union's investment portfolio. The Board has engaged Cantor Fitzgerald Ireland Ltd, as independent advisors on the investment portfolio. The Credit Union's Board of Directors, together with Cantor Fitzgerald Ireland Ltd, regularly reviews and approves the Credit Union's investment policy in which it sets out the types of investments within which the Credit Union can invest funds. A key factor for all investments is the need to balance the secure return of capital with the interest yield. Funds are invested in compliance with the Credit Union's policy and regulatory guidance.

Liquidity risk

The risk that the Credit Union will not have enough cash available to manage the day to day running of the Credit Union; and repay members' savings on demand. The liquidity level of the Credit Union is monitored on a regular basis to ensure funds are maintained in short term deposits at all times so that it has sufficient cash to meet its obligations as they fall due.

Operational risk

The risk of loss (financial or otherwise) arising as a result of inadequate internal processes, people and systems. The Credit Union manages operational risk through the recruitment and employment of suitably qualified staff and management who ensure that appropriate processes, procedures and systems are implemented and applied. This is further supported by a robust reporting structure and active management of operational risk events.

Strategy/business model risk

The risk which the Credit Union faces if they cannot compete effectively or operate a viable business model and the inherent risk in the Credit Union's strategy.

Drumshanbo Credit Union Limited

DIRECTORS' REPORT

for the financial year ended 30 September 2024

Business Review

The Income and Expenditure Account, the Balance Sheet, the Statement of Changes in Reserves and the Statement of Cash Flows for the year ended 30 September 2024 are set out on pages 16 to 19.

In the current financial year ended 30 September 2024, the Credit Union experienced an increase in shares and deposits and new loans granted to members. Members' shares and deposits increased by €836,831 to €13,955,549. Loans to members increased by €286,493 to €6,147,111. The loan to savings ratio was 44% at the year-end (2023: 45%).

Total income for the year increased from €544,523 in 2023 to €634,123 in 2024. Income from loans increased by €18,757. Income from investments increased by €61,109. Other income, decreased by €266 to €3,822. Other income comprises entrance fees, rental and commission income for the ATM facility at the Credit Union building, holiday/travel insurances commission and rental income from renting the old Credit Union building.

Total expenditure increased from €525,804 in 2023 to €549,762 in 2024. Bad and doubtful debts written off in the year was €106,612 (2023: €10,680). Provision for doubtful debts was decreased by €72,779, reflecting the boards review of its current loan book and the assessed loan losses that may arise as a result of members suffering loss of earnings as a consequence of the macro environment or other reasons. Bad debts recovered during the year amounted to €28,430 (2023: €8,882). Staff related costs increased by €1,884 and other management expenses increased by €50,734. Prior to the year end the Credit Union sold the old credit union building and realised an overall gain from the sale of €60,496.

Overall a surplus of €84,361 was generated for the year, up from the 2023 surplus of €28,719. In accordance with the general instructions of the Central Bank of Ireland, the Directors do not recommend the payment of a dividend or interest rebate for the year. The surplus will be used to maintain and build the Credit Union's reserves.

The Directors consider that the level of business conducted throughout the year and the financial position of the Credit Union at the year end as set out in the financial statements is satisfactory, given the current challenging environment.

Dividend and Loan Interest Rebate

In September 2024, the Central Bank of Ireland issued general instructions for all Credit Unions to demonstrate prudent forward looking capital reserve management in the current challenging and uncertain environment. In accordance with this instruction, the Credit Union's Board of Directors for the year end 30 September 2024 do not recommend the payment of a dividend on shares or a rebate on interest paid by members on loans throughout the year (2023: €Nil proposed dividend on shares and interest rebate on loans). The Board recommends that the surplus be used to maintain and build the Credit Union's reserves.

Future Developments

The Directors anticipate that surpluses may decline over the next few years, arising from the uncertainties caused by declines in investment returns, changes in the banking sector, international tax changes and climate change. However, the Directors are confident that the solvent financial position of Drumshanbo Credit Union Limited will be maintained. The Directors expect in the coming years to develop and expand the Credit Union's current activities and they are confident of its ability to operate successfully in the future.

Board of Directors

The Directors of the Credit Union at 30 September 2024 and during the year were as follows:

John Deane, Sheila Flynn, Kathleen Cornyn, Zona Foley, Joseph McManus, Eugene O'Connell, Brendan McWeeny, Eilis McGowan (*appointed 14/12/2023*), Lukas Kodl (*appointed 14/12/2023*), Deirdre Ferry (*resigned 14/12/2023*) and Alan O'Ceallaigh (*resigned 14/12/2023*).

In accordance with the Credit Union's governance policy and the Credit Union Act 1997 (as amended), the term of office of a member of the board of directors shall not extend beyond three subsequent AGMs after being so elected. Having served this term a director must retire at the next AGM of the Credit Union. A retiring member of the board is eligible for re-election once (s)/he has not served for more than twelve years in aggregate on the previous fifteen years.

In accordance with section 53(6) of the Credit Union Act 1997 (as amended) Kathleen Cornyn and Zona Foley retires from the board of directors and being eligible offer themselves for re-election and Lukas Kodl retires from the board of directors.

Drumshanbo Credit Union Limited

DIRECTORS' REPORT

for the financial year ended 30 September 2024

Board Oversight Committee

The members of the Board Oversight Committee of the Credit Union at 30 September 2024 and during the year were as follows:

Serena McCarthy, Jaime Tighe, Sharon McGourty (*appointed 14/12/2023*) and Kathryn Tully (*resigned 14/12/2023*).

In accordance with the Credit Union's governance policy and the Credit Union Act 1997 (as amended), the term of office of a member of the board of oversight committee shall not extend beyond three subsequent AGMs after being so elected. Having served this term a committee member must retire at the next AGM of the Credit Union. A retiring committee member is eligible for re-election, once s(he) has not served more than twelve years in aggregate in the previous fifteen years on either the Board of Directors or the Board Oversight Committee.

In accordance with section 76(P) of the Credit Union Act 1997 (as amended), Serena McCarthy retires as a member of the Board Oversight Committee and being eligible offers herself for re-election.

Regulatory Reserve

At the 30 September 2024, reserves held in regulatory reserve represented 10.5% of the total assets of the Credit Union (2023: 10.5%).

Authorisation

The Credit Union is authorised to conduct payment services. It is regulated by the Central Bank of Ireland for these activities.

Membership of Credit Union

At the 30 September 2024, the membership of Drumshanbo Credit Union Limited was 3,519 (2023: 3,417).

Accounting Records

The Directors believe that they comply with the requirements of section 108 of the Credit Union Act 1997 (as amended) with regard to accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the Credit Union are maintained at the Credit Union's premises at The Square, Drumshanbo, Co Leitrim.

Post Balance Sheet Events


No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Credit Union, the results of those operations or the state of affairs of the Credit Union in financial years subsequent to the financial year ended 30 September 2024.

Auditors

The auditors, O'Boyle & Co., have indicated their willingness to continue in office in accordance with Section 115 of the Credit Union Act 1997 (as amended).

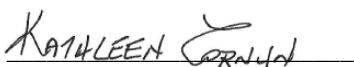
Approved by the Board of Directors and signed on its behalf by:

Chairperson of the Board of Directors



John Deane

Secretary of the Board of Directors



Kathleen Cornyn

Date

31 October 2024

Drumshanbo Credit Union Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

for the financial year ended 30 September 2024

The Directors are responsible for preparing the financial statements in accordance with applicable Irish Law and Generally Accepted Accounting Practice in Ireland including the Accounting Standards issued by the Financial Reporting Council.

The Credit Union Acts 1997 (as amended) requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Credit Union and of the income and expenditure of the Credit Union for that financial year. In preparing these financial statements the Directors are required to:

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

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

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


The Directors are responsible for the maintenance and integrity of the business and financial information included on the Credit Union's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the Directors are aware:

- there is no relevant audit information (information needed by the Credit Union's auditor in connection with preparing the auditor's report) of which the Credit Union's auditor is unaware, and
- the Directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Credit Union's auditor is aware of that information.

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

Chairperson of the Board of Directors



John Deane

Secretary of the Board of Directors



Kathleen Cornyn

Date

31 October 2024

Drumshanbo Credit Union Limited

REPORT OF THE BOARD OVERSIGHT COMMITTEE

for the financial year ended 30 September 2024

Statement of Board Oversight Committee's Responsibilities

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

Board Oversight Committee Report

The function of the Board Oversight Committee is to assess whether the Board of Directors has operated in accordance with the governance requirements set out in legislation, regulations, and guidance.

The Board Oversight Committee of Drumshanbo Credit Union Limited has in furtherance of its role:

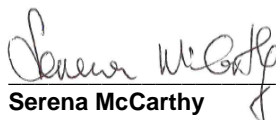
- Attended all meetings of the Board of Directors throughout the year;
- Met as a committee bi-monthly (*previously monthly to April 2024*) as required by the legislation;
- Formally met with the Board of Directors once a quarter and provided a performance report to the Board of Directors as required by legislation;
- Participated in various committee meetings throughout the year;
- Participated in specialised Board Oversight Committee training during the year.

The Board Oversight Committee is satisfied to report that the actions and decisions of the Board of Directors of Drumshanbo Credit Union Limited are compliant with current legislation and regulation.

The Board Oversight Committee is satisfied that the method of continual reviews of the Credit Union's processes and procedures, as employed by the Board, ensures that Drumshanbo Credit Union Limited meets all of the requirements laid down from a legal and regulatory perspective.

Approved on behalf of the Board Oversight Committee and signed on its behalf by:

Chairperson of the Board Oversight Committee


Serena McCarthy

Date

31 October 2024

INDEPENDENT AUDITOR'S REPORT

to the Members of Drumshanbo Credit Union Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Drumshanbo Credit Union Limited for the financial year ended 30 September 2024 which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Changes in Reserves, the Statement of Cash Flows and notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish law including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued in the United Kingdom by the Financial Reporting Council and the Credit Union Act 1997 (as amended).

In our opinion the financial statements:

- give a true and fair view of the state of the assets, liabilities, and financial position of the Credit Union as at 30 September 2024 and of its surplus for the financial year then ended;
- have been properly prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been properly prepared in accordance with the requirements of the Credit Union Act 1997 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and the Provisions Available for Audit of Small Entities, in circumstances set out in Note 26 to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other Information

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

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

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

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

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

Respective responsibilities

Responsibilities of Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities as set out on page 11, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT

to the Members of Drumshanbo Credit Union Limited

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.

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

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

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



Eoin O'Boyle
for and on behalf of
O'BOYLE & CO.

Chartered Accountants and Statutory Audit Firm
Church Street
Longford

31 October 2024

Drumshanbo Credit Union Limited

APPENDIX TO THE INDEPENDENT AUDITOR'S REPORT

Further information regarding the scope of our responsibilities as auditor

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

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

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

Drumshanbo Credit Union Limited

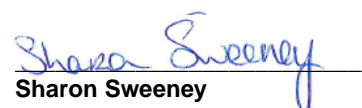
INCOME AND EXPENDITURE ACCOUNT

for the financial year ended 30 September 2024

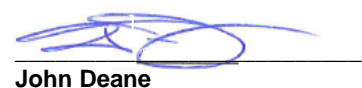
		2024	2023
	Notes	€	€
Income			
Interest on members' loans	4	462,027	443,270
Other interest income and similar income	5	168,274	107,165
		<hr/>	<hr/>
Net interest income		630,301	550,435
Other income	7	3,822	4,088
		<hr/>	<hr/>
Total income		634,123	554,523
		<hr/> <hr/>	<hr/> <hr/>
Expenditure			
Employment costs	8	225,849	223,965
Other management expenses (Schedule 1)		342,391	291,657
Depreciation		36,615	38,220
Surplus on disposal of tangibles - building		(60,496)	-
Bad and doubtful debt provision	12.4	(72,779)	(29,836)
Bad and doubtful debt written off	12.4	106,612	10,680
Bad debt recovered	12.4	(28,430)	(8,882)
		<hr/>	<hr/>
Total expenditure		549,762	525,804
		<hr/> <hr/>	<hr/> <hr/>
Surplus of income over expenditure		84,361	28,719
Other comprehensive income		-	-
		<hr/>	<hr/>
Total comprehensive income		84,361	28,719
		<hr/> <hr/>	<hr/> <hr/>

The financial statements were approved and authorised for issue by the Board of Directors on 31 October 2024 and signed on its behalf by:

Credit Union Manager


Sharon Sweeney

Chairperson of the Board of Directors


John Deane

Date

31 October 2024

Drumshanbo Credit Union Limited

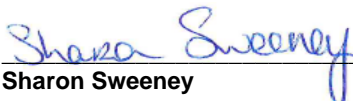
BALANCE SHEET

as at 30 September 2024

	Notes	2024 €	2023 €
Assets			
Cash and cash equivalents	10	386,928	574,695
Tangible fixed assets	11	334,020	363,851
Loans to members	12	6,147,111	5,860,618
Provision for bad debts	12	(412,901)	(485,680)
Central bank minimum reserve	13	35,442	25,442
Prepayments and accrued income	14	113,660	99,019
Deposits and investments - cash equivalents	10 & 15	3,347,678	2,102,215
Deposits and investments - other	15	6,850,000	7,350,000
Total Assets		16,801,938	15,890,160
Liabilities			
Members' shares	16	13,930,568	13,115,168
Members' deposits	17	24,981	3,550
Creditors, accruals and other liabilities	18	104,204	113,618
Total Liabilities		14,059,753	13,232,336
Net Assets		2,742,185	2,657,824
Members' Resources			
Regulatory reserve		1,764,280	1,669,060
Operational risk reserve		85,530	81,030
Distribution reserve		154,294	154,294
Non-distribution reserve		6,093	6,093
Undistributed surplus reserve		731,988	747,347
Total Members' Resources		2,742,185	2,657,824

The financial statements were approved and authorised for issue by the Board of Directors on 31 October 2024 and signed on its behalf by:

Credit Union Manager


Sharon Sweeney

Chairperson of the Board of Directors


John Deane

Date

31 October 2024

Drumshanbo Credit Union Limited

STATEMENT OF CHANGES IN RESERVES

for the financial year ended 30 September 2024

	Regulatory reserve €	Operational risk reserve €	Distribution reserve €	Non-distribution reserve €	Undistributed surplus reserve €	Total €
At 1 October 2022	1,584,560	81,030	154,294	6,093	803,128	2,629,105
Total comprehensive income in financial year	-	-	-	-	28,719	28,719
Total comprehensive income allocation in financial year	84,500	-	-	-	(84,500)	-
At 30 September 2023	1,669,060	81,030	154,294	6,093	747,347	2,657,824
At 1 October 2023	1,669,060	81,030	154,294	6,093	747,347	2,657,824
Total comprehensive income in financial year	-	-	-	-	84,361	84,361
Total comprehensive income allocation in financial year	95,220	4,500	-	-	(99,720)	-
At 30 September 2024	1,764,280	85,530	154,294	6,093	731,988	2,742,185

- (i) **Regulatory Reserve** - Following the commencement of Section 13 of The Credit Union and Co-Operation with Overseas Regulators Act 2012, the requirement for Credit Unions (under the principal Credit Union Act 1997) to transfer 10% of their annual surplus to their Statutory Reserve (now known as the Regulatory Reserve) each financial year has been removed. Credit Unions are required to maintain a minimum Regulatory Reserve of 10% of the assets of the Credit Union in accordance with the Credit Union Act 1997 (as amended). The Board of Directors of Drumshanbo Credit Union Limited has transferred €95,220 from its undistributed surplus reserves to the Regulatory Reserve (2023: €84,500) so that the Regulatory Reserve would stand at 10.5% of total assets at 30 September 2024 (2023: 10.5%), which is in excess of the required limit.
- (ii) **Operational Risk Reserve** - In accordance with section 45 of the Credit Union Act 1997 (as amended), Drumshanbo Credit Union Limited put in place an Operational Risk Reserve. The Board completed an internal process of assessing the level of the reserve required to cover the operational risk within the Credit Union and made a transfer from its undistributed surplus reserve of €4,500 to the reserve. The Operational Risk Reserve as a % of total assets as at 30 September 2024 was 0.51% (2023: 0.51%).
- (iii) **Distribution Reserve** - In prior years, the Credit Union allocated surplus of income over expenditure to a Distribution Reserve, and an excess remains in this reserve of €154,294. This reserve may be returned to members by way of dividend and a loan interest rebate in the future following a resolution by a majority of the members at the annual general meeting.
- (iv) **Non-Distributable Reserve** - The non-distributable reserve relates to income receivable by the Credit Union, which is due to be paid to the Credit Union greater than 12 months from the balance sheet date.
- (v) **Undistributed Surplus Reserve** – Are the accumulated surpluses to date that have not been declared as dividends or loan interest rebates returnable to members or set aside to the Regulatory, Operational Risk or other reserves.

Drumshanbo Credit Union Limited
STATEMENT OF CASH FLOWS

for the financial year ended 30 September 2024

	2024 €	2023 €
Opening cash and cash equivalents	2,680,449	2,100,599
Cash flows from operating activities		
Loans repaid	2,550,862	2,529,059
Loans granted	(2,943,967)	(2,930,070)
Loan interest income	459,557	444,382
Investment income	163,260	107,234
Other income received	3,822	3,852
Bad debts recovered	28,430	8,882
Operating expenses	(568,240)	(515,622)
Movement in other assets	(16,546)	(16,814)
Movement in creditors, accruals and other liabilities	(9,414)	13,312
Net cash used in operating activities	<u>(332,236)</u>	<u>(355,785)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(17,553)	(6,482)
Net receipts from disposal of tangible fixed assets	71,265	-
Net cash flow from other investing activities	500,000	-
Net cash flows generated from/(used in) investing activities	<u>553,712</u>	<u>(6,482)</u>
Cash flows from financing activities		
Members' shares received	8,388,066	6,607,524
Members' deposits received	24,824	8,071
Members' shares withdrawn	(7,572,666)	(5,667,117)
Members' deposits withdrawn	(3,393)	(6,361)
Net cash generated from financing activities	<u>836,831</u>	<u>942,117</u>
Net increase in cash and cash equivalents	1,058,307	579,850
Cash and cash equivalents at end of financial year	10 <u><u>3,738,756</u></u>	<u><u>2,680,449</u></u>

Drumshanbo Credit Union Limited

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2024

1. LEGAL AND REGULATORY FRAMEWORK

Drumshanbo Credit Union Limited is established under the Credit Union Act 1997 (as amended). The Credit Union is registered with the Registrar of Credit Unions (No. 380CU) and is regulated by the Central Bank of Ireland. The principal place of business is The Square, Drumshanbo, Co Leitrim. The nature of the Credit Union's operations and its principal activities are set out in the Directors' Report on pages 8 to 10.

2. ACCOUNTING POLICIES

The following principal accounting policies have been applied consistently in dealing with items, which are considered material in relation to the Credit Union's financial statements:

2. Statement of compliance and basis of preparation

1

The financial statements have been prepared in accordance with applicable Irish accounting standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102) and Irish statute comprising of the Credit Union Act 1997 (as amended).

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

2. Currency

2

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

2. Going concern

3

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

- continues to generate annual surpluses;
- is maintaining an appropriate level of liquidity and in compliance with Central Bank of Ireland limits; and
- has reserves that are currently above the minimum legal requirements of the Central Bank.

However, the Directors recognise that in the current regulatory and business environment, the current business model for the Credit Union may become unsuitable in the long term. Interest on loans, combined with interest on investments, may become insufficient to cover both the cost of running the Credit Union. The Directors are actively addressing a long-term strategy for the Credit Union, including contracting the level of service and expanding its product range.

2.4 Income recognition

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

(i) Interest on members' loans

Interest on Members' Loans is recognised using the effective interest method and is calculated and accrued on a daily basis.

(ii) Investment income

Investment income is accounting for differently depending on how the different investments are designated at the outset and based on meeting certain criteria (see 2.8 Investments below).

(iii) Other income

Other income such as rental income and entrance fees arises in connection to specific transactions. Income relating to individual transactions is recognised when the transaction is completed.

Drumshanbo Credit Union Limited

NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30 September 2024

2.5 Dividend and loan interest rebate

Dividends and loan interest rebates are made from current year's surplus or the distribution reserves set aside for that purpose. The board 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 for 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 and interest rebate 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 on loan interest when members ratify such payments at the Annual General Meeting.

2.6 Taxation

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

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash deposits with bank, treasury bills and investments with the original maturity of less than or equal to three months or are capable of being accessed within three months.

2.8 Investments

Investment income is recognised depending on the investment type.

(i) Cash and short-term deposits

Cash, short-term deposits and term deposits are recognised at the deposit interest amount. Interest receivable is recognised in the Income and Expenditure account on an accruals basis and in the balance sheet as accrued income.

(ii) 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 and Expenditure account when it is received or irrevocably receivable.

(iii) Bonds with guaranteed capital and variable interest rates

Interest income is recognised as received. Some bonds pay high rates of interest in early financial years and lower rates in later financial years. Paying higher amounts in early financial years reduces (impairs) the capital value of the bond. The capital value of the bond is tested annually for impairment and impairments losses are taken to the Income and Expenditure account. Impairment gains which reverse a previous impairment loss are taken to the Income and Expenditure account with any gains in excess of the cost of the product ignored until the bond matures.

(iv) Held at amortised cost

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

(v) Central Bank deposits

Credit Unions are obliged to maintain certain deposits with the Central Bank of Ireland. 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.

Drumshanbo Credit Union Limited

NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30 September 2024

(vi) 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.

2.9 Investment properties

Revalued investment properties are not depreciated or amortised. Where the valuation indicates a permanent diminution in the value of the property, the permanent diminution is charged to the income and expenditure account. All other fluctuations in value are transferred to a revaluation reserve.

2.10 Tangible fixed assets and depreciation

Tangible fixed assets comprises items of property, fixtures and fittings, computers and equipment, which are stated at cost, less accumulated depreciation and any accumulated impairment losses. Costs includes expenditure that is directly attributable to the acquisition of the asset and can include the costs of site preparation, initial delivery and handling, installation and assembly, and testing of functionality.

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

Freehold buildings	4% Straight line
Fixtures and fittings	12.5% Straight line
Computers and equipment	20% Straight line

The gain or loss arising on the disposal of an asset is determined as the differences between the sale proceeds and the carrying value of the asset and is recognised in the Income and Expenditure account.

2.11 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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying 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.

Drumshanbo Credit Union Limited

NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30 September 2024

2.12 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 assets and settle the liability simultaneously.

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

2.13 Basic financial assets

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

(i) 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.

(ii) Other receivables

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

(iii) Investments held at amortised cost

Investment designed 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 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.

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.

2.14 Impairment of financial assets

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

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

In the case of impairment of loans to members, the Credit Union assess if there is objective evidence that any of its loans are impaired with due consideration of environmental factors. The loans are assessed collectively in groups that share similar credit risk characteristics. Individually significant loans are assessed on a loan-by-loan basis. In addition, if there is objective evidence that any individual loan is impaired, a specific loss will be recognised. Bad debt provisioning is monitored by the Credit Union and the Credit Union assesses and approves its provisions and the adequacy of same on a quarterly basis. 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.

Drumshanbo Credit Union Limited

NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30 September 2024

2.15 De-recognition of financial assets

Financial assets are derecognised 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 the risks and rewards of ownership of the financial assets or if some significant risks and rewards of ownership are retained but control of the assets has transferred to another party that is able to sell the asset in its entirety to the unrelated third party.

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

2.16 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 the 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.

2.17 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 future payments discounted at a market rate of interest. Financial liabilities are subsequently carried at amortised cost using the effective interest method.

(i) Members' shares

Members' shares in Drumshanbo Credit Union Limited are redeemable and therefore are classified as financial liabilities. They are initially recognised at the amount of cash deposited and subsequently measured at amortised costs.

(ii) 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 costs using the effective interest method.

2.18 De-recognition of financial liability

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

2.19 Employee Benefits

(i) 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.

(ii) Pension scheme

The Credit Union operates a defined contribution pension scheme. Contributions to the scheme are charged to the Income and Expenditure account as they become payable in accordance with the rules of the scheme. The assets of the scheme are held separately from those of the Credit Union in an independently administered fund. Differences between the amount charged to the Income and Expenditure account and payments made to pension funds are treated as assets or liabilities.

2.20 Distribution

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

Drumshanbo Credit Union Limited

NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30 September 2024

2.21 Reserves

(i) Regulatory reserve

The Credit Union Act 1997 (Regulatory Requirements) Regulations 2016 (and its amendments) 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.

(ii) Operational risk reserve

Section 45(5)(a) of the Credit Union Act 1997 (as amended) requires each credit union to maintain an additional reserve that it has assessed is required for operational risk having regard to the nature, scale and complexity of the Credit Union. The reserve should be separate, distinct and in addition to the reserves the Credit Union is required to hold in its Regulatory Reserve.

The definition of operational risk is the risk of losses stemming from inadequate or failed internal processes, people and systems or from external events. The Credit Union has established an Operational Risk reserve under Section 45(5)(a) of the Act, which is separate, distinct and in addition to the reserves that the Credit Union holds in its Regulatory reserve. The Credit Union has adopted the 'Basic Indicator Approach' as proposed under Basel II capital adequacy rules in calculating the minimum amounts to be held in this reserve. Therefore, the Credit Union will hold an operational risk reserve, which will at a minimum equal 15% of the average positive gross income for the current and previous two years. For any year in which there was a deficit this will be excluded from the calculation.

(iii) Distribution reserves

The distribution reserve is made up of surpluses from prior years, which have been set aside for the purpose of future dividend and loan interest rebate payments.

(iv) Non-Distribution reserve

Income that has been recognised in the financial statements but will not be received within 12 months of the Balance Sheet date is classified as "non-distributable" and is not distributable as a dividend in accordance with Section 31 of the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016 (and its amendments). A reclassification between non-distributable and distributable is made as income come to within 12 months of maturity/receivable date.

(v) Undistributed surplus reserves

Undistributed surplus 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, Operational Risk or other reserves.

2.22 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions, during the financial year, which are denominated in foreign currencies are translated at the rates of exchange ruling at the date of the transaction. The resulting exchange differences are dealt with in the Income and Expenditure Account.

Drumshanbo Credit Union Limited

NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30 September 2024

3. CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATES

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

Adoption of the going concern basis for the financial statements preparation

The Directors have prepared cash flow projections for a period that exceeds twelve months from the date of the approval of the financial statements. These projections indicate that there are no material uncertainty regarding the Credit Union's ability to meet its liabilities as they fall due, and to continue as a going concern in this period. On this basis the Directors consider it appropriate to prepare the financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets and liabilities that may arise if the Credit Union was unable to continue as a going concern.

Impairment losses on loans to members

The Credit Union's accounting policy for impairment of financial assets is set out in Note 2.14. 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 the recoverability. Loan loss provisioning is monitored by the Credit Union, and the Credit Union assesses and approves its provisions and provision adequacy on a quarterly basis. Key assumptions underpinning the Credit Union's estimates of collective provisions for loans with similar credit risk characteristics, and, Incurred but Not Reported provisions ("IBNR") are based on the historical experiences of the Credit Union allied to the Credit Union's judgement of relevant conditions in the wider technological, market, economic or legal environment in which the Credit Union operates. If a loan is deemed to be impaired, a specific provision is made against the loan, taking account of pledged shares and other security as appropriate. 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.

Tangible assets useful lives and impairment

Long-lived assets comprising primarily of buildings, fixtures, fittings and computer equipment, represent a portion of total assets of the Credit Union. The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The directors regularly review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation charge for the financial year.

The Credit Union building is carried in the financial statements at cost less accumulated annual depreciation (4% straight line per annum). The annual depreciation charge applied depends primarily on the estimated life and residual value of the tangible assets. The Directors regularly review the useful lives by considering the expected economic utilisation of the buildings and their physical conditions. The Credit Union carries out a review for impairment of the tangible asset if events or changes in circumstances indicate that the net book value of the tangible assets may not be recoverable. Impairment reviews comprise a comparison of the net book value of the tangible asset with the recoverable amount (the higher of net realisable value and value in use). To the extent that the net book value exceeds the recoverable amount for an asset, the tangible asset is impaired and is written down. Any impaired loss is recognised in the Income and Expenditure account. The net book value of buildings subject to depreciation and impairment charge at the financial year end date was €312,021 (2023: €333,573).

Drumshanbo Credit Union Limited
NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30 September 2024

4. INTEREST ON MEMBERS' LOANS	2024	2023
	€	€
Closing accrued interest receivable	15,599	13,129
Loan interest received in financial year	459,557	444,382
Opening accrued loan interest receivable	(13,129)	(14,241)
	<hr/>	<hr/>
Total interest on members' loans	462,027	443,270
	<hr/> <hr/>	<hr/> <hr/>
4.1 INTEREST ON MEMBERS' LOANS	2024	2023
	€	€
Interest on performing loans	450,323	429,316
	<hr/>	<hr/>
Interest on Impaired and Written Off Loans		
Interest on impaired loans	7,775	13,164
Interest on loans that were charged off in current year	3,874	790
Interest on loans that were previously charged off	55	-
	<hr/>	<hr/>
	11,704	13,954
	<hr/>	<hr/>
Total interest on members' loans	462,027	443,270
	<hr/> <hr/>	<hr/> <hr/>
5. OTHER INTEREST INCOME AND SIMILAR INCOME	2024	2023
	€	€
Closing accrued investment income receivable within 12 months	36,115	31,101
Investment income received in the year	163,260	106,799
Other interest received in the year	-	435
Opening accrued investment income receivable	(31,101)	(31,170)
	<hr/>	<hr/>
Total other interest income and similar income	168,274	107,165
	<hr/> <hr/>	<hr/> <hr/>

6. INTEREST PAYABLE AND DIVIDENDS

The dividend and any loan interest rebate are formally proposed by the Directors after the year end and are confirmed by the members at the Annual General Meeting. As a result, the proposed dividend and loan interest rebate for the current year does not represent a liability at the Balance Sheet date and the dividend and loan interest rebate included in the Statement of Changes in Reserves in the current year relates to dividends and loan interest rebates paid to members for the prior year.

There have been no dividends or loan interest rebates paid to members during the last two financial years ended 30 September 2023 and 2024. At the financial year end the directors have not allocated any monies to the Distribution Reserve and therefore no dividend or loan interest rebate is proposed for the year ended 30 September 2024.

Drumshanbo Credit Union Limited
NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30 September 2024

7. OTHER INCOME

	2024	2023
	€	€
Opening accrued other income receivable	(406)	(170)
A.T.M rental and commission received in the year	2,249	2,039
Holiday/travel insurances commission	214	-
Entrance fees received in the year	159	163
Rent received in the year	1,200	1,650
	<hr/>	<hr/>
Total Other Income Received at the Balance Sheet date	3,416	3,682
Closing accrued other income receivable within 12 months	406	406
	<hr/>	<hr/>
Total other income	3,822	4,088
	<hr/> <hr/>	<hr/> <hr/>

8. EMPLOYEES AND EMPLOYMENT COSTS

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

	2024	2023
	Number	Number
Key management personnel	2	2
Other staff	5	5
	<hr/>	<hr/>
Total average employees	7	7
	<hr/> <hr/>	<hr/> <hr/>

The staff costs comprise:

	2024	2023
	€	€
Wages and salaries	197,915	199,979
Employer PRSI contributions	20,901	18,450
Pension costs	7,033	5,536
	<hr/>	<hr/>
Total employment costs	225,849	223,965
	<hr/> <hr/>	<hr/> <hr/>

9. KEY MANAGEMENT PERSONNEL

The directors of Drumshanbo Credit Union Limited are all unpaid volunteers. The key management personnel remuneration was follows:

	2024	2023
	€	€
Short term employee benefits (including employer PRSI contributions)	109,495	87,878
Pension costs	5,058	4,409
	<hr/>	<hr/>
Total key management personnel compensation	114,553	92,287
	<hr/> <hr/>	<hr/> <hr/>

Key management personnel remuneration costs are included in the total staff costs (Note 8).

Short-term employee benefits include wages, salaries, social security contributions and paid annual leave.

Drumshanbo Credit Union Limited
NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30 September 2024

10. CASH AND CASH EQUIVALENTS

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

	2024	2023
	€	€
Cash and bank balances	386,928	574,695
Deposits and investments	3,347,678	2,102,215
Central Bank Minimum Reserve Requirement – Excess balance (Note 13)	4,150	3,539
	<u>3,738,756</u>	<u>2,680,449</u>

11. TANGIBLE FIXED ASSETS

	Freehold buildings	Fixtures and fittings	Computers and equipment	Total
	€	€	€	€
Cost				
At 1 October 2023	600,581	27,086	84,314	711,981
Additions	10,782	2,917	3,854	17,553
Disposals	(61,451)	-	-	(61,451)
At 30 September 2024	<u>549,912</u>	<u>30,003</u>	<u>88,168</u>	<u>668,083</u>
Depreciation and impairments				
At 1 October 2023	267,008	25,684	55,438	348,130
Charge for the financial year	21,565	1,139	13,911	36,615
On disposals	(50,682)	-	-	(50,682)
At 30 September 2024	<u>237,891</u>	<u>26,823</u>	<u>69,349</u>	<u>334,063</u>
Net book value				
At 30 September 2024	<u>312,021</u>	<u>3,180</u>	<u>18,819</u>	<u>334,020</u>
At 30 September 2023	<u>333,573</u>	<u>1,402</u>	<u>28,876</u>	<u>363,851</u>

Freehold buildings include the Credit Union building. In accordance with standard accounting practice the Directors have brought the building into the financial statements at cost value. Farrell Property Group carried out an independent valuation of the building on 25 September 2020 and a valuation for insurances purposes in June 2023. In their opinion the open market value of the building was above the net book value of the building on all valuation review dates. Accordingly the board has determined that no impairment adjustment is required to the net book value of the building in the financial statements at the year end date.

Drumshanbo Credit Union Limited
NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30 September 2024

12. LOANS TO MEMBERS - FINANCIAL ASSETS

12.1 LOANS TO MEMBERS

	2024	2023
	€	€
As at 1 October	5,860,618	5,470,287
Advanced during the financial year	2,943,967	2,930,070
Repaid during the financial year	(2,550,862)	(2,529,059)
Loans written off	(106,612)	(10,680)
Gross loans to members	12.2 6,147,111	5,860,618
Impairment allowances		
The provision for bad debts is analysed as follows;		
Individually significant loans	(181,381)	(263,826)
Grouped loans	(231,520)	(221,854)
Loan provision	12.3 (412,901)	(485,680)
As at 30 September	12.2 5,734,210	5,374,938

12.2 CREDIT RISK DISCLOSURES

The Credit Union 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 Credit Union complies with Section 12 of the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016 (and its amendments). 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);
- require 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 the Credit Union's maximum exposure to credit risk.

	2024	2024	2023	2023
	€	%	€	%
Gross loans not impaired				
Not past due	73,763	1.20	67,087	1.14
Gross loans impaired				
Not past due	5,090,250	82.81	4,735,736	80.81
Up to 9 weeks past due	805,378	13.10	845,863	14.43
Between 10 and 18 weeks past due	42,638	0.69	11,592	0.20
Between 19 and 26 weeks past due	27,075	0.44	27,372	0.47
Between 27 and 39 weeks past due	28,988	0.47	7,597	0.13
Between 40 and 52 weeks past due	8,587	0.14	14,656	0.25
53 or more weeks past due	70,432	1.15	150,715	2.57
Total	6,073,348	98.80	5,793,531	98.86
Total gross loans	6,147,111	100.00	5,860,618	100.00

Drumshanbo Credit Union Limited
NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2024

continued

Impairment allowance		
Individually significant loans	(181,381)	(263,826)
Collectively assessed loans	(231,520)	(221,854)
Total carrying value	5,734,210	5,374,938

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

12.3 LOAN PROVISION ACCOUNT FOR IMPAIRMENT LOSSES

	2024 €	2023 €
As at 1 October	485,680	515,516
Decrease in bad debt provision as a result of loan write offs	(106,612)	(10,680)
Allowances increased/(decreased) during the financial year	33,833	(19,156)
Decrease in loan provision during the financial year	(72,779)	(29,836)
As at 30 September	412,901	485,680

12.4 NET RECOVERIES OR LOSSES RECOGNISED FOR THE FINANCIAL YEAR

	2024 €	2023 €
Bad debts recovered	(28,430)	(8,882)
Net decrease in bad and doubtful debt provision	(72,779)	(29,836)
Loans written off	(101,209)	(38,718)
	106,612	10,680
Net losses/(recoveries) on loans to members recognised for the year	5,403	(28,038)

12.5 ANALYSIS OF GROSS LOANS OUTSTANDING

	2024 Number of loans	2024 €	2023 Number of loans	2023 €
Less than one year	65	126,468	85	185,740
Greater than 1 year and less than 3 years	312	1,824,425	296	1,734,333
Greater than 3 years and less than 5 years	242	3,192,998	223	2,907,895
Greater than 5 years and less than 10 years	50	1,003,220	53	1,032,650
	669	6,147,111	657	5,860,618

13. CENTRAL BANK MINIMUM RESERVE

At 30 September 2024, the minimum reserve with the Central Bank of Ireland that Drumshanbo Credit Union Limited was required to hold was €31,293 (2023: €21,903). The Credit Union held €4,150 in excess of the minimum requirement (€3,539).

Funds held above the minimum reserve requirement is held as “relevant liquid assets” by the Credit Union with the Central Bank of Ireland and are reflected as cash and cash equivalents within Note 10.

Drumshanbo Credit Union Limited
NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30 September 2024

14. DEBTORS, PREPAYMENTS AND ACCRUED INCOME

	2024 €	2023 €
Prepayments	55,447	48,290
Accrued income - investment income	36,115	31,101
Accrued income - loan interest income	15,599	13,129
Accrued income - other income	6,499	6,499
Total prepayments and accrued income	113,660	99,019

15. DEPOSITS AND INVESTMENTS

	2024 €	2023 €
15.1 Deposits and investments - cash equivalents		
Supranational bonds	3,340,257	2,094,965
Accounts in Authorised Credit Institutions	7,421	7,250
Deposits and Investments – cash equivalents	3,347,678	2,102,215
15.2 Deposits and investments - other		
Accounts in Authorised Credit Institutions	6,850,000	7,350,000
15.3 Total Deposits and Investments	10,197,678	9,452,215

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

	2024 €	2023 €
Deposits and investments		
Aaa	1,595,512	1,347,247
Aa2	1,744,745	747,718
Aa3	500,000	-
A1	5,757,421	5,751,185
A2	600,000	1,606,065
Total Deposits and Investments	10,197,678	9,452,215

16. MEMBERS' SHARES - FINANCIAL LIABILITIES

	2024 €	2023 €
As at 1 October	13,115,168	12,174,761
Received during the financial year	8,388,066	6,607,524
Repaid during the financial year	(7,572,666)	(5,667,117)
As at 30 September	13,930,568	13,115,168

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

	2024 €	2023 €
Unattached shares – members' shares	12,830,323	11,977,258
Attached shares	1,100,245	1,137,910
Total	13,930,568	13,115,168

Drumshanbo Credit Union Limited
NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30 September 2024

17. MEMBERS' DEPOSITS - FINANCIAL LIABILITIES

	2024	2023
	€	€
As at 1 October	3,550	1,840
Received during the financial year	24,824	8,071
Repaid during the financial year	(3,393)	(6,361)
	<u>24,981</u>	<u>3,550</u>
As at 30 September	<u>24,981</u>	<u>3,550</u>

18. CREDITORS, ACCRUALS AND OTHER LIABILITIES

	2024	2023
	€	€
PAYE/PRSI	12,222	12,926
Creditors, accruals and other liabilities	91,982	100,692
	<u>104,204</u>	<u>113,618</u>
Total creditors, accruals and other liabilities	<u>104,204</u>	<u>113,618</u>

19. FINANCIAL INSTRUMENTS

19.1 FINANCIAL RISK MANAGEMENT

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

(i) Credit Risk:

Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to Drumshanbo Credit Union Limited, resulting in financial loss to the Credit Union. In order to manage this risk, the Board of Directors approves Drumshanbo 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. The credit risk on members' loans is disclosed in Note 12.2.

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 of Ireland. The credit ratings of the financial institutions where investments are held are disclosed in Note 15.4.

(ii) 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 (and its amendments).

(iii) Market Risk:

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

(iv) 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. The Board continuously monitors interest rate risk through detailed analysis of monthly management accounts and financial forecasts.

Drumshanbo Credit Union Limited
NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30 September 2024

19.2 INTEREST RATE RISK DISCLOSURE

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

	2024	Average interest rate	2023	Average interest rate
	€	%	€	%
Financial assets				
Gross loans to members	<u>6,147,111</u>	<u>7.89</u>	<u>5,860,618</u>	<u>8.04</u>
Financial liabilities				
Members' shares	13,930,568	-	13,115,168	-
Members' deposits	<u>24,981</u>	-	<u>3,550</u>	-
	<u>13,955,549</u>	-	<u>13,118,718</u>	-

19.3 LIQUIDITY RISK DISCLOSURE

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

19.4 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Credit Union does not currently hold financial instruments at fair value.

19.5 CAPITAL

The Credit Union maintains sufficient reserves to buffer the Credit Union against any losses on its members' loans and also its investments. Full details of these reserves are set out in the Statement of Changes in Reserves on page 18.

20. PENSION SCHEME

The Credit Union operates an externally funded defined contribution pension scheme that covers permanent employees and employees choosing to avail of the scheme. The assets of the scheme are vested in independent trustees for the sole benefit of these employees. Contributions to the pension scheme in the year was €7,033 (2023: €5,536). An amount of €604 (2023: €569) was included in accruals in respect of contributions due to the scheme at the balance sheet date.

Drumshanbo Credit Union Limited

NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30 September 2024

21. RELATED PARTY TRANSACTIONS

A related party of Drumshanbo Credit Union is defined under the Credit Union (Regulatory Requirements) Regulations 2016, as follows:

- (a) A member of the Board of Directors or the Management Team of the Credit Union;
- (b) A member of the family of the Board of Directors or the Management Team of the Credit Union (being that person's father, mother, spouse or civil partner cohabitant, son, daughter, brother or sister);
- (c) A business in which a member of the Board of Directors or a member of the Management Team of the Credit Union has a significant shareholding (10% or more of the voting shares).

During the financial year ended 30 September 2024 related parties of the Credit Union operated share and loan accounts with the Credit Union. These loans were approved in accordance with all relevant legislation and regulatory requirements for credit unions at the time of the advance. The following transactions and balances existed with members who were related parties of the Credit Union during the financial year ended 30 September:

	No. of loans	2024 €	No. of loans	2023 €
<i>During the financial year ended 30 September:</i>				
Loans advanced to related parties during the financial year were:	3	19,500	3	23,000
<i>Related Party as at 30 September:</i>				
Total loans outstanding from related parties at the financial year end:	5	39,935	8	101,234
Provisions held against related parties loans due were:	4	774	8	2,013
Total shares held against loans of related parties were:	5	8,980	8	20,714

Loans outstanding to related parties at 30 September 2024 amounted to 0.65% (2023: 1.7%) of total gross loans due at the year end.

22. INSURANCE AGAINST FRAUD

The Credit Union has insurances against fraud in the amount of €1,300,000 (2023: €1,300,000) in compliance with Section 47 of the Credit Union Act 1997 (as amended).

23. CAPITAL COMMITMENTS

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

24. POST-BALANCE SHEET EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Credit Union, the results of those operations or the state of affairs of the Credit Union in financial years subsequent to the financial year ended 30 September 2024.

25. CONTINGENT LIABILITIES

Drumshanbo Credit Union Limited had no contingent liabilities at the current or prior Balance Sheet date.

26. PROVISION AVAILABLE FOR SMALL ENTITIES

In common with many other businesses of our size and nature, we use our auditors to assist with the preparation of the financial statements.

27. COMPARATIVE INFORMATION

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

28. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved, and authorised for issue, by the Board of Directors on 31 October 2024.

Drumshanbo Credit Union Limited

SCHEDULE TO THE INCOME AND EXPENDITURE ACCOUNT

(not forming part of the statutory audited financial statements)

for the financial year ended 30 September 2024

Schedule 1 – Analysis of Other Management Expenses

	2024	2023
	€	€
Other Management Expenses		
Rent and rates payable	2,170	3,595
General insurance	11,978	11,445
Share and loan insurance	74,324	66,854
Light and heat	9,393	9,645
Repairs and renewals	11,245	8,797
Computer and equipment maintenance	48,353	36,209
Printing and stationery	4,814	7,033
Promotion, education and donations	8,682	13,511
Telephone and postage	4,561	5,437
AGM and convention expenses	4,467	6,704
Chapter and BOC expenses	50	197
Travel, subsistence and other staff and board expenses	6,622	5,856
Training	18,348	4,644
Legal and professional costs	33,654	27,555
Internal audit fees	7,362	6,919
Accountancy	21,000	21,000
Audit fees	11,255	11,255
Bank interest and charges	4,982	6,017
Negative interest applied to daily banking	-	68
Affiliation fees	2,188	2,569
Stabilisation (<i>previously saving</i>) protection scheme	1,122	1,011
Central Bank - Deposit Protection Scheme contribution	11,004	13,996
Central Bank - other regulation levies and charges	7,880	9,179
Other levies and subscriptions	2,733	1,519
CUSOP and PAYAC costs	31,135	8,457
General expenses	3,069	2,185
	<u>342,391</u>	<u>291,657</u>

Drumshanbo Credit Union Limited

Report of the Credit Control Committee 2024

The function of the Credit Control Committee, as outlined in the Standard Rules for Credit Unions 104-108, is to oversee the repayment of loans by members in accordance with their credit agreement. The committee operate under the direction of the Board, performing a critical duty and in so doing, protect members' funds.

The Committee meet regularly to review accounts and then report on a monthly basis to the Board of Directors.

The Credit Control Officer, operating under the supervision of the Credit Control Committee, carries out the day-to-day management role and in consultation, they decide on the appropriate actions to be taken where loans have fallen into arrears. This may involve a phone call, letter or personal contact. The committee understands that members may find themselves in genuine difficulty and when this is the case, we would ask that they contact us as early as possible, so that we can work out a suitable arrangement for both the member and the Credit Union. Unfortunately, some members may not fully honour their loan commitments and where this is the case, the Credit Union may pursue legal action for the recovery of loans. In the past year, the Credit Control Officer collected €28,430 of loans previously charged off and we will continue to explore every avenue to protect our members' funds. Loans to the total of €106,612 were written off in this financial year. In light of the continuing uncertainty caused by both the ongoing economic turmoil, the Board of Directors will closely monitor the Bad & Doubtful Debt Provision to mitigate potential difficulties in the years ahead. The Committee would like to especially thank Geraldine Kennedy, who retired in April, for her sterling work on behalf of the Credit Union. We welcome Olive Sharpley who took on the role as Credit Control Officer when Geraldine retired, and we thank her for her outstanding work in the last 6 months. We also especially thank our borrowers for their continued support and also the Board of Directors, the Board Oversight Committee, the manager and staff for their cooperation and support during the year.

Olive Sharpley, Ann Moran and Kathleen Cornyn
Credit Control Committee

Report of the Membership Committee 2024

The membership committee meet regularly to assess new member applications in accordance with standard Rules for Credit Unions 109 to 113. In order to be considered for membership applicants must either live or work within the Common Bond of Drumshanbo Credit Union or hold the Common Bond by association with an existing member.

The committee's responsibilities include:

- Ascertaining eligibility under Standard Rules 14 to 18
- Verification of compliance with the Criminal Justice Acts 1994, 2010 and 2013 by providing valid photo identification (current passport or driving licence), proof of address, and other legal requirements
- To ensure that the Register of Members is correctly maintained
- To report decisions to the Board of Directors on a monthly basis

Total membership of the Credit Union was 3,519 as of 30th September 2024 and during the financial year 161 new members joined. The Membership Committee has actively promoted the Credit Union within the community by supporting a number of initiatives including the Credit Union Art Competition, School Quiz, the Josie Martin Scholarship, the Christmas Members Draw, sponsorship of local voluntary organisations and charitable donations.

One aspect of membership that the committee would like to bring to members' attention is the nomination process. On joining the Credit Union, a member will be offered the opportunity to nominate a person or persons, to become entitled, at their death, to their savings in the Credit Union. This nomination may be revoked or changed at any time by completing a new nomination and submitting it to be witnessed by a Credit Union member of staff. It is important to note that a Credit Union nomination cannot be revoked by a member's will or any codicil to a will.

Finally, as we are constantly maintaining and updating our Register of Accounts, members may be asked at the counter to provide current photo ID and current utility bills in order to comply with the Criminal Justice (Money Laundering and Terrorist Financing) Acts and we would ask for members continued understanding in this matter.

Karen Gallogly, Nicola Quinn and Olive Sharpley
Membership Committee

Drumshanbo Credit Union Limited

Board Oversight Committee Report 2024 to AGM

The functions of the Board Oversight Committee are defined in the Credit Union Act 1997 (as amended); the Credit Union and Co-operation with Overseas Regulators Act 2012 and the Standard Rules for Credit Unions. In short, the Committee's main responsibility is to oversee the performance of the Board of Directors during the year and to assess whether or not the Board has operated in accordance with Part IV and Part IV(a) of the Credit Union Act of 1997 (as amended) and Section 76(M) of the Credit Union and Co-operation with Overseas Regulators Act 2012.

As per regulatory requirements, at least one member of the Board Oversight Committee has attended every Board of Directors meeting. We ourselves met at least once a month and we reported quarterly to the Board of Directors. The Board Oversight Committee is pleased to confirm to the membership that, in our opinion, the Board of Directors has performed, at all times, in line with the legislation and regulations as laid down by the Central Bank. We can report that they have acted with honesty and integrity, and this is reflected in the financial performance of the Credit Union last year.

We would like to thank the Board of Directors, Sharon Sweeney (Manager) and the staff for their cooperation in facilitating our work. We look forward to continued success in the coming year.

Finally, we would like to thank you, the membership, for your co-operation, understanding and commitment to the continued success of our Credit Union. We wish you all a happy and healthy New Year.

Serena McCarthy, Kathryn Tully and Jaime Tighe
Board Oversight Committee

Report of the Credit Committee 2024

The Board of Directors appoint the Credit Committee and Loan Officer to consider and decide on loan applications in line with the Credit Policy. One of our primary services is to provide credit to our members at affordable rates, so we stress to all our members who intend to borrow, to come to us and we will endeavour to meet your borrowing needs. When considering the overall value of Credit Union loans, we would ask members to bear in mind the following factors:

- There are no transaction charges or hidden costs
- Interest is calculated on the reducing loan balance so the quicker the loan is repaid the less interest is charged
- There are no penalty fees for early repayment of loans and lump sum payments may be made at any time
- We provide free loan protection insurance on every loan subject to age & health restrictions so that in the event of the borrower's death the loan will be cleared

We strongly advise borrowers to be prudent with their lending requirements. All credit applications are assessed on their own merits and while the credit committee would like to approve all loans, it is our responsibility to ensure that there is no undue risk to the Credit Union or to the individual member. The principal factor considered in deciding on loans is the member's ability to repay although the members credit history with the Credit Union is also very important. We use the Central Credit Register to carry out a credit check on loan applications.

During the year ended 30th September 2024, 335 loans to the value of €2,943,967 were approved and represented loan growth of 5% on the previous year. The Credit Union's total loan book was €6,147,111 at 30th September 2024. The following table gives a breakdown of the loans drawn down during the year.

Purpose	Number	Value
Car Purchase / Repair	150	1,480,000
Home Improvements	71	944,917
First Time Borrowers	49	309,500
Personal	41	113,200
Education	22	93,200
Medical Expenses	<u>2</u>	<u>3,150</u>
TOTAL	<u>335</u>	<u>2,943,967</u>

The Credit Union continues to offer promotional loan rates to our members with an education loan rate of 6% available as well as a number of car promotion rates from 6.95%. All loans have the flexibility associated with the Credit Union meaning that early repayment is possible without penalty. The committee would also like to highlight to members that all

Drumshanbo Credit Union Limited

Credit Union loans come with free insurance with the cost being borne by the Credit Union. The credit committee would like to thank all our borrowers who continue to support the Credit Union. The committee was disappointed that the usual loan interest rebate was not possible this year due to the prevailing economic conditions nationally.

We did our utmost during the year to support members who were either temporarily or permanently without employment and are committed to working with anyone who is struggling to meet their commitments due to circumstances beyond their control. The committee would like to sincerely thank the manager and staff for their patience and assistance during the year.

Joseph McManus, Eugene O’Connell and Sheila Flynn
Credit Committee

Report of the Investment Committee 2024

The Investment Committee is charged with investing and monitoring the performance of the Credit Union’s investment portfolio. The committee meets monthly to review the operational performance of the investments, according to the Investment Policy and to maintain the Credit Union’s liquidity requirements, in line with the Liquidity Policy and Central Bank regulations.

This year, with the rise in interest rates, the Credit Union increased our investments in Aaa rated EU Commission Treasury Bills and Aa2 rated France Government Treasury Bills. This led to an increase in our investment income from €107,165 for the comparable year to €168,274 for the year ended 30th September 2024. All investments have varying maturity dates in 2024. The Credit Union continued to engage the services of an investment advisory firm, namely Cantor Fitzgerald Ireland.

The Credit Union holds a total investment portfolio of €10.2m spread across 12 credit institutions. As per Central Bank regulations, no one investment should exceed 20% of the total investment figure and the investment committee can confirm that we are fully compliant in this regard.

The following is a breakdown of the Investment Portfolio:

Investments by Counterparty at 30th September 2024

	€
AIB Group	450
Bank of Ireland	736
Barclays PLC	1,000,000
BBVA SA	600,000
EU Commission	1,595,512
Deutsche Bank AG	1,000,000
France Government	1,744,745
Goldman Sachs Group Inc	1,000,000
Credit Mutuel Alliance Federale	500,000
NatWest Group plc	1,000,000
Societe Generale	1,750,000
PTSB Group	<u>6,235</u>
Total	<u>10,197,678</u>

Eugene O’Connell, Joseph McManus and Sharon Sweeney
Investment Committee

Drumshanbo Credit Union Limited

Report of the Nomination Committee 2024

The Nomination Committee (the "Committee") consists of 5 members of the Board of Directors, who are elected each year at a Special Meeting following the AGM. The Committee has several important functions including:

has several important functions including:

- identifying candidates, accepting written nominations and proposing candidates in respect of vacancies;
- the Fitness and Probity reviewing of each candidate in line with the current legal and Central Bank requirements; and
- ensuring that our succession planning, nominations and volunteer policies are fully incorporated, and remain valid and up to date.

In so doing, the Committee must consider the balance of skills, experience and knowledge on the Board. Under current legislation, a Credit Union Board must consist of an odd number of Directors, either seven (7), nine (9) or eleven (11).

Your Board presently consists of nine (9) members, but the law limits the number of years which directors may serve. We thank all Board members who are now stepping down for their tremendous commitment and contribution to our Credit Union.

We express our gratitude to Geraldine Kennedy on the occasion of her retirement for her dedication and drive throughout her many years of service to our Credit Union.

Each person carrying out a controlled function within our Credit Union has agreed to abide by the standards of fitness and probity and the additional guidance issued by the Central Bank of Ireland to all Credit Unions. In connection therewith, Drumshanbo Credit Union requires that all directors, board oversight committee members and staff complete continuous professional development (CPD) hours each calendar year. We remain committed to have greater diversity across the board and committees and such consideration is to the fore in our deliberations. Succession Planning and an active recruitment process play an important role in this vital aspect of our credit union operation. We would request any member who would like to contribute in this way "by giving something back" to contact a current Board member or telephone the Credit Union. Full training and mentoring will be provided to all new volunteers. Members have found the experience very rewarding and indeed beneficial in their professional life.

We would also like to welcome the new volunteers who have agreed to stand for election on our Board of Directors this year.

Lukas Kodl, Joseph McManus and Kathleen Cornyn
Nomination Committee

Member Information

We are delighted to announce that we will be launching an online loan application module to our online / mobile app service in early 2025. This will enable you to apply for a loan online and securely send and sign any required documentation for this process.