

CARLOW DISTRICT CREDIT UNION LIMITED



ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

AGM Invitation

Date: 23rd January 2023. Time: 7.00pm.

Venue: Seven Oaks Hotel, Carlow.

Table of Contents:	Page
Notice to Members	03
Standing Orders	03
Company Information	04
Order of Business	04
Motions	05
Minutes of 2021 AGM	05
Chairperson's Report 2022	09
Directors Report 2022	11
Statement of Directors Responsibilities & Board Oversight Responsibilities 2022	13
Report of the Auditor	14
Income & Expenditure Account	17
Balance Sheet	18
Statement of Changes in Reserves	19
Cash Flow Statement	20
Notes to the Financial Statements	21
Schedule 1 - Other Management Expenses	36

Notice to Members:

1. Dividends

No dividend to be paid on members' shares for 2022 financial year in line with the industry and advice.

2. Interest Rebate

No Interest rebate will be paid for financial year 2022 in line with industry and advice.

3. Affiliation Fees

In accordance with Rule 109(6) of the Standard Rules for Credit Unions, Carlow District Credit Union deducts an amount annually from member accounts aged between 18 and 65 to cover affiliation fees due to be paid to the Irish League of Credit Unions as part of its functioning. The amount to be deducted in January 2023 is €2.51.

4. €5.00 minimum balance must be maintained in the account to hold membership within the Credit Union. Any account that goes below this threshold will be closed.
5. €100 minimum balance must be maintained in the account to qualify for Death Benefit Insurance.
6. Members should ensure that their nomination requests are up to date (allowing funds go to their next of kin on their death).
7. Savings limits have increased from €5,000 per month to €6,000 per month. The maximum overall limit remains at €20k however this is constantly under review with the Credit Union.

Standing Orders

1. VOTING

Each member shall be entitled to one vote irrespective of his/her shareholding, in accordance with section 82(2) of the Credit Union Act, 1997 (as amended).

This year's AGM will be in person, voting on motions and elections will be in person.

2. ELECTION PROCEDURE

IN PERSON

Ballot paper will be provided to all present at the meeting

Elections shall be in the following order:

- a. Election of auditor.
- b. Election for membership of the board of directors; and
- c. Election for membership of the board oversight committee.

When nominations are announced tellers shall be appointed by the Chairperson and voting procedures and instructions shall be distributed.

When the votes have been counted by the tellers, the results shall be announced by the chair.

3. MOTIONS

4. The Chairperson's decision on any matter relating to these Standing Orders or interpretation of same shall be final.

5-9. MISCELLANEOUS

5. The Chairperson of the Credit Union shall be the Chairperson of any general meeting, except where he/she is not available, in which case it shall be the Vice-Chair, except where he/she is not available, in which case the Board shall decide amongst themselves who shall act as Chair of any general meeting.
6. The Chairperson may at his/her discretion, extend the privilege of the floor to any person who is not a member.
7. Matters not covered by the Agenda may be introduced under "Other Business" at the discretion of the Chairperson.
8. The Chairperson shall have a second or casting vote in addition to his/her own vote on matters other than voting at elections where there is an equality of votes (Standard Rule 99(1)).
9. Any matter to be decided upon by a vote at the AGM shall, unless otherwise expressly provided for by law or the rules be decided upon by majority vote.
10. Adjournments of the AGM shall take place only in accordance with section 81(1) and the provisions concerning notice, voting and quorum are also set out in section 81 of the Credit Union Act, 1997 (as amended).

Company Information		Date Appointed	Date Resigned
Manager/CEO	Deirdre Roche	14 October 2019	
Registered Office:	Credit Union House, Askea, Carlow		
Bankers:	Ulster Bank. Hanover Place, Kennedy Avenue, Carlow		
	BNP Paribas. 5 George's Dock, IFSC, Dublin 1, Ireland		
Directors:			
Chairperson	Elaine Grant	31st Jan 2022	
Vice Chairperson	John Brophy	31st Jan 2022	
Secretary	Joanne Doyle	31st Jan 2022	
	Aidan Fleming		
	Colm Haughney		
	Clive Waldron		
	Larry McNally		
	PJ Hickson		
	Mary Kinsella		

Vacancies: (a) Board of Directors (6) (b) Board Oversight Committee (3)

All nominations for vacancies are required to be processed through the Nominations Committee under Section 56B of the Credit Union Act 1997 (As amended).

Order of Business

- a) The acceptance by the Board of Directors of the authorised representatives of members that are not natural persons.
- b) Ascertainment that a quorum is present.
- c) Adoption of standing orders.
- d) Reading & approval/correction of the minutes of the last AGM, & any intervening special general meeting.
- e) Report of the Chairperson
- f) Report of the Board of Directors
- g) Consideration of accounts
- h) Report of the Auditor
- i) Report of the Board Oversight Committee
- j) Declaration of dividend and rebate of interest
- k) Report of the Credit Committee
- l) Report of the Credit Control Committee
- m) Report of the Membership Committee
- n) Report of any Sub-Committee
- o) Report of the Nominations Committee
- p) Appointment of Tellers
- q) Election to fill vacancies on the Board of Directors
- r) Election to fill vacancies on the Board Oversight Committee
- s) Motions
- t) Any other business
- u) Announcement of Election results
- v) Adjournment or close of meeting

Motions

- a. The Annual General Meeting of Carlow District Credit Union Ltd resolves to empower the Board of Directors to pursue transfer of engagements by way of board resolution within the next 12 months subject to regulatory approval and in accordance with the relevant provisions of the Credit Union Act 1997 (as amended).
- b. That Moore be appointed auditors for the coming year.

RULE CHANGES

None

Minutes of A.G.M. of the Carlow Credit Union of 31 January 2022

1. Opening of Meeting

The Chairperson opened the meeting. The Chairperson confirmed that a quorum present. The Chairperson confirmed the rules for electronic voting for board members. No vacancies on board oversight.

2. Approval of Minutes

Presented Annual report for 30 September 2021

- Installation of safety measures in offices
- Host AGM online while adhering to HSE guidelines
- Remained open during the pandemic
- Extended opening hours to pre-pandemic hours
- Thanked members of various communities
- Introduced new online loan application facility
- Extended loan discount rate 6.95% indefinitely
- Embarked on new advertising and marketing campaign
- Regular KCLR spots
- Live car draw on social media
- As of 1.4.22 maximum death benefit reduced to €2000 from €5000 if joined before 71 years of age and minimum balance of €100 on account. No direct cost to members.
- Launched home, life and travel insurance products in 2021

Approval of Chairperson's Report
Proposer: Siobhan Gray
Seconder: Joan Burton

Approval of Minutes of 2020 AGM
Proposer: Colette Mannion
Seconder: Mariea Ryan

Approval of Minutes of Special General Meeting 2021
Proposer: Aidan Fleming
Seconder: Angie Fitzpatrick

3. Colm Haughney – Director's Report

Presented the director's report
Principle risk and uncertainties

- Adverse developments in the following areas:
 - Changes in the current economic climate in Ireland, in particular Covid pandemic
 - Reduction in loan and interest income due to reduced loan demand
 - Ability to maintain investment returns
 - Board regularly monitors the above risk and appropriate action is taken to mitigate any risks
 - Results are set on pages 22 – 40
- List of directors is set out

Approval of Director's Report
Proposer: Lorraine Hynes
Seconded: Aidan Fleming

Presented the financial statements report for year ended 30 September 2021

- Interest on member's loan decreased by 116k or 5% v 2020
- Investment income decreased by 65k or 6%
- Decline in investments in recent years due to low interest rates
- Investment yield 1%, decrease of 0.01%
- Other income increased due to refund of income
- Foreign income
- ATM charges increased
- Decrease in employment costs by 117k - 8%
- Reduction in depreciation 17k
- Other management expense reduction 10%
- Commission costs reduced by 37%
- Net recovery movement
 - Bad debt provision reduction
 - Increase of loans written off

- Balance sheet
 - Total assets increased
 - Investment portfolio increased by 5.6m
 - Loans and arrears decreased
 - Loan to asset ratio fell
 - Reserves increased by 134k
- Key trends
 - Covid pandemic
 - Sales growth continued 2.6%
 - Low interest rate environment
 - Return on investment reduced despite increase in investment portfolio
 - Loan book growth was challenging mainly due to restrictions in place
 - Loan book reduced by 1.36m v 2020
 - Some costs increased due to asset size
 - Management expenses decreased by 10%
 - Bad debt provision decreased by 22k, mostly attributable to reduction in loan book and loan arrears
- Key movements
 - Reported surplus mainly attributable to reduction in costs
 - Loan and investment income reduced by 182k
 - ECCU claims refund received of 75k
 - Reduction in employment costs
 - Net debt experience reduced by 630k
 - Loan arrears reduced by 1.6m
 - CDCU preserved death benefit
- Savings limit and return of excess funds
 - CU must hold 25% of unattached shares in liquid funds, CDCU is being charged negative rates to hold some of these funds
 - To reduce costs, CDCU introduced savings limit of 30k for members and 10k for minors, must return surplus of funds in excess of these limits
- Dividend proposal
 - Proposing no dividend payment in 2021 in line with regulator's advice
 - Proposing no interest rebate in 2021

Approval of Financial Statements

Proposer: Paul Townsend

Secunder: Mary Kinsella

4. Auditor's Opinion from Moore Auditors - Cormac Reilly, Partner

- Presented the opinion
- Obtained all information and explanation required for audit
- Proper accounting records have been kept
- Financial statements are in line with agreements

Approval of Auditor's Report

Proposer: Larry McNally

Secunder: Maria Ryan

5. John Brophy – Board Oversight Committee Report

- Function is to assess how the board is operating
- Holds monthly meetings
- At least 1 member was present for all monthly meetings
- Appreciates the commitment of all volunteers to the CDCU
- acknowledgement of all involved and thank you for service
- Liaised monthly as required by legislation
- Met once a quarter on performance of board
- Participated in various meetings throughout the year
- Participated in training as required
- The board decisions are compliant with legislation
- Committee has 3 serving members and CDCU extends it's thanks to the serving members

Approval of Board Oversight Committee Report

Proposer: Michael Osborne

Secunder: Linda Finn

6. Aidan Fleming – Credit Committee Report

- Supervise the lending process
- Loan interest is the main source of income
- Lending department approved 17004 loans between 2020 and 2021 to the value of 12m
- Average approval rate is 83%
- Introduced DocuSign in February to sign loan documents online
- Can lend up to 110k
- Credit department also look at marketing of products
 - Digital marketing
 - Social media
 - Local nationalist
 - KCLR spots

- 2 new billboards erected in Carlow
 - Live monthly car draw
 - Great feedback received
- Sincere thank you to fellow members for all their support

Approval of Credit Committee's Report
 Proposer: Paul O'Connell
 Seconder: Maria Ryan

7. Christie Kennedy – Credit Control Committee

- Committee reports to board at monthly meetings
- Carry out daily management of CDCU's function
- CDCU's success depends on prompt payments
- Tough year for members who could not pay their loans in time
- Written off 331k for year ended, increase in 2k from 2020
- Recovered 17k from previous written off bad debt
- Thanked fellow managers, directors and all staff

Approval of Credit Control's Report
 Proposer: Paul Townsend
 Seconder: Larry McNally

8. Linda Finn – Membership Committee Report

- 548 new members welcomed
- 413 adult accounts
- 26k adult accounts in total
- 242 club accounts
- Ensure all applications comply with AML directors and common bond

Approval of Membership's Committee Report
 Proposer: Maria Ryan
 Seconder: Joan Byrne

9. John Calvey – Nomination Committee Report

- Role of succession planning to govern the operations of the CDCU into the future
- CDCU member can develop professionally by volunteering
- If you wish to become a volunteer, please email info@carlowcredunion.ie
- 3 candidates for re-election to the board
 - Board oversight committee is complete
 - 1 member is being approved for chairperson of the board

Approval of Nomination's Committee Report
 Proposer: Elaine Grant
 Seconder: Siobhan Gray

10. Deirdre Roche – Promotions Committee Report

- CDCU offered 2 intern roles for 10 weeks to replace the bursary awards
- Two 3rd year students from Carlow IT offered employment after the internship
- In 2021, supported 2 local charities as charity of the year
 - St Fiacc's House
 - Carlow Mental Health
- All of CDCU completed a 5k walk/run
- Thank sponsors Bosco Butcher's
- 2.5k was donated to Carlow Mental Health on behalf of CDCU
- Branch donation boxes supported the charity of the year
- All member monthly draw took place in the CDCU office and streamed live
- Encourage all members to follow us on social media
- Congratulate all winners in 2021
- Many local charities would have sought support during the year, we supported some via online events
- Thank everyone for help and support throughout the year
- Announcing charity of the year for 2022 in coming weeks

Approval of Promotion's Committee Report
 Proposer: Michael Osborne
 Seconder: Mary Kinsella

11. Deirdre Roche – CEO Update

- This time last year, we reported a deficit
- Despite a challenging year, CDCU returned to a surplus for year ending 30 September 2021
- Achieved by targeting cost base and digitalisation to support the growth of our loan book
- Investment income is being reduced
- Average return on investment is now 1%, very dependent on income from loans
- Launched insurance services in 2021 for members to get competitive rates on insurance
- Forced to introduce a share cap of 20k and 10k to share accounts and deposit accounts

- Pandemic has seen huge growth in savings across the country
- Faced with 2 concerns as deposits increase – must increase reserves to meet CBI's regulations and charged interest on holding funds with banks
- Thank all members who supported share cap
- Reduction in traditional loans being requested by our members
- Loan income is critical to our business, must increase lending operations
- Launching green loans this week
- Thank all members for adapting to CDCU's new way of working
- Extend thanks to volunteers of the board

12. 2 Motions to be approved

1. To empower the board of directors to pursue transfer of engagements by way of board resolution within the next 12 months subject to regulatory approval
2. To appoint Moore auditors as auditors for the coming year
Both motions are passed.

13. Rule Change

1. Rule 40(2) – board of members shall consist of 11 members all of whom are members of the CDCU
2/3 majority approved.

14. Approval of no dividend and no interest rebate to paid in 2021

Proposer: Catherine Maher
Seconder: PJ Hickson

15. AOB

- Q – confirm how many members have attended the Zoom AGM
- A – 43 attendees, in voting 2/3 approved. We need 30 or 10% of membership, whichever is lower present to have a quorum.
- End of AGM.

Chairperson's Report

Good evening everyone.

Thank you all for attending, it's great to have everyone back in person again after 2 years of having to have the AGM remotely. I'd like to open the evening by confirming acceptance on behalf of the Board of Directors of the authorised representatives of members that are not natural persons and confirm that we have a quorum present.

Your standing orders are included on page 3.

It can be said that the last few years have been challenging times for us all, and we thank you all for supporting CDCU both in the past and those who continue to do so now. I personally would like to thank our dedicated staff and management at CDCU for keeping the offices operational throughout the difficult periods we have all experienced.

Your AGM pack includes the rules and procedures and instructions on how to register and complete your ballot. Can I ask you now to consider your votes for election of our Board of Directors?

That leads me to the Chairperson's Report

Fellow members, it is a privilege as Chairperson of Carlow District Credit Union Ltd to present the annual report for the year ended 30th September 2022.

We all continued to experience challenging times this year and as you are aware from last year, we have had to radically redefine the ways in which we operate to reduce the risk of virus transmission. Again, the safety measures taken at the start of the pandemic continue to operate in each of our offices, and in order to fulfil our requirements for the AGM we took the decision this year to host our AGM in person, while also adhering to HSE and government guidance to contain the virus.

I'd also like to thank the volunteers on our various committees, Board of Directors and Board Oversight Committee who give of their own time freely and generously to represent you the members. The Credit Union is based on a community ethos and is dependent on those individuals from our member base who choose to volunteer. To this end, I would like to acknowledge and compliment all who volunteer with the Credit Union. It is a huge undertaking of responsibility and time to participate in the governance of the Credit Union. Thank you to each and every one of you.

2022 again was a year of far-reaching changes and necessary decisions aimed at ensuring the future of Carlow District Credit Union going forward. Over the past few years, we have invested in many large projects to lay the foundations for a future of sustainable growth. This has seen us introduce a new online loan application facility which allows member to apply for loans from their comfort of their own homes. We also extended our loan discount rate of 6.9% indefinitely. We continue to invest in the internal Information and Communications Technology framework within the Credit Union to ensure consistent and speedy service across all office locations and consistently reviewing the safety of our online platforms. All our loan types together with our rates are listed on our website and are continually updated for our members benefit.

We have also embarked on new advertising and marketing campaigns highlighting our personal and friendly services and the availability of funds for lending including via our online channel. Carlow Credit Union has remained and will continue to be a strong and visible force in the community. You will note our marketing campaigns with our regular KCLR slots, our live car draws and our social media promotions. As always, we encourage you to make Carlow District Credit Union your first choice for your borrowing needs. Our business development team continually reach out to those in the community both individuals and businesses to assess the needs for all throughout our community.

Over the past 12 months, we have worked hard reviewing and analysing the insurance offering available to our members to ensure sustainability long term. Life is full of unexpected twists and turns. And though we do our best to plan for the road ahead, we never know what's around the corner. One great benefit of being a member with Carlow Credit Union is our insurance. Many Credit Unions are introducing charges for members to maintain insurance cover. Life Saving Insurance Cover is provided by Carlow District Credit to all eligible members at no direct cost, as an additional incentive to save regularly and maintain savings with the Credit Union. This means your dependents will receive a financial sum in the event of your death. The amount of insurance benefit which an insurable member is entitled to is in direct proportion to their savings and their age. As of 1st April 2022, the maximum life savings insurance benefit payable that a member may be entitled to has been reduced from €5,000 to €2,000.

Carlow District Credit Union also provides death benefit insurance at no direct costs to members who have joined before their 71st birthday and who always maintain a minimum balance of €100 in their accounts. We are delighted to confirm that this will remain in place for the coming financial year. This will continue as a service at no direct cost to the member.

With an increasingly competitive landscape, the economic changes because of COVID-19 and the challenging investment environment - pressure on the credit union business model has intensified in recent years and this, together with the completion of various projects aimed at long term growth. The entire industry is facing similar challenges and Carlow Credit Union is confident that we can emerge from these difficulties with hard work and the support of our members over the next few years.

CDCU is a safe, strong, and secure financial institution and we have always adapted our business over the years to ensure we remain in this position.

Each year is not without loss and for those we have sadly lost this year, some of our members, close relatives of our staff and volunteers and our friends. We remember them all at this time.

Ar dheis Dé go raibh siad.

On behalf of the Board, I would like to express our thanks to the staff, management, volunteers, board of directors and committees for the hard work and continued commitment to serve our members needs throughout what was an extremely challenging year. It gives the Board great assurance that your Credit Union has the strength to continue to grow into the future.

Finally, I want to thank my fellow Board Members for their support throughout the year, The Management & Staff for their hard work and support that they have shown also to this board. As Chairperson I express my thanks to you the members for your support and it has been very much appreciated and I look forward to supporting Carlow District Credit Union in the years ahead.

We will answer questions that may have come in prior to the meeting and take questions at the end of the AGM.

Directors Report 2022

The Directors

The Directors present herewith their Annual Report, together with the Audited Financial Statements for the Credit Union for the year ended 30th September 2022.

Principal Risks and Uncertainties

- Reduction in loan interest income due to reduced loan demand and early redemption of loans
- Changes in the current economic climate (cost of living, fuel prices, energy costs, war in Ukraine)
- Economic, demographic and other macro factors affecting the credit union's products

The Board regularly monitors all the above risks and appropriate actions are taken to mitigate those risks or address their potential adverse consequences.

Results: The results for the year are set out on pages 14 to 36.

The following Directors/Oversight Committee held office during the year:

Directors:

	Date Elected/Re-elected	Date Resigned
Elaine Grant (Chairperson)	31/01/22	
*John Brophy (Vice Chairperson)	31/01/22	
Joanne Doyle (Secretary)	31/01/22	
*Clive Waldron	16/12/19	
John Calvey	16/12/19	31/01/22
Aidan Fleming	15/03/21	
Colm Haughney	15/03/21	
Larry McNally	31/01/22	
Mary Kinsella	15/03/21	
*P J Hickson	16/12/19	
*Michael Curran	for election	
*New Director 1 - TBC	for election	
*New Director 2 - TBC	for election	

*Directors Due for Election/re-election at this AGM

Board Oversight Committee:

	Date Elected/Re-elected	Date Resigned
John Callinan	16/12/19	05/22
Pauline Keogh	16/12/19	09/22
*Amanda Sheehan	for election	
*Damien Walsh	for election	
*Michael Lyons	for election	

Dividends: The directors do not recommend a dividend payment.

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

Auditors: In accordance with Section 115 of the Credit Union Act 1997, the auditors Moore offer themselves for re-election.

On behalf of the Board of Directors

Elaine Grant

Chairperson

Joanne Doyle

Secretary

Date: 06/12/2022

Statement of Directors Responsibilities & Board Oversight Responsibilities 2022

Statement of Directors' Responsibilities

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

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

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

On behalf of the Board of Directors

Member of the Board of Directors:



Elaine Grant

Member of the Board of Directors:



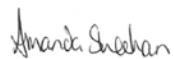
John Brophy

Date Signed: 06/12/2022

Statement of Board Oversight Committee's Responsibilities

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

Chairperson of the Board Oversight Committee



Amanda Sheehan

Date Signed: 06/12/2022

Independent Auditors' Report

to the Members of Carlow District Credit Union Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Carlow District Credit Union Limited for the year ended 30 September 2022 which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Changes in Reserves, the Cash Flow Statement and the notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion the financial statements:

- give a true and fair view of the state of the Credit Union's affairs as at 30 September 2022 and of its income and expenditure and cash flow for the year then ended;
- have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been properly prepared in accordance with the requirements of the Credit Union Act 1997, as amended.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine

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

We have nothing to report in this regard.

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

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

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

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Moore

Chartered Accountants & Statutory Audit Firm
Ulysses House, Foley Street, Dublin 1.



Date signed: 07/12/2022

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 judgment and maintain professional scepticism throughout the audit. We also:

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

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

Income and Expenditure Account

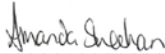
For the year ended 30th September 2022

	Notes	2022 €	2021 €
Interest on members' loans	4	2,205,044	2,308,593
Other interest income and similar income	5	1,011,124	1,051,450
Net interest income		3,216,168	3,360,043
Other income	7	106,160	124,046
Employment costs	11	(1,271,612)	(1,331,144)
Depreciation	13	(227,783)	(259,130)
Other management expenses (Schedule 1)		(1,673,635)	(1,710,195)
Exceptional Gains	8	590,315	-
Net recoveries on loans to members	14	587,534	365,354
Other losses	9	(1,274,558)	(123,175)
Surplus for the financial year		52,590	425,799
Other comprehensive income		-	-
Total comprehensive income for the year		52,590	425,799

The financial statements were approved and authorised for issue by the Board on the 06/12/2022 and signed on its behalf by:

Deirdre Roche:  *Deirdre Roche* **Manager**

Elaine Grant:  **Member of the Board of Directors**

Amanda Sheehan:  **Member of the Board Oversight Committee**

Balance Sheet

As at 30th September 2022

	Notes	2022 €	2021 €
Assets			
Cash and balances at bank	12	1,570,862	1,237,521
Tangible fixed assets	13	2,175,547	2,501,026
Loan to members	14	24,566,755	25,467,007
Prepayments and accrued income	15	625,911	593,297
Deposits and investments - cash equivalents	16	16,110,203	18,834,575
Deposits and investments - other	16	88,467,938	91,768,244
Total Assets		133,517,216	140,401,670
Liabilities			
Members' shares	17	100,972,566	103,270,986
Members' deposits	18	13,418,650	18,127,222
Other payables	19	982,187	911,676
Total liabilities		115,373,403	122,309,884
Assets less liabilities		18,143,813	18,091,786
Reserves			
Regulatory reserve		15,805,438	15,805,438
Operational risk reserve		1,042,016	1,042,016
Non-distributable investment income reserve		43,318	43,319
Dividend reserve		1,166,800	1,173,242
Distributable reserve			-
Other non-distributable reserve		86,241	27,771
Total reserves		18,143,813	18,091,786

The financial statements were approved and authorised for issue by the Board on the 06/12/2022 and signed on its behalf by:

Deirdre Roche:



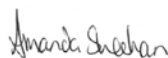
Manager

Elaine Grant:



Member of the Board of Directors

Amanda Sheehan:



Member of the Board Oversight Committee

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

	Regulatory reserve	Dividend reserve	Non distributable income reserve	Operational risk reserve	Distributable reserve	Other non distributable reserve	Total reserves
Balance at 1 October 2020	€ 15,180,438	€ 776,512	€ 14,068	€ 1,042,016	€ 625,000	€ 19,466	€ 17,657,500
As restated	15,180,438	776,512	14,068	1,042,016	625,000	19,466	17,657,500
Period ended 30 September 2021:							
Total comprehensive income for the year	-	425,799	-	-	-	-	425,799
Dividend paid during the year (note 6)	-	-	-	-	-	-	-
Transfer between reserves	625,000	(29,069)	29,250	-	(625,000)	8,305	8,486
Balance at 30 September 2021	15,805,438	1,173,242	43,318	1,042,016	-	27,771	18,091,786

	Regulatory reserve	Dividend reserve	Non distributable income reserve	Operational risk reserve	Distributable reserve	Other non distributable reserve	Total reserves
Period ended 30 September 2022:							
Total comprehensive income for the year	-	(6,442)	-	-	-	59,032	52,590
Dividend paid during the year (note 6)	-	-	-	-	-	-	-
Transfer between reserves	-	-	-	-	-	(563)	(563)
Balance at 30 September 2022	15,805,438	1,166,800	43,318	1,042,016	-	86,240	18,143,813

The Regulatory reserve of the Credit Union as % of total assets as at 30 September 2022 was 11.84% (2021 : 11.26%)

Following commencement of S13 of the 2012 Act, the requirement for Credit Unions to transfer 10% of their annual surplus to their statutory reserve (now known as Regulatory reserve) each year has been removed.

In accordance with S45 of the Credit Union Act 1997 (as amended), Carlow District Credit Union Limited put in place an Operational Risk reserve in 2016. There were no movements in the Operational Risk reserve in the current period ended 30 September 2022. The Operational Risk reserve as a % of total assets as at 30 September 2022 was 0.78% (2021 : 0.74%).

Cash Flow Statement

for the year ended 30th September 2022

	Notes	2022 €	2021 €
Cash flows from operating activities			
Loans repaid by members	14	11,651,141	12,318,918
Loans granted to members	14	(10,684,229)	(11,282,873)
Loan interest received	4	2,219,081	2,356,136
Investment income received		1,011,124	1,051,450
SPS Refund Received		590,315	
Other income received	7	106,160	124,046
Bad debts recovered	14	503,456	640,494
Other Gains/(losses)	9	(1,274,558)	-
Operating expenses paid to include employment costs		(2,904,530)	(2,832,325)
Net cash inflow from operating activities		1,217,960	2,375,846
Cash flows from investing activities			
Purchase of tangible fixed assets	13	(4,175)	(10,291)
Proceeds on disposal of tangible fixed assets		101,871	-
Movement in long term investments	16	3,300,306	(2,956,635)
Net cash flows from investing activities		3,398,002	(2,966,926)
Cash flows from financing activities			
Members' shares received	17	41,493,918	43,981,076
Members' shares withdrawn	17	(43,792,338)	(39,348,322)
Members' deposits received	18	116,347	8,010,295
Members' deposits withdrawn	18	(4,824,920)	(9,561,165)
Net cash flows from financing activities		(7,006,993)	3,081,884
Net (decrease)/increase in cash and cash equivalents		(2,391,031)	2,490,804
Cash and cash equivalents at beginning of year		20,072,096	17,581,292
Cash and cash equivalents at end of year	12	17,681,065	20,072,096

Notes to the Financial Statements

1 Legal and regulatory framework

Carlow District Credit Union Limited is established under the Credit Union Act 1997, as amended. The Credit Union is registered with the Registrar of Credit Unions and is regulated by the Central Bank of Ireland. The principal place of business is Credit Union House, Askea, Carlow.

2 ACCOUNTING POLICIES

2.1 Statement of compliance and basis of preparation

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

The financial statements have been prepared on the historical cost convention, modified to include certain items at fair value.

2.2 Currency

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

2.3 Going concern

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

- maintains an appropriate level of liquidity; and
- has reserves that are currently above the minimum requirements of the Central Bank.
- has the means to mitigate the immediate impact of the covid-19 pandemic on its operations in medium term.

2.4 Income

Interest on members' loans

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

Investment income

The Credit Union uses the effective interest method to recognise investment income on investments measured at amortised cost. In relation to any investments held at fair value, the Credit Union recognises changes in fair value in the Income & Expenditure Account.

Other income

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

2.5 Dividends to members and interest on members' deposits

Interest on members' deposits

Interest on members deposits is recognised using the effective interest method.

Dividends on shares and loan interest rebates

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

The policy of the Credit Union is to pay a reasonable and consistent rate of dividend. The Board of directors must first ensure that sufficient transfers are made to ensure the minimum requirement for the Regulatory and Operational Risk Reserves are complied with in full before any consideration to payment of dividend or interest rebate can be proposed, as set out in our Reserve Management Policy.

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

2.6 Taxation

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

2.7 Cash and cash equivalents

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

2.8 Financial instruments

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

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

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

Basic financial assets

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

- Loans to members

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

- Investments held at amortised cost

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

Other receivables

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

Other Financial Assets

- Investments held at fair value

The Credit Union initially recognises its complex instruments at fair value. At the end of each reporting period, the Credit Union measures these investments at fair value and recognises changes in fair value in the Income and Expenditure account. The Credit Union uses the following hierarchy to estimate the fair value of these investments:

Level 1 fair values. The best evidence of fair value is a quoted price for an identical asset in an active market. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted price is usually the current bid price.

Level 2 fair values. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the entity can demonstrate that the last transaction price is not a good estimate of fair value (e.g. because it reflects the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distressed sale), that price is adjusted.

Level 3 fair values. If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

Impairment of financial assets

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

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

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

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

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

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

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

Basic financial liabilities

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

- Financial liabilities members' shares and deposits

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

- Other payables

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

Derecognition of financial liabilities

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

2.9 Tangible fixed assets

Tangible fixed assets which comprise the items below, are stated at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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

Freehold land and buildings	4% Straight Line
Fixtures and fittings	15% Straight Line
Computers	25% Straight Line

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

2.10 Impairment of tangible fixed assets

At each reporting end date, the Credit Union reviews the carrying values 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.

2.11 Employee benefits

Pension scheme

The Credit Union contributes to a defined contribution scheme operated by AVIVA. Retirement benefit contributions in respect of the scheme for employees are charged to the Income and Expenditure account as they become payable in accordance with the rules of the scheme. The assets are held separately from those of the Credit Union in an independently administered fund. Differences between the amounts charged in the Income and Expenditure account and payments made to the retirement benefit scheme are treated as assets or liabilities.

Other employee benefits

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

2.12 Reserves

Regulatory reserve

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

Operational risk reserve

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

Dividend reserve

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

Non-distributable investment income reserve

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

Other reserves

Other reserves can relate to reserves brought in through Transfers of Engagement as well as other general reserves. The Credit Union will aim to keep the reserve types held to a minimum.

3 Use of estimates and judgements

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

Impairment losses on loans to members

In determining whether an impairment loss should be recorded in the Income and Expenditure Account, the Credit Union makes judgements on whether objective evidence of impairment exists individually for financial assets that are individually significant. Where this does not exist the Credit Union uses its judgement to group member loans with similar credit risk characteristics to allow a collective assessment of the group to determine the impairment loss.

In determining the collective loan loss provision management uses estimates based on historical loss experience for assets with similar risk characteristics and objective evidence of impairment.

Establishing useful economic lives for depreciation purposes of tangible fixed assets

Long-lived assets, consisting primarily of tangible fixed assets, comprise a portion of the total assets. The annual depreciation charge depends primarily on the estimated useful economic lives of each type of asset and estimates of residual values. The directors regularly review these assets' useful economic lives and change them as necessary to reflect current thinking on remaining lives in light of prospective economic utilisation and physical condition of the assets concerned. Changes in assets' useful lives can have a significant impact on depreciation and amortisation charges for the period. Detail of the useful economic lives is included in the accounting policies.

4. INTEREST ON MEMBERS' LOANS

	2022 €	2021 €
Closing accrued loan interest receivable	47,376	43,996
Loan interest received in year	2,219,081	2,356,136
Interest on impaired loans reclassified as bad debt recovered	(17,417)	(34,653)
Opening accrued loan interest receivable	(43,996)	(56,886)
Total interest on members' loans	2,205,044	2,308,593

5. OTHER INTEREST INCOME AND SIMILAR INCOME

	2022 €	2021 €
Investment income and gains received by the balance sheet date	589,619	597,668
Receivable within 12 months of balance sheet date	421,505	449,903
Receivable after 12 months of balance sheet date	-	3,879
Total investment income	1,011,124	1,051,450

6. DIVIDENDS AND LOAN INTEREST REBATE

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

	2022 €	2021 €
Interest payable for the year	-	-
Interest rate applied to members' deposits	-	-

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

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

	2022 €	2021 €
Dividends paid during the year	-	-
Dividend rate applied to members' shares	-	-
No loan interest rebate was paid for the current or prior year.		
Dividends proposed, but not recognised	-	-
Dividend rate to be applied to members' shares	-	-

7. OTHER INCOME

	2022 €	2021 €
Miscellaneous income	106,160	124,046
Total other income	106,160	124,046

8. EXCEPTIONAL COSTS/(INCOME)

	2022 €	2021 €
Exceptional Gain	(590,315)	-

The exceptional gain is in respect of credits received from the ILCU on Stabilisation Protection Scheme during the financial period 30 September 2022.

During the year Carlow District Credit Union received a credit note of €590,315 from the Stabilisation Protection Scheme (SPS) Fund of the Irish League of Credit Unions (ILCU). This credit note from the SPS fund was provided as a support to Credit Unions towards the deficit arising in the ILCU pension fund and other recent environment factors. The credit note each Credit Union received from the SPS Fund was based on the asset size as at 30th September 2021 of each Credit Union in the scheme. €531,283 of the credit note was discharged by way of a payment made by the SPS fund to Carlow District Credit Union before the end of the financial year with the balance of €59,032 included in Other Debtors and due to be paid by 31st December 2025.

9. OTHER GAINS OR LOSSES

	2022 €	2021 €
Other losses during the year		
Amounts written off investments measured at fair value	1,111,695	-
Diminution in value of investments	162,863	123,175
	1,274,558	123,175

During the financial year the credit union's investment income was reduced due to the decline in value of its holding in a corporate bond fund (a UCITS holding). Under accounting rules, the change in the market value of this fund needs to be recognised in the financial accounts.

This year the value of the fund declined and therefore an unrealised loss has been recorded within the accounts.

The main reason for this decline has been the rapid rise in interest rates on the back of higher inflation. This has pushed the current market value of bonds lower but not their long-term expected value, which creates short-term unrealised losses but higher expected returns in future years. In future years, as interest rates settle, the fund is expected to recover in value which will lead to a positive contribution to the investment income. Both our investment advisor and the fund manager remain confident in the robustness of the fund's strategy, while the Central Bank is also fully aware of this fund.

10. EXPENSES

	Note	2022 €	2021 €
Employment costs	11	1,271,612	1,331,144
Depreciation of owned tangible fixed assets	13	227,783	259,129
Other management expenses (schedule 1)		1,673,635	1,710,195
		3,173,030	3,300,468

11. EMPLOYEES AND EMPLOYMENT COSTS**Number of employees**

The average monthly number of employees during the year was:	2022 Number	2021 Number
Management	6	6
Other staff	23	25
	29	31

Employment costs

	2022 €	2021 €
Wages and salaries	1,230,145	1,256,086
Payments to pension schemes	41,467	40,058
Termination payment	-	35,000
	1,271,612	1,331,144

Key management personnel

The remuneration of key management personnel was as follows:	2022 €	2021 €
Short term employee benefits	204,478	216,060
Payments to defined contribution pension scheme	9,526	10,801
Total key management personnel compensation	214,004	226,861

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

12. CASH AND CASH EQUIVALENTS

	2022 €	2021 €
Cash and bank balances	1,570,862	1,237,521
Deposits and investments	16,110,203	18,834,575
Total cash and cash equivalents	17,681,065	20,072,096

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

13. TANGIBLE FIXED ASSETS

Current financial year	Freehold land and buildings €	Fixtures & fittings €	Computers €	Total €
Cost				
At 1 October 2021	5,235,216	746,516	860,928	6,842,660
Additions	-	1,695	2,480	4,175
Disposals	(135,523)	-	-	(135,523)
At 30 September 2022	5,099,693	748,211	863,408	6,711,312
Depreciation and impairment				
At 1 October 2021	2,780,408	739,164	822,062	4,341,634
Depreciation charged in the year	205,343	3,186	19,254	227,783
Eliminated in respect of disposals	(33,652)	-	-	(33,652)
At 30 September 2022	2,952,099	742,350	841,316	4,535,765
Carrying amount				
At 30 September 2022	2,147,594	5,861	22,092	2,175,547
At 30 September 2021	2,454,808	7,352	38,866	2,501,026

14. LOANS TO MEMBERS - FINANCIAL ASSETS

14.1 Loans to members

	Note	2022 €	2021 €
At 1 October		27,986,336	29,354,480
Advanced during the year		10,684,229	11,282,873
Repaid during the year		(11,651,141)	(12,318,918)
Loans written off		(100,058)	(332,099)
Gross loans to members	14.2	26,919,366	27,986,336
Impairment allowances			
Individual loans		-	-
Group loans		(2,352,610)	(2,519,329)
Loan provision	14.3	(2,352,610)	(2,519,329)
At 30 September	14.2	24,566,756	25,467,007

14.2 Credit risk disclosures

Carlow District Credit Union Limited does not offer mortgages and as a result all loans to members are unsecured, except that there are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding. There are maximum amounts set down by the Central Bank in terms of what amount a member can borrow from the Credit Union.

The carrying amount of the loans to members represents Carlow District Credit Union Limited's maximum exposure to credit risk. The following table provides information on the credit quality of loan repayments. Where loans are not impaired it is expected that the amounts repayable will be received in full.

	2022		2021	
	€	%	€	%
<i>Gross loans not impaired:</i>				
Not past due	1,103,485	4.10%	1,341,980	4.80%
Up to 9 weeks past due	271,656	1.01%	84,780	0.30%
Between 10 and 18 weeks past due	19,482	0.07%	12,504	0.04%
Between 19 and 26 weeks past due	7,550	0.03%	13,582	0.05%
Between 27 and 39 weeks past due	8,675	0.03%	-	-
Between 40 and 52 weeks past due	1,581	0.01%	844	-
53 or more weeks past due	-	-	630	-
Gross loans not impaired	1,412,429	5.25%	1,454,320	5.19%
<i>Gross loans individually impaired:</i>				
Not past due	74,434	-	-	-
Up to 9 weeks past due	22,990	-	-	-
Gross loans individually impaired	97,424	-	-	-
<i>Collectively impaired:</i>				
Not past due	24,072,678	89.43%	25,241,476	90.19%
Up to 9 weeks past due	925,517	3.44%	861,773	3.08%
Between 10 and 18 weeks past due	193,325	0.72%	131,463	0.47%
Between 19 and 26 weeks past due	25,830	0.10%	117,593	0.42%
Between 27 and 39 weeks past due	74,161	0.28%	78,593	0.28%
Between 40 and 52 weeks past due	64,480	0.24%	69,143	0.25%
53 or more weeks past due	53,522	0.20%	31,975	0.11%
Gross loans collectively impaired	25,409,513	94.41%	26,532,016	94.80%
Total gross loans	26,919,366	100%	27,986,336	100%
<i>Impairment allowance</i>	€	%	€	%
Group loans	(2,352,610)		(2,519,329)	
Total carrying value	24,566,756		25,467,007	

14.3 Loan provision account for impairment losses

	2022	2021
	€	€
At 1 October	2,519,329	2,541,636
Increase/(Decrease) in loan provisions during the year	(166,719)	(22,306)
At 30 September	(2,352,610)	(2,519,330)

14.4 Net recoveries or losses recognised for the year

		2022 €	2021 €
Bad debts recovered		503,456	640,494
Reduction in loan provisions during the year	14.3	166,719	22,306
Interest on impaired loans reclassified as bad debt recovered	4	17,417	34,653
		687,592	697,453
Loans written off		(100,058)	(332,099)
Net recoveries on loans to members recognised for the year		587,534	365,354

14.5 Analysis of gross loans outstanding

	Number of loans	2022 €	Number of loans	2021 €
Less than one year	553	766,121	491	681,121
Greater than 1 year and less than 3 years	1,456	7,753,941	1,567	8,148,762
Greater than 3 years and less than 5 years	962	10,780,663	1,061	11,401,863
Greater than 5 years and less than 10 years	210	6,397,006	208	6,230,092
Greater than 10 years and less than 25 years	26	1,221,634	32	1,524,498
Greater than 25 years	-	-	-	-
	3,207	26,919,365	3,359	27,986,336

15. PREPAYMENTS AND ACCRUED INCOME

	2022 €	2021 €
Prepayments	141,185	99,398
Accrued income investments	421,505	449,903
Accrued loan interest income	63,221	43,996
	625,911	593,297

16. DEPOSITS AND INVESTMENTS

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

16.1 Cash equivalents (original maturity within 3 months)

	2022 €	2021 €
Deposits with banks	10,034,563	12,824,555
Central Bank Minimum deposits	6,075,640	6,010,021
Total cash equivalents	16,110,203	18,834,576

16.2 Other (original maturity after 3 months)

	2022 €	2021 €
Fixed term deposits with banks	37,750,000	43,318,445
Bonds	49,742,382	47,409,311
Central bank minimum deposits	975,556	1,040,488
Total other	88,467,938	91,768,244

The breakdown of the above investments (with maturity after 3 months) between basic and non basic was as follows:

	2022 €	2021 €
Investments measured at amortised cost	88,467,938	91,768,244
	88,467,938	91,768,244

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

	2022 €	2021 €
Aa2	1,000,000	1,000,000
A1	66,098,692	50,288,156
A2	12,963,961	22,797,521
Aa3	9,575,987	5,163,336
A3*+	-	12,756,012
Baa2	-	10,068,544
Baa3	5,388,305	6,529,250
Not rated	9,551,196	2,000,000
Total deposits and investments	104,578,141	110,602,819

Investments at the current Balance Sheet date were all measured at amortised cost.

17. MEMBERS' SHARES – FINANCIAL LIABILITIES

	2022 €	2021 €
At 1 October	103,270,986	98,638,232
Received during the year	41,493,918	43,981,076
Repaid during the year	(43,792,338)	(39,348,322)
At 30 September	100,972,566	103,270,986

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

	2022 €	2021 €
Unattached shares	104,979,467	93,469,556
Attached shares	9,411,749	9,801,430
Total members' shares	114,391,216	103,270,986

18. MEMBERS' DEPOSITS - FINANCIAL LIABILITIES

	2022 €	2021 €
At 1 October	18,127,222	19,678,092
Received during the year	116,347	8,010,295
Repaid during the year	(4,824,920)	(9,561,165)
At 30 September	13,418,649	18,127,222

Members' deposits are repayable on demand.

19. OTHER PAYABLES

	2022 €	2021 €
Creditors and other accruals	982,187	911,676

Included in the above balance is an amount held by the Credit Union in relation to the monthly car draws. The car draws are typically held on the last Friday of every month in the Carlow District Credit Union offices. The car draws are held publicly with a video of the live draw posted on Carlow District Credit Union's Facebook page announcing the winners. The balance relating to the car draws at the year end is as follows:

	2022 €	2021 €
Balance at 1 October	161,462	177,051
Contributions during the year	187,532	190,912
Administration Expenses	(840)	-
Less payments draws	(150,000)	(195,000)
Surplus Funds - Extra Draws	(11,500)	(11,500)
Balance at 30 September	186,654	161,463

20. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES

20.1 Financial risk management

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

The main financial risks arising from Carlow District Credit Union Limited's activities are credit risk, liquidity risk, market risk and interest rate risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

Credit risk: Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to Carlow District Credit Union Limited, resulting in financial loss to the Credit Union. In order to manage this risk the Board approves the Credit Union's credit policy and all changes to it. All loan applications are assessed with reference to the credit policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed. The credit risk on members' loans is disclosed in Note 14.

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. The credit ratings of the financial institutions where investments are held are disclosed in Note 16.

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 2018.

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

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

20.2 Interest rate risk disclosures

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

	2022		2021	
	Amount €	Average interest rate	Amount €	Average interest rate
Financial assets				
Gross loans to members	26,919,365	8.29%	27,986,336	8.25%
Financial liabilities				
Members' shares	100,972,566	-	103,270,986	-
Members' deposits	13,418,650	-	18,127,222	-
	114,391,216		121,398,208	

The interest rates applicable to loans to members are fixed and range from 4.75% to 12%. The dividend on shares and interest on deposits is determined on the basis of income less administrative expenses and, as can be seen above, a consistent margin is maintained between interest receivable and dividend on shares and interest payable on deposits. As a result, the surplus for the year is not particularly sensitive to interest rate risk and no sensitivity analysis is presented.

20.3 Liquidity risk disclosures

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

20.4 Fair value of financial instruments

As at 30 September 2022 Carlow District Credit Union Limited did not hold any financial instruments at fair value.

20.5 Capital

The Credit Union maintains sufficient reserves to buffer the Credit Union against any losses on its members' loans and also its investments. The current Regulatory reserves are in excess of the minimum requirement set down by the Central Bank, and stand at 11.10% of the total assets of the Credit Union at the Balance Sheet date.

21. CONTINGENT LIABILITIES

On 17th Sept 2018, the Registry of Credit Unions wrote to all Credit Unions in the Republic of Ireland notifying them that it had become aware of a potential issue that may affect certain Credit Unions in relation to accrued interest outstanding on loans, in circumstances where additional credit was extended to a member by way of a top-up loan, which could have led to potential over-collection of interest. The Credit Union had undertaken a review to establish whether any top-up loans issued to members might be impacted. The review undertaken initially confirmed that no over-collection of interest occurred. The Central Bank of Ireland (CBOI) wrote to the Credit Union on 9th September 2022 confirming that they had carried out an assessment on the nature of the document raised when the additional credit had been extended. The result of that was that they felt as the accrued interest was not included in the Credit Agreement issued to impacted members this could have caused uncertainty and confusion. The Credit Union have been advised that they must further assess this issue and refund any members who have been impacted. The Credit Union wrote to the CBOI and confirmed a full review would take place and all effected members would be notified no later than 30th April 2023.

22. CAPITAL COMMITMENTS

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

23. EVENTS AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial period 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 period ended 30 September 2022.

24. INSURANCE AGAINST FRAUD

The Credit Union has insurance against fraud in the amount of €5,200,000 (2021: €5,200,000) in compliance with Section 47 of the Credit Union Act 1997, as amended.

25. RELATED PARTY TRANSACTIONS

During the year loans were advanced to directors and the management team of the Credit Union (to include their family members or any business in which the directors or management team had a significant shareholding) in the amount of €16,000 (2021: €16,000). These loans were approved in accordance with the Standard Credit Union rules and the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016.

The balance of loans outstanding from these parties at 30 September 2022 was €42,155 (2021: €68,508). These loans amounted to 0.16% of total gross loans due at 30 September 2022 (2021: 0.24%).

There were provisions of €4,294 against the loans due from the directors and the management team at the current year Balance Sheet date (2021: 4,973).

The directors and management team share balances stood at € 70,991 at 30 September 2022 (2021: €48,571).

26. COMPARATIVE INFORMATION

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

27. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved, and authorised for issue, by the Board on the 06/12/2022.

Schedule I - Other Management Expenses

for the year ended 30th September 2022

	2022	2021
	€	€
Other management expenses		
Rent & rates	30,716	15,911
Lighting and heating	61,571	51,651
Repairs & renewals	6,652	13,624
Security	-	306
Printing & stationary	20,474	18,556
Postage & telephone	83,877	74,470
Donations & sponsorship	6,906	5,227
Debt collection	31,027	24,528
Promotion & advertising	35,205	72,491
Training costs	10,302	11,318
AGM Expenses	24,285	27,245
Travel & Subsistence including travel to suboffices	10,701	5,386
Bank Charges	93,343	62,688
Audit Fee	29,750	29,775
Internal Audit Fees	18,528	20,536
General insurance	47,192	46,025
Share & loan insurance	334,703	507,781
Legal & professional fees	33,618	32,165
Miscellaneous expenses	6,448	8,139
Death benefit insurance	133,581	158,933
Affiliation fees	51,419	42,897
SPS contribution	9,534	9,601
Deposit Guarantee Scheme	205,840	206,882
Stabilisation Fund Levy	28,431	2,979
Bank Resolution Fund Levy	76,081	69,309
Industry Funding Levy	70,381	31,811
Other Regulatory Levies	5,526	4,254
Service Contracts	149,487	130,442
Cleaning	19,700	19,310
ATM costs	797	1,321
Project costs	18,574	3,038
Sundry expenses	18,986	1,596
Total other management expenses	1,673,635	1,710,195



Testimonial



I transferred three of my loans to Carlow Credit Union last week **saving me €200 a month**. I had been paying €550 a month before switching and now I only pay €350 thanks to a lower interest rate.

James

What are your Savings Goals?

Our Share Accounts
are the **most flexible
way to save!** You can
deposit money into
your account **online
and withdraw it at
any time.**



#SaveWithUs

NEW

> Transfer Loan

Local
lending
you can
rely on

Transfer your
LOAN
to **Carlow
Credit Union**
to save more
money
thanks to our
competitive
interest rates



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