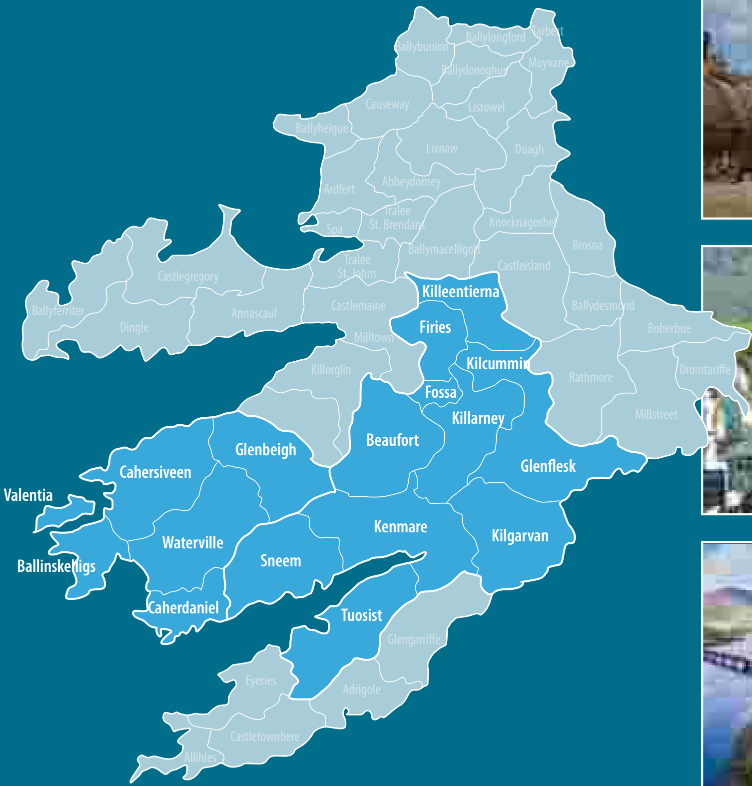
# Annual Report

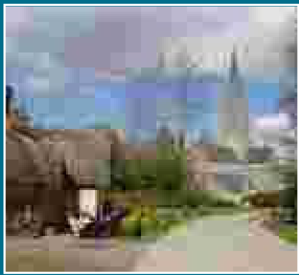
## Notice of Annual General Meeting

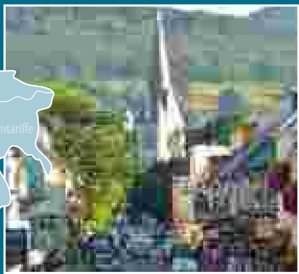
## 2018

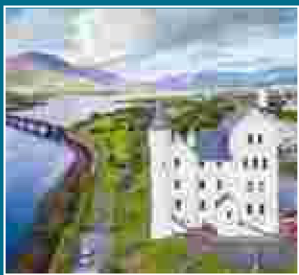
**Killarney Credit Union**

WHERE MEMBERS MATTER MOST







Serving the South Kerry Community

**Better, stronger, together**

Killarney | Kenmare | Cahersiveen

Killarney Credit Union
WHERE MEMBERS MATTER MOST

You are invited to attend the

# 48th
# Annual General Meeting

of Killarney Credit Union Limited

**Wednesday 12th December 2018**
Mangerton Suite, Gleneagle Hotel,
Muckross Road, Killarney
at 7.30pm

*Light refreshments will be served*
*Please bring your passbook on the night*

**Members Raffle**

**Free Bus to AGM from Cahersiveen Branch departs at 5.45pm**

**Free Bus to AGM from Kenmare Branch departs at 6.15pm**

*To book:*
Ring 064-6631344 before Friday 7th December 2018

## Notice of Election

1 vacancy for the position of Auditor
4 vacancies for the Board of Directors
1 vacancy for the Board Oversight Committee

# Agenda

1. Credit Union Invocation;
2. The acceptance by the board of directors of the authorised representatives of members that are not natural persons;
3. Ascertainment that a quorum is present;
4. Adoption of Standing Orders;
5. Reading and approval (or correction) of the minutes of the last annual general meeting;
6. Appointment of Tellers;
7. Chairman's Address/Report of the Board of Directors;
8. Motions;
9. Report of the Board Oversight Committee;
10. Report of the Auditor;
11. Consideration of Accounts;
12. Declaration of dividend (if any);
13. Report of the Nomination Committee;
14. Election of Auditor;
15. Election to fill vacancies on the Board Oversight Committee;
16. Election to fill vacancies on the Board of Directors;
17. Report of the Credit Committee;
18. Report of Credit Control Committee;
19. Report of Membership Committee;
20. Report of any other Committee;
21. Announcement of election results;
22. Raffles – Hampers and cash prizes;
23. Any other business;
24. Adjournment or close of meeting.

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**MODEL STANDING ORDERS FOR CREDIT UNIONS** (REPUBLIC OF IRELAND)

*Reference: Recommendation 41 (b) of the Planning Committee;*

**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)

**2-3 ELECTION PROCEDURE**

2. Elections to the board of directors, to the board oversight committee and the position of auditor shall be by majority vote and by secret ballot.
3. When nominations are announced tellers shall be appointed by the chair and ballot papers shall be distributed. Nominations shall be in the following order: (a) nominations for auditor; (b) nominations for members of the board oversight committee; (c) nominations for directors. When voting is completed, the votes shall be taken and tallied by the tellers. Any ballot paper which contains votes for more than the number required to be elected shall be void. All elections shall be by secret ballot and by majority vote. When the votes have been counted by the tellers, the results shall be announced by the chair. In the event that all vacancies are not filled by the first ballot further ballots shall be taken as required. In the event of an equality of votes between candidates for the remaining vacancies not filled in accordance with the above procedure one further ballot shall be taken and should that ballot fail to determine the issue, the vacancies shall be filled by lot from among such candidates having an equality of votes.

**4-9 MOTIONS**

4. All motions from the floor of the AGM must be proposed and seconded by members present at the AGM and moved by the proposer. If the proposer is absent when the motion is called, the motion shall be deemed to have failed.
5. A proposer of a motion may speak for such period as shall be at the discretion of the chair of the meeting and shall have the right of reply before the motion is put to the meeting for a vote.
6. In exercising his/her right of reply, a proposer may not introduce new material.
7. The seconder of a motion shall have such time as shall be allowed by the chair to second the motion.
8. Members are entitled to speak on any such motion and must do so through the chair. All speakers to any motion shall have such time as shall be at the discretion of the chair.
9. The chair shall have the absolute right to decide at any time when a motion has been sufficiently discussed and may put the motion to the meeting giving the proposer the right of reply before doing so.

**10 - 15 MISCELLANEOUS**

10. The chair of the board of directors shall be the chair 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.
11. The chair may at his/her discretion, extend the privilege of the floor to any person who is not a member.
12. Matters not covered by the Agenda may be introduced under "Other Business" at the discretion of the chair.
13. The chairman's decision on any matter relating to these Standing Orders or interpretation of same shall be final.
14. No member shall have more than one vote on each question at any general meeting of the credit union or any adjournment thereof irrespective of his/her shareholding or the number of accounts in his/her name in the credit union provided, however, that except in voting at elections, the presiding member shall have a second or casting vote in the event of equality of voting. Voting by proxy shall be allowed only when amember other than a natural person votes through a representative, who is a member of the group, duly authorised in writing for that purpose and accepted as such by the board of directors.
15. Any matter to be decided upon by vote at the AGM shall, unless otherwise expressly provided for by law or the rules, be decided upon by simple majority.

**16. SUSPENSION OF STANDING ORDERS**

Any one of these Orders or all of these Standing Orders may be suspended on a motion to this effect receiving a two-thirds majority of those present and entitled to vote.

**17. ALTERATION OF STANDING ORDERS**

Standing Orders may be amended or altered at a general meeting and only if a motion to this effect has received a two-thirds majority of those present and voting.

**18. ADJOURNMENTS**

Adjournments of the AGM shall take place only in accordance with section 81(1) of the Credit Union Act, 1997 (as amended).

# Board of Directors

| | | |
|---|---|---|
| **Chairman** | **Secretary** | **Vice Chairman** |
| Pat Sheehan | Ger Galvin | Dermot Griffin |
| Pat Delaney *(Deceased)* | Colin Kiely | John Long |
| Edward Leizcyneski | Jackie O'Leary | Joy Clifford |
| Eileen Casey | Bernard Hourihan | Denis Cournane *(Co-opted)* |
| **Board Oversight Committee** | | |
| Caragh Neeson *(Chairperson)* | John Breen | Shelagh Kelleher |
| **Credit Control Committee** | | |
| Pat Sheehan | Edward Leizcyneski | Jackie O'Leary |
| **Credit Committee** | | |
| Eugene Carton | Catherine Barry | Pat Delaney *(Deceased)* |
| Dermot Griffin | Mark Murphy | |
| **Investment Committee** | | |
| Pat Delaney *(Deceased)* | Pat Sheehan | Mark Murphy |
| Stephen Darmody | | |
| **Membership Committee** | | |
| Mary Hallissy | Angela McCarthy | Noreen O Sullivan |
| Emma Looney | Ciara Cronin | Jennifer McCarthy |
| **Youth Officer** | Joy Clifford Vaughan | |
| **Youth Committee** | | |
| Joy Clifford Vaughan | Bernard Hourihan | Karena McCarthy |
| Noreen O Sullivan | Helen Courtney Power | |
| **Training Liaison Officer** | Mark Murphy | |
| **Nominating Committee** | Colin Kiely | Bernard Hourihan |
| **Complaints Committee** | Colin Kiely | Pat Sheehan |
| **Insurance Officer** | Bernard Hourihan | |
| **Strategic Planning and Merger Committee** | | |
| Pat Delaney *(Deceased)* | Colin Kiely | John Long |
| Mark Murphy | Pat Sheehan | |
| **Other Volunteers** | | |
| Catherine Barry | Eugene Carton | Mary Hallissy |
| **Credit Union Staff** | | |
| Mark Murphy | Stephen Darmody | Michael Gavin *(Resigned)* |
| Elma Shine | Shane Foley | Brendan Lynch |
| Karena McCarthy | Helen Courtney Power | Therese Buckley |
| Elaine O'Shea | Mairead Brosnan | Jennifer McCarthy |
| Donagh Barry | Miriam McCarthy | Kathleen O'Leary |
| Margaret Moynihan | Angela McCarthy | Emma Looney |
| David Neeson *(Resigned)* | Joan Mangan | Catherine Orpen |
| Emer Guihan | Ciara Cronin | Eileen Dineen |
| Shane Foley | Denise O'Sullivan (Resigned) | Elma Culloty |
| Noreen O Sullivan | Timmy O Donoghue | Ailish O Shea |
| Veronica Harty | John Casey | Sheila Coffey |
| Chloe O Donoghue *(Resigned)* | Niamh McSweeney | |

**Minutes of Killarney Credit Union Limited AGM 2017**

The 47th Annual General Meeting AGM of Killarney Credit Union (KCU) Limited took place on Tuesday 12th December 2017 at The Gleneagle Hotel at 7.30pm with approximately 97 members attending. Mr. Pat Delaney *(Chairperson)* welcomed the members in attendance, introduced the Directors to the members and requested that John Long open the meeting with the Credit Union Invocation.

**Directors present at the meeting:**

| | | |
|---|---|---|
| Pat Delaney *Chairperson* | Pat Sheehan *Vice Chairperson* | John Long |
| Edward Leizcyneski | Colin Kiely | Dermot Griffin |
| Eileen Casey | Gerard Galvin | |

**Board Oversight Committee present at the meeting:** Shelagh Kelleher and John Breen

**Apologies :** Joy Clifford (Director) and Jackie O'Leary (Director)

**Also in attendance :** Marina Fitzgerald, on behalf of Grant Thornton Auditors & Accountants

**Acceptance if Proxies (if any) by the Board of Directors :** There were no proxies

**Ascertainment that a Quorum was present :** There was a Quorum present

**Adoption of Standing Orders :** The standing orders were adopted
*Proposed by:* Mary Hallissy *Seconded by:* Helen Foley

Reading and Approval (or Correction) of the Minutes of the Last AGM 2016. As the minutes were circulated to all members prior to the meeting AGM deemed them to be correct and ready.
*Proposed by:* Aideen Farndon *Seconded by:* John Kelly

**Appointment of Tellers :** Michael Gavin, Shane Foley, Colin Miller, and Helen Foley

**Chairman's Address/Report of the Directors**

The Chairman Pat Delaney addressed the meeting and presented the Chairmans Report as outlined in the AGM booklet.
*Proposed by:* Helen Foley *Seconded by:* Cathal Walshe

**Motion regarding Amendment to Standard Rules arising from "Member Personal Current Account Service (MPCAS)"** presented by Colin Kiely; Colin Kiely outlined the background information regarding MPCAS approval that was received from the Central Bank of Ireland. The MPCAS is in effect an account which is on par with a regular Bank Current Account. In order to proceed with the service, the rules of Killarney Credit Union must be amended as follows:
"That this annual general meeting agrees that the rules of Killarney Credit Union Limited are hereby amended in Rule 5(1) by the insertion of the following as (vii) after (vi) and the renumbering of (vii) as (viii):
(vii) the provision of the following additional service(s) by the credit union to the members subject to the prior approval of the Registrar of Credit Unions and any other permissions or licences that may be required by law: Member Personal Current Account Services"

*Proposed by:* Colin Miller *Seconded by:* Cathal Walshe
Rule Amendment passed by two thirds majority vote.

**Report of the Board Oversight Committee** Presented by John Breen
*Proposed by:* Cathal Walshe *Seconded by:* Mary Hallissy

**Report of the Auditors**

Auditors report was outlined by Marina Fitzgerald, on behalf of Grant Thornton Auditors & Accountants.
*Proposed by:* Michael O'Donoghue *Seconded by:* Aideen Farndon
**Consideration of Accounts** presented by Pat Sheahan
*Proposed by:* Colin Miller *Seconded by:* Seamus O'Donoghue
**Declaration of Dividend:**
0.05% or €44,933 Proposed by Board of Directors
*Proposed by:* Mary Hallissy *Seconded by:* John Kelly
Passed by majority vote

**Report of the Nominating Committee** presented by Dermot Griffin
*Proposed by:* Colin Miller *Seconded by:* Mai Carton

**Election for Auditors with 1 vacancy :** Grant Thornton

**Election for Board Oversight with 1 vacancy :** Caragh Neeson

**Election for Board of Directors there were 4 candidates for 4 vacancies :**
Eileen Casey, Gerard Galvin, Bernard Hourihan and John Long. Pat Delaney advised the members to refer to the Biographies which were distributed for further information on the candidates.

**Report of Credit Committee** presented by Catherine Barry
*Proposed by:* Michael Leen *Seconded by:* Deirdre O'Sullivan

**Report of the Credit Control Committee** presented by Pat Sheahan
*Proposed by:* Catherine Carton *Seconded by:* John Kelly

**Report of the Membership Committee** presented by Emma Looney
*Proposed by:* Bridget Delaney *Seconded by:* Mary Hallissy

**Investment Committee Report** presented by Mark Murphy
*Proposed by:* Bridget Delaney *Seconded by:* Jerry Morley

**Report of the Youth Committee** presented by Helen Courtney Power
*Proposed by:* Catherine Carton *Seconded by:* Michael O'Donoghue

**Election Results**

| | | | | |
|---|---|---|---|---|
| Auditors : | Grant Thornton | 87 | | |
| Board Oversight Committee: | Caragh Neeson | 77 | | |
| Board of Directors: | Eileen Casey | 77 | Ger Galvin | 76 |
| | Bernard Hourihan | 76 | John Long | 83 |

All deemed elected.

**Raffle Winners**

Michael Leane *(Hamper)*
Jackie Foley *(Hamper)*
Bridget Delaney *(Hamper)*
Shane Foley *(Hamper)*
Hugh O'Donoghue *(Hamper)*
Jerry O'Donoghue *(Hamper)*
Donal McCarthy *(Hamper)*
Eileen Williams *(Hamper)*
Cian Farndon *(Hamper)*
John O'Shea *(Hamper)*

**Any Other Business**
Pat Sheehan acknowledged the spirit and bravery shown by Pat Delaney during his illness and thanked him for the commitment and dedication that he has shown to the Credit Union during his time as Chairman. No questions came from the members and Pat Delaney advised that the Board and Staff would be available immediately after the AGM should any member have any issues or questions.
Pat Delaney thanked the members for attending the AGM and wished them a Happy Christmas.

No more questions so the meeting concluded.

**AMENDMENTS TO STANDARD RULES ARISING FROM LEAGUE AGM 2018**

"That this Annual General Meeting amends the Standard Rules for Credit Unions (Republic of Ireland) by the deletion of Rule 109(8) (see below).

Rule 109(8)
Subject to the Act and any regulations made thereunder, the forms used by the credit union shall contain as a minimum the information as set out in the forms contained in the Appendices to these rules which forms may be amended from time to time by the Irish League of Credit Unions."

# Chairman's Address

Dear Member,

It is my privilege on behalf of your Board of Directors, to welcome you, and to present to you the Annual Report and Accounts of Killarney Credit Union for the year ended 30th September 2018.

2017/2018 was another successful year in the development of Killarney Credit Union with the growth trend continuing following the successful merger with Caherciveen Credit Union in September 2018. While this alliance is still very much in its infancy, the Directors firmly believe that the merger will help consolidate the position of the Credit Union in South Kerry through loan growth opportunities and achieving operational efficiencies. Killarney Credit Union is now in the top echelon of Credit Unions in the country and this gives us the scope and scale to expand our products and services in the future. All IT systems are now fully integrated which means that you, the member, can transact in any of our 4 branches.

**Results and Dividend**

I am pleased to announce that Killarney Credit Union has had another positive year, both in growth and performance. This year, the Credit Union is reporting a surplus of €442,451 which is a reduction on the prior year of €167,150 and Total Assets reached €138.7 million. As you will see from the attached accounts, the loan interest income has increased by 7.9% to €2.2 million which was offset by a decline in investment income of 17.6% to €756,017. The trend for low investment returns is expected to continue for a number of years and will impact on the future dividend potential of the credit union. Therefore, the credit union is more focused than ever in growing our loan book in order to generate additional income.

Overall, costs have remained relatively static with the exception of professional and consultancy fees which have increased mainly due to our investment in the development of a personal current account and debit card offering. The Directors continue to be vigilant in the area of cost control and in 2019, we will undertake a review of all branches and services to ensure that the Credit Union is in a position to meet all our members need and allow us to continue to invest in new products and services that will benefit all members.

The Directors are recommending a dividend of 0.05% totalling €60,228. The Directors carefully considered the current interest rate environment as well as measures to seek a fair balance to reward our members. We feel that level of dividend is prudent and represents a good return for "demand" or "on-call" savings especially in the current interest rate environment whereby certain financial institutions are charging Credit Unions for deposits.

**Lending**

This year our loan portfolio increased to €36.7 million helped in part by the merger with Caherciveen Credit Union. We achieved organic loan growth of 5.68% continuing the trend of recent years. We approved and paid out over 2,900 loans amounting to €12.9 million into the local economy. Lending is our main source of income, so it is vital that we continue to grow our loan book in a prudent fashion offering competitive interest rates and value for money. I would like to thank you for your continued support in borrowing from us. If you need a loan, I would encourage you to borrow locally here with your Credit Union.

**Savings**

2017/2018 saw a continued inflow of savings, with overall savings increasing to €120.4 million which reflects the confidence that our members have in the Credit Union. However, this ongoing increased level of savings is not without its challenges and downsides. We now face the challenge that if members' savings continue to rise, the funds available to pay dividends and invest in product development in the future may be significantly reduced as more of the annual surplus would be required to maintain our reserves at their current level.

One of the key strategic targets adopted by the Directors is to manage the growth in the asset base as a consequence of increases in savings. In July 18, the Board of Directors took the difficult decision to introduce a €30,000 limit on savings balances for members for the foreseeable future. The cap on savings has contributed to the management of the growth in our assets and the situation is closely monitored on an ongoing basis. I would like to thank the members affected for their co-operation with these measures.

**Reserves**
Our total reserves stand at €17.4 million which is well in excess of the minimum regulatory requirement. Your Credit Union remains a safe place to save, is financially strong and well positioned to meet any challenges to lie ahead.

We have seen a fall in loan arrears during the year and the Provision for Bad and Doubtful Debts is €3.3 million which represents 9% of our total loan book. I am pleased to report that our arrears are at the lowest levels in 8 years.

**Services**
It is the belief of the Board of Directors that Killarney Credit Union can become the first choice for personal financial products and services for our members. During the year we introduced Direct Debits for loan repayments and we hope to expand our service offerings in 2019. In this regard, we continued our investment in the 'Member Personal Current Account Service (MPCAS)' which, when operational will offer members a full personal current account with an overdraft facility, contactless debit card facility and has the potential for both Android Pay and Apple Pay. It is expected that this service offering will become available to members in 2019.

Since 2017, Killarney Credit Union has been involved in discussions in developing a joint venture project with FEXCO and 16 other like minded Credit Unions. The aim of the collaboration is to develop products and services that would enable Credit Unions to become the primary provider of financial services for members. This project will not relinquish control to FEXCO or other 3rd parties but, would instead enable Credit Unions to control their own destiny. Work on this joint venture project is ongoing and will continue during 2019.

**Retirements**
Due to work personal commitments, Michael O'Brien (Board of Directors) resigned during the year and was replaced by Denis Cournane who was co-opted to the Board as part of the merger with Caherciveen Credit Union. Staff members, Michael Gavin, David Neeson, Denise O'Sullivan and Chloe O'Donoghue resigned during the year to take up new career opportunities outside of the Credit Union. On behalf of the Board of Directors, I would like to thank them for the contribution and commitment they gave to the Credit Union and wish them well in the future.

**Acknowledgements**
I would like to take this opportunity to take this opportunity to thank our staff for their hard work and commitment and for the efficient manner that they run the Credit Union on a daily basis. I would also like to thank my fellow Directors, Board Oversight Committee and Volunteers for their excellent work during the year.

This year saw the untimely passing of my predecessor as Chairman, Pat Delaney. Last year as Pat gave his Chairman's address, his aim was to continue to serve as a member of the Board of Directors in the best interests of the members. Pat fulfilled his aim – he continued to serve Killarney Credit Union with distinction up to his untimely passing in June 2018. He was a dedicated Chairman and Director who upheld the highest standards of office throughout his tenure. He is sadly missed by all within Killarney Credit Union. I want to acknowledge the loss of our friend and colleague and to express my deepest sympathies to his wife Bridget and to his family.

I wish to remember all those Members who have passed away during the year. On behalf of Killarney Credit Union, I extend our sympathy to the families and relatives of our deceased members.

Finally, I wish to thank all our members for your continued support and loyalty. May I take this opportunity to wish all our members a safe and peaceful Christmas and we look forward to being of service to you all in 2019.

Pat Sheehan
*Chairman*

# Directors' Report

*For the financial year ended 30 September 2018*

The directors present their annual report and the audited financial statements for the financial year ended 30 September 2018.

**Principal activity**
The principal activity of the business continues to be the operation of a credit union.

**Authorisation**
The credit union is authorised as follows:

- Insurance/reinsurance intermediary under the European Communities *(Insurance Mediation)* Regulations, 2005 *(as amended).*
- Investment Intermediaries (*Restricted Activity Investment Product Intermediary)* pursuant to Section 26 of the Investment Intermediaries Act, 1995 (as amended)
- Service Providers holding appointments from IIA product producers, including intermediaries that may issue appointments, appearing in the register maintained under Section 31 of the Investment Intermediaries Act, 1995 *(as amended)*
- Entitled under the European Union *(Payment Services)* Regulations 2018 to provide payment services.
- To act on behalf of a payment institution in providing payment services.

**Business review**
The directors are satisfied with the results for the year and the year-end financial position of the credit union. The directors expect to develop and expand the credit union's current activities and they are confident of its ability to continue to operate successfully in the future.

**Dividends**
The surplus for the financial year is set out in the income and expenditure account on page 13. The directors are proposing a dividend in respect of the year ended 30 September 2018 of €60,228 (0.05%) (2017: €44,933 (0.05%)).

**Principal risks and uncertainties**
The principal risks and uncertainties faced by the credit union are:

**Credit risk**
Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to the credit union, resulting in financial loss.

**Lack of loan demand**
Lending is the principal activity of the credit union and the credit union is reliant on it for generating income to cover costs and generate a surplus.

**Market risk**
Market risk is the risk that the value of an investment will decrease. This risk can arise from fluctuations in values of, or income from, assets or changes in interest rates.

**Liquidity risk**
Liquidity risk is 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.

**Operational risk**
Operational risk is the risk of loss resulting from inadequate or failed processes or systems of the credit union, any failure by persons connected with the credit union or from external events.

These risks are managed by the board of directors as follows:

**Credit risk**
In order to manage this risk, the board of directors regularly reviews and approves the credit union's loans policy. All loan applications are assessed with reference to the loans policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

**Lack of loan demand**
The credit union provide lending products to its members and promote these products through various marketing initiatives.

**Market risk**
The board of directors regularly reviews and approves the credit union's investment policy and funds are invested in compliance with this policy and regulatory guidance.

**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.

**Operational risk**
The operational risk of the credit union is managed through the employment of suitably qualified staff to ensure appropriate processes, procedures and systems are implemented and are further supported with a robust reporting structure.

**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 books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account of the credit union are maintained at the credit union's premises at Beech Road, Killarney, Co. Kerry.

**Events after the end of the financial year**
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 (as amended), the auditors Grant Thornton offer themselves for re-election.

This report was approved by the board on 5th November 2018 and signed on its behalf by:

| | |
|---|---|
| **Pat Sheahan** | **Ger Galvin** |
| *Chairperson of the board of directors* | *Member of the board of directors* |

*Date:* 5th November 2018

# Directors' Responsibilities Statement

*For the financial year ended 30 September 2018*

The directors are responsible for preparing the financial statements in accordance with applicable Irish law and regulations. The directors are also responsible for preparing the other information included in the annual report. The Credit Union Act, 1997 (as amended) requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the credit union and of the income and expenditure of the credit union for that period.

In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and reason for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the credit union will continue in business.

The directors are responsible for ensuring that the credit union keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the credit union, enable at any time the assets, liabilities, financial position and income and expenditure of the credit union to be determined with reasonable accuracy, enable them to ensure that the financial statements comply with the Credit Union Act 1997 (as amended) and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the credit union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement was approved by the board on 5th November 2018 and signed on its behalf by:

Pat Sheahan

**Pat Sheahan**
*Chairperson of the board of directors*

Ger Galvin

**Ger Galvin**
*Member of the board of directors*

*Date:* 5th November 2018

# Board Oversight Committee's Responsibilities Statement

*For the financial year ended 30 September 2018*

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 to in relation to the board of directors.

This statement was approved by the board oversight committee on 5th November 2018 and signed on its behalf by:

Caragh Neeson

**Caragh Neeson**
*Chairperson of the Board Oversight Committee*

*Date:* 5th November 2018

# Independent Auditors' Report to the members of Killarney Credit Union Limited

**Opinion**

We have audited the financial statements of Killarney Credit Union Limited, which comprise the income and expenditure account, the statement of comprehensive income, the balance sheet, the statement of changes in reserves and the statement of cash flows for the financial year ended 30 September 2018, and the related notes to the financial statements, including the summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law including the Credit Union Act, 1997 (as amended) and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (Generally Accepted Accounting Practice in Ireland).

In our opinion, Killarney Credit Union Limited's financial statements:

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the state of the credit union's affairs as at 30 September 2018 and of its income and expenditure and cash flows for the year then ended; and
- have been properly prepared so as to conform 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 further described in the 'responsibilities of the auditor 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 the financial statements in Ireland, namely the Irish Auditing and Accounting Supervisory Authority (IAASA) Ethical Standard concerning the integrity, objectivity and independence of the auditor, and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. 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 the 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**

Other information comprises information included in the annual report, other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. 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 on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

- we have obtained all the information and explanations which, to the best of our knowledge and belief, were 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 of the credit union;
- the financial statements contain all primary statements, notes and significant accounting policies required to be included in accordance with section 111(1)(c) of the Act.

**Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, including FRS 102, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Responsibilities of the auditor for the audit of the financial statements
The auditor's 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 auditors' report that includes their opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.

The purpose of our audit work and to whom we owe our responsibilities
This 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 auditors' 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.

Denise O'Connell FCA
*for and on behalf of* Grant Thornton
Chartered Accountants & Statutory Audit Firm, Mill House, Henry Street, Limerick

*Date:* 5th November 2018

# Income and Expenditure Account

*For the financial year ended 30 September 2018*

| **Income** | **Schedule** | **2018 €** | **2017 €** |
|---|---|---|---|
| Interest on members' loans | | 2,176,889 | 2,018,323 |
| Other interest and similar income | 1 | 756,017 | 917,547 |
| **Net interest income** | | **2,932,906** | **2,935,870** |
| Other income | 2 | 96,456 | 83,568 |
| **Total income** | | **3,029,362** | **3,019,438** |
| | | | |
| **Expenditure** | | | |
| Employment costs | | 930,715 | 932,060 |
| Other management expenses | 3 | 1,716,519 | 1,538,018 |
| Depreciation | | 154,114 | 159,194 |
| Net impairment losses/(gains) on loans to members (note 6) | | (214,437) | (219,435) |
| **Total expenditure** | | **2,586,911** | **2,409,837** |
| | | | |
| **Surplus for the financial year** | | **442,451** | **609,601** |

The financial statements were approved and authorised for issue by the board on 5th November 2018 and signed on behalf of the credit union by:

**Pat Sheahan**
*Member of the board of directors*

**Caragh Neeson**
*Member of the board oversight committee*

**Mark Murphy**
*CEO*

*Date:* 5th November 2018

*The notes on pages 17 to 28 form part of these financial statements.*

# Statement of Comprehensive Income

*For the financial year ended 30 September 2018*

| | **2018 €** | **2017 €** |
|---|---|---|
| Surplus for the financial year | 442,451 | 609,601 |
| Other comprehensive income | - | - |
| **Total comprehensive income for the financial year** | **442,451** | **609,601** |

The financial statements were approved and authorised for issue by the board on 5th November 2018 and signed on behalf of the credit union by:

**Pat Sheahan**
*Member of the board of directors*

**Caragh Neeson**
*Member of the board oversight committee*

**Mark Murphy**
*CEO*

*Date:* 5th November 2018

*The notes on pages 17 to 28 form part of these financial statements.*

# Balance Sheet

*As at 30 September 2018*

| | Notes | 2018 | 2017 |
|---|---|---|---|
| **Assets** | | **€** | **€** |
| Cash and balances at bank | | 5,909,973 | 1,338,798 |
| Deposits and investments – cash equivalents | 8 | 36,558,278 | 20,901,566 |
| Deposits and investments – other | 8 | 60,266,521 | 60,605,479 |
| Loans to members | 9 | 36,728,858 | 26,441,575 |
| Provision for bad debts | 10 | (3,323,938) | (2,829,992) |
| Tangible fixed assets | 11 | 2,246,861 | 2,102,262 |
| Debtors, prepayments and accrued income | 12 | 273,615 | 214,838 |
| **Total assets** | | **138,660,168** | **108,774,526** |
| | | | |
| **Liabilities** | | | |
| Members' shares | 13 | 120,433,857 | 94,050,277 |
| Members' deposits | 13 | 20,807 | - |
| Other liabilities, creditors, accruals and charges | 14 | 727,695 | 549,355 |
| Other provisions | 15 | 31,675 | 43,908 |
| **Total liabilities** | | **121,214,034** | **94,643,540** |
| | | | |
| **Reserves** | | | |
| Regulatory reserve | 17 | 15,356,237 | 12,801,110 |
| Operational risk reserve | 17 | 602,809 | 426,442 |
| Other reserves | | | |
| - Realised reserves | 17 | 1,369,992 | 839,640 |
| - Unrealised reserves | 17 | 117,096 | 63,794 |
| **Total reserves** | | **17,446,134** | **14,130,986** |
| | | | |
| **Total liabilities and reserves** | | **138,660,168** | **108,774,526** |

The financial statements were approved and authorised for issue by the board on 5th November 2018 and signed on behalf of the credit union by:

**Pat Sheahan**
*Member of the board of directors*

**Caragh Neeson**
*Member of the board oversight committee*

**Mark Murphy**
*CEO*

*Date:* 5th November 2018

*The notes on pages 17 to 28 form part of these financial statements.*

# Statement of Changes in Reserves

*For the financial year ended 30 September 2018*

| | Regulatory reserves € | Operational reserves € | Realised reserves € | Unrealised reserves € | Total € |
|---|---|---|---|---|---|
| **As at 1 October 2016** | **12,801,110** | **452,087** | **251,837** | **59,440** | **13,564,474** |
| Surplus for the financial year | - | - | 550,722 | 58,879 | 609,601 |
| Dividends paid | - | - | (43,089) | - | (43,089) |
| Transfer between reserves | - | (25,645) | 80,170 | (54,525) | - |
| **As at 1 October 2017** | **12,801,110** | **426,442** | **839,640** | **63,794** | **14,130,986** |
| Surplus for the financial year | - | 26,749 | 393,458 | 22,244 | 442,451 |
| Dividends paid | - | - | (45,189) | - | (45,189) |
| Transfer of engagements | 2,555,127 | 149,618 | 182,083 | 31,058 | 2,917,886 |
| **As at 30 September 2018** | **15,356,237** | **602,809** | **1,369,992** | **117,096** | **17,446,134** |

- The regulatory reserve of the credit union as a percentage of total assets as at 30 September 2018 was 11.07% (2017: 11.77%).

- The operational risk reserve of the credit union as a percentage of total assets as at 30 September 2018 was 0.43% (2017: 0.39%).

*The notes on pages 17 to 28 form part of these financial statements.*

# Statement of Cash Flows

*For the financial year ended 30 September 2018*

| | Notes | 2018<br>€ | 2017<br>€ |
|---|---|---|---|
| **Opening cash and cash equivalents** | | **22,240,364** | **11,419,119** |
| **Cash flows from operating activities** | | | |
| Loans repaid by members | 9 | 11,206,584 | 10,794,001 |
| Loans granted to members | 9 | (12,888,670) | (13,921,731) |
| Interest on loans | | 2,176,889 | 2,018,323 |
| Investment income | | 756,017 | 917,547 |
| Bad debts recovered and recoveries | | 238,306 | 269,614 |
| Other receipts | | 96,456 | 83,568 |
| Dividends paid | | (45,189) | (43,089) |
| Operating expenses | | (2,647,232) | (2,461,144) |
| Movement in other assets and liabilities | | (108,380) | 219,622 |
| **Net cash flows from operating activities** | | **(1,215,219)** | **(2,123,289)** |
| **Cash flows from investing activities** | | | |
| Cash and investments introduced from transfer of engagements | | 19,659,688 | - |
| Fixed asset (purchases)/disposals | | (8,187) | (240,616) |
| Net cash flow from other investing activities | | 338,958 | 10,075,744 |
| **Net cash flows from investing activities** | | **19,990,459** | **9,835,128** |
| **Cash flows from financing activities** | | | |
| Members' savings received | | 71,079,866 | 63,335,006 |
| Members' savings withdrawn | | (69,627,219) | (60,225,600) |
| **Net cash flow from financing activities** | | **1,452,647** | **3,109,406** |
| **Net increase/(decrease) in cash and cash equivalents** | | **20,227,887** | **10,821,245** |
| **Closing cash and cash equivalents** | 7 | **42,468,251** | **22,240,364** |

*The notes on pages 17 to 28 form part of these financial statements.*

# Notes to the financial statements

*For the financial year ended 30 September 2018*

### 1. Legal and regulatory framework

Killarney Credit Union Limited is registered with the Registry of Credit Unions and is regulated by the Central Bank of Ireland. The registered office of the credit union is located at Beech Road, Killarney, Co. Kerry.

### 2. Accounting policies

### 2.1 Basis of preparation of financial statements

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 United Kingdom and the Republic of Ireland and Irish statute comprising of the Credit Union Act, 1997 (as amended). The financial statements have been prepared on the historical cost basis.

The financial statements are presented in Euro (€) which is also the functional currency of the credit union.

<u>The following principal accounting policies have been applied:</u>

### 2.2 Statement of compliance

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

### 2.3 Going concern

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

### 2.4 Income

**Interest on members' loans**
Interest on members' loans is recognised on an accruals basis using the effective interest method.

**Deposit and investment income**
Investment income is recognised on an accruals basis using the effective interest method.

**Other income**
Other income is recognised on an accruals basis.

### 2.5 Investments

<u>The specific investment products held by the credit union are accounted for as follows:</u>

**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.

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

**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 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.

### 2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The credit union adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the credit union. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the income and expenditure account during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. Depreciation is provided on the following basis:

| | |
|---|---|
| Freehold premises | 2% straight line per annum |
| Leasehold premises | 20% straight line per annum |
| Office equipment | 15% reducing balance per annum |
| Computer hardware | 33% straight line per annum |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains' or 'other losses' in the income and expenditure account.

### 2.7 Impairment of tangible fixed assets

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

### 2.8 Operating leases

Rentals payable under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

### 2.9 Taxation

The credit union is not subject to income tax or corporation tax on its activities.

### 2.10 Cash and cash equivalents

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

### 2.11 Financial assets – loans to members

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

Loans are derecognised when the right to receive cash flows from the asset has expired, usually when all amounts outstanding have been repaid by the member.

### 2.12 Provision for bad debts

The credit union assesses 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 regular basis.

Any bad debts/impairment losses are recognised in the income and expenditure account.

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

### 2.13 Other receivables

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

### 2.14 Financial liabilities – members' shares and deposits

Members' shares and deposits in Killarney 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 cost.

### 2.15 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.

### 2.16 Pension costs

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

The scheme is a multi-employer Scheme and due to the nature of the Scheme it is not possible for Killarney Credit Union Limited to separately identify its share of the Scheme's underlying assets and liabilities.

Consequently, it accounts for the Scheme as a defined contribution plan. There is an agreed funding plan in respect of the Pension Scheme as a result of a Minimum Funding Standard deficit certified by the Scheme's Actuary in 2009. Consequently, Killarney Credit Union Limited recognises a liability at each balance sheet date for its outstanding contributions payable under the agreed funding plan to the extent that they relate to committed funding in respect of the deficit to which the funding plan relates.

The credit union also operates a defined contribution plan for certain employees. A defined contribution plan is a pension plan under which the credit union pays fixed contributions into a separate entity. Once the contributions have been paid the credit union has no further payments obligations.

The contributions are recognised as an expense in the income and expenditure account when they fall due. Amounts not paid are shown in accruals as a liability on the balance sheet. The assets of the plan are held separately from the credit union in independently administered funds.

### 2.17 Other payables

Short term other liabilities, creditors, accruals and charges are measured at the transaction price.

### 2.18 Derecognition of financial liabilities

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

### 2.19 Distribution policy

Dividends are made from the current year's surplus or reserves set aside for that purpose. The board's proposed dividend to members each year is based on the distribution policy of the credit union.

The rate of dividend recommended by the board will reflect:
- the risk profile of the credit union, particularly in its loan and investments portfolios;
- the board's desire to maintain a stable rather than a volatile rate of dividend each year; and
- members' legitimate dividend 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 when members ratify such payments at the Annual General Meeting.

### 2.20 Regulatory Reserve

The Credit Union Act, 1997 (Regulatory Requirements) Regulations 2016 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.

### 2.21 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. Credit unions are required to maintain a minimum operational risk reserve having due regard for the sophistication of the business model. 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 Directors have considered the requirements of the Act and have considered an approach to the calculation of the operational risk reserve. Killarney Credit Union Limited uses the Basic Indicator Approach as set out in the operational risk measurements techniques proposed under Basel II capital adequacy rules for banking institutions in calculating the operational risk reserve. Therefore Killarney Credit Union Limited will hold an operational risk reserve which will at a minimum equal 15% of the average positive gross income for the previous three years. For any year in which there was a deficit, this will be excluded from the calculation.

### 2.22 Other Reserves

Other reserves are the accumulated surpluses to date that have not been declared as dividends returnable to members. The other reserves are subdivided into realised and unrealised. In accordance with the Central Bank guidance note for credit unions on matters relating to accounting for investments and distribution policy, investment income that has been recognised but will not be received within 12 months of the balance sheet date is classified as "unrealised" and is not distributable. A reclassification between unrealised and realised is made as investments come to within 12 months of maturity date. The directors have deemed it appropriate that interest on loans receivable at the balance sheet date is also classified as "unrealised" and is not distributable. All other income is classified as "realised".

### 2.23 Transfer of engagements

Transfer of engagements are accounted for using the acquisition method of accounting. This involves recognising identifiable assets and liabilities of the acquired credit union at fair value. In applying the acquisition method of accounting for these business combinations, the member interests transferred by the credit union represents the consideration transferred for the net assets acquired. This consideration has been estimated as equivalent to the acquisition date fair value of the member interests in the Transferor Credit Union (the fair value of the Transferor Credit Union) at the date of the transfer, and is reflected as an adjustment in reserves.

## 3. Judgements in applying accounting policies and key source of estimation uncertainty

Preparation of the financial statements requires the directors to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

**Determination of depreciation, useful economic life and residual value of tangible assets**
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 net book value of tangible fixed assets subject to depreciation at the year end was €2,246,861 (2017: €2,102,262).

**Provision for bad debts**
Killarney Credit Union Limited's accounting policy for impairment of loans is set out in the accounting policy in note 2.12. 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. The provision for bad debts in the financial statements at the year end was €3,323,938 (2017: €2,829,992) representing 9.05% (2017: 10.70%) of the total gross loan book.

**Operational risk reserve**
The directors have considered the requirements of the Credit Union Act, 1997 (as amended) and have developed an approach to the calculation of the operational risk reserve. Killarney Credit Union Limited uses the basic indicator approach as set out in the operational risk measurements techniques proposed under Basel II capital adequacy rules for banking institutions in calculating the minimum operational risk reserve. The operational risk reserve of the credit union at the year end was €602,809 (2017: €426,442).

**Adoption of going concern basis for financial statements preparation**
The directors have prepared projections and cash flows for a period of at least twelve months from the date of the approval of the financial statements which demonstrate that there is no material uncertainty regarding the credit union's ability to meet its liabilities as they fall due, and to continue as a going concern. 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.

## 4. Transfer of engagements

On 28 September 2018 Killarney Credit Union Limited ("KCU") accepted the transfer of Caherciveen Credit Union Limited ("CCU"). The assets and liabilities of CCU at the date of transfer were incorporated into the balance sheet of KCU at that date.

KCU did not pay any consideration in respect of the transfer of engagements. On the date of transfer, the members of the Transferor Credit Union became members of KCU, and thereby became entitled to member interest associated with such membership. In applying the acquisition method of accounting for this business combination, the members' interests transferred by KCU represents the consideration transferred for the net assets acquired. This consideration has been estimated as equivalent to the acquisition date fair value of the member interests in the Transferor Credit Union (the fair value of the Transferor Credit Union) at the date of transfer, and is reflected as an adjustment in Reserves in note 17 on page 25.

The fair values of the net assets acquired are detailed in the table below:

| | **Fair value of CCU assets and liabilities acquired by KCU** |
|---|---|
| | **€** |
| Tangible fixed assets | 290,526 |
| Cash on hand and at bank | 4,841,794 |
| Deposits and investments | 14,817,894 |
| Loans to members | 8,785,096 |
| Provision for bad debts | (649,976) |
| Prepayments and accrued income | 70,691 |
| Members' shares | (24,930,933) |
| Members' deposits | (20,807) |
| Other liabilities, creditors, accruals and charges | (286,399) |
| | **2,917,886** |

## 5. Key management personnel compensation

The directors of Killarney Credit Union Limited are all unpaid volunteers. The key management personnel compensation is as follows.

| | 2018 | 2017 |
|---|---|---|
| | € | € |
| Short term employee benefits paid to key management | 459,933 | 456,987 |
| Payments to pension schemes | 54,331 | 51,579 |
| **Total key management personnel compensation** | **514,264** | **508,566** |

## 6. Net impairment losses/(gains) on loans to members

| | 2018 | 2017 |
|---|---|---|
| | € | € |
| Bad debts recovered | (152,998) | (156,450) |
| Impairment of loan interest reclassed as bad debt recoveries | (85,308) | (113,164) |
| Movement in bad debts provision during the year | (156,030) | (141,331) |
| Loans written off during the year | 179,899 | 191,510 |
| **Net impairment losses/(gains) on loans to members** | **(214,437)** | **(219,435)** |

## 7. Cash and cash equivalents

| | 2018 | 2017 |
|---|---|---|
| | € | € |
| Cash and balances at bank | 5,909,973 | 1,338,798 |
| Deposits & investments (note 8) | 96,824,799 | 81,507,045 |
| Less: Deposit & investment amounts maturing after three months | (60,266,521) | (60,605,479) |
| **Total cash and cash equivalents** | **42,468,251** | **22,240,364** |

## 8. Deposits and investments

| | 2018 | 2017 |
|---|---|---|
| | € | € |
| **Deposits and investments – cash equivalents** | | |
| Accounts in authorised credit institutions (Irish and non-Irish based) | 36,312,203 | 18,575,842 |
| Equities | 6 | 77,638 |
| Collective investment schemes | 246,069 | 2,248,086 |
| **Total deposits and investments – cash equivalents** | **36,558,278** | **20,901,566** |
| **Deposits and investments – other** | | |
| Accounts in authorised credit institutions (Irish and non-Irish based) | 45,368,871 | 51,100,006 |
| Irish and EEA state securities | 1,890,278 | 1,940,041 |
| Bank bonds | 12,053,675 | 6,758,367 |
| Central bank deposits | 953,697 | 807,065 |
| **Total deposits and investments – other** | **60,266,521** | **60,605,479** |
| **Total deposits and investments** | **96,824,799** | **81,507,045** |

## 9. Financial assets – loans to members

| | 2018 | 2017 |
|---|---|---|
| | € | € |
| As at 1 October | 26,441,575 | 23,505,355 |
| Loans arising on transfer of engagements | 8,785,096 | - |
| Loans granted during the year | 12,888,670 | 13,921,731 |
| Loans repaid during the year | (11,206,584) | (10,794,001) |
| **Gross loans and advances** | **36,908,757** | **26,633,085** |
| **Bad debts** | | |
| Loans written off during the year | (179,899) | (191,510) |
| **As at 30 September** | **36,728,858** | **26,441,575** |

**10. Provision for bad debts**

| | 2018 € | 2017 € |
|---|---|---|
| As at 1 October | 2,829,992 | 2,971,323 |
| Provision arising on transfer of engagements | 649,976 | - |
| Movement in bad debts provision during the year | (156,030) | (141,331) |
| **As at 30 September** | **3,323,938** | **2,829,992** |

The provision for bad debts is analysed as follows:

| | 2018 € | 2017 € |
|---|---|---|
| Grouped assessed loans | 3,323,938 | 2,829,992 |
| **Provision for bad debts** | **3,323,938** | **2,829,992** |

**11. Tangible fixed assets**

| | Freehold premises € | Leasehold premises € | Office equipment € | Computer hardware € | Total € |
|---|---|---|---|---|---|
| **COST** | | | | | |
| 1 October 2017 | 4,844,189 | 19,829 | 691,482 | 383,901 | 5,939,401 |
| Additions | - | - | 1,740 | 6,447 | 8,187 |
| On transfer of engagements | 267,900 | - | 15,118 | 7,508 | 290,526 |
| **At 30 September 2018** | **5,112,089** | **19,829** | **708,340** | **397,856** | **6,238,114** |
| **DEPRECIATION** | | | | | |
| 1 October 2017 | 3,064,111 | 17,879 | 540,327 | 214,822 | 3,837,139 |
| Charge for year | 37,794 | 1,950 | 22,820 | 91,550 | 154,114 |
| **At 30 September 2018** | **3,101,905** | **19,829** | **563,147** | **306,372** | **3,991,253** |
| **NET BOOK VALUE** | | | | | |
| **30 September 2018** | **2,010,184** | **-** | **145,193** | **91,484** | **2,246,861** |
| 30 September 2017 | 1,780,078 | 1,950 | 151,155 | 169,079 | 2,102,262 |

**12. Debtors, prepayments and accrued income**

| | 2018 € | 2017 € |
|---|---|---|
| Loan interest receivable | 94,023 | 54,499 |
| Other assets and prepayments | 178,289 | 154,554 |
| Other debtors | 1,303 | 5,785 |
| | **273,615** | **214,838** |

**13. Members' savings**

| | 2018 € | 2017 € |
|---|---|---|
| As at 1 October | 94,050,277 | 90,940,871 |
| Members' savings arising on transfer of engagements | 24,951,740 | - |
| Received during the year | 71,079,866 | 63,335,006 |
| Withdrawn during the year | (69,627,219) | (60,225,600) |
| **As at 30 September** | **120,454,664** | **94,050,277** |

Members' savings are analysed as follows:

| | 2018 € | 2017 € |
|---|---|---|
| Members' shares | 120,433,857 | 94,050,277 |
| Members' deposits | 20,807 | - |
| **Total members' savings** | **120,454,664** | **94,050,277** |

## 14. Other liabilities, creditors, accruals and charges

| | 2018 | 2017 |
|---|---|---|
| | € | € |
| Other creditors and accruals | 702,129 | 531,254 |
| PAYE/PRSI | 25,566 | 18,101 |
| | **727,695** | **549,355** |

## 15. Other provisions

| **Holiday pay accrual** | **2018** | **2017** |
|---|---|---|
| | **€** | **€** |
| At 1 October | 23,965 | 25,808 |
| Charged to the income and expenditure account | 7,710 | (1,843) |
| **At 30 September** | **31,675** | **23,965** |

| **Pension accrual** | **2018** | **2017** |
|---|---|---|
| | **€** | **€** |
| At 1 October | 19,943 | 39,885 |
| Charged to the income and expenditure account | (19,943) | (19,942) |
| **At 30 September** | **-** | **19,943** |

| **Total other provisions** | **2018** | **2017** |
|---|---|---|
| | **€** | **€** |
| At 1 October | 43,908 | 65,693 |
| Charged to the income and expenditure account | (12,233) | (21,785) |
| **At 30 September** | **31,675** | **43,908** |

## 16. Financial instruments

### 16a. Financial instruments – amortised cost

| **Financial assets** | **2018** | **2017** |
|---|---|---|
| | **€** | **€** |
| Financial assets measured at amortised cost | **138,468,858** | **106,967,479** |

| **Financial liabilities** | **2018** | **2017** |
|---|---|---|
| | **€** | **€** |
| Financial liabilities measured at amortised cost | **121,214,034** | **94,643,540** |

Financial assets measured at amortised cost comprise cash and balances at bank, deposits and investments and loans.

Financial liabilities measured at amortised cost comprise member savings, creditors and accruals and provisions.

### 16b. Financial instruments – fair value measurements

FRS 102 requires fair value measurements to be disclosed by the source of inputs, using a three level hierarchy:

- Quoted prices for identical instruments in active market (level 1);
- Prices of recent transactions for identical instruments and valuation techniques using observable market data (level 2), and
- Valuation techniques using unobservable market data (level 3).

**The table below sets out fair value measurements using the fair value hierarchy:**

| At 30 September 2018 | Total | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| | € | € | € | € |
| Accounts in authorised credit institutions | 750,000 | - | 750,000 | - |
| Collective investment scheme | 246,069 | - | 246,069 | - |
| Equities | 6 | 6 | - | - |
| **Total** | **996,075** | **6** | **996,069** | **-** |

| At 30 September 2017 | Total | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| | € | € | € | € |
| Collective investment scheme | 2,248,086 | - | 2,248,086 | - |
| Equities | 77,638 | 77,638 | - | - |
| **Total** | **2,325,724** | **77,638** | **2,248,086** | **-** |

The fair value adjustment recognised in the income and expenditure account was as follows:

| | 2018 | 2017 |
|---|---|---|
| | € | € |
| Fair value adjustment | - | 14,559 |

## 17. Reserves

| | Balance 01/10/17 | Arising on transfer of engagement | Payment of dividends | Appropriation of current year surplus | Transfer between reserves | Balance 30/09/18 |
|---|---|---|---|---|---|---|
| | € | € | € | € | € | € |
| **Regulatory reserve** | **12,801,110** | **2,555,127** | **-** | **-** | **-** | **15,356,237** |
| **Operational risk reserve** | **426,442** | **149,618** | **-** | **26,749** | **-** | **602,809** |
| **Other reserves** | | | | | | |
| **Realised** | | | | | | |
| General reserve | 744,163 | 182,083 | - | 333,230 | 288 | 1,259,764 |
| Special reserve: dividends | 45,477 | - | (45,189) | 60,228 | (288) | 60,228 |
| Future dividends reserve | 50,000 | - | - | - | - | 50,000 |
| **Total realised reserves** | **839,640** | **182,083** | **(45,189)** | **393,458** | **-** | **1,369,992** |
| **Unrealised** | | | | | | |
| Interest on loans reserve | 54,499 | 21,731 | - | 17,793 | - | 94,023 |
| Investment income reserve | 9,295 | 9,327 | - | 4,451 | - | 23,073 |
| **Total unrealised reserves** | **63,794** | **31,058** | **-** | **22,244** | **-** | **117,096** |
| **Total reserves** | **14,130,986** | **2,917,886** | **(45,189)** | **442,451** | **-** | **17,446,134** |

## 18. Credit risk disclosures

The credit union complies with Section 12 of the Credit Union Act, 1997 (Regulatory Requirements) Regulations 2016. This regulation:

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

The carrying amount of the loans to members represents Killarney Credit Union Limited's maximum exposure to credit risk. The following 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.

| | 2018 € | 2018 % | 2017 € | 2017 % |
|---|---|---|---|---|
| **LOANS NOT IMPAIRED** | | | | |
| Total loans not impaired, not past due | 32,548,003 | 88.62% | 22,620,895 | 85.55% |
| **IMPAIRED LOANS:** | | | | |
| Not past due | 228,489 | 0.62% | 133,115 | 0.50% |
| Up to 9 weeks past due | 2,361,492 | 6.43% | 2,070,049 | 7.83% |
| Between 10 and 18 weeks past due | 403,792 | 1.10% | 329,899 | 1.25% |
| Between 19 and 26 weeks past due | 121,661 | 0.33% | 82,216 | 0.31% |
| Between 27 and 39 weeks past due | 138,283 | 0.38% | 92,246 | 0.35% |
| Between 40 and 52 weeks past due | 99,026 | 0.27% | 83,519 | 0.32% |
| 53 or more weeks past due | 828,112 | 2.25% | 1,029,636 | 3.89% |
| **Total impaired loans** | 4,180,855 | 11.38% | 3,820,680 | 14.45% |
| **TOTAL LOANS** | **36,728,858** | **100.00%** | **26,441,575** | **100.00%** |

## 19. Related party transactions

| | 2018 No. of loans | 2018 € | 2017 No. of loans | 2017 € |
|---|---|---|---|---|
| Loans advanced to related parties during the year | 4 | 94,700 | 5 | 59,500 |
| Total loans outstanding to related parties at the year end | 21 | 319,552 | 11 | 223,432 |
| Total provision for loans outstanding to related parties | | 42,027 | | 14,963 |

The related party loans stated above comprise of loans to members of the board of directors, the management team and members of the family of members of the board of directors and the management team of Killarney Credit Union Limited. Total loans outstanding to related parties represents 0.87% of the total loans outstanding at 30 September 2018 (2017: 0.85%).

## 20. Additional financial instruments disclosures

### 20a. Financial risk management

Killarney 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 Killarney 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.

**Credit risk:** Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to the credit union, resulting in financial loss. In order to manage this risk the board of directors regularly reviews and approves Killarney Credit Union Limited's loans policy. All loan applications are assessed with reference to the loans policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

**Market risk:** Market risk is the risk that the value of an investment will decrease. This risk can arise from fluctuations in values of, or income from, assets or changes in interest rates. The board of directors regularly reviews and approves the credit union's investment policy and funds are invested in compliance with this policy and regulatory guidance.

**Liquidity risk:** Liquidity risk is 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. 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.

**Interest rate risk:** Killarney Credit Union Limited's main interest rate risk arises from adverse movements in interest rates receivable which would affect investment income. Killarney Credit Union Limited reviews any potential new investment product carefully to ensure that minimum funds are locked in low yielding long term investments yet at the same time maximising investment income receivable.

**20b. Liquidity risk disclosures**

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 regulatory requirements.

**20c. Interest rate risk disclosures**

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

| | 2018 | | 2017 | |
|---|---|---|---|---|
| | | Average interest rate | | Average interest rate |
| | € | % | € | % |
| Gross loans to members | 36,728,858 | 8.13% | 26,441,575 | 8.64% |

The dividend payable is at the discretion of the directors and is therefore not a financial liability of the credit union until declared and approved at the AGM.

**21. Dividends**

The following distributions were paid during the year:

| | 2018 | | 2017 | |
|---|---|---|---|---|
| | % | € | % | € |
| Dividend on shares | 0.05% | 45,189 | 0.05% | 43,089 |

The directors propose the following distributions in respect of the year:

| | 2018 | | 2017 | |
|---|---|---|---|---|
| | % | € | % | € |
| Dividend on shares | 0.05% | 60,228 | 0.05% | 44,933 |

**22. Events after the end of the financial year**

There have been no significant events affecting the credit union since the year end.

**23. Insurance against fraud**

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

**24. Capital commitments**

There were no capital commitments at 30 September 2018.

**25. Contingent liabilities**

In September 2018, the Registry of Credit Unions advised all credit unions of a potential matter in relation to accrued interest outstanding on certain top-up loans which may have led to a potential over-collection of interest. The credit union has commenced a review to ascertain whether any top-up loans made to members might be impacted by these circumstances, and if so, to determine what actions may need to be taken. Consequently it is impracticable at this time to estimate the impact, financial or otherwise, if any, of this matter and whether any net amounts will become payable or not in the future.

**26. Comparative information**

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

## 27. Commitments under operating leases

The credit union entered into a 5 year lease on 1 April 2013. The credit union had future minimum lease payments under a non-cancellable operating lease as follows:

| | 2018 | 2017 |
|---|---|---|
| | € | € |
| Less than 1 year | - | 18,000 |
| **At 30 September** | **-** | **18,000** |

## 28. The Irish League of Credit Unions Republic of Ireland Pension Scheme

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

The scheme is a multi-employer scheme and due to the nature of the Scheme it is not possible for Killarney Credit Union Limited to separately identify its share of the scheme's underlying assets and liabilities. Consequently, it accounts for the scheme as a defined contribution plan, in accordance with FRS 102.

The Pension's Act requires the trustees of the scheme to assess whether it could meet a certain prescribed standard, knows as the Minimum Funding Standard. This assesses whether, if the scheme was wound up on a specified theoretical valuation date, it could satisfy the Funding Standard at that date. Following the scheme's actuary certifying a Minimum Funding Standard deficit in the scheme in 2009, Killarney Credit Union Limited, the ILCU group and the other credit unions participating in the scheme entered into a funding agreement with the scheme that was designed to ensure that, the Scheme could be reasonably expected to satisfy the Minimum Funding Standard by a specified future date (1 March 2019). This funding plan runs up until 2019 and was approved by the Pensions Authority. Killarney Credit Union Limited has paid the contributions payable under this funding agreement.

As part of the above solvency assessment process, the scheme actuary must carry out a separate valuation under the Minimum Funding Standard every 3 years and produce a funding certificate for submission to the Pensions Authority within 9 months of the effective date of the valuation. The purpose of the certificate is to certify whether or not the assets of the scheme at the effective date are sufficient to meet the liabilities of the scheme based on the assumption that the scheme was wound up at that date. The most recent actuarial funding certificate was effective as at 1 March 2018 and it certified that the scheme satisfied the funding standard. Further, the actuary was reasonably satisfied that as at 28 February 2018 the scheme can be expected to satisfy the funding standard as specified in Section 44 of the Pensions Act, 1990, at 1 March 2019, being the date specified by the Pensions Authority under Section 49(2) (a) of the Act for the purpose of the existing funding proposal.

An actuarial review of the fund is normally carried out every three years by the scheme's independent, professionally qualified actuary. The actuarial review considers the past and future liabilities of the scheme. The last completed triennial actuarial review was carried out with an effective date of 1 March 2017 using the projected unit valuation method. The principal actuarial assumption used in the valuation was the investment return would be 1.75% higher than the annual salary increases. The market value of the scheme's assets at 1 March 2017 was €216m. The actuarial valuation disclosed a past service deficit of €6.4m at 1 March 2017 calculated under the ongoing actuarial valuation method. This valuation method assumes that the scheme will continue in existence for the foreseeable future. The assumptions used in the actuarial review to determine the past service deficit differ from the assumptions that would be used to determine the liabilities for defined benefit obligations under FRS102. This actuarial review recommended that the rate agreed under the funding proposal, 27.5% of pensionable salary, continues to be paid. The cost of risk benefits is paid in addition to this rate giving a total contribution rate of 30% of pensionable salary.

## 29. Approval of financial statements

The board of directors approved these financial statements for issue on 5th November 2018.

# Schedules to the income and expenditure account

*For the financial year ended 30 September 2018*

The following schedules do not form part of the statutory financial statements which are the subject of the Independent Auditors' report on pages 10 to 12.

## SCHEDULE 1 – OTHER INTEREST INCOME AND SIMILAR INCOME

| | 2018 | 2017 |
|---|---|---|
| | € | € |
| Investment income received/receivable within 1 year | 751,566 | 908,252 |
| Investment income receivable outside of 1 year | 4,451 | 9,295 |
| **Total per income and expenditure account** | **756,017** | **917,547** |

## SCHEDULE 2 – OTHER INCOME

| | 2018 | 2017 |
|---|---|---|
| | € | € |
| Commissions | 49,354 | 50,240 |
| Fees and miscellaneous income | 47,102 | 33,328 |
| **Total per income and expenditure account** | **96,456** | **83,568** |

## SCHEDULE 3 – OTHER MANAGEMENT EXPENSES

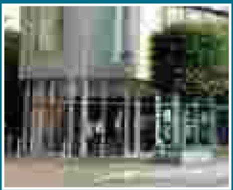
| | 2018 | 2017 |
|---|---|---|
| | € | € |
| Rent | 36,000 | 36,000 |
| Rates and service charges | 48,991 | 48,380 |
| Lighting and heating | 31,781 | 29,692 |
| Repairs and maintenance | 21,144 | 20,314 |
| Security | 27,620 | 26,706 |
| Printing and stationery | 45,812 | 24,032 |
| Postage | 17,153 | 7,830 |
| Telephone | 16,867 | 20,422 |
| Promotion, advertising and sponsorship | 93,765 | 102,480 |
| Chapter, social and seminar expenses | 45,827 | 44,374 |
| Travel and subsistence | 20,102 | 18,847 |
| Bank interest and charges | 54,597 | 57,924 |
| Audit fee | 24,293 | 24,293 |
| General insurance | 43,911 | 42,128 |
| Key person insurance | 925 | 961 |
| Share and loan insurance | 404,552 | 360,289 |
| Education and subscription | 14,598 | 17,530 |
| Consultancy | 170,802 | 83,825 |
| Legal and professional fees | 136,502 | 47,326 |
| Office general expenses | 6,487 | 5,266 |
| Affiliation fees and subscriptions | 55,098 | 71,014 |
| Regulatory levies | 215,958 | 286,324 |
| Pension | 95,046 | 91,691 |
| Maintenance contracts | 87,272 | 59,895 |
| Cash short | 665 | 791 |
| Diminution of fixed assets | - | 8,934 |
| Staff uniforms | 751 | 750 |
| **Total per income and expenditure account** | **1,716,519** | **1,538,018** |

# Killarney Credit Union

LIMITED

WHERE MEMBERS MATTER MOST

## Our Branches




Beech Road,
Killarney,
V93 XR5V,
Co. Kerry.

Park Road,
Killarney,
V93 CVF9,
Co. Kerry.

Killarney Road,
Kenmare,
V93 NN73,
Co. Kerry.

1-3 O'Connell Street,
Cahersiveen,
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