

Annual Report 2021

Notice of Annual General Meeting



**Killarney
Kenmare
Cahersiveen**
creditunion

Serving the South & East Kerry Communities

AGM NOTICE INVITATION

The 2021 Annual General Meeting of the members of Killarney Credit Union Limited will take place via Zoom Webinar on 14th December 2021 at 7.30 p.m. **Members wishing to attend the Virtual AGM need to apply via email to agm@killarneycu.ie and include the following information on your email.; Name, Member Number, Member address.** The request for attendance must be received by close of business on Thursday 9th December 2021. A link to the AGM Zoom Webinar and the Standing Orders for the meeting, will be forwarded to your email address in time for the meeting. The following information is pertinent to this notice.

- Killarney Credit Union will be using Zoom Webinar as the electronic platform for the meeting
- **To gain access to the meeting a member must request an invitation to the virtual meeting by emailing agm@killarneycu.ie. This request must be received by close of business on 9th December 2021. Following the request for invitation the member will receive an invitation by email to join the meeting on 14th of December 2021.**
- The information required to request an invitation is your name, member number and address. The Credit Union will be verifying members details prior to issuing invitations.
- All non-presenting participants will be muted to allow the smooth running of the meeting. However, you can type a question to the host by clicking on the "chat" button on the bottom of the screen.
- A vote on elections for the positions of Auditor, Board Oversight Committee and Board of Directors will take place. Voting will be conducted by way of online Poll and members will be asked to vote electronically for their preferred candidate when instructed by the Chairperson. The votes will be tallied electronically, verified by the Board Oversight Committee, and recorded by the meeting Secretary.
- A vote on the motions (if any) will take place. Voting will be conducted by way of online Poll and members will be asked to vote Yes/No electronically for each candidate when instructed by the Chairperson. The votes will be tallied electronically, verified by the Board Oversight Committee, and recorded by the meeting Secretary.

The virtual AGM meeting will be recorded.

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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. Chairman's Address/Report of the Board of Directors;
7. Motions (if any);
8. Report of the Board Oversight Committee;
9. Report of the Auditor;
10. Consideration of Accounts;
11. Declaration of dividend (if any);
12. Report of the Nomination Committee;
13. Election of Auditor;
14. Election to fill vacancies on the Board Oversight Committee;
15. Election to fill vacancies on the Board of Directors;
16. Report of the Credit Committee;
17. Report of Credit Control Committee;
18. Report of Membership Committee;
19. Report of any other Committee;
20. Announcement of election results;
21. Any other business;

Notice of Elections

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

Minutes of Killarney Credit Union Limited Virtual AGM 2020

The 50th Annual General Meeting of Killarney Credit Union (KCU) Limited took place virtually on Monday 22nd March 2021 at 7.30pm with 68 members attending.

Mr. Pat Sheehan (Chairperson) welcomed the members in attendance to the first ever virtual AGM of Killarney Credit Union and outlined the process and rules to ensure the smooth running of the meeting. He also outlined that the electronic voting process would be overseen by Carragh Neeson (Board Oversight Committee). Finally, he requested that John Long open the meeting with the Credit Union Invocation.

Directors present at the meeting:

Pat Sheehan (Chairperson) Dermot Griffin (Vice Chairperson) Gerard Galvin (Secretary)
John Long Joy Clifford Colin Kiely Elaine O'Riordan
Jacqueline O'Leary Eileen Casey Frank McGonigle.

Board Oversight Committee present at the meeting: Carragh Neeson, Bernard Hourihan and Michael O'Brien.

Apologies: None

Also in attendance: Mark Murphy (CEO), Karen McCarthy (Marketing Officer) and Sheena O'Sullivan, on behalf of Grant Thornton Auditors & Accountants. Audio Visual Company (AVC) were also present tasked with the operation of the virtual AGM and the associated voting.

Acceptance of Proxies (if any) by the Board of Directors: No proxies received for AGM.

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

Adoption of Standing Orders: The standing orders were adopted.

Proposed by: Pat Sheehan

Seconded by: Catherine Coffey

Reading and Approval (or Correction) of the Minutes of the Last AGM 2019

As the minutes were circulated to all members prior to the meeting, those present at the AGM deemed them to be correct and ready for approval.

Proposed by: Pat Sheehan *Seconded by:* Brendan Lynch

Chairman's Address/Report of the Directors

The Chairman Pat Sheehan addressed the meeting and presented the Chairman's Report as outlined in the AGM booklet. Pat Sheehan acknowledged the service of the Directors, Board Oversight Committee and Staff Members who retired during the year.

Proposed by: Shane Foley *Seconded by:* Darren Casey

Motion regarding Amendment to Standard Rules

As the motions were circulated to all members prior to the meeting, those present at the AGM deemed them to be correct and ready for review. Pat Sheehan advised the meeting that the amendments relate to the following:

- Motions 1-4 relate to amendments to be made to the standard rules to allow a "membership officer" assist in processing membership applications.
- Motions 5-11 relate to amendments to be made to the standard rules to allow for future AGM's to be held virtually if necessary.

Pat Sheehan advised the meeting that the voting would take place virtually via the voting option, each motion required a two thirds majority to pass and that members would have 30 seconds to vote on each motion appearing on screen.

Motion 1: *Proposed by:* Pat Sheehan

Seconded by: John O'Neill

Motion 2: *Proposed by:* Pat Sheehan

Seconded by: Dermot McGuckian

Motion 3: *Proposed by:* Pat Sheehan

Seconded by: Jennifer McCarthy

Motion 4: *Proposed by:* Pat Sheehan

Seconded by: Mairead McCarthy

Motion 5: *Proposed by:* Pat Sheehan

Seconded by: Kathleen O'Leary

Motion 6: *Proposed by:* Pat Sheehan

Seconded by: Bridget Delaney

Motion 7: *Proposed by:* Pat Sheehan

Seconded by: Noreen O'Sullivan

Motion 8: *Proposed by:* Pat Sheehan

Seconded by: Donal O'Riordan

Motion 9: *Proposed by:* Pat Sheehan

Seconded by: Mike Neeson

Motion 10: *Proposed by:* Pat Sheehan

Seconded by: Maura O'Riordan

Motion 11: *Proposed by:* Pat Sheehan

Seconded by: Christy McCarthy

Each motion was voted upon individually and Pat Sheehan advised the meeting that the results would be announced at the end of the meeting.

Report of the Board Oversight Committee Presented by Caragh Neeson

Proposed by: Siobhan Kelly

Seconded by: John Long

Report of the Auditors

Auditors report was outlined by Sheena O'Sullivan, on behalf of Grant Thornton Auditors & Accountants.

Proposed by: Bridget Delaney

Seconded by: Dermot Griffin

Consideration of Accounts presented by Pat Sheehan

A summary of the Income & Expenditure, Balance Sheet and Reserves was presented on screen and Pat Sheehan reviewed the accounts as laid out in the Annual Report. Pat Sheehan informed the meeting that 2019/2020 was a very challenging year for the credit union and that COVID-19 had a material impact on the credit union's financial performance. This year a reduced surplus of €22,100 is being reported due to a transfer of €294,000 to the Bad Debts Provision. Loan Income and Investment Income decreased by 2.16% and 4.96% respectively while Total Expenditure increased by 5.79% during the year. Lockdown restrictions have led to unprecedented levels of savings increases which have caused a dilution on the Reserve Ratio to 11.95%. Pat Sheehan advised the meeting that as a result of the various challenges, the credit union introduced cost saving measures and a savings limit during the year. He apologised for any inconvenience caused by these actions, but stressed that the actions taken will result in a stronger, more viable credit union for all members for years to come.

Proposed by: Helen McCarthy

Seconded by: Donal O’Riordan

Declaration of Dividend:

Pat Sheehan advised the meeting that after careful consideration, the Board of Directors have decided not to declare a dividend at the AGM. He advised the meeting that the directors considered the impact that COVID-19 had on the financials of the credit union and also the circular issued by the Central Bank of Ireland to all credit unions nationwide setting out their expectation that no credit union would pay a dividend for the year.

Proposed by: Elma Shine

Seconded by: John O’Neill

Passed by a majority vote.

Report of the Nominating Committee presented by Ger Galvin

Proposed by: Christy McCarthy

Seconded by: Ciara Cronin

Elections

Pat Sheehan advised the meeting that the voting would take place virtually via the voting option. A voting ballot will appear on the screens, with 30 seconds allowed to vote by clicking on the person or persons that you wish to vote for in each category. Pat Sheehan advised the meeting that the results would be announced at the end of the meeting.

Elections for Auditors with 1 vacancy: Grant Thornton

Election for Board Oversight with 2 vacancies: Bernard Hourihan and Michael O’Brien

Election for Board of Directors there were 4 candidates for 4 vacancies

Eileen Casey, Jean Flynn, John Long and Frank McGonigle.

Report of Credit Committee presented by Elma Culloty

Proposed by: Therese Buckley

Seconded by: Pat O’Shea

Report of the Credit Control Committee presented by Elaine O’Shea

Proposed by: Dermot McGuckian

Seconded by: Emma Looney

Report of the Membership Committee presented by Angela McCarthy

Proposed by: Bridget Delaney

Seconded by: Shane Foley

Investment Committee Report presented by Mark Murphy

Proposed by: John Long

Seconded by: Eileen Casey

Report of the Youth Committee presented by Karena McCarthy

Proposed by: Geraldine Guilfoyle

Seconded by: Catherine Coffey

Report of the Audit and Risk Committee presented by Shane Foley

Proposed by: Maura O’Riordan

Seconded by: Christy McCarthy

Election Results

Auditors:	Grant Thornton	57		
Board Oversight Committee:	Bernard Hourihan	47	Michael O’Brien	48
Board of Directors:	Eileen Casey	51	Jean Flynn	47
	John Long	54	Frank McGonigle	47

All deemed elected.

Any Other Business

Mark Murphy noted that some questions had been raised by members before and during the meeting and that he would address the queries raised. The items discussed covered the following:

- One member requested that the Directors re-instate Death Benefit Insurance (DBI): Mark Murphy advised the meeting that the difficult decision to withdraw DBI was taken after much deliberation. However, as COVID-19 had a negative impact on the credit union and on the surplus and reserve ratios, the Directors were put in an extremely difficult decision to withdraw or reduce certain services to members. Mark Murphy confirmed that the credit union is not in a position to re-instate DBI and he apologised for any



inconvenience caused by this.

- One member commented that he hoped that the savings limit would not be reduced below the €20,000 limit. Mark Murphy advised the meeting that the €20,000 savings limit was introduced due to the unprecedented levels of savings growth which is having a detrimental effect on the Reserve ratios of the credit union. Mark Murphy confirmed that this is under constant review by the credit union but that there are no existing plans to reduce the savings limit to below €20,000.
- One member congratulated the credit union for making the new logo representative and inclusive of all three credit union locations. Mark Murphy thanked the member for their comment.
- One member congratulated the credit union for the smooth running of the virtual AGM. Mark Murphy thanked the member for their comment.

Close of Meeting

Pat Sheehan thanked all members and Sheena O'Sullivan (Grant Thornton) for attending the first ever virtual AGM. He also thanked the Directors, Board Oversight Committee and Staff at Killarney Credit Union for their commitment, support and hard work during the year. Pat Sheehan thanked the team at AVC for ensuring the virtual AGM ran smoothly and finally thanked Karena McCarthy for all her hard work in organising and coordinating the virtual AGM.

The meeting concluded at 8.30pm.

Chairman's Address

On behalf of the Board of Directors of Killarney Credit Union, I would like to welcome you to Killarney Credit Union's 51st Annual General Meeting. It is my privilege to present to you the Annual Report and Accounts of Killarney Credit Union for the year ended 30th September 2021. This is our second AGM this year due to the delayed 2020 AGM which was held in March 2021.

COVID-19

Covid and its implications have very much remained a part of our everyday lives. Living alongside COVID-19 is the "new norm" and its impact on how we do our business is still very evident. We have continued to support our members and communities as they try to emerge from this challenging period. As a credit union, we have responded to the changed practices and obstacles that present themselves due to COVID-19 by making operational changes to the way we do business in branch. COVID-19 has accelerated the trend towards greater digital and online engagement and our current account and mobile platform goes from strength to strength.

Financial Performance and Reserves

2021 has seen a strong recovery in our financial performance despite the continued impact of COVID-19 restrictions. Killarney Credit Union has reported a much improved surplus of €886,600 for the year. The increased surplus was driven by a combination of increased income and a reduction in expenditure. Loan interest income has increased by 3.33% to €2.846 million and investment income decreased by 12.37% to €692,200. 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 and introducing new services in order to generate additional income. Overall, costs have reduced by 19.36% to €2.881 million for the year. Cost management remains a priority for the credit union and we continue to focus on efficiency and cost reduction. Total Assets have decreased to €148.3 million for the year, which was mainly driven by a reduction in members savings.

Lending & Savings

This year saw the loan book increase by 6.92%, with the total loan book increasing to €38.3 million. We are currently lending on average over €1.5 million per month to the local communities of South and East Kerry. Lending is our main source of income, so it is vital that we continue to grow our loan book in a prudent fashion. I would like to thank you for your continued support and encourage you to continue to borrow locally with your credit union. Members' savings declined during the year, and stood at almost €127 million at the year end, which represents a decrease of 1.96% in one year. Last year the Directors took the difficult decision to

introduce a €20,000 limit on savings balances and it is this cap on savings that contributed to the successful management of growth in savings. This situation is closely monitored on an ongoing basis and I would like to thank the members for their co-operation and understanding with these measures.

Reserves

The surplus of €886,600, together with cost savings and the introduction of a savings cap in 2020, have contributed to a 0.67% improvement in our total realised reserve ratio. At the end of September 2021, the credit unions total realised reserve ratio increased to 12.55%. Our total reserves stand at €18.7 million which is well in excess of the minimum requirement. In the context of the low interest environment, coupled with the Board's strategic aim to increase levels of reserves, the Board took the difficult decision not to propose a dividend for the year. Instead, the focus will remain on investing in new services for the members and supporting various clubs and community groups through sponsorship opportunities.

Strategic Ambition

Our ambition is that Killarney Credit Union can become the first choice for personal financial products and services for our members across South and East Kerry. We are committed to supporting the communities where we live and work and improve their financial wellbeing. In July 2021 we launched our Financial Planning Service in conjunction with Irish Life, which offers all members a free financial review with Irish Life. Together, we are committed to providing a financial advisory service to all members to ensure their financial future is protected.

Retirements & New Beginnings

Due to work and personal commitments, Jean Flynn (Director), Dermot Griffin (Director) and Michael O'Brien (Board Oversight Committee) will resign at this years AGM. Staff members, Catherine Orpen, Aoife O'Brien and Aisling Quigley left Killarney Credit Union. In addition, Dara Moynihan, Niamh O'Sullivan, Robert Wharton and Evan Cosgrave have been working with us at various intervals this year. We would like to thank them for their time and commitment during their employment in Killarney Credit Union and wish them well in the future. In July 2021 we welcomed Amanda O'Sullivan to the team as Branch Supervisor in Kenmare. Amanda brings a wealth of experience and knowledge and is already well settled in her role.

In April 2021, I was elected to the Board of The Irish League of Credit Unions, a position I will hold for the next two years. I am extremely proud to have been trusted and elected to this very important role. I hope to bring knowledge, experience, fresh ideas and most of all, represent Killarney Credit Union and the Credit Union movement as a whole at a national level. Following this AGM I will be stepping down as Chairperson as my term of office has ended. I have proudly held this role for the last 4 years. I have seen many changes and have been involved in difficult decisions during this time and I can assure you that all decisions taken by the Board are done in the best interests of the members. I will be staying on the Board of Killarney Credit Union and I would like to wish my successor the best of luck in their new role.

Acknowledgements

I would like to take this opportunity to thank our staff for their hard work, commitment and support, especially in these unprecedented and difficult circumstances. I would also like to thank my fellow Directors, Board Oversight Committee and Volunteers for their excellent work during the year. On behalf of Killarney Credit Union I wish to remember, and extend our sympathy to the families and relatives of our deceased members. I would also like to extend our sympathies to the family of former Cahersiveen Board of Director, Paddy Cronin RIP who died during the year.

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 2022.



Pat Sheehan
Chairman

Directors' Report

For the financial year ended 30 September 2021

The directors present their annual report and the audited financial statements for the financial year ended 30 September 2021.

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 or ancillary insurance intermediary under the European Union (Insurance Distribution) Regulations, 2018.
- Investment Intermediaries (Restricted Activity Investment Product Intermediary) pursuant to Section 26 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 acknowledge 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 directors are not proposing a dividend in respect of the financial year ended 30 September 2021 (2020: The directors did not propose a dividend).

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.

COVID-19 risk

There is an economic and operational risk relating to the uncertainty surrounding the impact of the COVID-19 pandemic.

These risks and uncertainties 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.

COVID-19 risk

The board of directors and management closely monitor the evolution of the COVID-19 pandemic and continue to take appropriate actions to mitigate any possible adverse effects on the credit union.

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 finance 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

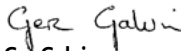
In accordance with Section 115 of the Credit Union Act, 1997 (as amended), the auditors Grant Thornton offer themselves for re-election.

This report was approved by the board and signed on its behalf by:



Pat Sheehan

Chairperson of the board of directors



Ger Galvin

Member of the board of directors

Date: 19th of November 2021

Directors’ responsibilities statement

For the financial year ended 30 September 2021

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.

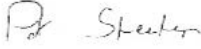
In preparing those financial statements the directors are required to:

- 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.

On behalf of the board:



Pat Sheehan

Chairperson of the board of directors



Ger Galvin

Member of the board of directors

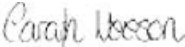
Date: 19th of November 2021

Board oversight committee's responsibilities statement

For the financial year ended 30 September 2021

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.

On behalf of the board oversight committee:



Cargh Neeson

Chairperson of the board oversight committee

Date: 19th of November 2021

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 other comprehensive income, the balance sheet, the statement of changes in reserves and the statement of cash flows for the financial year ended 30 September 2021, 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 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 2021 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, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), 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

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

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

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

Other information

Other information comprises information included in the annual report, other than the financial statements and our auditor's 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: 19th of November 2021

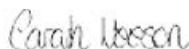
Income and expenditure account

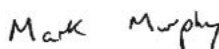
For the financial year ended 30 September 2021

Income	Schedule	2021	2020
		€	€
Interest on members' loans		2,845,699	2,753,933
Other interest income and similar income	1	692,218	789,900
Net interest income		3,537,917	3,543,833
Other income	2	229,214	50,413
Total income		3,767,131	3,594,246
Expenditure			
Employment costs		1,104,782	1,315,499
Other management expenses	3	1,810,678	1,979,512
Depreciation		124,507	120,519
Net impairment (gains)/losses on loans to members (note 5)		(159,418)	156,644
Total expenditure		2,880,549	3,572,174
Surplus for the financial year		886,582	22,072

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


Pat Sheehan
 Member of the board
 of directors


Caragh Neeson
 Member of the board
 oversight committee


Mark Murphy
 CEO

Date: 19th of November 2021


The notes on pages 17 to 30 form part of these financial statements.

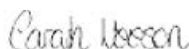
Statement of other comprehensive income

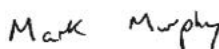
For the financial year ended 30 September 2021

Income	2021	2020
	€	€
Surplus for the financial year	886,582	22,072
Other comprehensive income	-	-
Total comprehensive income for the financial year	886,582	22,072

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


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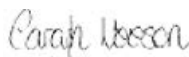
Balance sheet


As at 30 September 2021

	Notes	2021 €	2020 €
Assets			
Cash and balances at bank		12,503,954	3,823,726
Deposits and investments – cash equivalents	7	22,061,475	28,168,305
Deposits and investments – other	7	76,290,034	82,128,672
Loans to members	8	38,303,173	35,822,630
Provision for bad debts	9	(3,595,679)	(3,578,177)
Members' current accounts overdrawn	14	6,094	2,064
Tangible fixed assets	10	2,019,402	2,134,270
Investments in associates	11	265,000	265,000
Debtors, prepayments and accrued income	12	399,933	322,103
Total assets		148,253,386	149,088,593
Liabilities			
Members' shares	13	126,972,765	129,506,314
Members' current accounts	14	1,804,321	904,119
Other liabilities, creditors, accruals and charges	15	768,179	836,932
Other provisions	16	9,393	29,082
Total liabilities		129,554,658	131,276,447
Reserves			
Regulatory reserve	18	15,456,237	15,456,237
Operations risk reserve	18	1,009,165	832,364
Other reserves			
- Realised reserves	18	2,137,815	1,430,408
- Unrealised reserves	18	95,511	93,137
Total reserves		18,698,728	17,812,146
Total liabilities and reserves		148,253,386	149,088,593

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


Pat Sheehan
 Member of the board
 of directors


Caragh Neeson
 Member of the board
 oversight committee


Mark Murphy
 CEO

Date: 19th of November 2021

The notes on pages 17 to 30 form part of these financial statements.

Statement of changes in reserves

For the financial year ended 30 September 2021

	Regulatory reserves €	Operational risk reserve €	Realised reserves €	Unrealised reserves €	Total €
As at 1 October 2019	15,356,237	802,809	1,554,432	76,596	17,790,074
Surplus for the financial year	-	5,500	31	16,541	22,072
Transfers between reserves	100,000	24,055	(124,055)	-	-
As at 1 October 2020	15,456,237	832,364	1,430,408	93,137	17,812,146
Surplus for the financial year	-	-	876,718	9,864	886,582
Transfers between reserves	-	176,801	(169,311)	(7,490)	-
As at 30 September 2021	15,456,237	1,009,165	2,137,815	95,511	18,698,728

- The regulatory reserve of the credit union as a percentage of total assets as at 30 September 2021 was 10.43% (2020: 10.37%).
- The operational risk reserve of the credit union as a percentage of total assets as at 30 September 2021 was 0.68% (2020: 0.56%).

The notes on pages 17 to 30 form part of these financial statements.

Statement of cash flows

For the financial year ended 30 September 2021

	Notes	2021 €	2020 €
Opening cash and cash equivalents		31,992,031	35,320,029
Cash flows from operating activities			
Loans repaid by members	8	15,400,938	15,872,900
Loans granted to members	8	(18,018,033)	(15,514,972)
Interest on members' loans		2,845,699	2,753,933
Other interest income and similar income		692,218	789,900
Bad debts recovered and recoveries		313,472	261,896
Other income		229,214	50,413
Members' current accounts lodgements	14	11,553,836	4,694,777
Members' current accounts withdrawals	14	(10,657,664)	(3,798,083)
Operating expenses		(2,914,002)	(3,251,030)
Movement in other assets and liabilities		(166,272)	73,250
Net cash flows from operating activities		(720,594)	1,932,984
Cash flows from investing activities			
Fixed asset (purchases)/disposals		(11,097)	(159,844)
Net cash flow from other investing activities		5,838,638	(13,064,092)
Net cash flows from investing activities		5,827,541	(13,223,936)
Cash flows from financing activities			
Members' shares received	13	83,441,507	88,586,690
Members' shares withdrawn	13	(85,975,056)	(80,623,736)
Net cash flow from financing activities		(2,533,549)	7,962,954
Net increase/(decrease) in cash and cash equivalents		2,573,398	(3,327,998)
Closing cash and cash equivalents	6	34,565,429	31,992,031

The notes on pages 17 to 30 form part of these financial statements.

Notes to the financial statements

For the financial year ended 30 September 2021

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.

The following principal accounting policies have been applied:

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

Deposit and 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 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.

2.6 Taxation

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

2.7 Operating leases

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

2.8 Deposits and investments

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 minimum deposits with the Central Bank but may also hold an excess over the regulatory minimum. The regulatory minimum deposits are technically assets of the credit union but to which the credit union has restricted access. The regulatory minimum portion will not ordinarily be returned to the credit union while it is a going concern and is separately identified in note 7, Deposits and investments - other. Funds held with the Central Bank in excess of the regulatory minimum requirements are fully available to the credit union and are therefore treated as cash equivalents and are separately identified in note 7, Deposits and investments - cash equivalents. The amounts held on deposit with the Central Bank 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.

2.9 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.

2.10 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.

2.11 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.

2.11 Tangible fixed assets *(continued)*

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.

Depreciation is provided on the following basis:

Freehold premises	2% 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.

2.12 Impairment of assets

At each reporting date 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.

2.13 Investments in associates

Investments in associates are accounted for at cost less impairment.

2.14 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.

2.15 Financial liabilities – members' shares

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

2.16 Members' current accounts

The credit union provides Member Personal Current Account Services in accordance with Section 49(3) of the Credit Union Act, 1997 (as amended).

2.17 Other payables

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

2.18 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, in accordance with FRS 102.

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.

2.19 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.

2.20 Termination benefits

Termination benefits are included in employment costs where applicable and are expensed to the income and expenditure account on an accruals basis.

2.21 Derecognition of financial liabilities

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

2.22 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.

2.23 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. The credit union 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 the credit union 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.

In addition, the credit union has included in its operational risk reserve a Member Personal Current Account Service operational risk reserve, in accordance with Section 49(3) of the Credit Union Act, 1997 (as amended).

2.24 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”.

2.25 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.

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 €2,019,402 (2020: €2,134,270).

Provision for bad debts

The credit union’s accounting policy for impairment of loans is set out in the accounting policy in note 2.10. 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 €3,595,679 (2020: €3,578,177) representing 9.39% (2020: 9.99%) of the total gross loan book.

Investments in associates

The investments in associates represents the credit union’s investment in Metacu Management Designated Activity Company. This investment was made for operational purposes. The credit union holds 6.25%

Redeemable A Ordinary shares in the company and through the terms of the shareholders agreement agreed between each of the participating credit unions, the credit union is deemed to have influence over the operations of this company. Therefore the investment has been accounted for as an investment in an associate.

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. The credit union 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. In addition, the credit union has included in its operational risk reserve a Member Personal Current Account Service operational risk reserve, in accordance with Section 49(3) of the Credit Union Act, 1997 (as amended). The operational risk reserve of the credit union at the year end was €1,009,165 (2020: €832,364).

Adoption of going concern basis for financial statements preparation

The credit union continue to closely monitor the evolution of the COVID-19 pandemic. 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. Key management personnel compensation

The directors of the credit union are all unpaid volunteers. The key management personnel compensation is as follows.

	2021	2020
	€	€
Short term employee benefits paid to key management	444,043	504,557
Payments to pension schemes	45,743	60,835
Total key management personnel compensation	489,786	565,392

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

	2021	2020
	€	€
Bad debts recovered	(260,771)	(188,589)
Impairment of loan interest reclassified as bad debt recoveries	(52,701)	(73,307)
Movement in bad debts provision during the year	17,502	294,360
Loans written off during the year	136,552	124,180
Net impairment (gains)/losses on loans to members	(159,418)	156,644

6. Cash and cash equivalents

	2021	2020
€	€	
Cash and balances at bank	12,503,954	3,823,726
Deposits and investments – cash equivalents (note 7)	22,061,475	28,168,305
Total cash and cash equivalents	34,565,429	31,992,031

7. Deposits and investments

	2021 €	2020 €
Deposits and investments – cash equivalents		
Accounts in authorised credit institutions (Irish and non-Irish based)	16,002,456	26,909,001
Equities	2	2
Central Bank deposits	6,059,017	-
Irish and EEA state securities	-	1,259,302
Total deposits and investments – cash equivalents	22,061,475	28,168,305
Deposits and investments – other		
Accounts in authorised credit institutions (Irish and non-Irish based)	57,144,925	60,162,580
Irish and EEA state securities	523,925	529,610
Bank bonds	17,476,580	20,332,861
Central Bank deposits	1,144,604	1,103,621
Total deposits and investments – other	76,290,034	82,128,672
Total deposits and investments	98,351,509	110,296,977

8. Financial assets – loans to members

	2021 €	2020 €
As at 1 October	35,822,630	36,304,738
Loans granted during the year	18,018,033	15,514,972
Loans repaid during the year	(15,400,938)	(15,872,900)
Gross loans and advances	38,439,725	35,946,810
Bad debts		
Loans written off during the year	(136,552)	(124,180)
As at 30 September	38,303,173	35,822,630

9. Provision for bad debts

	2021 €	2020 €
As at 1 October	3,578,177	3,283,817
Movement in bad debts provision during the year	17,502	294,360
As at 30 September	3,595,679	3,578,177

The provision for bad debts is analysed as follows:

	2021 €	2020 €
Grouped assessed loans	3,595,679	3,578,177
Provision for bad debts	3,595,679	3,578,177

10. Tangible fixed assets

Cost	Freehold premises €	Office equipment €	Computer hardware €	Total €
1 October 2020	5,112,089	201,608	584,423	5,898,120
Additions	-	1,403	9,694	11,097
Disposals	-	(3,813)	-	(3,813)
At 30 September 2021	5,112,089	199,198	594,117	5,905,404
Depreciation				
1 October 2020	3,188,327	129,108	446,415	3,763,850
Charge for year	43,152	15,348	66,007	124,507
Disposals	-	(2,355)	-	(2,355)
At 30 September 2021	3,231,479	142,101	512,422	3,886,002
Net book value				
At 30 September 2021	1,880,610	57,097	81,695	2,019,402
At 30 September 2020	1,923,762	72,500	138,008	2,134,270

11. Investments in associates

Cost	€
At 1 October 2020 and 30 September 2021	265,000
Accumulated impairment	
At 1 October 2020 and 30 September 2021	-
Net book value	
At 30 September 2021	265,000
At 30 September 2020	265,000

Interests in associate

The credit union has interests in the following associate:

Associate	Registered Address	Type of shares held (%)	Proportion held €	Net Assets €	Profit or (loss) €
Metacu Management Designated Activity Company	14 Ely Place Dublin 2, Ireland	Redeemable A Ordinary	6.25%	4,025,400	(103,564)

The above financial information in respect of Metacu Management Designated Activity Company was extracted from the audited financial statements for the year ended 31 December 2020.

The effect of including this investment as if it had been accounted for using the equity method would be as follows:

	Share of net assets €
At 1 October 2020	258,060
Share of profit/(loss) for the financial year after tax	(6,473)
At 30 September 2021	251,587

12. Debtors, prepayments and accrued income

	2021	2020
	€	€
Loan interest receivable	77,271	84,761
Other assets and prepayments	278,537	236,226
Other debtors	44,125	1,116
As at 30 September	399,933	322,103

13. Members' shares

	2021	2020
	€	€
As at 1 October	129,506,314	121,543,360
Received during the year	83,441,507	88,586,690
Withdrawn during the year	(85,975,056)	(80,623,736)
As at 30 September	126,972,765	129,506,314

14. Members' current accounts

	2021	2020
	€	€
As at 1 October	902,055	5,361
Lodgements	11,553,836	4,694,777
Withdrawals	(10,657,664)	(3,798,083)
As at 30 September	1,798,227	902,055

	No. of Accounts	Balance of Accounts
		€
Debit	151	6,094
Credit	1301	1,804,321
Permitted overdrafts	8	5,200

15. Other liabilities, creditors, accruals and charges

	2021	2020
	€	€
Other creditors and accruals	746,467	801,872
PAYE/PRSI	21,712	35,060
As at 30 September	768,179	836,932

16. Other provisions

	2021	2020
	€	€
Holiday pay accrual		
At 1 October	29,082	16,453
Charged to the income and expenditure account	(19,689)	12,629
As at 30 September	9,393	29,082

17. Financial instruments

17a. Financial instruments – measured at amortised cost

Financial assets	2021	2020
	€	€
Financial assets measured at amortised cost	123,886,607	126,634,743

Financial liabilities	2021	2020
	€	€
Financial liabilities measured at amortised cost	129,554,658	131,276,447

Financial assets measured at amortised cost comprise of cash and balances at bank, deposits and investments, loans, members' current accounts overdrawn, other debtors and investments in associates.

Financial liabilities measured at amortised cost comprise of members' shares, members' current accounts, other liabilities, creditors, accruals and charges and other provisions.

17b. 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 2021	Total	Level 1	Level 2	Level 3
	€	€	€	€
Accounts in authorised credit institutions	25,587,246	-	25,587,246	-
Equities	2	2	-	-
Total	25,587,248	2	25,587,246	-

At 30 September 2020	Total	Level 1	Level 2	Level 3
	€	€	€	€
Accounts in authorised credit institutions	23,576,768	-	23,576,768	-
Equities	2	2	-	-
Total	23,576,770	2	23,576,768	-

The fair value adjustment recognised in the income and expenditure account for the year ended 30 September 2021 was €nil (2020: €2).

18. Reserves

	Balance 01/10/20	Appropriation of current year surplus	Transfers between reserves	Balance 30/09/21
	€	€	€	€
Regulatory reserve	15,456,237	-	-	15,456,237
Operational risk reserve	832,364	-	176,801	1,009,165
Other reserves				
Realised				
General reserve	1,430,408	876,718	(169,311)	2,137,815
Total realised reserves	1,430,408	876,718	(169,311)	2,137,815
Unrealised				
Interest on loans reserve	84,761	-	(7,490)	77,271
Investment income reserve	8,376	9,864	-	18,240
Total unrealised reserves	93,137	9,864	(7,490)	95,511
Total reserves	17,812,146	886,582	-	18,698,728

19. Credit risk disclosures

In line with regulatory requirements, the credit union:

- 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 business loans, community loans or loans to another credit union.

The carrying amount of the loans to members represents the credit union's maximum exposure to credit risk. 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.

	2021		2020	
	€	%	€	%
Loans not impaired				
Total loans not impaired, not past due	35,816,873	93.51%	32,827,270	91.64%
Impaired loans:				
Not past due	104,963	0.27%	195,472	0.54%
Up to 9 weeks past due	1,537,804	4.02%	1,589,228	4.44%
Between 10 and 18 weeks past due	236,164	0.62%	277,602	0.77%
Between 19 and 26 weeks past due	60,772	0.16%	102,646	0.29%
Between 27 and 39 weeks past due	135,600	0.35%	201,738	0.56%
Between 40 and 52 weeks past due	62,409	0.16%	53,059	0.15%
53 or more weeks past due	348,588	0.91%	575,615	1.61%
Total impaired loans	2,486,300	6.49%	2,995,360	8.36%
Total loans	38,303,173	100.00%	35,822,630	100.00%

20. Related party transactions

20a. Loans

	2021		2020	
	No. of Loans	€	No. of Loans	€
Loans advanced to related parties during the year	14	97,900	6	100,500
Total loans outstanding to related parties at the year end	20	333,686	18	346,354
Total provision for loans outstanding to related parties		36,493		40,539

The related party loans stated above comprise of loans outstanding to directors and the management team (to include their family members or any business in which the directors or management team had a significant shareholding).

Total loans outstanding to related parties represents 0.87% of the total loans outstanding at 30 September 2021 (2020: 0.97%).

20b. Shares

The total amount of shares held by related parties at the year end was €468,448 (2020: €506,035).

21. Additional financial instruments disclosures

21a. Financial risk management

The credit union 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 the credit union'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 the credit union's loans policy. Credit risk mitigation may include the requirement to obtain collateral as set out in the credit union's loans policy. Where collateral or guarantees are required, they are usually taken as a secondary source of repayment in the event of the borrower's default. The credit union maintains policies which detail the acceptability of specific classes of collateral. The principal collateral types for loans are: an attachment over members' pledged shares; personal guarantees; and charges over assets. The nature and level of collateral required depends on a number of factors such as the term of the loan and the amount of exposure. 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' shares 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: The credit union's main interest rate risk arises from adverse movements in interest rates receivable which would affect investment income. The credit union 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.

21b. 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.

21c. Interest rate risk disclosures

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

	2021		2020	
	Average Interest rate		Average Interest rate	
	€	%	€	%
Gross loans to members	38,303,173	7.68%	35,822,630	7.84%

Any 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.

22. Dividends

The following distributions were paid during the year:

	2021		2020	
	%	€	%	€
Dividend on shares	0.00%	-	0.00%	-

The directors are not proposing a dividend in respect of the financial year ended 30 September 2021 (2020: The directors did not propose a dividend).

23. Events after the end of the financial year

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

24. Insurance against fraud

The credit union has Insurance against fraud in the amount of €5,200,000 (2020: €5,200,000) in compliance with Section 47 of the Credit Union Act, 1997 (as amended).

25. Capital commitments

There were no capital commitments at 30 September 2021.

26. 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. Following this, the credit union undertook 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. The credit union has concluded its review and is satisfied that no over-collection of interest has occurred.

27. Leasing commitments

The credit union had future minimum lease payments under non-cancellable operating leases as follows:

	2021	2020
	€	€
Less than 1 year	1,098	1,457
1 to 5 years	-	1,098
As at 30 September	1,098	2,557

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, known 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.

As part of the 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 2020 and it certified that the Scheme satisfied the funding standard.

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 29 February 2020. The principal actuarial assumption used in the valuation was the investment return in the years before members retire would be 1.25% higher than the annual salary increases. The market value of the scheme's assets at 29 February 2020 was €250m. The actuarial valuation disclosed a past service deficit of €41.8m at 29 February 2020 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. Following the actuarial review, the same contribution as applied previously - 27.5% for pension plus 2.5% for risk benefits - was invoiced in February 2021. The principal employer and trustees have undertaken a review of the scheme and are in the process of considering a Section 50a application to the Pensions Authority which delivers benefits to scheme members while maintaining the existing contribution rate.

29. Comparative information

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

30. Approval of financial statements

The board of directors approved these financial statements for issue on 19th of November 2021.

Schedules to the income and expenditure account

For the financial year ended 30 September 2021

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

Schedule 1 – Other interest income and similar income

	2021	2020
	€	€
Investment income received/receivable within 1 year	682,354	781,524
Investment income receivable outside of 1 year	9,864	8,376
Total per income and expenditure account	692,218	789,900

Schedule 2 – Other income

	2021	2020
	€	€
Commissions	21,120	31,195
ECCU rebate	155,567	-
Fees and other income	52,527	19,218
Total per income and expenditure account	229,214	50,413

Schedule 3 – Other management expenses

	2021	2020
	€	€
Rent	-	33,000
Rates and service charges	30,355	39,971
Lighting and heating	36,851	39,241
Repairs and maintenance	31,262	48,180
Security	28,764	31,789
Printing and stationery	32,275	34,669
Postage	15,291	8,162
Telephone	28,093	25,976
Promotion, advertising and sponsorship	154,247	142,705
Chapter, social and seminar expenses	58,322	58,747
Travel and subsistence	7,370	11,299
Bank interest and charges	89,432	88,623
Audit fee	24,297	23,898
General insurance	64,510	60,426
Key person insurance	1,042	781
Share and loan insurance	402,701	543,981
Education and subscription	21,390	18,087
Consultancy, legal and professional fees	286,268	218,134
Office general expenses	6,246	10,866
Affiliation fees and SPS contributions	52,413	56,516
Regulatory levies	222,299	271,964
Maintenance contracts	212,956	160,050
Cash short	406	725
Staff uniforms	2,430	7,741
Diminution of fixed assets	1,458	43,981
Total per income and expenditure account	1,810,678	1,979,512



**Killarney
Kenmare
Cahersiveen**
creditunion

Board of Directors

Pat Sheehan (*Chairperson*)
John Long
Eileen Casey

Ger Galvin (*Secretary*)
Jackie O'Leary
Elaine O'Riordan

Dermot Griffin
Joy Clifford (*Vice Chairperson*)
Frank McGonigle
Colin Kiely

Board Oversight Committee

Caragh Neeson (*Chairperson*)

Bernard Hourihan

Michael O'Brien

Other Volunteers

Catherine Barry

Mary O'Shea

Credit Union Staff

Mark Murphy
Brendan Lynch
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Kathleen O'Leary
Ciara Cronin
John Casey
Darren Casey
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Miriam McCarthy
Angela McCarthy
Noreen O'Sullivan
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Amanda O'Sullivan
Karena McCarthy
Elaine O'Shea
Donogh Barry
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Killarney Credit Union Limited is regulated by the Central Bank of Ireland.