

Annual Report 2023

Notice of Annual General Meeting



Killarney
Credit Union
Killarney
Kenmare
Cahersiveen

Serving the South & East Kerry Communities



The 2023 Annual General Meeting of the members of Killarney Credit Union Limited will take place via Zoom Webinar on Tuesday 12th December 2023 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 7th December 2023. A link to the AGM Zoom Webinar 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 7th December 2023. Following the request for invitation the member will receive an invitation by email to join the meeting on 12th of December 2023.
- 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 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.

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. Chairperson'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 vacancy 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;
22. Adjournment or close of meeting.

Board of Directors

Joy Clifford-Vaughan (<i>Chairperson</i>)	Pat Sheehan (<i>Secretary</i>)	John Long (<i>Vice Chairperson</i>)
Colin Kiely	Jacqueline O'Leary	Eileen Casey
John Clifton	Elaine O'Riordan	Ger Galvin
		Frank McGonigle
		Eleanor Turner

Board Oversight Committee

Bernard Hourihan (<i>Chairperson</i>)	Sean O'Sullivan	Christine Carroll
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Other Volunteers

Catherine Barry	Mary O'Shea
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Credit Union Staff

Mark Murphy	Shane Foley	Elma Culloty	Tom Ahern
Karena McCarthy	Brendan Lynch	Therese Buckley	Elma Shine
Elaine O'Shea	Jennifer McCarthy	Mairead Brosnan	Miriam McCarthy
Donogh Barry	Kathleen O'Leary	Margaret Moynihan	Angela McCarthy
Emma Looney	Ciara Cronin	Eileen Dineen	Noreen O'Sullivan
John Casey	Sheila Coffey	Dara Moynihan	Joe Lyne
Darren Casey	Johnny O'Neill	Amanda O'Sullivan	Noreen Landers
Claudia Buckley	Deirdre Healy	Nathan Counihan	Gillian Spillane
Tom Cahillane			

Notice of Elections

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

Killarney Credit Union Social Impact Report 2023

Killarney Credit Union was delighted to launch our Social Impact Report 2023.

We pride ourselves on being different and we need to highlight and promote what it is, that makes us different. We are a member-owned and not-for-profit organisation. We are uniquely positioned to create social impact by prioritising the well-being of our members and the communities we serve. We care about our members and our community and through this report we hope to share some of the steps Killarney Credit Union takes to contribute to the financial well-being of our members and our community.

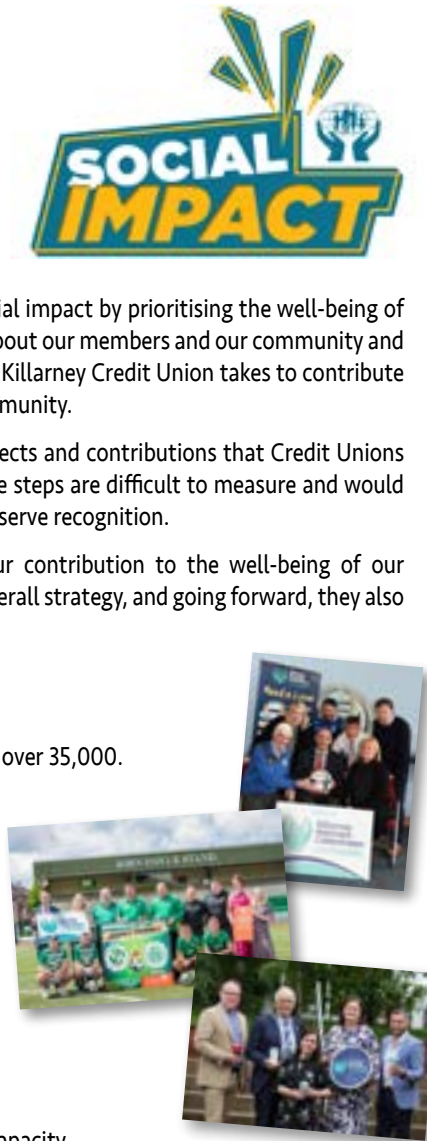
Social Impact in Credit Unions refers to the positive effects and contributions that Credit Unions make to our members and community. In general these steps are difficult to measure and would not normally form part of other financial reports but deserve recognition.

We believe the information in this report reflects our contribution to the well-being of our community and these initiatives are embedded in our overall strategy, and going forward, they also form an intrinsic part of our Strategic Plan 2023-2025.

OUR SOCIAL IMPACT

Some examples in the last Financial Year

- Opened 488 New Accounts growing Membership to over 35,000.
- Savings at year end stand at €129.5 million.
- Opened 817 Current Accounts.
- Paid out €23,727,969 in 2,735 loans.
- Loan book at year end stands at €48.7 million.
- Opened Saturdays 10a.m. – 2p.m. in Killarney.
- Assisted members with Credit Control Issues.
- Assisted members with debt consolidation.
- Free Loan Protection Insurance
- Free Life Savings Cover up to €3,000
- Increased Currents to 3,156 members.
- Free Current Accounts for Students & OAP's.
- Offer Loans tailored to meet individual repayment capacity.
- Donated approx. €35,000 to community groups, clubs, charities and Educational initiatives.
- Ran the Credit Union Quiz & Art Competitions.
- Collaborated with Chapter 23 in increasing the credit union reach in sponsoring and supporting various events and organisations in the county.



The report in full is available to view on www.killarneycu.ie

AMENDMENTS TO STANDARD RULES

Amendments to the Standard Rules were passed at the Irish League of Credit Unions AGM's removing the requirement for a share dividend to be declared before directors may recommend an interest rebate, and also removing the requirement to complete the Return of Officers from to the Irish League of Credit Unions. These rule amendments are required to be passed at the credit union's AGM and must then be registered with the Central Bank in order to take effect. The wording of the rule amendments is set out below:

Motion 1: Rule 30 (1)(a)

"That this Annual General Meeting amends Rule 30 of the Standard Rules for Credit Unions (Republic of Ireland) by the deletion of the following Rule 30 (1)(a)

(1) (a) Provided a share dividend has been declared in accordance with the Act, the directors may recommend to the annual general meeting for approval a refund to the members on record as of the end of each financial year who have been borrowers during such year of a percentage of interest which such borrowers have paid during such year, and such rate of refund shall apply to all such member borrowers. Where a credit union operates a system whereby different rates of interest are charged for different classes of loans, the board of directors may recommend a different rate of refund applicable to each class of loan. Such refunds shall apply to all member borrowers in each class of loan.

And by the insertion of the following Rule 30 (1)(a) to read:

(1) (a) The directors may recommend to the annual general meeting for approval a refund to the members on record as of the end of each financial year who have been borrowers during such year of a percentage of interest which such borrowers have paid during such year, and such rate of refund shall apply to all such member borrowers. Where a credit union operates a system whereby different rates of interest are charged for different classes of loans, the board of directors may recommend a different rate of refund applicable to each class of loan. Such refunds shall apply to all member borrowers in each class of loan."

Motion 2: Rule 63 (4)

That this Annual General Meeting agrees to delete Rule 63(4) of the Standard Rules for Credit Unions (Republic of Ireland) to remove the requirement for credit unions to complete and return the Return of Officers form to the Irish League of Credit Unions.

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Minutes of Killarney Credit Union Limited Virtual AGM 2022

The 52nd Annual General Meeting of Killarney Credit Union (KCU) Limited took place virtually on Tuesday 13th December 2022 at 7.30pm with 45 members attending.

Joy Clifford-Vaughan (Chairperson) welcomed the members in attendance to the virtual AGM of Killarney Credit Union. Joy Clifford-Vaughan then outlined the process and rules to ensure the smooth running of the meeting. She advised the members present at the meeting that they could submit questions to the host by using the 'Questions and Answers' function on screen. She informed the meeting that AVC were facilitating the operation of the virtual AGM and advised members that they could propose and second various items using the 'hand' icon. She noted that the agenda is outlined in the AGM booklet that was sent to all members. Finally, she requested that John Long open the meeting with the Credit Union Invocation.

Directors present at the meeting:

Joy Clifford-Vaughan, (Chairperson), John Long (Vice Chairperson), Pat Sheehan (Secretary), Gerard Galvin, Colin Kiely, Eileen Casey, Elaine O'Riordan, Frank McGonigle and John Clifton.

Board Oversight Committee present at the meeting:

Bernard Hourihan and Sean O'Sullivan.

Apologies: None

Also in attendance: Mark Murphy (CEO), Karena McCarthy (Marketing Officer) and Mary O'Shaughnessy, on behalf of Grant Thornton Auditors & Accountants. Simon Walsh of Audio Visual Company (AVC) was also present and 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: Joy Clifford-Vaughan

Seconded by: Miriam McCarthy

Reading and Approval (or Correction) of the Minutes of the Last AGM 2021

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

Proposed by: Joy Clifford-Vaughan

Seconded by: Dermot McGuckin

Chairperson's Address/Report of the Directors

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

Proposed by: Joe Lyne

Seconded by: Elma Shine

Motion regarding Amendment to Standard Rules

There were no motions to present to the AGM

Report of the Board Oversight Committee presented by Bernard Hourihan

Proposed by: Daniel O'Riordan

Seconded by: Darren Casey

Report of the Auditors

The Auditors' report was outlined by Marina Fitzgerald, on behalf of Grant Thornton Auditors & Accountants.

Proposed by: Ger Galvin

Seconded by: Therese Buckley

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 this year, Killarney Credit Union was affected by a pension funding deficit which had a negative impact on the financial position of the credit union. A deficit of €143,300 is being reported due to a net cost of the pension deficit of €1.39 million. Loan Income has increased by 6.98% while Investment Income decreased by 2.38%. Total Expenditure has increased by 62.37% during the year and Pat Sheehan noted that if the exceptional pension costs are excluded, ongoing expenditure costs decreased by 7.56%. Total Assets have increased to €151,748,600 with loans to members increasing by 8.39% and total savings increasing by 1.42%. Pat Sheehan highlighted the fact that Total Reserves have decreased to 12.23% as a result of pension deficit, but a return to growth in Reserves is expected over the coming years.

Proposed by: Donogh Barry

Seconded by: Stephen Darmody

Declaration of Dividend:

Joy Clifford-Vaughan 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 current low interest rate environment and the strategic aim to increase Total Reserves when reaching this decision. She noted that the focus of the credit union will remain in developing new member services and supporting clubs and organisations through community sponsorship.

Proposed by: Brendan Lynch

Seconded by: Shane Foley

Report of the Nomination Committee presented by Ger Galvin

Proposed by: Miriam McCarthy

Seconded by: Margaret Moynihan

Elections

Joy Clifford-Vaughan 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. Joy Clifford-Vaughan confirmed that the electronic voting process would be overseen by Bernard Hourihan (Board Oversight Committee) and 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 1 vacancy: Bernard Hourihan

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

Colin Kiely, Ger Galvin, Elaine O’Riordan and John Clifton.

Report of Credit Committee presented by Elma Culloty

Proposed by: Ger Galvin

Seconded by: Noreen O’Sullivan

Report of the Credit Control Committee presented by Tom Ahern

Proposed by: Elma Culloty

Seconded by: Jennifer McCarthy

Report of the Membership Committee presented by Angela McCarthy

Proposed by: Charlie Vaughan

Seconded by: Elaine O’Shea

Investment Committee Report presented by Mark Murphy

Proposed by: Amanda O’Sullivan

Seconded by: Ciara Cronin

Report of the Audit and Risk Committee presented by Shane Foley

Proposed by: Dermot McGuckin

Seconded by: Brendan Lynch

Election Results

Auditors:	Grant Thornton	Elected
Board Oversight Committee:	Bernard Hourihan	Elected
Board of Directors:	Ger Galvin	Elected
	Colin Kiely	Elected
	Elaine O’Riordan	Elected
	John Clifton	Elected

All deemed elected.

Any Other Business

Mark Murphy noted that no questions had been raised by members at the meeting.

Close of Meeting

Joy Clifford-Vaughan thanked all members for taking the time and effort attending the virtual AGM. She also thanked the Directors and Board Oversight Committee for their commitment, support and guidance during the year. Joy Clifford-Vaughan thanked Denise O’Connell of Grant Thornton and the team at AVC for ensuring the virtual AGM ran smoothly and thanked Karena McCarthy for all her hard work in organising and co-ordinating the virtual AGM. Joy Clifford-Vaughan thanked all staff for their hard work during the last 12 months in providing a friendly and professional service to the members. Finally, she wished all members a Happy Christmas and a safe 2023.

The meeting concluded at 8.15pm.**Chairperson’s Address****Welcome**

As Chairperson of Killarney Credit Union, I am delighted to present to you, the Annual Report and Financial Statements for the year ended 30th September 2023.

First and foremost, I would like to express my gratitude to all of our members. Your trust in our credit union and your continued support have been instrumental in our success. Together, we have achieved significant milestones, and I am excited to share some of our accomplishments from the past year.

Strategic Ambition

This year saw KCU launching our 2023-2025 Strategic Plan. Our vision is “To become the market leader in all our financial and business products and create a better way of banking in the community, in a sustainable and inclusive manner, while promoting our community, our green environment and our core principles of fairness and equity.” We will continue in our goal to be our members first choice for personal financial products and services. We are very committed to supporting our local communities and encourage members to come forward in engaging our support in initiatives. We believe in financial and social inclusion and strive to put our people’s needs at the heart of our business.

As part of our Strategic Plan implementation, we developed an Environmental Sustainability Brief. This comprehensive report provided a live road map and action plan for KCU to embark on our Environmental Social Governance journey. We are committed to being a protector of and a champion for our environment. The spirit of sustainability will permeate every aspect of our organisation going forward. We live in an area of unparalleled natural beauty and we will do our utmost to keep it that way. To this end, we have adopted the ‘circular economy’ business model which will help us transact our business sustainably and ethically. Member awareness initiatives, green product development, waste management and energy reduction are some of the key areas actively being worked on. As part of our commitment to green community initiatives and education we are delighted to be a part of the “Killarney Coffee Cup Project.” This project aims to remove single use coffee cups from the environment in Killarney and is already winning awards and garnering attention around the country and around the world. We are proud to be a sponsor of such a ground breaking environmental project. This involvement is continuing to give KCU exposure, particularly in education, with phase two ready to roll out to 5th class Primary Students and Transition Year Secondary School Students.

A Killarney Credit Union Social Impact Report was compiled in September. Credit Unions pride ourselves on being different and we wanted to highlight and promote what it is, that makes us different. We are a member-owned and not-for-profit organisation. We are uniquely positioned to create social impact by prioritising the well-being of our members and the communities we serve.

Financial Performance

2023 has seen a strong recovery in our financial performance despite the impact of high inflation and the current cost of living. Killarney Credit Union has reported a much-improved surplus of €1.5 million 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 11.18% to €3.4 million and investment income increased by 103.74% to €1.4 million. The trend for stable investment returns is expected to continue for a number of years and will improve the future dividend potential of the credit union. 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 25.36% to €3.5 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 increased to €157 million.

Lending, Savings & Current Accounts

During the past year, we experienced very strong loan demand, with our loan portfolio increasing by €7.2 million to €48.7 million, an increase of 17.32%. Loan arrears have also fallen to historically low levels of 1.32%. We are currently lending on average almost €2 million per month to the local communities of South and East Kerry. We are very pleased with this level of commitment from our members.

Lending is our main source of income, so it is vital that we continue to grow our loan book in a prudent fashion. The loan interest rates offered by Killarney Credit Union are among the most competitive in Kerry. I would like to thank all our members for your continued support and encourage you to continue to avail of the excellent products we have available when you may next need to borrow. Don't forget most of these loans are also attracting full life assurance cover.

Members' savings continue to grow, and stood at €129.5 million at the year end, which represents an increase of 2.14% in one year. Our current account offering continues to grow in popularity and we now have 3,156 members availing of this service.

Reserves

Our total reserves stand at €20 million which is well in excess of the minimum regulatory requirement. At the year end, our total realised reserve ratio stood at 12.65% which represents a positive movement of 0.54%. Your Credit Union remains a safe place to save, is financially strong and well positioned to meet any challenges that lie ahead. One of the Board's strategic aims is to increase our financial resilience and it is against this backdrop; the Board has taken the difficult decision that Killarney Credit Union will not propose a dividend for the year.

I fully empathise with how you may view our decision, but I hope you will understand that we must put the financial safety and resilience of the credit union ahead of any other considerations. Instead, the focus will remain on improving our reserve position, investing in new services for the members and supporting various clubs and community groups through sponsorship opportunities.

Highlights of 2023

Along with the significant growth of our loan book there has also been many other notable highs in the last 12 months. Each of our three branches have recorded loan book growth in 2023. Our Current Account is growing in popularity and with current accounts now available from 12 years of age. We will continue to promote member awareness in this product. The Killarney Credit Union brand is showing good penetration in our common bond with a steady increase in membership also evident across all three branches. One third of our members now have online access which is an area we are actively encouraging as it will help the environment by reducing our carbon footprint.

Car Loans continue to be one of the most popular loan products we have to offer. A swift 24 hour turn around, consistency in service and value have made this a very attractive product with our members. We launched a new Green Loan product last October with the specific aim of granting our members access to low cost credit for green initiatives, at the most competitive interest rate on the market. Home Improvement loans and Personal loans also continue to remain popular with meeting the needs of our members.

For the 9th consecutive year Credit unions in Ireland won the Cxi award for Customer Service. We would like to thank all our members for having this trust in us and we will continue to put the needs of our members at the heart of everything that we do.

In the last 12 months, Killarney Credit Union donated over €37,000 to various local clubs, organisations, community initiatives and schools. We take great pride in supporting local initiatives and value the

support we receive in return. Our community is now made up of a diverse population of people from around the globe who have made our home their home and we will continue to serve them all. We welcome all new members and can assure you of any and all assistance as you embark on your new journey in life. Tá fáilte romhaibh go léir.

New Financial Year

Looking ahead, we have exciting plans for the future. We will continue to invest in technology to enhance our digital banking services, expand our community outreach programs, and explore new opportunities to provide even better financial solutions to our members. It is also essential to acknowledge that the financial landscape is constantly evolving, and we have to adapt and innovate to ensure the financial well-being of you, our members.

Killarney Credit Union has a rich history in serving our community, and I am proud to say that we will continue to uphold our mission and values. According to our recent survey 97% of our members would recommend Killarney Credit Union to friends and family. Over the next 12 months we plan on building on this sentiment empowering our members. Your interests are at the heart of every decision we make, and your feedback and input are invaluable to us.

Retirements and New Beginnings

Following the 2022 AGM, Board Oversight Committee Chairperson Caragh Neeson resigned. We would like to express our gratitude to Caragh for all the time and service she gave to KCU over the last eight years. We would also like to extend our best wishes for the future.

During the year Eleanor Turner was co-opted onto the Board of Directors and Christine Carroll was co-opted on to the Board Oversight Committee. We extend a warm welcome to both and look forward to working together for the betterment of Killarney Credit Union and our members.

Due to personal commitments and new horizons, staff members, Veronica Harty, Niamh O Sullivan, Emmett O'Shea and Michael Murphy left Killarney Credit Union. 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. During the year Claudia Buckley and Deirdre Healy joined the team as Member Services Officers, as did students Gillian Spillane, Nathan Counihan and Tom Cahillane.

Acknowledgements

I would like to take this opportunity to thank our staff for their hard work, commitment and support this year. I would also like to thank my fellow Directors, Board Oversight Committee and Volunteers for their excellent work during the year. Your dedication and commitment are truly commendable. On behalf of Killarney Credit Union I wish to remember, and 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 you all a safe and peaceful Christmas and we look forward to being of service to you all in 2024. Go raibh maith agaibh go léir, Is mise le meas,



Joy Clifford-Vaughan
Chairperson

Directors' Report

For the financial year ended 30 September 2023

The directors present their annual report and the audited financial statements for the financial year ended 30 September 2023.

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 2023. (2022: 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.

Global macro-economic risk

There is an economic and operational risk relating to rising inflation rates, disruption to global supply chains and a general uncertainty in the markets as a result of the changing geographical landscape.

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.

Global macro-economic risk

The board of directors and management closely monitor the developments of rising inflation rates and disruption to global supply chains and markets, 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.

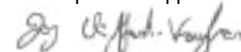
Events after the end of the financial year

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:



Joy Clifford-Vaughan
Chairperson of the board of directors



Pat Sheehan
Member of the board of directors

Date: 17th November 2023

Directors' responsibilities statement

For the financial year ended 30 September 2023

The directors are responsible for preparing the financial statements in accordance with applicable Irish law and regulations. The directors have elected to prepare the financial statements in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102). 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.

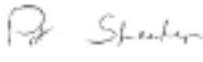
The directors are responsible for ensuring that the credit union keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the credit union, enable at any time the assets, liabilities, financial position and income and expenditure of the credit union 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. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the credit union's website.

On behalf of the board:



Joy Clifford-Vaughan

Chairperson of the board of directors



Pat Sheehan

Member of the board of directors

Date: 17th November 2023

Board oversight committee's responsibilities statement

For the financial year ended 30 September 2023

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:



Bernard Hourihan

Chairperson of the board oversight committee

Date: 17th November 2023

Independent auditors' report to the members of Killarney Credit Union Limited

Opinion

We have audited the financial statements of Killarney Credit Union Limited for the financial year ended 30 September 2023, which comprise:

- the Income and expenditure account;
- the Statement of other comprehensive income;
- the Balance sheet;
- the Statement of changes in reserves;
- the Statement of cash flows; and
- the related notes 1 to 29, including the summary of significant accounting policies as set out in note 2.

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 2023 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 the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

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 auditor's 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 auditor's 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 auditor's report. However, future events or conditions may cause the credit union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the credit union and the credit union's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

Date: 17th November 2023

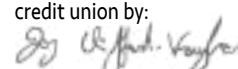


Income and expenditure account

For the financial year ended 30 September 2023

		2023	2022
	Schedule	€	€
Income			
Interest on members' loans		3,384,798	3,044,430
Other interest income and similar income	1	1,376,802	675,775
Net interest income		4,761,600	3,720,205
Other income	2	197,150	813,719
Total income		4,958,750	4,533,924
Expenditure			
Employment costs		1,389,872	1,277,717
Other management expenses	3	2,004,283	1,733,777
Pension funding deficit (note 27)		-	2,014,431
Depreciation		94,072	119,103
Net impairment losses/(gains) on loans to members (note 5)		2,845	(467,795)
Total expenditure		3,491,072	4,677,233
Surplus/(Deficit) for the financial year		1,467,678	(143,309)

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


Joy Clifford-Vaughan
Member of the board of directors


Bernard Hourihan
Member of the board oversight committee


Mark Murphy
CEO

Date: 17th November 2023

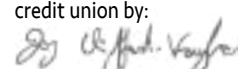
The notes on pages 21 to 34 form part of these financial statements.

Statement of other comprehensive income

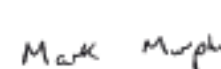
For the financial year ended 30 September 2023

	2023	2022
	€	€
Income		
Surplus/(Deficit) for the financial year	1,467,678	(143,309)
Other comprehensive income	-	-
Total comprehensive income/(loss) for the financial year	1,467,678	(143,309)

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


Joy Clifford-Vaughan
Member of the board of directors


Bernard Hourihan
Member of the board oversight committee


Mark Murphy
CEO

Date: 17th November 2023

The notes on pages 21 to 34 form part of these financial statements.



Balance sheet

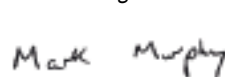
As at 30 September 2023

	Notes	2023 €	2022 €
Assets			
Cash and balances at bank	6	3,411,315	7,690,379
Deposits and investments – cash equivalents	7	34,268,658	28,997,784
Deposits and investments – other	7	71,691,346	74,222,659
Loans to members	8	48,708,483	41,517,008
Provision for bad debts	9	(3,787,044)	(3,381,598)
Members' current accounts overdrawn	14	26,872	14,384
Tangible fixed assets	10	1,912,236	1,933,332
Investments in associates	11	265,000	265,000
Debtors, prepayments and accrued income	12	548,862	489,606
Total assets		157,045,728	151,748,554
Liabilities			
Members' shares	13	129,451,863	126,745,679
Members' current accounts	14	5,040,863	3,857,360
Other liabilities, creditors, accruals and charges	15	2,513,184	2,579,179
Other provisions	16	16,721	10,917
Total liabilities		137,022,631	133,193,135
Reserves			
Regulatory reserve	18	15,956,237	15,456,237
Operational risk reserve	18	1,012,839	1,009,165
Other reserves			
- Realised reserves	18	2,893,379	1,917,768
- Unrealised reserves	18	160,642	172,249
Total reserves		20,023,097	18,555,419
Total liabilities and reserves		157,045,728	151,748,554

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


Joy Clifford-Vaughan
 Member of the board of directors


Bernard Hourihan
 Member of the board oversight committee


Mark Murphy
 CEO

Date: 17th November 2023

The notes on pages 21 to 34 form part of these financial statements.

Statement of changes in reserves

For the financial year ended 30 September 2023

	Regulatory reserves €	Operational risk reserve €	Realised reserves €	Unrealised reserves €	Total €
As at 1 October 2021	15,456,237	1,009,165	2,137,815	95,511	18,698,728
Deficit for the financial year	-	-	(220,047)	76,738	(143,309)
As at 1 October 2022	15,456,237	1,009,165	1,917,768	172,249	18,555,419
Surplus for the financial year	500,000	3,674	944,675	19,329	1,467,678
Transfers between reserves	-	-	30,936	(30,936)	-
As at 30 September 2023	15,956,237	1,012,839	2,893,379	160,642	20,023,097

- The regulatory reserve of the credit union as a percentage of total assets as at 30 September 2023 was 10.16% (2022: 10.19%).
- The operational risk reserve of the credit union as a percentage of total assets as at 30 September 2023 was 0.64% (2022: 0.67%).

The notes on pages 21 to 34 form part of these financial statements.

Statement of cash flows

For the financial year ended 30 September 2023

	Notes	2023 €	2022 €
Opening cash and cash equivalents		36,688,163	34,565,429
Cash flows from operating activities			
Loans repaid by members	8	16,462,772	16,224,012
Loans granted to members	8	(23,727,969)	(19,541,742)
Interest on members' loans		3,384,798	3,044,430
Other interest income and similar income		1,376,802	675,775
Bad debts recovered and recoveries		476,323	357,609
Other income		197,150	813,719
Members' current accounts lodgements	14	40,935,667	23,596,129
Members' current accounts withdrawals	14	(39,764,652)	(21,551,380)
Operating expenses		(3,394,155)	(5,025,925)
Movement in other assets and liabilities		(119,447)	1,722,851
Net cash flows from operating activities		(4,172,711)	315,478
Cash flows from investing activities			
Fixed asset (purchases)		(72,976)	(33,033)
Net cash flow from other investing activities		2,531,313	2,067,375
Net cash flows from investing activities		2,458,337	2,034,342
Cash flows from financing activities			
Members' shares received	13	88,509,017	82,812,228
Members' shares withdrawn	13	(85,802,833)	(83,039,314)
Net cash flow from financing activities		2,706,184	(227,086)
Net increase in cash and cash equivalents		991,810	2,122,734
Closing cash and cash equivalents	6	37,679,973	36,688,163

The notes on pages 21 to 34 form part of these financial statements.

Notes to the financial statements

For the financial year ended 30 September 2023

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 designated on initial recognition as non basic are recognised at fair value. They are subsequently measured at fair value (market value) at the year-end date and all gains and losses are taken to the income and expenditure account.

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.

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

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

there is insufficient information for the credit union to separately identify its share of the Scheme's underlying assets and liabilities. Consequently, the Scheme is currently accounted for as a defined contribution plan. If an agreement is entered into with the Scheme that determines how Killarney Credit Union Limited will fund a past service deficit, the credit union shall recognise a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit). Refer to note 27 for further detail.

The credit union also operates a defined contribution plan for 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. The amount payable at the year end in respect of same was €7,290 (2022: €nil).

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 and the balance of the SPS refund receivable 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 €1,912,236 (2022: €1,933,332).

Provision for bad debts

The credit union's accounting policy for impairment of loans is set out 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 €3,787,044 (2022: €3,381,598) representing 7.77% (2022: 8.15%) 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 €1,012,839 (2022: €1,009,165).

Pension

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 scheme of the defined benefit type, with assets invested in separate trustee administered funds. Judgement is required to assess whether the credit union has sufficient information to enable it to account for the Scheme as a defined benefit plan. An assessment has been performed of the information currently available and Killarney Credit Union Limited has determined that there is currently insufficient information available to provide an appropriate allocation of pension assets and liabilities due to the following:

- Scheme assets are not segregated or tracked by contributing employers. There is insufficient information to appropriately allocate the assets to individual employers as contributions paid are pooled in a single fund and none of the contributing employers have separately segregated asset pools.
- Orphan members are those members (including pensioners) who previously contributed to the scheme where their employer has paid an exit cost and as a result has no further liability to the scheme. A pension liability continues to exist for these individual members. There is uncertainty around where the obligation rests in respect of orphan members currently and into the future.
- The Funding Plan calculations are based on each employer's share of liabilities at a point in time. This does not infer that each employer is contributing towards its liabilities. The determination of the contribution rate is a point in time assessment and is not updated subsequently for changes in the employers' liability that may occur in the future. Subsequently, as the profile of the scheme continues to change, there will continue to be a natural cross subsidisation.

Consequently, Killarney Credit Union Limited continues to account for the plan as a defined contribution plan.

Adoption of going concern basis for financial statements preparation

The credit union continue to closely monitor developments within the global macro-economic environment. 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.

	2023	2022
	€	€
Short term employee benefits paid to key management	597,083	572,048
Payments to pension schemes	36,319	29,709
Total key management personnel compensation	633,402	601,757

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

	2023	2022
	€	€
Bad debts recovered	(445,036)	(318,157)
Impairment of loan interest reclassified as bad debt recoveries	(31,287)	(39,452)
Movement in bad debts provision during the year	405,446	(214,081)
Loans written off during the year	73,722	103,895
Net impairment losses/(gains) on loans to members	2,845	(467,795)

6. Cash and cash equivalents

	2023	2022
	€	€
Cash and balances at bank	3,411,315	7,690,379
Deposits and investments – cash equivalents (note 7)	34,268,658	28,997,784
Total cash and cash equivalents	37,679,973	36,688,163

7. Deposits and investments

	2023	2022
	€	€
Deposits and investments – cash equivalents		
Accounts in authorised credit institutions (Irish and non-Irish based)	33,732,181	22,452,357
Bank bonds	-	500,000
Equities	2	2
Central Bank deposits	536,475	6,045,425
Total deposits and investments – cash equivalents	34,268,658	28,997,784

Deposits and investments – other

Accounts in authorised credit institutions (Irish and non-Irish based)	43,264,483	51,952,981
Irish and EEA state securities	511,981	518,051
Bank bonds	26,715,064	20,593,431
Central Bank deposits	1,199,818	1,158,196

Total deposits and investments – other **71,691,346** **74,222,659**

Total deposits and investments **105,960,004** **103,220,443**

8. Financial assets – loans to members

	2023 €	2022 €
As at 1 October	41,517,008	38,303,173
Loans granted during the year	23,727,969	19,541,742
Loans repaid during the year	(16,462,772)	(16,224,012)
Gross loans and advances	48,782,205	41,620,903
Bad debts		
Loans written off during the year	(73,722)	(103,895)
As at 30 September	48,708,483	41,517,008

9. Provision for bad debts

	2023 €	2022 €
As at 1 October	3,381,598	3,595,679
Movement in bad debts provision during the year	405,446	(214,081)
As at 30 September	3,787,044	3,381,598

The provision for bad debts is analysed as follows:

	2023 €	2022 €
Grouped assessed loans	3,787,044	3,381,598
Provision for bad debts	3,787,044	3,381,598

10. Tangible fixed assets

	Freehold premises €	Office equipment €	Computer hardware €	Total €
Cost				
1 October 2022	5,092,826	153,544	529,913	5,776,283
Additions	-	13,911	59,065	72,976
At 30 September 2023	5,092,826	167,455	588,978	5,849,259
Depreciation				
1 October 2022	3,255,368	99,749	487,834	3,842,951
Charge for year	43,152	11,502	39,418	94,072
At 30 September 2023	3,298,520	111,251	527,252	3,937,023
Net book value				
At 30 September 2023	1,794,306	56,204	61,726	1,912,236
At 30 September 2022	1,837,458	53,795	42,079	1,933,332

11. Investments in associates

Cost	€
At 1 October 2022 and 30 September 2023	265,000
Accumulated impairment	
At 1 October 2022 and 30 September 2023	-
Net book value	
At 30 September 2023	265,000
At 30 September 2022	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%	4,048,205	18,198

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 2022.

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 2022	251,587
Share of profit/(loss) for the financial year after tax	1,137
At 30 September 2023	253,012

12. Debtors, prepayments and accrued income

	2023 €	2022 €
Loan interest receivable	98,309	78,980
Other assets and prepayments	355,971	347,573
Other debtors	94,582	63,053
As at 30 September	548,862	489,606

13. Members' shares

	2023 €	2022 €
As at 1 October	126,745,679	126,972,765
Received during the year	88,509,017	82,812,228
Withdrawn during the year	(85,802,833)	(83,039,314)
As at 30 September	129,451,863	126,745,679

14. Members' current accounts

	2023	2022
	€	€
As at 1 October	3,842,976	1,798,227
Lodgements	40,935,667	23,596,129
Withdrawals	(39,764,652)	(21,551,380)
As at 30 September	5,013,991	3,842,976

	2023		2022	
	No. of Accounts	Balance of Accounts	No. of Accounts	Balance of Accounts
		€		€
Debit	412	26,872	286	14,384
Credit	2744	5,040,863	2218	3,857,360
Permitted overdrafts	28	27,310	19	18,180

15. Other liabilities, creditors, accruals and charges

	2023	2022
	€	€
Other creditors and accruals	870,057	750,665
PAYE/PRSI	32,043	28,268
Pension funding liability	1,611,084	1,800,246
As at 30 September	2,513,184	2,579,179

16. Other provisions

	2023	2022
	€	€
Holiday pay accrual		
At 1 October	10,917	9,393
Charged to the income and expenditure account	5,804	1,524
As at 30 September	16,721	10,917

17. Financial instruments**17a. Financial instruments – measured at amortised cost**

Financial assets	2023	2022
	€	€
Financial assets measured at amortised cost	124,691,087	122,291,424

Financial liabilities

	2023	2022
	€	€
Financial liabilities measured at amortised cost	137,022,631	133,193,135

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 2023	Total	Level 1	Level 2	Level 3
	€	€	€	€
Accounts in authorised credit institutions	13,060,643	-	13,060,643	-
Bank bonds	16,927,482	-	16,927,482	-
Total	29,988,125	-	29,988,125	-

At 30 September 2022

	Total	Level 1	Level 2	Level 3
	€	€	€	€
Accounts in authorised credit institutions	17,827,784	-	17,827,784	-
Bank bonds	9,269,461	-	9,269,461	-
Total	27,097,245	-	27,097,245	-

There was no fair value movement recognised in the income and expenditure account for the year ended 30 September 2023 (2022: €nil).

18. Reserves

	Balance 01/10/22	Appropriation of current year surplus	Transfer between reserves	Balance 30/09/23
	€	€	€	€
Regulatory reserve	15,456,237	500,000	-	15,956,237

Operational risk reserve	1,009,165	3,674	-	1,012,839
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Other reserves

Realised				
General reserve	1,917,768	944,675	30,936	2,893,379
Total realised reserves	1,917,768	944,675	30,936	2,893,379

Unrealised				
Interest on loans reserve	78,980	19,329	-	98,309
Investment income reserve	30,936	-	(30,936)	-
SPS reserve	62,333	-	-	62,333
Total unrealised reserves	172,249	19,329	(30,936)	160,642

Total reserves	18,555,419	1,467,678	-	20,023,097
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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 percentage of the regulatory reserve (large exposure limit);
- restricts the loan duration of certain loans to specified limits (maturity limits); and

- 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.

	2023		2022	
	€	%	€	%
Loans not impaired				
Total loans not impaired, not past due	46,609,428	95.69%	39,386,398	94.87%
Impaired loans:				
Not past due	26,314	0.05%	72,907	0.18%
Up to 9 weeks past due	1,427,139	2.93%	1,366,952	3.29%
Between 10 and 18 weeks past due	169,593	0.35%	156,186	0.38%
Between 19 and 26 weeks past due	70,838	0.15%	110,075	0.27%
Between 27 and 39 weeks past due	104,856	0.22%	89,221	0.21%
Between 40 and 52 weeks past due	46,091	0.09%	68,913	0.16%
53 or more weeks past due	254,224	0.52%	266,356	0.64%
Total impaired loans	2,099,055	4.31%	2,130,610	5.13%
Total loans	48,708,483	100.00%	41,517,008	100.00%

20. Related party transactions

20a. Loans

	2023		2022	
	No. of Loans	€	No. of Loans	€
Loans advanced to related parties during the year	11	241,890	7	139,995
Total loans outstanding to related parties at the year end	22	668,904	22	445,086
Total provision for loans outstanding to related parties		68,073		42,354

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 1.37% of the total loans outstanding as at 30 September 2023 (2022: 1.07%).

20b. Shares

The total amount of shares held by related parties at the year end was €526,716 (2022: €450,399).

20c. Transactions with directors

Killarney Credit Union Limited transacted with Ard Kielin Services Limited (the "company") during the financial year ended 30 September 2023 for the provision of ad hoc electrical, security and maintenance services to the credit union. Colin Kiely (Director of Killarney Credit Union Limited) is a director and shareholder in Ard Kielin Services Limited. The company, or Colin Kiely, has not invoiced the credit union for any work during the year nor has the credit union made any payments to the company or Colin Kiely.

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 pay out 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.

	2023		2022	
	€	Average Interest rate %	€	Average Interest rate %
Gross loans to members	48,708,483	7.48%	41,517,008	7.67%

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:

	2023		2022	
	%	€	%	€
Dividend on shares	-	-	-	-

The directors are not proposing a dividend in respect of the financial year ended 30 September 2023. (2022: 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 (2022: €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 2023.

26. Leasing commitments

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

	2023	2022
	€	€
Less than 1 year	1,877	-
1 to 5 years	7,371	-
As at 30 September	9,248	-

27. 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.

On 31 March 2022, the defined benefit scheme closed to future accrual and although staff retained all the benefits that they had earned in the Scheme to that date, Killarney Credit Union Limited and its employees ceased making regular contributions to the Scheme and ceased earning any additional benefits from the Scheme.

At the date of closure of the Scheme, there was a past service deficit which was allocated to each participating credit union based on the total benefits earned by staff in each credit union. Killarney Credit Union Limited's allocation of that past service deficit is €1,841,205. This amount, together with associated costs and interest totalling €2,014,431, is included in the income and expenditure account for the financial year ended 30 September 2022. Killarney Credit Union Limited has entered a 10 year funding plan to pay the deficit of which the first year was paid in 2022.

As this is a pooled pension scheme, Killarney Credit Union Limited remains liable to cover the cost of their share of any future increase in the total cost of providing the pension payments to credit union employees who were part of the Scheme. Killarney Credit Union Limited could exit the Scheme and therefore never have to make a potential additional payment requirement but exiting the Scheme would incur a substantial additional cost.

If credit unions exit the Scheme, they are required to pay to the trustees the exit amount which the trustees determine is required to fund benefits in respect of their active, deferred and pensioner members on a "no risk" basis. The exiting credit union thereby settles any liability they have to contribute to the Scheme in the future.

28. Comparative information

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

29. Approval of financial statements

The board of directors approved these financial statements for issue on 17th November 2023.

Schedules to the income and expenditure account

For the financial year ended 30 September 2023

The following schedules do not form part of the statutory financial statements which are the subject of the Independent Auditor's report on pages 14 to 16.

Schedule 1 – Other interest income and similar income

	2023	2022
	€	€
Investment income received/receivable within 1 year	1,443,337	663,079
Investment income receivable outside of 1 year	-	12,696
Realised loss on encashment of investments	(66,535)	-
Total per income and expenditure account	1,376,802	675,775

Schedule 2 – Other income

	2023	2022
	€	€
Commissions	42,592	42,441
ECCU rebate	-	52,508
Fees and sundry income	6,386	4,769
MPCAS income	148,172	90,674
SPS refund	-	623,327
Total per income and expenditure account	197,150	813,719

Schedule 3 – Other management expenses

	2023	2022
	€	€
Rates and service charges	52,525	51,779
Lighting and heating	65,607	46,001
Repairs and maintenance	35,637	32,249
Security	27,986	24,636
Printing and stationery	27,337	29,817
Postage	14,394	12,306
Telephone	32,023	29,729
Promotion, advertising and sponsorship	131,311	78,636
Chapter, social and seminar expenses	61,991	74,579
Travel and subsistence	13,037	8,885
Bank interest and charges	83,910	83,419
Audit fee	29,520	24,293
General insurance	71,742	66,596
Key person insurance	954	1,014
Share and loan insurance	354,024	346,687
Education and subscription	20,627	16,391
Consultancy, legal and professional fees	228,389	173,599
MPCAS costs	171,924	129,502
Office general expenses	30,095	4,660
Affiliation fees and SPS contributions	61,836	61,325
Regulatory levies	282,596	269,317
Maintenance contracts	206,614	168,711
Cash (over)/short	204	(354)
Total per income and expenditure account	2,004,283	1,733,777



Protecting you and your Credit Union account from fraud.

Be Informed, Be Alert and Be Secure!

- NEVER click on a link in a text message, particularly one which suggests that your account is on hold or which asks you to verify your account. If you are in any doubt, please contact the Credit Union directly.
- The Credit Union will NEVER contact a member by phone, text or email asking them to click a link to verify their account or to give personal account details over the phone.
- DON'T respond to messages or urgent payment requests from unknown numbers claiming to be a family member. ALWAYS speak directly with the family member.
- Be careful of unsolicited contact that appears to be from your bank or Credit Union requesting verification of account numbers and/ or passwords. Credit Unions will NEVER request your full personal access code or password.
- Keep your account log in details safe and secure. NEVER share your log in credentials with anyone, regardless of who they may claim to be.
- Don't assume an email, call or text is genuine because someone has basic information like your name or address. Fraudsters may use publicly available information to lure you in.
- If you are in any doubt about a message or phone call in relation to your Credit Union account, always contact the Credit Union directly and talk to a member of staff.
- If somebody contacts you out of the blue offering you money or an easy way to make money, it is probably too good to be true.
- Trust your instincts. If something doesn't feel right, exercise caution and do not proceed.

If you are suspicious of fraud always contact your local branch immediately on 064 6631344.



Killarney Credit Union

Killarney | Kenmare | Cahersiveen



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



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



1-3 O'Connell Street,
Cahersiveen,
V23 HF77,
Co. Kerry.



064 663 1344 | info@killarneycu.ie
www.killarneycu.ie

Killarney Credit Union Limited is regulated by the Central Bank of Ireland.