

2022



**CLADDAGH**  
**CREDIT UNION**

**Annual Report.**

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## Virtual AGM.

The Annual General Meeting for 2022  
will take place online.



**Wednesday, 25<sup>th</sup> January 2023 at 7.30pm**

To view & take part in the AGM you must register at [www.claddaghcu.ie](http://www.claddaghcu.ie)

If you require any additional supports to take part in the AGM, please contact  
[info@claddaghcu.ie](mailto:info@claddaghcu.ie) or call **091 537 200** prior to 20th January 2023.

# Hello Again.



**CLADDAGH**  
**CREDIT UNION**

1

# Inspired by our Community.



Our new logo encompasses a visual reflection of our core values intertwined with our Galway roots. The icon as you can see here is inspired by:

- The design of the Claddagh ring and its associated symbolism of love, friendship and loyalty. Reflective of the values of the credit union and the relationship between the credit union and its members.
- There is also a visual link to the international credit union symbol – the hands in this new icon reference the credit union landmark (the hands around the globe).
- There is reference to iconic Galway symbols with subtle swan and water references in the icon. The fingers wrapping around one hand are suggestive of a wing as well as water waves. The thumb forms a stylised swan head reference
- Our new colours are inspired by the natural beauty of Galway. The greens and purples represent the land, sea, mountains & heather found in our unique Galway landscape.

# Help Us Go Green.



We are trying to do our part to help with the massive issue facing our world right now – climate change.

In 2022, we asked for your help to go green. As a result:

**1,440** Members changed over to e-statements for their accounts

**10,207** Members opted to get this booklet via email\*

We developed 4 new Green loans at lower rates to help our members embrace 'Green':

- Electric Car Loans
- Solar Panel Loans
- Home Insulation Loans
- Green Renovations Loans

We have also created an in-house 'Green Team' that are working together to improve how we operate. The team have begun assessing how we can be more environmentally friendly as well as researching how we can help our wider community with Green projects.

## What you can do...

Sign up now to get your statement electronically and opt in to get this book via email using our dedicated page:  
<https://www.claddaghcu.ie/membership/e-correspondence/>



*\*Due to regulation, the AGM book must be provided to every member*

# Projects...

## UniCash Bursary

Since 2014, Claddagh Credit Union has supported leaving certificate students in their third level education journey with the UniCash Bursary giveaway.

To date we have given away €96,000 in total. This year our 5 winners were; Fáinse Silke, Eva Hackett, Amy Carroll, Luke Russell and Rachel Dempsey, each winning €1,500!



## St. Bernadette's Children's Unit

Since 2011, our team have worked together to fundraise for a new playground in the children's unit in University Hospital Galway. To date we have jumped out of planes, rowed on the prom, climbed Croagh Patrick, walked the length of Ireland virtually & more! As a result, a brand-new playground was installed. We are now fundraising to add new items for children of all abilities to the area.

## Jersey Sponsorship

We are proud to support a wide range of clubs in our community by helping them purchase new jerseys and gear. In 2022 we added another 4 clubs to the clubs, we support – Dominican College Swim Team, Coláiste Iognáid Girls Gaelic Team, Oughterd AFC & Moycullen GAA.



# Partners...

In 2022, our newest partners are; No.4 Youth Services, St. Vincent de Paul and the Olympic Boxing Club.

## No.4 Youth Service

No.4 Youth Service provides a range of supports for young people aged 13–25 years in areas of Education, Physical and Mental Health, Homelessness Prevention and Employability. This year, we are partnering with them to provide an additional 111 counselling sessions throughout the next 3 years to help ease the pressures their services are facing.



## St. Vincent De Paul

As well as working with Croi Na Gaillimhe, we are now partnering with St. Vincent de Paul this year due to the current energy crisis. *We have now committed to donate €20,000 to West Galway districts* to help people over the winter of 2022/23 deal with the high costs associated with heating and electricity.



## Olympic Boxing Club

For 2022, we are supporting the club activities and expenses, mainly accommodation and travel expenses for amateur boxers attending tournaments. It will be a fantastic way to cement an already great relationship between club members, Claddagh Credit Union and the local community in Westside.





# Community Party.









# PROTECTING YOUR FAMILY



**HOME**  
INSURANCE

**LIFE**  
INSURANCE

**TRAVEL**  
INSURANCE

## **The right protection that's easy to buy and easy to understand.**

We believe that insurance should work in your favour. That's why we have created really affordable and fair insurance that puts you first. We get you the right cover, that's easy to buy, and easy to understand.

**HOME INSURANCE** - We guarantee to work every year to get you the lowest offer from our panel of insurance providers, ensuring the cost of your home cover doesn't automatically rise every year.

**LIFE INSURANCE** - Our term life insurance offers the most affordable cover you'll find. We won't be beaten on price, we guarantee to match any premium plus the first month is free.

**TRAVEL INSURANCE** - Our travel insurance is always affordable, kids go free and we include covid cover at no extra cost. Plus no matter what your age we will always insure you.

**Get a fast and easy quote from us today!**

0818 293 444

[claddaghcu.ie](https://claddaghcu.ie)

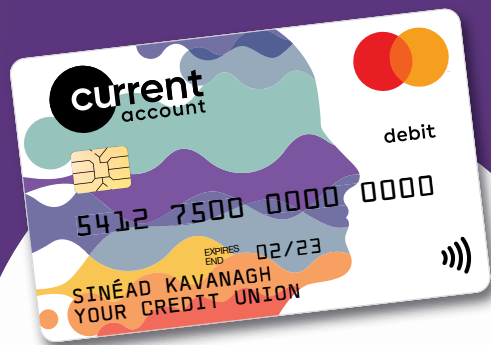


# Switching is Easy.

with Current Account from  
Claddagh Credit Union

- ✓ Same Friendly Service
- ✓ Globally Accepted Debit Mastercard®
- ✓ Apple Pay, Google Pay™, Fitbit Pay™
- ✓ Low, Transparent Fees

Talk to us today  
to find out more.



Mastercard is a registered trademark and the circles design is a trademark of Mastercard International Incorporated. This card is issued by Transact Payments Malta Limited pursuant to licence by Mastercard International. Transact Payments Malta Limited is duly authorised and regulated by the Malta Financial Services Authority as a Financial Institution under the Financial Institutions Act 1994. Registration number C 91879. Credit Unions are regulated by the Central Bank of Ireland.



**CLADDAGH  
CREDIT UNION**  
Your Loyal Financial Partner

8/9 Mainguard Street  
Galway City Centre  
091 537200

Westside Shopping Centre  
Galway  
091 537260

Bridge Street  
Oughterard, Co. Galway  
091 537280

info@claddaghcu.ie  
www.claddaghcu.ie

Join us on:



Claddagh Credit Union is regulated by the Central Bank of Ireland.

# Your Account Information.

## Things you need to know...

**Savings Limit:** There is a maximum savings limit\* of €20,000 per Senior Member (\*Shares, Current Account and Deposit Balances). The maximum savings per Junior Member is €5,000

- **Cash Withdrawal Limits:** There is a daily limit on withdrawals in **cash** of €1,500 per day and €7,500 per week\*
- **Lodgement Limits:** There is a maximum limit on Lodgements of €2,500 per week\* (\* per week means a 7-day period.)
- **Direct Debits:** From November 2021:
  - Direct Debits will automatically cease for repayments of loans on completion of the loan
  - Regular savings must be set up with a Standing Order

**Nomination Form:** A Nomination on your account relates to the process for the release of the funds in the event of your death. All Members should consider completing an up to date nomination form. For more information got to: <https://www.claddaghcu.ie/membership/nomination-on-your-member-account/>

## Online Services...

- **Online Account:** Register online at [www.claddaghcu.ie](http://www.claddaghcu.ie) to access your account online.
  - Pay bills, transfer money to & from external bank accounts, see more at [www.claddaghcu.ie/online-banking](http://www.claddaghcu.ie/online-banking)
  - Online Loans: calculate, apply, upload your documents, e-sign your loan forms & have your loan paid direct to your bank account.
  - View transactions & download statements
  - Secure online messaging service
  - Access your account IBAN & BIC details
- **Mobile App:** Download our app from the Google Play Store or Apple Store
- **Funds Transfer online:** Activate funds transfers on your Cuonline account at <https://www.claddaghcu.ie/online/activate-funds-transfer> This enables you to transfer money to & from your credit union account.

## Keeping Your Account Active...

- If you had no active transaction on your Credit Union Account within 2 years, your account will be classed as inactive
- Inactive accounts maintain the existing balance
- To reactivate your account you will need to call to any branch with Photo I.D., recent proof of address & proof of your PPS number
- Our message to you, our Member, is to actively use our Credit Union services

# Presidents Address.



Good evening, everybody. My tenure as Chair finishes with this AGM, my time was dominated by Covid 19 but I am pleased that despite the challenges we have developed new products, a new brand and now have a new strategy. I am satisfied that we are in a position of strength from which we will continue to grow.

Last year, I set out how the Board intended to strengthen the capital position of the Credit Union by growing the surplus. I am pleased to report an increase in trading surplus from €741k to €966k. This was achieved through stringent cost control. We are confident that the new products introduced including Green Loans, current accounts and mortgages will provide a basis for the growth of our income in the coming years.

In January of 2022, we were advised that a review of the Irish League of Credit Unions defined benefit pension scheme had identified a deficit of €93m. €3.5m of this deficit related to Claddagh Credit Union and has resulted in a deficit this year of €1.6m. While the cost of the funding is accounted for as an exceptional item this year, it relates to the cost of benefits accrued since the inception of the scheme in the 1970s. The closure of the scheme to future accruals and the payment of the funding requirement means that the matter is now considered closed and our focus as an organisation is on building for the future.

The strength of the Credit Union as a cooperative organisation is not simply its financial position but also its position in the community. We celebrated our community in September and we were honoured to be joined by our local heroes and so many members. We support local groups and charities through our community engagement program and this year we donated over €50,000 to groups working in the arts, sports, healthcare and community sectors. This included a donation to the St Vincent de Paul of €20,000 to support those in our community most vulnerable to the current cost of living crisis.

As a community based organisation our priority is service to you, our members, and I am proud that throughout the pandemic we were open every day. As we approach our 60th anniversary next year, we remember all those who served in the Credit Union both staff and volunteers. All who served took inspiration from the vision of the original founder members, who put their faith and trust in the Credit Union movement. Our board member, Peadar O'hicé served with some of those people and he has always reminded us that we are here to serve you, the member. After over 30 years of service, Peadar will be retiring in the coming year, on behalf of us all I want to thank him and his family for the time and dedication he gave to the Credit Union movement.

I would also like to thank the current volunteers for their expertise and dedication and the management and staff for their work over the past year and of course, you the members, for your continued support.

Mark Grogan. Chair

# CEO Report.

This is my first AGM as CEO and I want to thank you all for the opportunity to shape and develop the services of the Credit Union. Over the last 6 months we have defined our strategy for the next 5 years. Building on a proud history of service our vision is to be your loyal financial partner. To achieve this vision we will develop new products and services delivering them on line and in the community. Through the community engagement program we will reward our members and at all times we will be mindful of the United Nations sustainable development goals.

We remain committed to a two strand approach of organic growth and collaboration. Central to this organic growth was the rebranding of the Credit Union. The new brand is more effective in the digital world but remains true to our origins and a tangible reminder of the principle of friendship, which is at the core of the Credit Union.



The changing water levels of the Claddagh Basin are a constant reminder of the potential impact of climate change and in response we have launched our "Green Project". This project will support our members in transitioning to lower carbon emissions by offering low rate loans for green technology. As an organisation we are reviewing where and how we work. This year 10,207 members received their AGM booklet on line, in practical terms this saves 244 reams of paper per annum. In 2023, we intend to reduce our energy usage by reviewing our buildings and appliances and installing solar panels in the Mainguard St branch. This is a long term project and we will keep you updated on it.

In collaboration with other credit unions we have developed a mortgage product which will be officially launched in the first quarter of 2023. This means that we can now offer a full range of financial services from current accounts, to insurance and loans for all purposes.

For 2022, we achieved an operational profit of €966k which was a 30% increase on 2021. The impact of the exceptional cost associated with funding the ILCU defined benefit pension scheme cannot be denied. When we became aware of the size of the deficit we worked hard with other credit unions to find an equitable solution. The closure of the scheme to future accruals and the payment of the funding requirement has meant that the benefits of the pensioners and the staff accrued to date were protected. The reduction in pension contributions going forward will contribute to increasing surplus in the future and the payment of the rebate from the Savings Protection Fund of the Irish League of Credit Unions protected the capital position of the Credit Union this year. This was an equitable outcome and has meant that the Credit Union is now in strong position to grow.

With rising interest rates and the threat of inflation we are returning to an economic climate like that from which the Credit Union came. I assure you that we will be here for you just as we have always been. Service to the member and the community is at the heart of everything we do. Next year we will be celebrating our 60th birthday, we sincerely hope you will join us in the celebration.

On a personal level I would like to thank the board and volunteers, the management and staff and primarily you, the members, for your continued support. We have exciting plans for the future and I look forward to working with you all in the coming years.

A handwritten signature in dark ink, reading "Louise".

Louise Shields. CEO

## Claddagh Credit Union A.G.M 2022

### Elections

#### Board of Directors

Under the Credit Union Acts the nomination to the Board of Directors is now the responsibility of the Nominations Committee. The Nomination Committee is responsible for identifying and proposing candidates for election to the Board of Directors. In identifying candidates for any vacancies, they must be mindful of the balance of skills, experience and knowledge of the current Board Members.

#### Directors

The following are seeking election: **Oliver Moran, John O'Reilly and John Lynam.**

The Board of Directors at their first meeting, immediately following the A.G.M., will elect officers for the year.

#### Auditor

DHKN are seeking re-election.

#### Board Oversight Committee

**Seamus Robinson** is seeking re-election.

All candidates proposed by the Nomination Committee are required to be elected at the A.G.M. of the Credit Union.

### Order of Business

1. Acceptance of proxies (if any) by Board of Directors
2. Ascertainment that a quorum is present
3. Adoption of Standing Orders
4. Balloting
5. AGM Minutes 2021
6. President's Address
7. C.E.O. Report
8. Report of Board Oversight Committee
9. Independent Auditors Report
10. Report of the Nomination Committee
11. Report of the Community Engagement Committee
12. Report of the Credit Committee
13. Report of the Membership Committee
14. Report of the Credit Control Committee
15. Report of the Compliance and Risk Committee
16. Report of the Audit Committee
17. Questions & Answers
18. Any Other Business
19. Announcement of Election Result
20. Adjournment or Close of Meeting



**Claddagh Credit Union**  
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## Claddagh Credit Union

### DIRECTORS AND OTHER INFORMATION

#### Directors

Mark Grogan (Chairperson)  
 Peadar O'hici  
 Pat Commins  
 Aidan McDonogh  
 John Lynam  
 Nigel Hugo (Appointed 19.01.2022)  
 Joan Raleigh (Appointed 19.01.2022)  
 Caroline Miney (Appointed 19.01.2022)  
 Tommy Foy (Appointed 19.01.2022,  
 Resigned 04.04. 2022)  
 David Hickey (Resigned 19.01.2022)  
 Paul Hurney (Resigned 19.01.2022)

#### Board Oversight Committee Members

Seamus Robinson (Appointed 19.01.2022)  
 Tom Donnellan (Appointed 19.01.2022)  
 Kuldar Tarum (Appointed 19.01.2022)  
 Mary Donoghue (Resigned 19.01.2022)  
 Julie Nohilly (Resigned 19.01.2022)  
 Joan Raleigh (Resigned 19.01.2022)

#### Credit Union Number

381CU

#### Registered Office

8/9 Mainguard Street  
 Galway  
 H91 YA72

#### Business Address

8/9 Mainguard Street  
 Galway  
 H91 YA72

#### Bankers

Allied Irish Banks plc,  
 Lynch's Castle,  
 Shop Street,  
 Galway  
  
 Danske Bank  
 3 Harbourmaster Place  
 International Financial Services  
 Dublin 1  
 Ireland  
  
 Bank of Ireland  
 Oughterard  
 Co. Galway  
  
 Transact Payments Malta Limited  
 Office #10  
 SOHO Savoy Gardens  
 J Block  
 Triq Rue D'Argens  
 Gzira  
 GZR 1362  
 Malta

#### Solicitors

Clodagh M Gallagher  
 43 Sli na Sruthan  
 Clybaun Road  
 Knocknacarra  
 Galway

R.G. Emerson & Co  
 13 Cross Street  
 Galway

#### Auditors

DHKN Limited  
 Galway Financial Services Centre  
 Moneenageisha Road  
 Galway

## Claddagh Credit Union

for the financial year ended 30th September 2022

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Credit Union Acts 1997 to 2018 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Credit Union and of the income and expenditure of the Credit Union for that financial year. In preparing these financial statements the Directors are required to:

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

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

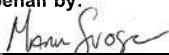
The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the Directors are aware:

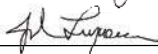
- there is no relevant audit information (information needed by the Credit Unions auditor in connection with preparing the auditor's report) of which the Credit Unions auditor is unaware, and
- the Directors have taken all the steps that they ought to have taken to make themselves aware of any relevant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

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

Member of the Board of Directors

  
\_\_\_\_\_

Member of the Board of Directors

  
\_\_\_\_\_

Date

25th October 2022  
\_\_\_\_\_

### STATEMENT OF BOARD OVERSIGHT COMMITTEE'S RESPONSIBILITIES

The Credit Union Acts 1997 to 2018 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 Acts 1997 to 2018 and any other matter prescribed by the Central Bank in respect of which they are to have regard in relation to the Board.

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

Member of the Board Oversight Committee

  
\_\_\_\_\_

Member of the Board Oversight Committee

  
\_\_\_\_\_

Date

25th October 2022  
\_\_\_\_\_

## Claddagh Credit Union

### REPORT OF THE BOARD OVERSIGHT COMMITTEE

for the financial year ended 30th September 2022

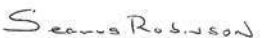
Every Credit Union must elect a Board Oversight Committee consisting of 3 or 5 Members. The Board Oversight Committee must assess whether the Board of Directors have operated in accordance with Part IV & IV(a) of the Credit Union Act 1997, as amended, and any regulation or direction of the Registrar or Central Bank. The Board Oversight Committee of the Credit Union hold at least one meeting in every month, and meet with the Board of Directors at least 4 times in every year to facilitate carrying out the oversight role.

The Board Oversight Committee submits a written report to the Board of Directors on their assessment of whether the Board of Directors has operated in accordance with the Credit Union Act 1997, as amended, and any regulation or direction of the Registrar or Central Bank. The Board Oversight Committee has access, at all times, to the books and documents of the Credit Union, to enable it to carry out its functions under the Act and Members of the Board Oversight Committee have the right to attend all meetings of the Board of Directors and all meetings of Committees of the Credit Union.

The Board Oversight Committee ensures that at least one of its Members attends every meeting of the Board of Directors. The Board Oversight Committee may notify the Central Bank of any concern it has, that the Board of Directors has not complied with any of the requirements and the Board Oversight Committee shall report to the Members at the Annual General Meeting and, if it thinks fit, at a Special General Meeting, on whether the Board of Directors has operated in accordance with Credit Union Act 1997, as amended, and any regulation or direction of the registrar or Central Bank.

For the year ended 30th September 2022, the Board Oversight Committee wish to report that no matters have come to their attention that indicates that the Directors have not complied with Part IV or IV(a) Credit Union Act 1997, as amended, and any regulation or direction of the Registrar or Central Bank.

We extend our thanks to the Board of Directors, C.E.O., Management and Staff for their courtesy, assistance and co-operation during the year.



Seamus Robinson, Chairperson  
For and on behalf of the Board Oversight Committee  
Tom Donnellan and Kuldar Tarum

## **INDEPENDENT AUDITOR'S REPORT to the Members of Claddagh Credit Union**

### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the financial statements of Claddagh Credit Union for the financial year ended 30 September 2022 which comprise the Revenue Account, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish law including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued in the United Kingdom by the Financial Reporting Council and the Credit Union Acts 1997 to 2018.

In our opinion the financial statements:

- give a true and fair view of the state of the assets, liabilities, and financial position of the Credit Union as at 30th September 2022 and of its results for the financial year then ended;
- have been properly prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been properly prepared in accordance with the requirements of the Credit Union Acts 1997 to 2018.

#### **Basis for Opinion**

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

#### **Conclusion relating to going concern**

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

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

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

#### **Other Information**

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

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

## INDEPENDENT AUDITOR'S REPORT to the Members of Claddagh Credit Union

### Opinions on other matters prescribed by the Credit Union Acts 1997 to 2018

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

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

### Respective Responsibilities

#### Responsibilities of Directors for the Financial Statements

As explained more fully in the Statement of Directors' Responsibilities as set out on page 16, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### Auditor's responsibilities for the audit of the financial Statements

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

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: <[www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description of auditors responsibilities for audit.pdf](http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf)> The description forms part of our Auditor's Report.

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

Our report is made solely to the Credit Unions Members, as a body, in accordance with section 120 of the Credit Union Acts 1997 to 2018. Our audit work has been undertaken so that we might state to the Credit Unions 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 Unions Members, as a body, for our audit work, for this report, or for the opinions we have formed.

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#### DHKN LIMITED

Registered Auditors  
Galway Financial Services Centre  
Moneenageisha Road  
Galway

Date: 25th October 2022

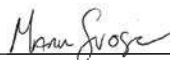
## Claddagh Credit Union REVENUE ACCOUNT

for the financial year ended 30th September 2022

	Sch/Note	2022 €	2021 €
<b>Revenue</b>			
Interest on Members Loans	<b>Note 6</b>	<b>4,867,329</b>	4,942,933
Other interest income and similar income	<b>Note 7</b>	<b>983,542</b>	1,039,449
<b>Net interest income</b>		<b>5,850,871</b>	5,982,382
Fees and commissions receivable	<b>Sch 3</b>	<b>153,488</b>	130,003
Savings protection scheme funding	<b>Note 5</b>	<b>897,691</b>	-
<b>Total Revenue</b>		<b>6,902,050</b>	6,112,385
<b>Expenditure</b>			
Employment costs	<b>Note 10</b>	<b>2,252,610</b>	2,534,595
Defined benefit pension scheme funding	<b>Note 5</b>	<b>3,530,080</b>	-
Other Management expenses (Schedule 4)		<b>1,784,974</b>	1,955,083
Regulatory costs and interest charges	<b>Sch 4</b>	<b>946,846</b>	825,484
Depreciation		<b>246,667</b>	296,765
Net (recoveries) or losses on Loans to Members	<b>Note 14.4</b>	<b>(193,466)</b>	(241,008)
<b>Capital Expenditure</b>		<b>8,567,711</b>	5,370,919
<b>Expenditure over Revenue</b>		<b>(1,665,661)</b>	741,466
Other comprehensive income		-	-
<b>Total Comprehensive Income</b>		<b>(1,665,661)</b>	741,466

The Financial Statements were approved and authorised for issue by the Board of Directors on 25th October 2022 and signed on its behalf by;

Chairperson



Member of the Board Oversight Committee



CEO



Date

25th October 2022



# Claddagh Credit Union

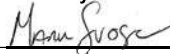
## STATEMENT OF FINANCIAL POSITION

for the financial year ended 30th September 2022

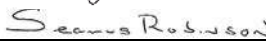
	Notes	2022 €	2021 €
<b>Assets</b>			
Cash and cash equivalents	12	37,618,490	37,035,333
Property, plant and equipment	13	2,772,134	2,981,274
Loans to Members	14	65,912,612	64,919,796
Provision for bad debts	14	(2,359,607)	(2,526,448)
Fiontarlann Teoranta CLG		54,472	77,147
Other receivables	15	188,877	370,231
Accrued income	15	611,306	712,733
Deposits and investments	16	104,911,720	109,939,018
<b>Total Assets</b>		<b>209,710,004</b>	<b>213,509,084</b>
<b>Liabilities</b>			
Members' shares	17	165,741,358	169,288,085
Members' deposits	18	12,857,093	13,052,094
Member personal current accounts	19	2,492,231	969,503
Trade payables and accruals	20	658,508	444,942
Other payables and provisions	20	322,328	395,532
<b>Total Liabilities</b>		<b>182,071,518</b>	<b>184,150,156</b>
<b>Net Assets</b>		<b>27,638,486</b>	<b>29,358,928</b>
<b>Members' Resources</b>			
Regulatory reserve	21	23,506,427	23,506,427
Distribution reserve	21	1,726,991	1,726,991
Operational risk reserve	21	1,000,000	1,000,000
Other reserves		1,405,068	3,125,510
<b>Total Members' Resources</b>		<b>27,638,486</b>	<b>29,358,928</b>

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

Chairperson



Member of the Board Oversight Committee



CEO



Date

25th October 2022

## Claddagh Credit Union STATEMENT OF CHANGES IN EQUITY

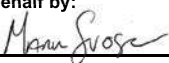
for the financial year ended 30th September 2022

	Regulatory Reserve	Distribution Reserve	Operational Risk Reserve	Unrealised Income Reserve	General Reserve	Community Reserve	Total
	€	€	€	€	€	€	€
At 1 October 2020	23,506,427	1,727,049	1,000,000	-	2,219,597	194,564	28,647,637
Dividends paid during the financial year	-	(58)	-	-	-	-	(58)
Surplus allocation in financial year	-	-	-	-	741,466	-	741,466
Other movement in reserves	-	-	-	-	-	(30,117)	(30,117)
At 30 September 2021	<u>23,506,427</u>	<u>1,726,991</u>	<u>1,000,000</u>	<u>-</u>	<u>2,961,063</u>	<u>164,447</u>	<u>29,358,928</u>
At 1 October 2021	23,506,427	1,726,991	1,000,000	-	2,961,063	164,447	29,358,928
Allocation in financial year	-	-	-	-	(1,665,661)	-	(1,665,661)
Other movement in Reserves	-	-	-	89,769	(89,769)	(54,781)	(54,781)
At 30 September 2022	<u>23,506,427</u>	<u>1,726,991</u>	<u>1,000,000</u>	<u>89,769</u>	<u>1,205,633</u>	<u>109,666</u>	<u>27,638,486</u>

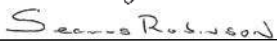
The Regulatory Reserve of the Credit Union as a % of the total assets as at 30th September 2022 was 11.21% which is in excess of the Credit Union's Regulatory Reserve requirement of 10%.

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

Chairperson



Member of the Board Oversight Committee



CEO



Date

25th October 2022

## Claddagh Credit Union

### STATEMENT OF CASH FLOWS

for the financial year ended 30th September 2022

	2022 €	2021 €
<b>Opening cash and cash equivalents</b>	<b>37,035,333</b>	<b>34,969,628</b>
<b>Cash flows from operating activities</b>		
Loans repaid	29,868,778	31,371,427
Loans granted	(31,028,435)	(28,813,752)
Loan interest income	4,890,923	4,988,925
Investment income	983,542	1,039,449
Other revenue received	153,488	130,003
Saving protection scheme funding received	807,920	-
Bad debts recovered	193,466	271,008
Dividends paid	-	(58)
Community reserve distributions	(54,781)	(30,117)
Operating expenses	(8,514,510)	(5,315,162)
Movement in other assets	371,633	51,198
Movement in other liabilities	140,362	69,386
<b>Net cash (used in) / generated from operating activities</b>	<b>(2,187,614)</b>	<b>3,762,307</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(37,527)	(21,777)
Receipts from disposal of property, plant and equipment	-	4,918
Net cash flow from other investing activities	5,027,298	6,909,137
<b>Net cash generated from investing activities</b>	<b>4,989,771</b>	<b>6,892,278</b>
<b>Cash flows from financing activities</b>		
Members' shares received	50,390,502	58,374,324
Members' deposits received	17,891,848	17,494,863
Members' shares withdrawn	(53,937,229)	(67,205,771)
Members' deposits withdrawn	(16,564,121)	(17,252,296)
<b>Net cash used in financing activities</b>	<b>(2,219,000)</b>	<b>(8,588,880)</b>
<b>Net increase in cash and cash equivalents</b>	<b>583,157</b>	<b>2,065,705</b>
<b>Cash and cash equivalents at end of financial year</b>	<b>37,618,490</b>	<b>37,035,333</b>

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## Claddagh Credit Union

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30th September 2022

### 1. LEGAL AND REGULATORY FRAMEWORK

Claddagh Credit Union is established under the Credit Union Acts 1997 to 2018. The Credit Union is registered with the Registrar of Credit Unions and is regulated by the Central Bank of Ireland. The principal place of business is 8/9 Mainguard Street, Galway, H91 YA72.

### 2. ACCOUNTING POLICIES

The following principal accounting policies have been applied;

#### Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with applicable Irish accounting standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102) and Irish statute comprising of the Credit Union Acts 1997 to 2018. The financial statements have been prepared on the historical cost basis.

#### Currency

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

#### Going Concern

The Directors are required to consider whether the Credit Union will continue as a going concern for a period of 12 months from date of approval of these Financial Statements. In making the assessment the Directors have reviewed the Credit Unions Strategic Plan and considered risks that could impact on the Credit Unions reserve position, financial position, and liquidity over that period. The Directors have also prepared forecasts which considered the effect of operating under stressed but plausible events that would impact on the Credit Unions business, financial position, capital, and liquidity.

A range of sensitivities has been considered or applied to these forecasts, including scenarios relating to current inflation rates and cost of living crisis, uncertainty caused by the conflict in Ukraine, the outlook for interest rates, growth in Members savings and loan demand. Furthermore, the Credit Union is required to regularly review its capital and liquidity positions in relation to its uncommitted or on demand savings and consider at least quarterly the various stress testing scenarios applicable against borrowers' propensity to default, interest rates and circumstances that may give rise to funding outflows.

After considering all of this information, the Directors' knowledge and experience of the Credit Union, and the markets in which it operates, the Directors are satisfied that the Credit Union, has adequate resources to continue in business for the foreseeable future and for a period of at least 12 months from the date of signing the Financial Statements.

#### Revenue recognition

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

##### (i) Interest on Members' Loans

The Credit Union Act 1997 (as amended) requires that Interest on Members' Loans is recognised when payment is received (i.e. on a cash basis). This is not in accordance with accounting practice generally, but is consistent with normal practice for Irish Credit Unions. FRS 102 and accounting practice generally would require that interest be recognised using the effective interest method accrued on a daily basis. Claddagh Credit Union Limited accounts for interest on Members' Loans using the effective interest method and is accrued on a daily basis. Interest on Members' Loans is included in the financial statements in the period in which it is earned.

##### (ii) Investment income

Investment income is recognised when received or irrevocably receivable. Investments are recognised at cost less any permanent diminution in capital value but ignoring any increase in capital value or encashment value until realised in the form of cash or cash equivalents.

## Claddagh Credit Union

continued

### NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30th September 2022

#### Dividend and Loan Interest Rebate

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

The rate of dividend and loan interest rebate recommended by the Board will reflect:

- the risk profile of the Credit Union, particularly in its loan and investment portfolios;
- the Board's desire to maintain a stable rather than a volatile rate of dividend each year; and
- Members' legitimate dividend and loan interest rebate expectations;

all dominated by prudence and the need to sustain the long-term welfare of the Credit Union.

For this reason the Board will seek to build up its reserves to absorb unexpected shocks and still remain above minimum regulatory requirements. The Credit Union accounts for dividends and rebates of loan interest when Members ratify such payments at the Annual General Meeting.

#### Investments

Investment income is recognised on an accrual basis.

##### Deposit with banks

Term deposits and fixed interest investment bonds with fixed maturity dates are valued at the lower of cost or encashment value and interest is recognised in the income statement when it is received or irrevocably receivable.

##### Debt securities

With profit bonds with capital guaranteed are valued at cost. Declared bonuses are recognised in the income statement when irrevocably receivable or earlier if the bond becomes realisable in the form of cash or cash equivalents in a secondary market. Terminal bonuses are recognised in the income statement when the Credit Union becomes irrevocably entitled to receive them.

##### Commodities and other bonds

Income is recognised once it is "locked in" and irrevocably receivable. The capital value of the bond is tested annually for impairment and impairment losses are taken to the income statement. Impairment gains which reverse a previous impairment loss are taken to the income statement with any gains in excess of the cost of the product ignored until the bond matures.

##### Held at amortised cost

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

##### Central Bank deposits

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

##### Investments at fair value

Investments held for trading and investment in stock market shares (i.e. non-convertible preference shares and non-puttable ordinary shares or preference shares) are included in this category. Financial assets at fair value are classified as held for trading if they are acquired for sale in the short term. They are valued at fair value (market value) at the financial year end date and all gains and losses are taken to the income and expenditure account. The fair value of quoted investments is determined by reference to bid prices at the close of business on the balance sheet date. Where there is no active market these assets will be carried at cost less impairment.

## Claddagh Credit Union NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30th September 2022

### Property, plant and equipment and depreciation

Tangible fixed assets are stated at cost or at valuation, less accumulated depreciation. The charge to depreciation is calculated to write off the original cost or valuation of tangible fixed assets, less their estimated residual value, over their expected useful lives as follows:

Land and buildings	2% Straight line
Fixtures and fittings	10% Straight line
Computer equipment	20% Straight line

### Cash and cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition.

### Financial instruments

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

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

### Basic financial assets

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

#### Loans to Members

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

#### 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 rate method.

### De-recognition on Financial Assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Credit Union transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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

## Claddagh Credit Union

### NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30th September 2022

#### Impairments of financial assets

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

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

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

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

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

#### Investments held at amortised cost

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

#### Other Financial instruments

Other financial assets are initially measured at fair value and are subsequently carried at fair value with changes to fair value recognised in the income & expenditure annually.

#### Bad Debt Provision

Bad debts written off and bad debts recovered are included in the Income Statement. Claddagh Credit Union Limited assesses, at each balance sheet date, if there is objective evidence that any of its loans to Members are impaired. The loans are assessed collectively in groups that share similar credit risk characteristics. Individually significant loans are assessed on a loan by loan basis.

Bad debts in the Credit Union are recognised when there is a reasonable doubt that the full amount of principle will not be collected, or the financial capacity of the borrower has deteriorated such that the recovery of the whole, or part of an outstanding loan advanced is in doubt. In all cases where it is impractical to estimate the recoverable amount, the carrying amount is reduced to zero.

#### Basic Financial Liabilities

##### Members' shares

Members' shares in Claddagh Credit Union are redeemable and, therefore, are classified as financial liabilities. They are recognised at the amount of cash deposited.

##### 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.



## Claddagh Credit Union

### NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30th September 2022

#### Pensions

The Credit Union operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Credit Union. Annual contributions payable to the Credit Unions pension scheme are charged to the Revenue Account in the period to which they relate.

Claddagh Credit Union Limited participates in an industry-wide pension scheme for employees (The Irish League of Credit Unions Republic of Ireland Pension Scheme). This is a funded defined benefit scheme with assets managed by the Scheme's trustees. The ILCU is the principal employer of the Scheme. The scheme is a multi-employer defined benefit Scheme and there is insufficient information for Claddagh Credit Union Limited 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 Claddagh Credit Union Limited will fund a past service deficit, Claddagh Credit Union Limited shall recognise a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit).

#### Employee benefits

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

The scheme is a multi-employer defined benefit Scheme and there is insufficient information for Claddagh Credit Union Limited 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 Claddagh Credit Union Limited will fund a past service deficit, Claddagh Credit Union Limited shall recognise a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit).

#### Distribution

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

#### Reserves

##### Regulatory reserve

The Credit Union Act, (Regulatory Requirements)(Amendment) Regulations 2018 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.

##### Operational risk reserve

Section 45(5)(a) of the Credit Union Acts 1997 to 2018 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.

##### Other reserves

Other Reserves are the accumulated surpluses to date and Reserves arising on the Transfer of Engagements 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. Interest on Loans receivable at the balance sheet date is also classified as "unrealised" and is not distributable. All other income is classified as "realised".

##### Community reserves

Community reserves are set aside in accordance with the provisions of S44 of the Credit Union Act 1997, as amended, funds are utilised for social, cultural and charitable purposes, allocations are approved at Annual General Meetings.

## Claddagh Credit Union

### NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30th September 2022

#### 3. CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATES

The Credit Union makes estimates and judgements that affect the reported amounts of Assets and Liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. These are described below:

##### Impairment Losses on Loans and Advances to Members

The Credit Union reviews its Loan Book at least on a quarterly basis to assess impairment. In determining whether an impairment loss should be recorded, the Credit Union is required to exercise a degree of judgement. Impairment provisions are calculated using historical arrears experience, modelled credit risk characteristics and expected cash flows.

##### Determination of depreciation, useful economic life and residual value of tangible assets

The annual depreciation charge depends primarily on the estimated useful economic life of each type of asset and also, estimates of residual values. The Directors review the useful lives and residual values on an annual basis 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.

##### Interest on Member Loans

Interest on Members Loans is accrued regularly, loans are considered impaired when past due, the Credit Union uses judgement to determine the impairment amount on loan interest.

##### Pensions

Claddagh 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 Claddagh Credit Union Limited has sufficient information to enable it to account for the plan as a defined benefit plan. An assessment has been performed of the information currently available and Claddagh 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.

## Claddagh Credit Union

### NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30th September 2022

#### 4. GOING CONCERN

For the year ended 30th September 2022, the Credit Union reported a deficit of €1.665m. This is primarily as a result of exceptional pension costs incurred in the year amounting to €3.5m. As at 30th September 2022, Claddagh Credit Unions reserves as a percentage of total assets amounted to 13.18% (2021: 13.75%), and regulatory reserve as a percentage of total assets amounted to 11.21% (2021: 11.01%), with the minimum requirement being 10%.

The Directors are required to consider whether the Credit Union will continue as a going concern for a period of 12 months from date of approval of these Financial Statements. In making the assessment the Directors have reviewed the Credit Unions Strategic Plan and considered risks that could impact on the Credit Unions reserve position, financial position, and liquidity over that period. The Directors have also prepared forecasts which considered the effect of operating under stressed but plausible events that would impact on the Credit Unions business, financial position, capital, and liquidity.

A range of sensitivities has been considered or applied to these forecasts, including scenarios relating to current inflation rates and cost of living crisis, uncertainty caused by the conflict in Ukraine, the outlook for interest rates, growth in Members savings and loan demand. Furthermore, the Credit Union is required to regularly review its capital and liquidity positions in relation to its uncommitted or on demand savings and consider at least quarterly the various stress testing scenarios applicable against borrowers' propensity to default, interest rates and circumstances that may give rise to funding outflows. After considering all of this information, the Directors' knowledge and experience of the Credit Union, and the markets in which it operates, the Directors are satisfied that the Credit Union, has adequate resources to continue in business for the foreseeable future and for a period of at least 12 months from the date of signing the Financial Statements.

#### 5. EXCEPTIONAL ITEMS

Claddagh Credit Union Limited is a Member of the Irish League of Credit Unions (ILCU) Multi-Employer Defined Benefit Pension Scheme. During the year ended 30 September 2022, a deficit existing in this pension scheme has been communicated to all participating Credit Unions. Based on calculations provided by the Trustees of the scheme, the portion of the funding requirement required to meet this deficit applicable to Claddagh Credit Union presently amounts to €3,530,080. This amount has been paid by Claddagh Credit Union to the Scheme Trustees during 2022.

Following the ILCU AGM held in April of 2022, a motion was passed whereby it was agreed that ILCU affiliated Credit Unions would receive a rebate from the ILCU Savings Protection Scheme to help fund this liability. The portion of this funding applicable to Claddagh Credit Union amounted to €897,691, of which 90% was paid prior to 30th September 2022, with the balance due to be received after twelve months following the balance sheet date. As this 10% balance is not expected to be received within twelve months of the balance sheet date, the amount of €89,769 has been transferred to the Unrealised Income Reserve as it is not yet distributable.

#### 6. INTEREST ON MEMBER' LOANS

	2022 €	2021 €
Closing accrued interest receivable	143,869	167,463
Loan interest received in financial year	4,890,923	4,988,925
Opening accrued loan interest receivable	(167,463)	(213,455)
	<b>4,867,329</b>	<b>4,942,933</b>

#### 7. OTHER INTEREST INCOME AND SIMILAR INCOME

	2022 €	2021 €
Investment income received	515,366	494,179
Investment income receivable within 12 months	468,176	545,270
	<b>983,542</b>	<b>1,039,449</b>

## Claddagh Credit Union

### NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30th September 2022

#### 8. INTEREST PAYABLE AND DIVIDENDS

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

The following distributions were made during the financial year:	2022 %	2022 €	2021 %	2021 €
Dividends on shares	-	-	-	58

The above dividends refer to those paid out in those financial years from the surplus earned in previous financial years.

The Credit Union determines its Distributions to Members annually based on its Policy Statement which reflects that Distributions are made from Current year's Surplus or Reserves set aside for that purpose. The Board in determining the level of Distribution considers its ongoing capital requirements, budgetary needs, financial risks and Members expectations of prevailing economic conditions. It is the Policy of the Board to then propose a return to Members. The Credit Union accounts for Dividends and Rebates of Loan Interest when Members ratify such payments at the A.G.M. No liability to pay a Distribution exists until the majority of Members vote at the A.G.M.

No dividend has been proposed in respect of the current or prior year.

#### 9. OTHER REVENUE

	2022 €	2021 €
Cash over	4,132	2,286
Fees and commissions receivable	57,874	9,742
E.C.C.U. claims experience refund fees	91,482	117,975
	<u>153,488</u>	<u>130,003</u>

#### 10. EMPLOYEES AND REMUNERATION

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

	2022 Number	2021 Number
Full Time	25	29
Part Time	14	16
	<u>39</u>	<u>45</u>

The staff costs comprise:

	2022 €	2021 €
Wages and salaries	2,064,024	2,242,447
Pension costs	188,586	292,148
	<u>2,252,610</u>	<u>2,534,595</u>

## Claddagh Credit Union

### NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30th September 2022

#### 11. KEY MANAGEMENTS PERSONNEL

Key Management includes the Officers (Directors and those Staff Members) with responsibility for specific aspects of the Credit Unions business on an individual or Committee basis. Under Section 68 (1) of the Credit Union Acts, Directors are prohibited from earning any compensation directly or indirectly in the performance of their function as a Director or Member of a Principal Committee. The section also prohibits payments to Members of the Board Oversight Committee. The compensation paid or payable to Key Management for employee services is as follows;

	2022 €	2021 €
Salaries & other benefits	721,960	839,217
Pension costs	68,406	127,901
Total key management personnel compensation	790,366	967,118

#### 12. CASH AND CASH EQUIVALENTS

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

	2022 €	2021 €
Cash and bank balances	37,618,490	37,035,333

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. .

#### 13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings €	Fixtures and fittings €	Computer equipment €	Total €
<b>Cost</b>				
At 1 October 2021	3,044,982	808,824	1,142,267	4,996,073
Additions	-	1,799	35,728	37,527
At 30 September 2022	3,044,982	810,623	1,177,995	5,033,600
<b>Depreciation</b>				
At 1 October 2021	608,996	476,952	928,851	2,014,799
Charge for the financial year	60,895	73,492	112,280	246,667
At 30 September 2022	669,891	550,444	1,041,131	2,261,466
<b>Net book value</b>				
At 30 September 2022	2,375,091	260,179	136,864	2,772,134
At 30 September 2021	2,435,986	331,872	213,416	2,981,274

Computer Fixed Assets comprise purchased software and licenses that are an integral part of a related hardware. The Directors obtained an independent market valuation of its offices at Mainguard Street, Oughterard, and Westside Shopping Centre in October 2021, carried out by independent auctioneers and valuers "Power Property". Having considered valuations the Board conclude there is no change in the carrying value of the premises at Balance Sheet date.

## Claddagh Credit Union

### NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30th September 2022

continued

#### 14. LOANS TO MEMBERS - FINANCIAL ASSETS

##### 14.1 LOANS TO MEMBERS

		2022 €	2021 €
As at 1 October 2021		64,919,796	67,813,200
Advanced during the financial year		31,028,435	28,813,752
Repaid during the financial year		(29,868,778)	(31,371,427)
Loans written off		(166,841)	(335,729)
<b>Gross Loans to Members</b>	<b>14.2</b>	<b>65,912,612</b>	<b>64,919,796</b>
<b>Impairment allowances</b>			
The provision for bad debts is analysed as follows;			
Collective provision		(1,557,174)	(1,950,293)
Individual provision		(802,433)	(576,155)
<b>Loan provision</b>	<b>14.3</b>	<b>(2,359,607)</b>	<b>(2,526,448)</b>
As at 30 September 2022	<b>14.2</b>	<b>63,553,005</b>	<b>62,393,348</b>

##### 14.2 CREDIT RISK DISCLOSURES

	2022 €	2022 %	2021 €	2021 %
<b>Gross loans individually impaired</b>				
Not past due	57,216,513	86.81	56,337,874	86.79
Up to 9 weeks past due	7,420,241	11.26	6,986,055	10.76
Between 10 and 18 weeks past due	342,452	0.52	418,559	0.64
Between 19 and 26 weeks past due	107,930	0.16	106,890	0.16
Between 27 and 39 weeks past due	122,101	0.19	217,443	0.33
Between 40 and 52 weeks past due	127,923	0.19	251,278	0.39
53 or more weeks past due	575,452	0.87	601,697	0.93
<b>Total</b>	<b>65,912,612</b>	<b>100.00</b>	<b>64,919,796</b>	<b>100.00</b>
<b>Total gross loans</b>	<b>65,912,612</b>	<b>100.00</b>	<b>64,919,796</b>	<b>100.00</b>
<b>Impairment allowance</b>				
Individually significant loans	(802,433)		(576,155)	
Collectively assessed loans	(1,557,174)		(1,950,293)	
<b>Total carrying value</b>	<b>63,553,005</b>		<b>62,393,348</b>	

##### 14.3 LOAN PROVISION ACCOUNT FOR IMPAIRMENT LOSSES

	2022 €	2021 €
As at 1 October 2021	2,526,448	2,832,177
Allowance for loan losses made during the financial year	(166,841)	(335,829)
Allowances reversed during the financial year	-	30,100
(Decrease) in loan provision during the financial year	(166,841)	(305,729)
As at 30 September 2022	2,359,607	2,526,448

**Claddagh Credit Union**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the financial year ended 30th September 2022

continued

**14.4 NET RECOVERIES OR LOSSES RECOGNISED FOR THE FINANCIAL YEAR**

	2022 €	2021 €
Bad debts recovered	(193,466)	(271,008)
Decrease in provision for doubtful debts	(166,841)	(305,729)
	(360,307)	(576,737)
Loans written off	166,841	335,729
Net (recoveries)/losses on loans to Members recognised for the financial year	(193,466)	(241,008)

**14.5 ANALYSIS OF GROSS LOANS OUTSTANDING**

	2022 Number of Loans	2022 €	2021 Number of Loans	2021 €
Less than one year	2,136	2,853,728	1,829	2,469,678
Greater than 1 year and less than 3 years	3,709	15,354,563	3,792	14,566,446
Greater than 3 years and less than 5 years	2,610	23,312,587	2,679	22,285,183
Greater than 5 years and less than 10 years	1,021	21,539,771	1,116	21,760,748
Greater than 10 years and less than 25 years	64	2,851,963	86	3,837,741
	9,540	65,912,612	9,502	64,919,796

**15. RECEIVABLES, PREPAYMENTS AND ACCRUED INCOME**

	2022 €	2021 €
Prepayments	188,877	370,231
Accrued income	611,306	712,733
	800,183	1,082,964

**16. DEPOSITS AND INVESTMENTS**

	2022 €	2021 €
Deposits with Banks	85,594,052	86,292,155
Debt Securities	17,389,781	12,617,448
Central Bank minimum Reserve	1,927,887	11,029,415
	104,911,720	109,939,018

## Claddagh Credit Union NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30th September 2022

continued

### Deposits and investments - Continued

The table below sets out information about the exposure the Credit Union has to Counterparties for Debt Securities, and Other Investments /Liquid Cash Deposits with Credit Institutions. Amounts held with Financial Institutions are analysed by their Moodys Credit rating at the year end.

	2022 €	2021 €
<b>Deposits and investments</b>		
A	2,000,000	2,000,000
A1	34,692,158	32,900,000
A2	12,468,833	12,319,161
A3	26,000,000	26,000,000
Aa3	11,611,146	9,613,720
Baa1	4,950,261	4,943,752
Baa2	11,261,435	11,132,980
<b>Total deposits and investments</b>	<b>102,983,833</b>	<b>98,909,613</b>

### 17. MEMBERS' SHARES - FINANCIAL LIABILITIES

	2022 €	2021 €
As at 1 October 2021	169,288,085	178,119,532
Received during the financial year	50,390,502	58,374,324
Repaid during the financial year	(53,937,229)	(67,205,771)
As at 30 September 2022	<b>165,741,358</b>	<b>169,288,085</b>

Members Savings (i.e. Shares and Deposits) are distinguished between those which are unconditionally repayable on demand and those which are committed or otherwise pledged to the Credit Union by virtue of loans or guarantees. The Credit Union retains rights to exercise liens over savings where a Member has an outstanding liability to the Credit Union in accordance with Section 20 of the Credit Union Act 1997, as amended.

	2022 €	2021 €
On Demand	155,164,551	157,159,154
Committed	23,433,900	25,181,025
<b>Total</b>	<b>178,598,451</b>	<b>182,340,179</b>

### 18. MEMBERS' DEPOSITS - FINANCIAL LIABILITIES

	2022 €	2021 €
As at 1 October 2021	13,052,094	13,704,229
Received during the financial year	16,369,120	16,600,161
Repaid during the financial year	(16,564,121)	(17,252,296)
As at 30 September 2022	<b>12,857,093</b>	<b>13,052,094</b>

Interest on Deposits is declared annually by the Board, creditors contain interest payable of €0, (2021: €0).



## Claddagh Credit Union NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30th September 2022

### 19. MEMBER PERSONAL CURRENT ACCOUNTS

	No of Accounts	2022 €	2021 €
Debit balances	69	(2,109)	(382)
Credit balances	1,315	2,499,501	969,885
Permitted overdrafts	10	(5,161)	-
As at 30 September 2022		<b>2,492,231</b>	<b>969,503</b>

### 20. OTHER PAYABLES & ACCRUALS

	2022 €	2021 €
PAYE/PRSI	50,270	60,829
Member car draw	3,476	3,618
Accruals	658,508	444,942
Other payables	268,582	331,085
As at 30 September 2022	<b>980,836</b>	<b>840,474</b>

### 21. CREDIT UNION RESERVES

	Regulatory Reserve €	Distribution Reserve €	Operational Risk Reserve €	Other Reserves €	Total €
At 1 October 2021	23,506,427	1,726,991	1,000,000	3,125,510	29,358,928
Allocation in financial year	-	-	-	(1,665,661)	(1,665,661)
Other movement in reserves	-	-	-	(54,781)	(54,781)
As at 30 September 2022	<b>23,506,427</b>	<b>1,726,991</b>	<b>1,000,000</b>	<b>1,405,068</b>	<b>27,638,486</b>

The Regulatory Reserve of the Credit Union as a % of the total assets as at 30th September 2022: 11.21% (30th September 2021: 11.01%) which is in excess of the Credit Unions Regulatory Reserve requirement of 10%.

The Operational Risk Reserve of the Credit Union as a % of the total assets as at 30th September 2022 was .48% (30th September 2021: .47%)

## Claddagh Credit Union

### NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30th September 2022

#### Operational Risk Reserve

The Board determines from ongoing Risk Assessments the amount held as an Operational Risk Reserve, based on the likely cost of risk events. This must be expressed as a percentage of Assets. The Credit Union must also hold funds in Operational Risk for the purposes of its Member Personal Current Account Services (MPCAS). This amount shall be determined from time based on the present value of obligations to the Members based on percentages as advised by the Central Bank of Ireland. The current MPCAS risk reserve amount is €250,000.

#### Other Reserves

Other Reserves are comprised of the Credit Unions' general reserve, undistributed accumulated surpluses and the community reserve.

Community Reserves are set aside in accordance with the provisions of S44 of the Credit Union Act 1997, as amended, funds are utilised for social, cultural and charitable purposes, allocations are approved at Annual General Meetings.

Unrealised income reserve represents income earned, but which will not be received for greater than twelve months after the balance sheet date.

## 22. FINANCIAL INSTRUMENTS

The Credit Union is a retailer of Financial Instruments in the form of Personal loans and Savings products, and also uses Financial Instruments to invest in Liquid Assets and manage its Surplus Funds. The Credit Union does not raise funds from wholesale money markets in support of its retail operations. The Credit Union has a formal structure for managing risk, including formal risk policies, risk limits, reporting structures, mandates and other control procedures. This structure is reviewed regularly by the Board. The Credit Union does not use any Derivative Financial Instruments, nor enter into any Financial Instruments for trading or speculative purposes. The Credit Unions Assets and Liabilities are measured on an ongoing basis at amortised cost.

The main financial risks arising from the Credit Unions activities are credit risk, liquidity risk and interest rate risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

#### Credit Risk:

The Credit Unions Credit Risk arises from its portfolio of Loans to Members and from potential losses on Investments with other Financial Institutions that could result from the failure of Treasury Counterparties to observe the terms of the contract entered into. The Credit Union has no risk appetite for material credit losses, this is controlled through observations of Legislation and Regulations, the appointment of Committees, Credit quality rules, Underwriting standards and Counterparty limits. All loan applications are assessed with reference to the Credit Unions Lending Policy. Changes to policy are approved by the Board and the approval of loan applications is mandated. Appropriate credit limits have been established by the Board for individual exposures and together with Central Bank Guidelines on credit exposures. Policies are continually monitored by the Board, Board Oversight Committee and Internal Audit. Credit Risk in respect of Treasury Counterparties is assessed using a number of methodologies to include rating agencies and Central Bank Regulations. For Treasury Related Counterparties, the Credit Union is limited to a maximum 20% exposure to any one Counterparty of Investments made.

## Claddagh Credit Union

### NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30th September 2022

#### Liquidity Risk:

Liquidity Risk is the risk that the Credit Union will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering Cash or another Financial Asset. The Credit Union monitors liquidity requirements on a daily basis in line with specific policies in this area, approved by the Board and in line with Central Bank Requirements. The Liquidity Risk appetite is supported by qualitative and quantitative measures that are monitored by the Board on a monthly basis. The Credit Unions policy is to maintain sufficient funds in a liquid form at all times, to ensure that the Credit Union can cover all fluctuations in funding, retain public confidence in the solvency of the Credit Union and to enable the Credit Union to meet its financial obligations and regulatory ratios. In practice, the contractual maturities are not always reflected in actual experience. For example, Loans to Members may be repaid ahead of contractual maturity or fall into arrears beyond that date. Members Savings accounts which are typically on demand can also be repaid later than on the earliest date on which repayment can be requested.

#### Market Risk:

Market Risk is the risk that the Fair Value of future cash flows of a Financial Instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency risk, interest rate risk and other price risk. Of these, only interest rate risk is significant for the Credit Union. The Credit Union is not directly exposed to currency risk as it deals only with products in Euro, and its products are only interest orientated so are not exposed to other pricing risks. The Credit Union is exposed to movements in interest rates reflecting the mismatch between the dates on which interest receivable on Assets and interest payable on Liabilities are next reset to market rates or if earlier, the dates on which the instruments mature. The Credit Union manages this exposure on a regular basis, within the limits set by the Board, however, as the Credit Union only declares its Dividends at the Year End based on such market rates, the Board considers its sensitivity to such rates as marginal.

#### Interest Rate Risk:

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

## 22.1 INTEREST RATE RISK DISCLOSURE

	2022	Average	2021	Average
	€	Interest Rate	€	Interest Rate
		%		%
<b>Financial Assets</b>				
Gross Loans to Members	65,912,612	7.44	64,919,796	7.44
<b>Financial Liabilities</b>				
Members' Shares	165,741,358	-	169,288,085	-
Members' Deposits	12,857,093	-	13,052,094	-
	178,598,451	-	182,340,179	-

## 22.2 LIQUIDITY RISK DISCLOSURE

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

## Claddagh Credit Union

### NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30th September 2022

#### 23. PENSION SCHEME

Claddagh 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, Claddagh 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 individual Credit Union based on the total benefits earned by staff in each Credit Union.

Claddagh Credit Union Limited's allocation of that past service deficit is €3,530,080. This total cost is included in the Income & Expenditure account for the year ended 30 September 2022. The deficit amount was paid to the trustees of the scheme during the year.

As this is a pooled pension scheme, Claddagh 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. Claddagh 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 without increasing the risk for remaining Credit Unions.

The Scheme is a multi-employer scheme and there is pooling of the assets, and the sharing of risks associated with the liabilities for all participating employers. Judgement is required to assess whether Claddagh Credit Union Limited has sufficient information to provide an appropriate allocation of pension assets and liabilities. An assessment has been performed of the information available and Claddagh Credit Union Limited has determined that there is currently insufficient information available. Consequently, Claddagh Credit Union Limited continues to account for the plan as a defined contribution plan.

An actuarial review of the Scheme is normally carried out every three years by the Scheme's independent, professionally qualified actuary. The actuarial review considers the past and future service liabilities of the Scheme. The last completed triennial actuarial review was carried out with an effective date of 29 February 2020, using the Attained Age valuation method.

There was a review of the Scheme in conjunction with advisors independent of the trustees.

The conclusion of this review was that the Scheme should close to future accrual and this occurred with effect from 31 March 2022 with an associated Funding Plan. The assets and liabilities of the Scheme and the key assumptions are included in the table below at the respective dates of the Funding Plan and the last triennial valuation date in the table below:

	31 March 2022	29 February 2020
Assets	€283.4M	€250.0M
Liabilities	€377.1M	€291.8M
<b>Deficit</b>	<b>€93.7M</b>	<b>€41.8M</b>
	<b>31 March 2022</b>	<b>29 February 2020</b>
Investment Return in the period	3.35%	3.50%
Investment return while in receipt of pension	0.25%	0.40%
Annual indexation of accrued pensions up to retirement	2.05%	1.25%
Annual increases to pensions in payment	3% / 0%	3% / 0%
Life expectancy:		
- 65 year old male lives to	87	86
- 65 year old female lives to	89	88
Amount of pension exchanged for tax-free cash at retirement	0%	25%

## Claddagh Credit Union

### NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30th September 2022

#### 24. RELATED PARTY TRANSACTION

The Credit Union is prohibited from making a loan to a related party which would provide that party with more favourable terms than a loan by the Credit Union to non-related parties (including, without limitation, terms as to credit assessment, duration, interest rates, amortisation schedules, collateral requirements).

Officers of the Credit Union under arm's length transactions and in the normal course of business in their capacity as Members of the Credit Union, had the following balances at the year end.

##### Transactions with Related Parties

S.I. No. 1 of 2016, PART 8, requires the disclosure of the total amount of Loans outstanding to Related Parties and the Loans to such persons as a percentage of the Total Loans Outstanding.

According to the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016 Related Parties are (a) a Member of the Board of Directors or the Management Team of a Credit Union; (b) a Member of the family of a Member of the Board of Directors or the Management Team of a Credit Union; or (c) a Business in which a Member of the Board of Directors or the Management Team of a Credit Union has a significant shareholding (10%).

A family Member means in relation to any person, that person's father, mother, spouse or civil partner, cohabitant, son, daughter, brother, or sister.

	Number	2022 €
Share Accounts	63	287,536
Loan Accounts	14	197,094
Current Accounts		51,749
Deposit Accounts		41,571

Loans outstanding as a percentage of total loans at the balance sheet date amounted to 0.29%. Board and Committee Members recouped expenditure in respect of out of pocket travel expenses incurred of €2,046.

#### 25. INSURANCE AGAINST FRAUD

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

#### 26. CAPITAL COMMITMENTS

The Credit Union had no material capital commitments at the financial year ended 30 September 2022.

#### 27. POST-BALANCE SHEET EVENTS

There have been no significant events affecting the Credit Union since the financial year-end.

**Claddagh Credit Union**

continued

**NOTES TO THE FINANCIAL STATEMENTS**

for the financial year ended 30th September 2022

**28. COMMUNITY LOAN - FIONTARLANN TEORANTA**

Claddagh Credit Union has the authority to appoint the majority of the Board of Directors to the Company. In 2000/2001, the Credit Union advanced at arm's length a loan to the sum of €949,898 at an interest rate of 2% per annum on a reducing balance basis. The transactions between the Company and the Credit Union for the year are as follows:

	2022 €	2021 €
At 1 October 2021	77,147	105,955
Interest Charge	1,325	192
Repaid in year	(24,000)	(29,000)
As at 30 September 2022	<u>54,472</u>	<u>77,147</u>

**29. COMPARE INFORMATION**

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

**30. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved, and authorised for issue, by the Board of Directors on 25th October 2022.

## Claddagh Credit Union SCHEDULES TO REVENUE ACCOUNT

for the financial year ended 30th September 2022

### Schedule 1 - Interest on Loans

	2022 €	2021 €
<b>Interest on Loans</b>		
Interest on Members' Loans	4,723,460	4,775,470
Interest on Members' Loans receivable	143,869	167,463
	<u>4,867,329</u>	<u>4,942,933</u>

### Schedule 2 - Investment Income

	2022 €	2021 €
<b>Investment Income</b>		
Investment income received	515,366	494,179
Investment income receivable within 12 months	468,176	545,270
	<u>983,542</u>	<u>1,039,449</u>

### Schedule 3 - Other Revenue

	2022 €	2021 €
<b>Other Revenue</b>		
Cash over	4,132	2,286
Fees and commissions receivable	57,874	9,742
E.C.C.U. claims experience refund fees	91,482	117,975
	<u>153,488</u>	<u>130,003</u>

### Schedule 4 - Regulatory Costs and Interest Charges

	2022 €	2021 €
Banking fees and charges	256,249	273,977
Regulatory fees and levies	430,676	325,020
ILCU, CUDA and other affiliation costs	93,681	81,932
Current account costs	93,092	63,452
Other commissions and subscriptions	73,148	81,103
	<u>946,846</u>	<u>825,484</u>

# Claddagh Credit Union

## SCHEDULES TO REVENUE ACCOUNT

for the financial year ended 30th September 2022

### Schedule 5 - Other Management Expenses

	2022 €	2021 €
<b>Other Management Expenses</b>		
Training costs	11,172	15,301
Service charges	27,645	24,489
Rent and rates payable	25,122	5,513
General insurance	78,830	81,473
Share and loan insurance	444,339	665,702
Security expenses	43,795	46,279
Light, heat and cleaning	85,423	80,780
Repairs and renewals	16,947	15,230
Equipment maintenance	161,586	143,723
Computer equipment and licences	345,498	315,269
Printing and stationery	5,260	13,110
Promotion and advertising	143,136	168,622
Telephone and postage	80,978	76,111
AGM expenses	82,546	36,978
Chapter and convention expenses	13,970	10,935
Travelling and subsistence	8,961	6,653
Legal and professional fees	126,895	182,281
Audit fees	33,825	36,225
Miscellaneous expenses	43,225	26,961
Cash short	4,495	2,219
Donations and Sponsorship	1,326	1,229
	<b>1,784,974</b>	<b>1,955,083</b>



LOANS



**CLADDAGH  
CREDIT UNION**

Your Loyal Financial Partner



# Electric car loan.

Borrow

**€40,000**

Weekly Repayment

**€97.71**

New Loan Rate

**5.11% APR\***

Amount borrowed: €40,000

Variable Rate: 5%

Representative Rate: 5.11% APR\*

Repayment Period: 10 years

Repayment Amount: €97.71 Weekly

No. of Repayments: 520

Total Interest: €10,808.69

Total Repayment: €50,808.69

\*APR = Annual Percentage Rate

Minimum borrowing €20,000. Available for plug-in hybrid electric vehicles (PHEVs) & electric vehicles (EV) only.

WARNING: IF YOU DO NOT MEET THE REPAYMENTS ON YOUR LOAN, YOUR ACCOUNT WILL GO INTO ARREARS. THIS MAY AFFECT YOUR CREDIT RATING, WHICH MAY LIMIT YOUR ABILITY TO ACCESS CREDIT IN THE FUTURE.

Terms & Conditions apply. Conditions apply to term of loan. Loans subject to approval. Other loan amounts available.

8/9 Mainguard Street  
Galway City Centre  
091 537200

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Galway  
091 537260

Bridge Street  
Oughterard, Co. Galway  
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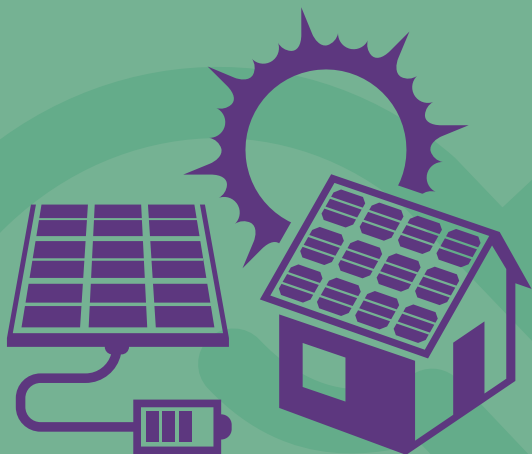
Claddagh Credit Union is regulated by the Central Bank of Ireland.

## LOANS



# CLADDAGH CREDIT UNION

Your Loyal Financial Partner



# Solar Panel loan.

Borrow

**€8,000**

Weekly Repayment

**€34.78**

New Loan Rate

**5.11% APR\***

Amount borrowed: €8,000

Repayment amount: €34.78

Variable Rate: 5%

No of Repayments: 260

Representative Rate: 5.11% APR\*

Total Interest: €1,041.65

Repayment Period: 5 years

Total Repayment: €9,041.65

\*APR= Annual Percentage Rate

**WARNING: IF YOU DO NOT MEET THE REPAYMENTS ON YOUR LOAN, YOUR ACCOUNT WILL GO INTO ARREARS. THIS MAY AFFECT YOUR CREDIT RATING, WHICH MAY LIMIT YOUR ABILITY TO ACCESS CREDIT IN THE FUTURE.**

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This is the area we serve. If you live, work  
or complete your education here, we are,

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