





# Agenda

1. The acceptance by the Board of the Directors of the authorised representatives of members that are not natural persons.
2. Ascertainment of Quorum
3. Adoption of Standing Orders
4. Minutes of A.G.M
5. Report of Board of Directors
6. Financial Report
7. Report of the Auditor
8. Report of Board Oversight Committee
9. Report of Dividend
10. Report of Credit Committee
11. Report of Credit Control
12. Report of the Membership Committee
13. Report Nominations Committee
14. Appointment of Tellers
15. Election of Auditor
16. Election of Board Oversight Committee
17. Election of Directors
18. Amendment of Rules
19. Other Business
20. Election Results
21. Close of Meeting

## BALLYSHANNON & KILLYBEGS CREDIT UNION LIMITED NOTICE OF VIRTUAL ANNUAL GENERAL MEETING

In these unprecedented times, Ballyshannon & Killybegs Credit Union have done all that they can to continue to deliver vital services to our members, whilst keeping members, staff and volunteers safe. The Board of Directors hope all members and your families are keeping well and safe.

We want our members to continue to have the opportunity to vote on key decisions about the running of the credit union, including election of officers.

**The 2021 Annual General Meeting of the members of Ballyshannon & Killybegs Credit Union Limited will take place via Microsoft Teams Live Event on 25<sup>th</sup> January 2022 at 7 p.m.** Members wishing to attend the Virtual AGM need to register on <https://www.bkcreditunion.ie/AGM-Registration> providing the following information: **Member Number, E-mail address and Date of Birth.**

The request for attendance must be received by close of business on **20<sup>th</sup> January 2022.** Following the request for invitation, the member will receive an invitation and instructions on how to attend the event by email to join the meeting on 25<sup>th</sup> January 2022 at 7 p.m.

We are proposing that resolutions which would normally be voted by members at the AGM will be conducted by an electronic vote. Please note that unfortunately you will not be able to vote by any other means other than by electronic voting.

**The following information is pertinent to this notice.**

- Ballyshannon & Killybegs Credit Union will be using Microsoft Teams Live Event as the electronic platform for the meeting.
- The Credit Union will be verifying members details prior to issuing invitations.
- All non-presenting participants will be muted and have their cameras switched off to allow the smooth running of the meeting. However, you can type a question to the host by clicking on the “chat” button, instructions will be forwarded prior to the event. There will be a dedicated question and answer session at the end of the meeting to respond to the questions raised.
- A vote on elections for the position of Auditor, Board Oversight Committee and Board of Directors will take place. Voting will be conducted by way of online Poll and member will be asked to vote Yes/ No electronically for each candidate when instructed by the Chairperson. The votes will be tallied electronically, verified by the External Auditor, recorded by the meeting Secretary and declared before the close of the meeting.



# Vacancies

We have the below vacancies available on the board, please contact your local branch or email letter of interest to [nominations@bkcreditunion.ie](mailto:nominations@bkcreditunion.ie)

4 DIRECTORS

3 BOARD OVERSIGHT COMMITTEE

## YOUR BOARD ARE SEEKING VOLUNTEERS



Become a member of your board & enhance your personal development through targeted training programmes

For more go to [bkcreditunion.ie/volunteering](http://bkcreditunion.ie/volunteering) or get in touch by email [nominations@bkcreditunion.ie](mailto:nominations@bkcreditunion.ie)

## Directors' Report

for the year ended 30<sup>th</sup> September 2021

The directors present their report and the audited financial statements for the financial year ended 30<sup>th</sup> September 2021.

### Principal Risks and Uncertainties

The principal areas currently requiring risk management include:

#### Credit risk:

The risk of financial loss arising from a borrower, issuer, guarantor or counter party, which may fail to meet its obligations in accordance with agreed terms.

#### Liquidity risk:

The risk that a credit union will not be able to fund its current and future expected and unexpected cash outflows as they fall due, without incurring significant losses.

#### Capital risk:

The risk of a change in the quality or quantity of capital available, the credit union's exposure to external shocks and noticeable changes in the level of capital planning and in the capital management process.

#### Operational risk:

The risk of loss (financial or otherwise) resulting from inadequate or failed internal processes or systems of the credit union, any failure by persons connected with the credit union, legal risk or external events.

#### Interest rate risk:

The risk arising from differences between the interest rate exposures on loans and investments receivable, as offset by the cost of capital, which is typically that of distributions to members, payable in the form of dividends and interest rebates.

#### Strategy/business model risk:

The risk which the credit union faces if they cannot compete effectively or operate a viable business model and the inherent risk in the credit union's strategy.



## Business Review

Ballyshannon & Killybegs Credit Union Ltd is pleased to report 2021 year-end performance has been favourable, despite the challenges posed by the COVID-19 pandemic. The credit union has developed strongly since the merger in June 2016, with the combined loan book increased by 72.4% in 5.4 years. Your credit union has provided 2528 loans to the local community with a value of €12.3 million over the past year.

Daniel Monaghan Chairperson from Ballyshannon & Killybegs Credit Union said “ The Board and staff of the credit union will continue to work hard for our members, meeting the challenge of Covid-19 which is impacting on the traditional business model. As an essential service your credit union has managed to keep all branch offices open and continued to serve members adhering to the pandemic guidelines. We also continue to provide online services and products, payment by Debit Card via our website, Docu-Sign loans, for members not able to access our offices. It would not be possible to provide this service without the voluntary input of our Directors, Board Oversight Committee and other volunteers and the dedicated staff and management team.”

As per Central Bank guidelines specifically in relation to the risks of the pandemic and Brexit, Ballyshannon & Killybegs Credit Union will not be proposing to pay a dividend or loan interest rebate to its members this year, but we have continued to provide a social dividend to members by way of loan protection insurance, life savings insurance and death benefit insurance with no cost to members. We have also extended our reduced lending loan rates Renovate loan 7% and Special Car loan 6% and introduced an Agri loan 6.75% instead of a rebate. In the coming year it is intended to introduce an online module where new members can join our credit union without having to be present in one of our branches. We are at the initial stage of a feasibility business case for providing a current account and debit card service to our members. We will continue to maintain the statutory reserve level over 10% of total assets despite increased savings driving up those total assets. To maintain this level, we continue to monitor saving limits to an individual member which is currently at €30,000 per member.

On 17 September 2018, the Registry of Credit Unions informed credit unions in the Republic of Ireland that it had become aware of a potential matter that may impact certain credit unions in respect of accrued interest outstanding on loans where additional credit is extended to a member by way of a top-up-loan.

In the intervening period, legal advice has been sought and communicated between the Registry of Credit Unions and credit union representative bodies with the goal of reaching a consensus on the required treatment steps. In October 2021, Ballyshannon & Killybegs Credit Union Limited completed an assessment of a sample of historical loan credit agreements and found no errors on the interest charge, therefore the directors are happy that the contingent liability no longer exists.

Your Credit Union Board want to take this opportunity to thank all our members for their loyalty and support throughout the year. We wish you all a safe and healthy 2022.



## Post Balance Sheet Events

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

## Auditors

The auditors, McDevitt & McGlynn, have indicated their willingness to continue in office in accordance with Section 115 of the Credit Union Acts 1997 to 2018.

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

Member of Board of Directors **Daniel Monaghan**

Date 2 December 2021

# 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.

In so far as the directors are aware:

- there is no relevant audit information (information needed by the Credit Union’s auditor in connection with preparing the auditor’s report) of which the Credit Union’s 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 Union’s auditor is aware of that information.

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

Member of Board of Directors **Daniel Monaghan**

Date 2 December 2021



# 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 on behalf of the Board Oversight Committee

Member of Board Oversight Committee **Grainne Reilly**

Member of Board Oversight Committee **Shane O'Donnell**

Date: 2 December 2021

## Independent Auditors' Report

to The Members of Ballyshannon & Killybegs Credit Union Ltd.

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

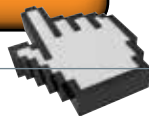
#### Opinion

We have audited the financial statements of Ballyshannon Killybegs Credit Union Limited for the financial year ended 30 September 2021 which comprise the Income & Expenditure Account, the Balance Sheet, the Statement of Changes in Reserves, 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 30 September 2021 and of its surplus 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.

Visit us at: [www.bkcreditunion.ie](http://www.bkcreditunion.ie)





## **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.

## **Conclusions 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 Union's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Other Information**

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.

## **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 and the financial statements are in agreement with the accounting records.



## RESPECTIVE RESPONSIBILITIES

### Responsibilities of directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities as set out on page 5, 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 Union's 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 Union's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Credit Union and the Credit Union's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### Paul McDevitt FCCA for and on behalf of MCDEVITT & MCGLYNN

Chartered Certified Accountants and Statutory Auditors  
Ardmore House Main Street Ballyshannon Co. Donegal Ireland

2 December 2021

*"We look at things differently"*





# Marketing & Business Development Report

## BRANCH NEWS

We have been delighted to maintain service throughout 2021 and to ensure safe working environment all branch offices are fitted with safety screens, sanitising stations and signage. It was necessary to establish staff bubbles during this year and we were delighted to maintain service in Pettigo, Ballyshannon & Killybegs. We reopened Glenties on Fridays and Ardara over 4 days Monday, Tuesday, Thursday and Friday.

### Improved Online Services

DocuSign enables a digital signature facility for online members enabling you to apply and sign for loans online.

The BK Credit Union Mobile App is available for iPhone and Android devices, with new added functions coming in 2022. You can change your PIN to 6 digits you remember and if you lost a pin we can quickly verify your request and send new PIN via SMS. If you need to update your PIN or register please go to [www.bkcreditunion.ie/Register](http://www.bkcreditunion.ie/Register) and a member of staff will contact you to verify your request and issue temporary Pin via SMS.

### Promotional Loans

**Agri Loan 6.75% (6.98%apr)**, our newest promotional loan where members can borrow up to €25,000 over 5 years 6.75% (6.98%apr) with flexible repayment terms to suit the farming and agriculture member. See [www.bkcreditunion.ie/Agri](http://www.bkcreditunion.ie/Agri)

**Special Car Loan 6% (6.17%apr)** has been very successful offering members a competitive lending rate to PCP and Hire Purchase options. Members own their car from the start with a credit union loan.

**Renovate 7% (7.25%apr)** for members who wish to improve their home whether its adding an extension, landscaping or retrofitting to upgrade their energy efficiency we are providing low interest for loans from €20,000 to €40,000 and repayments can be spread out over 10 years, keeping your cost down and repayments low.

**Home Loan:** We continue to provide property loans for our members and at 30th September 2021 we have €1.7 million on 48 properties. Our lending manager would be happy to assist you with your application. Please forward your queries to [lending@bkcreditunion.ie](mailto:lending@bkcreditunion.ie) or call for a discussion on 074 955 4455. Our mission is to offer affordable finance to help our community grow and prosper. All loans are subject to lending terms and conditions.

Ballyshannon & Killybegs Credit Union Ltd is regulated by the Central Bank of Ireland. Loans are subject to approval. Terms & Conditions apply. 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.



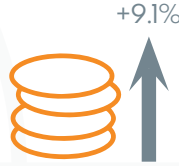
# A YEAR OF GROWTH

## BKCU

+9.32%



23.8 MILLION  
LOAN BOOKS



66.6 MILLION  
ASSETS



4.8 MILLION  
INCREASE IN  
SAVINGS



4596 ACTIVE  
ONLINE  
MEMBERS

NEW  
MEMBERS  
420

TOTAL  
MEMBERSHIP  
14,713

*“It’s All About the Member  
and It Always Will Be”*

ONLINE TRANSACTIONS, PAY A BILL,  
LIVE BALANCES AND MORE

Register for Online Access  
and download Mobile App at  
[bkcreditunion.ie/Register](http://bkcreditunion.ie/Register)





# Statement of Changes in Reserves

for the year ended 30<sup>th</sup> September 2021

	Operational Reserve €	Regulatory Risk Reserve €	Distribution Reserve €	Surplus Reserve €	Total €
At 1 October 2019	330,000	6,013,811	-	2,250,598	8,594,409
Dividends paid	-	-	(57,968)	-	(57,968)
Loan interest rebate	-	-	(177,354)	-	(177,354)
Surplus allocation	-	550,000	235,322	-	785,322
Other movement in reserves	-	-	-	(82,758)	(82,758)
<b>At 30 September 2020</b>	<b>330,000</b>	<b>6,563,811</b>	<b>-</b>	<b>2,167,840</b>	<b>9,061,651</b>
At 1 October 2020	330,000	6,563,811	-	2,167,840	9,061,651
Surplus allocation	-	610,000	-	-	610,000
Other movement in reserves	97,340	-	-	158,810	256,150
<b>At 30 September 2021</b>	<b>427,340</b>	<b>7,173,811</b>	<b>-</b>	<b>2,326,650</b>	<b>9,927,801</b>

The Regulatory Reserve of the Credit Union as a % of the total assets as at 30th September 2021 was 10.75% which is in excess of the Credit Union's Regulatory Reserve requirement of 10%.

In accordance with section 45 of the Credit Union Act 1997 (as amended) Ballyshannon Killybegs Credit Union Limited put in place an Operational Risk Reserve. The Board approved a transfer of €97,340 to the Operational Risk Reserve. The closing balance on the operational risk reserve is €427,340. This equates to 0.006% of total assets.

Following the commencement of Section 13 of the 2012 Act, the requirement for Credit Unions to transfer 10% of their annual surplus to their Statutory Reserve (now known as the Regulatory Reserve) each financial year has been removed. Notwithstanding this the Board of Ballyshannon Killybegs Credit Union Limited has transferred €450,000 of its current financial year surplus to its regulatory reserve.

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

Manager **John Duffy**

Member of Board Oversight Committee **Grainne Reilly**

Member of Board of Directors **Daniel Monaghan**

Date 2 December 2021



# Statement of Cash Flows

for the year ended 30<sup>th</sup> September 2021

	2021	2020
	€	€
<b>Opening cash and cash equivalents</b>	<b>2,631,765</b>	979,424
<b>Cash flows from operating activities</b>		
Loans repaid	<b>10,810,014</b>	9,515,465
Loans granted	<b>(12,389,956)</b>	(9,996,990)
Loan interest income	<b>1,862,320</b>	1,834,615
Investment income	<b>335,821</b>	299,259
Other income received	<b>71,688</b>	2,990
Bad debts recovered	<b>27,433</b>	18,368
Dividends paid	-	(57,968)
Loan interest rebate	-	(177,354)
Operating expenses	<b>(1,253,629)</b>	(1,262,845)
Movement in other assets	<b>(7,653)</b>	15,330
Movement in other liabilities	<b>(24,142)</b>	(4,214)
Net cash used in operating activities	<b>(568,104)</b>	186,656
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	-	(6,150)
Purchase of property, plant and equipment	<b>(4,646)</b>	(367,819)
Receipts from disposal of property, plant and equipment	-	83,662
Net cash flow from other investing activities	<b>(1,777,055)</b>	(2,330,836)
Net cash (used in)/generated from investing activities	<b>(1,781,701)</b>	(2,621,143)
<b>Cash flows from financing activities</b>		
Members' shares received	<b>15,992,800</b>	15,178,739
Members' deposits received	<b>4,418,586</b>	2,400,339
Members' shares withdrawn	<b>(11,557,081)</b>	(13,492,250)
Members' deposits withdrawn	<b>(4,023,932)</b>	-
Net cash generated from financing activities	<b>4,830,373</b>	4,086,828
<b>Net increase in cash and cash equivalents</b>	<b>2,480,568</b>	1,652,341
<b>Cash and cash equivalents at end of financial year 11</b>	<b>5,112,332</b>	2,631,765



# Schedules to the Income & Expenditure Account

for the year ended 30<sup>th</sup> September 2021

<b>Schedule 1 - Other Management Expenses</b>	<b>2021</b>	2020
	€	€
<b>Other Management Expenses</b>		
Training and staff expenses	15,993	15,781
Rent and rates payable	19,401	32,745
General insurance	27,460	22,630
Share and loan insurance	233,995	236,819
Security and cash transit	-	886
Light and heat	14,177	13,508
Cleaning and hygiene	7,798	5,805
Repairs and renewals	14,674	14,683
Computer and equipment maintenance	69,964	68,587
Printing and stationery	11,930	14,898
Promotion and education	10,945	11,646
Telephone and postage	16,488	16,123
AGM expenses	13,358	15,326
Chapter expenses	-	350
Travelling and subsistence	3,092	3,171
Legal and debt recovery fees	10,370	9,774
Professional and internal audit fees	20,782	29,008
Audit fees	19,480	18,143
Central Bank Fees	69,039	71,960
Credit agency fees	8,602	8,487
Investment commission and negative interest	4,577	19,206
Bank interest and charges	40,061	45,688
Miscellaneous expenses	5,805	5,451
Cash short	1,430	1,063
Subscriptions and donations	2,787	4,209
Affiliation fees	16,660	19,501
Loss on disposal of tangibles	-	60,338
	<b>658,868</b>	<b>765,786</b>



# Income & Expenditure Account

for the year ended 30<sup>th</sup> September 2021

	Schedule	2021 €	2020 €
<b>Income</b>			
Interest on members' loans	5	1,854,643	1,841,865
Other interest income and similar income	6	335,821	299,259
<b>Net interest income</b>		<b>2,190,464</b>	2,141,124
Other income	8	71,688	2,990
<b>Total income</b>		<b>2,262,152</b>	2,144,114
<b>Expenditure</b>			
Employment costs	9	594,761	557,397
Other management expenses (Schedule 1)		658,868	765,786
Depreciation		41,918	48,063
Impairment of fixed assets/investments		(5,505)	-
Net (recoveries) or losses on loans to members	14. 3	105,960	170,304
<b>Total expenditure</b>		<b>1,396,002</b>	1,541,550
<b>Surplus of income over expenditure</b>		<b>866,150</b>	602,564
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>866,150</b>	602,564

The financial statements were approved and authorised for issue by the Board of Directors on 2 December 2021 and signed on its behalf by;

Manager **John Duffy**

Member of Board Oversight Committee **Grainne Reilly**

Member of Board of Directors **Daniel Monaghan**

Date 2 December 2021

The notes start on page 16.



# Balance Sheet

for the year ended 30<sup>th</sup> September 2021

	Notes	2021		2020	
		€	€	€	€
<b>Assets</b>					
Cash and cash equivalents	11		5,112,332		2,631,765
Intangible assets	12		2,050		7,072
Property, plant and equipment	13		1,151,954		1,184,204
Loans to members	14		23,810,361		22,311,631
Provision for bad debts	14		(1,392,362)		(1,340,183)
Prepayments and other debtors	15		38,503		47,362
Accrued income	15		242,187		233,352
Deposits and investments	16		37,743,156		35,960,597
<b>Total Assets</b>			<b>66,708,181</b>		<b>61,035,800</b>
<b>Liabilities</b>					
Members' shares	17		53,880,899		49,445,180
Members' deposits	18		2,794,993		2,400,339
Trade creditors and accruals	19		104,488		128,630
			<b>56,780,380</b>		<b>51,974,149</b>
<b>Members' Resources</b>					
Operational Reserve		427,340		330,000	
Regulatory Risk Reserve		7,173,811		6,563,811	
		7,601,151		6,893,811	
Surplus Reserve		2,326,650		2,167,840	
			9,927,801		9,061,651
<b>Total Liabilities</b>			<b>66,708,181</b>		<b>61,035,800</b>

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

Manager **John Duffy**

Member of Board Oversight Committee **Grainne Reilly**

Member of Board of Directors **Daniel Monaghan**

Date 2 December 2021



# Notes to the Financial Statements

for the year ended 30<sup>th</sup> September 2021

## 1. LEGAL AND REGULATORY FRAMEWORK

Ballyshannon Killybegs Credit Union Limited is registered with the Registry of Credit Unions and is regulated by the Central Bank of Ireland. The registered office of the Credit Union is located at Main Street, Killybegs, Co Donegal.

## 2. ACCOUNTING POLICIES

The following principal accounting policies have been applied;

### Statement of compliance and basis of preparation

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

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

### Income 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

Interest on Members' Loans is recognised on an accruals basis over time irrespective of when the interest is physically received by the credit union. An adjustment is made to the year end amount receivable for any irrecoverable amounts or amounts written off for whatever reason. This is the method required by Generally Accepted Accounting Practice (GAAP) and as prescribed by Section 110(f) of the Credit Union Act, 1997 as inserted by item 98 of Schedule 1 of the Credit Union and Co-Operation with Overseas Regulators Act 2012.

#### (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.





### **(iii) Other income**

Other income such as commissions' receivable on insurance products arises in connection to specific transactions. Income relating to individual transactions is recognised when the transaction is complete.

### **Dividend and loan interest rebate**

The dividend & loan interest payable is at the discretion of the Directors and is therefore not a financial liability of the Credit Union until declared and approved at the AGM.

## **INVESTMENTS**

### **Fixed-term deposit accounts**

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.

### **UCITS**

Undertakings for the Collective Investment in Transferable Securities are recognised at Fair Value in the financial statements.

### **Government & Bank Bonds**

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. 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.

### **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 un-collectability.



### **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 yearend 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.

### **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 freehold	2% Straight line
Fixtures, fittings and equipment	20% Straight line
Computer equipment	33% Straight line

We changed the depreciation rate from reducing balance to straight line to reflect more closely the useful life of the asset.

### **Impairment of tangible fixed assets**

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:

### **Cash and cash equivalents**

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

### **Basic financial assets**

#### **Loans to members**

Loans are financial assets with fixed or determinable payments. Loans are recognised when cash is advanced to members and measured at amortised cost. Loans are derecognised when the right to receive cash flows from the asset have expired, usually when all amounts outstanding have been repaid by the member.



## **Bad debt provision**

Allowances for impaired loans represent reserves and/or provisions made during the financial year less amounts utilised or realised charged against the surplus for the financial year. Amounts are created after a detailed review of individual loans and groups of loans. Allowances are established by reviewing the credit worthiness of individual borrowers and the value of collateral underlying the loan. General allowances are measured based on Resolution 49 of the Irish League of Credit Unions. Bad debts in the Credit Union are recognised when there is a reasonable doubt that the full amount of principal 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 Ballyshannon Killybegs Credit Union Limited 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.

### **Pensions**

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

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

Consequently, it accounts for the Scheme as a defined contribution plan, in accordance with FRS 102.

## **RESERVES**

### **Regulatory reserve**

The Credit Union Act, 1997 (Regulatory Requirements) Regulations 2016 requires Credit Unions to establish and maintain a minimum Regulatory Reserve requirement of at least 10 per cent of the assets of the credit union. This Reserve is to be perpetual in nature, freely available to absorb losses, realised financial reserves that are unrestricted and nondistributable.



### **Operational risk reserve**

Section 45(5)(a) of the Credit Union Act, 1997 (as amended) requires each credit union to maintain an additional reserve that it has assessed is required for operational risk having regard to the nature, scale and complexity of the credit union. Credit Unions are required to maintain a minimum operational risk reserve having due regard for the sophistication of the business model. The definition of operational risk is the risk of losses stemming from inadequate or failed internal processes, people and systems or from external events.

### **Other reserves**

Retained earnings are accumulated surpluses to date that have not been declared as dividends returnable to members. The retained earnings 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”.

### **Employee Benefits**

Defined benefit plans: The amounts charged as expenditure for the defined benefit plan are the contributions payable by the Credit Union for the relevant period. Other employee benefits: Other short and long term employee benefits, including holiday pay, are recognised as an expense over the period they are earned.

Defined Contribution plans: The amounts charged as expenditure for the defined contribution plan are the contributions payable by the Credit Union for the relevant period.

### **Other Payables**

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

### **Intangible assets**

Intangible assets are valued at cost less accumulated amortisation.

Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life of 3 years.

## **3. CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATES**

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Directors to exercise judgement in applying Ballyshannon & Killybegs



Credit Union’s accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below:

### **Bad Debts/Impairment losses of loans to members**

Ballyshannon & Killybegs Credit Union Limited’s accounting policy for impairment of loans is set out in the accounting policy. The estimation of loan losses is inherently uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local and international economic climates, conditions in various sectors of the economy to which the credit union is exposed, and, other external factors such as legal and regulatory requirements.

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

The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The directors regularly review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation charge for the financial year.

### **Impairment of buildings**

The carrying value of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. In the event, an impairment loss is recognised as the difference between the carrying amount and the assets market value. The impairment charge, if applicable is charged to the Income and Expenditure Account in the period in which the related events or changes in circumstances occur.

## **4. GOING CONCERN**

The directors of Ballyshannon & Killybegs Credit Union believe that it is appropriate to prepare the financial statements on the going concern basis.

## **5. INTEREST ON MEMBERS’ LOANS**

	2021	2020
	€	€
Closing accrued interest receivable	501	8,178
Loan interest received in financial year	1,862,320	1,834,615
Opening accrued loan interest receivable	(8,178)	(928)
	<b>1,854,643</b>	<b>1,841,865</b>



*Sign documents digitally using our DocuSign Facility*



## 6. OTHER INTEREST INCOME AND SIMILAR INCOME

	2021	2020
	€	€
Investment income received	143,941	115,713
Investment income receivable within 12 months	191,880	183,546
	<b>335,821</b>	299,259

## 7. 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:

### Dividends and loan interest rebate

The following distributions were made during the year:

	2021	2021	2020	2020
	%	€	%	€
Dividends on shares	-	-	0.12	57,968
Loan interest rebate	-	-	10.00	177,354
		-		235,322

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

## 8. OTHER INCOME

	2021	2020
	€	€
Insurance commission	1,422	1,531
Entrance fees	338	355
Cash over	1,518	966
Other fees received	459	138
E.C.C.U. claims experience refund fees	56,951	-
Miscellaneous income	11,000	-
	<b>71,688</b>	2,990

*“Helping you, helping your community”*



## 9. EMPLOYEES AND REMUNERATION

The average monthly number of employees during the year was:

	2021 Number	2020 Number
Administration	17	18

The staff costs comprise:

	2021 €	2020 €
Wages and salaries	540,599	503,621
Pension costs	54,162	53,776
	<b>594,761</b>	<b>557,397</b>

## 10. KEY MANAGEMENT PERSONNEL

The directors of Ballyshannon Killybegs Credit Union Limited are all unpaid volunteers. The management personnel compensation includes the credit union manager and two other senior staff:

	2021 €	2020 €
Short term employee benefits	163,268	159,818
Payments to pension scheme	19,185	19,185
Total key management personnel compensation	<b>182,453</b>	<b>179,003</b>

## 11. 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.

	2021 €	2020 €
Cash and bank balances	<b>5,112,332</b>	<b>2,631,765</b>

*“ It’s Our Credit Union,  
It’s Our Community  
Together we are stronger. ”*



## 12. INTANGIBLE FIXED ASSETS

	<b>Total</b>
<b>Cost</b>	<b>€</b>
At 30 September 2021	30,873
<b>Provision for diminution in value</b>	
At 1 October 2020	23,801
Charge for financial year	5,022
At 30 September 2021	28,823
<b>Net book value</b>	
At 30 September 2021	<b>2,050</b>
At 30 September 2020	7,072

## 13. PROPERTY, PLANT AND EQUIPMENT

	<b>Freehold Total Buildings</b>	<b>Fixtures, fittings and equipment</b>	<b>Computer equipment</b>	<b>Total</b>
<b>Cost</b>	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>
At 1 October 2020	1,356,226	226,545	113,191	1,695,962
Additions	2,645	1,398	603	4,646
At 30 September 2021	1,358,871	227,943	113,794	1,700,608
<b>Depreciation</b>				
At 1 October 2020	200,346	223,368	88,044	511,758
Charge for the year	20,493	1,825	14,578	36,896
At 30 September 2021	220,839	225,193	102,622	548,654
<b>Net book value</b>				
At 30 September 2021	<b>1,138,032</b>	<b>2,750</b>	<b>11,172</b>	<b>1,151,954</b>
At 30 September 2020	1,155,880	3,177	25,147	1,184,204

*Tellers to serve you!*

We may not have ATM's and Lodgement Machines all those things to replace human interaction,  
we actually like meeting our member – owners.





## 14. LOANS TO MEMBERS - FINANCIAL ASSETS

14.1 LOANS TO MEMBERS		2021	2020
		€	€
As at 1 October		22,311,631	21,895,359
Advanced during the financial year		12,389,956	9,996,990
Repaid during the financial year		(10,810,014)	(9,515,465)
Non-cash movement in the financial year		534	(3)
Loans written off		(81,746)	(65,250)
<b>Gross loans to members</b>	<b>14.2</b>	<b>23,810,361</b>	<b>22,311,631</b>

14.2 LOAN PROVISION ACCOUNT FOR IMPAIRMENT LOSSES		2021	2020
		€	€
As at 1 October		1,340,183	1,216,761
Allowances reversed during the year		52,179	123,422
Increase in loan provision during the financial year		52,179	123,422
As at 30 September		<b>1,392,362</b>	<b>1,340,183</b>

14.3 NET RECOVERIES OR LOSSES RECOGNISED FOR THE YEAR		2021	2020
		€	€
Bad debts recovered		(27,433)	(18,368)
Reduction		52,179	123,422
Loans written off		24,746	105,054
		81,214	65,250
Net (recoveries)/losses on loans to members recognised for the year		<b>105,960</b>	<b>170,304</b>





## 15. DEBTORS, PREPAYMENTS AND ACCRUED INCOME

	2021	2020
	€	€
Prepayments	37,850	46,670
Other debtors	653	692
Accrued income	242,187	233,352
	<b>280,690</b>	280,714

## 16. DEPOSITS AND INVESTMENTS

	2021	2020
	€	€
Fixed-term deposit accounts	26,309,867	23,685,658
UCITS	1,005,505	-
Government & Bank Bonds	7,684,087	10,031,242
Central Bank Minimum Reserve & Deposit Protection	2,743,697	2,243,697
	<b>37,743,156</b>	35,960,597

Deposits and Investments at the current and prior Balance Sheet date are all measured at amortised cost with the exception of the Investment in UCITS of €1,000,000.

This investment in UCITS was made during the year and is not capital guaranteed. It is valued at Fair Value in accordance with the requirements of FRS 102. In the accounts the fair value is €1,005,504.50.

The market valuation of the Government & Bank Bonds as at 30 September 2021 amounts to €7,684,087 (2020- €10,031,243).

The directors have confirmed that they are satisfied that all fixed term investments will be held to maturity.

The category of counterparties with whom the government & bank bonds, deposits and investments were held was as follows:

\*Baa2: KBC deposits are not rated by Moodys, which is the equivalent to Baa2 in Moodys.

\*\*Barclays deposit of €2,000,000 not rated by Moodys, rating by Fitch A+

\*\*\*UCITS - At the year end the rating was as follows:

Cash (Not rated) : €51,724

S&P rating BBB+ : €208,544

S&P rating BBB : €545,547

S&P rating BBB- : €199,689

All other investments are rated by Moodys.



<b>Deposits and investments</b>	<b>2021</b>	<b>2020</b>
	€	€
A1	<b>16,101,233</b>	13,967,186
A2	<b>704,005</b>	2,206,006
A3	<b>6,997,045</b>	14,098,098
Aa3	<b>4,000,000</b>	516,430
Ba3	<b>1,191,670</b>	-
Baa2*	<b>3,000,000</b>	1,929,181
A+**	<b>2,000,000</b>	-
A	-	1,000,000
UCITS - See note on page 26***	<b>1,005,505</b>	-
<b>Total deposits and investments</b>	<b>34,999,458</b>	<b>33,716,901</b>

#### 17. MEMBERS' SHARES - FINANCIAL LIABILITIES

	<b>2021</b>	<b>2020</b>
	€	€
As at 1 October	<b>49,445,180</b>	47,758,691
Received during the year	<b>15,992,800</b>	15,178,739
Repaid during the year	<b>(11,557,081)</b>	(13,492,250)
As at 30 September	<b>53,880,899</b>	49,445,180

Members shares are repayable on demand except for shares attached to loans. The unattached shares at 30th September 2021 are €46,174,576 (2020: €44,306,617) and the attached shares are €7,706,323 (2020: €7,538,901).

	<b>2021</b>	<b>2020</b>
	€	€
Regular share accounts	<b>43,372,535</b>	40,136,849
Special share accounts	<b>10,508,364</b>	9,308,330
Deposit accounts	<b>2,794,993</b>	2,400,339
<b>Total</b>	<b>56,675,892</b>	<b>51,845,518</b>

*“We are Lending!!!! Spread the word!!!!”*



## 18. MEMBERS' DEPOSITS - FINANCIAL LIABILITIES

	2021	2020
	€	€
As at 1 October	2,400,339	-
Received during the year	4,418,586	2,400,339
Repaid during the year	(4,023,932)	-
As at 30 September	<u>2,794,993</u>	<u>2,400,339</u>

## 19. OTHER CREDITORS AND ACCRUALS

	2021	2020
	€	€
Accruals	<u>104,488</u>	<u>128,630</u>

## 20. FINANCIAL INSTRUMENTS

Ballyshannon Killybegs Credit Union Limited manages its members' shares and loans so that it earns income from the margin between interest receivable and interest payable. The main financial risks arising from Ballyshannon Killybegs Credit Union Limited's activities are credit risk, market risk, liquidity risk and interest rate risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

### Credit Risk:

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

### Liquidity Risk:

Ballyshannon Killybegs Credit Union Limited's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The objective of the Credit Union's liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise.

### Market Risk:

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



### **Interest Rate Risk:**

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

Average Loan Balance for year ended 30th September 2021: €23,061,900 (30/09/2020: €20,978,297) Average Interest Rate charged for year ended 30th September 2021: 8.03% (30/09/2020: 8.34%)

#### Liquidity risk disclosures

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

#### Capital

The Credit Union maintains sufficient reserves to buffer the Credit Union against any losses on its members' loans and also its investments. The current Regulatory Reserve is in excess of the minimum requirement set down by the Central Bank and stands at 10.66%.

### **Operational Risk**

The risk of loss (financial or otherwise) resulting from inadequate or failed internal processes or systems of the credit union, any failure by persons connected with the credit union, legal risk or external events.

## **20.1 LIQUIDITY RISK DISCLOSURE**

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

## **21. PENSION SCHEME**

Ballyshannon & Killybegs Credit Union Limited participates in an industry-wide pension scheme for employees (The Irish League of Credit Unions Republic of Ireland Pension Scheme). This is a funded defined benefit scheme with assets managed by the Scheme's trustees. The scheme is a multi-employer Scheme and due to the nature of the Scheme it is not possible for Ballyshannon & Killybegs Credit Union Limited to separately identify its share of the Scheme's underlying assets and liabilities. Consequently, it accounts for the Scheme as a defined contribution plan, in accordance with FRS 102.

The Pension's Act requires the trustees of the Scheme to assess whether it could meet a certain prescribed standard, known as the Minimum Funding Standard. This assesses whether, if the scheme was wound up on a specified theoretical valuation date, it could satisfy the Funding Standard at that date.

As part of the solvency assessment process, the Scheme actuary must carry out a separate valuation under the Minimum Funding Standard every 3 years and produce a funding certificate for submission to the Pensions Authority within 9 months of the effective date of the valuation. The purpose of the certificate is to certify whether or not the assets of the scheme at the effective date are sufficient to meet the liabilities of the scheme based on the assumption that the scheme was wound up at that date.



The most recent Actuarial Funding Certificate was effective as at 1 March 2020 and it certified that the Scheme satisfied the funding standard. An actuarial review of the fund is normally carried out every three years by the Scheme's independent, professionally qualified actuary. The actuarial review considers the past and future liabilities of the scheme. The last completed triennial actuarial review was carried out with an effective date of 29 February 2020. The principal actuarial assumption used in the valuation was the investment return in the years before members retire would be 1.25% higher than the annual salary increases. The market value of the scheme's assets at 29 February 2020 was €250m. The actuarial valuation disclosed a past service deficit of €41.8m at 29 February 2020 calculated under the Ongoing Actuarial Valuation method. This valuation method assumes that the Scheme will continue in existence for the foreseeable future. The assumptions used in the actuarial review to determine the past service deficit differ from the assumptions that would be used to determine the liabilities for defined benefit obligations under FRS102. Following the actuarial review, the same contribution as applied previously 27.5% for pension plus 2.5% for risk benefits was invoiced in February 2021. The principal employer and trustees have undertaken a review of the scheme and are in the process of considering potential solutions to address the deficit.

## 22. RELATED PARTY TRANSACTIONS

Directors, supervisors and staff (i.e. officers) of the Credit Union during the financial year ended 30 September 2021 operated share and loan accounts with the Credit Union. All loans advanced to directors, supervisors and staff are approved in accordance with Section 36(4) Credit Union Acts 1997 to 2018. The following transactions and balances existed with members who were officers during the financial year ended 30 September 2021:

	No. of loans	2021
	€	€
Loans advanced to Related Parties during the year	10	66,000
Total loans outstanding to Related Parties at the year end	20	169,144
Total provisions for loans outstanding to Related Parties		2,865
Total provision charge during the year for loans outstanding to Related Parties		22

## 22. INSURANCE AGAINST FRAUD

The Credit Union has Insurance against fraud in the amount of €1.3m in compliance with Section 47 of the Credit Union Act 1997.

## 24. POST-BALANCE SHEET EVENTS

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

## 25. CONTINGENT LIABILITIES

There is a legal case pending, the outcome is unknown, the solicitor has confirmed that any liabilities due in respect of this case are not quantifiable at present.



At the year end, the credit union had approved loans to the value of €175,124 (2020-€598,280), but these were not issued at the year end.

## 26. CREDIT RISK DISCLOSURES

Ballyshannon & Killybegs Credit Union offer Home Loans, however the majority of all loans to members are unsecured, except that there are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding.

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

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

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

	2021	2020
	€	€
Loans Not Impaired	<b>18,504,842</b>	16,681,504
Up to 9 Weeks Past Due	<b>1,404,444</b>	1,492,010
Between 10 and 18 Weeks Past Due	<b>105,293</b>	182,232
Between 19 and 26 Weeks Past Due	<b>87,896</b>	133,865
Between 27 and 39 Weeks Past Due	<b>99,644</b>	136,489
Between 40 and 52 Weeks Past Due	<b>36,144</b>	50,622
53 or More Weeks Past Due	<b>551,617</b>	609,351
Covered Loans	<b>3,020,482</b>	3,025,561
	<b>23,810,362</b>	22,311,634

## 27. APPROVAL OF FINANCIAL STATEMENTS

Impairment Allowance

Collectively assessed loans: €1,161,561 (2020: €1,229,2257)

Individually assessed loans €230,801 (2020: €110,926 )

## 28. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved, and authorised for issue, by the Board of Directors on 2 December 2021.



# Ballyshannon & Killybegs

CREDIT UNION LIMITED  
[www.bkcreditunion.ie](http://www.bkcreditunion.ie)

## OFFICE OPENING TIMES

### BALLYSHANNON:

Monday	10am - 1pm, 2pm - 5pm
Tuesday	10am - 1pm, 2pm - 5pm
Wednesday	10am - 1pm
Thursday	10am - 1pm, 2pm - 5pm
Friday	10am - 1pm, 2pm - 5.30pm
Saturday	10am - 1pm

### KILLYBEGS:

Monday	10am - 1pm, 2pm - 5pm
Tuesday	10am - 1pm, 2pm - 5pm
Wednesday	10am - 1pm
Thursday	10am - 1pm, 2pm - 5pm
Friday	10am - 1pm, 2pm - 5.30pm
Saturday	10am - 1pm

### GLENTIES:

Friday	10am - 1pm, 2pm - 5.30pm
--------	--------------------------

### PETTIGO:

Thursday	10am - 12.30pm
Friday	10am - 1pm
Saturday	10am - 1pm

### ARDARA:

Monday	10am - 1pm, 2pm - 5pm
Tuesday	10am - 1pm, 2pm - 5pm
Wednesday	CLOSED
Thursday	10am - 1pm, 2pm - 5pm
Friday	10am - 1pm, 2pm - 5.30pm

Opening hours subject to change,  
see website for updates.

## CU - SMARTER CHOICE

### CREDIT UNIONS ARE SMARTER CHOICE

- Secure savings
- Competitive loans
- Personal Insurance
- Home Insurance
- Motor Insurance
- Travel Insurance
- Standing order payment facility
- Electronic Payments Outwards - EFT / SEPA Transfers
- Electronic Payments Inwards - Wages, Pensions, Farm Payments, Social Welfare, SUSI Grant Payments

### ONLINE ACCESS & MOBILE APP

Members can avail of a full suite of services, online transactions, pay a bill, make a card payment, live balances, make external and internal account transfers.

Register for your PIN today, go to [www.bkcreditunion.ie/Register](http://www.bkcreditunion.ie/Register)

Main Street, Killybegs, Co. Donegal  
T: 074 955 4455 • E: [info@bkcreditunion.ie](mailto:info@bkcreditunion.ie) • W: [www.bkcreditunion.ie](http://www.bkcreditunion.ie)



*Standing with our  
Members & Community*

Ballyshannon & Killybegs Credit Union Ltd. is regulated by the Central Bank of Ireland.