



# Ballyshannon & Killybegs

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

## Report and Financial Statements

For Year Ended 30<sup>th</sup> September 2020

Virtual AGM, April 20th 2021 at 7pm



T: 074 955 4455 E: [info@bkcreditunion.ie](mailto:info@bkcreditunion.ie)





# 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 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.

With Covid-19 impacting all of our lives, we have taken the decision to hold our Annual General Meeting (AGM) by virtual means which will result in us doing things a little different this year. Given the continued public health measures in place, we do not expect a physical AGM to take place unless those measures are lifted.

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 2020 Annual General Meeting of the members of Ballyshannon & Killybegs Credit Union Limited will take place via Microsoft Teams Live Event on 20<sup>th</sup> April at 7 p.m.

Members wishing to attend the Virtual AGM need to register on [www.bkcreditunion.ie](http://www.bkcreditunion.ie) and provide the following information: Member Number, e-mail address and Date of Birth.

The request for attendance must be received by close of business on 14<sup>th</sup> April 2021

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 20<sup>th</sup> April 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 information required to request an invitation is your member number, e-mail address and your date of birth. 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

The Nomination Committee of Ballyshannon & Killybegs Credit Union would like to propose the following to join the Board of Directors and the Board Oversight Committee.

The following members are being proposed by the nominations committee for election at this AGM to join the board of directors:

1. Julieanne Crompton
2. Mairead Coughlin

Tony Gallagher was co-opted into the board oversight committee during the year and is now being proposed by the nominations committee. We have two positions available on board oversight committee, if interested please call the credit union or email to [nominations@bkcreditunion.ie](mailto:nominations@bkcreditunion.ie)

## Directors' Report

for the year ended 30<sup>th</sup> September 2020

The directors present their report and the audited financial statements for the financial year ended 30 September 2020.

### Principal Risks and Uncertainties

The directors continue to address the key risks and uncertainties that may arise. In light of the current economic climate, we assess the level of risks and manage those risks so as to ensure the continued future of the credit union. Key risks identified are the financial risk of losses on investments and potential bad debts. 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 reporting its 2020 year-end results which remain steady, despite the unforeseen challenges posed by the Covid-19 pandemic. The Credit Union has provided €10 million in loans to the local community over the past year. The Credit Union continues to work hard to ensure that its valued members are receiving the best service possible.

Daniel Monaghan Chairperson from Ballyshannon & Killybegs Credit Union said 'the Credit Union continued to be there for its members during 2020, albeit in a very challenging economic environment due to Covid-19 pandemic and extremely low investment returns.

Despite the unprecedented challenges faced, Ballyshannon & Killybegs Credit Union has continued to serve its members throughout the pandemic by adopting new methods of providing our services and making necessary modifications to all our premises to be compliant with HSE guidelines. Our focus throughout has been to continue to work in a way that best suits our members.

We have provided new services and products, the option to make payments by Debit Card via our website and Docu-Sign loan facilities to help members unable to access our offices due to Covid-19 restrictions. We know our members value the continued service we provide. We can assure our members that we continue to be a reliable source of lending and savings.'

It is important that the Credit Union continues to make responsible and prudent decisions to further strengthen the Credit Union. Therefore, Ballyshannon & Killybegs Credit Union are not in a position to pay a dividend or loan interest rebate to its members this year. However, we have reduced loan interest rates, our Special Car loan of 6% and introduced a 7% Renovate loan. We also have increased both personal and mortgage limits. We have appointed a dedicated loans manager experienced in lending and mortgages. While we understand that our non-declaration of a dividend and interest rebate is disappointing for members, this action will place us in a better position to deal with the uncertainty of the economic impact of Covid-19 pandemic going forward, as well as a potential disruptive Brexit. As we are a designated essential service, we are prioritising strengthening the Credit Union so we will be there for our members when they need us.

At Ballyshannon & Killybegs Credit Union we want to take this opportunity to thank all our members for their loyalty. Working together with our members we will remain a cornerstone of the local community and weather the current challenges we face.

### **Directors and Board Oversight Committee Members**

The current directors and board oversight committee members are as set out on page 3.



### **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, Chairperson**

Date 8 December 2020

## **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, Chairperson**

Date 8 December 2020



# 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 **Joespine Ingram**

Date: 8 December 2020

## 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 2020 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" 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 2020 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.

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## **Basis for opinion**

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

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Credit Union's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Other Information**

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 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**

Based solely 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.
- 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 6, 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 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 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

8 December 2020



# Marketing & Business Development Report

## BRANCH NEWS

Killybegs purchase, Glenties relocation and refit of all existing branches.

We are pleased to inform you that we have finalised the purchase of a new building in Killybegs and we are currently in the process of redesigning it so we can provide a modern, more spacious office for all our members. We look forward to starting the work on the building during 2021.

Due the pandemic all branch offices have been fitted with safety screens, sanitising stations and signage to encourage social distancing. All staff have been fully briefed with the HSE guidelines for safe working practice. It was necessary to establish “Staff Bubbles” to eliminate the movement of staff between offices for the safety of our staff and members. Unfortunately, this resulted in changes to our opening hours in Glenties and Ardara offices. We hope to resume our normal hours as soon as it is safe to do so.

In 2020 we relocated the Glenties office to a new location across the street, (Brennan’s). This new facility enabled us to provide a safe office for members and staff to adhere to social distancing measures and provide a confidential area for members to transact their business.

## ADDITIONAL SERVICES INTRODUCED

### DocuSign

We introduced an online digital signature facility for members. This enables members to apply for a loan online. All documents can be signed by the member through their online account. We hope to introduce a similar automatic online membership application in 2021.

All members are encouraged to apply for online access. Our online services enable the member to manage their own account, transact efficiently and access their funds at their leisure which improves our overall service to members. If you haven’t registered for a secure PIN please do so at [www.bkcreditunion.ie/Regsiter](http://www.bkcreditunion.ie/Regsiter) and a member of our team will contact you to organise and issue your secure PIN to you.

### Promotional Loans

In 2020 we introduced a new **Renovate** Loan at **7% (7.25%apr)**. This loan is available for amounts between €20,000 to €40,000 and can be spread out over 10 years. It can be used for all renovation work including, groundwork, home extensions, installing a greener more efficient heating system or home office conversion. This rate is available now, for more information please contact our office or go to [www.bkcreditunion.ie/loans](http://www.bkcreditunion.ie/loans).



Our mortgage limit was increased to €80,000 which has helped many members to purchase their new home. Members have also availed of this loan to purchase their home from their local authority through the Tenant Purchase Scheme. Our lending manager will be happy to assist you with your application. Please forward your queries to [lending@bkcreditunion.ie](mailto:lending@bkcreditunion.ie).

In 2020 we also continued our **special car loan rate of 6% (6.17%apr)**. This has been very successful, offering members a competitive alternative to PCP or Hire Purchase options. By choosing the credit union car loan, members have greater freedom to shop around and find the car of their choice. Repayments can be spread out over 5 years providing greater flexibility. For the year ending 30th September 2020 we issued €3.1 million on special car loans and this loan is available into 2021. Please to go to [www.bkcreditunion.ie/loans](http://www.bkcreditunion.ie/loans) for more information.

We appointed a dedicated lending manager to help you with your loan application. For any enquiries please email [lending@bkcreditunion.ie](mailto:lending@bkcreditunion.ie). Our mission is to offer affordable finance to help our community grow and prosper. All loans are subject to terms and conditions.

# A YEAR OF GROWTH

## BKCU



22.3 MILLION  
LOAN BOOKS



64 MILLION  
ASSETS



NEW  
MEMBERS  
477

TOTAL  
MEMBERSHIP  
14,153



# Statement of Changes in Reserves

for the year ended 30<sup>th</sup> September 2020

	Operational Reserve €	Regulatory Risk Reserve €	Distribution Reserve €	Surplus Reserve €	Total €
At 1 October 2018	300,000	5,633,811	-	2,190,142	8,123,953
Dividends paid	-	-	(54,068)	-	(54,068)
Loan interest rebate	-	-	(198,065)	-	(198,065)
Surplus allocation	-	380,000	252,133	-	632,133
Other movement in reserves	30,000	-	-	160,459	190,459
<b>At 30 September 2019</b>	<b>330,000</b>	<b>6,013,811</b>	<b>-</b>	<b>2,350,601</b>	<b>8,694,412</b>
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>

The Regulatory Reserve of the Credit Union as a % of the total assets as at 30th September 2020 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 €30,000 to the Operational Risk Reserve. The closing balance on the operational risk reserve is €330,000. This equates to 0.005% of net 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 year has been removed. Notwithstanding this the Board of Ballyshannon & Killybegs Credit Union Limited has transferred €380,000 of its current year surplus to its regulatory reserve.



# Statement of Cash Flows

for the year ended 30<sup>th</sup> September 2020

	2020	2019
	€	€
<b>Opening cash and cash equivalents</b>	<b>979,424</b>	862,486
<b>Cash flows from operating activities</b>		
Loans repaid	9,515,465	9,171,470
Loans granted	(9,996,990)	(11,539,328)
Loan interest income	1,834,615	1,781,861
Investment income	299,259	365,560
Other income received	2,990	22,555
Bad debts recovered	18,368	32,648
Dividends paid	(57,968)	(54,068)
Loan interest rebate	(177,354)	(198,065)
Operating expenses	(1,262,845)	(1,274,764)
Movement in other assets	15,330	71,759
Movement in other liabilities	(4,214)	9,602
Net cash used in operating activities	186,656	(1,610,770)
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	(6,150)	(8,917)
Purchase of property, plant and equipment	(367,819)	(147,171)
Receipts from disposal of property, plant and equipment	83,662	-
Net cash flow from other investing activities	(2,330,836)	(1,282,518)
Net cash (used in)/generated from investing activities	(2,621,143)	(1,438,606)
<b>Cash flows from financing activities</b>		
Members' shares received	17,579,078	16,939,585
Members' shares withdrawn	(13,492,250)	(13,773,271)
Net cash generated from financing activities	4,086,828	3,166,314
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>1,652,341</b>	116,938
<b>Cash and cash equivalents at end of financial year 11</b>	<b>2,631,765</b>	979,424



# Schedules to the Income & Expenditure Account

for the year ended 30<sup>th</sup> September 2020

<b>Schedule 1 - Other Management Expenses</b>	<b>2020</b>	2019
	€	€
<b>Other Management Expenses</b>		
Training and staff expenses	15,781	18,253
Rent and rates payable	32,745	31,710
General insurance	259,449	255,227
Security and cash transit	886	1,995
Light and heat	13,508	12,828
Cleaning and hygiene	5,805	1,104
Repairs and renewals	14,683	4,775
Computer and equipment maintenance	68,587	51,089
Printing and stationery	14,898	8,948
Promotion and education	11,646	12,430
Telephone and postage	16,123	19,253
AGM expenses	15,326	14,141
Chapter expenses	350	700
Travelling and subsistence	3,171	4,476
Legal and debt recovery fees	9,774	4,234
Professional and internal audit fees	29,008	41,814
Audit fees	18,143	16,913
FSA fees	71,960	119,097
Credit agency fees	8,487	3,782
Investment commission and negative interest	19,206	10,942
Bank interest and charges	45,688	35,407
Miscellaneous expenses	5,451	4,302
Cash short	1,063	773
Subscriptions and donations	4,209	6,470
Affiliation fees	19,501	21,660
Loss on disposal of tangibles	60,338	-
	<b>765,786</b>	<b>702,322</b>



# Income & Expenditure Account

for the year ended 30<sup>th</sup> September 2020

	Schedule	2020 €	2019 €
<b>Income</b>			
Interest on members' loans	5	1,841,865	1,774,445
Other interest income and similar income	6	299,259	365,560
<b>Net interest income</b>		<b>2,141,124</b>	2,140,005
Other income	8	2,990	22,555
<b>Total income</b>		<b>2,144,114</b>	2,162,560
<b>Expenditure</b>			
Employment costs	9	557,397	572,442
Other management expenses (Schedule 1)		765,786	702,322
Depreciation		48,063	41,384
Net (recoveries) or losses on loans to members	14. 3	170,304	53,821
<b>Total expenditure</b>		<b>1,541,550</b>	1,369,969
<b>Surplus of income over expenditure</b>			
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>602,564</b>	792,591

The financial statements were approved and authorised for issue by the Board of Directors on 8 December 2020 and signed on its behalf by;

Manager **John Duffy**

Member of Board Oversight Committee **Joesphine Ingram**

Member of Board of Directors **Daniel Monaghan**

Date 8 December 2020

The notes start on page 16.



# Balance Sheet

for the year ended 30<sup>th</sup> September 2020

	Notes	2020		2019	
		€	€	€	€
<b>Assets</b>					
Cash and cash equivalents	11		2,631,765		979,424
Intangible assets	12		7,072		11,213
Property, plant and equipment	13		1,184,204		998,158
Loans to members	14		22,311,631		21,895,358
Provision for bad debts	14		(1,340,183)		(1,216,761)
Prepayments and other debtors	15		47,362		47,685
Accrued income	15		233,352		241,108
Deposits and investments	16		35,960,597		33,629,761
<b>Total Assets</b>			<b>61,035,800</b>		<b>52,869,574</b>
<b>Liabilities</b>					
Members' shares	17		51,845,519		47,758,691
Trade creditors and accruals	18		128,630		132,844
			<b>51,974,149</b>		<b>47,891,535</b>
<b>Members' Resources</b>					
Operational Reserve		330,000		330,000	
Regulatory Risk Reserve		6,563,811		6,013,811	
		6,893,811		6,343,811	
Surplus Reserve		2,167,840		2,350,600	
		9,061,651		8,694,411	
<b>Total Liabilities</b>			<b>61,035,800</b>		<b>56,585,946</b>

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

Manager **John Duffy**

Member of Board Oversight Committee **Joesphine Ingram**

Member of Board of Directors **Daniel Monaghan**

Date 8 December 2020



# Notes to the Financial Statements

for the year ended 30<sup>th</sup> September 2020

## 1. LEGAL AND REGULATORY FRAMEWORK

Ballushannon 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 statement.

### 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.

### **Central Treasury Managed Funds**

The investment objective of the Central Treasury Managed Fund (the 'Fund') is to provide investors with a competitive rate of return and capital preservation on a medium-term basis with instant access to funds.

### **Government & Bank Bonds**

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.

### **Investment properties**

Revalued investment properties are not depreciated or amortised. Where the valuation indicates a permanent diminution in the value of the property, the permanent diminution is charged to the income and expenditure account. All other fluctuations in value are transferred to a revaluation reserve.

### **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.



## **Distribution**

Ballyshannon Killybegs Credit Union Limited's 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 Union's Reserve Management Policy.

## **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

	2020	2019
	€	€
Closing accrued interest receivable	8,178	928
Loan interest received in financial year	1,834,615	1,781,861
Opening accrued loan interest receivable	(928)	(8,344)
	<b>1,841,865</b>	<b>1,774,445</b>

## 6. OTHER INTEREST INCOME AND SIMILAR INCOME

	2020	2019
	€	€
Investment income received	115,713	167,049
Investment income receivable within 12 months	183,546	198,511
	<b>299,259</b>	<b>365,560</b>

## 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:

	2020	2019
Interest rate	0.01%	-%
Members deposits	-	-

## Dividends and loan interest rebate

The following distributions were made during the year:

	2020	2020	2019	2019
	%	€	%	€
Dividends on shares	0.12	57,968	0.12	54,068
Loan interest rebate	10.00	177,354	12.00	198,065
		<b>235,322</b>		<b>252,133</b>

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



## Proposed dividends and loan interest rebate

At the year-end the directors have allocated the amount of €246,135 to the Distribution Reserve which may be returned to the members by way of dividend and a loan interest rebate by way of resolution by a majority of the members at the annual general meeting. The proposed distribution is as follows:

	2020	2020	2019	2019
	%	€	%	€
Dividends on shares	-	-	0.12	57,968
Loan interest rebate	-	-	10.00	177,198
		-		235,166

## 8. OTHER INCOME

	2020	2019
	€	€
Insurance commission	1,531	884
Entrance fees	355	460
Cash over	966	721
Other fees received	138	116
E.C.C.U. claims experience refund fees	-	20,374
	<b>2,990</b>	<b>22,555</b>

## 9. EMPLOYEES AND REMUNERATION

The average monthly number of employees during the year was:

	2020	2019
	Number	Number
Administration	18	18
The staff costs comprise:	2020	2019
	€	€
Wages and salaries	503,621	521,460
Pension costs	53,776	50,982
	<b>557,397</b>	<b>572,442</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:

	2020	2019
	€	€
Short term employee benefits	159,818	158,975
Payments to pension scheme	19,185	12,989
<b>Total key management personnel compensation</b>	<b>179,003</b>	<b>171,964</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

	2020	2019
	€	€
Cash and bank balances	2,631,765	979,424

## 12. INTANGIBLE FIXED ASSETS

	Total
Cost	€
At 1 October 2019	24,723
Additions	6,150
At 30 September 2020	30,873
<b>Provision for diminution in value</b>	
At 1 October 2019	13,510
Charge for year	10,291
At 30 September 2020	23,801
<b>Net book value</b>	
At 30 September 2020	<b>7,072</b>
At 30 September 2019	<b>11,213</b>



### 13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Total Buildings	Fixtures, fittings and equipment	Computer equipment	Total
<b>Cost</b>	€	€	€	€
At 1 October 2019	1,220,113	226,545	81,485	1,528,143
Additions	336,113	-	31,706	367,819
Disposals	(200,000)	-	-	(200,000)
At 30 September 2020	1,356,226	226,545	113,191	1,695,962
<b>Depreciation</b>				
At 1 October 2019	235,854	222,377	71,755	529,986
Charge for the year	20,492	991	16,289	37,772
On disposals	(56,000)	-	-	(56,000)
At 30 September 2020	200,346	223,368	88,044	511,758
<b>Net book value</b>				
At 30 September 2020	<b>1,155,880</b>	<b>3,177</b>	<b>25,147</b>	<b>1,184,204</b>
At 30 September 2019	984,259	4,168	9,730	998,157

### 14. LOANS TO MEMBERS - FINANCIAL ASSETS

#### 14.1 LOANS TO MEMBERS

	2020	2019
	€	€
As at 1 October	<b>21,895,359</b>	19,568,486
Advanced during the financial year	<b>9,996,990</b>	11,539,328
Repaid during the financial year	<b>(9,171,470)</b>	(9,171,470)
Non-cash movement in the financial year	<b>(3)</b>	1
Loans written off	<b>(65,250)</b>	(40,986)
<b>Gross loans to members</b>	<b>14.2 22,311,631</b>	21,895,359

#### 14.2 LOAN PROVISION ACCOUNT FOR IMPAIRMENT LOSSES

	2020	2019
	€	€
As at 1 October	<b>1,216,761</b>	1,171,278
Allowances reversed during the year	<b>123,422</b>	45,483
Increase in loan provision during the financial year	<b>123,422</b>	45,483
As at 30 September	<b>1,340,183</b>	1,216,761



### 14.3 NET RECOVERIES OR LOSSES RECOGNISED FOR THE YEAR

	2020	2019
	€	€
Bad debts recovered	(18,368)	(32,648)
Reduction	123,422	45,483
Loans written off	105,054	12,835
	65,250	40,986
Net (recoveries)/losses on loans to members recognised for the year	170,304	53,821

### 15. DEBTORS, PREPAYMENTS AND ACCRUED INCOME

	2020	2019
	€	€
Prepayments	46,670	47,685
Other debtors	692	-
Accrued income	233,352	241,109
	280,714	288,793

### 16. DEPOSITS AND INVESTMENTS

	2020	2019
	€	€
Fixed-term deposit accounts	23,685,658	27,641,883
Central Treasury Managed Funds	-	10,624
Government & Bank Bonds	10,031,242	5,671,725
Central Bank Minimum Reserve & Deposit Protection	2,243,697	305,529
	35,960,597	33,629,761

Deposits and Investments at the current and prior Balance Sheet date are all measured at amortised cost as appropriate.

The market valuation of the Government & Bank Bonds as at 30 September 2020 amounts to €10,031,243. The market value of Commerzbank Senior bond is €3,967,186 at 30th September 2020 which is below the amortised cost so we have written down the value of the bond by €17,500. 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. S&P rate KBC Deposits as BBB, which is the equivalent to Baa2 in Moodys.

\*\*Barclays deposit not rated by Moodys, rating by S&P 'A' All other investments are rated by Moodys.

<b>Deposits and investments</b>	<b>2020</b>	2019
	€	€
A1	<b>13,967,186</b>	8,493,294
A2	<b>2,206,006</b>	2,415,007
A3	<b>14,098,098</b>	8,932,075
AA3	<b>516,430</b>	4,000,000
Baa2*	<b>1,929,181</b>	5,503,372
Baa3	-	3,969,862
A**	<b>1,000,000</b>	-
<b>Total deposits and investments</b>	<b>33,716,901</b>	33,313,610

## 17. MEMBERS' SHARES - FINANCIAL LIABILITIES

	<b>2020</b>	2019
	€	€
As at 1 October	<b>47,758,691</b>	44,592,377
Received during the year	<b>17,579,078</b>	16,939,585
Repaid during the year	<b>(13,492,250)</b>	(13,773,271)
As at 30 September	<b>51,845,519</b>	47,758,691

Members shares are repayable on demand except for shares attached to loans. The unattached shares at 30th September 2020 are €44,306,617 (2019: €40,164,064) and the attached shares are €7,538,901 (2019: €7,594,627).

	<b>2020</b>	2019
	€	€
Regular share accounts	<b>40,136,849</b>	39,264,068
Special share accounts	<b>9,308,330</b>	8,494,623
Deposit accounts	<b>2,400,339</b>	-
<b>Total</b>	<b>51,845,518</b>	47,758,691



## 18. OTHER CREDITORS AND ACCRUALS

	2020	2019
	€	€
Accruals	128,630	132,844

## 19. 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 2020: €20,978,297 (30/09/2019: €20,535,957) Average Interest Rate charged for year ended 30th September 2020: 8.34% (30/09/2019: 8.78%).



### 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.

## 19.1. LIQUIDITY RISK DISCLOSURE

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

## 20. PENSION SCHEME

The Irish League of Credit Unions Republic of Ireland 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. Following the Scheme's actuary certifying a Minimum Funding Standard deficit in the Scheme in 2009, Ballyshannon & Killybegs Credit Union Limited, the ILCU Group and the other credit unions participating in the Scheme entered into a funding agreement with the Scheme that was designed to ensure that, the Scheme could be reasonably expected to satisfy the Minimum Funding Standard by a specified future date (1 March 2019). This funding plan ran up until 1 March 2019. This funding plan was approved by the Pensions Authority.

The cost of risk benefits is paid in addition to this rate giving a total contribution rate of 30% of Pensionable Salary. The 2020 actuarial review is underway and is expected to be concluded by 30 November 2020.



## 21. RELATED PARTY TRANSACTIONS

Directors, supervisors and staff (i.e. officers) of the Credit Union during the financial financial year ended 30 September 2020 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 financial year ended 30 September 2020:

	No. of loans	2020
	€	€
Loans advanced to Related Parties during the year	14	60,300
Total loans outstanding to Related Parties at the year end	19	173,670
Total provisions for loans outstanding to Related Parties		9,547
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.

## 23. POST-BALANCE SHEET EVENTS

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

## 24. CONTINGENT LIABILITIES

There is a potential legal case in relation to accrued interest on top up loans ongoing which may affect a number of credit unions. To date, it is not known what the cost will be, if any to Ballyshannon & Killybegs Credit Union.

At the year end, the credit union had approved loans to the value of €598,280, but these were not issued at the year end.

## 25. 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

	2020	2019
	€	€
Loans Not Impaired	<b>16,681,504</b>	16,158,746
Up to 9 Weeks Past Due	<b>1,492,010</b>	1,531,223
Between 10 and 18 Weeks Past Due	<b>182,232</b>	142,904
Between 19 and 26 Weeks Past Due	<b>133,865</b>	71,489
Between 27 and 39 Weeks Past Due	<b>136,489</b>	82,011
Between 40 and 52 Weeks Past Due	<b>50,622</b>	91,327
53 or More Weeks Past Due	<b>609,351</b>	549,376
Covered Loans	<b>3,025,561</b>	3,268,282
	<b>22,311,634</b>	21,895,358

## 27. APPROVAL OF FINANCIAL STATEMENTS

Impairment Allowance

Collectively assessed loans: €1,229,2257 (2019: €1,142,708)

Individually assessed loans €110,926 (2019: €74,053)

## 28. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved, and authorised for issue, by the Board of Directors on 8 December 2020.

## 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)



# 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
Saturday	10am - 1pm

### 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  
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*Standing with our  
Members & Community*

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