ST. CANICE'S CREDIT UNION

Virtual AGM
Annual Report 2020

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ORDER OF BUSINESS

1. Invocation
2. The acceptance by the Board of Directors of the authorised representatives of members that are not natural persons
3. Ascertainment that a quorum is present
4. Adoption of Standing Orders
5. Reading and approval (or correction) of the minutes of the last Annual General Meeting
6. Overview of Operations including:
   - Report of the Credit Committee
   - Report of the Credit Control Committee
   - Report of the Membership Committee
   - Election Process to appoint Auditor and to fill vacancies on the Board of Directors and Board Oversight Committee
7. Report of the Board of Directors including:
   - Report of the Nomination Committee
8. Consideration of accounts and Report of the Auditor
9. Dividend and rebate of interest
10. Motions
11. Report of the Board Oversight Committee
12. Announcement of Election Results
13. Any other business and adjournment or close of meeting.

NOTICE OF MOTIONS

1. That the affiliation fee to the Irish League of Credit Unions for the year 2021 be paid by deduction of €0.70 from the shares of each member.
2. That the members of St. Canice's Kilkenny Credit Union Limited hereby resolve that all Transfers of Engagements into St. Canice's Kilkenny Credit Union Limited during the calendar year 2021 may be effected by way of Board Resolution, subject to the approval of the Registry of Credit Unions, in accordance with the relevant provisions of the Credit Union Act 1997 (as amended).
3. That this Annual General Meeting amends Rule 40 (2) to read as follows:
   At the time of the adoption of these rules, the board of directors of St. Canice's Kilkenny Credit Union shall consist of 9 members, all of whom shall be members of the credit union.

NOTICE OF ELECTIONS

As prescribed under Rule 102, the nomination committee propose the candidates for the position of director. Existing directors, subject to fulfilling the criteria as laid down under the rule, are eligible for re-election.

- 3 vacancies will arise on the Board of Directors
- 3 vacancies will arise on the Board Oversight Committee

CEO OVERVIEW OF OPERATIONAL MATTERS

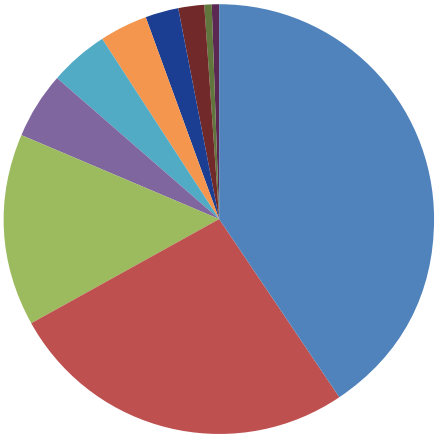
As we end our 2020 financial year, it is safe to say that this has been a year like no other. COVID-19 has brought changes worldwide and has impacted on the lives of each and every one of us. Members and staff of St. Canice's Credit Union have faced unprecedented challenges this year, however despite these issues I am proud to say that we have still achieved a surplus, seen an overall growth in lending and introduced new and improved products and processes, while continuing to deliver an excellent and uninterrupted service to our members during this difficult time.

FINANCIAL PERFORMANCE

As we end our financial year the assets of St. Canice's Credit Union are €458m which is an increase of €25m on the previous year, including the merged Balance Sheet of Piltown Credit Union Limited in January 2020. The surplus for the year is just under €2.6m, this is a reduction of €2m on our performance of last year. The reduced surplus reflects two economic factors outside of our control; the continuing reduction in investment yields and the global economic recession which will have an impact on our members income and ability to repay and will see us need to increase our provisions for bad debts. The return on our existing investment portfolio has dropped to 1% from 1.5% in 2019. Any new investment is at a fraction of that with bond investments currently at negative yields. In addition to this we are charged negative interest rates for our bank deposits at a rate of -0.65%. For the 2020 financial year we have seen investment income drop by €1.1m. Our second and most important source of income is from lending and I am pleased to report that this has increased by €400k in the last year. However, we are facing huge uncertainty around COVID-19 and the effect of continued lockdowns on our economy. This together with Brexit puts us in an extremely vulnerable economic position. Our members will come under financial pressure and as a result of this it is prudent that we provide for potential bad debts now. This year we have seen an increase in provisions of €639k to prepare for this. Overall while we have recovered over €1.3m from previously written off loans in the year, €411k loans were written off in the financial year. Taking into consideration the provision of €639k the net bad debt position is a contribution of €265k to our surplus compared to €1.1m last year. Managing the financial performance of the credit union is a tough challenge, but one which will be ably met by our CFO Eleanor Connolly and her team. Together with the Finance Committee there is a strong focus on controlling costs and maximising income. The future sustainability of our credit union is our priority. This year the Central Bank of Ireland have recommended to all credit unions that they do not pay a dividend or rebate. We are following this advice and instead our surplus this year will be transferred to our reserves in order to strengthen our capital position and ensure we are compliant with all regulatory requirements.

CREDIT COMMITTEE AND LOAN PERFORMANCE

In the 12 month period to the end of September 2020 our net loan book has increased from €84m to €86.4m. A high proportion of our lending is short term and as such is repaid quite quickly. If we lend €3.5 million each month we just manage to keep the loan book at the same level. At the start of COVID-19 we saw a huge drop in our monthly lending which had the potential to significantly impact our overall loan book. A decision was made to introduce a short term new lending product the "Kick Start loan". I am very pleased to advise that this was a huge success and resulted in over €20m loans issued to members over the summer months. Not only did this help the future sustainability of our credit union, it also has a wider impact on our local economy. Local businesses benefitted from this injection of spending in the locality at a time when it was most needed. Our Credit Committee have been forced due to COVID-19 to meet remotely each month, where they review the loan performance during the month, consider the quality of lending decisions and adherence to lending policies and provide input on new products and developments. During the year Roisin Lawton was appointed as our new Head of Lending and she manages a very busy lending team. Lending is the key for our future survival and together with the Credit Committee, Roisin and her team are continually looking at ways to improve our product offerings and the ways in which we deliver them. We know that we face strong competition from other lenders, but we are strong in our belief that you will get the best service from St. Canice's. We are your local lenders, with local knowledge and have built a strong relationship with you. We have built up good experience in mortgage lending and have a straightforward member friendly approach. We also lend to businesses and the agriculture sector, where we can offer a personal and professional service. We are developing our online loan application process, improving it further to allow an end to end process where you can apply and receive your loan from the comfort of your home. We also expect to rollout a new automated loan decision process, which will see quicker responses to loan applications. These developments will all improve the member experience, but we do need members to borrow from us. A large proportion of our members have never borrowed from us. If you are one of those members, why don't you have a look at the products we have on offer and come to us when you next need a loan.



CATEGORY	€000's
Car	18,832
Home Improvements	12,208
Personal	6,664
Loans secured by shares	2,318
Student	2,057
Mortgage	1,621
Switcher	1,134
Agricultural	875
Community	326
Business	195
Total	46,230

MEMBER SERVICE

We pride ourselves in our service to our members and we were delighted that credit unions have again been awarded the most trusted brand in Ireland for the sixth year in a row. Our staff have always been focused on delivering excellent service, but I think this year in dealing with COVID-19, they have been exceptional in doing everything they can for our members. We are still open for business in the traditional manner, however we would encourage you for your own safety to consider other ways to carry out your business. You can now open an account with us online, through our new onboarding service. You can set up a direct debit from your bank account to cover your loan payment or regular saving. Better still why not move to a Credit Union Current Account and move your full financial requirements from the bank to us. We have had an unprecedented number of members move to online banking as a result of COVID-19. I am pleased to advise that a number

of improvements have now been made to the service and a new mobile app has been launched recently which provides a much more efficient and user friendly service using up to date technological enhancements. Many members may not be familiar with using online services such as these. If that is the case pop in to our High Street office where we have set up a digital hub where we can help you to get started and also demonstrate to you how the online service works. We will always be open for our members and these services are not a replacement but an addition to the traditional service we have always offered. Molly Drennan has been appointed as our new Head of Operations and with 20 years of experience in St. Canice's, is well placed to ensure we continue to deliver an excellent service and constantly review and improve our products and services.

Early in 2020 we completed a successful merger with Piltown Credit Union. I would like to thank the Board, Volunteers and staff in Piltown for their professionalism and commitment throughout the process. We welcome our new members from Piltown, who have already started availing of the new services and products we have to offer. While we have seen a new branch in Piltown, 2020 has also seen the closure of 3 other outlets. The difficult decision was made to close our Balllingarry and Dunamaggin offices as the demand in each office had reduced. Members in these areas are still able to conduct their business in Callan and any of our other branches, as well as using our online services. 2020 also saw the closure of the MacDonagh Junction office. At a time when we have had to carefully consider all costs, it was decided that it was no longer viable to renew the lease agreement. I am happy to say that members who previously used MacDonagh Junction are now using our High Street office with no negative impact on the service provided.

Our branch network continues to deliver strong performances and contribute well to the overall performance of St. Canice's. Denis Toomey was appointed as Regional Branch Coordinator during the year and is responsible for the overall supervision of the branches and their business development.

MEMBERSHIP COMMITTEE AND ENGAGEMENT WITH MEMBERS

Our membership continues to grow and the merger with Piltown has seen this extend further into South Kilkenny. Over 1,900 new members have joined St. Canice's this year and we are seeing an increasing number of these new members joining online. We have a strong membership with over 70,000 members. The challenge for us is to deliver products and services to all our members as there are a very high portion of members who have never borrowed from us and have not used their accounts for some time. We want to engage closely with our membership, to help us decide how best to deliver the services you want and learn from your feedback what we should be doing or what we should stop doing. With this in mind, we are presently recruiting for a new Member Insight and Business Development Officer to work closely with Roisin Gilroy, Head of Marketing and Business Development. Roisin and her team will be looking at our products and services, comparing them to our competitors and reaching out to our members for your opinions on what we need to do. This contact will be through member surveys and forum groups. We are eager to get as much feedback as we can from our members and I would encourage you, if contacted to respond as openly and honestly as you can. We want our members to help us develop our future plans and strategy and be part of the changes needed to keep us viable and strong.

As well as providing people with personal savings, money management and lending services; St. Canice's Credit Union provides a positive social impact not just a financial one. We have done this by enhancing the lives and experiences of thousands of people across our common bond, through community support, grants and sponsorships. Last year we contributed €134k in supporting local businesses, credit unions in developing countries, local community causes, charities and projects from sports clubs and activities, youth programmes, college scholarships, farming communities, mental health as well as supporting arts and culture in local areas.

CREDIT CONTROL

As we now enter a recession, it is inevitable that some of our members will experience financial difficulties which will affect their ability to repay their loans. At the start of COVID-19 we facilitated temporary arrangements for almost 400 members who made contact and requested a short term change to their loan arrangement as a direct result of COVID-19. For members who find themselves in a difficult situation our advice to you is to contact our Credit Control team as soon as possible. You will find that the team are there to work with you to find a mutually suitable solution for your situation. The earlier this happens the easier it will be for you to work your way out of the difficulty. The credit control committee meets

monthly with the CFO to ensure adherence to policies and agree specific actions. In the last year the team have recovered over €1.3m from bad debts, have written off loans totalling €411k and provided additional provisions of €639k to protect the Credit Union for future write offs.

RISK AND COMPLIANCE

The Central Bank has outlined key risks that credit unions must monitor and report on. Credit unions are also subject to regulatory requirements outlined in the Credit Union Act and other legislative requirements such as GDPR and AML. Ensuring that St. Canice's is compliant with all these requirements is a huge body of work but one which is managed very capably by Marie Minogue our Deputy CEO/Head of Risk and Compliance and her team. The Board are presented with monthly reports outlining adherence to compliance across the Credit Union and monitoring of existing and emerging risks. St. Canice's has a strong risk and compliance culture and the team are very involved in all new developments that take place during the year.

INFORMATION TECHNOLOGY AND SYSTEMS

Nowadays everything we do has an element of IT. Through the developments and improvements with our online applications, onboarding and lending processes this year we are making great strides which will continue in 2021. Richard Dwyer is our IT manager and with Barry O Dwyer, has worked to develop many of these improvements. We will be developing these services more in 2021 and will communicate with you when new enhancements are ready for you to avail.

STAFF

Our staff have been amazing this year. Our counter staff have been at the frontline throughout the pandemic and have stayed positive and professional throughout. Our staff in the Member Services Centre have seen the number of calls they take each day double since January and yet still manage to answer over 95% of calls straight away. Our lending team have dealt with the unprecedented demand of the KickStart loan and managed to deal with over 100 applications each day during that period. Our Credit Control team handled a huge number of enquiries around temporary arrangements and dealt with all those concerned in a professional and sympathetic manner. Our IT department managed to transfer a significant amount of staff to other offices or to work from home in an incredibly quick time and ensured we could deliver an uninterrupted service. Our Risk and Compliance and Finance teams, despite being moved around a number of times never faltered in the delivery of their normal high standards. Our Marketing team have kept us all positive, with great social media updates and brilliant TikToks. Our Insurances team have been professional and understanding and our Training officer has been flexiblility personified. Our new HR manager Michelle Slattery has been there in the background supporting everyone 24/7 from the very start of the pandemic. I want to thank all our staff for everything they have done.

2020 was also the year in which we said goodbye to Claire Lawton. Claire has been the CEO of St. Canice's for the last 22 years and has worked tirelessly over those years in making St. Canice's one of the biggest and strongest credit unions in the country, while never forgetting the credit union ethos and always ensuring that the member is at the heart of everything we do. I would like to thank Claire for all she has done for members and staff and on a personal level for the support she has shown me since I joined St. Canice's five years ago and particularly in the last year as I got ready to replace her in the role. I am very proud to be your new CEO and I with my team will continue to work tirelessly on behalf of all our members.

Finally, I would like to thank our Board and Volunteers who have shown continued commitment and dedication to our Credit Union throughout 2020 and who have adapted so brilliantly to the challenges of this new normal. Their selflessness and generosity of time is a constant reminder of what the Credit Union is all about.

I wish you all good health and happiness for 2021 when hopefully we will see an end to Covid 19 and a return to normality.

Carmel Butler
St. Canice's Kilkenny Credit Union

OFFICERS & COMMITTEES 2020

PRESIDENT	Vincent Kenrick	
DIRECTORS WHO SERVED AS A DIRECTOR DURING 2020	Vincent Kenrick Ian Coulter John Galvin Michael O'Reilly Geraldine Gannon Ronan Morrissey Stephen Kelly	Ciaran Byrne Veronica Swan Kalyan Ram Kusuma Padraic Treacy Jim Dermody
BOARD OVERSIGHT COMMITTEE	Trevor Darlington Paul Hetherington Sean Breathnach	
VOLUNTEERS DURING 2020	Jim Dermody Denis Doheny Maureen Hand Declan Wall	Eamonn McArdle Ger Mulvey Ken Mason
CREDIT COMMITTEE	Ger Mulvey Declan Wall Denis Doheny	Roisin Lawton Ken Mason
CREDIT CONTROL COMMITTEE	Jim Dermody Eamonn McArdle	Ian Coulter
MEMBERSHIP COMMITTEE	Carmel Butler	Molly Drennan
NOMINATION COMMITTEE	Geraldine Gannon Ian Coulter Ronan Morrissey	John Galvin Veronica Swan
AUDIT COMMITTEE	Veronica Swan Ciaran Byrne	John Galvin
RISK & COMPLIANCE COMMITTEE	Vincent Kenrick John Galvin	Padraig Treacy
FINANCE COMMITTEE	John Galvin Ronan Morrissey Michael O'Reilly	Ger Mulvey Eleanor Connolly Carmel Butler
IT COMMITTEE	Ciaran Byrne Kalyan Ram Kusuma Eamonn McArdle	Ken Mason Richard Dwyer Barry O'Dwyer
COMPLAINTS COMMITTEE	Marie Minogue Molly Drennan Roisin Lawton	Eleanor Connolly Richard Dwyer
REMUNERATION COMMITTEE	Geraldine Gannon Michael O'Reilly	Veronica Swan
COMMUNITY DEVELOPMENT COMMITTEE	Ronan Morrissey Padraic Treacy Kalyan Ram Kusuma	Roisin Gilroy Jackie Kealy Vincent Kenrick

REPORT OF THE BOARD OF DIRECTORS

As Chairperson of the Board of Directors and on behalf of the Board I am now presenting the Report of the Board of Directors for the year ended 30th September 2020.

In this the strangest year in anybody's living memory I am happy to report that your Credit Union has performed admirably in a time of imposed restrictions and disruptions and has once again produced very positive outcomes.

While there has been large scale disruption to the lives of all members, St. Canice's Credit Union continued to operate in as normal a fashion as possible with all branches remaining open as much as possible and all committee and directors meetings being conducted electronically from the homes of the volunteers.

STRATEGY

The Board of Directors is responsible for the strategy, direction and policies of the Credit Union and annually puts a Strategic Plan in place. The Board monitors the implementation of those policies and the progress made in achieving its aims and ambitions.

As you all know the COVID-19 pandemic has caused significant disruption and hardship in nearly every aspect of our lives and continues to weigh heavily on our local and national economy. While we began this year with an ambitious but achievable Strategic Plan and projections for 2020, there has been throughout the year a need to continually revisit performance indicators in light of these disruptions.

The main concern for the Board and the Executive was the continued provision of services while protecting the health of the members and staff and I am proud to say that this prioritised aim was achieved very successfully. An enormous vote of thanks is due the executive and staff for adapting so well to the restricted conditions and keeping the Credit Union open and available to all members, showing the agility of the organisation to cope in the most disruptive of environments.

It is possible to take some positive indicators from the darkest of times and the continued movement of members to electronic engagement with the Credit Union, at a time when physical movement may have been restricted, is one such outcome. It is an important part of the Credit Union strategy to provide members with a full suite of first-rate electronic services in particular to keep the institution relevant to our younger members. While we may not have achieved the desired level of uptake on the Current Account services good progress has been achieved in a difficult year.

Other strategic outcomes were successfully achieved with the simplification and improvement of our risk register and risk assessment processes, a decrease in cash volumes / increase in direct debits and despite the economic disruptions the introduction of the 'Kick Start' loan for a period has resulted in loan-book growth in 2020.

On this basis I am happy to report that the long-term future and wellbeing of the Credit Union is secure.

CHANGE OF CHIEF EXECUTIVE

Midway through 2020 Claire Lawton, the CEO of St. Canice's Credit Union for the last 22 years, retired from that post. As a strategist Claire has been responsible for instituting all of the major changes to St. Canice's Credit Union over that time, moving the institution from having a staff of 19 and assets of €40m to its current size with a staff close to 100 and assets of €458m. Claire's managerial focus had always been on the members and the community the Credit Union served, and her achievements are all the more remarkable given that she has steered this institution through one of the worst economic crises in recent times, up to and including the start of the COVID-19 pandemic. The Board, executive management and staff came together to wish Claire the very best on her retirement and an enormous debt of gratitude is owed to Claire from all the Credit Union members and the community.

Carmel Butler has been appointed by the Board to take on the leading Executive role in St. Canice's Credit Union. Having held senior management positions in Ulster Bank, Carmel came to St. Canice's five years ago as the Operations Manager bringing a wealth of banking/financial experience to the post. In 2018 the Board appointed Carmel to the post of Deputy Chief Executive Officer with a view to a seamless transition to CEO on Claire's retirement. This aim has been achieved and while taking on the role of CEO in the middle of the COVID-19 pandemic crisis has not been ideal for Carmel, she has achieved that harmonious change-over and risen to the challenges facing the Credit Union with an enthusiasm and ability that augurs well for the future on this institution.

On behalf of the Board and all of the members I want to welcome Carmel to the post and look forward to the continued development of this Credit Union under her stewardship.

FINANCE

On the financial front the surplus for the year of €2.58m is significantly less than last year, however given the operating circumstances in 2020 it still constitutes a positive result. Similarly, the increase in the loan book of 3% (approx.) is not as high as had been projected at the start of the year however the fact that there is any increase at all is a huge achievement.

The main reason for that increase in the loan book was the introduction during the year of the 'Kick Start' loans following the first COVID-19 lock-down. This initiative was very well received by the members and resulted in a few months where the quantum of loans set new records, allowing a recovery from the drop in business that had occurred in the early part of the year.

The Investment portfolio, including cash and short term deposits, has increased by 7% (approx.) and the total assets now stand at €457.8m an increase of approximately 6%, including the merged Balance Sheet of Piltown Credit Union in January 2020. The assets would have increased by more but for the introduction of the reduced savings cap of €50k during the year. The reserves now stand at just below €69.5m in excess of 15% of assets reflecting a very healthy position. However, the net loan book of €86.4m is under 20% of assets, is way too low and that will set the agenda for the coming year. The priority will remain as it has been for the last couple of years – an increase in the number and quantum of the loans issued during 2021. Some positive news from St. Canice's investment in its associate Metacu is that €5.5m of the SCBI Guaranteed loan scheme will be available in 2021.

In this respect, you the members, can assist with this objective by making St. Canice's Credit Union your first port of call for all your financial needs- car loans, home improvement loans and maybe in times to come even holiday loans again?

DIVIDEND AND LOAN INTEREST REBATE

In deliberating on an appropriate dividend and loan interest rebate, the Board have to take into consideration the external economic circumstances that we are operating in, and, similar to last year the board must formulate its policies with a view to controlling its asset base and preserving the asset/reserve ratio.

On this basis and on the advice of the Central Bank the Board has determined that St. Canice's Credit Union will not be in a position to make any dividend payment, or any loan interest rebate for 2020. While this is unfortunate it is a reflection of the times and the conditions in which we operate and while we can hope for a rise in interest rates available on investments in the future, in the short-term that does not look likely.

COMMITTEES

NOMINATION COMMITTEE

The Nomination Committee has responsibility for the identification of possible Credit Union volunteers and proposing appointments to the Board. It is also required under the Credit Union Reform Act 2010 to ensure that the Credit Union complies with all fitness and probity obligations specified in that legislation.

This committee is charged with ensuring that there are succession plans in place for all volunteer posts and work with the Renumeration Committee, the Board and the Executive Management to ensure succession planning for all the top-level executive management structure.

During 2020 the Nominations Committee have seen Stephen Kelly step down from the Board and Jim Dermody co-opted as his replacement. The committee have been diligent in executing all of their duties throughout the year and I would like to record my gratitude to the committee members for their dedication to ensuring the Credit Union is fit for purpose into the future.

AUDIT COMMITTEE

The Audit Committee is charged with overseeing the internal audit function in the Credit Union and while the committee have responsibility for overseeing that objective and reporting to the Board on the findings of internal audit, the function itself is outsourced to a competent service provider.

In conjunction with that service provider the committee develops an annual Internal Audit Plan based on an assessment of the credit union's risk register and other sources. The areas selected for examination are audited with quarterly reports presented by the committee to the Board. An ongoing monitoring process is in place to ensure that issues identified are allocated to an individual to address within a specified timeframe. This process allows the Credit Union to operate with confidence and with the assurance that all the appropriate governance structures and processes are in place and being operated correctly.

I would like to express my gratitude to all members of the Audit Committee for their continued commitment to ensuring a viable governance structure in St. Canice's Credit Union.

RISK AND COMPLIANCE COMMITTEE

A good governance structure relies on the early identification and mitigation of any risks and on the assurance of being fully compliant with all appropriate legislation and regulation.

The Risk and Compliance Committee work closely with the Executive Deputy CEO/Head of Risk and Compliance to ensure that a 'fit for purpose' system of identification of possible risks and/or compliance breaches is in place and operating. This essential function allows the Credit Union to operate with the assurance that the possibility of any adverse publicity, reputational damage or regulatory sanction in the event of all requirements not being met, is minimised.

Compliance concerns every function of the Credit Union and requires that all Credit Union operations are fully in accord with the policies adopted by the Board and the processes put in place by the executive management, and, that the Credit Union itself is fully compliant with all legislative and regulatory requirements.

The risk management process identifies the likelihood and possible impact of the risks involved in all business transactions, manual and/or electronic, and with the incorporation of all technological advances. The risk register in place for the last number of years has been significantly enhanced in 2020 allowing for the incorporation of more Information Technology risk controls. This register identifies possible risks to Credit Union operations, recognising that some level of risk needs to be accepted, and allows the Board to set that level of risk appetite.

The Risk and Compliance Committee and the Deputy CEO/Head of Risk and Compliance meet to determine the annual Compliance and Risk work plans for each year and report progress with the set objectives to the Board on risk, on a monthly basis, and on compliance on a quarterly basis. Under regulation the Board is required to sign-off on an Annual Compliance statement for the Central Bank.

I would like to record my thanks to my fellow Risk & Compliance committee members and to the Executive Deputy CEO/Head of Risk and Compliance and her team for their unceasing commitment to this work throughout the year.

CONCLUSION

It is very difficult to express in a few words my gratitude to the staff in St. Canice's Credit Union who continued to work tirelessly, and with good humour, through the most difficult working conditions throughout the year. While every possible step was taken to protect the health of all staff and members, the staff continued to set an incredibly high bar in seamlessly continuing to provide Credit Union services to the members often in stressful circumstances.

On behalf of the Board, and you the members, I want to applaud all of the staff in St. Canice's Credit Union for their outstanding efforts throughout 2020, to recognise their resolution to assist members who have been financially affected by the crisis, their dedication to their work and to assure them that their endeavours have been appreciated by everybody. At all levels/grades within the organisation during this most difficult of years the staff have redefined the term Professionalism.

I want to welcome the new CEO Carmel Butler and wish her every success. Carmel already has an excellent working relationship with the Board, and I look forward to that continuing, to the benefit of the organisation and the members, long into the future.

I also want to thank my fellow Volunteers, Directors and Board Oversight Committee members for their diligent work on the many and various committees and the vast amount to work that was completed throughout 2020 despite the circumstances.

Finally, and most importantly, I want to thank you the members and owners of this great Credit Union. As ever the continued success of St. Canice's Credit Union is contingent on your use of, and support of, the organisation and its facilities as the 'first stop' provider of loan and other financial services.

The emotional toll of this pandemic has been great. It has affected the lives of everybody, and as the death toll continues to rise our thoughts and prayers at the end of this improbable year are with the bereaved and those most distressed and overwhelmed.

As we go into 2021 let it be in the hope that knowledge gained in this year will cumulate in the production of a vaccine and control of the COVID-19 virus, and, that we can all return to some level of normality. My very best wishes to all members for 2021 – and remember – this too will pass.

Vincent Kenrick - Chairman
St. Canice's Kilkenny Credit Union

BOARD OVERSIGHT COMMITTEE REPORT FOR 2020 AGM

Under the amended Credit Union Act 1997 (incorporating the Credit Union and Co-Operation with Overseas Regulators Act 2012) we as the Board Oversight Committee (BOC) – are required under Section 76 O (7) to determine that the Board of Directors is operating in accordance with Parts IV and IV(a) and any regulations made for the purposes of Part IV and IV(a) and any other matter prescribed by the Central Bank. This includes all other Legislation and Regulation to which our Credit Union must adhere. The BOC are elected each year at the AGM - by you the members - to ensure that the Board operate in accordance with the above and we are also required to report to the members at the AGM each year. The following gives a summary of our duties carried out on your behalf during the year:-

The first duty of the BOC following the 2019 AGM was to meet with the new Board for a short organisational meeting during which the Board Chairperson, Vice Chairperson and Secretary for 2020 were elected by secret ballot. The members of the new Nomination Committee – the senior Board committee – were also elected by secret ballot at this meeting.

During the year as per our remit we closely monitored the performance of the Board paying particular attention to ensuring that:-

- Our strategic plan continued to be implemented and monitored on a monthly basis and amended and updated as required.
- All the Committees – statutory and non-statutory – report to the Board monthly or quarterly as required and that appropriate minutes of all meetings are retained.
- All Directors complete training in Ethics, Anti- Money Laundering and the more recent General Data Protection Regulation (GDPR) which is required of all involved in our Credit Union. All policies were reviewed and terms of reference for all committees were drawn up, signed off, owner noted and review date set.
- All investments and financial dealings are in accordance with best practice and that the Board, Management and our Investment advisers work closely together and within the criteria set down by the Central Bank guidelines.
- The Compliance Officer, Risk Management Officer, Money Laundering Officer, Data Protection Officer and the Internal Auditors report regularly and that any issues are dealt with appropriately by the Board.
- Required regular reporting and updating to the Central Bank on the impact of COVID-19 and Brexit is having/ will have on lending and repayments of loans.

The BOC also report to the Board four times during the year as required. We appreciate the time given by the Board when considering and discussing the BOC reports and their action taken on the issues discussed.

The BOC also held monthly meetings and at least one member of the BOC attended every Board meeting. Due to the current COVID-19 pandemic the Board meetings and most committee meetings held since March have been virtual meetings held via Microsoft Teams (similar to Zoom) and this situation will likely continue for some months. Members of the BOC also attended various other committee meetings during the year including Nominations, Finance, Audit, Risk and Compliance, Credit and Credit Control.

- As part of the Continuous Professional Development (CPD) programme Directors and all Volunteers also undertake further training in various aspects of the business e.g. Risk and Compliance, Finance and Investments, Fitness and Probity, Audit, Information Technology etc.
- Unfortunately from our Credit Union perspective in particular the National Supervisors Forum (NSF) and AGM due to be held here in Kilkenny in November and attended by Credit Union members from all over the island of Ireland had to be cancelled.

We wish to acknowledge the very detailed and comprehensive reports submitted by Management to the Board for discussion on several difficult decisions to be taken by the Board. We also wish to acknowledge the wonderful contribution made to our Credit Union by – Claire Lawton - our long time CEO who retired at the end of June and wish her successor – Carmel Butler – every success in the future. It is worth noting also the Credit Union brand has once again for the sixth year in a row come first in a national survey for the most trusted brand which is a wonderful achievement.

As we are elected by you the members – and owners of our Credit Union - to safeguard your interests we take our role very seriously and are confident to confirm that in our opinion your Credit Union is extremely well run, with a very active and professional Board of Directors who have performed their duties to the best of their ability and in line with their legal obligations. Their commitment is even more noteworthy for the fact that their time is given voluntarily as is the case for all Volunteers. We also wish to acknowledge the fantastic work of the Management and Staff in keeping all the Offices open and providing a top class service to all members during the pandemic and lockdowns.

We hope that all stakeholders in our Credit Union keep safe during the ongoing pandemic and that where possible they will in the spirit of goodwill and voluntary service support elderly neighbours and those living alone. Hopefully 2021 will bring an end to lockdowns and a return to a more normal relaxing and enjoyable way of life.

Sean Breathnach, Trevor Darlington and Paul Hetherington - Board Oversight Committee

STATEMENT OF DIRECTORS' AND BOARD OVERSIGHT COMMITTEE'S RESPONSIBILITIES

For the financial year ended 30 September 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Credit Union Acts 1997, as amended require 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 the Income and Expenditure Account of the Credit Union for that period. In preparing those financial statements, the directors are required to:

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

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 to 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.

Member of the Board of Directors:

Member of the Board of Directors:

Date: 3 November 2020

STATEMENT OF BOARD OVERSIGHT COMMITTEE'S RESPONSIBILITIES

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

Chairperson of the Board Oversight Committee:

Date: 3 November 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ST. CANICE'S KILKENNY CREDIT UNION LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion, St. Canice's Kilkenny Credit Union Limited financial statements:

- give a true and fair view of the state of the credit union's affairs as at 30 September 2020 and of its income and expenditure and cash flows for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Irish law); and
- have been properly prepared so as to conform with the requirements of the Credit Union Act 1997, as amended.

We have audited the financial statements, included within the Annual Report, which comprise:

- the Balance Sheet as at 30 September 2020;
- the Income and Expenditure Account for the year then ended;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Reserves for the year then ended;
- the Cash Flow Statement for the year then ended;
- the notes to the financial statements, which include a description of the significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the credit union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the credit union's ability to continue as a going concern.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

As explained more fully in the statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible 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 have no realistic alternative but to do so.

Auditors' 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 auditors' 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 Irish Auditing and Accounting Supervisory Authority website at: https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the credit union's members as a body in accordance with section 120 of the Credit Union Act 1997, as amended and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Credit Union Act 1997, as amended opinions on other matters

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- In our opinion proper accounting records have been kept by the Credit Union.
- The financial statements are in agreement with the accounting records.

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Kilkenny

Date: 16 December 2020

INCOME AND EXPENDITURE ACCOUNT

For the financial year ended 30 September 2020

	Note	2020 €	2019 €
Income			
Loan interest on members' loans	5	7,033,345	6,626,747
Deposit interest and investment income	6	4,850,894	6,046,301
Other income	7	109,961	238,493
		11,994,200	12,911,541
Expenditure			
Employment costs	8	4,069,986	3,633,747
Other expenses		3,173,674	3,187,494
Share and loan insurance		1,231,116	1,303,770
Death benefit insurance		727,664	644,062
Net recoveries on loans to members	11(iv)	(265,193)	(1,165,363)
Depreciation		475,278	399,342
Surplus for year		9,412,525	8,003,052
		2,581,675	4,908,489

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 September 2020

The Credit Union has no gains or losses in the financial year or the preceding financial year other than those dealt with in the income and expenditure account. Accordingly, no Statement of Comprehensive Income is presented.

On behalf of the Credit Union

Manager:

Member of Board Oversight Committee:

Members of the Board of Directors:

BALANCE SHEET
AS AT 30 SEPTEMBER 2020

Assets	Note	2020 €	2019 €
Cash at bank and on hand	9	64,544,478	41,837,258
Investments and deposits	10	297,171,689	296,438,871
Investment in associate	18	265,000	265,000
Loans to members	11	86,443,607	83,999,702
Tangible fixed assets	15	6,952,544	6,917,822
Debtors and prepaid expenses	12	2,439,211	3,047,959
Members' current accounts	14	4,483	-
Total assets		**457,821,012**	**432,506,612**
Liabilities			
Members' shares	13	380,286,359	359,432,377
Members' deposits		5,741,865	4,674,611
Members' current accounts	14	1,219,416	-
Accrued expenses	16	1,139,013	1,738,953
Total liabilities		**388,386,653**	**365,845,941**
Assets less liabilities		**69,434,359**	**66,660,671**
Members' resources			
Regulatory reserve		48,155,000	45,413,057
Other reserves		21,279,359	21,247,614
Total reserves		**69,434,359**	**66,660,671**

On behalf of the Credit Union

Manager:

Member of Board Oversight Committee:

Members of the Board of Directors:

STATEMENT OF CHANGES IN RESERVES

For the financial year ended 30 September 2020

	Surplus €	Regulatory reserve €	Operational risk reserve €	Section 44 Community fund €	Dividend reserve €	Undistributable surplus €	Total €
Opening balance at 1 October 2018	-	38,405,117	6,810,156	217,500	13,095,049	1,067,205	59,595,027
Surplus for the year	4,908,489	-	-	-	-	-	4,908,489
Dividends paid (Note 21)	-	-	-	-	(1,710,552)	-	(1,710,552)
Rebate paid (Note 21)	-	-	-	-	(1,445,346)	-	(1,445,346)
Transfer to regulatory reserves	-	1,836,525	-	-	(1,836,525)	-	-
Transfer to operational risk reserves	(80,000)	-	80,000	-	-	-	-
Transfer to dividend reserves	(4,828,489)	-	-	-	5,895,694	(1,067,205)	-
Payments from community fund	-	-	-	(90,855)	-	-	(90,855)
Payments to community fund	-	-	-	-	-	-	-
Arising on transfer of engagements (note 26)	-	5,171,415	120,000	-	112,493	-	5,403,908
Closing balance at 30 September 2019	**-**	**45,413,057**	**7,010,156**	**126,645**	**14,110,813**	**-**	**66,660,671**
Opening balance at 1 October 2019	-	45,413,057	7,010,156	126,645	14,110,813	-	66,660,671
Surplus for the year	2,581,675	-	-	-	-	-	2,581,675
Dividends paid (Note 21)	-	-	-	-	(346,672)	-	(346,672)
Rebate paid (Note 21)	-	-	-	-	(755,393)	-	(755,393)
Transfer to regulatory reserves	-	1,446,507	-	-	(1,446,507)	-	-
Transfer to dividend reserves	(2,581,675)	-	-	-	2,581,675	-	-
Payments from community fund	-	-	-	(61,441)	-	-	(61,441)
Arising on transfer of engagements (note 26)	-	1,295,436	-	-	60,083	-	1,355,519
Closing balance at 30 September 2020	**-**	**48,155,000**	**7,010,156**	**65,204**	**14,203,999**	**-**	**69,434,359**

The regulatory reserve of the Credit Union as % of total assets as at 30 September 2020 was 10.50% (2019: 10.50%).

CASH FLOW STATEMENT
For the financial year ended 30 September 2020

	Note	2020 €	2019 €
Cash flows from operating activities			
Loans repaid		43,022,678	40,512,360
Loans granted		((46,230,244)	(47,353,399)
Member current account lodgements/withdrawals		1,214,927	-
Loan interest received		7,010,033	6,630,030
Investment interest received		5,422,949	6,352,805
Bad debts recovered		1,316,406	1,253,516
Dividends paid		(346,672)	(1,130,247)
DIRT paid		(111,981)	(580,305)
Loan interest rebate paid		(755,398)	(1,445,346)
Payments from community fund reserves		(61,441)	(90,855)
Operating expenses		(8,773,970)	(9,221,289)
Net cash flows from operating activities		**1,707,287**	**(5,072,730)**
Cash flows from investing activities			
Fixed assets purchases / disposals		(318,750)	(971,180)
New cash flow from investment in associate		-	(265,000)
Net cash flow from other investing activities		(732,818)	(10,751,260)
Net cash flows from investing activities		**(1,051,568)**	**(11,987,440)**
Cash flows from financing activities			
Members' shares received		199,081,102	184,069,856
Members' deposits received		62,864,047	65,682,496
Members' shares withdrawn		(178,227,119)	(161,909,010)
Members' deposits withdrawn		(61,796,793)	(65,731,364)
Net cash flows from financing activities		**21,921,237**	**22,111,978**
Other receipts		130,264	238,493
Net increase in cash and cash equivalents		22,707,220	5,290,301
Cash and cash equivalents at beginning of year		41,837,258	36,546,957
Cash and cash equivalent at end of year	9	**64,544,478**	**41,837,258**

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION
St. Canice's Kilkenny Credit Union Limited ("the Credit Union") is established under the Credit Union Act 1997, as amended. The Credit Union is registered with the Register of Credit Unions and is regulated by the Central Bank of Ireland. The principal place of business is 78 High Street, Kilkenny.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION
These financial statements have been prepared in accordance with FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS102").

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
The significant accounting policies used in the preparation of the Credit Union's financial statements are set out below. These policies have been consistently applied to all financial periods presented, unless otherwise stated.

(a) Basis of preparation The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial period. It also requires the directors to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in note 4.

(b) Going concern The financial statements are prepared on the going concern basis. The directors of St. Canice's Kilkenny Credit Union Limited believe this is appropriate as the Credit Union:

- is generating annual surpluses;
- maintains an appropriate level of liquidity; and
- has reserves that are currently above the minimum requirements of the Central Bank.

In considering going concern, the directors have had regard to the underlying income and expenditure and the continuing impact of Covid-19 restrictions. They are satisfied that the Credit Union has adequate resources to meet obligations for the foreseeable future from the date of approval of these financial statements.

(c) Income

Interest on members' loans Interest on loans to members is recognised using the effective interest method, and is calculated and accrued on a daily basis.

Investment income - The Credit Union currently only has investments that are valued at amortised cost, and use the effective interest method to recognise investment income.

Other income - Other income such as commissions receivable on insurance products and foreign exchange services arises in connection to specific transactions. Income relating to individual transactions is recognised when the transaction is completed.

(d) Tangible fixed assets Tangible fixed assets are carried at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to the location and condition necessary for its intended use, applicable dismantling, removal and restoration costs and borrowing costs capitalised.

(i) Leasehold premises and buildings - Leasehold premises and buildings are carried at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses.

The difference between depreciation based on the deemed cost of land and buildings (which is recognised in profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation reserve in equity to the profit and loss account reserve in equity each financial year.

(ii) Fixtures and fittings and computer equipment - Fixtures and fittings and computer equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Depreciation - Depreciation on other assets is calculated, using the straight-line method over their estimated useful lives, as follows:

Leasehold premises	10% Straight Line
Freehold buildings	2% Straight Line
Fixtures and fittings	10% Straight Line
Computer equipment	20% Straight Line

(iv) Derecognition - Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income and expenditure account.

(e) Taxation The Credit Union is not subject to income tax or corporation tax on its activities as a Credit Union.

(f) Dividends to members and loan interest rebates The Board's proposed distribution to members each year is based on the dividend and loan interest rebate policy of the Credit Union. The rate of dividend and loan interest rebate recommended by the Board will reflect:

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

all dominated by prudence and the need to sustain the long-term welfare of the Credit Union. For this reason the Board will seek to build up its reserves to absorb unexpected shocks and still remain above minimum regulatory requirements. The Credit Union accounts for dividends and rebates of loan interest when members ratify such payments at the Annual General Meeting.

(g) Cash and cash equivalents Cash and cash equivalents comprise operating cash on hand and cash deposited with banks with original maturity of less than or equal to three months.

(h) Employee benefits The Credit Union provides a range of benefits to employees, including short term employee benefits such as annual bonus arrangements and paid holiday arrangements and post-employment

benefits (in the form of defined contribution and defined benefit pension plans).

(i) Short term benefits - Short term employee benefits, including wages and salaries, paid holiday arrangements and other similar non-monetary benefits, are recognised as an expense in the financial year in which employees render the related service. The company operates an annual bonus plan for employees. An expense is recognised in the income and expenditure account when the company has a present legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

(ii) Pension scheme - St. Canice's Kilkenny Credit Union Limited participates in two pensions. One is 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 the Credit Union to separately identify its share of the scheme's underlying assets and liabilities. Consequently, the Credit Union accounts for the scheme as a defined contribution plan.

However, there is an agreed funding plan in respect of the pension scheme as a result of a Minimum Funding Standard deficit certified by the scheme's actuary in 2009. Consequently, St. Canice's Kilkenny Credit Union Limited recognises a liability at each Balance Sheet date for its outstanding contributions payable under the agreed funding plan to the extent that they relate to committed funding in respect of the deficit to which the funding plan relates.

The second scheme is a defined contribution scheme operated by Bank of Ireland. Payments to the scheme are charged to the Income and Expenditure account in the year to which they relate.

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

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

Financial assets and liabilities are classified according to the substance of the contractual arrangements entered into.

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

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

Investments in associated undertaking - Investments where the credit union is deemed to have significant influence over an entity, but it is neither a subsidiary or a joint venture, are treated as investments in associated undertakings.

Investments in associates are accounted for at cost less impairment.

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

Other receivables - Other receivables such as prepayments are initially measured at transaction price including transaction costs and are subsequently measured at amortised cost using the effective interest method.

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

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

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

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

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

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

In the case of loans to members, loans are derecognised, when the right to receive cash flows from the loans have expired, usually when all amounts outstanding have been repaid by the member. St. Canice's Kilkenny Credit Union Limited does not transfer loans to third parties.

(ii) Basic financial liabilities - Basic financial liabilities are initially recognised at the transaction price, including transaction costs, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities are subsequently carried at amortised cost using the effective interest method.

Financial liabilities members' shares - Members' shares are redeemable and therefore are classified as financial liabilities. They are initially recognised at the amount of cash deposited and subsequently members' deposits are measured at amortised cost. Members' shares are repayable on demand except for shares attached to loans.

Other payables - Other payables are classified as current liabilities if 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.

De-recognition of financial liabilities - Financial liabilities are derecognised when the obligations of the Credit Union specified in the contract are discharged, cancelled or expire.

(j) Reserves

Regulatory reserve - The Credit Union is required to maintain and establish a minimum regulatory reserve of at least 10% of the assets of the Credit Union in accordance with Credit Union Act 1997 (Regulatory Requirements) Regulations 2016.

Operational risk reserve - The Credit Union has established an Operational Risk reserve which is separate, distinct and in addition to the reserves the Credit Union is required to hold in its regulatory reserve.

Dividend reserve - Dividend reserves are the accumulated surpluses to date that have not been declared as dividends or loan interest rebate returnable to members or set aside to the regulatory or operational risk reserves.

Undistributable surplus - Investment income that has been recognised in the financial statements but will not be received within 12 months of the Balance Sheet date is classified as "undistributable surplus" as it is not distributable as a dividend in accordance with Section 31 of the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016. A reclassification between non-distributable and distributable is made as investments come to within 12 months of maturity date.

Section 44 community fund - The Credit Union has established a community fund reserve in accordance with Section 44 of the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016. The amount held in this reserve is to be set aside to fund community projects.

(k) Transfer of Engagements Transfer of Engagements are accounted for by recognising identifiable assets and liabilities of the acquired Credit Union at fair value. The member interests taken on by St. Canice's Kilkenny Credit Union Limited represent the consideration transferred for the net assets acquired. The assets acquired net of member interests are recognised as a reserve on transfer of engagements.

4. CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATION UNCERTAINTY

Estimates and judgements made in the process of preparing the entity financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions - The directors make estimates and assumptions concerning the future in the process of preparing the entity financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Impairment losses on loans to members - The Credit Union's accounting policy for impairment of financial assets is set out in accounting policy in Note 3 (i). 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 and the impact of Covid-19. Credit risk is identified, assessed and measured through the use of rating and scoring tools with emphasis on weeks in arrears and other observable credit risk metrics. This analysis influences the management of individual loans and triggers the impairment assessment and if relevant the raising of specific provisions on individual loans where there is doubt about their recoverability. Loan loss provisioning is monitored by the Credit Union, and the Credit Union assesses and approves its provisions and provision adequacy on a quarterly basis. Key assumptions underpinning the Credit Union's estimates of collective provisions for loans with similar credit risk characteristics, and, Incurred But Not Reported provisions ("IBNR") are based on the historical experiences of the Credit Union's allied to the Credit Union's judgement of relevant conditions in the wider technological, market, economic or legal environment in which the Credit Union operates.

(ii) Useful economic lives of tangible assets - The annual depreciation on tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reviewed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 15 for the carrying amount of the tangible fixed assets, and note 3d (iii) for the useful economic lives for each class of tangible fixed assets.

(iii) Investments in associates - The investments in associates represents St. Canice's Kilkenny Credit Union Limited's investment in Metacu Management Designated Activity Company. This investment was made for operational purposes. The Credit Union holds 6.25% redeemable A ordinary shares in the company and through the terms of the shareholders' agreement agreed between each of the participating credit unions, St. Canice's Kilkenny Credit Union Limited is deemed to have significant influence over the operations of this company. Therefore the investment has been accounted for as an investment in an associate.

5. LOAN INTEREST ON MEMBERS' LOANS	2020 €	2019 €
Loan interest on members' loans	6,789,940	6,403,857
Loan interest receivable	233,178	209,865
Net interest earned on budget accounts	10,227	13,025
	7,033,345	6,626,747

6. DEPOSIT INTEREST AND INVESTMENT INCOME	2020 €	2019 €
Received by the Credit Union at balance sheet date	3,012,722	3,636,074
Receivable within 12 months of the balance sheet date	1,838,175	2,410,227
	4,850,897	6,046,301

7. OTHER INCOME	2020 €	2019 €
Claims experience refunds ECCU	-	138,365
Miscellaneous income	70,572	56,563
Budget accounts charges	-	14,497
ATM accounts charges	-	11,220
Commission (Coin machine, RPI, Paypoint)	13,521	17,455
Foreign exchange commission	372	393
Affiliation fee	13,917	-
Income from additional services	11,579	-
	109,961	238,4931

8. EMPLOYEES AND EMPLOYMENT COSTS	2020 Number	2019 Number
(i) Number of employees		
The average monthly number of employees during the year were:		
Management	8	8
Other staff	90	97
Total	98	105

(ii) Employment costs

	2020 €	2019 €
Wages and salaries	3,165,325	2,983,313
Termination payment	205,000	-
Social security costs	343,220	320,884
Payments to pension schemes	356,441	329,550
	4,069,986	3,633,747

(iii) Key management personnel

The remuneration of the 8 key management personnel (2019: 8) were as follows:

	2020 €	2019 €
Wages, salaries, termination payments and other benefits	842,917	679,005

9 CASH AND CASH EQUIVALENTS

	2020 €	2019 €
Cash at bank and on hand	11,711,382	3,697,014
Short term deposits	52,833,096	38,140,244
	64,544,478	41,837,258

10. INVESTMENTS AND DEPOSITS

	2020 €	2019 €
Government & Bank bonds	75,682,964	88,711,080
Central bank minimum deposits	3,583,348	3,223,363
Fixed term deposits with banks	190,798,874	174,019,444
Other investments	27,106,503	30,484,984
	297,171,689	296,438,871
Provision for diminution in investments	-	-
	297,171,689	296,438,871

The credit rating of counterparties with whom investments were held was as follows:

A1	131,796,186	82,545,582
A2	24,778,543	48,826,305
A3	60,221,170	56,794,997
Aa3	33,500,917	20,321,911
Ba1	2,200,000	-
Baa1	-	22,000,000
Baa2	43,424,873	27,000,000
Baa3	-	37,700,076
BBB+	1,250,000	1,250,000
	297,171,689	296,438,871

11. LOANS TO MEMBERS – FINANCIAL ASSETS

	Note	2020 €	2019 €
(i) Loans to members			
Gross loans to members	11 (ii)	94,328,351	91,120,785
Loan provision	11 (iii)	(7,884,744)	(7,121,083)
As at 30 September		886,443,607	83,999,702

(ii) Credit risk disclosures

St. Canice's Kilkenny Credit Union Limited offers secured and unsecured loans to its members. There are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding. There are maximum amounts set down by the Central Bank in terms of what amount a member can borrow from the Credit Union.

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

	2020 €	2020 Proportion %	2020 €	2020 Proportion %
Not past due	75,734,842	80%	74,954,720	82%
Up to 9 weeks past due	14,141,964	15%	12,658,681	14%
Between 10 and 18 weeks past due	1,360,827	2%	960,343	1%
Between 19 and 26 weeks past due	618,965	1%	460,996	1%
Between 27 and 52 weeks past due	1,174,748	1%	886,966	1%
53 or more weeks due	1,297,005	1%	1,199,079	1%
Total gross loans	**94,328,351**	**100%**	**91,120,785**	**100%**
Impairment allowance - groups of loans	**(7,884,744)**		**(7,121,083)**	
Total carrying value	**86,443,607**		**83,999,702**	

Factors that are considered in determining whether loans are impaired are discussed in note 4, dealing with estimates.

(iii) Loan provision account for impairment losses		
As at 1 October	7,121,082	6,242,093
Transfer from mergers	123,772	1,141,621
Decrease in loan provisions during the year	639,890	(262,632)
As at 30 September	**7,884,744**	**7,121,082**
(iv) Net recoveries or losses recognised for the year		
Bad debts recovered	1,316,407	1,253,516
Decrease in loan provisions during the year	(639,890)	262,632
	676,517	**1,516,148**
Loans written off	**(411,324)**	**(350,785)**
Net recoveries on loans to members recognised for the year	**265,193**	**1,165,363**

12. DEBTORS AND PREPAID EXPENSES

	2020 €	2019 €
Prepayments	367,859	427,867
Accrued investment income	1,838,174	2,410,227
Accrued loan interest income	233,178	209,865
	2,439,211	**3,047,959**

13. MEMBER SHARES

	2020 €	2019 €
Shares	380,286,359	359,405,966
Shares 3 year term	-	-
Shares 5 year term	-	26,411
	380,286,359	**359,432,377**

14. MEMBER CURRENT ACCOUNTS

	2020 €	2019 €
At 30 September		
Debit balances	4,483	-
Credit balances	(1,219,416)	-
	(1,214,933)	**-**

Payment accounts	Number of accounts	Balance of accounts
Credit	1,214	(1,219,416)
Debit	77	1,111
Permitted overdrafts	6	3,372
	1,297	**(1,214,933)**

15. TANGIBLE FIXED ASSETS

	Leasehold premises €	Freehold buildings €	Fixtures & fittings €	Computer equipment €	Total €
Cost					
At 30 September 2018	476,361	5,777,297	1,864,965	1,101,511	9,220,134
Transfers during the year	-	798,114	14,069	-	812,183
Additions during the year	-	192,133	437,302	341,745	971,180
Removal of fully depreciated assets	(112,012)	(6,732)	(748,252)	(656,300)	(1,523,296)
At 30 September 2019	**364,349**	**6,760,812**	**1,568,084**	**786,956**	**9,480,201**
At 30 September 2019	364,349	6,760,812	1,568,084	786,956	9,480,201
Transfers during the year	-	197,128	23,056	-	220,184
Additions during year	-	67,490	147,140	110,347	324,977
Impairment	-	(35,161)	-	-	(35,161)
Removal of fully depreciated assets	(351,549)	-	(88,245)	(232,803)	(672,597)
At 30 September 2020	**12,800**	**6,990,269**	**1,650,035**	**664,500**	**9,317,604**
Accumulated depreciation					
At 30 September 2018	466,309	1,245,078	1,055,678	919,268	3,686,333
Charge for year	7,231	127,477	142,134	122,500	399,342
Removal of fully depreciated assets	(112,012)	(6,732)	(748,252)	(656,300)	(1,523,296)
At 30 September 2019	**361,528**	**1,365,823**	**449,560**	**385,468**	**2,562,379**
At 30 September 2019	361,528	1,365,823	449,560	385,468	2,562,379
Charge for year	2,821	138,438	198,729	135,290	475,278
Removal of fully depreciated assets	(351,549)	-	(88,245)	(232,803)	(672,597)
At 30 September 2020	**12,800**	**1,504,261**	**560,044**	**287,955**	**2,365,060**
Net book value					
At 30 September 2020	**-**	**5,486,008**	**1,089,991**	**376,545**	**6,952,544**
At 30 September 2019	**2,821**	**5,394,989**	**1,118,524**	**401,488**	**6,917,822**
At 30 September 2018	**10,052**	**4,532,219**	**809,287**	**182,243**	**5,533,801**

16. OTHER PAYABLES

	2020 €	2019 €
PAYE/PRSI	65,582	68,385
Pension and short term payroll accruals	58,148	58,621
Creditors and other accruals	1,015,283	1,611,947
	1,139,013	**1,738,953**

17. CCREDIT UNION OWNED SERVICE PROVIDERS (CUSP)

The Credit Union has invested in the following CUSPs:

CUSP Name	Outsourced services	Funding/ Investment
Metacu Management DAC	No services launched to date	€265,000
Payac Services CLG	Payment account services (i)	€130,000
Total		**€395,000**

(i) This funding was an operational cost incurred up to 30 September 2018 and was fully written off through the income and expenditure account.

18. INVESTMENTS IN ASSOCIATE

Cost	€
At 1 October 2019 and 30 September 2020	265,000
Accumulated impairment	
At 1 October 2019 and 30 September 2020	-
Net book value	
30 September 2020	265,000
30 September 2019	265,000

nterests in associate

The credit union has interests in the following associate:

Associate	Registered Address	Type of shares held	Proportion held (%)	Net Assets €	Profit or loss €
Metacu Management Designated Activity Company	56 Sir John Rogerson's Quay, Dublin 2, Ireland	Redeemable A Ordinary	6.25%	4,128,964	(111,036)
At 30 September 2018					
Transfers during the year					

The above financial information in respect of Metacu Management Designated Activity Company was extracted from the audited financial statements for the period ended 31 December 2019.

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

	Share of net assets €
At 1 October 2019	**265,000**
Share of loss for the financial year after tax	(6,940)
At 30 September 2020	**258,060**

19. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURES

(a) Financial risk management - St. Canice's Kilkenny Credit Union Limited is a provider of personal and business loans and also provides savings products to its members. The Credit Union invests excess funds with a view to ensuring that the return from members' loans and investments is adequate to meet the overheads of the Credit Union and provide a reasonable return to members on shares and deposits. The Credit Union has a risk register in place to help the directors manage the various risks arising from its activities to include the issuing of loans to members and investing the excess funds of the Credit Union.

The main financial risks arising from St. Canice's Kilkenny Credit Union Limited's activities are credit risk, liquidity risk and interest rate risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

Credit risk - Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to St. Canice's Kilkenny Credit Union Limited, resulting in financial loss to the Credit Union. In order to manage this risk the Board approves the Credit Union's credit policy, and all changes to it. All loan applications are assessed with reference to the credit policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed. The credit risk on members' loans is disclosed in Note 11.

The Credit Union's investments are also exposed to credit risk and the Credit Union mitigates the risk by only placing investments with financial institutions where the counterparties have strong credit ratings and using investment products authorised by the Central Bank.

Liquidity risk - The Credit Union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The Credit Union adheres on an ongoing basis to the minimum liquidity ratio and minimum short term liquidity ratio as set out in the Credit Union Act 1997 (Regulatory Requirements) Regulations 2018.

Market risk - Market risk is generally comprised of interest rate risk, currency risk and other price risk. St. Canice's Kilkenny Credit Union Limited conducts all its transactions in Euro and does not deal in derivatives or commodity markets. Therefore, the Credit Union 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 a Credit Union's operations. The Credit Union considers rates of interest receivable on investments and members' loans when deciding on the dividend rate payable on shares and on any loan interest rebate.

(b) Interest rate risk disclosures

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

	2020		2019	
	Amount €	Average interest rate %	Amount €	Average interest rate %
Financial assets				
Gross loans to members	94,328,351	7.5%	91,120,785	7.5%

(c) Liquidity risk disclosures - All of the financial liabilities of the Credit Union are repayable on demand except for certain members' shares attached to loans and members' deposits which have a fixed maturity date.

(d) Fair value of financial instruments - St. Canice's Kilkenny Credit Union Limited does not hold any financial instruments at fair value.

(e) Capital - St. Canice's Kilkenny Credit Union Limited maintains sufficient reserves to buffer the Credit Union against any losses on its members' loans and also its investments. The current regulatory reserves are in excess of the minimum requirement set down by the Central Bank, and stand at 10.5% of the total assets of the Credit Union at the Balance Sheet date.

20. PENSION CONTRIBUTION

St Canice's Kilkenny 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 St Canice's Kilkenny 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, St Canice's Kilkenny 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 was approved by the Pensions Authority. The Scheme exited the funding plan as scheduled on 1 March 2019 meeting its statutory funding obligations on 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 2018 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 1 March 2017 using the Projected Unit valuation method. The principal actuarial assumption used in the valuation was the investment return would be 1.75% higher than the annual salary increases. The market value of the scheme's assets at 1 March 2017 was €216m. The actuarial valuation disclosed a past service deficit of €6.4m at 1 March 2017 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.This actuarial review recommended that the rate agreed under the funding proposal, 27.5% of pensionable salary, continues to be paid. 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.

FRS 102 requires a provision to be recognised where an agreement has been entered into with a multi-employer plan that determines how the deficit will be funded. The provision was measured based on the contributions payable that arose from the agreement with the multi-employer pension plan to the extent that they relate to the deficit. St. Canice's Kilkenny Credit Union Limited has paid the contributions payable under this funding agreement. Payments to the scheme are charged to the Income and Expenditure Account in the year to which they relate. The total pension cost for the year was €356,441, of which €40,055 relates to the The Irish League of Credit Unions Republic of Ireland Pension Scheme. (2019: €329,550, of which €61,467 related to the The Irish League of Credit Unions Republic Republic of Ireland Pension Scheme). Contributions payable of €4,806 (2019: €11,869) were accrued at year end.

21. DIVIDEND AND INTEREST REBATE

The dividend and interest rebate paid and accounted for during the year ended 30 September 2020 was proposed at the 2019 Annual General Meeting in respect of the year ended 30 September 2019. See Statements of Changes in Reserves for details of amounts paid.

No dividend or interest rebate in respect of the year ended 30 September 2020 is recognised in these financial statements, in line with FRS 102. It is proposed that no dividends or interest rebates will be paid for the year ended 30 September 2020.

22. FINANCIAL COMMITMENTS

At the year end the Credit Union had minimum lease payments under non-cancellable operating leases due as follows:-

	2020 €	2019 €
In one year or less	55,000	84,200
In more than one year, but not more than five years	55,000	35,000
In more than five years	55,000	35,000
	165,000	154,200

23. RELATED PARTY TRANSACTIONS

During the year loans were advanced to directors and key management team of St. Canice's Kilkenny Credit Union Limited (including their family members or any business in which the directors or management team had a significant shareholding) in the amount of €143,600 (2019: €53,150). These loans were approved in accordance with the Standard Credit Union rules and the Credit Union Act, 1997 (Regulatory Requirements) Regulations 2016. The loans outstanding from these parties at 30 September 2020 is €313,762 (2019: €234,228). These loans amounted to 0.33% of total gross loans due at 30 September 2020 (2019: 0.26%).

There was no provisions against loans due from the directors and the management team at 30 September 2020 (2019: €Nil). The directors and management team share balances (including their family members) stood at €1,380,795 at 30 September 2020 (2019: €765,538). Wages, salaries and other benefits payable to key management are disclosed in Note 8.

24. INSURANCE AGAINST FRAUD

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

25. RATES OF INTEREST CHARGED ON MEMBERS' LOAN

The rate of interest charged on members' loans during the year was as follows

- Special third level education loans on which interest was charged at 6.4% per annum (2019: 6.4% per annum).
- Business support loan on which interest was charged at 6.4% per annum (2019: 6.4% per annum).
- Car loans, large home improvement/house extension loans and green loans were charged interest at a rate of 8.2% per annum (2019: 8.2%).
- Loans secured by way of a first charge on a property were charged interest at a rate of 6.4% per annum (2019: 6.4%).
- Loans secured by savings were charged interest at a rate of 6.4% per annum (2019: 6.4%).
- Community Energy Loans on which interest was charged at 4.9% per annum (2019: 4.9%).
- Community Loans on which interest was charged at 4.9% per annum (2019: 4.9%).
- Personal Loans on which interest was charged at 9.9% per annum (2019: 9.9%).
- House Loans on which interest was charged at 3.9% per annum from 1st March 2020 (4.9% per annum up to this date) (2019: 4.9%).
- Agri Loan on which interest was charged at 6.5% per annum (2019: 6.5%).

- Great rate loans for loan amounts between €25,000 and €75,000 over a minimum term of 5 years and maximum term of 10 years (launched in 2019) on which interest was charged at 6.2% per annum (2019: 6.2%).
- Kickstart loan for the period May 2020 to 30 September 2020 only on which interest was charged at 4.9% per annum.

26. TRANSFER OF ENGAGEMENTS

On 28 January 2020 St. Canice's Kilkenny Credit Union Limited completed a merger with Piltown Credit Union Limited. The transfer engagement has been accounted for as acquisition in the books of St. Canice's Kilkenny Credit Union Limited and the following assets and liabilities were subsumed into the assets and liabilities of St. Canice's Kilkenny Credit Union Limited.

Assets	2020 €
Investments	9,568,354
Loans to members	1,320,150
Tangible fixed assets	220,184
Cash	205,904
Prepayments	96,668
	11,411,260
Liabilities and reserves	
Accruals	(127,603)
Members' shares	(9,928,138)
Reserves	(1,355,519)
	(11,411,260)

27. CONTINGENT LIABILITY

In September 2018, the Registry of Credit Unions advised all credit unions of a potential matter in relation to accrued interest outstanding on certain top-up loans which may have led to a potential over-collection of interest. The credit union is progressing a review of this matter to ascertain whether any top-up loans made to members might be impacted by these circumstances, and if so, to determine what actions may need to be taken. The credit union continues to engage with sectoral representative bodies regarding this matter and it is expected that the credit union will finalise its review over the coming months. Consequently it is impracticable at this time to estimate the impact, financial or otherwise, if any, of this matter and whether any net amounts will become payable or not in the future. The credit union believe that this will not have a material adverse effect on the financial results of the credit union.

28. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 3rd November 2020.

SCHEDULE 1 - OTHER EXPENSES

	2020 €	2019 €		2020 €	2019 €
AGM expenses	10,360	11,851	Professional fees	275,386	276,067
Audit fees - external	41,174	40,589	Promotion and advertising	160,675	150,778
Audit fees - internal	24,600	24,600	Rates	58,449	41,994
Bank charges	185,866	194,157	Rent	102,533	55,774
Chapter expenses	3,098	2,705	Repairs and renewals	92,520	73,998
Computer maintenance	493,774	559,156	Security	54,723	51,505
Donations, sponsorship and community activities	73,268	90,625	Shredding costs	626	1,021
General insurance	124,604	98,744	Staff uniforms and general expenses	58,236	59,906
IQ ATM expenses	5,347	12,997	Subscriptions and levies	528,811	703,235
League fees	13,003	52,000	Training costs	34,443	45,524
Legal fees	3,098	3,535	Transfer of engagement costs	-	65,124
Lighting, heating and cleaning	162,469	150,942	Travel and subsistence	18,282	31,076
Member initiatives	86,805	54,850	Impairment of buildings	35,161	-
Miscellaneous expenses	43,677	22,751	Voluntary Exit Scheme	-	2,600
Postage and telephone	208,919	187,120	Affiliation fee refunded to members	158,285	-
Printing and stationery	115,482	122,270		3,173,674	3,187,494

DEPOSIT GUARANTEE SCHEME MEMBER INFORMATION

Basic information about the protection of your eligible shares and deposits

Eligible shares and deposits in St. Canice's Credit Union are protected by:	the Deposit Guarantee Scheme ["DGS"]. (1)
Limit of protection:	Eligible shares & deposits up to €100,000 per member. (2)
If you have more eligible shares and deposits at St. Canice's Credit Union:	All your eligible shares and deposits at St. Canice's Kilkenny Credit Union are 'aggregated' and the total is subject to the limit of €100,000. (2)
If you have a joint account with other person[s]:	The limit of €100,000 applies to each member separately. (3)
Reimbursement period in case of St. Canice's Credit Union's failure:	Within 15 working days(4) from 1st January 2019 to 31st December 2020; within 10 working days from 1st January 2021 to 31st December 2023 and within 7 working days from 1st January 2024 onwards, save where specific exceptions apply.(4)
Currency of reimbursement:	Euro
To contact St. Canice's Credit Union for enquiries relating to your account:	78 High Street, Kilkenny, Ireland **Tel:** 056 7722042 **Fax:** 056 7764811 **Email:** info@stcanicescu.ie **Website:** www.stcanicescu.ie
To contact the DGS for further information on compensation:	Deposit Guarantee Scheme, Central Bank of Ireland, PO BOX 11517, Spencer Dock, North Wall Quay, Dublin 1. **Tel:** 1890-777777 **Email:** info@depositguarantee.ie
More information:	**www.depositguarantee.ie**

ADDITIONAL INFORMATION

(1) Scheme responsible for the protection of your deposit Your deposit is covered by a statutory deposit guarantee scheme. If insolvency should occur, your eligible deposits would be repaid up to €100,000.

(2) General limit of protection If a covered deposit is unavailable because a credit institution is unable to meet its financial obligations, depositors are repaid by the DGS. This repayment covers at maximum €100,000 per person per credit institution. This means that all eligible deposits at the same credit institution are added up in order to determine the coverage level. If, for instance, a depositor holds a savings account with €90,000 and a current account with €20,000, he or she will only be repaid €100,000.

(3) Limit of protection for joint accounts In case of joint accounts, the limit of €100,000 applies to each depositor. However, eligible deposits in an account to which two or more persons are entitled as members of a business partnership, association or grouping of a similar nature, without legal personality, are aggregated and treated as if made by a single depositor for the purpose of calculating the limit of €100,000.

In some cases eligible deposits which are categorised as "temporary high balances" are protected above €100,000 for six months after the amount has been credited or from the moment when such eligible deposits become legally transferable. These are eligible deposits relating to certain events which include:

(a) certain transactions relating to the purchase, sale or equity release by the depositor in relation to a private residential property;

(b) sums paid to the depositor in respect of insurance benefits, personal injuries, disability and incapacity benefits, wrongful conviction, unfair dismissal, redundancy, and retirement benefits;

(c) the depositor's marriage, judicial separation, dissolution of civil partnership, and divorce;

(d) sums paid to the depositor in respect of benefits payable on death; claims for compensation in respect of a person's death or a legacy or distribution from the estate of a deceased person.

More information can be obtained at www.depositguarantee.ie

(4) Reimbursement The responsible deposit guarantee scheme is:

Deposit Guarantee Scheme, Central Bank of Ireland, PO Box 11517, Spencer Dock, North Wall Quay, Dublin 1. Tel: 1890-777777. Email: info@depositguarantee.ie. Website: www.depositguarantee.ie.

It will repay your eligible deposits (up to €100,000) within 15 working days from 1 January 2019 until 31 December 2020; within 10 working days from 1 January 2021 to 31 December 2023; and within 7 days from 1 January 2024 onwards, save where specific exceptions apply.

Where the repayable amount cannot be made available within seven working days depositors will be given access to an appropriate amount of their covered deposits to cover the cost of living within five working days of a request. Access to the appropriate amount will only be made on the basis of data provided by the credit institution. If you have not been repaid within these deadlines, you should contact the deposit guarantee scheme.

OTHER IMPORTANT INFORMATION

In general, all retail depositors and businesses are covered by the Deposit Guarantee Scheme. Exceptions for certain deposits are stated on the website of the Deposit Guarantee Scheme.

Your credit institution will also inform you on request whether certain products are covered or not. If deposits are eligible, the credit institution shall also confirm this on the statement of account.

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ST. CANICE'S CREDIT UNION

Warning - If you do not meet the repayments on your loan, your account will go into arrears. This may affect your credit rating, which may limit your ability to access credit in the future.
Warning - If you do not keep up your repayments you may lose your home.
Security, property insurance and life cover required. Loans are subject to approval. Terms & Conditions apply.

St. Canice's Kilkenny Credit Union Limited is regulated by the Central Bank of Ireland.