



**ST. CANICE'S
CREDIT UNION**

YOU'RE IN GOOD HANDS



ST. CANICE'S CREDIT UNION

Notice of AGM & Annual Report 2021

www.stcanicescu.ie



Ellen Renwick - Cash Winner August 2021



CUeasypay Partner - Callan Dental



Jessica Watkins - Cash Winner



Cultivate launch in Callan



Community Connect Funding for Camross



Cultivate Launch Day - Bagenalstown



Sponsorship of the Kilkenny Community and Voluntary Awards



Launch of New Car For Prize Draw



Orla O'Neill - Ford Kuga Winner



Staff Jersey Day - Fundraiser for Cois Nore



Staff Step Challenge - Fundraiser for Laura Lynn

NOTICE OF AGM

The Annual General Meeting of St. Canice's Kilkenny Credit Union Limited will take place remotely via the Zoom webinar platform on Tuesday 11th January 2022 at 7pm.

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ORDER OF BUSINESS

Invocation - Credit Union Prayer

1. The acceptance by the Board of Directors of the authorised representatives of members that are not natural persons
2. Ascertainment that a quorum is present
3. Adoption of Standing Orders
4. Approval (or correction) of the minutes of the last Annual General Meeting
5. CEO's Overview of Operational Matters incorporating the reports of;
 - Credit Committee
 - Membership Committee
 - Community Development Committee
 - Credit Control Committee
6. Elections to appoint Auditor and to fill vacancies on the Board Oversight Committee and on the Board of Directors.
7. Report of the Board of Directors incorporating the reports of;
 - Nomination Committee
 - Audit, Risk & Compliance Committee (ARC)
8. Consideration of accounts and Report of the Auditor
9. Motions
10. Report of the Board Oversight Committee
11. Announcement of Election Results
12. 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 2022 be paid by deduction of €0.70 from the shares of each member.
3. That this Annual General Meeting agrees to delete Rule 63(4) of the Standard Rules for Credit Unions (Republic of Ireland) (2019) to remove the requirement for credit unions to complete and return the Return of Officers form to the Irish League of Credit Unions.
4. Rule 98(2)(d): That this Annual General Meeting amends Rule 98(2)(d) by the deletion of 'and' in line 4 so as to read as follows: (d) shall, within the relevant period, be delivered personally or by post to the Bank, to the auditor, to the Irish League of Credit Unions and to each member of the credit union and, if delivered by post to any member, shall be so delivered to the address of that member as recorded in the books of the credit union;
5. That this Annual General Meeting amends Rule 99(3)(a) of the Standard Rules for Credit Unions (Republic of Ireland) to provide for the notice requirements for an adjourned meeting (to include information with respect to an electronic meeting) so as to read as follows:

(3) Subject to paragraph (3) in rule 98: (a) Paragraph (2)(a), (b), (d), (e), (f) of Rule 98 shall apply to a notice under paragraph (2)(b) of this rule as they apply to a notice under paragraph (1) of that rule; and

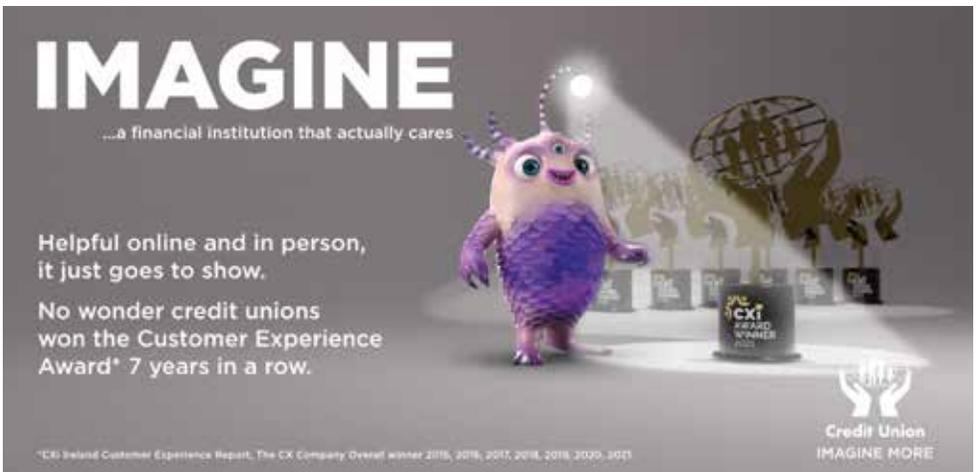
NOTICE OF ELECTIONS

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.

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

ELECTION OF AUDITOR

The Board of Directors of St. Canice's Kilkenny Credit Union Limited recommends that Grant Thornton Mill House, Henry Street, Limerick be elected as external auditors for the FY 2022.



CEO'S OVERVIEW OF OPERATIONAL MATTERS

As CEO of St. Canice's Credit Union I am very pleased to report that the year ended September 2021 has been a successful year in many ways. We have navigated another difficult year as the Covid 19 pandemic continues to affect all our lives. Despite starting 2021 with the country in strict lockdown we have still managed to achieve a strong financial performance. Our doors have stayed open throughout this pandemic and our staff have continued to deliver an exceptional service to you, our members.

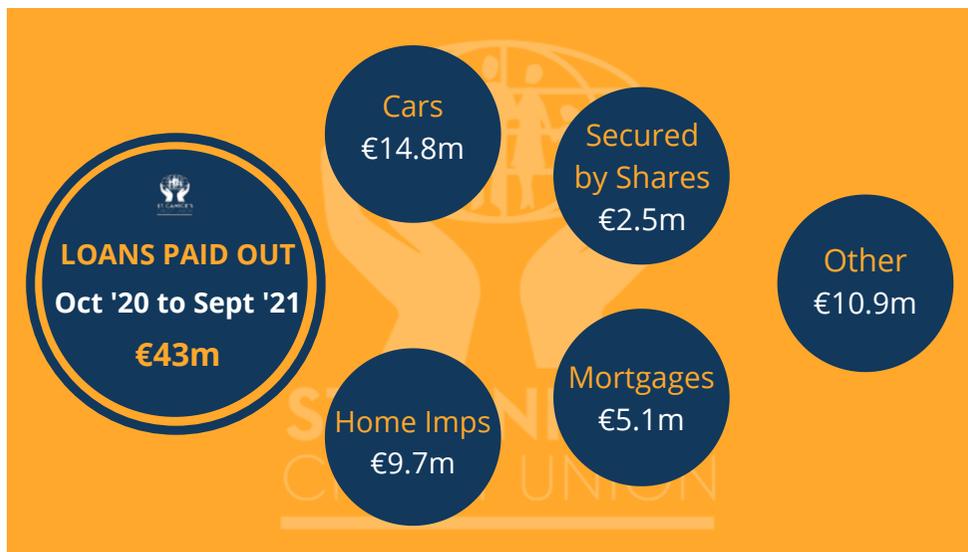
FINANCIAL PERFORMANCE

The surplus for the year of €3.5 million is an increase of nearly €1 million on last year's performance. One of our strategic aims is to ensure St. Canice's remains a strong, financially sound credit union. Every effort is made to ensure that costs are controlled and managed carefully and we have seen a significant reduction in expenditure in the last 12 months, this has contributed to the positive surplus this year. Managing costs is essential as we continue to see our investment income reduce due to global economic factors and low interest rates. The average return on our investments is now 0.9%, so we are very dependent on income from our loans to cover the operational costs of the credit union. The total assets of St. Canice's at the end of the financial year are €454.8 million. This is a decrease of €3 million on last year. Securing our financial sustainability is vital and reluctantly we were forced to introduce a share cap during the year of €30,000 per member. The pandemic has seen a huge increase in personal savings across the country and at St. Canice's we were no different. As our savings increased, we were faced with two problems, the first was the need to put 10% of these new savings into a reserve account to ensure we meet the Central Bank's regulatory requirements. This 10% can only come from our surplus so if our shares increased by €50 million then we would need a surplus of €5 million to meet the regulatory requirements and this is something that is just not possible in the present economic climate. In addition, we are required by law to hold a certain percentage of our funds in bank accounts, unfortunately we are now being charged negative interest on these balances of nearly €20k each month. These combined factors drove the need for the share cap. I am happy to report that the response from our members was very positive and we were able to significantly reduce the share balances. However, to avoid the need to introduce further share caps, it is necessary to transfer our surplus this year to our reserves. On this basis we are unable to pay a dividend and loan interest rebate to members this year, however this action will strengthen our capital reserves for the future. Our CFO Eleanor Connolly and her team manage the financial performance of the credit union and our Finance Committee meet monthly to review performance and make key financial decisions.

CREDIT COMMITTEE AND LOAN PERFORMANCE

Lending growth is vital for the continued success of our credit union, the pandemic has had an effect on lending nationally. With so many lockdowns in the last year, the opportunities to spend and borrow have been reduced and we have seen a significant reduction in the volume of traditional loans requested by members. However, loan performance this year was still better than we had forecast. We issued €43 million in loans and when we factor in loan repayments by members of €45 million our overall loan book reduced by €2 million to just under €93 million. As I mentioned earlier, income from investments continues to drop and therefore loan income is more important than ever, and we do need to increase our level of lending. 2021 has been a year when we have seen our banking competitors leaving the country and shutting down branches throughout our community. My message to all our members is clear, we are here for all your financial needs and will remain in your local area if we have your continued support. St. Canice's has a very wide range of products and services. We can provide a solution for all your lending requirements, from holiday and wedding loans, to car loans and home improvement loans, together with house mortgages and agriculture and business loans. We are very keen to ensure we are relevant and can meet all our members' needs and as part of our strategy we are focussing on areas

we can strengthen. We have made significant improvements during the year to our online loan process and many of our members are now taking advantage of the fact that they can apply and collect a loan without leaving their house. We launched our Cultivate Agricultural loan product this year and we have had a very positive response from the farming community. Our house mortgage product continues to be very popular, and we hope to introduce a fixed rate mortgage product early in 2022 in response to feedback from members. Our Head of Lending Roisin Lawton manages the lending team in St. Canice's. Our Credit Committee meet monthly to review lending performance, consider the quality of lending decisions and assess new products, processes, and policies. We are a local credit union, with local decision making and local staff who know our members and the communities they live in. I believe you will get the best service from St. Canice's and I encourage all members to not just borrow from us yourself but to also spread the word to family and friends and help us grow our loan book.



MEMBER SERVICE AND MEMBERSHIP COMMITTEE

Member service is at the heart of everything we do, and we take pride in the service we provide for our members. This year Credit Unions were awarded the most trusted brand in Ireland for an incredible 7th year in a row. Covid has meant that a number of practical restrictions such as protective screens and spaced-out queues have had to be put in place. We understand the frustrations that this can bring, and I would like to thank all our members for their continued patience and understanding as we make sure we keep staff and members as safe as possible. Covid 19 has prompted many changes to service, some of which are significant improvements. While we are always available face to face for our members, we now have many online options for you to conduct your business. Important improvements have been made to our online service and our new mobile app is excellent and well worth trying out. We encourage members to use our online account facility and we have a user-friendly video on our website that shows you how to get started. If you are not comfortable to try it yourself, staff in our Member Service Centre are at the other end of the phone, ready to help you through the registration process as are the staff in our digital hub in High Street. Online banking can be intimidating if you have never used it before, but once you try it out, you will be amazed by the choice of online services available to you. We are currently running a competition to encourage members to sign up for electronic communication

with a prize of €500 for the lucky winner. This competition is open to all members who sign up for electronic communication or who have already done so. Climate change and the need to save the planet has now been recognised as the single greatest challenge facing this generation. We are obliged by law to send an AGM pack to all our members. If you have not signed up to receive this electronically then we must send out a paper version. It is a key goal for us to significantly reduce this volume of paper. It is not just AGM packs that lead to large volumes of paper, we also are legally required to send a statement for each account our members have. To avoid this unnecessary waste of paper, please sign up for online banking, which will allow you to access your accounts 24 hours a day, 7 days a week.

As we see the banks leave Ireland and local communities, I encourage you to consider moving your bank accounts to St. Canice's. We are ready, willing and able to provide a current account service to meet your needs. I am confident that our current account product is as good or better than any other available in the market. We have a debit card that can be used worldwide with Google, Fitbit and Apple Pay. Rather than move to another national institution, why not stay local and help us grow our current account presence. Molly Drennan is our Head of Operations and she and her team are committed to providing an excellent service to you. The Membership Committee meet regularly to assist Molly in identifying areas for improvement and development. This year we have held several small socially distanced focus groups. We have met with members who have shown that they are passionate about their credit union and are keen to help us grow and improve. The insight from these meetings has been invaluable and we plan to carry out more of these focus groups throughout 2022.

COMMUNITY DEVELOPMENT, MARKETING AND BUSINESS DEVELOPMENT

Our Community Development Committee works closely with our Marketing and Business Development team led by Roisin Gilroy to ensure that St. Canice's has an active involvement in local communities across our common bond. The pandemic has meant that some projects have had to be paused, however we still contributed last year to a number of worthy projects. The Board of St. Canice's recognise that the credit union belongs to our members and while we cannot pay dividends or a loan interest rebate this year, the Board has approved a contribution of €250k to the Community Connect Fund. This money will be paid out to support worthwhile community projects in our common bond, for the benefit of our members and their families and friends.

Our Marketing and Business Development team are keen to improve engagement with our members and we need your contributions and feedback to help us develop the products and services that you need. I am delighted to announce that we are now working closely with Irish Life to provide Financial Advisory Services for our members. We know from feedback that our members have a genuine need for these services, which range from life insurance, pension advice, savings plans and lump sum investments. Our staff are happy to provide you with more information and refer you on to Irish Life, who as the number one trusted insurance brand in Ireland are a company whose service and ethics closely aligns with that of the credit union movement.

CREDIT CONTROL COMMITTEE

Last year we faced the future with a fear of recession, the unknown consequences of continual lockdowns and the uncertainty around Brexit. One year later and the future seems a little less bleak, the economy is doing better than expected and the government supports have reduced the potential negative financial impact. In 2020 we facilitated over 400 members who required temporary arrangements and I am pleased to say that by September 2021 all these members have returned to full repayments. The recovery of bad debts has been better than expected and the number of loans we have had to write off has been much less than anticipated. The result of this is that we made a net recovery during the year of just over €600k. Our Credit Control team under the guidance of Eleanor Connolly are always available to talk with our members and help them in a sympathetic and professional manner,

to manage a sometimes difficult and worrying financial situation. The Credit Control Committee meet monthly to ensure that policies are adhered to and oversee that all procedures are followed correctly before any loan is written off.

INFORMATION TECHNOLOGY AND SYSTEMS

Without doubt the last 18 months has shown many of us the benefits and possibilities of technology that we would never have considered before. We are continually working on developing our services and making technological upgrades for the benefit of our members. Improvements to our online banking services, loan application process and new account opening are now well established. Introducing Google, Fitbit and Apple Pay through our current account product were great developments for us. We are not content though to rest on our laurels. During the year Ciaran Byrne was appointed as our new Head of IT and together with our IT Officer Barry O' Dwyer they are working on a number of projects such as automated lending decisions which will improve the service for our members even further. Our former Head of IT, Richard Dwyer has moved to a strategic project management role which supports the delivery of key areas of our strategic plan.

STAFF

Once again, I must highlight our wonderful team, spread over 9 branches and numerous home offices. They have all worked so hard to ensure we are here for you and that we deliver the best service we possibly can. The pandemic has lasted much longer than we could ever have anticipated, and we have learnt to live with the challenges it brings. We will probably never return to the old days, but you can rest assured that member service will always remain our number one focus. I would like to thank all the team, from the Counter Staff and Loan Staff in all our branches who meet you face to face each day, to Niamh Carroll and her team in the Member Service Centre who have answered a staggering 73,000 calls in the last year. From the Credit Control team who helped so many members in difficulty to the Finance team and Risk and Compliance team who ensure we adhere to all our regulatory requirements. Thanks to our IT Department who provide huge support to many staff, our Marketing and Business Development team who inject a creative buzz that keeps us all positive and our Insurance Officer and Training Officer who have both dealt with higher than normal workloads during the year and done so in a professional manner.

Michelle Slattery our HR Manager looks after us all and Denis Toomey our Regional Branch Coordinator ensures our branch network is well managed. Marie Minogue our Deputy CEO and Head of Risk and Compliance has been a huge support during the year.

I would like to thank our Board of Directors and volunteers, they are a truly remarkable group of people. It continually amazes me the time and effort they give to the credit union. Their professionalism and dedication is inspiring. The demands placed on them by legislation are huge, yet they give their time graciously with good spirit and always with the members as their number one focus.

Finally, I would like to thank you, our members for continuing to support your credit union. It is an honour to be the CEO of such a strong and reputable institution. My team and I will continue to work hard to ensure we stay strong and provide the products and services that you, our members need. I hope you all have a very happy and peaceful Christmas and wish you all the very best of good health, and happiness for the coming year.

Carmel Butler

CEO

OFFICERS & COMMITTEES 2021

PRESIDENT	Vincent Kenrick	
SECRETARY	Michael O'Reilly	
DIRECTORS WHO SERVED AS A DIRECTOR DURING 2021	Vincent Kenrick Ian Coulter Michael O'Reilly Kalyan Ram Kusuma Geraldine Gannon Denis Doheny	Ciaran Byrne John Galvin Veronica Swan Padraic Treacy Ronan Morrissey Jim Dermody
BOARD OVERSIGHT COMMITTEE	Trevor Darlington Sean Breathnach	Paul Hetherington
VOLUNTEERS WHO SERVED DURING 2021	Declan Wall Eamonn McArdle	Ken Mason
CREDIT COMMITTEE	Geraldine Gannon Denis Doheny Declan Wall	Vincent Kenrick Ken Mason Padraic Treacy
CREDIT CONTROL COMMITTEE	Jim Dermody Ian Coulter Eamonn McArdle	Ronan Morrissey Padraic Treacy
NOMINATION COMMITTEE	Ian Coulter John Galvin	Veronica Swan
MEMBERSHIP COMMITTEE	Carmel Butler Roisin Gilroy	Molly Drennan
AUDIT COMMITTEE	Veronica Swan Padraic Treacy	Geraldine Gannon
RISK & COMPLIANCE COMMITTEE	Ciaran Byrne Kalyan Ram Kusuma	Vincent Kenrick
FINANCE COMMITTEE	Eleanor Connolly Michael O'Reilly Veronica Swan	Carmel Butler John Galvin Ronan Morrissey
IT COMMITTEE	Richard Dwyer Ciaran Byrne Eamonn McArdle	Barry O'Dwyer Kalyan Ram Kusuma Padraic Treacy
REMUNERATION COMMITTEE	Geraldine Gannon John Galvin	Michael O'Reilly
COMMUNITY DEVELOPMENT COMMITTEE	Ronan Morrissey Jim Dermody Jackie Kealy	Roisin Gilroy Denis Doheny Ciaran Byrne

REPORT OF THE BOARD OF DIRECTORS

As Chairperson of the Board of Directors and on behalf of the Board it is my responsibility to present the Report of the Board of Directors for the year ended 30th September 2021 to the Annual General Meeting.

2021 started out as a year of promise with the distribution of various anti-COVID vaccines across the nation commencing with the elderly and most vulnerable but eventually reaching all citizens. While all of this did happen and the number of people suffering serious illness and the number of fatalities did decrease, this year has outdone the previous year in terms of continuous restrictions on all business in the observation of social distancing and all Government health and safety measures.

While that is the case, St. Canice's Credit Union remained open for business throughout the year to meet the financial requirements of its members, and I want to pay tribute to the management and staff of the Credit Union for their dedication and professionalism in that challenging environment. Their health and safety, and that of all members calling to the Credit Union is the priority and greatest concern of the Board. At the time of writing this the numbers of COVID positive cases are increasing, as is the health and safety concerns of the Board and Executive Management.

Despite the circumstances the Credit Union has performed very well in 2021 and I will outline some of the headline statistics in the Finance section of this report, however financial concerns remain similar to last year with the need to control the growth of assets and to increase the loan book. I will outline the strategies implemented by the Board and Executive Management to deal with and counteract as far as possible the effect of these issues.

All Board and Committee meetings throughout the year have been conducted electronically using the Microsoft Teams platform, and while not ideal it has proven to be a safe and efficient method of conducting the business of the Credit Union while observing all Government guidelines.

MARGO MORAN (RIP)

It was with very deep and heartfelt regret that we learned of the passing of our friend, colleague and former Board member of St. Canice's Credit Union, Margo Moran.

Margo was a quiet, soft-spoken and caring person whose lengthy involvement with the Credit Union movement commenced in Dunnamaggin Credit Union and culminated in her involvement with St. Canice's. Her contribution to this institution was immense in assisting with all matters arising during that transfer of engagements, in acting on many of the St. Canice's Committees and acting as Secretary of St. Canice's for several years. It will remain Margo's legacy and her gift to the community in which she lived, that Credit Union facilities and services will continue to aid and assist individual members long after she has had to depart.

On a personal note, I will never forget and always miss Margo's smile, good humour, and sense of fun. Ar Dheis Dé go raibh a hanam.

STRATEGY

During the year the Board discharged its responsibilities for addressing the strategic aims and objectives of St. Canice's Credit Union by approving a 5-year Strategic Plan and working with the Executive Management to put in place the policies and processes required to implement the various elements of that strategy.

As with last year, the COVID-19 pandemic continues to cause significant disruption and hardship in nearly every aspect of our lives and continues to weigh heavily on our local and national economy. As a result of this the main areas of concern nationally are the lack of consumer spending and consequent increase in savings, together with a decrease in consumer borrowing.

While these are international issues, they impact significantly on institutions such as St. Canice's Credit Union. The main thrust of the strategic plan put in place is to counteract these difficulties and it deals with the introduction of the reduced share cap of €30,000, and a planned increase in the loan book over the next 5 years. Central in that will be an increase in mortgage lending and the introduction of new loan products such as SBCI loans (80% Government guaranteed), Credit Union Greener Homes Loans (in partnership with the ILCU), Agri-loans as part of a 'Cultivate Loans' package in tandem with other credit unions, and personal loans tailored to individual member needs.

The Board and the Executive will work together to achieve the challenging targets and objectives set, however ultimately the success of the plan will reside with the members using the Credit Union and its facilities. Responsible borrowing and moving money from savings/shares out into the local economy to upgrade a car or insulate a home, will improve the life of the borrower, however it will also 'heat up' the local economy, get businesses thriving again and create local jobs. It benefits everybody in the community.

Another aim of the Strategic Plan is to maximise technology to make it easier and less costly for our members to engage with the Credit Union. In the near future, the Credit Union (in tandem with partners Metamo) will further enhance our online end to end loan process, with the introduction of automated lending decision making which will see quick lending decisions with significantly less paperwork required.

FINANCE

The end-of year surplus of €3.5m reflects a very good year's trading despite the difficulties imposed by COVID 19 restrictions. While this is ahead of projected figures the financial concerns informing the strategy for the years 2021 to 2025 inclusive, remain in place.

Management of expenses, reduced levies and movement on bad debt provisioning etc. are the main reasons for the increased surplus and while the share cap decrease resulted in an €8m reduction in shares, the overall decrease in assets on the balance sheet was approx. €3m.

The total loans as a percentage of assets remains very low at 20.4% and, as outlined above, an increase in this percentage remains a central deliverable of the Strategic Plan and drives the focus on increasing the loan book.

It remains imperative that the assets of the Credit Union are strictly controlled to prevent excessive growth. There is a regulatory requirement to maintain Reserves at a minimum of 10% of assets, however, to allow for movements during the year the Board has instituted a policy of always maintaining at least 14.5%. To meet this, strict controls on asset growth, a continued growth in Reserves and an increased growth in the loan-book continue to be a requirement for the upcoming year 21/22.

DIVIDEND AND LOAN INTEREST REBATE

For the reasons mentioned above and with negative interest rates now the norm for liquid funds in most banks, it will not make sense for St. Canice's Credit Union to attract further investments by offering any dividend for the year 2021. This is similar to last year and taking all financial forecasts into consideration it will remain the same for the foreseeable future.

The Central Bank policy on credit unions is to recommend that in current trading conditions all the surplus achieved be added to the members funds by way of an increase in Reserves. The Board have examined that policy and have agreed that St. Canice's Credit Union is best served by exercising prudence on this issue and consequently St. Canice's Credit Union will not be proposing a dividend or loan interest rebate at the 20/21 AGM.

This is a difficult decision and is not taken lightly by the Board, however it remains in the best interest of the Credit Union to take all the external economic conditions, and, the effect of any decision relating to a dividend payment, into account when arriving at the optimum course of action to take. I believe that this is the only responsible option at this time.

To counteract this decision the Board has approved the movement of €250k to the Community Connect Fund which assists with various projects being undertaken by community minded volunteers across the common bond of St Canice's Credit Union.

NOMINATION COMMITTEE

The Nomination Committee has responsibility for ensuring that the regulatory requirements governing the completion of annual 'Ethics' and 'Fitness and Probity' declarations by all Credit Union volunteers are met, retaining all documentation in relation to this, and, for identifying and addressing the training needs of volunteers.

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

The Nomination Committee is also charged with the identification of possible Credit Union volunteers and proposing appointments to the Board. In this respect I am very glad to state that the Committee has welcomed 5 new volunteer workers who have very recently taken up positions on various Committees.

It has been a very active year for the Nomination Committee and all business being conducted electronically made it very challenging. During 2021 the Nomination Committee has seen Ciaran Byrne step down from the Board and Denis Doheny co-opted as his replacement. The Committee has been diligent in executing all 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, RISK AND COMPLIANCE COMMITTEE (ARC)

During the year the Internal Audit Committee and the Compliance and Risk Committee amalgamated to form this ARC Committee, with the Committee members working closely with Marie Minogue, the Deputy CEO and Risk and Compliance Manager.

This Committee is concerned with the pillars of corporate governance, Internal Audit, Risk Management, and legislative and regulative Compliance. Corporate governance can be defined as the relationship between a company's management, its Board, and other stakeholders. It provides the structure through which objectives are set and the means of attaining those objectives. It monitors performance and allows the Credit Union to trade with the confidence that risks are identified and mitigated as far as possible, the possibility of sanctions as a result on non-compliance are minimised and all internal policies and procedures are being fully observed.

The Internal Audit function is outsourced and 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 produced by the Committee and presented 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 Board to confidently sign-off on an Annual Compliance Statement for submission to the Central Bank.

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 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 and assessment software that has been in place since 2014 has been replaced in late 2021 by a more modern, fit-for-purpose and user-friendly software system that simplifies risk identification and continually monitors risk assessment. This register identifies possible risks to Credit Union operations, recognising that some level of risk needs to be accepted, and allows the Board and Executive to set that level of risk appetite.

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 regulations.

The Committee and the Audit/Risk/Compliance manager 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, monthly, 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 express my gratitude to Marie Minogue and all members of the Audit Risk and Compliance Committee for their continued commitment to ensuring a viable governance structure in St. Canice's Credit Union. Their work is complex and demanding and their unceasing commitment to this work throughout the year has been pivotal to the success of the Credit Union in 2021.

CONCLUSION

For the second year running I find myself trying to express my gratitude to all the staff in St. Canice's Credit Union, front-line and back office who have kept this business going with smiles and good humour, through the most difficult working conditions in another year of COVID risks and restrictions. While every possible precaution to protect the health of the members and staff engaging in the Credit Union premises has been taken, the staff, having set the bar very high last year, succeeded in surpassing those performance levels in 2021.

On behalf of the Board and you the members I want to commend that performance, acknowledge, and appreciate their outstanding efforts and commitment, particularly to those who have been financially affected by the restrictions in place.

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 of work that was completed throughout 2021 despite the circumstances.

Finally, I wish to once again 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.

I would like to finish in the same manner as I did last year by acknowledging that the emotional toll of this pandemic has been great, it has affected the lives of everybody. Our thoughts and prayers are with those who have been most affected especially those who have been bereaved. My very best wishes to all members as we look forward to 2022, with hope, always remembering, 'this too will pass'.

Vincent Kenrick
Chairman

BOARD OVERSIGHT COMMITTEE REPORT

The role of the Board Oversight Committee (BOC) which is elected by the members at every AGM to protect their interests and oversee the work of the Board is set out in the amended Credit Union Act 1997 (incorporating the Credit Union and Co-Operation with Overseas Regulators Act 2012). The BOC is required under Section 76 O (7) to determine that the Board of Directors is operating in accordance with Parts IV and IVA and any regulations made for the purposes of Part IV and IVA and any other matter prescribed by the Central Bank. This includes all other Legislation and Regulation to which our Credit Union must adhere.

We are required under the Act to report to the members at every AGM on the performance of the Board in carrying out their duties and responsibilities. The following is a report of how we performed our role and duties on your behalf during the year.

The first requirement of the BOC following the virtual 2020 AGM was to meet with the new Board for a short organisational meeting during which the Board Chairperson, Vice Chairperson and Secretary for 2021 were elected by secret ballot. The members of the new Nomination Committee and the senior Board committee were also elected by secret ballot at this meeting.

During the year we closely monitored the performance of the Board paying particular attention to ensuring that:

- The Board met monthly with a detailed timed agenda and sufficient time was given for each item with open and frank discussion and then decisions taken and actions agreed.
- 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 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 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 Covid 19 and Brexit is/will have on lending and repayments of loans.
- 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, and Information Technology.

The BOC holds monthly meetings and at least one member of the BOC attends the monthly Board meetings. The BOC also reports to the Board four times during the year and it appreciates the time given by the Board when considering and discussing the BOC reports and their action taken as agreed on the issues discussed.

The BOC also attends various other Committee meetings during the year e.g. Finance, Audit Risk and Compliance, Nomination, Credit and Credit Control and IT. All meetings continue to be held virtually due to Covid 19 restrictions. We wish to acknowledge the very detailed and comprehensive reports submitted by Management to these meetings for discussion prior to them being discussed at Board level.

We also wish to acknowledge the wonderful work of the Management and Staff in keeping all our branches open and maintaining a very high standard of service to our members during the very difficult pandemic restrictions. As many other financial institutions continue to close down offices and restrict face to face access it is reassuring to note that our Credit Union is well placed to meet the financial expectations of all our current members and the new members which will no doubt be joining us. In this regard it is worth noting that for the 7th consecutive year the Credit Union brand has been voted by the general public as the best for customer experience in Ireland.

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 trust that our Credit Union will continue to grow and prosper in 2022.

Sean Breathnach, Trevor Darlington and Paul Hetherington
Board Oversight Committee

STATEMENT OF DIRECTORS' AND BOARD OVERSIGHT COMMITTEE'S RESPONSIBILITIES

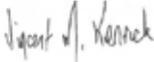
For the financial year ended 30 September 2021

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: 2nd November 2021

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: 2nd November 2021

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 2021 and of its surplus 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 2021;
- the Income and Expenditure Account for the year then ended;
- the Statement of Other 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

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

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

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

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

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' and Board Oversight Committee's Responsibilities set out on page 14, 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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: 1st December 2021



INCOME AND EXPENDITURE ACCOUNT

For the financial year ended 30 September 2021

	Note	2021 €	2020 €
Income			
Loan interest on members' loans	5	6,469,087	7,033,345
Deposit interest and investment income	6	4,296,654	4,850,894
Other income	7	155,098	109,961
		<u>10,920,839</u>	<u>11,994,200</u>
Expenditure			
Employment costs	8	3,713,706	4,069,986
Other expenses		2,984,106	3,173,674
Share and loan insurance	9	522,436	1,231,116
Death benefit insurance		368,147	727,664
Net recoveries on loans to members	12(iv)	(607,052)	(265,193)
Depreciation		406,850	475,278
		<u>7,388,193</u>	<u>9,412,525</u>
Surplus for year		<u><u>3,532,646</u></u>	<u><u>2,581,675</u></u>

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the financial year ended 30 September 2021

The Credit Union had the following gains in the financial year:

	2021 €	2020 €
Income		
Surplus for the year	3,532,646	2,581,675
Community fund expenditure	(9,000)	(61,441)
Other comprehensive expense for the year	(9,000)	(61,441)
Total comprehensive income for the year	<u><u>3,523,646</u></u>	<u><u>2,520,234</u></u>

On behalf of the Credit Union

Manager: 

Member of Board Oversight Committee: 

Members of the Board of Directors: 

BALANCE SHEET

AS AT 30 SEPTEMBER 2021

Assets	Note	2021 €	2020 €
Cash at bank and on hand	10	51,217,210	64,544,478
Investments and deposits	11	309,903,521	297,171,689
Investment in associate	19	265,000	265,000
Loans to members	12	84,645,746	86,443,607
Tangible fixed assets	16	6,622,160	6,952,544
Debtors and prepaid expenses	13	2,156,061	2,439,211
Members' current accounts	15	6,476	4,483
Total assets		<u>454,816,174</u>	<u>457,821,012</u>
Liabilities			
Members' shares	14	372,279,036	380,286,359
Members' deposits	14	6,471,295	5,741,865
Members' current accounts	15	2,084,942	1,219,416
Accrued expenses	17	1,022,896	1,139,013
Total liabilities		<u>381,858,169</u>	<u>388,386,653</u>
Assets less liabilities		<u>72,958,005</u>	<u>69,434,359</u>
Members' resources			
Regulatory reserve		48,155,000	48,155,000
Other reserves		24,803,005	21,279,359
Total reserves		<u>72,958,005</u>	<u>69,434,359</u>

On behalf of the Credit Union

Manager: *Carol Bell*

Member of Board Oversight Committee: *Darlington*

Members of the Board of Directors: *Vigant M. Kennel*

STATEMENT OF CHANGES IN RESERVES

For the financial year ended 30 September 2021

	Surplus €	Regulatory reserve €	Operational risk reserve €	Section 44 Community fund €	Dividend reserve €	Undistrib- utable surplus €	Total €
Opening balance at 1 October 2019	-	45,413,057	7,010,156	126,645	14,110,813	-	66,660,671
Total comprehensive income for the year	2,520,234	-	-	-	-	-	2,520,234
Dividends paid (Note 22)	-	-	-	-	(346,672)	-	(346,672)
Rebate paid (Note 22)	-	-	-	-	(755,393)	-	(755,393)
Transfer to regulatory reserves	-	1,446,507	-	-	(1,446,507)	-	-
Transfer to dividend reserves	(2,581,675)	-	-	-	2,581,675	-	-
Transfer from community fund	61,441	-	-	(61,441)	-	-	-
Arising on transfer of engagements (note 27)	-	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
Opening balance at 1 October 2020	-	48,155,000	7,010,156	65,204	14,203,999	-	69,434,359
Total comprehensive income for the year	3,523,646	-	-	-	-	-	3,523,646
Dividends paid (Note 22)	-	-	-	-	-	-	-
Rebate paid (Note 22)	-	-	-	-	-	-	-
Transfer to regulatory reserves	-	-	-	-	-	-	-
Transfer to dividend reserves	(3,532,646)	-	-	-	3,478,646	54,000	-
Transfer from community fund	9,000	-	-	(9,000)	-	-	-
Closing balance at 30 September 2020	-	48,155,000	7,010,156	56,204	17,682,645	54,000	72,958,005

The regulatory reserve of the Credit Union as % of total assets as at 30 September 2021 was 10.6% (2020: 10.5%).

CASH FLOW STATEMENT

For the financial year ended 30 September 2021

	Note	2021 €	2020 €
Cash flows from operating activities			
Loans repaid		44,601,164	43,022,678
Loans granted		(43,084,214)	(46,230,244)
Loan interest received		6,518,884	7,010,033
Investment interest received		4,619,349	5,422,949
Bad debts recovered		1,322,684	1,316,406
Dividends paid		-	(346,672)
DIRT paid		-	(111,981)
Loan interest rebate paid		-	(755,398)
Payments from community fund reserves		(9,000)	(61,441)
Operating expenses		(8,228,578)	(8,773,970)
Net cash flows from operating activities		5,740,289	1,707,287
Cash flows from investing activities			
Fixed assets purchases / disposals		(76,466)	(318,750)
Net cash flow from other investing activities		(12,731,832)	(732,818)
Net cash flows from investing activities		(12,808,298)	(1,051,568)
Cash flows from financing activities			
Members' shares received		191,745,724	199,081,102
Members' deposits received		58,549,901	62,864,047
Members' shares withdrawn		(199,753,050)	(178,227,119)
Members' deposits withdrawn		(57,820,471)	(61,796,793)
Member current account monies received		16,467,028	6,675,604
Member current account monies withdrawn		(15,603,489)	(5,460,677)
Net cash flows from financing activities		(6,414,357)	21,921,237
Other receipts		155,098	130,264
Net (decrease)/increase in cash and cash equivalents		(13,327,268)	22,707,220
Cash and cash equivalents at beginning of year		64,544,478	41,837,258
Cash and cash equivalent at end of year	10	51,217,210	64,544,478

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 Registrar 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 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 the income and expenditure account) 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, 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 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.

The second scheme is a defined contribution scheme operated by the 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 over time, but does take account immediately of any impairment in the value of the investment.

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. Specific provisions are raised on individual loans where there is a doubt about their recoverability.

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) Complex financial assets

Investments held at fair value - Other investments which do not meet the definition of a basic financial asset are initially measured at fair value, which is normally the transaction price. Such financial assets are subsequently measured at fair value and changes in the fair value are recognised in the Income and Expenditure Account.

The Credit Union uses the following hierarchy to estimate the fair value of these investments:

Level 1 fair values - The best evidence of fair value is a quoted price for an identical asset in an active market. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted price is usually the current bid price.

Level 2 fair values - When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the entity can demonstrate that the last transaction price is not a good estimate of fair value (e.g., because it reflects the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distress sale), that price is adjusted.

Level 3 fair values - If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

(iii) 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 16 for the carrying amount of the tangible fixed assets and note 3 (d)(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.

	2021 €	2020 €
5. LOAN INTEREST ON MEMBERS' LOANS		
Loan interest on members' loans	6,277,746	6,789,940
Loan interest receivable	183,380	233,178
Net interest earned on budget accounts	7,961	10,227
	<u>6,469,087</u>	<u>7,033,345</u>

	2021 €	2020 €
6. DEPOSIT INTEREST AND INVESTMENT INCOME		
Deposit interest and investment income arising from financial assets measured at amortised cost:		
Received by the Credit Union at balance sheet date	2,781,177	3,012,722
Receivable within 12 months of the balance sheet date	1,461,477	1,838,172
	<u>4,242,654</u>	<u>4,850,894</u>

Investment income arising from financial assets measured at fair value:		
Unrealised gain on investment in corporate bonds	54,000	-
	<u>4,296,654</u>	<u>4,850,894</u>

	2021 €	2020 €
7. OTHER INCOME		
Miscellaneous income	90,746	70,572
Commission (Coin machine, RPI, paypoint)	10,343	13,521
Foreign exchange commission	539	372
Affiliation fee	-	13,917
Income from additional services	53,470	11,579
	<u>155,098</u>	<u>109,961</u>

	2021 Number	2020 Number
8. EMPLOYEES AND EMPLOYMENT COSTS		
(i) Number of employees		
The average monthly number of employees during the year were:		
Management	8	8
Other staff	92	90
Total	<u>100</u>	<u>98</u>

	2021 €	2020 €
(ii) Employment costs		
Wages and salaries	3,036,969	3,165,325
Termination payment	-	205,000
Social security costs	329,816	343,220
Payments to pension schemes	346,921	356,441
	<u>3,713,706</u>	<u>4,069,986</u>

	2021 €	2020 €
(iii) Key management personnel		
The remuneration of the 8 key management personnel (2020: 8) were as follows:		
Wages, salaries, termination payments and other benefits	<u>666,534</u>	<u>842,917</u>

	2021 €	2020 €
9. SHARE AND LOAN INSURANCE		
Share and Loan Insurance Expense	1,025,055	1,231,116
Claims Experience Refund	(502,619)	-
	<u>522,436</u>	<u>1,231,116</u>

St Canice's Kilkenny Credit Union holds a life assurance policy with ECCU Assurance DAC (ECCU), a life assurance company which operates a not-for-profit business model. Available distributable surpluses after claims and operating expenses are returned to policyholders, as a claims experience refund.

	2021 €	2020 €
10. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	3,867,833	11,711,382
Short term deposits	47,349,377	52,833,096
	<u>51,217,210</u>	<u>64,544,478</u>

11. INVESTMENTS AND DEPOSITS	2021 €	2020 €
Investment measured at amortised cost:		
Government & Bank bonds	84,146,273	75,682,964
Central bank minimum deposits	20,810,633	3,583,348
Fixed term deposits with banks	179,100,751	190,798,874
Other investments	13,791,864	27,106,503
	<u>297,849,521</u>	<u>297,171,689</u>
Investments measured at fair value through income and expenditure:		
Corporate bonds - Fair value hierarchy Level 2*	12,054,000	-
	<u>12,054,000</u>	<u>-</u>
Provision for diminution in investments	-	-
	<u>309,903,521</u>	<u>297,171,689</u>

* Fair value hierarchy level 2: Valuation techniques based on observable market data

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

	2021 €	2020 €
A1	143,671,806	131,796,186
A2	102,542,866	24,778,543
A3	-	60,221,170
Aa3	60,762,098	33,500,917
Ba1	-	2,200,000
Baa1	-	-
Baa2	2,926,751	43,424,873
Baa3	-	-
BBB+	-	1,250,000
	<u>309,903,521</u>	<u>297,171,689</u>

12. LOANS TO MEMBERS – FINANCIAL ASSETS

(i) Loans to members

	Note	2021 €	2020 €
Gross loans to members	12 (iii)	92,811,401	94,328,351
Loan provision	12 (iii)	(8,165,655)	(7,884,744)
As at 30 September		<u>84,645,746</u>	<u>86,443,607</u>

(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.

	2021 €	2021 Proportion %	2020 €	2020 Proportion %
Not past due	74,978,748	81%	75,734,842	80%
Up to 9 weeks past due	13,547,644	15%	14,141,964	15%
Between 10 and 18 weeks past due	955,533	1%	1,360,827	2%
Between 19 and 26 weeks past due	492,783	0%	618,965	1%
Between 27 and 52 weeks past due	1,190,252	1%	1,174,748	1%
53 or more weeks due	1,646,441	2%	1,297,005	1%
Total gross loans	<u>92,811,401</u>	100%	<u>94,328,351</u>	100%
Impairment allowance:				
Individual loans	(991,670)		(631,659)	
Groups of loans	(7,173,985)		(7,253,085)	
Loan provision	<u>(8,165,655)</u>		<u>(7,884,744)</u>	
Total carrying value	<u>84,645,746</u>		<u>86,443,607</u>	

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	2021 €	2020 €
As at 1 October	7,884,744	7,121,082
Transfer from mergers	-	123,772
Increase in loan provisions during the year	280,911	639,890
As at 30 September	<u>8,165,655</u>	<u>7,884,744</u>
(iv) Net recoveries or losses recognised for the year	2021 €	2020 €
Bad debts recovered	1,322,683	1,316,407
Increase in loan provisions during the year	(280,911)	(639,890)
	<u>1,041,772</u>	<u>676,517</u>
Loans written off	<u>(434,720)</u>	<u>(411,324)</u>
Net recoveries on loans to members recognised for the year	<u>607,052</u>	<u>265,193</u>

13. DEBTORS AND PREPAID EXPENSES

	2021 €	2020 €
Prepayments	457,205	367,859
Accrued investment income	1,515,476	1,838,174
Accrued loan interest income	183,380	233,178
	<u>2,156,061</u>	<u>2,439,211</u>

14. MEMBERS' SAVINGS

	2021 €	2020 €
Members' shares	372,279,036	380,286,359
Members' deposits	6,471,295	5,741,865
Total	<u>378,750,331</u>	<u>386,028,224</u>

15. MEMBER CURRENT ACCOUNTS

	2021 €	2020 €
At 30 September		
Debit balances	6,476	4,483
Credit balances	(2,084,942)	(1,219,416)
	<u>(2,078,466)</u>	<u>(1,214,933)</u>

Payment accounts	Number of	Balance of	Number of	Balance of
	Accounts	Accounts	Accounts	Accounts
	2021	2021	2020	2020
	€	€	€	€
Credit	1,689	(2,084,942)	1,214	(1,219,416)
Debit	135	4,086	77	1,111
Permitted overdrafts	8	2,390	6	3,372
	<u>1,832</u>	<u>(2,078,466)</u>	<u>1,297</u>	<u>(1,214,933)</u>

16. TANGIBLE FIXED ASSETS	Leasehold premises €	Freehold buildings €	Fixtures & fittings €	Computer equipment €	Total €
Cost					
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 the 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
At 30 September 2020	12,800	6,990,269	1,650,035	664,500	9,317,604
Additions during year	-	7,137	15,776	53,553	76,466
Removal of fully depreciated assets	(12,800)	-	(148,265)	(63,083)	(224,148)
At 30 September 2021	-	6,997,406	1,517,546	654,970	9,169,922
Accumulated depreciation					
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
At 30 September 2020	12,800	1,504,261	560,044	287,955	2,365,060
Charge for year	-	134,521	151,380	120,949	406,850
Removal of fully depreciated assets	(12,800)	-	(148,265)	(63,083)	(224,148)
At 30 September 2021	-	1,638,782	563,159	345,821	2,547,762
Net book value					
At 30 September 2021	-	5,358,624	954,387	309,149	6,622,160
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

17. ACCRUED EXPENSES	2021 €	2020 €
PAYE/PRSI	67,906	65,582
Pension and short-term payroll accruals	68,837	58,148
Creditors and other accruals	886,153	1,015,283
	1,022,896	1,139,013

18. CREDIT UNION OWNED SERVICE PROVIDERS (CUSP)

The Credit Union has invested in the following CUSPs:

CUSP Name	Outsourced services	Funding/ Investment
Metacu Management DAC	HR, financial advisory and lending services	€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.

19. INVESTMENTS IN ASSOCIATE

Cost	€
At 1 October 2020 and 30 September 2021	<u>265,000</u>
Accumulated impairment	
At 1 October 2020 and 30 September 2021	<u>-</u>
Net book value	
30 September 2021	<u>265,000</u>
30 September 2020	<u>265,000</u>

Interests in associate

The credit union has interests in the following associate:

Associate	Registered Address	Type of shares held	Proportion held (%)	Net Assets €	Profit or loss €
Metacu Management Designated Activity Company	56 Sir John Rogerson's Quay, Dublin 2, Ireland	Redeemable A Ordinary	6.25%	4,025,400	(214,600)

The above financial information in respect of Metacu Management Designated Activity Company was extracted from the audited financial statements for the year ended 31 December 2020.

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 2020	258,060
Share of loss for the financial year after tax	<u>(13,413)</u>
At 30 September 2021	<u>244,647</u>

20. 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 12.

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:

	2021		2020	
	Amount €	Average interest rate %	Amount €	Average interest rate %
Financial assets				
Gross loans to members	<u>92,811,401</u>	<u>7.2%</u>	<u>94,328,351</u>	<u>7.5%</u>

(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 holds one financial instrument at fair value. This is an investment in a corporate bond fund specifically designed for Credit Unions and complies with the Central Bank guidance regarding Investments in Undertakings for Collection Investment in Transferable Securities (UCITs). This investment is accounted for at fair value at 30 September 2021. Gain or losses are taken to the Income and Expenditure Account and held in the undistributable surplus reserve until realised.

(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 10.59% of the total assets of the Credit Union at the Balance Sheet date.

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

As part of the solvency assessment process, the Scheme actuary must carry out a separate valuation under the Minimum Funding Standard every 3 years and produce a funding certificate for submission to the Pensions Authority within 9 months of the effective date of the valuation. The purpose of the certificate is to certify whether or not the assets of the scheme at the effective date are sufficient to meet the liabilities of the scheme based on the assumption that the scheme was wound up at that date. The most recent Actuarial Funding Certificate was effective as at 1 March 2020 and it certified that the Scheme satisfied the funding standard.

An actuarial review of the fund is normally carried out every three years by the Scheme's independent, professionally qualified actuary. The actuarial review considers the past and future liabilities of the scheme. The last completed triennial actuarial review was carried out with an effective date of 29 February 2020. The principal actuarial assumption used in the valuation was the investment return in the years before members retire would be 1.25% higher than the annual salary increases. The market value of the scheme's assets at 29 February 2020 was €250m. The actuarial valuation disclosed a past service deficit of €41.8m at 29 February 2020 calculated under the Ongoing Actuarial Valuation method. This valuation method assumes that the Scheme will continue in existence for the foreseeable future. The assumptions used in the actuarial review to determine the past service deficit differ from the assumptions that would be used to determine the liabilities for defined benefit obligations under FRS102. Following the actuarial review, the same contribution as applied previously – 27.5% for pension plus 2.5% for risk benefits – was invoiced in February 2021. The principal employer and trustees have undertaken a review of the scheme and are in the process of considering a Section 50a application to the Pensions Authority which delivers benefits to scheme members while maintaining the existing contribution rate.

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 €346,921, of which €24,299 relates to The Irish League of Credit Unions Republic of Ireland Pension Scheme. (2020: €356,441, of which €40,055 related to The Irish League of Credit Unions Republic of Ireland Pension Scheme). Contributions payable of €4,585 (2020: €4,806) were accrued at year end.

22. 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 and 30 September 2021 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 2021 (2020: €Nil).

23. FINANCIAL COMMITMENTS

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

	2021 €	2020 €
In one year or less	55,000	55,000
In more than one year, but not more than five years	55,000	55,000
In more than five years	-	55,000
	<u>110,000</u>	<u>165,000</u>

24. 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 €42,000 (2020: €143,600). 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 2021 is €171,849 (2020: €313,762). These loans amounted to 0.19% of total gross loans due at 30 September 2021 (2020: 0.33%).

There was no provisions against loans due from the directors and the management team at 30 September 2021 (2020: €Nil).

The directors and management team share balances (including their family members) stood at €1,505,484 at 30 September 2021 (2020: €1,380,795).

Wages, salaries and other benefits payable to key management are disclosed in Note 8.

25. 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.

26. RATES OF INTEREST CHARGED ON MEMBERS' LOANS

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 (2020: 6.4% per annum).
- Business support loan on which interest was charged at 6.4% per annum (2020: 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 (2020: 8.2%).
- Loans secured by way of a first charge on a property were charged interest at a rate of 6.4% per annum (2020: 6.4%).
- Loans secured by savings were charged interest at a rate of 6.4% per annum (2020: 6.4%).
- Community Energy Loans on which interest was charged at 6.4% per annum (2020: 6.4%).
- Community Loans on which interest was charged at 4.9% per annum (2020: 4.9%).
- Personal Loans on which interest was charged at 9.9% per annum (2020: 9.9%).
- House Loans on which interest was charged at 3.9% per annum (2020: 3.9%).

- Agri Loan on which interest was charged at 6.5% per annum (2020: 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 (2020: 6.2%).

27. 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 an acquisition in the books of St. Canice's Kilkenny Credit Union Limited in the year ended 30 September 2020 and the following assets and liabilities were subsumed into the assets and liabilities of St. Canice's Kilkenny Credit Union Limited, during that period.

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

28. 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. Following this, the credit union undertook a review 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 has concluded its review and is satisfied that no over-collection of interest has occurred.

29. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 2nd November 2021.

SCHEDULE TO INCOME AND EXPENDITURE ACCOUNT UNAUDITED

Year ended 30 September 2021

SCHEDULE 1 - OTHER EXPENSES

	2021 €	2020 €
AGM expenses	9,901	10,360
Audit fees - external	44,543	41,174
Audit fees - internal	24,400	24,600
Bank charges	180,094	185,866
Chapter expenses	-	3,098
Computer maintenance	589,627	493,774
Donations, sponsorship and community activities	57,795	73,268
General insurance	139,162	124,604
IQ ATM expenses	-	5,347
League fees	12,840	13,003
Legal fees	3,787	3,098
Lighting, heating and cleaning	168,190	162,469
Member initiatives	157,952	86,805
Miscellaneous expenses	10,472	43,677
Postage and telephone	175,692	208,919
Printing and stationery	98,158	115,482
Professional fees	339,883	275,386
Promotion and advertising	120,626	160,675
Rates	22,868	58,449
Rent	55,001	102,533
Repairs and renewals	42,986	92,520
Security	50,960	54,723
Shredding costs	885	626
Staff uniforms and general expenses	33,200	58,236
Subscriptions and levies	598,438	528,811
Training costs	43,902	34,443
Travel and subsistence	2,744	18,282
Impairment of buildings	-	35,161
Affiliation fee refunded to members	-	158,285
	<u>2,984,106</u>	<u>3,173,674</u>

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.

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

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From your trusted St. Canice's Credit Union.



ATM CASH
WITHDRAW



€5,000
OVERDRAFT



USE ON HOLIDAYS
& ABROAD



IN STORE, TAP
SHOP ONLINE



DIRECT DEBIT
PAYMENTS

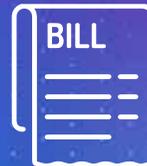


GLOBALLY
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FREE TO
STUDENTS

PAY YOUR
BILLS



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