

60 years | serving
the
community

annual report

2021

Monaghan
Credit Union
Limited

Comhar Creidmheasa
Mhuineacháin



AT THE  OF
THE COMMUNITY!

notice

Monaghan Credit Union Limited AGM will be held electronically using ZOOM as the electronic platform for the meeting on 12th of January 2022 at 8pm.

Members must register their intention to attend no later than 8.00pm on the 11th January 2022 by following the registration link on our website www.monaghancu.ie. Upon verification of your membership/right to attend, you will receive a Zoom link by email and full details of how to communicate questions/comments (the raise hand function) and voting instructions (Zoom Polling). Alternatively members can submit questions and comments by email to mcu@monaghancu.ie.

agenda of annual general meeting

- 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 Reading and approval (or correction) of the minutes of the last annual general meeting
- 5 Appointment of Tellers
- 6 Election to fill vacancies, Auditor, Board Oversight Committee and Directors
- 7 Chairman's Address
- 8 Consideration of accounts
- 9 Report of Auditor
- 10 Declaration of Dividend and other allocations
- 11 Report of the Board Oversight Committee
- 12 Report of Credit Committee
- 13 Report of Credit Control Committee
- 14 Report of Nominating Committee
- 15 Announcement of Elections Results
- 16 Report of Membership Committee
- 17 Amendment to Rules
- 18 Any other Business
- 19 Adjournment or Close of Meeting



Damien Treanor Secretary

nominations

The Board of directors must be elected in accordance with section 53(6)(b) of the Credit Union Act, 1997 (as amended).

The following are for election:

- Auditor:** Grant Thornton.
- Board of Directors:** John Heffernan (Outgoing), Pauline Hamill (Outgoing), Tom Britton (Outgoing), Mary Carroll (New), Jason Boyle (New).
- Board Oversight Committee:** Martin MacKenna (Outgoing)



contact details

Monaghan Credit Union Limited
Castle Meadow Court,
Tirkeenan, Monaghan

t 047 81810 f 047 84696
e mcu@monaghancu.ie
w www.monaghancu.ie

opening hours

Monday - Thursday
9.30am - 4.30pm
Fri 9.30am - 8pm
Sat CLOSED

Monaghan Credit Union Limited
is regulated by the Central Bank
of Ireland.

“MONAGHAN CREDIT UNION AT THE HEART OF THE COMMUNITY” is the theme of our 2021 AGM and it has been another strange year for us all.

In these unprecedented times, Monaghan Credit Union has done all that it can to continue to deliver vital services to you, our Members, whilst keeping our staff and members safe. Monaghan Credit Union has implemented the Government guidelines as required and will continue to do so for our staff and members safety.

It is now even easier to access our services 24/7, this can be done using our new Cu Mobile App or through our website, www.monaghancu.ie and this year we launched our MYCU Current Account and Debit Card making access to your money even easier. For any members who sign up for the **MYCU Current Account and Debit Card**. New members can join online at any time, upload all the necessary documents and make a lodgement to their current account. Members are offered the convenience of a phone call for loan applications and debit card payments. As always members can pick up the phone or call into the office to speak to our friendly staff.

We have great loan rates available and we strongly encourage you to consider using Monaghan Credit Union for any loan requirements you may have in the future. Members signed up to online services can make a loan application online at any time that is suitable to them. Due to the Covid 19 restrictions, we are not offering face to face loan appointments but we are available to our members for applications across the phone. A member of staff is always available to answer any queries you may have.

We are a community based financial co-operative, established to serve the needs of our members. We want to be the first choice for all your banking needs. Our financial statements for the financial year ended 30 September 2021, are reporting a surplus of €314,195. Our total income reduced by 1% in 2021 on the previous financial year.

Our total expenditure reduced by 29.55% in 2021 on the previous financial year. As reported to members at the 2020 AGM, the Credit Union absorbed costs relating to staff restructuring, the introduction of the MYCU current account and debit card as well as making additional provisions for bad and doubtful debts in the 2020 financial year.

The total assets of the Credit Union grew by 4.53% in the financial year and at 30 September 2021 stood at €95,778,998. This growth was fueled by savings growth of 5.32% or €4.1m in the financial year. The total reserves of the Credit Union stood at €14,097,815 at financial year end representing growth of 2.27%, however noting a dilution in the total realized reserves as a percentage of total assets from 15% to 14.65%.

At 30 September 2021, the Credit Union loan book stood at €18,462,979 representing growth of 2.25% during the financial year. From a financial perspective, the focus of the credit union continues to be prudent loan book growth, effective savings management and the maintenance and building of reserves.

Loans represent our primary source of income. Our savings management must be kept under ongoing review. The maintenance and building of reserves enable the Credit Union to offer expanded and enhanced services to you our members. As a result, Monaghan Credit Union Limited is not proposing to pay a dividend to members this year.

We wish to remind members that under Central Bank regulations, we must maintain our Regulatory Reserve at a minimum percentage of our total assets. In practical terms, this means

that for every €100,000.00 of savings we receive, we have to allocate €10,000.00 from our surplus/ realised reserves to our Regulatory Reserve.

To reduce the impact of this, your Board is trying to limit the growth in savings in order to benefit the greater number of our members. We appreciate your trust and loyalty and we will continue to offer quality products and services.

As climate change and reducing carbon footprints is very much in the headlines at the moment, we are continuing our Go-Green campaign and are working towards being more environmentally conscious and sustainable. In January 2022, we will run a competition for our members who sign up for AGM by email and to receive their statements online. We have some fantastic prizes available for our members who sign up. As we are obliged to inform every member about our Annual General Meeting, this can mean for example, 5 AGM reports being delivered to one household. Members have expressed frustration at this in the past, so this is an opportunity to sign up for next year's AGM by email and statements online and eliminate this unnecessary carbon footprint. Earlier in 2021, Monaghan Credit Union visited all the local schools in our Common bond and presented them with two trees to plant in their school grounds. This action was greatly appreciated by our schools and we were delighted to see that many of the schools had their own Green Committee made up from Students as young as six years of age. They could teach us all a thing or two about recycling and the environment and it was great to see how enthusiastic these students are about saving our planet.

During the year, Monaghan Credit Union sponsored books from a local author, Shane Casey, to our local Schools. Shane wrote two books for students with dyslexia and we were delighted to be involved in this project.

We also sponsored a large decorative stone for Ardagh Community Centre marking their achievement in winning the pride of place award in 2008. We gave two summer seats to be placed along their walk for a rest or a chat as the need arises or to keep a watchful eye on the children playing in the park. We were delighted to be involved with such a hard-working community committee and their volunteerism is very much respected and appreciated in the local community.

Monaghan Credit Union is very proud of its active role in reaching out and getting involved with our Community. We are now the proud sponsors of the Football for All inclusion programme in Monaghan United. We are delighted to be sponsoring this programme and our visits out to Gortakeegan have been very enjoyable for players, coaches and supporters. We wish Monaghan United every success with this programme.

Monaghan Credit Union has an active Social Media Presence, with a Facebook page and our newly established Instagram account has over 1,000 followers. Look out for members surveys, loan promotions, competitions and Community involvement on these channels over the coming months. Visit us at www.monaghancu.ie or on our Facebook and Instagram pages. Keep a look out for our monthly blog.

From March 1st 2021, we extended our opening hours. Our Office is now open from 9.30am to 4.30pm Monday to Thursday and from 9.30am to 8.00pm on Friday evenings. Our office is closed on Saturdays.

During the year, Monaghan Credit Union purchased a Defibrillator for the office, 6 staff members undertook the training on the use of the defibrillator and were awarded certificates. We compiled a list of defibrillators in our local area and rolled this information out to many local businesses so that if there was an emergency in their business that they would have the information available to find the nearest Defibrillator.

For the seventh consecutive year, Credit unions have claimed pole position for the best customer experience in Ireland at the official CXi awards. Credit unions have strengthened their reputation as Ireland's undisputed Customer experience champions by not just taking the top spot again this year, but by also extending their lead at the top of the table.

The Credit Union belongs to you our Members and we would encourage you all to use it. As you can see from our financial statements, we have lots of money available to lend to our members and we would be delighted to help you out with all of your financial needs in 2022.

We are local, loyal and lending.



John Heffernan Chairman



**PROUD SPONSORS OF THE
FOOTBALL FOR ALL
INCLUSION PROGRAMME
IN ASSOCIATION WITH
MONAGHAN UNITED**



directors' report

For the financial year ended 30th September 2021

The Directors present their annual report and the audited financial statements for the financial year ended 30th September 2021.

principal activity

The principal activity of the business continues to be the operation of a credit union.

authorisation

The credit union is authorised as follows:

- Insurance/reinsurance or ancillary insurance intermediary under the European Union (Insurance Distribution) Regulations, 2018.
- Investment Intermediaries (Restricted Activity Investment Product Intermediary) pursuant to Section 26 of the Investment Intermediaries Act, 1995 (as amended).
- Entitled under the European Union (Payment Services) Regulations 2018 to provide payment services.

business review

The directors acknowledge the results for the year and the year-end financial position of the credit union. The directors expect to develop and expand the credit union's current activities and they are confident of its ability to continue to operate successfully in the future.

dividends

The directors are not proposing a dividend in respect of the financial year ended 30 September 2021 (2020: The directors did not propose a dividend).

principal risks and uncertainties

The principal risks and uncertainties faced by the credit union are:

Credit risk:

Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to the credit union, resulting in financial loss.

Lack of loan demand:

Lending is the principal activity of the credit union and the credit union is reliant on it for generating income to cover costs and generate a surplus.

Market risk:

Market risk is the risk that the value of an investment will decrease. This risk can arise from fluctuations in values of, or income from, assets or changes in interest rates.

Liquidity risk:

Liquidity risk is the risk that the credit union will not have sufficient cash resources to meet day to day running costs and repay members' savings when demanded.

Operational Risk:

Operational risk is the risk of loss resulting from inadequate or failed processes or systems of the credit union, any failure by persons connected with the credit union or from external events.

COVID-19 risk:

There is an economic and operational risk relating to the uncertainty surrounding the impact of the COVID-19 pandemic.

These risks and uncertainties are managed by the board of directors as follows:

Credit risk:

In order to manage this risk, the board of directors regularly reviews and approves the credit union's lending policy. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

Lack of loan demand:

The credit union provide lending products to its members and promote these products through various marketing initiatives.

Market risk:

The board of directors regularly reviews and approves the credit union's investment policy and funds are invested in compliance with this policy and regulatory guidance.

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.

Operational risk:

The operational risk of the credit union is managed through the employment of suitably qualified staff to ensure appropriate processes, procedures and systems are implemented and are further supported with a robust reporting structure.

COVID-19 risk:

The board of directors and management closely monitor the evolution of the COVID-19 pandemic and continue to take appropriate actions to mitigate any possible adverse effects on the credit union.

accounting records

The directors believe that they comply with the requirements of Section 108 of the Credit Union Act, 1997 (as amended) with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The books of account of the credit union are maintained at the credit union's premises at Castle Meadow Court, Tirkeenan, Monaghan.

Events after the end of the financial year

There have been no significant events affecting the credit union since the year end.

auditors

In accordance with Section 115 of the Credit Union Act, 1997 (as amended), the auditors Grant Thornton offer themselves for re-election.

This report was approved by the board and signed on its behalf by:

John Heffernan Chairperson of the board of directors

Tom Britton Assistant Secretary of the board of directors



23rd November 2021

directors' responsibilities statement

For the financial year ended 30th September 2021

The directors are responsible for preparing the financial statements in accordance with applicable Irish law and regulations. The directors are also responsible for preparing the other information included in the annual report. The Credit Union Act, 1997 (as amended) requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the credit union and of the income and expenditure of the credit union for that 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;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and reason for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the credit union will continue in business.

The directors are responsible for ensuring that the credit union keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the credit union, enable at any time the assets, liabilities, financial position and income and expenditure of the credit union to be determined with reasonable accuracy, enable them to ensure that the financial statements comply with the Credit Union Act, 1997 (as amended) and enable the financial statements to be audited. They are also 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.

On behalf of the board:

John Heffernan Chairperson of the board of directors




Tom Britton Assistant Secretary of the board of directors

23rd November 2021

board oversight committee's responsibilities statement

For the financial year ended 30th September 2021

The Credit Union Act, 1997 (as amended) requires the appointment of a board oversight committee to assess whether the board of directors has operated in accordance with part iv, part iv(a) and any regulations made for the purposes of part iv or part iv(a) of the Credit Union Act, 1997 (as amended) and any other matter prescribed by the Central Bank of Ireland in respect of which they are to have regard to in relation to the board of directors.

On behalf of the board oversight committee:



Martin MacKenna Chair of the board oversight committee

23rd November 2021



Monaghan Credit Union Limited
Comhairle Críodmheasa Mhúineacháin

THE CREDIT UNION MOVEMENT
HAS BEEN VOTED

**NUMBER ONE
FOR CUSTOMER
EXPERIENCE
7 YEARS IN A ROW**

*A Financial Institution
that actually cares*

Here for you always

Monaghan Credit Union Limited is regulated by the Central Bank of Ireland.

The graphic features a blue background with a white and gold logo for Monaghan Credit Union Limited. Below the logo is a row of seven trophies. The largest trophy on the left is labeled 'Overall CX Champion 2015-2021'. The other six trophies are smaller and labeled 'Overall CX Champion' for the years 2016, 2017, 2018, 2019, 2020, and 2021. Each trophy depicts a globe held by two hands.

independent auditor's report to the members of Monaghan Credit Union Limited

opinion

We have audited the financial statements of Monaghan Credit Union Limited, which comprise the income and expenditure account, the statement of other comprehensive income, the balance sheet, the statement of changes in reserves and the statement of cash flows for the financial year ended 30 September 2021, and the related notes to the financial statements, including the summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law including the Credit Union Act, 1997 (as amended) and accounting standards issued by the Financial Reporting Council including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (Generally Accepted Accounting Practice in Ireland).

In our opinion, Monaghan Credit Union Limited's financial statements:

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the state of the credit union's affairs as at 30 September 2021 and of its income and expenditure and cash flows for the year then ended; and
- have been properly prepared so as to conform with the requirements of the Credit Union Act, 1997 (as amended).

basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ('ISAs (Ireland)') and applicable law. Our responsibilities under those standards are further described in the 'responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the credit union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion..

conclusions relating to going concern

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

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

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

other information

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

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

Matters on which we are required to report by the Credit Union Act, 1997 (as amended)

Based solely on the work undertaken in the course of the audit, we report that:

- 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 of the credit union; and
- the financial statements contain all primary statements, notes and significant accounting policies required to be included in accordance with section 111(1)(c) of the Act.

responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, including FRS 102, and for such internal control as they determine 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 intends to liquidate the credit union or to cease operations, or has no realistic alternative but to do so.

responsibilities of of the auditor for the audit of the financial statements

The auditor's objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes their 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..

As part of an audit in accordance with ISAs (Ireland), the auditor will exercise professional judgement and maintain professional scepticism throughout the audit. The auditor will also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the credit union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the credit union's ability to continue as a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the credit union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.

the purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the credit union's members, as a body, in accordance with section 120 of the Credit Union Act, 1997 (as amended). Our audit work has been undertaken so that we might state to the credit union's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the credit union and the credit union's members as a body, for our audit work, for this report, or for the opinions we have formed.

Denise O'Connell FCA

For & on behalf of
Grant Thornton,
Chartered Accountants
& Statutory Audit Firm
Mill House, Henry Street, Limerick


23rd November 2021


income & expenditure account

for the financial year ended 30th September 2021

	Schedule	2021 €	2020 €
Income			
Interest on members' loans		1,364,828	1,368,923
Other interest income and similar income	1	534,245	548,140
Net interest income		1,899,073	1,917,063
Other income	2	41,064	43,048
Total income		1,940,137	1,960,111
Expenditure			
Employment costs		909,488	1,242,867
Other management expenses	3	985,073	1,113,571
Depreciation		87,143	100,265
Net impairment gains on loans to members (note 5)		(355,762)	(148,622)
Total expenditure		1,625,942	2,308,081
Surplus/(Deficit) for the financial year		314,195	(347,970)

The financial statements were approved and authorised for issue
by the board and signed on behalf of the credit union by:

John Heffernan Member of the board of directors 

Martin MacKenna Chairperson of the board oversight committee 

Regina Connolly CEO 

23rd November 2021


The notes on pages 16 to 31 form part of these financial statements.


statement of other comprehensive income


for the financial year ended 30th September 2021

	2021 €	2020 €
Surplus/(Deficit) for the financial year	314,195	(347,970)
Other comprehensive income	-	-
Total comprehensive income/(loss) for the financial year	314,195	(347,970)

The financial statements were approved and authorised for issue by the board and signed on behalf of the credit union by:

John Heffernan Member of the board of directors 

Martin MacKenna Chairperson of the board oversight committee 

Regina Connolly CEO 

23rd November 2021

Due to the public health restrictions in place in 2020, the ILCU AGM 2020 took place in March 2021 and the ILCU AGM 2021 took place in April 2021. There was one rule amendment arising for Year-end 2020 and a number of rule amendments arising for Year-end 2021.

Rule Amendment arising from ILCU AGM 2020

Resolution No. 10 *"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."*

Rule Amendments arising from ILCU AGM 2021

Members will be aware that at our 2020 AGM held on the 22nd of March 2021 we approved rule amendments to allow the credit union hold virtual general meetings into the future. Please note that the Register of Credit Unions (RCU) have identified technical drafting errors in two of the rule amendments approved at the AGM namely an amendment to Rule 98(2)(c) and Rule 99(3)(a). As a result the RCU will not register these specific proposed amendments at this time. Please note these rule amendments are not the substantive rule amendments to allow for virtual meetings (which are approved by RCU and are included in the updated Rule book) and as such they will not prevent the credit union holding virtual general meetings in the future.

The following rule amendments are proposed to rectify the technical errors identified:

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;

Rule 99(3)(a) 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

balance sheet

as at 30th September 2021

	Notes	2021 €	2020 €
Assets			
Cash and balances at bank		2,183,441	2,747,104
Deposits and investments – cash equivalents	7	16,179,084	13,506,832
Deposits and investments – other	7	59,234,537	57,553,738
Loans to members	8	18,462,979	18,057,424
Provision for bad debts	9	(1,399,500)	(1,430,350)
Tangible fixed assets	10	707,810	772,314
Investment property	11	250,000	250,000
Prepayments and accrued income	12	160,647	171,084
Total assets		95,778,998	91,628,146
Liabilities			
Members' shares	13	81,304,597	77,195,993
Members' current accounts	14	5,263	-
Other liabilities, creditors, accruals and charges	15	345,304	603,814
Other provisions	16	26,019	44,719
Total liabilities		81,681,183	77,844,526
RESERVES			
Regulatory reserve	18	9,694,221	9,274,221
Operational risk reserve	18	563,073	457,500
Other reserves - Realised reserves	18	3,776,037	4,009,972
- Unrealised reserves	18	64,484	41,927
Total reserves		14,097,815	13,783,620
Total liabilities and reserves		95,778,998	91,628,146

The financial statements were approved and authorised for issue by the board and signed on behalf of the credit union by:

John Heffernan Member of the board of directors



Martin MacKenna Chairperson of the board oversight committee



Regina Connolly CEO



23rd November 2021

The notes on pages 16 to 31 form part of these financial statements.

statement of changes in reserves

for the financial year ended 30th September 2021

	Regulatory reserve	Operational risk reserve	Realised reserves	Unrealised reserves	Total
	€	€	€	€	€
As at 1 October 2019	8,999,221	357,500	4,740,869	41,107	14,138,697
Deficit for the year	-	-	(349,601)	1,631	(347,970)
Dividends paid	-	-	(7,107)	-	(7,107)
Transfers between reserves	275,000	100,000	(374,189)	(811)	-
As at 1 October 2020	9,274,221	457,500	4,009,972	41,927	13,783,620
Surplus for the year	290,000	-	1,638	22,557	314,195
Transfers between reserves	130,000	105,573	(235,573)	-	-
As at 30 September 2021	9,694,221	563,073	3,776,037	64,484	14,097,815

- The regulatory reserve of the credit union as a percentage of total assets as at 30 September 2021 was 10.12% (2020: 10.12%).
- The operational risk reserve of the credit union as a percentage of total assets as at 30 September 2021 was 0.59% (2020: 0.50%).

The notes on pages 16 to 31 form part of these financial statements.

Statement of cash flows

for the financial year ended 30th September 2021

	Notes	2021 €	2020 €
Opening cash and cash equivalents		16,253,936	17,160,576
Cash flows from operating activities			
Loans repaid by members	8	7,865,356	8,088,234
Loans granted to members	8	(8,290,897)	(8,596,945)
Interest on members' loans		1,364,828	1,368,923
Other interest income and similar income		534,245	548,140
Bad debts recovered and recoveries		344,898	275,718
Other income		41,064	43,048
Dividends paid		-	(7,107)
Members' current accounts lodgement	14	32,849	-
Members' current account withdrawals	14	(27,586)	-
Operating expenses		(1,894,561)	(2,356,438)
Movement in other assets and liabilities		(266,773)	345,791
Net cash flows from operating activities		(296,577)	(290,636)
Cash flows from investing activities			
Fixed asset purchases		(22,639)	(113,368)
Net cash flow from other investing activities		(1,680,799)	(4,117,129)
Net cash flows from investing activities		(1,703,438)	(4,230,497)
Cash flows from financing activities			
Members' shares received	13	22,978,422	23,311,515
Members' shares withdrawn	13	(18,869,818)	(19,697,022)
Net cash flow from financing activities		4,108,604	3,614,493
Net increase/(decrease) in cash and cash equivalents		2,108,589	(906,640)
Closing cash and cash equivalents	6	18,362,525	16,253,936

The notes on pages 16 to 31 form part of these financial statements.

notes to the financial statements

For the financial year ended 30th September 2021

Note 1 Legal and regulatory framework

Monaghan Credit Union Limited is registered with the Registry of Credit Unions and is regulated by the Central Bank of Ireland. The registered office of the credit union is located at Castle Meadow Court, Tirkeenan, Monaghan.

Note 2 Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with applicable Irish accounting standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and Irish statute comprising of the Credit Union Act, 1997 (as amended). The financial statements have been prepared on the historical cost basis except for the valuation of the investment property as specified in the accounting policies below.

The financial statements are presented in Euro (€) which is also the functional currency of the credit union.

The following principal accounting policies have been applied:

2.2 Statement of compliance

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

2.3 Going concern

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

2.4 Income

Interest on members’ loans

Interest on members’ loans is recognised on an accruals basis using the effective interest method.

Deposit and investment income

Deposit and investment income is recognised on an accruals basis using the effective interest method.

Other income

Other income is recognised on an accruals basis.

2.5 Rental income

Rents receivable are recognised when received or irrevocably receivable.

2.6 Cash and cash equivalents

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

2.7 Deposits and investments

Held at amortised cost

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

Central Bank deposits

Credit unions are obliged to maintain certain minimum deposits with the Central Bank but may also hold an excess over the regulatory minimum. The regulatory minimum deposits are technically assets of the credit union but to which the credit union has restricted access. The regulatory minimum portion will not ordinarily be returned to the credit union while it is a going concern and is separately identified in note 7, Deposits and investments - other. Funds held with the Central Bank in excess of the regulatory minimum requirements are fully available to the credit union and are therefore treated as cash equivalents and are separately identified in note 7, Deposits and investments – cash equivalents. The amounts held on deposit with the Central Bank are not subject to impairment reviews.

Investments at fair value

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

2.8 Financial assets - loans to members

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

Loans are derecognised when the right to receive cash flows from the asset has expired, usually when all amounts outstanding have been repaid by the member.

2.9 Provision for bad debts

The credit union assesses if there is objective evidence that any of its loans are impaired with due consideration of environmental factors. The loans are assessed collectively in groups that share similar credit risk characteristics. Individually significant loans are assessed on a loan by loan basis. In addition, if there is objective evidence that any individual loan is impaired, a specific loss will be recognised. Bad debt provisioning is monitored by the credit union, and the credit union assesses and approves its provisions and the adequacy of same on a regular basis.

Any bad debts/impairment losses are recognised in the income and expenditure account.

2.9 cont. 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.

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The credit union adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the credit union. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the income and expenditure account during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Premises	2% straight line per annum
Fixtures, fittings and equipment	10% straight line per annum
Computer equipment	20%/25% straight line per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains' or 'other losses' in the income and expenditure account.

2.11 Impairment of assets

At each reporting date assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income and expenditure account. If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income and expenditure account.

2.12 Investment property

Investment properties for which fair value can be measured reliably without undue cost or effort are measured at fair value at each reporting date with changes in fair value recognised in the income and expenditure account. No depreciation is provided.

2.13 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.

2.14 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 measured at amortised cost.

2.15 Members’ current accounts

The credit union provides Member Personal Current Account Services in accordance with Section 49(3) of the Credit Union Act, 1997 (as amended).

2.16 Other payables

Short term other liabilities, creditors, accruals and charges are measured at the transaction price.

2.17 Pension costs

Monaghan 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 Monaghan 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.

2.18 Holiday pay

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

2.19 Termination benefits

Termination benefits are included in employment costs where applicable and are expensed to the income and expenditure account on an accruals basis.

2.20 Derecognition of financial liabilities

Financial liabilities are derecognised when the obligations of the credit union specified in the contract are discharged, cancelled or expired.

2.21 Regulatory reserve

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

2.22 Operational risk reserve

Section 45(5)(a) of the Credit Union Act, 1997 (as amended) requires each credit union to maintain an additional reserve that it has assessed is required for operational risk having regard to the nature, scale and complexity of the credit union. Credit unions are required to maintain a minimum operational risk reserve having due regard for the sophistication of the business model.

The directors have considered the requirements of the Act and have calculated the operational risk reserve requirement by reference to the predicted impact of operational risk events that may have a material impact on the credit unions’ business.

2.22 cont. In addition, the credit union has included in its operational risk reserve a Member Personal Current Account Service operational risk reserve, in accordance with Section 49(3) of the Credit Union Act, 1997 (as amended).

2.23 Other reserves

Other reserves are the accumulated surpluses to date that have not been declared as dividends returnable to members. The other reserves are subdivided into realised and unrealised. In accordance with the Central Bank guidance note for credit unions on matters relating to accounting for investments and distribution policy, investment income that has been recognised but will not be received within 12 months of the balance sheet date is classified as “unrealised” and is not distributable. A reclassification between unrealised and realised is made as investments come to within 12 months of maturity date. The directors have deemed it appropriate that interest on loans receivable at the balance sheet date is also classified as “unrealised” and is not distributable. All other income is classified as “realised”.

2.24 Distribution policy

Dividends are made from the current year’s surplus or reserves set aside for that purpose. The board’s proposed dividend to members each year is based on the distribution policy of the credit union.

The rate of dividend recommended by the board will reflect:

- the risk profile of the credit union, particularly in its loan and investments portfolios;
 - the board’s desire to maintain a stable rather than a volatile rate of dividend each year; and
 - members’ legitimate dividend 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 when members ratify such payments at the Annual General Meeting.

2.25 Taxation

The credit union is not subject to income tax or corporation tax on its activities.

Note 3 Judgements in applying accounting policies and key source of estimation uncertainty

Preparation of the financial statements requires the directors to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

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

The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The directors regularly review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation charge for the financial year. The net book value of tangible fixed assets subject to depreciation at the year end was €707,810 (2020: €772,314).

Provision for bad debts

The credit union's accounting policy for impairment of loans is set out in the accounting policy in note 2.9. 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. The provision for bad debts in the financial statements at the year end was €1,399,500 (2020: €1,430,350) representing 7.58% (2020: 7.92%) of the total gross loan book.

Operational risk reserve

The directors have considered the requirements of the Credit Union Act, 1997 (as amended) and have developed an approach to the calculation of the operational risk reserve. In addition, the credit union has included in its operational risk reserve a Member Personal Current Account Service operational risk reserve, in accordance with Section 49(3) of the Credit Union Act, 1997 (as amended). The operational risk reserve of the credit union at the year end was €563,073 (2020: €457,500).

Adoption of going concern basis for financial statements preparation

The credit union continue to closely monitor the evolution of the COVID-19 pandemic. The directors have prepared projections and cash flows for a period of at least twelve months from the date of the approval of the financial statements which demonstrate that there is no material uncertainty regarding the credit union's ability to meet its liabilities as they fall due, and to continue as a going concern. On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets and liabilities that may arise if the credit union was unable to continue as a going concern.

Note 4 Key management personnel compensation

The directors of the credit union are all unpaid volunteers.
The key management personnel compensation is as follows.

	2021	2020
	€	€
Short term employee benefits paid to key management	282,330	300,118
Payments to pension schemes	53,822	56,766
Total key management personnel compensation	336,152	356,884

Note 5 Net impairment gains on loans to members

	2021	2020
	€	€
Bad debts recovered	(330,006)	(254,796)
Impairment of loan interest reclassified as bad debt recoveries	(14,892)	(20,922)
Movement in bad debt provisions during the year	(30,850)	74,940
Loans written off during the year	19,986	52,156
Net impairment gains on loans to members	(355,762)	(148,622)

Note 6 Cash and cash equivalents

	2021	2020
	€	€
Cash and balances at bank	2,183,441	2,747,104
Deposits & investments - cash equivalents (note 7)	16,179,084	13,506,832
Total cash and cash equivalents	18,362,525	16,253,936

Note 7 Deposits and investments

	2021	2020
	€	€
Deposits and investments – cash equivalents		
Accounts in authorised credit institutions (Irish and non-Irish based)	12,782,243	11,417,129
Central Bank deposits	3,396,841	2,089,703
Total deposits and investments-cash equivalents	16,179,084	13,506,832
Deposits and investments – other		
Accounts in authorised credit institutions (Irish and non-Irish based)	28,979,115	31,283,966
Bank bonds	19,144,485	13,984,958
Other Investments	3,843,701	9,673,673
Central Bank deposits	670,829	628,012
Irish and EEA state securities	2,980,207	1,983,129
Collective Investment schemes	3,616,200	-
Total deposits and investments – other	59,234,537	57,553,738
Total deposits and investments	75,413,621	71,060,570

Note 8 Financial assets – loans to members

	2021	2020
	€	€
As at 1 October	18,057,424	17,600,869
Loans granted during the year	8,290,897	8,596,945
Loans repaid during the year	(7,865,356)	(8,088,234)
Gross loans and advances	18,482,965	18,109,580
Bad debts		
Loans written off during the year	(19,986)	(52,156)
As at 30 September	18,462,979	18,057,424

Note 9 Provision for bad debts

	2021	2020
	€	€
As at 1 October	1,430,350	1,355,410
Movement in bad debts provision during the year	(30,850)	74,940
As at 30 September	1,399,500	1,430,350

The provision for bad debts is analysed as follows:

	2021	2020
	€	€
Grouped assessed loans	1,399,500	1,430,350
Provision for bad debts	1,399,500	1,430,350

Note 10 Tangible fixed assets

	Premises	Fixtures, Fittings & Equipment	Computer Equipment	Total
	€	€	€	€
<i>Cost</i>				
1 October 2020	1,177,032	813,947	928,994	2,919,973
Additions	-	4,775	17,864	22,639
At 30 September 2021	1,177,032	818,722	946,858	2,942,612
<i>Depreciation</i>				
1 October 2020	598,679	780,821	768,159	2,147,659
Charge for year	21,647	13,703	51,793	87,143
At 30 September 2021	620,326	794,524	819,952	2,234,802
<i>Net Book Value</i>				
At 30 September 2021	556,706	24,198	126,906	707,810
At 30 September 2020	578,353	33,126	160,835	772,314

Note 11 Investment property

	2021	2020
	€	€
Balance at 1 October	250,000	250,000
Fair value adjustments	-	-
As at 30 September	250,000	250,000

The investment property above consists of one property which is stated by reference to an independent market valuation. In the opinion of the directors, the investment property has been recorded at open market value at 30 September 2021.

Note 12 Prepayments and accrued income

	2021	2020
	€	€
Prepayments	119,604	130,788
Loan interest receivable	41,043	40,296
As at 30 September	160,647	171,084

Note 13 Members' shares

	2021	2020
	€	€
As at 1 October	77,195,993	73,581,500
Received during the year	22,978,422	23,311,515
Withdrawn during the year	(18,869,818)	(19,697,022)
As at 30 September	81,304,597	77,195,993

Note 14 Members' current accounts

	2021	2020
	€	€
As at 1 October	-	-
Lodgements	32,849	-
Withdrawals	(27,586)	-
As at 30 September	5,263	-

	No. of Accounts	Balance of Accounts €
Debit	-	-
Credit	24	5,263
Permitted overdrafts	3	1,500

Note 15 Other liabilities, creditors, accruals and charges

	2021	2020
	€	€
Prize Draw	12,884	16,083
PAYE/PRSI	21,523	20,370
Accruals and other creditors	310,897	567,361
As at 30 September	345,304	603,814

Note 16 Other provisions

	2021	2020
	€	€
Holiday pay accrual		
At 1 October	44,719	53,441
Charged to the income and expenditure account	(18,700)	(8,722)
As at 30 September	26,019	44,719

Note 17 Financial instruments

17a. Financial instruments - measured at amortised cost

Financial assets	2021	2020
	€	€
Financial assets measured at amortised cost	79,163,824	83,798,406

Financial liabilities	2021	2020
	€	€
Financial liabilities measured at amortised cost	81,681,183	77,844,526

Financial assets measured at amortised cost comprise of cash and balances at bank, deposits and investments and loans.

Financial liabilities measured at amortised cost comprise of members' shares, members current accounts, other liabilities, creditors, accruals and charges and other provisions.

17b. Financial instruments - fair value measurements

FRS 102 requires fair value measurements to be disclosed by the source of inputs, using a three level hierarchy:

- Quoted prices for identical instruments in active market (level 1);
- Prices of recent transactions for identical instruments and valuation techniques using observable market data (level 2), and
- Valuation techniques using unobservable market data (level 3).

The table below sets out fair value measurements using the fair value hierarchy:

At 30 September 2021	Total €	Level 1 €	Level 2 €	Level 3 €
Accounts in authorised credit institutions	6,263,244	-	6,263,244	-
Bank Bonds	7,016,773	-	7,016,773	-
Collective investment schemes	3,616,200	3,616,200	-	-
Total	16,896,217	3,616,200	13,280,017	-

At 30 September 2020	Total €	Level 1 €	Level 2 €	Level 3 €
Accounts in authorised credit institutions	6,263,575	-	6,263,575	-
Bank Bonds	1,803,117	-	1,803,117	-
Total	8,066,692	-	8,066,692	-

There was a fair value adjustment of €16,200 recognised in the income and expenditure account for the year ended 30 September 2021 (2020: €nil).

Note 18 Reserves

	Balance 01/10/20 €	Appropriation of current year surplus €	Transfers between reserves €	Balance 30/09/21 €
Regulatory reserve	9,274,221	290,000	130,000	9,694,221
Operational risk reserve	457,500	-	105,573	563,073
Other Reserves				
Realised				
General reserve	4,009,972	1,638	(235,573)	3,776,037
Total realised reserves	4,009,972	1,638	(235,573)	3,776,037
Unrealised				
Interest on loans reserve	40,296	747	-	41,043
Investment income reserve	1,631	21,810	-	23,441
Total unrealised reserves	41,927	22,557	-	64,484
Total reserves	13,783,620	314,195	-	14,097,815

Note 19 Credit risk disclosures

In line with regulatory requirements, the credit union:

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

The carrying amount of the loans to members represents the credit union's maximum exposure to credit risk. The following 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		2020	
	€	%	€	%
Loans not impaired				
Total loans not impaired, not past due	16,728,885	90.61%	15,745,987	87.20%
Impaired Loans:				
Not past due	650,592	3.52%	927,981	5.13%
Up to 9 weeks past due	846,806	4.58%	971,043	5.38%
Between 10 and 18 weeks past due	57,363	0.31%	117,773	0.65%
Between 19 and 26 weeks past due	30,473	0.17%	53,641	0.30%
Between 27 and 39 weeks past due	12,071	0.07%	32,285	0.18%
Between 40 and 52 weeks past due	8,490	0.05%	24,566	0.14%
53 or more weeks past due	128,299	0.69%	184,148	1.02%
Total impaired loans	1,734,094	9.39%	2,311,437	12.80%
Total loans	18,462,979	100.00%	18,057,424	100.00%

Note 20 Related party transactions

20a. Loans	2021		2020	
	No. of Loans	€	No. of Loans	€
Loans advanced to related parties during the year	12	225,280	12	97,125
Total loans outstanding to related parties at the year end	18	355,771	14	135,033
Total provisions for loans outstanding to related parties		28,874		3,693

The related party loans stated above comprise of loans outstanding to directors and the management team (to include their family members or any business in which the directors or management team had a significant shareholding). Total loans outstanding to related parties represents 1.93% of the total loans outstanding at 30 September 2021 (2020: 0.75%).

20b. Shares

The total amount of shares held by related parties at the year end was €745,461 (2020: €843,533).

Note 21 Additional financial instruments disclosures**21a. Financial risk management**

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

Credit risk:

Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to the credit union, resulting in financial loss. In order to manage this risk the board of directors regularly reviews and approves the credit union's lending policy. Credit risk mitigation may include the requirement to obtain collateral as set out in the credit union's lending policy. Where collateral or guarantees are required, they are usually taken as a secondary source of repayment in the event of the borrower's default. The credit union maintains policies which detail the acceptability of specific classes of collateral. The principal collateral types for loans are: an attachment over members' pledged shares; personal guarantees; and charges over assets. The nature and level of collateral required depends on a number of factors such as the term of the loan and the amount of exposure. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

Market risk:

Market risk is the risk that the value of an investment will decrease. This risk can arise from fluctuations in values of, or income from, assets or changes in interest rates. The board of directors regularly reviews and approves the credit union's

investment policy and funds are invested in compliance with this policy and regulatory guidance.

Liquidity risk:

Liquidity risk is the risk that the credit union will not have sufficient cash resources to meet day to day running costs and repay members' savings when demanded. 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.

Interest rate risk:

The credit union's main interest rate risk arises from adverse movements in interest rates receivable which would affect investment income. The credit union reviews any potential new investment product carefully to ensure that minimum funds are locked in low yielding long term investments yet at the same time maximising investment income receivable.

21b. Liquidity risk disclosures

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 regulatory requirements.

21c. Interest rate risk disclosures

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

	2021		2020	
	€	Average Interest Rate %	€	Average Interest Rate %
Gross loans to members	18,462,979	7.65%	18,057,424	7.78%

Any dividend payable is at the discretion of the directors and is therefore not a financial liability of the credit union until declared and approved at the AGM.

Note 22 Dividends

The following distributions were paid during the year:

	2021		2020	
	%	€	%	€
Dividend on shares	0.00%	-	0.01%	7,107

The directors are not proposing a dividend in respect of the financial year ended 30 September 2021 (2020: The directors did not propose a dividend).

Note 23 Events after the end of the financial year

There have been no significant events affecting the credit union since the year end.

Note 24 Insurance against fraud

The credit union has Insurance against fraud in the amount of €5,200,000 (2020: €5,200,000) in compliance with Section 47 of the Credit Union Act, 1997 (as amended).

Note 25 Capital commitments

There were no capital commitments at 30 September 2021.

Note 26 Contingent liabilities

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.

Note 27 Comparative information

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

Note 28 The Irish League of Credit Unions Republic of Ireland Pension Scheme

Monaghan 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 Monaghan Credit Union Limited to separately identify its share of the Scheme's underlying assets and liabilities. Consequently, it accounts for the Scheme as a defined contribution plan, in accordance with FRS 102.

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

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

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

Note 29 Approval of financial statements

The board of directors approved these financial statements for issue on 23 November 2021.

schedules to the income and expenditure account

For the financial year ended 30 September 2021

The following schedules do not form part of the statutory financial statements which are the subject of the Independent Auditor's Report on pages 8, 9 and 10.

Schedule 1 - Other interest income and similar income

	2021	2020
	€	€
Investment income and gains received/receivable within 1 year	512,435	546,509
Investment income receivable outside of 1 year	21,810	1,631
Total per income and expenditure account	534,245	548,140

Schedule 2 - Other income

	2021	2020
	€	€
Fees	194	236
Miscellaneous income	6,301	1,940
Commissions	10,079	16,572
Rental income	24,300	24,300
MPCAS charges	190	-
Total per income and expenditure account	41,064	43,048

Schedule 3 - Other management expenses

	2021	2020
	€	€
Rent & rates	6,683	6,696
Light, heat & cleaning	29,914	34,213
Security	28,169	28,263
Repairs & maintenance	18,025	16,054
Printing & stationery	13,042	16,640
Postage & telephone	17,119	15,394
Sponsorship	7,070	8,075
Promotion & advertising	40,492	35,737
Training costs	9,231	9,912
Convention expenses	415	890
Chapter expenses	1,390	1,324
AGM expenses	31,477	29,115
Travel & subsistence	1,668	10,282
Staff related expenses	1,435	2,150
Audit fees	23,063	22,688
General insurance	37,791	36,449
Share & loan insurance (net)	147,434	231,628
Legal & professional fees	62,875	99,250
Computer/equipment maintenance	179,608	140,694
Sundry expenses	800	1,202
Regulatory levies and other fees	106,832	113,586
DGS levy	95,885	65,452
Bank charges	45,012	38,431
Member and strategic Initiatives	79,643	149,446
Total per income and expenditure account	985,073	1,113,571

model standing orders

for credit unions (ROI)

Reference: Recommendation 41(b) of Planning Committee;

1. Voting

Each member shall be entitled to one vote irrespective of his/her shareholding, in accordance with section 82(2) of the Credit Union Act, 1997 (as amended).

Due to the fact that this year's AGM will be a virtual meeting, voting on motions and elections will be by electronic means.

ELECTRONIC VOTING - Once a member is verified and confirmed to be over the age of 16 with funds of €10 or more in their account, they will have the opportunity to vote. They will receive a secure login link as opposed to a viewing only link. They will be asked to log on 15 - 30 minutes prior to the meeting to confirm member authentication and establish our quorum.

2. Election Procedure

ELECTRONIC VOTING

When nominations are announced tellers shall be appointed by the chairman and voting procedures and instructions shall be distributed. The mechanics of the virtual voting process will be explained in more detail at the AGM by the Chair. Elections shall be in the following order:

- (a) Election of auditor;
- (b) Election for membership of the board of directors; and
- (c) Election for membership of the board oversight committee.

When the votes have been counted by the tellers, the results shall be announced by the chair.

3 - 4 Motions

3. Members have been invited to submit questions to the board in advance of the AGM and the board will address these during the AGM, and same will be included in the minutes of the AGM. We will also have the hand raise and chat facility so our online members can submit some live questions on the day should they arise. The host can also unmute any member to allow further commentary.

4. The Chairman's decision on any matter relating to these Standing Orders or interpretation of same shall be final.

5 - 9 Miscellaneous

5. The Chairperson of the credit union shall be the Chairperson of any general meeting, except where he/she is not available, in which case it shall be the Vice-Chair, except where he/she is not available, in which case the Board shall decide amongst themselves who shall act as Chair of any general meeting.

6. The Chairman may at his/her discretion, extend the privilege of the floor to any person who is not a member.
7. Matters not covered by the Agenda may be introduced under "Other Business" at the discretion of the Chairman. At a virtual AGM in the current circumstances, this may not be practical, however, the option may be invoked if required.
8. The Chairperson shall have a second or casting vote in addition to his/her own vote on matters other than voting at elections where there is an equality of votes (Standard Rule 99(1)).
9. Any matter to be decided upon by a vote at the AGM shall, unless otherwise expressly provided for by law or the rules be decided upon by majority vote.

10. Adjournments

Adjournments of the AGM shall take place only in accordance with section 81(1) and the provisions concerning notice, voting and quorum are also set out in section 81 (and the new section 80A inserted by the Finance (Miscellaneous Provisions) Act 2020).

*Monaghan Credit Union Limited
60th Birthday Winners*



my
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Winner of "Name our Debit Card Man", John Cusack.
Winning Name "€urbuck".



Launch of the
Monaghan Credit
Union Limited

MYCU Current
Account with MYCU
Debit Mastercard®



Ask our staff for
more information
on how to apply



Mastercard is a registered trademark, and the circles design is a trademark of Mastercard International Incorporated. The MYCU Debit Card is issued by PayrNet UAB pursuant to license by Mastercard International Inc. Terms and Conditions apply. Monaghan Credit Union Limited is regulated by the Central Bank of Ireland.

NOW OFFERING

MORTGAGES

Monaghan
Credit Union
Limited

Comhar Creidmheasa
Mhuineacháin



Monaghan Credit
Union Limited
are now offering
Mortgages to
their Members

35 year term available
or until Member
reaches the age 65

Members will need

- 10% deposit for
1st time buyers and
- 20% deposit for
second time buyers

So if you are thinking of
buying or building your
dream home consider
Monaghan Credit Union
for your Mortgage

Loans are available for
affordable amounts
to our Members.

"local people
working for
local people"

Monaghan Credit Union Limited is regulated
by the Central Bank of Ireland.

MONAGHAN CREDIT UNION

4.75%

OUR LOWEST EVER RATE

98%

APPROVAL RATE

FREE LIFE COVER

Apply Online, at the Counter or by Phone on 047 81810

LOAN AMOUNT	REPAYMENT TERM	WEEKLY REPAYMENT	TOTAL COST OF CREDIT	ANNUAL PERCENTAGE RATE*
€5,000	3 Years	€34.19	€5,365.57	4.87%

*This is a variable rate. Variable rates are correct as at 30th September 2021 and are subject to change.

Warning: If you do not meet the repayments on your loan, your account will go into arrears. This may affect your credit rating, which may limit your ability to access credit in the future.

Loans are subject to approval. Terms & Conditions apply.

OPENING HOURS

Monday - Thursday 9.30am-4.30pm

Friday 9.30am - 8.00pm

Saturday CLOSED

