

61 years | serving the community

# annual report

2022

Monaghan  
Credit Union  
Limited

Comhar Creidmheasa  
Mhuineacháin



a financial institution  
that actually CARES

## The late Charlie Shalvey

Charlie served the  
Members of Monaghan  
Credit Union for  
many years.



**He was a dedicated member of our Supervisory Committee for 1 year which then became the Board Oversight Committee in 2014. Charlie took his duties very seriously and was very conscientious about the work he undertook on behalf of the Members of Monaghan Credit Union. Charlie was a regular attendee in the Credit Union on Saturday mornings and at the monthly Board Meetings.**

Charlie was always cheerful and always enjoyed a chat about the local football scene or the County scene. A native of Cavan, Charlie was always loyal to his first County, but enjoyed the banter between local rivals during championship season.

The Board of Directors of Monaghan Credit Union, along with the Management and Staff lined the front of the Credit Union Office as Charlie made his final journey to St Macartan's Cathedral on Thursday 5th July 2022. They then joined Charlie's family for his funeral mass.

We have lost a dedicated Committee Member and friend and we wish to extend our Sincere Sympathy to Charlie's wife Margie, his Daughters Nicola & Laura and his Son Colm along with his grandchildren.

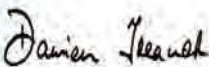
May his gentle soul rest in peace.

## notice

**Monaghan Credit Union Limited AGM will be held in the Four Seasons Hotel on Monday the 30th of January 2023 at 8pm.**

## 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, and any intervening special general meeting
- 5 Chairman's Address
- 6 Consideration of accounts
- 7 Report of the Auditor
- 8 Appointment of Tellers
- 9 Election of Auditor
- 10 Election to fill vacancies on the Board Oversight Committee
- 11 Election to fill vacancies on the Board of Directors
- 12 Report of the Board Oversight Committee
- 13 Declaration of dividend and rebate of interest (if any)
- 14 Report of the Credit Committee
- 15 Report of Credit Control Committee
- 16 Report of Membership Committee
- 17 Report of any Sub-Committee
- 18 Report of the Nomination Committee
- 19 Any other business
- 20 Announcement of election results
- 21 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:** Dermot Coyle (Outgoing), Nigel Mallen (Outgoing).  
**Board Oversight Committee:** Vera O'Brien (New).



**contact details**

Monaghan Credit Union Limited  
Castle Meadow Court,  
Tirkeenan, Monaghan

t 047 81810 f 047 84696  
e [mcu@monaghancu.ie](mailto:mcu@monaghancu.ie)  
w [www.monaghancu.ie](http://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.

## chairperson's address

### **The theme for this year's AGM is Monaghan Credit Union, "A FINANCIAL INSTITUTION THAT ACTUALLY CARES".**

#### **LENDING**

Monaghan Credit Union has experienced loan book growth of 13.21% in the past year. We would like to take this opportunity to thank you, our members for supporting us and making us your choice for your lending requirements. We will continue to offer Personal loans at competitive rates.

- We offer Mortgages to our members to buy or build their own homes.
- We have a fully savings secured loan rate of 4.75% (4.85%) and a 50% savings secured rate of 6.9% (7.12% APR).
- We have a welcome loan rate of 7.4% (7.55% APR) available to new Members or to Members who haven't borrowed in the last 3 months.
- We have student loans available to students who have the repayment capacity at 5.9% (6.06% APR). This loan can be taken out by the students' parents at the same rate, if the student does not have the affordability to repay the loan. The student loan can also be availed of by Apprentices who need to borrow for supplies for their apprenticeship.
- We offer a Cultivate Farm loan to our local farmers at 6.55% (6.75% APR).
- We offer a Car loan rate at 7.25% (7.50% APR).
- We offer Community Development loans to local clubs or organisations to improve our local community. This is at a 5.9% rate (6.06% APR).
- We have introduced a home heating loan rate of 7.5% (7.76% APR) to help our members keep warm this winter and to help them manage the rising cost of fuel.

Our latest loan product is the CU Greener Home loan. This product is available to members who wish to improve the energy rating of their home. As with all our loan rates, there are no penalties for clearing the loan earlier than the agreed term. Monaghan Credit Union will strive to continue to offer competitive rates to our members.

#### **MYCU Current Account, Debit Card and Online Facilities**

Last year we launched our MYCU Current account with Debit Mastercard. The imminent departure of Ulster Bank and KBC from the Irish Market enhances the opportunity for uptake of this product and we are delighted with the uptake to date. We also offer overdrafts to members with an earned income. If you are an Ulster bank or KBC customer and have not yet closed your current account, Monaghan Credit Union would be delighted to offer you our MYCU current account for your Personal Banking needs. Alongside our MYCU current account we have our CUonline and our Mobile App. To avail of the Cu online application, you can set up your own user-name, password and pin on our website [www.monaghancu.ie](http://www.monaghancu.ie). This will facilitate a full current account offering in conjunction with full online banking.

We also offer the CU mobile App for viewing your account, paying bills, setting up direct debits and processing electronic funds transfer and internal transfers. This can be accessed through facial recognition/fingerprint or username and password. Following a purchase on your MYCU current account, you will receive a push notification on your mobile app confirming the transaction amount and the balance remaining.

We have also launched our MYCU Youth Card in October 2022. This Youth Card is available to members aged from 12 to 15. Parental consent is required for all Youth Card account openings, registration for our Mobile App and internet banking and the application for the MYCU Debit Mastercard. If you would like your Son or Daughter to get a MYCU current account and debit card with online banking, this could be a valuable opportunity for them to learn about managing money under your watchful eye. There are no charges on the Youth debit card or current account. This is a win/win for the Parent and young person.



## **SAVINGS**

As you are all aware, the Board of Directors introduced a cap on savings in 2020. This cap was €30,000 per member. However, with Covid restrictions and all but essential businesses closed, the Credit Union experienced a high volume of savings coming into Members accounts. We appreciate the confidence placed in Monaghan Credit Union by our Members, however, it was putting us in a position that more and more money had to be put into our regulatory reserve. For every €100,000 in savings that is lodged into Monaghan Credit Union, we are obliged under Central Bank Regulations to transfer €10,000 into this reserve. This can restrict us in developing the Credit Union and upgrading IT systems etc. This led to the Board of Directors reducing the cap to €25,000 per Member in 2022. We notified members effected by this reduced savings cap and many members withdrew savings as requested, and after the imposed time frame, where necessary we returned money to Members. This has affected 4% of our members. The situation will continue to be monitored and we ask you our members to be aware of your savings balance in the Credit Union. If your savings have reached the savings cap limit of €25,000 (€50,000 for a joint account) any further lodgements will be returned to the originator. If you have a pension income, a single farm payment, rental income or social welfare income coming into your account, please monitor your account and ensure that there is capacity for the payments to come into the account and if necessary, you may need to take money out of your account to allow your income to be lodged within our savings cap. We would appreciate you keeping your savings under the €25,000 cap.

## **FINANCIAL STATEMENTS**

2022 proved a challenging year for Monaghan Credit Union and this is reflected in the financial statements. A deficit of €2,677,660 is recorded and is attributable to 2 key factors:

### **1. Pension**

As you may be aware, the funding position of the Irish League of Credit Unions (ILCU) Republic of Ireland Pension Scheme (the DB Scheme), of which Monaghan Credit Union is a member, received negative media attention during the early part of this year. Following conclusion of a fundamental review of the scheme, it was decided that all pension benefits for service by credit union employees after 31 March 2022 would be provided by a defined contribution (DC) pension scheme.

At the date of closure of the DB Scheme, there was a past service deficit allocated to each participating Credit Union based on the total benefits earned by staff in each Credit Union. Monaghan Credit Union's allocation of the past service deficit was €2,418,397. Monaghan Credit Union is legally obliged to honour this deficit and it is reflected in the financial statements. Also reflected in the financial statements, is a commitment from the ILCU Stabilisation Protection Scheme to provide funding of €402,700 to Monaghan Credit Union as a result of the deficit in the ILCU pension fund and due to other recent environmental factors. To date €362,430 has been received with the balance payable by 31st December 2025.

### **2. Investment Performance**

Other Interest income and similar income is a negative figure of €207,430. Per schedule 1 to the financial statements, the figure includes an unrealised loss of €631,908 which relates to a Corporate Bond Fund (a UCITS holding) held by the Credit Union. Under accounting rules, the change in the market value of this fund needs to be recognised in the financial statements.

This year the value of the fund declined and therefore an unrealised loss has been recorded in the financial statements. The main reason for this decline has been the rapid rise in interest rates on the back of higher inflation. This has pushed the current market value of bonds lower but not their long-term expected value, which creates short-term unrealised losses but higher expected returns in future years. In future years, as interest rates settle, the fund is expected to recover in value which will lead to a positive contribution to the investment income. Both our investment advisor and the fund manager remain confident in the robustness of the fund's strategy, while the Central Bank is also fully aware of this fund.

# directors' report

For the financial year ended 30th September 2022

The Directors present their annual report and the audited financial statements for the financial year ended 30th September 2022.

## 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 2022 (2021: 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.

### **Global macro-economic risk:**

There is an economic and operational risk relating to rising inflation rates, disruption to global supply chains and a general uncertainty in the markets as a result of the pandemic and the on-going war in Eastern Europe.

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.

**Global macro-economic risk:**

he board of directors and management closely monitor the developments of rising inflation rates and disruption to global supply chains and markets, 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**

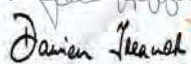
In accordance with Section 115 of the Credit Union Act, 1997 (as amended), the auditors Grant Thornton offer themselves for re-election.

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

**John Heffernan** Chairperson of the board of directors



**Damien Treanor** Secretary of the board of directors



28th November 2022

## directors' responsibilities statement

For the financial year ended 30th September 2022

The directors are responsible for preparing the financial statements in accordance with applicable Irish law and regulations. The directors have elected to prepare the financial statements in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102). 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. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the credit union's website.

*On behalf of the board:*

**John Heffernan** Chairperson of the board of directors



**Damien Treanor** Secretary of the board of directors



28th November 2022



# board oversight committee's responsibilities statement

For the financial year ended 30th September 2022

The Board Oversight Committee were saddened to learn of the passing of their Colleague, Charlie Shalvey in July 2022. Charlie was a great committee member and friend.

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

28th November 2022



THE CREDIT UNION MOVEMENT  
HAS BEEN VOTED  
**NUMBER ONE  
FOR CUSTOMER  
EXPERIENCE  
8 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 image is a promotional poster for Monaghan Credit Union Limited. It features a blue background with a large trophy in the foreground, which is a globe held by two hands. The trophy is surrounded by several smaller, identical trophies. The text on the poster reads: 'THE CREDIT UNION MOVEMENT HAS BEEN VOTED NUMBER ONE FOR CUSTOMER EXPERIENCE 8 YEARS IN A ROW'. Below this, it says 'A Financial Institution that actually cares' and 'Here for you always'. In the top left corner, there is a logo for Monaghan Credit Union Limited, which includes the text 'Monaghan Credit Union Limited' and 'Comhair Ceathrúchais Mhúnaigh' (Munagh Credit Union Board). The trophy in the foreground has a plaque that reads 'CUI Overall CX Champion 2015-2021'.

# 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 2022, 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 2022 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

28th November 2022

# income & expenditure account

for the financial year ended 30th September 2022

	Schedule	2022 €	2021 €
<b>Income</b>			
Interest on members' loans		1,470,833	1,364,828
Other interest income and similar income	1	(207,430)	534,245
<b>Net interest income</b>		<b>1,263,403</b>	<b>1,899,073</b>
Other income	2	453,940	41,064
<b>Total income</b>		<b>1,717,343</b>	<b>1,940,137</b>
<b>Expenditure</b>			
Employment costs		830,836	909,488
Other management expenses	3	1,153,603	985,073
Pension funding deficit		2,418,397	-
Depreciation		73,417	87,143
Net impairment gains on loans to members (note 5)		(81,250)	(355,762)
<b>Total expenditure</b>		<b>4,395,003</b>	<b>1,625,942</b>
<b>(Deficit)/surplus for the financial year</b>		<b>(2,677,660)</b>	<b>314,195</b>

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



28th November 2022

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 2022

	<b>2022</b>	2021
	€	€
(Deficit)/surplus for the financial year	<b>(2,677,660)</b>	314,195
Other comprehensive income	-	-
<b>Total comprehensive (loss)/income for the financial year</b>	<b>(2,677,660)</b>	314,195

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 

28th November 2022

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

**Chairperson’s Address** cont/d from page 3

**OVERALL SYNOPSIS**

While interest on members’ loans increased 7.76% on the previous year, total income overall and reflecting the funding from the ILCU Stabilisation Protection Scheme and investment performance, reduced by 11.48% Total expenditure increased by 170.3% on the previous year. While employment costs reduced by 8.64%, management expenses increased by 17.1%, and depreciation reduced by 15.75%. The pension funding deficit represents 55.02% of Total Expenditure in the year. Total assets at 30 September 2022 stood at €94,310,123, a reduction of 1.53% in the year. Members shares fell slightly by 0.01% reflecting the commencement of the return of excess savings referred to earlier in the report. Current account balances at year end amounted to €1,131,841 and we are delighted at take-up of this new offering. Total reserves have reduced by 19% on foot of the deficit recorded. Total Realised Reserves now represent 12.01% of Total Assets. The corresponding 2021 figure was 14.65%. A key focus of the Credit Union will be to rebuild these reserves, through continued prudent loan growth, effective investment strategy, savings management and cost control. Traditionally the main Credit Union offerings were Savings and Loans. While they continue to be the cornerstone of the Credit Union offerings, we now also offer an excellent personal current account and debit card facility. These offerings are available to you through user friendly electronic delivery channels. We encourage you and your family members to travel on this electronic transformation journey with us, but equally assure you that we are, and will be here, to meet with you personally as required or if that is what you are more comfortable with.

We are local, loyal and lending.

  
**John Heffernan** Chairman

# balance sheet

as at 30th September 2022

	Notes	2022 €	2021 €
<b>Assets</b>			
Cash and balances at bank		<b>3,563,572</b>	2,183,441
Deposits and investments – cash equivalents	7	<b>16,062,537</b>	16,365,106
Deposits and investments – other	7	<b>54,388,715</b>	59,048,515
Loans to members	8	<b>20,903,092</b>	18,462,979
Provision for bad debts	9	<b>(1,640,444)</b>	(1,399,500)
Members' current accounts overdrawn	14	<b>429</b>	-
Tangible fixed assets	10	<b>648,272</b>	707,810
Investment property	11	<b>250,000</b>	250,000
Debtors, prepayments and accrued income	12	<b>133,950</b>	160,647
<b>Total assets</b>		<b>94,310,123</b>	95,778,998
<b>Liabilities</b>			
Members' shares	13	<b>81,288,520</b>	81,304,597
Members' current accounts	14	<b>1,131,841</b>	5,263
Other liabilities, creditors, accruals and charges	15	<b>439,030</b>	345,304
Other provisions	16	<b>30,577</b>	26,019
<b>Total liabilities</b>		<b>82,889,968</b>	81,681,183
<b>RESERVES</b>			
Regulatory reserve	18	<b>9,744,221</b>	9,694,221
Operational risk reserve	18	<b>563,073</b>	563,073
Other reserves - Realised reserves	18	<b>1,023,738</b>	3,776,037
- Unrealised reserves	18	<b>89,123</b>	64,484
<b>Total reserves</b>		<b>11,420,155</b>	14,097,815
<b>Total liabilities and reserves</b>		<b>94,310,123</b>	95,778,998

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 

28th November 2022

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 2022

	<b>Regulatory reserve</b>	<b>Operational risk reserve</b>	<b>Realised reserves</b>	<b>Unrealised reserves</b>	<b>Total</b>
	€	€	€	€	€
<b>As at 1 October 2020</b>	<b>9,274,221</b>	<b>457,500</b>	<b>4,009,972</b>	<b>41,927</b>	<b>13,783,620</b>
Surplus for the year	290,000	-	1,638	22,557	314,195
Transfers between reserves	130,000	105,573	(235,573)	-	-
<b>As at 1 October 2021</b>	<b>9,694,221</b>	<b>563,073</b>	<b>3,776,037</b>	<b>64,484</b>	<b>14,097,815</b>
Deficit for the year	-	-	(2,721,555)	43,895	(2,677,660)
Transfers between reserves	50,000	-	(30,744)	(19,256)	-
<b>As at 30 September 2022</b>	<b>9,744,221</b>	<b>563,073</b>	<b>1,023,738</b>	<b>89,123</b>	<b>11,420,155</b>

- The regulatory reserve of the credit union as a percentage of total assets as at 30 September 2022 was 10.33% (2021: 10.12%).
- The operational risk reserve of the credit union as a percentage of total assets as at 30 September 2022 was 0.60% (2021: 0.59%).

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

# Statement of cash flows

for the financial year ended 30th September 2022

	Notes	2022 €	2021 €
<b>Opening cash and cash equivalents</b>		<b>18,548,547</b>	16,253,936
<b>Cash flows from operating activities</b>			
Loans repaid by members	8	<b>7,859,185</b>	7,865,356
Loans granted to members	8	<b>(10,332,885)</b>	(8,290,897)
Interest on members' loans		<b>1,470,833</b>	1,364,828
Other interest income and similar income		<b>(207,430)</b>	534,245
Bad debts recovered and recoveries		<b>355,781</b>	344,898
Other income		<b>453,940</b>	41,064
Members' current accounts lodgement	14	<b>5,096,545</b>	32,849
Members' current account withdrawals	14	<b>(3,970,396)</b>	(27,586)
Operating expenses		<b>(4,402,836)</b>	(1,894,561)
Movement in other assets and liabilities		<b>124,981</b>	(266,773)
<b>Net cash flows from operating activities</b>		<b>(3,552,282)</b>	(296,577)
<b>Cash flows from investing activities</b>			
Fixed asset purchases		<b>(13,879)</b>	(22,639)
Net cash flow from other investing activities		<b>4,659,800</b>	(1,494,777)
<b>Net cash flows from investing activities</b>		<b>4,645,921</b>	(1,517,416)
<b>Cash flows from financing activities</b>			
Members' shares received	13	<b>25,077,783</b>	22,978,422
Members' shares withdrawn	13	<b>(25,093,860)</b>	(18,869,818)
<b>Net cash flow from financing activities</b>		<b>(16,077)</b>	4,108,604
<b>Net increase in cash and cash equivalents</b>		<b>1,077,562</b>	2,294,611
<b>Closing cash and cash equivalents</b>	6	<b>19,626,109</b>	18,548,547

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 2022

## **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 designated on initial recognition as non basic are recognised at fair value. They are subsequently measured at fair value (market value) at the year-end date and all gains and losses are taken to the income and expenditure account.

## **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.

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) ("the Scheme"). This is a funded defined benefit scheme with assets managed by the Scheme's trustees. The ILCU is the principal employer of the Scheme and Monaghan Credit Union Limited is a participating employer. The Scheme is a multi-employer defined benefit scheme and there is insufficient information for the credit union to separately identify its share of the Scheme's underlying assets and liabilities. Consequently, the Scheme is currently accounted for as a defined contribution plan. If an agreement is entered into with the Scheme that determines how Monaghan Credit Union Limited will fund a past service deficit, the credit union shall recognise a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit). Please refer to note 27 for further detail.

The credit union also operates a defined contribution pension scheme for some employees. The assets of this scheme are held separately from those of the credit union in independently administered funds. Employer contributions to the pension scheme are charged to the income and expenditure account in the period to which they relate.

## **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.

**2.22 cont.** 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.

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 and the balance of the SPS refund receivable 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 €648,272 (2021: €707,810).

### **Provision for bad debts**

The credit union's accounting policy for impairment of loans is set out 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 €1,640,444 (2021: €1,399,500) representing 7.85% (2021: 7.58%) 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 (2021: €563,073).

### **Pensions**

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 scheme of the defined benefit type, with assets invested in separate trustee administered funds. Judgement is required to assess whether the credit union has sufficient information to enable it to account for the Scheme as a defined benefit plan. An assessment has been performed of the information currently available and Monaghan Credit Union Limited has determined that there is currently insufficient information available to provide an appropriate allocation of pension assets and liabilities due to the following:

- Scheme assets are not segregated or tracked by contributing employers. There is insufficient information to appropriately allocate the assets to individual employers as contributions paid are pooled in a single fund and none of the contributing employers have separately segregated asset pools.
- Orphan members are those members (including pensioners) who previously contributed to the scheme where their employer has paid an exit cost and as a result has no further liability to the scheme. A pension liability continues to exist for these individual members. There is uncertainty around where the obligation rests in respect of orphan members currently and into the future.
- The Funding Plan calculations are based on each employer's share of liabilities at a point in time. This does not infer that each employer is contributing towards its liabilities. The determination of the contribution rate is a point in time assessment and is not updated subsequently for changes in the employers' liability that may occur in the future. Subsequently, as the profile of the scheme continues to change, there will continue to be a natural cross subsidisation.

Consequently, Monaghan Credit Union Limited continues to account for the plan as a defined contribution plan.

### **Adoption of going concern basis for financial statements preparation**

The credit union continue to closely monitor developments within the global macro-economic environment. 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.

	<b>2022</b>	2021
	€	€
Short term employee benefits paid to key management	<b>226,816</b>	282,330
Payments to pension schemes	<b>31,806</b>	53,822
<b>Total key management personnel compensation</b>	<b>258,622</b>	336,152

**Note 5 Net impairment gains on loans to members**

	<b>2022</b>	2021
	€	€
Bad debts recovered	<b>(346,067)</b>	(330,006)
Impairment of loan interest reclassified as bad debt recoveries	<b>(9,714)</b>	(14,892)
Movement in bad debt provisions during the year	<b>240,944</b>	(30,850)
Loans written off during the year	<b>33,587</b>	19,986
<b>Net impairment gains on loans to members</b>	<b>(81,250)</b>	(355,762)

**Note 6 Cash and cash equivalents**

	<b>2022</b>	2021
	€	€
Cash and balances at bank	<b>3,563,572</b>	2,183,441
Deposits & investments - cash equivalents (note 7)	<b>16,062,537</b>	16,365,106
<b>Total cash and cash equivalents</b>	<b>19,626,109</b>	18,548,547

**Note 7 Deposits and investments**

	<b>2022</b>	2021
	€	€
<b>Deposits and investments – cash equivalents</b>		
Accounts in authorised credit institutions (Irish and non-Irish based)	<b>12,993,471</b>	12,782,243
Central Bank deposits	<b>2,968,470</b>	3,396,841
Collective investment schemes	<b>100,596</b>	186,022
<b>Total deposits and investments-cash equivalents</b>	<b>16,062,537</b>	16,365,106
<b>Deposits and investments – other</b>		
Accounts in authorised credit institutions (Irish and non-Irish based)	<b>24,895,245</b>	28,979,115
Bank bonds	<b>22,935,339</b>	19,144,485
Other Investments	-	3,843,701
Central Bank deposits	<b>695,921</b>	670,829
Irish and EEA state securities	<b>2,978,514</b>	2,980,207
Collective Investment schemes	<b>2,883,696</b>	3,430,178
<b>Total deposits and investments – other</b>	<b>54,388,715</b>	59,048,515
<b>Total deposits and investments</b>	<b>70,451,252</b>	75,413,621

## Note 8 Financial assets – loans to members

	2022	2021
	€	€
As at 1 October	<b>18,462,979</b>	18,057,424
Loans granted during the year	<b>10,332,885</b>	8,290,897
Loans repaid during the year	<b>(7,859,185)</b>	(7,865,356)
<b>Gross loans and advances</b>	<b>20,936,679</b>	18,482,965
<b>Bad debts</b>		
Loans written off during the year	<b>(33,587)</b>	(19,986)
<b>As at 30 September</b>	<b>20,903,092</b>	18,462,979

## Note 9 Provision for bad debts

	2022	2021
	€	€
As at 1 October	<b>1,399,500</b>	1,430,350
Movement in bad debts provision during the year	<b>240,944</b>	(30,850)
<b>As at 30 September</b>	<b>1,640,444</b>	1,399,500

The provision for bad debts is analysed as follows:

	2022	2021
	€	€
Grouped assessed loans	<b>1,640,444</b>	1,399,500
<b>Provision for bad debts</b>	<b>1,640,444</b>	1,399,500

## Note 10 Tangible fixed assets

	Premises	Fixtures, Fittings & Equipment	Computer Equipment	Total
	€	€	€	€
<i>Cost</i>				
1 October 2021	1,177,032	818,722	946,858	<b>2,942,612</b>
Additions	-	-	13,879	<b>13,879</b>
<b>At 30 September 2022</b>	<b>1,177,032</b>	<b>818,722</b>	<b>960,737</b>	<b>2,956,491</b>
<i>Depreciation</i>				
1 October 2021	620,326	794,524	819,952	<b>2,234,802</b>
Charge for year	21,647	9,286	42,484	<b>73,417</b>
<b>At 30 September 2022</b>	<b>641,973</b>	<b>803,810</b>	<b>862,436</b>	<b>2,308,219</b>
<i>Net Book Value</i>				
<b>At 30 September 2022</b>	<b>535,059</b>	<b>14,912</b>	<b>98,301</b>	<b>648,272</b>
At 30 September 2021	556,706	24,198	126,906	707,810

**Note 11 Investment property**

	<b>2022</b>	2021
	€	€
Balance at 1 October	<b>250,000</b>	250,000
Fair value adjustments	-	-
<b>As at 30 September</b>	<b>250,000</b>	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 2022.

**Note 12 Debtors, prepayments and accrued income**

	<b>2022</b>	2021
	€	€
Prepayments	<b>55,693</b>	119,604
Loan interest receivable	<b>37,987</b>	41,043
Other debtors – SPS refund	<b>40,270</b>	-
<b>As at 30 September</b>	<b>133,950</b>	160,647

**Note 13 Members' shares**

	<b>2022</b>	2021
	€	€
As at 1 October	<b>81,304,597</b>	77,195,993
Received during the year	<b>25,077,783</b>	22,978,422
Withdrawn during the year	<b>(25,093,860)</b>	(18,869,818)
<b>As at 30 September</b>	<b>81,288,520</b>	81,304,597

**Note 14 Members' current accounts**

	<b>2022</b>	2021
	€	€
As at 1 October	<b>5,263</b>	-
Lodgements	<b>5,096,545</b>	32,849
Withdrawals	<b>(3,970,396)</b>	(27,586)
<b>As at 30 September</b>	<b>1,131,412</b>	5,263

	<b>No. of Accounts</b>	<b>Balance of Accounts</b>
		€
Debit	<b>20</b>	<b>429</b>
Credit	<b>516</b>	<b>1,131,841</b>
Permitted overdrafts	<b>1</b>	<b>500</b>

## Note 15 Other liabilities, creditors, accruals and charges

	2022	2021
	€	€
Prize Draw	15,478	12,884
PAYE/PRSI	19,206	21,523
Accruals and other creditors	404,346	310,897
<b>As at 30 September</b>	<b>439,030</b>	<b>345,304</b>

## Note 16 Other provisions

	2022	2021
	€	€
<b>Holiday pay accrual</b>		
At 1 October	26,019	44,719
Charged to the income and expenditure account	4,558	(18,700)
<b>As at 30 September</b>	<b>30,577</b>	<b>26,019</b>

## Note 17 Financial instruments

### 17a. Financial instruments - measured at amortised cost

Financial assets	2022	2021
	€	€
Financial assets measured at amortised cost	74,339,721	79,163,824

Financial liabilities	2022	2021
	€	€
Financial liabilities measured at amortised cost	82,889,968	81,681,183

Financial assets measured at amortised cost comprise of cash and balances at bank, deposits and investments, loans, members' current accounts overdrawn and other debtors.

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:**

<b>At 30 September 2022</b>	<b>Total €</b>	<b>Level 1 €</b>	<b>Level 2 €</b>	<b>Level 3 €</b>
Accounts in authorised credit institutions	6,203,101	-	6,203,101	-
Bank Bonds	11,431,501	-	11,431,501	-
Collective investment schemes	2,984,292	2,984,292	-	-
<b>Total</b>	<b>20,618,894</b>	<b>2,984,292</b>	<b>17,634,602</b>	<b>-</b>

<b>At 30 September 2021</b>	<b>Total €</b>	<b>Level 1 €</b>	<b>Level 2 €</b>	<b>Level 3 €</b>
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	-	-
<b>Total</b>	<b>16,896,217</b>	<b>3,616,200</b>	<b>13,280,017</b>	<b>-</b>

There was a fair value movement of (€631,908) recognised in the income and expenditure account for the year ended 30 September 2022 (2021: €16,200).

**Note 18 Reserves**

	<b>Balance 01/10/21 €</b>	<b>Appropriation of current year deficit €</b>	<b>Transfers between reserves €</b>	<b>Balance 30/09/22 €</b>
<b>Regulatory reserve</b>	<b>9,694,221</b>	<b>-</b>	<b>50,000</b>	<b>9,744,221</b>
<b>Operational risk reserve</b>	<b>563,073</b>	<b>-</b>	<b>-</b>	<b>563,073</b>
<b>Other Reserves</b>				
<b>Realised</b>				
General reserve	3,776,037	(2,721,555)	(30,744)	1,023,738
<b>Total realised reserves</b>	<b>3,776,037</b>	<b>(2,721,555)</b>	<b>(30,744)</b>	<b>1,023,738</b>
<b>Unrealised</b>				
Interest on loans reserve	41,043	-	(3,056)	37,987
Investment income reserve	23,441	3,625	(16,200)	10,866
SPS reserve	-	40,270	-	40,270
<b>Total unrealised reserves</b>	<b>64,484</b>	<b>43,895</b>	<b>(19,256)</b>	<b>89,123</b>
<b>Total reserves</b>	<b>14,097,815</b>	<b>(2,677,660)</b>	<b>-</b>	<b>11,420,155</b>



## 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.

	2022		2021	
	€	%	€	%
<b>Loans not impaired</b>				
Total loans not impaired, not past due	18,770,624	89.80%	16,728,885	90.61%
<b>Impaired Loans:</b>				
Not past due	949,855	4.54%	650,592	3.52%
Up to 9 weeks past due	939,700	4.50%	846,806	4.58%
Between 10 and 18 weeks past due	144,424	0.69%	57,363	0.31%
Between 19 and 26 weeks past due	25,243	0.12%	30,473	0.17%
Between 27 and 39 weeks past due	-	-%	12,071	0.07%
Between 40 and 52 weeks past due	10,309	0.05%	8,490	0.05%
53 or more weeks past due	62,937	0.30%	128,299	0.69%
<b>Total impaired loans</b>	<b>2,132,468</b>	<b>10.20%</b>	<b>1,734,094</b>	<b>9.39%</b>
<b>Total loans</b>	<b>20,903,092</b>	<b>100.00%</b>	<b>18,462,979</b>	<b>100.00%</b>

**Note 20 Related party transactions**

20a. <b>Loans</b>	2022		2021	
	No. of Loans	€	No. of Loans	€
Loans advanced to related parties during the year	9	55,000	12	225,280
Total loans outstanding to related parties at the year end	13	367,809	18	355,771
Total provisions for loans outstanding to related parties		33,858		28,874

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 1.76% of the total loans outstanding at 30 September 2022 (2021: 1.93%).

**20b. Shares**

The total amount of shares held by related parties at the year end was €602,354 (2021: €745,461).

**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.

	2022		2021	
	€	Average Interest Rate %	€	Average Interest Rate %
Gross loans to members	<b>20,903,092</b>	<b>7.55%</b>	18,462,979	7.65%

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:

	2022		2021	
	%	€	%	€
Dividend on shares	-	-	-	-

The directors are not proposing a dividend in respect of the financial year ended 30 September 2022 (2021: 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 (2021: €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 2022.

### **Note 26 Comparative information**

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

### **Note 27 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.

On 31 March 2022, the defined benefit scheme closed to future accrual and although staff retained all the benefits that they had earned in the Scheme to that date, Monaghan Credit Union Limited and its employees ceased making regular contributions to the Scheme and ceased earning any additional benefits from the Scheme.

At the date of closure of the Scheme, there was a past service deficit which was allocated to each participating credit union based on the total benefits earned by staff in each credit union. Monaghan Credit Union Limited's allocation of that past service deficit is €2,418,397. This cost is included in the income and expenditure account for the financial year ended 30 September 2022. The deficit amount was paid to the trustees of the Scheme during the financial year.

As this is a pooled pension scheme, Monaghan Credit Union Limited remains liable to cover the cost of their share of any future increase in the total cost of providing the pension payments to credit union employees who were part of the Scheme. Monaghan Credit Union Limited could exit the Scheme and therefore never have to make a potential additional payment requirement but exiting the Scheme would incur a substantial additional cost.

If credit unions exit the Scheme, they are required to pay to the trustees the exit amount which the trustees determine is required to fund benefits in respect of their active, deferred and pensioner members on a "no risk" basis. The exiting credit union thereby settles any liability they have to contribute to the Scheme in the future.

## **28 Approval of financial statements**

The board of directors approved these financial statements for issue on 28th November 2022.

# schedules to the income and expenditure account

For the financial year ended 30 September 2022

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

	<b>2022</b>	2021
	€	€
Investment income received/receivable within 1 year	<b>420,853</b>	512,435
Investment income receivable outside of 1 year	<b>3,625</b>	5,610
Movement in unrealised gain/(loss) on investment	<b>(631,908)</b>	16,200
<b>Total per income and expenditure account</b>	<b>(207,430)</b>	534,245

## Schedule 2 - Other income

	<b>2022</b>	2021
	€	€
Fees	<b>479</b>	194
Miscellaneous income	<b>6,804</b>	6,301
Commissions	<b>9,304</b>	10,079
Rental income	<b>22,275</b>	24,300
MPCAS income	<b>12,378</b>	190
SPS refund	<b>402,700</b>	-
<b>Total per income and expenditure account</b>	<b>453,940</b>	41,064



**Schedule 3 - Other management expenses**

	<b>2022</b>	2021
	€	€
Rent & rates	<b>8,222</b>	6,683
Light, heat & cleaning	<b>43,712</b>	29,914
Security	<b>26,357</b>	28,169
Repairs & maintenance	<b>39,611</b>	18,025
Printing & stationery	<b>17,801</b>	13,042
Postage & telephone	<b>16,898</b>	17,119
Sponsorship	<b>5,307</b>	7,070
Promotion & advertising	<b>51,351</b>	40,492
Training costs	<b>14,964</b>	9,231
Convention expenses	<b>390</b>	415
Chapter expenses	<b>(1,390)</b>	1,390
AGM expenses	<b>30,842</b>	31,477
Travel & subsistence	<b>6,070</b>	1,668
Staff related expenses	<b>5,275</b>	1,435
Audit fees	<b>23,063</b>	23,063
General insurance	<b>38,217</b>	37,791
Share & loan insurance (net)	<b>223,031</b>	147,434
Legal, professional fees and repayment costs	<b>118,545</b>	62,875
Computer/equipment maintenance	<b>159,529</b>	179,608
Sundry expenses	<b>1,101</b>	800
Regulatory levies and other fees	<b>121,818</b>	106,832
DGS levy	<b>94,174</b>	95,885
Bank charges	<b>46,423</b>	45,012
MPCAS costs	<b>62,292</b>	-
Member and strategic Initiatives	-	79,643
<b>Total per income and expenditure account</b>	<b>1,153,603</b>	985,073

# 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)

## 2-3 Election Procedure

2. Elections to the board of directors, to the board oversight committee and the position of auditor shall be by majority vote and by secret ballot.
3. When nominations are announced tellers shall be appointed by the chair and ballot papers shall be distributed. Nominations shall be in the following order:
  - (a) nominations for auditor;
  - (b) nominations for members of the board oversight committee;
  - (c) nominations for directors.

When voting is completed, the votes shall be taken and tallied by the tellers. Any ballot paper which contains votes for more than the number required to be elected shall be void. All elections shall be by secret ballot and by majority vote. When the votes have been counted by the tellers, the results shall be announced by the chair. In the event that all vacancies are not filled by the first ballot further ballots shall be taken as required. In the event of an equality of votes between candidates for the remaining vacancies not filled in accordance with the above procedure one further ballot shall be taken and should that ballot fail to determine the issue, the vacancies shall be filled by lot from among such candidates having an equality of votes.

## 4-9 Motions

4. All motions from the floor of the AGM must be proposed and seconded by members present at the AGM and moved by the proposer. If the proposer is absent when the motion is called, the motion shall be deemed to have failed.
5. A proposer of a motion may speak for such period as shall be at the discretion of the chair of the meeting and shall have the right of reply before the motion is put to the meeting for a vote.
6. In exercising his/her right of reply, a proposer may not introduce new material.
7. The seconder of a motion shall have such time as shall be allowed by the chair to second the motion.
8. Members are entitled to speak on any such motion and must do so through the chair. All speakers to any motion shall have such time as shall be at the discretion of the chair.
9. The chair shall have the absolute right to decide at any time when a motion has been sufficiently discussed and may put the motion to the meeting giving the proposer the right of reply before doing so.

## 10 - 15 Miscellaneous

10. The chair of the board of directors shall be the chair 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.
11. The chair may at his/her discretion, extend the privilege of the floor to any person who is not a member.
12. Matters not covered by the Agenda may be introduced under "Other Business" at the discretion of the chair.
13. The chairman's decision on any matter relating to these Standing Orders or interpretation of same shall be final.
14. No member shall have more than one vote on each question at any general meeting of the credit union or any adjournment thereof irrespective of his/her shareholding or the number of accounts in his/her name in the credit union provided, however, that except in voting at elections, the presiding member shall have a second or casting vote in the event of equality of voting. Voting by proxy shall be allowed only when a member other than a natural person votes through a representative, who is a member of the group, duly authorised in writing for that purpose and accepted as such by the board of directors.
15. Any matter to be decided upon by vote at the AGM shall, unless otherwise expressly provided for by law or the rules, be decided upon by simple majority.
16. **Suspension of Standing Orders**  
Any one of these Orders or all of these Standing Orders may be suspended on a motion to this effect receiving a two-thirds majority of those present and entitled to vote.
17. **Alteration of Standing Orders**  
Standing Orders may be amended or altered at a general meeting and only if a motion to this effect has received a two-thirds majority of those present and voting.
18. **Adjournments**  
Adjournments of the AGM shall take place only in accordance with section 81(1) of the Credit Union Act, 1997 (as amended).



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



# The Central Credit Register

**The Central Credit Register holds all information pertaining to your borrowings on its register. All borrowings are attached to your PPS number.**

The report shows all your current borrowings and how they are performing. If a member applies for a loan with Monaghan Credit Union, we perform a central credit register check. If a member is in arrears with any loan on the Central Credit Register, the Central bank have restricted Credit Unions from advancing further credit to them. All arrears must be cleared to be eligible to borrow.

The Central Credit Register records each missed repayment on any borrowings and a report with missed repayments could look like this.

2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	
2	2	2	2	2	2	2	2	2	2	1	1	1	1	1	1	1	1	0	0	0	0	0	0

← **Start Date**

This shows that the loan was performing well for 7 months, then one payment was missed and seven payments later a further payment was missed bringing the loan to 2 payments in arrears. This reporting of the arrears will continue for the remaining term of the loan. To avoid having a credit report like the one above, I would strongly advise that you do not miss a repayment, or if you do miss a repayment, you need to make that repayment up or you will continue to be recorded on the Central Credit Register as two repayments in arrears. As a lender, the above credit report would not fill us with confidence and would probably lead to a loan refusal. It is very important to protect your credit rating as the information remains on their report for five years. It's your Credit rating so our advice is that you protect it by keeping all your borrowings up to date.

## Nominations

**A Nomination is a unique facility used only by Credit Unions. This is a direction given by an account holder whereby they nominate the person or persons they want to get the money in the account following their death.**

The total value of a nomination is €23,000.00. This is the amount that can be nominated. A nomination should be updated following major life events, i.e. Marriage, Birth of children, divorce / separation or death of existing Nominee.

A Nomination can be paid out following receipt of the Loan Protection Life Savings insurance (Lp-Ls insurance) claim on the account, usually a few months following the death. If there is more money in the account than the €23,000.00, the remainder will form part of the Member's estate and will be transferred to the Solicitor following receipt of relevant documents.

A Nomination cannot be put on a Joint account. The Money in the joint account passes to the remaining account holder following the death of one member.





*Sponsorship of Monaghan Ladies Div 1 2 & 3 Leagues.*



*Presenting the Monaghan Ladies Minor team with Credit Union half Zips.*



*Monaghan Credit Union chapter winners - Matthew McMahon & Leara Cawley*



*Photos of various winners of competitions during our financial year*



*Presentation of the gaelic camp place winners with Muireann Atkinson*



**NOW OFFERING**

# **MORTGAGES**

Monaghan  
Credit Union  
Limited

Comhar Créidmheasa  
Mhúineacháin



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**

