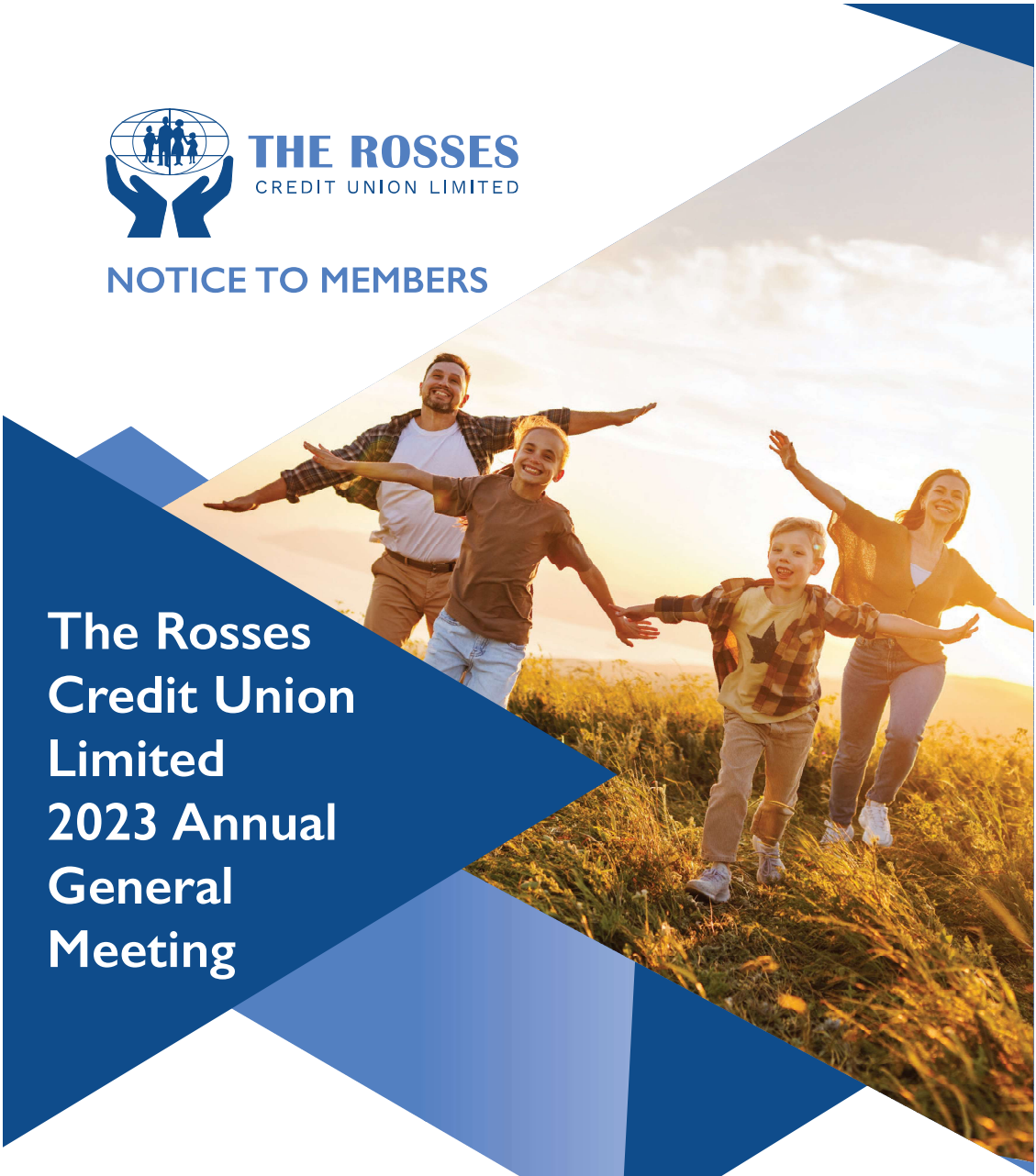




THE ROSSES
CREDIT UNION LIMITED

NOTICE TO MEMBERS



**The Rosses
Credit Union
Limited
2023 Annual
General
Meeting**

Ionad Teampall Chróine, Dungloe

**Monday 11th December 2023
at 7pm.**

AGENDA

Each member is invited to attend.

Order of Business

Credit Union Invocation

Standard Rule 96 (4): The business at annual general meetings of the members shall be:

- | | |
|---|--|
| (a) The acceptance by the board of directors of the authorised representatives of members that are not natural persons, | (l) Report of Membership Committee, |
| (b) Ascertainment that a quorum is present, | (m) Report of any Sub-Committee, |
| (c) Adoption of Standing Orders*, | (n) Report of the Nomination Committee, |
| (d) Reading and approval (or correction) of the minutes of the last annual general meeting, | (o) Election of Auditor, |
| (e) Report of the Board of Directors, | (p) Election to fill vacancies on the Board Oversight Committee, |
| (f) Consideration of accounts, | (q) Election to fill vacancies on the Board of Directors, |
| (g) Report of the Auditor, | (r) Any other business, |
| (h) Report of the Board Oversight Committee, | (s) Announcement of election results, |
| (i) Declaration of dividend and rebate of interest (if any), | (t) Adjournment or close of meeting. |
| (j) Report of the Credit Committee, | |
| (k) Report of Credit Control Committee, | |

Free draw will take place for all members who attend, followed by light refreshments.

NOTICE OF ELECTIONS

Elections will be held to fill three (3) vacancies on the Board of Directors, two (2) vacancies on the Board Oversight Committee and the position of Auditor.

In compliance with Fitness and Probity requirements as per the Central Bank Reform Act 2010, nominations for positions of Director or Member of the Board Oversight Committee must be received in advance of the AGM in order for due diligence to be carried out on each candidate.

All nominations for vacancies are required to be processed through the Nominations Committee under Section 56(b) of the Credit Union Act 1997 (as amended).

RULE AMENDMENT

Rule 30 (1)(a)

That this Annual General Meeting amends Rule 30 of the Standard Rules for Credit Unions (Re-public of Ireland) by the deletion of the following Rule 30 (1)(a)

(1) (a) Provided a share dividend has been declared in accordance with the Act, the directors may recommend to the annual general meeting for approval a refund to the members on record as of the end of each financial year who have been borrowers during such year of a percentage of interest which such borrowers have paid during such year, and such rate of refund shall apply to all such member borrowers. Where a credit union operates a system whereby different rates of interest are charged for different classes of loans, the board of directors may recommend a different rate of refund applicable to each class of loan. Such refunds shall apply to all member borrowers in each class of loan.

And by the insertion of the following Rule 30 (1)(a) to read:

(1) (a) The directors may recommend to the annual general meeting for approval a refund to the members on record as of the end of each financial year who have been borrowers during such year of a percentage of interest which such borrowers have paid during such year, and such rate of refund shall apply to all such member borrowers. Where a credit union operates a system whereby different rates of interest are charged for different classes of loans, the board of directors may recommend a different rate of refund applicable to each class of loan. Such refunds shall apply to all member borrowers in each class of loan.

STANDING ORDERS FOR CREDIT UNIONS FOR - ANNUAL GENERAL MEETING (ROI)

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).



OFFICERS AND COMMITTEES

BOARD OF DIRECTORS

Directors

Pat Connaghan (Chairperson)
Tony Forrestal (Vice Chairperson)
Mary McCallig (Secretary)
Fiona Farren
Jackie Casey
Adrian Bonner
Tom Reynolds
Ronan Sharkey
Tara Duddy

Board Oversight Committee

Margaret Martin
Maeve McGee
Aideen Gillen

Credit Union Number

465 CU

Address

Main Street
Dungloe
Co Donegal

Auditors

SMC Chartered Accountants Ltd
Chartered Accountants & Statutory Audit Firm
Unit 3, 1st Floor, Glenview Business Park
Mountain Top
Letterkenny
Co Donegal

Bankers

Bank of Ireland
Falcarragh
Co Donegal



CHAIRPERSON'S REPORT 2023

On behalf of the Board of Directors, I would like to welcome you all here tonight to our 2023 AGM and I would like to thank you all for your continued support and loyalty to The Rosses Credit Union.

This past year was a successful year for The Rosses Credit Union, and I am delighted to report that we achieved a surplus of €229,351. The Board are responsible for and will continue to adopt a cautious approach and ensure that all our reserves are in line with Central Bank regulations. We will continue to ensure that TRCU is well provisioned and in line with the requirements of the Central Bank.

In terms of lending, our loan book has grown by 3.3% in the past year. 584 loans were issued during the year to the value of €4,044,699 and most of this will have been circulated throughout the community.

Our investment returns this year have also improved from €55,835 in 2022 to €114,711 in 2023, and with increased investment yields we look forward to this continuing into the future.

Membership continues to increase with 212 new members joining this year. Our online services, including now having the ability to apply for loans online, are continuing to prove very popular and we will continue to develop these services where we can benefit our members.

We offer competitive loan rates and this year we would recommend giving a further 5% interest rebate to borrowers and a small dividend of 0.25% which we feel is prudent in the current climate.

The Board of Directors continued to monitor, review, and develop our Strategic Plan in this financial year and will continue to do so to ensure the best outcomes for our members. We are grateful to have such loyal and supportive members as without you, all of this would not be possible.

We were delighted to support local clubs, groups, and charities in 2023. The Annual Credit Union Quiz and Art Competitions were a great success, and we were pleased to introduce our Student Bursary for third level students this year.

I would like to thank the staff, fellow board members and Board Oversight Committee for their assistance and support throughout the year.

Thanks to our auditors, Martin and Seamus from SMC Accountants for their guidance and support as always.

Could we have a minute's silence for our members who died during the year.

Wishing you all a happy and healthy Christmas and New Year and we look forward to continuing to provide our members with quality financial services and affordable credit in 2024.

Pat Connaghan

Pat Connaghan
Chairperson



DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the financial year ended 30th September 2023.

Principal Activities

The principal activity of the credit union is the provision of savings and loans to members in its common bond. The credit union manages its members' shares, capital and loans to members so that it earns income from the margin between interest payable and interest receivable.

Business Review

The directors are satisfied with the current year results and the year-end financial position of the credit union. The directors are aware of the financial constraints facing members' and therefore the increased difficulties collecting debts in a timely fashion. The directors however are of the opinion that the credit union is well positioned to meet these challenges and are confident of its ability to continue to operate successfully in the future.

Results and Dividends

The excess of income over expenditure for the year is set out in the Income and Expenditure Account on page 11.

The directors recommend payment of a dividend of 0.25% and a loan interest rebate of 5% for the year ended 30th September 2023. Details are shown in Note 6 to the accounts.

Principal Risks and Uncertainties

The principal risks and challenges facing the credit union are summarised as follows:

- Members' defaulting on loans
- Not lending a sufficient proportion of funds so that too much of the credit unions resources are tied up in investment products
- Poor performance of investments
- The risk of not having sufficient cash resources to meet day to day running costs and repay members savings when demanded.

The credit union board are fully aware of the principal risks, monitors these constantly and strives to minimise all risks and handle prudently those residual risks over which it has little control.

Auditors

The auditors, SMC Chartered Accountants, have indicated their willingness to continue in office in accordance with the provisions of Section 115 of the Credit Union Act 1997, as amended.

This report was approved by the board on 6th November 2023 and signed on its behalf by :

Pat Connaghan
Chairperson

Mary McCallig
Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 the Income and Expenditure Account of the Credit Union for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Credit Union and to enable them to ensure that the financial statements are prepared in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland, including the standards issued by the Financial Reporting Council, and in particular FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". They are responsible for safeguarding the assets of the Credit Union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board of Directors



Pat Connaghan
Chairperson



Mary McCallig
Secretary

Date: 06th November 2023

STATEMENT OF BOARD OVERSIGHT COMMITTEE'S RESPONSIBILITIES

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 in respect of which they are to have regard in relation to the Board.



Aideen Gillen
Chairperson



Margaret Martin
Member of the Board Oversight Committee

Date: 06th November 2023



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ROSSES CREDIT UNION LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of The Rosses Credit Union Limited for the year ended 30th September 2023, which comprise the Income and Expenditure Account, Balance Sheet, Statement of Changes in Reserves and Cash flow Statement and notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion the financial statements:

- give a true and fair view of the state of the Credit Union's affairs as at 30th September 2023 and its income and expenditure and cash flows for the year then ended;
- have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been properly prepared in accordance with the requirements of the Credit Union 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 described below in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Credit Union in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF THE ROSSES CREDIT UNION LIMITED

Opinions on other matters prescribed 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 we consider necessary for the purposes of our audit.
- In our opinion proper accounting records have been kept by the Credit Union, and
- The financial statements are in agreement with the accounting records.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Further details relating to our work as auditor is set out in the Scope of Responsibilities Statement contained in the appendix of this report, which is to be read as an integral part of our report.

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

Our report is made solely to the Credit Union's members, as a body, in accordance with section 120 of the Credit Union 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.

SMC Chartered Accountants Ltd
Chartered Accountants & Statutory Audit Firm
Unit 3, 1st Floor, Glenview Business Park
Mountain Top
Letterkenny
Co Donegal

Date: 15 November 2023



INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF THE ROSSES CREDIT UNION LIMITED

Further information regarding the scope of our responsibilities as auditor

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We 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 our 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 director's 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 going concerns. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as going concerns.
- 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 fair presentation.

We communicate 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 we identify during our audit.

INCOME & EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Schedule / Notes	2023 €	2022 €
Income			
Interest on members' loans	4	698,465	689,920
Other interest income and similar income	5	114,711	55,835
Net interest income		813,176	745,755
Other income			
SPS refund	7 7a	4,075 -	12,132 74,478
Total Income		817,251	832,565
Expenditure			
Employment costs	9b	(253,847)	182,868
Pension funding deficit	19	-	(38,000)
Depreciation	11	(22,718)	(22,243)
Other management expenses (Schedule 1)		(347,916)	(333,868)
Net (losses) / recoveries on loans to members	12d	36,581	(21,644)
Total Expenditure		(587,900)	(598,623)
Surplus for the financial year		229,351	233,942
Other comprehensive income			
Total comprehensive income		229,351	233,942

There is no other comprehensive income, other than that passing through the income and expenditure account.

The financial statements were approved, and authorised for issue, by the Board on 6th November 2023 and signed on its behalf by:



Dara MacShane
Manager



Pat Connaghan
Member of the Board of Directors



Aideen Gillen
Member of the Board
Oversight Committee

BALANCE SHEET


AS AT 30 SEPTEMBER 2023

	Notes	2023 €	2022 €
Assets			
Cash and cash equivalents	10	3,852,938	3,217,761
Tangible fixed assets	11	98,980	112,814
Loans to members	12	9,020,079	8,729,494
Prepayments and accrued income	13	80,024	62,075
Deposits and investments	14	6,769,834	6,732,752
Total Assets		19,821,855	18,854,896
Liabilities			
Members' shares	15	(16,752,086)	(15,923,712)
Other payables	16	(27,238)	(69,475)
Total liabilities		(16,779,324)	(15,993,187)
Assets Less Liabilities		3,042,531	2,861,709
Reserves			
Operational risk reserve		75,000	75,000
Regulatory reserve		2,220,000	2,150,000
Revenue reserves – Realised		740,083	629,261
– Unrealised		7,448	7,448
Total reserves		3,042,531	2,861,709

The financial statements were approved, and authorised for issue, by the Board on 6th November 2023 and signed on its behalf by:


Dara MacShane
Manager


Pat Connaghan
Member of the Board of Directors


Aideen Gillen
Member of the Board
Oversight Committee

STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Regulatory reserve €	Operational Risk Reserve €	Realised reserves €	Un- realised reserves €	Total reserves €
Opening balance at 1st October 2021	1,962,000	75,000	639,265	-	2,676,265
Excess of income over expenditure for the year	-	-	226,494	7,448	233,942
Reserve used during the year	-	-	-	-	-
Dividends paid during the year (Note 6)	-	-	(14,005)	-	(14,005)
Interest rebate paid during the year	-	-	(34,493)	-	(34,493)
Transfer between reserves	188,000	-	(188,000)	-	-
Closing balance at 30th September 2022	2,150,000	75,000	629,261	7,448	2,861,709
Opening balance at 1st October 2022	2,150,000	75,000	629,261	7,448	2,861,709
Excess of income over expenditure for the year	-	-	229,351	-	229,351
Reserve used during the year	-	-	-	-	-
Dividends paid during the year (Note 6)	-	-	(14,461)	-	(14,461)
Interest rebate paid during the year	-	-	(34,068)	-	(34,068)
Transfer between reserves	70,000	-	(70,000)	-	-
Closing balance at 30th September 2023	2,220,000	75,000	740,083	7,448	3,042,531

Note

- (1) The Regulatory reserve of the Credit Union as % of total assets as at 30th September 2023 was 11.20%. (2022: 11.40%).
- (2) In accordance with S45 of the Credit Union Act 1997 (as amended) The Rosses Credit Union Ltd. put in place an Operational Risk reserve in 2016. The Board approved a transfer of €75,000 from the realised reserve to the new Operational Risk reserve, following the completion of an internal process of assessing the level of the reserve required to cover the operational risk within the Credit Union. The operational risk reserve as a % of total assets as at 30 September 2023 was 0.38% (2022: 0.40%).
- (3) Following commencement of S13 of the 2012 Act, the requirement for Credit Unions to transfer 10% of their annual surplus to their statutory reserve (now known as the Regulatory reserve) each year has been removed. Notwithstanding this the Board of The Rosses Credit Union Ltd. has transferred €70,000 (2022: €188,000) to its Regulatory reserve so that the reserve would stand at 11.20% at current year end, in excess of the required limit of 10%.

CASH FLOW STATEMENT

For the year ended 30th September 2023

	Notes	2023 €	2022 €
Cash flows from operating activities			
Loans repaid by members	12a	3,759,762	3,650,524
Loans granted to members	12a	(4,044,699)	(3,776,323)
Loan interest received	4	698,489	691,909
Investment income received		103,000	45,364
Other income received		4,075	12,332
SPS refund received		-	67,030
Bad debts recovered	12d	30,932	24,865
Dividends paid		(14,461)	(14,005)
Interest rebate paid		(34,068)	(34,493)
Operating expenses paid to include employment costs		(650,261)	(497,831)
Net cash (outflow) / inflow from operating activities		<u>(147,231)</u>	<u>169,372</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(8,884)	(10,819)
Net cash flow from investments		(37,082)	(2,090,509)
Proceeds from sale of investments		-	-
Net cash (outflow) from investing activities		<u>(45,966)</u>	<u>(2,101,328)</u>
Cash flow from financing activities			
Members' shares received	15	8,594,821	10,668,650
Members' shares withdrawn	15	(7,766,447)	(9,759,818)
Net cash flows from financing activities		<u>828,374</u>	<u>908,832</u>
Net increase in cash and cash equivalents		635,177	(1,023,124)
Cash & cash equivalents at beginning of year		3,217,761	4,240,885
Cash & cash equivalents at end of year	10	<u><u>3,852,938</u></u>	<u><u>3,217,761</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th September 2023

1 Legal and Regulatory Framework

The Rosses Credit Union Ltd. Is established under the Credit Union Act 1997, as amended. The Credit Union is registered with the Registrar of Credit Unions and is regulated by the Central Bank of Ireland. The principal place of business is Main Street, Dungloe, Co Donegal.

2 Accounting policies

2.1 Statement of compliance and basis of preparation

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

The financial statements have been prepared on the historical cost basis.

2.2 Currency

The financial statements are prepared in Euro, which is the functional currency of the Credit Union. Monetary amounts in these financial statements are rounded to the nearest Euro.

2.3 Going concern

The financial statements are prepared on the going concern basis. The directors of The Rosses Credit Union Ltd. Believe this is appropriate as the Credit Union:

- Is generating annual surpluses;
- Maintains an appropriate level of liquidity; and
- Has reserves that are currently above the minimum requirements of the Central Bank.

2.4 Income

Interest on members’ loans

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

Investment income

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

Other income

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

2.5 Dividends to Members

Dividends on shares and loan interest rebates

Dividends are made from current year’s surplus. The Board’s proposed distribution to members each year is based on the dividend and loan interest rebate policy of the Credit Union.

The Board in determining the level of distribution considers its ongoing operating expenses, capital requirements and financial risks. Dividends are accounted for when members ratify such payments at the Annual General Meeting. No liability to pay a distribution is recognised in the financial statements until the majority of members vote at the AGM.

The rate of dividend and loan interest rebate recommended by the Board will reflect:

- the risk profile of the Credit Union, particularly in its loan and investment portfolios;
 - the Board’s desire to maintain a stable rather than a volatile rate of dividend each year; and
 - members’ legitimate dividend and loan interest rebate expectations;
- all dominated by prudence and the need to sustain the long-term welfare of the Credit Union.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30th September 2023

2.5 Dividends to Members (Continued)

For this reason the Board will seek to build up its reserves to absorb unexpected shocks and still remain above minimum regulatory requirements.

The Credit Union accounts for dividends and rebates of loan interest when members ratify such payments at the Annual General Meeting.

2.6 Taxation and Deferred Taxation

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

2.7 Cash and cash equivalents

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

2.8 Financial instruments

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

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

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

2.9 Basic financial assets

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

Loans to members

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

Investments held at amortised cost

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

Held to Maturity investments

Investments designated on initial recognition as held-to-maturity are investments that the credit union intends, and is able to, hold to maturity. These are carried at amortised cost using the effective interest method. The fair value of some investment products will change during their life, but they will have a fixed maturity value at some future date. When designated as held-to-maturity, any change in the fair value during the term of the investment is ignored, with the credit union only accounting for interest received.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30th September 2023

2.10 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.

2.11 Impairment of loans to members

The Rosses Credit Union Ltd assesses, at each balance sheet date, if there is objective evidence that any of its loans to members are impaired. The loans are assessed collectively in groups that share similar credit risk characteristics except for individually significant loans which are assessed on a loan by loan basis for impairment. In addition, if, during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised.

Any impairment losses are recognised in the Income and Expenditure account, as the difference between the carrying value of the loan and the net present value of the expected cash flows.

2.12 Basic financial liabilities

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

Financial liabilities members' shares and deposits

Members' shares in the Credit Union are redeemable and therefore are classified as financial liabilities. They are initially recognised at the amount of cash deposited and subsequently members' deposits are measured at the nominal amount.

Other payables

Other payables are classified as current liabilities if payment is due within one year or less. Other payables are recognised initially at transaction price.

2.13 Tangible fixed assets

Tangible fixed assets comprises items of property, fixtures and fittings, and office and computer equipment, which are stated at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is provided to write off the cost of each item of property, plant and equipment, less its estimated residual value over its estimated useful life. The categories of property, plant and equipment are depreciated as follows:

Freehold property	2% straight line
Fixtures and fittings	10% straight line
Office equipment	15% straight line
Computer hardware	20% straight line

2.14 Impairment of tangible fixed assets

At each reporting end date, the Credit Union reviews the carrying value of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Income and Expenditure account.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30th September 2023

2.15 Employee benefits

Defined Benefit Pension Scheme

The Rosses 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 LLCU is the principal employer of the Scheme and The Rosses Credit Union Limited is a participating employer.

The scheme is a multi-employer defined benefit Scheme and there is insufficient information for The Rosses Credit Union Limited 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 The Rosses Credit Union Limited will fund a past service deficit, The Rosses Credit Union Limited shall recognise a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit).

Defined Contribution Pension Scheme

The Rosses Credit Union Ltd. also participates in a defined contribution pension scheme, to which some of its employees are members. Pension benefits are funded over the employees' period of service by way of defined contributions paid to an approved fund held with New Ireland Assurance Company PLC. Contributions are based on a fixed percentage of an employee's annual salary and the charge to the Income and Expenditure Account reflects contributions paid and payable in respect of the year ended 30 September 2023.

Other Employee Benefits

The costs of short-term employee benefits, including holiday pay, are recognised as a liability and as an expense (unless those costs are required to be recognised as part of the cost of fixed assets) over the period they are earned.

2.16 Reserves

Regulatory reserve

The Credit Union is required to maintain and establish a minimum Regulatory reserve of at least 10% of the assets of the Credit Union in accordance with Credit Union Act 1997 (Regulatory Requirements) Amendment Regulations 2018.

Operational Risk reserve

The Credit Union has established an Operational Risk reserve which is separate, distinct and in addition to the reserves the Credit Union is required to hold in its Regulatory reserve. The amount held in the Operational Risk reserve is the predicted impact of operational risk events that may have a material impact on the Credit Union's business.

Other reserves – Realised reserves

Realised reserves are the accumulated surpluses to date that have not been declared as dividends returnable to members.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30th September 2023

3. Use of estimates and judgements

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Directors to exercise judgement in applying The Rosses Credit Union Ltd.'s accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below:

Impairment losses on loans to members

The Credit Union's accounting policy for impairment of financial assets is set out in accounting policy in Note 2.11. The estimation of loan losses is inherently uncertain and depends upon many factors, including historic 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.

Impairment of buildings

The credit union's policy is to carry out periodic impairment reviews of the credit union's premises comparing the carrying value of each property to the market value at the balance sheet date. Impairment reviews are subject to the assumption that a market exists for the relevant property at the date of review. The estimates of impairment based on market value are recognised in the Income & Expenditure account in the period identified.

Pensions

The Rosses 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 Rosses Credit Union Limited has sufficient information to enable it to account for the plan as a defined benefit plan. An assessment has been performed of the information currently available and The Rosses Credit Union Limited has determined that there is currently insufficient information available to provide an appropriate allocation of pension assets and liabilities

4 Interest on Members' Loans

	2023 €	2022 €
Closing accrued loan interest receivable	15,288	15,312
Loan interest received in year	698,489	691,909
Opening accrued loan interest receivable	<u>(15,312)</u>	<u>(17,301)</u>
Total interest on members' loans	<u>698,465</u>	<u>689,920</u>

5 Other interest income and similar income

The average monthly number of persons employed by the credit union during the year was:

	2023 €	2022 €
Opening investment income accrued	(27,119)	(16,648)
Investment income and gains received by the Balance Sheet date	116,928	61,912
(Premiums)/discount amortisation	(13,928)	(16,548)
Receivable within 12 months of Balance Sheet date	<u>38,830</u>	<u>27,119</u>
Total investment income	<u>114,711</u>	<u>55,835</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30th September 2023

6 Dividends payable

The dividends and loan interest rebate for the current and prior year periods were as follows:

	2023 €	2022 €
Dividend paid during the year	14,461	14,005
Dividend rate:		
Members' shares	0.1%	0.1%

Dividend proposed, but not recognised

The directors propose payment of a dividend of 0.25% (€38,881) for the year ended 30th September 2023, subject to agreement by the membership at the AGM.

	2023 €	2022 €
Loan interest rebate paid during the year	34,068	34,493
Loan interest rebate rate:		
Members' loan interest on higher interest loans	5%	5%

Loan interest rebate proposed, but not recognised

The directors propose payment of a loan interest rebate of 5% (€34,923) for the year ended 30th September 2023

7 Other income

	2023 €	2022 €
ECCU rebate	-	11,374
Other commissions & fees	943	651
Other income	3,132	307
Total other income	4,075	12,332

7a. SPS refund

The Savings Protection Scheme (SPS) is a discretionary scheme funded by Credit Unions affiliated to the Irish League of Credit Unions (ILCU).

At the ILCU 2022 AGM, a resolution was passed to authorise a distribution from the SPS funds to all affiliated Credit Unions based on asset size. The Rosses Credit Union Ltd received €74,478 in the year ended 30th September 2022 and a further €7,448 is due to be received by 31st December 2025.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30th September 2023

8 Expenses

	Note	2023 €	2022 €
Employment costs	9b	253,847	182,868
Depreciation	11	22,718	22,243
Other management expenses (Schedule 1)		347,916	333,868
		<u>624,481</u>	<u>538,979</u>

9 Employees and employment costs

9a Number of employees

The average monthly number of employees during the year was:

	2023 Number	2022 Number
Manager	1	1
Other staff	5	5
Total	<u>6</u>	<u>6</u>

9b Employment costs

	2023 €	2022 €
Wages and salaries	192,417	159,430
Social security costs	20,750	16,442
Payments to defined contribution pension schemes	10,495	6,996
Termination payment	30,185	-
Total employment costs	<u>253,847</u>	<u>182,868</u>

9c Key management personnel

The remuneration of key management personnel was as follows:

	2023 €	2022 €
Short term employee benefits	81,168	58,716
Payments to defined contribution pension schemes	2,455	4,347
Total key management personnel compensation	<u>83,623</u>	<u>63,063</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30th September 2023

10 Cash and cash equivalents

	2023 €	2022 €
Cash and balances at bank	788,443	1,547,785
Deposits and investments	3,064,495	1,669,976
Total cash and cash equivalents	<u>3,852,938</u>	<u>3,217,761</u>

Deposits and investments categorised under cash and cash equivalents above are those with maturity of less than or equal to three months.

11 Tangible Fixed Assets

Tangible fixed assets comprise the following property, plant and equipment:

	Freehold land & buildings €	Fixtures & Fittings €	Office equipment €	Computer equipment €	Total €
Cost					
At 1 October 2022	131,240	50,029	19,885	295,926	497,080
Additions	–	2,807	–	6,077	8,884
At 30 September 2023	<u>131,240</u>	<u>52,836</u>	<u>19,885</u>	<u>302,003</u>	<u>505,964</u>
Depreciation					
At 1 October 2022	59,125	50,029	15,916	259,196	384,266
Charge for the year	2,625	281	700	19,112	22,718
At 30 September 2023	<u>61,750</u>	<u>50,310</u>	<u>16,616</u>	<u>278,308</u>	<u>406,984</u>
Net book value					
At 30 September 2023	<u>69,490</u>	<u>2,526</u>	<u>3,269</u>	<u>23,695</u>	<u>98,980</u>
At 30 September 2022	<u>72,115</u>	<u>–</u>	<u>3,969</u>	<u>36,730</u>	<u>112,814</u>

12 Loans to members – financial assets

12a Loans to members

	Note	2023 €	2022 €
As at 1st October		9,176,194	9,093,636
Advanced during the year		4,044,699	3,776,323
Repaid during the year		(3,759,762)	(3,650,524)
Loans written off		(39,200)	(43,241)
Gross loans to members	12b	<u>9,421,931</u>	<u>9,176,194</u>
Individual loans		(401,852)	(446,700)
Groups of loans		–	–
Loan provision	12c	<u>(401,852)</u>	<u>(446,700)</u>
As at 30th September		<u>9,020,079</u>	<u>8,729,494</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30th September 2023

12b Credit risk disclosures

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

	2023		2022	
	Amount €	Proportion %	Amount €	Proportion %
Gross loans Not impaired:				
Not past due	8,235,456	87.41%	7,985,525	88.19%
Gross loans individually impaired				
Not past due	271,844	2.88%	315,661	3.44%
Up to 9 weeks past due	762,024	8.09%	679,167	6.96%
Between 10 and 18 weeks past due	48,107	0.51%	68,511	0.72%
Between 19 and 26 weeks past due	32,003	0.34%	34,516	0.33%
Between 27 and 39 weeks past due	19,391	0.21%	11,675	0.13%
Between 40 and 52 weeks past due	34,510	0.36%	26,714	0.29%
53 or more weeks past due	18,596	0.20%	54,425	0.59%
Gross loans individually impaired	1,186,475	12.59%	1,190,669	12.46%
Gross loans collectively impaired				
Not past due	-	-	-	-
Up to 9 weeks past due	-	-	-	-
Between 10 and 18 weeks past due	-	-	-	-
Between 19 and 26 weeks past due	-	-	-	-
Between 27 and 39 weeks past due	-	-	-	-
Between 40 and 52 weeks past due	-	-	-	-
53 or more weeks due	-	-	-	-
Gross loans collectively impaired	-	-	-	-
Total gross loans	9,421,931	100%	9,176,194	100%
Impairment allowance				
			2023	2022
			€	€
Individual loans			(401,852)	(446,700)
Groups of loans			-	-
Total carrying value			9,020,079	8,729,494

Factors that are considered in determining whether loans are impaired are discussed in Note 3, dealing with estimates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30th September 2023

12c Loan provision account for impairment losses

	2023 €	2022 €
As at 1st October	446,700	443,432
Net movement in loan provisions for loans outstanding	(5,648)	46,509
Decrease in loan provisions during the year	<u>(39,200)</u>	<u>(43,241)</u>
As at 30th September	<u>401,852</u>	<u>446,700</u>

12d Net recoveries or losses recognised for the year

	2023 €	2022 €
Bad debts recovered	(30,932)	(24,865)
Increase / (decrease) in loan provisions during the year	(44,849)	3,268
Loans written off	39,200	43,241
Net (recoveries) / losses on loans to members recognised for the year	<u>(36,581)</u>	<u>21,644</u>

12e Analysis of Gross Loans Outstanding

	2023 Number of Loans		2022 Number of Loans	
	€	€	€	€
Less than one year	154	173,996	148	184,293
Greater than 1 year and less than 3 years	424	2,090,439	441	2,199,957
Greater than 3 and less than 5 years	290	3,292,585	293	2,973,132
Greater than 5 years and less than 10 years	149	3,864,911	148	3,818,812
Greater than 10 years and less than 25 years			-	-
Greater than 25 years			-	-
	<u>1,017</u>	<u>9,421,931</u>	<u>1,030</u>	<u>9,176,194</u>

13 Prepayments and accrued income

	2023 €	2022 €
Prepayments	18,458	12,196
Accrued income investments	38,830	27,119
Accrued loan interest income	15,288	15,312
SPS credit due	7,448	7,448
	<u>80,024</u>	<u>62,075</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30th September 2023

14 Deposits and investments

Investments at the current and prior Balance Sheet date were all measured at amortised cost as appropriate and comprised of the following:

Cash Equivalents (Original Maturity within 3 months)

	2023 €	2022 €
Fixed term deposits with banks (note 10)	3,064,495	1,669,976
Total cash equivalents	<u>3,064,495</u>	<u>1,669,976</u>

Other (Original Maturity after 3 months)

	2023 €	2022 €
Fixed term deposits with banks	6,717,627	6,681,752
Central Bank Minimum deposits	52,207	51,000
Total other	<u>6,769,834</u>	<u>6,732,752</u>

The category of counterparties with whom the deposits and investments were held was as follows:

	2023 €	2022 €
A1	4,597,769	2,341,919
A2	-	1,750,000
A3	-	450,000
Aa2	726,371	746,702
Aa3	886,073	887,377
Baa1	507,414	505,754
Total deposits and investments	<u>6,717,627</u>	<u>6,681,752</u>

15 Members' Shares – financial liabilities

	2023 €	2022 €
As at 1st October	15,923,712	15,014,880
Received during the year	8,594,821	10,668,650
Repaid during the year	(7,766,447)	(9,759,818)
Other movements	-	-
As at 30th September	<u>16,752,086</u>	<u>15,923,712</u>

Members' shares are repayable on demand except for shares attached to loans. The breakdown of the shares between attached and unattached is as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30th September 2023

15 Members' Shares – financial liabilities (Continued)

	2023 €	2022 €
Unattached shares	14,083,609	13,270,645
Attached shares	<u>2,668,477</u>	<u>2,653,067</u>
Total members' shares	<u><u>16,752,086</u></u>	<u><u>15,923,712</u></u>

16 Other payables

	2023 €	2022 €
PAYE/PRSI	4,726	3,491
Other accruals	<u>22,512</u>	<u>65,984</u>
	<u><u>27,238</u></u>	<u><u>69,475</u></u>

17 Rate of interest on members loans

Personal loans – Existing loans	12.67%
Personal loans – New loans **	9.95%
Student loans	5.15%
Secured loans	5.15%
Car Promotion loans	7.12%
Fuel loans	6.15%
Community loans	5.15%
Home Improvement loans	7.12%

** In 2023 The Rosses Credit Union Ltd introduced a new personal loan rate of 9.95%APR.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30th September 2023

I 8 Additional financial instruments disclosures

I 8a. Financial risk management

The Rosses Credit Union Ltd. is a provider of personal and community loans and also provides savings products to its members. The Credit Union invests excess funds with a view to ensuring that the return from members' loans and investments is adequate to meet the overheads of the Credit Union and provide a reasonable return to members on shares and deposits. The Credit Union has a risk register in place to help the directors manage the various risks arising from its activities to include the issuing of loans to members and investing the excess funds of the Credit Union.

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

Credit risk: Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to The Rosses Credit Union Ltd., resulting in financial loss to the Credit Union. In order to manage this risk the Board approves the Credit Union's credit policy, and all changes to it. All loan applications are assessed with reference to the credit policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed. The credit risk on members' loans is disclosed in Note 12b.

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

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

Market risk: Market risk is generally comprised of interest rate risk, currency risk and other price risk. The Rosses Credit Union Ltd. conducts all its transactions in Euro and does not deal in derivatives or commodity markets. Therefore, the Credit Union is not exposed to any form of currency risk or other price risk.

Interest rate risk: The Credit Union's main interest rate risk arises from differences between the interest rate exposures on the receivables and payables that form an integral part of a Credit Union's operations. The Credit Union considers rates of interest receivable on investments and members' loans when deciding on the dividend rate payable on shares and on any loan interest rebate.

I 8b. Interest rate risk disclosures

The interest rates applicable to loans to members are disclosed in note 17. The dividend on shares and interest on deposits is determined on the basis of income less administrative expenses and as can be seen above, a consistent margin is maintained between interest receivable and dividend on shares. As a result, the surplus for the year is not particularly sensitive to interest rate risk and no sensitivity analysis is presented.

I 8c. Liquidity risk disclosures

All of the financial liabilities of the Credit Union are repayable on demand except for some members' shares attached to loans and members' deposits which have a fixed maturity date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30th September 2023

18d. Fair value of financial instruments

The Rosses Credit Union Ltd. does not hold any financial instruments at fair value.

18e. Capital

The Credit Union maintains sufficient reserves to buffer the Credit Union against any losses on its members' loans and also its investments. The current Regulatory Reserves are in excess of the minimum requirement set down by the Central Bank and stand at 11.20% of the total assets of the Credit Union at the Balance Sheet date.

19. Pension scheme – Irish League of Credit Unions

The Rosses 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, The Rosses 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 individual credit union based on the total benefits earned by staff in each credit union. The Rosses Credit Union Limited's allocation of that past service deficit is €38,000. This total cost is included in the Income & Expenditure account for the year ended 30 September 2022. The deficit amount was paid to the trustees of the scheme during the year.

As this is a pooled pension scheme, The Rosses 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. The Rosses 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 without increasing the risk for remaining credit unions.

20. Post Balance Sheet events

There are no material events after the Balance Sheet date to disclose.

21. Contingent liabilities

The Rosses Credit Union Ltd had no contingent liabilities at the current or prior Balance Sheet date.

22. Capital commitments

There were no capital commitments either contracted for or approved by the Board at the year end.

23. Insurance against fraud

The Credit Union has insurance against fraud in the amount of €1,300,000 (2022: €1,300,000) in compliance with Section 47 of the Credit Union Act 1997, as amended.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30th September 2023

24 Related party transactions

During the year loans were advanced to directors, management team and family members of the directors and management team or any business in which the directors or management team had a significant holding in the amount of €95,050 (2022: €15,000). These loans were approved in accordance with the Standard Credit Union rules and the Credit Union Act 1997 (Regulatory Requirements) Amendment Regulations 2018. The loans outstanding from these parties at 30th September 2023 were €265,891 (2022: €151,556). These loans amounted to 2.82% of total gross loans due at 30th September 2023 (2022: 1.65%).

There is a provision of €529 (2022: €1,468) against the loans due from the directors and the management team at the current or prior Balance Sheet date.

The directors and management team share balances stood at €285,717 at 30th September 2023 (2022: €192,471).

25. Approval of Financial Statements

The financial statements were approved, and authorised for issue, by the Board on 6th November 2023

SCHEDULE TO THE FINANCIAL STATEMENTS

For the year ended 30th September 2023

Schedule 1 – Other management expenses

	2023	2022
	€	€
Rent & Rates	979	923
Light, Heat & Cleaning	6,771	6,350
Repairs & renewals	6,314	6,367
Printing & stationery	4,597	4,057
Postage & telephone	6,193	4,990
Donations and sponsorship	4,211	2,000
Promotion and advertising	8,985	8,071
Staff & Board Training	5,355	6,299
AGM expenses	3,008	2,700
Travel & subsistence	1,528	656
Bank interest & charges	4,364	19,325
Audit fees	8,280	8,280
Legal & professional fees	32,129	18,571
Internal audit fee	7,196	7,196
Risk management	7,495	7,166
General insurance	18,500	14,084
Share, loan and death benefit insurance	114,947	107,913
Savings protection scheme	1,235	1,040
DGS contributory charge	17,786	14,195
Refund of accrued Interest on top-up loans	–	7,639
Miscellaneous expenses	13,720	8,218
Affiliation fees	6,017	6,017
Computer maintenance	46,089	51,733
Death benefit claims	–	(1,000)
CUSOP expense	8,442	10,844
Regulatory and other levies	13,775	10,234
Total other management expenses	347,916	333,868



REPORT OF CREDIT COMMITTEE

For year ended 30th September 2023

The Board of Directors appoint the Credit Committee annually to assess loan applications in line with our Lending Policy. They meet on a regular basis to assess loan applications.

All loan applications are treated with the strictest confidence and considered individually. Applications are based on your needs, ability to repay and savings record with us and our loan rates are extremely competitive. You can now apply for your loan online as well as in our office. We also have a private room where members can speak with a member of staff when applying for a loan if they wish.

We would encourage our members to disclose all their borrowings for us to treat the application on its own merit and avoid stressing a member's financial situation further.

Loans are on occasion declined, and this is not taken lightly, but we need to protect the Credit Union and member alike. The rejections are usually due to insufficient income, results from the Central Credit Register checks, frequently topping up or poor repayment history.

Loan Categories:

Personal Loans 12.67% / 9.95% APR
Car Loans 7.12% APR
Student Loans 5.15% APR
Secured Loans (by savings) 5.15% APR
Fuel/Christmas/Holiday Loans 6.15% APR
Home Renovation Loan 7.12% APR on loans over €10,000.

The following are some of the benefits you will enjoy when taking out a loan with The Rosses Credit Union.

- ▶ No penalty for early repayments.
- ▶ No hidden fees or charges.
- ▶ Free loan protection insurance included.
- ▶ Decision within 24 hours on most loans once all of the relevant documentation has been received.
- ▶ Repayments are calculated on a reducing balance.

The Credit Committee are pleased to announce that our loan book now stands at €9,421,931. This has increased from €9,176,194 last year. Loans granted to members this year totalled €4,044,699 in a total of 584 loans. Much of these funds will have been injected into the local economy.

We thank you the members for your support and loyalty during the year and we remind you that for us to continue providing the services that we do; we need our members to continue to borrow from us.

Thanks to the management, staff and Board of Directors for their support and co-operation during this financial year.



REPORT OF THE CREDIT CONTROL COMMITTEE

For year ended 30th September 2023

The Credit Control Committee ensures that repayments of loans are in accordance with member's credit agreements. We update our policies annually and we follow procedures to ensure this policy is effective. The Committee meets with Credit Control Staff to review arrears and act as required. Monthly reports are submitted to the Board of Directors with details of all credit control activity.

As of the 30th September 2023 our provision for bad debt was €401,852 within the context of Accounting Standards Provision FRS102. The Committee feel this provision is prudent and is reviewed regularly with our quarterly loan book review. We recovered €30,932 from Bad Debt and there were 9 loans written-off this year totalling €39,200. Written-Off Debt will always be followed up for recovery as per Board policy. All members must be aware that defaulting on your loan repayments may affect your credit rating.

We commend the members who continue to meet their loan repayments as agreed even when their financial circumstances have changed. We do understand that members can get into financial situations which they are not prepared for, and this is why we ask them to contact us as early as possible to let us know and to discuss their options.

We have confidential, sympathetic, and experienced staff who are there to help members in difficult circumstances to find a solution to get them back on track.

The committee wish to thank management, staff and colleagues for their help and support during the year. Thank you, the members who continue to repay as agreed.





REPORT OF THE MEMBERSHIP COMMITTEE

For year ended 30th September 2023

Membership of the Credit Union at 2023 financial year end was 4,377. We had 212 new members this year with 51% of our new members being under the age of 30. This bodes well for the future of our Credit Union.

Members have many benefits including:

Secure savings,

- Competitive, low cost, flexible and convenient loans,
- Friendly but confidential service,
- Help for borrowers in difficulty,
- All surplus and resources belong to the members,
- Savings are put back into the local community by way of loans,
- No account fees or charges,
- Online banking,
- Standing Orders/Direct Debits,
- Student Bursaries,
- Online loan applications,
- Open 6 days per week.

To become a member of the TRCU you must reside or work within our Common Bond (Gweebarra Bridge to Crolly, Aran, Rutland and Fintown).

Plus:

- Complete a Membership Application form in the office.
- Proof of Identification required, e.g. Photographic ID, Current valid Passport, Current valid Driving Licence. Birth Cert (Minors)
- Proof of address e.g. Documentation from Revenue Commissioners or other Government Department; Electoral Register; Recent Bank Statements; Original recent household bill dated within the last 6 months. For children we need birth cert, proof of PPSN, parents photo ID and a recent household bill
- Evidence of your Personal Public Service Number on an official document e.g., payslip, Revenue documentation.
- A once off Membership fee is €1.27. Minimum shares of €6.35.

Dividends on shares and interest rebate will be paid into member's accounts yearly if available. This is paid from Surplus funds at the end of the year. Members vote at the AGM to decide the rates based on the Surplus and recommendations of the Board of Directors.

All members over the age of 16 should have signed a Nomination Form on the opening of their account for the distribution of their shares up to the value of €23,000 in the event of death. If you need to change your nomination at any time, or if you are unsure if you have previously completed a nomination, please speak to our staff.

Members are reminded that if there has been no member generated transactions for three years, the account will become dormant. If your account has become dormant, please call into us with proof of identity and address for updating your account, where you will also be asked to carry out a transaction on your account to reactivate it.

Please also ensure that the information we hold on you is up to date on our systems by advising us of any changes to your address, telephone number, email address or status. We may contact you to update your information if your documentation is out of date.

We would like to thank our loyal local membership for their continued support in 2023.

Membership Committee



REPORT OF THE BOARD OVERSIGHT COMMITTEE

For year ended 30th September 2023

The Board Oversight Committee are responsible for making sure that the Board of Directors operate in accordance with Part IV and V(a) of the Credit Union Act 1997 (as amended) and other Financial Services Legislation.

The Board Oversight Committee is an independent body elected at the AGM. They must hold a meeting at least once every month and meet with the Board as required. At least one of our committee members must attend every meeting of the Board of Directors.

We are satisfied that The Rosses Credit Union is being run in a very satisfactory manner and that the Board of Directors operate in accordance with Part IV and V(a) of the 1997 Act, as amended by the 2012 Act.

The Board Oversight Committee undertook training and development on their roles and responsibilities this year. We would like to thank the Board of Directors and all the staff for their dedication and support during the year.

Board Oversight Committee

REPORT OF THE NOMINATION COMMITTEE

For the year ended 30th September, 2023

The Nomination Committee consists of three of the Directors of the Rosses Credit Union.

Their responsibilities are:

- ▶ Identifying candidates to be nominated for appointment to the Board of Directors.
- ▶ Accepting nominations of candidates proposed to be appointed to the Board of Directors.
- ▶ Assisting the Credit Union in carrying out Fitness & Probity checks which they are undertaking to enable it to comply with its obligations under Section 21 of the Central Bank Reform Act 2010.
- ▶ Ensuring that there is an appropriate succession plan in place for the Board of Directors.
- ▶ Ensuring that all members of the BOD/BOC have been trained to fulfil their responsibilities.

We are always looking for new volunteers and if you are willing to put your name forward, please call in to the office and a member of the Nominations Committee will be in contact with you. Nominations will no longer be taken from the floor at the AGM. All nominees shall be members of the Credit Union and must be over the age of 18.

All nominees will have to be assessed under the Fitness and Probity Standards before their name can go forward for election as per the Central Bank Reform Act 2010.

The Nomination Committee would like to thank the Board of Directors, the Board Oversight Committee, the CEO and Staff for their help and co-operation throughout the year.

Nomination Committee

Deposit Guarantee Scheme Depositor Information Sheet

Basic information about the protection of your eligible deposits.

Eligible deposits in The Rosses Credit Union Limited are protected by:	the Deposit Guarantee Scheme ("DGS"). ⁽¹⁾
Limit of protection:	Eligible deposits up to €100,000 per depositor per institution. ⁽²⁾
If you have more eligible deposits at The Rosses Credit Union Limited	All your eligible deposits at The Rosses Credit Union Limited are 'aggregated' and the total is subject to the limit of €100,000. ⁽²⁾
If you have a joint account with other person{s}:	The limit of €100,000 applies to each depositor separately. ⁽³⁾
Reimbursement period in case of The Rosses Credit Union Limited's failure:	Within 10 working days ⁽⁴⁾
Currency of reimbursement:	Euro
To contact The Rosses Credit Union Limited for enquiries relating to your account:	The Rosses Credit Union Limited, Upper Main St., Dungloe, Co. Donegal Tel. 074 9522323 Email: info@rossescu.ie Web: www.rossescu.ie
To contact the DGS for further information on compensation:	Deposit Guarantee Scheme, Central Bank of Ireland, New Wapping Street, North Wall Quay, Dublin 1. Tel: 0818 681 681 Email: info@depositguarantee.ie
More information:	www.depositguarantee.ie

Additional information

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

(2) General limit of protection

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

(3) Limit of protection for joint accounts

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

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

- certain transactions relating to the purchase, sale or equity release by the depositor in relation to a private residential property;
- sums paid to the depositor in respect of insurance benefits, personal injuries, disability and incapacity benefits, wrongful conviction, unfair dismissal, redundancy, and retirement benefits;
- the depositor's marriage, judicial separation, dissolution of civil partnership, and divorce;
- sums paid to the depositor in respect of benefits payable on death; claims for compensation in respect of a person's death or a legacy or distribution from the estate of a deceased person.

More information can be obtained at www.depositguarantee.ie

(4) Reimbursement

The responsible deposit guarantee scheme is:

Deposit Guarantee Scheme, Central Bank of Ireland, New Wapping Street, North Wall Quay, Dublin 1. Tel: 0818 681 681. Email: info@depositguarantee.ie. Website: www.depositguarantee.ie.

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

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

Other important information

In general, all retail depositors and businesses are covered by the Deposit Guarantee Scheme. Exceptions for certain deposits are stated on the website of the Deposit Guarantee Scheme. Your credit institution will also inform you on request whether certain products are covered or not. If deposits are eligible, the credit institution shall also confirm this on the statement of account.



THE ROSSES
CREDIT UNION LIMITED

CHRISTMAS OPENING HOURS

Saturday 23rd December **9.30am to 1pm**

Monday 25th December **Closed**

Tuesday 26th December **Closed**

Wednesday 27th December **Closed**

Thursday 28th December **9.30am to 4pm**

Friday 29th December **9.30am to 4pm**

Saturday 30th December **9.30am to 1pm**

Monday 1st January **Closed**

Tuesday 2nd January **9.30am to 4pm**
