



# Comhar Linn

INTO Credit Union

## NOTIFICATION OF THE ANNUAL GENERAL MEETING

— 2021 FINANCIAL STATEMENTS —



**40 YEARS SERVING  
OUR MEMBERS**

# 2021 IN REVIEW

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## CULTURE



Our adaptability and resilience were demonstrated throughout Covid. Not everything is perfect, but we are supportive, open to share our experiences, and grow as a team; that defines our culture.

## NET PROMOTER SCORE



Member service is at the core of how we differentiate what we do. We pride ourselves on our human touch, care, attention to detail and knowledge in helping you.

## NEW MEMBERS



**1,661**

This year 1,661 new members joined Comhar Linn, of which; 354 borrowed almost €6M & 66% were under 35. The future of Comhar Linn.

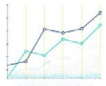
## LOANS GRANTED



**€38.9M**

Our goal is to have a strong, growing loan book. This year we lent €38.9M to almost 3,400 members for their dreams and aspirations. These loans make a difference to teacher's lives.

## LOANS OUTSTANDING



**€83.8M**

Loans outstanding finished at €83.8M and this is the largest loan book in over 13 years. This is a great achievement and supports our future. The loan quality is strong with <2% arrears.

## DIGITAL & MODERN



How you experience Comhar Linn has transformed in the last year. There is a new suite of payment options (Apple & Google Pay), as well as new online and digital ways to access your account.

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# INVITATION TO THE ANNUAL GENERAL MEETING

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It is my pleasure to invite you, as a member of Comhar Linn INTO Credit Union to the Annual General Meeting of your credit union.

The Board of Directors have decided that, given the current public health concerns, the meeting will take place online.

## The AGM will be held on the 11th December @ 11.30am online.

**All Members of Comhar Linn will have received an invite to our AGM either via post or email (E-AGM) with the link to register.**

You will need to provide your Name / Email Address / Member Number to register – you must register to attend. Registration will close at midnight on 8th December 2021, this is to facilitate the validation of all registrations received.

Once your registration is validated, you will receive a link to the meeting to your registered email address together with your meeting pack. The link is unique to each member, if the link is forwarded to another person, it will not work for them.

You will only be able to attend the AGM if you have this link.

We will be utilising the ZOOM® platform to host our meeting. You will need a desktop or mobile / tablet device with internet access to log onto the platform on the day of the AGM. If you do not have internet access you can dial into the meeting using a standard landline to hear the proceedings – all meeting access details will be contained in your link to the meeting.

All resolutions at the Annual General Meeting will be conducted by a poll, each resolution considered at the AGM will be conducted by votes which will be given by online voting while the AGM is in progress.

The Board considers voting by poll to be in the interests of the membership as a whole and ensures the views of as many Members as possible are represented at the AGM. The votes will be tallied electronically, and verified.

Members will have the ability to ask questions during the Annual General Meeting via the online platform, and to hear all of the discussion, subject to connectivity of their device. All non-presenting participants will be muted and have their cameras switched off to allow the smooth running of the meeting. The AGM meeting will be recorded for minute taking purposes.

The credit union will not be liable in respect of any failure or disruption relating to the equipment used by a member to access the meeting that occurs, which prevents or interferes with a member's participation at the meeting.

Members also may submit written questions about the items on the agenda in advance of the meeting. These questions will, possibly combined, be answered or discussed at the meeting. Please submit any questions you may have to [agm@intocreditunion.ie](mailto:agm@intocreditunion.ie).



A handwritten signature in black ink that reads "John Tuohy". The signature is fluid and cursive.

**John Tuohy**  
Hon. Secretary

# AGENDA

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01. The acceptance by the Board of Directors of the authorised representatives of members that are not natural persons
02. Ascertainment that a quorum is present
03. Adoption of Standing Orders
04. Reading and approval (or correction) of the minutes of the last Annual General Meeting
05. Chairperson's Report
06. Report of Directors & Statement of Directors' Responsibilities
07. CEO's Report and Consideration of Accounts
08. Auditor's Report to the Members
09. Declaration of Dividend
10. Report of Nomination Committee
11. Appointment of Tellers
12. Elections: Board of Directors, Board Oversight Committee and Auditor
13. Report of Board Oversight Committee & Statement of Board Oversight Committee's Responsibilities
14. Board Committee Reports
15. Declaration of Election Results
16. Any Other Business
17. Adjournment or Close of Meeting.

# CHAIRPERSON'S REPORT

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It gives me great pleasure on behalf of the Board of Directors to present the Directors report for 2021.

We are delighted that we were able to deliver very positive outcomes for our members with a healthy surplus, a strong loan book and an increase in membership. The Covid pandemic continued to disrupt day to day life and to pose serious health risks to our members and their families throughout the year. While the successful roll out of the vaccine programme brought a degree of relief, there were on-going constraints on the return to 'normal life'. Nonetheless, Comhar Linn remained determined that our members could conduct their business with us easily and effectively. Staff commitment to providing members with timely and quality member services was undiminished. While digital channels greatly facilitated business, staff were also readily available in person or at the end of the phone to deal with queries and provide reassurance and support to individuals. The importance of talking to our members is never overlooked. Great thanks is due to all staff for their on-going flexibility in ensuring that member services were successfully delivered in a variety of ways.

The ambition set out in the strategic plan proved invaluable in driving the successful year. Comhar Linn is extremely proud of its growing membership. The target driven approach to growing membership saw an increase of 1661 new members up from last years growth of 986. In an era where diverse financial services are all

pursuing new customers Comhar Linn became the choice for a large number of young teachers. The strong relationship between Comhar Linn, INTO and RTAI underpins our appeal. This strengthening of our common bond is not only important for the future of Comhar Linn but reflects the importance our younger members are placing on the ethos and value of the not-for profit model of credit unions.

The business model is constantly evolving to meet the changing needs of our members and Comhar Linn delivered further on its objective of providing safe and smart digital solutions. The increased availability of on-line pathways for membership, borrowing, saving and current accounts have made dealing with Comhar Linn easy and accessible for new and existing members. The rapid turnaround times on loan applications is a credit to our lending team and contributed greatly to our loan growth.

Lending is at the heart of what we do and while borrowing was down in 2020 as a result of Covid, it bounced back significantly this year with loans issued increasing by 29%. We lent €38.9M to almost 3,400 members, our largest annual lending figure. Home improvements and car loans made up the majority of new loans. There was a 5.78% increase in our overall loan book which now stands at a 13 year high of €83.8M.

On the Savings side, however, serious challenges remain to be addressed. Savings grew by 8.1% in the year up from 5.33% in 2020. This increase reflects a wider trend across the sector. While this should be good news it is greatly overshadowed by the low performing investment environment available to us. Comhar Linn invested the member's savings prudently ensuring their protection but the returns on savings and investments were minimal due to continuing low interest rates including in some cases negative interest rates.

Once again pressure is mounting to ensure that excess savings do not push Comhar Linn into a position where we are in breach of our regulatory responsibilities. The introduction of the €50,000 savings cap last year did assist with the maintenance of a good Capital position but will not be sufficient with the continuing growth in savings. The Board of Directors will continue to monitor and review the Savings trend, mindful of its responsibility to keep Comhar Linn reserves in excess of the regulatory minimum. The Board will consider actions necessary to achieve this. In that context the Board of Directors is not proposing a Dividend this year. Comhar Linn made a surplus of €1.06M in the financial year, a very positive result. The Board proposes that the surplus be retained to support our capital position

This year we also celebrated the 40th Anniversary of the founding of Comhar Linn. It gave us an opportunity to say thank you to all those who had the vision of setting up a credit union for teachers and their families. From those early pioneering days Comhar Linn has developed into a leading credit union with 23,440 active members.

Covid has demonstrated the capacity of Comhar Linn to sail through choppy waters. Many partners contributed to this, and I wish to record thanks to them. To my fellow Directors who gave generously of their time and expertise, it was greatly appreciated. All Directors played an active role in ensuring good governance. There was an excellent record of attendance at Board and subcommittee meetings. Directors carried out their duties with integrity and fulfilled all their statutory responsibilities. Directors also satisfied all the standards for Fitness and Probity. There was a regular review and updating of policies and Directors also participated in a thematic review of Risk conducted by the Central Bank. Jimmy O'Neill is stepping down as Director and will be

greatly missed. His voluntary contribution over many years in many roles has been outstanding, all carried out with integrity, kindness and commitment. Comhar Linn benefitted greatly from his time on the Board.

On behalf of the Board I wish to acknowledge the great assistance provided by the Department of Education & Skills (payroll section) to Comhar Linn. To INTO and RTAI thanks for their ongoing support and advocacy. Most importantly to you the members, the Board respects and values the confidence you place in Comhar Linn and thanks you for the support you have shown throughout the year. We also appreciate your feedback on services and your promotion of the Credit Union. Our very solid results set out in the annual report ensure a bright future for Comhar Linn and its many generations of members.

Thanks are also due to the members of the Board Oversight Committee. Finally, I wish to thank Sean Murray, CEO, the management team and staff for their drive and dedication in making Comhar Linn the progressive credit union that it is. Between the Board and the Staff we are united in our mission to ensure Comhar Linn becomes the preferred provider of loans and day-to-day banking for teachers and their families.



**Sheila Nunan**

Chairperson Board of Directors

# CEO'S REPORT

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Dear Member,

I am proud to present the results of Comhar Linn INTO Credit Union for 2020/1. While the pandemic casts a big shadow, we find Comhar Linn to be in a healthy position. The past year has proven our resilience and demonstrates that your credit union can and continues to put members service at the heart of how we remain successful. There have been many successes in the past year, and some things we strive to improve on. We pride ourselves on our service, and hopefully, you have found that to again be the case throughout 2020/1. Our bottom line is to have a cohesive team focused on making sure your needs are sustainably met.

Growing our loan book remains a critical priority and an area we had good success in last year. Current accounts progress is slow, but we believe our account offers members great value and unrivalled service. Combining the current account with our plans to relaunch the budget account, we hope to deliver a real alternative to the Irish Banks, and recognising that some banks are closing their doors, we hope to see increased take-up of the accounts in 2022. Comhar Linn also launched a new insurance partnership for members last year. The Peopl brand offer home, travel and life insurances delivered with the credit union values.

The Comhar Linn financial performance is strong, and our operating surplus held up very well at just over €1M. Our income reduced by

3.2%, predominantly as a result of continued depressed investment returns. Investment income is down 28%, while loan income remained flat last year. The next few years will continue to be challenging while interest rates remain low or negative. Comhar Linn is being charged for holding members funds.

The expenses base has grown by 3.9% to €4.3m. Salary costs are our largest expense item at just under €1.6M. These costs reflect the operational cost of running a great credit union, providing excellent member service, protecting our assets and remaining compliant. We are consciously aware of the growth (12%) in salaries and related costs, and made clear decisions to build our internal capacity and capabilities. The level of growth will taper as the investment enhances our organisation, building robust foundations and expertise for the future.

The other management expenses increased by 3.9% (€2.6M). The largest of these expenses were savings and loan protection insurance up 6% (€0.5M) and regulatory costs up 31% to €0.5M. The other costs within this category were reduced by 3.1%. Finally, bad debt costs were a positive expense item in 2021, increasing the surplus by €63K.

Overall the changes in investment returns have been dramatic and combined with the growth in savings; the impact is a reducing annual surplus and lower capital position. As a result, we will be forced to make further adjustments to the limit members can save, being mindful to ensure we remain operational to look after our members into the future. We are actively investigating our options, and no decision has been made. In making a decision, our guiding principle will be to protect the long term best interest of all members. It is likely that the changes, while not designed to disenfranchise members, will naturally impact some members.



The reality is that the level of growth in savings is unsustainable for our resources, given the economic environment. We will be communicating with all members in the new year.

Beyond the challenge of record savings growth, we achieved record numbers of new members and loans issued. The efforts to modernise our services and enhance our digital capabilities led to over 1,600 new members joining in 2020/1 (of which two-thirds were under 35)—upgrading our website and allowing members to join digitally supported these record new member levels. In addition, almost 3,400 loans were issued to members in 2021, totalling another record of €38.9M. Our lending was driven by our new digital loan application process, with 80% of applications online. As a result, members have benefited from a much quicker turnaround, with most loans approved within 24 hours.

We believe personal service is the key to our continued success. Making it easy and being available to our members is why Comhar Linn is different. We care about our members, and while we are working hard to digitise how you can access your Comhar Linn account, you can be assured that there will always be one of our dedicated team on hand to help you.

Finally, our team remain the secret to our success. Of course, everyone is an individual,

but each employee's dedication and care for members is evident in how we collectively approach our work. As a leadership team, we try to create an environment where everyone can do their best work and place a significant priority on the development and growth of our team. Everyone plays a critical part in delivering excellent service to our members.

I want to express my sincere thanks to the Board, Board Oversight, and my dedicated team for their consistent support and hard work during the year.

Next year, we will continue our development and growth. We will strive to serve our existing membership while seeing a bright future, there remains a significant percentage of teachers who can become members of Comhar Linn. Our goal is to be the trusted partner for all teachers day to day financial needs. Comhar Linn is sustainable when members borrow from us and use us for their banking needs. The future is not without challenge, but we see positive signs that gives us the confidence we are on the right track.



Séan Murray

CEO

# BOARD OF DIRECTORS

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Sheila Nunan



Dympna Mulkerrin



John Tuohy



Helen Synnott



Ciara Reilly



Henry Thynne



James O'Neill



John Carr



John Boyle

# BOARD OVERSIGHT COMMITTEE

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Seán McMahon



Ciara Sotscheck



Mairéad Minnock

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30TH SEPTEMBER 2021

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

## PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

On review of the credit union's financial results the following key performance indicators were identified:

|  | 2021   | 2020   |
|--|--------|--------|
| <b>MEMBERS SAVINGS MOVEMENT %</b>        | +8.01% | +5.33% |
| <b>GROSS LOAN MOVEMENT %</b>             | +5.78% | -3.62% |
| <b>CAPITAL RESERVE % OF TOTAL ASSETS</b> | 11.85% | 12.36% |

The credit union continued to attract additional members' savings (shares and deposits), during the financial year with member shares having increased from the prior year. Lending activity is continuing to increase strongly with growth of 5.78% in the gross loan book in the financial year indicative of strong loan demand. The credit union continues to maintain regulatory reserves in excess of the regulatory minimum of 10%.

## RESULTS FOR THE YEAR AND STATE OF AFFAIRS AT 30 SEPTEMBER 2021

The income and expenditure account and the balance sheet for the year ended 30 September 2021 are set out on pages 24 & 25.

## PRINCIPAL RISKS AND UNCERTAINTIES

The credit union, as with many other financial institutions, continues to face uncertainties arising from the general economic conditions. The board are actively monitoring the effects of these conditions on the daily operations of the credit union.

The principal areas currently requiring risk management include:

- **STRATEGY/BUSINESS MODEL RISK:** This refers to the risk which credit unions face if they cannot compete effectively or operate a viable business model. Strategy/business model risk also includes the inherent risk in the credit union's strategy. The board have developed and approved a detailed strategic plan to formulate the medium term direction of the credit union operations.
- **CREDIT & MARKET RISK:** The risk of financial loss arising from a borrower, issuer, guarantor or counterparty that may fail to meet its obligations in accordance with agreed terms. In order to manage this risk the Board approves the Credit Unions Credit Policy, Reschedule Loans Policy, Overdraft Policy, Asset and Liability Management Policy, Investment and Treasury Policy and all changes to these policies. 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 impairment. The Board approves the Credit Union's Credit Control and Provisioning policies which monitors the procedures for the collection of loans in arrears and also the basis for impairment on loans.
- **LIQUIDITY RISK:** The risk that a credit union will not be able to fund its current and future expected and unexpected cash outflows as they fall due without incurring significant losses. This may occur even where the credit union is solvent. The credit union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its obligations as they fall due. The objective of the liquidity policy is to smooth the timing between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise.

- **CAPITAL RISK:** Capital is required to act as a cushion to absorb losses arising from business operations and to allow a credit union to remain solvent under challenging conditions. Capital risk arises mainly as a result of insufficient capital resources available, the sensitivity of the credit union exposures to external shocks, the level of capital planning and the capital management process. Capital risk could potentially impair a credit union's ability to meet its obligations in an adverse situation. The board manage this risk by ensuring that sufficient reserves are set aside each year to absorb any potential losses.
- **OPERATIONAL RISK:** The risk of loss (financial or otherwise) resulting from inadequate or failed internal processes or systems of the credit union; any failure by persons connected with the credit union; legal risk (including exposure to fines, penalties or damages as well as associated legal costs); or external events; but does not include reputational risk. Examples of operational risks include hardware or software failures, cyber risk, inadequate business continuity plans, misuse of confidential information, data entry errors and natural disasters.
- **INTEREST RATE RISK:** The interest rate risk arises from differences between the interest rate exposures on loans and investments receivable, as offset by the cost of capital, which is typically that of distributions to members' payable in the form of dividends. The credit union considers rates of interest receivable when deciding on the appropriation of income and its returns to members. The Board monitors such policy in line with the Credit Union Act, 1997 (as amended) and guidance notes issued by the Central Bank of Ireland.
- **COVID-19:** The credit union continued to face exposure to the economic effects of Covid-19 during the current financial year. The directors confirm that, despite this impact, loan demand has been strong during the financial year with the easing and lifting of restrictions and have confirmed their expectation that further growth in the loan book will be achieved in future periods. The board of directors and management team have taken steps, which include the provision of temporary loan repayment agreement facilities to impacted members (there are no such arrangements currently remaining in place) and continuing to closely monitor overhead expenditure levels, to ensure that the credit union continues to be in a position to provide a full suite of services to its membership. In addition, the directors continue to actively review overall members saving levels to ensure the maintenance of reserve levels within the credit union, which continue to be significantly in excess of minimum regulatory levels.

## DIVIDENDS

The Directors do not recommend the payment of a dividend for the year, (2020 - No dividend).

## INTERNAL AUDIT FUNCTION

In accordance with Section 76K of the Credit Union Act, 1997 (as amended) the board have appointed an internal audit function to provide for independent internal oversight and to evaluate and improve the effectiveness of the credit union's risk management, internal controls and governance process.

## 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 financial function. The books of account of the credit union are maintained at the credit union's premises at 33 Parnell Square Dublin 1 D01 W563 .

Approved by the Board on : 28 October 2021



Sheila Nunan  
Member of the  
Board of Directors



John Tuohy  
Member of the  
Board of Directors

# STATEMENTS OF DIRECTOR'S RESPONSIBILITIES

## FOR THE YEAR ENDED 30TH SEPTEMBER 2021

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- 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 the affairs of the credit union and of the income and expenditure of the credit union for that year. In preparing those financial statements the directors are required to:
  - select suitable accounting policies and apply them consistently;
  - make judgements and estimates that are reasonable and prudent;
  - 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 keeping proper accounting records which disclose with reasonable accuracy the financial position of the credit union and which enables them to ensure that the financial statements comply with the Credit Union Act, 1997 (as amended). 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.

- In so far as the directors are aware: there is no relevant audit information (information needed by the credit union's auditor in connection with preparing the auditor's report) of which the credit union's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the credit union's auditor is aware of that information.

On behalf of the credit union :- 28 October 2021



Sheila Nunan  
Member of the  
Board of Directors



John Tuohy  
Member of the  
Board of Directors

# STATEMENT OF BOARD OVERSIGHT COMMITTEE'S RESPONSIBILITIES

## FOR THE YEAR ENDED 30TH SEPTEMBER 2021

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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 IVA and any regulations made for the purposes of Part IV or Part IVA of the Credit Union Act, 1997 (as amended) and any other matter prescribed by the Bank in respect of which they are to have regard to in relation to the board.



Mairead Minnock

Member of Board Oversight Committee

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMHAR LINN INTO CREDIT UNION LIMITED

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## Report on the audit of the financial statements

### ***Opinion***

We have audited the financial statements of Comhar Linn INTO Credit Union Limited ('the Credit Union') for the year ended 30 September 2021 which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Changes in Reserves, the Cash Flow Statement and notes to the financial statements, including the summary of significant accounting policies set out on pages 19- 23. 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 assets, liabilities and financial position of the Credit Union as at 30 September 2021 and of its income and expenditure 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 further 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.

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.

### ***Opinion on other matters prescribed by the Credit Union Act 1997, (as amended).***

In our opinion, 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, are necessary for the purposes of our audit.
- In our opinion the accounting records of the Credit Union were sufficient to permit the financial
- statements to be readily and properly audited. In our opinion 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 14, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that 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 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.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at [https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf).

This description forms part of our auditor's 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.

**FMB Advisory Limited**  
**Chartered Accountants**  
**Statutory Audit Firm**  
**DATE : 05/11/2021**

**4 Ormond Quay Upper**  
**Dublin 7**  
**D07 PF53**

# ACCOUNTING POLICIES

FOR THE YEAR ENDED 30TH SEPTEMBER 2021

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## STATEMENT OF COMPLIANCE

The financial statements of the credit union for the year ended 30 September 2021 have been prepared on the going concern basis and in accordance with generally accepted accounting principles in Ireland and Irish statute comprising the Credit Union Act 1997 (as amended) and in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) issued by the Financial Reporting Council.

## BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the credit union's financial statements.

### 1. GOING CONCERN

The financial statements are prepared on the going concern basis. The directors believe this is appropriate as the credit union:

- is consistently generating annual surpluses;
- is maintaining appropriate levels of liquidity in excess of minimum legislative requirements; and
- has reserve levels which are significantly above the minimum requirements of the Central Bank.

### 2. INCOME RECOGNITION

Income is recognised to the extent that it is probable that the economic benefits will flow to the credit union and the revenue can be reliably measured. Income is measured at the fair value of the consideration received. The following criteria must also be met before revenue is recognised:

#### 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. Loan interest income from members greater than 26 weeks in arrears is classified as bad debts recovered.

#### INVESTMENT INCOME

The credit union uses the effective interest method to recognise investment income.

#### OTHER INCOME

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

### 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and loans and advances to banks (i.e. cash deposited with banks) with maturity of less than or equal to three months.

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

##### 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. 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. Gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process. Investments intended to be held for an undefined period are not included in this classification

##### CENTRAL BANK DEPOSITS

Credit unions are obliged to maintain certain deposits with the Central Bank. These deposits are technically assets of the credit union but to which the credit union has restricted access. The credit union holds funds with the Central Bank in excess of its regulatory requirement. The credit union has unrestricted access to these surplus funds. The funds on deposit with the Central Bank attract nominal interest and will not ordinarily be returned to the credit union while it is a going concern. In accordance with the direction of the Central Bank the amounts are shown as current assets and are not subject to impairment reviews.

#### 5. DE-RECOGNITION OF FINANCIAL ASSETS

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the credit union transfer to another party substantially all the risks and rewards of ownership of the financial asset, or if some significant risks and rewards of

ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated party.

In the case of loans to members, loans are derecognised when the right to receive cash flows from the loans have expired, usually when all amounts outstanding have been repaid by the member.

## 6. 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.

## 7. OTHER PAYABLES

Other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

## 8. TANGIBLE FIXED ASSETS

Tangible fixed assets comprises items of property, plant and 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, on a straight line basis over its estimated useful life. The categories of property, plant and equipment are depreciated as follows:

|   |                   |
|---|-------------------|
| <b>Premises</b>                                 | 2% Straight Line  |
| <b>Computer equipment and Computer Software</b> | 25% Straight Line |
| <b>Fixtures &amp; fittings</b>                  | 15% Straight Line |
| <b>Motor vehicles</b>                           | 20% Straight Line |

Gains or losses arising on the disposal of an asset are determined as the difference between the sale proceeds and the carrying value of the asset, and are recognised in the Income and Expenditure account.

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). Where it is not possible to estimate the recoverable amount of an individual asset, the credit union estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss

have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying 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.

## **9. EMPLOYEE BENEFITS**

### *Pension Costs*

The credit union operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the credit union in an independently administered fund. The pension charge represents contributions payable by the credit union to the scheme.

### *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. Termination benefits are recognised immediately as an expense when the Credit Union is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

## **10. IMPAIRMENT OF MEMBERS LOANS**

The credit union 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. Individually significant loans are assessed on a loan by loan basis. 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.

Bad debts/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.

## **11. FINANCIAL LIABILITIES - MEMBERS' SHARES AND DEPOSITS**

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

## **12. DE-RECOGNITION OF FINANCIAL LIABILITIES**

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

## **13. DIVIDENDS AND OTHER RETURNS TO MEMBERS**

Dividends are made from current year's surplus or the general reserve set aside for that purpose. The Board's proposed distribution to members each year is based on the dividend 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 investment 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. Final dividends and other returns to members are accounted for as a liability after they are approved by the members in general meeting.

#### **14. TAXATION**

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

#### **15. RESERVES**

Retained earnings are the accumulated surpluses to date that have not been declared as dividends returnable to members. The retained earnings 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'.

##### *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% 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. This reserve is similar in nature and replaces the Statutory Reserve which was a requirement of previous legislation.

##### *Operational Risk Reserve*

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

The definition of operational risk is the risk of losses stemming from inadequate or failed internal processes, people and systems or from external events. The directors have considered the requirements of the Act and have considered an approach to calculation of the operational risk reserve based on indicative guidance issued by the Central Bank.

# INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

|   |          | 2021      | 2020      |
|---|----------|-----------|-----------|
|   | Schedule | €         | €         |
| <b>INCOME</b>   |          |           |           |
| Interest on loans                                     | 1        | 4,935,278 | 4,961,128 |
| Other interest income and similar income              | 2        | 395,153   | 548,064   |
| <b>Net Interest Income</b>                            |          | 5,330,431 | 5,509,192 |
| Other income  | 3        | 57,229    | 58,319    |
| Other gains   | 4        | -         | -         |
| <b>TOTAL INCOME</b>                                   |          | 5,387,660 | 5,567,511 |
| <b>EXPENDITURE</b>                                    |          |           |           |
| Salaries  |          | 1,565,121 | 1,405,472 |
| Other management expenses                             | 5        | 2,605,541 | 2,506,050 |
| Depreciation  |          | 217,921   | 218,940   |
| Bad debts provision                                   |          | (174,861) | 116,841   |
| Bad debts recovered                                   |          | ( 71,346) | (84,581)  |
| Bad debts written off                                 |          | 182,302   | -         |
| <b>TOTAL EXPENDITURE</b>                              |          | 4,324,678 | 4,162,722 |
| <b>EXCESS OF INCOME OVER EXPENDITURE FOR THE YEAR</b> |          | 1,062,982 | 1,404,789 |
| Other comprehensive income                            |          | -         | -         |
| <b>TOTAL COMPREHENSIVE INCOME</b>                     |          | 1,062,982 | 1,404,789 |

On behalf of the Credit Union: 28th October 2021



Sheila Nunan  
Member of Board  
of Directors



Mairead Minnock  
Member of the  
Board Oversight Committee



Séan Murray  
CEO

The accompanying notes form part of the financial statements.




# BALANCE SHEET

## AS AT 30 SEPTEMBER 2021

|  |             | 2021               | 2020               |
|--|-------------|--------------------|--------------------|
| <b>ASSETS</b>                                      | <b>Note</b> | <b>€</b>           | <b>€</b>           |
| Cash and cash equivalents                          | 6           | 59,347,623         | 49,181,429         |
| Investments  | 7           | 134,022,720        | 131,775,126        |
| Loans  | 8           | 83,786,362         | 79,205,627         |
| Less provision for bad debts                       | 11          | (1,605,308)        | (1,780,169)        |
| Tangible fixed assets                              | 12          | 3,886,263          | 3,930,569          |
| Debtors, prepayments and accrued income            | 13          | 10,780,846         | 7,358,173          |
| <b>TOTAL ASSETS</b>                                |             | <b>290,218,506</b> | <b>269,670,755</b> |
| <b>LIABILITIES</b>                                 |             |                    |                    |
| Members' shares                                    | 14          | 249,488,564        | 222,827,429        |
| Members' deposits                                  | 15          | 2,782,192          | 10,735,718         |
| Member current accounts                            | 14          | 1,008,872          | 407,056            |
| Members budget accounts                            | 16          | 1,611,357          | 1,651,509          |
| Members' draw account                              |             | 30,814             | 16,789             |
| Other liabilities, creditors, accruals and charges | 17          | 907,586            | 706,115            |
| <b>TOTAL LIABILITIES</b>                           |             | <b>255,829,385</b> | <b>236,344,616</b> |
| <b>RESERVES</b>                                    |             |                    |                    |
| Regulatory reserve                                 | 19          | 29,418,645         | 28,318,645         |
| Operational risk reserve                           | 19          | 750,570            | 735,154            |
| Other reserves                                     |             |                    |                    |
| - Realised reserves                                | 19          | 4,219,906          | 4,272,340          |
| <b>TOTAL RESERVES</b>                              |             | <b>34,389,121</b>  | <b>33,326,139</b>  |
|  |             | <b>290,218,506</b> | <b>269,670,755</b> |

On behalf of the Credit Union: 28th October 2021

  
Sheila Nunan  
Member of the  
Board of Directors

  
Mairead Minnock  
Member of the  
Board Oversight Committee

  
Séan Murray  
CEO

The accompanying notes form part of these financial statements




# STATEMENT OF CHANGES IN RESERVES

## FOR THE YEAR ENDED 30TH SEPTEMBER 2021

|   | Regulatory Reserve | Operational Risk Reserve | Undistributed Surplus | General Reserve | Bad Debt Reserve | Dividend Reserve | Total Reserves |
|---|--------------------|--------------------------|-----------------------|-----------------|------------------|------------------|----------------|
| <b>Closing balance at 30 September 2019</b> | € 26,868,645       | € 694,652                | € 1,645,941           | € 722,197       | € 989,915        | € 1,000,000      | € 31,921,350   |
| Total comprehensive income                  |                    |                          | 1,404,789             |                 |                  |                  | 1,404,789      |
| Transfer between reserves                   | 1,450,000          | 40,502                   | (1,645,944)           | 155,442         | -                | -                | --             |
| <b>Closing balance at 30 September 2020</b> | 28,318,645         | 735,154                  | 1,404,786             | 877,639         | 989,915          | 1,000,000        | 33,326,139     |
| Total comprehensive income                  |                    |                          | 1,062,982             |                 |                  |                  | 1,062,982      |
| Transfer between reserves                   | 1,100,000          | 15,416                   | (1,404,788)           | 2,279,287       | (989,915)        | (1,000,000)      | -              |
| <b>Closing balance at 30 September 2021</b> | 29,418,645         | 750,570                  | 1,062,980             | 3,156,926       | -                | -                | 34,389,121     |

The balance on the regulatory reserve represents 10.14% of total assets as at 30 September 2021 (10.50% as at 30 September 2020).

On behalf of the Credit Union:

|   |   |
|---|---|
|  |  |
| Sheila Numan  | Mairead Minnock   |
| Member of the Board of Directors  | Member of the Board Oversight Committee   |
|   |  |
|   | Séan Murray   |
|   | CEO   |

The accompanying notes form part of these financial statements

# CASH FLOW STATEMENT

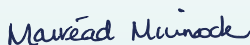
## FOR THE YEAR ENDED 30TH SEPTEMBER 2021

|   | 2021                       | 2020                |
|---|----------------------------|---------------------|
| Note  | €                          | €                   |
| Opening cash and cash equivalents                       | 49,181,429                 | 64,443,396          |
| <b>Cash flows from operating activities</b>             |                            |                     |
| Loans repaid  | 34,120,744                 | 33,186,696          |
| Loans granted   | (38,883,781)               | (30,215,169)        |
| Loan interest received                                  | 5,088,944                  | 4,934,048           |
| Investments interest received                           | 555,516                    | 463,326             |
| Bad debts recovered                                     | 71,346                     | 84,581              |
| Operating expenses                                      | (4,170,662)                | (3,911,522)         |
| Net cash flows from operating activities                | <u>(3,217,893)</u>         | <u>4,541,835</u>    |
| <b>Cash flows from investing activities</b>             |                            |                     |
| Fixed assets purchased                                  | (173,615)                  | (107,361)           |
| Net cash flow from investments                          | (2,247,594)                | (32,363,713)        |
| Net cash flows from investing activities                | <u>(2,421,209)</u>         | <u>(32,471,074)</u> |
| <b>Cash flows from financing activities</b>             |                            |                     |
| Members' shares received                                | 100,456,235                | 96,052,233          |
| Members' deposits received                              | 8,565                      | 135,932             |
| Members' budget account paid in                         | 7,476,120                  | 7,681,696           |
| Members' shares withdrawn                               | (73,795,100)               | (82,333,532)        |
| Members' deposits withdrawn                             | (7,962,091)                | (2,032,189)         |
| Members' budget account withdrawn                       | (7,516,272)                | (7,281,127)         |
| Members' current accounts amounts transferred/received  | 4,370,321                  | 1,695,081           |
| Members' current accounts amounts transferred/withdrawn | (3,768,505)                | (1,289,392)         |
| Net cash flows from financing activities                | <u>19,269,273</u>          | <u>12,628,702</u>   |
| <b>Other</b>  |                            |                     |
| Other receipts  | 57,229                     | 58,319              |
| Decrease/(Increase) in prepayments                      | (3,736,702)                | (75,240)            |
| (Increase)/Decrease in other liabilities                | 215,496                    | 55,491              |
|   | <u>(3,463,977)</u>         | <u>38,570</u>       |
| <b>Closing cash and cash equivalents</b>                | <b>6</b> <u>59,347,623</u> | <u>49,181,429</u>   |

On behalf of the Credit Union  
28th October 2021



Sheila Nunan  
Member of Board of Directors



Mairead Minnock  
Member of the Board  
Oversight Committee



Séan Murray  
CEO

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2021

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## 1. GENERAL INFORMATION

Comhar Linn INTO Credit Union Limited is a credit union incorporated under the Credit Union Act 1997 (as amended) in the Republic of Ireland. Comhar Linn INTO Credit Union Limited is registered with the Registrar of Credit Unions and is regulated by the Central Bank of Ireland. The financial statements have been presented in Euro (€) which is also the functional currency of the credit union.

## 2. 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 credit union'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:

### *Bad debts/impairment losses on loans to members*

The credit union's accounting policy for impairment of financial assets is set out in accounting policies on pages 19 - 23 of the financial statements. 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.

Credit risk is identified, assessed and measured through the use of rating and scoring tools with emphasis on weeks in arrears and other observable credit risk metrics as identified by the credit union.

The ratings influence the management of individual loans. The credit rating triggers the impairment assessment and if relevant the raising of specific provisions on individual loans where there is doubt about their recoverability.

Loan loss provisioning is monitored by the credit union, and the credit union assesses and approves its provisions and provision adequacy on a quarterly basis. Key assumptions underpinning the credit union's estimates of collective provisions for loans with similar credit risk characteristics, and, Incurred But Not Reported provisions ("IBNR") are based on the historical experiences of the credit union allied to the credit union's judgement of relevant conditions in the wider technological, market, economic or legal environment in which the credit union currently operates which impact on current lending activity and loan underwriting. If a loan is impaired, the impairment loss is the difference between the carrying amount of the loan and the present value of the expected cash flows discounted at the asset's original effective interest rate taking account of pledged shares and other security as appropriate. Assumptions are back tested with the benefit of experience. After a period of time, when it is concluded that there is no real prospect of recovery of loans/part of loans which have been subjected to a specific provision, the credit union writes off that amount of the loan deemed irrecoverable against the specific provision held against the loan.

### ***Impairment of buildings***

The credit union's accounting policy on tangible fixed assets is set out in accounting policies on pages 19 - 23 of the financial statements. As described in the accounting policy the credit union is required to assess at each reporting date whether there is any indication that an asset may be impaired. If an impairment is identified, the credit union is required to estimate the recoverable amount of the asset. If there is no indication of impairment, it is not necessary to estimate the recoverable amount.

The recoverable amount of an asset is the higher of its fair value less costs associated with sale and its value in use. In assessing whether the credit union's property is impaired, its current market valuation is considered as being equivalent to its fair value. Where the property's market valuation is identified as being below its carrying value, this amounts to a key indicator of the existence of impairment and the credit union is therefore required to undertake a value in use calculation on its property assets. Value in use is the present value of the future cash flows expected to be derived from the credit union's property.

This present value calculation involves the undertaking of the following steps:

- (a) Estimating the future cash inflows and outflows to be derived from continuing use of property and from its ultimate disposal, where appropriate; and
- (b) Applying the appropriate discount factor to those future cashflows.

The future cash inflows and outflows required for the value in use calculation are taken from financial projections prepared by management and approved by the board of directors. The discount factor applied in the value in use calculation is an assessment of the time value of money applicable to the credit union and will take account of previous guidance received from the Central Bank.

### **3. EMPLOYEES**

#### ***Number of employees***

The average monthly numbers of employees during the year were:

|           | <b>2021</b>   | <b>2020</b>   |
|-----------|---------------|---------------|
|           | <b>Number</b> | <b>Number</b> |
| Employees | 29            | 28            |
|           | <u>29</u>     | <u>28</u>     |

#### ***Employment Costs***

|                      | <b>2021</b>      | <b>2020</b>      |
|----------------------|------------------|------------------|
|                      | <b>€</b>         | <b>€</b>         |
| Wages and salaries   | 1,411,484        | 1,274,893        |
| Social welfare costs | 153,637          | 130,579          |
| Pension costs        | 185,537          | 150,774          |
|                      | <u>1,750,658</u> | <u>1,556,246</u> |

### 3.1 KEY MANAGEMENT PERSONNEL COMPENSATION

The Directors of Comhar Linn INTO Credit Union Limited are all unpaid volunteers. The key management team for Comhar Linn INTO Credit Union Limited would include the directors, the credit union CEO and other senior staff. The number of key management for the financial year to 30 September 2021 amount to 15 (2020 - 15).

|   | 2021           | 2020           |
|---|----------------|----------------|
|   | €              | €              |
| Short term employee benefits paid to key management | 680,519        | 533,742        |
| Payments to defined contribution pension schemes    | 85,372         | 68,698         |
|   | <u>765,891</u> | <u>602,440</u> |

### 4. PENSION COSTS

Pension costs amounted to €185,537 (2020 - €150,774).

### 5. ANALYSIS OF INVESTMENT INCOME

|                             | 2021           | 2020           |
|-----------------------------|----------------|----------------|
|                             | €              | €              |
| Received during the year    | 217,895        | 152,235        |
| Receivable within 12 months | 425,625        | 488,487        |
| Other investment income     | -              | -              |
|                             | <u>643,520</u> | <u>640,722</u> |

### 6. CASH & CASH EQUIVALENTS

|                        | 2021              | 2020              |
|------------------------|-------------------|-------------------|
|                        | €                 | €                 |
| Cash and bank balances | 4,373,377         | 6,488,743         |
| Short term deposits    | 54,974,246        | 42,692,686        |
|                        | <u>59,347,623</u> | <u>49,181,429</u> |

Short term deposits are deposits with maturity of less than or equal to three months. All other deposits are included in Investments in the Balance sheet and disclosed in note 7.

### 7. INVESTMENTS

|   | 2021               | 2020               |
|---|--------------------|--------------------|
|   | €                  | €                  |
| Investments are classified as follows:      |                    |                    |
| Fixed-term deposits maturing after 3 months | 92,301,941         | 91,034,462         |
| Deposit Protection Account                  | 16,609,862         | 15,381,380         |
| Investment bonds                            | 25,110,917         | 25,359,284         |
|   | <u>134,022,720</u> | <u>131,775,126</u> |

Total amounts representing categories of counterparties of €188,996,966 comprises a combination of short term deposits of €54,974,246 as detailed above in Note 6: Cash and Cash Equivalents and longer term deposits of €134,022,720 as detailed above.

The categories of counterparties with whom the investments are held is as follows:

|      | <b>2021</b>        | <b>2020</b>        |
|------|--------------------|--------------------|
|      | €                  | €                  |
| A1   | 58,198,832         | 32,942,903         |
| A2   | 66,034,730         | -                  |
| Aa2  | 2,778,119          | 54,618,294         |
| Aa3  | 20,460,832         | 32,542,462         |
| A3   | 12,497,698         | 12,529,701         |
| Baa2 | 29,026,755         | 41,834,452         |
|      | <u>188,996,966</u> | <u>174,467,812</u> |

#### 8. LOANS TO MEMBERS

|                                    | <b>2021</b>              | <b>2020</b>              |
|------------------------------------|--------------------------|--------------------------|
|                                    | €                        | €                        |
| Opening Balance at 1 October       | 79,205,627               | 82,177,029               |
| Loans granted                      | 38,883,781               | 30,215,169               |
| Loans repaid                       | (34,120,744)             | (33,186,571)             |
| Loans written off                  | (182,302)                | -                        |
| Gross Loan Balance at 30 September | <u>83,786,362</u>        | <u>79,205,627</u>        |
| <i>Impairment allowances</i>       |                          |                          |
| Individual loans                   | (1,143,906)              | (1,555,442)              |
| Groups of loans                    | (461,402)                | (224,727)                |
| Loan provision                     | <u>(1,605,308)</u>       | <u>(1,780,169)</u>       |
| Net loans as at 30 September       | <u><u>82,181,054</u></u> | <u><u>77,425,458</u></u> |

## 9. ANALYSIS OF GROSS LOANS OUTSTANDING

|  | 2021         |                   | 2020         |                   |
|--|--------------|-------------------|--------------|-------------------|
|  | No.          | €                 | No.          | €                 |
| Less than one year                           | 1,055        | 2,449,140         | 1,088        | 2,466,506         |
| Greater than 1 year and less than 3 years    | 2,714        | 19,401,686        | 2,840        | 19,564,370        |
| Greater than 3 years and less than 5 years   | 2,348        | 32,234,570        | 2,489        | 33,711,547        |
| Greater than 5 years and less than 10 years  | 1,060        | 26,686,315        | 803          | 19,343,423        |
| Greater than 10 years and less than 25 years | 51           | 3,014,651         | 61           | 4,119,781         |
| Greater than 25 years                        | -            | -                 | -            | -                 |
| <b>Total Gross Loans</b>                     | <b>7,228</b> | <b>83,786,362</b> | <b>7,281</b> | <b>79,205,627</b> |

## 10. CREDIT RISK DISCLOSURES

At 30 September 2021, the Credit Union had 35 loans outstanding from members on which first charges on properties were held. Excluding these loans, Comhar Linn INTO Credit Union Limited does not have any mortgage type loans and as a result all remaining loans to members are unsecured, except that there are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding. There are maximum amounts set down under legislation in terms of what amount a member can borrow from a Credit Union.

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



|                                     | 2021               |                | 2020               |                |
|-------------------------------------|--------------------|----------------|--------------------|----------------|
|                                     | €                  | %              | €                  | %              |
| <b>Gross Loans Not Impaired</b>     | 81,054,781         | 96.74%         | 75,756,040         | 95.64%         |
| <b>Gross Loans Impaired</b>         |                    |                |                    |                |
| Up to 9 weeks past due              | 1,828,713          | 2.18%          | 2,089,839          | 2.64%          |
| Between 10 and 18 weeks past due    | 301,399            | 0.36%          | 227,514            | 0.29%          |
| Between 19 and 26 weeks past due    | 44,104             | 0.05%          | 148,195            | 0.19%          |
| Between 27 and 39 weeks past due    | 68,051             | 0.08%          | 273,672            | 0.35%          |
| Between 40 and 52 weeks past due    | 61,639             | 0.07%          | 68,507             | 0.09%          |
| 53 or more weeks past due           | 427,675            | 0.51%          | 641,860            | 0.81%          |
|                                     | <u>2,731,581</u>   | <u>3.26%</u>   | <u>3,449,587</u>   | <u>4.36%</u>   |
| <b>Total Gross Loans</b>            | <u>83,786,362</u>  | <u>100.00%</u> | <u>79,205,627</u>  | <u>100.00%</u> |
| <b>Impairment Allowance</b>         |                    |                |                    |                |
| Individual loans                    | (1,143,906)        |                | (1,555,442)        |                |
| Collectively assessed loans         | <u>(461,402)</u>   |                | <u>(224,727)</u>   |                |
| Loan provision                      | <u>(1,605,308)</u> |                | <u>(1,780,169)</u> |                |
| <b>Net loans as at 30 September</b> | <u>82,181,054</u>  |                | <u>77,425,458</u>  |                |

Factors that are considered in determining whether loans are impaired are discussed in Note 2, dealing with estimates.

## 11. LOAN PROVISION ACCOUNT FOR IMPAIRMENT LOSSES

|   | 2021             | 2020             |
|---|------------------|------------------|
|   | €                | €                |
| Opening balance 1 October                                       | 1,780,169        | 1,663,328        |
| Net movement during the year                                    | 7,441            | 116,841          |
| Decrease as a result of loan write offs previously provided for | <u>(182,302)</u> | -                |
| Closing provision balance 30 September                          | <u>1,605,308</u> | <u>1,780,169</u> |

## 12. TANGIBLE FIXED ASSETS

|                        | Premises         | Computer<br>Equipment | Fixtures<br>& Fittings | Motor<br>Vehicles | Computer<br>Software | Total            |
|------------------------|------------------|-----------------------|------------------------|-------------------|----------------------|------------------|
|                        | €                | €                     | €                      | €                 | €                    | €                |
| <b>Cost</b>            |                  |                       |                        |                   |                      |                  |
| At 01 October 2020     | 5,107,902        | 599,960               | 427,103                | -                 | 79,465               | 6,214,430        |
| Additions              | -                | 12,241                | 6,867                  | 65,592            | 88,915               | 173,615          |
| At 30 September 2021   | <u>5,107,902</u> | <u>612,201</u>        | <u>433,970</u>         | <u>65,592</u>     | <u>168,380</u>       | <u>6,388,045</u> |
| <b>Depreciation</b>    |                  |                       |                        |                   |                      |                  |
| At 01 October 2020     | 1,482,072        | 454,301               | 271,520                | -                 | 75,968               | 2,283,861        |
| Charge for the year    | <u>102,158</u>   | <u>58,159</u>         | <u>37,761</u>          | <u>6,302</u>      | <u>13,541</u>        | <u>217,921</u>   |
| At 30 September 2021   | <u>1,584,230</u> | <u>512,460</u>        | <u>309,281</u>         | <u>6,302</u>      | <u>89,509</u>        | <u>2,501,782</u> |
| <b>Net book values</b> |                  |                       |                        |                   |                      |                  |
| At 30 September 2021   | <u>3,523,672</u> | <u>99,741</u>         | <u>124,689</u>         | <u>59,290</u>     | <u>78,871</u>        | <u>3,886,263</u> |
| At 30 September 2020   | <u>3,625,830</u> | <u>145,659</u>        | <u>155,583</u>         | <u>-</u>          | <u>3,497</u>         | <u>3,930,569</u> |

On 15th October 2021, the Credit Union's premises located at 33 Parnell Square West, Dublin 1, were valued on an open market basis by QRE Real Estate Advisers. The directors are satisfied that the current open market valuation received from QRE Real Estate Advisers for the property is not less than its carrying value and therefore no impairment charge arises.

## 13. PREPAYMENTS AND ACCRUED INCOME

|                                 | 2021              | 2020             |
|---------------------------------|-------------------|------------------|
|                                 | €                 | €                |
| Prepayments                     | 10,336,880        | 6,600,178        |
| Accrued income                  | 416,209           | 576,572          |
| Member Loan interest receivable | 27,757            | 181,423          |
|                                 | <u>10,780,846</u> | <u>7,358,173</u> |

## 14. MEMBERS' SHARES

|                                 | 2021               | 2020               |
|---------------------------------|--------------------|--------------------|
|                                 | €                  | €                  |
| Opening Balance at 1 October    | 222,827,429        | 209,108,728        |
| Shares paid in                  | 100,456,235        | 96,052,233         |
| Shares withdrawn                | (73,795,100)       | (82,333,532)       |
| Closing Balance at 30 September | <u>249,488,564</u> | <u>222,827,429</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:

|                   | <b>2021</b>        | <b>2020</b>        |
|-------------------|--------------------|--------------------|
|                   | €                  | €                  |
| Unattached Shares | 237,108,302        | 208,635,290        |
| Attached Shares   | 12,380,262         | 14,192,139         |
|                   | <u>249,488,564</u> | <u>222,827,429</u> |

#### **Members' Current Accounts**

|   | <b>2021</b>      | <b>2020</b>    |
|---|------------------|----------------|
|   | €                | €              |
| Opening Balance at 1 October                        | 407,056          | 1,367          |
| Members' current account amounts transfers/paid in  | 4,370,321        | 1,695,081      |
| Members' current account amounts transfers/paid out | (3,768,505)      | (1,289,392)    |
| Closing Balance at 30 September                     | <u>1,008,872</u> | <u>407,056</u> |

#### **15. MEMBERS' DEPOSITS**

|                                 | <b>2021</b>      | <b>2020</b>       |
|---------------------------------|------------------|-------------------|
|                                 | €                | €                 |
| Opening Balance at 1 October    | 10,735,718       | 12,631,975        |
| Deposits paid in                | 8,565            | 135,932           |
| Deposits withdrawn              | (7,962,091)      | (2,032,189)       |
| Closing Balance at 30 September | <u>2,782,192</u> | <u>10,735,718</u> |

Members' deposit accounts have the following maturity

|                      | €                | €                 |
|----------------------|------------------|-------------------|
| Less than 1 year     | 2,782,192        | 10,735,718        |
| One to two years     | -                | -                 |
| Two to five years    | -                | -                 |
| More than five years | -                | -                 |
| Total Term Deposits  | <u>2,782,192</u> | <u>10,735,718</u> |

## 16. MEMBERS' BUDGET ACCOUNTS

|                              | 2021        | 2020        |
|------------------------------|-------------|-------------|
|                              | €           | €           |
| Opening balance 1 October    | 1,651,509   | 1,250,940   |
| Received during the year     | 7,476,120   | 7,681,696   |
| Paid out during the year     | (7,516,272) | (7,281,127) |
| Closing balance 30 September | 1,611,357   | 1,651,509   |

Budget accounts are repayable on demand.

## 17. OTHER LIABILITIES AND CHARGES

|           | 2021    | 2020    |
|-----------|---------|---------|
|           | €       | €       |
| PAYE/PRSI | 47,305  | 31,185  |
| DIRT      | -       | 2,232   |
| Accruals  | 860,281 | 672,698 |
|           | 907,586 | 706,115 |

## 18. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES

### 18.1 FINANCIAL RISK MANAGEMENT

Comhar Linn INTO Credit Union Limited manages its members' shares and loans to members 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, 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 Comhar Linn INTO Credit Union Limited, resulting in financial loss to the credit union. In order to manage this risk the Board approves the credit union's lending policy, and all changes to it. 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.

**Liquidity risk:** The credit union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The credit union adheres on an ongoing basis to the minimum liquidity ratio and minimum short term liquidity ratio as set out in the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016.

**Market risk:** Market risk is generally comprised of interest rate risk, currency risk and other price risk. Comhar Linn INTO Credit Union Limited conducts all its transactions in Euro and does not deal in derivatives or commodity markets. Therefore the credit union is not exposed to any form of currency risk or other price risk.

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

**Capital risk** - The credit union maintains sufficient reserves to buffer against losses on members' loan and investments. The current Regulatory Reserve is in excess of the minimum level set down by the Central Bank of Ireland, and stands at 10.14% of the total assets of the credit union at the balance sheet date.

## 18.2 INTEREST RATE RISK DISCLOSURES

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

|                         | 2021       | 2021                  | 2020       | 2020                  |
|-------------------------|------------|-----------------------|------------|-----------------------|
|                         | Amount     | Average Interest Rate | Amount     | Average Interest Rate |
| <u>Financial Assets</u> | €          |                       | €          |                       |
| Loans to members        | 83,786,362 | 6.32%                 | 79,205,627 | 6.34%                 |

The Credit Union does not pay interest on members' 1 year term deposits.

The 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.

## 18.3 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.

## 18.4 FAIR VALUE OF FINANCIAL INSTRUMENTS

Comhar Linn INTO Credit Union Limited does not hold any financial instruments at fair value.

## 19. TOTAL RESERVES

|                                | Balance 01/10/20  | Dividend paid | Appropriation of current year surplus | Transfers between reserves | Balance 30/09/21  |
|--------------------------------|-------------------|---------------|---------------------------------------|----------------------------|-------------------|
|                                | €                 | €             | €                                     | €                          | €                 |
| Total Regulatory Reserve       | 28,318,645        |               | -                                     | 1,100,000                  | 29,418,645        |
| Operational Risk Reserve       | 735,154           |               | -                                     | 15,416                     | 750,570           |
| <b>Other Realised Reserves</b> |                   |               |                                       |                            |                   |
| Undistributed Surplus          | 1,404,786         | -             | 1,062,982                             | (1,404,788)                | 1,062,980         |
| General reserve                | 877,639           |               | -                                     | 2,279,287                  | 3,156,926         |
| Bad debts reserve              | 989,915           |               | -                                     | (989,915)                  | -                 |
| Dividend reserve               | 1,000,000         |               | -                                     | (1,000,000)                | -                 |
| <b>Total reserves</b>          | <u>33,326,139</u> |               | <u>1,062,982</u>                      | <u>-</u>                   | <u>34,389,121</u> |

The credit union is required to maintain a Regulatory Reserve that support the credit union's operations, provide a base for future growth and protect against the risk of unforeseen losses. The credit union needs to maintain sufficient reserves to ensure continuity and to protect members' savings. The Central Bank expects that credit unions whose total regulatory reserves are currently in excess of 10 per cent of total assets will continue to maintain reserves at existing levels on the basis that these continue to reflect the board of directors' assessment of the appropriate level of reserves for the credit union.

The balance on the regulatory reserve represents 10.14% of total assets as at 30 September 2021 (10.50% as at 30 September 2020).

The Credit Union received approval from the Central Bank of Ireland in June 2017 to increase member savings in excess of €100,000. Under the conditions for approval, there is a requirement to maintain €6,000,000 of reserves in excess of the minimum regulatory requirement, on an ongoing basis.

Comhar Linn INTO Credit Union Limited use the Basel operational risk categories as the basis for the calculation of its operational risk reserve.

The risk categories are assessed based on the following criteria;

- The risks identified for each area.
- Current policies and procedures in place.
- Current process controls in place to mitigate risk.
- Internal Data, including analysis of data, previous history, internal reporting.
- External data, including peer experience.
- Insurance cover.

The balance on the operational risk reserve represents 0.26% of total assets as at 30 September 2021.

Included in the operational risk reserve, is an amount of €200,000 allocated by the credit union in relation to a risk reserve pertaining to MPCAS, members personal current account services.

## 20. DIVIDENDS AND OTHER RETURNS TO MEMBERS

The directors do not recommend any distributions.

|                    | <b>2021</b>   | <b>2021</b> | <b>2020</b>   | <b>2020</b> |
|--------------------|---------------|-------------|---------------|-------------|
|                    | <b>Rate %</b> | <b>€</b>    | <b>Rate %</b> | <b>€</b>    |
| Dividend on shares | <u>-%</u>     | <u>-</u>    | <u>-%</u>     | <u>-</u>    |

In accordance with FRS102 "Events after the End of the Reporting Period", dividends and returns to members are accounted for in the financial statements after they are approved by the members in general meeting.

The returns to members paid in the current and prior year periods were as follows:

|                               | 2021 | 2020 |
|-------------------------------|------|------|
|                               | €    | €    |
| Dividend paid during the year | -    | -    |
| Dividend rate                 | -%   |      |

## 21. RATE OF INTEREST CHARGED ON MEMBERS' LOANS

The Credit Union currently charge interest on outstanding loan balances to members, as follows:

|                       |       |
|-----------------------|-------|
| STANDARD RATE         | 7.52% |
| CAR LOAN              | 6.54% |
| HOME IMPROVEMENT LOAN | 6.31% |
| LAPTOP LOAN           | 5.74% |
| COLLEGE FEES LOAN     | 5.36% |
| SECURED LOAN          | 4.79% |

The Credit Union also charge interest on overdrawn members current accounts and budget accounts. The rate of interest applicable to these accounts is 12%.

## 22. RATE OF INTEREST PAID ON MEMBERS' DEPOSITS

The Credit Union does not pay interest on members' 1 year term deposits.

## 23. POST BALANCE SHEET EVENTS

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

## 24. CAPITAL COMMITMENTS

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

## 25. INSURANCE AGAINST FRAUD

The credit union has insurance against fraud in the amount of €2,000,000 in compliance with Section 47 of the Credit Union Act, 1997 (as amended).

## 26. RELATED PARTY TRANSACTIONS

The credit union has identified the following transactions which are required to be disclosed under the terms of FRS102 'Related Party Disclosures'.

The following details relate to officers and related party accounts with the credit union. Related parties include the board of directors and the management team of the credit union, their family members or any business in which the director or management team had a significant shareholding.

|   |                         | <b>2021</b> | <b>2020</b> |
|---|-------------------------|-------------|-------------|
|   | <b>No. of<br/>loans</b> | <b>€</b>    | <b>€</b>    |
| Total savings held by related parties   |                         | 493,515     | 843,182     |
| Total loans outstanding by related parties                                      | <b>10</b>               | 137,036     | 105,342     |
| % of gross loan book  |                         | 0.16%       | 0.13%       |
| Loans advanced to related parties during the year                               | <b>3</b>                | 70,000      | 22,000      |
| Total provisions for loan outstanding to related parties at year-end            |                         | -           | -           |
| Total provision charge during the year for loans outstanding to related parties |                         | -           | -           |

## 27. AUTHORISATION AND APPROVAL OF FINANCIAL STATEMENTS

The board of directors authorised and approved these financial statements for issue on 28 October 2021.



**Additional Information (not forming part of the statutory audited Financial Statements) for the year ended 30 September 2020**

**Schedule 1. Interest on Loans**

|  | <b>2021</b>      | <b>2020</b>      |
|--|------------------|------------------|
|  | €                | €                |
| Loan interest received                   | 5,088,944        | 4,934,048        |
| Loan interest receivable                 | (153,666)        | 27,080           |
| Total per Income and Expenditure Account | <u>4,935,278</u> | <u>4,961,128</u> |

**Schedule 2. Other Interest Income and Similar Income**

|  | <b>2021</b>    | <b>2020</b>    |
|--|----------------|----------------|
|  | €              | €              |
| Investment income                        | 643,520        | 640,722        |
| Amortisation of bonds                    | (248,367)      | (92,658)       |
| Total per Income and Expenditure Account | <u>395,153</u> | <u>548,064</u> |

**Schedule 3. Other Income**

|  | <b>2021</b>   | <b>2020</b>   |
|--|---------------|---------------|
|  | €             | €             |
| Commission                               | 10,387        | 12,358        |
| MPCAS fees                               | 14,544        | 4,903         |
| Budget accounts income                   | 32,298        | 41,058        |
| Total per Income and Expenditure Account | <u>57,229</u> | <u>58,319</u> |

**Schedule 4. Other Gains**

|  | <b>2021</b> | <b>2020</b> |
|--|-------------|-------------|
|  | €           | €           |
| Total per Income and Expenditure Account | <u>-</u>    | <u>-</u>    |

### *Schedule 5. Other Management Expenses*

|  | <b>2021</b>      | <b>2020</b>      |
|--|------------------|------------------|
|  | <b>€</b>         | <b>€</b>         |
| Pensions                                 | 185,537          | 150,774          |
| Training & Education                     | 24,973           | 27,469           |
| Share & Loan Insurance                   | 499,419          | 470,484          |
| Members' deposit interest                | (3,544)          | 39,681           |
| Rates                                    | 20,639           | 13,720           |
| General insurance                        | 68,958           | 57,143           |
| Light & heat                             | 30,171           | 31,056           |
| Repairs and maintenance                  | 106,181          | 114,480          |
| Printing and stationery                  | 54,921           | 78,030           |
| Marketing                                | 253,385          | 230,310          |
| Telephone and postage                    | 78,318           | 95,316           |
| Information technology                   | 299,251          | 289,783          |
| Member current account costs             | 81,531           | 75,303           |
| Travel & subsistence                     | 192              | 12,361           |
| AGM                                      | 25,155           | 22,298           |
| Legal and professional                   | 193,913          | 256,878          |
| Audit                                    | 36,447           | 34,139           |
| Bank interest and charges                | 112,619          | 85,855           |
| General expenses                         | 11,697           | 12,432           |
| Affiliation fees                         | 14,263           | 18,171           |
| Regulatory fees                          | 511,515          | 390,367          |
| Total per Income and Expenditure Account | <u>2,605,541</u> | <u>2,506,050</u> |

### *Schedule 6. Other Losses*

|  | 2021 | 2020 |
|--|------|------|
|  | €    | €    |
| Total per Income and Expenditure Account | -    | -    |

# BOARD OVERSIGHT COMMITTEE REPORT

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The Board Oversight Committee (BOC) is pleased to submit its annual report in accordance with section 76 0(7) of the Credit Union Acts 1997 to 2012, to you the members of Comhar Linn INTO Credit Union. 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 and Part IVA and any regulations made for the purposes of Part IV or Part IVA 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 to in relation to the Board of Directors.

We are satisfied that as far as we can ascertain in carrying out our checks that the Board of Directors has complied and operated in accordance with Part IV and Part IVA of the Credit Union Acts 1997 to 2012.

At least one BOC member attended all Board meetings. We checked Credit Union Policies and found them up to date as required. As required by the Credit Union Act 1997 to 2012, we held monthly meetings during the year, and we held four meetings with the Board of directors to assess their performance.

In addition, we presented a review to the Board each quarter on our activities. We also attended various committee meetings during the year, including the Credit Control and Nominations Committees. All BOC members attended mandatory training sessions and other workshop sessions throughout the year.

I wish to thank the Directors, Management and Staff for their full co-operation and assistance shown to us during the year. I also want to take this opportunity to thank my fellow BOC members Mairéad Minnock and Ciara Sotscheck for their help to me throughout the year.

Finally, I wish to acknowledge the contribution made by John Boyle as Chair of Board Oversight Committee and wish him every success on the Board of Directors.

**Seán Mc Mahon**  
Committee Chair

Committee Members:  
Seán McMahan, Ciara Sotscheck & Mairéad Minnock

# NOMINATIONS COMMITTEE REPORT

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The Nomination Committee has the responsibility to ensure that our Board has the experience, skills and knowledge to manage, direct and generally control the affairs, funds and records of our Credit Union. The Committee recruit volunteers to the Board of Directors and various committees who direct, oversee, and monitor the activities of our Credit Union. Our volunteers reflect our community and bring a great diversity of opinion, skills, and expertise to our discussions.

The Nomination Committee are responsible for identifying candidates from within our membership, who have the interest and enthusiasm and are willing to make themselves available as potential Board and BOC members.

The committee also conduct the Fitness and Probity review of the management team, Board of Directors and Board Oversight Committee members in line with legal and Central Bank requirements.

An Annual Skills Audit was performed, to support the Board in the review of its operations and self-assessment of its performance and assist in the development of an appropriate succession plan.

This has been a challenging year for the Committee and we would like to thank the members of the Board, Board Oversight Committee, Management and Staff for their help and support throughout the year.

The committee would also like to acknowledge Mr. Jimmy O’Neill who, after decades of unwavering service to the credit union, is stepping down from the Board of Directors, as his current 3-year term of office is expiring. His contribution has been immeasurable and he will be a great loss to the Board. We wish him well for the future.

## NOTICE OF ELECTIONS

Nominations have been conducted in accordance with the policy of Comhar Linn INTO Credit Union. All nominees have complied with the appropriate Fitness and Probity requirements.

Under the Act, the term of office of the following member has expired and is seeking re-election. The Nomination Committee proposes the below mentioned for re-election by the members at this meeting:

| Candidate        | Role     | Term    |
|------------------|----------|---------|
| Dympna Mulkerrin | Director | 3 years |

The Nominations Committee is further proposing the following candidates for appointment to the roles specified:

| Candidate       | Role                             | Term    |
|-----------------|----------------------------------|---------|
| John Boyle      | Director                         | 3 years |
| Seamus Vaughan  | Director                         | 3 years |
| Ciara Sotscheck | Board Oversight Committee Member | 3 years |

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There is an election for 1 vacancy for the position of Auditor of the Comhar Linn INTO Credit Union. The Board of Directors are recommending to the members a change of Auditor to Grant Thornton.

| Candidate                            | Role             | Term   |
|--------------------------------------|------------------|--------|
| Grant Thornton-Chartered Accountants | External Auditor | 1 year |

**Ciara Reilly**

Chairperson Nominations Committee

Committee Members:

Ciara Reilly, John Tuohy, John Carr

# AUDIT & COMPLIANCE COMMITTEE REPORT

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The principal function of the Audit & Compliance Committee is to assess the performance and outputs of the Internal Audit Function, the External Auditors and the Compliance Function.

## INTERNAL AUDIT

This year, Mazars continued to act as our Internal Auditors. The role of the Internal Audit Function is to:

- Provide for independent internal oversight; and
- Evaluate and improve the effectiveness of the credit union's risk management, internal controls and governance processes.

The internal audits carried out in the current year covered reviews of the processes and controls in place. The Committee has considered the effectiveness of the internal audit function, adequacy of resources, experience and expertise and deemed these to be satisfactory to meet the credit union's current needs.

## EXTERNAL AUDIT

The External Auditors presented a clean audit for 2021.

FMB continued to act as our External Auditor this year and provide independent assurance to the Membership as set out in their audit report on page 16.

During the year the Committee conducted a tender process for the External Function in line with best practice and is recommending the appointment of Grant Thornton as our External Auditors for the coming year. The Committee would like to express its thanks to FMB for their professional service to the credit union over the years.

## COMPLIANCE FUNCTION

The committee is responsible for overseeing the credit union's Compliance Function, thus ensuring that Comhar Linn is operating in compliance with all applicable financial services legislation, guidelines and other regulations applicable to Credit Unions. The committee must also ensure that all necessary policies and procedures are in place to enable it to respond to and remain compliant with any new requirements as they are introduced.

On behalf of my fellow committee members, John and Helen, I wish to thank the Management Team and Staff for their assistance in carrying out our functions during the year

This has been a challenging year for everybody and I would like to thank my fellow committee members for all their help and support throughout.

### **Henry Thynne**

Committee Chair

Committee Members:

Henry Thynne, John Tuohy & Helen Synnott

# RISK COMMITTEE REPORT

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The Risk Committee is appointed by the Board to oversee and advise the Board of Directors on the credit unions risk management system including accessing the appropriateness of the risk management system. This includes:

- monitoring of the implemented risk management framework to identify and manage risks,
- assisting the Board in setting risk appetite and tolerance to ensure that significant risks are mitigated
- monitoring the risk management system.

This year the Risk Function was expanded with the addition of a part time Risk Analyst, this has facilitated a complete review of our risk systems and framework.

The Board of Directors receives a monthly report based on scheduled risk reviews, changes in the profile of critical risks and the emergence of new risks.

The Risk Committee is satisfied that all material risks facing the credit union are managed effectively and mitigants are in place to maintain risks within the overall risk appetite of the credit union. Risk events are assessed based on their likely occurrence, their potential impact and the controls and procedures that are in place to mitigate them.

The Risk Committee would like to thank the management and staff of the credit union for their commitment to risk management in the past year.

## **Jimmy O’Neill**

Committee Chair

## Committee Members:

Jimmy O’Neill, Dympna Mulkerrin & John Carr

# CREDIT CONTROL COMMITTEE REPORT

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The Credit Control Committee is appointed by the Board of Directors and is responsible for ensuring the repayment of loans by members of the Credit Union in accordance with the terms of their loan agreements.

The committee monitors all loans that fall into arrears, ensure that borrowers are notified immediately if a repayment has been missed, seek to recover all arrears owed to the Credit Union, ensure that all available measures at the disposal of the Credit Union are employed in order to ensure that borrowers in default of the terms of their loan agreements repay their loans and work with members in default, whose circumstances have changed, in order to devise a workable alternative repayment plan.

The committee comprising of at least three members, meets once a month and reports to the board on a monthly basis.

As of 30th Sept 2021, gross loans impaired were €2.73m. This represented 3.26% of the loan balance. The provision for bad debts was €1.6m, representing 1.92% of the total gross loan book. Loans in arrears are continuously reviewed and missed payments are followed up in a timely manner. The committee are satisfied that the credit control function is operating efficiently and properly and that all efforts are made to receive full payment for outstanding loans  
All loans which received forbearance under Covid 19 have returned to normal payments.

## **John Tuohy**

Committee Chair

Committee Members:

John Tuohy, John Boyle, and Ciara Reilly.



# CREDIT COMMITTEE REPORT

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Lending continues to be the primary service offered to members of the credit union. Comhar Linn has very competitive interest rates and offers variety of loan products. Benefits include Loan Protection insurance at no direct costs to the member, deduction at source, no penalties for early repayments and no hidden fees and charges.

The role of the Credit Committee is to approve loans within the prescribed limits, to oversee the lending function and its performance.

The committee is delighted to report that we have issued 3,386 loans which represents 99% of all applications received. Lending has grown despite a difficult year defined by COVID-19. Loans were issued to the value of €38.9 million, an increase of 28% on last year. This brings the total loan book to €83.8 million – a growth of 5.8% to previous year.

|              |                |                       |                 |                     |
|--------------|----------------|-----------------------|-----------------|---------------------|
| <b>3,386</b> | <b>€38.9M</b>  | <b>28%</b>            | <b>€83.8M</b>   | <b>5.8%</b>         |
| LOANS ISSUED | WORTH OF LOANS | INCREASE ON LAST YEAR | TOTAL LOAN BOOK | GROWTH ON LAST YEAR |

Here in Comhar Linn we specialise in lending to teachers, student teachers, retired teachers and their families. Outside of our most popular loans such as home improvements and car loans, we offer educational loans to fund your own studies for extra qualifications as well as to finance your children's college expenses. Members can also avail of our wide range of personal lending including refinance, wedding, Christmas and others.

Comhar Linn is actively lending and very much open for business. We are always looking for new ways to make the loan application process easier. During the year we have successfully launched our online loan application and over 80% of all loan applications come in digitally. The majority of these loans were approved within 24 hours.

We would like to thank all our borrowing members who continue to support our credit union.

Finally, I wish to thank the loans team and my fellow committee members for all the hard work and commitment during the year.

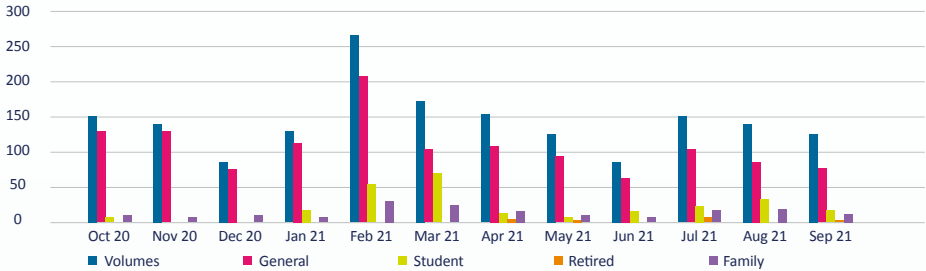
**Dympna Mulkerrin**  
Committee Chair

Committee Members:  
Dympna Mulkerrin, Helen Synnott and Seamus Vaughan

# MEMBERSHIP OFFICER REPORT

This year proved an exceptional year for new members with an increase of 68% in the number of new member volumes. Our future is our members and we are delighted to share the news that we welcomed 1,661 new members this year. The majority of new members, 66%, are under the age of 35.

## NEW MEMBERS



This year we took a huge step forward in our digital journey as part of our Strategic Focus to Leverage Technology. On the 26th April 2021, we launched our Membership Online Mobile App. Members can now join Comhar linn on their mobile phone!

All a potential new member needs to do is:



### Download Mobile app

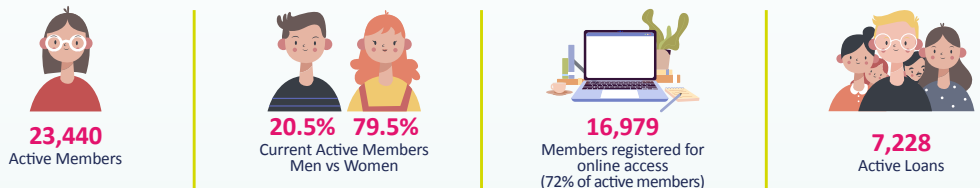
Whether you are a serving Primary School Teacher, Retired Primary Teacher or studying to become a Primary Teacher, you can become a member of Comhar Linn in a few simple steps.

With advanced biometric facial verification, and the ability to submit proof of ID, we're offering you a safe and reliable way to become a member. Download the Comhar Linn app and become a member in just a few minutes.



We notify a new member by text when their application is accepted and provide a temporary PIN to get them started. We also ring every new member to welcome them to Comhar Linn ensuring we maintain our 'human touch' and personal service.

A summary of our active members at year end September 2021:



Thank you to all our members for your continued support and a warm welcome to our new members. Remember we are the place where teachers borrow. We exist for teachers. When you join Comhar Linn, you help us to continue supporting teachers.

**Séan Murray**  
 Membership Officer

# ASSET, LIABILITY & INVESTMENT MANAGEMENT COMMITTEE REPORT

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The Asset, Liability and Investment Management Committee is appointed by the board of directors and is responsible for oversight of the management and performance of ALM activities. It reviews and approves strategy for interest rate risk, liquidity, and credit risk management in accordance with the conditions laid down by the Board in relation to investment activities.

The committee comprising of three members, including two directors and the CEO, meets a minimum of four times a year. The committee reports to the board at least quarterly.

It has been a difficult year. Member savings continued to grow in the year and were €255m at September 2021 an 8% increase in the year. The loan book increased to €83.8m in the year, an increase of 5.8%. The result is an increase in the investment portfolio to €193.3m. The portfolio continues to be invested in a prudent manner, with the protection of member savings being paramount. This has meant that investment returns, in the current historically low interest rate environment, including negative rates on a large portion of the portfolio, are also at an all-time low. All indicators are that this low interest rate environment will continue.

Despite the ongoing uncertainty caused by the Covid-19 pandemic across the globe, the Irish economy continues to recover strongly, with growth of 6.3% in the second quarter of 2021 compared to the first three months of the year. Inflation is forecast to peak at 4.5% in the final quarter of this year, falling back to below 2% next year. The ECB believes that the sharp rise in inflation in recent months is only transitory, caused by supply disruptions and latest forecasts are for it fall back below the target level over the next couple of years. The markets are uncertain, but it looks like the era of low eurozone interest rates will continue into the future.

**Henry Thynne**  
Committee Chair

Committee Members  
Henry Thynne, Sheila Nunan & Séan Murray

# MEMBER CAR DRAW WINNER LISTING 2020/21

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## WINNERS OF OCTOBER 2020 DRAW

- CAR:** Winner details withheld by consent
- €2,000 CASH:** Bernadette Noonan, Killarney, Co Kerry
- €1,000 CASH:** Winner details withheld by consent
- €1,000 CASH:** Winner details withheld by consent
- €1,000 CASH:** Anna Moffatt, Behy NS, Ballina, Co Mayo

## WINNERS OF NOVEMBER 2020 DRAW

- CAR:** Mairead Curran, St Joseph's NS, Castlemaine, Co Kerry
- €2,000 CASH:** Winner details withheld by consent
- €1,000 CASH:** Sinead Duffy, Scoil Na gCailini, Castleblaney, Co Monaghan
- €1,000 CASH:** Noel and Ruth O'Sullivan, Co Kildare
- €1,000 CASH:** Marea O'Callaghan, Catherine Mc Auley School, South Circular Road, Limerick

## WINNERS OF CHRISTMAS HAMPERS 2020

- CHRISTMAS HAMPER:** Maria O'Driscoll, St Conaire's NS, Tullyvarraga, Shannon, Co Clare
- CHRISTMAS HAMPER:** Ronan Elliffe, Scoil Bhride, Kilcullen, Kildare
- CHRISTMAS HAMPER:** Dearbhla Byrne, Cnoc Mhuire JNS, Tallaght, Dublin 24
- CHRISTMAS HAMPER:** Eleanor Keating, Presentation Girls School, Maynooth, Co Kildare
- CHRISTMAS HAMPER:** Donagh Colhoun, Co Dublin
- CHRISTMAS HAMPER:** Ann Fahy, St Colmcilles S.N.S, Knocklyon, Dublin 16
- CHRISTMAS HAMPER:** Marian Mallon, Co Dublin
- CHRISTMAS HAMPER:** Triona Slattery, St Philip the Apostle JNS, Mountview, Dublin 15
- CHRISTMAS HAMPER:** Fidelma Sweeney, Our Lady of Good Counsel BNS, Drimnagh, Dublin
- CHRISTMAS HAMPER:** Orla O'Sullivan, St Anne's NS, Bailieborough, Co Cavan
- CHRISTMAS HAMPER:** Brid Brennan, Scoil Bhride Primary School, Edenderry, Co Offaly
- CHRISTMAS HAMPER:** Christina Henry, Co Dublin
- CHRISTMAS HAMPER:** Grainne Redmond, Bishop Foley Memorial NS, Station Road, Carlow
- CHRISTMAS HAMPER:** Anne Gallagher, St Francis' NS, Barnesmore, Donegal, Co Donegal
- CHRISTMAS HAMPER:** Sandra Graham, Divine Mercy JNS, Balgaddy, Lucan, Co Dublin
- CHRISTMAS HAMPER:** Selina O'Brien, Rath National School, Ballybrittas, Co Laois
- CHRISTMAS HAMPER:** Louise Buckley, Scoil Bhride, Kill, Co Kildare
- CHRISTMAS HAMPER:** Eva Moroney, St Paul's Ns, Ratoath, Co Meath
- CHRISTMAS HAMPER:** Amy Mulderrig, Clonmoney NS, Newmarket on Fergus, Co Clare
- CHRISTMAS HAMPER:** Ciaran Ó Muircheartaigh, St Oliver's NS, Rookery Rd, Ballycasheen, Killarney, Co Kerry
- CHRISTMAS HAMPER:** Rita Canning, Co Westmeath

# MEMBER CAR DRAW WINNER LISTING 2020/21

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## WINNERS OF DECEMBER 2020 DRAW

- CAR:** Sara Jenkins, Co Wicklow
- €2,000 CASH:** Thomas and Frances O'Byrne, Dublin 9
- €1,000 CASH:** Grainne Ryan, Powerstown Educate Together NS, Tyrrelstown, Dublin 15
- €1,000 CASH:** Rory Stapleton, Sacred heart NS, Huntstown, Mulhuddurt, Dublin 15
- €1,000 CASH:** Winner details withheld by consent

## WINNERS OF JANUARY 2021 DRAW

- CAR:** Amanda Smyth, SN Naomh Brighde Buach, Kilcruttin, Tullamore, Co Offaly
- €2,000 CASH:** Margaret Walshe, St Nicholas of Myra NS, Malahide Rd, Kinsealy, Dublin 17
- €1,000 CASH:** Sinead Mc Ginley, Gaelscoil Inse Chor, Droichead na hInse, Baile Atha Cliath 8
- €1,000 CASH:** Winner details withheld by consent
- €1,000 CASH:** Joanne O'Byrne, Co Dublin

## WINNERS OF FEBRUARY 2021 DRAW

- CAR:** Miriam Fitzpatrick, St Killian's Junior NS, Castleview, Dublin 24
- €2,000 CASH:** Deirdre Morris, St John's Junior NS, Michael Street, Kilkenny
- €1,000 CASH:** Donal O'Hobain, Co Dublin
- €1,000 CASH:** David Mc Veigh, Kiltimagh Central NS, Kiltimagh, Co Mayo
- €1,000 CASH:** Winner details withheld by consent

## WINNERS OF MARCH 2021 DRAW

- CAR:** Winner details withheld by consent
- €2,000 CASH:** Mary Deegan, Kilkea Ns, Kilkea, Castledermot, Co Kidare
- €1,000 CASH:** Ann-Marie Ryan, Scoil Mhuire, Convent Rd, Clondalkin, Dublin 22
- €1,000 CASH:** Leonard Neylon, Dublin 9
- €1,000 CASH:** Winner details withheld by consent

## WINNERS OF APRIL 2021 DRAW

- CAR:** Adrian Doyle, Gaelscoil An Bhradain Feasa, Bothar an Mhuilinn, Droichead Atha, Co Na Mi
- €2,000 CASH:** Emma Rafferty, Scoil Naomh Mhuire, Maigh nEalta, Ceanannus Mor, Co Na Mi
- €1,000 CASH:** Andrew O'Dwyer, Co Kilkenny
- €1,000 CASH:** Nuala Gallagher, Dublin 15
- €1,000 CASH:** Winner details withheld by consent

# MEMBER CAR DRAW WINNER LISTING 2020/21

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## WINNERS OF MAY 2021 DRAW

- CAR: Winner details withheld by consent
- €2,000 CASH: Maria Devine, Scoil Eoghain, Bath Avenue, Moville, Co, Donegal
- €1,000 CASH: Winner details withheld by consent
- €1,000 CASH: Winner details withheld by consent
- €1,000 CASH: Eadaoin Shaw, Scoil Bhríde, Cannistown, Co Meath

## WINNERS OF JUNE 2021 DRAW

- CAR: Winner details withheld by consent
- CAR: Maire de Burca, Co Galway
- €2,000 CASH: Winner details withheld by consent
- €1,000 CASH: Winner details withheld by consent
- €1,000 CASH: Miriam Darcy, Inchicronan Central NS, Crusheen, Co Clare
- €1,000 CASH: Olivia Coomey, Scoil Chonnla Phadraig, Chapel Lane, Newbridge, Co Kildare

## WINNERS OF JULY 2021 DRAW

- CAR: Ciara Curran, Bishops Shanahan NS, Orwell Park, Templeogue, Dublin 6W
- €2,000 CASH: Mary McKiernan, Co Leitrim
- €1,000 CASH: Maire Ni Mhuiriosa, Gaelscoil Ui Riordan, Carraig an Earra, Baile an Cholaigh, Co Corcaí
- €1,000 CASH: Nicola Boyne, Dublin 11
- €1,000 CASH: Margaret Walshe, Co Tipperary

## WINNERS OF AUGUST 2021 DRAW

- CAR: Winner details withheld by consent
- €2,000 CASH: Donal O' Hobain, Co Dublin
- €1,000 CASH: Winner details withheld by consent
- €1,000 CASH: Mary Mc Carrick, St Mary's P.S, Edenderry Co Offaly
- €1,000 CASH: Marion Kennelly, Co Kildare

## WINNERS OF SEPTEMBER 2021 DRAW

- CAR: Robert Downey, Co Dublin
- €2,000 CASH: Ashling Murphy, Co Kilkenny
- €1,000 CASH: Andrea Hughes, St Manchan's N.S, Tubber, Moate, Co. Westmeath
- €1,000 CASH: Winner details withheld by consent
- €1,000 CASH: Winner details withheld by consent

## BURSARY WINNER LISTING 2020/21

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### CATEGORY ONE: STUDENT MEMBERS - 4 BURSARIES OF €3,000

- |                          |                               |
|--------------------------|-------------------------------|
| 1. Muireann O'Carroll    | DCU St Patrick's College      |
| 2. Annmarie Collins      | Marino Institute of Education |
| 3. Ailish Clifford       | Mary Immaculate College       |
| 4. Lórien Ní Bhreathnach | Maynooth University (Froebel) |

### CATEGORY TWO: TEACHER MEMBERS - 2 BURSARIES OF €1,500

- |                    |                         |
|--------------------|-------------------------|
| 1. Liadhan Kelly   | Mary Immaculate College |
| 2. Noreen McCrohan | University Limerick     |

### CATEGORY THREE: ALL MEMBERS - 2 BURSARIES OF €1,000

- |                      |                  |
|----------------------|------------------|
| 1. Catriona Atkinson | Trinity College  |
| 2. Cillian Byrne     | Hibernia College |

Closing date for this year's Bursary Programme is May 31st 2022. All information and application details are available on our website [www.comharlinnintocu.ie/services/bursaries](http://www.comharlinnintocu.ie/services/bursaries)

# Where Teachers Borrow



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