



## Annual Report 2022

IN PERSON AGM, 24th JANUARY 2023



Where **U** come first

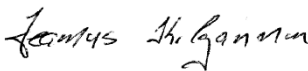
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## YOUR AGM 2023

Notice is hereby given that the Annual General Meeting of Sligo Credit Union will take place in Sligo Southern Hotel on Tuesday 24th of January at 7.00pm.

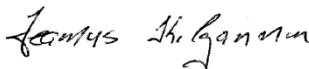
Signed: Seamus Kilgannon, Secretary



## NOTICE OF ELECTIONS

Elections will be held to fill two vacancies on the Board of Directors, one Director for re-election, one re-election on the Board Oversight Committee and position of Auditor.

Signed: Seamus Kilgannon, Secretary



# AGM AGENDA

**Tuesday 24th January 2023 at 7.00pm | Sligo Southern Hotel**

## ORDER OF BUSINESS AT ANNUAL GENERAL MEETING

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

- (a) The acceptance by the board of directors of the authorised representatives of members that are not natural persons;
- (b) Ascertainment that a quorum is present;
- (c) Adoption of Standing Orders\*;
- (d) Reading and approval (or correction) of the minutes of the last annual general meeting, and any intervening special general meeting;
- (e) Report of the Board of Directors;
- (f) Consideration of accounts;
- (g) Report of the Auditor;
- (h) Report of the Board Oversight Committee;
- (i) We have a proposal to amend Rule 40 to reduce our Board of Directors from 11 to 9 directors.
- (k) Report of Credit Control Committee;
- (l) Report of Membership Committee;
- (m) Report of any Sub-Committee;
- (n) Report of the Nomination Committee;
- (o) Appointment of Tellers;
- (p) Election of Auditor;
- (q) Election to fill vacancies on the Board Oversight Committee;
- (r) Election to fill vacancies on the Board of Directors;
- (s) Any other business;
- (t) Announcement of election results;
- (u) Adjournment or close of meeting.

*FRONT COVER: Irish League of Credit Unions, President, Helene McManus, cutting the ribbon for Sligo Credit Union's Official Launch, Chairperson, Shona Heffernan and Board Members, 5th November 2022.*

## CHAIRPERSON'S REPORT



**Shona Heffernan**  
Chairperson

We are very pleased to report a solid financial performance in another uncertain year. We have generated a surplus of €461k with our Members' loans increasing by 6.8% to €39.2 million and a total of €20.4 million lent to almost 5,000 Members with this money being spent in our local economy.

Our surplus is fully available to your Credit Union for necessary investment to enhance our services to our Members. This was only possible through a most reluctant maintenance of our Savings Cap which saw total shares fall by €5 million and removing the necessity to increase our Regulatory Reserve from our surplus this year.

We are very proud that a full Current Account service is now available to all of our adult Members. At the end of September, almost 1,300 Members had MYCU Debit Cards in circulation and fully rely on their Credit Union for their day-to-day requirements. With over 20,000 monthly contactless payments in Sligo and world-wide, we look forward to more and more Members choosing their Credit Union over a bank service. We plan to offer younger Members, between 12 and 16, a tailored and safe Debit Card service in the coming months.

In a world where service levels of financial institutions seem to continually disappoint, we are very firmly focused on providing the highest standard of Member service we can. There are clear trends emerging of how Members are choosing to engage with us with almost 13,000 using our on-line and web services for functional convenient transactions.

However, when something important arises, we want our Members to talk to our staff in person in our offices or by phone where we can assist immediately with most queries and issues. This year, Irish Credit Unions have been recognised for the 8th (!!) year in succession as providing the best Customer Experiences in Ireland and we are very proud of this award, and we thank our members for the trust they have placed in us.

The last few years have been difficult for everyone, but it is our belief that your Credit Union remains at its best when things are challenging.

A handwritten signature in black ink, which appears to read 'Shona Heffernan'.

**Shona Heffernan, Chairperson**

## SLIGO CREDIT UNION DIRECTORS / STAFF

**CHAIRPERSON** Shona Heffernan

**SECRETARY** Seamus Kilgannon

### DIRECTORS

Charlotte McLoughlin, Conor Conway, Emmanuel McCormack, Fergus MacNabb, Frank Mahon, Hugh Sheridan, Olive Delahunty, Robert Kelly, Seamus Kilgannon, Shona Heffernan, Síle Uí Ghallachoir

### BOARD OVERSIGHT COMMITTEE

**Chairman** Michael Giblin

**Secretary** Ian Duggan  
Austin O'Callaghan

### VOLUNTEERS

Barbara Dobson, Catherine McGlynn, John McGovern, Marie Mulligan, Noelle Cawley

### STAFF

**CEO** Barry O'Flynn

**RISK/COMPLIANCE MANAGER** Carmel Mullaney

**DEPUTY CEO** Orla Lee

**OPERATIONS MANAGER** Angela Doohan

Alanah Watters, Anna Galligan, Aveen Kelly, Bernice Mpoy, Breda McElroy, Brenda Cullen, Collette Hamilton, Donna McCabe, Farnan Kilgannon, Fidelma Cassidy, Fiona Kelly, Gareth McCaughey, Gary Gilgan, Gráinne Mitchell Finan, James Kennedy, Joanne Chambers, John Farrell, Laura McNasser, Lisa Gallagher, Louise Downes, Niall Brennan, Olive Teape, Paul Guilfoyle, Ronnie Mullaney, Sabrina Kelly, Sarah Dennison, Sarah Shivan, Sharon Mullen

## SEEKING VOLUNTEERS

AT THE HEART OF EVERY CREDIT UNION IS ITS VOLUNTEERS



*At Sligo Credit Union, we cannot achieve our objectives in the community without the commitment and support of our volunteers. If you are interested in becoming a volunteer and have a few hours to spare every month for a fixed period, please scan the QR code.*



# DIRECTOR’S REPORT

The Directors present their annual report and the Audited Financial Statements for the financial year ended 30 September 2022.

**PRINCIPAL ACTIVITY**

The principal activity of the business continues to be the operation of a Credit Union.

**OBJECTS**

The Objects of a Credit Union are the acceptance of members savings and lending to members in accordance with legislation.

**BUSINESS REVIEW**

The Directors are satisfied with the financial performance outlined in the Audited Financial Statements for the year ended 30 September 2022. The Directors continue to plan to develop and expand the services to members and are confident of its ability to continue to operate successfully into the future.

**PRINCIPAL RISKS & UNCERTAINTIES**

Credit Risk is the risk that a borrower will default on their contractual obligations relating to repayments to the Credit Union resulting in financial loss. Loan income accounts for almost 82% of total income.

**LIQUIDITY RISK**

Liquidity Risk is the risk that the Credit Union will not have sufficient cash resources to meet the day to day running costs and repay Member savings when demanded.

**CAPITAL RISK**

Capital Risk is the risk of a change in the quality or quantity of capital available, the Credit Union’s exposure to external shocks and noticeable changes in the level of capital

planning and in the capital management process.

**OPERATIONAL RISK**

Operational Risk is the risk of loss resulting from inadequate or failed processes or systems of the Credit Union or any failure by persons connected with the Credit Union or from external events.

**MARKET RISK**

The risk that the value of investments will decrease. The risk can arise from fluctuations in values of our income from assets or changes in interest rates.

**COVID RISK**

Economic and operational risk relating to uncertainty surrounding the impact of Covid-19 pandemic.

**MANAGEMENT OF RISKS**

**CREDIT RISK**

The Board of Directors regularly reviews the Credit Union’s Credit Policy. All loan applications are assessed in line with this policy and loans issued are subsequently reviewed to ensure that repayments are made in line with the contractual obligations of the member.

**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.



Shona Heffernan



Seamus Kilgannon

### **CAPITAL RISK**

The Board regularly reviews projected against actual income and utilises a Risk Report that requires action to be taken if there is any mismatch in financial performance that would have a material effect on our capital position.

### **OPERATIONAL RISK**

This risk is managed through employment and training of suitable qualified staff to ensure that appropriate processes, procedures and systems are implemented and supported by a robust reporting structure.

### **MARKET RISK**

The board regularly reviews and approves our investment policy and funds are invested in compliance with policy and regulatory guidance.

### **COVID RISK**

Board of Directors and Management Team clearly monitor and evaluate the movement of Covid-19 Pandemic and take appropriate actions to mitigate any possible adverse effects.

### **DIRECTORS AND BOARD OVERSIGHT COMMITTEE MEMBERS**

In accordance with section 53(6) of the Credit Union Act, 1997 (as amended), the following Director retires from the Board, and being eligible, offer themselves for re-election: Hugh Sheridan.

In accordance with Section 58 of the Credit Union Act, 1997 (as amended), the following members of the Board Oversight Committee retire and, being eligible, offer themselves for re-election: Michael Giblin.

We have two additional vacancies to fill on the Board of Directors. Details will be available at our AGM.

### **DIVIDEND**

Due to the financial environment and a negative interest rate environment for much of 2022, the Directors do not propose a dividend on shares or a loan interest rebate.

### **ACCOUNTING RECORDS**

The Directors believe that they comply with the requirements of Section 108 of the Credit Union Act, 1997 (as amended) with regards 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 Wine Street, Sligo.

### **POST BALANCE SHEET EVENTS**

There have been no significant events affecting the Credit Union since its financial year end.

### **AUDITORS**

The auditors, Gilroy Gannon Chartered Accountants and Statutory Audit Firm, have indicated their willingness to continue in office in accordance with Section 115 of the Credit Union Act, 1997 (as amended).

**Shona Heffernan,  
Chairperson**

**Seamus Kilgannon,  
Secretary**

## CREDIT COMMITTEE REPORT

JOHN MCGOVERN, BARBARA DOBSON & MARIE MULLIGAN



We are very pleased to report that our Credit Union lent €20.4 million to almost 5,000 members this year - an increase of 5% on last year.

This brings our outstanding loans in September 2022 to €39.2 million, which is an increase of 6.8% on 2021. Sligo Credit Union, and all Credit Unions, were set up to give their members equal access to loans at fair and reasonable costs. The underlying principle has not changed and, if anything, has become more important in a changing financial landscape in Sligo as banks cut back on engagement with their customers. In contrast, we welcome our Members to approach us for their lending requirements.

Membership of your Credit Union is important. We are proud that the number and value of the loans your credit union issues make a significant impact on the lives of several thousand families in Sligo who have improved their homes, educated their children, changed their cars, and made family life work better.

Banks continue to increase their loan interest rates but you will not see Credit Unions following this trend. One of the many advantages of Credit Union borrowing is that we are not tied to ECB interest rates. Credit Union loan rates are variable, but they move infrequently and only in line with strategic changes that are necessary for the improvement in services we provide.

We will offer revised Green Home Improvement rates in early 2023 that will assist families in improving the energy efficiency of their homes and our car loan for electric vehicles will remain at a competitive rate of 5% (APR 5.12%).

We welcome Members to apply for loans in whatever manner they wish to - you are always welcome in any of our offices to make an application in person, by phone, through our website or on our mobile APP. Our lending team will be delighted to assist you.

Once again, I would like to thank our Credit Committee volunteers, Barbara Dobson (secretary) and Marie Mulligan who give so freely of the time to attend meetings and perform such a vital function within the Credit Union structure. Also, a big "thank you" to senior lending officers Louise Downes and Niall Brennan who are so welcoming and liaise in such a professional manner with our committee.

**John McGovern,**  
**Chairperson Credit Committee**

# RISK & COMPLIANCE COMMITTEE REPORT

SHONA HEFFERNAN, FRANK MAHON & OLIVE DELAHUNTY



This committee has responsibility to assist the Board in carrying out these obligations in respect of Risk Management and Compliance, in order to safeguard the assets of the Credit Union on behalf of our membership.

The committee meets monthly with operational staff from the Risk and Compliance team. Both functions report independently to the Board, Risk Officer reports on a monthly basis and Compliance Officer reports on a quarterly. The Risk and Compliance committee has approved, reviewed, and oversees the performance of all elements of our Risk Management System and Compliance functions.

We continually review the Credit Union's policies and procedures to ensure we meet our legal, compliance and regulatory requirements. We also review internal Audit Reports and actions required and report on our conclusions and make recommendations to the Board for their consideration.

The regulatory landscape will continue to prove challenging from a cost and operational perspective. We have carried-out a formal review of the performance and effectiveness of these functions Risk, Compliance, and Internal Audit and we are satisfied that these are operating effectively. As a committee we report our findings quarterly to the board of directors. Thank you to the Risk and Compliance Manager, Carmel Mullaney, and her team for their support during the year.



**Olive Delahunty, Chairperson**

## Introducing MYCU Debit Mastercard® for 12 years & over - COMING SOON!



Paying out pocket money in the form of cash and coins can be a thing of the past. Get your child a MYCU Debit Card and they're good to go! Soon to be launched, visit [www.sligocu.ie](http://www.sligocu.ie)

Mastercard is a registered trademark, and the circles design is a trademark of Mastercard International Incorporated. The MYCU Debit Card is issued by UAB PayrNet pursuant to license by Mastercard International Inc. Terms & conditions apply.



# CREDIT CONTROL COMMITTEE REPORT

CATHERINE MCGLYNN, MARIE O'HAGAN, NOELLE CAWLEY



The Credit Control Committee has responsibility for monitoring loan repayments to ensure they are in accordance with the terms of the credit agreement.

In line with the Terms of Reference, we reviewed the policies associated with credit control and sampled accounts to ensure necessary steps were taken to assist and deal with Members who find themselves in arrears.

Out of a loan book of €39.2 million on 30th September 2022, 1.51% of loans showed arrears greater than 9 weeks. Early intervention and discussion with Members have proven key to the continued improvement in the arrears position. This year the committee recommended write off's totalling €239k and are pleased to see recoveries of €204K.

With the new Central Credit Register in place, we feel it is important to remind Members of the importance of meeting the terms of their credit agreements. We would encourage members to look at the Central Credit Register

website [www.centralcreditregister.ie](http://www.centralcreditregister.ie) to see what information the register is collecting.

The option to make payment by debit card was added last year, giving Members another payment option.

We encourage any member who finds themselves in difficult circumstances to come and talk to our Credit Control team to investigate the options available.

We would like to thank Orla Lee and Paul Guilfoyle for all their hard work and assistance throughout the year

Catherine McGlynn, Chairperson



## EDUCATIONAL BURSARY AWARDS 2023

APPLICATIONS NOW OPEN

Every year, we award ten cheques to Members, to a value of €1,000 each. For 2023, Sligo Credit Union's Educational Bursary Award allows you to submit an online or paper application - pick a method that suits you best. Closing date for applications is the 14th of February 2023.

For online applications, please visit [www.sligocu.ie/educationbursaryawards](http://www.sligocu.ie/educationbursaryawards).  
For paper applications, refer to page 46.



SCAN ME

# BOARD OVERSIGHT COMMITTEE

MICHAEL GIBLIN (CHAIR), IAN DUGGAN (SECRETARY),  
AUSTIN O'CALLAGHAN



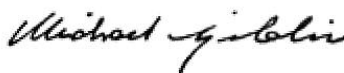
With Covid-19 still hovering in the background, the directors resumed board meetings in our Wine Street offices and agreed this to be much better than online meetings.

The Board Oversight Committee (BOC) attended all Board of Directors (BOD) meetings, as did members of the Management Team. The agenda for board meetings contained all the statutory monthly and quarterly reports, including additional Requirements specified by the CBI from time to time. We also attended sub-committee meetings where we had advance notice of a meeting. A BOC member also attended the Raffle Draws and Educational Bursary awards to witness the veracity of the process.

Of eleven directors, two who resigned and were not replaced, resulting in some meetings being held with the minimum quorum of six directors. The BOC feel that the democratic basis of Credit Union decision making is diminished when full board membership is not maintained.

We wish to complement the directors who have engaged with us during our four board appraisal reports and who have committed themselves in volunteering to undertake such a heavy workload on behalf of the Members, and in making decisions which will determine the future path of Sligo Credit Union Ltd.

From our observations we conclude that the board of directors of Sligo Credit Union has generally complied with Part IV of the Credit Union Act 1997 (as amended) with no material deviation from the Requirements specified by the Acts.

A handwritten signature in black ink that reads "Michael Giblin".

**Michael Giblin, Chairperson**

## STATEMENT OF BOARD OVERSIGHT COMMITTEE'S RESPONSIBILITIES

FOR YEAR ENDED SEPTEMBER 30TH 2022

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 matters prescribed by the Bank in respect of which they are to have regard to in relation to the board.

## INVESTMENT COMMITTEE

FRANK MAHON (CHAIR), BARRY O'FLYNN, HUGH SHERIDAN , ROBERT KELLY



The Investment Committee has responsibility for the oversight of the surplus funds our Credit Union generates.

This oversight is governed by statute and our own Compliance and Risk standards that cover investment counterparties ratings and the amount we can invest with those counterparties. The safe investment of members funds is paramount in all our decision making. Safe and prudent investing makes it harder to gain a return as income for our balance sheet. In the early part of this year, most domestic Irish banks were either not quoting term deposit rates or were quoting negative rates to hold our investments. We previously held approximately €4 million of surplus funds at negative rates.

With the effect of recent changes from the ECB we have seen an improvement in these rates in the short term, but thankfully from an investment perspective, the period of costly negative rates appears to be behind us and a return to moderate growth in income from our

investment portfolio is looking possible. A Credit Union has a requirement to maintain reserves at a minimum of 10% of its Assets, this Statutory requirement to hold reserves at this level is not proportionate to the risk that these investments and Member's savings pose. Our investments fell by €2.2 million last year, representing a reduction of 4.5% mainly due to the application of our share limit of €15,000. Our investment income in 2022 was €262k - an increase from the previous year of €32k and a blended return of 0.55% up from 0.46% in the previous year.

I would like to thank the Committee members for all their hard work through an often-difficult year.

A handwritten signature in black ink that reads "Frank Mahon". The script is cursive and fluid.

**Frank Mahon, Chairperson**



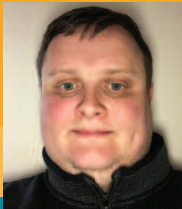
## Sligo Credit Union Reaches €40m Milestone!

Sligo Credit Union reached a very significant milestone in 2022 - a Loan Book of €40 million! Having crossed €5 million in 2000, €10 million in 2003, €20 million in 2006, €30 million in 2018 and €40 million in 2022, highlights momentous growth in 22 years.

***Thank YOU, our Members, for borrowing with us.***

# NOMINATION COMMITTEE REPORT

CONOR CONWAY, HUGH SHERIDAN, CHARLOTTE McLOUGHLIN



The Nominations Committee consists of three board members, appointed by our Board of Directors following each AGM, to comply with regulation and to ensure there are suitable potential candidates to stand for election as directors of Sligo Credit Union, when vacancies arise.

The role of the Committee is to identify candidates, accept written nominations and to propose candidates in respect of vacancies. The members of the Committee ensure that our succession planning, nominations, and volunteer policies are in place, up to date and valid.

During 2022, two Directors resigned from the board, and we have been operating with nine directors as we tried to identify potential candidates to fill these two vacancies. Two further directors have notified us of their intention to resign at the AGM, we would like to thank each of these for giving up their time to play a huge role in safeguarding the future of Sligo Credit Union during extraordinary times.

The Committee identified a number of skill gaps in the areas of IT, HR, and Marketing. Indeed, the committee has spent a significant amount of time trying to identify suitable

candidates to fill the vacancies. In view of building a succession plan to fill any future vacancies and the difficulty we are having in obtaining suitable candidates' consideration may need to be given to reducing the number of board members from 11 to 9, although no decision has been made in this regard at the time of writing this report.

We would like to express our thanks and appreciation to Risk and Compliance Manager, Carmel Mullaney, who was an immense help to the Committee during the year. We would love to hear from Members who wish to play a voluntary part in Sligo Credit Union's future development.

Conor Conway, Secretary



## SEEKING VOLUNTEERS

Marie Mulligan,  
Barbara Dobson &  
Catherine McGlynn,  
Sligo Credit Union Volunteers



SCAN ME



# MARKETING COMMITTEE REPORT

SÍLE UÍ GHALLACHOIR (CHAIRPERSON), CHARLOTTE MCLOUGHLIN,  
SEAMUS KILGANNON & SARAH DENNISON (SENIOR MARKETING OFFICER)

This year has seen another busy year for the Marketing Committee with the growth of the MYCU Debit Card.

With the pending closure of one of the local banks, Sligo Credit Union has been helping our Members make the move as seamless as possible; being particularly mindful of vulnerable members.

The MYCU Debit Mastercard® and Current Account has given Members a current account that does everything any other bank account does and more, with a low monthly cost of €4. Our Debit Card and Current Account offerings are backed by Sligo Credit Union’s fantastic Member Service team, available six days a week via phone and email, along with a fully functioning mobile APP.

Testament to its success, at the end of September, Sligo Credit Union has opened and issued approximately 1,300 new Current Accounts and Debit Cards. We are incredibly excited to be offering our younger Members, 12 years and older, the option to sign-up for a Sligo Credit Union Youth Current Account very soon!

Additionally, in response to the cost-of-living crisis and recognising that many of our Members in Sligo and Leitrim might be feeling the rise in costs hard to manage, Sligo Credit Union introduced a Winter Heating Loan, helping members purchase oil, coal, or timber for home heating.

To summarise, between the 1st of October 2021 to the 31st of September 2022, 4,904 loans have been issued to our Members to a sum of over €20 million. I would like to make special mention to Sligo Credit Union’s recent milestone of achieving a €40 million Loan Book. Here is to a prosperous new year; further growing the Loan Book, as well as increasing and improving services to our Members.

*Síle Uí Ghallachoir*

**Síle Uí Ghallachoir, Chairperson**



SCAN ME

## WINTER HEATING LOAN

**SLIGO CREDIT UNION IS HERE TO HELP U,  
OUR MEMBERS, THIS WINTER**

A Winter Heating Loan with Sligo Credit Union is available to all Members at an interest rate of 8% (8.3% APR). Spread the cost of your heating oil over the full year while availing of savings from oil companies for buying a full tank of oil.

*Terms, conditions, and eligibility criteria apply. Sligo Credit Union Ltd.  
Is regulated by the Central Bank of Ireland.*

# MEMBERSHIP COMMITTEE REPORT



The role of the Membership Committee is to approve membership applications in accordance with Section 5 rules 10 to 22 of Standard Rules for Credit Unions.

To become a Member of Sligo Credit Union, you must live, work, or go to college in our common bond. What is our common bond? The common bond is the geographical areas within Sligo/Leitrim where you live or work and which legally defines the area/townland we can admit to membership. For further detailed information, please revert to our website [www.sligocu.ie/commonbond](http://www.sligocu.ie/commonbond).

COVID-19 continued to dominate during the financial year to September 2022 and this did affect our services. We had to modify how we interact and communicate with our Members, yet we ensured that our services were open and readily available if not in person, then through our online facilities.

Our Membership APP is the fastest method available to apply for membership and you can complete the application from the comfort of your own home. Firstly, ensure that you have a valid passport/drivers' licence, utility bill and proof of PPS number. Then download the APP from the App Store or Google Play. Once approved, you will have immediate access to our online facilities, allowing you to control your own account.

At the end of last year and start of this financial year 2022, we launched our MYCU Current Account and Debit card. This is a Mastercard product, and the card can be used wherever you see the Mastercard symbol in the world.

We have been very pleased at the take up of this facility by our membership base, and we do expect that the level of interest will continue into 2023. During the year we have managed increased interest from retail bank customers, and we will continue to offer our high level of service to persons considering their financial needs. Indeed, we will work with Members to see how best we can service those needs as a Credit Union.

We hope to be in a position to launch a Debit Card facility for youth Members, 12 years and older, as part of our MYCU Current Account and Debit Card offerings. Please keep an eye on our social media and advertising for updates in relation to this exciting new service for our younger Members.

The committee would like to thank our Membership Officer and our Member Services Team for their assistance and professionalism during the year.



**Shona Heffernan, Chairperson**

# STATEMENT OF DIRECTORS RESPONSIBILITIES

FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2022

The directors are responsible for preparing the annual report, directors' report and the financial statements in accordance with applicable laws and regulations.

The Credit Union Act 1997 as amended requires the directors to prepare the Credit Union financial statements for each financial year. Under that law they have elected to prepare the Credit Union financial statements in accordance with accounting Standards and applicable law (Irish and UK generally Accepted Accounting Practice), including FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The Credit Union financial statements are required by law to give a true and fair view of the state of the affairs of the Credit Union as at the end of the financial year and of the income and expenditure of the Credit Union for the financial year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
  - make judgments and estimates that are reasonable and prudent;
  - state whether applicable Irish Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
  - prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Credit Union will continue in business.
- In addition to the financial statements, the Credit Union Act 1997 (Regulatory Requirements) Regulations require the directors

to prepare and include, for each financial year, additional disclosures and statements, each containing prescribed information relating to the business of the Credit Union.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

## Directors' Responsibilities for Accounting Records and Internal Controls

The directors are responsible for ensuring that the Credit Union:

- keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of the Credit Union, in accordance with the Act; and
- takes reasonable care to establish, maintain, document and review such systems and controls as are appropriate to its business, in accordance with the legislation and guidance from the Central Bank of Ireland under the Credit Union Acts and Statutory Instruments.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Credit Union and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Credit Union's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Shona Heffernan, Chairperson**  
**Seamus Kilgannon, Secretary**  
**Date: 23rd November 2022**

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SLIGO CREDIT UNION LIMITED

## Report on the audit of the financial statements

### Opinion

We have audited the Financial Statements of Sligo Credit Union Limited for the year ended 30th September 2022 which comprise the Income and Expenditure Account, the Statement of Changes in Retained Earnings, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In our opinion the Financial Statements:

- give a true and fair view of the state of the Credit Union's affairs as at 30th September 2022 and of its income and expenditure and cashflows 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 for Auditors (Ireland) 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

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Credit Union's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the financial statements other than the Income and Expenditure Account, the Statement of Changes in Retained Earnings, the Balance Sheet, the Cash Flow Statement and notes to the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine

whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Credit Union Act, 1997 as amended**

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

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion proper accounting records have been kept by the Credit Union, and
- The financial statements are in agreement with the accounting records.

### **Respective responsibilities of directors and auditor**

#### **Responsibilities of directors for the financial statements**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on IAASA's website at: [www.iaasa.ie](http://www.iaasa.ie), under "Description of auditor's responsibilities for audit". This description forms part of the auditor's report.

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

This report is made solely to the Credit Union's members, as a body, in accordance with Section 120 of the Credit Union Act, 1997, as amended. Our audit work has been undertaken so that we might state to the Credit Union's members those matters we are required to state to them in an auditors' 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.

**Gilroy Gannon**  
**Chartered Accountants and**  
**Statutory Audit Firm**  
**25 Stephen Street**  
**Sligo**  
**Date: 23rd November 2022**

# INCOME AND EXPENDITURE ACCOUNT

FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2022

		2022	2021
INCOME	Notes	€	€
Interest on Members' Loans		3,171,709	3,042,398
Other Interest Receivable and Similar Income	5	261,962	230,289
Net Interest Income		3,433,671	3,272,687
Other Income	6	84,587	163,354
Exceptional Income	7	353,886	-
<b>Total income</b>		<b>3,872,144</b>	<b>3,436,041</b>
EXPENDITURE		€	€
Salaries and Staff Pensions	8	1,423,398	1,350,900
Other Management Expenses	9	1,336,902	1,196,793
Depreciation	14	146,368	195,132
Bad and Doubtful Debts Recognised for the Year	10	157,524	126,616
Exceptional Expenditure	7	346,690	-
<b>Total expenditure</b>		<b>3,410,882</b>	<b>2,869,441</b>
<b>Surplus for the year</b>		<b>461,262</b>	<b>566,600</b>

On Behalf of the Credit Union:



**Barry O'Flynn**  
CEO



**Michael Giblin**  
Board Oversight Committee



**Shona Heffernan**  
Board of Directors

Date: 23rd November 2022

# STATEMENT OF CHANGES IN RETAINED EARNINGS

FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2022

	2022	2021
	€	€
As at 1 October 2021	1,771,968	1,771,851
Total Comprehensive Income for the year	461,262	566,600
Dividends and Interest Rebates Paid	-	-
Net Transfers to Other Reserves (See Below)	(30,381)	(566,483)
<b>As at 30 September 2022</b>	<b>2,202,849</b>	<b>1,771,968</b>

Note 4

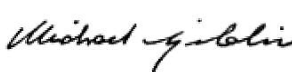
## MEMBER RESOURCES

Movement in Reserves	At 1/10/2021	Surplus year ended 30/9/2022	Dividend/ Interest Rebate Paid	Transfers	At 30/9/2022
<b>RETAINED EARNINGS</b>					
Realised	1,771,968	461,262	-	(30,381)	2,202,849
Unrealised	-	-	-	-	-
Dividend & Interest Rebate Reserve (Note 4)	-	-	-	-	-
<b>Total Retained Earnings</b>	<b>1,771,968</b>	<b>461,262</b>	<b>-</b>	<b>(30,381)</b>	<b>2,202,849</b>
Regulatory Reserve	9,914,316	-	-	-	9,914,316
Operational Risk Reserve	2,317,356	-	-	(182,700)	2,134,656
Operational Risk Reserve - MYCU	-	-	-	213,081	213,081
<b>Total</b>	<b>14,003,640</b>	<b>461,262</b>	<b>-</b>	<b>-</b>	<b>14,464,902</b>

On Behalf of the Credit Union:



**Barry O'Flynn**  
CEO



**Michael Giblin**  
Board Oversight Committee



**Shona Heffernan**  
Board of Directors

Date: 23rd November 2022

# BALANCE SHEET

AS AT 30TH SEPTEMBER 2022

		2022	2021
ASSETS	Notes	€	€
Cash and Balances at Bank		2,155,211	5,356,053
Deposits and Investments	11	47,390,990	49,620,287
Loans to Members	12	39,220,774	36,713,542
Less: Provision for Bad and Doubtful Debts	13	(2,587,999)	(2,465,571)
Tangible Fixed Assets	14	4,021,143	4,073,593
Prepayments and Accrued Income	15	206,463	223,130
<b>TOTAL ASSETS</b>		<b>90,406,582</b>	<b>93,521,034</b>
MEMBERS LIABILITIES		€	€
Members Shares	17	72,516,727	77,528,310
Budget Accounts		65,686	66,646
Current Accounts		1,498,701	1,714,913
MYCU Accounts	18	1,627,322	19,144
		75,708,436	79,329,013
OTHER LIABILITIES		€	€
Accruals, Other Creditors and Deferred Income	19	233,244	188,381
<b>TOTAL LIABILITIES</b>		<b>75,941,680</b>	<b>79,517,394</b>
<b>NET ASSETS</b>		<b>14,464,902</b>	<b>14,003,640</b>
MEMBERS RESOURCES		€	€
Regulatory Reserve		9,914,316	9,914,316
Operational Risk Reserve		2,134,656	2,317,356
Operational Risk Reserve - MYCU		213,081	-
Retained Earnings:			
Realised Reserves		2,202,849	1,771,968
Unrealised Reserves		-	-
<b>TOTAL MEMBERS RESOURCES</b>		<b>14,464,902</b>	<b>14,003,640</b>

On Behalf of the Credit Union:



**Barry O'Flynn**  
CEO



**Michael Giblin**  
Board Oversight Committee



**Shona Heffernan**  
Board of Directors

Date: 23rd November 2022

# CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2022

	2022	2021
Notes	€	€
<b>Cash Flows from Operating Activities</b>		
Surplus	461,262	566,600
<b>Adjustments for Non-cash Items:</b>		
Depreciation/Impairment	146,368	195,132
Fair Value Gain on Investments	-	-
Increase in Provision for Bad and Doubtful Debts	361,518	360,454
	<b>969,148</b>	<b>1,122,186</b>
<b>Movements in</b>		
Accrued Interest	(1,513)	14,373
Other Receivables	18,180	16,265
Other Payables	44,863	(379,480)
	<b>61,530</b>	<b>(348,842)</b>
<b>Cash Flows from Changes in Operating Assets and Liabilities</b>		
Members Savings in	54,984,737	42,567,076
Members Savings Withdrawals	(58,605,314)	(37,509,866)
Payment of Dividends/Interest Rebates	4	-
New Loans to Members	12	(19,341,752)
Repayment of Loans by Members	12	17,444,244
	<b>(6,366,898)</b>	<b>3,159,702</b>
<b>Net Cash Flows from Operating Activities</b>	<b>(5,336,220)</b>	<b>3,933,046</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Property Plant & Equipment	(93,918)	(169,987)
Sale of Property Plant & Equipment	-	425,000
Net Cash Flow from Managing Deposits and Investments	1,906,123	(7,474,038)
<b>Net Cash Flows from Investing Activities</b>	<b>1,812,205</b>	<b>(7,219,025)</b>
Net Increase/(Decrease) in Cash and Cash Equivalents	(3,524,015)	(3,285,979)
Cash and Cash Equivalents at Beginning of Financial Year	19,209,373	22,495,352
<b>Cash &amp; Cash Equivalents at End of Financial Year</b>	<b>15,685,358</b>	<b>19,209,373</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2022

## 1. LEGAL AND REGULATORY FRAMEWORK

Sligo Credit Union Limited is established under the Credit Union Act 1997 (as amended). The Credit Union is registered with the Registrar of Credit Unions (No. 220CU) and is regulated by the Central Bank of Ireland. The principal place of business is Wine Street, Sligo with branch offices in Collooney, Co. Sligo and Drumkeerin, Co. Leitrim.

## 2. ACCOUNTING POLICIES

### Basis of preparation

These financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements are prepared on the historical cost basis, modified to include certain items at fair value.

### Currency

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

### Going concern

The financial statements are prepared on the going concern basis. The Directors of Sligo Credit Union Limited believe this is appropriate as the Credit Union:

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

### Income

#### Interest on Members' Loans

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

### Investment Income

The Credit Union has investments that are valued at amortised cost and uses the effective interest method to recognise investment income in respect of these investments.

It also accounts for some investments in protected equity funds at fair value through income and expenditure. These investments are valued at fair value (market value) at the year-end date and any gains either realised or unrealised at the balance sheet date are taken to the income and expenditure account.

### Other income

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

### Tangible fixed assets

Tangible fixed assets comprise items of freehold premises, fixtures and fittings and computers, 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 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:

Freehold Premises	2% per annum
Fixtures and fittings	10% per annum
Computers	33.33% per annum

At each year end, the Credit Union reviews the carrying value of its tangible fixed 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.

### **Cash and cash equivalents**

For the purpose of the cash flow statement, cash comprises cash in hand and amounts with banks repayable on demand. Cash equivalents comprise highly liquid, unrestricted investments that are readily convertible into cash with an insignificant risk of changes in value with original maturities of less than three months. The cash flow statement has been prepared using the indirect method.

### **Financial instruments**

The Credit Union has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised when the Credit Union becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when, and only when, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. Financial assets and liabilities are classified according to the substance of the contractual arrangements entered into.

### **Basic financial assets**

Basic financial assets are either:

- i. initially measured at the transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method; or
- ii. initially and subsequently at each year-end date measured at fair value (market value) with all gains and losses being taken to the income and expenditure account.

Basic financial assets include the following:

#### **Loans to members**

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

#### **Investments held at amortised cost**

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

#### **Investments held at fair value**

Investments in protected equity funds are measured at fair value (market value) with any gains either realised or unrealised at the balance sheet date being taken to the income and expenditure account. The Credit Union's initial investment in these funds is fully protected.

#### **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 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 deemed to

be current assets and are not subject to impairment reviews.

#### **Other receivables**

Other receivables such as prepayments are initially measured at transaction price including transaction costs and are subsequently measured at amortised cost using the effective interest method.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value or Central Bank deposits, are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cashflows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the expected cash flows taking account of pledged shares and other security as appropriate.

In the case of impairment of loans to members, the loans are assessed collectively in groups that share similar credit risk characteristics except for individually significant loans which are assessed on a loan by loan basis for impairment. Any impairment losses are recognised in the Income and Expenditure account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the Income and Expenditure account.

### De-recognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Credit Union transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

In the case of loans to members, loans are derecognised, when the right to receive cash flows from the loans has expired, usually when all amounts outstanding have been repaid by the member. Sligo Credit Union Limited does not transfer loans to third parties.

### Basic financial liabilities

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

Basic financial liabilities include the following:

#### **Members' shares**

Members' shareholdings in Sligo Credit Union Limited 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.

#### **Other payables**

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

### De-recognition of financial liabilities

Financial liabilities are derecognised when the obligations of the Credit Union specified in the contract are discharged, cancelled or expire.

### Employee benefits

**Defined contribution plans:** The amounts charged as expenditure for the defined contribution plan are the contributions payable by the Credit Union for the relevant period.

**Other employee benefits:** Other short and long term employee benefits, including holiday pay, are recognised as an expense over the period they are earned.

### Pension Costs

#### **Defined Contribution Scheme**

Contributions to the (Defined contribution) Pensions scheme are charged to the Income and Expenditure Account in the period to which they relate.

#### **Defined Benefit Scheme**

Sligo Credit Union Limited participates in an industry-wide pension scheme for employees (The Irish League of Credit Unions Republic of Ireland Pension Scheme). This is a funded scheme of the defined benefit type, with assets invested in separate trustee administered funds. Judgement is required to assess whether Sligo Credit Union Limited has sufficient information to enable it to account for the plan as a defined benefit plan. An assessment has been performed of the information currently available and Sligo Credit Union Limited has determined that there is currently insufficient information available to provide an appropriate allocation of pension assets and liabilities. Consequently, it accounts for the Scheme as a defined contribution plan.

## Distributions

Sligo Credit Union Limited recognises a liability in respect of dividends and interest rebates payable to members only to the extent that they have been declared to and approved by the members at the Annual General Meeting of the Credit Union.

## Reserves

### Retained Earnings

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. Investment income that has been recognised but will not be received within 12 months of the balance sheet date is classified as “unrealised” and is not distributable as a dividend in accordance with the Central Bank direction. All other income is classified as “realised”. A reclassification between unrealised and realised is made as investments come to within 12 months of maturity date.

### Dividend & Interest Rebate Reserve

Sligo Credit Union Limited maintains a separate dividend and interest rebate reserve which is a component of retained earnings. It maintains this reserve at the level of dividend and interest rebate proposed by the Directors at the end of each financial year and to be approved by the members of the Credit Union at the Annual General Meeting.

### Regulatory Reserve

The Credit Union Act 1997 (Regulatory Requirements) Regulations require Credit Unions to establish and maintain a minimum regulatory reserve of at least 10 per cent of the assets of the Credit Union. This reserve is to be: perpetual in nature, freely available to absorb

losses and comprise realised financial reserves that are unrestricted and non-distributable. The Credit Union held an amount of €9,914,316 (2021: €9,914,316) as regulatory Reserves at 30th September 2022. This represented 10.97% (2021: 10.6%) of the assets of the Credit Union.

### 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 and using the higher of 15% of the average gross income over the previous three years (based on the Basel Indicator Approach); or 2% of Assets; or 30% of Expenditure. The Credit Union held an amount of €2,347,737 (2021: €2,317,356) as an Operational Risk Reserve at 30th September 2022. This represented 2.6 per cent (2021: 2.5 per cent) of the assets of the Credit Union.

## 3. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Directors to exercise judgement in applying Sligo Credit Union Limited'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 Note 2. 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 analysis and the employment of statistical techniques to quantify the risk and project the likely losses in a loan portfolio. This analysis influences the management of individual loans. Certain scenarios (individual member circumstances, arrears, etc.) trigger an 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 economic, technological, market or legal environment in which the Credit Union operates. If a loan is deemed to be impaired, a specific provision is made against that loan, taking account of pledged shares and other security as appropriate. 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.

#### 4. DIVIDENDS AND INTEREST REBATES

The level of dividend and interest rebate is formally proposed by the Directors after the year end and is confirmed at the following AGM. As a result it does not represent a liability at the balance sheet date. The directors are not proposing either a dividend or interest rebate to members in respect of the year ended 30th September 2022.

	2022	2021
DIVIDENDS/INTEREST REBATES PAID DURING THE YEAR	€	€
Dividend Paid During the Year	-	-
Dividend Rate	0%	0%
Interest Rebate Paid During the Year	-	-
Interest Rebate Rate	0%	0%
<b>Total Dividends/Interest Paid During the Year</b>	<b>-</b>	<b>-</b>

DIVIDEND/INTEREST REBATES PROPOSED BUT NOT RECOGNISED		
Dividend Proposed	-	-
Dividend Rate	0%	0%
Interest Rebate Proposed	-	-
Interest Rebate Rate	0%	0%
<b>Total Dividends/Interest Rebates Proposed but not Recognised</b>	<b>-</b>	<b>-</b>

#### 5. OTHER INTEREST INCOME AND SIMILAR INCOME

	2022	2021
	€	€
Deposit Interest	133,000	166,181
Investment Income	128,962	64,108
	<b>261,962</b>	<b>230,289</b>
<i>Included within the above is deposit interest due at the balance sheet date as follows:</i>		
	<b>2022</b>	<b>2021</b>
Due within one year (Note 15)	65,906	61,231
Due outside of one year	-	-
	<b>65,906</b>	<b>61,231</b>

**6. OTHER INCOME**

	2022	2021
	€	€
ECCU Claims Experience Refund	44,269	157,908
MyCU Income	29,411	338
Foreign Exchange Income	9,888	4,184
Entrance Fees	1,019	743
Sundry Income	-	181
	<b>84,587</b>	<b>163,354</b>

**7. EXCEPTIONAL INCOME AND EXCEPTIONAL EXPENDITURE**

	2022	2021
	€	€
<b>Exceptional Income</b>		
Savings Protection Scheme Distribution	353,886	-
<b>Exceptional Expenditure</b>		
Irish League of Credit Unions Pension Scheme (Note 28)	346,690	-

**8. SALARIES AND STAFF PENSIONS****(a) Key Management Remuneration**

The Directors of Sligo Credit Union Limited are all unpaid volunteers. The key management team for Sligo Credit Union Limited would include the Credit Union CEO and three (2021: three) other senior staff.

	2022	2021
	€	€
Salary	320,807	283,989
Payments to Pension Scheme	31,853	39,030
	<b>352,660</b>	<b>323,019</b>
<b>(b) Other Staff Salaries</b>		
	<b>2022</b>	<b>2021</b>
	€	€
Salary	1,040,454	997,202
Payments to Pension Scheme	30,284	30,679
	<b>1,070,738</b>	<b>1,027,881</b>
<b>Total Salaries</b>	<b>1,423,398</b>	<b>1,350,900</b>

**9. OTHER MANAGEMENT EXPENSES**

	2022	2021
	€	€
Rent and Rates	20,929	17,697
Light & Heat	30,593	37,335
Repairs and Renewals	12,132	8,817
Cleaning	17,774	15,756
Security	9,712	7,230
Stationery and Printing	33,408	23,282
Telephone and Postage	51,045	46,683
Donations and Sponsorship	12,649	8,095
Debt Collection Fees	32,234	30,434
Promotion and Advertising	54,738	46,751
Training Costs	22,081	15,577
Chapter Expenses	1,315	1,192
AGM Expenses	27,668	24,490
Travel and Subsistence	4,133	1,024
Bank Charges	78,184	68,668
Audit Fee	24,600	22,307
Monitoring and Supervisory Fees	805	390
Convention Expenses	1,406	-
General Insurance	43,970	42,544
Share and Loan Insurance	296,750	284,257
Professional Fees	145,289	161,014
Resolution Levy	23,304	22,441
Deposit Guarantee Scheme Fund Charge	81,547	70,038
Computer Maintenance & Licence Fees	206,135	175,983
Educational Bursaries	10,000	11,000
Miscellaneous Expenses	292	19,598
Staff Related Expenses	16,299	5,998
Death Benefit Insurance	-	12,028
Affiliation Fees	16,311	10,516
Savings Protection Scheme Contribution	6,458	5,648
MYCU expenditure	55,141	-
	<b>1,336,902</b>	<b>1,196,793</b>

10. BAD AND DOUBTFUL DEBTS RECOGNISED FOR THE YEAR

	2022	2021
	€	€
Impairment of Individual Loans (Note 13)	239,089	290,927
Increase/(Decrease) in Impairment Provision During the Year	122,429	69,527
Reversal of Impairment where Debts Recovered	(203,994)	(233,838)
<b>Total Impairment Losses/(Gains) Recognised for the Year (Note 13)</b>	<b>157,524</b>	<b>126,616</b>

## 11. DEPOSITS AND INVESTMENTS

				2022	2021
	Credit Rating	Approx. Yield Per annum	Maturity Date	€	€
<b>Investments Held at Amortised Cost</b>					
<b>Irish and EMU State Securities</b>					
Irish 3.4% Government Bonds	A2	1.90%	March 2024	1,794,369	1,818,402
Irish 0.9% Government Bonds	A2	0.94%	May 2028	1,001,058	1,000,623
				<b>2,795,427</b>	<b>2,819,025</b>
<b>Bank Bonds</b>					
Santander UK PLC 1.125% Bond	A1	1.08%	March 2025	503,613	503,815
Rabobank 1.25% Snr Bond	Aa3	0.96%	March 2026	761,641	763,660
Credit Agricole SA 1.375% Bond	Aa3	1.23%	May 2027	505,552	506,177
Societe Generale	A1		May 2027/ July 2030/ March 2031	5,000,000	5,000,000
Investec	A1		Nov/Dec 2023	5,000,000	5,000,000
BNP Paribas	Aa3		March 2031/ July 2031/Nov 2031	1,519,034	500,000
				<b>13,289,840</b>	<b>12,273,652</b>
<b>Deposits</b>					
Ulster Bank				-	1,000,002
PTSB	Baa2			5,502,709	5,502,581
Bank of Ireland	A2			1,000,000	1,000,000
KBC	Ba1			3,027,440	4,849,907
Deutsche Bank	A3			3,000,000	3,000,000
BNP Paribas	Aa3			1,500,000	1,500,000
BBVA	A3			1,500,000	1,500,000
Natwest	A3			2,500,000	2,500,000
Barclays Bank PLC	A			7,250,000	7,250,000
HSBC France	Aa3			2,000,000	2,000,000
				<b>27,280,149</b>	<b>30,102,490</b>
<b>Central Bank</b>				<b>4,025,574</b>	<b>4,025,120</b>
<b>Investments Held at Fair Value</b>					
<b>Investments in Equity linked products</b>					
Goodbody Protected Euro Equity Investment 2				-	400,000
<b>Total Investments and Deposits</b>				<b>47,390,990</b>	<b>49,620,287</b>

### Irish and EMU State Securities

These Government Bonds are centrally managed by Brewin Dolphin.

### Bank Bonds

These Bank Bonds are centrally managed by Brewin Dolphin.

### Deposits

The majority of deposits are centrally managed by Brewin Dolphin with a small portion placed directly by Sligo Credit Union Limited with the various financial institutions. Deposits are due to mature as follows:

	2022	2021
	€	€
Amounts due on demand or within 3 months of the balance sheet date (Note 21)	13,530,147	13,853,320
Amounts due outside of 3 months but within 1 year of the balance sheet date	-	-
Amounts due outside of 1 year but within 5 years of the balance sheet date	8,500,001	9,999,169
Amounts due outside of 5 years but within 10 years of the balance sheet date	5,250,001	6,250,001
	<b>27,280,149</b>	<b>30,102,490</b>

### Goodbody's Protected Equity Investments

These funds, which were realised in the current year, were centrally managed by Goodbody's. The Credit Union measured fair value at Level 1 in the fair value hierarchy as prescribed in section 11 of FRS 102 with the funds stated at quoted market value as at 30th September 2021.

The credit ratings are based on those of the rating agency Moody's as at the year end with the exception of Barclays whose rating is from S&P as Moody's have not rated Barclays.

The basis of accounting for investments and income from investments is set out in Note 2.

**12. LOANS AND ADVANCES TO MEMBERS - FINANCIAL ASSETS**

	2022	2021
	€	€
As at 1st October 2021	36,713,542	35,106,961
Advanced During the Year	20,360,734	19,341,752
Repaid During the Year	(17,614,413)	(17,444,244)
Gross Loans and Advances to Members	39,459,863	37,004,469
Bad Debts Written off Against Provision During the Year (Note 13)	(239,089)	(290,927)
<b>As at 30th September 2022</b>	<b>39,220,774</b>	<b>36,713,542</b>

The total value of loans due for repayment beyond one year is €37,754,470 (2021: €35,246,879)

The basis of accounting for loans and advances to members is set out in Note 2.

**13. LOAN ARREARS AND DOUBTFUL DEBTS/OTHER IMPAIRMENT LOSSES**

	2022	2021
<b>BAD DEBTS</b>	€	€
As at 1st October 2021	2,465,571	2,396,044
Allowance for Principal Losses Made During the Year (Note 12)	(239,089)	(290,927)
Bad Debts Recovered During the Year	203,993	233,838
Increase/(Decrease) in Allowances During the Year (Note 10)	157,524	126,616
<b>As at 30th September 2022</b>	<b>2,587,999</b>	<b>2,465,571</b>

The current bad and doubtful debt provision in the financial statements is €2,587,999 (2021: €2,464,571) representing 6.6% (2021: 6.7%) of the total loan book.

Loans rescheduled during the year amounted to €0 (2021: €34,319).

The basis of calculating the provision for bad and doubtful debts is set out in Note 2.

## 14. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings €	Fixtures & Fittings €	Computers €	Total €
<b>COST</b>				
At 1st October 2021	3,871,064	456,872	884,214	5,212,150
Additions	54,416	12,750	26,752	93,918
Disposals	-	-	-	-
<b>At 30th September 2022</b>	<b>3,925,480</b>	<b>469,622</b>	<b>910,966</b>	<b>5,306,068</b>
<b>DEPRECIATION/IMPAIRMENT</b>				
At 1st October 2021	71,337	298,626	768,594	1,138,557
Charge for the year	60,360	23,684	62,325	146,368
Impairment	-	-	-	-
Disposals	-	-	-	-
<b>At 30th September 2022</b>	<b>131,697</b>	<b>322,310</b>	<b>830,919</b>	<b>1,284,925</b>
Net Book Value at 30th September 2022	3,793,783	147,312	80,048	4,021,143
Net Book Value at 30th September 202	3,799,727	158,246	115,620	4,073,593

The Credit Union completed the re-development of its new premises at Wine Street and moved its operations to the new premises in early October 2020. The total costs incurred in the acquisition and redevelopment of the premises to 30th September 2022 amounted to €3,811,501. The directors have carried out a value-in-use calculation of the premises as at 30th September 2022 using a discounted cashflow model with the following assumptions:

- (i) The premises' period of use into the future for the purpose of the Credit Union's activities has been set at 30 years;
- (ii) An average rate of growth of the Credit Union's surplus of 3% per annum has been assumed, with the commencement surplus calculated as the average adjusted surplus over the eight-year period to 30th September 2025 using historical and projected financial data; and
- (iii) A discount rate of 4% has been applied to the projected future retained surpluses of the Credit Union, based on the blended rate of return currently being achieved by the Credit Union on loans to members and investments.

The directors are satisfied that the premises' value-in-use exceeds its carrying value at 30th September 2022 and therefore that there has been no impairment of the premises and consequently no alteration to the carrying value of the premises is required as at 30th September 2022.

A valuation was carried out on the Credit Union's premises at Main Street, Collooney in September 2015 prior to the transfer of engagements from Collooney Credit Union Limited to Sligo Credit Union Limited. At this point an impairment loss was recognised and the premises was written down to a carrying value of €75,000 being the market value of the premises as per a professional valuation and this was the carrying value of the premises at the point it was transferred to Sligo Credit Union Limited. The directors have assessed the property as at 30th September 2022 and determined that it has not been further impaired and consequently no alteration to the carrying value of the property was required as at 30th September 2022.

A valuation was carried out on the Credit Union's premises at Main Street, Drumkeerin in October 2018 prior to the transfer of engagements from Drumkeerin Credit Union Limited to Sligo Credit Union Limited. At this point an impairment loss was recognised and the premises was written down to a carrying value of €39,000 being the market value of the premises as per a professional valuation and this was the carrying value of the premises at the point it was transferred to Sligo Credit Union Limited. The directors have assessed the property as at 30th September 2022 and determined that it has not been further impaired and consequently no alteration to the carrying value of the property was required as at 30th September 2022.

The basis of accounting for Tangible Fixed Assets is set out in Note 2.

## 15. PREPAYMENTS AND ACCRUED INCOME

	2022	2021
	€	€
Prepayments	48,249	66,430
Accrued Interest on loans outstanding by members	85,160	95,469
Accrued Deposit Interest (Note 5)	65,906	61,231
MYCU Accrued fees	7,148	-
	<b>206,463</b>	<b>223,130</b>

## 16. CREDIT RISK DISCLOSURES

### Loans

The Credit Union's credit risk arises from its portfolio of loans to members and from potential losses on investments with other financial institutions that could result from the failure of treasury counterparties to observe the terms of the contract entered into. The Credit Union has no risk appetite for material credit losses, this is controlled through observation of legislation and regulations, the appointment of committees, credit quality rules, underwriting standards and counterparty limits. All loan applications are assessed with reference to the Credit Union's lending policy. Changes to policy are approved by the Board and the approval of loan applications is mandated. Appropriate credit limits have been established by the Board for individual exposures and together with Central Bank guidelines on credit exposures. Policies are continually monitored by the Board, Board Oversight Committee and Internal Audit.

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

	2022 €	2022 %	2021 €	2021 %
<b>NOT IMPAIRED/FULLY RECOVERABLE</b>				
Total loans not impaired	29,177,391	74%	31,629,599	86%
<b>IMPAIRED LOANS</b>				
Not Yet Past Due	8,309,244	21%	3,588,680	10%
Up to 3 Months Past Due	1,183,522	3%	834,336	2%
Between 3 and 6 Months Past Due	211,263	1%	198,531	1%
Between 6 Months and 1 Year Past Due	131,005	0%	240,309	1%
Over 1 Year Past Due	208,349	1%	222,087	1%
Sub-Total: Impaired Loans	10,043,383	26%	5,083,943	14%
<b>Total Carrying Value</b>	<b>39,220,774</b>	<b>100%</b>	<b>36,713,542</b>	<b>100%</b>
Committed Savings (Note 17)	5,383,785	13.7%	5,538,405	15.1%
Bad Debt Provisions (Note 13)	2,587,999	6.6%	2,465,571	6.7%

### INVESTMENTS

Credit risk in respect of treasury counterparties is assessed using a number of methodologies to include rating agencies and Central Bank Regulations. For treasury related counterparties, the Credit Union is limited to a maximum 20% exposure to any one counterparty of investments made. The credit ratings in respect of amounts held as investments at the year-end date are disclosed in note 11.

## 17. MEMBERS SHARES

Members' shares are distinguished between those which are unconditionally repayable on demand and those which are committed or otherwise pledged to the Credit Union by virtue of loans or guarantees. The Credit Union retains rights to exercise liens over shares where a member has an outstanding liability to the Credit Union in accordance with Section 20 of the Credit Union Act 1997, as amended.

	2022	2021
	€	€
On Demand	67,132,942	71,989,905
Committed Savings	5,383,785	5,538,405
<b>Total Savings</b>	<b>72,516,727</b>	<b>77,528,310</b>

The basis of accounting for members shares is set out in Note 2.

## 18. MYCU ACCOUNTS

	2022		2021	
	No. Accounts	€	No. Accounts	€
Credit Balances	1163	1,641,232	27	20,564
Debit Balances	91	(13,910)	3	(1,420)
<b>Total</b>		<b>1,627,322</b>		<b>19,144</b>
<b>Permitted Overdrafts</b>	<b>110</b>	<b>(76,840)</b>	<b>6</b>	<b>(6,050)</b>

The above balances represent the current account and overdraft balances relating to the debit card facility provided by the Credit Union to its members.

## 19. OTHER LIABILITIES

	2022	2021
	€	€
Accruals	221,155	175,710
Other Creditors	11,820	11,820
Deferred Income (Note 20)	269	851
	<b>233,244</b>	<b>188,381</b>

## 20. MEMBERS' DRAW INCOME AND EXPENDITURE ACCOUNT

	2022	2021
	€	€
Deferred Income brought forward from prior year	851	391
<b>INCOME</b>		
Members' Draw Entry Fees	150,918	216,460
<b>EXPENDITURE</b>		
Prizes and Costs	(151,500)	(216,000)
<b>Surplus and deferred for future draws (Note 19)</b>	<b>269</b>	<b>851</b>

## 21. CASH AND CASH EQUIVALENTS

	2022	2021
	€	€
Cash at Bank and in Hand	2,155,211	5,356,053
Deposit Accounts Maturing < 3 Months (Note 11)	13,530,147	13,853,320
	<b>15,685,358</b>	<b>19,209,373</b>

## 22. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES

### FINANCIAL RISK MANAGEMENT

Sligo 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 Sligo Credit Union Limited's activities are credit risk (note 16), liquidity risk and market risk (interest rate risk). The Board reviews and agrees policies for managing each of these risks, which are summarised below.

**Liquidity risk:** Liquidity risk is the risk that the Credit Union will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Credit Union monitors liquidity requirements on a daily basis in line with specific policies in this area, approved by the Board and in line with Central Bank requirements. The liquidity risk appetite is supported by qualitative and quantitative measures that are monitored by the Board on a monthly basis.

The Credit Union's policy is to maintain sufficient funds in a liquid form at all times

to ensure that the Credit Union can cover all fluctuations in funding, retain public confidence in the solvency of the Credit Union and to enable the Credit Union to meet its financial obligations and regulatory ratios.

All of the financial liabilities of the Credit Union are repayable on demand except for some members' shares attached to loans. The Credit Union retains, at all times, liquid assets amounting to a minimum of 30% of unattached savings.

**Market risk:** Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency risk, interest rate risk and other price risk. Of these, only interest rate risk is significant for the Credit Union. The Credit Union is not directly exposed to currency risk as it deals only with products in euro, and its products are only interest orientated so are not exposed to other pricing risks.

The Credit Union is exposed to movements in interest rates reflecting the mismatch between the dates on which interest receivable on assets and interest payable on liabilities are next reset to market rates or if

earlier, the dates on which the instruments mature. The Credit Union manages this exposure on a regular basis, within the limits set by the Board, however as the Credit Union only declares its dividends at the year end based on such market rates, the board considers its sensitivity to such rates as marginal.

### **23. POST BALANCE SHEET EVENTS**

There have been no significant events affecting the Credit Union since the financial year end.

### **24. CAPITAL COMMITMENTS**

The Credit Union has no capital commitments at the balance sheet date (€NIL – 2021).

### **25. CONTINGENT LIABILITIES**

Prior to the transfer of engagements from Collooney Credit Union Limited to Sligo Credit Union Limited in September 2015, the value of Freehold Premises held by Collooney Credit Union Limited was written down by an amount of €119,000 to a carrying value of €75,000 being the market value of the premises as per a professional valuation. The Irish League of Credit Unions (ILCU) have advanced €119,000 to fund this reduction in value on the provision that where the premises is disposed of at any point in the future, and the amount realised on any such disposal exceeds €75,000 then the excess must be repaid to ILCU (or to the ILCU Savings Protection Company Limited if requested by ILCU), subject to a maximum amount repayable of €119,000.

Prior to the transfer of engagements from Drumkeerin Credit Union Limited to Sligo Credit Union Limited in October 2018, the value of Freehold Premises held by Drumkeerin Credit Union Limited was written down by an amount of €49,000 to a carrying value of €39,000 being the market value of the premises as per a professional valuation. The Irish League of Credit Unions (ILCU) have advanced €49,000 to fund this reduction in value on the provision that where the premises is disposed of at any point in the future, and the amount realised on any such disposal exceeds €39,000 then the excess must be repaid to ILCU (or to the ILCU Savings Protection Company Limited if requested by ILCU), subject to a maximum amount repayable of €49,000.

Additionally, prior to the transfer of engagements from Drumkeerin Credit Union Limited to Sligo Credit Union Limited in October 2018 The Irish League of Credit Unions (ILCU) have advanced €31,605 to fund sums in respect of bad debts which Drumkeerin Credit Union Limited had not written off as at the date of the transfer of engagements, but that have been written off after the transfer of engagements as their recoverability is assessed as unlikely. If amounts are subsequently recovered in respect of the loans written off then any such amounts must be repaid to ILCU (or to the ILCU Savings Protection Company Limited if requested by ILCU).

There are no other material contingencies as at 30 September 2022 (€NIL – 2021).

## 26. RELATED PARTY TRANSACTIONS

	Loans Advanced During Year €	Loan Balances Outstanding 30/09/2022 €	Attached Share Balances 30/09/2022 €	Unattached Share Balances 30/09/2022 €	Provisions Held 30/09/2022 €
Officers	103,620	155,600	12,625	145,530	5,012
Key Management Personnel	39,250	77,615	5,750	76,232	-
Parties Connected to Key Management Personnel	74,800	184,456	11,825	167,075	25,531
<b>Total</b>	<b>217,670</b>	<b>417,671</b>	<b>30,200</b>	<b>388,837</b>	<b>30,543</b>

An officer includes all paid staff of the Credit Union excluding key management personnel, all members of the Board Oversight Committee and all other unpaid volunteers.

Key management personnel includes four members of the paid staff of the Credit Union comprising the management team and all members of the Board of Directors of the Credit Union.

Parties connected to key management personnel includes any business in which a member of the Board of Directors or the management team has a significant shareholding (10% or more of the shares or voting rights in the business) and also includes a father, mother, spouse, civil partner/co-habitant, son, daughter, brother or sister of any member of the Board of Directors or the management team.

The loan balances outstanding from related parties of €417,671 at 30th September 2022 (2021: €407,952) represent 1% (2021: 1%) of the overall gross loans outstanding at 30th September 2022.

## 27. INSURANCE AGAINST FRAUD

The Credit Union has insurance against fraud in compliance with Section 47 of the Credit Union Act, 1997 (as amended) in the amount of €5,200,000 (2021: €5,200,000).

## 28. THE IRISH LEAGUE OF CREDIT UNIONS REPUBLIC OF IRELAND PENSION SCHEME

Sligo Credit Union Limited participates in an industry-wide pension scheme for employees and makes contributions to that scheme in respect of two senior employees (The Irish League of Credit Unions Republic of Ireland Pension Scheme). This is a funded

defined benefit scheme with assets managed by the Scheme's trustees.

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

At the date of closure of the scheme, there was a past service deficit which was

allocated to each individual Credit Union based on the total benefits earned by staff in each Credit Union. Sligo Credit Union Limited's allocation of that past service deficit is €346,690. This total cost is included in the Income & Expenditure account for the year ended 30th September 2022. The deficit amount was paid to the trustees of the scheme during the year.

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

If Credit Unions exit the Scheme, they are required to pay to the trustees the exit amount which the trustees determine is required to fund benefits in respect of their active, deferred and pensioner members on a "no risk" basis. The exiting Credit Union thereby settles any liability they have to contribute to the Scheme in the future without increasing the risk for remaining credit unions.

The Scheme is a multi-employer scheme and there is pooling of the assets, and the sharing of risks associated with the liabilities for all participating employers. Judgement is required to assess whether Sligo Credit Union Limited has sufficient information to provide an appropriate allocation of pension assets and liabilities. An assessment has been performed of the information available and Sligo Credit Union Limited has determined that there is currently insufficient information available. Consequently, Sligo Credit Union Limited continues to account for the plan as a defined contribution plan.

An actuarial review of the Scheme is normally carried out every three years by the Scheme's independent, professionally qualified actuary. The actuarial review considers the past and future service liabilities of the Scheme. The last completed triennial actuarial review was carried out with an effective date of 29 February 2020, using the Attained Age valuation method.

There was a review of the Scheme in conjunction with advisors independent of the trustees. The conclusion of this review was that the Scheme should close to future accrual and this occurred with effect from 31 March 2022 with an associated Funding Plan.

## 29. RATES OF INTEREST CHARGED ON MEMBERS LOANS

	2022	2022	2021
	per month	APR	APR
Ordinary Member Loans	0.918%	11.02%	11.02%
Special Rate Education Loans	0.580%	6.96%	6.96%
Special Rate Car Loans	0.759%	9.11%	9.11%
Special Rate Home Improvement Loans	0.595%	7.14%	7.14%
Secure Loans	0.427%	5.12%	5.12%

## Community Corner

At the heart of Sligo Credit Union is our community, and we are delighted to be able to help so many worthy causes and local groups.



### SLIGO CREDIT UNION'S 2ND BIRTHDAY IN WINE STREET!

THANK you so much to all our Members who dropped into us last Saturday, the 5th of November, to help us celebrate our 2nd Birthday in Wine Street, and Official Launch! We had a fantastic time, and we hope you did too.

### ACQUIRED BRAIN INJURY IRELAND

March is Brain Injury Awareness Month, and Sligo Credit Union was honoured to team up with Acquired Brain Injury Ireland and the Transitional Rehabilitation Service in Tonaphubble, Sligo, to raise awareness about brain injuries.



### CU ART COMPETITION 2022

The theme of the Credit Union's Art Competition (2022) was "It's a Wonderful World." The entries we got were absolutely amazing, and we are delighted that many of our artists progressed to a regional and national level!



### GARDA YOUTH AWARDS 2022

*"Integrity, insight & inclusiveness are the three essential qualities of leadership."* The Sligo/Leitrim Garda Youth Awards winners are an inspiring group of young adults. One recipient, Amy Keogh, was awarded a Special Achievement Award at the Garda National Youth Awards 2022 in Portlaoise.



## Best Customer Experience



We are delighted to say that Credit Unions, including Sligo Credit Union, have topped the league table for a record-breaking eighth year in a row in October 2022. "This is a huge endorsement of the excellent customer experience we offer our members on a daily basis through face-to-face engagement in our offices, and through our online and digital offerings." Shona Heffernan, Chairperson.



### NEW SLIGO CREDIT UNION COMMUNITY FUND

On Friday, 9th of December 2022, after a review of how best we can serve all Members, we held our last Prize Draw. Having operated a draw since 2006, we are delighted for current & past winners, and thank all participants for the last 16 years.

As part of our review and how we can support our community in a more tangible way, our Board of Directors has approved a Community Fund of €20,000 to assist community projects. We are very proud of the number of groups we sponsor and support, and this fund is in addition to what we already do. See [www.sligocu.ie/community-fund](http://www.sligocu.ie/community-fund).

# EDUCATIONAL BURSARY NOMINATION FORM

FILL OUT AND RETURN TO SLIGO CREDIT UNION

Name \_\_\_\_\_

Address \_\_\_\_\_

Credit Union Number \_\_\_\_\_

Phone Number \_\_\_\_\_

I wish to nominate \_\_\_\_\_  
for a Credit Union Bursary for 2022/23.

*Please state your relationship to the nominee (e.g. self, father, mother, guardian, etc.)*

Please provide details of the college the nominee is attending or proposes to attend in  
2022/23 \_\_\_\_\_

Signed \_\_\_\_\_ Date \_\_\_\_\_

**This nomination must be returned to Sligo Credit Union Ltd, Wine Street, Sligo,  
by the 14th of February 2023.**

Please tick the box if you agree with the Educational Bursary Terms & Conditions. ☐

1. The nominees are confined to members or children of members of Sligo credit Union, including officers, as of 30th September 2022. All members are therefore notified of the bursaries through our AGM notification.
2. The nominees must provide proof of their full time third level education or proposed education for 2022/23.
3. Cash will not be given to the successful nominees - payment will be made by cheque only to the college or institution for registration or other 2022/23 fees or refunded to members on receipt of paid fees for 2022/23.
4. The successful bursaries will be drawn from all entries received by the 14th of February 2023.
5. A person may only be nominated once by themselves or a parent or guardian. Multiple nominations will not be allowed.
6. The successful nominees will be notified by Sligo Credit Union and agree to be included in local press, social media, and website photographs. Additionally, successful nominees may be asked for a short testimonial for Sligo Credit Union.

## EDUCATIONAL BURSARY AWARD WINNERS 2022



### FOUR OUT OF TEN EDUCATIONAL BURSARY AWARD WINNERS 2022

Eoin Grogan, Ciara Mooney, Rachel Gilmartin and Finn Gallagher.

Chairperson, Shona Heffernan, Director Síle Uí Ghallachoir and Secretary, Seamus Kilgannon, presenting a €1,000 cheque each.

# Green Car Loan



Are you on a mission to reduce your emissions? With minimised environmental impacts and running costs, many members are now opting for Electric Cars. See [www.sligocu.ie/greencarloan](http://www.sligocu.ie/greencarloan)

## Drive it forward with a Green Car Loan

**5% (5.12% APR)**

*Where **U** come first*

Terms and Conditions Apply. Sligo Credit Union Ltd.  
is Regulated by the Central Bank of Ireland.



**5% (5.12% APR)** Representative examples as of January 2023.

Green Car Loan	Term	Weekly Repayments	Total amount Payable (Including interest)
€15,000	5 Years	€65	€16,953

Loans are subject to approval. Terms & Conditions apply. If you do not meet the repayments on your loan, your account will go into arrears. This may affect your credit rating which may limit your ability to access credit in the future. Sligo Credit Union Limited is regulated by the Central Bank of Ireland.