



CLONES
CREDIT UNION LIMITED

AGM 2024

Clones Credit Union AGM Thursday
30th January 2025, at 8pm
to be held virtually via ZOOM

www.clonescu.ie



Clones Credit Union Virtual Online AGM 2024

The Board of Directors invite all members of Clones Credit Union to attend a virtual Annual General Meeting (AGM) on **Thursday 30th January 2025 at 8pm.**

REGISTER NOW

**REGISTER AT WWW.CUAGM.COM
TO ATTEND OUR EVENT.**

You will receive an email of confirmation and details on how to attend on the evening. You will need your account number to verify membership on registering.

**REGISTRATION CLOSSES
MONDAY 27th JANUARY AT 6pm**

Notice and Agenda

Clones Credit Union Ltd.

Comhair Chreidmheasa Chluain Eois Teo.

Sixty Fifth Annual General Meeting will be held

VIRTUALLY VIA ZOOM

Thursday 30th January 2025 at 8PM

Agenda

- | | | | |
|-------|---|--------|---|
| i. | acceptance of proxies (if any) by the board of directors | x. | report of the auditor |
| ii. | ascertainment that a quorum is present | xi. | consideration and approval of accounts |
| iii. | adoption of standing orders | xii. | approval or amendment of dividend/interest rebate |
| iv. | reading and approval (or correction) of the minutes of the 64th AGM | xiii. | report of the Board Oversight Committee |
| v. | report of the board of directors | xiv. | report of the Credit Committee |
| vi. | report of the Nominating/ Succession Committee | xv. | report of the Credit Control Committee |
| vii. | election of auditor | xvi. | report of the Membership Committee |
| viii. | election to fill vacancy on Board Oversight Committee | xvii. | report of the Marketing Committee |
| ix. | election to fill vacancies on the Board of Directors | xviii. | report of Insurance Committee |
| | | xix. | any other business |
| | | xx. | adjournment or close of meeting |

Angela Graham
Hon. Secretary

Chairperson's Report

I am pleased to present the Chairman's Report for Clones Credit Union's Annual Report for 2024. It has been another very successful year for the credit union, and I am proud of the progress we have made in meeting the needs of our members and ensuring our continued growth and sustainability.

This year, we have achieved a surplus of €406,721, a testament to the hard work and dedication of our team. This surplus provides a strong foundation for future investment in both the credit union's infrastructure and our commitment to delivering greater value to our members.

A key milestone this year has been the launch of our **Current Account Project**. Listening to the needs of our members, we introduced this exciting new service, which has already proved to be a huge success. The project is a significant financial investment and is undoubtedly a substantial expense but we believe it is a necessary step to remain competitive and responsive to the changing landscape of financial services. The positive reception from our members confirms that this was the right decision, and we remain committed to its continued success. As the last remaining financial institution in Clones, it is vital that we continue to innovate to serve our community and meet their evolving needs.

In addition, we are pleased to report that our investments have been attracting excellent deposit interest, further strengthening the financial health of the credit union.

Regretfully, we would like to inform our members that we will not be recommending a dividend this year. This decision is in line with regulatory guidance and is part of our broader strategy to focus on building and enhancing our services for the benefit of our members. While we understand this may be disappointing, we believe it is the right course of action to ensure the long-term strength and stability of Clones Credit Union as we continue to expand our offerings and improve our financial position.

At Clones Credit Union, we are **dependent on our members using our services**, including loans, current accounts, and our financial products. The more our members engage with our offerings, the stronger and more sustainable the credit union will be. To this end, we are pleased to offer a **wide range of very competitive loan interest rates**, including:

- **6%** for all loan balances over €60k
- **6.9%** for all members with no existing loan
- **6.9%** for our "Green Loan" promotion, which supports sustainable projects and initiatives

- **5% for Student/Apprenticeship loans**, making it easier for young people to pursue their educational and career goals
- **5% Covered Loan** promotional rate, so you still have your savings when your loan is cleared.

These loan promotions are designed to offer our members the best value while continuing to support their financial needs and goals. We encourage all our members to make full use of these services, as your engagement ensures we can continue to thrive and reinvest in the services you depend on.

Our continued success is also due to the close collaboration between the Board and the staff of Clones Credit Union. The teamwork, dedication, and professionalism displayed throughout the year have been instrumental in achieving our goals. I would like to extend my sincere gratitude to all Board members and staff for their ongoing commitment to the credit union and our members.

We are very much aware of how we can reduce our carbon footprint. The installation of solar panels are reducing our energy costs and recently the introduction of electronic signature pads at the counter further reducing our paper usage. We would encourage all our members to sign up for their annual report online, using our Docusign system for loans or to download your credit union statement where possible.

Brendan Jenkins, our Manager for 28 years retired in June 2024. On behalf of the entire

Board, staff, and membership, I would like to extend our heartfelt thanks to Brendan for his contribution to Clones Credit Union. We wish him a very happy and well-deserved retirement, and trust he enjoys the next chapter of his life.

We welcome Bernie Gleeson as our new CEO. Bernie has been an outstanding staff member for 24 years and has gained a wealth of experience and knowledge over those years. We wish her well in her new role.

Also, we welcome our new members of staff, Caroline Brady, Niamh Crudden and more recently, Aoife Linden. They have all settled in extremely well and have proven to be great assets to our team. We are delighted to have them on board and wish them all the best in their future careers with Clones Credit Union.

As we enter 2025, we are excited about the opportunities and challenges that lie ahead. We are confident that, with the continued support of our members, and through the hard work and cooperation of our team, we will build on the success of this year and continue to thrive as a trusted, community-based financial institution.

Thank you for your continued support, and we look forward to an even more prosperous year in 2025.

Roy Crowe
Chairman
Clones Credit Union

Credit Control Report

As we reflect on the activities of the Credit Control Committee for the past year, it is important to highlight several key aspects that ensure the long-term financial health and stability of Clones Credit Union. Our role is not only to manage the repayment of loans but also to provide support to our members during times of financial difficulty. We aim to create an environment where our members thrive, while also safeguarding the credit union's future.

One of the most important aspects of managing the financial health of Clones Credit Union is our adherence to Central Bank guidelines and legislation. These regulatory frameworks are crucial for the credit union's ongoing stability and for the protection of our members' interests. As part of this, we are required to request supporting documentation with loan applications. We understand that this can sometimes be an inconvenience for our members, but we must comply with these regulations to ensure that our operations remain transparent and secure. These measures ultimately help preserve the integrity of the Credit Union and protect both the institution and its members from potential risks.

Equally important is the role of the **Central Credit Register (CCR)**. This system is an

essential tool for monitoring borrowing activity across financial institutions. By maintaining up-to-date and accurate records of credit history, the CCR helps us make informed lending decisions. It also supports our efforts to offer loans responsibly, ensuring that we can continue to meet the needs of our members without jeopardising the financial stability of Clones Credit Union. We urge members to be mindful of their credit standing and to communicate with us promptly if they are experiencing financial difficulties. The sooner we are made aware, the better positioned we are to provide support and find solutions that work for both parties. We are here to help and are committed to working with you to find a path forward.

In challenging financial times, it is essential that members continue to meet their agreed repayments. This not only ensures their financial wellbeing but also strengthens the overall position of Clones Credit Union. Our collective success depends on everyone doing their part to maintain the health of our credit union.

To our members, we reiterate: **if you start to experience financial difficulty, please contact us as soon as possible.** We are here to offer guidance and assistance, and together we can navigate through tough

times. By being proactive and transparent, we can maintain the trust and stability that Clones Credit Union is known for.

Thank you to all our members for your continued support. We look forward to

working together for another successful year ahead.

Sincerely,
The Credit Control Committee
Clones Credit Union

Report of the Board Oversight Committee 2024

The Board Oversight Committee (BOC) plays a critical role in overseeing the governance, financial integrity, and overall strategic direction of Clones Credit Union. Credit Union legislation requires the appointment of a BOC which will oversee the Board of Directors in the performance of its duties and also to act independently on behalf of our members.

Our main function in your Credit Union is to observe the Board of Directors and assess their performance. We have to examine the controls that are in place and to make sure that the functions of the Board are being carried out in accordance with the legislation.

At least one member of our committee, must attend all monthly Board meetings but usually all three of us are in attendance.

The attendance and participation by all directors at Board and Committee Meetings during the year was excellent. The Directors are all very attentive and take an active part in all the discussions and decisions.

Moving into 2025, the BOC will continue to focus on supporting the Board and staff of Clones Credit Union through its ongoing challenges and ensuring its continued success in an increasingly complex and competitive environment.

Vera Murphy, Chairperson
Kitty Cassidy, Secretary
Eleanor Carleton

Credit Committee Report

Overview

The Credit Committee plays a pivotal role in overseeing the credit risk management practices of the credit union.

Key Activities in 2024

1. Credit Portfolio Performance

The credit portfolio has demonstrated robust performance over the past year. Our loan book growth was steady, with particular emphasis on responsible member lending. The Committee held 42 meetings during the year. A total of 1,039 loans were considered and 1,022 loans were approved totalling €8,166,024.56.

2. Adoption of Technology for Credit Risk Assessment

In 2024, we introduced a new loan assessment tool, **Visualyse**, which leverages open banking technology to streamline the loan application process. With Visualyse, we can now securely download bank statements directly from the member's online banking app, allowing us to access up-to-date financial data more quickly and accurately. This innovation significantly speeds up the loan assessment process, enabling us to make faster and more informed decisions. For members who use a banking app on their phone, we kindly request that you allow our staff to assist with this process. By doing so, we can further enhance the efficiency of your application and ensure a smooth experience.

3. Adherence to Central Bank Guidelines and Legislation

A crucial part of our operations in 2024 was the adherence to the guidelines set by the Central Bank and compliance with relevant legislation. We have reinforced the importance of maintaining a strong relationship with the Central Credit Register, as this is a key tool in ensuring the integrity and transparency of the credit market. By reporting credit information accurately and regularly, we contribute to the effective monitoring of credit risk at the national level.

The committee stresses that all credit applications must be made in full compliance with the Central Bank's regulations. This includes ensuring that every member submitting an application provides all required supporting documentation. The documentation is critical for verifying the accuracy of the credit request and ensuring that our lending practices align with regulatory standards.

It is important to note that staff members requesting these documents are simply following internal policy and procedures, which are designed to protect both the institution and our members by adhering to Regulatory requirements and ensuring responsible lending practices.

With ongoing enhancements to our risk management practices, strategic focus on sustainability, and continued investment in technology, we are well-positioned to navigate the complexities of the credit landscape in 2025 and beyond.

Credit Committee Report *(CONTINUED)*

Purpose	2023/2024		2022/2023	
	Number	Value (€)	Number	Value (€)
Business	0	0	0	0
Car Repairs	59	106,420	52	75,050
Christmas	20	24,230	20	20,250
Computer	0	0	1	700
Covered Loan	209	742,307	215	874,290
Education	9	45,500	11	33,500
Farming	3	39,900	7	29,800
Holiday	45	65,450	32	47,200
House Improvement	306	3,322,873	310	3,094,042
Household Good	72	112,890	69	92,700
Medical/Dental	22	79,650	21	71,750
Miscellaneous	0	0	1	2,000
Personal	32	121,796	63	183,580
Student Loan	37	249,100	34	195,540
Vehicle	179	1,921,156	189	2,010,650
Wedding	22	260,600	14	122,600
Total	1,015	7,091,872	1,039	6,853,652

Roy Crowe (Chairman), Martin Maguire (Secretary), Pat Leahy, Peter Mc Aleer

Nomination/Succession Committee Report

The Nomination Committee is pleased to present its report for the Annual General Meeting of Clones Credit Union. As part of our ongoing commitment to good governance, the Nomination Committee works to ensure that the Board of Directors and Board Oversight Committee of Clones Credit Union is well-equipped to serve the best interests of our members.

In accordance with the Central Bank's Fitness and Probity regime, all individuals who wish to be nominated for a position on the Board of Directors or the Board Oversight Committee must complete a Fitness and Probity questionnaire. This questionnaire will be submitted to the Central Bank for their review and approval as part of the nomination process.

We would like to take this opportunity to remind all members that should you be

interested in becoming a Director or a member of the Board Oversight Committee, you are encouraged to contact the Credit Union office. We welcome the involvement of our members and are always looking for dedicated individuals to contribute to the future of our Credit Union.

As part of our responsibilities, the Nomination Committee ensures that at least one member is nominated for each vacancy on the Board of Directors and the Board Oversight Committee. This ensures that the governance of Clones Credit Union remains strong, transparent, and aligned with best practices.

We look forward to receiving nominations from our membership and appreciate your continued engagement with the Credit Union.

Nomination/Succession Committee Report *(CONTINUED)*

Nominations

Auditor

J.P Rundle & Co Auditors.

Board Oversight Committee (1 Vacancy)

Eleanor Carleton

The following members retains office with the number of years shown in brackets;-
Kitty Cassidy(1), Vera Murphy (2)

Directors (4 Vacancies)

Roy Crowe, Cathriona Doran, Jolene Fitzpatrick, Angela Graham

The following Directors hold office with the number of years remaining shown in brackets:-
**Barry Langan(1), Pat Leahy(1), Karen Shiels(1), Peter Mc Aleer (2),
Martin Maguire (2), John Reilly (2), Celine Smyth (2)**

Rule 138:- Irrespective of the number of shares held by him, no member shall have more than one vote.

Note: - In order to vote at an AGM a person must hold at least €6 in shares and be over 16 years of age.

Marketing/Social Media Report

The Marketing Committee continues to play a vital role in ensuring that our organisation remains at the forefront of both our members' minds and our community. We are consistently brainstorming fresh and innovative promotions that not only benefit our members but also give back to the community. Whether it's through special loan promotions or donations to a variety of local projects, we strive to support causes that matter most to our members and the communities we serve.

This year, we continue to have several exciting loan promotions to help our members achieve their financial goals. For loans over €60,000, we are offering an attractive 6% interest rate, ensuring that bigger financial dreams are within reach. If you don't have an existing loan with us, you can take advantage of a 6.9% rate on any new loans. For students and apprentices, we offer a special 5% rate on student/apprenticeship loans to help you with your educational expenses. Similarly, we offer a 5% rate on Covered Loans, and for those investing in their future with a driving licence, we're offering a 5% rate on Learner Loans, which can help cover the cost of driving lessons and licence fees.

At the heart of everything we do is a deep connection to the community and in the past year, we are proud to have donated a total of €32,912 to various community initiatives. These donations reflect our ongoing commitment to supporting local projects and causes that make a meaningful difference in the lives of those around us.

However, to continue supporting these initiatives, we need the community's support in return. The financial means to fund these contributions come from the everyday transactions and choices our members make. So, borrow from us or open a current account to help fund these community projects.

We are proud to offer current account facilities that are just as robust and convenient as those provided by traditional banks—so don't hesitate to make the switch. It's simple, and there's no reason to stay with the old when the new is here, ready to offer you great services and the ability to help give back.

Let's work together to ensure that our community remains strong, and that we can continue to contribute to its growth and wellbeing.

Membership Report

Firstly, I would like to welcome all new members to Clones Credit Union. Over the last 12 months, under Anti-Money Laundering guidelines, we have been updating member accounts that are dormant. I therefore ask, if you receive a letter regarding a dormant account to please make contact with the office to deal with this under your preferred option of reactivating or closing the account.

In the last year our membership was as follows:

Start Membership:	7574
New Members:	210
Closed Members:	127
Closing Membership:	7657

Insurance Report

Life Savings/Loan Protection Insurance is a unique service provided by credit unions affiliated to the Irish League of Credit Unions. The premium for your insurance products is paid for by Clones Credit Union.

Life Savings cover is designed to protect members while they save and in the unfortunate event of the member's death, it can pay a benefit to benefit the person(s) nominated by the deceased member. If you do not have a nomination already set up on your account, please get this done in the

office as soon as possible. The calculation of Life Savings Insurance benefit is based on the member's savings balance, the age of the member and the maximum life savings limit which is €5,000 in Clones Credit Union.

Loan Protection Insurance is the cover for eligible members with credit union loans. If you are an eligible member, this means that you can borrow from Clones Credit Union in the full confidence that your dependents will not be obliged to repay the outstanding loan balance in the event of your death.

Claims paid over the period 01/10/2023 to 30/09/2024

No of claims	Loans	Savings
45	€49,975.25	€61,239.74

Staff Overview

As we reflect on the year gone by, we are excited about the opportunities and innovations that lie ahead at Clones Credit Union. This year, we will continue to enhance and expand our offerings, ensuring we meet the diverse needs of our valued members.

Looking Ahead: New Initiatives and Exciting Opportunities

- **Current Accounts:** Our range of current accounts continues to grow, providing our members with more options for managing their finances conveniently and securely. We're committed to offering competitive features that put our members' needs first.
- **SEPA Instant Payments:** One of the standout features in the coming year is the launch of SEPA Instant Payments. The SEPA Instant Payments service operates on a ten-second rule, meaning eligible transfers must be completed within a very short timeframe (e.g., ten seconds) from the initiation of the transaction. Additionally, the SEPA service will be available 24/7/365, ensuring that payments can be made at any time of day or night, throughout the year. This will further enhance the convenience and efficiency of banking with us.
- **Loan Promotions:** We are thrilled to offer more loan promotions, making it easier for our members to access

the funds they need. Whether it's for home improvements, car purchases, or personal needs, we have attractive and flexible loan products to suit all financial goals.

What Makes Clones Credit Union Unique

At Clones Credit Union, our core strength lies in our exceptional **face-to-face member service**. We pride ourselves on providing that personal touch to each member who walks through our doors, ensuring they feel supported and valued. We understand that for some, interacting with a real person is essential to building trust and making informed financial decisions.

However, we also recognise the increasing demand for digital convenience. That's why we offer a **wide range of online services** for those who prefer managing their finances from the comfort of their homes. Whether you're interacting with us online or in person, we are dedicated to providing the best of both worlds — the personalised experience you expect, combined with the convenience of modern technology.

Award-Winning Service: Best Customer Experience

We are proud to announce that, for the **10th year in a row**, Clones Credit Union, alongside all other credit unions, has been ranked **1st for the Best Customer**

Experience in the **Customer Experience Insight (CXI) Report**. This recognition is a testament to our unwavering commitment to delivering exceptional service and putting our members' needs at the heart of everything we do. We are honoured to continue setting the standard for customer service excellence, year after year.

We're Here to Help

No matter how you choose to interact with us, whether through our personalised in-branch service or our cutting-edge online

facilities, Clones Credit Union is here to support and guide you. We offer services as good as the banks, and even better, with a focus on putting our members first, always.

As we look ahead to the coming year, we truly want to **thank our valued members** for their continued trust and support. We are excited for what the future holds and look forward to further strengthening our community-centred financial services.

Thank you for being a part of Clones Credit Union – we're here to help, every step of the way!



Clones Credit Union Limited

Financial Statements

For The Year Ended
30 September 2024

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Directors and Other Information

Directors

Roy Crowe (Chairman)
Barry Langan (Vice Chairman)
Angela Graham (Secretary)
Pat Leahy
Karen Shiels
Martin Maguire
John Reilly
Celine Smyth
Peter Mc Aleer
Cathriona Doran
Jolene Fitzpatrick

Board Oversight Committee members

Vera Murphy
Kitty Cassidy
Eleanor Carleton

CEO

Bernie Gleeson

Registered office and Business Address

The Diamond, Clones, Co. Monaghan.

Auditors

J.P. Rundle & Co., Moore Hall, Ardee, Co. Louth.

Bankers

Bank of Ireland, Church Square,
Monaghan, Co. Monaghan.

Solicitors

M.D. O'Loughlin
Parklands Office Park, Suite 11,
Southern Cross Road, Bray, Co. Wicklow

Directors' Report

For the year ended 30 September 2024

The directors present their report and the audited financial statements for the year ended 30 September 2024.

Principal activity

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

Review of activities and future developments

The directors acknowledge the results for the year and the year-end financial position. The directors are confident of the credit unions ability to operate successfully in the future.

Dividends

The directors are not proposing a dividend in respect of the financial statements for the year ended 30th September 2024. (2023: The directors did not propose a dividend).

The Credit Union's objectives, policies and strategies

The principal objectives of the Credit Union involves the acceptance of members shares/ savings and lending to members at a fair and reasonable rate of interest in accordance with legislation, criteria determined by the Irish League of Credit Unions and criteria determined by the Credit Union itself.

Principal Risks and Uncertainties

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

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

Lack of Loan Demand: lending is the principal activity of the credit union and the credit union is reliant on it for generating income to cover costs and generate a surplus.

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

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

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

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

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

Credit Risk: the board of directors regularly review and approve the credit union's credit policy. All loan applications are assessed with reference to the credit policy in force at the time. Subsequently, loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

Lack of Loan Demand: the credit union provide lending products to its members and promote these products through various marketing initiatives.

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

Liquidity Risk: the credit union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due.

Operational Risk: this is managed through the employment of suitably qualified staff to ensure appropriate processes, procedures and systems are implemented and are further supported with a robust reporting structure.

Global Macro Economic Risk: the board of directors and management closely monitor the developments of rising inflation rates and disruption to global supply chains and markets, and continue to take

appropriate actions to mitigate any possible adverse effects on the credit union.

Accounting records

The Directors believe that they comply with the requirements of Section 108 of the Credit Union Act 1997 (as amended) with regard to employing accounting personnel with the appropriate expertise and by providing adequate resources to the financial function. The books of the Credit Union are maintained at the Credit Union's premises at The Diamond, Clones, Co. Monaghan.

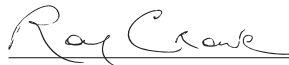
Post Balance Sheet events

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

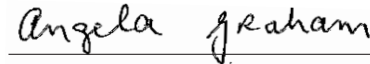
Auditors

The auditors, J.P. Rundle & Co, have indicated their willingness to continue in office in accordance with Section 115 of the Credit Union Act 1997 (as amended).

On behalf of the Credit Union Board

A handwritten signature in cursive script, appearing to read "Ray Crane", positioned above a horizontal line.

16th December 2024

A handwritten signature in cursive script, appearing to read "Angela Graham", positioned above a horizontal line.

16th December 2024


Statement of Directors' Responsibilities

The Credit Union Act, 1997 (as amended), requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Credit Union and of the income and expenditure of the Credit Union for that period. In preparing those financial statements, the directors are required to:-

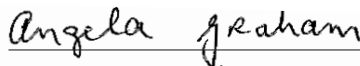
- (i) select suitable accounting policies and then apply them consistently;
- (ii) make judgements and estimates that are reasonable and prudent;
- (iii) prepare the financial statements on a going concern basis unless it is inappropriate to presume that the credit union will continue in business.

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

On behalf of the credit union board:



Chairperson
16th December 2024



Secretary
16th December 2024

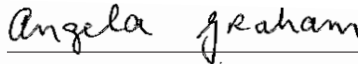
Statement of Board Oversight Committee's Responsibilities

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

On behalf of the credit union board oversight committee:



Chairperson
16th December 2024



Secretary
16th December 2024

Help us to help our environment & go paperless!

To receive this AGM booklet electronically in the future, please email us to info@clonescu.ie, requesting us to send you the Annual Report via email going forward putting 'E-AGM' in the subject title.

Please quote your name, date of birth and account number(s) in the email.

Independent Auditor's Report to the Members of Clones Credit Union

Report on the audit of the financial statements

Opinion

We have audited the Financial Statements of Clones Credit Union Limited for the year ended 30th September 2024, which comprise the Income and Expenditure Account, Balance Sheet, Statement of Changes in Reserves and Cash Flow Statement and notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion the Financial Statements:

- Give a true and fair view of the state of the Credit Union's affairs as at 30th September 2024 and of its income and expenditure and cash flows for the year then ended,
- Have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ; and
- Have been properly prepared in accordance with the requirements of the Credit Union Acts 1997, as amended.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Credit Union in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

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

We have nothing to report in this regard.

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

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set on page 3, 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 controls as they determine is necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

In preparing for 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 and error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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 Acts 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.



Paul Rundle FCCA - Statutory Auditor

For and on behalf of
J.P. Rundle & Co.
Chartered Certified Accountants and
Registered Auditors, Moore Hall,
Ardee, Co. Louth
16th December 2024

Appendix to the Independent Auditor's Report

Further information regarding the scope of our responsibilities as auditor

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

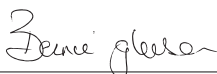
Income and Expenditure Account

For the year ended 30 September 2024

	Schedule	2024 €	2023 €
INCOME			
Interest on Members' Loans	1	1,212,194	1,129,040
Other Interest Receivable and Similar Income	2	531,227	357,419
Net Interest Income		1,743,421	1,486,459
Other Income	3	36,530	25,971
TOTAL INCOME		1,779,951	1,512,430
EXPENDITURE			
Salaries, pension and other wage costs		542,604	506,954
Other Management Expenses	4	711,436	577,129
Impairment of fixed assets		-	140,000
Depreciation		64,193	54,596
Net impairment gains on loans to members (note 5)		54,997	(73,031)
TOTAL EXPENDITURE		1,373,230	1,205,648
SURPLUS FOR THE YEAR		406,721	306,782
<u>STATEMENT OF OTHER COMPREHENSIVE INCOME</u>			
Other comprehensive income		406,721	306,782
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		406,721	306,782

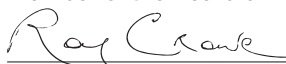
On behalf of the Credit Union

CEO:



16th December 2024

Member of the Board of Directors:



16th December 2024

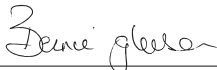
Balance Sheet

As at 30 September 2024

	Notes	2024 €	2023 €
ASSETS			
Cash and Balances at Bank	6	1,096,550	1,014,550
Deposits and Investments - cash equivalents	7	9,333,647	5,055,488
Deposits and Investments - other	7	17,556,772	22,325,428
Loans to Members	9	16,003,162	15,123,562
Less: Impairment of Bad and Doubtful Debts	10	(1,234,545)	(1,087,870)
Tangible Fixed Assets	12	766,796	726,506
Prepayments and Accrued Income	13	138,805	98,530
TOTAL ASSETS		43,661,187	43,256,194
OTHER LIABILITIES			
Other Liabilities and Charges	14	876,575	971,871
MEMBERS' LIABILITIES			
Members' Shares	15	34,544,044	34,486,233
Members' Current Accounts	15	35,757	-
TOTAL LIABILITIES		35,456,376	35,458,104
MEMBERS' RESOURCES/RESERVES			
Regulatory Reserves	17	5,437,925	5,437,925
Operational Risk Reserve	17	400,000	400,000
MPCAS Reserve	17	200,000	0
Other Reserves			
Retained earnings			
Realised reserves	17	2,047,433	1,880,502
Non-realised reserves	17	119,453	79,663
Total reserves		8,204,811	7,798,090
TOTAL LIABILITIES AND RESERVES		43,661,187	43,256,194

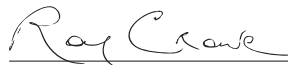
On behalf of the Credit Union

CEO:



16th December 2024

Member of the Board of Directors:



16th December 2024

Statement of Changes in Reserves

For the year ended 30 September 2024

MOVEMENT IN RESERVES	Regulatory Reserve €	Operational Risk Reserve €	MPCAS Reserve €	Dividend Reserve €	Unrealised Reserve €	Undistributed Surplus €	Total Reserves €
Opening balance at 1 October 2022	5,259,572	400,000	-	50,000	26,881	1,754,855	7,491,308
Total comprehensive income for the year	-	-	-	-	-	306,782	306,782
Dividends paid during the year (Note 8)	-	-	-	-	-	-	-
Interest rebate paid during the year (Note 8)	-	-	-	-	-	-	-
Transfer between reserves	178,353	-	-	-	52,782	(231,135)	-
Closing balance at 30 September 2022	5,437,925	400,000		50,000	79,663	1,830,502	7,798,090
	Regulatory Reserve €	Operational Risk Reserve €	MPCAS Reserve €	Dividend Reserve €	Unrealised Reserve €	Unallocated Surplus €	Total Reserves €
Opening balance at 1 October 2023	5,437,925	400,000	-	50,000	79,663	1,830,502	7,798,090
Total comprehensive income for the year	-	-	-	-	-	406,721	406,721
Dividends paid during the year (Note 8)	-	-	-	-	-	-	-
Interest rebate paid during the year (Note 8)	-	-	-	-	-	-	-
Transfer between reserves	-	-	200,000	-	39,790	(239,790)	-
Closing balance at 30 September 2024	5,437,925	400,000	200,000	50,000	119,453	1,997,433	8,204,811

- 1) The Regulatory reserve of the credit union as a % of total assets as at 30 September 2024 was 12.45% (2023: 12.53%) which is in excess of the required limit of 10%.
- 2) In accordance with Section 45 of the Credit Union Act 1997 as amended Clones Credit Union Limited put in place an Operational Risk Reserve. (This represents .92% of Total Assets).

Cash Flow Statement

for the year ended 30 September 2024

	Notes	2024 €	2023 €
Cash and Balances at Bank		1,014,550	835,633
Deposits and Investments - cash equivalents		5,055,488	4,057,882
Opening cash and cash equivalents		6,070,038	4,893,515
<i>Cash flows from operating activities</i>			
Loans repaid	9	6,204,222	5,823,808
Loans granted	9	(7,091,872)	(6,853,652)
Loan interest received		1,206,625	1,127,197
Investment interest received		531,227	357,419
Other income received		36,530	25,971
Bad debts recovered		99,728	165,851
Operating expenses paid to include employment costs		(1,384,042)	(1,227,558)
Net cash flows from operating activities		(397,582)	(580,964)
<i>Cash flows from investing activities</i>			
Purchase of property, plant and equipment		(104,483)	(36,064)
Net cash flow from other investing activities		4,768,656	683,874
Net cash flows from investing activities		4,664,173	647,810
<i>Cash flows from financing activities</i>			
Members' shares received	15	16,633,021	16,489,385
Members' shares withdrawn	15	(16,575,210)	(15,379,708)
Net movement in current accounts	15	35,757	
Net cash flows from financing activities		93,568	1,109,677
Closing cash and cash equivalents		10,430,197	6,070,038

Notes to the Financial Statements

for the year ended 30 September 2024

1. Legal and regulatory framework

Clones Credit Union Limited is established under the Credit Union Act 1997 (as amended). Clones Credit Union Limited is registered with the Registrar of Credit Unions and is regulated by the Central Bank of Ireland. The principal place of business is The Diamond, Clones, Co. Monaghan.

2. Accounting policies

Statement of compliance and basis of preparation

These financial statements have been prepared in accordance with FRS 102 (*the Financial Reporting Standard applicable in the UK and Republic of Ireland*). The financial statements are prepared on the historical cost basis.

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

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

Income

Interest on Members' Loans

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

Investment income

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

Notes to the Financial Statements (*continued*)

Other income

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

Dividends to members and loan interest rebates

Dividends are made from current year's surplus or the dividend reserve set aside for that purpose.

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

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

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

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

Taxation

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

Tangible fixed assets

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

Depreciation is provided to write off the cost of assets less their estimated residual value, on a straight line basis over their estimated useful lives.

Notes to the Financial Statements (*continued*)

Depreciation is provided on the following basis:

Land	No depreciation	
Buildings	50 years	2% straight line
Fixtures and fittings	5 years	20% straight line
Computer	3 years	33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the Income and Expenditure Account.

Impairment of tangible fixed assets

At each reporting date, Clones Credit Union Limited 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.

Notes to the Financial Statements (*continued*)

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

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

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

Loans to members

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

Notes to the Financial Statements (*continued*)

Investments

Investments are accounted for differently depending on how the different investments are designated at the outset and based on meeting certain criteria. The Credit Union uses the following accounting methods:

a) *Held at amortised cost*

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

b) *Investments at Fair Value*

Investments held which are considered non-basic financial instruments under Section 11 of FRS 102 and investment in stock market shares (i.e. non-convertible preference shares and non-puttable ordinary shares or preference shares) are included in this category. They are valued at fair value (market value) at the year-end date and all gains and losses are taken to the Income and Expenditure Account. The fair value of quoted investments is determined by reference to bid prices at the close of business on the Balance Sheet date.

c) *Central Bank Deposits*

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

Notes to the Financial Statements (*continued*)

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

Clones Credit Union Limited assesses, at each balance sheet date, if there is objective evidence that any of its financial assets are impaired. That means that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

In the case of impairment of loans to members, the loans are assessed collectively in groups that share similar credit risk characteristics. Individually significant loans are assessed on a loan by loan basis. In addition, if, during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised.

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

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.

Notes to the Financial Statements (*continued*)

In the case of loans to members, loans are derecognised when the right to receive cash flows from the asset have expired, usually when all amounts outstanding have been repaid by the member. Clones 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 present value of the future payments discounted at a market rate of interest. Financial liabilities are subsequently carried at amortised cost using the effective interest method.

Financial liabilities - members' shares

Members' shareholdings in Clones 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 amortised cost.

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

Pension scheme

Clones Credit Union Limited participates in an industry-wide pension scheme for employees (The Irish League of Credit Unions Republic of Ireland Pension Scheme). This is a funded defined benefit scheme with assets managed by the Scheme's trustees. The ILCU is the principal employer of the Scheme and Clones Credit Union Limited is a participating employer.

Notes to the Financial Statements (*continued*)

The scheme is a multi-employer defined benefit scheme and there is insufficient information for Clones Credit Union Limited to separately identify its share of the Scheme's underlying assets and liabilities. Consequently, the Scheme is currently accounted for as a defined contribution plan.

If an agreement is entered into with the Scheme that determines how Clones Credit Union Limited will fund a past service deficit, Clones Credit Union Limited shall recognise a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit).

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

Short term employee benefits

The cost of short term employee benefits, including holiday pay, are recognised as a liability and as an expense over the period they are earned.

Reserves

Reserves/retained earnings are the accumulated surpluses to date that have not been declared as dividends returnable to members. The reserves are subdivided into realised and unrealised in accordance with the Central Bank Guidance Note for Credit Unions on Matters Relating to Accounting for Investments and Distribution Policy.

Regulatory reserve

The Credit Union is required to maintain and establish a minimum Regulatory reserve of at least 10% of the assets of the Credit Union in accordance with Credit Union Act 1997 (Regulatory Requirements) Regulations 2016.

Operational risk reserve

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

Notes to the Financial Statements (*continued*)

Dividend reserve, General reserve and Unallocated surplus

The dividend reserve, general reserve and unallocated surplus are the accumulated surpluses to date that have not been declared as dividends or loan interest rebate returnable to members or set aside to the Regulatory or Operational Risk reserves.

Unrealised reserves

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.

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 Clones 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:

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

The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The useful lives are regularly reviewed and changed if necessary to reflect current conditions. In determining these useful lives, technological change, patterns of consumption, physical condition and expected economic utilisation of the assets are considered. Changes in the useful lives can have a significant impact on the depreciation charge for the financial year.

Impairment losses on loans to members

The Credit Union's accounting policy for impairment of financial assets is set out in the accounting policies. 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 with the emphasis on weeks in arrears and other observable credit risk metrics.

Notes to the Financial Statements (*continued*)

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 along with the Credit Union's judgement of relevant conditions in the wider technological, market, economic or legal environment in which the Credit Union operates.

If a loan is impaired, the impairment loss is the difference between the carrying amount of the loan and the present value of the expected cash flows discounted at the asset's original effective interest rate taking account of pledged shares and other security as appropriate. 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.

Operational risk reserve

The directors have considered the requirements of the Credit Union Act 1997 (as amended) and have considered an approach to the calculation of the operational risk reserve based on the indicative guidance issued by the Central Bank.

**Help us to help our
environment & go paperless!**

To receive this AGM booklet electronically in the future, please email us to info@clonescu.ie, requesting us to send you the Annual Report via email going forward putting 'E-AGM' in the subject title.

Please quote your name, date of birth and account number(s) in the email.

Notes to the Financial Statements (*continued*)

4. Key Management Remuneration

The Directors of Clones Credit Union Limited are all unpaid volunteers. Remuneration of the key management team for Clones Credit Union Limited is as follows:

	2024 €	2023 €
Short term employee benefits paid to key management	264,184	224,213
Payments to defined contribution scheme	39,266	36,285
Total key management personnel compensation	<u>303,450</u>	<u>260,498</u>

5. Net impairment gains on loans to members

	2024 €	2023 €
Bad Debts Impairment	146,675	90,883
Impairment of loan interest reclassified as bad debt recoveries	(16,542)	(10,494)
Bad Debts Recovered and recoveries (net)	(83,186)	(155,357)
Bad Debts Written Off	8,050	1,937
Net Impairment	<u>54,997</u>	<u>(73,031)</u>

6. Cash and cash equivalents

	2024 €	2023 €
Cash balances	1,096,550	1,014,550
Deposits and investments maturing in less than 3 months	9,333,647	5,055,488
Total cash and cash equivalents	<u>10,430,197</u>	<u>6,070,038</u>

Deposits and investments maturing in less than three months are included under Investments in the Balance Sheet and disclosed in Note 7.

Notes to the Financial Statements (*continued*)

7. Deposits and Investments

The Credit Union has the following investments:

	2024 €	2023 €
Irish and EEA State Securities	1,000,021	999,128
Accounts in Authorised Credit Institutions	20,600,364	21,134,608
Bank bonds	5,059,796	5,026,942
Central Bank deposits	230,238	220,238
	<u>26,890,419</u>	<u>27,380,916</u>
Less Deposits and investments cash equivalents	(9,333,647)	(5,055,488)
Total deposits and investments	<u>17,556,772</u>	<u>22,325,428</u>

8. Dividend and loan interest rate

The dividends and loan interest rebate for the current and prior year periods are detailed below:

Paid during the year:

There were no dividends or loan interest rebates paid in the years 2023 or 2024.

Proposed, but not recognised:

There were no dividend or loan interest rebate proposed in the years 2023 or 2024.

The dividend and loan 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.

Notes to the Financial Statements (*continued*)

9. Loans to members - financial assets

	2024 €	2023 €
As at 1 October 2023	15,123,562	14,095,655
Advanced during the year	7,091,872	6,853,652
Repaid during the year	(6,204,222)	(5,823,808)
Loans charged off during the year	(8,050)	(1,937)
Gross loans and advances to members	<u>16,003,162</u>	<u>15,123,562</u>
Impairment losses		
Individual financial assets	(884,223)	(730,812)
Groups of financial assets	<u>(350,322)</u>	<u>(357,058)</u>
Loan provision	<u>(1,234,545)</u>	<u>(1,087,870)</u>
Net loans as at 30 September 2024	<u>14,768,617</u>	<u>14,035,692</u>

10. Movement in impairment for doubtful debts

	2024 €	2023 €
Opening impairment	1,087,870	996,987
Bad debts incurred during the year	(8,050)	(1,937)
Increase/decrease in impairment	154,725	92,820
Closing impairment	<u>1,234,545</u>	<u>1,087,870</u>

The current impairment in the financial statements is €1,234,545 (2023: €1,087,870), a net movement of €146,675 and represents 7.71% (2023 7.19%) of the total loan book.

11. Credit risk disclosures

The majority of Clones Credit Union Limited's loans to members are unsecured, except that there are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding. A small number of loans are secured by property, which were not obtained during this period.

The Credit Union complies with Section 12 of the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016. This regulation:

Notes to the Financial Statements (*continued*)

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

The carrying amount of the loans to members represents Clones Credit Union Limited's maximum exposure to credit risk. The following table provides information to the credit quality of loan repayments.

Gross loans	2024		2023	
	Amount €	Proportion %	Amount €	Proportion %
Not impaired:	13,387,409	83.65%	12,993,756	85.92%
Gross loans impaired				
Not past due	1,047,405	6.54%	938,409	6.20%
Up to 9 weeks past due	1,237,605	7.73%	1,029,919	6.81%
Between 10 and 18 weeks past due	164,132	1.03%	62,879	0.42%
Between 19 and 26 weeks past due	76,534	0.48%	7,371	0.05%
Between 27 and 39 weeks past due	39,665	0.25%	29,935	0.20%
Between 40 and 52 weeks past due	17,828	0.11%	17,194	0.11%
53 or more weeks past due	32,584	0.20%	44,099	0.29%
Gross loans impaired	2,615,753	16.35%	2,129,806	14.08%
Total gross loans	16,003,162	100.00%	15,123,562	100.00%
Impairment allowance				
Individually Impaired	884,223	71.62%	730,812	67.18%
Collectively Impaired	350,322	28.38%	357,058	32.82%
Total carrying value	1,234,545	100.0%	1,087,870	100.0%

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

Notes to the Financial Statements (*continued*)

12. Tangible Fixed Assets

	Land and buildings €	Fixtures & fittings €	Computer equipment €	Total €
Cost				
At 1 October 2023	3,423,861	465,606	195,910	4,085,377
Additions	-	54,608	49,875	104,483
Disposals	-	-	-	-
At 30 September 2024	3,423,861	520,214	245,785	4,189,860
Depreciation:				
At 1 October 2023	2,773,861	410,549	174,461	3,358,871
Charge for the year	20,000	22,451	21,742	64,193
Disposals	-	-	-	-
Impairment	-	-	-	0
At 30 September 2024	2,793,861	433,000	196,203	3,423,064
Net book value				
At 30 September 2024	630,000	87,214	49,582	766,796
Net book value				
At 30 September 2023	650,000	55,057	21,449	726,506

13. Prepayments and accrued income

	2024 €	2023 €
Other debtors and receivables	87,385	52,679
Accrued Loan Interest	34,080	28,511
SPS Refund	17,340	17,340
	138,805	98,530

Notes to the Financial Statements (*continued*)

14. Other Liabilities

	2024 €	2023 €
PAYE/PRSI	7,679	8,987
Pension Funding Deficit	780,521	892,024
Creditors and other accruals	88,375	70,860
	<u>876,575</u>	<u>971,871</u>

15. Members' shares - financial liabilities

	2024 €	2023 €
As at 1 October 2023	34,486,233	33,376,556
Received during the year	16,633,021	16,489,385
Repaid during the year	<u>(16,575,210)</u>	<u>(15,379,708)</u>
As at 30 September 2024	<u>34,544,044</u>	<u>34,486,233</u>

Members' Current Accounts

As at 1 October 2023	-	-
Received during the year	68,683	-
Repaid during the year	<u>(32,926)</u>	-
	35,757	-
Members Overdrawn Current Accounts	<u>0</u>	-
As at 30 September 2024	<u>35,757</u>	-

16. Financial instruments

16a. Financial instruments - measured at amortised cost

Financial assets	2024 €	2023 €
Financial assets measured at amortised cost	<u>36,190,035</u>	<u>35,713,252</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>35,456,376</u>	<u>35,458,104</u>

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

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

Notes to the Financial Statements (*continued*)

16b. Financial instruments - fair value measurements

FRS102 requires fair value measurements to be disclosed by the source of inputs, using a three level hierarchy:

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

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

At 30 September 2024	Total €	Level 1 €	Level 2 €	Level 3 €
Accounts in authorised credit institutions	3,757,619	-	3,757,619	-
Bank bonds	4,059,817	-	4,059,817	-
Collective investment schemes	-	-	-	-
Total	7,817,436	-	7,817,436	-

At 30 September 2023	Total €	Level 1 €	Level 2 €	Level 3 €
Accounts in authorised credit institutions	3,764,051	-	3,764,051	-
Bank bonds	4,059,065	-	4,059,065	-
Collective investment schemes	-	-	-	-
Total	7,823,116	-	7,823,116	-

There were fair value adjustments of (€5,680) recognised in the income and expenditure account for the year ended 30th September 2024.

Notes to the Financial Statements (*continued*)

17. Reserves

	01.10.2023	Payment of Dividend and Loan Interest Rebate	Appropriation of Current Year Surplus	Transfers Between Reserves	Balance 30.09.24
	€	€	€	€	€
Regulatory Reserve	5,437,925	-	-	-	5,437,925
Operational Risk Reserve	400,000	-	-	-	400,000
MPCAS Reserve	-	-	-	200,000	200,000
<u>Other Realised Reserves</u>					
Undistributed Reserves	1,830,502	-	406,721	(239,790)	1,997,433
<u>Other Realised Reserves</u>					
Dividend Reserve	50,000	-	-	-	50,000
Total Other Reserves	1,880,502	-	406,721	239,790	2,047,433
<u>Unrealised Reserves</u>					
Interest on loans reserve	28,511	-	-	5,569	34,080
Investment income reserve	33,812	-	-	34,221	68,033
SPS reserve	17,340	-	-	-	17,340
Total Unrealised Reserves	79,663	-	-	39,790	119,453
Total Reserves	7,798,090	-	406,721	-	8,204,811

Notes to the Financial Statements (*continued*)

18. Additional financial instruments disclosures

18a. Financial risk management

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

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

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

Liquidity risk: Clones Credit Union Limited's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The objective of the Credit Union's liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise. The Credit Union adheres on an ongoing basis to the minimum liquidity ratio and minimum short term liquidity ratio as set out in the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016.

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

Notes to the Financial Statements (*continued*)

Interest rate risk: Clones Credit Union Limited's main interest rate risk arises from differences between the interest rate exposures on the receivables and payables that form an integral part of a Credit Union's operations. The Credit Union considers rates of interest receivable on investments and members' loans when deciding on the dividend rate payable on members' shares and on any loan interest rebate. Clones Credit Union Limited does not use interest rate options to hedge its own positions.

18b. Interest rate risk disclosures

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

	2024		2023	
	Amount €	Avg. Interest Rate %	Amount €	Avg. Interest Rate %
<i>Financial assets</i>				
Loans to members	16,003,162	7.93%	15,123,562	7.56%
<i>Financial liabilities</i>				
Members' shares	34,544,044	0.00%	34,486,233	0.00%

The dividend payable is at the discretion of the Directors and is therefore not a financial liability of the Credit Union until declared and approved at the AGM.

18c. Liquidity risk disclosures

All of Clones Credit Union Limited's financial liabilities are repayable on demand except for some members' shares attached to loans. The Credit Union retains, at all times, liquid assets amounting to at least the minimum required by regulation.

18d. Fair value of financial instruments

Investments held which are considered non-basic financial instruments under Section 11 of FRS 102 are measured at fair value as set out in note 2 (Investments - b).

18e. Capital

The Credit Union maintains sufficient reserves to buffer itself against any losses on its members' loans and its investments. The current regulatory reserves are in excess of the minimum requirement set down by the Central Bank.

Notes to the Financial Statements (*continued*)

19. Post balance sheet events

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

20. Contingent liabilities

There is a contingent liability included in the letter of authority held by Bank of Ireland with regard to electronic funds transfer in the sum of €30,000.

21. Capital

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

22. Related Party Transactions

	2024		2023	
	No. of Loans	€	No. of Loans	€
Loans advanced to related parties during the year	16	376,500	13	204,950
Total loans outstanding to related parties	19	526,175	26	385,405
Total provision for loans outstanding to related parties		35,626		25,190

The total amount of shares held by related parties at the year end was €530,530 (2023 - € 646,475).

The related party loans stated above comprise of loans to members of the board of directors, the management team and members of the family of the board of directors and the management team of Clones Credit Union Limited.

The total loans outstanding to related parties represents 3.29% of the total loans outstanding at 30th September 2024 (2023 - 2.55%).

Notes to the Financial Statements (*continued*)

23. Insurance against Fraud

The Credit Union has insurance against fraud in the amount of €2,600,000 in compliance with Section 47 of the Credit Union Act 1997.

24. Non-Audit Services

It is a requirement that any non audit services provided by the auditor be described in the financial statements. The auditor has provided assistance to the directors in respect of the preparation of these financial statements.

25. Comparative Information

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

26. The Irish League of Credit Unions Republic of Ireland Pension Scheme

Clones Credit Union Limited participates in an industry-wide pension scheme for employees (The Irish League of Credit Unions Republic of Ireland Pension Scheme). This is a funded defined benefit scheme with assets managed by the Scheme's trustees.

On 31 March 2022, the defined benefit scheme closed to future accrual and although staff retained all the benefits that they had earned in the scheme to that date, Clones 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. Clones Credit Union Limited's allocation of that past service deficit is €1,133,237. This total cost is included in the Income & Expenditure account for the year ended 30 September 2022. Clones Credit Union Limited has entered a 10 year funding plan to pay the deficit of which the first year was paid in 2022.

As this is a pooled pension scheme, Clones 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. Clones 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.

Notes to the Financial Statements (*continued*)

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.

27. Approval of financial statements

The financial statements were approved, and authorised for issue, by the Board on 16th December 2024.

Schedule 1 - Interest on members' loans

	2024 €	2023 €
Closing accrued loan interest receivable	34,080	28,511
Loan interest received in year	1,206,625	1,127,197
Opening accrued loan interest receivable	<u>(28,511)</u>	<u>(26,668)</u>
Total interest on members' loans	<u>1,212,194</u>	<u>1,129,040</u>

Schedule 2 - Other Interest Receivable and Similar Income

	2024 €	2023 €
Investment income received/receivable within 1 year	497,006	328,292
Investment income Receivable after one year	<u>34,221</u>	<u>29,127</u>
Total investment income	<u>531,227</u>	<u>357,419</u>

Notes to the Financial Statements (*continued*)

Schedule 3 - Other Income

	2024 €	2023 €
Commission	23,335	12,927
Rent Received	12,700	12,700
Fees	200	179
Current Account Fees	60	-
Cash Over	235	165
Total other income	36,530	25,971

Notes to the Financial Statements (*continued*)

Schedule 4 - Other Management Expenses

	2024	2023
	€	€
Rates	5,022	10,076
Lighting, Heating and Cleaning	31,728	27,829
Repairs and Renewals	21,253	12,862
Security	6,053	4,113
Printing and Stationery	7,835	5,925
Postage, Telephone and Internet Charges	19,472	21,116
Donations and Sponsorship	32,912	17,233
Promotion and Advertising	35,828	25,784
Training Costs	23,757	14,265
Chapter Expenses	1,246	998
AGM Expenses	11,168	9,180
Travel and Subsistence	9,874	648
Entertainment	12,552	5,110
Bank interest and charges	38,702	37,482
Audit Fee	19,680	19,680
General Insurance	26,589	26,204
Share and Loan Insurance (Gross) & Death Benefit	157,428	140,988
Legal & Professional Fees	42,091	39,246
Computer Maintenance	102,258	69,248
Miscellaneous Expenses	14,700	12,304
SPS	-	1,484
Cash Short	186	227
Affiliation Fees	12,232	12,875
Regulatory Levies	78,870	62,252
Total	<u>711,436</u>	<u>577,129</u>

A Fond Farewell: Honouring 28 Years of Service from Brendan Jenkins



After 28 years of dedicated service, good humour, and a steadfast commitment to both the members and the wider community, Saturday 29th June 2024 saw the retirement of Clones Credit Union Manager, Brendan Jenkins.

Throughout Brendan's tenure Clones Credit Union has embraced much change in regulatory requirements, advancing technology, and evolving member expectations, and has succeeded in modernising its services while retaining its community focused ethos.

Colleagues and members alike will remember Brendan for his warm personality and good humour. Whether working through challenges or celebrating successes, his positive outlook and approachable nature made him a trusted figure within the credit union and the community.

Brendan often attributed the success of Clones Credit Union to the incredible volunteers and staff he had the privilege to work alongside throughout his 28 years, emphasising that the credit union's achievements were always a team effort. Together, they created a welcoming and supportive environment for everyone who walked through the door.

As Brendan closed the doors for the final time, he leaves behind a legacy of service, care, and community spirit, confident that the credit union will continue to thrive and grow under the capable leadership of those who follow.

We extend our heartfelt thanks to Brendan for his extraordinary contributions and wish him a long, happy, and healthy retirement. His dedication over nearly three decades has left an enduring impact on Clones Credit Union and the community it serves.



CLONES

CREDIT UNION LIMITED

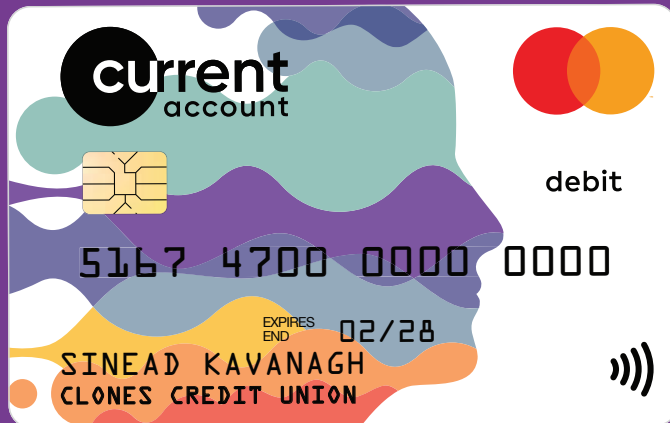
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