

# AGM Pack 2022

# IMAGINE MORE IN THE HEART OF THE COMMUNITY



IN THE COMMUNITY, PLAYING NO SMALL PART.  
YOU MIGHT JUST FIND THAT WE'RE RIGHT AT ITS HEART.



**Credit Union**  
IMAGINE MORE

# **Newtownhamilton Credit Union**

## **Annual General Meeting 6<sup>th</sup> December 2022**

### **President's Address**

It is my pleasure and honour to welcome you to the 55<sup>th</sup> Annual General Meeting of Newtownhamilton Credit Union which this year is being delivered by a Hybrid model.

I am pleased to report on another prosperous year here in Newtownhamilton Credit Union, despite the complex and challenging position that households and businesses find themselves in due to the current uncertain economic climate, the impact of these challenges and the pressures caused by the present cost of living crisis and the Bank of England news of a deep and prolonged recession.

During the year as we moved on from the Covid 19 pandemic and the world of restrictions, here in Newtownhamilton Credit Union we have seen a vigorous growth in the demand for loans, which directly impacts on the performance of the credit union as the revenue from the loan interest is a valuable source of income together with investments interest. Credit Unions remain vital and accessible providers of affordable financial services in the local community for both business and personal finance and to you the members we are grateful for your continued support and loyalty to your Credit Union.

Member's shares have grown to £11,178,566 (a growth of 8.75%). This year the Board of Directors are recommending a dividend of 0.50% on savings and an interest rebate of 35% on loans.

Newtownhamilton Credit Union is regulated by the Financial Conduct Authority and the Prudential Regulation Authority - compliance ratios

are continually monitored throughout the year and discussed at monthly board meetings.

The Credit Union continues to promote the Schools Art Competition. We are very grateful to the Schools for their participation in the competition and congratulations to the winners.

During the year the Credit Union has provided financial support to local community and charity events.

I would like to thank our Office Manager Geraldine and all the Credit Union staff for their continued dedication to their work and their invaluable support to the Board of Directors throughout the year.

I wish to express my sincere appreciation to my fellow Board of Directors and Supervisors for their continued support and commitment to the Credit Union during the past year.

Finally I would like to wish you all a Merry Christmas and send you best wishes for 2023.

**Elizabeth McCreesh**  
**President**

Treasurers Report for Newtownhamilton Credit Union  
AGM  
6<sup>th</sup> December 2022

Date: 6<sup>th</sup> December 2022

Welcome everyone to this year's 2022 AGM

Tonight, Newtownhamilton Credit Union Ltd is reporting its 2022 year-end results, which have remained steady, despite much uncertainty within the economy and the cost-of-living crisis which are now finding ourselves in.

The Credit Union has continued to be there for its members during 2022 and despite the post COVID challenges coupled with low investment returns we still remain in a healthy position.

### **Our Loans**

We endeavour to accommodate all our membership hence we offer 3 types of loans:

- Standard 12% Loan
- Secure 6% Loan
- Monster Loan – 6% (T's & Cs apply)

Looking ahead we expect the coming 12 months will prove difficult for many in our community as the costs of living soar. We will be sympathetic to your struggles whether it be in terms of access to credit or difficulty making the repayments you have signed up to and, as we have done throughout the Covid 19 pandemic we will work with you to overcome these challenges. In return we encourage you to engage and be open with us and together we can maximise the benefits which are unique to you as a member of a Credit Union.

Our loan approvals and other key decisions continue to be made locally by staff who are from within the community and who have a vested interest in the welfare and prosperity of their own area.

Our Annual Accounts @ 30<sup>th</sup> September 2022 show the value of loans which we have provided to the local community in the past year and they also set out details of the increase in membership, the value of saving in the previous year and the current financial situation and lending power for the year ahead. For anyone not attending this face-to-face meeting tonight a copy of the Annual Accounts can be requested from our office staff.

### **Dividend and Interest Rebate**

The lack of healthy competition between the institutions has not been there of late and this has left us in a situation of not having as wide a scope of choice this year in terms of where we invest our money.

I also want to assure you however that we have taken every step to ensure your money has been invested wisely with institutions who can guarantee the maximum returns. As a direct result of this strategic investment coupled with our successive planning policy the Board of Directors are in a position to propose a Dividend of 0.50% and an Interest Rebate of 35% be returned to our members.



There has been some improvement to interest rates over the past few months; hopefully this will continue into 2023.

### **Compensation Scheme**

Our priority at Newtownhamilton Credit Union is to protect our members and to serve their needs, whilst ensuring the safety of their savings. I want to take this opportunity to reassure that your savings remain safe and secure at the Credit Union. Each member's savings are protected under The Financial Services Compensation Scheme (FSCS) to the value of £85,000.00

### **Thanks:**

I would like to thank our manager Geraldine; our dedicated staff; my fellow directors and our Chairperson Elizabeth McCreesh for their continued support.

My thanks also go to Cavanagh Kelly, for the professional manner in which they conduct the audit and for all the assistance they have given to myself and Geraldine during the year.

And lastly thank you to you our members; we recognise and appreciate the loyalty and support which has always existed between our members and the Credit Union and we assure you that in working together we will remain the cornerstone of our community and weather the current challenges we are facing.

Briege McGivern  
Treasurer



NEWTOWNHAMILTON CREDIT UNION  
CREDIT COMMITTEE REPORT AGM 2022

# WE'RE LENDING



Newtownhamilton  
Credit Union  
IMAGINE MORE



**Your ability to borrow is not dependent on how long you have been a member, or how much you have in savings, but what you can afford to repay.**

Over the years Members have come to realise that Newtownhamilton Credit Union, when compared to other financial organisations, offers a personal, flexible service at a fair rate of interest.

Our loans differ from others in a number of ways:

- **We calculate your interest on a reducing loan balance.**  
As you pay your loan off, the amount of interest you're paying back also reduces. This makes your loan cheaper, even though on paper the APR rate may look higher.
- **We don't charge arrangement fees**  
we will never charge you to set up a loan. There's no hidden charges with us. We're here to provide a service to you, not to profit from you.
- **We don't charge you settlement fees.**  
If you can pay off your loan earlier than expected, that's great – we'll never charge you a settlement fee. It's the Credit Union difference.
- **We offer free life insurance on loans**  
Only Credit Unions will offer this no-charge piece of mind (subject to T's & C's).

We want to lend to you and in order to make this service more available to you, the member, we have introduced the following changes:

### **LOAN APPLICATION ON MEMBERS ACCESS**

You can apply for a loan on the Loan application tab in the Members Access Area (our version of online banking). Contact office for more details.

### **LOAN DECISIONS MADE WITHIN 24 TO 48 HOURS**

Decisions made on loan applications will usually take no longer than 24 to 48 hours (terms and conditions apply).

### **LOAN PRODUCTS**

We now offer the following loan products:

STANDARD LOAN – INTEREST RATE 12%

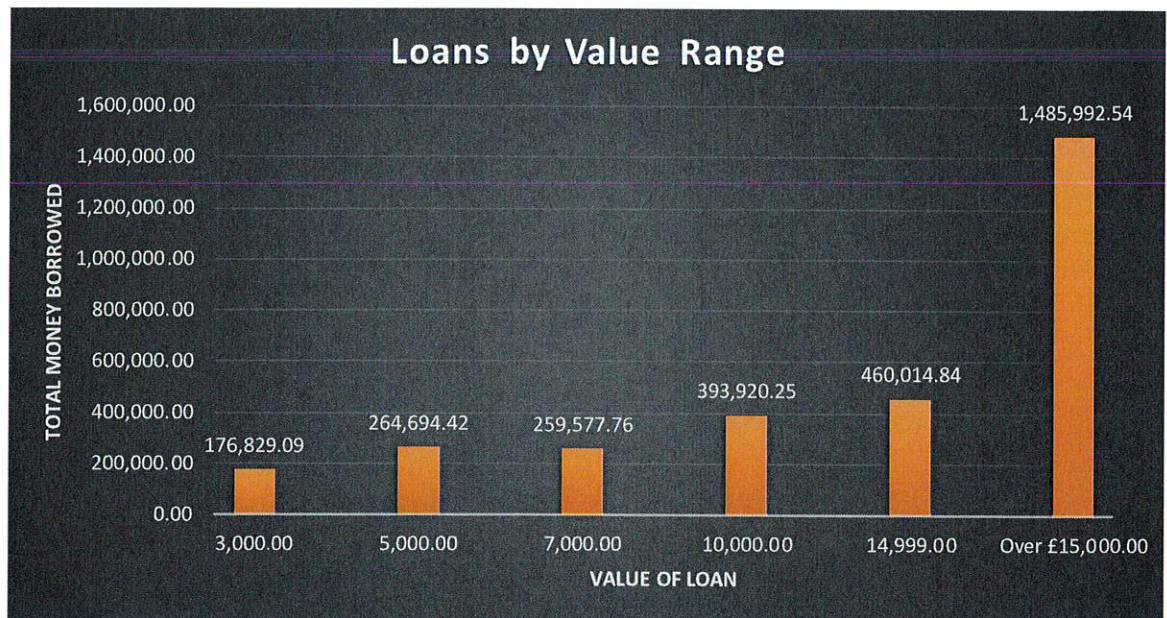
SECURED LOAN – INTEREST RATE 6% - available for loans within shares

MONSTER LOAN – INTEREST RATE 6% - available to members who want to borrow £15,000.00 and over. (Terms and conditions apply)





- During the year from 1 October 2021 to 30 September 2022 Newtownhamilton Credit Union have granted 341 loans amounting to £3,041,029.
- The total amount of money lent in the financial year up to 30 September 2022 has increased by 9%, on last year's figure. This is a testament to the loyalty of the members of the credit union.
- You can see from the chart below, that the larger portion of loans were in the over £15,000.00 category.



The Credit Committee would like to take this opportunity to thank the Board of Directors, Supervisors and office staff for their invaluable support and assistance during the past year. And we would also like to wish you our members a peaceful Christmas and a prosperous New Year.

Credit Committee



## REPORT OF THE CREDIT CONTROL COMMITTEE

The past few years have brought extreme difficulties for many people. Although we are emerging from the Covid 19 pandemic, we are now heading into a cost-of-living crisis. This 'cost of living crisis' refers to the fall in 'real' incomes that the UK has experienced since late 2021. It is being caused by a combination of high inflation outstripping wage increases and upcoming tax increases that have squeezed incomes for many households. Combined with increases in energy costs and day-to-day living costs the pound in our pockets is worth considerably less than it previously was.

The role of the Credit Control Committee is to minimise the risk of loss to the Credit Union from bad debts. We do this by constantly monitoring all loans issued and pursuing any which fall into arrears. We are here to help our members manage their debt with us – if difficulties should arise, we have several different avenues open to us that we could use to help our members.

We would like to remind all members that we have an open-door policy – members are welcome to come to us at any time to discuss difficulties they may have with repayments – we would encourage them to come forward as soon as problems arise as the loan won't go away by ignoring it. Members should feel confident that any issues will be dealt with sensitively, confidentially and in an understanding manner.

Following on from an extremely hard year in 2020 because of the Covid 19 pandemic the number of loans in arrears fell in 2021. In the last year (1<sup>st</sup> October 2021 to 30<sup>th</sup> September 2022) we have seen another slight decrease of 1.3% in arrears.

The credit controller carries out a weekly analysis on all loan accounts. Any accounts which have fallen into arrears will be contacted by letter, telephone or e-mail. We will also call to your house to discuss any issues you may have. We cannot emphasise enough that the ethos of the Credit Union is to help the member – and we will do everything within our power to provide assistance to those in difficulty. Unfortunately, in some cases if these measures fail, we are left with no option but to take legal action. We use every avenue available to us to pursue monies owed, including Solicitors, Court action, Small Claims Courts, and the Enforcement of Judgements Office. If we must take legal action against a member, they will be liable for any legal costs incurred as well as the full debt owed. Unfortunately, if a person is written off it will have an adverse impact on any future loan applications within the Credit Union and could negatively affect their credit rating for all potential borrowing.

In the past financial year £26,681.22 of bad debt was recovered.

The Credit Control Committee would like to wish all our members the best in these uncertain times and would like to thank everyone who has helped us perform our duties in this past year.

Áine Mackin  
Credit Controller

## SUPERVISORY COMMITTEE AGM REPORT

Year ending 30 September 2022

The role of the Supervisory Committee is to protect the safe and sound functioning of the Credit Union. We act on behalf of the members and operate independently of all the entities of the credit union. We aim to ensure the Board of Directors continues to function in a manner beneficial to its members. We also review staff practices and procedures to verify that policies set by the board are carried out accordingly. In addition, we monitor compliance with the relevant laws and government regulations. The external auditors provide an additional support as they carry out a range of audit checks to provide further assurance to the Board of Directors and ultimately to the members.

The Supervisory Committee attended the offices of the Credit Union regularly throughout the year and observed, reviewed, verified and recorded all findings. Associated reports were presented to the Board of Directors every month.

The Supervisory Committee can say with confidence that Newtownhamilton Credit Union continues to maintain financial security. We will continue to remain vigilant representatives of our members' interests, ensuring continued safety and soundness for their money as the credit union strives to provide excellent member service. We attended online AML training with officers and directors. We would like to thank the Management and all the staff for their courtesy and co-operation at all times. We also want to express our appreciation of the work of the Board of Directors throughout the year.

*Kate O Hanlon*

*Niall Murray*

December 2022



## NEWTOWNHAMILTON CREDIT UNION

### COMPLIANCE OFFICERS REPORT FOR AGM 6th DECEMBER 2022

#### Introduction

The definition of compliance is “the act of obeying an order, rule or request”. The Compliance Officer then is the person who ensures Newtownhamilton Credit Union obey all the rules and regulations that are set out by the Prudential Regulation Authority, Financial Conduct Authority and the Irish League of Credit Unions.

#### Single Customer View

The Credit Union have to provide specific information to the FSCS about the accounts of each of our members who are eligible to bring a claim for compensation. The Prudential Regulation Authority can also request this file at any time for verification. This information must be provided by us within 24 hours of the request and is referred to as the Single Customer View (SCV).

I can confirm that Newtownhamilton Credit Union have this file to hand if ever needed and are constantly updating the information.

#### Deposit Protection Scheme

All members’ balances are covered by the Financial Services Compensation Scheme (“FSCS”) to the value of £85,000.00.

#### Insurance

I can also confirm that the credit union have maintained the required level of insurance against fraud and dishonesty throughout the year.

#### Additional activities

Newtownhamilton Credit Union carry out, what the PRA call, additional activities and these are “depositing money with financial institutions for more than 12 months”, and “additional lending”. And the mandatory financial ratios are checked by the Board of Directors each month and all is in order.

### Policies and Procedures

Policies and Procedures are reviewed on an ongoing basis, to ensure that the Credit Union is keeping up with compliance and regulations. The Manager attends on a quarterly basis, Compliance Roadshows and Training which is provided for by CUCC (Credit Union Compliance Centre).

### Record Keeping

It is the responsibility of each unit within the Credit Union to maintain adequate records in a safe and durable medium to be able to demonstrate compliance as requested. The records are subject to review or audit by a number of bodies both internally and externally including the Compliance Officer and Internal Auditors.

Malachy Byrne

**Resolution No. 3**

That this Annual General Meeting agrees to amend the wording of Rule 180(8) of the Standard Rules for Credit Unions (Northern Ireland) by the insertion of **“Loans to individuals who are corporate members may also be transferred”** to read as follows:

*A credit union may make a loan to a corporate member in accordance with Article 28 of the Order and such requirements as determined by the Regulators from time to time. Loans to individuals who are corporate members may also be transferred.*



## Rule Amendments

The ILCU AGM 2022 took place in April 2022. There were three amendments to the Standard Rules for Credit Unions (Northern Ireland) arising from that meeting. They are as follows:

### Resolution No. 1

That this Annual General Meeting agrees to amend the wording of Rule 155(2) of the Standard Rules for Credit Unions (Northern Ireland) by the deletion of “£10,000” and the replacement of “£20,000” to read as follows:

*For the purposes of the disposal of any property which is the subject of a nomination under Rule 154, if the nomination was made after 20th April 1967 and at the date of the nominator’s death the amount of his property in the credit union comprised in the nomination exceeds £20,000 (or such higher amount as may be substituted under Section 6 (1) of the Administration of Estates (Small Payments) Act (Northern Ireland) 1967, the nomination shall be valid to the extent £20,000 (or such higher amount as aforesaid), but not further or otherwise.*

### Resolution No. 2

That this Annual General Meeting agrees to amend the wording of Rule 156 of the Standard Rules for Credit Unions (Northern Ireland) by the deletion of “£10,000” and replacement of “£20,000” to read as follows:

*If any member of the credit union dies and at his death his property in the credit union does not exceed in the whole £20,000 (or such higher amount as may be substituted under Section 6 (1) of the Administration of Estates (Small Payments) Act (Northern Ireland) 1967, and is not the subject of any nomination under Rule 154, then the Board of Directors may, without letters of administration or probate of any will, distribute that property among such persons as appear to the Board on such evidence as it deems satisfactory to be entitled by law to receive it.*

Credit Union Number: CU000073

**Newtownhamilton Credit Union Limited**  
**Report and Financial Statements**  
**for the financial year ended 30 September 2022**

**Newtownhamilton Credit Union Limited**  
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**Newtownhamilton Credit Union Limited**  
**DIRECTORS AND OTHER INFORMATION**

**Directors**

Elizabeth McCreesh (Chairperson)  
Briega McGivern (Treasurer)  
Bronagh Feehan (Secretary)  
Mark Brecknell  
Margaret Walsh  
Michael Clarke  
Doris Woods  
Gerry Thompson  
Martin Teggart  
Malachy Byrne  
Celina Burns  
Mary Garvey

**Credit Union Number**

CU000073

**Registered Office and Business Address**

12-14 The Square  
Newtownhamilton  
Co. Armagh  
BT35 0AA

**Auditors**

CavanaghKelly  
Chartered Accountants and Senior Statutory Auditor  
36-38 Northland Row  
Dungannon  
Co. Tyrone  
BT71 6AP

**Bankers**

Bank of Ireland  
12 Trevor Hill  
Newry  
Co. Down  
BT34 1DT  
Northern Ireland

**Solicitors**

McNamee & McDonnell Solicitors  
10 New Street  
Newry  
Co. Down  
BT35 6JD  
Northern Ireland

Lennon Toner & O'Neill Solicitors  
54 Upper English Street  
Armagh  
Co. Armagh  
BT61 7DU

# Newtownhamilton Credit Union Limited

## DIRECTORS' REPORT

for the financial year ended 30 September 2022

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

### Principal Risks and Uncertainties

The Credit Union is a provider of loans and saving products to its members.

The Credit Union invests excess funds with a view to ensuring that the return from members' loans and investments is adequate to meet the overheads of the Credit Union and provide a reasonable return to members on shares and deposits.

The Credit Union has a risk register in place to help Directors manage the various risks arising from its activities to include issuing of loans to members and investing the excess funds of the Credit Union.

The main financial risks arising from Credit Union'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 resulting in financial loss to the Credit Union. In order to manage this risk the Board approves the Credit Union's credit and lending policy and all changes to this policy. All loan applications are assessed with reference to the credit/lending policy in force at the time. All 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 however 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 PRA.

#### Liquidity Risk:

The Credit Union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The Credit Union adheres to the minimum liquidity ratio on an ongoing basis as set out in the PRA Rulebook.

#### Market Risk:

Market risk is generally comprised of interest rate risk, currency risk and other price risk. The Credit Union conducts all its transactions in sterling and does not deal in derivatives and therefore is not exposed to currency risk or other price risk.

#### Interest Rate Risk:

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

### Business Review

The surplus for the year, after taxation, amounted to £188,742 (2021: £141,081).

A final dividend of £54,901 (0.50%) has been proposed by the directors. The dividend has not been accounted for within these financial statements as it has yet to be approved.

An interest rebate of £83,803 (35%) has been proposed by the directors. The interest rebate has not been accounted for within these financial statements as it has yet to be approved.

#### SPS Income

During the year, the Credit Union received money from the SPS fund that was administered by the ILCU amounting to £54,130. Such monies have been earmarked for future investment within the Credit Union, and are not considered as part of distributable reserves. The monies were received in close proximity to the year end and the directors are in the process of agreeing how such monies should be re-invested in the Credit Union.

# Newtownhamilton Credit Union Limited

## DIRECTORS' REPORT

for the financial year ended 30 September 2022

### Directors and Supervisors

The directors who served during the financial year are as follows:

Elizabeth McCreesh (Chairperson)  
Briega McGivern (Treasurer)  
Bronagh Feehan (Secretary)  
Mark Brecknell  
Margaret Walsh  
Michael Clarke  
Doris Woods  
Gerry Thompson  
Martin Teggart  
Malachy Byrne  
Celina Burns  
Mary Garvey

### Auditors

The auditors, CavanaghKelly, have indicated their willingness to continue in office in accordance with Section 44 of the Credit Unions (Northern Ireland) Order 1985.

### Approved by the Board of Directors and signed on its behalf by:

Member of the Board of Directors

\_\_\_\_\_

Member of the Board of Directors

\_\_\_\_\_

Secretary

\_\_\_\_\_

Date

\_\_\_\_\_



# Newtownhamilton Credit Union Limited

for the financial year ended 30 September 2022

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The Credit Unions (Northern Ireland) Order 1985 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 financial year. In preparing these financial statements the directors are required to:

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

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Credit Union and enable them to ensure that the financial statements are prepared in accordance with applicable law in Northern Ireland and UK Generally Accepted Accounting Practice, 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.

In so far as the directors are aware:

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

**Approved by the Board of Directors and signed on its behalf by:**

Member of the Board of Directors

\_\_\_\_\_

Member of the Board of Directors

\_\_\_\_\_

Secretary

\_\_\_\_\_

Date

\_\_\_\_\_

# **INDEPENDENT AUDITOR'S REPORT**

## **to the Members of Newtownhamilton Credit Union Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the financial statements of Newtownhamilton Credit Union Limited for the financial year ended 30 September 2022 which comprise the Revenue Account, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the assets, liabilities, and financial position of the Credit Union as at 30 September 2022 and of its surplus and cash flows for the financial year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the UK's Financial Reporting Council; and
- have been properly prepared in accordance with the requirements of Credit Unions (Northern Ireland) Order 1985.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described 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 the ethical requirements that are relevant to our audit of financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Credit Union's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Other Information**

The other information comprises the information included in the annual report other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the annual report. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

#### **Key Audit Matters**

# **INDEPENDENT AUDITOR'S REPORT**

## **to the Members of Newtownhamilton Credit Union Limited**

### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the Credit Union and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Credit Unions (Northern Ireland) Order 1985 requires us to report to you if, in our opinion:

- proper books of account have not been kept by the Credit Union in accordance with the requirements of legislation,
- a satisfactory system of control over transactions has not been maintained by the Credit Union in accordance with the requirements of the legislation,
- the Revenue Account and the Balance Sheet are not in agreement with the books of account of the Credit Union,
- we have not obtained all the information and explanations necessary for the purposes of our audit.

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

As explained more fully in the Statement of Directors' Responsibilities as set out on page 6, 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 the directors either intend 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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our 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 Article 47 of the Credit Unions (Northern Ireland) Order 1985. Our audit work has been undertaken so that we might state to the Credit Union's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Credit Union and the Credit Union's members, as a body, for our audit work, for this report, or for the opinions we have formed.

---

**Mr Ryan Falls ACA (Senior Statutory Auditor)**

for and on behalf of

**CAVANAGHKELLY**

Chartered Accountants and Senior Statutory Auditor

36-38 Northland Row

Dungannon

Co. Tyrone

BT71 6AP

Date: .....

**Newtownhamilton Credit Union Limited**  
**REVENUE ACCOUNT**

for the financial year ended 30 September 2022

|  | Notes | 2022<br>£      | 2021<br>£      |
|--|-------|----------------|----------------|
| <b>Revenue</b>   |       |                |                |
| Interest on members' loans                                 | 3     | 346,736        | 312,725        |
| Other interest income and similar income                   | 4     | 123,287        | 79,815         |
|  |       | <hr/>          | <hr/>          |
| <b>Net interest income</b>                                 |       | <b>470,023</b> | <b>392,540</b> |
| Other revenue  | 6     | 54,258         | 13,176         |
|  |       | <hr/>          | <hr/>          |
| <b>Total revenue</b>                                       |       | <b>524,281</b> | <b>405,716</b> |
| <br>   |       |                |                |
| <b>Expenditure</b>   |       |                |                |
| Employment costs   | 7     | 98,471         | 89,118         |
| Other management expenses (Schedule 4)                     |       | 164,255        | 151,051        |
| Depreciation   |       | 11,566         | 13,156         |
| Net (recoveries) or losses on loans to members             | 11.4  | 38,847         | (3,855)        |
|  |       | <hr/>          | <hr/>          |
| <b>Total expenditure</b>                                   |       | <b>313,139</b> | <b>249,470</b> |
| <br>   |       |                |                |
| <b>Surplus of revenue over expenditure before taxation</b> |       | <b>211,142</b> | <b>156,246</b> |
| Taxation   | 8     | (22,400)       | (15,165)       |
|  |       | <hr/>          | <hr/>          |
| <b>Surplus of revenue over expenditure after taxation</b>  |       | <b>188,742</b> | <b>141,081</b> |
| Other comprehensive income                                 |       | -              | -              |
|  |       | <hr/>          | <hr/>          |
| <b>Total comprehensive income</b>                          |       | <b>188,742</b> | <b>141,081</b> |

The financial statements were approved and authorised for issue by the Board of Directors on \_\_\_\_\_ and signed on its behalf by;

**Member of the Board of Directors** \_\_\_\_\_

**Member of the Board of Directors** \_\_\_\_\_

**Date** \_\_\_\_\_



# Newtownhamilton Credit Union Limited

Credit Union Number: CU000073

## STATEMENT OF FINANCIAL POSITION

as at 30 September 2022

|                                   | Notes | £         | 2022<br>£         | £         | 2021<br>£         |
|-----------------------------------|-------|-----------|-------------------|-----------|-------------------|
| <b>Assets</b>                     |       |           |                   |           |                   |
| Cash and cash equivalents         | 9     |           | 776,637           |           | 1,537,765         |
| Property, plant and equipment     | 10    |           | 137,326           |           | 147,127           |
| Loans to members                  | 11    |           | 4,301,334         |           | 3,441,477         |
| Provision for bad debts           | 11    |           | (164,491)         |           | (155,915)         |
| Prepayments and other receivables | 12    |           | 130,800           |           | 72,315            |
| Deposits and investments          | 13    |           | 8,767,024         |           | 7,831,580         |
| <b>Total Assets</b>               |       |           | <b>13,948,630</b> |           | <b>12,874,349</b> |
| <b>Liabilities</b>                |       |           |                   |           |                   |
| Members' shares                   | 14    |           | 11,178,656        |           | 10,278,953        |
| Trade payables and accruals       | 15    |           | 862,456           |           | 783,981           |
| Other payables                    | 15    |           | 26,332            |           | 15,165            |
|                                   |       |           | <b>12,067,444</b> |           | <b>11,078,099</b> |
| <b>Members' Resources</b>         |       |           |                   |           |                   |
| General reserve                   | 16    | 1,494,735 |                   | 1,494,735 |                   |
| Distribution reserve              | 16    | 152,949   |                   | 118,051   |                   |
| Surplus reserve                   | 16    | 233,502   |                   | 183,464   |                   |
|                                   |       |           | <b>1,881,186</b>  |           | <b>1,796,250</b>  |
| <b>Total Liabilities</b>          |       |           | <b>13,948,630</b> |           | <b>12,874,349</b> |

Approved by the Board of Directors and signed on its behalf by:

Member of the Board of Directors

\_\_\_\_\_

Member of the Board of Directors

\_\_\_\_\_

Date

\_\_\_\_\_

**Newtownhamilton Credit Union Limited**  
**STATEMENT OF CHANGES IN EQUITY**

for the financial year ended 30 September 2022

|   | General<br>reserve | Distribution<br>reserve | Surplus<br>reserve | Total            |
|---|--------------------|-------------------------|--------------------|------------------|
|   | £                  | £                       | £                  | £                |
| At 1 October 2020                                   | 1,494,735          | 115,014                 | 153,304            | 1,763,053        |
| Dividends paid during the financial year            | -                  | (21,175)                | -                  | (21,175)         |
| Loan interest rebate paid during the financial year | -                  | (86,710)                | -                  | (86,710)         |
| Surplus allocation in financial year                | -                  | 110,922                 | -                  | 110,922          |
| Other movement in reserves                          | -                  | -                       | 30,160             | 30,160           |
|   | <u>1,494,735</u>   | <u>118,051</u>          | <u>183,464</u>     | <u>1,796,250</u> |
| At 30 September 2021                                |                    |                         |                    |                  |
| At 1 October 2021                                   | 1,494,735          | 118,051                 | 183,464            | 1,796,250        |
| Dividends paid during the financial year            | -                  | (23,862)                | -                  | (23,862)         |
| Loan interest rebate paid during the financial year | -                  | (79,944)                | -                  | (79,944)         |
| Surplus allocation in financial year                | -                  | 138,704                 | -                  | 138,704          |
| Other movement in reserves                          | -                  | -                       | 50,038             | 50,038           |
|   | <u>1,494,735</u>   | <u>152,949</u>          | <u>233,502</u>     | <u>1,881,186</u> |
| At 30 September 2022                                |                    |                         |                    |                  |

Approved by the Board of Directors and signed on its behalf by:

\_\_\_\_\_  
Member of the Board of Directors

\_\_\_\_\_  
Member of the Board of Directors

Date: \_\_\_\_\_

**Newtownhamilton Credit Union Limited**  
**STATEMENT OF CASH FLOWS**

for the financial year ended 30 September 2022

|   | 2022<br>£        | 2021<br>£        |
|---|------------------|------------------|
| <b>Opening cash and cash equivalents</b>                    | <b>1,537,765</b> | <b>1,194,741</b> |
| <b>Cash flows from operating activities</b>                 |                  |                  |
| Loans repaid  | 2,566,605        | 1,654,190        |
| Loans granted   | (3,483,414)      | (2,632,107)      |
| Loan interest income  | 346,736          | 312,725          |
| Investment income   | 123,287          | 79,815           |
| Other revenue received                                      | 54,258           | 13,176           |
| Bad debts recovered   | 26,681           | 34,034           |
| Dividends paid  | (23,862)         | (21,175)         |
| Loan interest rebate  | (79,944)         | (86,710)         |
| Operating expenses  | (262,726)        | (240,169)        |
| Movement in other assets                                    | (58,485)         | 9,372            |
| Movement in other liabilities                               | 89,642           | 78,224           |
| Taxation  | (22,400)         | (15,165)         |
| <b>Net cash used in operating activities</b>                | <b>(723,622)</b> | <b>(813,790)</b> |
| <b>Cash flows from investing activities</b>                 |                  |                  |
| Purchase of property, plant and equipment                   | (1,765)          | -                |
| Net cash flow from other investing activities               | (935,444)        | (14,496)         |
| <b>Net cash used in investing activities</b>                | <b>(937,209)</b> | <b>(14,496)</b>  |
| <b>Cash flows from financing activities</b>                 |                  |                  |
| Members' shares received                                    | 4,133,346        | 3,868,415        |
| Members' shares withdrawn                                   | (3,233,643)      | (2,697,105)      |
| <b>Net cash generated from financing activities</b>         | <b>899,703</b>   | <b>1,171,310</b> |
| <b>Net (decrease)/increase in cash and cash equivalents</b> | <b>(761,128)</b> | <b>343,024</b>   |
| <b>Cash and cash equivalents at end of financial year</b>   | <b>776,637</b>   | <b>1,537,765</b> |

# Newtownhamilton Credit Union Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2022

### 1. LEGAL AND REGULATORY FRAMEWORK

Newtownhamilton Credit Union Limited is established under the Credit Unions (Northern Ireland) Order 1985. The Credit Union is registered with the Department for the Economy and is regulated by the Financial Conduct Authority ("FCA") and Prudential Regulation Authority ("PRA"). The principal place of business is 12-14 The Square, Newtownhamilton, Co. Armagh, BT35 0AA.

### 2. ACCOUNTING POLICIES

The following principal accounting policies have been applied;

#### Statement of compliance and basis of preparation

The financial statements of the Credit Union for the year ended 30th September 2022 have been prepared in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) issued by the Financial Reporting Council and in accordance with the Companies Act 2006.

#### Currency

The financial statements are prepared in Pound Sterling (£), which is the functional currency of the Credit Union. Monetary amounts in these financial statements are rounded to the nearest Pound Sterling.

#### Going concern

The financial statements are prepared on the going concern basis. The directors of the 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 requirements of the PRA.

#### Revenue recognition

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

##### (i) Interest on members' loans

Interest on Members' Loans is recognised when payment is recognised using the effective interest method, and is calculated and accrued on a daily basis.

##### (ii) Investment income

Investment income is recognised when received or irrevocably receivable. Investments are recognised at cost less any permanent diminution in capital value but ignoring any increase in capital value or encashment value until realised in the form of cash or cash equivalents.

##### (iii) Other revenue

Other income is recognised when it is probable that the economic benefits will flow to the entity and the income can be reliably measured.

#### Taxation

The Credit Union is liable for corporation tax on its investment income and a provision for the liability has been made at the current rate. All other income of the Credit Union is exempt from Corporation Tax.

#### Investments

##### Fixed-term deposit accounts

Term deposits and fixed interest investment bonds with fixed maturity dates are valued at the lower of cost or encashment value and interest is recognised in the revenue account when it is received or irrevocably receivable.

# Newtownhamilton Credit Union Limited

## NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30 September 2022

### **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.

### **Investments at fair value**

Investments held for trading are included in this category. Financial assets at fair value are classified as held for trading if they are acquired for sale in the short term. They are valued at fair value (market value) at the yearend 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. Where there is no active market these assets will be carried at cost less impairment.

### **Property, plant and equipment and depreciation**

Property, plant and equipment are stated at cost, less accumulated depreciation. The charge to depreciation is calculated to write off the original cost of plant and equipment, less their estimated residual value, over their expected useful lives as follows:

|                             |                      |
|-----------------------------|----------------------|
| Land and buildings freehold | 4% Straight line     |
| Office equipment            | 10% Reducing Balance |
| Computer equipment          | 33% Reducing Balance |

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying value of the asset, and is recognised in the Revenue account.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and deposits and investments with a maturity of less than or equal to three months.

### **Basic financial assets**

#### **Loans to members**

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

### **Bad debt provision**

Allowances for impaired loans represent reserves and/or provisions made during the year less amounts utilised or realised charged against the surplus for the year. Amounts are created after a detailed review of individual loans and groups of loans. Allowances are established by reviewing the credit worthiness of individual borrowers and the value of collateral underlying the loan. General allowances are measured based on recommendations by the PRA. Bad debts in the Credit Union are recognised when there is a reasonable doubt that the full amount of principal will not be collected, or the financial capacity of the borrower has deteriorated such that the recovery of the whole or part of an outstanding loan advanced is in doubt. In all cases where it is impractical to estimate the recoverable amount the carrying amount is reduced to zero.

### **Basic financial liabilities**

#### **Members' shares**

Members' shares in the Credit Union are redeemable and therefore are classified as financial liabilities. They are recognised at the amount of cash deposited.

### **Employee benefits**

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

The scheme is a multi-employer scheme and due to the nature of the scheme, it is not possible for the Credit Union to separately identify its share of the scheme's underlying assets and liabilities. Consequently, the Credit Union accounts for the scheme as a defined contribution plan.



# Newtownhamilton Credit Union Limited

## NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30 September 2022

### **Distribution**

Dividends are made from current year's surplus or the unappropriated surpluses set aside for that purpose. The Board's proposed distribution to members each year is based on the dividend and loan interest rebate policy of the Credit Union.

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

- the risk profile of the Credit Union, particularly in its loan and investment portfolios;
- the Board's desire to maintain a stable rather than a volatile rate of dividend each year; and
- members' legitimate dividend and loan interest rebate expectations;

all dominated by prudence and the need to sustain the long-term welfare of the Credit Union.

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

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

### **Reserves**

#### **Regulatory reserve**

The Credit Union Act, (Regulatory Requirements)(Amendment) Regulations 2018 requires Credit Unions to establish and maintain a minimum Regulatory Reserve requirement of at least 10 per cent of the assets of the credit union. This Reserve is to be perpetual in nature, freely available to absorb losses, realised financial reserves that are unrestricted and nondistributable.

#### **Operational risk reserve**

Section 45(5)(a) of the Credit Unions (Northern Ireland) Order 1985 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.

#### **Other reserves**

Other Reserves are the accumulated surpluses to date and Reserves arising on the Transfer of Engagements that have not been declared as dividends returnable to members. The Other Reserves are subdivided into realised and unrealised. In accordance with the Central Bank Guidance Note for Credit Unions on Matters Relating to Accounting for Investments and Distribution Policy, investment income that has been recognised but will not be received within 12 months of the balance sheet date is classified as "unrealised" and is not distributable. A reclassification between unrealised and realised is made as investments come to within 12 months of maturity date. Interest on Loans receivable at the balance sheet date is also classified as "unrealised" and is not distributable. All other income is classified as "realised".

### **Impairment of Financial Assets**

Financial assets, other than those held at fair value, 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 cashflows discounted at the asset's original effective interest rate.

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 Revenue account.

**Newtownhamilton Credit Union Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**

continued

for the financial year ended 30 September 2022

**Use of Estimates and Judgements**

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Directors to exercise judgement in applying the Credit Union's accounting policies.

The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below:

**Impairment Losses on Loans to Members**

The Credit Union's accounting policy for impairment of financial assets is set out in accounting policies. Loan loss provisioning is monitored by the Credit Union. The Credit Union assesses and approves its provisions and provision adequacy on a monthly basis. At all times the Credit Union ensures that its provisions meet the minimum requirements contained within the PRA Credit Union Rule book.

Over and above the regulatory requirements, the Credit Union reviews the loan book for evidence of impairment. The estimation of loan losses is inherently uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, economic climate and conditions and other factors such as legal and regulatory requirements to which the Credit Union is exposed.

Credit risk is identified, assessed and measured through the use of rating and scoring tools with emphasis on time in arrears. The rating of loans influence the management of individual loans and can trigger an impairment assessment and if appropriate introducing a specific provision on loan balances where there is doubt over the recoverability of same. Key assumptions underpinning the Credit Union's estimates of collective provisions for loans with similar credit risk characteristics are based on historical data and experiences.

If a loan is impaired, the impairment loss is the difference between the carrying amount of the loan and the present value of expected cashflows discounted at the assets original effective interest rate taking into account security as appropriate.

If it is concluded that there is no real prospect of recovery of loans which are subject to a specific provision, the Credit Union writes off that loan amount deemed irrecoverable against the specific provision held against the loan.

**Financial Instruments**

The Credit Union has elected to apply 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.

**3. INTEREST ON MEMBERS' LOANS**

|  | <b>2022</b>    | 2021    |
|--|----------------|---------|
|  | £              | £       |
| Loan interest received in financial year | <b>346,736</b> | 312,725 |

**4. OTHER INTEREST INCOME AND SIMILAR INCOME**

|                            | <b>2022</b>    | 2021   |
|----------------------------|----------------|--------|
|                            | £              | £      |
| Investment income received | <b>123,287</b> | 79,815 |

**5. INTEREST PAYABLE AND DIVIDENDS**

**Newtownhamilton Credit Union Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**

continued

for the financial year ended 30 September 2022

**Dividends and loan interest rebate**

The following distributions were made during the financial year:

|                      | 2022<br>% | 2022<br>£      | 2021<br>% | 2021<br>£      |
|----------------------|-----------|----------------|-----------|----------------|
| Dividends on shares  | 0.25      | 23,862         | 0.25      | 21,175         |
| Loan interest rebate | 30.00     | 79,944         | 30.00     | 86,710         |
|                      |           | <u>103,806</u> |           | <u>107,885</u> |

The above dividends refer to those paid out in those years from the surplus earned in previous years.

**Proposed dividends and loan interest rebate**

The dividend and any loan interest rebate are formally proposed by the directors after the year end and are confirmed at the AGM of members. As a result the proposed dividend for the current year does not represent a liability at the Statement of Financial Position date.

|                      | 2022<br>% | 2022<br>£      | 2021<br>% | 2021<br>£      |
|----------------------|-----------|----------------|-----------|----------------|
| Dividends on shares  | 0.50      | 54,901         | 0.25      | 24,233         |
| Loan interest rebate | 35.00     | 83,803         | 30.00     | 93,818         |
|                      |           | <u>138,704</u> |           | <u>118,051</u> |

**6. OTHER REVENUE**

|                      | 2022<br>£     | 2021<br>£     |
|----------------------|---------------|---------------|
| Entrance fees        | 128           | 128           |
| Miscellaneous income | -             | 13,048        |
| SPS income           | 54,130        | -             |
|                      | <u>54,258</u> | <u>13,176</u> |

**7. EMPLOYEES AND REMUNERATION**

The average monthly number of employees during the year was 7.

|                    | 2022<br>Number | 2021<br>Number |
|--------------------|----------------|----------------|
| Credit Union staff | <u>7</u>       | <u>7</u>       |

During the year, £Nil was paid to directors in remuneration (2021: £Nil).

|                           | 2022<br>£     | 2021<br>£     |
|---------------------------|---------------|---------------|
| The staff costs comprise: |               |               |
| Wages and salaries        | <u>98,471</u> | <u>89,118</u> |

**Newtownhamilton Credit Union Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**

continued

for the financial year ended 30 September 2022

**8. TAXATION**

|   | 2022<br>£     | 2021<br>£     |
|---|---------------|---------------|
| Corporation tax charge in respect of current financial year | <u>22,400</u> | <u>15,165</u> |

**9. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise of cash on hand and deposits and investments with a maturity of less than or equal to three months.

|                        | 2022<br>£      | 2021<br>£        |
|------------------------|----------------|------------------|
| Cash and bank balances | <u>776,637</u> | <u>1,537,765</u> |

**10. PROPERTY, PLANT AND EQUIPMENT**

|                               | Land and<br>buildings<br>freehold<br>£ | Office<br>equipment<br>£ | Computer<br>equipment<br>£ | Total<br>£     |
|-------------------------------|--|--------------------------|----------------------------|----------------|
| <b>Cost</b>                   |  |                          |                            |                |
| At 1 October 2021             | 148,169                                | 48,605                   | 71,510                     | 268,284        |
| Additions                     | -                                      | 295                      | 1,470                      | 1,765          |
| At 30 September 2022          | <u>148,169</u>                         | <u>48,900</u>            | <u>72,980</u>              | <u>270,049</u> |
| <b>Depreciation</b>           |  |                          |                            |                |
| At 1 October 2021             | 35,236                                 | 23,400                   | 62,521                     | 121,157        |
| Charge for the financial year | 5,927                                  | 2,550                    | 3,089                      | 11,566         |
| At 30 September 2022          | <u>41,163</u>                          | <u>25,950</u>            | <u>65,610</u>              | <u>132,723</u> |
| <b>Net book value</b>         |  |                          |                            |                |
| At 30 September 2022          | <u>107,006</u>                         | <u>22,950</u>            | <u>7,370</u>               | <u>137,326</u> |
| At 30 September 2021          | <u>112,933</u>                         | <u>25,205</u>            | <u>8,989</u>               | <u>147,127</u> |

**11. LOANS TO MEMBERS - FINANCIAL ASSETS**

**11.1 LOANS TO MEMBERS**

|                                    | 2022<br>£             | 2021<br>£        |
|------------------------------------|-----------------------|------------------|
| As at 1 October                    | 3,441,477             | 2,516,226        |
| Advanced during the financial year | 3,483,414             | 2,632,107        |
| Repaid during the financial year   | (2,566,605)           | (1,654,190)      |
| Loans written off                  | (56,952)              | (52,666)         |
| <b>Gross loans to members</b>      | <u>11.2 4,301,334</u> | <u>3,441,477</u> |

**Newtownhamilton Credit Union Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**

continued

for the financial year ended 30 September 2022

**11.2 CREDIT RISK DISCLOSURES**

|  | 2022<br>£        | 2022<br>%     | 2021<br>£        | 2021<br>%     |
|--|------------------|---------------|------------------|---------------|
| <b>Gross loans not impaired</b>          |                  |               |                  |               |
| Not past due                             | <u>4,008,112</u> | <u>93.18</u>  | <u>3,191,990</u> | <u>92.75</u>  |
| <b>Gross loans individually impaired</b> |                  |               |                  |               |
| Between 10 and 18 weeks past due         | 211,634          | 4.92          | 139,681          | 4.06          |
| Between 27 and 39 weeks past due         | 15,215           | 0.35          | 13,721           | 0.40          |
| Between 40 and 52 weeks past due         | 12,240           | 0.28          | 33,915           | 0.99          |
| 53 or more weeks past due                | <u>54,133</u>    | <u>1.27</u>   | <u>62,170</u>    | <u>1.80</u>   |
| Total                                    | <u>293,222</u>   | <u>6.82</u>   | <u>249,487</u>   | <u>7.25</u>   |
| <b>Total gross loans</b>                 | <u>4,301,334</u> | <u>100.00</u> | <u>3,441,477</u> | <u>100.00</u> |
| <b>Impairment allowance</b>              |                  |               |                  |               |
| Collectively assessed loans              | <u>(164,491)</u> |               | <u>(155,915)</u> |               |
| <b>Total carrying value</b>              | <u>4,136,843</u> |               | <u>3,285,562</u> |               |

**11.3 LOAN PROVISION ACCOUNT FOR IMPAIRMENT LOSSES**

|   | 2022<br>£      | 2021<br>£       |
|---|----------------|-----------------|
| As at 1 October   | <u>155,915</u> | <u>178,403</u>  |
| Allowances reversed during the financial year                   | <u>8,576</u>   | <u>(22,488)</u> |
| Increase/(Decrease) in loan provision during the financial year | <u>8,576</u>   | <u>(22,488)</u> |
| As at 30 September  | <u>164,491</u> | <u>155,915</u>  |

**11.4 NET RECOVERIES OR LOSSES RECOGNISED FOR THE FINANCIAL YEAR**

|   | 2022<br>£       | 2021<br>£       |
|---|-----------------|-----------------|
| Bad debts recovered   | (26,681)        | (34,034)        |
| Reduction/increase  | <u>8,576</u>    | <u>(22,488)</u> |
|   | <u>(18,105)</u> | <u>(56,522)</u> |
| Loans written off   | <u>56,952</u>   | <u>52,667</u>   |
| Net (recoveries)/losses on loans to members recognised for the financial year | <u>38,847</u>   | <u>(3,855)</u>  |

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.

**12. RECEIVABLES, PREPAYMENTS AND ACCRUED INCOME**

|                   | 2022<br>£      | 2021<br>£     |
|-------------------|----------------|---------------|
| Other receivables | <u>130,800</u> | <u>72,315</u> |

**13. DEPOSITS**

Investments comprise of cash deposits which are initially measured at the amount deposited and are subsequently measured at amortised cost using the effective interest method.



**Newtownhamilton Credit Union Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**

continued

for the financial year ended 30 September 2022

**14. MEMBERS' SHARES - FINANCIAL LIABILITIES**

|                                    | 2022              | 2021              |
|------------------------------------|-------------------|-------------------|
|                                    | £                 | £                 |
| As at 1 October                    | 10,278,953        | 9,107,643         |
| Received during the financial year | 4,133,346         | 3,868,415         |
| Repaid during the financial year   | (3,233,643)       | (2,697,105)       |
| As at 30 September                 | <u>11,178,656</u> | <u>10,278,953</u> |

**15. OTHER PAYABLES AND ACCRUALS**

|                | 2022           | 2021           |
|----------------|----------------|----------------|
|                | £              | £              |
| PAYE/PRSI      | 2,907          | -              |
| Accruals       | 862,456        | 783,981        |
| Other payables | 23,425         | 15,165         |
|                | <u>888,788</u> | <u>799,146</u> |

**16. CREDIT UNION RESERVES**

|                                      | General<br>reserve | Distribution<br>reserve | Surplus<br>reserve | Total            |
|--------------------------------------|--------------------|-------------------------|--------------------|------------------|
|                                      | £                  | £                       | £                  | £                |
| At 1 October 2021                    | 1,494,735          | 118,051                 | 183,464            | 1,796,250        |
| Distribution in financial year       | -                  | (103,806)               | -                  | (103,806)        |
| Surplus allocation in financial year | -                  | 138,704                 | -                  | 138,704          |
| Other movement in reserves           | -                  | -                       | 50,038             | 50,038           |
| At 30 September 2022                 | <u>1,494,735</u>   | <u>152,949</u>          | <u>233,502</u>     | <u>1,881,186</u> |

**17. LIQUIDITY RISK DISCLOSURE**

All of the financial liabilities of the Credit Union are repayable on demand except for members' shares attached to loans.

**18. RELATED PARTY TRANSACTIONS**

Directors, supervisors and staff (i.e. officers) of the Credit Union during the financial year ended 30 September 2022 operated share and loan accounts with the Credit Union. The following transactions and balances existed with members who were officers during the financial year ended 30 September 2022:

|  | No. of<br>loans | 2022<br>£     |
|--|-----------------|---------------|
| Loans advanced to Related Parties during the year                    | 9               | 48,500        |
| Total loans outstanding to Related Parties at the financial year end | 8               | <u>52,398</u> |

**Newtownhamilton Credit Union Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**

continued

for the financial year ended 30 September 2022

**19. FINANCIAL RISK MANAGEMENT - LOANS TO MEMBERS**

The Credit Union's financial risk policy has been detailed in full within the Directors' report.

Interest Rate Risk Disclosures:

The following table shows the relevant financial assets of the Credit Union. The average interest rates applicable to loans to members are fixed at 8.6% (2021: 8.6%).

|                        | <b>2022</b>             | 2021             |
|------------------------|-------------------------|------------------|
|                        | <b>£</b>                | £                |
| Gross loans to members | <b><u>4,301,334</u></b> | <u>3,441,477</u> |

**20. FINANCIAL RISK MANAGEMENT - MEMBERS SHARES**

Interest Rate Risk Disclosures:

The following table shows the relevant financial liabilities of the Credit Union.

The dividend on shares is determined on the basis of income less administrative expenses. The average interest rate for 2022 was 0.5% (2021: 0.5%). The Credit Union try to maintain a consistent margin between interest receivable and dividend on shares in order to ensure that the surplus for the year is not particularly sensitive to interest rate risk and no sensitivity analysis is required.

|                | <b>2022</b>              | 2021              |
|----------------|--------------------------|-------------------|
|                | <b>£</b>                 | £                 |
| Members Shares | <b><u>11,178,656</u></b> | <u>10,278,953</u> |

**21. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved, and authorised for issue, by the Board of Directors on \_\_\_\_\_.

**Newtownhamilton Credit Union Limited**  
**SCHEDULES TO THE REVENUE ACCOUNT**  
for the financial year ended 2022

**Schedule 1 - Interest on Loans**

|                            | 2022                  | 2021                  |
|----------------------------|-----------------------|-----------------------|
|                            | £                     | £                     |
| <b>Interest on Loans</b>   |                       |                       |
| Interest on members' loans | 346,736               | 312,725               |
|                            | <u>346,736</u>        | <u>312,725</u>        |
|                            | <u><u>346,736</u></u> | <u><u>312,725</u></u> |

**Schedule 2 - Investment Income**

|                            | 2022                  | 2021                 |
|----------------------------|-----------------------|----------------------|
|                            | £                     | £                    |
| <b>Investment Income</b>   |                       |                      |
| Investment income received | 123,287               | 79,815               |
|                            | <u>123,287</u>        | <u>79,815</u>        |
|                            | <u><u>123,287</u></u> | <u><u>79,815</u></u> |

**Schedule 3 - Other Revenue**

|                      | 2022                 | 2021                 |
|----------------------|----------------------|----------------------|
|                      | £                    | £                    |
| <b>Other Revenue</b> |                      |                      |
| Entrance fees        | 128                  | 128                  |
| Miscellaneous income | -                    | 13,048               |
| SPS income           | 54,130               | -                    |
|                      | <u>54,258</u>        | <u>13,176</u>        |
|                      | <u><u>54,258</u></u> | <u><u>13,176</u></u> |

**Newtownhamilton Credit Union Limited**  
**SCHEDULES TO THE REVENUE ACCOUNT**  
for the financial year ended 2022

**Schedule 4 - Other Management Expenses**

|                                    | 2022           | 2021           |
|------------------------------------|----------------|----------------|
|                                    | £              | £              |
| <b>Other Management Expenses</b>   |                |                |
| Training and seminars              | 1,530          | 645            |
| Rent and rates payable             | 3,223          | 3,018          |
| General insurance                  | 8,778          | 6,984          |
| Share and loan insurance           | 55,312         | 43,502         |
| Death benefit insurance            | 17,423         | 18,763         |
| Light and heat                     | 4,749          | 2,177          |
| Computer and equipment maintenance | 35,965         | 41,674         |
| Telephone and postage              | 5,234          | 6,273          |
| Legal and debt recovery fees       | (200)          | 2,165          |
| Audit fees                         | 5,160          | 4,920          |
| FSA fees                           | 855            | 355            |
| Clothing costs                     | 398            | -              |
| Bank interest and charges          | 3,223          | 2,965          |
| Miscellaneous expenses             | 19,389         | 15,613         |
| Subscriptions and donations        | 1,679          | 560            |
| League Dues                        | 1,537          | 1,437          |
|                                    | <u>164,255</u> | <u>151,051</u> |