



**Ballyshannon
& Killybegs**

CREDIT UNION LIMITED
www.bkcreditunion.ie

Report and Financial Statements

For Year Ended 30th September 2025



**You are invited to the Annual General Meeting
of Ballyshannon & Killybegs Credit Union Ltd.
Which will take place on Wednesday 21st January 2026 at 7:00pm.
in Coláiste Cholmcille, College Street,
Ballyshannon, Co. Donegal, F94 NW62**

Refreshments and Prizes on the night.

OFFICE OPENING TIMES

BALLYSHANNON:

Monday 10am - 1pm, 2pm - 5pm
Tuesday 10am - 1pm, 2pm - 5pm
Wednesday 10am - 1pm
Thursday 10am - 1pm, 2pm - 5pm
Friday 10am - 1pm, 2pm - 5.30pm
Saturday 10am - 1pm

KILLYBEGS:

Monday 10am - 1pm, 2pm - 5pm
Tuesday 10am - 1pm, 2pm - 5pm
Wednesday 10am - 1pm
Thursday 10am - 1pm, 2pm - 5pm
Friday 10am - 1pm, 2pm - 5.30pm
Saturday 10am - 1pm

GLENTIES:

Friday 10am - 1pm, 2pm - 5.30pm

PETTIGO:

Thursday 10am - 12.30pm
Friday 10am - 1pm
Saturday 10am - 1pm

ARDARA:

Monday 10am - 1pm, 2pm - 5pm
Tuesday 10am - 1pm, 2pm - 5pm
Thursday 10am - 1pm, 2pm - 5pm

T: 074 955 4455 E: info@bkcreditunion.ie



Notice of AGM

Notice is hereby given that the Annual General Meeting of Ballyshannon & Killybegs Credit Union will be held in person in Coláiste Cholmille, College Street, Ballyshannon, Co. Donegal, F94 NW62 and virtually over Zoom on Wednesday 21st January 2026 at 7:00pm.

Agenda

1. The acceptance of the Board of Directors of the authorised representatives of members that are not natural persons.
2. Ascertainment of a quorum
3. Adoption of Standing Orders
4. Minutes of AGM
5. Report of the Board of Directors
6. Financial Report
7. Report of the Auditor
8. Report of the Board Oversight Committee
9. Report of Dividend
10. Report of the Credit Committee
11. Report of the Credit Control Committee
12. Report of the Membership Committee
13. Report of the Nominations Committee
14. Appointment of Tellers
15. Election of Auditor
16. Election of Board Oversight Committee
17. Election of Directors
18. Amendment of Rules
19. Other Business
20. Election Results
21. Close of Meeting

Vacancies

We have the following vacancies available on the Board and Board Oversight Committee, please contact your local branch or register your interest at <https://bkcreditunion.ie/about-us/volunteering>

4 vacancies for Board of Directors

1 vacancy for Board Oversight Committee Members

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FEES OF ONLY €4 PER MONTH

Ballyshannon & Killybegs
CREDIT UNION LIMITED

current account
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Directors and Other Information

Directors

Thomas McGuinness (Chairperson)
Simon Cosgrove (Secretary)
Edward Doherty
Sebastian Szumlanski
Cathleen Dolan
Joe Stitt (Appointed 17/06/2025)
Grainne Meehan (Appointed 15/07/2025)
Colm Doyle (Appointed 21/10/2025)
Daniel Ward (Appointed 21/10/2025)
Orla Winters (Retired 15/7/2025)
Mairead Hegarty (Retired 7/7/2025)
John Reynolds (Retired 10/6/2025)
Tracey Ritchie (Retired 15/7/2025)

Board Oversight Committee

John Maguire
Joe Leonard
Anjelica Joyce

Credit Union Number

160 CU

Address

Elmwood Terrace
Killybegs
Co Donegal

Auditors

SMC Chartered Accountants
Chartered Accountants & Statutory Audit Firm
Glenview Business Park
Mountain Top
Letterkenny
Co Donegal

Solicitors

Gallagher McCartney Barry
New Road
Donegal Town
Co. Donegal

Pierse Fitzgibbon
Market Street
Listowel
Co. Kerry

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Directors' Report

The directors present their annual report and the audited financial statements for the financial year ended 30th September 2025.

Principal Activities

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

Business Review

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

Results and Dividends

The excess of income over expenditure for the year is set out in the Income and Expenditure Account on page 8.

The directors recommend payment of a dividend of 0.125% for the year ended 30th September 2025. Details are shown in Note 6 to the accounts.

Principal Risks and Uncertainties

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

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

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

Auditors

The auditors, SMC Chartered Accountants Ltd, have indicated their intention to retire as auditors of the Credit Union at the conclusion of the forthcoming Annual General Meeting and have decided not to seek re-appointment.

In accordance with the provisions of Section 115 of the Credit Union Act 1997, SMC Chartered Accountants Ltd have furnished the credit union with a notice of their retirement. This notice includes a statement confirming that there are no circumstances connected with their retirement which they consider should be brought to the notice of the members or creditors of the credit union.

A resolution, in accordance with Section 114 of the Credit Union Act 1997, to appoint new auditors and to authorise the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

This report was approved by the board on 16th December 2025 and signed on its behalf by

Thomas McGuinness
Chairperson

Simon Cosgrove
Secretary

Statement of Directors' and Board Oversight Committee's Responsibilities

for the year ended 30th September 2025

Statement of Directors' Responsibilities

The Credit Union Act 1997, as amended requires the directors to prepare financial statements for each financial year which give a true and fair view of the State of Affairs of the Credit Union and the Income and Expenditure Account of the Credit Union for that period. In preparing those financial statements, the directors are required to:

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

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

On behalf of the Board of Directors

Thomas McGuinness
Chairperson

Simon Cosgrove
Secretary

Date: 16th December 2025

Statement of Board Oversight Committee's Responsibilities

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

Thomas McGuinness
Chairperson

John Maguire
**Member of the
Board Oversight Committee**

Date: 16th December 2025

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Ballyshannon Killybegs Credit Union Limited for the year ended 30th September 2025, 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 2025 and its income and expenditure and cash flows for the year then ended;
- * have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- * have been properly prepared in accordance with the requirements of the Credit Union Act 1997, as amended.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Independent Auditors' Report to the Members of Ballyshannon Killybegs Credit Union Limited

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

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

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

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set on page 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 control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Our report is made solely to the Credit Union's members, as a body, in accordance with section 120 of the Credit Union Act 1997, as amended. Our audit work has been undertaken so that we might state to the Credit Union's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Credit Union and the Credit Union's members, as a body, for our audit work, for this report, or for the opinions we have formed.

SMC Chartered Accountants

Chartered Accountants & Statutory Audit Firm

Glenview Business Park

Mountain Top

Letterkenny

Co Donegal

Date: 16th December 2025

Appendix to the Independent Auditors' Report

Further information regarding the scope of our responsibilities as auditor

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

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

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

Income and Expenditure Account

for the year ended 30th September 2025

	Note	2025 €	2024 €
INCOME			
Interest on members' loans	4	2,676,318	2,345,128
Other interest income and similar income	5	653,179	697,135
Net interest income		<u>3,329,497</u>	<u>3,042,263</u>
Other income	7	39,964	77,239
TOTAL INCOME		<u>3,369,461</u>	<u>3,119,502</u>
EXPENDITURE			
Employment costs	9b	845,761	780,537
Impairments		26,505	18,249
Pension Costs Deficit		-	-
Depreciation	11	100,836	58,375
Other management expenses (Schedule 1)		1,087,146	1,049,073
Net (losses) / recoveries on loans to members	12d	165,494	48,860
TOTAL EXPENDITURE		<u>2,225,742</u>	<u>1,955,094</u>
Surplus for the financial year		1,143,719	1,164,408
Other comprehensive income		-	-
Total comprehensive income		<u>1,143,719</u>	<u>1,164,408</u>

The financial statements were approved, and authorised for issue, by the Board

and signed on its behalf by:

Joseph Bonner
Manager

Thomas McGuinness
**Member of the
Board of Directors**

John Maguire
**Member of the
Board Oversight Committee**

as at 30th September 2025as at 30th September 2025

The financial statements were approved, and authorised for issue, by the Board on _____ and signed on its behalf by:

John Maguire
Member of the
Board Oversight Committee

Statement of Changes in Reserves

for the year ended 30th September 2025

	Regulatory reserve €	Operational Risk reserve €	Unrealised reserve €	Realised reserves €	Total reserves €
Opening balance at 1st October 2023	8,088,610	757,039	28,048	2,527,412	11,401,109
Excess of income over expenditure for the year	-	-	-	1,164,408	1,164,408
Reserve used during the year	-	-	-	-	-
Dividends paid during the year (Note 6)	-	-	-	-	-
Interest rebate paid during the year	-	-	-	(72,156)	(72,156)
Transfer between reserves	1,600,000	52,251	-	(1,652,251)	-
Closing balance at 30th September 2024	9,688,610	809,290	28,048	1,967,413	12,493,361
Opening balance at 1st October 2024	9,688,610	809,290	28,048	1,967,413	12,493,361
Excess of income over expenditure for the year	-	-	-	1,143,719	1,143,719
Reserve used during the year	-	-	-	-	-
Dividends paid during the year (Note 6)	-	-	-	(74,137)	(74,137)
Interest rebate paid during the year	-	-	-	-	-
Transfer between reserves	655,000	44,990	-	(699,990)	-
Closing balance at 30th September 2025	10,343,610	854,280	28,048	2,337,005	13,562,943

- (1) The Regulatory reserve of the Credit Union as % of total assets as at 30th September 2025 was 12.6%. (2024: 12.6%).
- (2) In accordance with S45 of the Credit Union Act 1997 (as amended) Ballyshannon Killybegs Credit Union Ltd. put in place an Operational Risk reserve in 2016. The Board approved a transfer of €44,990 from the realised reserve to the Operational Risk reserve, following the completion of an internal process of assessing the level of the reserve required to cover the operational risk within the Credit Union. The operational risk reserve as a % of total assets as at 30 September 2025 was 1.04% (2024: 1.05%).
- (3) Following commencement of S13 of the 2012 Act, the requirement for Credit Unions to transfer 10% of their annual surplus to their statutory reserve (now known as the Regulatory reserve) each year has been removed. Notwithstanding this the Board of Ballyshannon Killybegs Credit Union Ltd. has transferred €655,000 (2024: €1,600,000) of its current year surplus to its Regulatory reserve so that the reserve would stand at 12.6% current year end, in excess of the required limit of 10%.

Cash Flow Statement

for the year ended 30th September 2025

	Note	2025 €	2024 €
Cash flows from operating activities			
Loans repaid by members	12a	13,697,958	12,090,922
Loans granted to members	12a	(20,675,906)	(17,273,035)
Loan interest received	4	2,680,780	2,327,721
Investment income received		763,209	735,397
Other income received	7	39,964	77,239
Bad debts recovered	12d	16,505	66,523
Dividends paid	6	(74,137)	(72,156)
Interest rebate paid	6	-	-
Operating expenses paid to include employment costs		(1,974,515)	(1,825,459)
Net cash (outflow) / inflow from operating activities		(5,526,142)	(3,872,848)
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(140,877)	(18,012)
Net cash flow from investments		5,240,834	2,757,830
Net cash (outflow) from investing activities		5,099,957	2,739,818
Cash flow from financing activities			
Members' shares received	15	32,791,108	27,961,942
Members' shares withdrawn	15	(28,607,519)	(25,606,547)
Net cash flows from financing activities		4,183,589	2,355,395
Net increase (decrease) in cash and cash equivalents		3,757,404	1,222,365
Cash & cash equivalents at beginning of year		12,474,867	11,252,502
Cash & cash equivalents at end of year	10	16,232,271	12,474,867

Notes to the Financial Statements

for the year ended 30th September 2025

1. Legal and regulatory framework

Ballyshannon Killybegs Credit Union Ltd. is established under the Credit Union Act 1997, as amended. The Credit Union is registered with the Registrar of Credit Unions and is regulated by the Central Bank of Ireland. The registered office address is at Elmwood Terrace, Killybegs, Co Donegal.

2. Accounting policies

2.1. Statement of compliance and basis of preparation

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

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

2.2. Currency

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

2.3. Going concern

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

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

2.4. Income

Interest on members' loans

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

Investment income

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.

Other income

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

2.5. Dividends to Members

Dividends on shares and loan interest rebates

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

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

Notes to the Financial Statements contd.

for the year ended 30th September 2025

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.

2.6 Taxation and Deferred Taxation

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

2.7 Cash and cash equivalents

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

2.8 Financial instruments

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

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

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

2.9 Basic financial assets

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

Loans to members

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

Investments held at amortised cost

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

Notes to the Financial Statements contd.

for the year ended 30th September 2025

Held to Maturity investments

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

2.10 Other receivables

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

2.11 Impairment of loans to members

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

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

2.12 Basic financial liabilities

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

Financial liabilities members' shares and deposits

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

Other payables

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

2.13 Tangible fixed assets

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

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

Freehold property	2% straight line
Office equipment	20% straight line
Computer hardware	33.3% straight line

Notes to the Financial Statements contd.

for the year ended 30th September 2025

2.14 Impairment of tangible fixed assets

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

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

2.15 Employee benefits

Defined Benefit Pension Scheme

Ballyshannon & Killybegs Credit Union Ltd. 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 Ballyshannon & Killybegs Credit Union Limited is a participating employer.

The scheme is a multi-employer defined benefit scheme and there is insufficient information for Ballyshannon & Killybegs Credit Union Limited 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.

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

Defined Contribution Pension Scheme

Ballyshannon & Killybegs Credit Union Ltd. also participates in a defined contribution pension scheme, to which some of its employees are members. Pension benefits are funded over the employee's period of service by way of defined contributions paid to an approved fund held with New Ireland Assurance Company Plc. Contributions are based on a fixed percentage of an employee's annual salary and the charge to the Income and Expenditure Account reflects contributions paid and payable in respect of the year ended 30th September 2025.

Other Employee Benefits

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

2.16 Reserves

Regulatory reserve

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

Other reserves – Realised reserves

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

Notes to the Financial Statements contd.

for the year ended 30th September 2025

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 Ballyshannon Killybegs Credit Union Ltd.'s accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below:

Impairment losses on loans to members

The Credit Union's accounting policy for impairment of financial assets is set out in accounting policy in Note 2.11. The estimation of loan losses is inherently uncertain and depends upon many factors, including historic loan loss trends, credit risk characteristics in loan classes, local and international economic climates, conditions in various sectors of the economy to which the Credit Union is exposed, and other external factors such as legal and regulatory requirements.

Impairment of buildings

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

Pensions

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

4. Interest on members' loans

	2025 €	2024 €
Closing accrued loan interest receivable	85,498	89,960
Loan interest received in year	2,680,780	2,327,721
Opening accrued loan interest receivable	(89,960)	(72,553)
Total interest on members' loans	2,676,318	2,345,128

5. Other interest income and similar income

	2025 €	2024 €
Investment income and gains received by the Balance Sheet date	491,907	425,833
Receivable within 12 months of Balance Sheet date	161,272	271,302
Total investment income	653,179	697,135

Notes to the Financial Statements contd.

for the year ended 30th September 2025

6. Dividends payable

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

	2025	2024
	€	€
Dividend paid during the year	74,137	72,156
Dividend rate: Members' shares	0.125%	0.125%
Dividend proposed, but not recognised		

The directors propose payment of a dividend of €77,340 (0.125%) for the year ended 30th September 2025, subject to agreement by the membership at the AGM.

	2025	2024
	€	€
Loan interest rebate paid during the year	-	-
Loan interest rebate rate: Members' loan interest	%	%
Loan interest rebate proposed, but not recognised		

The directors do not propose payment of a loan interest rebate on higher interest loans for the year ended 30th September 2025.

7. Other income

	2025	2024
	€	€
Other income/SPS Refund	798	6,120
Gains on Investments	39,166	71,119
ECCU refund	-	-
Total other income	39,964	77,239

7a. SPS refund

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

At the ILCU 2022 AGM, a resolution was passed to authorise a distribution from the SPS funds to all affiliated Credit Unions based on asset size.

8. Expenses

	Note	2025	2024
		€	€
Employment costs	9b	845,761	780,537
Pension Deficit			-
Depreciation	11	100,836	58,375
Other management expenses (Schedule 1)		1,087,146	1,049,072
		2,033,743	1,887,984

Notes to the Financial Statements contd.

for the year ended 30th September 2025

9. Employees and employment costs

9a. Number of employees

The average monthly number of employees during the year was:

	2025 Number	2024 Number
Manager	1	1
Other staff	19	19
Total	20	20

9b. Employment costs

	2025 €	2024 €
Wages and salaries	723,508	673,034
Pension Costs	122,253	107,503
Total employment costs	845,761	780,537

9c. Key management personnel

The remuneration of key management personnel was as follows:

	2025 €	2024 €
Short term employee benefits	253,853	200,455
Payments to Pension Schemes	31,932	19,699
Total key management personnel compensation	285,785	220,154

10. Cash and cash equivalents

	2025 €	2024 €
Cash and balances at bank	4,703,393	1,721,969
Deposits and investments	11,528,878	10,752,898
Total cash and cash equivalents	16,232,271	12,474,867

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

Notes to the Financial Statements contd.

for the year ended 30th September 2025

11a. Tangible fixed assets

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

	Freehold land & buildings €	Office equipment €	Computer equipment €	Total €
Cost				
At 1 st October 2024	1,526,360	241,996	208,136	1,976,492
Additions	6,611	8,598	125,668	140,877
At 30th September 2025	1,532,971	250,594	333,804	2,117,369
Depreciation				
At 1st October 2024	295,669	232,505	171,556	699,730
Charge for the year	23,942	4,745	72,149	100,836
At 30th September 2025	319,611	237,250	243,705	800,566
Net Book Value				
At 30th September 2025	1,213,360	13,344	90,099	1,316,803
At 30 th September 2024	1,230,691	9,491	36,580	1,276,762

11b. Intangible Fixed Assets

	€	Total €
Cost		
At 1 October 2024	39,343	39,343
Additions	-	-
At 30 September 2025	39,343	39,343
Provision for diminution in value		
At 1 October 2024	39,343	39,343
Charge for the financial Year	-	-
At 30 September 2025	39,343	39,343
Net Book Value		
At 30 September 2025	Nil	Nil
At 30 September 2024	Nil	Nil

Notes to the Financial Statements contd.

for the year ended 30th September 2025

12. Loans to members – financial assets

12a. Loans to members

	Note	2025 €	2024 €
As at 1 st October		34,670,691	29,544,678
Advanced during the year		20,675,906	17,273,035
Repaid during the year		(13,697,958)	(12,090,922)
Loans written off		(67,177)	(56,100)
Gross loans to members	12b	41,581,462	34,670,691
Impairment allowances			
Individual loans		(68,325)	(80,684)
Groups of loans		(1,674,939)	(1,547,758)
Loan provision	12c	(1,743,264)	(1,628,442)
As at 30th September		39,838,198	33,042,249

12b. Credit risk disclosures

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

	2025 €	2024 €
Loans not Impaired	34,303,828	28,139,227
Up to 9 weeks past due	3,075,966	1,977,078
Between 10 and 18 weeks past due	179,989	222,850
Between 19 and 26 weeks past due	87,192	109,379
Between 27 and 39 weeks past due	67,133	123,169
Between 40 and 52 weeks past due	123,039	138,535
53 or more weeks past due	732,492	618,863
Covered Loans	3,011,823	3,341,590
	41,581,462	34,670,691

12b. Credit risk disclosures (Cont'd)

	2025 €	2024 €
Impairment allowance		
Individual loans	(68,325)	(80,684)
Groups of loans	(1,674,939)	(1,547,758)
Total carrying value	39,838,198	33,042,249

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

Notes to the Financial Statements contd.

for the year ended 30th September 2025

12c. Loan provision account for impairment losses

	2025	2024
	€	€
As at 1 st October	1,628,442	1,569,159
Net movement in loan provisions for loans outstanding	181,999	115,383
Decrease in loan provisions during the year	(67,177)	(56,100)
As at 30th September	1,743,264	1,628,442

12d. Net recoveries or losses recognised for the year

	2025	2024
	€	€
Bad debts recovered	16,505	66,523
(Increase) / Decrease in loan provisions during the year	(114,822)	(59,283)
Loans written off	(67,177)	(56,100)
Net (recoveries) / losses on loans to members recognised for the year	(165,494)	(48,860)

12e. Analysis of Gross Loans Outstanding

	2025	€	2024	€
	Number of		Number of	
	Loans		Loans	
Less than one year	738	1,152,423	764	1,145,413
Greater than 1 year and less than 3 years	1,596	7,702,449	1,572	6,935,427
Greater than 3 and less than 5 years	1,427	15,725,381	1,397	14,488,823
Greater than 5 years and less than 10 years	536	13,173,015	434	9,728,076
Greater than 10 years and less than 25 years	46	3,234,946	39	2,315,002
Greater than 25 years	5	593,248	1	57,950
	4,348	41,581,462	4,207	34,670,691

13. Prepayments and accrued income

	2025	2024
	€	€
Prepayments	88,460	100,249
Accrued income investments	161,272	271,302
Accrued loan interest income	85,498	89,960
	335,230	461,511

14. Deposits and investments

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

Cash Equivalents (Original Maturity within 3 months)

	2025	2024
	€	€
Fixed term deposits with banks (note 10)	11,528,878	10,752,898
Government bonds (note 10)	-	-
Total cash equivalents	11,528,878	10,752,898

Notes to the Financial Statements contd.

for the year ended 30th September 2025

Other (Original Maturity after 3 months)

	2025 €	2024 €
Fixed term deposits with banks	19,500,035	20,000,000
Government & Bank Bonds	4,507,872	9,280,741
Central Bank Minimum deposits	507,859	475,859
Total other	24,515,766	29,756,600

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

	2025 €	2024 €
A1	12,312,822	16,572,608
A2	2,445,050	3,955,143
A3	3,000,000	4,002,990
AA3	4,750,000	4,750,000
Baa2	1,500,035	-
Total deposits and investments	24,007,907	29,280,741

15. Members' Shares – financial liabilities

	2025 €	2024 €
As at 1 st October	64,311,421	61,956,026
Received during the year	32,791,108	27,961,942
Repaid during the year	(28,607,519)	(25,606,547)
Other movements	-	-
As at 30th September	68,495,010	64,311,421

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

	2025 €	2024 €
Unattached shares	59,575,584	55,444,264
Attached shares	8,919,426	8,867,157
Total members' shares	68,495,010	64,311,421

16. Other payables

	2025 €	2024 €
PAYE/PRSI	15,952	12,127
Other accruals	164,363	195,080
	180,315	207,207

Notes to the Financial Statements contd.

for the year ended 30th September 2025

17. Rate of interest on members loans

	APR %
Standard loans	11.02%
Student loans	4.07%
Car loan (promotional)	6.17%
House Loans	5.12%
Secured Loans	6.96%
Agri Loans	6.96%
Renovate Loan/Green Loan	7.23%
Business Loans	11.02%
Community Loans	11.02%

18. Additional financial instruments disclosures

18a. Financial risk management

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

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

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

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

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

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

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

Notes to the Financial Statements contd.

for the year ended 30th September 2025

18b. Interest rate risk disclosures

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

18c. Liquidity risk disclosures

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

18e. Capital

The Credit Union maintains sufficient reserves to buffer the Credit Union against any losses on its members' loans and also its investments. The current Regulatory Reserves are in excess of the minimum requirement set down by the Central Bank, and stand at 11% of the total assets of the Credit Union at the Balance Sheet date.

19. Retirement benefits and similar obligations

The Irish League of Credit Unions Republic of Ireland Pension Scheme

Ballyshannon & Killybegs 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 ceased to accrual and although staff retained all the benefits that they had earned in the scheme to that date, Ballyshannon & Killybegs 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. Ballyshannon & Killybegs Credit Union Limited's allocation of that past service deficit was €299,840. This total cost was included in the Income & Expenditure account for the year ended 30 September 2022 and this deficit amount was paid to the trustees prior to 30/09/2022. During the year ending 30th September 2024 there were no contributions in respect of a past service deficit payable and hence no charge to the Income and Expenditure account.

As this is a pooled pension scheme, Ballyshannon & Killybegs 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. Ballyshannon & Killybegs Credit Union Limited could exit the scheme and therefore never have to make a potential additional payment requirement but exiting the scheme would incur a substantial additional cost.

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

20. Post Balance Sheet events

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

22. Capital commitments

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

Notes to the Financial Statements contd.

for the year ended 30th September 2025

23. Insurance against fraud

The Credit Union has insurance against fraud in the amount of €1,300,000 (2024: €1,300,000) in compliance with Section 47 of the Credit Union Act 1997, as amended.

24. Related party transactions

During the year loans were advanced to directors and the management team of the Credit Union in the amount of €57,855 (2024: €76,500). These loans were approved in accordance with the Standard Credit Union rules and the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016. The loans outstanding from these parties at 30th September 2025 were €115,213 (2024: €105,077). These loans amounted to 0.28% of total gross loans due at 30th September 2025 (2024: 0.32%).

There were provisions of €2,169 against the loans due from the directors and the management team at the current Balance Sheet date (€2,193 at 2024).

The directors and management team share balances stood at €24,841 at 30th September 2025

25. Approval of Financial Statements

The financial statements were approved, and authorised for issue, by the Board on the 16th of December 2025

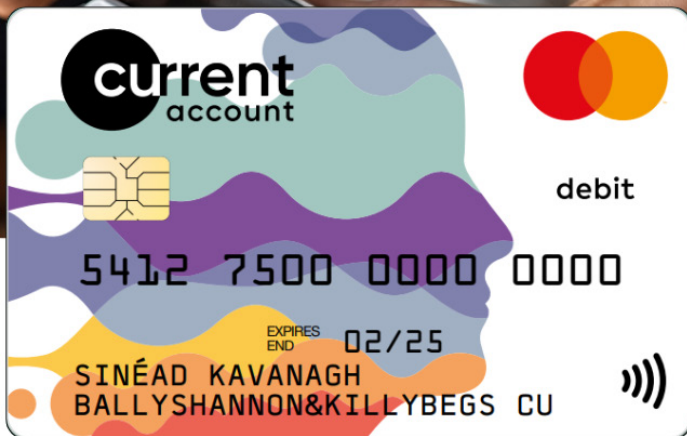
Schedule to the Financial Statements

for the year ended 30th September 2025

Schedule 1 - Other management expenses

	2025	2024
	€	€
Rent & Rates	17,690	13,063
Light, Heat & Cleaning	26,168	30,106
Repairs & renewals	4,849	4,120
Printing & stationery	12,930	14,558
Postage & Telephone	29,106	22,837
Donations and sponsorship	5,740	3,190
Promotion and advertising	14,443	16,987
Staff & Board Training	8,845	12,619
AGM expenses	18,317	17,633
Travel & subsistence	4,016	1,973
Bank Charges	30,571	32,924
Professional Fees	135,097	120,153
Audit Fees	17,220	17,220
Internal Audit Fee	11,531	6,919
PAYAC Costs	90,073	83,525
General Insurance	36,163	35,995
Share and loan insurance	342,453	296,720
Savings Protection Scheme	5,572	4,823
CCR Fees	9,184	9,101
Computer Maintenance	168,971	129,936
Miscellaneous Expenses	24,903	21,692
Affiliation Fees	24,033	22,800
Regulatory and other levies	49,271	130,179
Interest on members loans	-	-
Total other management expenses	1,087,146	1,049,073

SWITCH & SAVE



- ✓ Junior Members from the age of **12 and up** can avail of a Free Current Account.
- ✓ **NO FEES** for Students in full time education and over 66 years of age.
- ✓ Access your account securely through our **mobile app** and online banking portal.
- ✓ Receive a personal IBAN for all your transactions and enjoy mobile payment options like **Apple Pay, Google Pay, and Fitbit Pay.**

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& Killybegs**
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