

# ATHLONE CREDIT UNION LIMITED

• Savings • Loans • Insurances

## ANNUAL ACCOUNTS 2014

### Notice of Annual General Meeting

The 48th Annual General Meeting of the Shareholders  
of Athlone Credit Union Ltd., will take place in

**Radisson Blu Hotel, Athlone**

**on Wednesday 25th February, 2015 at 8pm**

**Mark Grenham, Hon. Secretary**

#### AGENDA

Rule 130 (4): The business at Annual General Meetings of the members shall be:

1. Credit Union Invocation
2. Acceptance of proxies by the Board of Directors
3. Ascertainment that a quorum is present
4. Adoption of Standing Orders
5. Reading and approval (or correction) of the minutes of the last Annual General Meeting
6. Report of the Chairman and Directors
7. Report of the Auditor including consideration of accounts
8. Declaration of Dividend and Rebate of Interest
9. Report of the Board Oversight Committee
10. Report of the Chapter Officer
11. Report of the Credit Committee
12. Report of the Credit Control Committee
13. Report of the Investment Committee
14. Report of the Membership Committee
15. Report of the Marketing and Development Committee
16. Rule Amendments
17. Appointment of Tellers
18. Election of Auditor
19. Election to fill vacancies on Board of Directors
20. Election to fill vacancies on Board Oversight Committee
21. Approval of deduction of Affiliation Fees
22. Approval of the monthly Car Draw Deduction
23. Any other business
24. Announcement of election results
25. AGM Draw
26. Adjournment or close of meeting



*Free draw on the night for all members who attend AGM*



# Rule Amendments

*That this Annual General Meeting agrees to a complete amendments to the Standard Rules as carried by Resolution No. 4 at the Irish League of Credit Union AGM 2014.*

The Credit Unions and Cooperation with Overseas Regulator Act, 2012 ("the 2012 Act") made significant amendemnts to the Credit Union Act, 1997.

Resolution No. 4 carried at ILCU AGM 2014 comprised a complete amendment to the Standard Rules for Credit Unions (Republic of Ireland) ("the Standard Rules") to take account of the amendments to the Credit Union Act, 1997 brought about by the 2012 Act. In addition, the standard Rules were also revised to provide that, insofar as possible, only matters were included in the Standard Rules which are required to be in the rules by virtue of the First Schedule of the Credit Union Act, 1997 and additional matters which are currently contained in the rules but on which Act is silent. This approach was adopted to avoid unnecessary and lengthy duplication with the Act, which is highly prescriptive in its own right. This also will reduce the occasions whereby it will be necessary to amend the rules to reflect an amendment to the Act.

It is necessary for the Credit Union to bring the complete amendment to the Standard Rules to the Credit Union's AGM for approval by the members, after which the Credit Union will be required to register the rule amendment in the normal manner with the Central Bank. Due to the size of the proposed rule amendments, and following discussions with the Central Bank, it was Agreed that it is not necessary to send a hard copy of the entire proposed new rule book to each member in advance of the Credit Union's AGM. However, in order to provide clarity to members and ensure transparency, the Credit Union is making sure that members are informed of any amendments that are being proposed (through tracked changes).

## **The Credit Union is taking the following steps to notify members of the proposed rule amendments:**

- \* making hard copies of the proposed rules available at the Credit Union offices
- \* provide an e-mail address for members to contact to obtain an electronic copy of the proposed Credit Union rules by e-mail; members may request an electronic copy by emailing [info@athlonecreditunion.ie](mailto:info@athlonecreditunion.ie)
- \* making an electronic copy of the proposed Credit Union rules available to members on the Credit Union website [www.athlonecreditunion.ie](http://www.athlonecreditunion.ie)
- \* making hard copies of the proposed rules available at the AGM

# Chairperson Address



Dear Member,

On behalf of the Board of Directors I hope that you can join us for the 48th Annual General Meeting of Athlone Credit Union Ltd, which will be held on the 25th of February in the Radisson Hotel. I enclose a copy of the Annual Report for the year ending September 2014.

The past financial year has been a significant one that has seen Ireland begin the process of moving from recession to recovery. The hardship faced by the country over the last few years is still reverberating through Irish financial institutions and Credit Unions are no different. As a movement we have had to face and surmount challenges through legislation, regulation and strategic planning. However, Credit Unions play a pivotal role in Ireland's financial landscape which is why it is so important to ensure their continued survival and growth. Members of a Credit Union are different from customers of other financial institutions – they share a community bond and they have an integral role to play in the future of their local branch.

Athlone Credit Union has over 16,000 members with savings of €55.8m and total assets of €67.7m. While the 2014 financial year has been challenging for our Credit Union, our loan-book is robust at €24m, an increase of €100,000 on the previous year. Our finances are strong and we are one of the top Credit Union's in the country. We are also amongst the 40% not operating under a Central Bank lending restriction.

2015 will see Athlone Credit Union focus on the cornerstones of our organisation – saving and lending. While we have succeeded in communicating the benefits of saving with our Credit Union to the local public, we now need to concentrate our efforts on highlighting our credit facilities and on communicating why borrowing from your local Credit Union is better than borrowing from other financial institutions. Lending is our lifeblood and interest charged on loans ultimately funds the dividend that we deliver to members, so this year we would ask that members consider their Credit Union first when it comes to their borrowing needs, particularly as our rates are generally lower than those of the main banks and many other credit providers. Our message is simple - we have money to lend and we are encouraging members to come to their Credit Union for loans.

Having made all the appropriate provisioning, the Board of Directors is delighted to be in a position to recommend the paying of a dividend of 1% this year and a 10% interest rebate on our standard loan rates of 10.5% and 8.5%.

The priority at Athlone Credit Union has been to serve the best interests of our members at all times. By being prudent and responsible in our decision-making, we have achieved our objective of ensuring that Athlone Credit Union is safe, strong and secure. Going into a new year we are confident that your Credit Union can meet the demands of a challenging economic environment and that we can build for our future generations.



In recent months a new Board Oversight Committee was elected, a process that was completed at a Special General Meeting as required under legislation. These appointments were ratified by the Central Bank which oversaw and approved our process. Under the modern-day high levels of compliance and regulatory control in the Credit Union sector, we are subject to exacting standards and complete oversight from Central Bank of Ireland, including independent internal audit and compliance functions. While this oversight can be intrusive and adds significantly to the workload of both the Board and the staff, it does deliver comfort for members. The Central Bank of Ireland conducts regular audits of our Credit Union to ensure that Athlone Credit Union is professionally run and we have consistently scored well in these audits. As a result we have an open and co-operative relationship with the Central Bank of Ireland.

Athlone has taken measures to secure its financial position and cement its future going forward through the reduction in overhead and the making room for and adoption of additional and necessary skill-sets. As a consequence, we have applied additional resources to areas such as Finance, IT, Audit, Risk and Compliance in order to ensure that Athlone is fully compliant. As scale is an increasingly important factor to ensure the retention of our strong dividend and very competitive loan interest rates, during 2015 the Board will investigate and assess the merits of operating shared services, restructuring or merging with other locally-based strong Credit Unions. The key consideration will be whether such a move would be in the interests of Athlone Credit Union members and the Board is committed to reporting to members on our findings.

As I come to the conclusion of my report, I wish to thank our Manager and her staff for their professional and courteous service to you the members and for their continued support to the Board of Directors and the Board Oversight Committee. I would also like to express my gratitude to my fellow directors and the newly appointed members of the Board Oversight Committee for their hard work, dedication and commitment given selflessly over the past 12 months.

Under current legislation, all Board and Oversight Committee members are required to step down at the upcoming AGM and to seek re-election if they wish to continue to serve their Credit Union. Other members are also free to put themselves forward for consideration, subject to the process terms contained in the attached information, and we would welcome any members who wish to do so.

In conclusion, I thank you the members for your continued support, I wish you well in the coming year and I look forward to seeing as many of you as possible at the AGM. As the country turns an economic corner, I am confident that Athlone Credit Union will be at the forefront of this stabilization, and that our continued combined efforts will keep our Credit Union safe, strong and secure for years to come.

Chairperson                     *Mona Reeves*                     Mona Reeves



## **Independent Auditors' Report to the Members of Athlone Credit Union Limited**

We have audited the financial statements on pages 7 to 17 of Athlone Credit Union Limited for the year ended 30th September 2014 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Financial Reporting Council.

This report is made solely to the Credit Unions' 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 our report, or for the opinions we have formed.

### **Respective Responsibilities of Directors and Auditors**

As described in the Statement of Directors' Responsibilities the Credit Union's directors are responsible for the preparation of the financial statements in accordance with applicable law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Financial Reporting Council.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with the Credit Union Act, 1997 (as amended).

We also report to you whether in our opinion: proper books of account have been kept by the Credit Union and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the Credit Union's balance sheet is in agreement with the books of account.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Director's Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.



## Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Financial Reporting Council. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments' made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Credit Union's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In our opinion the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Credit Union's affairs as at the 30th September 2014, and of its income and expenditure account for the year then ended and have been properly prepared in accordance with the requirements of the Credit Union Act, 1997 (as amended).

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

*Michael O'Grady & Co*

Date 17<sup>th</sup> December 2014

Michael O'Grady & Co  
Statutory Audit Firm  
No 1 The Quay  
Kinvara  
Co. Galway



## Income & Expenditure Account for the Year ended 30th of September 2014

	<i>Note</i>	<i>Current Year</i> €	<i>Prior Year</i> €
<i>Income</i>			
Interest on Members Loans		2,142,605	2,110,367
Interest Payable		(15,799)	(12,530)
Other Interest Receivable & Similar Income	<i>1.6</i>	1,361,465	1,155,315
<i>Net Interest Income</i>		<b>3,488,271</b>	3,253,152
Other Income		40,753	37,216
<b>Total Income</b>		<b>3,529,024</b>	<b>3,290,368</b>
<i>Expenditure</i>			
Salaries & Staff Expenditure		498,733	493,897
Other Management Expenses		964,138	779,698
Depreciation	<i>7</i>	56,251	41,002
Provision for Loan Impairment	<i>8 &amp; 9</i>	252,602	450,000
Recovery of loans charged off		(71,532)	(66,134)
Impairment of Fixed Assets	<i>7</i>	0	269,704
<b>Total Expenditure</b>		<b>1,700,192</b>	<b>1,968,167</b>
<i>Excess of Income over Expenditure</i>		1,828,832	1,322,201
Add Undistributed Surplus brought forward		0	0
Reserves released	<i>4</i>	621,859	543,254
<b>Total Surplus Available for Distribution</b>		<b>2,450,691</b>	<b>1,865,455</b>
<i>Less</i>			
Transfer to Statutory Reserve	<i>4</i>	(182,883)	(132,220)
Transfer to Additional Regulatory Reserve	<i>4</i>	(356,639)	(300,000)
Returns to Members	<i>4</i>	(500,983)	(366,565)
General Reserve		(697,190)	(561,670)
Distributions Reserve	<i>1.7</i>	(712,996)	(505,000)
<b>Total Distribution</b>		<b>(2,450,691)</b>	<b>(1,865,455)</b>
<b>Undistributed Surplus at 30th September 2014</b>	<i>4</i>	<b>0</b>	<b>0</b>

On behalf of the Credit Union

Manager - Catherine Egan

Member of the Board Oversight Committee - Eoin Costello

Member of the Board of Directors - Peter Doyle

Date

17th December 2014

*Catherine Egan*

*Eoin Costello*

*Peter Doyle*



## Balance Sheet as at 30th of September 2014

	<i>Notes</i>	<i>Current Year</i> €	<i>Prior Year</i> €
<i>Assets</i>			
Cash at Bank and on Demand	<u>2</u>	233,170	788,811
Deposits and Investments	<u>6</u>	45,107,185	40,292,974
Minimum Reserve Account		377,727	370,141
Deposit Guarantee Scheme		94,779	95,801
Loans to Members	<u>8</u>	24,020,271	23,967,116
Less Provision for Loan Impairment	<u>9</u>	(3,482,939)	(3,596,228)
Tangible Fixed Assets	<u>7</u>	428,664	419,636
Client Premium Accounts	<u>2</u>	36,049	33,016
<i>Other receivables</i>			
Debtors & Prepayments		233,519	69,321
Accrued Income		637,429	760,338
<b>Total Assets</b>		<b>67,685,854</b>	<b>63,200,926</b>
<i>Liabilities</i>			
Members Deposits		1,822,501	1,395,134
Members' Shares		54,004,308	51,265,780
Members Deposit Interest (Net)		9,321	8,451
Other Liabilities		160,932	170,618
		<b>55,997,062</b>	<b>52,839,983</b>
<i>Members Resources</i>			
Statutory Reserve	<u>4</u>	7,430,406	7,247,523
Additional Regulatory Reserve	<u>4</u>	691,897	335,258
Other Reserves	<u>4</u>	3,566,489	2,778,162
		<b>11,688,792</b>	<b>10,360,943</b>
<b>Total Liabilities</b>		<b>67,685,854</b>	<b>63,200,926</b>

On behalf of the Credit Union

Manager - Catherine Egan

Member of the Board Oversight Committee - Eoin Costello

Member of the Board of Directors - Peter Doyle

Date

17th December 2014



## Notes to the Financial Statements

### Note 1. Significant Accounting Policies

#### **1.1 Basis of Preparation:**

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish Statute comprising the Credit Union Act, 1997 (as amended). Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those issued by the Financial Reporting Council.

#### **1.2 Accounting Convention:**

The Financial Statements are prepared under the Historical Cost Convention.

#### **1.3 Going Concern:**

The Credit Union Act, 1997 (as amended) requires the Directors to prepare financial statements on the going concern basis unless there are special reasons for departing from this principle. The Directors have considered the business size, complexity and current trading environment, and have formed a judgement at the time of approving the financial statements that the Credit Union has the necessary resources to continue in operational existence. For this reason, they continue to adopt the going concern basis in preparing the financial statements. The Directors' responsibility for preparing the financial statements is explained on page 1 and the reporting responsibilities of the auditors are set out on their report on page 2.

#### **1.4 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. The following criteria must also be met before revenue is recognised. Interest on Members Loans is recognised when payment is received as specified in section 110(1)(C)(i) of the Credit Union Act, 1997 (as amended) (i.e. on a cash basis). 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.

#### **1.5 Tangible Fixed Assets & Depreciation:**

Tangible Fixed Assets are stated at cost less accumulated depreciation. The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Under Financial Reporting Standard 11: Impairment of Fixed Assets and Goodwill, impairment is assessed by comparing the carrying value of an asset with its recoverable value (being the higher of net realisable value and value in use). Net realisable value is defined as the amount at which an asset could be disposed of net of any direct selling costs. Value in use is defined as the present value of the future cash flows obtainable through continued use of an asset including those anticipated to be realised on its eventual disposal.

Depreciation is provided at rates calculated to write off the cost or valuation less residual value of each asset over its expected useful life, as follows:

Freehold Premises	2% Straight Line	Leasehold Premises	25% Straight Line
Fixtures & Fittings	10% Straight Line	Office Equipment	20% Straight Line
Computers	25% Straight Line		



### **1.6 Investments:**

The Specific investment products held by the Credit Union are accounted for as follows

#### **Bank and other short term deposits**

Valued at the deposit amount plus any accrued interest where the Credit Union has title to the interest on a time basis.

#### **Term Deposits and fixed income investment bonds**

Deposits and bonds with fixed maturity dates are valued at the lower of cost or the net realisable value less any provision for permanent diminution in value. Interest income is recognised when received or irrevocably receivable. Capital gains are not recognised until the asset is sold or matures.

#### **Unit Funds & Funds held in Central Treasury Trust**

Unit funds and funds held in other market investments are valued at the lower of cost or market value and dividend income is recognised when received or irrevocably receivable. Increases in capital value are not recognised until the asset is sold or matures, decreases in the market value are recognised immediately in the income statement.

#### **Investments with return of capital guarantee**

Investments with return of capital guarantee are valued at the lower of cost of market value but not less than the capital guaranteed amount and dividend or other income is recognised in the income statement when it is received or irrevocably receivable.

### **1.7 Dividends, Interest Rebate & Deposit Interest:**

The Credit Union accounts for members distributions in accordance with FRS 21 and no liability to pay dividend exists until the members ratify such a payment at the Annual General Meeting.

Deposit Interest on ordinary deposit accounts is paid at 1% and is expensed in the income statement.

### **1.8 Pension Costs:**

The Credit Union 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. However, Athlone Credit Union Limited is unable to identify its share of the underlying assets and liabilities. Consequently, Athlone Credit Union Limited accounts for its contributions to the scheme as if it were a defined contribution scheme. Contributions payable to the scheme are recognised in the income and expenditure account.

An actuarial review of the fund is normally carried out every three years by the Scheme's independent, professionally qualified, actuary. The actuarial review looks at the past & future liabilities of the scheme.

The last completed triennial actuarial review was carried out with an effective date of 1st March 2011 using the Projected Unit Credit method. The principal actuarial assumption used in the valuation was the investment return would be 1.75% higher than the annual salary increases. The market value of the scheme's assets at 1st March 2011 was €107.3m. The actuarial valuation disclosed a past service deficit of €28.7m on the long term funding basis at 1st March 2011. This actuarial review recommended a long term funding rate of 22.5%. The cost of risk benefits is paid in addition to this rate.



### **1.8 Pension Costs (Contd.):**

It should be noted that the above rate is based on the long term funding objectives. As a separate requirement under section 56(1) of the Pensions Act 1990, the scheme actuary must carry out a separate valuation every 3 years and produce a funding certificate for submission to The Pensions Board within 9 months of the effective date of the valuation. The purpose of the certificate is to certify whether or not the assets of the scheme at the effective date are sufficient to meet the liabilities of the scheme based on the assumption that the scheme was wound up at that date.

An actuarial funding certificate, certifying the Scheme did not meet the statutory minimum funding standard was submitted to the Pensions Board with an effective date of 1st March 2009.

Consequently, the Trustees submitted a new funding proposal, to address the shortfall in funding, to the Pensions Board. The submitted funding proposal is designed to ensure that the scheme could reasonably be expected to satisfy the funding standard as at 1st March 2019 and provides for a retirement contribution rate of 27.7%. The cost of risk benefits is payable in addition giving a total contribution rate of 30% of Pensionable Salary. This funding proposal was approved by the Pensions Board.

For the scheme year ended 29th February 2012 the actuary advised that having been directed by the Trustees and Employer, in light of the current economic outlook, that it was appropriate to revise the assumption for salary increases over the remaining term of the funding proposal from 5% pa to 3.25% pa he was reasonably satisfied that the scheme will satisfy the funding standard as specified in Section 44 of the Pensions Act, 1990, at the date of 1 March 2019 specified by the Pensions Board under Section 49(2) (a) of the Act for the purpose of the existing funding proposal.

The scheme's Solvency Position in accordance with the aggregate cover for total Funding Standard liabilities as at 28th February 2014 was 104.5%.

### **1.9 Allowances for Loan Impairment:**

The Credit Union maintains an allowance for loan impairment in an amount considered adequate to absorb credit-related losses in its loan portfolio. The allowance is increased by a provision for loan impairment which is charged to income and reduced by charge offs. The allowance for loan impairment consists of:

A specific allowance on an individual loan basis, to reduce the carrying book values to estimated realisable values. Estimated realisable values are determined by detailed reviews of the credit worthiness of individual borrowers and the value of collateral underlying the loan.

An incurred but not reported allowance, when evidence of impairment within groups of loans exists but is not sufficient to allow identification of individual impaired loans. This allowance is calculated using a formula based on Resolution 49 of the Irish League of Credit Unions, known risks in the portfolio, current credit trends and other risk matrices. As individual impaired loans are identified, a specific provision is assigned to that loan and the collective provision is adjusted accordingly.

### **1.10 Members' Shares:**

Members' shares are unconditionally repayable on demand and therefore exhibit characteristics of a liability. Under current accounting guidelines, members' shares have been recognised as a liability in the balance sheet. The corresponding dividends on those shares are charged to the income & expenditure account when paid.



## Notes to the Financial Statements Cont'd;

### Note 2. Cash Flow Report:

	<i>Current Year</i>	<i>Prior Year</i>
	€	€
<b>Reconciliation of operating surplus to net cash inflow from operating activities</b>		
Operating surplus	<b>1,828,832</b>	1,322,201
Depreciation	<b>56,251</b>	41,002
Provision for loan impairment	<b>252,602</b>	450,000
Impairment of Fixed Assets	<b>0</b>	269,704
<b>Net cash inflow from trading activities</b>	<b>2,137,685</b>	2,082,907
Net movements in members loans	<b>(419,046)</b>	792,847
Net movements in members savings	<b>3,165,896</b>	2,694,541
Net movements in other assets	<b>(40,267)</b>	(91,784)
Net movements in other liabilities	<b>(8,816)</b>	(19,367)
<b>Net cash inflow from operating activities</b>	<b>4,835,452</b>	5,459,144
Capital Expenditure	<b>(65,279)</b>	(22,306)
Net movement in investments	<b>(4,821,797)</b>	(4,938,821)
Dividend expense incurred	<b>(500,983)</b>	(366,565)
<b>Increase (decrease) in cash in year</b>	<b>(552,607)</b>	131,451
Increase (decrease) in cash in year	<b>(552,607)</b>	131,451
Net cash (debt) at 1 October 2013	<b>821,826</b>	690,375
Net cash (debt) at 30 September 2014	<b>269,219</b>	821,826



## Notes to the Financial Statements Cont'd: (notes 3 to 5 forming part of the primary statements)

### Note 3. Statement of Total Recognised Gains and Losses For the Period Ending September 30th 2014

	2014 €	2013 €
Excess of Income over Expenditure	1,828,832	1,322,201
Total gains and losses recognised for the year	1,828,832	1,322,201
Total gains and losses recognised since last annual report	1,828,832	1,322,201

### Note 4. Statement of Credit Union Reserves For the Period Ending September 30th 2014

	Statutory Reserve €	Additional Regulatory* €	General Reserve €	Distributions Reserve €	Realised Retained Earnings €	Unrealised Retained Earnings €	Total €
At September 30th 2013	7,247,523	335,258	1,542,316	1,114,970	0	120,876	10,360,943
Surplus for the year					1,828,832		1,828,832
Transfer to Reserve	182,883	356,639	697,190	712,996	(1,949,708)	0	0
Reserves Released				(500,983)	120,876	(120,876)	(500,983)
At September 30th 2014	7,430,406	691,897	2,239,506	1,326,983	0	0	11,688,792

\*In August 2009, The Central Bank issued a requirement (Regulatory Reserve Ratio) to credit unions which stated that credit unions should hold a minimum regulatory reserve of 10% of total assets, of which 8% should be in a statutory reserve. As at 30th September 2014, the credit union held a regulatory reserve of 12%

### Note 5. Reconciliation of Movement in Members Funds For the Period Ending September 30th 2014

	2014 €	2013 €
<b>Surplus for the financial year</b>	1,828,832	1,322,201
Dividends & Loan Interest Rebate Paid	(500,983)	(366,565)
Increase (Decrease) in Members Funds	1,327,849	955,636
Opening Members Funds	10,360,943	9,405,307
<b>Closing Members Funds</b>	11,688,792	10,360,943

### Note 6. Deposits & Investments Classification per Central Bank Guidance Note 2006 (as amended)

	2014 €	2013 €
Irish and EMU State Securities	484,850	484,850
Accounts in Authorised Credit Institutions (Irish and Non-Irish based)	27,986,134	36,228,124
Bank Bonds	15,982,701	2,950,000
Collective Investment Schemes	652,500	629,000
Other	1,000	1,000
	45,107,185	40,292,974



## Notes to the Financial Statements Cont'd:

### Note 7. Fixed Assets:

	<i>Freehold Premises</i>	<i>Leasehold Premises</i>	<i>Fixtures &amp; Fittings</i>	<i>Office Equipment</i>	<i>Computers &amp; Equipment</i>	<i>Total</i>
	€	€	€	€	€	€
<i>Cost:</i> at 30th of September 2013	899,788	35,544	229,307	72,070	135,093	1,371,802
Capital Additions	0	0	1,257	987	63,035	65,279
<i>Cost:</i> at 30th of September 2014	<u>899,788</u>	<u>35,544</u>	<u>230,564</u>	<u>73,057</u>	<u>198,128</u>	<u>1,437,081</u>
<i>Depreciation:</i>						
at 30th of September 2013	549,788	8,886	214,743	57,886	120,863	952,166
Charge for year	17,996	8,886	5,315	5,889	18,165	56,251
at 30th of September 2014	<u>567,784</u>	<u>17,772</u>	<u>220,058</u>	<u>63,775</u>	<u>139,028</u>	<u>1,008,417</u>
<i>Net Book Value:</i>						
at 30th of September 2014	<u>332,004</u>	<u>17,772</u>	<u>10,506</u>	<u>9,282</u>	<u>59,100</u>	<u>428,664</u>
at 30th of September 2013	<u>350,000</u>	<u>26,658</u>	<u>14,564</u>	<u>14,184</u>	<u>14,230</u>	<u>419,636</u>

### Note 8. Members Loans

	2014 €	2013 €
Balance of loans outstanding at 30 September	23,967,116	25,157,018
Net increase (decrease) in loan advances	419,046	(792,847)
Impaired loans charged off	(365,891)	(397,055)
Balance of loans outstanding at 30 September	<u>24,020,271</u>	<u>23,967,116</u>

### Note 9. Allowances for Loan Impairment

Allowances for loan impairments within the Credit Union is provided as per note 1.9.

	2014 €	2013 €
<i>Provision Amounts</i>		
Balance at Start of Year	3,596,228	3,543,283
Amounts provided for loan impairments	252,602	450,000
Net charge to provision	(365,891)	(397,055)
Balance at End of Year	<u>3,482,939</u>	<u>3,596,228</u>

#### *Breakdown of provisioning balance:*

	2014 €	2013 €
Specific allowances	2,330,573	2,714,119
Incurred but not reported allowances	1,152,366	882,109
	<u>3,482,939</u>	<u>3,596,228</u>



## Notes to the Financial Statements Cont'd:

### Note 10. Investment Income

The following is a breakdown on Investment Income earned by the Credit Union during the year as per the Central Bank's guidance note pertaining to accounting for investments and distribution policy (April 2009).

	2014	2013
	€	€
Opening Income Accrual	(760,338)	(684,373)
Receipts for the financial year	<b>1,484,374</b>	1,079,350
Received at Balance Sheet date	<b>724,036</b>	394,977
Receivable within 12 months of Balance Sheet Date	<b>637,429</b>	639,462
Other Investment Income	<b>0</b>	120,876
Investment Income per Schedule 1	<b>1,361,465</b>	1,155,315

### Note 11. Members Savings

The credit union provides a variety of savings products to its members, the details of which and balances at year end are as follows:

	2014		2014
	€		€
Share Accounts	<b>54,004,308</b>	Ordinary Deposit Accounts	<b>1,822,501</b>
	<b>54,004,308</b>		<b>1,822,501</b>

### Note 12. Dividends and Interest Rebate

The dividend paid in the 2014 financial year of €500,983 was paid on balances held in 2013 and represented 1% of a return to members.

The Directors are proposing a dividend of 1% (€28,466) and a rebate on loan interest paid of 10% (€184,530) to members with classes of loans at the rates of interest (0.88% per month) and (0.71% per month). A 0% loan interest rebate is recommended for all other classes of loans.

These amounts will be payable in the 2015 financial year subject to agreement by the membership at the Annual General Meeting.

### Note 13. Related Party Transactions:

In the normal course of business with the credit union, officers (as defined under S2 of the Credit Union Act, 1997) under arms length transactions, received credit facilities under the same terms and conditions as that of the membership as follows;

	2014	2013
	€	€
Loans advanced during the year	<b>22,200</b>	56,450
Aggregate loan balances	<b>78,587</b>	133,216
Provisions against Loans	<b>0</b>	0
Share balances held	<b>42,515</b>	68,483



## **Notes to the Financial Statements Cont'd:**

### **Note 14. Insurance against Fraud:**

The Credit Union has insurance against fraud in the amount of €5.2 million in compliance with Section 47 of the Credit Union Act 1997.

### **Note 15. Rate of Interest Charged on Members Loans:**

Interest on Members Loans is charged in accordance with the Credit Union's Registered Rules and the Credit Union Act, 1997 (as amended).

### **Note 16. Capital Commitments:**

There were no capital commitments at the balance sheet date.

### **Note 17. Contingent Liabilities:**

At the 30th of September the Directors are recommending €712,996 as a return to members from the distributions reserve. The amount is in respect of dividends and interest rebate which may be paid by resolution of the majority of members voting at the Annual General Meeting.

### **Note 18. Risk Management:**

The main financial risks arising from the Credit Union's activities are credit risk, liquidity risk and market risk. The board

**Credit risk:** Credit risk is the risk that financial loss will be incurred due to the failure of a counterparty to discharge its contractual commitment or obligation to the credit union arising from financial instruments such as loan balances. The credit union's credit risk management policies include on going assessment, analysis and monitoring of financial and other information related to individual borrowers included in the credit union's loan portfolio.

**Liquidity risk:** The credit union's policy is to maintain sufficient funds in liquid form at all times to ensure it can meet either the credit union's cash and funding requirements, statutory liquidity requirements, or both. Under the Credit Union Act, 1997 (as amended) credit unions must at all times keep 20% of its unattached savings in liquid form.

**Market risk:** Market risk is the risk that a credit union may incur a loss due to adverse changes in interest rates, foreign exchange rates or other price risks arising from financial instruments such as investments. The credit union conducts all its transactions in Euro. Therefore the credit union is not exposed to any form of currency risk. The credit union's market risk management practices include on going assessment, analysis and monitoring of relevant information and trends related to the credit union's investment portfolio.

**Interest rate risk** credit unions main interest rate risk arises from differences between the interest rate exposure on the receivables and payables that form an integral part of a credit union's operations. The interest rate risk is being managed within prudent guidelines.

The current developments in legislation and regulation relevant to the credit union sector may change the way in which the above risks are managed in the future.

### **Note 19. Signing of Financial Statements:**

The financial statements were approved by the Board on 17th December 2014.



## Additional information at the 30th of September 2014, not forming part of the statutory financial statements

### Schedule 1 - Other Interest Receivable and Similar Income:

	<i>Current Year</i>	<i>Prior Year</i>
	€	€
Investment Income	1,361,465	1,155,315
<b>Total</b>	<b>1,361,465</b>	<b>1,155,315</b>

### Schedule 2 - Other Income:

Commissions	40,146	34,992
Entrance Fees	1,050	1,162
Miscellaneous	0	979
Cash over / (short)	(443)	83
<b>Total</b>	<b>40,753</b>	<b>37,216</b>

### Schedule 3 - Other Management expenses:

Rent & Rates	24,778	18,227
Light , Heat & Cleaning	25,744	26,300
Security	13,522	9,773
Repairs & Renewals	8,938	7,289
Printing & Stationary	20,428	17,603
Postage & Telephone	12,592	10,899
Donations & Sponsorships	3,920	4,756
Promotion & Education	46,573	38,034
Staff Expenses	9,280	3,727
Training & Recruitment Costs	16,519	11,230
Chapter Expenses	645	530
AGM / Convention Expenses	20,814	20,471
Travelling & Subsistence	4,437	5,213
Bank Interest & Charges	37,744	37,621
Social & Entertainment	60	1,050
Audit Fees	15,855	15,855
General Insurance	13,464	12,931
Share & Loan Insurance	187,494	178,389
Pension	112,255	111,927
Death Benefit Insurance	69,429	57,506
Legal & Professional Fees	23,303	22,070
Consultancy Fees	48,502	29,101
Investment Advisory / Consultancy Fees	17,220	8,610
Debt Collection & Credit Control	15,025	27,252
Computer / Equipment Maintenance	27,987	28,469
Sundry Expenses	2,944	9,637
Honorarium	10,000	10,000
League Affiliation Fees / Savings Protection Scheme	23,609	17,693
Board Oversight Expenses	2,292	500
Risk & Compliance	36,961	0
Internal Audit	11,070	0
Redundancy	8,136	0
Special General Meeting	10,803	0
Amortisation of Bonds	25,469	0
Regulatory Fees	56,326	37,035
<b>Total</b>	<b>964,138</b>	<b>779,698</b>



### **Elections at AGM:**

Following the enactment of the Credit Union and Co-Operation with Overseas Regulators Act 2012 all members of the Board must step down. All Directors of the Credit Union must step down at this year's AGM, but are eligible for re-election. There are 11 vacancies on the Board plus there are 3 vacancies for the Board Oversight Committee. Michael O'Grady & Co. is seeking re-election as auditor. Every member shall have one vote irrespective of his/her shareholding and cannot have more than one vote.

### **Nominations for position of Director and Board Oversight Committee:**

1. Nominations must be in writing and signed by both the proposer and seconder.
2. The proposer, seconder and nominee must be members of Athlone Credit Union Limited.
3. The nomination must also be signed by the nominee who must consent to the nomination.
4. Neither a body corporate nor a person who is under the age of 18 may be a director or a member of the Board Oversight Committee.
5. Completed Nomination Forms must reach the registered office of the Credit Union by close of business on Tuesday 10th February 2015 (4:45pm).

### **NOMINATION FORMS ATTACHED**

*Draws for spot prizes will take place during meeting.*



## ATHLONE CREDIT UNION LIMITED NOMINATION FORM Board of Directors

We the undersigned nominate the following for membership of the Board of Directors

(Name of Nominee) \_\_\_\_\_  
(Block Capitals)

(Address) \_\_\_\_\_

SIGNED (PROPOSER): \_\_\_\_\_ Membership No: \_\_\_\_\_

SIGNED (SECONDER): \_\_\_\_\_ Membership No: \_\_\_\_\_

I agree to my nomination: \_\_\_\_\_ Date:  
( Nominee )

All completed nomination forms must be returned to the office of Athlone Credit Union Limited for the attention of the Chairman of the Nomination Committee before close of business on the 10<sup>th</sup> of February 2015.



## ATHLONE CREDIT UNION LIMITED NOMINATION FORM Board Oversight Committee

We the undersigned nominate the following for membership of the Board Oversight Committee:

(Name of Nominee) \_\_\_\_\_  
(Block Capitals)

(Address) \_\_\_\_\_

SIGNED (PROPOSER): \_\_\_\_\_ Membership No: \_\_\_\_\_

SIGNED (SECONDER): \_\_\_\_\_ Membership No: \_\_\_\_\_

I agree to my nomination: \_\_\_\_\_ Date:  
( Nominee )

All completed nomination forms must be returned to the office of Athlone Credit Union Limited for the attention of the Chairman of the Nomination Committee before close of business on the 10<sup>th</sup> of February 2015.

# ATHLONE CREDIT UNION LIMITED

• Savings • Loans • Insurances



• Local • Loyal • Lending

Credit Union House, Northgate Street, Athlone, Co. Westmeath.

Monksland Office: Unit 2, Block B, Gateway Business Park, Monksland, Athlone, Co. Roscommon.

**Tel** 090 6472497 **Fax** 090 6476530 **Email** [info@athlonecreditunion.ie](mailto:info@athlonecreditunion.ie)

**Web** [www.athlonecreditunion.ie](http://www.athlonecreditunion.ie)