



**Drimnagh Credit Union Ltd.**

**43rd  
Annual General Meeting**

**The Annual General Meeting will be held at  
The Mother McAuley Centre  
Curlew Road, Drimnagh, Dublin 12  
Sunday 22nd January, 2012 at 3.00pm**

## **DIRECTORS**

Des Byrne #  
Patricia Brady \*  
Estelle Gillick  
Brian White \*  
Rita Fox  
Michael Ryan  
Noel Cox  
Liam Cronin  
Anne Woodlock \*  
Nora Murphy \*  
Carmel Mulligan \*

## **SUPERVISORY COMMITTEE**

Maria Byrne  
Jimmy Jenkinson  
Terry Swan #

## **REGISTERED NUMBER**

178CU

## **REGISTERED OFFICE**

121 - 123 Galtymore Road  
Drimnagh, Dublin 12

## **AUDITOR**

Maurice Counihan  
CDK & Associates  
Mounttown House, Mounttown Road Lower  
Dun Laoghaire, Co. Dublin

# This represents directors / supervisors who are retiring from the board of Drimnagh Credit Union and we wish them well and thank them for their hard work and for the time given freely to the continued great working of the Board of the Credit Union

\* This represents directors / supervisors eligible for re-election and the board wish them every success in the elections



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## CHAIRPERSON'S ADDRESS

Welcome everybody, thank you for attending today's meeting. I was honoured to be elected President of Drimnagh Credit Union. It was a difficult role for difficult times. However I am pleased to inform you that Drimnagh Credit Union is in a good place at this time.

It is clear from our everyday business to see that we members are suffering along with the rest of us through these harsh financial times. The Board and I have worked closely with the financial regulator to maintain the highest standard for Drimnagh Credit Union. Since joining the board, I have seen nothing but improvement, strengthening and complying of Drimnagh Credit Union financial affairs. I would like to pay tribute to the dedicated staff and to the Board for all their heart felt efforts this year.

In order to protect Drimnagh Credit Union assets we have introduced a new credit control system called XRS which allows our dedicated credit controller to monitor all outstanding loans and their successful repayment. Please remember if you fall into financial hardship it is better for you to contact us as soon as possible so we can work out a mutually satisfying solution.

In order to get the best return for your money and to protect it for you we have taken on an Investment consultant Global Reach. Our investment committee works closely with Global Reach to increase the value of our investment and to protect them in these turbulent times.

It has been disheartening recently to see all the bad publicity the credit union movement has been receiving. The core ethos of the movement is in danger of being swept away by regulations and lending criteria and there is no doubt that this is because of the recent banking fiasco. Amalgamation of credit unions is the plan of the registrar of credit unions where only the strongest and fittest will survive. It is the Boards aim to make sure that Drimnagh Credit Union is one of the survivors.

New blood and fresh ideas are badly needed in Drimnagh Credit Union. Fresh faces and skills are immediately required to maintain the high standards and excellence of the board. If you feel you can make a worthwhile contribution please come forward for election. I can assure you it will be challenging and satisfying as will be Drimnagh Credit Union's coming year ahead.

Wishing you and your families all the compliments of the season and a very happy and prosperous new year.

See you all in the credit union  
Best wishes

**Des Byrne**  
Chairperson



## AGENDA

1. Ascertainment that a quorum is present
2. Adoption of standing orders
3. Minutes of 2010 Annual General Meeting
4. Treasurers Report
5. Adoption of the Treasurers honorarium
6. Appointment of Tellers
7. Election of Directors
8. Election of Supervisors
9. Auditors Report
10. Report of Supervisory Committee
11. Report of Credit Committee
12. Report of Credit Control Committee
13. Report of the New Members Committee
14. Election of the Auditor
15. Any Other Business
16. Election Results
17. Close of Meeting



## STATEMENT OF THE DIRECTORS RESPONSIBILITIES

"The Credit Union Act 1997 requires 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 if the income and expenditure 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 the 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 the financial position of the credit union and which enables them to ensure that the financial statements comply with the Credit Union Act 1997. They are also 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.

**Des Byrne**                      **Estelle Gillick**  
**Chairperson**                      **Secretary**

## STATEMENT OF SUPERVISORY COMMITTEE'S RESPONSIBILITIES

The Credit Act 1997 requires the appointment of a Supervisory Committee which will oversee Directors in the performance of their duties, examine books and documents of the Credit Union and verify a sample of members balances.

**Maria Byrne, Jimmy Jenkinson**

## SUPERVISORS REPORT

The role of the supervisors in Drimnagh Credit Union is to oversee all aspects of the governance and management of your credit union. Supervisors answer only to the members who have elected them.

This year has been a very challenging year as we strive to cope with the extra regulatory responsibilities from the Financial Regulator. The board of directors have met all the necessary requirements and continue to strive to do so. The management and staff have also done their bit to keep Drimnagh Credit Union up there with the best.

Ongoing learning is necessary to keep abreast of all the changes in a volatile financial environment. We recently attended the Supervisors' AGM in Mayo, which also included workshops and talks on the role of the supervisors – a very useful exercise.

As a supervisor you have access to all the credit union documentation, bank statements, invoices and all computer records. Our examinations over the past year have been to our satisfaction. Any discrepancies or errors have been highlighted and immediately rectified and both the board and staff have been most helpful in assisting us in doing our job.

Finally, David Power stepped down as a supervisor earlier in the year. I would like to thank him for his many years of service to the Credit Union. Terry Swan is also stepping down as a supervisor and I wish her all the best in her future endeavours. Finally I would like to thank Jimmy Jenkinson for his invaluable assistance in helping us find our feet in our new roles, and wish you all a Happy New Year.

**Maria Byrne   Jimmy Jenkinson   Terry Swan**  
**30/09/11**



## **INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF DRIMNAGH CREDIT UNION LIMITED**

We have audited the financial statements of Drimnagh Credit Union Limited for the year ended 30th September 2011 which comprise the Income & Expenditure Account, Balance Sheet, Cash Flow Statement and related notes. These financial statements have been prepared under the accounting policies set out therein and the accounting standards issued by the Accounting Standards Board.

This report is made solely to the credit union members, as a body, in accordance with Section 120 of the Credit Union Act 1997. Our audit work has been undertaken so that we might state to the credit union 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and Generally Accepted Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board of Ireland and the United Kingdom.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Credit Union Act 1997. We also report to you whether in our opinion: proper books of account have been kept by the credit union; whether, at balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of 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 purpose of our audit and whether the credit union's balance sheet and its income and expenditure are 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 only the Directors' Report, Chairman's Statement and Operating Financial Review. 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. These financial statements have been prepared under the accounting policies set out therein.

### **Basis of Audit Opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. 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 judgements 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 at 30th September 2011 and of its income & expenditure for the year then ended and have been properly prepared in accordance with the Credit Union Act 1997.

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 credit union's balance sheet is in agreement with the books of account.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

**Maurice D. Counihan F.C.P.A.**  
**C.D.K. & Associates**  
**Accountants & Statutory Auditors**

Mounttown House, 62/63 Mounttown Road Lower, Dun Laoghaire, Co. Dublin  
Date: 22nd November 2011



## CREDIT CONTROL COMMITTEE REPORT 2011

Credit control continues to be a vital part of the day to day running of the credit union and in the current economic climate it's role has taken on a major significance.

This year the credit union invested in a state of the art account monitoring system. Among the many tasks it carries out is a day-by-day scan of all accounts, highlighting the ones in trouble and prompting an immediate response. This fast action and continuous monitoring has greatly improved the credit union's ability to move swiftly on delinquent accounts.

When an account goes delinquent the first response of the Credit Controller is to contact the member by phone and letter to discuss the situation. In many cases this is enough to get the member back on regular payments. Members will be given advice on examining their household budgets to see where changes can be made. They will also be reminded of the legal consequences of not keeping to the terms of their Loan Agreement. All members who find themselves in difficulties (sickness, unemployment etc) should contact the credit controller who will give them the best advice and assistance regarding their situation. This contact should be immediate. All cases are treated in the strictest of confidence.

Going the legal route is the very last recourse of the credit union. It is costly and the credit union has the right to add these costs to the outstanding loan. In addition, if the credit union gets a judgement against a member it will affect the members future credit worthiness.

The credit union cannot over emphasise how seriously it takes delinquent accounts. Members are urged to stick to the terms of their loan agreement and to respond immediately to any correspondence from the credit union relating to their accounts. Any delay will only make a bad situation worse. This is your credit union. Monies borrowed are your member's savings.

## CREDIT COMMITTEE REPORT 2011

For the year ended 30th September 2011

**Drimnagh Credit Union has had no loan Restriction Imposed on Them**

The Credit Committee and the loan officer issued 2146 loans Totalling €4.856 053.21 The Committee are endeavouring to give loans to members as fast as possible. Loan applications have to be checked thoroughly and this takes up a lot of their time.

### **This is a break down of the loans issued**

Home Improvements - 658  
Christmas & Easter expenses - 189  
Car Tax, Insurance & Repairs - 156  
Holidays - 418

And other loans issued under different headings.

We advise the members to plan for their borrowing requirements and borrow what they can comfortably afford to repay. It should be noted that one could always repay more but not less the agreed repayments. Further loans will depend on a good repayment pattern.



New members, and existing members applying for first loans, should establish their credit worthiness by maintaining a regular savings pattern over a period of time before submitting a loan application.

A number of loan applications were refused or reduced for the following reasons:

- Members not keeping to agreement on previous loan.
- No regular savings pattern.
- Inability of members to repay because of the size of the loan.

We cannot stress enough the importance of regular savings as members require larger loans the pool of savings should also be increased.

If each member saved a minimum of 2 Euro a week the Credit Union would have more at its disposal to satisfy loan demands.

Loans are always available to all member with the ability to pay.  
Terms and Conditions apply.

## **NEW REQUIREMENTS FOR RESCHEDULING OF LOAN REPAYMENTS EFFECTIVE FROM 01 NOVEMBER 2010**

Section 35 – Regulatory Requirements for Credit Unions

### **2. Lending Practices for Rescheduled loans**

2.1 Loans must only be rescheduled in exceptional circumstances, at the request of the member and where relevant, with the agreement of the guarantor.

2.2 An application to reschedule a loan must be supported by appropriate fact finding and a new loan application. The application must be accompanied by evidence of the members request to reschedule the loan and evidence of the change in the member's circumstances.

2.3 Loans must only be rescheduled with the agreement of the member and where relevant, the guarantor. A new credit agreement must be drawn up and the member must be made aware of any changes to the information contained in the original credit agreement, including changes to the cost of credit.

2.4 The new repayment schedule put in place for All rescheduled loans must not be less frequent than quarterly

2.5 IN GENERAL, FURTHER CREDIT MUST NOT BE GRANTED WHERE A LOAN HAS BEEN RESCHEDULED

2.6 IN EXCEPTIONAL CIRCUMSTANCES THE CREDIT UNION MAY DETERMINE IT PRUDENT TO GRANT ADDITIONAL CREDIT TO A MEMBER WITH A RESCHEDULED LOAN THAT HAS PERFORMED IN ACCORDANCE WITH THE NEW TERMS FOR A PERIOD OF AT LEAST ONE YEAR. THE PROVISION HELD AGAINST THE EXISTING RESCHEDULED LOAN MUST REMAIN

2.7 Where a members' rescheduled loan has not performed in accordance with its terms for a period of at least one year, in limited circumstances if the credit union considers it necessary, small amounts of credit (maximum of €1000 per member) may be granted to such members to cover exceptional



expenses only. Any additional credit granted in these circumstances must be approved by the board and the rationale for extending such credit clearly documented. The maximum exposure limit for gross loans outstanding of this type at any one time is the higher of €5000 or 0.5per cent of the total regulatory reserve.

The Credit Committee would like to thank the manager and staff for their continued advice and support throughout another successful year. We wish all our members and their families a Merry Christmas and a Happy New Year

**Nora Murphy, Rita Fox, Carmel Mulligan**  
30/09/2011

## CHAPTER DELEGATE REPORT

Credit unions are divided into groups known as Chapters and your credit union belongs to Chapter 22. We meet once a month to discuss common concerns. Information is exchanged, new ideas advanced or complaints discussed.

This is time well spent in advancing further the needs and welfare of Drimnagh Credit Union. It is a venue where we can exchange ideas and get information from other credit unions in our chapter

**Designated Delegates**  
**Carmel Mulligan, Brian White**  
30/09/11

## YOUTH DEVELOPMENT REPORT

The youth development officers have shown the youth in our bond the benefits of a regular saving routine. We have set up a credit union office in the local primary and secondary schools with many of the children now joined into the family of Drimnagh Credit Union. We would like to thank the principles and teachers of our local schools for allowing us to come into their schools to talk to the students and for giving us the space and time to open up our mini office there every week. It has been a great success. We have now run two very successful Art competitions and an end of year school quiz. The youth of today will hopefully be the directors of this great credit union tomorrow.

**Estelle Gillick, Rita Fox**  
30/09/2011

## INVESTMENT AND SAVINGS REPORT

### Investments, Bonds and the Euro Crisis

Currently our newspapers TV screens and radio are dominated by depressing reports of financial doom and gloom. There is not a day goes by without hearing of investments collapsing, banks looking for more capitalisation and the Eurozone under constant threat. The knock on effect of this has led to a dramatic down turn in the value and performance of investments. Pension funds, private investors and credit unions are among the many organisations affected. Drimnagh Credit Union is one of the many credit unions that have not escaped losses as a result of bonds being downgraded. Bonds purchased with guarantees attached and within regulatory guidelines did not achieve their expected results. In the current year your credit union was compelled to sell a bond at a significant loss. This was totally



unavoidable and outside of the control of the credit union.

It is, however not all bad news. Your credit union has engaged the services of a highly respected firm of investment advisers. They have carried out a survey of the credit union's investments and made many significant recommendations. This has resulted in a strategy, which has greatly strengthened the credit union's investment portfolio and has already impacted positively on investment income. Investment income this year is €324,310, an increase of €131,966 or 68.6% over last year.

As our current financial statement shows your credit union remains robust with all savings secure and continued access to credit for our members.

Your credit union operates within regulatory guidelines, will continue to supply the needs of its members and looks forward to a year of continued growth.

Savings are the lifeblood of the Credit Union movement. No saving, no credit union. When Drimnagh Credit Union started as a parish credit union practically all money lodged was almost immediately given out as loans. In those early days the credit union movement in Ireland opened the door to credit to ordinary people that was simply not available elsewhere. Except for hire purchase and the all too prevalent moneylenders there was no access to loan facilities available to most people. In both cases interest charges were astronomical. Banks quite simply did not want to know you. The credit union lifted many a family from the grip of the weekly grind of making payment which contained

almost as much interest as principal.

Your credit union today needs your savings just as much as in those far off days. All savings are covered by the government's Deposit Guarantee Scheme which guarantees savings up to a maximum of €100,000 per member per credit union. Your savings nowadays also have a free life insurance policy attached to them up to a maximum of €23,000. Just as all loans have. This gives total piece of mind.

Your board of directors would like you to think if you are contemplating withdrawing your savings of the above benefits. Members who withdraw savings to invest in other financial institutions should consider what gains and losses would be. For example withdrawing €1,000 from savings made before the age of 55 would result in an immediate loss of €1,000 insurance benefit. If that money was invested in the present investment climate it could take up to 10 years to recover the lost insurance benefit.

If you have a need for capital it makes sense to borrow from your credit union instead of withdrawing those valuable savings. As in the example above, members should carefully consider the pros and cons before making the move. The staff will be only too happy to explain the cost of your loan.

**Noel Cox, Nora Murphy, Patricia Brady,  
Des Byrne**



## INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER 2011

	Schedule/ Note	2011 €	2010 €
<b>Income</b>			
Interest on Members' Loans		1,209,656	1,318,603
Other Interest Receivable and Similar Income	1	324,310	192,344
Net Interest Income		1,533,966	1,510,947
Other Income	2	8,887	334
<b>Total Income</b>		<b>1,542,853</b>	<b>1,511,281</b>
<b>Expenditure</b>			
Salaries		231,140	225,074
Other Management Expenses	3	1,222,063	730,995
Depreciation		54,207	53,688
Provision for Bad and Doubtful Debts		300,652	114,677
Bad Debts Recovered		(51,494)	(41,171)
<b>Total Expenditure</b>		<b>1,756,568</b>	<b>1,083,263</b>
<b>Excess of Expenditure over Income for the Year</b>		<b>(213,715)</b>	<b>428,018</b>
<b>Less:</b>			
Transfer to Statutory Reserve		-	43,000
Transfer to Unrealised Investment Income Reserve		94,540	227,050
Dividend Paid	9	58,968	-
(Deficit)/Surplus Carried Forward		(367,223)	157,968
Balance at 1st October 2010		464,096	306,128
Balance at 30th September 2011		96,873	464,096

### On behalf of the Credit Union:

Chairperson: Des Byrne

Treasurer: Patricia Brady

Supervisor: Maria Byrne



## BALANCE SHEET AS AT 30TH SEPTEMBER 2011

	Note	2011 €	2010 €
<b>Assets</b>			
Cash at Bank and on Demand		3,648	609
Deposits and Short Term Investments	4	14,149,485	13,424,968
Loans to Members	5	12,214,334	13,301,204
<b>Less:</b> Provision for Doubtful Loans	6	(968,036)	(667,384)
Tangible Fixed Assets	7	1,591,805	1,630,168
Prepayments		23,529	25,229
<b>Total Assets</b>		<u>27,014,765</u>	<u>27,714,794</u>
<b>Liabilities</b>			
Liabilities and Charges		53,142	50,605
<b>Members Resources</b>			
Statutory Reserve		2,823,000	2,823,000
Total Regulatory Reserve		2,823,000	2,823,000
Members Shares		23,720,160	24,150,043
Other Reserves	8	418,463	691,146
<b>Total Liabilities</b>		<u>29,961,623</u>	<u>27,664,189</u>

### On behalf of the Credit Union:

Chairperson: Des Byrne

Treasurer: Patricia Brady

Supervisor: Maria Byrne



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2011

### 1. Significant Accounting Policies

**1.1 Accounting Convention** The financial statements have been prepared under the historical cost convention.

**1.2 Income Recognition** Interest on Members' Loans is recognised when payment is received as specified in Section 110 (1) (l) of the Credit Union Act 1997, (i.e. on a cash basis). Investment Income is recognised on an accrual basis.

**1.3 Depreciation** Depreciation on fixed assets is calculated so as to write off their costs, less estimated residual values, over their estimated useful lives.

The following depreciation rates have been applied:-

Freehold Premises	2% per annum - Straight Line
Fixtures & Fittings	12½% per annum - Reducing Balance
Computer Equipment	20% per annum - Reducing Balance

**1.4 Investments** Investment Income is recognised when received or irrevocably receivable. Investments are stated 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. The specific investment products held by the credit union are accounted for as follows:-

#### **Bank Deposits and other Short Term Deposits**

These are valued at the deposit amount plus any accrued interest and interest income is recognised in the income statement on an accruals basis.

#### **Term Deposits and Fixed Interest Investment Bonds**

Term deposits and fixed interest investment products with fixed maturity dates are valued as the lower of cost or encashment value and interest income is recognised in the income statement when it is received or irrevocable receivable.

#### **Investment with Return of Capital Guarantee**

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

#### **With Profit Bonds**

With profit bonds with capital guaranteed are valued at cost. Declared bonuses are recognised in the income statement when irrevocably receivable or earlier if the bond become realised in the form of cash or cash equivalents in a secondary market. Terminal bonuses are recognised in the income statement when the credit union become irrevocable entitled to receive them.

#### **Bonds with Guaranteed Capital and Variable Interest Rates**

Interest income is recognised as received. Some bonds pay high amounts in early years reduces the capital value of the bond. The capital value of the bond is tested annually for impairment and impairment losses are taken to the income statement. Impairment gains which reverse a previous impairment loss are taken to the income statement with any gains in excess of the cost of the product ignored until the bond matures.

#### **Other Investments**

Income is recognised once it is locked in and irrevocably receivable. The capital value of the bonds is tested annually for impairment and impairment losses are taken to the income statement. Impairment gains which reverse a previous impairment loss are taken to the income statement with any gains in excess of the cost of the product ignored until the bond matures.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2011

**1.5 Pension Costs** The Credit Union operates a defined benefit pension scheme for some employees. 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.

**1.6 Bad and Doubtful Debts** Bad debts written off are included in other Management Expenses. Bad Debts recovered are included in the Income and Expenditure account. Provisions for doubtful debts are made against current loan balances on the basis of Resolution 49 of the Irish League of Credit Unions. An additional provision of €486,740 is considered prudent by the Board of Directors.

	2011 €	2010 €
<b>2. Cash Flow Report</b>		
<b>Opening Cash and Investments</b>	<b>13,425,577</b>	<b>11,749,734</b>
<b>Receipts</b>		
Shares	4,324,821	3,397,960
Loans Repaid	5,942,924	6,565,102
Members Loan Interest Paid In	1,209,656	1,318,603
Investment Interest Received	324,310	192,344
Bad Debts Recovered	51,494	41,171
Other Receipts	8,887	334
(Increase) / Decrease in Prepayments	1,701	(3,203)
<b>Total</b>	<b><u>11,863,793</u></b>	<b><u>11,512,311</u></b>
<b>Disbursements</b>		
Shares Withdrawn	4,754,706	3,930,501
Loans Granted	4,856,054	4,935,526
Dividends Paid	58,968	-
Operating Expenses	1,453,204	956,069
Fixed Assets Purchased	15,844	9,080
(Increase) / Decrease in Accruals	(2,539)	5,292
<b>Total</b>	<b><u>11,136,237</u></b>	<b><u>9,836,468</u></b>
<b>Closing Cash and Investments</b>	<b><u>14,153,133</u></b>	<b><u>13,425,577</u></b>

### 3 Solvency Ratio

The Solvency Ratio, calculated on the basis set out by the Irish League of Credit Unions is 113.74% (2010 - 114.55%)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2011

### 4. Deposits and Short Term Investments

These consist of deposits with and funds managed by the following financial institutions:

Notes	2011 €	2010 €
Davy Investments	10,560,235	6,026,925
T.S.B.	55,215	268,412
Ulster Bank	2,026,655	3,144,476
Central Treasury Managed Fund	143,264	1,287,560
Central Treasury FRN Fund	958,011	2,221,426
Central Credit Union	-	81,876
Central Bank Reserve	406,105	394,293
	14,149,485	13,424,968
<b>By Maturity at Balance Sheet Date</b>		
On Call	2,638,454	892,602
Less than 3 months	3,162,786	4,601,340
More than 3 Months, less than 1 Year	3,071,421	689,173
More than 1 Year less than 5 Years	4,167,932	6,928,000
More than 5 Years	1,108,892	313,853
<b>Total</b>	<b>14,149,485</b>	<b>13,424,968</b>

### 5. Loans to Members

The following is a note of members loans, as required by Section 35 of the Credit Union Act 1997:

	Number	2011 €	Number	2010 €
<b>a. By Time Period</b>				
Less than One Year	424	425,300	432	417,555
One to Five Years	1,773	9,689,226	1,845	10,592,482
Five to Ten Years	156	2,099,808	155	2,291,167
Ten Year or More	-	-	-	-
Per Balance Sheet	2,353	12,214,334	2,432	13,301,204
<b>b. By Amount</b>				
0 - 1,000	370	183,288	388	199,116
1,001 - 5,000	1,050	2,934,417	1,040	2,931,181
5,001 - 10,000	605	4,303,969	615	4,383,676
10,001 - 25,000	323	4,641,140	381	5,539,480
25,001 - 50,000	5	151,520	8	247,751
<b>Total</b>	<b>2,353</b>	<b>12,214,334</b>	<b>2,432</b>	<b>13,301,204</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2011

### 6. Provision for Doubtful Loans

Provision for bad debts made by reference to the net loan balance in respect of each category as follows:

Period Overdue	Number of Loans	Gross Loan Balance	Shares Attached	Net Loan Balance	% of Net Loan Balance	2011 Amount	2010 Amount
		€	€	€		€	€
0 to 9 Weeks	1,248	8,848,028	1,002,520	4,845,508	0	-	-
10 to 18 Weeks	60	386,024	128,678	257,346	10	25,735	42,521
19 to 26 Weeks	57	438,660	128,611	310,049	20	62,010	42,242
27 to 39 Weeks	36	217,942	61,785	156,157	40	62,463	55,221
40 to 52 Weeks	29	183,775	63,330	130,445	60	78,267	43,781
53 weeks and over	48	305,912	53,091	252,821	100	252,821	92,066
<b>Total</b>	<b>1,478</b>	<b>10,380,341</b>	<b>1,438,015</b>	<b>5,952,326</b>		<b>481,296</b>	<b>275,831</b>
Additional Provision						486,740	391,553
<b>Total Provision as at 30th September 2010</b>						<b>968,036</b>	<b>667,384</b>

### 7. Tangible Fixed Assets

	Freehold Premises	Fixtures & Fittings	Computer Equipment	Total
<b>Cost</b>	€	€	€	€
At 1st October 2010	1,937,117	264,946	138,089	2,340,152
Additions	4,535	11,309	-	15,844
At 30th September 2011	1,941,652	276,255	138,089	2,355,996
<b>Depreciation</b>				
At 1st October 2010	403,007	194,926	112,051	709,984
Charge for Year	38,833	10,166	5,208	54,207
At 30th September 2011	441,840	205,092	117,259	764,191
Net Book Value: 1st October 2010	1,534,110	70,020	26,038	1,630,168
Net Book Value: 30th September 2011	1,499,812	71,163	20,830	1,591,805



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2011

In view of the current downturn in the property market the Board of Directors have again considered the appropriateness of carrying out an impairment review on the premises. In the current market it is difficult to get a reliable valuation and so the Board of Directors have again prepared a calculation of the Value In Use of the premises to determine if the value of the premises will be obtained through its use into the future.

This involved projecting forward future expected normal surpluses less expected dividends and depreciation for 20 years. This calculation results in a Value In Use in excess of the carrying value of the premises.

Given the non commercial nature, ethos and social function of the Credit Union coupled with the fact that there is no intention or need to dispose of the premises it is again fact that no impairment adjustment needs to be made in the accounts.

### 8. Other Reserves

The General Reserve is maintained to fund the development of the Credit Union and to pay dividends in the future.

	2011 €	2010 €
General Reserve	96,873	464,096
Unrealised Investment Income Reserve	321,590	227,050
<b>Total</b>	<b>418,463</b>	<b>691,146</b>

### 9. Proposed Dividend

The Directors recommend the following distributions:-

	Rate	2011 €	Rate	2010 €
Dividend on Shares	0.00%	-	0.25%	60,500

### 10. Unattached Shares

The value of shares that are available for immediate withdrawal by members is:

	2011 €	2010 €
Shares	17,373,644	17,576,032

### 11. Investment Income

	2011 €	2010 €
Investment income and gains received in the year	174,921	75,694
Investment income and gains receivable within 12 months	52,885	6,250
Investment income and gains received after 12 months	96,504	110,400
<b>Total</b>	<b>324,310</b>	<b>192,344</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2011

### 12. Related Party Transactions

The following are the related party transactions with officers, which require disclosure under Financial Reporting Standard No 8.

	No	€
Loans advanced to officers during the year	7	35,250
Total Loans to Officers due as at 30th September 2011	16	165,035
Total Savings for Officers with Loans as at 30th September 2011		113,335

### 13. Insurance against Fraud

The Credit Union has insurance against fraud in the amount of €1.5M in compliance with Section 47 of the Credit Union Act 1997.

### 14. Honorarium to Treasurer

The Directors recommend that the Treasurer be paid an honorarium of €4,000 for the year ended 30th September 2011. (2010 - €4,000)

### 15. Pension Scheme

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.

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 actuarial review for 1st March 2011 is not due for completion until end of November.

The last completed triennial actuarial review was carried out with an effective date of 1 March 2008 using the Projected Unit Credit method. The principal actuarial assumption used in the valuation was the investment return would be 1.25% higher than the annual salary increases. The market value of the scheme's assets at 1 March 2008 was €67.93m. The actuarial valuation disclosed a past service deficit of €27.34m at 1st March 2008. This actuarial review recommended a long term funding rate of 25.8%. The cost of risk benefits is paid in addition to this rate.

As a result of the major falls on world stock markets in the latter half of 2008 the assets of the scheme as at 30th November 2008 had reduced by approximately 27% since the date of the actuarial valuation. As the actuarial review would have assumed a positive return on the assets of the scheme into the future it was considered prudent to increase the long term funding rate payable from 1st March 2009 to allow for the investment losses, upon receipt of advice from the actuary the trustees decided to increase the rate to 27.5% of pensionable salary. The cost of risk benefits is paid in addition to this rate.

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2011

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 1 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. This funding proposal was approved by the Pensions Board.

For the scheme year ended 28th February 2011 the actuary advised he was reasonably satisfied that, based on the existing funding proposal effective from 1 March 2009, 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. Please note that in making this statement no account has been taken of events, i.e. markets changes, occurring after 28th February 2011.

The scheme's Solvency Position in accordance with the aggregate cover for total Funding Standard liabilities as at 1st March 2011 was 93%.

It should be noted that the past few months have been a period of significantly adverse experience for all pension schemes and there remains a high level of volatility on financial markets. The next effective date for certification of the adequacy of the funding proposal is 1st March 2012.

The scheme is a defined benefit scheme. However, the credit union is unable to identify its share of the underlying assets and liabilities. Consequently, the credit union 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.

### **16. Capital Commitments**

There are no capital commitments as at 30th September 2011.

### **17. Rates of Interest Charged on Members Loans**

Year to 30th September 2011 9.9%

Year to 30th September 2010 9.9%

### **18. Post Balance Sheet Events**

There were no events since the 30th September 2011 which would effect the financial results.

### **19. Statutory Reserve**

Under the provisions of the Credit Union Act 1997, at least 10% of each year's surplus must be transferred to the statutory reserve.

### **20. Contingent Liabilities**

All capital invested in with profit bonds are guaranteed only if held to maturity. In the unlikely event of early encashment there will exist an early encashment penalty.



## SUPPLEMENTARY SCHEDULES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2011

	2011 €	2010 €
<b>Schedule 1 - Other Interest Receivable and Similar Income</b>		
Investment Income & Deposit Interest	324,310	192,344
<b>Schedule 2 - Other Income</b>		
Rental Income	8,686	-
Entrance Fees	201	226
Commissions	-	108
	<u>8,887</u>	<u>334</u>
<b>Schedule 3 - Other Management Expenses</b>		
Treasurers Honorarium	4,000	5,000
Rates	15,780	15,451
Lighting, Heating and Cleaning	14,855	14,990
Repairs and Renewals	13,047	13,618
Security	13,469	12,438
Printing and Stationery	22,832	20,814
Postage and Telephone	10,694	8,479
Donations and Sponsorship	5,525	5,350
Debt Collection & Legal Fees	22,126	15,222
Professional Fees	15,390	-
Promotion & Advertising	6,491	6,132
Training Costs	3,505	4,976
Chapter Expenses	320	240
Convention Expenses	2,209	-
AGM Expenses	8,527	8,702
Travel & Subsistence	3,711	3,515
Bank Charges	11,285	12,544
Audit Fee	13,946	13,620
Legal Expenses	17,835	-
Accountancy Fees	9,996	9,996
General Insurance	11,904	10,734
Share and Loan Insurance	184,835	194,877
Pension Fund	26,373	37,143
Computer Maintenance	30,531	15,750
Bad Debts Written Off	233,123	191,295
Death Benefit Insurance	102,299	99,650
Miscellaneous	10,651	11,377
Loss/(Gain) on Investments	375,253	(31,361)
Regulatory Fees	3,431	2,323
Affiliation Fees	12,780	12,780
Savings Protection Scheme	15,340	15,340
<b>Total</b>	<u>1,222,063</u>	<u>730,995</u>



## NOMINATION COMMITTEE

The nominating committee is seeking volunteers to fill vacancies that have arisen on both the board of directors and the supervisory committee.

### What is needed is.

1. Time to commit to Drimnagh Credit Union on a voluntary basis.
2. Willingness to participate in training programmes.
3. Familiarity with financial statements.
4. Computer Literacy.

### Notice of Elections.

1. Nominations must be in writing on the official Nomination Form.
2. The nominee, a proposer and a seconder, all of whom must be members of Drimnagh Credit Union, must sign the nomination form. The nominee must be over 18 years of age.
3. Nomination forms are available in the credit union or in this booklet.
4. Completed Nomination forms should reach the registered office of Drimnagh Credit Union not later than 7.30 P.M. on Thursday the 19th of January 2012.

The nominating committee wish to thank the members for the response we received to date.

The positions needing to be filled are as follows:

Six (6) director's positions

One (1) supervisor's position

**Nomination Committee:**  
**Estelle Gillick, Noel Cox, Rita Fox.**

## NEW MEMBERS COMMITTEE REPORT

The role of the Membership Committee is to assess all applications for membership. To become a member applicants Must live or work or attend school or college in the Common Bond, which is most roads in Drimnagh and surrounding areas.

Applications must be accompanied by a passport or birth cert and also a utility bill (Gas bill) land line telephone bill or electricity bill) to comply with the money laundering act.

New members this year totalled 311.

We encourage members to tell their family and friends of the Benefits of joining the Credit Union. We wish to thank our manager and staff for their assistance to Us during the past year.

**Carmel Mulligan, Ann Woodlock**



## NOMINATION FORM - DIRECTOR - Annual General Meeting

We, the undersigned, nominate for Director:

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

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

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

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

**CONSENT OF NOMINEE: I**, as a member of this credit union, hereby agree to be nominated as a candidate for **DIRECTOR** and confirm that I am over the age of 18.

**SIGNED:** \_\_\_\_\_ **DATE:** \_\_\_\_\_ **Membership No:** \_\_\_\_\_  
(Nominee)

## NOMINATION FORM - SUPERVISOR - Annual General Meeting

We, the undersigned, nominate for Supervisor:

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

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

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

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

**CONSENT OF NOMINEE: I**, as a member of this credit union, hereby agree to be nominated as a candidate for **Supervisory Committee** and confirm that I am over the age of 18.

**SIGNED:** \_\_\_\_\_ **DATE:** \_\_\_\_\_ **Membership No:** \_\_\_\_\_  
(Nominee)

### NOTES:

- 1 Nominations must be in writing and be signed by both the proposer and seconder.
- 2 The proposer, seconder and nominee must be members of the credit union.
- 3 The nomination must 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/supervisor of the credit union.
- 5 Completed Nomination Forms must reach the registered office of the credit union before 7.30 PM on 19th January 2012.



## DONATIONS

Here is a list of the charities' and organisations that you as members have helped through out the year of 2011.

1. **January 2011**  
Nil
2. **February 2011**  
Nil
3. **March 2011**  
Bella Rose Foundation €500  
Dublin 12 Childcare Consortium €50  
Alzheimer's Tea Day €125  
Our lady of Mercy Secondary School  
Mourne Road €1,500
4. **April 2011**  
Drimnagh Residents Association €300  
Parish of Our Lady of Good  
Counsel €200
5. **May 2011**  
Good Counsel GAA Camoige Club €200
6. **June 2011**  
Jack and Jill Foundation Head  
shave €250  
2Lifeboats RNLI €100  
Cystic Fibrosis Research Fund €100
7. **July 2011**  
Drimnagh Ladies Club €300  
Console Living with suicide €250
8. **August 2011**  
Drimnagh Festival €100  
Our Lady's Hospice €200  
Childline €200  
Mother McAuley centre €1,000  
Dublin taxi drivers special children's  
outing €100
9. **September 2011**  
St Patricks Athletic Association €500  
Our Lady of Good Counsel Boys  
School €1,000  
St John De Bosco FC €1,000

**Treasurer**  
**Patricia Brady**

## DEATH BENEFIT INSURANCE

Free Death Benefit Insurance has been a feature of Drimnagh Credit Union since 2002 with all active accounts covered. Many other credit unions operate a Death Benefit Insurance but charge the premium to participating members. Drimnagh Credit Union at the moment pays the premium as an operational expense. The amount for the year ended 30th of September 2011 was €102,567.

The Board of Directors, having reviewed this benefit and its cost and in order to ensure its continuance with fair use and without abuse are proposing the following criteria for qualifying members.

All Members who joined before 31st of December 1999 and were under 70 years of age and have kept their accounts active are covered by the insurance. Any members who joined Drimnagh Credit Union before their 70th birthday from the 1st of January 2000 onwards will have to have a minimum of 100 shares in their accounts and for their accounts to be active. All children (under the age of 16 years) regardless of what shares they have in their accounts are covered by the death benefit insurance. No inactive or accounts that have been written off will be covered The Board reserve the right to review the operation of the Death Benefit Insurance on an annual basis.



## NOMINATING YOUR NEXT OF KIN

On joining the Credit Union you are asked to nominate a Next of Kin. Your nominated Next of Kin should be the person to whom at the time of your death you would like to transfer any property in the Credit Union whether in shares or otherwise. **There is a €23,000 limit on the amount the Next of Kin can receive.** Any excess will be paid into your estate. Any subsequent will or codicil of a will cannot change your nominated Next of Kin.

Making sure your nominated Next of Kin is up to date couldn't be easier. Simply ask any

member of staff to check who the Next of Kin on the account is. If you would like to change the nominated person then simply fill out a new Form of Nomination and leave the rest to us.

## YOUR CREDIT UNION

- Fast Loan Approval
- No Transaction Charges
- No hidden Costs or Penalties
- Free Loan Protection for Eligible Members
- Loans for all your needs
- Friendly and Efficient Staff

Loan Principal	Duration	Per Week*
€500	12 Months	€10.53
€1,000	12 Months	€21.06
€1,500	12 Months	€31.58
€5,000	60 Months	€28.33
€7,000	60 Months	€39.66
€10,000	60 Months	€56.65

\* Average weekly payment over the duration of the loan

The Directors, Supervisors and Staff of Drimnagh Credit Union Ltd. would like to wish all members a Happy Christmas and Peaceful New Year

The Board of Directors, Supervisors and Staff offer their sincere sympathy to the Families and Friends of deceased members of Drimnagh Credit Union Ltd.

A donation has been made to Our Lady's Hospice "Light a Candle appeal"  
This replaces the Mass.

**May they rest in Peace.**

# CREDIT UNION, MANY HANDS WORKING TOGETHER



## Credit Union Invocation

*LORD, make me an instrument of thy peace.  
Where there is hatred, let me sow love;  
where there is injury, pardon;  
where there is doubt, faith;  
where there is despair, hope;  
where there is darkness, light;  
and where there is sadness, joy.*

*O DIVINE MASTER, grant that I may  
not so much seek to be consoled as to console;  
to be understood as to understand;  
to be loved as to love;  
for it is in giving that we receive,  
it is in pardoning that we are pardoned,  
and it is in dying that we are born to eternal life.*





## **Drimnagh Credit Union Ltd.**

123 Galtymore Road, Drimnagh, Dublin 12

Tel: 455 8411 Fax: 455 0511