Annual Report 2012
Notice of AGM

Monday 10th December 2012, 8.00pm sharp
Draíocht, The Blanchardstown Centre, Dublin 15
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Notice of Annual General Meeting

The Annual General Meeting of the members of Community Credit Union Ltd. will take place in the Draíocht Theatre, The Blanchardstown Centre, Blanchardstown, Dublin 15 on Monday 10th December 2012 at 8.00pm. Members are requested to bring this Report to the AGM.

(A shuttle bus service will be available from the CAR PARK OF THE CREDIT UNION OFFICE, VILLA PARK GARDENS, NAVAN ROAD at 7.30pm to bring members to the meeting and will return to that point after the meeting at approximately 10.00pm).

Notice of Elections

- Elections will be held to fill three vacancies on the Board of Directors, two on the Supervisory Committee and the position of Auditor.

  Our Auditor, Grant Thornton, offer themselves for re-election in accordance with S115 of the Credit Union Act 1997 (as amended).

- Nominations for the positions of Director and/or Supervisor and/or Auditor must be in writing, signed by a proposer and seconder (who must be members of the Credit Union) and also by the person nominated so as to indicate his/her consent.

- Nomination Forms are available from each office and completed Nomination Forms must reach the Credit Union’s Registered Office at least three working days before the date of the Meeting.

- All those nominated (other than for the position of Auditor) must be members of the Credit Union and have reached the age of 18 years.
Agenda

1. Acceptance of Proxies (if any) by the Board of Directors
2. Ascertaining that a quorum is present
3. Adoption of Standing Orders
4. Reading and approval of minutes of the last AGM
5. Report of the Board of Directors
6. Report of the Treasurer
7. Report of the Auditor
8. Report of the Supervisory Committee
9. Report of the Credit Committee
10. Report of the Credit Control Committee
11. Report of the Membership Committee
12. Report of the Promotion & Development Committee
13. Report of the Nominating Committee
14. Motions
15. Appointment of Tellers
16. Elections (Auditor, Supervisors & Directors)
17. Prize Draw
18. Any other business
19. Announcement of election results
20. Adjournment of meeting

The members assembled at any General Meeting may suspend the order of business upon a two thirds (2/3) majority of the members present at the meeting.
Notice of Motions

Rule Changes

Motion No. 1
This motion is intended to simplify the process that may be followed by Credit Unions in relation to dormant accounts. Please note the inclusion of the word “may” in this rule. It is the current policy of Community Credit Union to hold savings balances in the member’s account unless we cannot contact the member for a period of 15 years. At that point, under the Dormant Accounts Act 2001, we are obliged to transfer these funds to a fund managed by the NTMA (National Treasury Management Agency).

That this Annual General Meeting agrees to amend Rule 22 of the Standard Rules for Credit Unions (Republic of Ireland) by the deletion of “when the Credit Union has been unable to contact the member for a period of three years” with “when there has been no member initiated transaction on the account for a period of three years” and substitute the word “ordinary” for “registered” where appearing in line 3 so as to read as follows:

Rule 22 Dormant Accounts

The Credit Union may deal with shares and deposit accounts as hereinafter provided when there has been no member initiated transaction on the account for a period of three years and when no reply has been received within thirty days from the member to a notice sent, by ordinary post, to him/her at his/her last known address, of intent by the Credit Union to close the account(s). Such share and deposit accounts shall then be transferred to the reserve account. Dividends and interest shall continue to be payable on such accounts.

Michael Lacey
Honorary Secretary
Wednesday, 14th November 2012
# Board & Staff

## Board of Directors
- Stephen Harrison, President
- Mary Byrne, Vice President
- Michael Lacey, Hon. Secretary
- Seamus McGrattan, Treasurer
- Sean Hosford
- Seamus O’Neill
- Celine Parkes
- Paul Rice
- Michael Walsh

## Supervisory Committee
- Tom Brady
- Ada Healy
- Charlie Spillane
- Michael Gorman
- Michael Roche

## Other Volunteers
- Joan Nolan

## Staff
- Aidan O’Brien, CEO
- Deirdre Finn, Head of Branch Operations
- Maureen Brogan, Head of Finance, ICT & Compliance

### Credit Control Department
- David Hanley
- Marie Murray (p/t)

### Office Supervisors
- Aoife Barron
- Marianne Kinirons
- Karen Lynch
- Louise Walshe
- Deirdre Murphy (p/t)
- Audrey Carr
- Natasha Ryan-Moyles

### Member Services
- Des Boylan
- Annette Brennan
- Olivia Cregg
- Emelie Gorman
- Donna Hilliard
- Deirdre Murphy (p/t)
- Marie Murray (p/t)
- Gillian White
- Nancy Brady
- Emma Carson
- Camilla Deasy
- Margaret Higgins
- John Long
- Sinead Murray
- Helen O’Donnell
- Maja Mijatovic – Finance
President’s Report

It gives me great pleasure to welcome you to our 50th Annual General Meeting.

This year, the title of our Annual Report is “Securing the Future” and this is reflective of the crossroads at which the Credit Union Movement stands at present. We have been faced with enormous challenges in recent years and we have come through them intact. There are, however, also great opportunities and it is clear that we must now, as a movement, be ready to progress to the next level in order to remain viable and relevant to our members in the coming years.

At Community Credit Union, we have been working hard for a number of years to build our financial, and organisational, capacity to face these challenges and to develop opportunities on behalf of our members. We have travelled a long way together and now deliver financial services on a not-for-profit basis to almost 30,000 people in our community. It is our goal to continue on this journey for the next 50 years.

Overview of the Year

2012 has been an extremely busy year for your Credit Union. At the outset we had to implement financial plans to redress the deficit of 2011, roll out some new services that would be of advantage to members and continue to improve the efficiency and effectiveness of internal structures.

I am pleased to report excellent results on all fronts.

- We made significant changes, with the support of members and staff, which increased our income and reduced costs.
- We continued the process of strengthening our provisions and reserves against any future losses.
- We introduced two additional methods for members to pay money to, or withdraw money from, their accounts.
- We strengthened the resources within the voluntary arm of the Credit Union with the addition of three new members to the Supervisory Committee.
- We have seen a significant increase in membership with 1,224 new members welcomed during the year.
New Services

Automated Credit Transfers
We can now transfer money directly to members’ bank accounts, or another bank account. It is more convenient, secure and faster than using cheques and is growing in popularity with approximately 50% of the non-cash withdrawals being done using this method.

Debit Cards
We offer Debit Card as a payment option for members. As a result of its convenience and security, it is also proving to be very popular.

ICB
We have completed our application to join the Irish Credit Bureau which will help us maintain speedy processing of loan applications and we will be implementing this in 2013.

Overview Financial Performance
Members may remember that last year many Credit Unions had significant investment losses imposed by a change in government policy in relation to specific types of bank bonds. In our case, the loss resulting from this was €922,645 which formed the majority of the total deficit for last year of €1.1m.

Our plan, as outlined in last year’s Annual Report, was to address this over 2 years, with our objective to be in a position to return to paying a dividend at the end of year 2.

I am pleased to report that the Board’s plan is on track. At 30th September 2011, the deficit in our General Reserves stood at €825,000 and, at this year end, we have completely rebuilt this reserve and no deficit is present. This performance is particularly gratifying given the continuing extremely difficult economic climate faced by our members, and therefore the Credit Union, last year.

Overall, we have succeeded in increasing our income and significantly reducing our costs which will assist in our goal of generating a further significant surplus in 2013.

National Developments

The Central Bank
In the latter half of 2011, new legislation was introduced to strengthen the powers of the Central Bank to deal with all regulated financial institutions, including Credit Unions. This was deemed necessary by the government to enable it to have a stronger role in issuing guidance and to act quickly, and decisively, in the event that any institution was at risk of getting into financial difficulty.

During the year, the Registry of Credit Unions (within the Central Bank) has been active in issuing directives and guidance to all Credit Unions in areas such as investments, lending and financial practices. Its strong focus is to strengthen the balance sheets and governance within Credit Unions.

The Credit Union Commission Report
In March 2012, the Credit Union Commission produced their final report for the Minister of Finance with recommendations in a number of areas designed to strengthen the Credit Union Movement in the future. Their proposals covered all aspects of how Credit Unions are structured, regulated, governed and managed.
President’s Report (Continued)

The Minister for Finance has used this report as the basis of the draft of a new Credit Union Act which, it is expected, will be enacted shortly.

**ReBo (The Credit Union Restructuring Board)**

One of the recommendations of the Credit Union Commission was that a body be formed to assist the Movement through this transitional period of restructuring. This has been formed and it has started its work in recent months. Over the next four years, its task is to bring advice, guidance and direction to Credit Unions to achieve this goal.

Credit Union members will of course ask what impact all of these changes will have on their relationship with their local Credit Union. The expectation is that very little will change at the member’s point-of-contact with their Credit Union office, except that a broader range of services should be available in the future. The bulk of the changes will be behind the scenes and this will present quite a challenge to Boards, Management and Staff to achieve on behalf of the members.

**Acknowledgements**

The excellent performance this year could not have been achieved without the continued support of our members and the dedicated team of volunteers and staff who ensure that a quality service is delivered and that we do our best to act in the best interest of our members.

To each, and all, I extend my thanks as we look forward to securing our future and building on our success in the coming year.

*Stephen Harrison*

**President**

**Wednesday, 14th November 2012**
Treasurer’s Report

I am pleased to present the Financial Accounts for the year ended 30th September 2012.

Financial Objectives in 2012

2011 was a difficult year with many financial challenges. Demand for new lending was down on previous years and many members with loans needed to renegotiate payment schedules, which increased our bad debts provisions and write-offs, and a change in government policy forced an unforeseen investment loss on us leading to a total deficit for the year of €1.1m.

Further investment losses in 2012 were not considered likely but the ongoing difficulties in the economy were expected to continue to impact on the Credit Union. It was essential that the Board reviewed all aspects of our operations and made changes where appropriate to increase income and reduce costs. The agreed plan had four main objectives.

To review:

- Interest Rates on Loans to Members
- Wages & Salary Costs
- Member Benefit Insurance Costs
- Other Operating Costs

The outcome of this was:

Interest Rates on Loans to Members
In the current climate, the interest rates charged did not cover the full cost of providing these loans. It was necessary to increase rates by an average of 10% but, in order not to place undue hardship on members with existing loans, this was only applied to new loans taken out after 1st October 2011. This measure increased income by just under €100,000 in 2012 and will add a further €300,000 in 2013.

Wages & Salary Costs
We offer extensive opening hours across our three offices and, of course, these offices need to be adequately staffed which cost €1.14m in 2011. We discussed this with staff and agreed on a series of changes which generated a saving of over €50,000, or 4.4%, in the year and this will increase to €100,000 in 2013.
Member Benefit Insurance Costs
The Credit Union provides various insurances with no direct charge to members. These include insurance on savings and loans which cost €353,000 in 2012. These are well priced products representing good value for members and have been retained.

In addition, a third insurance product, Death Benefit Insurance (DBI) was provided, which paid a fixed benefit in the event of death. This could only be provided if at least 75% of the eligible members were included which meant that, for practical reasons, it had to be paid for directly by the Credit Union. It was very expensive and did not, in the view of the Board, represent good value for members costing €200,000 per year. This was discontinued from 1st January 2012 saving €150,000 in the current year and will save a further €200,000 in 2013.

Other Operating Costs
In addition to the specific costs mentioned above, the Credit Union spent €755,000 in 2011 on a wide range of other essential items (excluding Bad Debts Provisions and write-offs) to run the organisation. A detailed review on an item-by-item basis was undertaken and these costs were reduced in 2012 to €685,000 representing a saving of €70,000, or 9.3%.

Financial Highlights
Total Income & Expenses
Interest on loans to members totalled €3.72m in 2012 against €3.94m in the previous year. The limited reduction of €215,000, or 5.5%, was excellent considering that the total loans in issue fell by 8.6% over the same period.

Despite the economic difficulties, most members are still paying the interest due on loans and the increased interest rates on new loans helped offset the impact of the decline of the value of loan balances.

Income earned from investments was strong generating €1.62m against €1.16m last year. This increase of almost 40% represented an average return of 5.0% against 3.97% in 2011. This was an exceptionally good year, however, and, as the economy and our banking system continue to recover, the returns available have fallen significantly in recent months. We have planned for this and the full effect of the reduction will not impact on our accounts for two to three years.

Total income (net of interest payments to deposit account holders) was €5.18m which was 4.9% higher than the €4.93m achieved last year.

Our total expenses for the year amounted to €4.59m against €6.06m in 2011 giving a total saving of €1.47m, or 24%. Many of the areas of savings have been set out above but two additional items, which are always significant, merit special mention.

Bad Debts Provisioning
It is inevitable that when a number of loans are granted that some will not be repaid as agreed for a variety of reasons, mostly due to a change in the member’s financial circumstances after the loan is issued. In the majority of cases, the loan will be fully repaid but it will take longer than planned. This means that the loan will go into arrears and this automatically triggers a requirement to make provisions against the possibility that it may not be repaid in full.
Treasurer’s Report (Continued)

In the current climate, this is a significant issue for all Credit Unions and the recommended strategy is to build very strong provisions against potential losses that may occur in the future. Towards this end, the Board has prudently provided an additional €1.6m to our Bad Debts Provision during this year, bringing the total provision at 30th September to €5.9m.

Bad Debts Write-Off
Where a member is struggling to maintain their loan and interest repayments, writing off their loan gives them a realistic chance to honour their commitment over time. It does, however, mean that they lose many of the benefits of their membership until the debt is repaid, so this is only done as a last resort.

In recent years, following the rapid downturn in the economy, this was more necessary than ever before but, as we adjust to the new reality and encourage members to be prudent in their borrowing, this is now starting to fall. In 2011, the total loans written off were €1.37m but this has fallen to €825,000 in the current year representing a reduction of over €544,000 or almost 40%. Most members who have had their loan written off are making a genuine effort to repay it and the bad debts recovered in 2012 increased to €117,000 (2011-€104,000). We anticipate that this will increase significantly in 2013.

Surplus for the Year
When the expenses of €4.56m are deducted from the total income of €4.12m there was a surplus of €587,000. This is an excellent turnaround from last year.

Dividend
Although we have generated a surplus this year, it is not generally prudent to consider paying dividends until all of our reserves are at the correct level. We started this year with a deficit of €825,000 on our General Reserves and the surplus for the year has substantially improved this. In addition, prudent allocation to our Regulatory Reserves in previous years had left a surplus and we were in a position to transfer €308,000 from this area to our General Reserves to fully deal with the opening deficit.

This means we start 2012/13 with a "clean slate" and, in the event that we have a surplus in the coming year, your Board will have more options available to it when considering how it should be allocated.

Loans
The total value of loans in issue at 30th September 2012 was €38.3m, down from €41.9m at the previous year end. Overall loan demand is still strong, but is down in terms of numbers and the average value of new loans has reduced as members (sensibly) adjust their outgoings to what they can comfortably afford. In addition, the amount written off of €825,000 reduced the total value of loans in issue. The current indicators suggest that this level of adjustment will ease during 2013 and we are hopeful that any decline over next year will not be as significant as in 2012.
Investments
Our investments increased by €5.00m to €34.5m over the year, an increase of 17%. These represent surplus funds above what is required to meet the demand from loans from members. Our objective is to use these funds in the best manner possible until required and, as mentioned previously, they have made a major contribution to the Credit Union this year.

Members’ Savings
Members’ Shares at 30th September 2012 amounted to €52.1m, a decline of €2.0m from 2011. The national trend is that people are saving and paying down debt. In the Credit Union some members have opted to either offset some of their shares against their loans and/or reduce the amount that they were previously saving in order to pay off loans faster.

Others have elected to avail of some of our Deposit Account options and the total savings held as deposits amounted to €10.5m, an increase of almost €300,000 against last year.

The overall level of savings is very stable reducing by only 2.6% over the year reflecting most members’ continuing desire to build a nest egg towards their retirement or a rainy day.

Liquidity & Capital Reserves
The Central Bank has issued guidance to all Credit Unions in the key areas of Liquidity and Capital Reserves. Liquidity refers to the amount of funds that can be accessed quickly, if necessary. The guideline is that a Credit Union must be able to access an amount equal to 20% of the funds that could be requested on demand, within 90 days. As at year end, 31% of our investments were available to us within this three month period.

Reserves refer to surpluses’ that have not been distributed but have been built up over the years as a buffer against any unusual or unexpected losses that could arise. (For example, the investment losses of 2011 would fall into this category.) Some reserves, known as Regulatory Reserves, are intended to be permanent capital in the Credit Union related to the total value of assets. The minimum recommended level is 10% and, at 30th September 2012, our Regulatory Reserves exceeded this standing at 10.04% of assets.

Other reserves may be held for a variety of reasons. At 30th September we held €224,000 in a non-distributable Investment Income Reserve. This relates to investment income that has been earned but will not be received in cash within 12 months of this Balance Sheet date. It is held in a separate reserve for prudence and will be released back to General Reserves as the investments mature.

Next Year
We have achieved our main objective of fully restoring the capital position of the Credit Union and have adjusted income and expenses to reflect the economy in which we now operate. We are now well placed to return to earning strong surpluses and look forward to reporting further good news next year.

Seamus McGrattan
Treasurer
Wednesday, 14th November 2012
Supervisory Committee Report

The Supervisory Committee acts as internal auditors, on behalf of the members who elect them at the AGM.

The Committee ensures that the Board carries out its duties in accordance with the Credit Union Act, 1997, and complies with other legislation and regulatory guidelines. It also carries out a limited internal audit function on the operations within the offices.

Last year, the numbers on the Supervisory Committee were increased from 3 to 5 members and the extra resources were extremely helpful during the year.

During 2011/12 the Committee:

- Carried out direct verification of Shares, Loans and Deposit balances in writing with 10% of the membership. A further check was carried out on those members who did not reply and statements were issued where queries arose.
- Carried out Cash and Petty Cash verifications.
- Reconciliation of Books of Account with computer records and financial accounts.
- Verification of fixed assets against register.
- Testing samples of Loan Applications, share withdrawals, Direct Debit payments and Supersaver Account transactions for compliance with procedure.
- Met on a weekly basis, attended every Board Meeting and formally held 4 meetings with the Board of Directors during the year.

New Developments

The new Credit Union legislation, which is likely to be enacted shortly, proposes that the Supervisory Committee will cease in its current form. The Committee will be replaced by the “Board Oversight Committee” which will enable it to focus exclusively on monitoring Board performance to ensure that good governance is in place in the Credit Union. The current internal audit role will be a separate function within the Credit Union.

Finally, we wish to thank the Board, CEO and Staff for their assistance and co-operation during the year.

Tom Brady, Michael Gorman, Ada Healy, Michael Roche & Charlie Spillane
The Supervisory Committee
Wednesday, 14th November 2012
Credit Committee Report

The function of the Credit Committee is to oversee the Loan Application process.

Our objective is to ensure that members’ loan applications are dealt with in an efficient and effective manner.

We do this by:

- Setting appropriate policies and procedures.
- Delegating loan approval to Loans Officers.
- Holding weekly meetings to consider applications outside of the authority of the Loans Officers.

Using this approach, over 85% of requests are approved either at the time of application or as soon as the member can provide the necessary information, with the balance being dealt with within one week. To meet this target, it is essential that members supply us with all of the information requested as soon as possible, otherwise delays in making a decision are likely to occur.
Credit Committee Report (Continued)

Review of the Year

General Comments

The key trends that emerged this year were:

Continued reduction in demand for larger loans.
The difficult economic conditions in the country have reduced the demand for loans by both value and number, but larger loans have been particularly affected. Members wisely continue to be cautious when considering their borrowing needs particularly where uncertainty exists around employment, or income, and this has resulted in a reduction in larger loan applications.

We have also continued to apply a maximum loan limit of €25,000 above shares to a single member, or connected members, to reduce the risk profile of our loan book at this time and this has resulted in fewer large loans being issued. Given the overall reduction in larger applications this restriction has, in practice, affected very few members.

For example, in the year ended 30th September 2011, we issued 36 loans over €25,000 with a value of €1.1m whereas in the current year this reduced to 10 loans with a value of €265,000.

Another key indicator of the change in members’ circumstances is reflected in the requests for Special Rate Car Loans. In 2011, we issued 115 loans to a value of €1.46m but in the current year this had fallen to 71 loans to a value of €865,000.

Impact on demand for smaller loan applications.

While the number and average value of loans fell over the year, the decline was less pronounced across smaller loans.

For example, in 2011 we issued 3,691 for under €2,000 and in 2012 we still issued 3,313 loans to this level. By loan type we also observed that 962 members borrowed an average of €1,596 in 2011 for holidays and in 2012 we loaned an average €1,514 to 859 members for this purpose.

Increase in the number of applications declined.

When approving a loan, the Credit Committee, or a Loans Officer, must be satisfied that, on the basis of the information available, the member has demonstrated that they are both ABLE and WILLING to repay the loan that is requested.

Over the year there were a number of applications where this was not possible. It is with great reluctance that any member’s request is refused but it would not be in the interest of either the member, or the Credit Union, to extend a loan which would be difficult for them to repay.
Loans Issued
During the year we approved 5,893 loans to a value of €15.1m and the average loan size was €2,563. 32% of loans were for €1,000 or less and, at the other end of the scale, 0.53% of loans were for in excess of €25,000.

Loans by Type

Loans for cars continue to be stable at almost a quarter of lending. Larger loans for home related purposes, which accounted for 8% of lending in 2011, fell to 5% this year.

In overall terms the loan book is automatically adjusting to the economic environment and is “downsizing” to meet members’ current needs. While forecasts are difficult to make with accuracy because of the frequent changes in taxation, state benefits, and other items which impact on members’ ability to borrow, there is some indication that we may be reaching the bottom of this cycle and overall lending may not decline to the same extent next year.

Loan Costs Comparison
When considering borrowing, a key part of this decision is where to borrow? As everyone is aware, borrowing from commercial lenders has become more difficult in recent years whereas Credit Union loans have remained available to members.

In addition to being able to lend, we also want to offer the best deal. Service and flexibility are important and we also seek to offer the lowest cost loans.

We have compared the current cost of a range of typical Credit Union loans against other loans available at present from our main banks.

Our independent source for comparing costs is the Financial Regulator’s “It’s Your Money” website. The cost of 3 different sized loans, over different repayment periods are tracked and 5 banks are offering 7 different types of loan.
Credit Committee Report (Continued)

The key points are that:
- In EVERY SINGLE CASE the monthly repayments and the overall cost of credit is higher than an equivalent loan from the Credit Union.
- The average cost of a loan from these institutions is 17% HIGHER than a similar loan from the Credit Union!

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Average Cost of Bank Loan</th>
<th>Cost of Credit Union Loan</th>
<th>CCU Saving!</th>
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</thead>
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<tr>
<td>€3,500 over 1 year</td>
<td>€253.71</td>
<td>€208.25</td>
<td>€45.46</td>
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<tr>
<td>€10,000 over 3 years</td>
<td>€1,909.39</td>
<td>€1,545.17</td>
<td>€364.22</td>
</tr>
<tr>
<td>€20,000 over 5 years</td>
<td>€6,075.57</td>
<td>€5,252.98</td>
<td>€822.59</td>
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</tbody>
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Notes:
- The Interest rates used for the Credit Union loan cost for loans of €10,000 and €20,000 are Special Rate 1.
- The Credit Union loan includes FREE Life / Permanent Disability insurance at no additional cost. We understand that this is not included with any of the other loans in the survey.

As can be seen, a loan from Community Credit Union was substantially cheaper in ALL cases, even before the extra benefits are taken into account.

Camilla Deasy, Stephen Harrison, Joan Nolan, Seamus O’Neill & Celine Parkes
The Credit Committee
Wednesday, 14th November 2012
Credit Control Committee Report

The Credit Control Committee has responsibility for monitoring the repayments on loans which are issued and ensuring that adequate procedures are put in place to deal with those cases which fall into arrears.

We have a team of 4 staff who work tirelessly to assist members who are having difficulty with their loan repayments and, in the majority of cases, satisfactory arrangements can be worked out to help the member through their temporary difficulty. The key element is COMMUNICATION. We accept that it is difficult for most of us to make the first contact, or respond when we write in connection with payment arrears, but talking to us is ALWAYS the best course of action. It can save the member and the Credit Union time and money and it protects the members’ credit rating.

In the rare situations where the member refuses to talk to us or take any reasonable steps to make repayments, we take legal action to recover the loan. This is effective in most cases but unfortunately it puts extra cost on the member, which could be easily avoided.

As was noted in the Treasurer’s Report, we appear to have turned a corner in dealing with members in serious difficulty where a write-off is the only opportunity for them to repay their loan. In 2011 we wrote off €1.37m but this fell by 40% to €825,000 in the current year. Write-off is only considered in the most extreme cases as it impacts severely on the members’ benefits of Credit Union membership and cases must meet strict criteria before being accepted.

In most cases, these loans were granted to good members who have simply fallen on difficult circumstances and efforts are being made to repay the debt according to their means. During the year we increased our recoveries to €117,000 in respect of loans written off.

In addition to specific loans where repayment is in doubt, it is essential to make a general provision against all loans in arrears. We have increased our provision to €5.9m to cover any bad debts arising in the future.

Finally, many members will have had dealings with Martin Holsgrove who, along with Louise Walshe, was the first point of contact in the Credit Control Team. Martin moved on during the year to take up a new role in another Credit Union and we wish him well. We are pleased to welcome David Hanley to Community Credit Union, who is working with Louise and the rest of the team to provide assistance to members who are experiencing difficulty with their loan repayments.

Sean Hosford, Paul Rice & Michael Walsh
The Credit Control Committee
Wednesday, 14th November 2012
Membership Committee Report

During the year we welcomed a further 1,224 new members to Community Credit Union. When deceased members and transfers are taken into account our total membership at 30th September 2012 stood at 28,538.

Olivia Cregg, Karen Lynch & Celine Parkes
Membership Committee
Wednesday, 14th November 2012
Promotion & Development Committee Report

The primary role of the Promotion & Development Committee is to:

- Engage and connect regularly with members, media, local organisations and communities
- Utilise the various communications channels available to interact with members effectively and frequently, ensuring that you always have the most up-to-date information
- Actively promote the services of Community Credit Union
- Develop and implement strategic marketing objectives and activities
- Support local communities
- Promote a culture of saving in local schools and organisations
- Develop and implement Credit Union youth initiatives

This year has been full of challenges but we believe that we have positioned ourselves well through strategic planning. A well-differentiated marketing position has been central to improving the effectiveness of our efforts. A clearly defined brand is essential in order to stand out in a highly competitive market and we have built on tangible, proven attributes where our Credit Union uniquely excels and consistently delivers. We continue to develop products and services that will enhance communications and make life easier for you. And, in spite of the difficult and challenging times we are in, Community Credit Union remains committed to supporting the economic and social wellbeing of our community, continuing to sponsor and sustain individuals, groups and community initiatives.

2012 Highlights

Our Newsletter

We want to keep all members regularly up to date with what is going on at your Credit Union and, judging by the response and feedback we have received, our Newsletter “CCU Connect” has been a resounding success. We just produced the 6th edition of the Newsletter, which has proved an ideal platform for sharing information on member Prize Draws, staff and office news and promoting products and services. The ‘Our Community’ section is proving to be a popular feature, highlighting a different community organisation, charity or individual in each issue. The Newsletter Website Competition is also very popular with great cash prizes to be won!
Promotion & Development Committee Report (Continued)

CCU Connect is produced every season and is available to download from the website with printed copies available in all our offices.

There is also a sign-up facility on the website for those members who prefer to receive the Newsletter by email.

If you would like to contribute to the next edition, please send your ideas, stories, community events and pictures to newsletter@communitycu.ie.

Website
The website continues to be a huge asset for our communications platform and has proved to be a very popular service with currently over 3,200 members using it for 24/7 access. Visit www.communitycu.ie today and REGISTER, it’s so easy!

Facebook
Your Credit Union joined the Facebook family earlier this year. Facebook is already proving to be an ideal platform for us to effectively and efficiently communicate news and promote products, services and events. We are delighted with the response so far. So if you haven’t already done so, please find and ‘LIKE’ us on Facebook and encourage all your family and friends to do the same!

Multi-Lingual Leaflets
Following extensive research, we are delighted to provide multi-lingual editions of our Credit Union Information Leaflet, which can be downloaded online or printed copies are available in any of our offices. For now, we have translated this leaflet into Chinese, Latvian, Lithuanian and Polish, given the significant contingency of these nationalities in our common bond. We plan to produce additional translations in the coming months. Feel free to ask a member of staff for details.

CU Schools Quiz
Several local primary schools in Dublin 7 and 15 participated in the first exciting stage of the countrywide 2012 Credit Union Schools Quiz competition at St Peregrines GAA Club on Monday 6th February 2012.

Congratulations to Mary Help of Christians N.S. (Navan Road) who won Quiz A and to Saint Brigids N.S. (Castleknock) who took home first prize for Quiz B! Following a nail-biting tie breaker, the runners up were St Philips N.S., Mountview (Quiz A) and Mary Help of Christians N.S. (Quiz B). The questions, compiled by primary school teachers, covered general topics including geography, history, music, literature, and sport.

This annual event, now in its 22nd year, has become one of the highlights of the school calendar, attracting over 25,000 participants in over 300 venues throughout the 32 counties.

Speaking at the last Quiz Launch, President of the ILCU Jimmy Johnstone said: “We wholeheartedly support the development of young people in communities all over Ireland. The purpose of the credit union movement is more than merely providing financial services and this is a very important event for us. This is a way for children around Ireland to have lots of fun while learning the importance of team work in achieving success.”
If your school would like to participate in this year’s competition please stay tuned to our website and Facebook page or visit [www.creditunion.ie](http://www.creditunion.ie) for more details.

National Art Competition
The Credit Union Art Competition is one of the most successful annual promotions undertaken by the Credit Union Movement and the 2012 competition aims to continue this winning formula. The competition is about encouraging and rewarding self expression, creativity and imagination among young artists throughout Ireland. The theme this year is ‘Celebrate Community Colour’. We were delighted to receive a significant amount of entries from individuals and our local schools. The standard this year was excellent, which made the judging that more difficult! The three judges officiating this year were Susan King from Phoenix FM, Deirdre Walsh and Paul Rice from the Promotion & Development Committee. The winners selected at Credit Union level were put forward to the Regional Finals and the winning entries from regional level will go through to the National Final. Prizes are awarded at each stage and a National Awards Ceremony will be held in February 2013 hosted by TV personality Marty Whelan.

Prize Draw
Our Members Prize Draw continues to be a hugely popular event. Each quarter we draw 4 winners, each of whom receive €3,000 and at the AGM we have our Christmas draw where we distribute the balance of the fund over more winners. The winners over the past year have been;

<table>
<thead>
<tr>
<th>Fintan Butler</th>
<th>Geraldine Rogers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charles Tomney</td>
<td>Ann Rice</td>
</tr>
<tr>
<td>James Leonard</td>
<td>Michael Jago</td>
</tr>
<tr>
<td>Fergal King</td>
<td>John Merrigan</td>
</tr>
<tr>
<td>Yvonne Doherty</td>
<td>Myra Herlihy</td>
</tr>
<tr>
<td>Colm Higgins</td>
<td>Lorraine Wade</td>
</tr>
<tr>
<td>Aedhan Thunder</td>
<td>Cormac O’Shea</td>
</tr>
<tr>
<td>Margaret Murray</td>
<td>Patrick Holmes</td>
</tr>
<tr>
<td>Jimmy McGuirk</td>
<td>John Reid</td>
</tr>
<tr>
<td>Catherine Gunning</td>
<td>Michael J. Doyle</td>
</tr>
<tr>
<td>Anne Byas</td>
<td>Paul McCue</td>
</tr>
</tbody>
</table>

Congratulations to all of them! If you would like to participate in the quarterly prize draw, please ask for the form in any of the offices or download it from our website [www.communitycu.ie](http://www.communitycu.ie)
Promotion & Development Committee Report (Continued)

Community Sponsorship
At Community Credit Union, we firmly believe in committing to, and supporting, other groups and organisations in the community and have been doing so for many years. We endeavour to continue our sponsorship and support of individuals, groups and community initiatives during 2013.

Community Credit Union was delighted to support the following beneficiaries in 2012:

- Dublin 15 Hospice
- Mulhuddart Community Centre
- Castleknock Celtic
- Order of Malta
- Nifty Fifty's
- Dublin Community Games
- Tracheostomy Awareness Group
- Mountview Senior Citizens
- Castleknock Community Centre
- Riverston Abbey Summer Camp
- Celtic Athletics Club
- Volunteer South Africa Programme
- Castleknock Hurling & Football Club
- Erin Go Bragh GAA Club
- St Oliver Plunkett Eoghan Ruadh GAA Club
- Clonsilla Kenpo Karate Club
- Niall Mellon Township Trust
- Mountview Football Club
- Blanchardstown Hospital Golf Society
- St Peregrines GAA Club
- Safer Blanchardstown (Community Safety Events 2012/13)

If you are involved with, or represent, a local voluntary organisation active in sport, the arts or charitable activities, please contact us if you feel we could be of assistance to you.

Members Week
Finally, we will be hosting our now traditional “Members Week” in the week commencing 17th December. This is a wonderful opportunity to say hello to each other during the festive season and we look forward to sharing some festive treats with you at all our offices!

Michael Gorman, Stephen Harrison, Aidan O’Brien, Paul Rice, & Deirdre Walsh
Promotion & Development Committee
Wednesday, 14th November 2012
Community Credit Union Limited

Financial Statements

For the year ended 30 September 2012
Table of Contents

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Information not forming part of the Statutory Financial Statements

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Directors’ Report

For the year ended 30 September 2012

Statement of Directors’ Responsibilities

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

- 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 at any time the financial position of the Credit Union and which enables them to ensure that the financial statements comply with the Credit Union Act, 1997 (as amended). 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.

Results
The surplus for the year and the appropriation thereof is set out in the Income and Expenditure Account on page 4.

Dividends
The Directors do not recommend the payment of a dividend in respect of the year ended 30 September 2012 (2011: €Nil).

Auditors
In accordance with Section 115 of the Credit Union Act, 1997 (as amended) the auditors Grant Thornton offer themselves for re-election.

On behalf of the Credit Union
Treasurer: Seamus McGrattan Date: 1 November 2012
Member of Supervisory Committee: Charlie Spillane Date: 1 November 2012
Member of the Board of Directors: Stephen Harrison Date: 1 November 2012
Independent Auditors’ Report

For the year ended 30 September 2012

We have audited the financial statements of Community Credit Union Limited for the year ended 30 September 2012 which comprise an Income and Expenditure Account, the Balance Sheet, the Cashflow 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 the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practices in Ireland).

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

Respective responsibilities of Directors and Auditor
As described on page 1, Statement of Directors’ Responsibilities, the Credit Union’s Directors are responsible for the preparation of the Annual Report and the financial statements in accordance with applicable law and Generally Accepted Accounting Practices in Ireland.

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 in Ireland and the United Kingdom.

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, and are properly prepared in accordance with the Credit Union Act, 1997 (as amended). We also report to you whether in our opinion proper accounting records 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 and its Income and Expenditure Account 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. 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.
Independent Auditors’ Report (Continued)

For the year ended 30 September 2012

Basis of Opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 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 Practices in Ireland, of the state of the Credit Union’s affairs as at 30 September 2012 and its Income and Expenditure for the year then ended and have been properly prepared in accordance with the provisions of the Credit Union Act, 1997 (as amended).

We have obtained all the information and explanations we considered 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.

In our opinion the information given in the Directors’ Report on page 1 is consistent with the financial statements.

DENISE O’CONNELL
FOR AND
ON BEHALF OF

Grant Thornton
Chartered Accountants & Registered Auditors
Mill House
Henry Street
Limerick

Date: 1 November 2012
## Income and Expenditure Account

For the year ended 30 September 2012

<table>
<thead>
<tr>
<th>Schedule</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on Members’ Loans</td>
<td>€3,724,685</td>
<td>€3,939,823</td>
</tr>
<tr>
<td>Members’ Deposit and Other Interest, Expense and Similar Charges</td>
<td>(€176,936)</td>
<td>(€183,921)</td>
</tr>
<tr>
<td>Other Interest Income and Similar Income</td>
<td>€1,616,509</td>
<td>€1,161,809</td>
</tr>
<tr>
<td><strong>Net Interest Income</strong></td>
<td>€5,164,258</td>
<td>€4,917,711</td>
</tr>
<tr>
<td>Other Income</td>
<td>€12,077</td>
<td>€16,302</td>
</tr>
<tr>
<td><strong>TOTAL INCOME</strong></td>
<td>€5,176,335</td>
<td>€4,934,013</td>
</tr>
<tr>
<td><strong>EXPENDITURE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>€1,087,963</td>
<td>€1,138,358</td>
</tr>
<tr>
<td>Other Management Expenses</td>
<td>€1,913,437</td>
<td>€2,695,716</td>
</tr>
<tr>
<td>Depreciation</td>
<td>€103,987</td>
<td>€107,616</td>
</tr>
<tr>
<td>Loss on Disposal of Fixed Assets</td>
<td>€1,204</td>
<td>€889</td>
</tr>
<tr>
<td>Provision for Bad and Doubtful Debts</td>
<td>€1,600,000</td>
<td>€1,296,325</td>
</tr>
<tr>
<td>Investment Losses</td>
<td>-</td>
<td>€922,645</td>
</tr>
<tr>
<td>Bad Debts Recovered</td>
<td>(€117,463)</td>
<td>(€103,991)</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURE</strong></td>
<td>€4,589,128</td>
<td>€6,057,558</td>
</tr>
<tr>
<td><strong>EXCESS/(DEFICIT) OF INCOME OVER EXPENDITURE FOR THE YEAR</strong></td>
<td>€587,207</td>
<td>(€1,123,545)</td>
</tr>
<tr>
<td>Add: Undistributed Surplus as at 1 October</td>
<td>-</td>
<td>€10,106</td>
</tr>
<tr>
<td>Reserves No Longer Required</td>
<td>€308,733</td>
<td>€478,259</td>
</tr>
<tr>
<td>Less: Dividend Paid</td>
<td>-</td>
<td>(€137,371)</td>
</tr>
<tr>
<td>Undistributed Deficit as at 1 October</td>
<td>(€824,690)</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>€71,250</td>
<td>(€772,551)</td>
</tr>
<tr>
<td>Less: Transfer to Statutory Reserve</td>
<td>(€60,000)</td>
<td>-</td>
</tr>
<tr>
<td>Transfer to Non- Distributable Investment Income Reserve</td>
<td>(€11,250)</td>
<td>(€52,139)</td>
</tr>
<tr>
<td>(€71,250)</td>
<td>(€52,139)</td>
<td></td>
</tr>
<tr>
<td><strong>UNDISTRIBUTED SURPLUS/(DEFICIT) AT 30 SEPTEMBER</strong></td>
<td>-</td>
<td>(€824,690)</td>
</tr>
</tbody>
</table>

On behalf of the Credit Union

Treasurer: Seamus McGrattan Date: 1 November 2012

Member of Supervisory Committee: Charlie Spillane Date: 1 November 2012

Member of the Board of Directors: Stephen Harrison Date: 1 November 2012
Statement of Total Recognised Gains and Losses
For the year ended 30 September 2012

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus/(Deficit) for the financial year</td>
<td>€587,207</td>
<td>€(1,123,545)</td>
</tr>
<tr>
<td>Total Gains/(losses) relating to the financial year</td>
<td>€587,207</td>
<td>€(1,123,545)</td>
</tr>
</tbody>
</table>

On behalf of the Credit Union
Treasurer: Seamus McGrattan Date: 1 November 2012
Member of Supervisory Committee: Charlie Spillane Date: 1 November 2012
Member of the Board of Directors: Stephen Harrison Date: 1 November 2012
## Balance Sheet

### As at 30 September 2012

<table>
<thead>
<tr>
<th>Notes</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€</td>
<td>€</td>
</tr>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Balances at Bank</td>
<td>997,763</td>
<td>2,054,564</td>
</tr>
<tr>
<td>Deposits and Investments</td>
<td>34,519,310</td>
<td>29,515,851</td>
</tr>
<tr>
<td>Loans to Members</td>
<td>38,313,862</td>
<td>41,923,487</td>
</tr>
<tr>
<td>Less: Provision for Bad and Doubtful Debts</td>
<td>(5,900,000)</td>
<td>(4,300,000)</td>
</tr>
<tr>
<td>Tangible Fixed Assets</td>
<td>988,070</td>
<td>1,083,275</td>
</tr>
<tr>
<td>Debtors, Prepayments &amp; Accrued Income</td>
<td>1,202,440</td>
<td>1,032,976</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>70,121,445</td>
<td>71,310,153</td>
</tr>
<tr>
<td>LIABILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members’ Shares</td>
<td>52,169,166</td>
<td>54,113,122</td>
</tr>
<tr>
<td>Members’ Deposit Accounts</td>
<td>10,473,906</td>
<td>10,179,882</td>
</tr>
<tr>
<td>Members’ Deposit Interest (Net of DIRT)</td>
<td>17,244</td>
<td>24,958</td>
</tr>
<tr>
<td>Other Liabilities, Creditors, Accruals and Charges</td>
<td>194,328</td>
<td>312,597</td>
</tr>
<tr>
<td>TOTAL LIABILITIES</td>
<td>62,854,644</td>
<td>64,630,559</td>
</tr>
<tr>
<td>NET WORTH</td>
<td>7,266,801</td>
<td>6,679,594</td>
</tr>
</tbody>
</table>

Represented By:

RESERVES

<table>
<thead>
<tr>
<th>Notes</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€</td>
<td>€</td>
</tr>
<tr>
<td>Statutory Reserve</td>
<td>6,271,371</td>
<td>6,211,371</td>
</tr>
<tr>
<td>Additional Regulatory Reserve</td>
<td>771,316</td>
<td>1,080,049</td>
</tr>
<tr>
<td>TOTAL REGULATORY RESERVE</td>
<td>7,042,687</td>
<td>7,291,420</td>
</tr>
<tr>
<td>Other Reserves</td>
<td>224,114</td>
<td>(611,826)</td>
</tr>
<tr>
<td>TOTAL RESERVES</td>
<td>7,266,801</td>
<td>6,679,594</td>
</tr>
</tbody>
</table>

On behalf of the Credit Union

Treasurer: Seamus McGrattan Date: 1 November 2012
Member of Supervisory Committee: Charlie Spillane Date: 1 November 2012
Member of the Board of Directors: Stephen Harrison Date: 1 November 2012

The accounting policy notes on pages 7 to 14 form part of these Financial Statements.
Significant Accounting Policies

For the year ended 30 September 2012

1.1 Accounting Convention
The Financial Statements have been prepared under the historical cost convention.

1.2 Tangible Fixed Assets
Depreciation is provided over the expected lives of tangible fixed assets.

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Depreciation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premises</td>
<td>2% SL per annum</td>
</tr>
<tr>
<td>Leasehold Improvements</td>
<td>4% SL per annum</td>
</tr>
<tr>
<td>Fixtures, Fittings &amp; Equipment</td>
<td>12.5% RB per annum</td>
</tr>
<tr>
<td>Computer Equipment</td>
<td>20% SL per annum</td>
</tr>
</tbody>
</table>

1.3 (a) Interest on Members’ Loans
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).

(b) Investment Income
Investment income is recognised when received or receivable. Investments are stated at the lower of cost and market value with the exception of investments which carry guaranteed maturity values.

The specific Investment products held by the Credit Union are accounted for as follows:

Bank deposits, term deposits and other short term deposits
These are valued at the deposit amount plus any accrued interest at the balance sheet date. The interest income is recognised in the Income and Expenditure Account on an accruals basis. The accrued interest at the balance sheet date is included in Debtors, Prepayments and Accrued Income.

Investments, Bank Bonds and Government Bonds with return of capital guaranteed
Investments, Bank Bonds and Government Bonds with return of capital guaranteed are valued at the lower of cost and market value at the balance sheet date but not lower than the capital guaranteed amount. Where the cost of the Investment is greater than the guaranteed amount the excess is amortised over the life of the Investment. Dividend or other income is recognised in the Income and Expenditure Account when it is received or receivable. Investments are only capital guaranteed if held to maturity and if the Institutions fulfill their obligations. The Board of Directors is currently satisfied that these conditions will be met.

Investments with guaranteed returns
These are valued at cost plus guaranteed returns at the balance sheet date proportionally spread out over the life of the investment. These investments and any gains which are guaranteed under the terms of the investment/policy are only guaranteed if held to maturity. The relevant guaranteed amount for these investments each year, where no encashment is anticipated prior to maturity, is recorded in the Income and Expenditure Account. The cumulative guaranteed amount at the balance sheet date is included in Debtors, Prepayments and Accrued Income. Investments are only capital guaranteed if held to maturity and if the Institutions fulfill their obligations. The Board of Directors is currently satisfied that these conditions will be met.
Significant Accounting Policies (Continued)

For the year ended 30 September 2012

1.4 Pensions
The Credit Union operates a defined contribution pension scheme for a number of employees.
The annual contributions are charged to the Income and Expenditure Account in the period to
which they relate.

A defined benefit pension scheme is operated for a number of employees of the Credit Union.
Payments made to this scheme are charged annually in the Financial Statements.

1.5 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. A provision for doubtful debts is
made against loan balances in arrears on the basis of Resolution 49 of the Irish League of
Credit Unions. An additional provision is considered prudent by the Board to the amount of
€1,961,042.

1.6 Value Added Tax
The Credit Union is not registered for VAT, therefore all expenses include VAT where charged.
# Cashflow Statement

For the year ended 30 September 2012

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€</td>
<td>€</td>
</tr>
<tr>
<td><strong>Opening Cash and Investments</strong></td>
<td>31,570,415</td>
<td>30,264,792</td>
</tr>
<tr>
<td><strong>RECEIPTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease in Members’ Shares</td>
<td>(1,943,956)</td>
<td>(1,038,057)</td>
</tr>
<tr>
<td>Increase in Members’ Deposits</td>
<td>294,024</td>
<td>755,702</td>
</tr>
<tr>
<td>Decrease in Members’ Loans</td>
<td>2,784,751</td>
<td>148,120</td>
</tr>
<tr>
<td>Members’ Loan Interest</td>
<td>3,724,685</td>
<td>3,939,823</td>
</tr>
<tr>
<td>Deposit &amp; Investment Income</td>
<td>1,616,509</td>
<td>239,164</td>
</tr>
<tr>
<td>Bad Debts Recovered</td>
<td>117,463</td>
<td>103,991</td>
</tr>
<tr>
<td>Increase In Debtors, Prepayments and Accrued Income</td>
<td>(169,464)</td>
<td>(52,722)</td>
</tr>
<tr>
<td>Proceeds from disposal of fixed assets</td>
<td>-</td>
<td>200</td>
</tr>
<tr>
<td>Other Receipts</td>
<td>12,077</td>
<td>16,302</td>
</tr>
<tr>
<td><strong>TOTAL RECEIPTS</strong></td>
<td>6,436,089</td>
<td>4,112,523</td>
</tr>
<tr>
<td><strong>DISBURSEMENTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>2,353,462</td>
<td>2,648,544</td>
</tr>
<tr>
<td>Dividends Paid</td>
<td>-</td>
<td>137,371</td>
</tr>
<tr>
<td>Decrease In Other Liabilities, Creditors, Accruals and Charges</td>
<td>125,983</td>
<td>10,100</td>
</tr>
<tr>
<td>Fixed Assets Purchased</td>
<td>9,986</td>
<td>10,855</td>
</tr>
<tr>
<td><strong>TOTAL DISBURSEMENTS</strong></td>
<td>2,489,431</td>
<td>2,806,900</td>
</tr>
<tr>
<td><strong>Closing Cash and Investments</strong></td>
<td>35,517,073</td>
<td>31,570,415</td>
</tr>
</tbody>
</table>
## Notes to the Financial Statements

For the year ended 30 September 2012

1. **Deposits and Investments**
   These consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts in Authorised Credit Institutions</td>
<td>13,150,645</td>
<td>14,376,840</td>
</tr>
<tr>
<td>Bank Bonds</td>
<td>14,110,960</td>
<td>7,803,122</td>
</tr>
<tr>
<td>Central Bank Deposit</td>
<td>383,181</td>
<td>877,004</td>
</tr>
<tr>
<td>Irish &amp; EMU State Securities</td>
<td>5,224,524</td>
<td>4,058,885</td>
</tr>
<tr>
<td>Tracker Bonds</td>
<td>1,650,000</td>
<td>2,400,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>34,519,310</strong></td>
<td><strong>29,515,851</strong></td>
</tr>
</tbody>
</table>

Deposits and Investments are stated in line with the accounting policies as set out on pages 7 to 8. Included in Prepayments and Accrued Income at 30 September 2012 is an amount of €1,106,963 (2011: €959,697) relating to accrued income and guaranteed returns on the above Deposits and Investments.

The market value of the Deposits and Investments as at 30 September 2012 including accrued income is €36,129,315 (2011: €29,037,390). The value of investments can rise and fall with market conditions.

2. **Members’ Shares**
   The following is an analysis of Member Shares:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Shares</td>
<td>49,943,163</td>
<td>51,744,138</td>
</tr>
<tr>
<td>Special Shares</td>
<td>1,609,424</td>
<td>1,674,719</td>
</tr>
<tr>
<td>Medium Term Share Accounts</td>
<td>291,648</td>
<td>364,025</td>
</tr>
<tr>
<td>Long Term Share Accounts</td>
<td>324,931</td>
<td>330,240</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>52,169,166</strong></td>
<td><strong>54,113,122</strong></td>
</tr>
</tbody>
</table>
### Notes to the Financial Statements

**For the year ended 30 September 2012**

#### 3. Tangible Fixed Assets

<table>
<thead>
<tr>
<th></th>
<th>Freehold Premises</th>
<th>Leasehold Improvements</th>
<th>Computer Equipment</th>
<th>Fixtures, Fittings &amp; Equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>COST</strong></td>
<td>€</td>
<td>€</td>
<td>€</td>
<td>€</td>
<td>€</td>
</tr>
<tr>
<td>At 1 October 2011</td>
<td>948,343</td>
<td>446,498</td>
<td>386,034</td>
<td>236,131</td>
<td>2,017,006</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>-</td>
<td>7,430</td>
<td>2,556</td>
<td>9,986</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>(4,118)</td>
<td>(569)</td>
<td>(4,687)</td>
</tr>
<tr>
<td><strong>At 30 September 2012</strong></td>
<td>948,343</td>
<td>446,498</td>
<td>389,346</td>
<td>238,118</td>
<td>2,022,305</td>
</tr>
</tbody>
</table>

#### DEPRECIATION

|                      | €                  | €                      | €                 | €                              | €       |
| At 1 October 2011    | 291,482           | 237,373                | 252,383           | 152,493                        | 933,731 |
| Charge for the Year  | 18,967            | 17,860                 | 56,400            | 10,760                         | 103,987 |
| Depreciation on Disposals | -              | -                      | (3,029)           | (454)                          | (3,483) |
| **At 30 September 2012** | 310,449           | 255,233                | 305,754           | 162,799                        | 1,034,235|

#### NET BOOK VALUE

|                      | €                  | €                      | €                 | €                              | €       |
| At 30 September 2012 | 637,894           | 191,265                | 83,592            | 75,319                         | 988,070 |

|                      | €                  | €                      | €                 | €                              | €       |
| At 30 September 2011 | 656,861           | 209,125                | 133,651           | 83,638                         | 1,083,275|

The Credit Union has a twenty five year lease in respect of a property at Blanchardstown, Dublin 15, that expires on 30 September 2022. The Credit Union has a thirty five year lease in respect of a property at Castleknock, Dublin 15, that expires on 30 November 2032.
Notes to the Financial Statements

For the year ended 30 September 2012

4. Reserves

Regulatory Reserve

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory Reserve</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 October</td>
<td>6,211,371</td>
<td>6,211,371</td>
</tr>
<tr>
<td>Transfer for the year</td>
<td>60,000</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>6,271,371</td>
<td>6,211,371</td>
</tr>
</tbody>
</table>

Other Reserves

Additional Regulatory Reserve
At 1 October   | 1,080,049| 1,080,049|
Transfer for the year | (308,733) | -        |
|                | 771,316  | 1,080,049|

The minimum Regulatory Reserve requirement at 30 September 2012 was 10% of total assets. At 30 September 2012 Community Credit Union Limited’s Regulatory Reserve represents 10.04% of total assets.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Reserves</td>
<td>€</td>
<td>€</td>
<td>€</td>
</tr>
<tr>
<td>Undistributed (Deficit)/Surplus</td>
<td>(824,690)</td>
<td>824,690</td>
<td>-</td>
</tr>
<tr>
<td>Non-Distributable Investment Income Reserve</td>
<td>212,864</td>
<td>11,250</td>
<td>224,114</td>
</tr>
<tr>
<td>Total Other Reserves</td>
<td>(611,826)</td>
<td>835,940</td>
<td>224,114</td>
</tr>
</tbody>
</table>

5. Proposed Dividend
The Directors recommend the following distributions:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Dividend on Shares</td>
<td>0.00 %</td>
<td>0.00 %</td>
</tr>
</tbody>
</table>
6. **Related Party Transactions**
   During the year the Credit Union advanced €4,000 to Directors (2011: €20,000). Directors' balances at 30 September 2012 are as follows: Share balances €51,272, Deposit Balances €29,257, Loan balances €86,323. (2011: Share balances €51,203, Deposit Balances €37,608, Loan balances €105,479)

   During the year the Credit Union advanced €20,290 (2011: €97,720) in loans to other Officers, (comprising of Staff and Supervisors). Other Officers' balances at 30 September 2012 are as follows: Share balance €84,526, Deposit balance €99,237, Loan balance €144,478 (2011: Share balance €97,882, Deposit balance €104,870, Loan balance €184,007).

   The Board of Directors have appointed Freedom Trust Services Ltd. as Corporate Trustee for the Credit Union’s defined contribution pension plan. The fee charged is €2,500 plus VAT. Michael Lacey is a Director of both the Credit Union and Freedom Trust Services Ltd.

7. **Insurance Against Fraud**
   The Credit Union has insurance against fraud in the amount of €2,600,000 in compliance with Section 47 of the Credit Union Act, 1997 (as amended).

8. **Honorarium to Treasurer**
   The Treasurer decided to forgo the Treasurer’s Honorarium this year. (2011: €Nil).

9. **Rates of Interest Charged on Members’ Loans**
   Interest has been charged on members’ loans on a reducing balance basis at a rate of 10.8% per annum (0.9% per month, 11.4% APR). The Credit Union also has three special rates available.

   - SR1: 9.6% per annum (0.8% per month, 10.0% APR)
   - SR2: 8.4% per annum (0.7% per month, 8.7% APR)
   - SR3: 7.2% per annum (0.6% per month, 7.4% APR)

10. **Post Balance Sheet Events**
    The Credit Union has a significant portfolio of Investments at 30 September 2012. The value of these Investments can rise and fall with market conditions. The current market conditions are volatile and it is reasonable to expect that there has been volatility in the valuations of some Investments since 30 September 2012. However, it is not possible to quantify the effect of this volatility. In accordance with FRS 21 “Events After the Balance Sheet Date”, any such effect on the valuation of Investments since the balance sheet date and 1 November 2012 is a non adjusting event and accordingly the financial statements do not reflect any adjustment in respect of same.

    In the opinion of the Board of Directors, there are no other events after the balance sheet date which requires disclosure or adjustment in accordance with FRS 21.
Notes to the Financial Statements

For the year ended 30 September 2012

11. Contingent Liabilities
There were no contingent liabilities in existence at 30 September 2012 that would impact on the financial statements.

12. Pension
Pension benefits are funded over the employees' period of service by way of defined contributions paid to an approved fund held with Irish Life Assurance plc. Contributions are based on a fixed percentage of employee's annual salary and the charge in the Income & Expenditure Account reflects contributions paid and payable in respect of the year ended 30 September 2012. The charge for the year under review is €105,372 (2011 - €125,643). Contributions payable at the year end were €24,862.

Prior to the formation of Community Credit Union on 1 January 2010 through the merger of Premier and Clonsilla Credit Unions, Clonsilla Credit Union was a member of “The Irish League of Credit Unions Republic of Ireland Pension Scheme” (The ILCU scheme) which is a defined benefit pension scheme. The Credit Union withdrew from the scheme on 28 February 2010 and staff participating in that scheme transferred, as at that date, to the defined contribution scheme held with Irish Life Assurance plc.

The assets and liabilities of the ILCU scheme were valued by an independent professionally qualified actuary as at 1 March 2011 using the Projected Unit Cost Method. The actuary identified that the pension scheme had an overall past service deficit of €28.7million but was unable to identify how much of this deficit was attributable to any particular Credit Union. A further actuarial valuation was scheduled to be carried out as at 1 March 2014.

Some staff members expressed a preference to remain in the ILCU scheme in relation to past service (deferred) benefits with any costs associated with this being borne by them. The Credit Union is in discussion with the Trustees of the ILCU scheme to determine the amount required to fund past service deficits for this group. No liability exists in relation to this group for service after 1 March 2010.

No past, or future, liability exists in relation to staff members who fully exited the scheme as of 28 February 2010.

13. Other Liabilities, Creditors, Accruals and Charges

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accruals</td>
<td>68,295</td>
<td>106,706</td>
</tr>
<tr>
<td>Other Creditors</td>
<td>116,269</td>
<td>193,196</td>
</tr>
<tr>
<td>Members Prize Draw</td>
<td>9,764</td>
<td>12,695</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>194,328</strong></td>
<td><strong>312,597</strong></td>
</tr>
</tbody>
</table>

14. Rate of Interest Paid on Members’ Deposit Accounts

<table>
<thead>
<tr>
<th>Deposit Account</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Super Saver</td>
<td>0.5% per annum on balances less than €2,000</td>
</tr>
<tr>
<td></td>
<td>1.00% per annum on balances greater than €2,000</td>
</tr>
<tr>
<td>Six Month Saver</td>
<td>1.75% per annum</td>
</tr>
<tr>
<td>One Year Saver</td>
<td>2.50% per annum</td>
</tr>
<tr>
<td>Three &amp; Five Year Saver</td>
<td>2.25% per annum</td>
</tr>
</tbody>
</table>
Schedules to the Income and Expenditure Account

For the year ended 30 September 2012

The following schedules on pages 15 to 16 do not form part of the statutory financial statements which are the subject of the Independent Auditors' Report on pages 2 to 3.

**SCHEDULE 1 – OTHER INTERST INCOME AND SIMILAR INCOME**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit and Investment Income</td>
<td>€1,616,509</td>
<td>€1,161,809</td>
</tr>
<tr>
<td><strong>TOTAL PER INCOME AND EXPENDITURE ACCOUNT</strong></td>
<td>€1,616,509</td>
<td>€1,161,809</td>
</tr>
</tbody>
</table>

Other interest income and similar income consists of interest and net gains and is analysed as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Received at the Balance Sheet date</td>
<td>€1,316,115</td>
<td>€953,423</td>
</tr>
<tr>
<td>Receivable within 12 months of the Balance Sheet date</td>
<td>€205,835</td>
<td>€156,247</td>
</tr>
<tr>
<td>Other</td>
<td>€94,559</td>
<td>€52,139</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>€1,616,509</td>
<td>€1,161,809</td>
</tr>
</tbody>
</table>

**SCHEDULE 2 – OTHER INCOME**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrance Fees</td>
<td>€960</td>
<td>€1,165</td>
</tr>
<tr>
<td>Other Income</td>
<td>€4,200</td>
<td>€4,620</td>
</tr>
<tr>
<td>Commission</td>
<td>€6,917</td>
<td>€10,517</td>
</tr>
<tr>
<td><strong>TOTAL PER INCOME AND EXPENDITURE ACCOUNT</strong></td>
<td>€12,077</td>
<td>€16,302</td>
</tr>
</tbody>
</table>
Schedules to the Income and Expenditure Account

For the year ended 30 September 2012

SCHEDULE 3 – OTHER MANAGEMENT EXPENSES

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasurer’s Honorarium</td>
<td>-</td>
<td>(2,500)</td>
</tr>
<tr>
<td>Promotions and Subscriptions</td>
<td>102,760</td>
<td>113,297</td>
</tr>
<tr>
<td>Education and Training</td>
<td>6,362</td>
<td>17,258</td>
</tr>
<tr>
<td>Rent</td>
<td>110,809</td>
<td>110,809</td>
</tr>
<tr>
<td>Rates</td>
<td>26,849</td>
<td>29,532</td>
</tr>
<tr>
<td>Merger costs</td>
<td>15,667</td>
<td>19,935</td>
</tr>
<tr>
<td>ILCU Subscriptions</td>
<td>51,994</td>
<td>74,346</td>
</tr>
<tr>
<td>Regulatory Costs</td>
<td>22,568</td>
<td>10,423</td>
</tr>
<tr>
<td>Share and Loan Insurance</td>
<td>352,750</td>
<td>373,442</td>
</tr>
<tr>
<td>DBI Insurance</td>
<td>50,883</td>
<td>200,616</td>
</tr>
<tr>
<td>General Insurance</td>
<td>16,917</td>
<td>18,934</td>
</tr>
<tr>
<td>Computer Costs</td>
<td>83,345</td>
<td>95,634</td>
</tr>
<tr>
<td>Light and Heat</td>
<td>21,967</td>
<td>22,551</td>
</tr>
<tr>
<td>Cleaning</td>
<td>13,713</td>
<td>13,896</td>
</tr>
<tr>
<td>Repairs and Maintenance</td>
<td>15,701</td>
<td>11,664</td>
</tr>
<tr>
<td>Printing and Stationery</td>
<td>27,884</td>
<td>26,783</td>
</tr>
<tr>
<td>Telephone</td>
<td>17,196</td>
<td>20,044</td>
</tr>
<tr>
<td>A.G.M., Convention and Meeting Expenses</td>
<td>29,291</td>
<td>36,749</td>
</tr>
<tr>
<td>Legal and Professional</td>
<td>69,494</td>
<td>73,282</td>
</tr>
<tr>
<td>Staff Uniforms</td>
<td>4,605</td>
<td>3,665</td>
</tr>
<tr>
<td>Audit</td>
<td>18,450</td>
<td>18,150</td>
</tr>
<tr>
<td>Bad Debts Written Off</td>
<td>824,874</td>
<td>1,369,452</td>
</tr>
<tr>
<td>Security</td>
<td>20,817</td>
<td>28,845</td>
</tr>
<tr>
<td>Sundry Expenses</td>
<td>8,541</td>
<td>8,909</td>
</tr>
<tr>
<td><strong>TOTAL PER INCOME AND EXPENDITURE ACCOUNT</strong></td>
<td><strong>1,913,437</strong></td>
<td><strong>2,695,716</strong></td>
</tr>
</tbody>
</table>
Notes from AGM
Notes from AGM
It’s really catching on!
Christmas & New Year Opening Hours

Monday 24th December       CLOSED (all offices)
Tuesday 25th December      CLOSED (all offices)
Wednesday 26th December    CLOSED (all offices)
Thursday 27th December     CLOSED (all offices)
Friday 28th December       TOWN CENTRE (10am-5pm) & NAVAN ROAD
                          (10am-12.30pm & 2pm-5pm)
Saturday 29th December     TOWN CENTRE (10am-5pm) & LAUREL LODGE
                          (10am-12.30pm & 2pm-5pm)
Monday 31st December       CLOSED (all offices)
Tuesday 1st January        CLOSED (all offices)
Wednesday 2nd January      LAUREL LODGE (10am-12.30pm & 2pm-5pm)
Thursday 3rd January       BUSINESS AS USUAL (all offices)

For regular office opening hours, please visit

www.communitycu.ie