



MALAHIDE
CREDIT UNION



Together We're Stronger

ANNUAL REPORT 2015

NOTICE OF AGM

MONDAY 25th JANUARY 2016

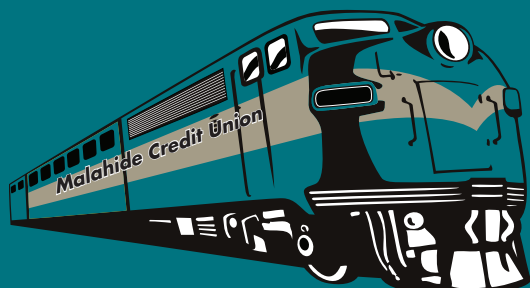
THE GRAND HOTEL, MALAHIDE

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NEW (HASSLE FREE) EXPRESS LOANS

NOT A MEMBER? — NOT A PROBLEM
JOIN TODAY — APPLY TOMORROW



**WE HAVE
LOANS
FOR WHATEVER
YOU
NEED**



NOTICE OF AGM

Notice is hereby given that the Annual General Meeting of Malahide & District Credit Union Limited will take place at The Grand Hotel, Malahide on Monday 25th January 2016 at 7pm sharp.

NOTICE OF ELECTIONS

Elections will be held to fill four vacancies on the Board of Directors, one on the Board Oversight Committee and the position of Auditor.

The election process is set out in the Nomination Committee Report.

NOTICE OF MOTIONS

It is proposed that:

1. The affiliation fee to the Irish League of Credit Unions (ILCU) for year ended September 30th 2015 will be €1.50 per adult member, to be deducted from members' shares.
2. The contribution to the ILCU International Development Trust Fund for the year ended September 30th 2015 will be €2.00 per adult member, to be deducted from members' shares.
3. Additional Insurance Services to members on an Introduction Basis, with the approval of the Registrar of Credit Unions

INFORMATION FOR MEMBERS

1. **Death Benefit Insurance**

Malahide Credit Union pays a Death Benefit Insurance premium on behalf of each member at no cost to the member.

2. **Taxation of Credit Union Share Dividend and Deposit Interest**

All credit union share dividend and deposit interest paid to members is subject to DIRT, **with the exception of dividend or interest paid to members who are exempt from DIRT.** The only members who can be exempt are:

- Members **aged over 65** whose total income is less than the relevant limit. This may change from time to time so please check with your credit union for the current limit. For married couples, only one of the spouses needs to be over 65. **To avail of this exemption, you must sign a self-declaration form DE1.** This form is available in your credit union and is a declaration that you (or your spouse) are aged over 65 and that your total income is less than the relevant limit.
- Members who are **permanently incapacitated.** Such members should either contact their local Revenue Commissioners office directly or contact a service body such as the Irish Wheelchair Association. Credit unions have no role in approving the exemption in these cases.

If you do not complete the self-declaration form, the credit union will be obliged to deduct DIRT from your dividend or interest. You will then have to apply directly to the Revenue Commissioners for a refund of this DIRT (if you are eligible).

AGENDA

1. **Acceptance of proxies (if any) by the Board of Directors**
2. **Ascertainment that a Quorum is present**
3. **Adoption of Standing Orders**
4. **Reading and approval (or correction) of minutes of last Annual General Meeting**
5. **Report of the Board of Directors**
6. **Financial Report**
7. **Report of the Auditor**
8. **Declaration of Dividend**
9. **Report of the Board Oversight Committee**
10. **Committee Reports**
11. **Report of the Nomination Committee**
12. **Appointment of Tellers**
13. **Elections**
14. **Motions**
15. **Presentations & Prize Draw**
16. **Any Other Business**
17. **Announcement of Election Results**
18. **Adjournment or Close of Meeting**

PRIZE DRAW

There will be a FREE Prize Draw for members who attend the AGM

DIRECTORS & OTHER INFORMATION

Directors

Donal Murphy (Chairperson)
John O'Halloran (Vice-chairperson)
Ciaran Lynam (Secretary)
Bryan O'Flaherty
Martin Sisk
Michael Dowling
Dara Mc Mahon
Stephen MacDonagh
Mary Gleeson
Deirdre Fahy
Geraldine Fay

Board Oversight Committee

Eileen Mooney (Chairperson)
Catherine Leahy
Liz O Connor

Manager

Vivienne Keavey

Internal Auditor

Moore Stephens Nathans

Registered Number

268CU

Registered Office

4 Main Street,
Malahide,
Co. Dublin.

Auditor

FMB
Longboat,
56 Sir John Rogersons Quay,
Dublin 2.

Bankers

Bank of Ireland
The Mall,
Malahide,
Co. Dublin.

Solicitors

Devaney & Partners
Main Street,
Malahide,
Co. Dublin

STANDING ORDERS

Reference: Recommendation 41 (b) of the Planning Committee;

1. **VOTING**

Each member shall be entitled to one vote irrespective of his/her shareholding, in accordance with section 82(2) of the Credit Union Act, 1997 (as amended).

2 - 3 **ELECTION PROCEDURE**

2. Elections to the board of directors, to the board oversight committee and the position of auditor shall be by majority vote and by secret ballot.

3. When nominations are announced tellers shall be appointed by the chair and ballot papers shall be distributed. Nominations shall be in the following order: (a) nominations for auditor; (b) nominations for members of the board oversight committee; (c) nominations for directors. When voting is completed, the votes shall be taken and tallied by the tellers. Any ballot paper which contains votes for more than the number required to be elected shall be void. All elections shall be by secret ballot and by majority vote. When the votes have been counted by the tellers, the results shall be announced by the chair. In the event that all vacancies are not filled by the first ballot further ballots shall be taken as required. In the event of an equality of votes between candidates for the remaining vacancies not filled in accordance with the above procedure one further ballot shall be taken and should that ballot fail to determine the issue, the vacancies shall be filled by lot from among such candidates having an equality of votes.

4 - 9 **MOTIONS**

4. All motions from the floor of the AGM must be proposed and seconded by members present at the AGM and moved by the proposer. If the proposer is absent when the motion is called, the motion shall be deemed to have failed.

5. A proposer of a motion may speak for such period as shall be at the discretion of the chair of the meeting and shall have the right of reply before the motion is put to the meeting for a vote.

6. In exercising his/her right of reply, a proposer may not introduce new material.

7. The seconder of a motion shall have such time as shall be allowed by the chair to second the motion.

8. Members are entitled to speak on any such motion and must do so through the chair. All speakers to any motion shall have such time as shall be at the discretion of the chair.

9. The chair shall have the absolute right to decide at any time when a motion has been sufficiently discussed and may put the motion to the meeting giving the proposer the right of reply before doing so.



STANDING ORDERS (continued)

10 - 15 MISCELLANEOUS

10. The chair of the board of directors shall be the chair of any general meeting, except where he/she is not available, in which case it shall be the vice-chair, except where he/she is not available, in which case the board shall decide amongst themselves who shall act as chair of any general meeting.
11. The chair may at his/her discretion, extend the privilege of the floor to any person who is not a member.
12. Matters not covered by the Agenda may be introduced under "Other Business" at the discretion of the chair.
13. The chairman's decision on any matter relating to these Standing Orders or interpretation of same shall be final.
14. No member shall have more than one vote on each question at any general meeting of the credit union or any adjournment thereof irrespective of his/her shareholding or the number of accounts in his/her name in the credit union provided, however, that except in voting at elections, the presiding member shall have a second or casting vote in the event of equality of voting. Voting by proxy shall be allowed only when a member other than a natural person votes through a representative, who is a member of the group, duly authorised in writing for that purpose and accepted as such by the board of directors.
15. Any matter to be decided upon by vote at the AGM shall, unless otherwise expressly provided for by law or the rules, be decided upon by simple majority.

16. SUSPENSION OF STANDING ORDERS

Any one of these Orders or all of these Standing Orders may be suspended on a motion to this effect receiving a two-thirds majority of those present and entitled to vote.

17. ALTERATION OF STANDING ORDERS

Standing Orders may be amended or altered at a general meeting and only if a motion to this effect has received a two-thirds majority of those present and voting.

18. ADJOURNMENTS

Adjournments of the AGM shall take place only in accordance with section 81(1) of the Credit Union Act, 1997 (as amended).

MESSAGE FROM OUR CHAIRMAN



The Credit Union Movement continues to change rapidly, with growing demands in compliance and governance, internal audit and fitness and probity coupled with pressures on transfers of engagements being promoted by the Central Bank. I am pleased to tell you that your Credit Union has fully implemented all these requirements, with professional reviews on an on-going basis.

Malahide Credit Union continues to build an organisation that is focussed on sustainable growth for the benefit of you, our members, our staff and our community. In this regard we are continuously developing products such as our “Express Loans” for the benefit of members that are competitively priced and conveniently drawn down. In addition your Credit union has established a Youth Committee to assist us develop services and products that younger people may require from this credit union. Fundamentally your credit union ensures that members can borrow and save in a secure and safe environment.

I want to assure members that we are open for business with friendly, professional and helpful staff that are available to assist members meet their financial needs. The life blood of the Credit Union is LENDING with favourable terms and conditions and a user friendly process. However, in order to protect members’ savings, prudent processes are necessary to ensure members are willing and able to repay their loans.

The year to September 2015, while challenging, has been a very successful year for Malahide. Serious decisions were made on caps on shares, dividend policy, new products and services in order to remain relevant for members while strengthening the credit union. In this regard, the Board decided to reward borrowers with a modest interest rebate and a small dividend which maintained the level of distribution to members similar to last year. With almost negative interest rates available on our cash reserves, borrowing by members is vital to secure our future. I am delighted to inform you that lending increased this year by almost 3%, which while modest, is our first increase in a number of years. Our strategic plan is targeting a further increase in 2016 so I am appealing to members to think of your credit union to meet all your borrowing needs for holidays, cars, home improvements, college fees etc.

I wish to take this opportunity to thank all our volunteers who have devoted their time and expertise to ensure Malahide Credit Union continues to develop and grow high quality services for members. A special big thank you to our Board, Board Oversight Committee and volunteers without whom our credit union could not survive. As I stated last year we can grow stronger together and we would be delighted to hear from any members that would be willing to help us with the work that has to be performed on an on-going basis.

Finally, our Credit Union is very successful thanks to the dedication and professionalism of our wonderful staff. I want to thank our Manager, Vivienne, for leading our credit union and keeping us focussed and compliant on all aspects of the operation. She with her marvellous team of Lucia, Aileen, Helen, Danielle, Sheena, Isobel and Kathleen continue to serve you in a friendly and professional way while managing the credit union in an efficient and effective manner.

Donal Murphy, Chairperson



MESSAGE FROM OUR MANAGER



It gives me great pleasure to report on another successful year and as always the AGM is an opportunity for us to discuss the financial standing of your credit union. However, I would firstly like to remind you of something that is more fundamental to what we do and that's the "credit union difference", what it is that makes our movement different and better than the alternatives. In all the turmoil of the financial crisis, new regulations, compliance requirements and fitness and probity, it sometimes seems to me that the real credit union story gets lost in the mix. Essentially, credit unions are about community and community

spirit, providing financial services on a not-for-profit basis for all, whatever their circumstances. Unusually for an urban community, Malahide has a vibrant community spirit as evidenced in the number of sports clubs and other locally based activities. Malahide Credit Union is a community based financial service provider which should fit neatly into this space but it sometimes feels that we are seen as a slightly old fashioned concept, nice to have but not quite managing to engage with the wider community. We really want to change this mind-set and we need your help to do it. Credit unions are inclusive – a core value of our credit union is to include all elements of our community and provide for the economic and social goals of all community members, not just some.

I hope you will agree that we provide an excellent service to our members, as good as or better than other financial institutions. Nobody has to talk to a machine in Malahide Credit Union! We plan to improve our range of products and services in 2016 and implement planned initiatives that support our key financial growth goals and operational project plans and are always open to ideas and suggestions to help us to do so - it is your credit union after all. But we need you, your families and friends to do more of your business with us. We especially want to help our younger members to make a start in their "financial" lives, to establish a savings habit and borrowing record that will stand to them when they need to make their future significant financial decisions.

Our most important service, both for members and for the credit union, is lending. Loan interest income is our life blood and we believe that our loan products offer some of the best value in the market, especially when you factor in the Loan Protection insurance that we provide at no additional cost to all borrowers. During the year we granted over €3.3 million in new loans, much of which was spent within the local community. But we have lots more money to lend. In May we introduced our new "Express" loan, designed to make it easier for first-time borrowers to get a loan. In the five months to end September we issued 48 of these loans with a total value of over €92,000. We will continue to offer and develop innovative and attractive loan products – we just need you, your family and friends to avail of them.

The more we can lend, the stronger your credit union will be in the long term and remember, we provide loans for any purpose on terms that will suit your requirements. As a "thank you" to our borrowers, we are proposing to pay a 5% rebate of loan interest paid during the year. The rate of return on our Deposits and Investments has fallen due to market conditions and is expected to remain low for the foreseeable future. The best way to counter this is to increase the amount that we have out on loan to our members.

From a savings point of view we are proposing to pay a dividend of 0.2%, a generous return

MESSAGE FROM OUR MANAGER (continued)

in today's low interest rate climate. We are part of both the ILCU Savings Protection Scheme and the Government's Deposit Guarantee Scheme, so your savings are safe with Malahide Credit Union.

You may remember that last year we were the first credit union in Ireland to implement the credit union movement's new payments system (CUSOP). The system is working very well with over 33,000 transactions with a value of almost €8 million and we expect that the range of electronic services that it can provide will grow over the next few years. We also introduced our cuAnywhere FREE Mobile Banking App that gives our members secure access to their finances anytime, anywhere. This has also proved popular with members, with over 1,300 members registered to use our website to check balances, pay bills, etc.

From a governance perspective, we have continued to meet all of our regulatory requirements and your credit union is well positioned to meet the challenges that we will undoubtedly face in the future. You will have heard a lot of talk about credit union mergers and while we have discussed our options at board meetings, we are confident that we can continue to survive and prosper as an independent credit union. However, we would never rule out such a move if it was in the best interests of our members and we would of course seek your views in advance of any such proposal.

From a financial perspective, we performed very well in a difficult operating environment, with continued downward pressure on income and upward pressure on operating costs. Our Surplus fell to just over €100,000 mainly due to new compliance-related costs and bad debts written-off of €67,740. While these loans are written-off, the money is still owed and we will continue to seek repayment. You will note that in 2015 we recovered €42,236 from loans that were previously charged off.

We have a robust cost management process in place to ensure that our expenditure remains under control and that we get the best value possible. All of the above has left us in a financially strong position, with Reserves of over €2.6 million which equates to 14% of our assets, well in excess of the 10% required by the Central Bank. It appears that the worst of the financial crisis is now over and we believe that we have built a strong base that will enable us to grow and thrive over the foreseeable future – but your continued support is vital.

In conclusion, I would like to thank my colleagues, Board, volunteers and staff, for their ongoing commitment and dedication to the achievement of our strategic objectives. I want to compliment our staff on their willingness to embrace change and assume significant additional levels of responsibility. I wish you all a happy and prosperous 2016.

Vivienne Keavey
Manager
January 2016



REPORT OF THE CREDIT COMMITTEE

Offering loans to our members is one of the core services offered by Malahide Credit Union. It is the role of the Credit Committee to oversee the loan approval process.

It was a very busy year for the Credit Committee. Given the improving economic environment, with reduced unemployment and a greater degree of financial stability in the country, the number of loans approved increased from last year. Our lending grew by almost 3% which is very impressive in an environment where most borrowers are repaying loans rather than taking out new borrowings.

A total of 852 loans were issued, totalling €3,339,396. The outstanding loans to members exceeded €4,843,498, representing approximately 30% of members' savings.

Uniquely, within the Credit Union movement, in 2015 we launched our new and innovative Express Loan where new members (or existing members who have never borrowed from us before) can borrow without having to be members for a minimum time period.

The maximum Express Loan is €2,500 and the loan must be repaid within 12 months. We were the first Credit Union in Ireland to offer this facility and now many more have followed suit and offer the same product.

Of course we also consider larger loan applications from existing and new members, subject to our revised lending criteria.

I am pleased to say that Malahide Credit Union has remained a very attractive option for members to access a wide variety of loans for just about any purpose. Some of the benefits of borrowing from your credit union include:

- Quick decisions
- Competitive rate of interest
- Top-up loans
- You can repay loans ahead of schedule without penalty
- Loan Protection Insurance (at no extra cost to the borrower)
- No transaction charges

The Credit Committee make every effort to accommodate their member's application for a loan, however we are very conscious of the absolute necessity to be prudent with members' savings.

We will continue to place the primary emphasis very firmly on the member's ability to repay the loan as well as taking into account the member's previous good record.

Michael Dowling

On behalf of the Credit Committee

REPORT OF THE CREDIT CONTROL COMMITTEE

The main function of the Credit Control Committee is the monitoring of all loans and the recovery of all debts, for which provisions have to be made under Resolution 49 of the Credit Union Act.

In the current financial climate, the work of the Committee has assumed even greater importance and we wish to acknowledge the continuous and diligent work of the Manager and staff in their day-to-day dealings with members on behalf of the Committee and Board.

Interviews are held with members who are experiencing difficulties and every effort is made to help them. Our simple message is "Please help us to help you". If a problem arises which affects your loan repayments, please contact us as early as possible and let us know. We assure you that all such problems will be dealt with in a sympathetic manner and in total confidence. We again urge members not to ignore communication from the Credit Union.

Bad debts recovered 2015	€42,236	(€46,754 in 2014)
Loans charged off 2015	€67,740	(€22,016 in 2014)

The Committee, management and staff will continue to pursue charged off loans to recover outstanding amounts. It is important to note that all legal fees incurred in the recovery of a debt are the sole responsibility of the member concerned (or the guarantor where this applies).

It is important to remember, too, that the Credit Control Committee and the Board of Directors are responsible for members' savings and it is incumbent on us to pursue all debts owing to the Credit Union by all legal means.

The Committee wishes to acknowledge the outstanding work performed by the Manager and Credit Control Officer during the year which has resulted in our bad debt ratio being significantly below the national average.

In conclusion, we thank you for your continued support and, hopefully with your assistance, we will see an even better year for Credit Control and your Credit Union in 2016.

Stephen MacDonagh
On behalf of the Credit Control Committee



REPORT OF THE BOARD OVERSIGHT COMMITTEE

The members of the Board Oversight Committee in 2015 were Eileen Mooney (chairperson), Liz O'Connor and Catherine Leahy (secretary).

We work on behalf of members of Malahide Credit Union to ensure that your interests are looked after and we would ask you to note that we are independent and separate from the Board.

In general the functions of the Board Oversight Committee relate to the assessment, evaluation and reporting on whether the Board of Directors has operated in accordance with Part 1A and 1VA of the 1997 Act. The Board Oversight Committee is not directly involved in the operations of the Credit Union. The Board Oversight Committee has participated in further training courses to meet fitness and probity requirements as laid down by the Central bank and we thank the Board for their co-operation.

Our work plan for the coming year will again focus on the functions of the Board of Directors, Board Committees, Internal Audit, and Risk Management & Compliance. At least one Board Oversight Committee member is in attendance at the Board Meetings, and the Board Oversight Committee meets with the Board quarterly to ensure that the Board is complying with the new legislation. We will continue to attend meetings of the various committees and liaise with the Internal Auditor and Risk Management & Compliance Officer.

The audits demonstrated high standards of governance in place and we are satisfied that your Credit Union is being run in a very satisfactory manner and that the Board of Directors has operated in accordance with Part IV and IVA of the 1997 Act.

Finally, we would like to thank the members of the Board and the Manager and Staff for all their co-operation and help throughout the year.

Eileen Mooney

Chairperson of the Board Oversight Committee

REPORT OF THE NOMINATION COMMITTEE

Elections will be held to fill one vacancy on the Board Oversight Committee, four vacancies on the Board of Directors and the position of Auditor.

During the course of the year, the Nomination Committee identified candidates to stand for the above positions and they have been assessed under the fitness and probity regime, as required by the Central Bank, with satisfactory results. The names of such candidates appears on the ballot paper for this AGM.

All members are entitled to put themselves forward for nomination to the Board/Board Oversight Committee for future years. Expressions of interest can be submitted in writing to 'The Nomination Committee, Malahide Credit Union, 4 Main Street, Malahide, Co. Dublin'. As Board positions are controlled functions under the Central Bank's Fitness and Probity regulations, the Nomination Committee must undertake due diligence on all applicants.

There is one candidate proposed by the Board of Directors for the vacancy of Auditor.

■ FMB, Chartered Accountants

Stephen MacDonagh
Chairman

REPORT AND FINANCIAL STATEMENTS

For the Year Ended 30 September 2015

Registration Number 268CU

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DIRECTORS' REPORT

The directors present their report and audited financial statements for the year ended 30 September 2015.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The credit union continued to attract additional members' savings during the financial year. Lending activity has increased and the gross loan book has grown by 2.8% from the previous financial year.

RESULTS FOR THE YEAR AND STATE OF AFFAIRS AT 30 SEPTEMBER 2015

The income and expenditure account and the balance sheet for the year ended 30 September 2015 are set out on pages 10 and 11.

PRINCIPAL RISKS AND UNCERTAINTIES

The credit union, as with many other financial institutions, continues to face uncertainties arising from the general economic conditions. The board are actively monitoring the effects of these conditions on the daily operations of the credit union.

The principal areas currently requiring risk management include:

- Credit risk: The risk of financial loss arising from a borrower, issuer, guarantor or counterparty that may fail to meet its obligations in accordance with agreed terms. In order to manage this risk the Board approves the Credit Unions lending policy and all changes to it. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently, loans are regularly reviewed for any factors that may indicate impairment. The Board approves the Credit Union's Credit Control policy which monitors the procedures for the collection of loans in arrears and also the basis for impairment on loans.
- Liquidity risk: The risk that a credit union will not be able to fund its current and future expected and unexpected cash outflows as they fall due without incurring significant losses. This may occur even where the credit union is solvent. The credit union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its obligations as they fall due. The objective of the liquidity policy is to smooth the timing between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise.
- Capital risk: Capital is required to act as a cushion to absorb losses arising from business operations and to allow a credit union to remain solvent under challenging conditions. Capital risk arises mainly as a result of the quality or quantity of capital available, the sensitivity of the credit union exposures to external shocks, the level of capital planning and the capital management process. Capital risk could potentially impair a credit union's ability to meet its obligations in an adverse situation. The board manage this risk by ensuring that sufficient reserves are set aside each year to absorb any potential losses.
- Operational risk: The risk of loss (financial or otherwise) resulting from inadequate or failed internal processes or systems of the credit union; any failure by persons connected with the credit union; legal risk (including exposure to fines, penalties or damages as

DIRECTORS' REPORT (continued)

well as associated legal costs); or external events; but does not include reputational risk. Examples of operational risks include hardware or software failures, cyber risk, inadequate business continuity plans, misuse of confidential information, data entry errors and natural disasters.

- Interest rate risk: The interest rate risk arises from differences between the interest rate exposures on loans and investments receivable, as offset by the cost of capital, which is typically that of distributions to members' payable in the form of dividends and interest rebates. The credit union considers rates of interest receivable when deciding on the appropriation of income and its returns to members. The Board monitors such policy in line with the Credit Union Act, 1997 (as amended) and guidance notes issued by the Central Bank of Ireland.
- Strategy/business model risk: This refers to the risk which credit unions face if they cannot compete effectively or operate a viable business model. Strategy/business model risk also includes the inherent risk in the credit union's strategy. The board have developed and approved a detailed strategic plan to formulate the short term direction of the credit union operations.

DIVIDENDS

The directors recommend payment of a dividend of €29,577.00 (0.20%) for the year, (2014 - 0.40%) and an interest rebate of €25,505.00 (5.00%) for the year (2014 - 0%).

POST BALANCE SHEET EVENTS

The directors have not identified any post balance sheet events which impact on the figures or disclosures in the financial statements to 30 September 2015.

INTERNAL AUDIT FUNCTION

In accordance with Section 76K of the Credit Union Act, 1997 (as amended) the board have appointed an internal audit function to provide for independent internal oversight and to evaluate and improve the effectiveness of the credit union's risk management, internal controls and governance process.

ACCOUNTING RECORDS

The Directors believe that they comply with the requirements of Section 108 of the Credit Union Act, 1997 (as amended) with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account of the credit union are maintained at the credit union's premises at 4 Main Street, Malahide, Co. Dublin.

Approved by the Board on : 17 November 2015



Donal Murphy
Member of the Board of Directors



John O'Halloran
Member of the Board of Directors



STATEMENT OF DIRECTORS' RESPONSIBILITIES

for the year ended 30 September 2015

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 the affairs of the credit union and of the income and expenditure of the credit union for that year. In preparing those financial statements the directors are required to:

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

The directors are responsible for keeping 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 (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.

On behalf of the Credit Union :- 17 November 2015

Donal Murphy
Member of the Board
of Directors

John O' Halloran
Member of the Board
of Directors

STATEMENT OF BOARD OVERSIGHT COMMITTEE'S RESPONSIBILITIES

for the year ended 30 September 2015

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

Eileen Mooney
Member of Board Oversight Committee

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MALAHIDE AND DISTRICT CREDIT UNION LIMITED

We have audited the financial statements of Malahide and District Credit Union Limited for the year ended 30 September 2015 which comprise of the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is Irish Law and Accounting Standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice 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 the Directors and Auditors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the Financial Statements, giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish Law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the Audit of Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the credit union's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our audit report.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MALAHIDE AND DISTRICT CREDIT UNION LIMITED (continued)

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the credit union's affairs as at 30 September 2015 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland;
- have been properly prepared in accordance with the requirements of the Credit Union Act, 1997 (as amended).

Other matters prescribed by the Credit Union Act, 1997 (as amended):

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

Kevin Morris
for and on behalf of FMB
Chartered Accountants
Registered Auditor

Longboat,
56 Sir John Rogersons Quay,
Dublin 2.
DATE : 30 November 2015

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 30 September 2015

The results for the year have been determined and the Balance Sheet compiled in accordance with the following accounting policies :-

1. Historical Cost Convention

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Financial Reporting Council, as promulgated by the Institute of Chartered Accountants in Ireland.

The credit union has consistently applied all relevant accounting standards.

2. Revenue Recognition

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

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).

Investment Income

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

3. Investments

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 (time) basis.

Term deposits and fixed interest investment bonds

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

Investments 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 irrevocably receivable.



SIGNIFICANT ACCOUNTING POLICIES (continued)

for the year ended 30 September 2015

Government & bank bonds with a fixed maturity date

Government bonds and bank bonds are recognised in the financial statements at cost. Premiums paid to acquire bonds are amortised over the remaining term of the bond. Bonds acquired at a discount are recognised at cost. The credit union intends to hold bonds until their maturity date. Government and bank bonds pay an annual coupon which is recognised in the income and expenditure account.

Bonds with guaranteed capital and variable interest rates

Interest income is recognised as received. Some bonds pay high rates of interest in early years and lower rates in later years. Paying higher amounts in early years reduces (impairs) 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.

4. Depreciation

Depreciation is calculated to write off the original cost of the Fixed Assets, less their expected residual value, over their estimated useful lives at the following annual rate:

Premises	-	Straight Line over forty years
Computer equipment	-	25% Straight Line
Office equipment	-	10% Straight Line

The carrying value of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

5. Pension Costs

The credit union operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the credit union in an independently administered fund. The pension charge represents contributions payable by the credit union to the scheme.

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. A minimum provision for doubtful debts is made against loan balances in arrears as at 30 September 2015 based upon the number of weeks a loan is in arrears. In addition a full loan book review is carried out to identify additional specific provisions required over and above the weeks in arrears calculations and an amount of €312,829 has been identified in respect of this.

7. Dividends and other Returns to Members

Final dividends and other returns to members are accounted for as a liability after they are approved by the members in general meeting.

INCOME AND EXPENDITURE ACCOUNT

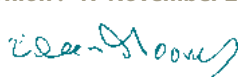
for the year ended 30 September 2015

	Schedule	2015 €	2014 €
Income			
Interest on members' loans		510,093	456,881
Other interest receivable and similar income	1	190,439	178,885
Net interest income		700,532	635,766
Other income	2	21,963	32,764
Total Income		722,495	668,530
Expenditure			
Salaries		217,444	194,572
Other management expenses	3	400,938	316,287
Depreciation		45,636	42,173
Bad debts recovered		(42,236)	(46,754)
Total Expenditure		621,782	506,278
Excess of Income over Expenditure		100,713	162,252
Add: Undistributed surplus 1 October		282,702	168,281
Total:		383,415	330,533
Less: Transfer to statutory reserve		(10,071)	(16,225)
Transfer to additional regulatory reserve		(145,020)	(85,000)
Transfer (to)/from general reserve		-	(5,000)
Transfer from bad debt reserve		-	90,000
Dividend paid		(55,072)	(31,606)
Total:		(210,163)	(47,831)
Undistributed surplus 30 September 2015		173,252	282,702

On behalf of the Credit Union :- 17 November 2015



Donal Murphy
**Member of Board
of Directors**



Eileen Mooney
**Member of the
Board Oversight Committee**



Vivienne Keavey
Manager

The accompanying notes form part of these accounts

BALANCE SHEET

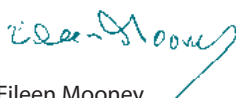
as at 30 September 2015

	Note	2015 €	2014 €
Assets			
Cash at bank and on hand		592,496	770,211
Deposits and investments	4	12,354,718	10,872,601
Members' loans		4,843,498	4,710,746
Less provision for bad and doubtful debts		(409,247)	(409,247)
Tangible fixed assets	5	1,409,106	1,438,980
Prepayments and accrued income		55,769	50,924
Total Assets		18,846,340	17,434,215
Liabilities			
Members' shares	6	16,023,755	14,730,828
Q Cash accounts		132,557	49,909
Other liabilities, accruals and charges	7	50,158	59,249
Total Liabilities		16,206,470	14,839,986
Represented By:			
Statutory reserve	8	1,511,825	1,501,754
Additional regulatory reserve	8	561,091	416,071
Other reserves	9	566,954	676,404
Total Reserves		2,639,870	2,594,229
		18,846,340	17,434,215

On behalf of the Credit Union :- 17 November 2015



Donal Murphy
**Member of Board
of Directors**



Eileen Mooney
**Member of the
Board Oversight Committee**



Vivienne Keavey
Manager

The accompanying notes form part of these accounts

CASH FLOW STATEMENT

for the year ended 30 September 2015

	2015 €	2014 €
Opening cash and investments	11,642,812	10,599,380
Receipts		
Members' shares	9,087,487	8,667,437
Members' loans repaid	3,138,904	3,072,464
Members' loan interest received	510,093	456,881
Investments interest received	190,439	178,885
Bad debts recovered	42,236	46,754
Other receipts	21,963	32,764
Decrease/(Increase) in prepayments	(4,845)	25,627
Total	<u>12,986,277</u>	<u>12,480,812</u>
Disbursements		
Members' shares withdrawn	7,794,560	7,852,706
Members' loans granted	3,339,396	3,047,554
Dividends paid	55,072	31,606
Operating expenses	550,642	488,843
Fixed assets purchased	15,762	1,709
(Increase)/Decrease in other liabilities	(73,557)	14,962
Total	<u>11,681,875</u>	<u>11,437,380</u>
Closing cash and investments	<u>12,947,214</u>	<u>11,642,812</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2015

1. Employees		
Employment costs	2015	2014
	€	€
Wages and salaries	197,425	177,729
Social welfare costs	20,019	16,843
Other pension costs	3,223	3,046
	<u>220,667</u>	<u>197,618</u>
2. Pension costs		
Pension costs amounted to €3,223 (2014 - €3,046).		
3. Analysis of Investment Income	2015	2014
	€	€
Received during the year	160,000	144,556
Receivable within 12 months	30,439	34,329
Other investment income	-	-
	<u>190,439</u>	<u>178,885</u>
4. Investments	2015	2014
	€	€
Investments are classified as follows:		
Cash and short term deposits maturing within 3 months	4,020,460	5,297,268
Fixed term deposits maturing after 3 months	3,913,977	3,774,787
Central Bank deposits	90,556	75,487
Accounts in authorised credit institutions	3,222,459	1,625,059
Investment bonds	1,107,266	100,000
	<u>12,354,718</u>	<u>10,872,601</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 September 2015

5. Tangible fixed assets

	Premises €	Computer equipment €	Office equipment €	Total €
Cost				
At 1 October 2014	1,521,347	199,021	28,188	1,748,556
Additions	-	15,762	-	15,762
At 30 September 2015	1,521,347	214,783	28,188	1,764,318
Depreciation				
At 1 October 2014	104,322	197,789	7,465	309,576
Charge for the year	38,034	4,783	2,819	45,636
At 30 September 2015	142,356	202,572	10,284	355,212
Net book values				
At 30 September 2015	1,378,991	12,211	17,904	1,409,106
At 30 September 2014	1,417,025	1,232	20,723	1,438,980

An independent valuation of the credit union's premises at 4 Main Street, Malahide was carried out by Kevin Flanagan & Associates, on 10 August 2015, which stated that the premises had an open market valuation of €1.4 million. The directors have confirmed that they are satisfied that no indication of impairment exists at 30 September 2015.

6. Members' shares

	2015 €	2014 €
Regular share accounts	15,507,630	14,435,383
Special share accounts	516,125	295,445
Medium term share accounts	-	-
Long term share accounts	-	-
Total per balance sheet	16,023,755	14,730,828

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 September 2015

7. Other Liabilities and Charges

	2015	2014
	€	€
PAYE/PRSI control account	5,215	5,043
Accruals	44,943	54,206
	<u>50,158</u>	<u>59,249</u>

8. Statutory & Regulatory Reserve

	Balance 01/10/14	Net Movement	Balance 30/09/15
	€	€	€
Statutory Reserve	1,501,754	10,071	1,511,825
Additional Regulatory Reserve	<u>416,071</u>	<u>145,020</u>	<u>561,091</u>
Total Statutory & Additional Regulatory Reserve	<u>1,917,825</u>	<u>155,091</u>	<u>2,072,916</u>

The Credit Union is required to maintain a Regulatory Reserve Ratio of not less than 10% in accordance with the Credit Union Act, 1997 (Section 85) Rules 2009.

The balance on the combined statutory and additional regulatory reserve represents 11.00 % of total assets as at 30 September 2015.

The transfer into the additional regulatory reserve has been funded by a transfer from the undistributed surplus reserve, a distributable reserve set aside in prior financial periods.

9. Other Reserves

	Balance 01/10/14	Net Movement	Balance 30/09/15
	€	€	€
Realised			
General reserve	143,702	-	143,702
Undistributed Surplus	282,702	(109,450)	173,252
Dividend reserve	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Total other reserves	<u>676,404</u>	<u>(109,450)</u>	<u>566,954</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 September 2015

10. Dividends, Loan Interest Rebate and Other Returns to Members

The directors recommend the following distributions:

	2015		2014	
	Rate %	€	Rate %	€
Dividend on shares	0.20%	29,577	0.40%	55,073
Loan interest rebate	5.00%	25,505	-%	-

In accordance with FRS 21 "Events after the balance sheet date", dividends and returns to members are accounted for in the financial statements after they are approved by the members in general meeting.

11. Related Party Transactions

The company has identified the following transactions which are required to be disclosed under the terms of FRS8 'Related Party Transactions'

Transactions with Officers

The following details relate to officers accounts with the credit union.

	2015	2014
	€	€
Aggregate amount of shares held by officers	169,785	151,734
Aggregate amount of loans outstanding by officers	74,950	71,027

The aggregate amount of loans issued to officers during the year under Section 36(3) of the Credit Union Act, 1997 (as amended) was €32,887.

12. Insurance Against Fraud

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

13. Post Balance Sheet Events

The directors have not identified any post balance sheet events which impact on the figures or disclosures in the financial statements to 30 September 2015.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 September 2015

14. Rate of Interest Charged on Members' Loans

The credit union currently charges interest at the following rates:

Standard Loan	11.90%
Christmas Loan	7.75%
Education Loan	9.50%
Covered Loan	6.00%
Holiday Loan	9.50%
Express Loan	11.90%

The maximum term on the education, christmas, holiday and express loans is one year.

15. Contingent Liabilities

All capital invested in fixed term investment products is guaranteed only if held to maturity. In the unlikely event of early encashment there may exist an early settlement penalty or capital loss. The board of directors have confirmed that they intend that all such investments are to be held until their maturity dates.

16. Authorisation and Approval of Financial Statements

The board of directors authorised and approved these financial statements for issue on 17 November 2015.

SCHEDULES

Schedule 1. Other Interest Receivable and Similar Income

	2015	2014
	€	€
Investment income	190,439	178,885
	190,439	178,885

Schedule 2. Other Income

Entrance fees	419	382
E.C.C.U. rebate	16,490	22,645
Other commissions	5,054	9,737
	21,963	32,764

Schedule 3. Other Management Expenses

Staff pension costs	3,223	3,046
Staff training	6,371	4,724
E.C.C.U. Insurance	68,602	65,165
Death benefit expense	22,215	24,717
Savings protection scheme	7,533	8,353
Rates	12,269	12,269
General insurance	7,996	7,251
Light and heat	4,139	3,426
Cleaning	2,242	2,000
Security & alarm	6,025	5,288
Printing, postage, stationery and office expenses	19,236	12,531
Advertising, promotion and marketing	7,460	16,423
Telephone	5,516	7,585
Computer costs	24,657	15,186
CUSOP expenses	12,416	11,695
Chapter dues	672	332
Convention and seminar expenses	15,021	12,954
Travelling and subsistence	3,525	1,428
Social expenses	4,276	2,709
Legal and professional	56,201	32,320
Audit	14,442	14,405
Bank charges	5,457	8,500
Bad debts	67,740	22,016
Amortisation of bond premium	234	-
General expenses	1,760	1,324
Affiliation & regulation fees	15,935	14,636
Subscriptions and donations	5,775	6,004
	400,938	316,287



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MALAHIDE
CREDIT UNION

"OUR MISSION IS
TO FULFIL THE
FINANCIAL NEEDS
OF OUR MEMBERS,
THROUGH EXCELLENT
SERVICE, BASED ON MUTUAL
TRUST AND INTEGRITY."



MALAHIDE
CREDIT UNION

OFFICE OPENING HOURS

Monday 10:00am – 2:00pm
Tuesday 10:30am – 4:00pm
Wednesday 10:00am – 4:00pm
Thursday 10:00am – 5:00pm
Friday 10:00am – 7:00pm
Saturday 9:30am – 12:30pm
Sunday & Bank Holidays Closed

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