



MALAHIDE
CREDIT UNION

stronger together

NOTICE OF AGM
TUESDAY 22ND JANUARY 2013
THE GRAND HOTEL, MALAHIDE

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



MALAHIDE
CREDIT UNION

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NOTICE OF AGM

Notice is hereby given that the Annual General Meeting of Malahide & District Credit Union Ltd. will take place at the Grand Hotel, Malahide, on Tuesday, 22nd January 2013, at 8.00pm sharp.

NOTICE OF ELECTIONS

(For the year ended 30th September 2012)

Nominations for the positions of Directors, Supervisor and Auditor must be in writing and 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 included in this Notice and completed forms must reach the Credit Union's Registered Office no later than 12.30pm on Saturday, 19th January 2013. All those nominated (other than for the position of Auditor) must be members of the Credit Union and have reached the age of 18.

Alan Kelly & Vivienne Keavey

Nominating Committee

NOTICE OF MOTIONS

It is proposed that:

1. The affiliation fee to the Irish League of Credit Unions (ILCU) for the year ended September 30th 2012 will be €1.00 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 2012 is 64c per adult member, to be deducted from members' shares.

INFORMATION FOR MEMBERS

1. Elections: There are three vacancies for Board membership and one vacancy for Supervisory Committee membership to be filled. Nomination Forms are available at the end of this report.
2. Malahide Credit Union pays a Death Benefit Insurance Premium on behalf of each member at no cost to the member.

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. Report of the Treasurer
7. Report of the Auditor
8. Report of the Supervisory Committee
9. Declaration of Dividend
10. Committee Reports
11. Nomination Committee Report
12. Appointment of Tellers
13. Elections
14. Motions
15. Amendment of Rules
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.

MESSAGE FROM OUR CHAIRPERSON



Photo by Aisling Keavey

2012 has been a memorable year for Malahide Credit Union. However, despite the financial environment, many significant milestones were achieved during the past year. Not least among these was our move to Main Street, in the heart of Malahide. Our new premises offer a friendly atmosphere of productivity and innovation as we develop and provide products and services that meet the ongoing needs of our members.

We set out to raise the profile of our Credit Union by moving to a more prominent location, supplemented by a comprehensive communications campaign. I am delighted to report that the move has been a resounding success. During these challenging and testing times, membership and shares have increased and the level of loans is beginning to show signs of growth. We have been greatly encouraged by the ongoing support and positive feedback we continue to receive from members – old and new – who have benefitted considerably from the move. We plan to implement further advertising campaigns in the New Year to promote key services and ensure continued growth.

With the major banks closing branches, and even those remaining open with very restricted services, Credit Unions, more than ever, remain vital and accessible providers of essential financial services across the country.

The depth of the crisis, in the financial sector, has made it very clear that the system of regulations operating prior to the crash was seriously deficient. And we are all paying the price now. It is worth noting that, unlike the Banks, not one euro of Government money has been provided to any Credit Union and no Credit Union has collapsed.

Credit Unions look at things differently. Banks and other financial institutions are about profit, Credit Unions are always about their members. We will continue to make prudent and responsible decisions on your behalf and you can be reassured that your savings are protected under the Government's Deposit Guarantee Scheme of up to €100,000 per member.

In spite of the record of the Credit Union movement over a long number of years, proposed new legislation, being considered by the Government, may force Credit Unions to limit the terms of office of their voluntary Board Members. While regulations are very important in today's financial sector, such a restriction does not apply to the Irish banks or to any other Credit Union movement in the world. If implemented, this restriction would have a very negative effect on the volunteer ethos of the Credit Union movement in Ireland. On a more positive note, the Board is in the process of making plans, which will place our Credit Union in a strong position, to meet the challenges of the new legislation.

At the invitation of the Central Bank, and with the involvement of the Irish League of Credit Unions, over the last year we have been working on the proposed transfer of Howth Sutton Credit Union to Malahide and District Credit Union.

However, at a meeting in August, The Central Bank instructed us to put this project on hold. I would like to take this opportunity to reassure the members that, while we can see many positive advantages for Malahide Credit Union, our primary concern will continue to be our members' financial welfare.

The momentum our Credit Union has gathered through success stories and good planning, combined with mounting demand from members, provides the basis for substantial strength and growth in the coming months. Our goal has always been steadfastly to improve member service and thrive profitably for the benefit of all.

All of this would not have been possible without the support from our valued members. I wish to take this opportunity to thank all those who were involved in making 2012 such a memorable and successful year.

The Credit Union benefits from the diligent input of a focused and engaged group of individuals who volunteer their time to ensure that we continue to meet expectations and deliver high quality services. I would like to thank Donal, our Treasurer, our Secretary, Alan, our Board of Directors, Supervisors and Volunteers for their longstanding commitment to Malahide Credit Union and its members.

Malahide Credit Union would not be the entity that it is without the unstinting dedication of our staff. I would like to thank our Manager, Vivienne, who has played such a significant role in leading our Credit Union. I would also like to thank Lucia, Kathleen, Aileen, Caroline and Helen. This is a team of friendly, experienced professionals, whose goal is to serve you, our members, well and run our Credit Union in the most efficient and cost-effective way possible.

Our number one priority at all times is to serve the best interests of our members and this will be reflected in all decisions taken by this Credit Union, now and into the future. With your continued loyalty, trust and support, I look forward with confidence to 2013. These are exciting times.



Bryan O'Flaherty
Chairperson
December 2012

REPORT OF THE TREASURER



RESULTS

Despite the very difficult economic environment, Malahide Credit Union achieved a strong financial performance in 2012 with prudent and sound lending and investment policies. The results for the year show a decrease of approximately 3% in overall income while expenditure increased by a similar percentage of approximately 3% compared to 2011.

Interest earned on members' loans was an impressive €468,721 in this climate of harsh cut-backs. Our investment policy of pursuing safe and secure investments, while availing of investments that provide good returns, continued in 2012. The abiding principle is that members' shares are protected so, I am delighted to report that investment income of €197,821 was achieved.

Expenditure increased by €16,798 in 2012 due to the impairment of €84,332 on Railway Avenue (premises) offset by the excellent management of bad debts by the staff and Credit Committee. All bad debts are pursued vigorously which is reflected in €58,393 recovered during the year. Your Credit Union is in a good financial state with no liquidity issues, as confirmed by our Auditors.

Our manager, Vivienne Keavey, and all the staff deserve tremendous praise and a big thank you for their vigilance and hard work in maintaining the standards necessary for the successful operation of your Credit Union. A special thank you to those on the Board, the Supervisory Committee and other various committees who give their time and expertise on a voluntary basis without which the Credit Union could not provide, I hope you agree, an excellent and secure service to you the members.

DIVIDEND

The dividend has been set at 0.35% for 2012. I am, however, pleased to be in a position to recommend this modest dividend notwithstanding the impairment charge on Railway Avenue and the difficult environment.

CONCLUSION

Malahide Credit Union continues to perform very well in these challenging times. In order to protect members' interests, it is important that prudence is continued over the coming years. Our new premises on Main Street, along with our enhanced communication strategies and campaigns, will enable us to obtain a higher profile in the community and grow stronger in the coming years. It is vital that any financial difficulties being experienced by members should be brought to the attention of the manager and that every effort is made to continue repayments on a regular and realistic basis. Finally, I would like to again offer my sincere thanks to the staff, Board, supervisors and Committee members for their support and efforts during a challenging but rewarding year.

Donal Murphy
Treasurer
December 2012

MESSAGE FROM OUR MANAGER

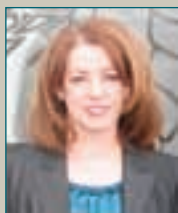


Photo by Gwen Kelly

Malahide Credit Union has come a long way in a short time.

Since its inception, we have evolved and grown and, in recent years, we have invested in people, facilities, equipment, systems and technology. We are delighted to have witnessed this investment deliver solid results for you our members.

“Fulfilling the financial needs of our members, through excellent service” is the motivation that makes us work so hard every day.

We appreciate the confidence and support that we receive from members and our efforts will continue to be focused on giving our best, remaining committed to improving services and products to satisfy ever-changing needs and demands.

We aim to make the most of our resources, enabling us to transform ideas into tangible results that will allow us to position ourselves effectively in a challenging landscape. We believe that this daily commitment to efficiency has allowed us to construct and broaden loyal and trustworthy relationships with our members. We continue to strive to represent all of you as best we can by offering and implementing the best services and products for your investment, generating benefits for everyone.

Credit Unions have such a rich history and exist only to serve our members and not profit from their needs. Credit Unions remain a huge asset to this country. We grew out of the banking instability of the 1950s and are as essential now as we were then. We continue to work hard to ensure a strong, viable and competitive Credit Union alternative to the remaining commercial banks in Ireland.

I am happy to report that Malahide Credit Union is in a very strong position as we face another challenging year. 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.

Strength lies in numbers and as we face a New Year, I believe that we are indeed stronger together.

A handwritten signature in blue ink that reads "Vivienne Keavey".

Vivienne Keavey
Manager
December 2012

DIRECTORS, STAFF & OTHER INFORMATION

DIRECTORS

Bryan O'Flaherty
Brian Mulligan
Alan Kelly
Donal Murphy
Martin Sisk
Michael Dowling
Clare Gibson
Liz O'Connor
Maureen Fox
Stephen MacDonagh
Thomas O'Sullivan
Alban Kelly-Mor
Ciaran Lynam

Chairperson
Vice-Chairperson
Secretary
Treasurer

SUPERVISORY COMMITTEE

Eileen Mooney
Niall Duffy
Valerie McLoughlin

Chairperson

STAFF

Vivienne Keavey
Lucia Kane
Kathleen Jennings
Aileen Lawlor
Caroline McDonnell
Helen Daffy

Manager

REGISTERED OFFICE

4 Main Street
Malahide, Co Dublin

REGISTERED NUMBER

268CU

AUDITOR

FMB
Longboat, 56 Sir John Rogersons Quay
Dublin 2

BANKERS

Bank of Ireland
The Mall, Malahide, Co Dublin

SOLICITORS

Devaney & Partners Solicitors
Main Street
Malahide, Co Dublin



stronger together

REPORT OF THE SUPERVISORY COMMITTEE

The members of the Supervisory Committee in 2012 were Eileen Mooney (Chairperson), Valerie McLoughlin and Niall Duffy (Secretary).

This is a welcome opportunity for us, the Supervisors, to let you know that the Supervisory Committee works on behalf of all members to ensure that the credit union is operated in accordance with the rules and that therefore your interests are looked after. Specifically for this reason, the Supervisory Committee is independent and separate from the Board. We undertake to carry out our duties along the guidelines set out in the credit union manual.

The Committee meets monthly, in advance of the Board meeting, to review the checks and balances we carried out that month and to agree items to be brought to the Board meeting. In addition, the Supervisory Committee formally meets with the Board four times during the year in line with the requirement under the credit union rules.


The Supervisory Committee has carried out checks as required in the following areas: loan applications; share withdrawals; bank reconciliation; closing cash; officers' loans; dormant accounts and the required annual verification of accounts. We also contribute to the revision of policies as this arises. A member of the Supervisory Committee attends the monthly Board meeting. We also get feedback from the auditors about our activities.

We are satisfied that the Credit Union is being run in a satisfactory manner.

The Credit Union Bill 2012 is likely to become law soon. One of the main changes for the Supervisors is that the Supervisory Committee will be replaced by a Board Oversight Committee (BOC), which will be chiefly concerned with governance and compliance and not the transactional checks we currently carry out. Other significant changes expected are the rotation of officers and "fitness and probity" requirements for officers. Throughout this period of change, we commit to continuing to ensure that our members' interests are our first priority.

I would like to take this opportunity to thank the members of the Board and the Manager and Staff for their help and cooperation and we look forward to continuing good relationships, while protecting members' interests, throughout our term of office.

Thank you.



Eileen Mooney
Chairperson of the Supervisory Committee
December 2012

REPORT OF THE CREDIT COMMITTEE

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

This was a very busy year for the Credit Committee. However, given the difficult economic environment, with increased unemployment and financial uncertainty in the country, the number of loans approved was down.

A total of 678 loans were issued, totalling €2,648,005. Outstanding loans to members exceeded €5,018,655 representing approximately 40% of members' savings.

I am pleased to say the Credit Union has remained very attractive to members for loans, for many reasons, including the following:

- Low, stable rate of interest
- Free Loan Protection Insurance
- Top-up loans
- No application fee
- No transaction charges
- No interest charged on interest
- You can repay Loans quickly and without penalty
- Quick decisions

Up to recently, the Credit Committee refused loans in very few cases and these were refused only after every effort had been made to accommodate the member involved.

However, conscious of the absolute necessity to be prudent with members' savings, we implemented a new loans policy. This puts the emphasis very firmly on the ability of the applicant to repay the loan while, at the same time, taking into account the member's previous good record.

We would ask members to recognise that proving ability to pay the loan will necessitate the need to produce three payslips and three months current account bank statements to facilitate the assessment of the loan. We would ask all members to be patient with our staff when they are requesting these documents.

It is our goal to issue loans on a practical basis to applicants, ensuring that repayments are met without putting even more pressure on those in vulnerable circumstances. However, we also need to be aware that we are lending members' savings and these savings must also be kept safe.

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 2012 €58,393 (€45,714 in 2011)
- Loans charged off 2012 €67,020 (€157,346 in 2011)

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.

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 2013.

Stephen MacDonagh

On behalf of the Credit Control Committee

REPORT OF THE MEMBERSHIP COMMITTEE

The Membership Committee is pleased to report that in the financial year ending 30 September 2012, a total of 470 applications for membership with Malahide Credit Union Limited were received and approved.

The breakdown is as follows:

- 314 Adult Members
- 156 Juvenile Members
- 470 Total

When joining the Credit Union, members are required to produce the following documents:

- Photographic identification (Passport, Driving Licence etc.)
- Proof of address within the last two months (bank statement or utility bill e.g. ESB bill)
- In the case of a child under 16 years (Birth Certificate, parent's signature, proof of parent's address)
- Proof of PPS number

The Membership Committee would like to thank the staff, management and Board for their support and co-operation throughout the past year.

The Board, volunteers, management and staff would like to extend their deepest sympathies to the families and friends of members who passed away during the year.

Brian Mulligan

On behalf of the Membership Committee

RULE AMENDMENTS

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.

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.

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 Standard Rule 140.

2-4. ELECTION PROCEDURE

2. Nominations may be accepted from the floor in accordance with Standard Rule 138.

3. Elections to the Board of Directors, to the Supervisory Committee and the position of Auditor shall be by majority vote and by secret ballot.

4. A Ballot Paper for the election of the Board and Supervisory Committee, where applicable, will be distributed to each member at the AGM.

5-10. MOTIONS

5. 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.

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

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

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

9. 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 Chairman.

10. The Chairman 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.

11-16. MISCELLANEOUS

11. The Chairman of the Board of Directors shall be the Chairman of any general meeting, except where he/she is not available, in which case it shall be the Vice-Chairman, except where he/she is not available, in which case the Board shall decide amongst themselves who shall act as Chairman of any general meeting.

12. The Chairman may at his/her discretion, extend the privilege of the floor to any person who is not a member.

13. Matters not covered by the Agenda may be introduced under "Other Business" at the discretion of the Chairman.

14. The Chairman's decision on any matter relating to these Standing Orders or interpretation of same shall be final.
15. In accordance with Standard Rule 133 (1) 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. Refer to Standard Rule 139 also re election procedure.
16. 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.
17. **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.
18. **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.
19. **ADJOURNMENTS**
Adjournments of the AGM shall take place only in accordance with Standard Rule 133.





MALAHIDE
CREDIT UNION

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2012

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2012

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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2012

The Directors present their report and audited financial statements for the year ended 30 September 2012.

Principal Activity and Review of Business

The credit union continued to attract additional members' savings during the financial year. Lending activity remained slow in line with trends in the economy.

Results for the year and State of Affairs at 30 September 2012

The income and expenditure account and the balance sheet for the year ended 30 September 2012 are set out on pages 25 and 26.

Principal Risks and Uncertainties

The credit union, as with many other financial institutions, are facing uncertainties arising from the general economic downturn. The Board is actively monitoring the effects of these conditions on the daily operations of the credit union.

The principal areas currently requiring risk management include:

- Loan approval and guarding against subsequent default
- Prudent investment selection policy, guarantee of capital and monitoring of performance
- Liquidity management and control of costs

Dividends

The Directors recommend payment of a dividend of €41,357.00 (0.35%) for the year, (2011 - 0.50%)

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 company's premises at 4 Main Street, Malahide, Co. Dublin.

Approved by the Board on : 12 December 2012



Donal Murphy
Treasurer



Bryan O'Flaherty
Chairperson

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 30 SEPTEMBER 2012

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.

Approved by the Board on : 12 December 2012



Donal Murphy
Treasurer



Bryan O'Flaherty
Member of the Board of Directors

STATEMENT OF SUPERVISORY

COMMITTEE'S RESPONSIBILITIES

FOR THE YEAR ENDED 30 SEPTEMBER 2012

The Credit Union Act, 1997 (as amended) requires the appointment of a Supervisory Committee to oversee Directors in the performance of their functions, examine books and documents of the credit union and verify a sample of members' balances.



Eileen Mooney
Member of Supervisory Committee

INDEPENDENT AUDITORS' 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 2012 which comprise of the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and related notes. These financial statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

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

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Generally Accepted Accounting Practice in Ireland and 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. 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 financial statements are in agreement with the accounting records.

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

Basis of 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 judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the credit union's circumstances, consistently applied and adequately disclosed.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALAHIDE AND DISTRICT CREDIT UNION LIMITED (CONTINUED)

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 of the state of the credit union's affairs as at 30 September 2012 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting practice in Ireland and in accordance with the requirements of the Credit Union Act, 1997 (as amended) .

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

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

FMB
Chartered Accountants
Registered Auditor

Longboat,
56 Sir John Rogersons Quay,
Dublin 2.

DATE : 17 December 2012

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 SEPTEMBER 2012

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 Accounting Standards Board, 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 and expenditure account 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 and expenditure account 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 and expenditure account when it is received or irrevocably receivable

SIGNIFICANT ACCOUNTING POLICIES

(CONTINUED)

With profit bonds

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

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 and expenditure account. Impairment gains which reverse a previous impairment loss are taken to the income and expenditure account 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
Fixtures & 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 2012 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 €192,051 has been identified in respect of this.

7. Dividends and other returns to members

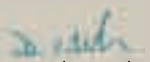
Final dividends and other returns to members are accounted for as a liability after they are approved by the members in general meeting.


INCOME AND EXPENDITURE ACCOUNT


FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Schedule	2012 €	2011 €
Income			
Interest on members' loans		468,721	539,683
Other interest receivable and similar income	1	197,821	149,660
Net interest income		666,542	689,343
Other income	2	30,087	26,102
Total Income		<u>696,629</u>	<u>715,445</u>
Expenditure			
Salaries		168,356	153,202
Other management expenses	3	358,610	391,575
Depreciation		62,097	50,630
Impairment of premises		84,332	-
Provision for bad and doubtful debts		-	48,511
Bad debts recovered		(58,393)	(45,714)
Total Expenditure		<u>615,002</u>	<u>598,204</u>
Excess of Income over Expenditure		81,627	117,241
Add: Undistributed surplus 1 October		105,517	54,234
Total:		<u>187,144</u>	<u>171,475</u>
Less: Transfer to statutory reserve		(8,163)	(11,724)
Transfer to statutory reserve from general reserve		(59,990)	-
Transfer to additional regulatory reserve		-	(80,634)
Transfer from general reserve		59,990	80,634
Dividend paid		(56,886)	(54,234)
Total:		<u>(65,049)</u>	<u>(65,958)</u>
Undistributed surplus 30 September 2012		<u>122,095</u>	<u>105,517</u>

On behalf of the credit union: 12 December 2012


Donal Murphy
Treasurer


Eileen Mooney
Member of Supervisory
Committee


Bryan O'Flaherty
Member of the Board
of Directors

The accompanying notes form part of these accounts.


BALANCE SHEET

AS AT 30 SEPTEMBER 2012

	Note	2012 €	2011 €
Assets			
Cash at bank and on hand		530,784	535,458
Deposits and investments	4	7,769,373	7,146,420
Members' loans		5,018,655	5,518,098
Less provision for bad and doubtful debts		(360,765)	(360,765)
Tangible fixed assets	5	1,966,069	1,729,410
Prepayments and accrued income		27,549	21,898
Total Assets		<u>14,951,665</u>	<u>14,590,519</u>
Liabilities			
Members' shares	15	12,472,263	12,171,833
Other liabilities, accruals and charges	6	71,732	35,757
Total Liabilities		<u>12,543,995</u>	<u>12,207,590</u>
Represented By:			
Statutory reserve	7	1,196,134	1,127,981
Additional regulatory reserve	7	331,071	331,071
Other reserves	8	880,465	923,877
Total Reserves		<u>2,407,670</u>	<u>2,382,929</u>
		<u>14,951,665</u>	<u>14,590,519</u>

On behalf of the credit union: 12 December 2012


Donal Murphy
Treasurer


Eileen Mooney
Member of Supervisory
Committee


Bryan O'Flaherty
Member of the Board
of Directors

The accompanying notes form part of these accounts.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2012

	2012 €	2011 €
Opening cash and investments	7,681,878	7,120,506
Receipts		
Members' shares	5,443,362	4,798,266
Members' loans repaid	3,080,428	3,151,053
Members' loan interest received	468,721	539,683
Investments interest received	197,821	149,660
Bad debts recovered	58,393	45,714
Other receipts	30,087	26,102
Decrease/(Increase) in prepayments	(5,651)	(3,246)
Total	9,273,161	8,707,232
Disbursements		
Members' shares withdrawn	5,142,932	3,940,444
Members' loans granted	2,648,005	2,609,181
Dividends paid	56,886	54,234
Operating expenses	459,946	387,431
Fixed assets purchased	383,088	1,151,576
(Increase)/Decrease in other liabilities	(35,975)	2,994
Total	8,654,882	8,145,860
Closing cash and investments	8,300,157	7,681,878

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2012

1. Employees

Employment costs

	2012 €	2011 €
Wages and salaries	158,992	140,532
Social welfare costs	9,364	12,670
Other pension costs	2,763	2,632
	<u>171,119</u>	<u>155,834</u>

2. Pension costs

Pension costs amounted to €2,763 (2011 - €2,632).

3. Analysis of Investment Income

	2012 €	2011 €
Received during the year	179,667	141,019
Receivable within 12 months	18,154	8,641
Other investment income	-	-
	<u>197,821</u>	<u>149,660</u>

4. Investments

	2012 €	2011 €
Investments are classified as follows:		
Cash and short term deposits accessible within 3 months	3,946,806	3,025,048
Fixed term deposits maturing after 3 months	873,872	2,135,863
Deposit Protection Account	41,262	140,499
Accounts in Authorised Credit Institutions	2,557,433	1,595,010
Investment bonds / Life Assurance products	350,000	250,000
	<u>7,769,373</u>	<u>7,146,420</u>

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

5. Tangible fixed assets

	Premises €	Computer equipment €	Fixtures & office equipment €	Total €
Cost				
At 1 October 2011	1,857,976	195,653	139,808	2,193,437
Additions	361,059	2,706	19,323	383,088
Impairment	(84,332)	-	-	(84,332)
At 30 September 2012	2,134,703	198,359	159,131	2,492,193
Depreciation				
At 1 October 2011	200,804	141,349	121,874	464,027
Charge for the year	28,254	27,877	5,966	62,097
At 30 September 2012	229,058	169,226	127,840	526,124
Net book values				
At 30 September 2012	1,905,645	29,133	31,291	1,966,069
At 30 September 2011	1,657,172	54,304	17,934	1,729,410

An independent valuation of the credit union's premises at 4 Main Street, Malahide, was carried out by Kevin Flanagan & Associates, on 24 April 2012. In accordance with Financial Reporting Standard 11 "Impairment of Fixed Assets" the Directors carried out a value in use calculation at the year end, applying a discount factor of 5.83%, and this concluded that no write down of the carrying value of fixed assets is required in the financial statements.

The Directors of the credit union have accepted an offer on the premises at Railway Avenue, Malahide for €427,000. As the sale has not been finalised at the financial year end, an impairment provision on the carrying value of the premises has been reflected which results in an expense in the current financial year of €84,332.

6. Other Liabilities and Charges

	2012 €	2011 €
PAYE/PRSI control account	3,701	3,076
DIRT payable	50	50
Accruals	67,981	32,631
	71,732	35,757

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

7. Statutory & Regulatory Reserve

	Balance 01/10/11 €	Net Movement €	Balance 30/09/12 €
Statutory Reserve	1,127,981	68,153	1,196,134
Additional Regulatory Reserve	331,071	–	331,071
Total Statutory & Additional Regulatory Reserve	1,459,052	68,153	1,527,205

The balance on the combined statutory and additional regulatory reserve represents 10.21 % of total assets as at 30 September 2012.

8. Other Reserves

	Balance 01/10/11 €	Net Movement €	Balance 30/09/12 €
Realised			
General reserve	478,360	(59,990)	418,370
Bad debts reserve	90,000	-	90,000
Undistributed Surplus	105,517	16,578	122,095
Dividend reserve	250,000	-	250,000
Total other reserves	923,877	(43,412)	880,465

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

The Directors recommend the following distributions:

	2012 Rate %	€	2011 Rate %	€
Dividend on shares	0.35%	41,357	0.50%	56,888

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

10. 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.

	2012 €	2011 €
Aggregate amount of shares held by officers	90,588	88,275
Aggregate amount of loans outstanding by officers	60,451	54,246

The aggregate amount of loans issued to officers during the year under Section 36(3) of the Credit Union Act, 1997 was €99,300.

During the financial year, €17,989 was paid to O'Flaherty & Associates for architectural fees associated with the refurbishment of the new premises. Bryan O'Flaherty, a member of the Board of Directors, has a controlling interest in O'Flaherty & Associates.

11. 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).

12. Rate of Interest Charged on Members' Loans

Standard Loan	9.90%
Car Loan	9.90%
Christmas Loan	8.50%
Holiday Loan	8.50%
Education Loan	6.90%
Covered Loan	5.50%

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

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

13. Contingent liabilities

All capital invested in investment and government bonds is guaranteed only if held to maturity. In the unlikely event of early encashment there may exist an early settlement penalty. The Board of Directors has confirmed that these investments are to be held until their maturity dates.

14. Capital commitments

Details of capital commitments at the accounting date are as follows:
Contracted for but not provided in the financial statements

2012 €	2011 €
13,634	372,400

The capital commitments relate to the remaining contracted costs of the new credit union premises.

15. Members' shares

Regular share accounts
Special share accounts
Medium term share accounts
Long term share accounts

2012 €
8,171,428
4,300,835
-
-
12,472,263

Total per balance sheet

16. Authorisation and approval of financial statements

The Board of Directors authorised and approved these financial statements for issue on 12 December 2012.

SCHEDULES

Schedule 1. Other Interest Receivable and Similar Income

	2012 €	2011 €
Central credit union dividend	-	127
Investment income	197,821	149,533
	<u>197,821</u>	<u>149,660</u>

Schedule 2. Other Income

	2012 €	2011 €
Entrance fees	399	291
E.C.C.U. rebate	13,985	6,405
Other income	15,703	19,406
	<u>30,087</u>	<u>26,102</u>

SCHEDULES

Schedule 3. Other Management Expenses

	2012 €	2011 €
Staff pension costs	2,763	2,632
Staff training	7,039	562
E.C.C.U. Insurance	63,816	63,720
Death benefit expense	20,528	20,986
Savings protection scheme	3,818	6,886
Rates	7,437	14,928
General insurance	6,769	6,779
Light and heat	4,422	3,376
Cleaning	1,266	374
Security & alarm	9,337	7,753
Printing, postage, stationery and office expenses	14,254	14,903
New premises expenses	26,613	18,817
Advertising	5,389	4,359
Telephone	6,486	4,679
Computer costs	15,368	8,787
Chapter dues	300	474
Convention and seminar expenses	13,671	12,171
Travelling and subsistence	2,291	2,358
Social expenses	3,358	4,097
Legal and professional	50,476	10,833
Audit	13,061	12,779
Bank charges	8,703	6,288
Bad debts	67,020	157,346
General expenses	1,882	2,433
Affiliation & regulation fees	924	615
Subscriptions and donations	1,619	2,640
	<u>358,610</u>	<u>391,575</u>

NOMINATION FORMS

BOARD MEMBERSHIP FORM

We, the undersigned, nominate for Director of Malahide & District Credit Union Ltd.

Name of Nominee
(block capitals)

Home Address
.....

SIGNED Membership No:.....
proposer

SIGNED Membership No:.....
seconded

CONSENT OF NOMINEE: I, as a member, hereby agree to be nominated as a candidate for a vacancy on the Board of Directors Committee.

SIGNED.....
nominee

DATE: Membership No:.....

Closing date for receipt of application is no later than 12.30pm on Saturday,
19th January 2013.

SUPERVISORY COMMITTEE MEMBERSHIP FORM

We, the undersigned, nominate for membership of the Supervisory Committee,
Malahide & District Credit Union Ltd.

Name of Nominee
(block capitals)

Home Address
.....

SIGNED Membership No:.....
proposer

SIGNED Membership No:.....
seconded

CONSENT OF NOMINEE: I, as a member, hereby agree to be nominated as a candidate for a vacancy on the Board of Directors Committee.

SIGNED.....
nominee

DATE: Membership No:.....

Closing date for receipt of application is no later than 12.30pm on Saturday,
19th January 2013.



BACK ROW - LEFT TO RIGHT: KATHLEEN JENNINGS,
AILEEN LAWLOR, HELEN DAFY, CAROLINE MCDONNELL
FRONT ROW - LEFT TO RIGHT - WIVENNE KEAHEY, LUCIA KANE

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- ✓ Apply for Loans online
- ✓ Calculate Loan repayments
- ✓ Check Loan approvals
- ✓ Pay bills and transfer money to and from external bank accounts
- ✓ Transfer money between your Credit Union balances
- ✓ Secure messaging to the Credit Union

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FOR YOUR PIN!!

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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Web: www.malahidecu.ie

