

AYRFIELD CREDIT UNION ANNUAL REPORT 2014

Serving the Community for over 30 years



Blunden Drive, Ayrfield, Dublin 13
Telephone: 867 0509 • Fax: 867 2251
Email: info@ayrfieldcreditunion.ie
www.ayrfieldcreditunion.ie



34th Annual General Meeting
Tuesday 16th December 2014 at 8.00 pm

Light Refreshments Served after the Meeting
+ FREE DRAW for those in attendance

AYRFIELD CREDIT UNION

Report and Financial Statements 2014

CONTENTS

	<i>page</i>
1. Agenda	3
2. Nominating Committee Report	4
3. Directors and Other Information	5
4. Chairman's Address	6-7
5. Deceased Members	7
6. Board Oversight Committee Report	8
7. Credit Control Report	8
8. Insurance Report	9
9. Death Benefit Insurance Report	9
10. Credit Committee Report	10
11. Training Officer's Report	11
12. Services Offered by Ayrfield Credit Union	12
13. Proposed Amendments to Rules	13
Financial Statements	
14. Directors Report	14
12. Independent Auditor's Report	15
13. Income and Expenditure Account	16
14. Balance Sheet	17
15. Notes to the Financial Statements	18-22
16. Schedule 1 – Other Interest Receivable and Similar Income	23
17. Schedule 2 – Other Income	23
18. Schedule 3 – Other Management Expenses	23
19. Christmas Holiday Arrangements	24
20. Other Services to Members	24

Credit Union Invocation

*Lord, make me an instrument of your PEACE
Where there is hatred, let me sow LOVE. Where there is injury, PARDON
Where there is doubt, FAITH. Where there is despair, HOPE
Where there is darkness, LIGHT. And where there is sadness, JOY*

*O Divine Master,
Grant that I may not so much seek to be consoled as to CONSOLE
To be understood as to UNDERSTAND. To be loved as to LOVE
For it is in GIVING that we receive
It is in PARDONING that we are pardoned
And it is in DYING that we are born to ETERNAL LIFE*

AYRFIELD CREDIT UNION

Report and Financial Statements 2014

AGENDA

1. Acceptance by the Board of Directors of the authorized representatives of members that are not natural persons
2. Ascertain that a quorum is present
3. Adoption of Standing Orders
4. Reading and Approval (or correction) of Minutes of AGM 2013
5. Report of Board of Directors
6. Report of the Treasurer, consideration of accounts and approval of the Treasurers Honorarium
7. Report of the Auditor
8. Report of Board Oversight Committee
9. Declaration of Dividend and Rebate of interest (If any)
10. Report of the Insurance Officer
11. Report of Credit Committee
12. Report of Credit Control Committee
13. Report of the Membership Committee
14. Approval of Rule Amendments
15. Appointment of Tellers
16. Report of the Nominating Committee
17. Elections:
 - a. Auditor for 2014-2015
 - b. Fill vacancies on the Board Oversight Committee
 - c. Fill vacancies on the Board of Directors
18. I.L.C.U. Foundation Contribution
19. Any other business
20. Announcement of Election Results
21. Adjournment or close of meeting.

AYRFIELD CREDIT UNION

Report and Financial Statements 2014

NOMINATING COMMITTEE REPORT

Under section 56b of the Central Bank reform act 2010 the Board of Directors elected a Nominating Committee to serve from the 2013 AGM to 2014 AGM.

In accordance with the requirements of the Credit Union Acts 1997 to 2012 the Nomination Committee will be responsible for carrying out a review, at least once a year, of the composition of the existing Board of Directors and for identifying any gaps or deficiencies in the skillsets of the Board. The Nomination Committee will then need to use the results of this review to guide it in determining the type of skills required of potential nominees and approach suitable candidates as appropriate.

The Nomination Committee are expected to play a key role in enhancing and developing the governance structures in credit unions by ensuring that the makeup of the Board and the individuals appointed to positions in the credit union meet the standards as set down in the legislation and Central Bank guidance.

Key functions of the Nominating Committee are:

- Identify suitable candidates for nominations for positions within the Credit Union
- Conduct a fitness and probity assessment on each candidate in line with regulation
- Proposing Candidates for election
- Ensuring each new Board member has suitable induction and ongoing training

The following candidates have been nominated after the due diligence process was carried out on each of them to serve on this year's Board of Directors:

William Galgey
Joe Phelan
Michelle Herron
Kathleen Dunne
Vivian Pigott

Anne Hickey
Graham Kelch
Angela Smullen
Tony Ryan

Members of the Credit Union are entitled to put themselves forward for nomination. Those wishing to go forward at next year's AGM should contact the Nominating Committee who will be elected at the first Board of Directors meeting after this AGM (2014).

Nominations from the floor at AGM may no longer be accepted for appointment to positions in the credit union.

AYRFIELD CREDIT UNION

Report and Financial Statements 2014

DIRECTORS AND OTHER INFORMATION

Ayrfield Credit Union

Blunden Drive, Ayrfield, Dublin 13
Telephone: 867 0509 • Fax: 867 2251
www.ayrfieldcreditunion.ie
email: info@ayrfieldcreditunion.ie

OFFICE OPENING HOURS

Tuesday 9.00am – 12.00pm
Wednesday 10.00am – 12.00pm
Thursday 4.00pm – 8.00pm
Friday 10.00am – 12.00pm and 4.00pm – 8.00pm
Saturday 11.00am – 1.00 pm

DIRECTORS

Martin Cosgrave – *Chairman*
Tommy Crudden – *Vice-Chairperson (Retired)*
William Galgey – *Secretary*
Kathleen Dunne, Michelle Herron, Joe Phelan, Tony Ryan,
Angela Mlsek, Ann Hickey

Beatrice Murphy – *Manager*
Patricia O'Brien – *Assistant Manager*

Staff

Gloria Kennedy
Deirdre Clarke
Carol Timmons
Sheena Cassidy
Lisa Matthews
Catherine McAuliff
Laura Gallagher – *Compliance and
Risk Management*

Board Oversight Committee

Vivian Pigott
Eileen Desmond
Patricia O'Doherty

Credit Control

Rowena Higgins
Emer Hickey

STANDING ORDERS:

Copies of Standing Orders are available at the AGM

AYRFIELD CREDIT UNION

Report and Financial Statements 2014

CHAIRMAN'S REPORT

On behalf of the Board of Directors, I would like to extend a warm welcome to you to this our 34th Annual General Meeting.

I would ask this meeting to remember all those members who passed away during the year and those members who suffered family bereavements. Our thoughts are with them. I would ask the meeting to observe a minutes silence as a mark of respect.

I am pleased to report that Ayrfield Credit Union continues to be vibrant despite the difficult economic climate. We are safe, secure and strong. The 2014 financial year was another busy and challenging year for Ayrfield Credit Union. We continued to see changes in the credit union environment throughout the year

The new fitness and probity regime (Section 50 Central Bank Reform Act 2010) for Credit Unions came into effect on 1 August 2013. This regime requires Credit Unions to ensure that individuals in positions of significant influence and control are fit and proper to fulfil their roles and responsibilities. The fitness and probity regime will improve governance standards and support protection of members' savings in the Credit Union movement.

To comply with the Statutory Function, the Board have appointed Moore Stephens Nathan as our Internal Auditor under Section 76K of the Credit Union 2012 Act. Quarterly monitoring of Compliance and Risk are performed and findings are reported to the Board for resolution.

We believe that a robust governance structure will be vital in addressing the issues that credit unions currently face and in addition will provide for a continued healthy and stable sector in the future

In the current difficult environment our priority remains the safety, security and financial wellbeing of our members. The elected Officers and Staff of Ayrfield Credit Union remain dedicated to maintaining the trust of our members through the value and service we provide.

We continue to be well positioned to provide for members financial needs in a safe and secure way that is professional, compassionate and confidential. The year ending 30th September 2014 has again proved to be a successful year for Ayrfield Credit Union despite the difficult economic circumstances. Member's savings remain safe and protected under the Government's Deposit Guarantee Scheme of up to €100,000 per depositor and also the Irish League of Credit Unions Savings Protection Scheme.

Reflecting the economy at large some of our members are having difficulty in meeting their loan repayments. We would ask these members to contact the credit union office as soon as possible so that we may assist them through this period.

This increased regulation has resulted in an increased requirement for staff and directors in meeting minimum competency requirements (MCRs). I am delighted to report that once again this year a large number of staff and directors are undertaking or have completed Certificate and Diploma Courses under the control of University College Cork and University College Dublin. Ayrfield Credit Union is committed to facilitating the training and development of all staff and directors.

We recognise as an institution that change is inevitable. We realise that we will have to change and adapt to cater for an increased regulatory environment. We hope to embrace the challenges of this new regulatory framework and come out a stronger more viable credit union as a result of this.

AYRFIELD CREDIT UNION

Report and Financial Statements 2014

As a consequence of the new regulations ALL directors are required to stand down from their positions this year and seek re-election. Unfortunately some of them are not in a position to seek re-election. However as a result of a very successful recruitment campaign we have been fortunate in recruiting 12 new volunteers two of whom have put their names forward to stand as Board Directors. On a personal note I am sorry to say that because of this new legislation I am not allowed to seek re-election due to the fact that I am employed by another Credit Union I will greatly miss being involved with Ayrfield Credit Union in the future. I wish all personnel involved in Ayrfield continued success.

Ayrfield Credit Union will continue to make prudent and responsible decisions on behalf of our members and will continue to protect their interest. The key objective for Ayrfield Credit Union is to ensure its strength for the future.

The Board of Directors are delighted in proposing to distribute to the members a dividend of .75% and an interest rebate of 10%. These returns to members represent excellent value for money and ensure that the Credit Union remains a competitive environment for both savers and borrowers. The figures presented to you today show that Ayrfield Credit Union is in a healthy and strong financial position.

Acknowledgements

I would like to make special mention of and deep appreciation to two retiring Directors Angela Mlsek and Tommy Crudden.

We thank you for your dedication, your great energy and your excellent service to the members of Ayrfield Credit Union. We wish you all well in the future.

I wish on my own behalf and on yours to acknowledge and thank sincerely my fellow Directors, Board Oversight Committee, Volunteers, Management and Staff for all their hard work and commitments throughout the past year.

I wish all our members a very happy and peaceful Christmas and prosperous New Year

Martin Cosgrave

Chairman

DECEASED MEMBERS

Mary Ellis
Patrick Cass
Debra Gillespie O'Leary
Ernest Malone
Helen Duffy
Kathleen Walsh
Mary Byrne
Sara Kelly
Marie Kelleher

Doreen (Dolores) Hodgins
Frances Murphy
Philip O'Sullivan
Patricia McGauley
Edward Buckley
Christopher Preston
Rose Ivory
Stephen Rooney
Michael O'Connor

Laurence Byrne
Margaret Joyce
Thomas Smyth
David Shanley
Patrick Hennessey
William Burnett
Sandra Duffy
Michael Duffy

Total of 26 Members of which 18 were covered by DBI

AYRFIELD CREDIT UNION

Report and Financial Statements 2014

BOARD OVERSIGHT COMMITTEE REPORT

The function of the Board Oversight Committee is to oversee the Board of Directors and to assess whether the Board has operated in accordance with the Credit Union Act 1997 (as amended) and all other relevant legislation.

We are elected by you the members and we work on your behalf to insure that your interests are best served. The committee currently has three members – Eileen Desmond, Vivian Pigott and Pat O'Doherty who was co-opted to replace Barry McKeever in March 2014.

The Oversight Committee met with the Board of Directors on four occasions in 2014 to discuss our observations. We are pleased to report that all Board functions and procedures were discharged effectively and in the interests of the members. The new Credit Union Act introduced in 2012 is being implemented on an on-going basis and key structures have been put in place that satisfies the requirements of the new legislation. The majority of Governance issues raised have been dealt with satisfactorily or are in-hand.

We attended all monthly board meetings, special board meetings and some sub-committee meetings. We also met with the Compliance Officer and Auditor. We wish to thank Vivian Pigott who is stepping down from the Oversight Committee for her dedicated contribution and years of valued work and wish her well in the future. We commend the Board of Directors, Officers, Management and staff for their co-operation and courtesy during the year.

Finally a special thanks to you our members for your continued loyalty and belief in the Credit Union movement and its concept of mutual self help.

Vivian Pigott (retiring)

Eileen Desmond

Patricia O'Doherty

CREDIT CONTROL REPORT

A total of €105,654.98 has been charged to the Income & Expenditure Account as bad debts.

A total of €19,610.71 has been recovered on bad debts.

In these challenging times we are pleased with the reduction in write off. The total provisions on bad and doubtful debts are €1.25m this represents 16.48 % of the total gross loan book and 39.91% of the net loans outstanding.

We are continuously working on a daily basis with both members and outside agencies in recovering outstanding loans.

We also would encourage members who are having difficulty with payments to contact us in relation to this matter where they will be dealt with in a professional and confidential manner.

Rowena Higgins – Credit Control Officer

AYRFIELD CREDIT UNION

Report and Financial Statements 2014

INSURANCE REPORT

The insurance cover organised by the Credit Union is a key benefit for members in that members get free life insurance cover on savings and loans. The Life Savings Insurance cover limit is now €20,000.00.

When you save in our Credit Union every euro you save

Before 55 years of age	provides you with €1 of insurance
From age 55 to age 60	provision is 75c
From age 60 to age 65	provision is 50c
From age 65 to age 70	provision is 25c

Over the past 12 months we had 26 Deceased Members in respect of whom Insurance Claims totalling €95,524.29 were paid out by ECCU Assurance Company. The amount of loans repaid was €25,621.07. Savings were increased by €71,903.22. Of the Deceased Members, 19 qualified for Death Benefit Insurance, resulting in additional payments of €36,000.00

Automatic Loan Cover Limit – Death Cover:

All members between the ages of 16 and 85 are automatically insured for loan balances up to €8,000 regardless of the member's state of health. Members under 16 are only insurable up to €2,000.

Automatic Share Cover:

All members' shares up to a limit of €8,000 are insured regardless of the member's state of health.

DEATH BENEFIT INSURANCE

In addition to Loan Protection/Life Savings Insurance we are offering a special Death Benefit Insurance which is designed to give you and your family added security and relief from financial worry at the time of bereavement. For €2000 cover, the cost per annum is €10.00 per adult and €2.00 for children under 16.

We strongly recommend that those of you who are not covered by this scheme would favourably considering investing the small annual sum required to help to defray funeral expenses. The appropriate premium of €10.00 (adult) or €2.00 (child) is deducted from shares on an annual basis.

The balance in the D.B.I. fund at 30/09/2013 was:	€96,305.59
Subscriptions for the year ended 30/09/2014 amounted to:	€23,682.00
Plus interest received:	€706.25
Total of:	€24,388.25
Making a grand total of:	€120,693.84
Claims were paid out in respect of 19 deceased members in the sum of:	€36,000.00
Leaving a balance in the fund at year end of:	€84,693.84

AYRFIELD CREDIT UNION

Report and Financial Statements 2014

CREDIT COMMITTEE REPORT

The Members of the Credit Committee are: Kathleen Dunne, Joseph Phelan and Carol Keogh.

The Committee meets on a weekly basis to adjudicate on Loan Applications. The total number of Loans Granted for the year was 1,995 amounting to €3,852,648. The average loan amounted to €2,500 – Largest Loan amounted to €30,000 the smallest €50. Loans for Christmas Home Improvements and Holidays accounted for 58% of the total.

ANALYSIS OF LOANS GRANTED

Year ended 30th September 2014

DESCRIPTION	No	Value
Back to School	18	15,250
Bills	58	62,654
Business Loan	3	25,000
Car Purchase	150	642,820
Car Repairs	93	86,850
Car Tax/Insurance	85	70,205
Celebrations	71	57,665
Christmas Expenses	315	298,090
Clear Bank-Personal Loan	3	4,100
Clear Car Loan	2	6,200
Clear Credit Card Debt	11	38,511
College Fees	42	71,270
Communion/Confirmation	16	10,650
Dep House	7	87,100
Dep Mobile Home	6	47,750
Dep Rented Acc	2	1,600
Education	21	33,060
Emergency	24	9,595
Equipment for Work	10	11,080
Funeral Expenses	22	29,152
Holidays	322	468,920
Home Improvements	523	1,387,337
House -Premises Insurance	4	3,700
Legal Fees	4	42,000
Medical/DentalExps	57	98,870
Miscellaneous-Personal	41	27,740
Moped/Motorbike	5	7,300
Personal Difficulties	8	6,470
Transfer-CU Loan	1	3,142
Trip Family Trauma	4	4,400
Weddings	67	194,165
Totals	1,995	3,852,648

AYRFIELD CREDIT UNION

Report and Financial Statements 2014

TRAINING OFFICER'S REPORT 2014

These are times of great change for all within the Credit Union Movement. Under the new Credit Union Act 2012 all officers of the Credit Union must be trained and qualified to hold their positions within their Credit Union.

Ayrfield Credit Union strives to encourage training and upskilling and places a huge emphasis on the continuous training of all our officers.

During the last financial year 2013-2014 a total of 14 officers undertook and successfully completed the following courses:

- 11 Officers successfully completed the Pathways Certificate in Credit Union Studies. Of which:
 - 6 Officers undertook the Pathways Diploma in Credit Union Studies (4) in Operations and (2) in Governance.
 - 1 Officer Successfully completed an LIA Certificate in Compliance
 - 1 Officer maintained ACCUP qualification through CDP hrs

This ensures that all officers have the necessary skills and knowledge to effectively carry out their role in the Credit Union.

Training and further education of all officers of Ayrfield Credit Union benefits our members in many ways. To highlight just a few:

- A more efficient and reliable service.
- Members know what to expect from the credit union.
- Less cause for complaint when all officers are fully trained.

The new regulation has resulted in an increased requirement for Directors, Staff and Volunteers to undertake additional training. Ayrfield Credit Union's Strategic Plan has set certain standards of education to be achieved for its Directors, Oversight Committee and Staff.

To highlight the commitment of Directors, Oversight Committee, Staff and Volunteers to further education, the following is a list of training and achievements:

Directors:	M. Cosgrave, Dip CU Ops, ACCUP, CUA. Bill Galgey, Cert CU Governance M. Herron, Cert CU Gov, Dip CU Governance J Phelan, Cert CU Governance (Ongoing studies)
Oversight:	E. Desmond, Cert CU Governance, Dip CU Gov (Ongoing Studies) V. Piggot, Cert CU Governance. P O'Doherty, Cert CU Governance (Ongoing studies)
Staff:	R Higgins, ACCUP L. Gallagher, Cert CU Gov, LIA Certificate in Compliance B. Murphy, Certificate in Credit Union Studies (Ops) Dip CU Ops

AYRFIELD CREDIT UNION

Report and Financial Statements 2014

P. O'Brien, Certificate in Credit Union Studies (Ops) Dip CU Ops,
D. Clarke, Certificate in Credit Union Studies (Ops) Dip CU Ops,
C Timmins, Certificate in Credit Union Studies (Ops) Dip CU Ops
E. Hickey, Certificate in Credit Union Studies (Ops)

I personally would like to congratulate all and thank everyone on your behalf for all their hard work and commitment which was required to attain these achievements.

In addition our Board of Directors, Board Oversight Committee, Staff and Volunteers completed numerous training seminars and on line training over the course of the last year to keep up to date with the new legislation and regulations.

We recognise as an institution that change is inevitable. We realise that we will have to change and adapt to cater for an increased regulatory environment. We hope to embrace the challenges of this new regulatory framework through further training and education and come out a stronger more viable credit union as a result of this.

All of this has been achieved at a financial cost which has been borne by the Credit Union and has been reflected in this year's expenditure.

Beatrice Murphy,
Training Officer

SERVICES OFFERED BY AYRFIELD CREDIT UNION

- Savings Accounts
- Loan Accounts
- Bill Payment facilities through PayPoint
- Loan Protection Insurance
- Savings Protection Insurance
- Death Benefit Grant
- Payment by Laser/Debit Card
- Payment by Standing Order
- Payment through Banking on Line
- Extended Banking Facilities from 2013

LOAN COMPARISONS – LOAN VALUE €500 FOR A PERIOD OF 1 YEAR

Other Financial Institution
€15.00 Per Week
52 Weeks
187.2% APR
Total Cost: €780

Ayrfield Credit Union
€10.11 Per Week
52 Weeks
10.4% APR
Total Cost: €525.49

AYRFIELD CREDIT UNION

Report and Financial Statements 2014

Officers of Ayrfield Credit Union who Graduated from University College Cork in October 2014



*Back Row Left to Right: Carol Timmins, Patricia O'Brien, Michelle Herron
Front Row: Deirdre Clarke and Beatrice Murphy*

PROPOSED AMENDMENTS TO RULES

Due to the size of the proposed rule amendments, and following discussions with the Central Bank, it will not be necessary to send a hard copy of the entire proposed new rule book to each member in advance of this year's AGM. However, in order to provide clarity to members and ensure transparency Ayrfield Credit Union are providing the following methods of acquiring a copy of the proposed amendments:

- Making hard copies of the proposed rules available at the credit union on request.
- Providing an e-mail address to obtain an electronic copy of the credit union rules
- Providing an electronic copy on our website – www.ayrfieldcreditunion.ie

AYRFIELD CREDIT UNION

Report and Financial Statements 2014

DIRECTORS' REPORT

The directors present their report and audited financial statements for the year ended 30 September 2014.

1. Principal Activity

The principal activities of the Credit Union involve the taking of members' shares/savings and lending on these funds to members in accordance with legislation and criteria determined by the Central Bank, the Irish League of Credit Unions and the Credit Union itself.

2. Statement of Directors' Responsibilities

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

1. Select suitable accounting policies and apply them consistently;
2. Make judgements and estimates that are reasonable and prudent;
3. Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Credit Union will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Credit Union and which enable 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.

3. Statement of Board Oversight Committee Responsibilities

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.

4. Results for the year and state of affairs at 30 September 2014

The surplus for the year is €292,164 and, along with last year's undistributed surplus of €585,057, and after the dividend paid to members amounting to €117,421 and Loan Interest Rebate of €77,494 refunded to Members, €29,216 is to be transferred to the Statutory Reserve, and having transferred €68,050 from the Undistributable Investment Income Reserve and €87,500 from the Dividend Reserve, €808,640 is left as an Undistributed Surplus out of which a proposed dividend of .75% may be provided for of €121,187 together with a proposed loan interest rebate of 10%, amounting to €73,121.

The balance sheet on page 17 shows reserves of €2,552,117 at 30 September 2014.

On behalf of the Credit Union:

Member of the Board of Directors:

Member of the Board Oversight Committee:

Manager:

Martin Cosgrave

Eileen Desmond

Beatrice Murphy

AYRFIELD CREDIT UNION

Report and Financial Statements 2014

INDEPENDENT AUDITORS' REPORT

To the members of AYRFIELD CREDIT UNION LIMITED

We have audited the financial statements of Ayrfield Credit Union Limited for the year ended 30 September 2014 which comprise the Income and Expenditure Account, Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 7 and the 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 members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the credit union and the credit union's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As described more fully in the Statement of Directors' Responsibilities on page 1 the Credit Union directors are responsible for the preparation of the financial statements giving a true and fair view and for ensuring that they comply with the Credit Union Act, 1997 (as amended).

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 Ethical Standards for Auditors.

Scope of the Audit of the 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 directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information contained in the Annual Report to identify material inconsistencies with the audited financial statements. This other information comprises only the Chairman's Report, Directors' Report, Credit Committee's Report, **Report of the Treasurer**, Credit Control Committee Report, Insurance Report and **Supervisory** Committee Report. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. Our responsibilities do not extend to any other information.

Opinion

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

Matters on Which We are Required to Report by The Credit Union Act, 1997 (As Amended)

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

In our opinion, the information given in the Directors' Report on page 14 is consistent with the financial statements.

MURNANE & ASSOCIATES

Chartered Accountants and Registered Auditors
27 Longford Terrace, Monkstown, Co. Dublin

AYRFIELD CREDIT UNION

Report and Financial Statements 2014

INCOME AND EXPENDITURE ACCOUNT

For the Year Ended 30th September 2014

	Schedule/ Notes	2014 €	2013 €
INCOME			
Interest on members loans		731,209	799,764
Other interest receivable and similar income	Schedule 1	227,120	281,983
		958,329	1,081,747
Other income	Schedule 2	211	235
		958,540	1,081,982
OVERHEADS			
Wages and salaries		243,014	182,313
Other management expenses	Schedule 3	319,385	286,586
Depreciation		17,933	18,690
Bad debts written off		105,655	249,354
Bad debts recovered		(19,611)	(33,417)
		666,376	703,526
Surplus for the year		292,164	378,456
APPROPRIATION OF SURPLUS			
Add:			
Undistributed surplus from prior year		585,057	437,299
Surplus for the year		292,164	378,456
Dividend		(117,421)	(158,489)
Interest Rebate		(77,494)	(42,625)
Total		682,306	614,641
Less:			
Transfer to Statutory Reserve		(29,216)	(37,846)
Transfer from Undistributable Investment Income Reserve		68,050	88,278
Transfer to Additional Regulatory Reserve		–	(54,423)
Transfer to General Reserve		–	(25,593)
Transfer from Dividend Reserve		87,500	–
		126,334	(29,584)
Undistributed Surplus		808,640	585,057

On behalf of the Credit Union:

Member of the Board of Directors:

Member of the Board Oversight Committee:

Manager:

Martin Cosgrave

Eileen Desmond

Beatrice Murphy

AYRFIELD CREDIT UNION

Report and Financial Statements 2014

BALANCE SHEET

For the Year Ended 30th September 2014

	Notes	2014 €	2013 €
ASSETS			
Cash and bank balances		664,547	1,367,821
Deposits and investments		12,197,469	11,109,684
Loans to members		7,580,870	7,773,309
Less: Provision for bad and doubtful debts		(1,250,000)	(1,250,000)
Tangible fixed assets	3	284,000	291,988
Prepayments		28,927	20,706
TOTAL ASSETS		19,505,813	19,313,508
LIABILITIES			
Other liabilities, accruals and charges	5	42,579	26,962
Members' Resources			
Members' shares	6	16,102,477	16,011,426
Undistributable investment income reserve	8	-	68,050
Statutory reserve	8	1,832,333	1,803,117
Dividend reserve	8	87,500	175,000
General reserve	8	226,221	226,221
Additional regulatory reserve	8	321,369	321,369
DBI reserve	8	84,694	96,306
Undistributed surplus		808,640	585,057
TOTAL LIABILITIES		19,505,813	19,313,508

On behalf of the Credit Union:

Member of the Board of Directors:

Martin Cosgrave

Member of the Board Oversight Committee:

Eileen Desmond

Manager:

Beatrice Murphy

AYRFIELD CREDIT UNION

Report and Financial Statements 2014

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30th September 2014

1 Accounting Policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention.

1.2. Income recognition

Interest on members' loans is recognised when payment is received as specified in Section 110 (1)(I) of the Credit Union Act, 1997 (as amended). Deposit income is recognised on an accruals basis.

1.3. Tangible fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated in order to write off the cost of fixed assets over their estimated expected useful lives by equal annual instalments.

The useful lives of fixed assets, by reference to which depreciation is calculated, is as follows:-

Premises	–	50 years
Furniture & equipment	–	8 years
Computer equipment	–	5 years

1.4. Investments

Investments are stated at one of the following valuation methods:

- Accrued value where the guaranteed maturity value exceeds the accrued value.
- Cost where market value is lower than cost but cost is guaranteed.
- Net realisable value where lower than cost and cost is not guaranteed.

AYRFIELD CREDIT UNION

Report and Financial Statements 2014

NOTES TO THE FINANCIAL STATEMENTS (contd.)

For the Year Ended 30th September 2014

2 Cash Flow Statement

	2014 €	2013 €
OPENING CASH AND INVESTMENTS	12,477,505	11,277,694
Receipts		
Members' shares	2,821,345	3,112,109
Members' loans repaid	3,939,431	4,158,980
Members' loan interest received	731,209	799,764
Investment interest received	227,120	281,983
Bad debts recovered	19,611	33,417
Other receipts	211	235
Increase in prepayments	(8,221)	(3,644)
	<u>7,730,706</u>	<u>8,382,844</u>
Disbursements		
Members' shares withdrawn	2,936,820	2,969,306
Members' loans granted	3,852,648	3,728,362
Operating expenses	562,399	468,910
Fixed assets purchased	9,945	18,245
Increase in other liabilities and accruals	(15,617)	(1,790)
	<u>7,346,195</u>	<u>7,183,033</u>
CLOSING CASH AND INVESTMENTS	<u>12,862,016</u>	<u>12,477,505</u>

AYRFIELD CREDIT UNION

Report and Financial Statements 2014

NOTES TO THE FINANCIAL STATEMENTS (contd.)

For the Year Ended 30th September 2014

3 Tangible Fixed Assets

	Premises	Furniture & Equipment	Computer Equipment	Total
Cost	€	€	€	€
At 1 October 2013	447,971	186,463	202,480	836,914
Additions	—	—	9,945	9,945
At 30 September 2014	447,971	186,463	212,425	846,859
Depreciation				
At 1 October 2013	165,594	181,063	198,269	544,926
Charge for the year	11,842	2,802	3,289	17,933
At 30 September 2014	177,436	183,865	201,558	562,859
Net book values				
At 30 September 2013	282,377	5,400	4,211	291,988
At 30 September 2014	270,535	2,598	10,867	284,000

Premises valuation

The directors employed Lloyd Daly & Associates, estate agents, to value the premises at open market in October 2011; their valuation was €425,000 which is in excess of the current Net Book Value. The directors have agreed to leave the valuation at the current Net Book Value and not to recognise the revaluation gain.

4 Proposed Dividend and Loan Interest Rebate

The Directors recommend the following distributions:

Dividends on shares at .75% (2013: 0.75%)

Loan Interest Rebate @ 10% (2013: 10%)

2014	2013
€	€
121,187	120,086
73,121	79,977
194,308	200,063

Under FRS21 the proposed amounts do not appear in the financial statements except by way of note.

5 Other Liabilities, Accruals and Charges

PAYE/PRSI

Audit & accountancy

Other creditors and accruals

2014	2013
€	€
23,047	7,143
7,688	7,503
11,844	12,316
42,579	26,962

AYRFIELD CREDIT UNION

Report and Financial Statements 2014

NOTES TO THE FINANCIAL STATEMENTS (contd.)

For the Year Ended 30th September 2014

6 Members' Shares

Regular share accounts
Special share accounts

2014	2013
€	€
3,502,570	3,037,619
12,599,907	12,973,807
<u>16,102,477</u>	<u>16,011,426</u>

7 Related Party Transactions

The following are the related party transactions with directors and officers, which require disclosure under Financial Reporting Standard No.24:-

Loan Balances

42,117	48,599
--------	--------

Share Balances

188,215	240,537
---------	---------

Loans of €17,200 (2013: €19,500) were granted to directors and officers during the year.

8 Reserves

Undistributable Investment Income Reserve

	2014	2013
	€	€
Opening balance	68,050	156,328
Transfer to Income and Expenditure Account	(68,050)	(88,278)
Closing balance	<u>—</u>	<u>68,050</u>

Statutory Reserve

	2014	2013
	€	€
Opening balance	1,803,570	1,765,271
Transfer from Income and Expenditure Account	28,763	37,846
Closing balance	<u>1,832,333</u>	<u>1,803,117</u>

Dividend reserve

	2014	2013
	€	€
Opening balance	175,000	175,000
Transfer to General Reserve	(87,500)	—
Opening and Closing balance	<u>87,500</u>	<u>175,000</u>

AYRFIELD CREDIT UNION

Report and Financial Statements 2014

NOTES TO THE FINANCIAL STATEMENTS (contd.)

For the Year Ended 30th September 2014

8 Reserves (contd.)

General Reserve

	2014 €	2013 €
Opening balance	226,221	200,628
Transfer from Income and Expenditure Account	—	25,593
Closing balance	<u>226,221</u>	<u>226,221</u>

Additional Regulatory Reserve

Opening balance	321,369	266,946
Transfer from Income and Expenditure Account	—	54,423
Closing balance	<u>321,369</u>	<u>321,369</u>

Death Benefit Insurance Reserve

Opening balance	96,306	95,621
Net contributions	(11,612)	685
Closing balance	<u>84,694</u>	<u>96,306</u>

Total Reserves

<u>2,552,117</u>	<u>2,690,063</u>
------------------	------------------

9 Insurance Against Fraud

The Credit Union has insurance against fraud in the amount of €1,900,000 in compliance with Section 47 of the Credit Union Act, 1997 (as amended).

10. Rates of Interest Charged on Members Loans

The following distributions were made during the period:

	2014 %	2013 %
Monthly	<u>.825</u>	<u>.825</u>
Annually	<u>9.90</u>	<u>9.90</u>
APR	<u>10.40</u>	<u>10.40</u>

The APR as stated above is the gross APR i.e. before adjustment for any loan interest rebate.

11. Approval of financial statements

The financial statements were approved by the directors on 04th November 2014

AYRFIELD CREDIT UNION

Report and Financial Statements 2014

SCHEDULE 1 – OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2014 €	2013 €
Investment income received	183,802	228,220
Investment income receivable within 12 months	43,318	16,073
Other investment income	–	37,690
	<u>227,120</u>	<u>281,983</u>

SCHEDULE 2 – OTHER INCOME

	2014 €	2013 €
Fees	211	235

SCHEDULE 3 – OTHER MANAGEMENT EXPENSES

	2014 €	2013 €
LP/LS insurance	91,143	96,332
Audit and accountancy	12,055	12,146
Affiliation fees	19,064	10,370
Treasurer's honorarium	–	2,317
Rent, rates, light and heat	22,491	25,009
I.L.C.U. convention	1,637	1,740
Postage, stationery and diskettes	12,271	12,478
Service contracts	19,987	13,511
Repairs and maintenance	5,035	4,053
Annual dinner	3,327	3,808
AGM expenses	6,776	4,423
Supervisors expenses	–	1,200
Board Oversight Committee expenses	1,110	–
General insurance	9,249	8,467
Telephone	5,327	5,338
Travelling	1,546	1,062
Professional fees	45,296	28,038
Bank charges	12,830	7,335
Security	5,778	9,182
Education, training and publicity	12,539	6,566
Staff training	11,560	10,440
Miscellaneous	1,372	4,563
Financial Regulator	15,492	10,812
Donations	3,500	7,396
	<u>319,385</u>	<u>286,586</u>

Ayrfield Credit Union Limited

CHRISTMAS AND HOLIDAY ARRANGEMENTS

Tuesday 23rd December 2014
9.00am – 12.00 noon

Wednesday 24th December 2014
Closed

Thursday 25th December 2014
Closed

Friday 26th December 2014
Closed

Saturday 27th December 2014
Closed

Tuesday 30th December 2014
9.00am – 12.00 noon

Wednesday 31st December 2014
10.00am – 12.00 noon

Thursday 1st January 2015
Closed

Friday 2nd January 2015
Open 10.00am – 12.00 noon and 4.00pm – 8.00pm

Saturday 3rd January 2015
Open 11.00am – 1.00 pm

Normal hours of business will be resumed on Tuesday 6th January 2015

**Your Board of Directors wish all our Members
a Very Merry Christmas**

OTHER SERVICES

The following services are available to all our members

- | | |
|--------------------------------|--|
| 1. Saving Accounts | 6. V.H.I. and Laya Healthcare discount |
| 2. Loan Accounts | 7. Website with Login facilities to your account |
| 3. Standing Order Repayments | 8. PayPoint (Bill Pay Facilities) |
| 4. Laser/Debit Card Repayments | 9. Phone-a-Loan |
| 5. Share & Loan Insurance | |