



**Ballincollig**  
CREDIT UNION LIMITED  
*Pure financial freedom*



# 2013

ANNUAL REPORT  
AND ACCOUNTS



NOTICE TO MEMBERS:  
Don't forget your Credit Union  
book when attending the AGM.

AGM MEETING:  
The GAA Pavilion, Ballincollig  
on Thursday 19th December 2013  
at 8pm.

## Credit Union Invocation

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

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.

### Agenda for Annual General Meeting

1. Credit Union Invocation.
2. The acceptance by the Board of Directors of the authorised representatives of members that are not natural persons.
3. Ascertainment that a quorum is present.
4. Adoption of Standing Orders.
5. Reading and approval (or correction) of the minutes of the 2012 AGM.
6. Report of the Board of Directors.
7. Report of the Treasurer; consideration of accounts and approval of Treasurer's honorarium.
8. Report of the Auditor.
9. Report of the Credit Committee.
10. Declaration of dividend and rebate of interest.
11. Adoption of Motions and Rule Amendments.
12. Report of Credit Control Committee.
13. Report of Marketing, Education, Promotion, & Sponsorship Committee (MEPS).
14. Report of Membership Committee.
15. Report of Finance/Investment Committee.
16. Report of the Board Oversight Committee.
17. Report of the Nominating Committee.
18. Appointment of Tellers.
19. Election to fill vacancies on the Board of Directors (5), Board Oversight Committee (2), and the Auditor.
20. Approval of International Development Foundation Fund contribution.
21. Any other business.
22. Announcement of election results.
23. Adjournment or close of meeting.

### Notice of Annual General Meeting



Notice is hereby given that the Annual General Meeting of Ballincollig Credit Union Ltd. will take place in The GAA Pavilion, Ballincollig, on Thursday 19th December 2013 at 8.00pm sharp.



Pat Moore  
Secretary

Playing  
an  
integral  
part  
in  
Ballincollig's  
future.

**2013**

ANNUAL REPORT  
AND ACCOUNTS

## Company Information

### Board of Directors

1. Catherine Greene *Chairperson*
2. Irene Byrne *Vice-Chairperson*
3. John Curtin *Treasurer*
4. Pat Moore *Secretary*
5. Paul Healy
6. Breda Callanan
7. Finbarr Bradley
8. Paddy Mc Carthy
9. Tony Lynch
10. Sheila Maguire
11. Nicola O'Connell

### Secretary

Pat Moore

### Company Number

347CU

### Registered Office

Credit Union House,  
Harrington Street,  
Ballincollig,  
Co. Cork.

### Auditors

Moore Stephens Nathans  
Chartered Accountants &  
Registered Auditors,  
83 South Mall,  
Cork.

### Business Address

Credit Union House,  
Harrington Street,  
Ballincollig,  
Co. Cork.

### Bankers

Allied Irish Banks,  
Main Street,  
Ballincollig,  
Co. Cork.

### Solicitors

O'Donnell, Breen-Walsh,  
O'Donoghue  
Trinity House,  
8 George's Quay,  
Cork.

### GJ Moloney,

City Quarter  
Lapps Quay  
Cork.

### Credit Committee

1. Bob O'Hea
2. Breda Callanan
3. Catherine Greene

### Credit Control Committee

1. Tony Lynch
2. Pat Moore
3. Sheila Maguire
4. Irene Byrne
5. Derry Canty

### Marketing, Education, Promotion & Sponsorship

1. Catherine Greene
2. Linda Walsh O'Neill
3. Martin Sisk
4. Sinead Leavey
5. Finbarr Bradley

### Nominations Committee

1. Pat Moore
2. Irene Byrne
3. Paul Healy

### Membership Committee

1. Irene Byrne
2. Marie Kierse
3. Ann Quinn
4. Donal O'Regan
5. Ann Marie Cosgrove

### Finance/Investment Committee

1. Paddy Mc Carthy
2. John P. Curtin
3. Denis O'Sullivan
4. Maura Ballard
5. Sarah Kidney
6. Karen O'Shea
7. Martin Sisk

### Youth Development Committee

1. Nicola O'Connell
2. Irene Byrne
3. Gary O'Brien

### Supervisory Committee

1. Michael Sealy
2. Gerard O'Donoghue
3. Francis Lynch

### Management & Staff

Sarah Kidney  
Mary Browne  
Niamh Buckley  
Phil Callan  
Ann-Marie Cosgrove  
Helen Deasy  
Peg Hayes  
Maria Kierse  
Margaret McGeough  
Alison Murphy  
Edel Murphy  
Owen O'Doherty  
Bridget O'Donoghue  
Karen O'Shea  
Ann Quinn  
Nicola Quinn  
Elizabeth Walsh  
Linda Walsh O'Neill  
Sinead Leavey

Dear Member

Did you know that as a member of BCU you are automatically covered by the Death Benefit Insurance Plan?

### What does this mean?

On the event of your death €1,300 is paid towards your funeral expenses; easing some of the financial burden on your loved ones.

<b>Sum Assured</b>	✓ €1,300 per member
<b>Term of Cover</b>	✓ Whole of Life
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>✓ Membership is automatic for all members with savings of €200 or more.</li> <li>✓ Cover applies to accounts from the date of joining.</li> <li>✓ Cover is available to members who join BCU before reaching the age of 70.</li> </ul>
<b>Premium</b>	<ul style="list-style-type: none"> <li>✓ The annual premium is paid by BCU for all members.</li> <li>✓ There is no direct cost to the member.</li> </ul>
<b>Claims</b>	✓ The claim is paid direct to BCU for the benefit of the member's personal representatives.



**Dump your lender!**  
... for one with a better figure

**5.8%**  
VARIABLE RATE

... and hook up to some serious savings with our lower loan rate

OPEN TO ALL FIRST TIME BORROWERS

FOR THIS MONTH ONLY  
**HURRY!**

\* TYPICAL APR 5.96%. TERMS & CONDITIONS APPLY. BALLINCOLLIG CREDIT UNION LTD. IS REGULATED BY THE CENTRAL BANK OF IRELAND.



**Ballincollig**  
CREDIT UNION LIMITED  
Pure financial freedom

## Standing Orders

### Voting

1. Each member shall be entitled to one vote irrespective of his/her shareholding, in accordance with Standard Rule 139.

### Election Procedure

2. A ballot paper for the election of the Board and the Board Oversight Committee, where applicable, will be distributed to each member at the A.G.M. as per the Credit Union Act (Amended 2012).
3. Election to the Board of Directors, to the Board Oversight Committee, and the position of Auditor shall be by a majority vote and by secret ballot.

### Motions

4. All motions from the floor of the A.G.M. must be proposed and seconded by members present at the A.G.M. 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 Chairperson 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 the motion shall have such time as shall be allowed by the Chairperson 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 Chairperson.
9. The Chairperson 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.

### Miscellaneous

10. The Chairperson of the Board of Directors shall be the Chairperson of any general meeting, except where he/she is not available, then it shall be the Vice-Chairperson, except where he/she is not available, in which case

the Board shall decide amongst themselves who shall act as Chairperson of any general meeting.

11. The Chairperson 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 Chairperson.
13. The Chairperson's decision on any matter relating to these Standing Orders or interpretation of the same shall be final.
14. In accordance with Standard Rule 132 (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 138 also re election procedure.
15. Any matter to be decided upon by vote at the A.G.M. shall, unless otherwise expressly provided for by the law or the rules, be decided upon by simple majority.

### Suspension of Standing Orders

16. 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.

### Alteration of Standing Orders

17. 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.

### Adjournments

18. Adjournments of the AGM shall take place only in accordance with Standard Rule 132.

Playing  
an  
integral  
part  
in  
Ballincollig's  
future.

**2013**  
ANNUAL REPORT  
AND ACCOUNTS



## Chairperson's Report

Ballincollig Credit Union has gone through a huge change process since I last addressed you. We have a new management structure in place which takes into account the regulations in the Credit Union Act 2012 as set out by the Central Bank.

Ballincollig Credit Union has moved home to Harrington Street, our strategic plan is in process, we have added new products and there are a number of new initiatives in place.

### How Credit Unions Now Operate

There is a change with how Credit Unions now operate, as laid out in the 2012 Amended Credit Union Act, with regards to the roles and responsibilities of the Manager. The manager is responsible for the operational aspects of the Credit Union. The board of directors of each credit union remains responsible for the general control, direction and management of the credit union and will need to ensure they have adequate and appropriate systems and resources in place to meet their legal and regulatory requirements and ensure that they have effective governance arrangements including risk management systems and internal audit functions.

### Board and Oversight Committee Vacancies

The process with regards to the filling of Board and Oversight Committee Vacancies has also changed. We advertised in June for volunteers to help out on committees and stand for election for the Board and Oversight Committees and we were pleasantly surprised with the huge response. We held an information meeting for all of those that responded in September and outlined the roles and responsibilities for the Board. This is all part of the succession plan which we must implement in accordance with the 2012 Amended Credit Union Act.

### New Initiatives

In January 2013, BCU reduced its standard loan interest rate from 11% down to 9.98%. It was a good year for us as the new initiatives we have implemented have helped to stabilise the loan book. It is your Credit Union so please support the loan initiatives. If you are looking for funding for a holiday, a new car in 2014, new furniture or you need some building work done, especially with the building rebate in the Budget, check out our rates and you will be surprised at how competitive Ballincollig Credit Union is.

We also intend to introduce a household budget in 2014 which will help with all of your annual bills, household tax, water charges, TV Licence, car tax, car insurance, NCT, car servicing, ESB, Telephone etc. Come in and have a discussion with us and we will tailor a plan to suit you.

### Credit Control

With regards to Credit Control I am happy to report that the section are on top of the finances and as you can see, the write offs for 2013 are drastically reduced on 2012 and previous years.

The Committee and the Unit investigate each write off very thoroughly before making a decision and consider alternate options. While a bad debt is written off, it doesn't mean that BCU forgets about it and it is pursued through the courts, if warranted, and judgements are sought.

This is your money and we are aware that we are all part of this co-operative so, if money is borrowed by a member it is right and just that this loan must be repaid. We are aware that people do run into difficulties and we will meet with anyone who finds themselves in a difficult situation and again, we will put a plan in place which is mutually beneficial.

You can see from the accounts that we are in a good place and we expect this to be reflected in 2014 but again, this is down to you as members. Check with us for your financial needs before you make any commitments.

## Chairperson's Report *continued*

### O'Flynn Construction

We are in negotiations with O'Flynn Construction with regards to the lease exit of the Ballincollig Shopping Centre premises. We have addressed this situation in a separate communication overleaf.

### Student Bursaries

We organised two student bursaries this year to help with college fees as a way of giving something back to our members.

As part of our social responsibility we also provided funds to various areas within the community. Check the booklet for the full list of sponsorships.

### Inactive Accounts

While our membership is growing, we do have a number of dormant accounts. Please take a look as you may be one and if you are, all you need to do is complete any transaction on your account and it will be activated.

### Insurance Age

We have increased the insurance age to 85 for all lending. None of us are getting younger and it is a nice security if anything happens to us.

To my fellow Directors, the Management and Staff of BCU, the Board Oversight Committee, the External Auditors and all of the Volunteers, I thank you all sincerely for your help, support, time, advice, expertise and friendship this year and I look forward to 2014 and facing the new challenges that we will encounter.

To you, the Members, I thank you all for your continued support, especially those of you who are actively borrowing, repaying and saving. We hope you will continue to do so in 2014.

We hope to be in a position in 2014 to offer you an alternative to the banking experience that offers the same level of service, and more. We commenced this process in 2013 with the launch of our app, for those of you who are technically minded.

On behalf of the rest of the team I would like to take this opportunity to wish you all a very happy and peaceful Christmas and a prosperous 2014.

**Catherine Greene**

*Chairperson 2013*

### **An overview of the ongoing situation with O'Flynn Construction regarding the lease on Unit 12, Ballincollig Shopping Centre**

In June of 2013, Ballincollig Credit Union (BCU) returned to its Harrington Street premises, exiting its second premises at Ballincollig Shopping Centre. Despite no longer operating from the Ballincollig Shopping Centre unit, BCU continues to be bound by the long-term lease on the premises. It is the hope of the Board of Ballincollig Credit Union that an agreement can be reached with landlords O'Flynn Construction which will allow BCU to relinquish its obligations under the lease.

The decision to exit the lease at the shopping centre was not taken lightly and was based on a number of significant factors. When BCU moved part of its operations to Ballincollig Shopping Centre the intention was to retain two operating premises, however the changed economic situation meant that operating from two premises was not viable. A decision was taken to close the Harrington Street premises and relocate all operations to the Ballincollig Shopping Centre unit.

Following the move to Ballincollig Shopping Centre, it became apparent that there were a number of issues with the unit and that the premises was unsuitable to support the needs of staff members and volunteers. The premises was designed for retail use and the conversion to office use did not provide enough space for back office use or storage. There was also no boardroom or area available for volunteers and members to utilise as required.

In the past 5 years BCU, as with most Credit Unions, has also felt the impact of the financial difficulties being experienced by its members. BCU has seen a reduction in member shares, a reduction in its loan book and a significant increase in bad debt provision as a percentage of its loan book. These factors led to a situation in 2011 where BCU was forced to increase its interest rate to members, from 9% to 11% and was unable to pay its members a dividend in that year.

BCU has also experienced increased pressure following the publication by the Minister for Finance of the Credit Union Bill 2012, which gives effect to the recommendations of the Final Report of the Commission on Credit Unions. The bill deals with four key areas: Regulation, Governance, Restructuring and Stabilisation.

Under the Bill, Credit Unions will be assessed by grading them into one of three categories:

1. Capable of anchoring a group of Credit Unions
2. Participating in a group anchored by another Credit Union
3. Staying independent

The Board of BCU is committed to ensuring that BCU is seen as a viable independent Credit Union under the Credit Union Bill 2012.

These issues, in addition to the unsuitability of the Ballincollig Shopping Centre Unit, led BCU to the decision to return its operations to the Harrington Street premises in June 2013.

Currently BCU operates solely from its Harrington Street premises and the unit in the shopping centre is being used as a storage facility for the Credit Union. The clear preference of our membership of the Credit Union is to exit the lease at Ballincollig Shopping Centre. Retaining both premises is an ongoing cause of concern for the members of BCU and could potentially hinder the progression of this successful Credit Union.

In October 2012, a proposal was presented to O'Flynn Construction that BCU be allowed to relinquish its obligations under the lease, on the basis that the lease:

1. Is contributing to the uncertain trading conditions of the Credit Union
2. Will damage BCU as a Tier 1 Credit Union under the proposals of the Credit Union Bill 2012
3. May cause serious disruption to the functioning of BCU, which is a non-profit orientated, community organisation whose aspiration is to enhance and improve their members' lives.

In consideration for the relinquishing of the lease, the Board of BCU is willing to pay a penalty to O'Flynn Construction, including service charges, as a once-off payment.

The Board of Ballincollig Credit Union is committed to working to resolve the ongoing issue with O'Flynn Construction and remains hopeful that the situation can be resolved to the satisfaction of both parties.



**Ballincollig**  
CREDIT UNION LIMITED  
*Pure financial freedom*



**Ballincollig**  
CREDIT UNION LIMITED  
*Pure financial freedom*

### Sponsorship List

Ballincollig Credit Union proudly supports local clubs and charities.  
Throughout 2013 we have supported:



## Your Family Need You!

Why make a Nomination?

The Board of Directors strongly recommend that all members who are over the age of 16 complete a Nomination Form. All members may nominate a person or persons to be a beneficiary of their Credit Union savings including insurances up to a max. of €23,000 at the time of their death. The balance in excess of €23,000 will be transferred to the Estate.

In the case of joint accounts for married couples, the balance no matter how high is automatically transferred to the surviving member. No Nomination is required on these joint accounts.

In the event of a member dying without Nomination, permission can be sought from the Board of Directors to pay funds to the next of kin to a max. of €15,000.

If there is no Nomination and the balance including the insurance is greater than €15,000, the total funds must pass to the Estate.

Nomination forms are available at our office.

Playing an integral part in Ballincollig's future.

Minutes of the Annual General Meeting of Ballincollig Credit Union  
held on 17th December 2012 at Oriel House Hotel, Ballincollig

**Board of Directors present**

*Catherine Greene, Irene Byrnes, John P Curtin, Paddy McCarthy, Breda Callanan, Finbarr Bradley, Paul Healy, Denis O'Sullivan, Pat Moore*

**Supervisory:** *Michael Sealy; Nicola O'Connell*

**Staff:** *Sarah Kidney; Colin Irwin; Elizabeth Walsh; Niamh Buckley; Nicola Quinn; Alison Murphy; Phil Calnan; Maria Kierse; Linda O'Neill; Karen O'Shea; Sinead Leavey; Ann Quinn; Peg Hayes.*

**Auditor:** Ned Murphy; Moore Stephens Nathans

**In attendance:** Pat Fay, ILCU:

The Chairperson Catherine Greene opened the meeting with the Credit Union Invocation. A quorum was ascertained and followed by the adoption of Standing Orders. Proposed by P.Moore and Seconded by P.McCarthy. Agreed by the meeting:

The Secretary Pat Moore submitted the minutes of the 2011 AGM which were taken as read Matters Arising: None Proposed by Karina and Seconded by Gary O'Brien. Agreed by meeting:

**Chairperson's report**

The following were agreed as tellers for the election count for the Board, Auditors and Supervisory Committee Chris Hassett, Eric Moore, Gus Nagle, Michael Sealy and Hughie O'Connor:

- Catherine began by welcoming the large attendance and thanking the Board, Supervisory Committee and the dedicated staff for their hard work during the year and for their on-going commitment to BCU. She wished the Board Members who were stepping down well and thanked them for the time and effort that was committed during their term.
- Made reference to the launch of the Strategic Plan which was presented prior to the AGM and in so doing stated that this was a very ambitious plan that would require a huge commitment from all of the Membership, Board and Staff. A lot of challenges were successfully dealt with in 2012 but that to retain our identity further challenges will need to be faced as there were plans by the Regulator to reduce the number of Credit Unions.
- Introduced Pat Fay from ILCU and said that it was a great privilege to have him with us this evening.

**Treasurer's report**

John Curtin presented the report as per the copy circulated by post to the Membership and was pleased to state that BCU had managed to make in excess of €700,000 surplus. This was down to good management by the Investment team and the healthy rates in the marketplace but he stressed that this was flattening out and that the rates were stabilising. Also, BCU had very little investment write offs this year. BCU wrote off, on a final perpetual bond, about €30,000. Whereas in 2011 there were write offs of in excess €400,000.

Salary costs and management expenses were reduced by €150k and we had a decrease in bad debt write offs €225k and a decrease in provision of €594k. Bad debt recovered improved by €110,000. Loan interest reduced by about €350,000 due to the decline in the loan book which has reduced to €20 million in 2012. John then discussed a possible impairment charge with regards to the exiting of the lease in NTC and that there was a need to write down the assets of NTC at a faster pace than at present to take into account the move to Harrington Street.

There was €700k to be written down and the auditors agreed to spread this over a number of years and that €220k was being written down for 2012. John mentioned the current situation with regards to investments and stated that we were restricted to short term investing and also stated that we were investing with financial institutions that had a state guarantee to protect members' monies.

The income on investments increased this year from about €1.1m to €1.26m. BCU will need to go out to the market for deposit rates again, deposit rates of somewhere about 2.75%, 2.5% are being received at present but this will drop in 2013. The regulator requires liquidity of 20% of our portfolio to be less than three months and not more than 25% in any one bank. This has a certain difficulty when AIB, Anglo, EBS were all separate banks. BCU's capital ratio is 15.57% and the Regulator has a requirement for 10%.

The ELG guarantee is expected to cease in the next four to six months. John stated that in the current economic climate it would appear that members are afraid to borrow and they are using their own shares instead of borrowings. As well as that, the strategic plan, which you had the benefit of seeing the first draft of tonight, will be focusing very strongly on increasing the loan book.

We are giving cheap rate loans backed by shares and a number of products by this. The advantage of working with Pinta, who have worked with 25-30 Credit Unions around the country on strategic plans is, we are jumping in to some of the ideas that other Credit Unions have of short term deposits. He told the meeting the aim is to maximise the return while remaining compliant with the C.U. Act of 1997, the Trustee [Authorised Investment] Order 1998 and Regulatory requirements.

John responded to Martin Desmond queries with regard to the write off of €700k over 3 years stating that it was in agreement with the Auditors and to the Members' advantage.

With regard to the question on impairment, John stated that negotiations are ongoing with the landlord to exit the lease and that there will only be an impairment charge levied if we exit with the full cost of the lease to be paid. He stressed that there would be no actual loss to BCU that the impairment would be written down on yearly basis but that it would affect the balance sheet.

In response to Pascal Cullen, John said that bad debts written off were pursued actively and at times, went legal.

Catherine proposed the Treasurer's honorarium of €10k gross. This was proposed by Noel Byrne, seconded by Tony Lynch and agreed.

*Treasurers Report was agreed on the proposal of Noel Byrne and seconded by Tony Lynch.*



### Auditors report

Ned Murphy stated that, in their opinion the financial statements give a true and fair view in accordance with generally accepted accounting practice in Ireland, of the state of the affairs of the Credit Union as at 30th September 2012 and of its income and expenditure and cash flows for the year then ended and have been properly prepared in accordance with the provisions of the Credit Union Act, 1997 as amended.

We have obtained all of 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, and in our opinion, the information given in the Directors' Report is consistent with the financial statements.

That concludes our audit opinion. On behalf of ourselves, Moore Stephens Nathans, I would like just to thank the Board, the staff and the various committees for their assistance throughout the audit. Thank you.

In response to a query with regards to Impairment charges from Martin Desmond, Ned stated that "The appropriate accounting standard is such that it says that you do not have to recognise that event ... the total cost of the future payments until the premises is no longer being used as a Credit Union, and until such time there has been a quantification as to other matters, including alternative uses, potential market value etc."

*Circulated report proposed by Margaret Moore, seconded by Gus Nagle and agreed.*

### Credit Committee Report

Bob O'Hea delivered the Credit Committee report as per the circulated report and also stated there was a decline in the loan book with fewer borrowings of up to €2m on 2011 but that with the reduced interest rate and the implementation of the Strategic Plan that there was a great opportunity to grow the organisation in the coming years.

Catherine mentioned that the loan interest was being reduced to 10.5% APR, which was a reduction of 1% in total.

*Proposed by Eamonn Staunton, seconded by John Curtin and adopted.*

### Credit Control Committee Report

Paddy McCarthy delivered the Credit Committee report as circulated and in response to Pascal Cullen stated that the credit control department had identified 110 accounts with a write off of over €2m which were prioritised and are actively being pursued along with the accounts written off in 2012. The remainder of the 600 accounts would also be pursued as it was the intention to recover as much of the members monies as possible.

In response to Tony Hughes Paddy stated that the amount of loans over 10 weeks in arrears is at 22% compared to 20% in 2011.

In relation to the 110 accounts with a write off of €2m Paddy explained that the upper limit is €25k and that collectively this would work out at €20k per person.

*Proposed by Gary O'Brien, seconded by Ted Ray and adopted.*

### Marketing Education & Promotion Committee

Paul Healy delivered the report on the Marketing, Education and Promotion Committee stating that the function of this committee is to encourage the membership to utilise the services of the Credit Union more often and in a wise fashion. The role of the Credit Union was also to provide assistance to the wider community and this was done through sponsorship.

*Proposal of Michelle Moore and seconded by Anna McCarthy.*

### Membership Committee Report

Catherine presented the report as circulated and thanked Donal O'Regan and Ann Marie for the time and work involved with this committee. The Board, supervisors and staff would like to extend their sincere condolences to the families of members who died during the year and wish to remind you that the annual mass for the deceased members will be celebrated early in the New Year in the churches within the common bond.

*Proposed Rena O'Connor, seconded by Norma Geer and agreed.*

### Finance & Investment Committee Report

This report was presented by Denis O'Sullivan who stated that he was happy to report that BCU has a liquidity of 23% which is well in excess of the regulator requirement of 20%. He paid mention to the current interest rates and reiterated John Curtin's previous concerns with the stabilising of the interest rate and the restrictions with regards to investments. Denis thanked the external advisors Global Reach Securities and the rest of the Committee for the time and effort involved. He also said that the Board had reversed its decision and has increased the limit on savings from €50k to €100k in line with the regulators guidelines.

*Report proposed by Marie Healy. Seconded by Geraldine Forde and agreed.*

### Supervisory Committee Report.

Michael Sealy; Chairperson of the Supervisory Committee presented the Supervisors report as per the circulated report and added that the Committee were pleased to note the substantial progress with the refurbishment of Harrington Street and the return to surplus in 2012 which was down to the hard work of the Board, Staff and acknowledged the role of the Membership. He mentioned the strategic plan and that the future of BCU looks good and that in comparison to last years AGM the members could go home with a feeling of hope, expectation and purpose.

*Agreed on the proposal of John Smythe and seconded by Margaret.*

### Nominations Report

Pat Moore stated that there was 1 position for the appointment of Auditor and reminded the members present that this position had to be approved by election. There were 5 vacancies on the Board and 2 on the Supervisory Committee. There were 13 candidates for the board and 2 for the Supervisory Committee. Pat Fay from ILCU was present and in his address to the membership explained the role of the Director in Credit Unions, which he described as financial co-operatives and stated that members own the Credit Union and to manage the affairs, elect from their number a selection of the membership with the necessary skillsets to manage the affairs and have a fiduciary responsibility to do so with the best interests of the members in mind, within the Credit Union Act 2012 which came into effect in Dec 2012. This legislation is based on the Commission of Credit Unions report which takes into account the best standards of governance practice found in businesses and boards generally. The Supervisory Committee will in future be called the Board Oversight Committee and will need to ensure that the Board of Directors perform their duties and discharge them in accordance with the new legislation. Pat outlined briefly the changes anticipated with the introduction of an internal audit function, a compliance officer and changes within the management and executive functions that will set strategic direction, make policy decisions consultation with the members and do the right thing to ensure the members assets are protected. He stressed the need for Directors to comply with their onerous responsibilities and that the Board of Directors, in making decisions, should have no conflicts of interest irrespective of any other functions or things they might do and if there was a conflict it had to be declared in advance of a meeting. Pat stated "It's critical that boards sit down and debate honestly and openly with

one another. Do not become personal, and when they leave the door from the board meeting everything is left behind. They have to sign a pledge of confidentiality, so they will not discuss with anybody the matters or the affairs of the Credit Union, and that's very important. And they should be able to meet then at the next meeting without animosity or without rancour of any kind, and be able to deal with the issues before them again at that meeting in an objective and considered manner. And the outcomes arrived at to be in the best interest of you the members.

Pat Moore introduced the list of Candidates who were proposed and seconded and each was afforded an opportunity to list their credentials. The members present were likewise afforded an opportunity to put questions to the candidates.

#### Harrington Street Update

Pat Moore gave an account of work to date with regards to the refurbishment of Harrington Street, listing the various stages from inspection to tendering and stating that CField were awarded the contract at a cost of €404,485 in addition to the Electrical and mechanical costs of €215,815 giving a total of €620k approx including consultant fees. The building will be valued when the work is complete. The cost for this work will be put into a capital charge account and written down over a number of years to spread the cost for same. Pat Moore also stated, in response to Martin Desmond, that there were negotiations on-going with O'Flynn Construction and that a business plan was prepared and submitted for NAMA's approval.

#### Resolutions

Resolution Number One – amend rule one of the standard rules of Credit Unions by the deletion of any financial services authority where it appears in the definition of bank. Can I get a proposer and a seconder for that please? Tony Lynch proposed and Gary O'Brien seconded - Agreed.

Resolution Number Two – the annual general meeting agrees to amend rule one of the standard rules of Credit Unions Republic of Ireland by the insertion of the following definition of civil partner: The civil partner has the meaning assigned to it by the Civil Partnership and Certain Rights and Obligations of Cohabitation Act 2010. Proposed Ted Ray; Seconded Ted Murphy - Agreed.

Number Three – the annual general meeting agrees to amend rule 44/9 of the standards rules of Credit Unions Republic of Ireland by the insertion of Civil Partner after Spouse where appearing in line two, so as to read as follows:- The Credit Union shall accept from an officer of the Credit Union a guarantee for a loan to another member unless that other member is the officer's spouse, civil partner, child or parent. Proposer: Brian O'Neill, Seconder: Graham McCarthy - Agreed.

Number Four – this annual general meeting agrees to amend rule 136/2 of the standard rules of Credit Unions Republic of Ireland, by the insertion of a minimum of ...so to read as follows:- The Nominating Committee shall consist of a minimum of three members at least one of whom shall be a director. Proposer: Phil Cullen. Seconder: Tony Lynch. Agreed.

Number Five – that this annual general meeting agrees to amend rule 152/2b of the standard rules for Credit Unions Republic of Ireland by the insertion of civil partner after spouse where appearing in line one, so as to read as follows:- None of the following persons shall be qualified for election as auditor of the Credit Union, a parent, spouse, civil partner, brother, sister or child of an officer or voluntary assistant of the Credit Union. Proposed Ted Murphy; Seconded Dave O'Herlihy; Agreed.

Amendments to standard rules arising from League AGM 2012, rule 22. That this annual general meeting agrees to amend rule 22 of the standard rules of Credit Unions Republic of Ireland, by the deletion of :- "When the Credit Union has been unable to contact a 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 three so as to read as follows:- Rule 22 – Dormant Accounts – The Credit Union may deal with shares and deposit accounts as hereafter provided where there has been no member initiated transaction on

the account for a period of three years, and when no reply has been received within 30 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 accounts. Such share and deposit accounts shall then be transferred to the reserve account. Dividend and interest shall continue to be payable on such accounts.

*Proposed Tony Lynch: Seconded Mrs McCarthy: Agreed.*

The Board proposed the distribution of funds as follows:

St Vincent de Paul	€1k
Ballincollig Family Resource Centre (After care)	€1k
Cork Penny Dinners	€1k
Simon Community	€1k
ILCU Overseas Development Fund	€1k

*Agreed unanimously:*

#### Election Results

The following results were declared following the Members vote which was overseen by Michael Sealy member of the Supervisory Committee and Ned Murphy external auditor:

Auditors for 2013: Moore Stephens Nathans elected:

#### Board:

Tony Lynch	3 years:
Finbarr Bradley	3 years:
Paul Healy	3 years;
Nicola O'Connell	2 years;
Sheila Maguire	1 year:

#### Supervisory Committee:

Francis Lynch	3 years;
Lawrence Cunningham	1 year:

#### NUMEROUS RAFFLES TOOK PLACE DURING THE COURSE OF THE MEETING.

#### Honorarium

An honorarium of €10,259 gross to be paid to the Treasurer, John Curtin for the excellent work that he undertakes was agreed on the proposal of Gary O'Brien and seconded by Brian O'Neill.

#### Dividend and Interest Rebate

Catherine Greene proposed the following: .25% interest to be paid on shares and .5% interest rebate for 2012. Agreed unanimously.

#### Chairperson

*Catherine Greene*

#### Secretary

*Pat Moore*



**Ballincollig**  
CREDIT UNION LIMITED  
*Pure financial freedom*

## Directors Report

### Statement of Directors' Responsibilities for the Year Ended 30 September 2013

The Credit Union Acts 1997-2012 require 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 & Expenditure of the Credit Union for that period. In preparing those financial statements, the Directors are required to:

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Credit Union and which enables them to ensure that the financial statements are prepared in accordance with Accounting Standards generally accepted in Ireland and comply with the Credit Union Acts 1997-2012. They are 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 board of Directors*

**Catherine Greene**

*Member of the Board of Directors*

**Sarah Kidney**

*Manager*

5th December 2013

### Statement of Supervisory Committee's Responsibilities for the Year Ended 30th September 2013

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

The Supervisory Committee has since the year end been replaced by the Board Oversight Committee, following the commencement of certain sections of the 2012 Credit Union Act.

On Behalf of the Board Oversight Committee

**Michael Sealy**

5th December 2013

# Who is going to get YOUR pot of gold?



**Name a person or persons on your account**  
**We recommend that all single account holders**  
**over the age of 16 complete a nomination form.**

**This names a person or persons as the**  
**beneficiary on your account in the event**  
**of your death.**

**Name Someone Today**

**021 4872305**

**www.BCU.ie**

Playing  
an  
integral  
part  
in  
Ballincollig's  
future.

**2013**

ANNUAL REPORT  
AND ACCOUNTS

**Introduction**

As the role of Treasurer ceased to exist with the introduction of the new Credit Union Act 2012 this is the last Treasurer's report for the members.

I would like to take the opportunity to thank the members for their courtesy and patience with me over the past few years and look forward to assisting BCU in a voluntary role, should I be re-elected.

On behalf of the Board of Directors, I report to you on our annual results.

I am delighted to report a major improvement. This year we are showing a surplus of € 550,152.

Our income at €3,326k held steady while including a postponed investment income from previous years. Loan interest reflects the continued drop in the Loan Book.

Despite the reduction in interest rates, as low as 1.5%, income for investments averaged 3.27%. If we exclude the income carried forward from previous years long term investments, we still earned an average investment interest rate of 3.62%. As earlier investments mature, this income will be reduced towards current interest levels.

**Loan Book**

During the year we granted 3,560 loans totalling €9,886,888. Our average loan size is € 3,000 against € 7,500 some years ago.

During the year we introduced new loan products at low interest rates.

These were :

- Student Loans
- 1st Time Borrower Loans
- Secured Loans

Again, I would like to thank those members who borrowed from B.C.U. They are the life blood of our income.

Due to the economic uncertainty and necessary government restraints which face all of us, members are reluctant to borrow. We do not encourage any borrowing which is unaffordable.

Catherine Greene and her team on the Credit Committee and indeed, all staff, should be congratulated for their work.

Catherine will give you more details of the year's lending in the Credit Committee report.

**Credit Control/Delinquency**

The level of arrears, at € 3,460,771 (17%) is down by € 1 million on last year. The Bad Debt write off for the year was € 531,631, a reduction of 35% on last year. When a bad debt is written off, our Credit Control team continue to chase it and this year collected € 193,813 from written off loans. A sincere thanks to Tony Lynch, his committee and all the staff for the professional way the Credit Control department is run.

**Investments**

As with previous years, we are being guided by our professional advisors, Global Reach Securities. There has been a dramatic reduction in interest rates, some quotes are less than 1%. The committee continued the policy of mainly short term deposit investment. We achieved a return of 3.27%, in the year to September on our investments, compared to 4.04% in 2012. This is greater than we had forecast but we expect this rate to reduce dramatically over the next few years. We may have to look at some longer term deposits to try and improve investment income.

The Regulators liquidity requirements (funds available in less than 3 months) demand that we hold at least 20% of our unattached shares in short term deposits. I am happy to report that we have liquidity of 36%, well in excess of regulatory requirement and I expect this to continue into the New Year.

I would like to thank Paddy McCarthy and his Finance committee for the time and effort put into managing our funds.

**Governance**

The new Credit Union Act has put much emphasis on Fitness, Probity and Governance.

Potential candidates for the roles of Chairperson and Manager have been submitted to the Financial Regulator for approval. The Manager has already been approved.

Candidates for positions as Directors have been informed of the requirements.

The object of this is to establish their Fitness (competence and capability) and Probity (honesty, integrity, ethical and financially sound) for the role.

Our Strategic plan has been put in place and its implementation has been rolled out.

The Committee structure has been reviewed, succession planning has commenced.

A performance measurement process has been put in place for all staff and performance targets have been developed.

The process of employing a Risk/Compliance officer has commenced.

**Summary**

Ballincollig Credit Union Limited remains in a safe, strong and secure financial position. We have strong regulatory reserves in excess of 10% and total reserves in excess of 15%.

Our focus is to protect our members savings and despite bad debt write offs we have achieved this. Our Balance Sheet is strong and we are exceeding the Regulator's requirements.

We are aware that, as most Credit Unions, we will continue to trade in an uncertain economic climate for the medium term future. However, we are confident that with the support of our members and the determination of Directors and staff we will be well positioned to move forward and continue to be the first choice provider of financial services in our community.

I would like to take this opportunity to thank my fellow Directors, our Supervisory Committee, the Manager and her staff and the voluntary members of all the committees for their continued support, professionalism, words of wisdom and courtesy at all times.

**John Curtin**

*Treasurer 2013*



## Independent Auditor's Report



We have audited the financial statements of Ballincollig Credit Union Limited for the year ended 30 September 2013 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the 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).

### Respective Responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement, 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.

This report is made solely to the Credit Union's members, as a body, in accordance with Section 120 of the Credit Union Acts 1997 - 2012. 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.

### 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 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. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### 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 2013 and of its income and expenditure for the year then ended;
- Have been prepared in accordance with Generally Accepted Accounting Practice in Ireland; and
- Have been properly prepared so as to conform with the requirements of the Credit Union Acts 1997 - 2012.

### Other Matters Prescribed by the Credit Union Acts 1997 - 2012

- 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.



John A. Callaghan

Moore Stephens Nathans,  
Chartered Accountants &  
Registered Auditors,  
83, South Mall,  
Cork

5th December 2013



**Ballincollig**  
CREDIT UNION LIMITED  
Pure financial freedom

**UNLOCK THE POWER  
OF YOUR SAVINGS!**

**MANAGE YOUR MONEY WITH OUR  
SHARE LOANS**



**INTEREST RATE  
OF 5.4%  
TYPICAL APR 5.6%**

**IF YOU DON'T  
HAVE TIME TO  
POP IN, RING US  
OR APPLY ONLINE**

**www.BCU.ie**

**TEL: 021 4872305**



**Financial Statements - Year Ended 30/09/13**  
**Income & Expenditure Account**

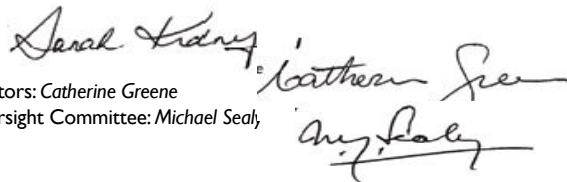
	Notes/Schedules	2013 €	2012 €
<b>INCOME</b>			
Interest on Members' Loans		2,000,348	2,164,763
Interest Payable & Similar Charges		–	(3,971)
Other Interest Income & Similar Income	<b>Schedule 1</b>	1,189,349	1,261,355
Write Down on Investments		–	(32,500)
Profit on Disposal of Investments		30,000	–
<b>NET INTEREST INCOME</b>		<b>3,219,697</b>	<b>3,389,647</b>
Other Income	<b>Schedule 2</b>	15,922	17,904
<b>TOTAL INCOME</b>		<b>3,235,619</b>	<b>3,407,551</b>
<b>EXPENDITURE</b>			
Salaries	<b>Note 14</b>	824,495	743,010
Other Management Expenses	<b>Schedule 3</b>	1,136,944	971,244
Depreciation	<b>Note 3</b>	317,841	322,853
Increase in Provision for Bad and Doubtful Debts		68,369	189,666
Bad Debts Written off		531,631	822,191
Bad Debts Recovered		(193,813)	(374,431)
<b>TOTAL EXPENDITURE</b>		<b>2,685,467</b>	<b>2,674,533</b>
<b>EXCESS OF INCOME OVER EXPENDITURE FOR THE YEAR</b>			
		550,152	733,018
<b>Less:</b>			
Dividend Paid		(130,119)	–
Loan Interest Rebate Paid		(115,885)	–
		304,148	733,018
<b>Less:</b>			
Transfer to Statutory Reserve	<b>Note 7</b>	(55,015)	(73,302)
Transfer to Dividend Reserve	<b>Note 7</b>	(691,184)	(649,317)
Transfer from Non-Distributable Investment Income Reserve	<b>Note 7</b>	442,051	34,311
Transfer from/to Non-Distributable Regulatory Reserve	<b>Note 7</b>	–	–
Undistributed Surplus/(Deficit) in current year	<b>Note 7</b>	–	44,710
Undistributed Surplus/(Deficit) b/fwd	<b>Note 7</b>	–	(44,710)
Undistributed Surplus/(Deficit) c/fwd	<b>Note 7</b>	–	–

The financial statements were approved and authorised for issue by the Board and signed on behalf of the Credit Union on 5th December 2013.

Manager: Sarah Kidney

Member of Board of Directors: Catherine Greene

Member of the Board Oversight Committee: Michael Sealy



**Financial Statements - As At 30/09/13**  
**Balance Sheet**

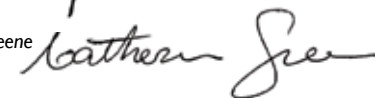
	Notes	2013 €	2012 €
<b>ASSETS</b>			
Cash and Balances at Bank		39,794	300,726
Deposits and Investments	2	36,593,131	34,267,848
Loans To Members		19,495,020	20,303,174
Less: Provision for Bad & Doubtful Debts		(3,026,728)	(2,958,359)
Tangible Fixed Assets	3	1,144,657	775,416
Prepayments and Accrued Income		912,481	887,871
<b>TOTAL ASSETS</b>		<b>55,158,355</b>	<b>53,576,676</b>
<b>LIABILITIES</b>			
Members' Shares	13	46,232,409	45,018,549
Members' Deposits	13	62,168	25,419
Money Management Accounts		783	583
Other Liabilities, Creditors, Accruals and Charges	4	217,038	190,316
<b>TOTAL LIABILITIES</b>		<b>46,512,398</b>	<b>45,234,867</b>
<b>ASSETS LESS LIABILITIES</b>		<b>8,645,957</b>	<b>8,341,809</b>
<b>MEMBERS' RESOURCES</b>			
Statutory Reserve	7	5,161,967	5,106,952
Non-Distributable Regulatory Reserve	7	534,999	534,999
General Reserve	7	808,490	808,490
Dividend Reserve	7	2,140,501	1,449,317
Non-Distributable Investment Income Reserve	7	–	442,051
<b>TOTAL MEMBERS' RESOURCES</b>		<b>8,645,957</b>	<b>8,341,809</b>

The financial statements were approved and authorised for issue by the Board and signed on behalf of the Credit Union on 5th December 2013.

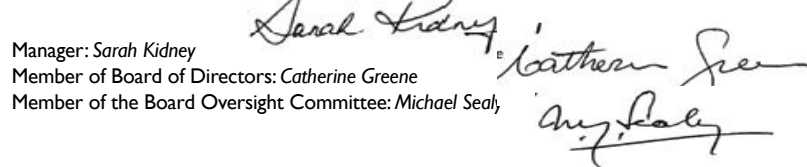
Manager: Sarah Kidney



Member of Board of Directors: Catherine Greene



Member of the Board Oversight Committee: Michael Sealy

Manager: Sarah Kidney

Member of Board of Directors: Catherine Greene

Member of the Board Oversight Committee: Michael Sealy

	2013 €	2012 €
<b>OPENING CASH AND INVESTMENTS</b>	34,568,574	33,585,961
<b>RECEIPTS</b>		
Members' Shares	29,390,932	26,566,662
Members' Deposits	36,749	-
Members' Loans Repaid	9,910,367	10,417,119
Members' Loans Interest Received	2,000,348	2,164,763
Investment Interest Received	1,189,349	1,261,355
Bad Debts Recovered	193,813	374,431
Money Management Accounts	1,183	14,851
Profit on Disposals of Investments	30,000	-
Other Receipts	15,922	17,904
(Increase) in Prepayments	(24,610)	(44,904)
<b>TOTAL RECEIPTS</b>	<u>42,744,053</u>	<u>40,772,181</u>
<b>DISBURSEMENTS</b>		
Members' Shares Withdrawn	28,177,072	29,101,145
Members' Deposits Withdrawn	-	252,852
Members' Loans Issued	9,633,844	8,570,741
Deposit Interest Payable	-	3,971
Dividends Paid	130,119	-
Loan Interest Rebate Paid	115,885	-
Operating Expenses	1,961,439	1,714,254
Fixed Assets Purchased	687,082	43,769
Money Management Accounts	983	41,718
Write-down on Investments	-	32,500
(Increase)/Decrease in Accruals	(26,722)	28,618
<b>TOTAL DISBURSMENTS</b>	<u>40,679,702</u>	<u>39,789,568</u>
<b>CLOSING CASH AND INVESTMENTS</b>	<u>36,632,925</u>	<u>34,568,574</u>

Manager: Sarah Kidney 

Member of Board of Directors: Catherine Greene 

Member of the Board Oversight Committee: Michael Sealy 

**1 ACCOUNTING POLICIES**

**1.1 Accounting Convention**

The financial statements are prepared under the historical cost convention.

**1.2 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.

**1.3 Interest on Members' Loans**

Interest on Members' Loans is recognised when payment is received as specified in Section 110[1][C][1] of the Credit Union Acts, 1997 - 2012 (i.e. on a cash basis). Loans are carried at amortised cost using the effective interest method.

**1.4 Investments**

Investment income is recognised when received or irrevocably receivable. Investments are recognised at lower of cost and net realisable value.

**1.5 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:

Buildings & Improvements	2% Straight Line
Leasehold Improvements	Over the expected life of the lease
Furniture & Fittings	20% Straight Line
Computer Equipment	33.33% Straight Line
Office Equipment	20% Straight Line

**1.6 Pensions**

The Credit Union operates defined contribution and defined benefit schemes for certain employees. Contributions to the scheme are charged to the Income and Expenditure Account in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

**1.7 Bad and Doubtful Debts**

Provision for doubtful debts is made against current loan balances which the Directors consider uncollectible. The amount provided is calculated based on the number of weeks a loan is in arrears adjusted for any specific bad debts (using a formula set out by the Irish League of Credit Unions, called Resolution 49).

**2 Deposits and Investments**

**DEPOSITS**

Allied Irish Bank	2,357,185	3,414,053
CIM - EBS Building Society	1,000,000	1,000,000
EBS Building Society	1,021,558	2,556,898
KBC	5,576,419	7,286,464
BNP Paribas	100,000	100,000
Rabo Direct	6,764,343	—
Central Bank Minimum Reserve	392,101	389,742
Permanent TSB	2,761,989	7,248,173
Central Bank Deposit Protection	88,826	—
Bank of Ireland	6,081,614	3,685,317
Ulster Bank	6,889,738	3,525,731

**2013**  
€

—	—
—	—
—	—
—	—
—	—
—	—
—	—
—	—
—	—
—	—
—	—
—	—

33,033,773

**2012**  
€

—	—
—	—
—	—
—	—
—	—
—	—
—	—
—	—
—	—
—	—
—	—
—	—

29,206,378

**BONDS**

Barclays TARN	—	1,000,000
Goodbody Eurostock Bond	—	600,000
Government Bond	1,561,393	494,000
EBS Bond	497,470	497,470
BOI Bond	500,000	500,000
AIB Bond	1,000,495	1,000,000
PTSB Bond	—	970,000

3,559,358

5,061,470

**TOTAL DEPOSITS AND INVESTMENTS**

36,593,131

34,267,848

**3 Tangible Fixed Assets**

	Buildings & Improvements	Leasehold Improvements	Furniture & Fittings	Computer Equipment	Office Equipment	Total
	€	€	€	€	€	€

**COST**

At 01/10/12	310,766	1,037,152	249,792	612,756	148,197	2,358,663
Additions	628,621	—	9,396	43,462	5,603	687,082
At 30/09/13	939,387	1,037,152	259,188	656,218	153,800	3,045,745

**DEPRECIATION**

At 01/10/12	128,644	509,143	247,317	565,729	132,414	1,583,247
Charge for the year	18,152	240,000	3,158	48,162	8,369	317,841
At 30/09/13	146,796	749,143	250,475	613,891	140,783	1,901,088

**NET BOOK VALUE**

At 30/09/13	792,591	288,009	8,713	42,327	13,017	1,144,657
At 30/09/12	182,122	528,009	2,475	47,027	15,783	775,416

**4 Other Liabilities, Creditors, Accruals & Charges**

Creditors & Accruals

**2013**  
€

**2012**  
€

217,038

190,316

217,038

190,316

**5 Post Balance Sheet Events**

There were no significant events affecting the Credit Union since the year end.

**6 Related Party Transactions**

During the year loans were approved for Directors and Officers of the Credit Union. These loans were approved in accordance with Standard Credit Union Rules. No material transactions in relation to other related parties require disclosure under Financial Reporting Standard No. 8.

Total loans advanced to Directors and Officers during the financial year amounted to €247,557, (2012: €254,971). Loans due by Directors and Officers at 30th September 2013 amount to €314,035, (2012: €272,143).

Directors and Officers share balances stood at €156,866, (2012: €103,977) at 30th September 2013.

During the year members of the Board of the Directors charged the following amounts;

John Curtin charged €10,000 (2012: €2,400) for the provision of professional accounting services. Paddy McCarthy charged €6,000 (2012: €Nil) for the provision of management services.



**7 Reserves**

	Opening Balance 01/10/12 €	Income & Expenditure Appropriation €	Closing Balance 30/09/13 €
<b>Regulatory Reserves</b>			
Statutory Reserve	5,106,952	55,015	5,161,967
Non-Distributable Regulatory Reserve	534,999	–	534,999
<b>Total Regulatory Reserves</b>	<b>5,641,951</b>	<b>55,015</b>	<b>5,696,966</b>
<b>Other Reserves</b>			
General Reserve	808,490	–	808,490
Dividend Reserve	1,449,317	691,184	2,140,501
Non-Distributable Investment			
Income Reserve	442,051	(442,051)	–
Undistributed Surplus/(Deficit)	–	–	–
<b>Total Other Reserves</b>	<b>2,699,858</b>	<b>249,133</b>	<b>2,948,991</b>
<b>Total Reserves</b>	<b>8,341,809</b>	<b>304,148</b>	<b>8,645,957</b>

**8 Proposed Dividends**

The Directors propose a dividend of €114,340 (0.25%) for the year ended 30 September 2013 for approval by the members at the AGM. A dividend of €130,119 was paid for the year ended 30 September 2012.

The Directors propose a loan interest rebate of €116,264 (5%) for the year ended 30 September 2013 for approval by the members at the AGM. A loan interest rebate of €115,885 was paid for the year ended 30 September 2012.

**9 Honorary To Treasurer**

The Directors recommend that the treasurer be paid an honorarium of €10,227, gross for the year ended 30 September 2013 (2012 :€10,259).

**10 Insurance Against Fraud**

The Credit Union has insurance against fraud in the amount of €2,600,000 in compliance with Section 47 of the Credit Union Acts 1997-2012.

**11. Pension Commitments**

The Credit Union participates in an industry-wide pension scheme for employees (The Irish League of Credit Unions Republic of Ireland Pension Scheme). This is a funded scheme of the defined benefit type, with assets invested in separate trustee administered funds. However, Ballincollig Credit Union Limited is unable to identify its share of the underlying assets and liabilities. Consequently, Ballincollig Credit Union Limited accounts for its contributions to the scheme as if it were a defined contribution scheme. Contributions payable to the scheme are recognised in the income and expenditure account.

An actuarial review of the fund is normally carried out every three years by the Scheme's independent, professionally qualified, actuary. The actuarial review looks at the past & future liabilities of the scheme.

The last completed triennial actuarial review was carried out with an effective date of 1st March 2011 using the Projected Unit Credit method. The principal actuarial assumption used in the valuation was the investment return would be 1.75% higher than the annual salary increases. The market value of the scheme's assets at 1st March 2011 was €107.3m. The actuarial valuation disclosed a past service deficit of €28.7m on the long term funding basis at 1st March 2011. This actuarial review recommended a long term funding rate of 22.5%. The cost of risk benefits is paid in addition to this rate.

It should be noted that the above rate is based on the long term funding objectives.

As a separate requirement under section 56(1) of the Pensions Act 1990, the scheme actuary must carry out a separate valuation every 3 years and produce a funding certificate for submission to the Pensions Board within 9 months of the effective date of the valuation. The purpose of the certificate is to certify whether or not the assets of the scheme at the effective date are sufficient to meet the liabilities of the scheme based on the assumption that the scheme was wound up at that date.

An actuarial funding certificate, certifying the Scheme did not meet the statutory minimum funding standard was submitted to the Pensions Board with an effective date of 1st March 2009.

Consequently, the Trustees submitted a new funding proposal, to address the shortfall in funding, to the Pensions Board. The submitted funding proposal is designed to ensure that the scheme could reasonably be expected to satisfy the funding standard as at 1st March 2019 and provides for a retirement contribution rate of 27.7%. The cost of risk benefits is payable in addition giving a total contribution rate of 30% of Pensionable Salary. This funding proposal was approved by the Pensions Board.

For the scheme year ended 28th February 2013 the actuary advised that having been directed by the Trustees and Employer, in light of the current economic outlook, that it was appropriate to revise the assumption for salary increases over the remaining term of the funding proposal from 5% pa to 3.25% pa he was reasonably satisfied that the scheme will satisfy the funding standard as specified in Section 44 of the Pensions Act, 1990, at the date of 1 March 2019 specified by the Pensions Board under Section 49(2) (a) of the Act for the purpose of the existing funding proposal.

The scheme's Solvency Position in accordance with the aggregate cover for total Funding Standard liabilities as at 28th February 2013 was 97.5%.

**Financial Statements - Year Ended 30/09/13**  
**Notes to Financial Statements** *continued*

**12 Rates of Interest charged on Members' Loans**

During the year ended 30th September 2013, the Credit Union charged the following rates of interest on members' loans;

General Rate:	9.98% (10.4% APR)
Secured loan:	5.40% (5.6% APR)
Student loan:	6.99% (7.23% APR)

**13 Members' Shares**

	2013 €	2012 €
Regular Share Account	46,232,409	45,018,549
Fixed Term Deposit	62,168	25,419
	<u>46,294,577</u>	<u>45,043,968</u>

**14 Exceptional Item**

Included within salaries, legal and professional expenses and pension costs are amounts in relation to settlements for two ex employees of the Credit Union.

**15 Approval of Financial Statements**

The financial statements were approved by the Board of Directors and authorised for issue on the 5th December 2013.

**Schedules to the Financial Statements -  
Year Ended 30/09/13**

Note	2013 €	2012 €
<b>Schedule 1 - Other Interest Income &amp; Similar Income</b>		
Investment Income	1,189,349	1,261,355
<b>Total Per Income and Expenditure Account</b>	<u>1,189,349</u>	<u>1,261,355</u>
<b>Analysed as follows:</b>		
Received/Receivable within one year of Balance Sheet date	1,189,349	1,142,873
Receivable after one year of Balance Sheet date	-	118,482
	<u>1,189,349</u>	<u>1,261,355</u>
<b>Schedule 2 - Other Income</b>		
FEXCO	9,560	9,901
PPI	3,298	5,304
Le Cheile Commission	3,064	2,699
<b>Total Per Income and Expenditure Account</b>	<u>15,922</u>	<u>17,904</u>
<b>Schedule 3 - Other Management Expenses</b>		
Pension Costs	116,419	100,979
Treasurer's Honorarium	10,227	10,259
Board Oversight Committee Expenses	2,055	10,471
ICB Enquiries	2,815	-
Central Bank Deposit Protection Account Charges	3,607	-
Credit Institutions Resolution Fund Levy	47,944	-
General Insurance	20,624	27,219
Rent & Rates	169,996	169,125
ECCU Insurance	201,593	204,303
League, Chapter; Registrar Filing Fees & SPS Costs	59,601	37,942
Death Benefit Insurance	52,630	52,984
Light and Heat	18,493	16,307
Computer Maintenance & Licence Fees	59,736	49,170
Repairs & Maintenance	6,162	9,279
Cleaning	10,257	9,191
Security	4,384	5,368
Training	17,174	13,030
General Expenses	21,361	18,074
Stationery & Office Expenses	10,712	7,901
Advertising & Marketing	37,252	28,346
Telephone & Postage	19,150	17,487
AGM and Convention Expenses	23,559	23,834
Travel & Subsistence	10,157	5,384
Legal and Professional Fees	88,768	24,319
Consultancy Fees	56,858	70,922
Audit Fees	22,202	22,102
Bank Interest and Charges	28,519	17,022
Harrington Street Project	(4,506)	13,137
Sponsorship and Donations	19,195	7,089
<b>Total Per Income and Expenditure Account</b>	<u>1,136,944</u>	<u>971,244</u>



# Ballincollig

CREDIT UNION LIMITED

*Pure financial freedom*

Credit Union House, Harrington Street, East End, Ballincollig, Co. Cork  
Tel: 021 4872305 Fax: 021 4876364  
E-mail: admin@bcu.ie

For all your financial & budgeting needs log onto ...

**[www.bcu.ie](http://www.bcu.ie)**



## CHRISTMAS OPENING HOURS

Monday 23th Dec	9.30 - 5.00pm
Tuesday 24th Dec	CLOSED
Wednesday 25th Dec	CLOSED
Thursday 26th Dec	CLOSED
Friday 27th Dec	CLOSED
Saturday 28th Dec	CLOSED
Sunday 29th Dec	CLOSED
Monday 30th Dec	9.30 - 5.00pm
Tuesday 31st Dec	9.30 - 3.00pm
Wednesday 1st Jan 2014	CLOSED

Business as usual from Thursday 2nd January 2014

*We would like to wish  
all our members a very  
Happy & Peaceful Christmas  
and a Prosperous New Year.*