

*Together We're Better*



Annual Report & Accounts **2011**

## 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 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.



## Achainí an Chomhair Chreidmheasa

A Thiarna, déan díom uirlís de Do shiocháin  
Áit a bhfuil fuath, lig dom grá a chur;  
áit a bhfuil dochar déanta, pardún;  
áit a bhfuil amhras, creideamh;  
áit a bhfuil éadóchas, dóchas;  
áit a bhfuil dorchadas, solas;  
agus áit a bhfuil brón, áthas.  
A mhaistir Dhiaga, deonaigh  
nach niarraim, chomh mór sólás;  
a fháil le sólás a thabhairt;  
a bheith tuigte chomh mór le tuigsint a bheith agam;  
grá a fháil le grá a thabhairt;  
oir is ó bheith ag tabhairt a fhaighimid;  
is ó phardún a thabhairt a fhaighimid pardún,  
agus is trí bhás a fháil a saolaítear sinn  
don bheatha shíorraí.

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## Directors at 30<sup>th</sup> September 2011

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### **Vincent Healy - Chairperson**

(Dublin City Council, Housing & Residential Services)

### **Vincent Norton - Vice Chairperson**

(Dublin City Council, City Manager's Department)

### **Harry Rose - Treasurer**

(Retired Dublin City Council Staff)

### **Monica Murphy - Secretary**

(Dublin City Council, Housing & Residential Services)

### **Sean Casey - Assistant Treasurer**

(Dublin City Council, Law Department)

### **Margaret Muldoon - Assistant Secretary**

(Retired Dublin City Council Staff)

### **Noel Cunningham**

(Dublin Fire Brigade)

### **Barry Fennell**

(Retired Dublin City Council Staff)

### **George Finglas**

(Dublin City Council, Housing & Residential Services)

### **Martin Gallagher**

(Dublin Fire Brigade)

### **James Garland**

(Retired Dublin City Council Staff)

### **Jeff Kennedy**

(Dublin Fire Brigade)

### **Gerard Lonergan**

(Dublin Fire Brigade)

### **Paul McCann**

(Dublin Fire Brigade)

### **John O'Sullivan**

(Retired Dublin City Council Staff)

## Supervisory Committee at 30<sup>th</sup> September 2011

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**Seamus Lea, Chairperson** (Dublin City Council, Internal Audit)

**William A Harnett** (Retired Dublin City Council Staff)

**Mark Wynne** (Dublin City Council, Housing & Residential Services)

## Staff at 30<sup>th</sup> September 2011

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**John Kelly** (*deceased November 2011*), Manager

**David McAuley**, Operations Manager

**Nicole Egan**, Marketing & Services Development Manager

**Ben Gillick**, Financial & Investment Executive

**Martina Kennedy**, Projects Co-ordinator

### **Marketing & Communications Team**

Ingrid Lee Kin

Jane McBride

### **Accounts Team**

Ann Behan

Paul Corscadden

Michelle McLoughlin

Caroline Wilkinson

### **Member Services Team**

Janice Carter

Ingrid Curley

Lee Dowling

Ger Duffy

Olive Egan

Catherine Healy

Kevin Healy

Bronagh Maguire

Stacey Ryan

Jenny Staunton

Carol Walsh

Mary White

### **Project Team\***

JJ Carolan

Mark McBride

Louise Moore

Caoimhe Rose

Gemma Staunton

Ciaran Twomey

### **Facilities Management**

Breda Chapman

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\* Members of the Project Team have been retained on a temporary contract basis under review

# Chairperson's Report

In my second term as Chairperson of Dubco Credit Union I am once again honoured to present to you, the members of our Credit Union, the Annual Accounts and Reports of Dubco for the year under review.

Sadly tragedy struck us late in 2011 with the death of our Manager John Kelly. John was among the first one hundred members of our Credit Union and served as a member of the Board of Directors, and in the position of Treasurer, prior to his appointment as Manager of Dubco in 1983. John's commitment to the credit union movement in Ireland went beyond his involvement with Dubco, having given generously of his time he was also involved in a number of voluntary credit union representational groups throughout his 32 year credit union career, having always strived for a progressive, well regulated and secure, credit union movement into the future. John was involved with the Credit Union Managers Association (CUMA), the Institute of Credit Co-Operative Administration (Institute of Credit Union Management), credit union software user group CUDS as well as being involved in various capacities with both representative organisations, the Irish League of Credit Unions (ILCU) and the Credit Union Development Association (CUDA), at different stages. The success of Dubco today is tantamount to John's significant input to Dubco's development over the years. Our sincere and deepest sympathies go to his wife Roisin and cherished family. Ar dheis Dé go raibh an am usal dílis.



The 2011 financial year was another busy, challenging and rewarding year for Dubco. We continued to see changes in the credit union environment throughout the year, and recently welcomed the interim report of the Commission on Credit Unions. Having prepared a combined submission to the Commission with a number of like minded progressive credit unions, we at Dubco were pleased to see that our thoughts were echoed in the interim findings of the Commission. The Commission, stressed that governance is at the core of strengthening the regulatory framework and setting out a strategy for the future evolution of the credit union sector. We also 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. We look forward to the final report of the Commission, which is expected in March 2012, and congratulate them on their work to date.

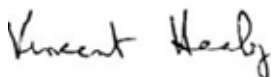
Oscar Wilde famously said "I am not young enough to know everything". As Dubco celebrates its 35th birthday next year, we echo this sentiment and value both the experience and education of our Officers. While recent reports and media coverage have highlighted minimum competency requirements and continuous professional development as areas requiring attention in the credit union sector, many of us have been striving for best practice for years. Long before regulation required it, we studied for and passed exams and will continue to voluntarily seek improvement and greater self-development through additional studies, examinations and skills training. Your Board of Directors has a combined total of 190 years of credit union experience and qualifications ranging from those with Diplomas in Credit Union Studies and Advice to those with Accountancy, Commerce and Management credentials.

In the current difficult environment our priority remains the safety, security and financial wellbeing of our members. The elected Officers and Staff of Dubco remain dedicated to maintaining the trust of our members through the value and service we provide to those seeking access to fair and affordable financial services. Despite the instability that characterises the financial services marketplace, Dubco remains a strong, secure, financial co-operative which continues to use the funds from member savings in a co-operative manner in the best interests of all members. We continue to be well positioned to provide for members financial needs in a safe and secure way that is professional, compassionate and confidential. We are confident that Dubco, along with other progressive, professional credit unions in Ireland are well placed to ensure the continued growth of the credit union movement.

Throughout 2011 Dubco continued working towards the modernisation and improvement of our IT systems. Despite a delay to the project in terms of our core member transaction system, a substantial program of work was carried out during the year, which included an upgrade of both hardware and software in our Credit Union office in Little Green Street. We are continuing to work towards the introduction of a new member transaction system which will assist us in streamlining processes for members. Such a system will also allow us to prepare for compliance with any changed legislation we may face, whilst also providing us with a robust platform with growth potential. The IT improvements are ongoing and we hope to see increased member connectivity through our website during 2012, offering both efficiencies and cost savings for Dubco and increased convenience for members.

I would like to thank you for your support of Dubco over the years and would encourage you to introduce members of your family to Dubco, if you have not done so already. Together we really are better, as we can face both the current and emerging financial challenges in a co-operative way.

Le gach dea-ghuí i gcomhair 2012.



**Vincent Healy**  
Chairperson

# Report of the Board of Directors

The Directors present their report for the year ended 30<sup>th</sup> September 2011.

## Principal Activity and Review of Business

The principal activity during the year was the operation of a credit union under the terms of the Credit Union Act, 1997 (as amended). The Credit Union continued to attract additional members' savings during the financial year. Lending activity decreased during the year in line with trends in the economy generally.

## Accounting Records

The Directors believe that they comply with the requirements of Section 108 of the Credit Union Act, 1997 (as amended) with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account of the Credit Union are maintained at the company's premises at Little Green Street, Dublin 7.

## Results and Dividends

The results for the year are set out in detail in this Report. The Directors propose that a dividend of €1,297,200 (1.5%) be paid for the year.

## Events Since the Year End

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

## Principal Risks and Uncertainties

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

The principal areas currently requiring risk management include:

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

## Statement of Directors' Responsibilities

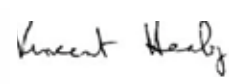
The Credit Union Act, 1997 (as amended) requires Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Credit Union and of the income and expenditure of the Credit Union for that period. In preparing those financial statements,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

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Credit Union and which enables them to ensure that the financial statements comply with the Credit Union Act, 1997 (as amended). They are also responsible for safeguarding the assets of the Credit Union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



**Harry Rose**  
Treasurer



**Vincent Healy**  
Chairperson

# Treasurer's Report

I am honoured to present to you the Dubco Annual Accounts and Financial Statements for the year ended 30<sup>th</sup> September 2011, together with my own report which includes an update on the activities of the Asset and Liability Management Committee and the Credit Control Committee.

## Overview

This has been another difficult and eventful year for the finance industry. The turbulence surrounding the Euro, the various countries associated with it and the global uncertainty has led to many people consolidating their positions. Dubco continues to be one of the most progressive and strong credit unions in the country. The Board of Directors will continue to use prudent financial planning and budgeting to enable Dubco prosper no matter what the financial environment may hold.

## Regulation

During the summer of 2011, the Minister for Finance established the Credit Union Commission in a bid to overhaul the credit union movement and ensure its future strength. Dubco along with three other likeminded credit unions contributed by way of a submission to the Commission. The initial report in October made by the Commission outlines the need for greater compliance and regulation in the sector. Dubco will continue to work closely and in conjunction with the Commission and the Central Bank to guarantee the future of the credit union movement.

## Reserves and Provisions

With the ever increasing regulation and compliance requirements being enforced by the Central Bank, members can be confident that Dubco is well placed to meet all requirements regarding reserves and provisions. Dubco is in a strong position to meet all challenges ahead.

## Investments

With the loan book continuing to fall it is of utmost importance that investment income

remains strong and contributes to the income of the Credit Union. A prudent approach to our investment strategy during the year in conjunction with our investment advisors FTI has made for another successful out turn with a competitive annualised return of 3.23% being achieved. The investment portfolio comprises primarily of cash deposits covered under the 2011 Eligible Liabilities Guarantee (ELG) Scheme.

## Fixed Term Accounts

Following the maturity of the 1 year Fixed Term Deposit Accounts in March 2011, Dubco decided to offer an additional 1 year and a new 2 year Fixed Term Deposit Account at 2.50% and 3.25% per annum respectfully. The new offering proved successful with members. Members thinking about retiring soon should consider these Fixed Term Deposit Accounts for investing their lump sums.

## Deposit Rates

The rate paid on member deposits was 1% to 30/09/11. Deposit interest is paid quarterly on member accounts (Demand and Suspense Deposits). The Board of Directors has continued to depart from their previously approved policy of paying deposit interest 1% below the ECB rate (currently 1.25%) to ensure members with deposits are rewarded.

## Expenditure

The control of costs and keeping expenditure to a minimum remains an extremely high priority for the Board of Directors. The process of seeking out the most competitive quotations and rates when tendering for goods and services and the implementation of quarterly budgets has again proven to be successful in this regard.

## Lending

The current decline in loan demand from members has contributed to the fall in Dubco's loan book of approximately €5m this

financial year. While the financial turmoil throughout the world may have changed members attitudes towards borrowing, it should be noted that Dubco has in place safety measures to ensure members ability to repay when borrowing. Members should be assured that Dubco have adequate funds to lend.

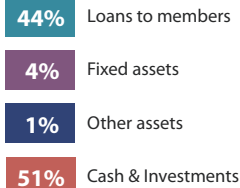
### Credit Control Committee

The Credit Control Committee continues to ensure the protection of the Credit Union's main asset – the loan portfolio – which is in excess of €54m loaned to over 4,800 members.

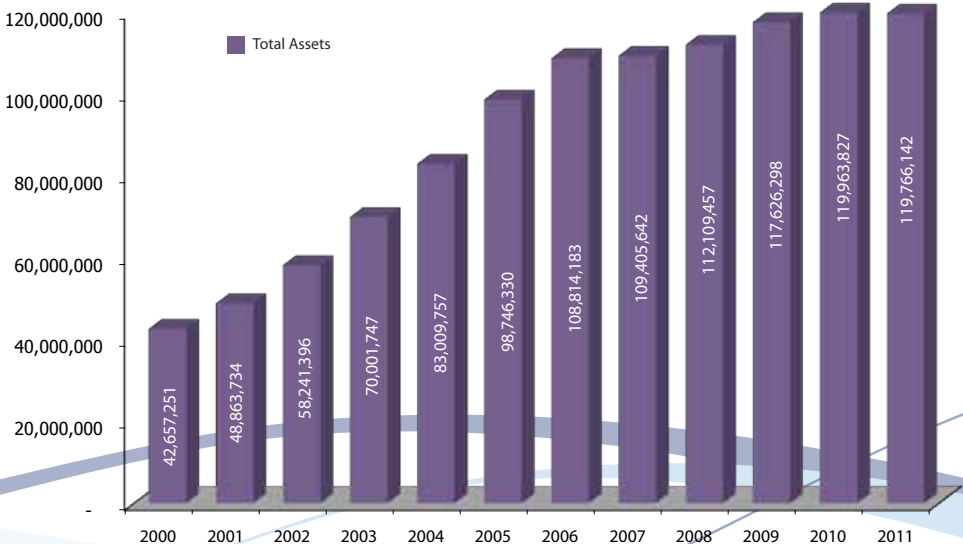
Bad debts totalling €164,868 for 22 members were written off this year in accordance with policies adopted by the Credit Union and best practice. Previously written off debts of €21,480 were recovered, demonstrating our commitment to pursue these debtors for outstanding loan balances.

The Credit Control Committee strongly urges any members who are experiencing financial difficulty to contact the Credit Union. All cases will be dealt with sensitively as we recognise the changing circumstances of members.

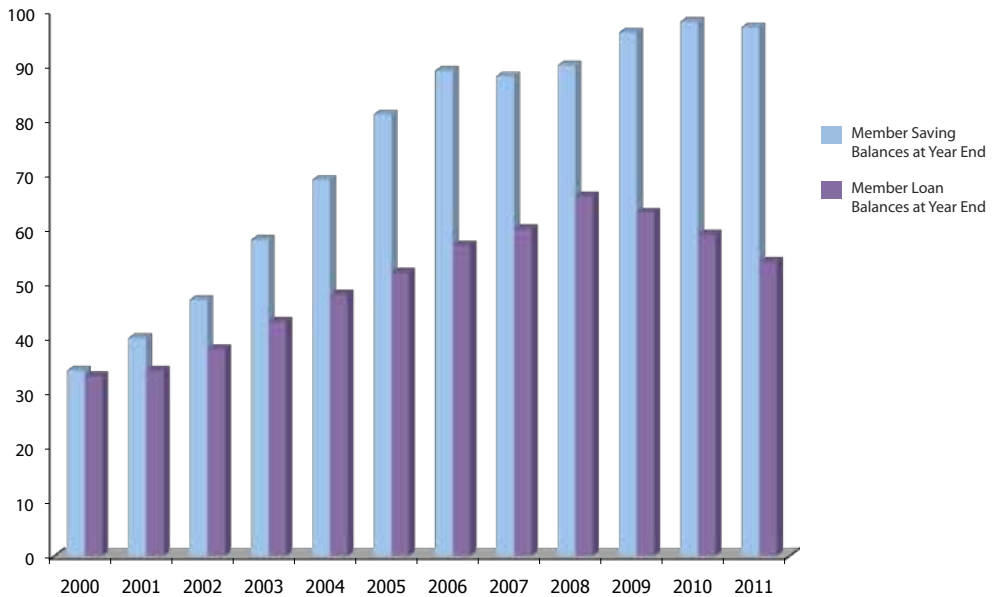
### Dubco Assets



### The Balance Sheet (€)



## Saving and Loan Balances at Year End (€m)



Members can rest assured that their savings are well and truly secure because:

- Appropriate reserves and insurances are in place;
- Independent audits are carried out by our Auditors, FMB;
- Oversight by the Supervisory Committee, including their Auditors MSN;
- The role of the Central Bank and the Registrar of Credit Unions includes inspecting and monitoring Dubco on a regular basis.

### Members Returns

The Board of Directors recommend to the AGM the payment of a dividend of 1.5% on all Shares.

### Acknowledgements

At this time I would like to express my appreciation to the Board of Directors and the Supervisory Committee, the Asset and Liability Committee and consultants, FTI, the Assistant Treasurer, Mr Sean Casey, our Auditor, FMB, our Solicitor, Carney McCarthy, the Management and Staff for their support and assistance throughout the year.

In conclusion I wish to thank you, the members, for your continued support and confidence in Dubco especially given the challenging year we have experienced.

**Harry Rose**  
Treasurer

# Income & Expenditure Account

INCOME	Notes	2011 €	2010 €
Interest on Members' Loans		4,515,465	4,647,231
Bank Deposit Interest & Investment Income	Schedule 1	1,858,074	1,650,309
Other Income	Schedule 2	270,557	200,022
<b>TOTAL INCOME</b>		<b><u>6,644,096</u></b>	<b><u>6,497,562</u></b>
<b>EXPENDITURE</b>			
Salaries & Staff Costs		1,388,599	1,218,294
Management & Other Expenses	Schedule 3	2,182,875	2,193,474
Depreciation	3	309,804	254,347
Provision for Bad and Doubtful Debts		252,594	697,406
Less Bad Debts Recovered		(21,480)	(24,954)
<b>TOTAL EXPENDITURE</b>		<b><u>4,112,392</u></b>	<b><u>4,338,567</u></b>
<b>EXCESS OF INCOME OVER EXPENDITURE FOR THE YEAR</b>		<b><u>2,531,704</u></b>	<b><u>2,158,995</u></b>
Undistributed Surplus at 1 <sup>st</sup> October, 2010	4(b)	1,301,158	1,661,547
<b>TOTAL</b>		<b><u>3,832,862</u></b>	<b><u>3,820,542</u></b>
Transfer to Statutory Reserve	4(a)	(260,000)	(225,000)
Transfer to Additional Regulatory Reserve	4(a)	-	-
Transfer (to) / from Dividend Reserve	4(b)	(500,000)	-
Transfer (to) / from General Reserve	4(b)	(116,000)	(670,618)
Transfer (to) / from Bad Debt Reserve		(350,000)	-
Dividend Paid		(1,266,502)	(1,623,766)
<b>UNDISTRIBUTED SURPLUS AT 30<sup>th</sup> SEPTEMBER 2011</b>	4(b)	<b><u>1,340,360</u></b>	<b><u>1,301,158</u></b>

These Financial Statements were approved by the Board of Directors on the 17<sup>th</sup> November 2011.

Signed on behalf of the Credit Union

Treasurer: Harry Rose

Member of Supervisory Committee: Seamus Lea

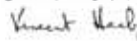
Member of the Board of Directors: Vincent Healy



Date: 17/11/2011



Date: 17/11/2011



Date: 17/11/2011

# Balance Sheet

	Notes	2011 €	2010 €
<b>ASSETS</b>			
Cash and Balances at Bank		1,818,619	1,222,335
Bank Deposits and Investments	17	60,594,505	56,016,300
Loans to Members		54,021,245	59,395,626
<i>Less: Provision for Bad and Doubtful Debts</i>		(2,500,000)	(2,247,406)
Tangible Fixed Assets	3	4,934,581	4,913,569
Debtors, Prepayments and Accrued Income		897,192	663,403
<b>TOTAL ASSETS</b>		<b><u>119,766,142</u></b>	<b><u>119,963,827</u></b>
<b>LIABILITIES</b>			
Members' Shares	15	85,071,632	86,371,386
Member Deposits		12,346,284	11,247,199
Member Budget Account Balances		4,691,293	5,098,430
Bank and Other Loans	13	657,282	811,600
Other Liabilities, Creditors, Accruals and Charges	16	635,773	1,357,160
<b>MEMBERS' RESOURCES</b>			
Statutory Reserve	4(a)	9,935,000	9,675,000
Additional Regulatory Reserve	4(a)	2,325,000	2,325,000
Other Reserves	4(b)	4,103,878	3,078,055
<b>TOTAL LIABILITIES</b>		<b><u>119,766,142</u></b>	<b><u>119,963,827</u></b>

These Financial Statements were approved by the Board of Directors on the 17<sup>th</sup> November 2011.

Signed on behalf of the Credit Union

Treasurer: Harry Rose



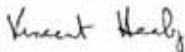
Date: 17/11/2011

Member of Supervisory Committee: Seamus Lea



Date: 17/11/2011

Member of the Board of Directors: Vincent Healy



Date: 17/11/2011

# Accounting Policies & Notes to Annual Accounts & Financial Statements

## 1. SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30TH SEPTEMBER 2011

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

### 1.1 Historical Cost Convention

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in Ireland. The Credit Union has consistently applied all relevant accounting standards.

### 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 received. The following criteria must also be met before revenue is recognised:

#### Interest on Members' Loans

Interest on Members' Loans is recognised when payment is received as specified in Section 110[1] [C] [i] of the Credit Union Act, 1997 (as amended) (i.e. on a cash basis).

#### Investment Income

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

### 1.3 Investments

#### Bank deposits and other short term deposits

These are valued at the deposit amount plus any accrued interest and interest income is recognised in the income statement on an accruals (time) basis.

#### Term deposits and fixed interest investment bonds

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

#### Unit funds and equity investments

Unit funds, property funds and other stock market investments are valued at the lower of cost or market value and dividend or other income is recognised in the income statement when it is received or irrevocably receivable. Increases in capital value are not recognised until the asset is sold or matures. Decreases in market value are recognised immediately.

#### Investments with return of capital guarantee

Investments with return of capital guarantee are valued at the lower of cost or market value but not lower than the capital guaranteed amount and dividend or other income is recognised in the income statement when it is received or irrevocably receivable.

### **Bonds with guaranteed capital and variable interest rates**

Interest income is recognised as received. Some bonds pay high rates of interest in early years and lower rates in later years. Paying higher amounts in early years reduces (impairs) the capital value of the bond. The capital value of the bond is tested annually for impairment and impairment losses are taken to the income statement. Impairment gains which reverse a previous impairment loss are taken to the income statement with any gains in excess of the cost of the product ignored until the bond matures.

### **1.4 Depreciation**

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

Premises & Redevelopment of Premises	2% Straight Line
Computer equipment	20/25% Straight Line
Fixtures & Fittings	10/20% Straight Line
Equipment & Motor Vehicles	10/20% Straight Line

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

### **1.5 Pensions**

The Credit Union operates both defined contribution and target benefit schemes. The assets of the schemes are held separately from those of the Credit Union in independently administered funds. The pension charges represent contributions payable by the Credit Union to the schemes.

### **1.6 Bad and Doubtful Debts**

Bad debts written off are included in other Management Expenses. Bad debts recovered are included in the Income and Expenditure Account. A minimum provision for doubtful debts is made against loan balances in arrears as at 30<sup>th</sup> of September 2011 based upon the number of weeks a loan is in arrears. In addition, a full loan book review is carried out to identify additional specific provisions required over and above the weeks in arrears calculations and an amount of €440,866 has been identified in respect of this. The Board of Directors have also incorporated an additional risk provision of €99,155.

### **1.7 Dividends and other returns to members**

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

## 2. CASH FLOW STATEMENT

	2011	2010
	€	€
Opening Cash and Investments	56,427,035	48,920,789
<b>RECEIPTS</b>		
Members' Shares and Deposits	24,925,882	24,887,314
Members' Loans Repaid	25,811,890	29,079,480
Members' Loan Interest Received	4,515,465	4,647,231
Deposit & Investment Interest Received	1,858,074	1,650,309
Bad Debts Recovered	21,480	24,954
Other Receipts	270,557	200,022
Decrease / (Increase) in Prepayments	(233,788)	72,362
<b>TOTAL</b>	<b><u>57,169,560</u></b>	<b><u>60,561,672</u></b>
<b>DISBURSEMENTS</b>		
Members' Shares and Deposits Withdrawn	25,105,926	23,663,905
Members' Loans Granted	20,602,378	25,170,798
Deposit Interest Paid	172,705	177,404
Dividends Paid	1,266,502	1,623,766
Operating Expenses	3,233,902	3,036,154
Fixed Assets Purchased	330,816	179,658
(Increase) / Decrease in Other Liabilities	1,128,524	(796,259)
<b>TOTAL</b>	<b><u>51,840,753</u></b>	<b><u>53,055,426</u></b>
<b>CLOSING CASH AND INVESTMENTS</b>	<b><u>61,755,842</u></b>	<b><u>56,427,035</u></b>

## 3. TANGIBLE FIXED ASSETS

An independent valuation of the Credit Union's premises at Little Green Street and Capel Street was carried out by McLoone & Associates Chartered Valuation Surveyors in October 2009. In accordance with Financial Reporting Standard 11 "Impairment of Fixed Assets" the Directors carried out a value in use calculation at the year end and this concluded that no write down of the carrying value of fixed assets is required in the financial statements.

	Premises	Computer Equipment	Fixtures & Fittings	Equipment & Motor Vehicles	Total
Cost	€	€	€	€	€
At 1 <sup>st</sup> October 2010	5,799,060	735,911	344,974	365,962	7,245,907
Additions	-	324,067	-	6,749	330,816
Disposals	-	-	-	-	-
At 30 <sup>th</sup> September 2011	<u>5,799,060</u>	<u>1,059,978</u>	<u>344,974</u>	<u>372,711</u>	<u>7,576,723</u>
<b>Depreciation</b>					
At 1 <sup>st</sup> October 2010	1,119,867	660,918	194,426	357,127	2,332,338
Charge for year	115,981	144,109	37,636	12,078	309,804
On Disposals	-	-	-	-	-
At 30 <sup>th</sup> September 2011	<u>1,235,848</u>	<u>805,027</u>	<u>232,062</u>	<u>369,205</u>	<u>2,642,142</u>
<b>Net Book Values</b>					
At 30 <sup>th</sup> September 2011	<u>4,563,212</u>	<u>254,951</u>	<u>112,912</u>	<u>3,506</u>	<u>4,934,581</u>
At 30 <sup>th</sup> September 2010	<u>4,679,193</u>	<u>74,993</u>	<u>150,548</u>	<u>8,835</u>	<u>4,913,569</u>

#### 4. RESERVES

(a) Statutory & Additional Regulatory Reserve	Balance 01/10/10	Net Movement	Balance 30/09/11
	€	€	€
Statutory Reserve	9,675,000	260,000	9,935,000
Additional Regulatory Reserve	2,325,000	-	2,325,000
<b>TOTAL</b>	<u>12,000,000</u>	<u>260,000</u>	<u>12,260,000</u>

The balance of the combined statutory and additional regulatory reserve represents 10.24% of total assets as at 30<sup>th</sup> September 2011.

(b) Other Reserves	Balance 01/10/10	Net Movement	Balance 30/09/11
	€	€	€
Dividend Reserve	300,000	500,000	800,000
General Reserve	1,010,618	116,000	1,126,618
Bad Debt Reserve	450,000	350,000	800,000
Special Reserve	16,279	20,621	36,900
Undistributed Surplus	1,301,158	39,202	1,340,360
<b>TOTAL</b>	<u>3,078,055</u>	<u>1,025,823</u>	<u>4,103,878</u>

## 5. PROPOSED DIVIDENDS

The Directors recommend the following dividend from the undistributed surplus:

	2011		2010	
	Rate %	€	Rate %	€
Dividend on Shares	1.5%	Gross 1,297,200	1.5%	Gross 1,291,900

## 6. HONORARIUM TO TREASURER

The Directors recommend that the Treasurer be paid an honorarium for the year ended 30<sup>th</sup> September 2011 of €9,000.

## 7. RELATED PARTY DISCLOSURES

Included in the annual accounts and financial statements are the following amounts relating to Directors and members of the Supervisory Committee.

	2011	2010
	€	€
Aggregate amount of savings held	316,754	370,213
Aggregate amount of loans held	142,972	126,280

The aggregate amount of loans issued during the year was €60,500

## 8. INSURANCE AGAINST FRAUD

The Credit Union has insurance against fraud in the amount of €4,000,000 in compliance with Section 47 of the Credit Union Act, 1997 (as amended).

## 9. CAPITAL COMMITMENTS

There were no material Capital Commitments contracted to at Balance Sheet date.

## 10. RATES OF INTEREST CHARGED ON MEMBERS LOANS

Interest rates are variable. The standard interest rate is 7.99% (8.29% APR). Other rates include 8.49% (8.84% APR), 7.49% (7.75% APR) and 6.49% (6.69% APR) and are dependant on term, purpose and/or amount.

## 11. PENSIONS

Pension premiums paid net of employee contributions were €195,932 (€223,282 - 2010).

**12. CONTINGENT LIABILITIES**

In respect of ICT upgrade there is anticipated expenditure of €250,000 over the next 12 months.

<b>13. BANK LOANS</b>	<b>2011</b>	<b>2010</b>
	€	€
Bank Loans repayable within 1 Year	172,956	172,956
Bank Loans repayable after 1 Year	484,326	638,644
<b>TOTAL PER BALANCE SHEET</b>	<b><u>657,282</u></b>	<b><u>811,600</u></b>

The borrowings from AIB Bank are secured by a mortgage on the premises at Little Green Street.

**14. POST BALANCE SHEET EVENTS**

There were no post Balance Sheet events that materially affect the Annual Accounts.

<b>15. MEMBERS' SHARES</b>	<b>2011</b>	<b>2010</b>
	€	€
Regular Share Accounts	49,724,113	49,876,729
Special Share Accounts	32,073,993	33,005,615
Medium Term Share Accounts	1,630,246	1,745,405
Long Term Share Accounts	1,643,280	1,743,637
<b>TOTAL PER BALANCE SHEET</b>	<b><u>85,071,632</u></b>	<b><u>86,371,386</u></b>

<b>16. OTHER LIABILITIES, CREDITORS, ACCRUALS &amp; CHARGES</b>	<b>2011</b>	<b>2010</b>
	€	€
Revenue – DIRT	22,956	52,356
Revenue – PAYE / PRSI	149,329	41,433
Car Draw	96,000	54,250
Other Creditors & Accruals	367,488	1,209,121
<b>TOTAL PER BALANCE SHEET</b>	<b><u>635,773</u></b>	<b><u>1,357,160</u></b>

<b>17. BANK DEPOSITS &amp; INVESTMENTS</b>	<b>2011</b>	<b>2010</b>
	€	€
Short Term Deposits Maturing within 3 Months	30,441,887	23,749,761
Fixed Term Deposits Maturing after 3 Months	28,454,943	30,630,903
Minimum Reserve Requirement	1,696,618	1,634,579
Other	1,057	1,057
<b>TOTAL PER BALANCE SHEET</b>	<b><u>60,594,505</u></b>	<b><u>56,016,300</u></b>

<b>SCHEDULE 1 – DEPOSIT INTEREST &amp; INVESTMENT INCOME</b>	<b>2011</b>	<b>2010</b>
	<b>€</b>	<b>€</b>
Received	1,147,211	1,111,492
Receivable within 12 months	710,863	538,817
<b>TOTAL PER INCOME AND EXPENDITURE ACCOUNT</b>	<b><u>1,858,074</u></b>	<b><u>1,650,309</u></b>

<b>SCHEDULE 2 – OTHER INCOME</b>	<b>2011</b>	<b>2010</b>
	<b>€</b>	<b>€</b>
Insurance & Other Commissions	81,629	75,792
Budget Account Fees & Charges	64,169	63,505
Other Income	124,759	60,725
<b>TOTAL PER INCOME AND EXPENDITURE ACCOUNT</b>	<b><u>270,557</u></b>	<b><u>200,022</u></b>

<b>SCHEDULE 3 – OTHER MANAGEMENT EXPENSES</b>	<b>2011</b>	<b>2010</b>
	<b>€</b>	<b>€</b>
Audit & Accountancy Fees	23,747	22,182
Repairs, Rates, Security & Office Maintenance	168,025	185,536
Lighting & Heating	24,568	29,084
Stationery & Office Supplies	28,838	24,983
Postage & Telephone	69,367	53,986
Donations & Sponsorship	33,888	26,200
Legal, Reporting & Affiliation Fees	111,192	152,551
Promotion & Advertising	83,075	75,587
Convention, Training & Education Costs	84,608	64,748
Annual Report & AGM Costs	30,296	26,385
Board & Committee Costs	18,184	22,553
Bank Interest & Charges	78,009	66,281
Treasurer's Honorarium	9,000	9,000
General Insurance	38,688	36,841
Life Savings & Loan Protection Insurance	612,010	585,951
Member Deposit Interest	172,705	177,404
Pension Costs	195,932	223,282
Computer & Office Machine Costs	229,875	197,710
Bad Debts Written Off	164,868	198,210
Third World Development Contribution	6,000	15,000
<b>TOTAL PER INCOME AND EXPENDITURE ACCOUNT</b>	<b><u>2,182,875</u></b>	<b><u>2,193,474</u></b>

# Independent Auditor's Report to the Members of Dubco

We have audited the financial statements of Dubco Credit Union Limited for the year ended 30<sup>th</sup> September 2011 which comprise of the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and related notes. These financial statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

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

## Respective Responsibilities of the Directors and Auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Generally Accepted Accounting Practice in Ireland and the Credit Union Act, 1997 (as amended). We also report to you whether in our opinion, proper accounting records have been kept by the Credit Union. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the Credit Union's financial statements are in agreement with the accounting records.

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

## Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Credit Union's circumstances, consistently applied and adequately disclosed. We planned and

performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Credit Union's affairs as at 30<sup>th</sup> September 2011 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting practice in Ireland and in accordance with the requirements of the Credit Union Act, 1997 (as amended).

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper accounting records have been kept by the Credit Union. The financial statements are in agreement with the accounting records. In our opinion, the information given in the Directors' Report is consistent with the financial statements.

*FMB  
Chartered Accountants  
Registered Auditor*

*Longboat  
56 Sir John Rogersons Quay  
Dublin 2*

*Date: 23 November 2011*

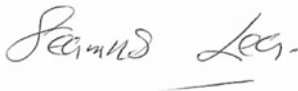
# Supervisory Committee Report

The Credit Union Act, 1997 (as amended), requires 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 members' balances.

The Dubco Supervisory Committee (William A Harnett, Paddy McGrath, myself and latterly Mark Wynne who was co-opted following the resignation of Paddy McGrath) held regular Committee meetings over the past year and attended all monthly and special meetings of the Board of Directors. We also held statutory quarterly meetings with the Board of Directors to review the performance of their functions.

The Supervisory Committee has carried out a number of checks and verifications within the Credit Union and found that the relevant records are being maintained in accordance with legislation and the Rules of your Credit Union. Moore Stephens Nathans, Chartered Accountants and Registered Auditors, were appointed by the Committee during the year under review to assist in the Committee's programme of works. During the past year, 10% of members were circulated with audit verification notices for the purpose of verifying their account balances. Approximately a third of those members responded and confirmed that all account details were in order. The Committee would appreciate a full response from members and urges all of you to reply to any verification notices and to raise any matters of concern you may have, or suggestions for improvement, with the Committee.

One or more Committee members were in attendance at all car and other draws during the year and verified that correct procedures were followed. The Committee would like to thank the Management and Staff of your Credit Union, for their help and co-operation throughout the past year. In addition we would like to recognise the work of the Audit Committee. For credit unions to continue to function and further develop there must be a good governance framework in place and we believe that the existence of these two committees ensures the highest possible standard of accountability. In the increasingly complex legislative environment credit unions are operating in we believe that increased resources dedicated to the review and management of systems and controls further displays our Credit Union's commitment to our fundamental values of prudence and transparency.



**Seamus Lea**  
**Supervisory Committee Chairperson**

# Nominating and Membership Committee Report

During the year 212 new members joined Dubco. More than half of these new members were family members, following the amendment of our common bond to include those family members not residing with the main account holder.

This extension to our common bond allowed the Committee to maintain focus on membership growth despite the continued lack of recruitment throughout our employer common bond areas by focusing on youth and family membership. We believe that this approach will assist in the future viability of our Credit Union and we would encourage all members to invite their family members, if they are not already enjoying the benefits of membership, to join Dubco.

The year under review was both busy and rewarding for the members of the Nominating and Membership Committee. Members of the Committee were involved in a number of projects which built upon the success of existing initiatives, including sponsorship and financial education programs, an expansion to the Gaeltacht Bursary scheme and a second successful Dubco Family Fun Day. With regard to the Committee's nominating role, please refer to the Nominating Committee Notice included as part of the Notice of Elections circulation.

## Community and Sponsorship

Dubco granted local sponsorship and support in excess of €33,000 in 2011. The sponsorship approved included funds granted to Dubco's annual charities for 2011, set out below, together with member applicants for various charitable initiatives, teams and clubs within the common bond.

- Our Lady's Hospice
- St Francis Hospice
- Crumlin Children's Hospital
- Temple Street Children's University Hospital
- Aware
- The Carer's Association
- Cystic Fibrosis Association
- ALONE
- ASH Animal Rescue
- Barnardos
- CanTeen
- DSPCA
- Duchenne Ireland
- Lucena Clinic
- Muscular Dystrophy Ireland
- Amnesty International Ireland

The Wills initiative launched in 2010 was expanded on in 2011 to include Power of Attorney services for a reduced cost. The initiative was offered in association with Carney McCarthy, subject to a discretionary donation to one of our chosen 2011 charities. The initiative raised a further €420.55 which was allocated between Our Lady's Children's Hospital and Amnesty International, as selected by donating members.

In addition to local sponsorship, a number of organisations benefited from the Dubco Developing World Fund. Funding was allocated between projects being carried out by the Marist Sisters, Pashli, Cara Projects and Friends from Ireland.

## Bursaries

The Matthew Dawson Bursary is now in its eighth year of existence. Having granted bursaries to two new students each year since 2004, Dubco has distributed more than €58,000 amongst winners to date noting that winners of the bursary draw each year continue to receive their funding for up to four years while continuing in their chosen course, subject to terms and conditions. Dubco is proud to be able to continue to honour the significant contribution of Matt Dawson to Dubco over almost 30 years, from the founding of our Credit Union in 1977 right up to the time of his death in 2004, through the awarding of these bursaries.

Following a suggestion at the 2010 Annual General Meeting, in the year under review the Gaeltacht Bursary fund was doubled. A total fund of €3,000 was approved to be allocated between 10 draw winners. The draw continues to be popular with winners and their families who to date have all been delighted with the prize.

### Education and Development

The Dubco Learning and Development Policy highlights the importance we place on the education and development needs of our Credit Union Officers. This policy is reviewed on a regular basis, giving consideration to industry and legislative changes, and because we believe that our members are entitled to the absolute best practice standards of proficiency and competency from all Dubco personnel, including elected representatives, volunteers, staff and management. The education and development of Officers is ongoing, and includes both accredited programs and the completion of certain Continuing Professional Development (CPD) requirements annually.

We are proud to now have ten Dubco Officers, comprised of both members of staff and the Board of Directors, who have achieved the Professional Diploma in Credit Union Advice, which is a qualification that leads to the designation CUA (Credit Union Adviser). We are delighted to have such a high percentage of Officers interested in the various relevant courses and designations available within the industry and look forward to many more graduates in the future. Of the graduates to date, a number have continued, or are in the process of continuing, their studies working towards other financial services related diplomas. All of the most recent graduates were acknowledged in the special AGM edition of the Dubco News.

In addition we remain committed to the financial education of our members. In 2012 we will continue to offer money management sessions and provide Plain English communications, concentrating our efforts on financial education as a way of addressing the economic difficulties being faced by our members.

### Appreciation

I would like to thank the various city council staff for facilitating Dubco inserts into FirstPost and uploads to DubNet. Once again, in the year under review Dubco and Dublin City Council undertook a joint communications project in the form of the 2012 Dubco / Dublin City Council Pocket diary and in this regard I would like to thank both communications sections. I would also like to thank Nicole Egan, Marketing & Services Development Manager, for her support to the Committee throughout the year.

As always at this time of the year we remember our deceased members and sadly 85 members passed to their eternal reward during this financial year. Ar dheis Dé go raibh a nanamacha.



**Jeff Kennedy**  
Committee Chairperson

## Deceased Members - Rest in Peace

Christina Bennett, Retired Dublin City Council Staff  
 Mary Bergin, Retired Dublin City Council Staff  
 Patrick Byrne, Cleansing Department Dublin City Council  
 Thomas Byrne, Retired Dublin City Council Staff  
 Deirdre Carolan-O'Regan, Ex Dublin City Council Staff  
 Owen Carter, Retired Dublin City Council Staff  
 Peter Coffey, Sewage & Main Drainage Department  
 Dublin City Council  
 Phillip Coleman, Retired Dublin City Council Staff  
 Paul Corcoran, Housing & Residential Services Dublin  
 City Council  
 Christopher Crosby, Retired Dublin City Council Staff  
 Noel Cully, Housing & Residential Services Dublin City  
 Council  
 Mary Curley, Family Member  
 Patrick Curran, Retired Dublin City Council Staff  
 Francis Daly, Retired Dublin City Council Staff  
 Deirdre Davis, Family Member  
 Patrick Deegan, Retired Dublin City Council Staff  
 Thomas Deegan, Dublin Fire Brigade  
 James Dempsey, Porters Section Dublin Institute of  
 Technology  
 Christopher Dillon, Retired Dublin City Council Staff  
 Phyllis Donohoe, Family Member  
 Helen Doyle, Family Member  
 Francis Dunne, Retired Dublin City Council Staff  
 Anne Dunphy, Family Member  
 Enda Finnegan, Family Member  
 Joseph Flanagan, Retired Dublin City Council Staff  
 Noel Fogarty, Retired Dublin City Council Staff  
 Michael Fox, Retired City of Dublin Vocational  
 Education Committee Staff  
 James Gilson, Retired Dublin City Council Staff  
 Michael Glynn, Retired Dublin City Council Staff  
 James Gorman, Sewage & Main Drainage Department  
 Dublin City Council  
 Thomas Grace, Retired Dublin City Council Staff  
 Thomas Grimes, Retired Dublin City Council Staff  
 Monica Grogan, Retired Dublin City Council Staff  
 Patrick Harding, Retired City of Dublin Vocational  
 Education Committee Staff  
 Denis Healy, Retired Dublin City Council Staff  
 Georgina Healy, Family Member  
 Mary Healy Kelly, Sanitary Services Dublin City Council  
 Con Higgins, Retired Dublin City Council Staff  
 Conor Ivory, Ex Dublin City Council Staff  
 Joseph Jordan, Retired Dublin City Council Staff  
 Alfred Kane, Retired Dublin City Council Staff  
 James Kelly, Retired Dublin City Council Staff  
 Edward King, Retired Dublin City Council Staff  
 James Lanigan, Retired Dublin City Council Staff  
 Francis Lee, Retired Dublin Fire Brigade  
 Patrick Leonard, Cleansing Department Dublin City  
 Council  
 Evelyn Lewis, Family Member  
 Stephen Lyons, Retired City of Dublin Vocational  
 Education Committee Staff  
 Thomas Mahon, Retired Dublin City Council Staff  
 Mary McCabe, Family Member  
 Christopher McCormack, Retired City of Dublin  
 Vocational Education Committee  
 James McDonagh, Retired Dublin City Council Staff  
 Joseph McManus, Retired Dublin City Council Staff  
 Paul McQuinn, Retired Dublin City Council Staff  
 Dermot Menton, Retired Dublin City Council Staff  
 Kevin Mooney, Retired Dublin Institute of Technology  
 Staff  
 Karen Murray, Fingal County Council  
 Mary Nolan, Family Member  
 Mary Nuala Nolan, Family Member  
 Frank Nugent, Retired Dublin City Council Staff  
 Michael Nutley, Retired Dublin Fire Brigade  
 Brian O'Brien, Sewage & Main Drainage Department  
 Dublin City Council  
 Bridget O'Brien, Family Member  
 Dermot O'Dowd, Retired Dublin Fire Brigade  
 Michael O'Leary, Retired Dublin City Council Staff  
 Ita O'Mahony, Ex Dublin City Council Staff  
 Myles O'Neill, Retired Dublin City Council Staff  
 Noel O'Reilly, Retired Dublin City Council Staff  
 Joseph O'Reilly, Retired Dublin City Council Staff  
 Patrick O'Rourke, Retired Dublin City Council Staff  
 John Osbourne, Retired Dublin City Council Staff  
 Christopher Power, Retired Dublin City Council Staff  
 Thomas Preston, Retired Dublin City Council Staff  
 Albert Rafter, Retired Dublin City Council Staff  
 Frances Redmond, Family Member  
 Patrick Shields, Retired Dublin City Council Staff  
 Joseph Shiel, Porters Section Dublin Institute of  
 Technology  
 Brendan Swaine, Retired Dublin City Council Staff  
 Sheila Tate, Family Member  
 Richard Trimble, Retired Dublin City Council Staff  
 James Tucker, Retired Dublin City Council Staff  
 Bernadette Weir, Retired Dublin City Council Staff  
 Patrick Whelan, Housing & Residential Services  
 Dublin City Council  
 Paula Whelan, Culture & Environment Department  
 Dublin City Council  
 William Wynne, Retired Dublin City Council Staff

# Credit Committee Report

2011 was the year that changes in pay and allowances really impacted on our members. The year saw a reduction in the amount of spending and as members took stock of their financial situation and prioritised their spending needs. Members also looked at their borrowing needs and in many cases took the decision only to borrow for necessary items. A number of members reviewed their current loans, identified the costliest, such as credit card debt, and sought to consolidate these with cheaper loans from the Credit Union.

The number of loan applications and average loan amount has dropped again this year. Members have chosen to give up the foreign holiday, not upgrade the car and hold off on home improvements. This sensible approach from members is welcome and it is good to see the re-emergence of the old value "thrift". However, when members have unexpected or pressing financial needs, please remember that your Credit Union is here for you.

Your Credit Union is aware of the difficulties and issues being faced by some of our members. We have knowledgeable, experienced staff who are here to discuss any of these financial issues with members. Members are advised to be realistic and open when dealing with your Credit Union. The Loan Team and Credit Committee provide a quiet service to members to discuss their financial situation confidentially.

Through an open, confidential and honest discussion, Dubco will try to work with members to find mutually beneficial arrangements to assist members with their financial situation. Sometimes, additional lending may not be what the member needs, and we provide a budget service and financial advice where appropriate.

## **Why our Members Borrow from Dubco**

Keeping all personal loans with your Credit Union means members can avail of low interest rates, payroll deduction and budgeting services. Members know exactly what is coming out of their pay packet and can adjust and prioritise spending accordingly.

Dubco is conscious of the needs of our members. Our rates are very competitive, and despite increases in the ECB interest rate in 2011, and significant increases in variable rates by other lenders, Dubco is conscious of the financial pressures members are under and took the decision not to increase our rates.

With the understandable lack of trust in the banks, and restrictions on credit available from other lending institutions, Dubco is proud to be able to say to our members that there are no lending restrictions in place, credit is readily available for members and we have very competitive interest rates. Our interest rates are not subject to clauses, extra charges or fees and there are no penalties for early repayment of loans. Based on these reasons, and noting that our members get a fast, courteous and efficient service, we believe that Dubco should be the first point of call for the borrowing needs of all of our members.

### Loan Rescheduling and the Credit Union Difference

Loan rescheduling is a problematic area for all financial institutions. While assisting members with their finances, members should note that there are implications to rescheduling of loans and amongst them is that members' future lending will be impacted as Dubco operates in line with all regulatory requirements in this regard.

Dubco must demonstrate that it is a responsible lender and has in place controls to safeguard member assets. Dubco aims to instill good lending practices and is proactive in this regard. We make use of external credit reference agencies and in line with best practice recommendations from the Central Bank of Ireland we constantly review our policies to ensure we have sound underwriting procedures in place. The most important factor in a lending decision is the member's ability to repay.

We continue to put people before profit in line with the ethos that is the credit union difference and we will continue to work with and for our members.

### Acknowledgements

My sincere thanks to the members of the Credit Committee who give so much of their time on your behalf. Thanks also to the Management and all the Staff, and in particular members of the Loan Team – David McAuley, Catherine Healy, Jenny Staunton and Ingrid Curley – who assisted the Credit Committee so well throughout the year.

On behalf of the Committee may I wish you all a happy and peaceful Christmas and thank you all for your support over the last year and look forward to a continuing mutually beneficial relationship in 2012.



**John O'Sullivan**  
Committee Chairperson

# Audit (Compliance and Insurance) Committee Report

2011 saw a number of changes in the credit union environment which resulted in another busy year for the members of the Audit Committee. Most recently the Committee welcomed the publication of the Interim Report of the Commission on Credit Unions and believe that it is a positive step towards the implementation of an enhanced regulatory and governance framework for the credit union sector. The Audit Committee have at all times, and will continue to, operate with best practice and good governance in mind and look forward to further developments and guidance in the areas of compliance and Minimum Competency Requirements (MCR).

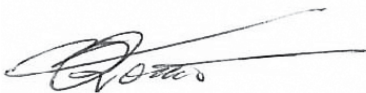
Since its inception in 2009 the Audit Committee has had a key role in the governance framework of Dubco and the Committee welcomed the recommendation of the Commission of Credit Unions that an Internal Audit function be adopted in the credit union sector at large. The Audit Committee is an independent overseer at Board level with an investigative remit to ensure that all the business and transactions of the Credit Union are proper and that proper procedures and processes are being followed.

Throughout the year the Committee carried out reviews in line with the requirements set out in the Internal Audit programme. In particular, the following areas were appraised as part of the programme, together with a review of all policy documentation:

- Officer expense claims and remuneration payment processes
- Review of Officer (and related family accounts) loans outstanding
- Investment portfolio examination, including a review of the movement of funds and related procedures
- Tax compliance matters, including Revenue payments and reporting in terms of both employer and DIRT liabilities
- Member service standards including a review of insurance intermediary activities and complaints procedures

Quarterly reports were provided to the Board of Directors. The Committee is satisfied that the Credit Union is operating in a compliant manner.

I would like to thank the members of the Committee for all of their work on your behalf throughout the year. In addition I would like to express my appreciation to Martina Kennedy, Projects Co-ordinator, Nicole Egan, Marketing & Services Development Manager, and Ingrid Lee Kin, Training & Compliance Officer, for their support to the Committee throughout the year.



**Vincent Norton**  
**Committee Chairperson**

## Special Projects (Planning and Development) Committee Report

All members are aware that we are still in the midst of a period of unprecedented upheaval in the financial environment. Through the implementation of our strategic plan, proactive decision making, a willingness to adapt and a culture of embracing regulatory change, we are meeting all the challenges this presents. We are positioning ourselves to emerge as a stronger and larger financial services organisation, committed to meeting all our members' needs while at the same time maintaining the ethos of the credit union model.

In 2012, members will benefit from improved service provision as a result of a number of initiatives which progressed during the year. These improvements have been achieved in a period of significantly increased regulatory and reporting requirements. Dubco welcomes these changes and, as part of a small group of credit unions, has worked with the regulatory authorities to get the message across that credit unions are unique, member focused and, in the case of Dubco, a well run, professional organisation. Dubco has met all new requirements with, what we consider to be, minimal impact on members despite placing pressure on resources and as a result Dubco is acknowledged by the regulatory authorities as a strong, robust forward looking organisation well equipped to handle the challenges faced by its members and financial institutions for the foreseeable future.

### Information Technology Review

During 2011 we undertook an upgrade of our Information Technology (IT) platforms. This involved significant changes to hardware elements, phone systems, and key member transaction software. Much of the year was spent ensuring that we developed an IT platform that would allow us to grow the organisation, permit increased automation and align interfacing software that ultimately will deliver more efficient systems for members.

During this period we undertook a comprehensive review of our existing database and ensured that all systems met all legal, compliance and regulatory standards and we have been engaged in finalising this exercise over the past few months. We have taken a systematic and cautious approach to this. As a result of this, some members may feel that they have been overwhelmed by information and forms. However, this was absolutely necessary in order to comply with all regulatory requirements and best practice standards. With your cooperation the Credit Union has improved the quality and consistency of information held by Dubco to ensure that it is capable of meeting all regulatory queries posed.

As advised to members last year, we are proceeding to implement a new member transaction system. Following negotiations, discussions and specification modifications, we feel we will have in place a system that will cause minimum disruption for members when it is implemented. After this upgrade we will speedily move to deliver new lines of communication, including internet and online account transaction capabilities.

With regard to the new IT hardware systems the Committee was at all times conscious of what is happening in the wider financial environment and as a result has identified and installed systems that will support any new credit union model that might emerge from the Credit Union Commission's deliberations.

## Improvements made during the Last Year

- Installation of a queuing system in public area in Green Street office
- New telephone system installed enabling recording of incoming and outgoing calls
- Dubco continued to look at opportunities with third parties to maximise our service offerings to members
- A number of Staff and Directors have attained Qualified Financial Advisor (QFA) and Credit Union Advisor (CUA) qualifications

## Partnership and Representation

Dubco maintains regular contact with Dublin City Council to ensure the existing relationship is built upon and avenues of co-operation and support are explored.

We have also established stronger links with like-minded credit unions and have been pro-active in making submissions in relation to legislation for credit unions, as noted in the Chairperson's Report, in relation to our submission to the Credit Union Commission. We welcome legislative and regulatory changes that put the members' interest first and foremost.

## Premises

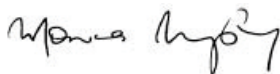
Dubco continues an ongoing maintenance programme of both the Capel Street and Green Street premises. We endeavour to get the best value for money possible and all contracts are negotiated before renewal. We continue to review all contracts and we have no hesitation in moving supplier if better value for money is available elsewhere.

## Conclusion

Credit unions now, more than ever before, face intense scrutiny and regulation. While this is to be welcomed, we have pre-empted some of these items by introducing a number of policy changes. However, we remain conscious of members' needs, the uniqueness of your Credit Union and the ethos and focus of the credit union movement.

We aim to emerge stronger from this period and are committed to growing this Credit Union through professional management, good governance practice and focus on members. We see this as a period of unique opportunity for progressive credit unions and are firmly of the belief that we can meet these challenges head on and emerge stronger. We will continue to put our members first with competitive pricing, excellent member service and professionalism.

I wish to thank the Management Team and all our Staff for the huge effort, hard work and sacrifices made over the past year particularly in relation to the IT projects. I also wish to thank both Martina Kennedy and David McAuley for the support afforded to the Committee and myself over the last 12 months.



**Monica Murphy**  
Committee Chairperson

# In Appreciation of John Kelly

1958 – 2011



On the 9<sup>th</sup> of November 2011 all of us at Dubco lost a valued friend, mentor and esteemed colleague when John Kelly suddenly departed from us.

John originally joined Dubco in a voluntary capacity as a member of the Board of Directors, his election to the Board took place at the first ever Annual General Meeting of the Credit Union, which was held on the 10<sup>th</sup> of October 1979 in the Committee Room of City Hall. In 1982 John became Treasurer of Dubco, following the resignation of the late Matthew Dawson from the role. John remained in his voluntary capacity as Treasurer until it became clear that professional staff was essential to cope with the day-to-day needs of the fast growing Credit Union. With a vision that would ensure the steady and controlled growth of the Credit Union, in July of 1983 a decision was taken by the Board of Directors to employ a full-time Manager. The

position was officially filled in November of that year by John, who was seconded to the job by agreement with Dublin City Council, where he had worked in the Housing Department until that time.

John was central to the development of Dubco, from the early vision of the founding Directors as a place that would ensure basic financial services, in the form of savings and loans, to one of the most progressive and successful Credit Unions in Ireland, personifying as he did the co-operative spirit on which our Credit Union is built. Throughout the 32 years he spent with Dubco John always had the welfare of the members of Dubco, his colleagues and friends close to his heart. To say that John was a valued member of the organisation is too great an understatement, he embodied the Credit Union in all of its strengths and successes.

All of us who knew John, and indeed even those who knew only of him and of the legacy he created in Dubco Credit Union, have been deeply saddened by the loss of such a selfless and committed gentleman, both professionally and personally. On behalf of all of the Management, Staff, Board of Directors, Supervisory Committee members and Volunteers, we would like to acknowledge and express our thanks for all of the kind words and support received from our members and colleagues in the credit union sector. John's untimely death devastated us and continues to be felt by all at Dubco and we cherish the memories we all share of John as a colleague and friend. We can only now ensure that the legacy John worked so hard to develop continues to prosper and evolve into the future of the credit union sector in Ireland. We will continue to work tirelessly for our members in the spirit that John exemplified, giving of his time and talents so unselfishly.

John is survived by his wife Roisin, daughter Niamh, son Darragh and his partner Jess, and granddaughter Eva, all of whom he spoke of warmly and devotedly, during time spent with his colleagues and friends at Dubco.

May he rest in peace.

Ar dheis Dé go raibh a anam uasal dílis.



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