MULLINGAR CREDIT UNION
ANNUAL REPORT
2017 - 2018
AGM 2018 - AGENDA

1. The acceptance by the Board of Directors of the authorised representatives of members that are not natural persons.
2. Ascertainment that a quorum is present.
3. Adoption of Standing Orders.
4. Reading and approval (or correction) of the minutes of the last AGM.
11. Appointment of Tellers.
13. Election to fill vacancies on the Board Oversight Committee.
14. Election to fill vacancies on the Board of Directors.
27. Announcement of Election Results.
28. To consider and if thought fit, to approve the following resolutions:
   (i) Affiliation fee to the Irish League of Credit Union (ILCU)
       That an affiliation fee of €0.90 be deducted from each member account, excluding members under the age of sixteen and forwarded to the ILCU.
   (ii) Amend Standard Rules
       That this Annual General Meeting amends the Standard Rules for Credit Unions (Republic of Ireland) by the deletion of Rule 109(8) (see below).
       Rule 109(8)
       Subject to the Act and any regulations made thereunder, the forms used by the credit union shall contain as a minimum the information as set out in the forms contained in the Appendices to these rules which forms may be amended from time to time by the Irish League of Credit Unions.
29. Any other business.
30. Adjournment or close of meeting.
DIRECTORS
(1) P. Isdell (Chairperson)
(1) C. Isdell (Vice Chairperson)
J. O’Reilly (Secretary)

BOARD OVERSIGHT COMMITTEE
D. O’Keeffe (Chairperson), (1) A. Carey, (1) C. Gavin.

(1) Retiring Directors and Board Oversight Committee Members eligible and available for re-election.

COMMITTEES
Audit Committee
C. Isdell, J. Marshall, M. Reilly.
Risk Committee
Remuneration Committee
C. Isdell, P. Isdell, J O’Reilly.
Nomination Committee
E. Blake, K. Dunne, M. Reilly.
Membership Committee
O. Brennan, S. Walsh, D. Garry, S. Fagan.
Credit Committee
Credit Control Committee

Facilities & Technology Committee
Investment Committee
T. Allen, P. Murphy, S. McLaughlin, C. Isdell, P. Isdell, O. Brennan.

Building Committee

Car Draw Committee
Disputes & Complaints Committee
C. Isdell, J. Prendergast, P. Murphy, T. Allen, D. Smith.
Promotions & Communication Committee
Strategy & Policy Committee

Social & Cultural Committee
Youth Affairs Committee

Lending Strategy Committee
Restructuring Committee

STAFF
T. Allen (Manager)
D. Smith (Assistant Manager)

EXTERNAL AUDITOR
Hayes Coghlan Doolan.
INTERNAL AUDITOR
RBK.
SOLICITORS
Kelly Caulfield Shaw.
FINANCIAL ADVISORS
Davy.

RIGHTS & RESPONSIBILITIES OF MEMBERS
As one of the owners of the Credit Union you have a right to know how it is being run and how it is performing. With this right comes the responsibility to contribute to the effective and fair running of the Credit Union. The best way to exercise these rights and responsibilities is to attend the Annual General Meeting (AGM), contribute to discussions about Credit Union matters and with care, elect to office, people who will have the general good of the membership at heart. Every member has one vote at the AGM regardless of the number of shares (savings) they hold.

NOMINATION OF DIRECTORS AND BOARD OVERSIGHT COMMITTEE
At this year’s AGM there will be five vacancies on the Board of Directors and two vacancies on the Board Oversight Committee. Any eligible member of the Credit Union is entitled to seek membership of the Board of Directors or of the Board Oversight Committee. The governance provisions contained in the Credit Union Act 1997 (as amended) set out the procedures in relation to the nomination of members for positions on the Board of Directors. The Nomination Committee is responsible for accepting nominations and making proposals for election to the Board of Directors.

Under the Fitness and Probity provisions of the Central Bank Reform Act 2010 and related Regulations, the Nomination Committee has primary responsibility for ensuring that members with the necessary skills and experience are available to fill vacancies that arise on the Board of Directors. Due to these detailed provisions, no member can be elected to the Board of Directors or the Board Oversight Committee from the floor of the AGM. The closing date for nominations for the vacancies arising at AGM 2018 was 3rd November 2018.

The full procedures regarding nominations are set out in the Nomination Committee Report.
It is my privilege as Chairperson of the Board of Directors of Mullingar Credit Union to present to you, the members, our annual report for year ended the 30th September 2018. This report includes not only the financial statements for the year, but also many reports covering a range of activities undertaken by the Credit Union. It is being sent to all eligible members and I ask that you consider the report and attend our Annual General Meeting in the Greville Arms Hotel on Wednesday night the 12th December 2018, where all aspects of our results and operations will be presented and discussed.

I am happy to report a satisfactory set of financial results for the year. I am particularly proud of the fact that our Loans, Savings and Membership continue to grow, which is a clear vote of confidence by you in the Credit Union.

The financial results for the year are described more fully in the Directors’ Report and in the Financial Statements, however I would like to draw attention to some highlights:

- Members’ savings, with an increase of €14 million, surpassed the €200 million mark during the year, and now stand at over €202 million.
- Our loan book grew by close to €6 million in the year to reach €63 million.
- The surplus generated for the year of €2.4 million.

These figures are a clear demonstration of the loyalty and trust of members and show that Mullingar Credit Union is a vibrant and successful financial institution at the heart of the community.

Although the surplus is a reduction on last year’s figure of €3 million, it is very much in line with the Boards’ expectations and reflects the continued ultra-low investment return environment and increasing operational costs.

The Board are proposing a dividend rate of 0.25% and an interest rebate of 10% on loan interest paid during the year. The proposed interest rebate is intended as a reward to our borrowing members for their support and loyalty and hopefully will act as an incentive to more members to borrow from the Credit Union.

The outlook for investment returns remains subdued. Consequently, growing our loan book is a top priority. We are delighted to have introduced two new loan products during the year, namely the Cultivate Agricultural Loan and Home Loan Mortgage (CU Home). These are only newly launched. I hope to be able to report back to you next year on a robust demand for these services. We have a very active Lending Strategy Committee who are constantly looking at possible new products to provide to you, the members.

We continue to support the Personal Micro Credit (PMC) loans to social welfare recipients, who in the past were often excluded by mainstream lenders and had to rely on money lenders, both legal and illegal, for access to credit. Loans of over €245,000 have been issued to date under this scheme and it is operating successfully.

Last year we reported to you on proposed transfer of engagements from Longford and Castlepollard Credit Unions. Progress on these has been slower than we would have hoped. This is due in main to oversight requirements of the Central Bank, which is understandable given that the enlarged Credit Union would be one of the largest in the country. I am hopeful that in the very near future the transfers will receive final approval from the Central Bank. At that stage Special General Meetings will be called by each of the Credit Unions for their respective members to consider the matter and, if thought fit, to approve the transfers. It is our Board’s strong belief that the enlarged Credit Union will represent a formidable financial institution in the Midlands. Members will benefit through the enhanced services that an enlarged Credit Union will be able to provide from an operational and cost perspective, while all the time retaining the personal service that the Credit Union is renowned for.

The Board is conscious of the ongoing digitalisation of the financial sector and the expectation of members to access services online. We are continually investing in, and developing, our online services to provide you with more functionality, while ensuring, at all times that our systems are secure and safe. We intend to enhance these services throughout the coming year.

Last year we detailed exciting plans for the rollout of a debit card. This project has taken longer than hoped.
CHAIRPERSON’S REPORT

However, I can report that the debit card is on track for launch in the 2nd quarter of 2019.

In line with our commitment to improve services for members I can confirm that the Board has approved a plan to open the Credit Union office in Mullingar on Mondays. The Management Team has been working hard on drawing up plans for the rollout of the extra day’s opening. I expect that this will happen early in 2019.

Credit Union Car draws grabbed the attention of the national press earlier this year. I am happy to report that our car draw has continued unaffected. It receives great support from the members. If you’re interested in seeing it in operation you can drop into the main office of the Credit Union on the first Saturday of every month at 12pm. Indeed, December’s car draw takes place at the AGM, so why not come along to see how it works and who knows, you could be going home in style!

The Central Bank has been very active in the area of Credit Union regulation during the year.

- The Investment Framework for credit unions setting out the categories, classes and terms of investments that can be entered into was updated. These Regulations further limit the range of allowable investment options for credit unions and will lead to lower investments returns on the portfolio.

- Following a review of the Fitness and Probity regime for credit unions new regulations expand the Fitness and Probity requirements for certain roles within the credit union, namely the Risk Management Officer, the Head of Finance and the Internal Audit Function.

- In April 2018, the Central Bank issued “Provisioning Guidelines for Credit Unions”, which set guidelines regarding the policies and procedures which credit unions should adopt to support the further development and implementation of an appropriate provisioning framework. The application of these guidelines will lead to increased bad debt provisions and loan write offs.

- The Central Bank is currently undertaking a review of Longer Term Lending for Credit Unions, with a view to increasing the amounts allowed to be lent out over longer periods by credit unions. A Consultation Paper is currently under consideration in relation to this issue.

- The Central Bank has initiated a CEO Business Model Development Forum which is designed to support credit unions in the realistic development of their business models.

GDPR legislation came into effect in May of this year. The Board committed extensive resources to ensuring that the Credit Union was GDPR ready. The privacy of our members and the correct treatment of your personal data is an area that we take very seriously and we continue to work to ensure that our systems and procedures are of the highest standard.

Changes have occurred on our Board of Directors and Board Oversight Committee during the year. Ronan Duffy was co-opted to the Board of Directors from the Board Oversight Committee to fill a vacancy which arose following a decision by Margaret Egan not to go forward for election at AGM 2017. Catherine Gavin was co-opted to fill the vacancy on the Board Oversight Committee.

This is my first report as Chairperson and I am greatly indebted to the outgoing Chairperson, Seamus McLaughlin, for passing on such a successful Credit Union with great Values, Volunteers, Management & Staff. I will strive to ensure that the standards that have been set by my predecessor are maintained.

I wish to thank my fellow Directors, Members of the Board Oversight Committee, Members of the various Sub Committees, Management and Staff for their support, contributions and dedication. I also take this opportunity to thank yourselves, the members, whose support is so vital to the success of Mullingar Credit Union.

Paul Isdell
Chairperson
The Directors present their Annual Report and Audited Financial Statements for the year ended 30th September 2018.

STATEMENT OF DIRECTORS’ RESPONSIBILITIES
The Directors are responsible for preparing the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland including the Accounting Standards issued by the Financial Reporting Council.

The Credit Union Acts 1997 to 2018 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 and expenditure of the Credit Union for that period.

In preparing these financial statements, the Directors are required to:

• Select suitable accounting policies and then apply them consistently;
• Make judgements and accounting 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 confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Credit Union and which enable them to ensure that the financial statements comply with the Credit Union Acts 1997 to 2018.

The Directors 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.

BOARD OF DIRECTORS
Members who served on the Board of Directors during the year were as follows:

BOARD OVERSIGHT COMMITTEE
Members who served on the Board Oversight Committee during the year were as follows:

ACCOUNTING RECORDS
The Directors acknowledge their responsibilities under section 108 of the Credit Union Act, 1997 (as amended) to keep proper accounting records for the Credit Union. The accounting records are kept in the Credit Union’s office at St. Colman’s House, Oliver Plunkett Street, Mullingar, County Westmeath.

PRINCIPAL ACTIVITIES
Mullingar Credit Union is principally engaged in the operation of a Credit Union providing financial services to members at fair and reasonable rates, on a not for profit basis. The available surplus on operating activities is distributed to members after meeting all reserve and provision requirements.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS
The financial statements are set out on pages 8 to 27 of this report.

Total income for the year declined slightly from €7.2 million in 2017 to €7.1 million in 2018. Income from loans to members increased by €394,000 in line with the increased level of loans outstanding. Income from investments decreased by €408,000 due to the lower levels of return currently available in the market and some older high return long term investments reaching maturity.

Total expenditure increased from €4.2 million in 2017 to €4.7 million in 2018. Bad and doubtful debts written off increased slightly from €426,000 in 2017 to €471,000 in 2018. There was a credit of €151,000 in the current year from a reduction in the provision for doubtful debts compared to a credit of €332,000 in 2017. Bad debts recovered during the year amounted to €356,000.

Overall a surplus of €2.4 million was generated for the year from which the Directors propose to distribute €947,000 to members by way of dividend and interest rebate and provide the agreed transfers to statutory and other reserves.

Savings increased during the year by €14.2 million while loans increased by €5.8 million. Investments increased
ANNUAL REPORT
2017 - 2018

DIREKTORS’ REPORT

during the year by €9.5 million. The provision for doubtful debts reduced slightly to €3.2 million. Total reserves increased by €1.5 million to €39.7 million. Overall the Directors consider that the level of business conducted throughout the year and the financial position at the year end as set out in the financial statements are satisfactory. They are confident that the sound financial position of the Credit Union will be maintained. The Directors intend to further develop current activities and facilities over the coming years.

DIVIDEND AND INTEREST REBATE
The Directors recommend payment of a dividend on shares of 0.25% at a cost of €487,000. The Directors recommend the payment of a rebate on interest paid on loans throughout the year of 10% at a cost of €460,000.

RISKS AND CHALLENGES
The Board of Directors is responsible for the general control, direction and management of the Credit Union. The Board meets as often as is necessary, but at least monthly, to discharge this responsibility. The Board continually keeps under review the principal risks and challenges facing the Credit Union. The principal risks and challenges identified include reduced lending in proportion to members’ savings, loan default, the security of capital and the quality of underlying guarantees on investments, investment counterparty risk, low returns on investments, liquidity risk and technology. The Board appoints various sub committees, retains the services of suitably qualified advisors and appoints staff in order to assist in the management of these issues. Further details in relation to financial risks are detailed in Note 16 of the Financial Statements.

AUDITORS
The Auditors, Hayes Coghlan Doolan have expressed their willingness to continue in office in accordance with Section 115 of the Credit Union Act 1997, (as amended).

Signed on behalf of the Credit Union

Member of the Board of Directors.............................................. 23rd October 2018

Member of the Board of Directors. ............................................. 23rd October 2018

Left to right: Edna Blake, Mary Reilly, Seamus Mc Laughlin, John O'Reilly, Paul Isdell, Conor Isdell, Jim Prendergast, James Marshall.

Missing from the photo: Ronan Duffy, Kelly Dunne, Paddy Murphy, Catherine Gavin, Daniel O’Keeffe, Aisling Carey.
STATEMENT OF BOARD OVERSIGHT COMMITTEE’S RESPONSIBILITIES

The Credit Union Acts 1997 to 2018 require the appointment of a Board Oversight Committee to assess whether the Board of Directors has operated in accordance with Part IV, Part IV A and any regulations made for the purposes of Part IV or Part IV A of the Credit Union Act 1997 (as amended) and any other matter prescribed by the Central Bank in respect of which they are to have regard to in relation to the Board.

The function of the Board Oversight Committee is to assess whether the Board of Directors has operated in accordance with the governance requirements set out in legislation, regulations and guidance.

The Board Oversight Committee of Mullingar Credit Union has, in furtherance of its role:

- Attended all meetings of the Board of Directors throughout the year;
- Liaised monthly as required by legislation;
- Formally met with the Board once a quarter and provided a performance report to the Board as required by legislation;
- Met with the Internal Auditor of Mullingar Credit Union, RBK;
- Attended various Committee meetings throughout the year;
- Attended specialised Board Oversight Committee training.

The Board Oversight Committee is satisfied to report that the actions and decisions of the Board of Directors of Mullingar Credit Union are compliant with current rules regulation and legislation.

The Board Oversight Committee is satisfied that the method of continual reviews of the Credit Union's processes and procedures, as employed by the Board, ensures that Mullingar Credit Union meets all of the requirements laid down from a legal and regulatory perspective.

On 24th April 2018, the Board of Directors co-opted the previous Chairperson of the Board Oversight Committee, Ronan Duffy onto the Board of Directors, thereby necessitating his resignation from the Board Oversight Committee. Daniel O’Keeffe who at that time was Secretary of the Board Oversight Committee was appointed as Chairperson. In May 2018, Catherine Gavin was co-opted onto the Committee. Hence the Committee had 3 serving members for no less than 11 months of the year.

We would like to extend our thanks to the Board of Directors, Management and Staff of Mullingar Credit Union for their assistance and support throughout the year as we fulfilled our function.

Daniel O’Keeffe,
Chairperson,
Board Oversight Committee.
OPINION
We have audited the financial statements of Mullingar Credit Union Limited for the year ended 30th September 2018 which comprise the Income and Expenditure Account, Balance Sheet, the Statement of Changes in Reserves, Statement of Cash Flows and Related Notes. The relevant financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council.
In our opinion, the financial statements:
• give a true and fair view of the assets, liabilities and financial position of the credit union as at 30th September 2018 and of its surplus and cash flows for the year then ended;
• have been properly prepared in accordance with Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”; and
• have been properly prepared so as to conform with the requirements of the Credit Union Acts 1997 to 2018.

BASIS FOR OPINION
We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISA’s (Ireland)) and applicable law. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard as issued by the Irish Auditing and Accounting Supervisory Authority (“IAASA”), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN
We have nothing to report in respect of the following matters in relation to which the ISA’s (Ireland) require us to report to you where:
• the Directors’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
• the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Credit Union’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION
The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our audit report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.
We have nothing to report in this regard.
OTHER MATTERS PRESCRIBED BY THE CREDIT UNION ACTS 1997 TO 2018

In our opinion, based on the work undertaken in the course of the audit:

• We have obtained all the information and explanations which 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.

RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

As explained more fully in the directors responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Credit Union’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the credit union or to cease operations, or have no realistic alternative but to do so.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description of auditors responsibilities for audit.pdf. This description forms part of our audit report.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

Our 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.

SIGNED: ......................................................

Anthony Doolan,
For and on behalf of
Hayes Coghlan Doolan
Certified Public Accountants and Statutory Audit Firm
3rd Floor, The Bank Building
Blackhall Place
Mullingar
County Westmeath

Date: 23rd October 2018
## INCOME AND EXPENDITURE ACCOUNT

**YEAR ENDED 30TH SEPTEMBER 2018**

The financial statements were approved, and authorised for issue, by the Board on 23rd October 2018 and signed on its behalf by:

Manager: ........................................................
Member of the Board of Directors: ...................................
Member of the Board Oversight Committee: .........................

The notes on pages 14 to 26 form part of these financial statements.

<table>
<thead>
<tr>
<th></th>
<th>Sch 2018</th>
<th>Sch 2017</th>
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</thead>
<tbody>
<tr>
<td><strong>INCOME:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on Members’ Loans</td>
<td>1</td>
<td>4,625,150</td>
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<tr>
<td>Members’ Deposit &amp; Other Interest, Expense and Similar Charges</td>
<td>(2,340)</td>
<td>(4,197)</td>
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<tr>
<td>Other Interest Receivable &amp; Similar Income</td>
<td>2,414,842</td>
<td>2,822,986</td>
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<tr>
<td><strong>Net Interest Income</strong></td>
<td>7,037,652</td>
<td>7,049,773</td>
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<tr>
<td>Other Income</td>
<td>72,154</td>
<td>150,415</td>
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<tr>
<td><strong>TOTAL INCOME</strong></td>
<td>7,109,806</td>
<td>7,200,188</td>
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<td><strong>EXPENDITURE:</strong></td>
<td></td>
<td></td>
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<tr>
<td>Salaries and Other Wages Costs</td>
<td>1,840,784</td>
<td>1,784,935</td>
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<td>Other Management Expenses</td>
<td>2,334,902</td>
<td>2,069,849</td>
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<td>Depreciation</td>
<td>474,825</td>
<td>478,824</td>
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<td>Social and Cultural Fund</td>
<td>99,900</td>
<td>99,891</td>
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<td>Other Gains</td>
<td>(1,181)</td>
<td>-</td>
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<td>Bad Debt Provision</td>
<td>(151,161)</td>
<td>(331,864)</td>
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<tr>
<td>Bad Debts Recovered</td>
<td>(355,670)</td>
<td>(318,870)</td>
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<tr>
<td>Bad and Doubtful Debt Written Off</td>
<td>470,903</td>
<td>425,575</td>
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<td><strong>EXCESS OF INCOME OVER EXPENDITURE FOR THE YEAR</strong></td>
<td>2,396,504</td>
<td>2,991,848</td>
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### ASSETS

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<tr>
<th>Description</th>
<th>Note</th>
<th>2018 €</th>
<th>2017 €</th>
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<tbody>
<tr>
<td>Cash and Deposits at Bank</td>
<td>13</td>
<td>5,036,837</td>
<td>4,507,945</td>
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<tr>
<td>Deposits and Investments - Cash Equivalents</td>
<td>13</td>
<td>40,329,767</td>
<td>44,272,629</td>
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<tr>
<td>Deposits and Investments</td>
<td>13</td>
<td>131,048,130</td>
<td>117,621,667</td>
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<td>Central Bank Minimum Reserve and Deposit Protection Account</td>
<td>13</td>
<td>1,763,682</td>
<td>1,735,163</td>
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<tr>
<td>Loans to Members</td>
<td>11</td>
<td>63,163,014</td>
<td>57,344,233</td>
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<tr>
<td>Less: Provision for Bad and Doubtful Debts</td>
<td>11</td>
<td>(3,157,375)</td>
<td>(3,308,536)</td>
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<td>Tangible Assets</td>
<td>10</td>
<td>4,370,350</td>
<td>4,819,047</td>
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<td>Prepayments and Accrued Income</td>
<td>12</td>
<td>474,002</td>
<td>418,535</td>
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**TOTAL ASSETS**

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<th></th>
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<th><strong>2018</strong></th>
<th><strong>2017</strong></th>
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<tr>
<td></td>
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<td>243,028,407</td>
<td>227,410,683</td>
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### MEMBERS’ LIABILITIES

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<th>Description</th>
<th>Note</th>
<th>2018 €</th>
<th>2017 €</th>
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<td>Members' Shares</td>
<td>14</td>
<td>200,100,397</td>
<td>186,461,133</td>
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<td>Members' Deposits</td>
<td>14</td>
<td>2,382,126</td>
<td>1,864,133</td>
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<tr>
<td></td>
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<td>202,482,523</td>
<td>188,325,266</td>
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**TOTAL LIABILITIES**

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<th><strong>2018</strong></th>
<th><strong>2017</strong></th>
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<tr>
<td></td>
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<td>203,281,218</td>
<td>189,187,040</td>
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### OTHER LIABILITIES

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<tr>
<th>Description</th>
<th>Note</th>
<th>2018 €</th>
<th>2017 €</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Liabilities, Creditors, Accruals &amp; Charges</td>
<td>15</td>
<td>517,494</td>
<td>614,383</td>
</tr>
<tr>
<td>Members’ Car Draw fund</td>
<td>15</td>
<td>281,201</td>
<td>247,391</td>
</tr>
</tbody>
</table>

**TOTAL OTHER LIABILITIES**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th><strong>2018</strong></th>
<th><strong>2017</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>203,281,218</td>
<td>189,187,040</td>
</tr>
</tbody>
</table>

### TOTAL ASSETS LESS LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th></th>
<th><strong>2018</strong></th>
<th><strong>2017</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>39,747,189</td>
<td>38,223,643</td>
</tr>
</tbody>
</table>

### MEMBERS’ RESOURCES

<table>
<thead>
<tr>
<th>Description</th>
<th></th>
<th><strong>2018</strong></th>
<th><strong>2017</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulatory Reserves</td>
<td></td>
<td>24,675,556</td>
<td>23,675,556</td>
</tr>
<tr>
<td>Operational Risk Reserve</td>
<td></td>
<td>2,200,000</td>
<td>2,200,000</td>
</tr>
<tr>
<td>Other Reserves</td>
<td></td>
<td>12,871,633</td>
<td>12,348,087</td>
</tr>
</tbody>
</table>

**TOTAL MEMBERS’ RESOURCES**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th><strong>2018</strong></th>
<th><strong>2017</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>39,747,189</td>
<td>38,223,643</td>
</tr>
</tbody>
</table>

The financial statements were approved, and authorised for issue, by the Board on 23rd October 2018 and signed on its behalf by:

Manager: ........................................................
Member of the Board of Directors: ............................
Member of the Board Oversight Committee: .................

The notes on pages 14 to 26 form part of these financial statements.
### STATEMENT OF CASH FLOWS

YEARENDED30THSEPTEMBER2018

<table>
<thead>
<tr>
<th></th>
<th>Regulatory Reserve €</th>
<th>Operational Risk Reserve €</th>
<th>Investment Reserve €</th>
<th>Undistributable Reserve €</th>
<th>Distribution Reserve €</th>
<th>Total Reserves €</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance as at 1st October 2016</td>
<td>22,675,556</td>
<td>2,200,000</td>
<td>1,000,000</td>
<td>1,242,133</td>
<td>9,340,820</td>
<td>36,458,509</td>
</tr>
<tr>
<td>Surplus for year</td>
<td>1,000,000</td>
<td>-</td>
<td>-</td>
<td>248,307</td>
<td>1,743,541</td>
<td>2,991,848</td>
</tr>
<tr>
<td>Dividends paid during the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(838,148)</td>
<td>(838,148)</td>
</tr>
<tr>
<td>Loan Interest Rebate paid during the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(388,566)</td>
<td>(388,566)</td>
</tr>
<tr>
<td>Closing Balance as at 30th September 2017</td>
<td>23,675,556</td>
<td>2,200,000</td>
<td>1,000,000</td>
<td>1,490,440</td>
<td>9,857,647</td>
<td>38,223,643</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Regulatory Reserve €</th>
<th>Operational Risk Reserve €</th>
<th>Investment Reserve €</th>
<th>Undistributable Reserve €</th>
<th>Distribution Reserve €</th>
<th>Total Reserves €</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance as at 1st October 2017</td>
<td>23,675,556</td>
<td>2,200,000</td>
<td>1,000,000</td>
<td>1,490,440</td>
<td>9,857,647</td>
<td>38,223,643</td>
</tr>
<tr>
<td>Surplus for year</td>
<td>1,000,000</td>
<td>-</td>
<td>-</td>
<td>43,560</td>
<td>1,352,944</td>
<td>2,396,504</td>
</tr>
<tr>
<td>Dividends paid during the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(452,457)</td>
<td>(452,457)</td>
</tr>
<tr>
<td>Loan Interest Rebate paid during the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(420,501)</td>
<td>(420,501)</td>
</tr>
<tr>
<td>Transfer between reserves</td>
<td>-</td>
<td>-</td>
<td>(1,000,000)</td>
<td>(1,395,861)</td>
<td>2,395,861</td>
<td>-</td>
</tr>
<tr>
<td>Closing Balance as at 30th September 2018</td>
<td>24,675,556</td>
<td>2,200,000</td>
<td>-</td>
<td>138,139</td>
<td>12,733,494</td>
<td>39,747,189</td>
</tr>
</tbody>
</table>

1. The Regulatory Reserve of the Credit Union as % of total assets as at 30th September 2018 was 10.15%. (30th September 2017: 10.41%).

2. In accordance with S45 of the Credit Union Act 1997 (as amended) Mullingar Credit Union Limited put in place an Operational Risk Reserve. The Board completed an internal process of assessing the level of the Reserve required to cover the operational risk within the Credit Union and they are satisfied that no further transfer to the Reserve is required at present. The Operational Risk Reserve as a % of total assets as at 30th September 2018 was 0.91%.

3. Following commencement of S13 of the 2012 Act, the requirement for Credit Unions to transfer 10% of their annual surplus to their Statutory Reserve (now known as the Regulatory Reserve) each year has been removed. The Board of Mullingar Credit Union Limited considers appropriate the transfer of €1,000,000 of current year surplus to the Regulatory Reserve so that the Reserve would stand at 10.15% at current year end, in excess of the required limit of 10%.
# STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 30TH SEPTEMBER 2018

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPENING CASH AND CASH EQUIVALENTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening Cash and Cash Equivalents</td>
<td>€48,780,574</td>
<td>€42,947,839</td>
</tr>
</tbody>
</table>

**CASH FLOWS FROM OPERATING ACTIVITIES**

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans Repaid</td>
<td>€25,682,247</td>
<td>€23,665,991</td>
</tr>
<tr>
<td>Loans Advanced</td>
<td>(€31,971,931)</td>
<td>(€29,220,979)</td>
</tr>
<tr>
<td>Loan Interest Received</td>
<td>€4,603,377</td>
<td>€4,210,683</td>
</tr>
<tr>
<td>Interest Paid</td>
<td>(€2,340)</td>
<td>(€4,197)</td>
</tr>
<tr>
<td>Investment Interest Received</td>
<td>€2,371,282</td>
<td>€2,855,421</td>
</tr>
<tr>
<td>Bad Debts Recovered</td>
<td>€355,670</td>
<td>€318,870</td>
</tr>
<tr>
<td>Investment Interest Received</td>
<td>(€420,501)</td>
<td>(€388,566)</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>(€4,175,686)</td>
<td>(€3,854,784)</td>
</tr>
<tr>
<td><strong>Net Cash Flows from Operating Activities</strong></td>
<td>(€4,010,339)</td>
<td>(€3,255,709)</td>
</tr>
</tbody>
</table>

**CASH FLOWS FROM INVESTING ACTIVITIES**

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Asset Purchases</td>
<td>(€34,824)</td>
<td>(€42,251)</td>
</tr>
<tr>
<td>Fixed Asset Disposals</td>
<td>€9,877</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Cash Flow from Other Investing Activities</strong></td>
<td>(€13,411,422)</td>
<td>(€3,300,612)</td>
</tr>
<tr>
<td><strong>Net Cash Flows from Investing Activities</strong></td>
<td>(€13,436,369)</td>
<td>(€3,342,863)</td>
</tr>
</tbody>
</table>

**CASH FLOWS FROM FINANCING ACTIVITIES**

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members’ Shares Received</td>
<td>€103,954,928</td>
<td>€99,571,325</td>
</tr>
<tr>
<td>Members’ Deposits Received</td>
<td>€10,942,865</td>
<td>€9,399,001</td>
</tr>
<tr>
<td>Members’ Shares Withdrawn</td>
<td>(€90,315,664)</td>
<td>(€86,997,541)</td>
</tr>
<tr>
<td>Members’ Deposits Withdrawn</td>
<td>(€10,424,872)</td>
<td>(€9,133,196)</td>
</tr>
<tr>
<td><strong>Net Cash Flows From Financing Activities</strong></td>
<td>€14,157,257</td>
<td>€12,839,589</td>
</tr>
</tbody>
</table>

**OTHER RECEIPTS / (DISBURSEMENTS)**

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Income</td>
<td>€72,154</td>
<td>€150,415</td>
</tr>
<tr>
<td>Increase / (Decrease) in Car Draw Fund</td>
<td>€33,810</td>
<td>€11,633</td>
</tr>
<tr>
<td>Social and Cultural Fund</td>
<td>(€99,900)</td>
<td>(€99,891)</td>
</tr>
<tr>
<td>Decrease / (Increase) in Debtors and Prepayments</td>
<td>(€33,694)</td>
<td>(€91,441)</td>
</tr>
<tr>
<td>(Decrease) / Increase in Other Liabilities and Charges</td>
<td>(€96,889)</td>
<td>(€378,998)</td>
</tr>
<tr>
<td><strong>Total Other Receipts / (Disbursements)</strong></td>
<td>(€124,519)</td>
<td>(€408,282)</td>
</tr>
</tbody>
</table>

**CLOSING CASH AND CASH EQUIVALENTS**

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closing Cash and Cash Equivalents</td>
<td>€45,366,604</td>
<td>€48,780,574</td>
</tr>
</tbody>
</table>
1. LEGAL AND REGULATORY FRAMEWORK
Mullingar Credit Union Limited is established under the Credit Union Acts 1997 to 2018. The Credit Union is registered with the Registrar of Credit Unions (No. 149CU) and is regulated by the Central Bank of Ireland. The principal place of business is St. Colman’s House, Mullingar, Co. Westmeath with branch offices in Rochfortbridge and Kinnegad, Co. Westmeath.

2. ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION
These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”).

The financial statements have been prepared on the historical cost basis.

2.2 CURRENCY
The financial statements are prepared in Euro, which is the functional currency of the Credit Union. Monetary amounts in these financial statements are rounded to the nearest Euro.

2.3 GOING CONCERN
The financial statements are prepared on the going concern basis. The Directors of Mullingar Credit Union Limited believe this is appropriate as the Credit Union:
- Is generating annual surpluses;
- Maintains an appropriate level of liquidity; and
- Has reserves that are currently above the minimum legal and regulatory requirements.

2.4 INCOME

Interest on members’ loans
Interest on loans to members is recognised using the effective interest method, and is calculated and accrued on a daily basis.

Investment income
The Credit Union currently only has investments that are valued at amortised cost, and use the effective interest method to recognise investment income.

Other income
Other income such as commission receivable on insurance products and foreign exchange services arises in connection with specific transactions. Income relating to individual transactions is recognised when the transaction is completed.

2.5 DIVIDENDS AND LOAN INTEREST REBATES TO MEMBERS AND INTEREST ON MEMBERS’ DEPOSITS

Dividends on shares and loan interest rebates
Dividends and loan interest rebates are paid from current year’s surplus or the Distribution Reserve set aside for that purpose. The Board’s proposed distribution to members each year is based on the dividend and loan interest rebate policy of the Credit Union.

The rate of dividend and loan interest rebate recommended by the Board will reflect:
- the risk profile of the Credit Union, particularly in its loan and investment portfolios;
- the Board’s desire to maintain a stable rather than a volatile rate of dividend each year; and
- members’ legitimate dividend and loan interest rebate expectations;
all dominated by prudence and the need to sustain the long-term viability of the Credit Union.

For this reason the Board will seek to build up the distribution reserve over time to absorb unexpected shocks and maintain reserves above minimum regulatory requirements.
The Credit Union accounts for dividends and rebates of loan interest when members ratify such payments at the Annual General Meeting.

**Interest on members’ deposits**
Interest on members’ deposits is calculated using the effective interest method.

### 2.6 TAXATION

The Credit Union is not subject to income tax or corporation tax on its activities as a Credit Union.

### 2.7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise operating cash on hand and cash deposited with banks with original maturity of less than or equal to three months or are capable of being accessed within three months.

### 2.8 FINANCIAL INSTRUMENTS

The Credit Union has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instruments Issues’ of FRS 102 to all of its financial instruments. Financial instruments are recognised when the Credit Union becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when, and only when, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets and liabilities are classified according to the substance of the contractual arrangements entered into.

### 2.9 BASIC FINANCIAL ASSETS

Basic financial assets are initially measured at the transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method. Basic financial instruments include the following:  

**Loans to members**
Loans to members are financial assets with fixed or determinable payments. Loans are recognised when cash is advanced to members and measured at amortised cost using the effective interest method.

**Investments held at amortised cost**
Investments held at amortised cost are measured at amortised cost using the effective interest method less impairment. This means that the investment is measured at the amount paid for the investment, minus any repayments of the principal; plus or minus the cumulative amortisation using the effective interest method of any difference between the amount at initial recognition and the maturity amount; minus, in the case of a financial asset, any reduction for impairment or un-collectability. This effectively allocates the return on such investments over time, but takes immediate account of any impairment in the value of the investment.

### 2.10 OTHER RECEIVABLES

Other receivables such as prepayments are initially measured at transaction price including transaction costs and are subsequently measured at amortised cost using the effective interest method.

### 2.11 IMPAIRMENT OF FINANCIAL ASSETS

Financial assets, other than those held at fair value, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the expected cash flows taking account of pledged shares and other security as appropriate. In the case of impairment of loans to members, the loans are assessed collectively in groups that share similar credit risk characteristics except for individually significant loans.
which are assessed on a loan by loan basis for impairment.

Any impairment losses are recognised in the Income and Expenditure account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the Income and Expenditure account.

2.12 DE-RECOGNITION OF FINANCIAL ASSETS

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled or when the Credit Union transfers to another party substantially all of the risks and rewards of ownership of the financial asset or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

In the case of loans to members, loans are derecognised, when the right to receive cash flows from the loans have expired, usually when all amounts outstanding have been repaid by the member. Mullingar Credit Union Limited does not transfer loans to third parties.

2.13 BASIC FINANCIAL LIABILITIES

Basic financial liabilities are initially recognised at the transaction price, including transaction costs, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities are subsequently carried at amortised cost using the effective interest method.

Financial liabilities members’ shares and deposits

Members’ shares and Deposits are redeemable and therefore are classified as financial liabilities. They are initially recognised at the amount of cash deposited and subsequently members’ deposits are measured at amortised cost.

Other payables

Other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

2.14 DE-RECOGNITION OF FINANCIAL LIABILITIES

Financial liabilities are derecognised when the obligations of the Credit Union specified in the contract are discharged, cancelled or expire.

2.15 TANGIBLE ASSETS

Tangible fixed assets comprise items of property, fixtures and fittings, computers, which are stated at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.
Depreciation

Depreciation is provided to write off the cost of each item of property, fixtures and fittings, computers, less its estimated residual value over its estimated useful life. The categories of property, office fixtures and fittings and computer equipment are depreciated as follows:

- Freehold land and buildings: 5% straight line
- Office fixtures and fittings: 12.5% straight line
- Computer equipment: 20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the Income and Expenditure account.

2.16 IMPAIRMENT OF TANGIBLE FIXED ASSETS

At each reporting end date, the Credit Union reviews the carrying value of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Credit Union estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Income and Expenditure account.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, subject that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Income and Expenditure account.

2.17 EMPLOYEE BENEFITS

Pension Scheme

Mullingar Credit Union Limited participates in an industry-wide pension scheme for employees (The Irish League of Credit Unions Republic of Ireland Pension Scheme). This is a funded defined benefit scheme with assets managed by the scheme’s trustees.

The scheme is a multi-employer scheme and due to the nature of the scheme it is not possible for the Credit Union to separately identify its share of the scheme’s underlying assets and liabilities. Consequently, the Credit Union accounts for the scheme as a defined contribution plan.

However, there is an agreed funding plan in respect of the pension scheme as a result of a Minimum Funding Standard deficit certified by the scheme’s actuary in 2009. Consequently, Mullingar Credit Union Limited recognises a liability at each Balance Sheet date for its outstanding contributions payable under the agreed funding plan to the extent that they relate to committed funding in respect of the deficit to which the funding plan relates.

Other Employee Benefits

The costs of short-term employee benefits, including holiday pay, are recognised as a liability and as an expense (unless those costs are required to be recognised as part of the cost of fixed assets) over the period they are earned.
2.18 RESERVES

Regulatory reserve
The Credit Union is required to establish and maintain a minimum Regulatory Reserve of at least 10% of the assets of the Credit Union in accordance with the Credit Union Acts 1997 to 2018.

Operational Risk Reserve
The Credit Union has established an Operational Risk Reserve which is separate, distinct and in addition to the reserves the Credit Union is required to hold in its Regulatory Reserve. The amount held in the Operational Risk Reserve is the predicted impact of operational risk events that may have a material impact on the Credit Union’s business.

Investment Reserve
The Credit Union established an investment reserve to provide for potential losses on a PTSB bond which matured in September 2018. The potential losses did not materialise and the reserve has been transferred to the Distribution Reserve.

Distribution Reserve
The Credit Union maintains a Distribution Reserve which is maintained to fund the development of the Credit Union and to pay dividends and loan interest rebates in the future, if recommended by the Board of Directors and approved by the members at the Annual General Meeting.

Non-distributable Investment Income Reserve
Investment income that has been recognised in the financial statements but will not be received within 12 months of the Balance Sheet date is classified as “non-distributable” and is not distributable as a dividend in accordance with Regulation 31 of the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016. A reclassification between non-distributable and distributable income is made as investments come to within 12 months of the maturity date.

3. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Directors to exercise judgement in applying Mullingar Credit Union Limited’s accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below:

Impairment losses on loans to members
The Credit Union’s accounting policy for impairment of financial assets is set out in Note 2.11. The estimation of loan losses is inherently uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local and international economic climates, conditions in various sectors of the economy to which the Credit Union is exposed, and, other external factors such as legal and regulatory requirements. Credit risk is identified, assessed and measured through the use of an analytical tool which employs statistical techniques to quantify the risk and project the likely losses in a loan portfolio. This analytical tool influences the management of individual loans. Certain scenarios (individual member circumstances, arrears, etc) trigger an impairment assessment and if relevant the raising of specific provisions on individual loans where there is doubt about their recoverability. Loan loss provisioning is monitored by the Credit Union, and the Credit Union assesses and approves its provisions and provision adequacy on a quarterly basis. Key assumptions underpinning the Credit Union’s estimates of collective provisions for loans with similar credit risk characteristics, and, Incurred But Not Reported provisions (“IBNR”) are based on the historical experiences of the Credit Union allied to the Credit Union’s judgement of relevant conditions in the wider economic, technological, market or legal environment in which the Credit Union operates. If a loan is deemed to be impaired, a specific provision is made against that loan, taking account of pledged shares and other security as appropriate. After a period of time, when it is concluded that there is no real prospect of recovery of loans/part of loans, the Credit Union writes off that amount of the loan deemed irrecoverable.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH SEPTEMBER 2018

4. INTEREST ON MEMBERS’ LOANS

<table>
<thead>
<tr>
<th></th>
<th>2018 €</th>
<th>2017 €</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closing accrued loan interest receivable</td>
<td>141,528</td>
<td>119,755</td>
</tr>
<tr>
<td>Loan interest received in year</td>
<td>4,603,377</td>
<td>4,210,683</td>
</tr>
<tr>
<td>Opening accrued loan interest receivable</td>
<td>(119,755)</td>
<td>(99,454)</td>
</tr>
<tr>
<td>Total</td>
<td>4,625,150</td>
<td>4,230,984</td>
</tr>
</tbody>
</table>

4.1 INTEREST ON MEMBERS’ LOANS

<table>
<thead>
<tr>
<th></th>
<th>2018 €</th>
<th>2017 €</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on performing loans</td>
<td>3,973,528</td>
<td>3,613,874</td>
</tr>
<tr>
<td>Interest on impaired loans</td>
<td>587,251</td>
<td>576,657</td>
</tr>
<tr>
<td>Interest on loans that are written off</td>
<td>64,371</td>
<td>40,453</td>
</tr>
<tr>
<td>Total interest on impaired and written off loans</td>
<td>651,622</td>
<td>617,110</td>
</tr>
<tr>
<td>Total interest on members’ loans</td>
<td>4,625,150</td>
<td>4,230,984</td>
</tr>
</tbody>
</table>

5. OTHER INTEREST INCOME AND SIMILAR INCOME

<table>
<thead>
<tr>
<th></th>
<th>2018 €</th>
<th>2017 €</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment income and gains received by the Balance Sheet date</td>
<td>1,240,997</td>
<td>1,530,422</td>
</tr>
<tr>
<td>Receivable within 12 months of Balance Sheet date</td>
<td>1,130,285</td>
<td>1,236,720</td>
</tr>
<tr>
<td>Other investment income and gains</td>
<td>43,560</td>
<td>55,844</td>
</tr>
<tr>
<td>Total</td>
<td>2,414,842</td>
<td>2,822,986</td>
</tr>
</tbody>
</table>

6. INTEREST PAYABLE AND DIVIDENDS

The interest expense for the Credit Union comprises of interest payable on deposits, and was as follows for the current and prior year:

<table>
<thead>
<tr>
<th></th>
<th>2018 €</th>
<th>2017 €</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest payable for the year</td>
<td>2,340</td>
<td>4,197</td>
</tr>
<tr>
<td>Interest rate on Members’ deposits</td>
<td>0.10% / 0.25%</td>
<td>0.25%</td>
</tr>
</tbody>
</table>

The interest rate on deposits decreased from 0.25% to 0.10% on the 1st November 2017.

The dividend and any loan interest rebate are formally proposed by the Directors after the year end and are confirmed by the members at the Annual General Meeting. As a result the proposed dividend and loan interest rebate for the current year does not represent a liability at the Balance Sheet date and the dividend and loan interest rebate included in the Statement of Changes in Reserves in the current year relates to dividends and loan interest rebates paid to members for the prior year.
The dividends and loan interest rebate for the current and prior year periods were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend paid during the year</td>
<td>€452,457</td>
<td>€838,148</td>
</tr>
<tr>
<td>Dividend rate on Members’ shares</td>
<td>0.25%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Interest rebate paid during the year</td>
<td>€420,501</td>
<td>€388,566</td>
</tr>
<tr>
<td>Interest rebate rate on Members’ loans</td>
<td>10.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Dividend proposed, but not recognised</td>
<td>€486,885</td>
<td>€452,989</td>
</tr>
<tr>
<td>Dividend rate proposed on Members’ shares</td>
<td>0.25%</td>
<td>0.25%</td>
</tr>
<tr>
<td>Loan interest rebate proposed, but not recognised</td>
<td>€460,336</td>
<td>€420,876</td>
</tr>
<tr>
<td>Loan interest rebate rate proposed on Members’ loans</td>
<td>10.0%</td>
<td>10.0%</td>
</tr>
</tbody>
</table>

7. EMPLOYEES AND EMPLOYMENT COSTS
The average number of persons employed by the Credit Union during the year was as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018 Number</th>
<th>2017 Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management and Staff</td>
<td>39</td>
<td>38</td>
</tr>
</tbody>
</table>

The aggregate payroll costs incurred during the year were:

<table>
<thead>
<tr>
<th></th>
<th>2018 €</th>
<th>2017 €</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>€1,662,812</td>
<td>€1,615,461</td>
</tr>
<tr>
<td>Social insurance costs</td>
<td>€177,972</td>
<td>€169,474</td>
</tr>
<tr>
<td>Pension contributions to defined benefit plan in respect of qualifying services</td>
<td>€198,547</td>
<td>€196,090</td>
</tr>
<tr>
<td></td>
<td>€2,039,331</td>
<td>€1,981,025</td>
</tr>
</tbody>
</table>

8. KEY MANAGEMENT PERSONNEL
The remuneration of key management personnel was as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018 €</th>
<th>2017 €</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short term employee benefits</td>
<td>€516,135</td>
<td>€496,572</td>
</tr>
<tr>
<td>Pension contributions to defined benefit plans in respect of qualifying services</td>
<td>€85,693</td>
<td>€82,777</td>
</tr>
<tr>
<td></td>
<td>€601,828</td>
<td>€579,349</td>
</tr>
</tbody>
</table>

Short-term employee benefits include wages, salaries, social security contributions and paid annual leave.
9. CASH AND CASH EQUIVALENTS

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank and in hand</td>
<td>5,036,837</td>
<td>4,507,945</td>
</tr>
<tr>
<td>Short-term deposits</td>
<td>40,329,767</td>
<td>44,272,629</td>
</tr>
<tr>
<td></td>
<td>45,366,604</td>
<td>48,780,574</td>
</tr>
</tbody>
</table>

10. TANGIBLE ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Freehold Premises</th>
<th>Office Fixtures &amp; Fittings</th>
<th>Computer Equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>€</td>
<td>€</td>
<td>€</td>
<td>€</td>
</tr>
<tr>
<td>At 1st October 2017</td>
<td>7,810,310</td>
<td>174,660</td>
<td>368,446</td>
<td>8,353,416</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11,907</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(10,870)</td>
</tr>
<tr>
<td>At 30th September 2018</td>
<td>7,810,310</td>
<td>186,567</td>
<td>380,493</td>
<td>8,377,370</td>
</tr>
</tbody>
</table>

Depreciation

<table>
<thead>
<tr>
<th></th>
<th>€</th>
<th>€</th>
<th>€</th>
<th>€</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1st October 2017</td>
<td>3,245,633</td>
<td>84,365</td>
<td>204,371</td>
<td>3,534,369</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>390,516</td>
<td>19,738</td>
<td>64,571</td>
<td>474,825</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(2,174)</td>
</tr>
<tr>
<td>At 30th September 2018</td>
<td>3,636,149</td>
<td>104,103</td>
<td>266,768</td>
<td>4,007,020</td>
</tr>
</tbody>
</table>

Carrying amount at 30th September 2018

<table>
<thead>
<tr>
<th></th>
<th>€</th>
<th>€</th>
<th>€</th>
<th>€</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross loans to Members as at 1st October</td>
<td>57,344,233</td>
<td>52,214,820</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advanced during the year</td>
<td>31,971,931</td>
<td>29,220,979</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repaid during the year</td>
<td>(25,682,247)</td>
<td>(23,665,991)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans written off</td>
<td>(470,903)</td>
<td>(425,575)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross loans to Members as at 30th September</td>
<td>63,163,014</td>
<td>57,344,233</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Impairment Allowances

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual loans</td>
<td>156,200</td>
<td>85,119</td>
</tr>
<tr>
<td>Groups of loans</td>
<td>3,001,175</td>
<td>3,223,417</td>
</tr>
<tr>
<td>Total Provision for Bad &amp; Doubtful Debts as at 30th September</td>
<td>3,157,375</td>
<td>3,308,536</td>
</tr>
</tbody>
</table>
11. 1 CREDIT RISK DISCLOSURES

The carrying amount of the loans to members represents Mullingar Credit Union Limited’s maximum exposure to credit risk. The following table provides information on the credit quality of outstanding loans. Where loans are not impaired it is expected that the amounts repayable will be received in full.

<table>
<thead>
<tr>
<th></th>
<th>30th September 2018</th>
<th>30th September 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€</td>
<td>%</td>
</tr>
<tr>
<td><strong>Loans not impaired</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total loans not impaired</td>
<td>55,470,228</td>
<td>87.8%</td>
</tr>
<tr>
<td><strong>Impaired Loans</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not Past Due</td>
<td>2,474,769</td>
<td>3.9%</td>
</tr>
<tr>
<td>Up to 9 weeks past due</td>
<td>2,831,789</td>
<td>4.6%</td>
</tr>
<tr>
<td>Between 10 and 18 weeks past due</td>
<td>584,365</td>
<td>0.9%</td>
</tr>
<tr>
<td>Between 19 and 26 weeks past due</td>
<td>266,739</td>
<td>0.4%</td>
</tr>
<tr>
<td>Between 27 and 39 weeks past due</td>
<td>344,907</td>
<td>0.5%</td>
</tr>
<tr>
<td>Between 40 and 52 weeks past due</td>
<td>81,407</td>
<td>0.1%</td>
</tr>
<tr>
<td>53 or more weeks past due</td>
<td>1,108,810</td>
<td>1.8%</td>
</tr>
<tr>
<td><strong>Total Impaired Loans</strong></td>
<td>7,692,786</td>
<td>12.2%</td>
</tr>
<tr>
<td><strong>Total Loans</strong></td>
<td>63,163,014</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

11.2 LOAN PROVISION ACCOUNT FOR IMPAIRMENT LOSSES

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1st October</td>
<td>3,308,536</td>
<td>3,640,400</td>
</tr>
<tr>
<td>Net movement in Bad Debt Provision</td>
<td>276,262</td>
<td>1,050</td>
</tr>
<tr>
<td>Decrease in Bad Debt Provision as a result of Loan Write Offs</td>
<td>(427,423)</td>
<td>(332,914)</td>
</tr>
<tr>
<td><strong>As at 30th September</strong></td>
<td>3,157,375</td>
<td>3,308,536</td>
</tr>
</tbody>
</table>

12. PREPAYMENTS AND ACCRUED INCOME

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepayments and accrued income</td>
<td>474,002</td>
<td>418,535</td>
</tr>
</tbody>
</table>

13. INVESTMENTS

Investments at the current and prior Balance Sheet date were all measured at amortised cost as appropriate and comprised of the following:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Equivalents (original Maturity within 3 months)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Irish and EMU State Securities</td>
<td>3,127,274</td>
<td>-</td>
</tr>
<tr>
<td>Accounts in Authorised Credit Institutions</td>
<td>37,191,029</td>
<td>44,215,056</td>
</tr>
<tr>
<td>Collective Investment Schemes</td>
<td>11,464</td>
<td>57,573</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>40,329,767</td>
<td>44,272,629</td>
</tr>
</tbody>
</table>
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH SEPTEMBER 2018

2018 2017

Other (original Maturity after 3 months)
Irish and EMU State Securities 12,288,909 15,436,775
Accounts in Authorised Credit Institutions 88,987,086 64,959,734
Bank Bonds 29,772,135 37,225,158
131,048,130 117,621,667

14. MEMBERS’ SHARES & DEPOSITS

2018 2017

Regular Share Accounts 156,359,992 134,085,855
Special Share Accounts 43,740,405 52,375,278
Members’ Deposits 2,382,126 1,864,133
202,482,523 188,325,266

Unattached Shares & Deposits
186,250,007 172,523,768

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

2018 2017

Accruals 517,494 614,383
Car Draw Fund 281,201 247,391
798,695 861,774

16. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES

Financial Risk Management
Mullingar Credit Union Limited is a provider of personal and business loans and also provides savings products to its Members. The Credit Union invests excess funds with a view to ensuring that the return from Members’ loans and investments is adequate to meet the overheads of the Credit Union and provide a reasonable return to Members on shares and deposits. The Credit Union has a risk register in place to help the Directors manage the various risks arising from its activities to include the issuing of loans to Members and investing the excess funds of the Credit Union.

The main financial risks arising from Mullingar Credit Union Limited activities are credit risk, liquidity risk and interest rate risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

Credit Risk
Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to Mullingar Credit Union Limited, resulting in financial loss to the Credit Union. In order to manage this risk, the Board approves the Credit Union’s credit policy, and all changes to it. All loan applications are assessed with reference to the credit policy in force at that point in time. Subsequently, loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed. The credit risk on Members’ loans is analysed in Note 11.

The Credit Union’s investments are also exposed to credit risk and the Credit Union mitigates the risk by only placing investments with financial institutions where the counterparties have strong credit ratings and using investment products within the legal and regulatory guidelines set out for Credit Unions in the Credit Union Act 1997 (Regulatory Requirements)(Amendment) Regulations 2018.
Liquidity Risk
The Credit Union’s policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The Credit Union adheres on an ongoing basis to the minimum liquidity ratio and minimum short term liquidity ratio as set out in the Credit Union Act 1997 (Regulatory Requirements)(Amendment) Regulations 2018.

Market Risk
Market risk is generally comprised of interest rate risk, currency risk and other price risk. Mullingar Credit Union Limited conducts all its transactions in Euro and does not deal in derivatives or commodity markets. Therefore, the Credit Union is not exposed to any form of currency risk or other price risk.

Interest Rate Risk
The Credit Union’s main interest rate risk arises from differences between the interest rate exposures on the receivables and payables that form an integral part of a Credit Union’s operations. The Credit Union considers the rates of interest receivable on investments and Members’ loans when setting annual expenditure budgets and deciding on the dividend rate payable on shares, if any, and on any loan interest rebate. The Board continuously monitors interest rate risk through detailed analysis of monthly management accounts and financial forecasts.

17. INTEREST RATE CHARGED ON MEMBERS’ LOANS

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>30th September 2018</th>
<th>30th September 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Variable Rate</td>
<td>APR</td>
</tr>
<tr>
<td>Standard Loans</td>
<td>7.9%</td>
<td>8.2%</td>
</tr>
<tr>
<td>Kinnegad Car Loans (no longer</td>
<td>7.0%</td>
<td>7.2%</td>
</tr>
<tr>
<td>available)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduced Rate College Loans</td>
<td>5.0%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Cultivate Farm Loans</td>
<td>6.55%</td>
<td>6.75%</td>
</tr>
<tr>
<td>Mortgage Loans</td>
<td>4.25%</td>
<td>4.33%</td>
</tr>
</tbody>
</table>

18. LIQUIDITY RISK DISCLOSURES
All of the financial liabilities of the Credit Union are repayable on demand except for members’ shares attached to loans.

19. FAIR VALUE OF FINANCIAL INSTRUMENTS
Mullingar Credit Union Limited does not hold any financial instruments at fair value.

20. CAPITAL
The Credit Union maintains sufficient reserves to buffer the Credit Union against any losses on its members’ loans and also its investments. Full details of these reserves are set out in the Statement of Changes in Reserves.

21. POST BALANCE SHEET EVENTS
There are no material events after the Balance Sheet date to disclose.

22. CONTINGENT LIABILITIES
Mullingar Credit Union Limited had no contingent liabilities at the current or prior Balance Sheet date.

23. CAPITAL COMMITMENTS
There were no capital commitments either contracted for or approved by the Board at the year end.

24. INSURANCE AGAINST FRAUD
The Credit Union has insurance against fraud in the amount of €5,200,000 (2017: €5,200,000) in compliance with Section 47 of Credit Union Act 1997 (as amended).
25. RELATED PARTY TRANSACTIONS
A related party of Mullingar Credit Union is defined under the Credit Union (Regulatory Requirements) Regulations 2016, as follows:

(a) A member of the Board of Directors or the Management Team of the Credit Union;

(b) A member of the family of the Board of Directors or the Management Team of the Credit Union (being that person’s father, mother, spouse or civil partner, cohabitant, son, daughter, brother or sister); or

(c) A business in which a member of the Board of Directors or a member of the Management Team of the Credit Union has a significant shareholding (10% or more of the voting shares).

During the year loans were advanced to related parties of the Credit Union in the amount of €118,500. These loans were approved in accordance with all relevant legislative and regulatory requirements at the time of the advance. The loans outstanding from these parties at 30th September 2018 were €258,330. The related party shares and deposits in the Credit Union stood at €1,419,226 at 30th September 2018.

26. IRISH LEAGUE OF CREDIT UNIONS PENSION SCHEME
Mullingar Credit Union Limited participates in an industry-wide pension scheme for employees (The Irish League of Credit Unions Republic of Ireland Pension Scheme). This is a funded defined benefit scheme with assets managed by the Scheme’s trustees.

The scheme is a multi-employer Scheme and due to the nature of the Scheme it is not possible for Mullingar Credit Union Limited to separately identify its share of the Scheme’s underlying assets and liabilities. Consequently, it accounts for the Scheme as a defined contribution plan, in accordance with FRS 102.

The Pensions Act requires the trustees of the Scheme to assess whether it could meet a certain prescribed standard, currently known as the Minimum Funding Standard. This assesses whether, if the scheme was wound up on a specified theoretical valuation date, it could satisfy the Funding Standard at that date. Following the Scheme’s actuary certifying a Minimum Funding Standard deficit in the Scheme in 2009, Mullingar Credit Union Limited, the ILCU Group and the other credit unions participating in the Scheme entered into a funding agreement with the Scheme that was designed to ensure that, the Scheme could be reasonably expected to satisfy the Minimum Funding Standard by a specified future date (1st March 2019). This funding plan runs up until 2019 and was approved by the Pensions Authority. Mullingar Credit Union Limited has paid the contributions payable under this funding agreement.

As part of the above solvency assessment process, the Scheme actuary must carry out a separate valuation under the Minimum Funding Standard every 3 years and produce a funding certificate for submission to the Pensions Authority 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. The most recent Actuarial Funding Certificate was effective as at 1st March 2018 and it certified that the Scheme satisfied the funding standard. Further, the Actuary was reasonably satisfied that as at 28th February 2018 the scheme can be expected to satisfy the funding standard as specified in Section 44 of the Pensions Act, 1990, at 1st March 2019, being the date specified by the Pensions Authority under Section 49(2) (a) of the Act for the purpose of the existing funding proposal.

An actuarial review of the fund is normally carried out every three years by the Scheme’s independent, professionally qualified actuary. The actuarial review considers the past and future liabilities of the scheme. The last completed triennial actuarial review was carried out with an effective date of 1st March 2017, using the Projected Unit valuation method. The principal actuarial assumption used in the valuation was that the investment return would be 1.75% higher than the annual salary increases. The market value of the scheme’s assets at 1st March 2017 was €216m. The actuarial valuation disclosed a past service deficit of €6.4m at 1st March 2017 calculated under the Ongoing Actuarial Valuation method. This valuation method assumes that the Scheme will continue in existence for the foreseeable future. The assumptions used in the actuarial review to determine
the past service deficit differ from the assumptions that would be used to determine the liabilities for defined benefit obligations under FRS102. This actuarial review recommended that the rate agreed under the funding proposal, 27.5% of pensionable salary, continues to be paid. The cost of risk benefits is paid in addition to this rate giving a total employer and employee contribution rate of 30% of Pensionable Salary.

FRS 102 requires a provision to be recognised where an agreement has been entered into with a multi-employer plan that determines how the deficit will be funded. The provision was measured based on the contributions payable that arose from the agreement with the multi-employer pension plan to the extent that they relate to the deficit. Mullingar Credit Union Limited has paid the contributions payable under this funding agreement.

27. APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors approved these financial statements for issue on 23rd October 2018.

<table>
<thead>
<tr>
<th>SCHEDULES TO THE FINANCIAL STATEMENTS YEAR ENDED 30TH SEPTEMBER 2018</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SCHEDULE 1 - INTEREST ON LOANS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan Interest Income Received</td>
<td>4,483,622</td>
<td>4,111,229</td>
</tr>
<tr>
<td>Loan Interest Income Receivable</td>
<td>141,528</td>
<td>119,755</td>
</tr>
<tr>
<td><strong>Total Interest on Loans</strong></td>
<td>4,625,150</td>
<td>4,230,984</td>
</tr>
<tr>
<td><strong>SCHEDULE 2 - OTHER INCOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance Commission</td>
<td>21,942</td>
<td>19,818</td>
</tr>
<tr>
<td>Foreign Exchange Commission</td>
<td>48,015</td>
<td>49,937</td>
</tr>
<tr>
<td>Entrance Fees</td>
<td>1,620</td>
<td>1,667</td>
</tr>
<tr>
<td>Other Income</td>
<td>577</td>
<td>10</td>
</tr>
<tr>
<td>REBO Contribution</td>
<td>78,983</td>
<td></td>
</tr>
<tr>
<td><strong>Total Other Income</strong></td>
<td>72,154</td>
<td>150,415</td>
</tr>
</tbody>
</table>
### SCHEDULE 3 - OTHER MANAGEMENT EXPENSES

<table>
<thead>
<tr>
<th>Expense</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension</td>
<td>198,547</td>
<td>196,090</td>
</tr>
<tr>
<td>Rates</td>
<td>42,143</td>
<td>31,842</td>
</tr>
<tr>
<td>General Insurance</td>
<td>61,976</td>
<td>56,533</td>
</tr>
<tr>
<td>Share and Loan Insurance</td>
<td>544,023</td>
<td>433,287</td>
</tr>
<tr>
<td>Light and Heat</td>
<td>34,468</td>
<td>35,780</td>
</tr>
<tr>
<td>Repairs and Maintenance</td>
<td>40,122</td>
<td>70,320</td>
</tr>
<tr>
<td>Printing and Stationery</td>
<td>52,776</td>
<td>59,255</td>
</tr>
<tr>
<td>Promotion and Advertising</td>
<td>140,088</td>
<td>124,606</td>
</tr>
<tr>
<td>Postage and Telephone</td>
<td>79,853</td>
<td>80,406</td>
</tr>
<tr>
<td>Computer Maintenance</td>
<td>143,764</td>
<td>123,067</td>
</tr>
<tr>
<td>AGM Expenses</td>
<td>1,143</td>
<td>1,327</td>
</tr>
<tr>
<td>Travelling and Subsistence</td>
<td>24,599</td>
<td>23,668</td>
</tr>
<tr>
<td>Legal and Professional</td>
<td>282,400</td>
<td>110,354</td>
</tr>
<tr>
<td>Audit Fee</td>
<td>31,999</td>
<td>30,749</td>
</tr>
<tr>
<td>Bank Charges</td>
<td>125,975</td>
<td>117,368</td>
</tr>
<tr>
<td>ATM Charges</td>
<td>17,018</td>
<td>16,804</td>
</tr>
<tr>
<td>Investment Charges</td>
<td>39,000</td>
<td>25,196</td>
</tr>
<tr>
<td>Central Deposit Protection Account</td>
<td>(7,411)</td>
<td>3,316</td>
</tr>
<tr>
<td>Credit Institutions Resolution Fund</td>
<td>114,871</td>
<td>104,415</td>
</tr>
<tr>
<td>Stabilisation Levy</td>
<td>38,660</td>
<td>46,898</td>
</tr>
<tr>
<td>Central Bank - Deposit Protection Scheme Contribution</td>
<td>170,593</td>
<td>157,427</td>
</tr>
<tr>
<td>REBO Levy</td>
<td>-</td>
<td>15,385</td>
</tr>
<tr>
<td>League Affiliation Fees</td>
<td>36,351</td>
<td>76,623</td>
</tr>
<tr>
<td>Miscellaneous Expenses</td>
<td>121,944</td>
<td>129,133</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,334,902</td>
<td>2,069,849</td>
</tr>
</tbody>
</table>

### SCHEDULE 4 - CAR DRAW FUND

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance</td>
<td>247,391</td>
<td>235,758</td>
</tr>
<tr>
<td>Members’ Entry Fees</td>
<td>326,186</td>
<td>316,660</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>573,577</td>
<td>552,418</td>
</tr>
</tbody>
</table>

**Expenses**

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prizes</td>
<td>(280,542)</td>
<td>(295,776)</td>
</tr>
<tr>
<td>Postage, Stationery, Expenses, Etc.</td>
<td>(11,834)</td>
<td>(9,251)</td>
</tr>
<tr>
<td><strong>Prize Fund - 8 Draws Remaining</strong></td>
<td>281,201</td>
<td>247,391</td>
</tr>
</tbody>
</table>
MEMBERSHIP COMMITTEE REPORT

Membership of Mullingar Credit Union at 30th September 2018 was 38,702. During the past financial year we opened 1,725 new accounts.

We wish to extend a big welcome to all our new members and we look forward to assisting them with their financial needs.

Membership of Mullingar Credit Union is open to anyone who lives, works, or attends school within our common bond area or who lives with a relative who is already a member. For details of the common bond please visit our website at www.mullingarcu.ie/membership.

We offer single, joint, group and business accounts. Accounts can be opened and business transacted in any of our offices in Mullingar, Kinnegad or Rochfortbridge.

You can also register for online banking or download our cuAnywhere App (further details in the Promotion and Communication Committee report). Details of our services are listed at the back of this booklet.

In compliance with the Criminal Justice (Money Laundering and Terrorist Financing) Acts 2010 and 2013 we continue to seek verification of identity and address from our members and we appreciate your cooperation with this.

Olive Brennan, Chairperson, Membership Committee.

NOMINATION COMMITTEE REPORT

The Nomination Committee of Mullingar Credit Union is responsible for identifying suitable candidates for nomination, accepting nominations of candidates, carrying out Fitness and Probity due diligence on any candidate and making proposals for election to the Board of Directors.

Under the current legislative requirements the Nomination Committee has primary responsibility for ensuring that volunteers with the necessary skills and expertise are available to fill any vacancies that may arise on the Board of Directors.

Members of Mullingar Credit Union can apply at any time of the year to serve as a volunteer on Sub Committees of Mullingar Credit Union. Potential volunteers must complete the Volunteers Application Form that is available in any of the Credit Union offices. A member of the Credit Union Staff or the Nomination Committee would be pleased to meet with those interested in volunteering, to discuss what is involved in being a volunteer and answer any questions.

The procedures regarding nominations to the Board of Directors of Mullingar Credit Union are as follows:

- The nominee must be a member of the Credit Union and be 18 years of age or over.
- Nominations must be in writing and be signed by the proposer and seconder.

Both the proposer and seconder must be members of the Credit Union.

The nominations must also be signed by the nominee, who must agree to the nomination.

Nomination forms are available at the Credit Union offices.

Completed nomination forms should be sent by post or delivered by hand, addressed to the Nomination Committee at the registered office of Mullingar Credit Union, St. Colman’s House, Oliver Plunkett Street, Mullingar, Co. Westmeath.

Members who wish to be nominated for positions on either the Board of Directors or the Board Oversight Committee at the Annual General Meeting must submit their nominations by the closing date for same. The closing date for acceptance of nominations for the vacancies arising at the 2018 AGM was 3rd November 2018. The closing date for the 2019 AGM will be six weeks before the 2019 AGM.

The Nomination Committee has assessed all applications for Board Membership received and can confirm that each of the proposed candidates has met the Fitness and Probity requirements.

Edna Blake, Chairperson, Nomination Committee.

ANNUAL REPORT 2017 - 2018
Section 76K of the Credit Union Act 1997 (as amended) requires credit unions to have an Internal Audit Function.

Mullingar Credit Union continues to comply with the requirements of the Act through having:

1) An Active Audit Committee
2) An Internal Audit Function

Mullingar Credit Union continued with the outsourcing of the Internal Audit Function to RBK who, in conjunction with the Audit Committee, prepared an internal audit plan for the year. This plan was adhered to during the year and planned tests were carried out as scheduled. The Audit Committee meet with RBK to review the results of their work and subsequently submit internal audit reports to the Board of Directors.

I would like to thank my fellow Committee members, RBK and the Board of Directors for all their work and support throughout the year.

Conor Isdell,
Chairperson,
Audit Committee.

The Risk Committee oversees and advises the Board of Directors on the Credit Union’s Risk Management policy and framework, including assessing the appropriateness of the Risk Management system.

- It monitors the implementation of the Credit Union’s Risk Management structure which identifies and manages risk for the Credit Union.
- It assists the Board in setting the Credit Union’s risk appetite and risk tolerance and ensures that significant risks are mitigated to a level consistent with the risk tolerance of the Credit Union.
- It ensures that the Risk Management framework and Risk Management policy are reviewed regularly and amended as required.

The Risk Committee delegates the operational responsibility for risk management to the Risk Management Officer and together they work to further strengthen the Risk Management system of the Credit Union.

John O’Reilly,
Chairperson,
Risk Committee.
The Credit Committee is appointed annually by the Board of Directors to manage and supervise the lending process. The Committee is accountable for the granting and approval of loans within the credit policy approved by the Board of Directors and reports to the Board on a monthly basis on lending volumes and trends.

A primary function of the Credit Union is the provision of credit at a fair and reasonable rate to members. Income from loans is the main source of income of the Credit Union and it is essential for the long term sustainability and viability of the Credit Union that we continue to promote this service and grow our loan book.

**ACTIVITIES DURING THE YEAR**

We have seen a substantial increase in loan demand during the past twelve months. The value of loan applications in the year to September 2018 increased by 9% on the previous year. The outstanding loan book stood at €63.2 million at end of September 2018, representing loans to almost 8,000 members. Our new loans offices and waiting room provide an environment where we can provide a professional, personal, friendly and confidential service to members and we encourage any member who would like to discuss their lending requirements to call in and speak to one of our loan officers. We have again seen a steady increase in loan enquiries over the phone and online. Many members find this more convenient and this is an area of our business that we want to encourage.

We lend for a wide variety of purposes, both personal and business. Over the past year our loans have helped members purchase cars, renovate homes, helped couples with wedding expenses, students go to college, provided finance for business people and farmers and much more. In the last year we approved 96% of all loan applications. We very much welcome loan people and farmers and much more. In the last year we approved 96% of all loan applications. We very much welcome loan people and farmers and much more. Over the past year our loans have helped members purchase cars, renovate homes, helped couples with wedding expenses, students go to college, provided finance for business people and farmers and much more. In the last year we approved 96% of all loan applications.

We very much welcome loan people and farmers and much more. In the last year we approved 96% of all loan applications. We very much welcome loan people and farmers and much more. Over the past year our loans have helped members purchase cars, renovate homes, helped couples with wedding expenses, students go to college, provided finance for business people and farmers and much more. In the last year we approved 96% of all loan applications.

The Committee met on 51 occasions and applications were processed as follows:

<table>
<thead>
<tr>
<th>Applications:</th>
<th>No:</th>
<th>Amount:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Received</td>
<td>7,754</td>
<td>€35,887,655</td>
</tr>
<tr>
<td>Approved</td>
<td>7,435</td>
<td>€34,057,400</td>
</tr>
<tr>
<td>Refused</td>
<td>319</td>
<td>€1,830,255</td>
</tr>
</tbody>
</table>

**ASSESSMENT OF LOAN APPLICATIONS**

All loan applications are independently assessed and judged on their own merits. Every effort is made to approve each application, however, the procedure has to ensure that there is no excessive risk to the Credit Union or the individual member. The fundamental factor which we take into consideration in assessing loan applications is the member’s ability to repay. We also complete a full assessment of the borrower’s financial position making use of the Irish Credit Bureau to verify the member’s indebtedness.

**CENTRAL CREDIT REGISTER**

The Central Credit Register which is operated on behalf of the Central Bank of Ireland under the Credit Reporting Act 2013 became operational during the year. This is a new secure system for collecting personal and credit information on loans. The Central Credit Register is a national database which contains data on loans issued and repayment performance on loans issued by banks, credit unions and any other providers. The Central Bank owns the information held on the Central Credit Register and is a data controller under the Data Protection Acts. Information transferred by lenders to the Central Credit Register will be used to create individual credit reports. A credit report can help lenders when it comes to making decisions about loans and loan applications. Credit Union’s are obliged to access the Central Credit Register in respect of credit applications for €2000 or greater and submit credit information each month about loans, if the loan is for €500 or more.

**LAUNCH OF NEW LOAN PRODUCTS**

**Cultivate – Local Farm Finance** - In September 2018, in conjunction with a number of other Credit Unions in the Midlands, we launched a new reduced rate loan product, Cultivate, at the National Ploughing Championship. These loans are designed for members involved in the farming sector. Cultivate enables us to build a stronger relationship with our farming members to help them further develop their farming operations. Using Cultivate, farming members can access finance for a variety of reasons including the upgrade of farm buildings and facilities, the purchase of new or second hand equipment, the purchase of additional livestock and cashflow for working capital.

**CU Home – Credit Union Mortgages** - During 2018 we took part in an initiative with the Irish League of Credit Unions aimed at providing mortgages to credit union members. We are currently in the pilot stage of this process, with a number of loans in live testing. Assistance in the assessment and other specialist services required for the provision of mortgages is being provided by LINK ASI limited, a company regulated by the Central Bank of Ireland for the provision of these services. We expect that these loans will become readily available in 2019.

Paddy Murphy, Chairperson, Credit Committee.
The role of the Credit Control Committee is to seek to ensure the repayment of loans by members in accordance with their loan agreement. The Committee ensures that the policies and procedures adopted by the Board of Directors governing the pursuit and recovery of loans are implemented. The Committee reports to the Board of Directors at their monthly meetings.

The Credit Control Staff, operating under the supervision of the Credit Control Committee, carry out the daily management of the credit control function. The Committee, which retains ultimate responsibility for the loan collection process, meets on a regular basis to review work undertaken by the Credit Control Staff and decide on appropriate actions to be taken.

COMMITTEE OBJECTIVES

As a Credit Union we have an obligation to our members to ensure that every effort is made to:

- Minimise the level of bad debts
- Maximise the recovery of previous bad debts
- Ensure adequate provisions for non-performing loans

We are grateful to the vast majority of our members who, sometimes in difficult circumstances, have diligently repaid their loans. We would encourage members in any difficulty to contact our Credit Control Staff at an early stage. The Credit Control staff are very experienced, confidential, helpful and sympathetic in assisting members. Every effort is made to try and reach a solution that is suitable for both the member and the Credit Union.

REVIEW OF ACTIVITIES

The Board of Directors recognises and accepts that, despite the best efforts of the Credit Control Committee and the Credit Control Staff, some loans will not be repaid in accordance with agreements and may ultimately prove to be uncollectable. By the nature and ethos of the Credit Union many of its loans are secured solely on the savings and good character of the borrower. Loans which are not being repaid in accordance with agreements are provided for in the income and expenditure account in accordance with standard accounting practice.

In the 2018 financial year we have written off loans totalling €470,903, increased from the €425,575 which was written off in 2017. While this is a considerable figure it is less than 0.75% of the outstanding loan book and the Board believes that it is important that we are prudent in this area. It is also important to emphasise that the Credit Union will continue to strenuously pursue repayment of these loans through all available means. The Credit Union has recovered €355,670 in bad debts in this financial year, with recoveries in excess of €1,071,000 over the last 3 years.

During the year, the Central Bank issued guidelines on loan provisioning and recommendations in relation to writing off loans which are severely in arrears. The intended effect of these guidelines is to increase the provisions held for possible loan losses at an earlier stage. In addition, Credit Unions are now required to write off loans which in the past they may have maintained as live but impaired loans on their books. In some cases this may have adverse consequences for the credit history of affected members which we are required to report to the Central Credit Register and Irish Credit Bureau. We have adopted these new guidelines in the preparation of our financial accounts.

Mullingar Credit Union continually reviews the adequacy of provisions for doubtful debts against the outstanding loan book. A formal review of the loan book is completed on a quarterly basis by the Credit Union Staff to ensure the adequacy of the provision as part of the process for making Prudential Returns to the Central Bank. Our Auditors, Hayes Coghlan, Doolan also carry out a loan book assessment as part of their year end audit work. These reviews indicated that Mullingar Credit Union holds sufficient provisions as at 30th September 2018.

I would like to thank my fellow Directors, committee members, the management and staff for all their hard work, dedication and support throughout the year.

Jim Prendergast,
Chairperson,
Credit Control Committee.
STRATEGY AND POLICY COMMITTEE REPORT

During the past year, the Strategy and Policy Committee

- Reviewed the implementation of the Strategic Plan 2016 - 2019.
- Assessed and evaluated actual performance against the goals and targets set out in that plan.
- Presented these assessments to the Board of Directors for further consideration.
- Carried out a detailed review of the Credit Union's full suite of policies.
- Presented these reviews to the Board of Directors for consideration, amendment and approval.
- Researched and prepared a draft of any new policies required in response to changes in Legislation or Regulation.
- Presented these draft policies to the Board of Directors for evaluation, amendment and approval.

John O'Reilly,
Chairperson,
Strategy and Policy Committee.

SOCIAL AND CULTURAL COMMITTEE REPORT

The purpose of the Social and Cultural Committee is to administer the special fund, approved by the Members of Mullingar Credit Union at each Annual General Meeting. This fund is used to support cultural and charitable organisations including community development throughout the common bond.

At the Annual General Meeting 2017 the members generously approved a fund of €100,000 for the financial year 2017/2018.

A total of €100,000 was awarded to 315 groups who provide much needed voluntary effort in promoting development in all aspects of society across our community. Mullingar Credit Union is extremely proud of its members' contribution and willingness to assist the work of these groups, which makes such a difference to our community.

Brian Gillen,
Chairperson,
Social and Cultural Committee.
It is the function of the Restructuring Committee:

- To represent the Board, membership and all stakeholders of Mullingar Credit Union in any negotiations, meetings or other situations which relate to proposed restructuring projects.

- To consider any restructuring proposals for Mullingar Credit Union and make recommendations on same to the Board of Directors.

- To ensure that the best interests of all stakeholders of Mullingar Credit Union are central to the decision making process.

- To present to the Board the findings and conclusions from any such negotiations or meetings.

- Where appropriate, or when requested by the Board: to recommend to the Board the way forward in any such restructuring project, based on the findings and conclusions from the work done by the committee.

- To ensure that all risks relating to the project are identified and managed effectively and that there is a risk mitigation plan for the project.

- To direct the performance of any other once off or miscellaneous duties in relation to restructuring projects.

During the past year, the Restructuring Committee has been involved in the negotiations and activities relating to the ongoing process of the proposed Transfers of Engagements from Longford Credit Union and Castlepollard Credit Union to Mullingar Credit Union, further details of which are set out within the Chairperson’s Report on page 2.

John O’Reilly,
Chairperson,
Restructuring Committee.
The operation of the car draw is financed completely out of the draw entry fee of €33 per year paid by each entrant. Nothing is paid from general Credit Union funds. The car draw is non profit making, all entry fees are used for the provision of prizes and the running of the draws. Our Auditors, Hayes Coghlan Doolan carry out an audit of the car draw fund as part of their audit work.

The car draw year begins in June. The annual entry fee is €33 for the full year. Members can enter the draw at any time throughout the year by completing the car draw entry form. Entry fees are deducted on a pro rata basis.

The results of the monthly draws are published on our website, on Facebook and in our annual report. An annual newsletter is sent to all car draw members, updating them on the car draw finances and listing the prize winners throughout the previous 12 months.

It is important to have at least €38 in your account to meet the conditions of the draw. Members in the draw must notify us in writing if they no longer wish to be included in the car draw and we will remove their entry at the next renewal date.

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**CAR DRAW FACTS:**
- Now in its 18th year
- Over 9,700 entrants
- Entry fee of €33 per year
- Monthly draws for a Car, €1,000, €750, €500 & €500
- Additional prizes at Christmas and May anniversary draws
- 208 draws - 1,650 prizes
- 208 cars - over €688,165 in other prizes

---

**Cars**
- Anne Gallen, Mirela Tarcus, James John Nugent, Robert Brady, Clare Geoghegan, Catherine Ward,
- Mary Kavanagh, Richard Dooner, Eddie Doyle, Ann Scally, Antoinette Miller, Patricia McHale.

**Cash prizes**

Additional prizes at the Christmas car draw

Additional prizes at the May car draw
- Padraig Kilduff, Noel & Vivienne Salmon, Lorraine & James Brady, Patrick & Madeline Deane, Anthony & Patricia Smartt, Anne Carton, Paula Mary Glennon, Michael O’Sullivan, Gay Maloney, Marion Cox, Enda O’Malley, Paul Mahon.

**Edna Blake,**
Chairperson,
Car Draw Committee.
The role of the Promotion and Communication Committee is to inform both members and the general public of the services and activities of our Credit Union. We do this through our Annual Report, online presence – website, Facebook and Instagram, promotional leaflets, general advertising, broadcast and print media.

ANNUAL REPORT
A major part of the work of the Committee is the compilation and distribution of the Annual Report to members. The Credit Union is required by law to issue every eligible member with a report which, as a minimum must include the Notice of the Annual General Meeting and the Audited Financial Statements for the year. As a consequence many households will receive more than one report. Over the years the Committee has worked to upgrade the format, design and content of the report to give our members as full an insight as possible into the activities of the Credit Union throughout the year.

CU ONLINE – MANAGE YOUR ACCOUNT ONLINE 24/7
You can manage your account online 24/7 through the secure online section of our website or through our cuAnywhere app.

OUR ONLINE SERVICE HAS MANY GREAT BENEFITS:
- Online access, anytime anywhere
- Pay bills online
- Transfer funds
- Set up standing orders
- Manage your accounts
- Check your balance
- E-statements
- Access your credit union account IBAN
- Lodgements to your account using a debit card

CU online gives our members the freedom to access their account from anywhere in the world. If you combine that with our cuAnywhere App you can have online access on the go. Our touch ID feature allows members to use their fingerprint to securely log in to their online account.

To register your account online simply log onto our website www.mullingarcu.ie. You need to have your account registered online in order to use our cuAnywhere app.

We are constantly adding features to our secure online service. We now have the facility to allow members to make payments to their Credit Union account using their debit card, which can be used for single or recurring transactions.

Social Media: Like us on Facebook and Instagram and we will keep you up to date on what’s happening in your Credit Union.

John O’Reilly,
Chairperson,
Promotion and Communication Committee.
Lending Strategy Committee Report

As a Credit Union, one of our objectives is to develop and promote financial products and services that suit the needs of our members, while at the same time safeguarding the assets of the Credit Union which is owned by all members. The role of the Lending Strategy Committee is to advise on ways to promote and grow the loan book in a safe and prudent manner. Over the past few years we have expanded our range of loans to address the different needs of our membership. Apart from our standard loan product we also provide:

- **Reduced Rate College Loans** - support for students throughout their college life. Loans are provided over the duration of a college course provided the agreed repayment terms are maintained.

- **Personal Micro Credit loans** - The It makes sense loan, these loans are available to members in receipt of a social welfare payment who may have difficulty accessing credit from other sources. The scheme aims to reduce dependence on moneylenders who charge very high interest rates.

- **Cultivate Farm Loans** - a new product launched in September 2018 to cater for our farming members by offering loans up to a maximum of €50,000 over a maximum of 7 years at a special reduced rate.

- **Credit Union Home Loans** - we are introducing a new mortgage product “CU Home” which will offer members an affordable, flexible home loan.

We promote our loan products through a wide variety of channels including in-branch, website, radio, newspapers, billboards and the use of social media and other digital platforms. We have an active presence on Facebook and other social media sites to engage with and attract members.

Mullingar Credit Union has kept pace with the increased availability of technology being used to access and transfer funds within financial institutions. We have a full suite of online and mobile services available once you sign up for online banking services, including being able to view your account balances and transactions, print e-statements, transfer monies in and out of your Credit Union account, set up standing orders and enquire about loans.

We have been approved by the Central Bank of Ireland to introduce additional services including a Debit Card which will allow access to your Credit Union funds anytime, anywhere. This process has been undertaken in cooperation with a group of credit unions and has taken number of years to get to this stage and while there is still further work to be done, it is hoped that we will be launching this service by the middle of 2019.

At all times we are trying to be innovative and responsive to meet the needs of our members. Please let us know if you have any suggestions to improve our services.

Conor Isdell,  
Chairperson,  
Lending Strategy Committee.
The purpose of our Youth Affairs Committee at Mullingar Credit Union is to promote and support the education and talents of the young people within our community. We aim to create an awareness of our co-operative ethos by encouraging their involvement in Mullingar Credit Union. We do this by running a number of youth events which have resulted in further engagement with local schools in the implementation of different initiatives. As the appreciation of the importance of youth involvement grows, our Committee is busier than ever.

ALL IRELAND ART COMPETITION
The Credit Union Art Competition is an annual event open to entrants in various age categories. The first place winner from each age category goes forward to the Regional stage of the competition. Congratulations to all our winners and participants in this competition.

PRIMARY SCHOOLS QUIZ
Our annual Schools Quiz is extremely popular with the children from our local primary schools. Over 330 children between the ages of 9 and 13 competed this year, with the top four teams (1st & 2nd place from each age category) going on to compete in the Regional stage. Congratulations to all our winners and participants in this competition.

CLUED IN
Clued In is an educational programme aimed at secondary school students. The purpose of the programme is to explain personal finance and the role of Credit Unions to students in order to encourage them to develop a positive relationship with their personal finances and their local Credit Union. This year we had six local schools taking part in the programme: St. Finian’s College, Wilsons Hospital School, Columba College, Mullingar Community College, St. Mary’s CBS and Loreto College. We would like to thank all the students and their teachers for participating in the Clued In programme and we look forward to engaging with you all once again over the new school year.

REDUCED RATE COLLEGE LOANS
Our reduced rate college loans have helped many full time students and their parents cope with the financial pressures of third level education. The trend has continued this year with loans granted to hundreds of students. If you are attending college full time and need financial support, please call in to us and ask about our reduced rate college loans.

SECONDARY SCHOOLS QUIZ
Last October over 60 students from five of our local secondary schools took part in our annual Secondary Schools Quiz. Both 1st and 2nd year students from Colaiste Mhuire, St. Joseph’s Secondary School, Loreto College, Columba College, and St. Wilson’s Hospital School participated. Congratulations to St. Joseph’s, who were 1st and St. Wilson’s Hospital School, who were 2nd. Both teams went on to represent Mullingar Credit Union at the Regional Final last November. Well done to all the teams who participated and a sincere thank you to the teachers for their hard work and support.

MCU SECONDARY SCHOOL FUND
The MCU Secondary School Fund is a fund developed to support secondary school initiatives which would not normally be funded by any other bodies such as the Department of Education. We liaise with the secondary schools within our common bond in order to gain an awareness of their individual needs in order to determine the allocation of funds on an annual basis. It is Mullingar Credit Union’s hope, that the projects undertaken will have long term benefits for the schools and their students.

SCHOOL SAVINGS SCHEME
A schools savings scheme operates in some of the primary schools within our common bond. This scheme educates children on the importance of saving and offers them a convenient method of saving small amounts each week. We would like to take this opportunity to thank the teachers for participating in this initiative and we look forward to encouraging more schools to participate in the scheme in the coming year.

Andrea Corroon,
Chairperson,
Youth Affairs Committee.
GDPR - DATA PROTECTION

In compliance with the new General Data Protection Regulation (“GDPR”) Mullingar Credit Union is committed to protecting your personal data. Please take a moment to read our Data Privacy Notice at www.mullingarcu.ie/data-privacy-notice/.

TAXATION OF CREDIT UNION DIVIDENDS AND INTEREST

Members are reminded that deposit interest retention tax (DIRT) is automatically deducted from dividend and interest earned on savings in the Credit Union. DIRT is applicable to all accounts including those of children. The liability to tax applies only to dividends and interest received from the Credit Union and not on actual savings.

There are however certain limited exemptions where the payment of dividend and interest can be paid without the deduction of DIRT. This applies in the case of a member who is over the age of 65 (or whose spouse is over 65) and whose total gross income is less than the relevant annual exemption limit. These members should complete Form DE-1 which is available from any branch office of Mullingar Credit Union. It is also applicable in the case where a member or their spouse is permanently incapacitated. Such members must apply directly to the Revenue Commissioners who, on approval, will notify the Credit Union.

LIFE SAVINGS AND LOAN PROTECTION INSURANCES

The savings and loans of members of the Credit Union are covered by insurance which is provided at no direct cost to the member. Subject to terms and conditions, this insurance pays out a lump sum to be added to member’s savings and clears outstanding loans on the death of a member. In the current year the Directors approved an enhancement to this scheme to cover both parties on a joint loan account. This is a valuable insurance cover for members. Please ask any member of staff for further information.

NOMINATION OF SAVINGS UPON DEATH

Credit Union members can complete a nomination in favour of a person or persons to whom they want their savings to be transferred following their death. The maximum amount allowed by law to be transferred under a nomination is currently €23,000. Nominations must be in writing and can be changed at any time. Nominations are revoked by reason of marriage or on the prior death of the nominated beneficiary. Nominations cannot be varied by a will. Under a nomination the Credit Union may disburse the proceeds without involving solicitors or probate. We encourage all members to complete a nomination form.

DORMANT ACCOUNTS

If an account in Mullingar Credit Union has not been used in 52 weeks, the status of the account automatically changes to dormant. This is for the security and protection of our members’ savings. The account obviously remains the property of the member and continues to earn dividends, but member transactions are not allowed on the account until it has been reactivated by a staff member, who will require positive identification from the member.

DEPOSIT GUARANTEE SCHEME

Savings up to €100,000 per member in the Credit Union are covered under the Government’s Deposit Guarantee Scheme. Mandatory annual information is included on pages 38 - 39 of this report.
# DEPOSIT INFORMATION SHEET

## BASIC INFORMATION ABOUT THE PROTECTION OF YOUR ELIGIBLE DEPOSITS

<table>
<thead>
<tr>
<th>Eligible deposits in Mullingar Credit Union are protected by:</th>
<th>The Deposit Guarantee Scheme (“DGS”) (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limit of protection:</td>
<td>€100,000 per depositor per credit institution (2)</td>
</tr>
<tr>
<td>If you have more eligible deposits at the same credit institution:</td>
<td>All your eligible deposits at the same credit institution are ‘aggregated’ and the total is subject to the limit of €100,000 (2)</td>
</tr>
<tr>
<td>If you have a joint account with other person(s):</td>
<td>The limit of €100,000 applies to each depositor separately (3)</td>
</tr>
<tr>
<td>Reimbursement period in case of credit institution’s failure:</td>
<td>20 working days (4)</td>
</tr>
<tr>
<td>Currency of reimbursement:</td>
<td>Euro or, for branches of Irish banks operating in another member state of the EEA, the currency of that member state.</td>
</tr>
<tr>
<td>To contact Mullingar Credit Union for enquiries relating to your account:</td>
<td>Mullingar Credit Union, St. Colman’s House, Oliver Plunkett Street, Mullingar, Co. Westmeath. Tel: (044) 9348817 Email: <a href="mailto:info@mullingarcu.ie">info@mullingarcu.ie</a></td>
</tr>
<tr>
<td>To contact the DGS for further information on compensation:</td>
<td>Deposit Guarantee Scheme, Central Bank of Ireland, New Wapping Street, North Wall Quay, Dublin 1. Tel: 1890-777777 Email: <a href="mailto:info@depositguarantee.ie">info@depositguarantee.ie</a></td>
</tr>
<tr>
<td>More information:</td>
<td><a href="http://www.depositguarantee.ie">www.depositguarantee.ie</a></td>
</tr>
</tbody>
</table>
(1) Scheme responsible for the protection of your deposit
Your deposit is covered by a statutory deposit guarantee scheme. If insolvency should occur, your eligible deposits would be repaid up to €100,000.

(2) General limit of protection
If a covered deposit is unavailable because a credit institution is unable to meet its financial obligations, depositors are repaid by the DGS. This repayment covers at maximum €100,000 per person per credit institution. This means that all eligible deposits at the same credit institution are added up in order to determine the coverage level. If, for instance, a depositor holds a savings account with €90,000 and a current account with €20,000, he or she will only be repaid €100,000.

(3) Limit of protection for joint accounts
In case of joint accounts, the limit of €100,000 applies to each depositor. However, eligible deposits in an account to which two or more persons are entitled as members of a business partnership, association or grouping of a similar nature, without legal personality, are aggregated and treated as if made by a single depositor for the purpose of calculating the limit of €100,000.

In some cases eligible deposits which are categorised as “temporary high balances” are protected above €100,000 for six months after the amount has been credited or from the moment when such eligible deposits become legally transferable. These are eligible deposits relating to certain events which include:

a. certain transactions relating to the purchase, sale or equity release by the depositor in relation to a private residential property;

b. sums paid to the depositor in respect of insurance benefits, personal injuries, disability and incapacity benefits, wrongful conviction, unfair dismissal, redundancy, and retirement benefits;

c. the depositor’s marriage, judicial separation, dissolution of civil partnership, and divorce;

d. sums paid to the depositor in respect of benefits payable on death; claims for compensation in respect of a person’s death or a legacy or distribution from the estate of a deceased person.

More information can be obtained at www.depositguarantee.ie

(4) Reimbursement
The responsible deposit guarantee scheme is: Deposit Guarantee Scheme, Central Bank of Ireland, New Wapping Street, North Wall Quay, Dublin 1. Tel: 1890-777777. Email: info@depositguarantee.ie. Website: www.depositguarantee.ie.

It will repay your eligible deposits (up to €100,000) within 20 working days until 31 December 2018; within 15 working days from 1 January 2019 until 31 December 2020; within 10 working days from 1 January 2021 to 31 December 2023; and within 7 days from 1 January 2024 onwards, save where specific exceptions apply.

Where the repayable amount cannot be made available within seven working days depositors will be given access to an appropriate amount of their covered deposits to cover the cost of living within five working days of a request. Access to the appropriate amount will only be made on the basis of data provided by the credit institution. If you have not been repaid within these deadlines, you should contact the Deposit Guarantee Scheme.

Other important information
In general, all retail depositors and businesses are covered by the Deposit Guarantee Scheme. Exceptions for certain deposits are stated on the website of the Deposit Guarantee Scheme. Your credit institution will also inform you on request whether certain products are covered or not. If deposits are eligible, the credit institution shall also confirm this on the statement of account.
CREDIT UNION SERVICES

Savings:
Fair return on your savings with easy access to your money. Proposed dividend rate for 2018 is 0.25%.

Loans:
For best deals in loans remember Mullingar Credit Union. We are local, loyal and still lending. This year we are proposing to refund 10% of any interest paid on loans during our financial year to the end of September 2018.

Foreign Exchange:
Full Foreign Exchange service available to members. International payments can be sent electronically through the Credit Union.

CU Cash Card:
CU Cash Card available at Mullingar Credit Union – access to your money 24 hours a day, 7 days a week.

Express Lodgement:
Avoid the queue and lodge money to your savings account or pay your loan using the express lodgement machine in our information centre.

Electronic Funds Transfer (E.F.T.):
Electronic Funds Transfer enables members to transfer money electronically into and out of the Credit Union on the same basis as with a bank account. All payments e.g. wages, social welfare payments, agricultural grants, pensions etc. can be paid directly into your Credit Union account. Payments out of your Credit Union account can be made on a once off or regular ongoing basis to pay for example, utility or other bills. Payments can also be made on a once off or on a regular ongoing basis direct to any bank account in Ireland or to an account in any country within the Single European Payments Area (SEPA).
Online accounts:
Members can register their account online to check account balances, view transactions or securely transfer funds externally from their Credit Union account. Visit our website, www.mullingarcu.ie, to register your account or ask any member of staff.

Cu Anywhere App:
Download the free CU Anywhere App and manage your account on the go from your smartphone.

Direct Debit:
Pay your bills by direct debit from your Credit Union account, using your unique BIC and IBAN details, which appear on your Credit Union receipt. Ask any member of staff for more details.

Payroll Deduction:
Have some of your wages paid into your Credit Union savings or loan account without having to visit your Credit Union.

Car Draw:
Member monthly car draw. Car plus four cash prizes of €1,000, €750, €500 and €500 every month. If you’re not in you can’t win! So join now at a cost of €33 per year.

House Insurance:
Home and contents insurance available at reduced rates to members.

CU Cover:
An initiative from the ILCU for the provision of insurance services for Credit Union members. Currently providing travel, car and home insurance. Go online to www.coveru.ie at any time or telephone 1890 410 410 9am to 5pm Monday to Friday.

AXA:
AXA offer discounted insurance quotes on a variety of insurance products for Credit Union Members.
OPENING TIMES:

MULLINGAR OFFICE:
Tuesday, Wednesday, Thursday, Friday & Saturday From 9.30am to 5.00pm
Late opening: Thursday 5.45pm to 7.30pm

ROCHFORTBRIDGE OFFICE:
Tuesday & Friday 10.00am to 5.00pm
Closed for lunch 12.30pm - 1.00pm
Saturday 10.00am to 2.00pm

KINNEGAD OFFICE:
Tuesday, Thursday and Friday from 9.30am to 4.30pm
Closed for lunch 12.30pm - 1.00pm
Saturday 9.30am to 2.30pm