



East Wall Credit Union

Limited

Registration Number 291CU

Report and Financial Statements
for the year ended 30 September 2011



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DIRECTORS AND OTHER INFORMATION

Directors	Barry Masterson (Chairperson) Liam Dunne (Vice-chairperson) Kathleen Brannigan (Secretary) Theo Dunne (Treasurer) Richard Hynes Cormac McCarthy Edward Foley Dolores Steele Marie Whelan Richard Sheridan (Deceased 22 June 2011) Rodger Gallahue Evelyn Barry (Co-opted July 2011)
Supervisory Committee	Mary Gray (Chairperson) Rita Dorman (Deceased 05 March 2011) Carmel Gormley Evelyn Barry (Resigned July 2011)
Registered Number	291CU
Registered Office	Blythe Avenue, East Wall, Dublin 3
Auditor	FMB Chartered Accountants Longboat 56 Sir John Rogersons Quay
Bankers	Permanent TSB 130 Lower Drumcondra Road Dublin 9
Solicitors	Ivor Fitzpatrick 44-45 St Stephen's Green Dublin 2



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DIRECTORS' REPORT

for the year ended 30 September 2011

The directors present their report and audited financial statements for the year ended 30 September 2011.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The credit union continued to attract additional members' savings during the financial year. Lending activity increased marginally also.

RESULTS FOR THE YEAR AND STATE OF AFFAIRS AT 30 SEPTEMBER 2011

The income and expenditure account and the balance sheet for the year ended 30 September 2011 are set out on pages 10 and 11.

PRINCIPAL RISKS AND UNCERTAINTIES

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

The principal areas currently requiring risk management include :

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

DIVIDENDS

The directors recommend payment of a dividend of €86,839.00 (1.25%) for the year, (2010 - 1.00%) and an interest rebate of €33,594.00 (7.50%) for the year. (2010 - 5.00%)

ACCOUNTING RECORDS

The Directors believe that they comply with the requirements of Section 108 of the Credit Union Act, 1997 (as amended) with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account of the credit union are maintained at the company's premises at Blythe Avenue, East Wall, Dublin 3



Approved by the Board on: 9 January 2012

Theo Dunne
Treasurer

Barry Masterson
Chairperson

STATEMENT OF DIRECTORS' RESPONSIBILITIES

for the year ended 30 September 2011

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

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

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

Theo Dunne
Treasurer

Barry Masterson
Member of the Board of Directors

STATEMENT OF SUPERVISORY COMMITTEE'S RESPONSIBILITIES

for the year ended 30 September 2011

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

Mary Gray
Member of Supervisory Committee



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INDEPENDENT AUDITOR'S REPORT

to the members of East Wall Credit Union Limited

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

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

Respective responsibilities of the Directors and Auditors

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

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

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

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



INDEPENDENT AUDITOR'S REPORT

to the members of East Wall Credit Union Limited (continued)

Basis of opinion

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

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

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

Opinion

In our opinion the financial statements:

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

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

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

FMB
Chartered Accountants
Registered Auditor

Chartered Accountants
Longboat
56 Sir John Rogersons Quay

DATE: 12 January 2012



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SIGNIFICANT ACCOUNTING POLICIES

for the year ended 30 September 2011

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

1. Historical Cost Convention

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

The credit union has consistently applied all relevant accounting standards.

2. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Credit Union and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following criteria must also be met before revenue is recognised:

Interest on Members' Loans

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

Investment Income

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

3. Investments

The specific investment products held by the credit union are accounted for as follows:-

Bank deposits and other short term deposits

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

Term deposits and fixed interest investment bonds

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



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SIGNIFICANT ACCOUNTING POLICIES

for the year ended 30 September 2011 (continued)

With profit bonds

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

4. Depreciation

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

Premises	–	2% Straight Line
Computer equipment	–	25% Straight Line
Fixtures & fittings	–	10% Reducing Balance

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

5. Pension Costs

The credit union operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the credit union in an independently administered fund. The pension charge represents contributions payable by the credit union to the scheme.

6. Bad and Doubtful Debts

Bad debts written off are included in other Management Expenses. Bad debts recovered are included in the Income and Expenditure Account. A minimum provision for doubtful debts is made against loan balances in arrears as at 30 September 2011 based upon the number of weeks a loan is in arrears. In addition a full loan book review is carried out to identify additional specific provisions required over and above the weeks in arrears calculations and an amount of €93,074 has been identified in respect of this.

7. Dividends and other returns to members

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



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INCOME AND EXPENDITURE ACCOUNT

for the year ended 30 September 2011

	Schedule	2011 €	2010 €
Income			
Interest on members' loans		447,923	456,690
Other interest receivable and similar income	1	96,924	79,717
Net interest income		544,847	536,407
Other income	2	7,451	2,055
Total Income		<u>552,298</u>	<u>538,462</u>
Expenditure			
Salaries		57,779	52,783
Other management expenses	3	214,274	264,436
Depreciation		11,779	12,401
Provision for bad and doubtful debts		66,055	48,888
Bad debts recovered		(15,889)	(14,711)
Total Expenditure		<u>333,998</u>	<u>363,797</u>
Excess of Income over Expenditure		218,300	174,665
Add: Undistributed surplus 1 October		112,952	172,963
Total:		<u>331,252</u>	<u>347,628</u>
Less: Transfer to statutory reserve		(21,830)	(17,467)
Transfer to additional regulatory reserve		-	(59)
Transfer to bad debt reserve		(50,000)	(50,000)
Transfer to investment income reserve		(890)	(1,770)
Dividend paid		(69,126)	(88,548)
Interest rebate paid		(22,834)	(76,832)
Total:		<u>(164,680)</u>	<u>(234,676)</u>
Undistributed surplus 30 September 2011		<u>166,572</u>	<u>112,952</u>

On behalf of the Credit Union – 9 January 2012

Theo Dunne

Treasurer

Mary Gray

*Member of Supervisory
Committee*

Barry Masterson

*Member of the Board
of Directors*



*East Wall
Credit Union*

The accompanying notes form part of these accounts

BALANCE SHEET

as at 30 September 2011

	Note	2011 €	2010 €
Assets			
Cash at bank and on hand		213,887	199,476
Deposits and investments	4	4,042,192	3,883,444
Members' loans		4,344,414	4,314,803
Less provision for bad and doubtful debts		(229,252)	(163,198)
Tangible fixed assets	5	189,202	200,981
Prepayments and accrued income		170,000	151,669
Total Assets		<u>8,730,443</u>	<u>8,587,175</u>
Liabilities			
Members' shares	16	6,851,227	6,932,276
Members' deposits		421,925	327,896
Members' draw account		23,594	22,347
Other liabilities, accruals and charges	6	21,603	18,902
Total Liabilities		<u>7,318,349</u>	<u>7,301,421</u>
Represented By			
Statutory reserve	7	777,618	755,788
Additional regulatory reserve	7	102,653	102,653
Other reserves	8	531,823	427,313
Total Reserves		<u>1,412,094</u>	<u>1,285,754</u>
		<u>8,730,443</u>	<u>8,587,175</u>

On behalf of the Credit Union – 9 January 2012

Theo Dunne
Treasurer

Mary Gray
Member of Supervisory
Committee

Barry Masterson
Member of the Board
of Directors

The accompanying notes form part of these accounts



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CASH FLOW STATEMENT

for the year ended 30 September 2011

	2011	2010
	€	€
Opening cash and investments	4,082,920	3,850,244
Receipts		
Members' shares	1,065,981	1,044,458
Members' deposits	94,029	56,868
Members' loans repaid	1,747,275	1,826,127
Members' loan interest received	447,923	456,690
Investments interest received	96,924	79,717
Bad debts recovered	15,889	14,711
Other receipts	7,451	2,055
Decrease/(Increase) in prepayments	(18,331)	9,425
Total	<u>3,457,141</u>	<u>3,490,051</u>
Disbursements		
Members' shares withdrawn	1,147,030	937,683
Members' loans granted	1,802,004	1,915,739
Dividends paid	69,126	88,548
Interest rebate paid	22,834	76,832
Operating expenses	246,936	243,672
(Increase) in other liabilities	(3,948)	(5,099)
Total	<u>3,283,982</u>	<u>3,257,375</u>
Closing cash and investments	<u><u>4,256,079</u></u>	<u><u>4,082,920</u></u>



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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2011

1. Employees

Number of employees

The average monthly numbers of employees during the year were:

	2011	2010
	Number	Number
Tellers	1	1
Administration	2	2
	<u>3</u>	<u>3</u>

Employment costs	2011	2010
	€	€
Wages and salaries	57,779	52,783
Honorarium	16,817	16,921
Other pension costs	6,360	6,486
	<u>80,956</u>	<u>76,190</u>

2. Pension costs

Pension costs amounted to €6,360 (2010 - €6,486).

3. Analysis of Investment Income

	2011	2010
	€	€
Received during the year	64,768	66,427
Receivable within 12 months	31,266	11,520
Other investment income	890	1,770
	<u>96,924</u>	<u>79,717</u>

4. Investments

	2011	2010
	€	€
Investments are classified as follows:		
Cash and short term deposits maturing within 3 months	2,329,964	1,803,119
Fixed term deposits maturing after 3 months	–	961,735
Deposit Protection Account	25,336	25,267
Collective Investment Schemes	831	1,925
Investment bonds	1,686,061	1,091,398
	<u>4,042,192</u>	<u>3,883,444</u>



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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2011 (continued)

5. Tangible fixed assets	Land Premises		Computer equipment	Fixtures & Fittings	Total
	€	€	€	€	
Cost					
At 1 October 2010	921	312,422	98,824	45,146	457,313
At 30 September 2011	921	312,422	98,824	45,146	457,313
Depreciation					
At 1 October 2010	–	126,302	94,227	35,803	256,332
Charge for the year	–	6,248	4,597	934	11,779
At 30 September 2011	–	132,550	98,824	36,737	268,111
Net book values					
At 30 September 2011	921	179,872	–	8,409	189,202
At 30 September 2010	921	186,120	4,597	9,343	200,981

An independent valuation of the credit union's premises was carried out by Remax Services on 4 January 2012 which valued the premises at €180,000.

6. Other Liabilities and Charges	2011	2010
	€	€
PAYE/PRSI control account	3,391	1,515
Accruals	18,212	17,387
	<u>21,603</u>	<u>18,902</u>

7. Statutory & Regulatory Reserve

	Balance	Net	Balance
	01/10/10	Movement	30/09/11
	€	€	€
Statutory Reserve	755,788	21,830	777,618
Additional Regulatory Reserve	<u>102,653</u>	–	<u>102,653</u>
Total Statutory & Additional Regulatory Reserve	<u>858,441</u>	<u>21,830</u>	<u>880,271</u>

The balance on the combined statutory and additional regulatory reserve represents 10.08 % of total assets as at 30 September 2011.



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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2011 (continued)

8. Other Reserves

	Balance 01/10/10	Net Movement	Balance 30/09/11
Bad debts reserve	50,000	50,000	100,000
Special reserve	31,085	–	31,085
Undistributed Surplus	112,952	53,620	166,572
Dividend reserve	212,812	–	212,812
Investment income reserve	20,464	890	21,354
	<u>427,313</u>	<u>104,510</u>	<u>531,823</u>

The special reserve represents the share balances of members no longer active in the credit union. They are held in special reserve until such time as they are claimed or can be legally taken to general reserve.

The balance on the Investment Income Reserve represents investment income not receivable within 12 months of the financial year end. This reserve is not available for distribution. When this investment income is received or becomes receivable within 12 months, the relevant amount will be transferred back within the Income and Expenditure Account and will then become available for distribution.

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

The directors recommend the following distributions:

	2011		2010	
	Rate %	€	Rate %	€
Dividend on shares	1.25%	86,839	1.00%	71,851
Loan interest rebate	<u>7.50%</u>	<u>33,594</u>	<u>5.00%</u>	<u>22,835</u>

In accordance with FRS 21 “Events after the balance sheet date”, dividends and returns to members are accounted for in the financial statements after they are approved by the members in general meeting.

10. Honorarium to Treasurer

The directors recommend that the Treasurer be paid an honorarium of €16,817 (Gross) for the year ended 30 September 2011.



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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2011 (continued)

11. Related party transactions

The company has identified the following transactions which are required to be disclosed under the terms of FRS8 'Related Party Transactions'

Transactions with officers

The following details relate to officers accounts with the credit union.

	2011	2010
	€	€
Aggregate amount of shares held by officers	97,487	121,918
Aggregate amount of loans outstanding by officers	47,746	46,935

The aggregate amount of loans issued to officers during the year under Section 36(3) of the Credit Union Act, 1997 was €25,300.

12. Insurance Against Fraud

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

13. Rate of Interest Charged on Members' Loans

The credit union charges an APR rate of interest on members outstanding loan balances of 0.925% per month

14. Rate of Interest Paid on Members' Deposits

The board of directors are proposing an interest rate of 0.25% on member deposits in the current financial year.

15. Contingent liabilities

All capital invested in 'with profits' funds is guaranteed only if held to maturity. In the unlikely event of early encashment, there will exist early settlement penalties.



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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2011 (continued)

16. Members' shares	2011
	€
Regular share accounts	6,851,227
Special share accounts	–
Medium term share accounts	–
Long term share accounts	–
Total per balance sheet	<u>6,851,227</u>

17. Authorisation and approval of financial statements

The board of directors authorised and approved these financial statements for issue on 9 January 2012.



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Schedule 1. Other Interest Receivable and Similar Income

	2011	2010
	€	€
Investment income	96,924	79,717
	<u>96,924</u>	<u>79,717</u>

Schedule 2. Other Income

	2011	2010
	€	€
Insurance commission	7,451	2,055
	<u>7,451</u>	<u>2,055</u>



Schedule 3. Other Management Expenses

	2011	2010
	€	€
Honorarium	16,817	16,921
Staff pension costs	6,360	6,486
E.C.C.U. Insurance	50,201	52,573
Death benefit insurance	13,942	13,136
Members' deposit interest	928	–
Rates	4,081	3,623
General insurance	9,810	8,858
Light and heat	3,985	3,937
Repairs and maintenance	6,395	2,163
Security	10,605	11,621
Postage, telephone and stationery	9,653	7,386
Computer costs	15,641	18,166
Convention and seminar expenses	4,314	4,842
Travelling and subsistence	–	50
Legal and professional	10,591	8,969
Audit	11,078	10,761
Bank charges	4,924	5,501
Bad debts	25,117	73,547
Provision for (gain)/loss on investments	220	(29)
Control account differences	3	(117)
General expenses	2,498	8,972
Cash (over)/short	(607)	278
Affiliation and Savings Protection Scheme fees	7,718	6,792
	<u>214,274</u>	<u>264,436</u>

*East Wall**Credit Union*

