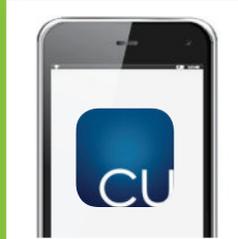
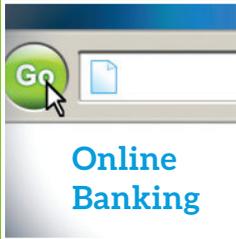


St Mary's Navan Credit Union Annual Report 2015



A lifetime of support for you & your family

Convenient Services for you.



Want to avail of our great services but hate queuing?
Problem solved - see what we have to offer you...

Online Services

Register as an on-line member (www.navancu.ie) and manage your Credit Union transactions using CUONLINE.

What can you do online?

- Transfer funds to and from your Bank accounts.
- Transfer funds between Credit Union account balances
- Pay Bills
- Check account balances and transactions
- Print statements
- Communicate with Credit Union staff

Download our APP

Why not download our APP **cuAnywhere** to enable you to access our online services at your fingertips? This service offers CUONLINE members a new world of functionality, with secure access to your finances anytime, anywhere!

Current Account Services

Use our current account service to pay your bills or save automatically into your Credit Union account.

Did you know you can arrange to have some of/all of your salary paid into your Credit Union account? Contact us today for further details.

ATM Cards

You can apply for a Credit Union ATM Card which will allow you to withdraw funds from any AIB ATM throughout Ireland.

Express Lodgement

We now have a new Express Lodgement machine in our office which allows you process your cash lodgement to your savings, loan or current account. A receipt is automatically printed.

Notice of Meeting

Notice is hereby given that the 52nd Annual General Meeting of St. Mary's Navan Credit Union Ltd. will be held in the Newgrange Hotel, Bridge Street, Navan, Co. Meath on Wednesday 16th December 2015 at 8.15 p.m. sharp.

Agenda

1. Acceptance of Proxies (if any) by the Board of Directors
 2. Ascertainment of Quorum
 3. Adoption of Standing Orders
 4. Reading and approval (or correction) of the minutes of the last Annual General Meeting
 5. Report of the Board of Directors
 6. Finance Report
 7. Report of the Auditors
 8. Board Oversight Committee Report
 9. Notice of Motions
 - 9.1. Rule Amendments (see page 7)
 - 9.2. Dividend
 - 9.3. Affiliation Fees
 - 9.4. Foreign Aid Levy
 - 9.5. Transfer of Engagements (see page 7)
 10. Report of the Audit Committee
 11. Report of the Risk Committee
 12. Report of the Credit Committee
 13. Report of the Credit Control Committee
 14. Report of the Marketing Committee
 15. Report of the Membership Committee
 16. Appointment of Tellers
 17. Report on Nominations
 18. Balloting
 19. Any Other Business
 20. Announcement of Election Results
- Close of Meeting

You are earnestly requested to attend.

Signed



Phillis A. Roe, Honorary Secretary

Election of three Directors and one Board Oversight Committee member will be held. Nominations from the floor are no longer permitted. Expressions of Interest should be submitted to the Credit Union no later than 5 pm on the 10th December 2015. Following receipt of Expressions of Interest the Nomination Committee shall propose such nominees for election at the AGM in line with the provisions in the 2012 Fitness and Probity requirements.

Expression of Interest forms can be obtained from our office at St. Mary's Navan Credit Union, Kennedy Road, Navan, Co. Meath and should be signed and returned by post or by hand, addressed to the Secretary of the Credit Union, on or before the above date.

Directors' Report

It is a great privilege to present the Directors' Report for 2015.

Introduction

As you turn the pages of this Annual Report, you will be taken on a narrative journey that reveals the path we followed over the past year. In our 52nd year of serving Members, 2015 can be described as a year of challenge and transformation. Despite the unpredictability within the economy, SMNCU has demonstrated strength in achieving growth to a record €181 million in assets. This ongoing expansion is a demonstration of the loyalty and support of our members. SMNCU is a fantastic Credit Union with significant potential still to be fully unlocked.

Credit Unions exist for...PEOPLE

Credit Unions are first and foremost about people. Profits, bricks and mortar, compliance and products while all necessary or required in varying degrees are not the Credit Unions' reason for being. The Credit Union exists for its member owners - its PEOPLE. At SMNCU, we work with you - one on one from generation to generation to find flexible solutions to fit your lifestyle. It is important for the Board of our Credit Union to never lose sight of the fact that at the heart of SMNCU are its MEMBERS and POTENTIAL MEMBERS.

Co-operative Business Model

Our primary objective is not profit. Of course, our people-first philosophy does not protect us from the need to run the business in a disciplined way and that includes making a prudent surplus. All profits are reinvested into the organisation to provide continuing value to members and ensure the on-going success and sustainability of your Credit Union. While our financial performance for the year is acceptable, there will be a greater bottom-line focus over the next twelve months. The regulatory environment continues to introduce changes, and your Credit Union ensures that it complies with all legislative and compliance obligations. While the road ahead will be challenging, we face it with confidence.

A Steady Performance

SMNCU maintained strong underlying financial fundamentals, ongoing community support and involvement and has also continued to deliver great value and service to members. The financial statements for the year continue to reflect a strong position for St. Marys Navan Credit Union. Our income for year ended 30th September 2015 was €5,765,152. The Balance Sheet shows our Reserves standing at €29,239,877, which represents 16.1% of the total assets of the Credit Union. Members' shares increased by 7.4% and although our loan book fell by 10.4%, new loans issued to members were 28% higher than 2014, which is an encouraging trend. The Provision of Bad and Doubtful debts now stand at €7,890,234, representing 21.1% of members loans and meets regulatory requirements. Investments increased by €12,988,729. Bad Debts Recovered amounted to €692,921, thanks mainly to the hard work of the Credit Control Committee and Staff. Loans written off amounted to €1,281,280. Membership is currently at 31,172. I am pleased to say the Board is recommending a dividend of 1.25% to the AGM.

New Chapter in Credit Union Evolution

Building and forging a stronger co-operative sector remains a key priority for all Credit Unions. We believe that COLLABORATION and CO-OPERATION will enable mutuality to thrive in all our communities. A compelling strategy and vision successfully guided us through a year which threw up many challenges. Instead of despairing at the "new normal" of slower growth, higher regulation and increased pace of technological change we looked at these challenges as opportunities to learn, change and grow as a business. We recognise that in order to create value for Credit Union members, to offer competitive pricing and innovative market leading products, Credit Unions need to leverage their size. The Board is pleased to announce the proposed merger of SMNCU with Ballivor-Kildalkey, Ballyjamesduff and St. Scire Credit Unions. This will result in a new entity with more than 40,000 in membership and assets of €220 million. It will bring together Credit Unions with shared values, which are firmly focused on creating and returning value to members while also supporting the communities in which their members live and work. The exciting thing about this is that it is a merger of choice where

Directors' Report



BOARD OF DIRECTORS: Back L-R: Niamh McGuire, Catriona Purcell, Fiona Geraghty (BOC), Brendan Kiernan, Brian Crowley (BOC), Paul McGlynn (BOC), Jim White, James Murphy and Joanne Rice. Front L-R: Liz Gaffney, Aidan Curtis, Jacqueline McCormack (President), Phillis Roe and Miriam O'Rourke.

all four approached this as a strategic partnership, while continuing to deliver local, personalised and cooperative financial services to individuals and local communities. As there is no geographical overlap, the merger means that each will maintain a strong community foothold and branch presence. We are pleased and excited to be expanding our Credit Union family. We recognise that the merger will bring together strong philosophically aligned organisations and all our members will benefit from that Union. In collaboration, we will offer greater financial strength and improved efficiencies – a testament to the co-operative nature of Credit Unions. Our strategic approach will be very similar to previous years – to grow our lending in a responsible manner, to manage our costs as closely as possible, to continue developing a highly skilled and engaged workforce, and to keep delivering the high levels of member service. We remain committed to continually improving our products and services and beyond that we also continue to invest back in to the local communities through sponsorships and financial initiatives to benefit the people who live and work across our region.

Appreciation

I would firstly like to thank members for their on-going support and loyalty that has allowed the Credit Union to continue to play its much needed role in providing competition and choice. Our staff have once again looked after the best interest of our members and I am extremely proud when I hear of the examples of our staff exceeding a member's expectations when it comes to service. We have a committed team of people who are ably led by our General Manager and Executive Team, and who have assisted the Board in ensuring that we are always well informed and well placed to make decisions on the future of the Credit Union. The achievements of SMNCU have been delivered with commitment and passion and I am proud of the team and their relentless pursuit of excellence in the service of Members. To all our staff we say a big "thank you". Finally, I would like to acknowledge the dedication and commitment of my fellow directors who once again have demonstrated their capacity to work collaboratively. During the year, we said farewell to Fergus Muldoon, Fiona Geraghty and Joanne Rice. Their professionalism and dedication as volunteer directors were much appreciated and acknowledged. With the continued support of our loyal Members, we face the year ahead with great optimism. We look forward to the future with confidence, vision and energy, ready to meet the changing needs of our members and communities. The Board look forward to reporting our progress to you a year from now. It is an honour to have served as President of SMNCU.

With appreciation

Jacq McCormack, President.

Statement of Directors' Responsibilities

The Credit Union Acts, 1997 - 2012 require Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Credit Union and of the income and expenditure of the Credit Union for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Credit Union and which enables them to ensure that the financial statements comply with the Credit Union Acts, 1997 - 2012.

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.

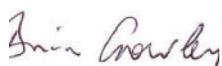
Board Oversight Committee Report

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. To date the Board Oversight Committee of St Mary's Navan Credit Union has in furtherance of its role:

1. Had a presence at Board meetings;
2. Met monthly as required by legislation;
3. Formally met with the Board once a quarter and provided a performance report to the Board as required by legislation;
4. Met with the External Auditor of St Mary's Navan Credit Union Fagan Lynch Donnellan;
5. Met with Internal Auditor Baker Tilly Ryan Glennon;
6. Attended at various committee meetings throughout the year including the Credit Union's Strategic Planning Programme;
7. Organised and attended specialised Board Oversight Committee training.

The Board Oversight Committee is satisfied to report that the actions and decisions of the Directors of the Board of St Mary's Navan Credit Union as reviewed have been found to be compliant with current rules and legislation. The Board Oversight Committee is satisfied that the method employed by the Board of continual reviews of the Credit Union's processes and procedures ensures that the Credit Union meets all of the requirements laid down from a legal and regulatory perspective.

We would like to extend our thanks to the Board of Directors, Manager and Staff of St Mary's Navan Credit Union for their assistance and support throughout the year as we fulfilled our function.



Brian Crowley, Chairperson

Statement of the Board Oversight Committees' Responsibilities

The Credit Union Act, 1997 - 2012 requires 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 Acts, 1997 - 2012 and any other matter prescribed by the Bank in respect of which they are to have regard to in relation to the board.

Rule Amendments

"That the proposed Rules as posted on St. Mary's Navan Credit Union website on 8th December 2015 and available to members at our office at Kennedy Road, Navan be and are hereby adopted in their totality in place of the registered Rules of St. Mary's Navan Credit Union".

Please visit www.navancu.ie/downloads for a copy of the Rule Amendments.

Transfer of Engagements

Motion No. 1 to Members of St. Mary's Navan Credit Union Limited at Annual General Meeting 2015 seeking approval to proceed by Board Resolution.

"That the Board of St. Mary's Navan Credit Union Limited is hereby authorised by us the members to approve a transfer of engagements of Ballyjamesduff Credit Union Limited into St. Mary's Navan Credit Union Limited by way of resolution of the Board of Directors, subject to the approval of the Registry of Credit Unions, in accordance with the relevant provisions of the Credit Union Act 1997 (as amended)."

Motion No. 2 to Members of St. Mary's Navan Credit Union Limited at Annual General Meeting 2015 seeking approval to proceed by Board Resolution.

"That the Board of St. Mary's Navan Credit Union Limited is hereby authorised by us the members to approve a transfer of engagements of Ballivor-Kildalkey Credit Union Limited into St. Mary's Navan Credit Union Limited by way of resolution of the Board of Directors, subject to the approval of the Registry of Credit Unions, in accordance with the relevant provisions of the Credit Union Act 1997 (as amended)."

Motion No. 3 to Members of St. Mary's Navan Credit Union Limited at Annual General Meeting 2015 seeking approval to proceed by Board Resolution.

"That the Board of St. Mary's Navan Credit Union Limited is hereby authorised by us the members to approve a transfer of engagements of St. Scire Credit Union Limited into St. Mary's Navan Credit Union Limited by way of resolution of the Board of Directors, subject to the approval of the Registry of Credit Unions, in accordance with the relevant provisions of the Credit Union Act 1997 (as amended)."

Motion No. 4 seeking approval to proceed by Board Resolution for all future Transfer of Engagements

'That the members of St. Mary's Navan Credit Union Limited hereby resolve that all future Transfer of Engagements into St. Mary's Navan Credit Union Limited will be effected by way of Board Resolution, subject to the approval of the Registry of Credit Unions, in accordance with the relevant provisions of the Credit Union Act 1997 (as amended). This resolution will be effective until the next AGM, at which meeting members will be informed of its use and will decide on its continuance.'

Auditors' Report

Independent Auditors' Report to the members of St. Mary's Navan Credit Union Limited.

We have audited the Financial Statements of St. Mary's Navan Credit Union Ltd for the year ended 30th September 2015 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council (Generally Accepted Accounting Practices in Ireland).

This report is made solely to the Credit Union's members, as a body, in accordance with Section 120 of the Credit Union Acts, 1997-2012. Our audit work has been undertaken so that we might state to the Credit Union's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Credit Union and the Credit Union's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Credit Union's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the Financial Statements:

- Give a true and fair view of the state of the Credit Union's affairs as at 30th September 2015 and of its income and expenditure for the year then ended;
- Have been prepared in accordance with Generally Accepted Accounting Practice in Ireland; and
- Have been properly prepared so as to conform with the requirements of the Credit Union Acts 1997 to 2012.

Auditors' Report

Other matters prescribed by the Credit Union Act's 1997-2012

- We have obtained all the information and explanations which we considered were necessary for the purposes of our audit.
- In our opinion proper accounting records have been kept by the Credit Union.
- The financial statements are in agreement with the accounting records.

Fagan Lynch Donnellan

Fagan Lynch Donnellan

Chartered Accountants and Registered Auditors
Newbridge House
Athlumney
Navan
Co. Meath

27th October 2015

Financial Statements 2015

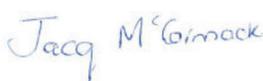
Income and Expenditure Account for the Year Ended 30th September 2015

	Note	2015	2014
INCOME			
Interest on Loans		2,970,750	3,549,562
Income from Investments	4	2,674,754	2,940,262
Write-up/(down) of Investments		17,636	(119,256)
Net Interest Income		5,663,140	6,370,568
Other Income		102,012	91,552
Total Income		<u>5,765,152</u>	<u>6,462,120</u>
EXPENDITURE			
Salaries		1,573,961	1,414,224
Other Management Expenses (Schedule 1)		3,144,387	3,472,861
Depreciation	2	488,367	491,032
Provision for Doubtful Debts		(2,011,510)	(1,598,256)
Bad Debts Recovered		(692,921)	(384,995)
Total Expenditure		<u>2,502,284</u>	<u>3,394,866</u>
SURPLUS FOR THE YEAR		<u>€3,262,868</u>	<u>€3,067,254</u>
REVENUE RESERVE			
Revenue Reserve at 1st October 2014		8,079,783	7,482,397
Surplus for the Year		3,262,868	3,067,254
Dividend paid		(2,075,178)	(2,048,444)
Transfer to Statutory Reserve	5	(1,121,374)	(350,000)
Transfer to Undistributable Reserve	5	(77,624)	(71,424)
REVENUE RESERVE AT 30th SEPTEMBER 2015		<u>€8,068,475</u>	<u>€8,079,783</u>

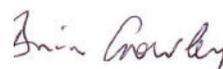
There are no recognised gains or losses other than the surplus for the above two financial years.



John Grogan
General Manager



Jacqueline McCormack
Chairperson
Board of Directors



Brian Crowley
Chairperson
Board Oversight Committee

Financial Statements 2015

Balance Sheet as at 30th September 2015

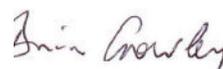
	Note	2015	2014
ASSETS			
Cash at Bank & on Hand		5,244,622	3,930,055
Deposits and Investments	4	136,800,202	123,811,473
Loans to Members		37,447,885	41,792,264
Less: Provision for Doubtful Debts		(7,890,234)	(9,901,745)
Tangible Fixed Assets	2	9,331,769	9,766,514
Debtors and Prepaid Expenses		215,843	178,667
TOTAL ASSETS		<u>€181,150,087</u>	<u>€169,577,228</u>
LIABILITIES			
Members' Shares		151,752,045	141,319,611
Creditors and Accrued Expenses	8	158,165	205,430
MEMBERS' RESOURCES			
Statutory Reserve	5	18,127,550	17,006,176
Undistributable Reserve		963,852	886,228
Revenue Reserve		8,068,475	8,079,783
Dividend Reserve	5	2,080,000	2,080,000
TOTAL LIABILITIES		<u>€181,150,087</u>	<u>€169,577,228</u>



John Grogan
General Manager



Jacqueline McCormack
Chairperson
Board of Directors



Brian Crowley
Chairperson
Board Oversight Committee

Financial Statements 2015

Notes - 30th September 2015

1. ACCOUNTING POLICIES

Accounting Convention

The Accounts are prepared under the historical cost convention.

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;

(i) 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 Acts 1997-2012, (i.e. a cash basis).

(ii) Investment Income

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

Investments

The specific investment products held by the Credit Union are accounted for as follows:

(i) Bank deposits, short term deposits and term deposits

These are valued at the deposit amount plus any accrued interest. Investment Income is recognised in the Income and Expenditure Account on an accrual basis.

(ii) Corporate Bonds

Corporate Bonds are valued at the lower of cost or market value. Movements in the capital value of the bond are included in the Income and Expenditure Account. All other increases in excess of the cost of the bond are ignored until the bond is sold or matures. Corporate Bonds with fixed maturity dates are only capital guaranteed if held to maturity and if the institutions fulfil their obligations. The Board of Directors are currently satisfied that these conditions will be met.

Investments include a ten year zero coupon subordinated bond issued in 2008 for €534,432 and due to mature in 2018 at €1,240,000. There is no actively traded market in the Bond, making it difficult to accurately value this investment. The Directors believe that there is a reasonable expectation that the Bond will mature at full value and have, accordingly, recognised interest income on this Bond at a constant rate of return over its life and have not provided for any loss on the investment. On this basis, the Bond is valued at €963,852 at 30th September 2015.

(iii) Equities

Equities are valued at the lower of cost or market value.

(iv) Investments with Guaranteed Returns

These Investments are valued at cost plus guaranteed returns proportionally spread out over the life of the investments. The relevant guaranteed amount each year is recorded in the Income and Expenditure Account. Investments are only capital guaranteed if held to maturity and if the institutions fulfil their obligations. The Board of Directors are currently satisfied that these conditions will be met.

Financial Statements 2015

Notes - 30th September 2015

Tangible Fixed Assets and Depreciation

Tangible Fixed Assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows;

- Premises - 4% Straight Line
- Furniture - 10% Straight Line
- Equipment - 20% Straight Line

The carrying value of Tangible Fixed Assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Bad and Doubtful Debts

Bad debts written off are included in 'Other Management Expenses'. Bad Debts recovered are included in the Income & Expenditure Account. A provision for doubtful debts is made against loan balances in arrears at 30th September 2015 based upon the number of weeks a loan is in arrears.

Pension Costs

Pension Contributions are charged to the Income and Expenditure Account as they become payable in accordance with the rules of the schemes. The Credit Union operates a defined contribution Pension Scheme for all permanent employees. These assets are held separately from those of the Credit Union in an independently administered fund.

2. FIXED ASSETS

	Freehold Premises	Furniture	Equipment	Total
<u>COST</u>				
At 1st October 2014	11,825,222	335,077	377,767	12,538,066
Additions	9,695	-	43,927	53,622
Disposals	-	-	-	-
At 30th September 2015	<u>11,834,917</u>	<u>335,077</u>	<u>421,694</u>	<u>12,591,688</u>
<u>DEPRECIATION</u>				
At 1st October 2014	2,192,275	301,572	277,705	2,771,552
Charge for year	417,397	33,505	37,465	488,367
Disposals	-	-	-	-
At 30th September 2015	<u>2,609,672</u>	<u>335,077</u>	<u>315,170</u>	<u>3,259,919</u>
<u>NET BOOK VALUE</u>				
At 30th September 2015	<u>€9,225,245</u>	<u>-</u>	<u>€106,524</u>	<u>€9,331,769</u>
At 30th September 2014	<u>€9,632,947</u>	<u>€33,505</u>	<u>€100,062</u>	<u>€9,766,514</u>

Financial Statements 2015

Notes - 30th September 2015

Under the requirements of Financial Reporting Standard 11 the Directors have undertaken an impairment review of the freehold premises as at 30th September 2015.

The Directors are of the opinion that there has been a reduction in the market value of the Credit Union premises in line with the general property market. Accordingly, the Directors have carried out a "Value in Use" calculation based on future cash flows expected to arise from the continuing use of the building over a 20 year period. This calculation gives a Value in Use in excess of the net book value of the building. Based on this calculation and taking account of the function and ethos of the Credit Union and the fact there is no intention or need to dispose of the premises, it is felt that the current carrying value is appropriate and that an impairment adjustment is not required.

3. PROPOSED DIVIDEND

The Directors propose a dividend of approximately €1,831,698 (1.25%) for approval by the members at the annual general meeting. In accordance with Financial Reporting Standard 21, the Credit Union will account for the dividend when it is paid.

4. DEPOSITS & INVESTMENTS

The Credit Union has invested its surplus funds as follows:

	2015	2014
Cash and Bank Deposits	72,313,072	83,423,159
Deposit Protection Account	281,298	255,072
Corporate Bonds	31,315,420	18,364,467
Listed Equity Shares	43,496	39,420
Government Bonds	11,334,015	11,431,182
Investment Bonds	21,512,901	10,298,173
	<u>€136,800,202</u>	<u>€123,811,473</u>

Investment Income

Received at the Balance Sheet date	1,476,470	1,854,395
Receivable within 12 months of the Balance Sheet	1,120,660	1,014,443
Other investment income	77,624	71,424
Total Investment Income	<u>€2,674,754</u>	<u>2,940,262</u>

5. RESERVES

	Balance 01/10/2014	Transfers for 2015	Balance 30/09/2015
Statutory Reserve	17,006,176	1,121,374	18,127,550
Undistributable Reserve	886,228	77,624	963,852
Dividend Reserve	2,080,000	-	2,080,000

Financial Statements 2015

Notes - 30th September 2015

Statutory Reserve

Under the provisions of the Credit Union Acts, 1997 - 2012 at least 10% of each year's surplus must be transferred to the Statutory Reserve.

Undistributable Reserve

Accrued income not receivable within twelve months is transferred to the Undistributable Reserve as required by the Registrar of Credit Unions.

6. RELATED PARTY TRANSACTIONS

Loans amounting to €81,644 were granted to Officers of the Credit Union during the period. At 30th September 2015 the balances outstanding in respect of loans to Officers amounted to €401,471. The corresponding shares balances were €159,803.

7. INSURANCE AGAINST FRAUD

St. Mary's Navan Credit Union has insurance against fraud in the amount of €2,500,000 in compliance with Section 47 of the Credit Union Acts 1997 - 2012.

8. OTHER CREDITORS AND ACCRUALS

Amounts falling due within one year: €158,165 (2014 - €205,430)

9. CAPITAL COMMITMENTS

St. Mary's Navan Credit Union has no capital commitments that require disclosure as at 30th September 2015.

10. CONTINGENT LIABILITIES

St. Mary's Navan Credit Union has no contingencies that require disclosure as at 30th September 2015.

11. POST BALANCE SHEET EVENTS

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

12. APPROVAL OF ACCOUNTS

The Directors approved the Accounts on 27th October 2015.

Financial Statements 2015

Schedule 1: Other Management Expenses for the Year Ended 30th September 2015

	2015	2014
Staff Pension Scheme	183,777	165,002
Stationery & Office Expenses	79,013	93,442
Postage & Telephone	59,243	66,518
Computer Costs	162,641	113,566
Lighting & Heating	37,028	35,501
Repairs & Maintenance	77,944	47,953
Rates	28,650	29,536
General Insurance	71,187	67,829
Savings & Loan Insurance	410,155	437,671
Education & Promotion	124,507	70,005
Donations & Sponsorship	15,155	17,015
AGM Expenses	28,507	26,266
Convention Expenses	30,800	25,243
ATM Expenses	48,570	43,043
Audit Fees	38,900	35,943
Internal Audit and Compliance Fees	53,478	33,119
Legal & Professional Fees	115,137	145,305
Regulatory Levies	139,909	106,536
Affiliation Fees	51,785	49,481
Other Expenses	106,721	125,224
Bad Debts written off	1,281,280	1,738,663
	<u>€3,144,387</u>	<u>€3,472,861</u>

Financial Statements 2015

Cash Flow Statement for the Year Ended 30th September 2015

	2015	2014
Opening Cash & Investments	127,741,528	114,568,684
RECEIPTS		
Savings Received	106,526,801	88,505,372
Loans Repaid	20,149,281	22,394,150
Loan Interest Received	2,970,750	3,549,562
Investment Income and Write-up of Investments	2,692,390	2,940,262
Bad Debts Recovered	692,921	384,995
Other Income	102,012	91,552
Increase in Prepaid Expenses	(37,176)	(84,962)
Total Receipts	<u>133,096,979</u>	<u>117,780,931</u>
DISBURSEMENTS		
Savings Withdrawn	96,094,367	85,156,996
Loans Advanced	15,804,903	12,281,430
Dividend Paid	2,075,178	2,048,444
Operating Expenses	4,718,348	5,036,127
Write Down of Investments	-	119,256
Fixed Asset Expenditure	53,622	94,246
(Increase) / Decrease in Creditors	47,265	(128,412)
Total Disbursements	<u>118,793,683</u>	<u>104,608,087</u>
Closing Cash & Investments	<u>€142,044,824</u>	<u>€127,741,528</u>

Audit Committee Report

The Audit Committee is a formally constituted committee of the Board of St. Mary's Navan Credit Union Limited. The purpose of the committee is to oversee on behalf of the Board and of the members, the financial reporting process, the system of internal control and all audit related matters of the Credit Union. During the year the following directors served as members of the Audit Committee.

- Miriam O'Rourke, Chairperson
- Aidan Curtis, Secretary
- Brendan Kiernan

The purpose of the Internal Audit function is to evaluate and improve the effectiveness of risk management, control and governance processes in the Credit Union. Internal Audit have completed the audit work programme detailed in the 2015 audit plan and met with the Audit Committee on a quarterly basis to review and discuss the findings and recommendations of these audits.

The role of internal audit is developing and will continue to act independently to ensure the continued strength of your Credit Union by adherence to regulation and promotion of continuous improvement of policies, procedures and processes.

Although operating independently of each other, the Audit Committee also facilitated meetings between the Internal Audit, Compliance and Risk functions ensuring that a more focussed and cohesive approach to risk management and governance is operating within the Credit Union.

The committee would like to thank the General Manager and Staff for their assistance and co-operation during the year. I would also like to thank Audit Committee members for their help and support during the year.



Miriam O'Rourke, Chairperson

Risk Committee Report

A Risk Committee is appointed annually by the Board of Directors to oversee and advise the Board of Directors on the current and future risk exposures of the Credit Union. The role of the Risk Committee is to promote a strong risk management culture within our Credit Union.

Understanding the risks the Credit Union is exposed to will enable the Board of Directors to make more informed and better decisions and ultimately improve the level of service and security for our members. In 2015 the Risk Committee members were Jim White (Chair), Jacq McCormack (Sec), Phillis Roe and James Murphy.

The objectives of the risk management framework developed by the Risk Committee are:

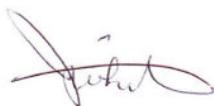
- Develop and maintain a strong system of corporate governance and internal control as the basis for a robust and secure business and operating environment
- Minimise losses suffered by the Credit Union
- Ensure all internal policies, procedures, standards and controls are complied with
- Provide a greater level of transparency to the Board of Directors and management
- Ensure that the Credit Union follows best practice in all its operations
- Increase members and stakeholders confidence in the integrity of the Credit Union

Historically risk management has been on the identification and minimisation of risk at the operational level. Today risk management is at the core of the strategic objectives of our Credit Union. The link between risk, strategy and growth agendas has become increasingly important.

The Key Achievements of the Risk Committee in 2015 were as follows

- Embedding risk awareness and a strong risk culture in SMNCU
- Reviewing the Risk Management Framework to ensure risk is adequately managed, monitored, recorded and reported in SMNCU
- Reviewing the ViClarity Risk Management System to ensure it meets the objectives for risk management in the Credit Union
- Enhancing and development of a robust Business Continuity plan
- Ensuring that the Risk Register contains all known risks and is maintained and updated on an on-going basis
- Monthly Risk Reporting to the Board of Directors which enables the Board to have an informed view of Risk.
- Full adherence to Central Bank recommendations

The key objective of SMNCU's Board of Directors, management and staff is the protection of our members' funds. The Risk Committee will continue to work closely with the management team to ensure the systems and controls which are in place are maintained and developed to mitigate all risks identified.



Jim White, Chairperson

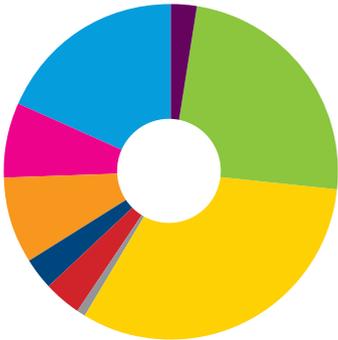
Credit Committee Report

The Credit Committee is an Operational Management Committee reporting to the Board of Directors. The Credit Committee is responsible for ensuring that loans are made in keeping with the lending policies and procedures of the Credit Union and all regulatory requirements. During the year, the Credit Committee met on a weekly basis to consider loan applications within their lending authority.

The Credit Union is actively lending and due to the easing of lending restrictions, the general economic climate and active marketing campaigns, the Credit Union has seen new loans increase by 28% in value over the past year. We are confident that with your support the loan book will continue to improve.

The Credit Committee would like to thank all Members who co-operated with our lending policy and supplied the necessary additional information required in the loan application process. The Board and the Credit Committee would like to significantly increase the proportion of members who borrow from our Credit Union. We hope that the newly designed private Member meeting rooms will improve your Member Service experience. The Credit Committee would encourage all Members to use your Credit Union as your preferred lender and so, the Credit Committee would urge Members to spread the word and endorse St. Mary's Navan Credit Union to family and friends.

Loans Issued Analysis



Loans By Type

- Housing (2.65%)
- Home Improvements (24.20%)
- Transport (32.0%)
- Agriculture (0.75%)
- Educational (3.60%)
- Holidays / Leisure (3.00%)
- Miscellaneous / Personal / Occasional (8.5%)
- Bills / Consolidation of Debts (7.0%)
- Own Guarantor (18.30%)

Loans by Type	Number	Value	% of Value
Housing	22	419,500	2.65
Home Improvements	687	3,824,689	24.20
Transport	759	5,052,653	32.0
Agriculture	8	118,500	0.75
Educational	155	565,415	3.60
Holidays / Leisure	247	472,895	3.00
Miscellaneous / Personal / Occasional	398	1,346,031	8.50
Bills / Consolidation of Debts	285	1,107,062	7.00
Own Guarantor	1,363	2,898,158	18.30
Total	3,924	15,804,903	100

John Grogan John Grogan, Chairperson

Credit Control Committee Report

While growing our loan book is a priority for the future of SMNCU we must also ensure that members repay their loans in accordance with their Credit agreements both in order to protect members' savings and to avoid the need for bad debt provisions which erode the hard earned surplus of the Credit Union.

The primary role of the Credit Control Committee is to ensure that members repay their loans in accordance with their Credit agreements. In July 2015 the Credit Control Committee moved from being a Board of Director led committee to an Operational committee within the Credit Union. The committee is responsible for reporting to the Board of Directors on a monthly basis.

SMNCU's Credit Control team monitor all loans that fall into arrears and engage with members who seek to re-schedule their loan repayments. This engagement with members starts from the moment that arrears initially occur and is conducted in a confidential and respectful manner. The Credit Control team are there to listen to our members whose circumstances may have changed and who may be having difficulty in meeting their contracted repayments. The Credit Control team work with members to find a solution which meets both their needs and those of the Credit Union. This process includes conducting a detailed examination of the members' financial circumstances and is conducted in accordance with SMNCU's Credit Control Policy and Central Bank guidelines. The Credit Control team can only work with members who are willing to communicate with them. In circumstances where members do not engage with the Credit Union, they are pursued by all means necessary.

Loans in arrears are charged off by the Board of Directors on a monthly basis in accordance with our Credit Control Policy. Charging off a loan is a serious process, the consequences of which mean that members lose their membership status, their shares, their membership privileges and their insurance entitlements. Charging off of a members loan impacts on a members Credit history and their ability to borrow in the future. All charged-off accounts are actively pursued. From October 2015 charged off loans are being referred to an external debt collection agency on a case by case basis. In 2015 SMNCU charged off €1,281,280 while Recoveries on charged off loans were €692,921. The majority of these charged off loans had previously been provided for in the Bad Debt provision.

The Credit Control Committee and the Board of Directors deem it prudent to adopt a progressive approach to provisioning in the current economic climate. The bad debt provision at 30th September 2015 was €7,890,234. In accordance with Central Bank guidelines SMNCU performs a quarterly review of the loan book to verify the adequacy of its provisions for bad and doubtful debts. These quarterly reviews include assessing the impact of Personal Insolvency legislation on SMNCU's loan book and its provisions.

The Credit Control Committee wishes to extend its gratitude to the members who are keeping up with their loan repayments while at the same time encouraging any member who falls behind with their loan repayments to make contact with the Credit Control team at an early stage. Members who proactively engage with the Credit Union will benefit from experienced staff who will assist them in addressing their financial difficulties and loan arrears. Finally the Credit Control Committee would like to thank the management and staff for their dedication and assistance throughout the year.

 Michael Cunningham, Chairperson

Taxation of Credit Union Dividend

From 1st January 2014 all Credit Union share dividend paid to members is subject to DIRT (41%), with the exception of dividend paid to members who are exempt from DIRT.

The only members who can be exempt are:

- Members aged over 65 whose total income is less than the relevant limit, currently €18,000 for an individual and €36,000 for a married couple. For married couples, only one of the spouses needs to be over 65. To avail of this exemption you must sign a self-declaration form DE1. This form is available from your Credit Union and is a declaration that you (or your spouse) are aged over 65 and that your total income is less than the relevant limit.
- Members who are permanently incapacitated. Such members should either contact their local Revenue Commissioners office directly or contact a service body such as the Irish Wheelchair Association. Credit Unions have no role in approving the exemption in these cases.

If you do not complete the self-declaration form, the Credit Union will be obliged to deduct DIRT from your dividend. You will then have to apply directly to the Revenue Commissioners for a refund of the DIRT (if you are eligible).

Important Notice to Members

Please note that under the Criminal Justice (Money Laundering and Terrorist Financing) Act 2013 and conforming with European Legislation and Directives in these matters, all Credit Unions are legally obliged to prevent and assist in the prevention of Money Laundering and Terrorist Financing. In compliance with this legislation and to ensure that we have up to date information on our database, Credit Unions are obliged to maintain details and copies of documents which verify:

- Your identity, address and PPS number.
- You may also be asked to verify:
 - The source of funds you may wish to lodge into your account;
 - The beneficial ownership of any such funds you transfer in or out of your account;
 - The intended purpose for the use of any funds in your account.

Credit Unions are obliged to maintain details and copies of all documents used in establishing any of the above considerations; and have them available for inspection by any or all of the following persons in accordance with law:

- The Financial Regulator
- The Gardai
- The Revenue Commissioners

Your co-operation and assistance with Credit Union personnel performing these functions is very much appreciated.

Marketing Committee Report

Marketing Committee Report

It is my pleasure to present the Marketing Committee Report for 2015. The primary objective of the Marketing Committee is to make recommendations on activities that will positively promote St. Mary's Navan Credit Union to both its current and potential members and to provide input on marketing activities being planned to promote the Credit Union.

Specific duties include:

- Maintain, monitor and increase our **Membership**
- Actively promote the **Services** of St. Mary's Navan Credit Union
- Support our **Local** Communities
- Develop Strategic **Marketing** Objectives and Activities

St. Mary's Navan Credit Union has now in excess of 31,000 members and we are actively adapting how we listen to our members. Member attraction and retention are indicators of confidence in our Credit Union and brand. Your feedback is important to St. Mary's Navan Credit Union and it will assist St. Mary's Navan Credit Union in designing and improving the services that are provided to you and your family.

Last year we completed a survey which highlighted a number of areas for improvement. A key issue raised by members was privacy when dealing with sensitive matters. In response to this feedback the reception area of the Credit Union building has been refurbished. This initiative provides the opportunity for members to avail of an appointment with a member of staff to discuss a range of services - including membership, loan application process, Credit control queries and any other matters.

Events held in 2015:

- Members Car Draw held each month
- Schools Quiz held in February 2015
- Student Bursary announced in October 2015
- International Credit Union Day celebrated in October 2015
- Sponsorship - SMNCU continues to support community groups, clubs and activities.
- Media - Advertising and PR in local media channels
- SMNCU Calendar

Key Marketing Initiatives completed in 2015:

- New Website completed in September - www.navancu.ie
- Social Media profiles updated with new branding supporting active engagement with members - facebook.com/StMarysNavanCreditUnion / twitter.com/navancu
- Planning, developing and implementing 6 Bi-Monthly Marketing Campaigns
- Upgrade 6 Private Member Meeting Rooms

Marketing Initiatives underway in 2016:

Focus on digital marketing to reach new market segments including:

- Marketing through social media
- Email marketing
- A programme of member engagement with schools and local business

Our commitment to improve all methods of communications with you, our members, remains our focus in 2016 and we will continue to find new ways of sharing information with you. Delivering a differentiated member experience is not a once-off process, it involves constantly innovating to serve our members' needs.

St. Marys Navan Credit Union is here to LISTEN - Call in for a chat, Contact us by phone, by email or post - **St. Mary's Navan Credit Union is here for You. 046 90 21395 / info@navancu.ie / www.navancu.ie**



Brendan Kiernan, Chairperson

Membership Committee Report

The Membership Committee is an Operational Management Committee reporting to the Board of Directors. The primary objective of the Membership Committee is to oversee and make recommendations on activities that will improve the membership process.

This year St. Marys Navan Credit Union welcomed 526 new members.

The Membership Committee would encourage all members of SMNCU to introduce new members to SMNCU. A number of initiatives to help increase membership will be progressed in 2016, including encouraging more young people to join the Credit Union.

Membership Application Forms are available @ www.navancu.ie/downloads



Phil Hegarty, Chairperson

Nominations Committee Report

The Nomination Committee has been extremely active this year – hosting SMNCU's second Annual Open Forum for New Directors in August 2015. The role of the Nomination Committee is to ensure on-going due diligence is performed. The Nominations Committee completed this process in relation to Fitness and Probity in line with CBI standards and also introduced induction training for new directors. Volunteering to serve on your Credit Unions' Board of Directors can be an extremely rewarding experience. If you are interested we should appreciate if you would provide your contact details to a Member Service Representative or email info@navancu.ie



Aidan Curtis, Chairperson

Scholarship Scheme Winners 2015



Every year St. Mary's Navan Credit Union welcomes entries for our Scholarship Scheme from any member entering third level college as a first year, commencing a Diploma or Degree course. This is a fantastic opportunity for students to be in with a chance of winning a **Scholarship worth up to €4,500!**

We have four Scholarships available! In order to enter the competition the student must be a member of St. Mary's Navan Credit Union and complete a Scholarship Scheme application form - simple as that! To comply with the scheme, the lucky scholarship

winners must supply a letter from their college twice per year to prove attendance. Two payments are paid out annually for up to three years while studying - total scholarship is worth up to €4,500! This year four lucky members to be picked out were Ben Gallagher, Mike O'Reilly, Amie Flattery and William Bellew. Our Scholarship winners attended a function at the Credit Union on Saturday 10th October 2015 and are pictured above with Michael Cunningham, Finance Manager and Brendan Kiernan, Member of the Board of Directors.

St. Mary's Navan Credit Union have paid out over €100,000 in Scholarships to students in the Navan area.

What previous Scholarship Winners had to say...



Caoimhe Kane - Winner 2014:

"I cannot begin to describe the help that the Scholarship has provided. It has been such a great aid financially for my academic life in University. Due to the Scholarship

I have bought many supplies for myself, such as books, a laptop etc. Even fees wise, I was able to put most of the money towards paying it, which is why it is such a help as they are very expensive. I want to thank St. Mary's Navan Credit Union for beginning this scholarship programme because it is such an enormous help and really benefits your academic studies at University."



Sonia Smith - Winner 2014:

"The scholarship has helped me so much at college this year as living away can be very costly. It was really beneficial to receive it and I'm really grateful to have gotten

the scholarship from the Credit Union."



Joanne Watters - Winner 2014:

"I found the grant to be a huge help in paying my college expenses. In my second year I stayed up in student accommodation, which may not have been possible without the grant. I am

grateful for the opportunities this grant has given to me."



Ben Hoey - Winner 2014:

"Receiving the scholarship from the Credit Union last year was a huge help to both myself and my family. Knowing that I had money for my college fees meant I wasn't stressing about getting

the money and I could concentrate fully on my studies. Also money that I had saved for my college fees could now go towards commuting costs. All in all I have greatly benefitted from receiving the scholarship from St. Mary's Navan Credit Union."

Members' Monthly Car Draw

Car Draw Winners



October

Carol Nesbitt



November

Brian Reilly



December

Cathy Martin



January

Barry Maguire



February

Sean Cahill



March

Mark Meegan



April

Sheila McEvilly



May

Stephen Cahill



June

Desmond Mooney



July

Patrick & Patricia Martin



August

Michelle Meehan



September

Lynn Mitchell

Members' Monthly Car Draw



Our Members' Monthly Car Draw now in its 7th year has been a tremendous success with 8,629 members participating in our latest draw. It costs €1 per week (€13 per quarter) to take part in the draw and this is deducted directly from members' shares on a quarterly basis.

Members are entitled to join the Car Draw at any time and application forms together with the rules of the draw are available in the office. All of the funds entered into the draw less some small expenses are paid out in prizes. Details of the car draw fund for the year to 30th September 2015 are shown below.

At the 30th September 2015 there was €58,494 in the car draw fund. Prizes of €12,000 were paid out in the special draw held annually to celebrate International Credit Union Day on the 15th October 2015 while additional prizes of 4 x €5,000 and 5 x €2,000 will be distributed in our bumper Christmas Draw on December 5th 2015 when the first prize will be a Volkswagen Jetta car.

[A schedule of our first prize winners for the past year is shown on the opposite page.](#)

Car Draw Fund

Balance 1st October 2014	€49,579
Entry Fees	€445,536
Dividend received	€595
Expenses (printing)	(216)
Prizes given out	(€437,000)
Balance at 30th September 2015	€58,494

Win a Car a Month for €1 a week!

Credit Union Invocation

*Lord, make me an instrument of Thy Peace
where there is hatred, let me sow love
where there is injury, pardon
where there is despair, hope
where there is darkness, light
and where there is sadness, joy*

*O Divine Master, grant that I may
not so much seek to be consoled as to console;
to be understood as to understand;
to be loved as to love;
for it is in giving that we receive
it is in pardoning that we are pardoned,
and it is in dying that we are born to eternal life.*

St. Francis

