



## CHAIRMAN'S ADDRESS

Welcome to this, the 38<sup>th</sup> AGM of Roscrea Credit Union.

2004 has been another excellent year for your Credit Union, despite a significant number of members re-mortgaging and clearing their credit union borrowings. During the year, we lent almost €17 million to members, bringing out total loans to €31 million. Member's shares now stand at €42 million, including SSIA's. Membership continues to grow at c.150 members per month.

During the year, we undertook a Strategic Plan for the next five years, the results of which you will see over the coming months. You will already have seen our new car loan interest rate of 7%, which is extremely competitive. Other rates will be introduced in the year ahead. Under the Strategic Plan, one of the priority areas is communication with members. This will be dealt with through member surveys, newsletters and our website – [www.roscreacu.ie](http://www.roscreacu.ie). Indeed, while you all have hard copies of the various committee reports at the AGM, these reports will be published on the credit union website instead of an AGM Report document.

To improve our loan decision-making process, Roscrea Credit Union was one of six Credit Unions in the country who, this year, applied for membership, and joined the Irish Credit Bureau. This will give our credit union more access to financial information when making lending decisions. This is extremely important with the current lending environment and hopefully, will reduce the level of bad debts in the future.

One of our more important decisions this year was to give a financial commitment to the swimming pool, to bring this project to a conclusion. We are pleased to advise that a planning application for the pool has now been submitted to North Tipperary County Council, with work scheduled to commence in late Summer 2005. This will provide a much needed leisure facility for the town and environs.

I would like to congratulate the Comhaltas committee on the success of the Fleadh Cheoil in Roscrea during the Summer, which again demonstrates the goodwill and enthusiasm in the town. Hopefully, this can be capitalised on next year, with "inklings" of a possible festival for the town next Summer.

Credit Unions are now operating in a very different regulatory regime, which is ensuring compliance with the law. Members will see a new Credit Agreement introduced in April 2005, which will replace the current Promissory Note. I have no doubt that you will see other changes in the short-term.

I would like to take this opportunity to thank my fellow Board members and our staff for all their work over the past year and wish you all a very happy Christmas and best wishes for the New Year.

**David Donnelly.**  
**Chairman.**



# **Treasurer's Report**

## **Highlights**

### **Income**

- Interest Income Is Up By €97,213 3.32% Increase On Last Year
- Other Income Is Down By €11k Due To Decrease In Demand For RPI Insurance
- Total Income Is Up €170k - 5.2% Increase
- Salaries Up €53K - 12% Increase
- Other Management Expenses Up €139K Increase Attributable To Lp/Ls Insurance Up €95K, Salaries Up €53k
- Bad Debt Write-Off Up €154K

### **Expenditure**

- Bad Debts Recovered - €9K
- Bad Debt Provision €250K - Now At 6% Of Total Loans
- Debt Collection Costs Down €9k
- Total Expenditure Up €817!! .04% Increase On Last Year

### **Surplus**

- Overall Surplus **€1.4 million** An Increase Of **€169k** On last Year!

### **Other Comments**

- €17 Million In Loans Approved This Year - Increase Of €3.3 million On Last Year.
- €15 Million In loans Repaid This Year
- Statutory Reserve Now Stands At €3.5 Million – 9.3% Of Total Savings

Total Assets Now €47.8 Million – An Increase Of €6.4 Million On Last Year.

### **Declaration & Adoption Of Dividend**

The Board Of Directors Recommends The Capitalisation Of €709,162 By Way Of A 2% Dividend On Member Shares



# Credit Committee AGM 2004 Report

## *Introduction*

This report outlines the activities undertaken by and on behalf of the members of the Credit Committee during the past year 1<sup>st</sup> October 2003 to the 30<sup>th</sup> September 2004. It seeks not only to provide factual information, but also to give an insight to members on the lending policy and how it is implemented by the Credit Committee.

## *Report*

Bearing in mind the conditions of the loan policy below, the Credit Committee met for a total of 50 meetings during the past year. There was a quorum present at all meetings and loans were approved or rejected in accordance with the policy. There was a total of 6206 loans approved during the year worth €17,000,000. We also rejected 260 number of loan applications valued at €84,000.00.

A growing number of members seem to be borrowing very frequently throughout the year. As a result, the difference between their shares and the amount they have on loan is growing. As the greatest concern that the Credit Committee have when approving a loan is the member's ability to repay, these members may find their credit limit – their ability to borrow any more – “capped”.

Some members unfortunately do get into difficulties with their repayments. Their circumstances have possibly changed for the worse since they took out their last loan or indeed, they were so anxious to get their loan that they promised to repay more than they can now afford. We advise these members to come and see our Credit Control Officer for advice on how to deal with their problem. We are here to help.

Besides the Loans policy below, Roscrea Credit Union is also bound by legislation, which is supervised by IFSRA, which lays conditions on our ability to approve loans over certain periods of time.

This legislation puts limits on the number of loans we can grant which are repaid over a longer period than five years. These limits are currently

- ✎ 20% of our loans can exceed five years, and
- ✎ 10% of our loans can exceed 10 years.

As this legislation came into force after many of our loans were granted in times when there were no such limits, Roscrea Credit Union finds itself in the position where we are now in breach of these limits. We have improved from our position at last year's AGM, but we have still a long way to go. As a result, in order to conform to legislation, we cannot offer loans in excess of five years until further notice. Any member with a loan currently can only receive a “top-up” if he/she can repay the resulting balance within five years.

We note that many borrowing members are requesting loans in excess of five years as they can only repay a fixed amount from their income. We regret that because of legislation, we cannot approve such loans. We draw members' attention to the conditions of section 5 of the Loans Policy document below.

We also would like members to note section 6 (g). This refers to members applying for loans where the information supplied on their loan application may have changed since they joined the Credit Union or since they last applied for a loan.

Below is a list of the members of the Credit Committee for the year together with their attendances at the weekly meetings.

The Credit Committee would like to thank the CEO and Staff of Roscrea Credit Union for their help and courtesy during the year.

**Jim Bolger,**  
Credit Committee Chairman

**Credit Committee:**

**Jim Bolger, Hugh Keane, Dick Conroy, Jodie Hanrahan & Paul Ryan.**

# Roscree Credit Union Loans Policy

1. The Credit Committee shall consider loan applications from members in accordance with the Standard Rules for Credit Unions. It will meet weekly when possible.
2. It shall present a monthly written summary report to the Board of all loans approved or rejected during the month
3. **Staff** Credit Officers may approve loans up to €4,000 provided the member has a good record. Higher amounts up to €13,000 need the approval of both the CEO and Credit Officer. The Credit Committee shall be notified each week of all loans approved or rejected by the Credit Officers.
4. The Credit Committee shall specify to the Board, each month, all loans approved in excess of €10,000. All loan applications in excess of €100,000 can only be considered at a meeting of the full Board of Directors. Other loan applications, of concern to the Credit Committee, may be referred to the Board for consideration.
5. In **determining** loan approval, the Credit **Committee** shall consider:
  - i. Purpose of the loan.
  - ii. Ability to repay.
  - iii. Repayment and Savings record.
  - iv. Amount of Savings, additional Collateral, or Guarantee.
  - v. Length of membership,
  - vi. Availability of Funds at this time.
  - vii. Any other relevant factor.
6. Conditions of concern to members applying for a loan:
  - a) In general, it is advisable that a member has an established savings record for some time, before applying for a loan.
  - b) Established members with good records, and seeking loans for the more essential family needs, will **receive priority** consideration where necessary.
  - c) The total loan **amount should** bear a reasonable **relationship** to the value of a member's shares and their previous repayment record. Hence, in order to get larger loans, a member must have larger shares.
  - d) Large or business-type loans may require extra collateral or guarantee, and may be referred to the Board for consideration.
  - e) Accounts in arrears will not normally be considered for **further** loans.
  - f) **Annual** type loans should be repaid on a yearly basis.

g) Proof of a member's income should be provided with the loan application.

7. Should the Credit Committee not approve a loan application, the member may appeal that decision only to the Board of Directors whose decision is final.

Above loan policy was adopted by the Board of Directors in October 1999



## Credit Control Committee Report

The past year has seen a significant increase in activity in the Credit Control area, with a 44% increase in bad debt recoveries – up from €5k in 2003 to €9k this year. This, coupled with a decrease of 25% in debt collection costs – down from €46k to €36k, demonstrates the commitment to credit control.

This year, we are writing off €379k – representing 1% of our loan book. We would point out, however, that this write-off is only an accounting exercise, with all of these members being pursued for full recovery of their debts. We would, again, encourage members who are in difficulty to contact our Credit Control Officer – Sarah Beasley, who will deal with their difficulty in a sympathetic manner.

Our Bad Debt Provision at €1.8 million now represents 6% of loans outstanding. We feel this level is prudent in the current economic climate. It is hoped to at least maintain this level moving forward.

We would urge caution to all members in respect of borrowing. It is very easy to get finance at present – either from financial institutions or, even, supermarkets and credit card companies. Should the interest rates increase, members could find themselves in severe financial difficulties. Please consider all the issues before taking on additional borrowings. We would also ask that members do not take offence if their loan applications are declined – the decision is in their own interest.

As already outlined, Roscrea Credit Union has joined the Irish Credit Bureau. This will ensure that we have access to financial information, previously not available. We are hopeful that, over time, this access will prove helpful in reducing our bad debt exposure. We also have online access to judgements registered, which is another tool we use in ensuring that we have accurate information.

Credit Control is an integral part of our day-to-day processes. We can assure members that the full rigours of the legal process and tracing agents will be used in recovering any debts outstanding to the Credit Union.

### **Credit Control Committee.**

**Tom McCarthy, Eamon Phelan, & David Donnelly.**



## MEMBERSHIP COMMITTEE REPORT

The membership of Roscrea Credit Union has increased by approx 1600 new members in the past year. This is another excellent performance, of which the membership committee are very proud. Indeed our research this year shows that our common bond has a total population of 16,700 and amazingly almost 10,000 of these people are members of Roscrea Credit Union. A number of initiatives to help increase membership over the following year will be embarked upon. This will include more information mornings/evenings as well as further developments that will encourage more young people to join the Credit Union.

We encourage all members of Roscrea Credit Union to introduce new members. We would also appreciate if you would inform any potential new members that under new legislation with regard the Money Laundering Act all new members are now requested to produce Full ID before they can be accepted as members of Roscrea Credit Union. This is no different to any other financial institution in the country.

Our objective for some time has been – “that every man, woman and child within a 10 mile radius of Roscrea would be members of our “Credit Union”. Given the ethos of the Credit Union – “not for profit, not for charity, but for service”, this objective should be achievable. While other financial institutions have depleted their counter staff, you will have noticed that we continue to provide an excellent counter service, 6 days per week. Indeed, it is also gratifying to note that usage of our website has also increased. The website which was recently upgraded with an all new professional look allows people view their balances and apply for loans etc from the comfort of their own living room.

We would, again, like to highlight to members the importance of completing nomination forms on sole accounts. These nomination forms allow us to: -

- Distribute up to €12,700.00 to the nominee, with the balance to the deceased's estate.
- If the nomination is not completed, the Board can only distribute €6,350.00 to whom the Board deems to be entitled to receive these proceeds.

### ***Pat McGee:***

Best wishes to Pat McGee who decided to retire from Roscrea Credit Union last May. Pat gave almost twenty years service to the Credit Union and witnessed some remarkable changes in the growth of the organisation during that period. At a special evening to celebrate Pat's service to Roscrea Credit Union, a number of presentations were made and many tributes flowed. A popular man with many of the members and always willing to help and advise his colleagues, Pat will certainly be remembered for his vast contribution to Roscrea Credit Union. We wish Pat well in his new job and we wish both Pat and his wife Aine every success and happiness for the future.



At Roscrea Credit Union our goal is to provide for our members “The Real Deal”. It is our unique values that allow us to achieve this. These core values are, fairness, integrity, responsibility, leadership and continuous improvement. With a wide range of products designed for Real People wanting real financial solutions, Roscrea Credit Union is the only real alternative for your needs.

We would like to thank the staff of the Credit Union for their support during the past year and look forward to another increase in membership in the year ahead.

### **Membership Committee**

**Patsy Treacy, Liam Phelan, Brian King & Denis Shanahan.**



## Planning & Development Committee Report

A number of different initiatives have been undertaken in the past year. Our credit union was part of a technology-working group, which employed Deloitte to examine ways that credit unions could move forward. This initiative is continuing but is difficult to progress with each credit union being autonomous.

During the year, our Board completed a strategic plan, the results of which you'll see in the year ahead. In particular, you will see a number of differential rate reductions, for different classes of loans. Part of this process identified the swimming pool as a project our credit union could bring to a successful conclusion. We understand that a planning application is now ready to be submitted, with work scheduled to commence on the site on the old Dublin road by September/October 2005.

Death Benefit Insurance was paid as an operational expense last year, which has eliminated the need to have sufficient dividend to cover the premium. This method of payment is being continued this year. We have also made the promotional material for the new car loan more professional – this will be continued with other promotions. We have introduced "Paypoint" as a new service, which has proven extremely popular with members.

We will be re-introducing our newsletter in the new year, with colour features, and continue to play an active part in the Tipperary Alliance – promoting the credit union within the county.

As advised at last years AGM, we proceeded with the new meeting room/training facility at the back of our building. We expect to have this extension completed within the next month.

As you have been advised in other reports, we have joined the Irish Credit Bureau. This entails software changes and should be fully operational in the New Year.

We have decided to look at the whole area of costs and income as our margins tighten. This will be undertaken in the new-year and will look at the way we do business. We understand that technology may be part of the solution. Unfortunately, the other financial institutions in town have made it more difficult for their customers to do business. While we are happy to take on this business, we need to streamline our systems, to make this business profitable. We cannot sustain the increase in the "foot-fall", with c.1200 members visiting our office each Saturday.

We would like to be in a position to introduce new services at a faster pace. Unfortunately, the number of new services coming on stream are limited, with the approval process through IFSRA also proving onerous. However, you can rest assured that we will continue in our efforts to make your visit to our credit union a pleasant one.

### **Planning & Development Committee:**

**John Gunnell, B Wright, Liam Phelan, Noel Ryan & Ray McCarthy.**



## Social & Educational Committee Report

As usual, your credit union played an active role in promotional events in the town in the past year.

The year started with the People of the Year Awards, which was held in Racket Hall Hotel and gives recognition to people who help make a difference in the town. The event was very well attended and increases in popularity each year.

On the youth front, the poster competition and primary schools quiz were very well supported. Dromakeenan National School qualified for the national final, but were not in the winner's enclosure.

During the year, we presented St. Cronan's Workshop with the Special Olympics torch, which had been based in the Credit Union offices. It was felt that St. Cronan's was the fitting place for this work of art, which is based in the reception area in St. Cronans and will remind all visitors of the fantastic goodwill and comradeship that was evident in Roscrea during the Olympics.

One of our biggest events this year was the open-air-concerts in the grounds of Damer House. These concerts were attended by 3,000 people and proved to be a huge success. Thankfully, the weather was fantastic, which added to the success of the event.

In September, we changed the format of the car draw – now known as the “Monster Draw”. We now select 10 finalists on a quarterly basis who attend a function in the credit union offices, where each finalist competes for a first prize of €15,000.00 and numerous other prizes. No finalist goes away empty handed.

We continue to sponsor numerous events in and around the town and have entered into a 3-year sponsorship deal with Roscrea Rugby Club, with the Credit Union being the main sponsor. The St. Anne's Golf Classic also continues to be a worthy recipient of sponsorship.

We continue to seek new ways of promoting the credit union to enhance the community. All constructive suggestions are welcome.

### **Social & Educational Committee:**

**Noel Ryan, Brendan Wright, Seamus Mullaney, Tracy Hynes & Dymphna Kealey.**



## Supervisory Committee Report

The Supervisory Committee is answerable directly to the membership, and has the general duty of overseeing the performance by the directors of their functions. This authority gives the Supervisory Committee full access to all the operations and records of the Credit Union, as one of its main functions is to act as the internal auditor of the Credit Union. We, the Supervisory Committee of Roscrea Credit Union Limited are pleased to report that your Credit Union had another very successful year.

We carried out checks on financial records of the Credit Union, including bank statements, lodgements, loan application forms, promissory notes, and accounts paid. We also undertook an inspection of cash on hands during each month.

We are pleased to report an excellent attendance by directors at all Board meetings throughout the year. We attend each of the monthly Board meetings and submit written reports to the Directors for approval by the Board.

Should any member feel that they have a complaint or grievance, or any problem relating to the Credit Union, Supervisors are always available to talk to, or to investigate and resolve any queries they may have.

We have also employed the services of an independent chartered accountant to make independent checks on the day to day running of the Credit Union. The reason we have to employ independent auditors is due to the growth of the Credit Union, which has been phenomenal over the last five years and which would prove impossible for Supervisors, working in a voluntary capacity, to check all aspects of the Credit Union activities.

Finally we would like to take this opportunity to thank our CEO, Ray McCarthy and his wonderful staff for their help and cooperation throughout the year.

### **Supervisory Committee:**

**Maura Coughlan, Tony Mason, Mattie Talbot.**