

## Notes to the Financial Statements - continued

14 Provision for liabilities and charges	Group	
	2003	2002
Group	€'000	€'000
<b>Insurance claims outstanding</b>		
At 1 January	13,273	12,168
Increase in provision for claims outstanding	1,777	1,105
At 31 December	15,050	13,273

The claims outstanding have been established based on an actuarial valuation of the insurance subsidiary's liabilities to policyholders at 31 December 2003.

15(a) Reconciliation of operating profit to net cash inflow from operating activities	2003	2002
	€'000	€'000
Surplus before taxation	14,674	12,732
Non cash exceptional items	(1,685)	—
Depreciation	357	392
Loss on sale of fixed assets	6	13
Return on investments	(4,508)	(6,002)
(Increase)/Decrease in debtors	(1,543)	1,118
Increase/(Decrease) in creditors	1,008	(1,015)
Increase in underwriting liabilities	1,777	1,105
Exchange movements	1,921	1,655
Net cash inflow from operating activities	12,007	9,998

## Notes to the Financial Statements - continued

<b>15(b) Returns on investments and servicing of finance</b>	<b>2003</b>	<b>2002</b>
	€'000	€'000
Interest received	3,894	5,614
Interest element of finance leases	—	—
	<u>3,894</u>	<u>5,614</u>
<b>15(c) Taxation paid</b>	<b>2003</b>	<b>2002</b>
	€'000	€'000
Corporation tax paid	<u>(57)</u>	<u>(243)</u>
<b>15(d) Capital expenditure</b>	<b>2003</b>	<b>2002</b>
	€'000	€'000
Disposal of fixed assets	62	51
Payment to acquire tangible fixed assets	<u>(290)</u>	<u>(226)</u>
	<u>(228)</u>	<u>(175)</u>
<b>15(e) Acquisitions and Disposals</b>	<b>2003</b>	<b>2002</b>
	€'000	€'000
Cash outflow on disposal of Subsidiary undertaking	<u>(159)</u>	<u>—</u>
<b>15(f) Management of liquid resources</b>	<b>2003</b>	<b>2002</b>
	€'000	€'000
Increase in Short Term Deposits	(3,848)	(966)
Net increase in marketable securities	<u>(13,153)</u>	<u>(12,653)</u>
	<u>(17,001)</u>	<u>(13,619)</u>

Notes to the Financial Statements - continued

15(g) Financing

	2003	2002
	€'000	€'000
Capital element of finance lease payments	—	(41)
	—	(41)

15(h) Analysis of changes in net funds	1 January 2003	Cash Flow	Arising on disposal of subsidiary undertaking	Exchange and Other Movements	31 December 2003
	€'000	€'000	€'000	€'000	€'000
<b>Net cash:</b>					
Cash at bank and in hand	2,926	(1,790)	—	—	1,136
Bank overdrafts	(292)	246	—	—	(46)
	2,634	(1,544)	—	—	1,090
<b>Liquid resources:</b>					
Marketable securities	107,266	13,153	—	662	121,081
Short Term Deposits	25,689	3,848	—	(1,921)	27,616
	132,955	17,001	—	(1,259)	148,697
<b>Debt:</b>					
Finance leases	(420)	—	420	—	—
<b>Net cash</b>	<u>135,169</u>	<u>15,457</u>	<u>420</u>	<u>(1,259)</u>	<u>149,787</u>

## Notes to the Financial Statements - continued

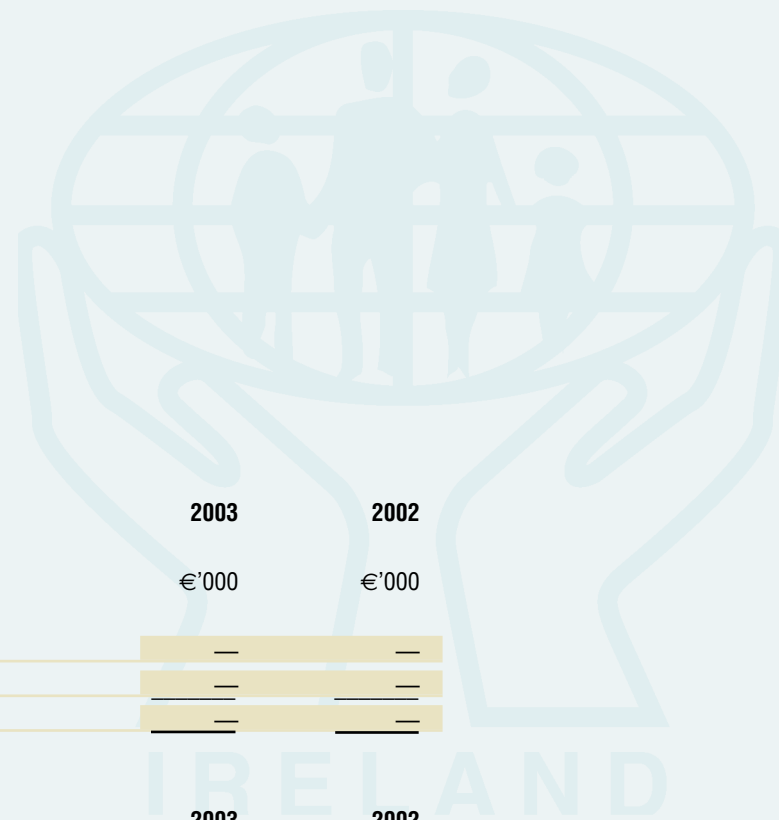
16 Statement of movement in total reserves	Group		League	
	2003 €'000	2002 €'000	2003 €'000	2002 €'000
Opening reserves at 1 January	93,864	81,356	92,339	79,944
Surplus for the year	14,596	12,508	12,346	12,395
<b>Closing reserves at 31 December</b>	<b>108,460</b>	<b>93,864</b>	<b>104,685</b>	<b>92,339</b>

## 17 Guarantees, commitments and contingent liabilities

The SPS Fund has no guarantees outstanding in respect of credit unions at 31 December 2003. The Board has approved CFS loans of €3.6m which have not yet been drawn down.

18 Finance leases - maturity and security	2003 €'000	2002 €'000
Future minimum payments under finance leases are as follows:		
Within one year	—	420
In more than one year, but not more than five years	—	—
After five years	—	—
	<u>—</u>	<u>420</u>

**Notes to the Financial Statements - continued**



**19 Future capital expenditure not provided for**

	<b>2003</b>	<b>2002</b>
	€'000	€'000
Contracted for	—	—
Authorised by directors but not contracted for	—	—
	—	—

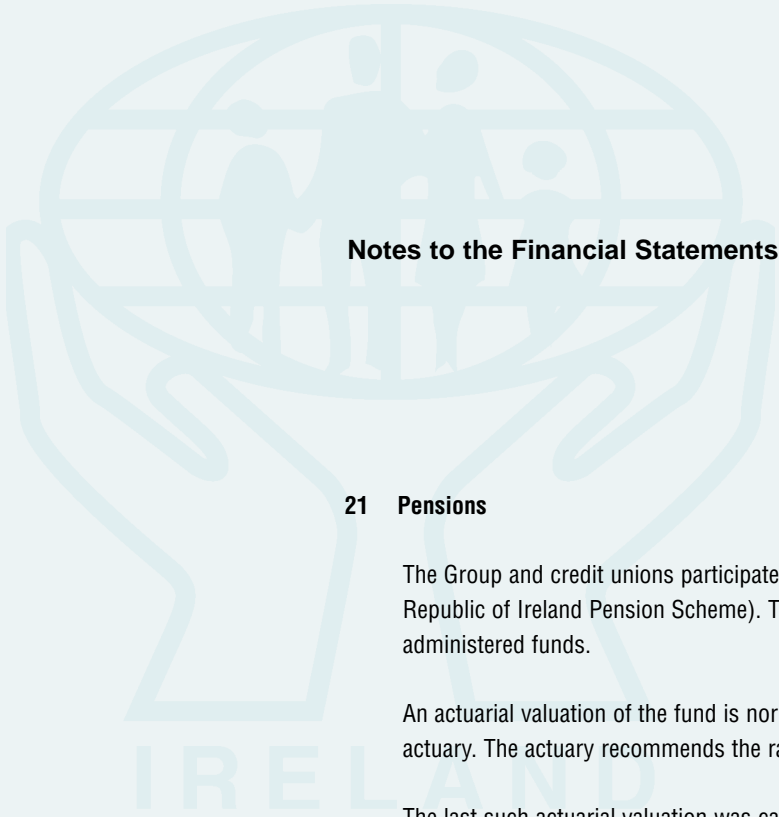
**20 Financial commitments**

<b>2003</b>	<b>2002</b>
€'000	€'000

At 31 December the company had annual commitments under non-cancellable operating leases expiring as follows:

Within one year	—	—
Within two to five years	—	—
After five years	—	—
	—	—

*Statements*



## Notes to the Financial Statements - continued

### 21 Pensions

The Group and credit unions participate in an industry-wide pension scheme for employees (The Irish League of Credit Unions Republic of Ireland Pension Scheme). This is a funded scheme of the defined benefit type, with assets invested in separate trustee administered funds.

An actuarial valuation of the fund is normally carried out every three years by the Scheme's independent, professionally qualified, actuary. The actuary recommends the rates of contribution payable by the entities participating in the scheme.

The last such actuarial valuation was carried out at 1 March 1999 using the Projected Unit Credit method. The principal actuarial assumption used in the valuation was that the investment return would be 2% higher than the annual salary increases. The market value of the scheme's assets at 1 March 1999 was €10.156m. The actuarial valuation disclosed a past service deficit of €38,000.

The scheme is a defined benefit scheme. However, the Group is unable to identify its share of the underlying assets and liabilities. Consequently, the Group accounts for its contributions to the scheme as if it were a defined contribution scheme. Contributions payable to the scheme are recognised in the income and expenditure account.

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## Notes to the Financial Statements - continued

### 22 Subsidiary companies

Name	% Holding	Business	Registered Office
ECCU Assurance Company Limited	100%	Insurance	33-41 Lower Mount Street Dublin 2
ILCU Holdings Limited	100%	Corporate Trustee	33-41 Lower Mount Street Dublin 2
ILCU International Development Foundation Limited	Note 1	Development of International Credit Union Movement	33-41 Lower Mount Street Dublin 2
The ILCU Savings Protection Company Limited	Note 1	To take and enhance security in respect of the Savings Protection Scheme	33-41 Lower Mount Street Dublin 2
ECCU Assurance Company (Services) (UK) Limited*	100%	Dormant	Harman House 1 George Street, Uxbridge, Middlesex, England UBB 1QQ

\* This company is a subsidiary of ECCU Assurance Company Limited.

Note 1: ILCU International Development Foundation Limited and the ILCU Savings Protection Scheme Company Limited are both companies limited by guarantee not having a share capital.

In May 2003 a resolution was passed placing ILCUTECH Limited into voluntary Liquidation.

### 23 Approval of financial statements

The directors approved the financial statements on 21 February 2004.

### 24 Comparative amounts

Certain comparative amounts have been regrouped and restated in accordance with the presentation adopted for the current year.

## Supplementary Information - General Fund

### Income and Expenditure Account Year ended 31 December 2003

	2003	2002
	€'000	€'000
<b>Income</b>		
Income from all insurance operations	11,913	11,078
Other income (Schedule B)	<u>1,896</u>	<u>2,022</u>
	13,809	13,100
Administrative expenses	(8,570)	(8,885)
<b>Operating surplus</b>	5,239	4,215
Interest receivable and similar income	1,211	1,466
Interest payable and similar charges	<u>(242)</u>	<u>(290)</u>
<b>Surplus on ordinary activities before taxation</b>	6,208	5,391
Taxation on surplus on ordinary activities	<u>—</u>	<u>—</u>
<b>Surplus for the year</b>	6,208	5,391
<b>Surplus at beginning of year</b>	<u>18,778</u>	<u>13,387</u>
<b>Surplus at end of year</b>	<u>24,986</u>	<u>18,778</u>

Income and operating surplus arose solely from continuing operations. There were no recognised gains or losses other than those dealt with in the income and expenditure account above and, therefore, no separate statement of total recognised gains and losses has been presented.

There is no difference between the net surplus retained and added to the General Fund for the year stated above and the historical cost equivalent.

## Supplementary Information - Savings Protection Scheme Fund

### Income and Expenditure Account Year ended 31 December 2003

	2003	2002
	€'000	€'000
Sum equal to affiliation fees	2,096	2,122
Insurance operational rebate	2,433	2,340
	4,529	4,462
Administrative expenses	(216)	(112)
<b>Operating surplus</b>	4,313	4,350
Interest receivable and similar income	1,825	2,654
<b>Surplus on ordinary activities before taxation</b>	6,138	7,004
Taxation on surplus on ordinary activities	—	—
<b>Surplus for the year</b>	6,138	7,004
<b>Surplus at beginning of year</b>	73,561	66,557
<b>Surplus at end of year</b>	79,699	73,561

Income and operating surplus arose solely from continuing operations. There were no recognised gains and losses other than those included in the surpluses above and, therefore, no separate statement of total recognised gains and losses has been presented.

There is no difference between the net surplus retained and added to the Fund for the year stated above and the historical cost equivalent.

**Schedule A**  
**Year Ended 31 December 2003**

	<b>2003</b>	As restated <b>2002</b>
<b>CENTRAL INVESTMENT MANAGEMENT</b>	<b>€'000</b>	<b>€'000</b>
<b>Balance Sheet 31 December 2003</b>		
<b>Assets</b>		
Marketable securities	1,529,270	1,189,220
Client bank balances:		
Bank deposit account	1,050	998
	<u>1,530,320</u>	<u>1,190,218</u>
<b>Liabilities</b>		
Credit Unions	1,530,320	1,190,218
	<u>1,530,320</u>	<u>1,190,218</u>

Investment funds are now stated at market value. The accounting policies have been updated to reflect this and the comparative amounts have been restated on this basis. This adjustment increased the value of marketable securities by €22.9m and the amounts due to credit unions by €22.9m.

	<b>2003</b>	As restated <b>2002</b>
<b>MOVEMENT IN BALANCES DUE TO CREDIT UNIONS</b>	<b>€'000</b>	<b>€'000</b>
<b>Year Ended 31 December 2003</b>		
Opening balances	1,190,218	767,807
Placed for Credit Unions during the year	434,006	541,359
Withdrawals during the year	(130,438)	(163,606)
Income added	36,534	44,658
Closing balances	<u>1,530,320</u>	<u>1,190,218</u>

## General Fund

### Schedule B

Year Ended 31 December 2003

#### General Fund Other Income

	2003	2002
	€'000	€'000
Commission on stores sales (net)	34	2
Recovery of costs on CIM funds	1,141	974
Rental income and management fee	407	326
ATM income	68	480
Training income	246	240
<b>Total Income</b>	<b>1,896</b>	<b>2,022</b>

# Statements



## General Fund

### Schedule C Year Ended 31 December 2003

#### General Fund Expenditure

	2003 €'000	2002 €'000
<b>Meeting costs:</b>		
Annual general meeting costs	177	174
Board costs	163	185
Other committee costs	8	12
Delegation expenses	12	15
Supervisory committee costs	28	25
UGM/SGM/New legislation	4	79
Taxation/deregulation seminar	—	26
Insurance forum	11	14
	<u>403</u>	<u>530</u>
<b>Management and field services expenses:</b>		
Salaries, wages and staff costs	3,441	3,241
Travelling and subsistence expenses	225	260
Professional charges	1,101	1,079
Audit fees	73	29
Interest and bank charges	271	352
Depreciation on motor vehicles	74	68
Loss on sale of fixed assets	6	13
	<u>5,191</u>	<u>5,042</u>

## General Fund

### Schedule C - continued Year Ended 31 December 2003



	2003 €'000	2002 €'000
<b>Accommodation and office expenses:</b>		
Rent and rates	75	70
General insurance	117	88
Light and heat	68	63
Telephone	55	56
Postage	90	92
Printing, stationery and office supplies	274	242
Cleaning and security	88	92
Repairs, renewals and maintenance	209	166
Depreciation of equipment	128	167
Depreciation of premises	154	154
Software licences and support	23	7
ILCU Law Library	5	8
ATM Costs	90	457
	<u>1,376</u>	<u>1,662</u>

# Statements



**General Fund**

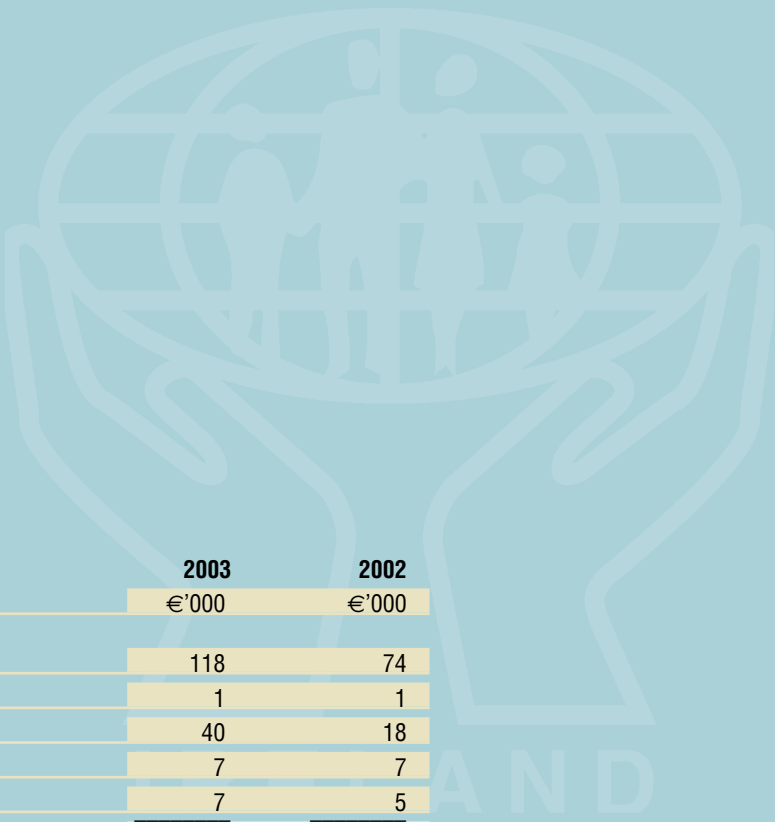
**Schedule C - continued  
Year Ended 31 December 2003**

	<b>2003</b>	<b>2002</b>
	€'000	€'000
<b>Other expenses:</b>		
Exchange loss	258	212
Promotion	291	272
Training	356	427
International affairs	154	186
Donations	—	1
“Credit Union Review” – net cost	15	22
SPS review	32	3
	<u>1,106</u>	<u>1,123</u>
Discount on insurance prepayment scheme	736	818
<b>Total expenditure</b>	<u>8,812</u>	<u>9,175</u>

*Financial*

**Schedule D**  
**Year Ended 31 December 2003**

**ILCU INTERNATIONAL DEVELOPMENT FOUNDATION LIMITED COSTS  
BORNE BY THE GENERAL FUND**



	<b>2003</b>	<b>2002</b>
	<b>€'000</b>	<b>€'000</b>
Salaries, wages and staff costs	118	74
Board costs	1	1
Accommodation and office expenses	40	18
Phone	7	7
Printing and stationary	7	5
	<u>173</u>	<u>105</u>

*Statements*

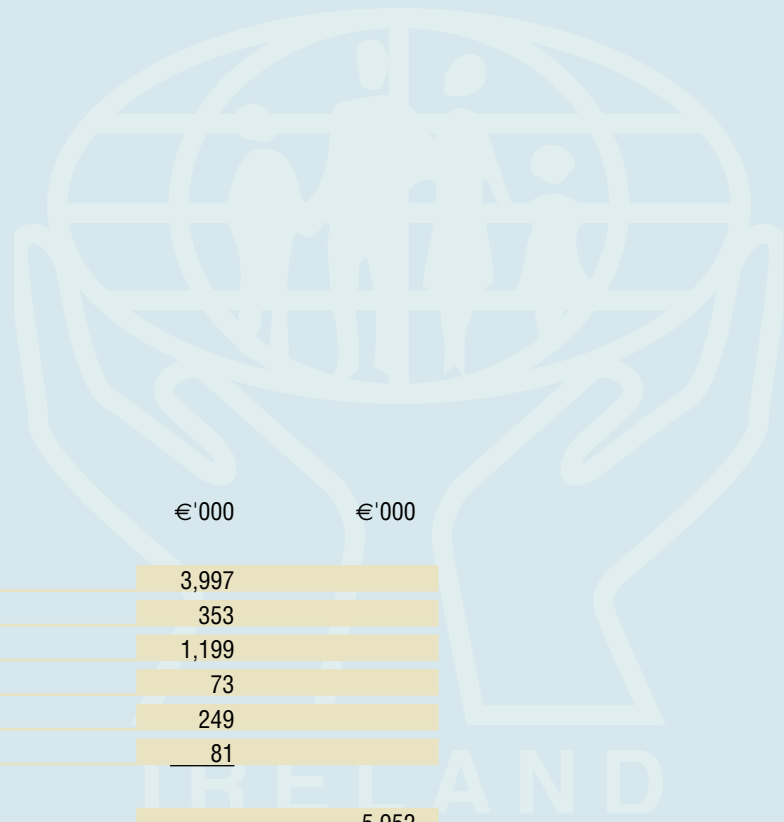
**INCOME & EXPENDITURE BUDGETS  
FOR YEAR ENDED 31 DECEMBER 2004**

<b>2004 INCOME ESTIMATES</b>	<b>€'000</b>	<b>€'000</b>
Affiliation Fees	3,600	
LP / LS Retention	4,340	
Star Plan Retention	452	
HomeUnion Commission	180	
AutoUnion Commission	36	
RPI Commission	750	
Serious Illness Commission	50	
General Insurance Commission	6	
DBI Commission	540	
Starplan Travel	60	
Investment Income	999	
Commission on Supplies Sales	40	
Recovery of Costs on CIM Funds	676	
Rental Income & Management Fee	406	
Training Income	352	
<b>TOTAL 2004 INCOME ESTIMATE</b>		<b>12,487</b>

**2004 EXPENDITURE ESTIMATES  
MEETING COSTS**

Annual Meetings	239	
Board Costs	168	
Other Committee Costs	12	
Delegation Expenses	24	
Supervisory Committee Costs	20	
New Legislation	12	
Taxation / Deregulation	6	
Special Insurance Forum	23	
		<b>504</b>

**INCOME & EXPENDITURE BUDGETS  
FOR YEAR ENDED 31 DECEMBER 2004**



**MANAGEMENT AND FIELD SERVICES EXPENSES**

	€'000	€'000
Salaries, Wages and Staff Costs	3,997	
Travel and Subsistence	353	
Professional Charges	1,199	
Audit Fees	73	
Bank Interest and Charges	249	
Depreciation of Motor Vehicles	81	
		5,952

**ACCOMMODATION AND OFFICE EXPENSES**

Rent and Rates	80	
General Insurance	148	
Light and Heat	69	
Telephone	60	
Postage and Courier	89	
Printing	197	
Stationery and Office Supplies	100	
Cleaning and Security	93	
Office Maintenance and Repairs	57	
Hardware Maintenance	81	
Software Maintenance	80	
Depreciation of Fixtures and Fittings	48	
Depreciation of Computers	69	
Depreciation of Premises	154	
Software Licences and Support	60	
ILCU Law Library	9	
		1,394

**INCOME & EXPENDITURE BUDGETS  
FOR YEAR ENDED 31 DECEMBER 2004**

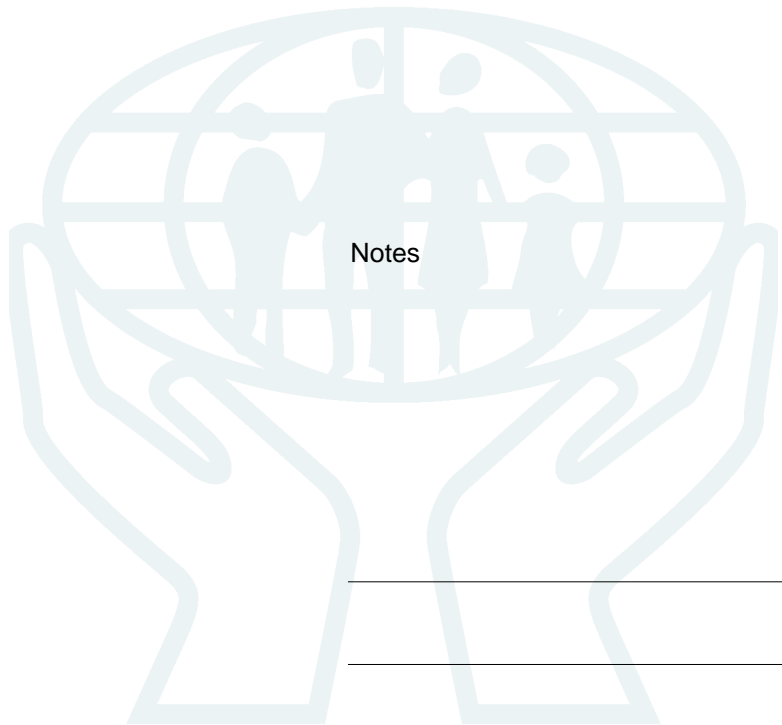
<b>OTHER EXPENSES</b>	<b>€'000</b>	<b>€'000</b>
Promotion and Training	677	
World Council Dues	76	
International Affairs	86	
Donations	1	
SPS Review	71	
Workers Co-Operative Grants	30	
'Credit Union Review' - Net Cost	25	
Discount on Insurance Prepayment Scheme	592	
		<u>1,558</u>
<b>TOTAL 2004 EXPENDITURE ESTIMATE</b>		<b>9,408</b>
<b>PROJECTED 2004 SURPLUS</b>		<b>3,079</b>
<b>CASH FLOW IMPLICATIONS</b>		
Projected 2004 Surplus		3,079
Add: Depreciation		352
		<u>3,431</u>
Less: Projected Capital Expenditure 2004		3,386
<b>PROJECTED CASHFLOW FOR YEAR 2004</b>		<b>45</b>

**INCOME & EXPENDITURE BUDGETS  
FOR YEAR ENDED 31 DECEMBER 2004**

**CAPITAL BUDGET ESTIMATES  
FOR YEAR ENDED 31 DECEMBER 2004**

	€'000
<b>FIXED ASSETS:</b>	
Car purchases and replacement	100
Computer Hardware	36
	<u>136</u>
<b>SPS LOAN</b>	
Capital Repayment - Premises Loan and ISIS Loan	350
<b>ECCU SHARES:</b>	
Eccu Assurance Co. Ltd.	
Call on share capital payable December 2004	<u>2,900</u>
<b>TOTAL 2004 CAPITAL BUDGET ESTIMATES</b>	<u>3,386</u>

*Statements*



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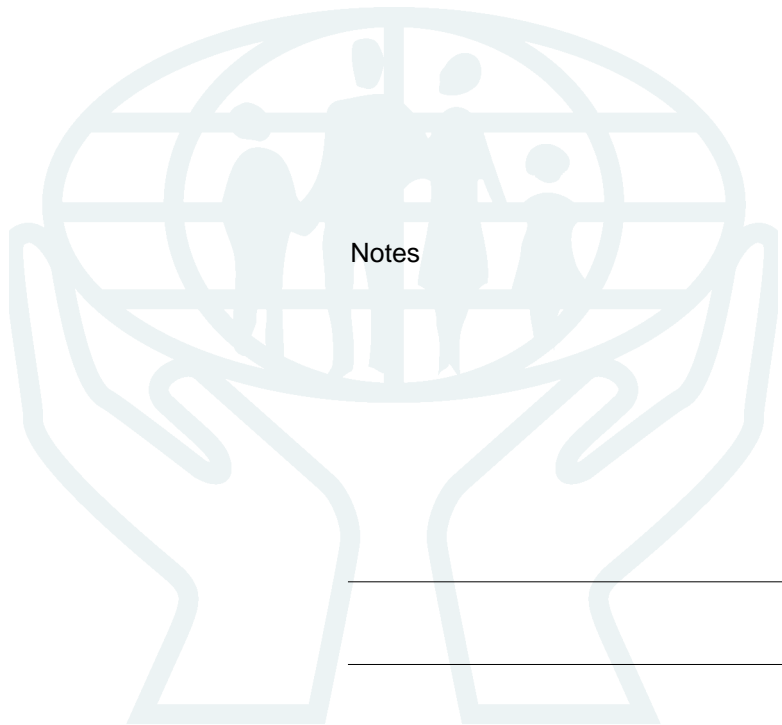
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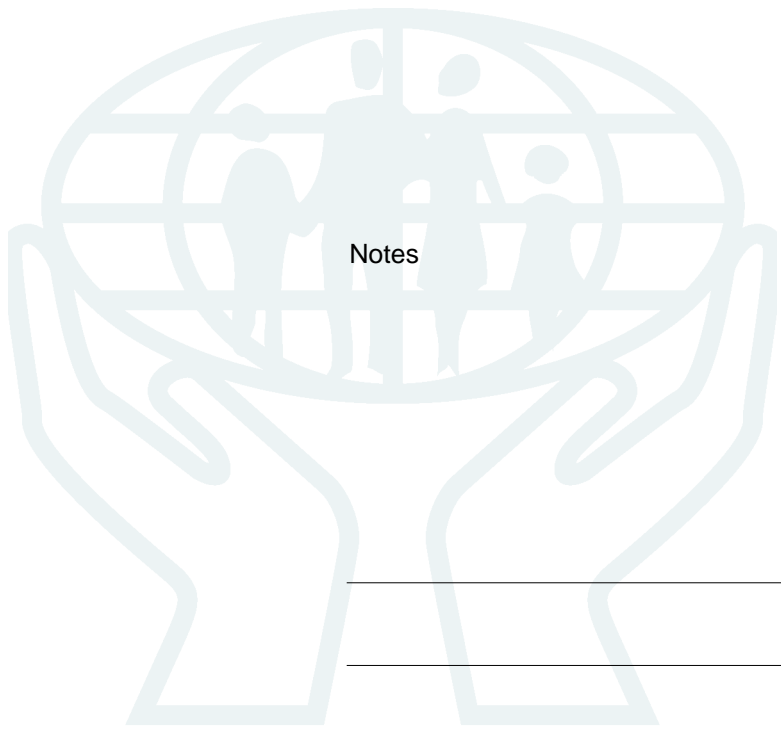
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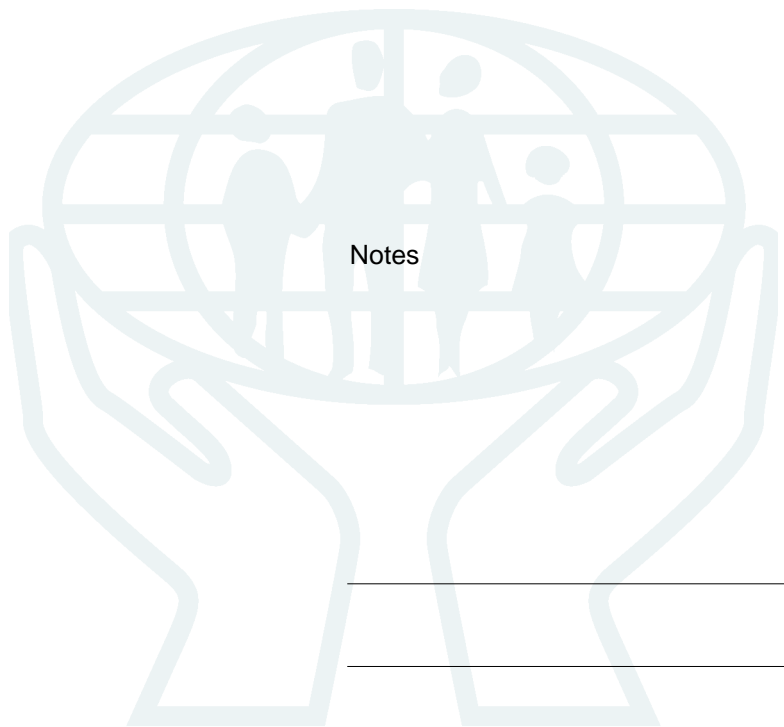


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