ILCU International Development Foundation
(A company limited by guarantee not having a share capital)

Annual Report and Financial Statements

Financial Year Ended 31 December 2017

Company Number: 144006

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DIRECTORS AND OTHER INFORMATION

Board of Directors

Mr E Sharkey (Chairperson)
Ms V Keavey
Mr J Toner
Ms M Heffernan
Ms M Sealy
Dr Monica Gorman (Volunteer Board Advisor)

Solicitors

McCann Fitzgerald
Riverside One
Sir John Rogerson's Quay
Dublin 2

Secretary and Registered Office

Mr A Moore
33-41 Lower Mount Street
Dublin 2

Charity Registered Revenue Number: CHY 9704

Company Registered Number: 144006

Registered Charity Number: 20024314

Bankers

Bank of Ireland
Rathfarnham Shopping Centre
Rathfarnham
Dublin 14

Bank of Ireland
4/6 High Street
Belfast BT1 2BA
Northern Ireland

Independent Auditors

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
One Spencer Dock
North Wall Quay
Dublin 1

DIRECTORS' REPORT

The directors present herewith their report and the audited financial statements for the financial year ended 31 December 2017.

Statement of Directors' Responsibilities
The directors are responsible for preparing the directors' report and the financial statements in accordance with Irish law.

Irish law requires the directors to prepare financial statements for each financial year giving a true and fair view of the company's assets, liabilities and financial position at the end of the financial year and the profit or loss of the company for the financial year. Under that law the directors have prepared the financial statements in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland and promulgated by the Institute of Chartered Accountants in Ireland and Irish law).

Under Irish law, the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year and the profit or loss of the company for the financial year.

In preparing these 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;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The purpose of the Foundation
The mission of the ILCU International Development Foundation ("the Foundation") is to help alleviate poverty in developing countries by supporting credit unions and their representative bodies as a means for social-economic development through the provision of financial and technical assistance.

The main strategy employed by the Foundation to achieve this Mission is co-funding long term programmes with developing credit union movements in selected countries.

The Foundation shares the Irish movement's knowledge and experience with countries keen to develop or initiate their own credit unions. The Foundation uses its experience and expertise to provide an appropriate transfer of skills to our partners, helping them to develop sustainable credit union movements, procedures and practices to alleviate poverty. In 2017 the Foundation continued to support credit union systems in its three core countries The Gambia, Ethiopia, and Sierra Leone. In addition, during the year the Foundation assisted credit union movements in Albania, Russia, Ghana, Ukraine, Moldova and Zimbabwe.

DIRECTORS' REPORT - continued

The characteristics of this support include:

- Technical support and training; provided on a broad range of financial co-operative issues;
- Capacity building; of financial co-operative movements, including apex organisations;
- Maximising aid effectiveness; through knowledge management, exchange programmes and the development of local capabilities to deliver technical expertise;
- Poverty focus; an emphasis on poverty reduction is core to the Foundation’s programme and partner selection process.

Strategy
The Foundation’s current five year strategic plan is a concise document that sets clear and measurable targets, on the key issues that the Foundation will focus on from 2013 to 2018. The overall aim of the strategic plan is to further improve the quality of the Foundation’s work in assisting international credit unions and their members to reduce poverty in the developing world.

The scope of the strategy was agreed by the Board of Directors and generating the plan involved all staff, local partners, external stakeholders and working sessions with the Board of Directors. Input was also received from Irish Aid and other key international external funding agencies.

The Foundation’s Strategic Plan 2013 to 2018 sets out six Strategic Objectives which are as follows:-

1. Support the delivery of high quality credit union development and humanitarian assistance programmes.
2. Significantly increase awareness of the Foundation within the Irish credit union movement, and stabilise Irish credit union voluntary contributions.
3. Increase the Foundation’s grant funding from institutional agencies.
4. Expand support to new country credit union movements.
5. Enhance the Foundation’s capacity to provide more technical assistance to our partners to build their in-country capacity.
6. Develop management information systems and processes to allow the Foundation to enhance its ability to be a learning organisation.

Collectively in 2017, with our international credit union partners the Foundation’s work assists over 800,000 credit union members in excess of 1,000 credit unions.

2017 Highlights - Activities, Impact and Main Accomplishments

Sierra Leone and The Gambia
The Foundation continued the implementation of a three-year programme (2015-2018) co-funded by Irish Aid to support the credit union movements in Sierra Leone and The Gambia, two of the poorest countries in the world in 2017. The project aims to promote economic growth and inclusive development by building sustainable members-owned financial services for rural poor communities in both countries. This project remains part of the Foundation’s long-term commitment towards supporting Sierra Leone and The Gambia.

The project facilitated a strong growth in national credit union membership in both countries. By November 2017, in Sierra Leone there were 6,828 credit union members of whom 53% were women and 8% are groups comprised predominantly of women. Membership is on track to reach the final year target of 7,000 for the Irish Aid supported programme. Rural membership grew to 4,463 across 24 credit unions.

In The Gambia, the credit union movement also progressed well. Credit union membership grew to 81,107 by September 2017, surpassing the year 3 target of 73,000 for the Irish Aid supported programme. Women accounted for 29% of the Gambian total national credit union membership, and in rural credit unions women and women’s groups made up 63% of the membership, which is the focus of the project.

Project innovations to target the very poor – Graduation Microfinance (GMF) and Savings Boxes continued in both countries. Through regular meetings, GMF members receive training in financial literacy, and, when ready, obtain small loans, which they repay while also saving incrementally. This approach helps people develop savings habits and graduate to become full individual credit union members.

DIRECTORS' REPORT - continued

The project mid-term review carried out by an external evaluator noted that the project remained well on track towards achieving its goals. The Foundation staff and volunteers visited both countries during the year, providing technical assistance and training through monitoring visits and volunteer coaching programmes. While the coaching programme in The Gambia had to be postponed due to the political impasse, this took place in January 2018.

Ethiopia
In 2017, the Foundation started a new project Improving Rural Financial Inclusion through Co-operatives (IRFITCO) which follows the successful completion of the Twinning Arrangement between the Federal Cooperative Agency (FCA). Both projects are co-financed by the International Fund for Agricultural Development (IFAD). Having started with the Steering Committee meeting held in May in Tanzania, the project inception phase was successfully completed by the end of Q3 when the country diagnostic study was finalised alongside the detailed implementation plan. The country diagnostic study confirmed that consolidation of the credit union movement, development of regional federations; standardisation and institutional strengthening with focus on modernisation both at primary and federation/apex level will allow credit unions to stay competitive and develop. In November, the first training on apex formation took place in Addis Ababa, facilitated by two experienced trainers – one Irish and one Kenyan.

In addition to the partnership with the Ethiopian Government, the Foundation continued its collaboration in Ethiopia with Gorta-Self Help Africa (GSHA), with a focus on progressing the institutional and financial sustainability of four new Unions (Chapters) and the support services they provide to their member credit unions, while simultaneously increasing GSHA's capacity as a technical assistance provider. To ensure that the project approach remains effective, efficient and relevant, the Foundation commissioned a mid-term review which confirmed that the project is on track, even though delays have been experienced during 2017 due to instability and deterioration of the security situation in some regions.

Movement towards Achieving Strategic Objectives

1. Support the delivery of high quality, credit union development and humanitarian assistance programmes, primarily focused in Sub-Saharan Africa.

    - In late 2017, the Foundation commenced a rapid impact assessment of CU membership in Sierra Leone. Questions were asked about change at individual, household and business level. A sample of CU members and non-members were surveyed. CU members primarily attributed the increase in their business activity to access to financial services, both savings and loans. A much higher proportion of CU members stated their social standing in the community had improved over the past 12 months compared to non-members, 90% and 35%, respectively. When asked what caused the change, many stated they garnered respect due to their improved personal economic situation, and many noted that people in their community came to them for help. A similar proportion of CU members expressed that their position within their family improved. The improvement in CU members' position in their families was primarily attributed to being better able to provide for their family. 36% of members listed "improved food" as a significant change in their household over the past year, compared to just 8% of non-members.

    - The Foundation updated its Monitoring and Evaluation (M&E) guidelines with particular focus on cross-cutting issues (gender, HIV and AIDS, environment).

    - Following the external review of the Change Study to assess the impact of the Foundation's long term partnership approach in Albania and The Gambia, summaries of the key findings were produced and shared with various external audiences.

2. Significantly increase awareness of the Foundation with the Irish credit union movement and stabilising Irish credit union voluntary contributions.

    - With the goal of increasing awareness among target audiences and stakeholders, the Foundation has been successful in implementing an integrated communications and fundraising strategy through targeted credit union visits and international partners' study tours.

      Non-emergency related voluntary contributions from the Irish League of Credit Unions ("ILCU") affiliated credit unions and their members increased in 2017 by 4%. The Foundation relies on this income as its primary source of funding to achieve its objectives and would like to thank all supporters for their ongoing contributions towards its work.

DIRECTORS' REPORT - continued

- During 2017 the Foundation was present at all major national events, such as the ILCU AGM, and CUMA (Credit Union Managers' Association) conference. In addition, the Foundation presented at a number of ILCU Chapter meetings and met with over 60 credit unions individually during the year.

3. Increase the Foundation's grant funding from institutional agencies.

- The Foundation has generated external funding which is equal to 39% of its annual credit union contributions due to its ongoing partnerships with Irish Aid, IFAD (International Fund for Agricultural Development), USAID (United States Agency for International Development) and other international agencies.
- Specifically in 2017 the new major IRFITCO funding contract was signed with IFAD to support credit unions development at a national level in Ethiopia, which is expected to result in over €800,000 in funding during the next 4 years.
- The Foundation started the development of a new Irish Aid proposal, by conducting field research in Sierra Leone and ensuring participation of beneficiaries in the design of the project.

4. Expand the support to credit union movements in new countries.

- In Moldova, the Foundation completed an assessment of the credit union sector which was validated by the key stakeholders during a workshop held in Chisinau in April 2017.
- In the Ukraine, the Foundation facilitated a strategic planning process with the Ukrainian National Association of Credit Unions (UNASCU, a national credit union apex body) and built its capacity in internal audit, as a partner of WOCCU (World Council of Credit Unions) and UNASCU in a 4-year project. ILCUF technical adviser and two volunteer consultants from the Foundation's partner organisation Moore Stephens travelled to the Ukraine to provide the support.
- Toward the end of 2017, progress was made toward carrying out a country diagnostic study in Zimbabwe, following the scoping visit in 2016.

5. Enhancing the Foundation's capacity to provide more technical assistance to our partners to build their in-country capacity.

- In 2017, the Foundation continued the development of the technical resources for the FAO (Food and Agriculture Organization) and ILO (International Labour Organization): My.Financial.Coop training package for financial apex organisations. The Foundation's Technical Adviser travelled to Ghana to take part in the piloting of the training for a mature apex. The same training package was piloted for emerging apexes in Ethiopia as part of the federation formation training (IRFITCO project).
- In The Gambia a social performance management (SPM) audit was conducted, following the successful experience in Albania in the previous year. SPM ensures that financial institutions achieve their social mission and goals. The current level of social performance management (in terms of adherence to Universal Standards of Social Performance) was assessed and an action plan to improve credit union practices were agreed on. The Foundation's Technical Adviser was certified as a SPI4 auditor and will now be able to lead in further social performance audits in other countries.
- The Foundation created a full set of training materials on credit cooperation for a Regulator of credit unions in Russia. This work was commissioned by the Bank of Russia and the materials will form the basis for similar trainings that the Foundation will provide in other countries where works with regulatory bodies.
- A number of technical manuals and toolkits were produced during 2017. These include a strategic planning toolkit, country diagnostic study toolkit, stabilisation technical note, PEARLS manual and market research toolkit.

6. Develop management information systems and processes, to allow the Foundation to enhance its ability to be a learning organisation.

- Internal thematic learning workshops in 2017 focused on topics relevant to the Foundation's strategic planning process. These included a session on engagement with the private sector and reflection on the Foundation's vision, mission and values, as well as how the Foundation can continue to add value in the fast changing environment and take advantage of the technological developments.
- Three ezines were created and disseminated among the Foundation's staff and partners.

DIRECTORS' REPORT - continued

Focus for 2018
During 2017, the Foundation Board and staff started the research to develop its next strategic plan. This detailed analysis highlights that the Foundation works in an environment that is currently undergoing major structural change. It also confirmed that there are a range of key factors, including those below that are not yet clearly defined:

- The continually evolving and maturing international development space;
- Changing investment priorities and mechanisms adopted by traditional funders;
- Increasing importance of working collaboratively with new partners, often in different sectors and including the private sector if appropriate;
- The increasingly important role of technology within the financial services space.

Given this fluid situation, the Board decided that over the next 12-18 months the Foundation should focus a significant amount of its resources on piloting and exploring new interventions and partnerships.

At the end of this period of action-orientated strategic testing, and with its practical results, the Foundation will be able to develop a robust new strategic plan. In this plan it is expected that the factors outlined above will have a significant and permanent impact on the Foundation’s work at a strategic level, leading to an evolution in the content of our work, the way in which we work and how we are funded.

In addition to the above, the Foundation will continue to implement the end of the 2013 - 2018 Strategic Plan and the following objectives will be focused on in 2018:

- Develop new long-term projects with our partners to improve access to savings and loans services, and to continue to access grant funding from existing institutional donors. This will include submitting an application to Irish Aid in January 2018 and exploring opportunities that may arise from the EU.
- Increase our engagement with and financial support from our Irish credit union supporters.
- Continue the implementation of the IRFITCO project In Ethiopia, in collaboration with Co-operative Development Foundation of Canada (CDF Canada) and African Confederation of Co-operative Savings & Credit Associations (ACCOSCA).
- Carry out final evaluations of The Gambia and Sierra Leone programme and ILCUF-GSHA project in Ethiopia.
- Continue to explore new countries and establish itself in the countries where it started working recently, while maintaining relationships with core countries.
- While the Foundation will continue to use the expertise from the Irish credit union movement, it also plans to engage a growing number of African-based experts, developing South-South cooperation among apex organisations and their network.
- Continue to produce relevant technical resources striving to build up its expertise. The Foundation plans to develop technical resources including a strategic planning toolkit for emerging apexes, technical resources on digital financial services, apex formation and development, a set of materials for capacity building of regulators in Ethiopia, and revised financial literacy manual for (semi)-illiterate audiences

Staff and Volunteers
The Foundation has an active and growing network of credit union volunteers who support our work by providing technical advice to our partners and promoting/fundraising for the Foundation in Ireland. The Board acknowledge with gratitude the work of its staff and that of its volunteers in 2017. In the current year volunteers provided assistance to CU movements in Sierra Leone, Ukraine, Ethiopia and Russia. The major achievements during the year are due to the dedication, belief and commitment of all of these people.

Governing Document
The ILCU International Development Foundation was incorporated on 20 April 1989 and is a Company limited by guarantee not having a share capital. The company is exempt from corporation tax. The objects of the company are charitable in nature with established charitable status, (Charity Number CHY 9704 and Charities Regulatory Authority Number 20024314). All income is applied solely towards the promotion of charitable objectives of the Company.

DIRECTORS' REPORT - continued

The Constitution of the Company is the fundamental governance document of the Foundation. The Board of the Foundation acts as the governing body. The Board is committed to maintaining the highest standards of corporate governance, and during 2017 it formally reviewed in detail and up-dated its Corporate Governance Policy. This Policy is compliant with the Dochas Code of Corporate Governance, and has been adapted to meet the specific governance requirements of the Foundation.

Appointment of Directors
All Board members are non-executive directors, with three directors appointed from the Board of the Irish League of Credit Unions ("ILCU"). The remaining two Director positions are filled from outside the ILCU Board. The Directors, as a consequence, are from a broad mix of backgrounds, the intention being to have a Board with a wide mix of competencies and qualifications, with a particular emphasis on securing Directors committed to development issues, and those with knowledge and experience of the credit union environment. The Board also recognises the requirement to include on its Board, Directors with other business and financial expertise.

It is Board policy to ensure that the Board refreshes itself on a regular basis. In this regard, Directors retire in a manner that ensures that there is continuity of knowledge and expertise on the Board, without permitting Directors to serve for an unduly long period.

Consistent with this approach, the Board recognised the need to increase its own scope to broaden its skillset and it approved to co-opt an external person to attend Board meetings. In line with this, the Board has recruited an adviser with a high level of expertise in international development to provide input and advice at its Board meetings.

Directors' Induction and Training
During the year, new directors received formal induction and were provided with appropriate information relating to the Foundation's affairs, including its financials, strategies, corporate governance and risk exposures.

Decision Making
There is a clear division of responsibilities between the functions of the Board and those of the management day to day management of the Foundation, which is delegated by the Board to the General Manager. The Board is responsible for providing leadership, setting strategy and ensuring control. Notwithstanding the level of delegation to management, the Board accepts that it has the primary responsibility to ensure that the Foundation is effective and is achieving its strategic objectives consistently.

The Foundation has a clear and defined process for reporting management information to the Board. The Board is provided with regular information, which includes key performance and risk indicators for all aspects of the organisation. The Board meets regularly and otherwise as required with a minimum of six Board meetings annually.

The Board cannot, under the governing documents, receive remuneration for services to the Foundation, and may only be reimbursed for approved expenses arising from their duties as Directors.

Risk Management and Internal Control
The Board recognises that all significant risks facing the organisation must be identified, and the Board reviewed and updated its Risk Register in 2017, on a quarterly basis, to identify how these risks can be monitored, managed and reported on. The Risk Register specifies who has responsibilities within the organisation for identifying monitoring and controlling key risks. The Board also updated its overall risk policy in 2017.

The Board takes the view that all risks should be capable of identification before they cause damage to the Foundation, and the Board is responsible for ensuring that sufficient resources are made available to guard the organisation against the occurrence of all major known risks, so that the likelihood of occurrence is kept within reasonable limits. The Board has identified the following major risks:

- The risk of voluntary and grant income sustainability. The Board has responded to this risk by putting in place wide ranging bespoke fundraising strategies to ensure income from these two critical sources continues to grow in a balanced way. The Foundation is also further diversifying the budget by developing new annual income from corporate sponsorship and endowment funding.

DIRECTORS' REPORT - continued

- The risks associated with cash flows, particularly where the economic situation has the potential to reduce the amount or timing of income from voluntary contributions. The response of the Board is to be sensitive to the reality that cash flows can lag behind associated programme expenditure, and the reserves policy adopted by the Board is structured to ensure that unrestricted reserves are brought to a sufficient level to act as a cushion against any such cash flow sensitivities.
- The risk of loss of key employees. Critical to the success of the Foundation is its ability to attract and retain qualified professional and socially motivated staff. The Board responded to this risk by commencing a review of its human resources policies and procedures.
- The risks relate to poor management control including internal control. The response of the Board is to periodically conduct an assessment of the effectiveness of internal controls in the Foundation. Annually the Board commissions an internal audit of one of its international credit union partners, which occurred in Sierra Leone in 2017.

The directors recognise the Board's overall responsibility for the organisation's systems of internal control and for reviewing the effectiveness of these systems. The board has delegated responsibility for the implementation of this system of internal control to the executive management of the ILCU. This system includes financial controls, which enable the Board to meet its responsibilities for the integrity and accuracy of the organisation's accounting records.

Key Elements of Internal Control Systems include:

- The Foundation has strict policies and procedures in place for the receipt, recording and control of donations received from credit unions;
- Procedures and control systems are formally documented in a series of partnership and project agreements that are reviewed on a regular basis on a project-by-project basis;
- There is a formal organisational structure in place with clearly defines lines of responsibility, division of duties and delegation of authority;
- A detailed 3 year budget is prepared annually and updated quarterly which is in line with the Strategic Plan and approved by the Board. Actual results and outcomes are compared regularly against the budget and prior year to ensure alignment with budget tight administration control, and value for money;
- The Board maintains a reserve policy that exceeds the minimum recommended for charities to mitigate the increasing risks of the uncertain economy and to ensure sustainability of the Foundation's services.

Financial Instruments, Financial Risk Management Policies and Strategies
As the Foundation relies on its incoming resources and its reserves to finance its operations, its financial instruments are confined to marketable securities, short-term investments, cash and liquid funds. The Foundation does not trade in derivatives or other complex financial instruments. Furthermore the Foundation has a formal investment policy stating that funds can only be invested in 100% capital guaranteed investment products.

The Foundation is exposed to each of these financial risks is summarised as follows:

- **Credit Risks:** This is the risk that the banks holding the Foundation's current and deposit accounts may not be in a position to repay on the funds deposited. The Foundation manages this risk by assessing the banks where cash deposits are held.
- **Foreign Exchange Risks:** The Foundation receives the majority of its income in euro and amounts received in foreign currencies (mainly Sterling) are transferred immediately into euro on receipt. The Foundation's overseas programmes are committed in euros. Our project partners' are denominated in six local currencies and this by its nature may spread foreign exchange risk to the Foundation if the euro commitment is significantly below the target project amount due to foreign exchange movement. However, the risk to the Foundation is minimal. This currency risk is also monitored on an on-going basis.
- **Interest Rate Risks:** The Company's assets are managed by third parties in line with the Foundation's investment policies. Investment management meetings are held regularly with the Foundation's investment adviser to ensure compliance with the investment policy in place.

DIRECTORS' REPORT - continued

- **Liquidity Risks:** This is the risk that the Foundation will have temporary deficits in its cash flow in terms of meeting its day to day commitments. This generally arises from timing differences between income flows and expenditure outlays. The Foundation's liquidity is managed by holding deposits on short call notice, and by retaining sufficient designated reserves to cover cash flow requirements. When absolutely necessary, the Board can approve the securing of short term overdraft facilities with the Foundation's bankers; this has not arisen in the current year.

Compliance with Sector-Wide Standards

As part of Foundation's efforts to improve its work, the Directors and staff of the Foundation monitor and engage with standards and codes which are developed for the sector in Ireland. Currently the Foundation subscribes to the following standards:

- Dochas Code of Corporate Governance
- Dochas Code of Conduct on Images and Messages
- Charities Institute Ireland's Triple Lock Standard
- Comhlamh Code of Practice for Volunteers

Financial Overview of the Foundation in 2017 and Future Developments

For the year ended 31 December 2017, the Foundation received funding income of €1,174,464 (2016 €1,282,952). Voluntary contributions from Credit Unions amounted to €710,550 (2016: €635,186) and the company's parent undertaking, the Irish League of Credit Unions contributed certain professional services and facilities to the Foundation valued at €184,032 (2016: €198,673). External funding from Institutional and Non-Institutional donors totalled €279,882 (2016: €449,093). Included in External Funding are the following:-

- €110,000 of the €160,000 which was received during the year from Irish Aid has been recognised as income in 2017. The Irish Aid monies are Irish Government Contributions to the programme activities of a 3 year credit union strengthening project in The Gambia and Sierra Leone (2015-2018) which is co-funded with the Foundation;
- €94,889 was recognised in 2017 in relation to consultancy projects performed by the Foundation for IFAD (International Fund for Agricultural Development) in Moldova and Ethiopia.

The Foundation has continued to be very active in 2017 with overall expenditure amounting to €1,109,177 (2016: €1,188,912)

- Project Expenditure amounted to €1,065,955 (2016: €1,140,473) with Ethiopia, Sierra Leone and The Gambia, as the Foundation's core countries, continuing to receive significant support from the Foundation. The Foundation was also pleased to work with providing technical assistance towards strengthening the Ukrainian and Moldovan credit union movements in 2017 and continued to support the Russian movement. €25,000 was provided to credit unions in the Caribbean on a one-off basis by way of emergency funding following the Hurricane Maria in September 2017. €80,800 was provided toward humanitarian aid in drought stricken East Africa and €25,000 toward alleviating hardship caused by mudslides in August 2017 in Sierra Leone.

- Costs of raising funds of €43,222 (2016: €48,439) remained a small proportion of overall expenditure as the Foundation continues to expand resources on project specific expenditure in relation to recipient countries.

As at 31 December 2017 the Board has approved commitments for future expenditure in a number of project countries which have been accrued for in the Financial Statements. The Board has also committed an amount of €100,000 for Albania which has not been accrued for as it does not constitute a liability under FRS102. The amount has been disclosed as a commitment in the financial statements.

DIRECTORS' REPORT - continued

Reserves and Financial Position
The Foundation is committed to a strategy that ensures that the Foundation's reserve levels are sufficient that the organisation has a strong financial capital to maintain its current activities and grow in the future. The Board review the level of reserves annually.

The reserves of €2,511,806 at 31 December 2017 (2016; €2,446,034) are detailed in note 17 of the Financial Statements and fall into two categories:-

- The Gus Murray Memorial Endowment Fund of €2,000,000 (2016: €2,000,000) which was established as a memorial to Mr. Gus Murray and its sole objective was to ensure assure funding obligations to the Foundation's existing credit union projects. In 2015, the Board approved an additional objective for the Fund that its annual investment income will be used to support the ongoing development programmes of the Foundation. In order for this to be achieved on a sustainability basis, the Board completed an in-depth review and agreed to increase the size of the Fund to €2 million and cap it at the figure. This was achieved in 2016. From 2017 onwards the Fund's annual income earned is being utilised as an additional source of funding for development programmes. In the event of project funding shortages, to further the objectives of the Foundation, the Board have agreed that funds can be moved from the Gus Murray Fund, however the €2 million balance would be restored in due course.
- Unrestricted Reserves of €511,806 (2016: €446,034).

Political Contributions
There were no political contributions in the year ended 31 December 2017, and as a result no disclosures are required under the Electoral Act 1997.

Events since the End of the Financial year
There have been no significant events affecting the company since the year end.

Research and Development
There company did not engage in any research and development during the year.

Transactions Involving Directors
There were no contracts in relation to the affairs of the company in which the Directors had any interest, at any time during the year ended 31 December 2017.

The names of the persons who were Directors at any time during the year 31 December 2017 are set out below. Unless otherwise stated indicated they served as Directors for the entire year:-

Mr. E. Sharkey (appointed Chairperson on 9th June 2017)
Ms. V. Keavey
Ms. M. Sealey (appointed 9th June 2017)
Ms. M. Heffernan (appointed 9th June 2017)
Mr. J. Toner (appointed 9th June 2017)
Mr. P. Fay (resigned 9th June 2017)
Mr. J. Long (resigned 9th June 2017)
Mr. J. Mullen (resigned 9th June 2017)

Dr. Monica Gorman serves as a Volunteer Board Advisor with specialist expertise in international development and attends board meetings in this role.

Business Review
The income and expenditure for the year and the appropriation thereof are set out in the Statement of Financial Activities on page 16.

DIRECTORS' REPORT - continued

Going Concern

Based on committed grant income, cash at bank and ongoing Credit Union contributions, the Directors are satisfied that the Foundation has adequate resources to continue for at least twelve months from the date of approval of these financial statements and it is appropriate to adopt the going concern basis in the preparation of the financial statement.

Accounting records

The measures taken by the directors to secure compliance with the Company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at 33 - 41 Lower Mount Street, Dublin 2.

Disclosure of information to auditors

The directors in office at the date of this report have each confirmed that:

- As far as he/she is aware, there is no relevant audit information of which the company's statutory auditors are unaware; and
- He/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's statutory auditors are aware of that information.

Independent Auditors

The Auditor, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

On behalf of the board

Eamonn Sharkey

Jim Toner

Date: 2 February 2018

Independent auditors' report to the members of the ILCU International Development Foundation

Report on the audit of the financial statements

Opinion

In our opinion, ILCU International Development Foundation's financial statements:

- give a true and fair view of the company's assets, liabilities and financial position as at 31 December 2017 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and promulgated by the Institute of Chartered Accountants in Ireland and Irish law); and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Annual Report, which comprise:

- the Balance Sheet as at 31 December 2017;
- the Statement of Financial Activities including Income and Expenditure Account for the year then ended;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes In Funds for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge

obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors Responsibilities set out on page 13, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.

Companies Act 2014 exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

John Dunne
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
23 February 2018

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT
For the financial year ended 31 December 2017

	Unrestricted funds €	Restricted funds €	Endowment funds €	Total 2017 €	Total 2016 €
Incoming and endowments from					
Voluntary income	663,326	47,224	-	710,550	635,186
External Funding (note 9)	13,900	265,982	-	279,882	449,093
Investment and interest income	(2,475)	-	2,960	485	8,125
Contributed services and facilities (Note (10) (a))	184,032	-	-	184,032	198,673
Total	858,783	313,206	2,960	1,174,949	1,291,077
Expenditure on					
Cost of charitable activities (note 10)	(752,749)	(313,206)	-	(1,065,955)	(1,140,473)
Costs of raising funds	(43,222)	-	-	(43,222)	(48,439)
Total	(795,971)	(313,206)	-	(1,109,177)	(1,188,912)
Net income for the year	62,812	-	2,960	65,772	102,165
Transfer between funds	2,960	-	(2,960)	-	-
Net movement in funds	65,772	-	-	65,772	102,165
Total funds brought forward	446,034	-	2,000,000	2,446,034	2,343,869
Total funds carried forward	511,806	-	2,000,000	2,511,806	2,446,034

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2017

	2017 €	2016 €
Movement in funds for the financial year	65,772	102,165
Other comprehensive income:		
Other comprehensive income for the financial year, net of tax	-	-
Total comprehensive income for the financial year	65,772	102,165

BALANCE SHEET
As at 31 December 2017

	Notes	2017 €	2017 €	2016 €	2016 €
Fixed assets					
Tangible assets	11		-		622
Current assets					
Debtors	12	61,902		241,549	
Deposits and investments - other	13	1,501,738		1,500,000	
Deposits and investments - cash equivalents		1,585,179		1,264,776	
		3,148,819		3,006,325	
Current liabilities					
Creditors: amounts falling due within one year	14	(637,013)		(560,913)	
Net current assets			2,511,806		2,445,412
Net assets			2,511,806		2,446,034
Represented by:					
Endowment funds					
Gus Murray Memorial Endowment Fund Reserves	17		2,000,000		2,000,000
Unrestricted funds					
Other revenue reserves	17		511,806		446,034
Total funds			2,511,806		2,446,034

The notes on pages 21 to 30 are an integral part of these financial statements.

The financial statements on pages 16 to 30 were authorised for issue by the board of directors on the 2 February 2018 and were signed on its behalf.

On behalf of the board

Eamonn Sharkey

Jim Toner

STATEMENT OF CHANGES IN FUNDS
As at 31 December 2017

	Endowment Funds €	Unrestricted Funds €	Restricted Funds €	Total €
Balance at 1 January 2016	1,839,380	504,489	-	2,343,869
Net (expenses)/income for the financial year	(260)	102,425	-	102,165
Transfer between funds	160,880	(160,880)	-	-
Total comprehensive income for the financial year	160,620	(58,455)	-	102,165
Balance at 31 December 2016	2,000,000	446,034	-	2,446,034
Balance at 1 January 2017	2,000,000	446,034	-	2,446,034
Net income/(expenses) for the financial year	2,960	62,812	-	65,772
Transfer between funds	(2,960)	2,960	-	-
Total comprehensive income for the financial year	-	65,772	-	65,772
Balance at 31 December 2017	2,000,000	511,806	-	2,511,806

STATEMENT OF CASH FLOWS
Financial Year Ended 31 December 2017

	Note	2017 €	2016 €
Net cash provided by operating activities	16	322,052	88,691
Cash flows from investing activities			
Interest received and similar income (net)		89	10,993
Proceeds from sale of investments (net)		-	337,369
Net increase in deposits and investments - other	13	(1,738)	-
Net cash used in/ from investing activities		(1,649)	348,362
Net increase in cash and cash equivalents in the year		320,403	437,053
Cash and cash equivalents at 1 January		1,264,776	827,723
Cash and cash equivalents at 31 December		1,585,179	1,264,776
Cash and cash equivalents comprise:			
Cash		34,674	69,053
Deposits and investments		1,550,505	1,195,723
		1,585,179	1,264,776

NOTES TO THE FINANCIAL STATEMENTS

1 General Information

The mission of the Foundation is to help alleviate poverty in developing countries by supporting Credit Unions, their representative bodies and other co-operative type organisations as a means for social-economic development through the provision of financial and technical assistance.

The main strategy employed by the Foundation to achieve this Mission is co-funding long term programmes (5 - 15 years) with developing Credit Union movements in selected countries.

The company is incorporated in the Republic of Ireland as a company limited by guarantee not having a share capital under registered number 144006. The address of its registered office is 33 - 41 Lower Mount Street, Dublin 2.

The company regards the Irish League of Credit Unions as its ultimate controlling party. The Irish League of Credit Unions is the largest and smallest group of undertakings for which group financial statements are drawn up and of which the company is a member. Copies of the financial statements of the Irish League of Credit Unions are available at 33 - 41 Lower Mount Street, Dublin 2.

These financial statements are the company's separate financial statements.

2 Statement of compliance

The entity financial statements have been prepared on a going concern basis and in accordance with Irish GAAP (accounting standards issued by the Financial Reporting Council of the UK and promulgated by the Institute of Chartered Accountants in Ireland and the Companies Act 2014). The financial statements comply with Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (FRS 102) and the Companies Act 2014. In addition, the Directors have voluntarily sought to follow recommendations within the Statement of Recommended Practice applicable to charities preparing their accounting in accordance with the financial reporting standard applicable in the UK and Republic of Ireland (FRS 102) (Charity SORP (FRS 102)).

3 Summary of significant accounting policies

The significant accounting policies used in the preparation of the entity financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated.

The significant accounting policies adopted by the company are as follows:

(a) Basis of Preparation
The entity financial statements have been prepared under the historical cost convention, as modified by the measurement of certain financial assets and liabilities at fair value through profit or loss, and the measurement of freehold land and buildings at their deemed cost on transition to SORP FRS 102.

The financial statements have been prepared under the historical cost convention.

(b) Going concern
After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies – continued

(c) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The company is a qualifying entity and has taken advantage of the exemption from the financial instrument disclosure requirements of Section 11 paragraphs 11.39 to 11.48A and Section 12 paragraphs 12.26 to 12.29A of FRS 102.

(d) Incoming resources – voluntary income

Voluntary income, including donations, grants and other contributions, that provide core funding or are of a general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Income is deferred when receipt of income is uncertain.

Grant income

Income from government and other grants, whether "capital" grants or "revenue" grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grant have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Funds

All transactions of the organisation have been recorded and reported as income into or expenditure from funds which are designated as "restricted", "endowment" or "unrestricted".

Income is treated as restricted where the donor has specified that it may only be used for a particular purpose. All other income is treated as unrestricted. Expenditure is treated as being made out of restricted funds to the extent that it meets the criteria specified by the donor. All other expenditure is treated as unrestricted.

The balance of the restricted funds at year end represents the asset held by the organisation for particular purposes specified by the donor. The balance of the unrestricted funds at year end represents the assets held by the organisation for general use in furtherance of its objectives. Endowment fund represents amounts held for investment purposes. Annual income from these principal amounts are being utilised as an additional source of funding for Foundation programmes.

Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be reliably measured by the charity; this is normally upon notification of the interest's payable by the bank.

(e) Foreign currencies

(i) Functional and presentation currency

The company's functional and presentation currency is the euro, denominated by the symbol "€".

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At the end of each financial year foreign currency monetary items are translated to Euro using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Gains and losses arising from foreign currency transactions and on settlement of amounts receivable and payable are dealt with in the Statement of Financial Activities.

(f) Tangible fixed assets

Individual tangible fixed assets are capitalised at cost and are stated in the Balance Sheet at cost less accumulated depreciation. Assets are written off in equal annual instalments over their estimated useful lives.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies – continued

(f) Tangible fixed assets - continued

Cost includes the original purchase price, costs directly attributable to bringing the asset to its working location and condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Activities.

Asset category	**Estimated useful life**
Computers and IT equipment	3 years

(g) Investments

Investments are carried at market value. Gains or losses on the sale of investments and any gain or loss arising from the change in market value of investments are presented in the Statement of Financial Activities.

(h) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities. Cash and cash equivalents are initially measured at transaction price and subsequently measured at amortised cost.

Bank deposits which have original maturities of more than three months are not cash and cash equivalents and are presented as current asset investments.

(i) Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's (or asset's cash generating unit) continued use. The pre-tax and interest cash flows are discounted using a pretax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the Statement of Financial Activities.

If an impairment loss subsequently reverses, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Statement of Financial Activities.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies – continued

(j) Employee Benefits

The company provides a range of benefits to employees, paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(k) Resources Expensed

Resources expensed constitute all costs associated with the day to day running of the operations of The ILCU International Development Foundation.

(l) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

(m) Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group.

(n) Financial Instruments

The company has chosen to apply the provisions of Sections 11 and 12 of FRS 102 to account for all of its financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors, cash and cash equivalents, short-term deposits and investments in corporate bonds, are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Trade and other debtors, cash and cash equivalents, investments in corporate bonds and financial assets from arrangements which constitute financing transactions are subsequently measured at amortised cost using the effective interest method.

At the end of each financial year financial assets measured at amortised cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortised cost is impaired an impairment loss is recognised in the Statement of Financial Activities. The impairment loss is the difference between the financial asset's carrying amount and the present value of the financial asset's estimated cash inflows discounted at the asset's original effective interest rate.

If, in a subsequent financial year, the amount of an impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment loss not previously been recognised. The impairment reversal is recognised in the Statement of Financial Activities.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies – continued

(n) Financial Instruments - continued

(i) Financial assets - continued

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial liability is initially measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Trade and other creditors, bank loans, loans from fellow group companies, preference shares and financial liability from arrangements which constitute financing transactions are subsequently carried at amortised cost, using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is treated as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as due within one year if payment is due within one year or less. If not, they are presented as falling due after more than one year. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

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

(o) Contributed Services and Facilities

Contributed professional services and contributed facilities are recognised as income when the charity has control over the item, any conditions associated with the contributed item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), general volunteer time is not recognised.

On receipt, contributed professional services and contributed facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in the expenditure in the period of receipt.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Critical judgments in applying the Company's accounting policies

Estimates and judgements made in the process of preparing the entity financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions
The directors make estimates and assumptions concerning the future in the process of preparing the entity financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results.

5 Group membership

The company regards the Irish League of Credit Unions as its ultimate controlling party. The Irish League of Credit Unions is the largest and smallest group of undertakings for which group financial statements are drawn up and of which the company is a member. Copies of the financial statements of the Irish League of Credit Unions are available at 33 - 41 Lower Mount Street, Dublin 2.

6 Income

	2017	2016
	€	€
The analysis of income by geographical location is as follows:		
Island of Ireland	1,058,067	959,584
Rest of the world	116,882	331,493
	1,174,949	1,291,077
Analysis of turnover by category:		
Unrestricted funds	858,783	833,859
Restricted funds	313,206	449,093
Endowment funds	2,960	8,125
	1,174,949	1,291,077

7 Net incoming resources for the year before other recognised gains and losses

	2017	2016
	€	€
Net incoming resources for the year before other recognised gains and losses is stated after charging the following:		
Depreciation	622	1,104
Foreign exchange losses	(9,982)	(1,306)

Auditors' remuneration is borne without recourse by the Irish League of Credit Unions.

8 Taxation

No taxation charges are provided in the financial statements as the Foundation has been granted charitable status and accordingly is not subject to tax.

NOTES TO THE FINANCIAL STATEMENTS - continued

9 External funding received/receivable

Irish Aid €145.000
In 2016 the Foundation received €142,600 income from Irish Aid toward the costs of the second year (1 June 2016-31 May 2017) programme activities of the Irish Aid-ILCUF co-funded Credit Union Development Project in the Gambia and Sierra Leone. In line with the activities undertaken only €107,600 was recognised in 2016 and the balance of €35,000 was deferred to 2017. All of the relevant activities took place in 2017 and the income has now been recognised. In 2017 €160,000 was received from Irish Aid toward the 1 June 2017- 31 May 2018 activities and €110,000 of this income has been recognised in the 2017 year with the balance deferred until the related activities take place in early 2018.

IFAD €94,889
IFAD contributed €34,889 directly to the Foundation in 2017 for project work undertaken by the Foundation with credit unions in Moldova and a further contribution of €60,000 from IFAD has been recognised in relation to work performed in 2017 on the IRFITCO project in Ethiopia.

USAID €8,093
In 2017 the Foundation commenced contributing to work in the Ukraine with a consortium led by the U.S. based WOCCU. USAid provided funding toward this work.

10 Cost of charitable activities

	2017	2016
	€	€
Grants and associated costs for the year were made up as follows:		
Albania	7,715	30,123
Belize	547	92,711
Ethiopia	207,617	508,690
Gambia	160,187	158,073
Ghana	2,549	7,464
Moldova	24,233	54,894
Russia	76,408	40,090
Sierra Leone	292,575	166,438
Ukraine	83,052	8,713
Zimbabwe	-	31,016
Emergency relief and small project funding (c)	211,072	42,261
	1,065,955	1,140,473

(a) Contributed services and facilities
The Irish League of Credit Unions, the company's parent undertaking, has contributed certain professional services and facilities to the company. The value of this gift of €184,032 (2016: €198,673) has been recognised in incoming resources and a corresponding amount has been recognised in resources expended within charitable activities. The contributed professional services and facilities has been allocated to charitable activities on a pro rata basis.

(b) Governance costs of €8,662 (2016: €8,500) relating to Board and Compliance costs and Support costs of €15,022 (2016: €13,000) for finance and administration have been allocated to charitable activities on a pro rata basis.

(c) Emergency relief and small project funding was financed exclusively from voluntary contributions and was primarily used for humanitarian disasters during the year in East Africa, Sierra Leone and the Caribbean.

NOTES TO THE FINANCIAL STATEMENTS - continued

11 Tangible fixed assets

	Computer and other equipment €
Cost	
At 1 January 2016	4,040
At 31 December 2016	4,040
At 1 January 2017	4,040
At 31 December 2017	4,040
Accumulated depreciation	
At 1 January 2016	2,314
Charge for year	1,104
At 31 December 2016	3,418
At 1 January 2017	3,418
Charge for year	622
At 31 December 2017	4,040
Net book value	
At 31 December 2016	622
At 31 December 2017	-

12 Debtors

	2017 €	2016 €
Amounts falling due within one year:		
Grant receivable	61,480	223,007
Interest receivable	396	-
Other debtors	26	18,542
	61,902	241,549

The grant receivable relates to income due from an International Fund for Agricultural Development (IFAD) funded programme in Ethiopia.

13 Deposits and investments - other

	2017 €	2016 €
Fixed term deposits with banks	1,501,738	1,500,000
	1,501,738	1,500,000

NOTES TO THE FINANCIAL STATEMENTS - continued

14 Creditors - amounts falling due within one year

	2017 €	2016 €
Accruals	568,178	507,265
Amounts owed to parent	18,835	18,648
Deferred income	50,000	35,000
	637,013	560,913

Amounts owed to parent are unsecured, interest free and are repayable on demand.

Included in accruals above is €186,519 (2016: €186,519) of committed charitable expenditure which will not be payable until the recipient has met with the conditions set down by the company.

15 Commitments

At the year end the Company had outstanding commitments of €100,000 (2016: €100,000) in respect of funding for the ongoing project in Albania. This commitment is not included in creditors in the financial statements.

16 Note to the cash flow statement

	2017 €	2016 €
Net incoming resources	65,772	102,165
Depreciation	622	1,104
Decrease/(increase) in debtors	180,043	(232,043)
Increase in creditors	76,100	225,590
Gain on investments (net) and investment income	(485)	(8,125)
Net cash inflow from operating activities	322,052	88,691

17 Analysis of Funds

	Endowment fund movement €	Unrestricted fund movements €	Restricted fund movements €
Opening balance at 1 January 2017	2,000,000	446,034	-
Incoming resources	2,960	858,783	313,206
Resources expended	-	(795,971)	(313,206)
Gains and losses on investments	-	-	-
Transfer between funds	(2,960)	2,960	-
Closing balance at 31 December 2017	2,000,000	511,806	-

The purpose of the endowment fund is to allow the foundation in an orderly manner to phase down funding to its international Credit Union partners over a number of years, where there is a sudden cessation of the foundation's activities.

NOTES TO THE FINANCIAL STATEMENTS - continued

18 Employees and directors

	2017	2016
	€	€
Staff costs		
- wages and salaries	217,026	218,883
- social insurance costs	22,144	22,268
- pension costs	18,873	5,335
	258,043	246,486

The average number of full time equivalents (FTEs) employed in the Foundation during the year was:

	2017	2016
	Number	Number
Project Support	5	5

No employees of the Foundation received wages or salaries in excess of €60,000 in 2016 or 2017.

One employee of the Irish League of Credit Unions who is considered to be key management personnel provides significant key management services to the Foundation and receives a salary in the band €80,000 - €90,000 in 2017 (2016: €70,000-€80,000).

As our international Credit Union partners have stated that technical advice and training is the most useful assistance the Foundation is providing a significant element of our support in the form of human resources.

None of the directors received any emoluments during the year.

19 Events after the reporting date

There have been no events between the Balance Sheet date and the date on which the financial statements were approved by the Board, which would require adjustment to the financial statements or any additional disclosures.

20 Comparative amounts

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

21 Approval of Financial Statements

The financial statements were approved by the directors on 2 February 2018.

APPENDIX - GUS MURRAY MEMORIAL ENDOWMENT FUND - unaudited
Financial Year Ended 31 December 2017

	2017	2016
	€	€
Revenue account		
Investment Income	2,960	8,125
Total Income	2,960	8,125
Management fees	-	(8,385)
Surplus/(deficit) for the year	2,960	(260)
Transfer to/from unrestricted funds	(2,960)	160,880
	-	160,620
Balance sheet		
Assets		
Deposits and investments - cash equivalents	500,000	500,000
Deposits and investments - other	1,500,000	1,500,000
	2,000,000	2,000,000
Financed by		
Reserves	2,000,000	2,000,000