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

Annual Report

Financial Year Ended 31 December 2020

Company Number: 144006

CONTENTS

DIRECTORS AND OTHER INFORMATION

Board of Directors

Mr Eamonn Sharkey (Chairperson)
Ms Vivienne Keavey
Mr Jim Toner
Ms Margaret Heffernan
Ms Marie Sealy
Dr Monica Gorman (Volunteer Board Advisor)

Solicitors

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

Secretary and Registered Office

Ms. Grace Kelly
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

KPMG
1 Harbourmaster Place
IFSC
Dublin 1

DIRECTORS' REPORT

The directors present herewith their report and the audited financial statements for the financial year ended 31 December 2020.

The purpose and mission of the Foundation

The purpose of the ILCU International Development Foundation (the Foundation) is to increase financial inclusion and reduce poverty by supporting sustainable credit unions that empower people and their communities.

The mission of the Foundation is to help alleviate poverty in developing countries by supporting credit unions and their representative bodies as a means for socio-economic development through the provision of financial and technical assistance.

The main strategy employed by the Foundation to achieve this purpose and 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 from within the Irish Credit Union movement 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 and procedures and practices to alleviate poverty.

The characteristics of this support include:

- Financial and technical support and training provided on a broad range of financial co-operative issues at micro (communities and members); meso (credit unions and apex bodies) and macro (apex bodies and governments) levels;
- Digital Finance and IT Support;
- 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 and emphasis on poverty reduction is core to the Foundation's programme and partner selection process.

Foundation Strategy 2020-2024

2020 was the first year of the Foundation's new five-year strategy. The overall aim of the Strategic Plan (2020-2024) is to further improve the quality of the Foundation's work in assisting international credit unions to build financial inclusion and reduce poverty in low-incoming developing countries. The scope of the strategy was agreed by the Board of Directors and generating the plan involved all staff, local partners, external stakeholders including the Department of Foreign Affairs (DFA) and other key international external funding agencies.

The Foundation's strategy focuses resources into 6 specific areas (highlighted in bold below) to help the Foundation meet its purpose and mission:

- Working closely with dedicated local partners and credit union movements in the **core countries** of Ethiopia, Sierra Leone and The Gambia, we will assist in building an equitable financial environment for all by providing access to affordable and ethical financial services through the credit union model;

- Investment in three specific areas of strategic development that will impact the nature of our work in our partner countries: **Digital Financial Services**; **South-South Technical Assistance** and **Social Impact Measurement;**

- Implementing necessary measures to ensure the sustainability of the organisation as a whole: **Business Development** and **Communications and Fundraising.**

DIRECTORS' REPORT - continued

Progress toward Strategic Priorities 2020 – 2024

1. *Stable and growing movements, with effective structures that offer modern and relevant financial services aligned with members' socio-economic aspirations in the Ethiopia, Sierra Leone and The Gambia.*
   Ethiopia: The Foundation's direct work in Ethiopia is at the macro level where in 2020 it provided financial and technical assistance with the support of the UN Agency, the International Fund for Agricultural Development (IFAD), for the development of regional apex organisations and appropriate tiered regulation and supervision in partnership with the Ethiopian government. The Foundation partners also with Self Help Africa to support the establishment and development of rural credit unions.
   Sierra Leone: The Foundation's work currently supports the Sierra Leone credit union movement at all levels - the micro; meso and macro levels. This support is provided with direct financial and technical assistance through the Foundation's implementing office in Sierra Leone, ILCUF Ltd., in partnership with Irish Aid (Civil Society Fund) through the Department of Foreign Affairs (DFA), and our Sierra Leonean credit union partner, National Cooperative Credit Union Association (NaCCUA) and international partner (Sparkassenstiftung).
   The Gambia: The Foundation has a long history of support and involvement with The Gambian movement and has entered a new Partnership Framework Agreement with the apex body, National Association of Cooperative Credit Unions of The Gambia, (NACCUG) to continue that support, notably in the areas of digital finance and capacity building.
   All countries: The Foundation has worked on developing a core credit union curriculum for credit union staff and volunteer board members in 2020 and will be focussing on contextualisation and delivery methods of same in 2021. In December 2020, the Foundation signed a three-year agreement with the African Confederation of Co-operative Savings and Credit Associations (ACCOSCA), a Pan-African organisation whose mission is to empower credit unions in Africa through technical programmes. The partnership focuses on institutional strengthening and capacity building of both ACCOSCA and the Foundation, so both organisations can better support their shared vision of promoting financial inclusion in Africa, to help improve the socio-economic needs of people through the development of strong, secure and sustainable credit unions movements.

2. *Integrate digital financial services into our technical assistance offered to our partners, and all digital services will be driven by an assessment of members needs and demands.*
   The Foundation has continued to invest in personnel and resources in order to integrate digital financial service assistance in to its support programmes for core countries.

3. *Building the capacity of local and regional consultants to deliver high quality and effective Technical Assistance through the South-South Technical Assistance (SSTA) programme.*
   The Foundation has identified and is working with a group of qualified and dedicated Southern Consultants to increase their capacity to deliver high quality and impactful Southern-led technical assistance to credit union development in Africa.

4. *Systematic, regular and robust impact measurement techniques and tools will be employed to measure the ongoing social, economic and community benefit of credit unions for the communities they serve.*
   Work has commenced to identify and assemble the most appropriate techniques and tools available in preparation for the two large scale impact measurement projects planned.

5. *Develop new and ongoing external business development partnerships with partners and institutional funders who share the missions and goals of the Foundation, notably in respect of poverty alleviation in low-income developing countries, and who respect the social and community focus of the credit union model.*
   In 2020 the Foundation concluded collaborative Partnership Framework Agreements with the German Sparkasse Foundation, Sparkassenstiftung, to support its work in Sierra Leone and signed contracts for 2020/2021 work with Irish Aid (Sierra Leone) and IFAD (Ethiopia). Opportunities for new funding support streams are being consistently monitored and a number of concept notes and proposals were submitted in 2020 to institutional donors for their consideration.

DIRECTORS' REPORT - continued

Progress toward Strategic Priorities 2020 – 2024 - continued

6. *Ongoing use of dedicated personnel and effective and strong communication tools and Fundraising opportunities to engage with the Foundation's core Irish Credit Union funding base and, increasingly, the wider public, in order to ensure the Foundation has access to the funds needed to provide the planned support.*
   The Foundation attended a number of events early in 2020, including the ILCU Chairs Forum and the Credit Union Managers Association (CUMA) conference, before the outbreak of the Covid crisis limited such opportunities for physical encounters and engagement and communication moved largely online. The Foundation hosted a well-attended webinar in November on Credit Unions in West Africa: Covid, Challenges and Opportunities with Seán Farren, Chair of the newly formed John & Pat Hume Foundation, as guest speaker.
   A number of volunteers from various credit unions were able to travel and participate in our Volunteer Coaching Programmes in Sierra Leone and The Gambia in late January 2020 which enabled the Irish volunteers to share their experience and knowledge on all things credit union with their peers, and appreciate and understand at first hand the work we support. This type of work also helps raise awareness of the Foundation's work as we witnessed increased engagement on the Foundation's social media channels and there was also local media Irish and African media coverage of the volunteers' time in West Africa which helps visibility in programme countries. Unfortunately, two other planned volunteer programmes for 2020 had to be cancelled as a result of Covid.
   In November the Foundation refreshed its branding and messaging. To coincide with this a new logo, tagline and website was launched. Due to Covid a soft launch of the refresh was undertaken.

2020 Highlights - Activities, Impact and Main Accomplishments

The Covid global pandemic had a significant effect on many of the Foundation's planned activities for 2020 and necessitated significant changes in the methods and means of programme delivery and an adaptive revision to programme targets. However, despite the ongoing challenges caused by Covid and the resulting restrictions both nationally and internationally, the Foundation was able to successfully continue to implement its strategic objectives and advance its programmes in its core countries. The Foundation is very grateful to Irish Aid and the Department of Foreign Affairs; IFAD and all its local staff and collaborating partners for their willingness to engage in positive responses and to allow for the adaptive programming needed to facilitate many of the mitigating actions that were required to ensure continued progress in all areas.

Sierra Leone

The Foundation continued the implementation of the Irish Aid co-funded three-year project (CSF 16-18) *Financial Inclusion for Resilience in Sierra Leone 2018-2021* (FIRSL), to further support the credit union movement in Sierra Leone, one of the 10 poorest countries in the world in 2020. This particular project aims to improve the capacity of 12,200 poor and disadvantaged people in the country to effectively prepare for, respond to and recover from livelihood shocks and stresses and to ensure this capacity is sustainably improved through the development of an effective and resilient credit union (CU) movement which can be scaled up nationally.

The implementation of the project and all associated activities were notably affected by Covid but the project was able to facilitate a continued strong growth in national CU membership in Sierra Leone and support the strengthening of the credit unions governance and regulatory environment. At the end of FIRSL Year 2 (30 September 2020) there were 10,160 CU members; 66% of whom were women and 44% rural based. Total national savings amounted to Le 6.4 billion (€581,640) against a target for the period of Le 5.2 billion. A poverty assessment found that 84.8% of CU members on entry were either poor or vulnerable middle poor and the project in 2020 continued to use the Graduation Microfinance (GMF) groups and Savings Box model to facilitate the inclusion of the very poor. GMF affords those without individual means to assemble in self-chosen groups with leadership from experienced CU members. Through regular meetings the group members receive training in GMF, and, when ready, the group receives small loans which they repay whilst also saving incrementally. Successful GMF participants are then encouraged to graduate their savings to be able to buy individual shares and become full members of the credit union.

DIRECTORS' REPORT - continued

2020 Highlights - Activities, Impact and Main Accomplishments - continued

Sierra Leone - continued

Overall, in 2020, the FIRSL project succeeded in achieving the majority of its targets despite the impact of Covid on travel and gatherings. Programme adaptations including increased localisation of activities (engagement of local expertise and greater focus on the apex and credit union capacity building), focus on qualitative rather than quantitative targets, and readjustments of planned timelines for the implementation of the management information system. The project was able to benefit from a technical assistance mission to Sierra Leone Credit Unions in January 2020 from experienced Irish CU manager volunteers prior to the imposition of travel restrictions.

Ethiopia

In 2020, the Foundation continued implementation of the project *Improving Rural Financial Inclusion through Co-operatives* (IRFITCO) programme (2017-2021). This project is co-financed by IFAD and is conducted in partnership with the Federal Cooperative Agency, a division of the Ethiopian Ministry of Agriculture. The project aims to improve rural financial inclusion through sustainable and competitive rural credit unions and the Foundation provides technical and financial assistance toward the introduction of tiered regulation and supervision, establishment of federations and improved financial services.

The activities in 2020 under this programme mainly involved 1) technical support, trainings and consultative meetings leading to the establishment of a regional federation in Amhara and in Addis Ababa; 2) the development of regulatory resources and for the introduction of tiered regulation and supervision and 3) an appraisal of the digital financial services environment with respect to credit unions and a follow up pilot initiative. A suite of training and technical materials continues to be developed under the project by both external consultants and the Foundation technical advisers.

In addition, in 2020 the Foundation continued its collaborative partnership in Ethiopia with the INGO Self Help Africa (SHA). This work focuses on progressing the institutional and financial sustainability of four Unions and the support services they provide to their member credit unions, while simultaneously increasing SHA's local capacity to provide suitable technical assistance. A 3-year project (2020-2022) continued to be implemented to bring the Unions to the level where they can contribute to the development of a sustainable rural finance system and increase financial inclusion of smallholder farmers.

Covid resulted in a suspension of travel to Ethiopia and restrictions on some activities and numbers of gatherings within Ethiopia which resulted in a delay in progressing some project outputs. IRFITCO programme delivery and expected outcomes have been re-configured so as to operate through remote support; to increase the production of technical, strategical and training resources and to delegate to Ethiopian consultants where feasible.

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 2020. 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 and having a registered office at 33-41 Lower Mount Street, Dublin 2. 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

Governing Document - 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 full compliance with the Charities Governance Code.

Appointment of Directors

All five 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 necessity to include on its Board, Directors with other business and financial expertise where possible.

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 expertise in international development to provide input and advice at its Board meetings.

Directors' Induction and Training

New directors receive formal induction and are provided with appropriate information relating to the Foundation's affairs, including its financials, policies, 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 Foundation's Senior Management. The day to day management of the Foundation is delegated by the Board to the CEO. 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 the fulfilment of their duties as Directors.

Risk Management and Internal Control

The Board recognises and accepts that there are significant risks associated with the operations and activities of the Foundation. They acknowledge that those risks facing the organisation must be identified, monitored, reported on, and managed. The Board accepts the responsibility for ensuring sufficient resources are made available to management so as to minimise the risk of adverse event occurrences affecting the Foundation's operations, personnel, and beneficiaries. The Board reviewed and updated the Foundation's overall Risk Management Policy in 2020.

Detailed risk registers have been established for all key areas of the Foundation's operations – including at Headquarter (HQ), programme, and country-programme level – and key responsibilities within the organisation for the act of updating of identification, monitoring, and reporting of risk have been assigned. Senior

DIRECTORS' REPORT - continued

Risk Management and Internal Control - continued

management prepares an updated consolidation of all HQ/programme/country-level risk reports which is reviewed and acted upon quarterly by the Board.

The Board has identified the following major risks:

- The ongoing risk posed by the sustainability of sufficient income levels from credit union donations and institutional grants has been exacerbated by the economic uncertainties caused by the global Covid crisis. The Board has responded to this risk by putting Business Development and Communications and Fundraising as key strategic priorities in the Foundation's strategy 2020-2024 and committing to provide the resources necessary to ensure income from these two critical sources continues in a balanced way. The Foundation monitors its long-term commitments on an ongoing basis to ensure adequacy of funding at all times to meet such commitments and the Board has ensured the Gus Murray Endowment Fund is maintained at levels necessary to ensure this.

- The risk to the safety and security of Foundation personnel is elevated due to the particular economic, social, political, environmental and health environments in which the Foundation operates and the global Covid pandemic. The Board acknowledges its duty of care to ensure safe, secure and sustainable access to these environments and has committed to adhere to Irish Aid guidelines for NGO professional safety and security risk management. Personnel are explicitly required to comply with all relevant policies; procedures and guidelines and to have an active role in ensuring their own safety and security.

- The ongoing risk of difficulties accessing the key personnel to ensure effective and uninterrupted delivery of programmes and the ability to position those personnel where needed has become more of a challenge due to Covid restrictions. The Foundation has successfully engaged with donors to revise timelines and targets of current contracts where necessary due to ongoing travel restrictions. The Foundation's new strategy focuses strongly on building local and regional capacity within Africa to provide effective and high-quality technical advice to African credit union movements through the SSTA programme. The increased use of remote working platforms in 2020 has enabled the Foundation to expand access to a wider pool of talent and skills and to provide greater capacity building support to local staff in core countries and to improving peer-to-peer support. At all levels HR measures are being implemented to ensure the recruitment and retention of high calibre, motivated staff.

- There are inherent risks in the management of programmes and flows of funds which must be mitigated by sufficient internal controls and monitoring. Management is charged with ensuring regular reviews of all aspects of programmes and the Board periodically commissions an external review of the effectiveness of internal controls in the Foundation and has committed to annually conduct an internal audit of one of its international credit union partners.

- The risks related to the impact of enhanced digital financial services (DFS) on our credit union partners have been accelerated and exacerbated by Covid. The Board sees this risk also as an opportunity with DFS becoming a key part of the technical assistance offering to our partners as an objective in the Foundation's 2020-2024 strategic plan.

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 actively oversees the internal control systems of the Foundation to ensure they provide reasonable assurance of identifying and addressing risks adequately; that relevant policies and procedures are consistent with best practice and that they are regularly reviewed and adopted. The Board has delegated responsibility for the implementation of this system of internal control to management and to 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.

In 2020 the Foundation Board has undertaken measures to successfully embed further policies and procedures in the Foundation's operational structures to strengthen existing systems of internal control – these include the

DIRECTORS' REPORT - continued

Risk Management and Internal Control - continued

improvement of policies and procedures relating to Complaints Response Mechanisms; Safeguarding Vulnerable Populations; Child Protection; promotion of Responsible Financial Lending and Anti-Fraud and Corruption in all areas of the Foundation's activities.

The Board is also cognisant of the fact that no system of controls and policies and procedures will ever be sufficient to eliminate risk and has undertaken to foster a strong ethical outlook throughout the organisation. The Board has introduced a mandatory Declaration of Conduct and Ethics for all personnel in the Foundation and any Implementing Partners of the Foundation in order to help promote ethical behaviour at all levels.

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 which was updated in 2018 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 and by monitoring external credit ratings of the relevant banks on a regular basis.

- **Foreign Exchange Risks:** The Foundation receives the majority of its income in Euro however significant amounts are received in foreign currencies (mainly Sterling and US Dollars). Where appropriate these amounts are transferred immediately into Euro on receipt. The Foundation's overseas programmes are primarily committed in Euro but a US Dollar balance is maintained to fund US Dollar commitments. Our project partners' activities are currently denominated in three local non-core currencies and this by its nature may spread foreign exchange risk to the Foundation. However, the risk to the Foundation is currently judged to be minimal and is actively managed and 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. Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is exposed to interest rate risk as it invests in an Irish government bond.

- **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.

- **Price Risks:** The Foundation is exposed to price risk arising from fluctuations in the value of its Irish government bond as a result of changes in the market prices and risks inherent in all investments. The risk is managed by the Foundation maintaining an appropriate mix of financial instruments and adopting a conservative investment policy.

DIRECTORS' REPORT - continued

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 legislation, standards and codes which are developed for the sector in Ireland. Currently the Foundation subscribes to the following standards:

- The Charities Act 2009
- Charities Governance Code
- Dóchas Code of Conduct on Images and Messages
- Charities Institute Ireland's Triple Lock Standard
- Comhlámh Code of Practice for Volunteers
- Irish Aid Guidelines for NGO Professional Safety & Security Risk Management

A new mandatory Charities Governance Code was launched by the Charities Regulatory Authority in November 2018. All Irish registered charities are obliged to comply with this code by the end of 2020 and to report on their compliance to the Charities Regulator in 2021. The Board commenced an externally-led review of the Foundation's compliance with the new Charities Governance Code in October 2019 and the senior management team have continued to work with the Board throughout 2020 to improve on compliance with the standards included in the Code and have committed to take any remedial action that is required.

Financial Overview of the Foundation in 2020 and Future Developments

The Foundation recognised total income of €1,172,552 for the year ended 31 December 2020 (2019: €1,387,877) of which total realised income is €1,156,297 (2019: €1,352,567). The difference of €16,255 (2019: €35,310) relates to an unrealised gain due to a change in fair value of the investment in an Irish government bond maturing in 2028. This may not reflect the value which will be available in future because market values change and it is currently the Foundation's policy to hold such investments to maturity.

Of the total realised income of €1,156,297, the following movements were significant:

- The Irish credit union movement's support for the work of the Foundation remained relatively robust in 2020 in spite of the challenges faced by it due to Covid and the ongoing decrease in the number of credit unions. Opportunities for the Foundation to directly engage were limited due to Covid restrictions. A small decline in core CU donations was offset partly by positive direct online public engagement. Total income from CU and public donations amounted to €532,344 for the year 2020 (from €535,128 in 2019).

- External Funding which amounted to €376,978 (2019: €529,559) was derived principally from the ongoing two major institutional donor co-funded programmes, the Irish Aid supported FIRSL programme in Sierra Leone and the IFAD supported IRFITCO programme in Ethiopia. The timing and methods of delivery of planned programme support for both programmes were adversely affected by the impact of restrictions on movement caused by the Covid crisis. This resulted in donor approved deferral of a number of activities to 2021 which affected the total actual income realised in 2020.

    - In 2020, the Foundation received a Department of Foreign Affairs grant amounting to €250,000 (2019: €250,000) from the Civil Society Fund CSF 2016-2018 toward the FIRSL 2018-2021 programme in Sierra Leone. The external funding income recognised from this grant in 2020 amounted to €233,000 (2019: €217,000). Total Irish Aid income recognised in 2019 also related to the Sierra Leone FIRSL project 2018-2021. Strong adaptive programming and positive engagement with Irish Aid and other project stakeholders facilitated necessary mitigation actions which enabled the project to continue to deliver on its mandate with revised targets despite the challenges posed by Covid
    - In Ethiopia, IFAD continues to provide valuable financial support for the Foundation's ongoing work. €107,478 (2019: €258,475) has been received and recognised as income from IFAD in 2020 based on actual project expenditure for the Foundation co-financed IRFITCO 2017-2021 programme. The travel restrictions imposed by Covid affected a number of planned activities for 2020 which affected income recognition under the IRFITCO programme in 2020.

DIRECTORS' REPORT - continued

Financial Overview of the Foundation in 2020 and Future Developments - continued

Overall expenditure decreased to €1,128,317 (2019: €1,364,953) which reflects primarily the restrictions placed on planned programme activities and international travel in 2020 caused by Covid. The Foundation has introduced a number of mitigating measures to help reduce the impact on operations caused by Covid which includes use of improved remote communication channels; investment in technology and e-learning and revised strategic local and international collaborative partnerships to help overcome the challenges faced.

- Expenditure on **charitable activities** amounted to €1,057,691 (2019: €1,311,644) with the donor co-funded projects in Ethiopia (IRFITCO) and Sierra Leone (FIRSL) representing the majority of this figure. Smaller scale support for non-donor funded projects was also provided in The Gambia, the Kenyan based ACCOSCA, and toward resources for South-South consultancy capacity building. Additional funding continues to be approved for Sierra Leone to meet the particular challenges identified and to strengthen the credit risk management processes necessary for a sustainable movement and wider general programme support. The Foundation also provided direct financial support amounting to €69,037 (2019: €68,689) to the Self Help Africa Credit union strengthening project in Ethiopia.

- Expenditure on **raising funds** was €70,626 (2019: €53,309) as the Foundation engaged on a rebranding project in 2020 to refresh and update its branding and messaging and to improve its online representation and outreach to current and future supporters. The Foundation has identified the risks posed to programme support of reductions in funding and has prioritised as a strategic objective allocating sufficient reasonable resources to Communications and Fundraising.

As at 31 December 2020, the Board had approved commitments for expenditure to support its strategic objectives with SHA in Ethiopia (€70,000); ACCOSCA (€20,000) and NACCUG (€9,000) and some extra Covid support for existing programmes which have all been accrued for in the Financial Statements.

Funding for Year 3 of the FIRSL project in Sierra Leone (October 2020-September 2021) was received in November 2020 from DFA in the amount of €250,000 (2019: €250,000) and it is expected that the approved revised targets for 2021 will be met despite the ongoing Covid restrictions. In Ethiopia the IRFITCO programme is due to conclude on 31 March 2021 and Covid will continue to affect programming however it is expected the extensive range of important planned activities will be completed in a very professional and timely manner.

All risks and developments will be monitored on an ongoing basis in-country and internationally and flexible, results -oriented, responsive adaptive programming will be used to mitigate any issues identified.

Reserves and Financial Position

The Foundation is committed to a strategy that ensures that the Foundation's reserve levels are sufficient and 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 €2,609,428 at 31 December 2020 (2019: €2,565,193) are detailed in note 18 of the Financial Statements and are classified into three categories:

- The Gus Murray Memorial Endowment Fund of €2,000,000 (2019: €2,000,000) is a permanent endowment fund and was established as a memorial to Mr. Gus Murray. Its sole objective is to ensure funding obligations to the Foundation's existing credit union projects are met. 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 that figure. This was achieved in 2016 and the Fund's annual net income earned is utilised as an additional source of funding for development programmes €22,193 (2019 €43,497). 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.

DIRECTORS' REPORT - continued

Reserves and Financial Position - continued

- Restricted Reserves amounting to €111,000 (2019 €-) are 1) funds derived from restricted incomes, which were donated to the Foundation for a defined purpose as specified by the donor and have been recognised as income but remained unspent at year end €- (2019 €-) and commencing in 2020 will also include 2) unrestricted funds €88,807 and available annual net income earned on endowment Funds €22,193 which have been transferred to restricted reserves to meet co-funding contractual obligations with institutional donors amounting to €111,000.

- Unrestricted Reserves amounting to € 498,428 (2019: €565,193) which are funds that relate to unspent incomes, which were given without any restrictions, expressed or implied as to how they may be applied. These reserves are classified as 1) Designated funds €455,000 (2019: €530,193) which are unspent unrestricted incomes which the Board wishes to designate for specific purposes appropriate to the mission and strategic priorities of the Foundation and 2) General (Free) Reserves €43,428 (2019: €35,000) which are the residual unrestricted funds available to the Foundation for general financial purposes in 2021.

Political Contributions

There were no political contributions in the year ended 31 December 2020, 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. The Board are aware of the exceptional nature of the ongoing impact of Covid and the Board continue to monitor the evolving circumstances and impact and take mitigating action where possible.

Research and Development

The 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 2020.

The names of the persons who were Directors at any time during the year 31 December 2020 are set out below. Unless otherwise stated indicated they served as Directors for the entire year:

Mr. Eamonn Sharkey

Ms. Vivienne Keavey

Mr. Jim Toner

Ms. Margaret Heffernan

Ms. Marie Sealy

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

DIRECTORS' REPORT - continued

Business Review

The income and expenditure for the year and the appropriation thereof are set out in the Statement of Financial Activities on page 18.

Going Concern

Management have prepared cash flow forecasts for the Foundation based on committed grant income, cash at bank and ongoing credit union contributions. The Directors are satisfied based on the review of these forecasts 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 statements.

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.

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, D02 Y489.

Statutory Auditors
Pursuant to Section 383(2) of the Companies Act 2014, the auditor, KPMG, Chartered Accountants, will continue in office.

On behalf of the board

Eamonn Sharkey
Director

Jim Toner
Director

13 February 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

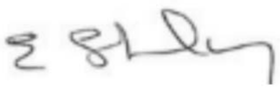
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Charities SORP (FRS 102).

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Foundation and of its incoming resources and application of resources including its income and expenditure for that 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 applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
• assess the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
• use the going concern basis of accounting unless they either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and its incoming resources and application of resources including its income and expenditure of the Foundation and enable them to ensure that the financial statements comply with the Companies Act 2014. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Foundation and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a director's report that complies with the requirements of the Companies Act 2014.

On behalf of the board



Eamonn Sharkey
Director

Jim Toner
Director

13 February 2021

KPMG
Audit
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5
Ireland

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ILCU INTERNATIONAL DEVELOPMENT FOUNDATION

Report on the audit of the financial statements

Opinion

We have audited the financial statements of ILCU International Development Foundation ('the Charitable Company') for the year ended 31 December 2020 set out on pages 18 to 32, which comprise the statement of financial activities including profit and loss account, balance sheet, statement of cash flows and related notes, including the summary of significant accounting policies set out in note 4. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland issued in the United Kingdom by the Financial Reporting Council.

In our opinion:

• the financial statements give a true and fair view of the state of the Charitable Company's affairs as at 31 December 2020 and of its incoming resources and application of resources including its income and expenditure for the year then ended.

• the financial statements have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and

• the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

• the financial statements have been prepared in accordance with the requirements of the Charities SORP (FRS102)

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charitable Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF ILCU INTERNATIONAL DEVELOPMENT FOUNDATION *(Continued)*

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charitable Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors’ report and in the appendix of the annual report. The financial statements and our auditor’s report thereon do not comprise part of 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 as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information undertaken during the course of the audit , we report that:

• we have not identified material misstatements in the directors’ report;
• in our opinion, the information given in the directors’ report is consistent with the financial statements;
• in our opinion, the directors’ report has been prepared in accordance with the Companies Act 2014.

Opinions on other matters prescribed by the Companies Act 2014

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 Charitable Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors’ remuneration and transactions required by Sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ILCU INTERNATIONAL DEVELOPMENT FOUNDATION *(Continued)*

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 14, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; assessing the Charitable 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 they either intend to liquidate the Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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 fuller description of our responsibilities is provided on IAASA's website at http://www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in-Ire/Description-of-the-auditor-s-responsibilities-for

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Charitable Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Charitable Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company and the Charitable Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Hubert Crehan
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
IFSC
Dublin 1

Date: 18 February 2021

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING PROFT AND LOSS ACCOUNT
For the financial year ended 31 December 2020

	Unrestricted funds €	Restricted funds €	Endowment funds €	Total 2020 €	Total 2019 €
Income from					
Credit union donations	520,955	11,389	-	532,344	535,128
External Funding (note 10)	1,500	375,478	-	376,978	529,559
Investment and interest Income (net)	245	-	5,938	6,183	13,944
Unrealised gains on investments	-	-	16,255	16,255	35,310
Contributed services and facilities (note (11) (a))	219,879	20,913	-	240,792	273,936
Total	742,579	407,780	22,193	1,172,552	1,387,877
Expenditure on					
Charitable activities (note 11)	(649,911)	(407,780)	-	(1,057,691)	(1,311,644)
Raising funds	(70,626)	-	-	(70,626)	(53,309)
Total	(720,537)	(407,780)	-	(1,128,317)	(1,364,953)
Net income for the year	22,042	-	22,193	44,235	22,924
Transfer between funds	(88,807)	111,000	(22,193)	-	-
Net movement in funds	(66,765)	111,000	-	44,235	22,924
Total funds brought forward	565,193	-	2,000,000	2,565,193	2,542,269
Total funds carried forward	498,428	111,000	2,000,000	2,609,428	2,565,193

BALANCE SHEET
As at 31 December 2020

			2020		2019
	Notes	€	€	€	€
Fixed assets					
Financial assets	12		554,796		538,533
Current assets					
Debtors	13	3,794		7,069	
Deposits and investments - other	14	-		500,000	
Deposits and investments - cash equivalents		2,848,303		2,297,756	
		2,852,097		2,804,825	
Current liabilities					
Creditors: amounts falling due within one year	15	(797,465)		(778,165)	
Net current assets			2,054,632		2,026,660
Net assets			2,609,428		2,565,193
The funds of the charity:					
Endowment funds					
Gus Murray Memorial Endowment Fund Reserves	18		2,000,000		2,000,000
Unrestricted funds	18		498,428		565,193
Restricted funds	18		111,000		-
Total charity funds			2,609,428		2,565,193

The notes on pages 21 to 32 are an integral part of these financial statements.

The financial statements on pages 18 to 32 were authorised for issue by the board of directors on the 13 February 2021 and were signed on its behalf.

On behalf of the board

Eamonn Sharkey
Director

Jim Toner
Director

13 February 2021

STATEMENT OF CASH FLOWS
Financial Year Ended 31 December 2020

	Note	2020 €	2019 €
Net cash provided by operating activities	17	44,199	113,433
Cash flows from investing activities			
Interest received and similar income (net)		6,348	14,065
Net decrease in deposits and investments – other	14	500,000	1,000,000
Net cash generated from investing activities		506,348	1,014,065
Net increase in cash and cash equivalents in the year		550,547	1,127,498
Cash and cash equivalents at 1 January		2,297,756	1,170,258
Cash and cash equivalents at 31 December		2,848,303	2,297,756
Cash and cash equivalents comprise:			
Cash		61,636	94,688
Deposits and investments		2,786,667	2,203,068
		2,848,303	2,297,756

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 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 company is incorporated in the Republic of Ireland under the Companies Act 2014 as a company limited by guarantee not having a share capital under registered number 144006. The company is a registered charity with the Charities Regulatory Authority and meets the definition of a Public Benefit Entity under FRS 102. The address of its registered office is 33 - 41 Lower Mount Street, Dublin 2, D02 Y489.

The company regards the Irish League of Credit Unions (ILCU) as its ultimate controlling party. The ILCU 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 ILCU are available at 33 - 41 Lower Mount Street, Dublin 2, D02 Y489.

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 accounting standards issued by the UK Financial Reporting Council 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). In addition, the Directors have voluntarily adopted the Statement of Recommended Practice applicable to charities, preparing their accounts in accordance with the financial reporting standard applicable in the UK and Republic of Ireland Charity SORP (FRS 102).

3 Basis of preparation and measurement

(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.

(b) Going concern

Management have prepared cash flow forecasts for the Foundation based on committed grant income, cash at bank and ongoing credit union contributions. The Directors are satisfied based on the review of these forecasts that they 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.

(c) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders. In these financial statements, the company has taken advantage of the following exemptions:

i. 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.
ii. from the related party disclosure of transactions under Section 33 of FRS 102 with the parent undertaking, Irish League of Credit Unions and also with wholly owned subsidiaries within the Irish League of Credit Unions Group.

NOTES TO THE FINANCIAL STATEMENTS

4 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) Incoming resources

Credit union donations
Voluntary income, primarily derived from credit unions, which provides core funding to the Foundation and is recognised when received. However, income recognition may be deferred if there are future specific conditions attached to the donation which have not yet been met.

External Funding

i. **Institutional funding**
Income from government and other institutional donors' contracts or grants (whether "capital" grants or "revenue" grants), is recognised when the Foundation 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.

ii. **Other funding**
Income from corporate donations and grants which are recognised when the Foundation has received the funds, and any performance conditions attached to the donation or grant have been met.

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 payable by the bank.

Contributed Services and Facilities
Contributed services and facilities are recognised as income in the period in which the Foundation has derived the economic benefit from those services and facilities and that economic benefit can be measured reliably on the basis of the value of the gift to the charity (which is deemed to be the amount the Foundation would have been willing to pay to obtain those professional services on the open market). A corresponding amount is then recognised in expenditure in the same period.

In accordance with the Charities SORP (FRS 102), general volunteer time is not recognised.

Classification of 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 and there are restrictions imposed on the treatment of any related surpluses. 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 Foundation for particular purposes specified by the donor. The balance of the unrestricted funds at year end represents the assets held by the Foundation for general use in furtherance of its objectives. Endowment fund represents amounts held in investments for the purpose of allowing the Foundation, in an orderly manner phase down funding to its partners over a number of years, where there is a sudden cessation of the Foundation activities. Annual income from these principal amounts are being utilised as an additional source of funding for Foundation programmes.

NOTES TO THE FINANCIAL STATEMENTS

4 Summary of significant accounting policies - continued

(b) Foreign currencies

(i) Functional and presentation currency
The Foundation'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.

(c) Investments

Investments in respect of Government Bonds are carried at quoted market value on the active market at bid price. Gains or losses on the sale of investments and any gain or loss arising from the change in market value of investments are presented as unrealised gains/losses in the Statement of Financial Activities.

(d) 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 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 maturities of more than three months are not cash and cash equivalents and are presented as current asset investments.

(e) 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 pre-tax 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.

NOTES TO THE FINANCIAL STATEMENTS

4 Summary of significant accounting policies - continued

(e) Impairment of non-financial assets - continued

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.

(f) Employee Benefits

The Foundation provides a range of benefits to employees, paid holiday arrangements and facilitates a revenue-approved Personal Retirement Savings Account (PRSA) scheme for employees.

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.

(g) Expenditure

Charitable activities
Charitable activity 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.

Charitable expenditure comprises all those directly attributable costs - at Headquarter and country programme level - required to provide financial and technical assistance including consultancy fees, salaries, travel costs, accommodation costs, subsistence costs etc. These costs are recorded by specific activity and disclosed by country in note 11.

In addition, the ILCU, the company's parent undertaking, has contributed certain administrative and professional services and facilities to the company. The fair value of these costs have been estimated and are allocated on a pro rata basis to the charitable activities by country.

Governance costs relating to Board and compliance costs and Support costs relating to administrative and charitable activity support have also been allocated on a pro rata basis to the charitable activities by country.

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

Raising funds
Raising funds comprises all expenditure incurred directly by the Foundation on raising funds for the organisation's charitable activities. The related expenditure is recognised in the period in which it is incurred.

(h) Related party transactions

The Foundation discloses by way of a note to the financial statements any transactions with related parties which are not wholly owned with the same group.

(i) Reserves policy
Unrestricted funds are general funds which are available for use at the discretion of the directors in furtherance of the general objectives of the charity or which have been designated by the directors for specific purposes out of unspent unrestricted income in the period.

NOTES TO THE FINANCIAL STATEMENTS

4 Summary of significant accounting policies - continued

(i) Reserves policy - continued

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which are funds the Foundation is contractually obliged to provide from its unrestricted income reserves under a co-funding arrangement with an institutional donor.

Endowment fund is funds which are held as capital and intended to be held indefinitely.

(j) Financial Instruments

The Foundation 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 Government 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 and cash and cash equivalents and financial assets from arrangements which constitute financing transactions are subsequently measured at amortised cost.

Investments in Government Bonds are carried at quoted market value on the active market at bid price.

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.

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 and loans from fellow group companies, 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, and loans from fellow group companies, are subsequently carried at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

4 Summary of significant accounting policies - continued

(j) Financial Instruments - continued

(ii) Financial liabilities - continued

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.

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.

5 Critical judgments in applying the company’s accounting policies

Estimates and judgements made in the process of preparing the Foundation 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.

The directors make estimates and assumptions concerning the future in the process of preparing the entity financial statements.

(i) Charitable expenditure

The Foundation has a number of charitable expenditure obligations. Accruals are recognised based on the estimated cash flow expected to be required to settle the Foundation’s obligation under these constructive obligations and commitments. Judgements are used in determining the timing and level of expenditure to be recognised.

(ii) External Funding income recognition

Income is recognised from external funding when the Foundation has (a) entitlement to the funds, (b) any performance conditions attached to the grant or contract are deemed to have been met, (c) it is probable that the income will be received and (d) the amount can be measured reliably. Some judgements are applied when determining whether all conditions have been met. The income may be deferred in such instances.

6 Group membership

The Foundation regards the ILCU as its ultimate controlling party. The ILCU is the largest and smallest group of undertakings for which group financial statements are drawn up and of which the Foundation is a member. Copies of the financial statements of the ILCU are available at 33 – 41 Lower Mount Street, Dublin 2, D02 Y489.

NOTES TO THE FINANCIAL STATEMENTS

7 Income

	2020	2019
	€	€
Analysis of turnover by category:		
Unrestricted funds	742,579	765,869
Restricted funds	407,780	578,511
Endowment funds	22,193	43,497
	1,172,552	1,387,877

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

	2020	2019
	€	€
Net incoming resources for the year before other recognised gains and losses is stated after (charging)/crediting the following:		
Foreign exchange (losses)/gains	(6,004)	8,689

There is no auditors' remuneration in respect of the Foundation. The auditor's remuneration for the consolidation of the ILCU Group is borne by the ILCU.

9 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.

10 External funding

	2020	2019
	€	€
Department of Foreign Affairs and Trade -Irish Aid	233,000	217,000
International Fund for Agricultural Development (IFAD)	107,478	258,475
Other Institutional Donors	-	3,355
Corporate Donors	36,500	50,729
	376,978	529,559

11 Cost of charitable activities

	2020	2019
	€	€
Grants and associated costs for the year were made up as follows:		
Albania	5,560	47,331
Ethiopia	373,617	483,091
Gambia	72,320	95,789
Moldova	1,293	14,752
Russia	378	2,868
Sierra Leone	553,501	606,353
Kenya	35,816	9,527
Ukraine	1,853	3,300
Zimbabwe	-	42,927
Other countries	13,353	5,706
	1,057,691	1,311,644

NOTES TO THE FINANCIAL STATEMENTS

11 Cost of charitable activities - continued

(a) Contributed services and facilities
The ILCU, the Foundation's parent undertaking, has contributed certain professional services and facilities to the Foundation. The value of this gift of €227,580 (2019: €233,818) has been recognised in income and a corresponding amount has been recognised in expenditure. Specific donor restricted task related professional technical service consultancy services amounting to €13,212 (2019: €40,118) were donated to the Foundation by a number of individuals in 2020. The value of these gifts have been recognised as income and the corresponding amount has been recognised as expenditure within charitable activities. Contributed professional services and facilities have been allocated to charitable activities on a pro rata basis where applicable.

(b) The following costs have been allocated to charitable activities on a pro-rata basis:

- Governance costs €28,756 (2019: €34,766) relating to Board and compliance costs.
- Support costs €19,220 (2019: €27,158) relating to administration and charitable activity support costs.

12 Financial assets	Market value 2020 €	Cost 2020 €	Market value 2019 €	Cost 2019 €
Debt securities – Irish government bond	554,796	500,000	538,533	500,000

13 Debtors	2020 €	2019 €
Amounts falling due within one year:		
Grant receivable	2,726	3,915
Interest receivable	12	185
Other debtors	1,056	2,969
	3,794	7,069

14 Deposits and investments – other	2020 €	2019 €
Fixed term deposits with banks	-	500,000
	-	500,000

15 **Creditors** – amounts falling due within one year	2020 €	2019 €
Accruals	414,885	370,796
Amounts owed to parent	92,542	120,141
Deferred income	290,038	287,228
	797,465	778,165

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

NOTES TO THE FINANCIAL STATEMENTS

15 Creditors - continued

Included in accruals above is €166,259 (2019: €186,519) of committed charitable expenditure which will not be payable until the recipient has met with the conditions set down by the Foundation.

16 Commitments

As at 31 December 2020, the Foundation has no commitments other than those included in creditors in the financial statements.

17 Note to the cash flow statement

	2020 €	2019 €
Income for the year	44,235	22,924
Decrease in debtors	3,102	36,633
Increase in creditors	19,300	103,130
Unrealised gains on investments	(16,255)	(35,310)
Investment and interest income (net)	(6,183)	(13,944)
Net cash inflow from operating activities	44,199	113,433

18 Analysis of Funds

	Endowment fund movement €	Unrestricted fund movements €	Restricted fund movements €
Opening balance at 1 January 2020	2,000,000	565,193	-
Incoming resources	22,193	742,579	407,780
Resources expended	-	(720,537)	(407,780)
Transfer between funds*	(22,193)	(88,807)	111,000
Closing balance at 31 December 2020	2,000,000	498,428	111,000

*The transfer to restricted funds €111,000 relates to the use of unrestricted income or surplus annual net income from company reserves to cover contractual co-financing requirements with institutional and government co-funders

19 Employees and directors

	2020 €	2019 €
Staff costs		
- wages and salaries	267,921	262,126
- social insurance costs	24,934	28,482
- pension costs	14,428	16,199
	307,283	306,807

The staff costs are recorded by specific charitable expenditure activity and disclosed by country with other related expenditure in note 11.

NOTES TO THE FINANCIAL STATEMENTS

19 Employees and directors - continued

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

	2020 Number	2019 Number
Project Support	6	6

One employee of the Foundation received wages or salaries in the €60,000-€70,000 band in 2020.

One employee of the ILCU who is considered to be key management personnel provides significant key management services to the Foundation and received a salary in the band €90,000 - €100,000 in 2020 and 2019.

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 or prior year.

The Foundation may provide access to a revenue approved PRSA and contribute a % of an employee's salary to the PRSA under certain conditions.

20 Financial Risk Management

The Foundation is exposed to a range of financial risks. The risks that the Foundation primarily faces due to the nature of its charitable activities and investment activities are market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Foundation does not use derivatives.

Fair value
Fair value is the amount for which an asset or liability could be exchanged between willing parties in an arm's length transaction. Fair values are determined at prices quoted in active markets. The Foundation has an investment in an Irish Government Bond which is carried at quoted market value on the active market at bid price. The Foundation's remaining investments are in cash and deposits which are carried at amortised cost.

(a) Market risk
Market risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates, and other price changes. Market risk arises due to fluctuations in both the value of assets held and the value of liabilities.

The Foundation's risk management objectives which aim to minimise exposure to market risk in line with the overall risk appetite framework are:

- To adopt a conservative approach to investments and seek to safeguard the value of the funds:
- Hold sufficient investment values and investment liquidity to ensure all charitable expenditure commitments are met as they fall due;
- Ensure that there are appropriate policies and strategies in place including concentration risk management, counterparty risk management, and asset liability risk management to meet this objective; and
- Manage investment assets risk profile.

The Foundation has established policies and procedures in order to manage market risk and methods to measure it.

There were no material changes in the Foundation's market risk exposure in the financial year nor to the objectives, policies, and processes for managing market risk.

NOTES TO THE FINANCIAL STATEMENTS

20 Financial Risk Management - continued

(a) Market risk – continued

(i) Currency risk

The Foundation receives the majority of its income in Euro however significant amounts are received in foreign currencies (mainly Sterling and US Dollars). Where appropriate these amounts are transferred immediately into Euro on receipt. The Foundation's overseas programmes are primarily committed in Euro but a US Dollar balance is maintained to fund US Dollar commitments.

Our project partners' activities are currently denominated in three local non-core currencies and this by its nature may spread foreign exchange risk to the Foundation. However, the risk to the Foundation is currently judged to be minimal and is actively managed and monitored on an on-going basis.

(ii) Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to interest rate risk as it invests in an Irish Government Bond. The Foundation's assets are managed by an external investment manager in accordance with a conservative investment mandate. Investment management meetings are held regularly with the Foundation's investment adviser to ensure compliance with the investment policy in place.

(iii) Price risk

The Foundation is exposed to price risk arising from fluctuations in the value of financial instruments as a result of changes in the market price of its investment in an Irish Government Bond. The company has no significant concentration of price risk. The risk is managed by the Foundation maintaining an appropriate mix of financial instruments and adopting a conservative investment policy.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Foundation. The key area of exposure 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 and by monitoring external credit ratings of the relevant banks on a regular basis.

There were no changes in the Foundation's credit risk exposure in the financial year nor to the objectives, policies, and processes for managing credit risk.

The carrying amount of financial assets recorded in the financial statements, represents the Foundation's maximum exposure to credit risk.

(c) Liquidity risk

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 or prior year.

There are 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 Foundation is sensitive to the reality that cash flows can lag behind associated programme expenditure, and the reserves policy of the Foundation is structured to ensure that unrestricted reserves are brought to a sufficient level to act as a cushion against any such cash flow sensitivities.

Details of the company's going concern assessment is included in note 3.

NOTES TO THE FINANCIAL STATEMENTS

21 Post Balance Sheet events

There have been no significant 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. The Board continue to closely monitor the impact of Covid and take appropriate action where possible to mitigate the effects on the Foundation's activities.

22 Approval of Financial Statements

The financial statements were approved by the directors on 13 February 2021.

APPENDIX - GUS MURRAY MEMORIAL ENDOWMENT FUND - unaudited
Financial Year Ended 31 December 2020

	2020 €	2019 €
Revenue account		
Investment Income (net)	22,193	43,497
Total Income	22,193	43,497
Profit for the year	22,193	43,497
Transfer to unrestricted funds	(22,193)	(43,497)
	-	-
Balance sheet		
Assets		
Investments- Debt Securities	500,000	500,000
Cash equivalents	1,500,000	1,000,000
Deposits	-	500,000
	2,000,000	2,000,000
Financed by		
Reserves	2,000,000	2,000,000