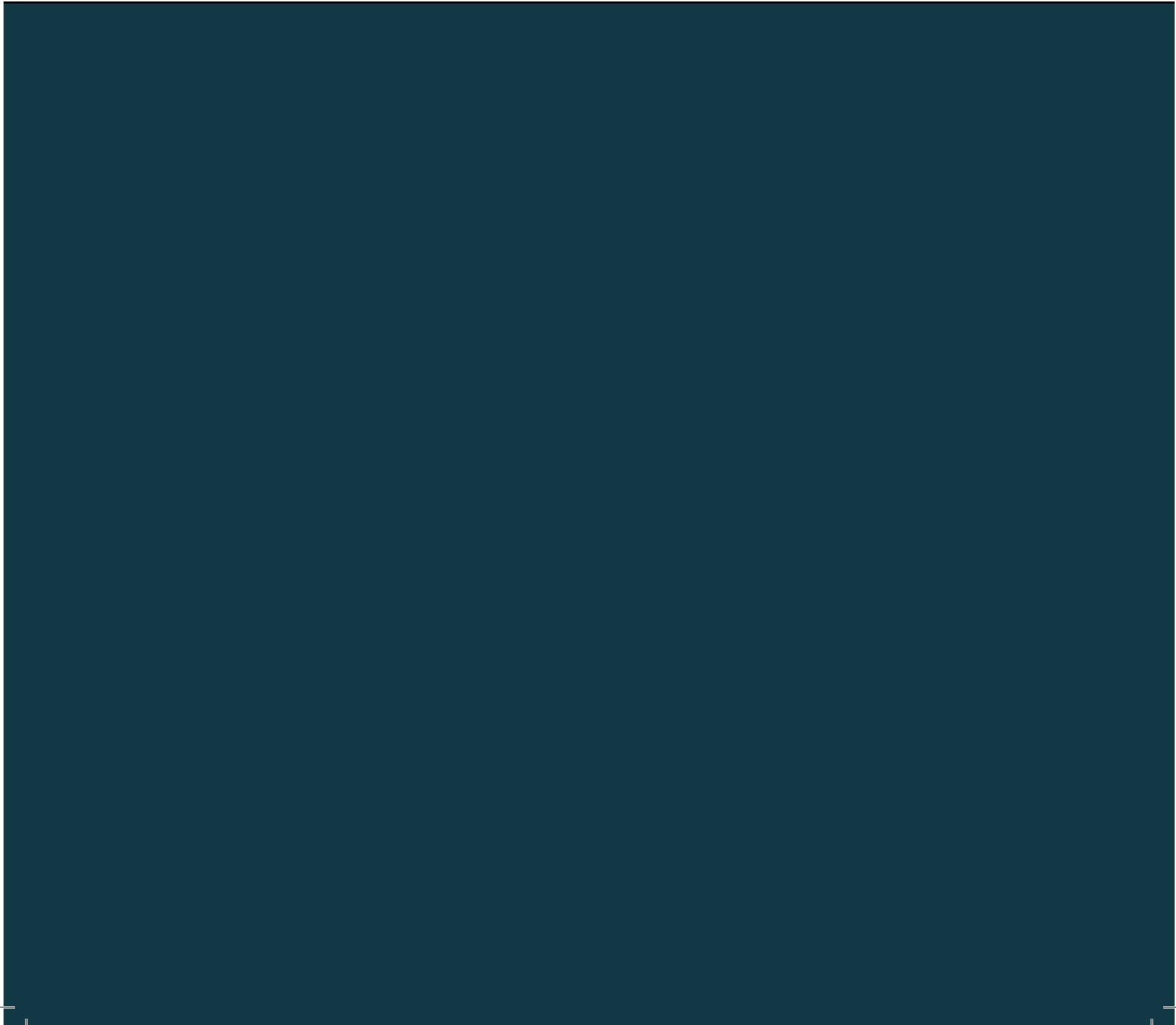
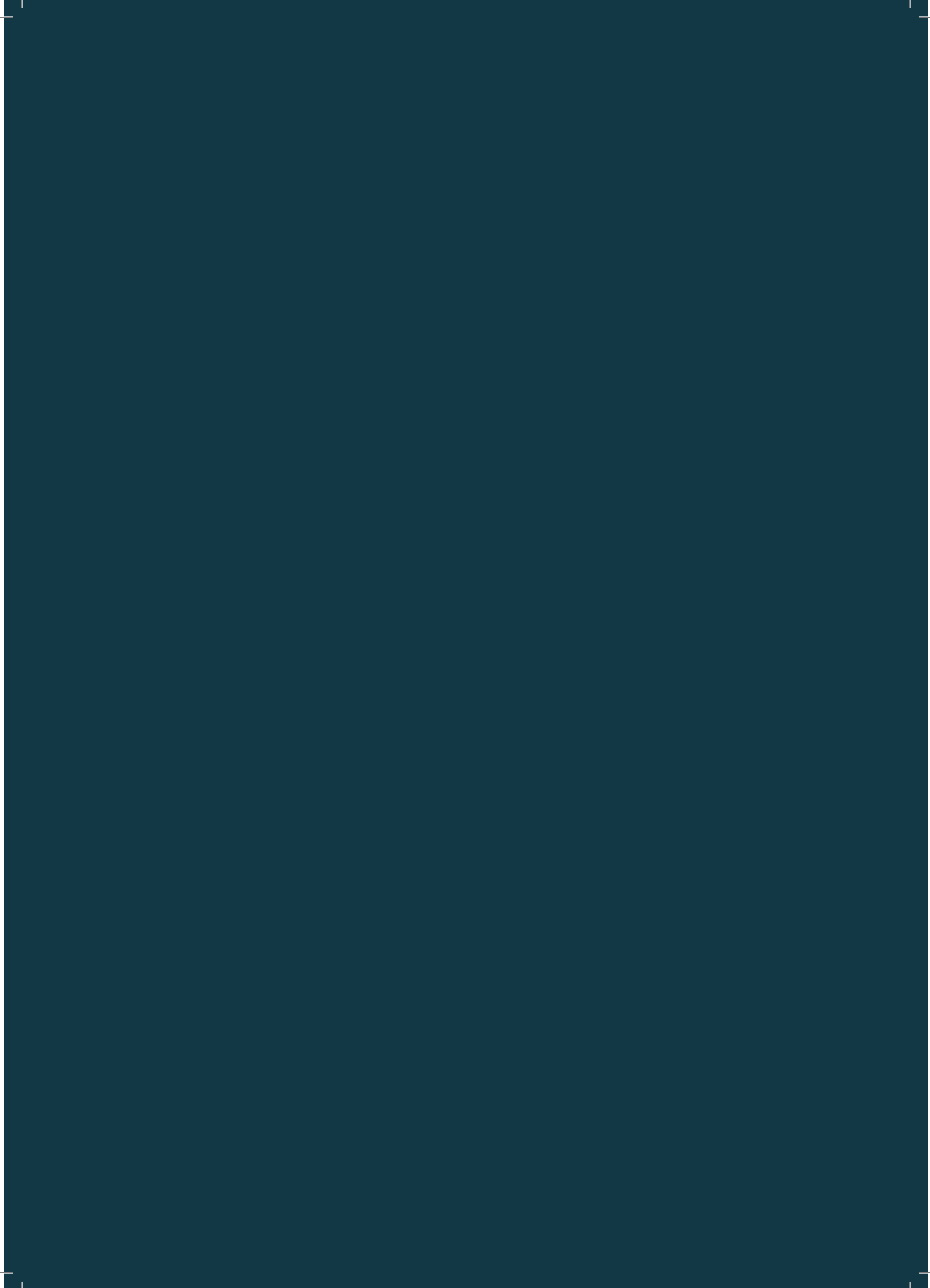




ANNUAL REPORT & STATEMENT OF ACCOUNTS
Irish Public Bodies Mutual Insurances Ltd

2007







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Irish Public Bodies Mutual Insurances Ltd

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IPB ANNUAL REPORT 2007

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Notice of Meeting

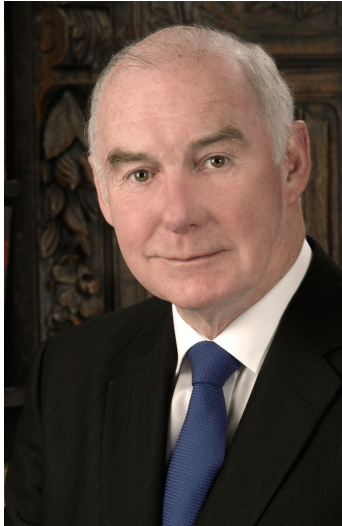
NOTICE IS HEREBY GIVEN that the Eighty-second Ordinary General Meeting of Irish Public Bodies Mutual Insurances Limited will be held in Croke Park, Dublin 3, on Thursday, the 29th day of May 2008, at 12.00 noon, for the following purposes:

1. To elect Directors.
2. To receive the Directors' Report and Statement of Accounts for the year ended 31st December 2007.
3. To authorise the Directors to fix the Auditors' remuneration.
4. To transact any other ordinary business of the Company.

By order of the Board,
R. Reilly, Secretary.
Date: 9th April 2008.

Chairman's Statement

for the year ended 31st December 2007



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IPB ANNUAL REPORT 2007

General Review

The year under review was marked by a dramatic downturn in global financial markets. However, prudent investment management, coupled with a continuing improvement in the claims environment, allowed us to reduce the level of premiums charged and add considerably to our free reserves.

At year end the gross assets of the Company amounted to €1.2bn. (2006: €1.1bn.). Investment holdings, shown in the balance sheet at cost price, had a market value as of that date of €42m. above their carrying value.

Insurance Market Conditions

Over the past twelve months we have seen the constructive impact of various recent legislative changes on the claims environment. This has allowed Insurers to further reduce premiums. We would, however, foresee a hardening of conditions in 2008 as a result of the current downward trend in international financial markets.

Outlook

Our underwriting and investment strategies are formed in the context of future solvency requirements as dictated by the terms of the European Union Solvency II project. The financial base of the Company has been strengthened dramatically over the past number of years and we will continue with this policy over the coming years to ensure that we will always be in a position to provide the most comprehensive value-for-money service to our Members.

Jerry Lodge, **Chairman.**

Date: 9th April 2008.

Report of the Directors

for the year ended 31st December 2007



Seated: James Kelly, Jerry Lodge, MCC, TC, M.Sc. (Chairman), Patsy Treanor (Vice-Chairman).
Standing: Luie McEntire, MCC, Michael Joy, B.Comm., DPA, MIAAPR, George Jones, MCC, TC, Michael Fitzgerald, MCC, Michael McGreal, MCC, Desmond Bruen.
Absent: Denis Bourke, MCC, TC.

The Directors have pleasure in submitting their Report and the Audited Accounts for the year ended 31st December 2007.

Principal Activity

The principal activity of the Company continues to be the provision of a comprehensive insurance and risk management service to its Members.

Risks And Uncertainty

The principal risks and uncertainties that the Company faces are, by the very nature of the business, those for which it provides or has provided insurance cover. The Company seeks to ensure that it collects sufficient premium income to meet the cost of potential claims over time, but the uncertainty surrounding the severity and frequency of claims can lead to significant variation in the Company's performance in the short term. Whilst considerable judgement is involved, the Directors adopt a prudent approach to the provision and valuation of insurance reserves, with annual support and certification being provided by an external actuary.

Results For The Year And State Of Affairs

The profit and loss account for the year ended 31st December 2007 and the balance sheet as at 31st December 2007 are set out on pages 7 to 10. The profit on ordinary activities before taxation amounted to €86.3m. (2006: €90.3m.). After a taxation charge of €9.6m. (2006: €10.3m.), the profit retained is €76.7m. (2006: €80m.).

Future Developments

The Chairman's Statement on page 3 deals with the present outlook.

Directors

In accordance with the Articles of Association, Mr. Michael McGreal, Mr. Denis Bourke and Mr. Jerry Lodge retire and, being eligible, offer themselves for re-election.

Review Of Key Performance Indicators

Net earned premiums of €97.3m. decreased by 11.3% from €109.8m. in 2006. The decrease in revenue is due to rate reductions applied to most classes of business.

The claims ratio decreased from 71% in 2006 to 50.5% in 2007, reflecting the reduction in claim levels.

The profit before tax decreased to €86.3m. from €90.3m. The decrease reflects arduous conditions in investment markets in the latter half of 2007.

Report of the Directors

for the year ended 31st December 2007

Books Of Account

The Directors are responsible for ensuring that proper books and accounting records, as outlined in Section 202 of the Companies Act, 1990, are kept by the Company. To achieve this, the Directors have appointed experienced accounts personnel who report to the Board and ensure that the requirements of Section 202 of the Companies Act, 1990, are complied with.

These books and accounting records are maintained at the Company's premises at 12-14 Lower Mount Street, Dublin 2.

Statement Of Directors' Responsibilities

Company law requires the Directors to prepare accounts for each financial year in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the accounts are prepared in accordance with accounting standards generally accepted in Ireland and comply with the provisions of the Companies Acts, 1963 to 2006. They 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.

Auditors

The Auditors, Ernst & Young, Chartered Accountants, will continue in office in accordance with Section 160 (2) of the Companies Act, 1963.

Jerry Lodge, **Chairman**.
Patsy Treanor, **Vice-Chairman**.
Date: 9th April 2008.

Independent Auditors' Report

to the Members of Irish Public Bodies Mutual Insurances Limited

We have audited the financial statements of Irish Public Bodies Mutual Insurances Limited for the year ended 31st December 2007 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1-18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's Members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the Company's Members those matters we are required to state to them in an Auditors' 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 Company and the Company's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The Directors are responsible for the preparation of the financial statements in accordance with applicable Irish Law and Accounting Standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts, 1963 to 2006. We also report to you our opinion as to: whether proper books of account have been kept by the Company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding Directors' remuneration and other transactions is not disclosed and, where practicable, include such information in our report.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of affairs of the Company as at 31st December 2007 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2006.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the Company. The financial statements are in agreement with the books of account.

In our opinion, the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young,
Registered Auditors.
Dublin.
Date: 10th April 2008.

Profit and Loss Account

for the year ended 31st December 2007

	Note	2007 €'000	2006 €'000
Technical Account - Non-life Insurance Business			
Gross premiums written	2	109,881	122,897
Outward reinsurance premiums		(13,416)	(13,725)
Change in the gross provision for unearned premiums		904	531
Change in the provision for unearned reinsurance premiums		(24)	62
Earned premiums - net of reinsurance		97,345	109,765
Allocated investment return transferred from the non-technical account	3	42,244	58,621
Other technical income - net of reinsurance		581	599
Total Technical Income		140,170	168,985
Claims paid			
- gross amount		72,306	59,199
- reinsurers' share		(14,402)	(29,739)
- net of reinsurance		57,904	29,460
Change in the provision for claims			
- gross amount		(8,979)	39,936
- reinsurers' share		233	8,519
- net of reinsurance		(8,746)	48,455
Claims incurred - net of reinsurance		49,158	77,915
Net operating expenses	4	15,100	15,328
Total Technical Charges		64,258	93,243
Balance On The Technical Account		75,912	75,742

Profit and Loss Account

for the year ended 31st December 2007

	Note	2007 €'000	2006 €'000
Non-Technical Account			
Balance on the technical account		75,912	75,742
Investment Income	5	72,982	75,608
Unrealised losses on investments	5	(20,006)	(2,095)
Allocated investment return transferred to the technical account	3	(42,244)	(58,621)
Other charges		(332)	(308)
Profit on Ordinary Activities before Taxation			
Tax charge on profit on ordinary activities	7	(9,619)	(10,330)
Profit for the Financial Year			
		76,693	79,996

Premiums written and the profit on ordinary activities before taxation have arisen solely from continuing operations.

There are no recognised gains or losses in either year other than those shown in the profit and loss account.

Approved by the Board on the 9th April 2008.

Jerry Lodge, **Chairman**.

Patsy Treanor, **Vice-Chairman**.

Balance Sheet

as at 31st December 2007

	Note	2007 €'000	2006 €'000
Assets			
Investments			
Other financial investments	8	1,065,900	996,666
Reinsurers' Share of Technical Provisions			
Provision for unearned premiums		2,005	2,029
Claims outstanding		63,223	63,457
		65,228	65,486
Debtors			
Debtors arising out of direct insurance operations - policyholders		4,312	6,599
Debtors arising out of reinsurance operations		1,900	2,236
Deferred taxation	10	853	-
Other debtors		1,239	1,837
		8,304	10,672
Other Assets			
Cash at bank and in hand		4,814	8,617
Pre-payments and Accrued Income			
Accrued interest		16,038	13,954
Deferred acquisition costs		121	106
Other pre-payments and accrued income		589	518
		16,748	14,578
Total Assets		1,160,994	1,096,019

Balance Sheet

as at 31st December 2007

	Note	2007 €'000	2006 €'000
Liabilities			
Capital and Reserves			
Profit and loss account	- profit brought forward	205,198	125,202
	- profit for the financial year	76,693	79,996
		281,891	205,198
Technical Provisions			
Provision for unearned premiums		13,987	14,892
Claims outstanding		859,596	868,575
Total technical provisions		873,583	883,467
Provisions for Other Risks and Charges			
Provisions for deferred taxation	10	-	1,571
Creditors			
Arising out of direct insurance operations		870	1,337
Arising out of reinsurance operations		643	776
Other creditors		3,993	3,660
		5,506	5,773
Accruals and Deferred Income			
		14	10
Total Liabilities		1,160,994	1,096,019

Approved by the Board on the 9th April 2008.

Jerry Lodge, **Chairman**.
Patsy Treanor, **Vice-Chairman**.

Statement of Cash Flow

for the year ended 31st December 2007

	Note	2007 €'000	2006 €'000
Operating Activities			
Premiums received net of reinsurance		101,390	111,177
Claims paid net of reinsurance		(57,904)	(29,460)
Investment income received		42,355	36,836
Operating expenses		(15,173)	(15,222)
Broker premiums		(2,323)	(2,869)
Net cash inflow from operating activities	11	68,345	100,462
Taxation paid less recovered		(11,452)	(11,193)
Investing Activities			
Loans issued to local authorities		(12,038)	(6,679)
Loans repaid by local authorities		4,806	2,011
Purchases less sales of investments		(98,197)	(93,919)
Net cash outflow from investing activities		(105,429)	(98,587)
Decrease in Cash And Cash Equivalents	12	(48,536)	(9,318)

Notes to the Accounts

1. Significant Accounting Policies

(a) Basis of presentation

The accounts have been prepared in accordance with the Companies Acts, 1963 to 2006, and with accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland.

The accounts have also been prepared in accordance with the provisions of the Association of British Insurers' Statement of Recommended Practice on Accounting for Insurance Business (revised December 2006), with the exception of the treatment of investments, which have not been carried at market value for reasons of prudence. Investments are recorded as stated in note (g) below, as permitted by the European Communities (Insurance Undertakings: Accounts) Regulations, 1996 (refer to note 8).

(b) Basis of accounting

The annual basis of accounting has been applied to all classes of business.

(c) Premiums

Written premiums comprise the total premiums receivable for the whole period of cover provided by contracts incepting during the financial year, together with adjustments arising in the financial year to such premiums receivable in respect of business written in previous financial years. Premium adjustments for retrospectively rated policies are recognised when related losses are paid.

Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct business being reinsured.

(d) Provision for unearned premiums

The provision for unearned premiums relates to premium income in respect of insured risks which continue after 31st December 2007 and is calculated on the twenty-fourths basis.

(e) Claims incurred and outstanding

Claims incurred comprise the cost of all claims occurring during the year, whether reported or not, and any adjustments to claims outstanding from previous years.

The provision for claims outstanding provides for the estimated cost after reinsurance recoveries, having due regard to collectability, of claims notified but not settled at 31st December 2007, together with the estimated cost of claims incurred but not reported using the best information available at the date of the balance sheet. In addition, provision is made in respect of the Company's share of the estimated liability for outstanding claims of the Motor Insurers' Bureau of Ireland.

To estimate claims costs, the Company uses the most appropriate estimation techniques, which take into account the characteristics of its business and the extent of the development of each underwriting year. The classes of policies written by the Company give rise to a significant degree of uncertainty concerning the ultimate cost of claims. Uncertainty as to the following arises in respect of the majority of policies written by the Company:

- * whether an event has occurred which would give rise to a policyholder suffering an insured loss;
- * the extent of policy coverage and limits applicable;
- * the amount of insured loss suffered by the policyholder; and
- * the timing of a settlement to the policyholder.

(f) Deferred acquisition costs

Management costs which vary with, and are primarily related to, the acquisition of new insurance contracts and the renewal of existing insurance contracts are deferred to the extent that they are attributable to premiums unearned at the balance sheet date.

(g) Investments

Quoted and unquoted investments are stated at cost less a provision for any expected permanent diminution in value.

Notes to the Accounts

- (h) **Investment income**
Interest and dividends are treated on an accruals basis in the case of bank and building society deposits and quoted government, foreign, public bodies and municipal authority securities. Interest and dividends on other investments are treated as income on a receipts basis. An allocation of investment income from the non-technical account to the non-life technical account is made on the basis of the relationship between average technical provisions and revenue reserves.
- (i) **Realisation of investments**
Gains and losses arising on the realisation of investments are dealt with in the profit and loss account in the year of realisation.
- (j) **Taxation and deferred taxation**
Corporation tax is provided on taxable profits at current attributable rates. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at the date that will result in an obligation to pay more or right to pay less tax in the future. Deferred tax is measured at the tax rates that are expected to apply in the periods in which timing differences reverse.
- (k) **Currency**
The accounts are prepared in euro and all values are rounded to the nearest thousand (€'000). Assets and liabilities in foreign currencies have been converted at rates of exchange ruling at the balance sheet date. Gains and losses arising are dealt with in the profit and loss account.
- (l) **Pensions**
The contributions to defined benefit and defined contribution schemes are charged to the profit and loss account on an accruals basis over the periods of staff service. The cost is calculated in accordance with the advice of a professionally qualified actuary.
- (m) **Deposits with credit institutions**
Deposits with credit institutions are short term, highly liquid investments that are subject to insignificant changes in value and are readily convertible into known amount of cash. Deposits with credit institutions comprise financial assets with less than three months maturity from the date of acquisition.
- (n) **Insurance contracts**
Insurance contracts are those contracts that transfer significant insurance risk at the inception of the contract. Insurance risk is transferred when the Company agrees to compensate the policyholder if a specified uncertain future event (other than a change in a financial variable) adversely affects the policholder. Any contracts not meeting the definition of an insurance contract under Financial Reporting Standard (FRS) 26: Financial Instruments: Recognition and Measurement are classified as investment contracts or derivative contracts, as appropriate.
- Contracts written by the Company to-date are classified as insurance contracts and these contracts cover most of the risk classes as defined under the European Communities (Non-Life Insurance) Framework Regulations, 1994 (S.I. No. 359 of 1994).
- (o) **Reinsurance contracts**
Contracts entered into with reinsurers that meet the classification requirements for insurance contracts under FRS 26 and are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. The benefits under the reinsurance contracts held are recognised as reinsurance assets. These assets consist of short term balances due from reinsurers (classified within debtors arising from reinsurance operations), as well as long term receivables (classified as deposits within reinsurers) that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due. Reinsurance assets are assessed for impairment on an annual basis. If there is objective evidence that the reinsurance asset is impaired, the carrying amount is reduced to its recoverable amount and the impairment loss is recognised in the profit and loss account.

Notes to the Accounts

2 Segmental Information

	Third party liability €'000	Fire and other damage to property €'000	Motor €'000	Total €'000
2007				
Gross premiums written	77,094	23,827	8,960	109,881
Gross premiums earned	77,612	23,945	9,228	110,785
Gross claims incurred	(45,872)	(7,695)	(9,760)	(63,327)
Gross operating expenses	(10,594)	(3,274)	(1,232)	(15,100)
Gross technical result	21,146	12,976	(1,764)	32,358
Reinsurance balance	6,582	(5,546)	(307)	729
Net technical result	27,728	7,430	(2,071)	33,087
Net technical provisions	(752,000)	(13,581)	(42,774)	(808,355)
2006				
Gross premiums written	87,920	24,677	10,300	122,897
Gross premiums earned	88,722	24,552	10,154	123,428
Gross claims incurred	(79,993)	(6,522)	(12,620)	(99,135)
Gross operating expenses	(10,965)	(3,078)	(1,285)	(15,328)
Gross technical result	(2,236)	14,952	(3,751)	8,965
Reinsurance balance	12,916	(5,390)	31	7,557
Net technical result	10,680	9,562	(3,720)	16,522
Net technical provisions	(765,570)	(13,072)	(39,339)	(817,981)

All premiums resulted from contracts of insurance concluded in the Republic of Ireland. Motor liability and motor other classes are included in motor.

Notes to the Accounts

3 Allocated Investment Return Transferred from the Non-technical Account

	2007 €'000	2006 €'000
Allocated by class of business:		
Liability business	29,639	41,938
Fire and other damage to property	9,160	11,770
Motor	3,445	4,913
	42,244	58,621

The allocation of the investment return by class of business is on the basis of the relationship between gross written premiums by class of business.

4 Net Operating Expenses

	Note	2007 €'000	2006 €'000
Acquisition costs		987	796
Change in deferred acquisition costs		(15)	(2)
Incurring acquisition costs		972	794
Administrative expenses	6	14,128	14,534
		15,100	15,328

5 Investment Income

	2007 €'000	2006 €'000
Income from listed investments	38,797	34,554
Income from other investments	5,642	4,487
	44,439	39,041
Gain on the realisation of investments	28,543	36,567
	72,982	75,608
Unrealised losses on investments	(20,006)	(2,095)
Total Income	52,976	73,513

All of the listed investments are listed on recognised stock exchanges.

6 Administrative Expenses

	2007 €'000	2006 €'000
Administrative expenses include:		
Auditors' remuneration including VAT	121	118

The Company has contracted Brennan Insurances to conduct services on its behalf. Direct salary/social welfare/pension costs in respect of three administrative staff for 2007 amounted to €.268m./€.023m./€.120m. respectively. (2006: €.229m./€.019m./€.162m.).

Notes to the Accounts

7 Tax Charge on Profit on Ordinary Activities

	Note	2007 €'000	2006 €'000
[a] Analysis of charge for year: Tax charge based on the results for the year is as follows:			
Current tax:			
Taxation on foreign dividends		(288)	(182)
Irish Corporation tax	7 [b]	(11,778)	(9,982)
Adjustment in respect of prior years		23	(8)
Total current tax		(12,043)	(10,172)
Deferred tax:			
Origination and reversal of timing differences		2,424	(158)
Total deferred tax credit/(charge)	10	2,424	(158)
Tax charge on profit on ordinary activities		(9,619)	(10,330)

Trading income is subject to Corporation Tax at the rate of 12.5%.
Non-trading income is subject to Corporation Tax at the rate of 25%.

[b] Factors affecting tax charge for year:
The tax assessed for the year is different than the standard rate of corporation tax due to the use of tax adjusted losses. The differences are explained below:

Profit on ordinary activities before tax	86,312	90,326
Profit on ordinary activities multiplied by standard rate of corporation tax of 12.5%	10,789	11,291
Effect of:		
Provision for impairment of investments	2,501	-
Expenses not deductible for tax purposes	16	21
Income not assessed to tax in current year	(297)	(318)
Foreign income not assessed to Irish tax	(10)	(8)
Double tax relief	(30)	(23)
Income not subject to tax	(1,191)	(981)
Irish corporation tax	11,778	9,982

[c] Factors that may affect future tax charges:
There are no factors which are likely to have a significant impact on future tax liabilities.

8 Other Financial Investments

	Historical Cost		Current Value	
	2007 €'000	2006 €'000	2007 €'000	2006 €'000
Listed equity shares	313,312	290,531	346,888	454,177
Debt securities and other fixed income securities:				
Government fixed interest	543,630	478,484	545,339	478,794
Other fixed income securities	111,041	97,952	117,359	106,623
Other loans	26,767	19,535	27,156	19,789
Property investments	5,719	-	5,719	-
Deposits with credit institutions	65,431	110,164	65,431	110,164
Total Investments	1,065,900	996,666	1,107,892	1,169,547

The listed equities and fixed income securities are all listed on recognised stock exchanges.

Notes to the Accounts

9 Financial Instruments

The Company is exposed to currency risks arising from the foreign currency investments it holds, mainly sterling denominated securities. The Company enters into forward currency agreements, normally on a two-month basis, to reduce any foreign currency exposures.

	Carrying Value €'000	Principal Hedged €'000	Underlying Principal Stg£'000
2007			
1 year or less			
Currency sold	6,804	7,027	5,000
2006			
1 year or less			
Currency sold	10,424	10,301	7,000

Changes in the fair value of instruments used as hedges are not recognised until the hedged position matures. The unrecognised gain at 31st. December 2007 was €.223m. (2006: €.123m. loss). Hedged gains recognised for 2007 were €.112m. (2006: €.277m. gain).

10 Provisions for Other Risks and Charges

	Note	2007 €'000	2006 €'000
Deferred taxation:			
Balance at beginning of year		1,571	1,413
Profit and loss account - (credit)/charge	7	(2,424)	158
Balance at end of year		(853)	1,571
Analysis of deferred taxation:			
Provision for unrealised losses on investments		(2,809)	-
Investment income taxable in the future		1,956	1,571
		(853)	1,571

11 Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	2007 €'000	2006 €'000
Operating profit	86,312	90,326
Increase in debtors	(1,812)	(2,128)
Decrease in unearned premiums	(880)	(593)
(Decrease) increase in claims provisions	(8,745)	48,455
Decrease in creditors	(263)	(2,164)
Decrease in premiums due	2,287	1,040
Realised gains on investments	(8,539)	(34,472)
Movement in deferred acquisition costs	(15)	(2)
Net cash inflow from operating activities	68,345	100,462

Notes to the Accounts

12 Changes in Cash and Cash Equivalents and Other Liquid Investments During the Year

	Cash and cash equivalents	Other liquid investments	Total	Total
	2007	2007	2007	2006
	€'000	€'000	€'000	€'000
Balance at beginning of year	118,781	866,967	985,748	866,675
Net cash (outflow) inflow	(48,536)	101,016	52,480	119,073
Balance at end of year	70,245	967,983	1,038,228	985,748

13 Analysis of Balances of Cash and Cash Equivalents and Other Liquid Investments Shown in the Balance Sheet

	2007	2006	Change in year
	€'000	€'000	€'000
Cash at bank and in hand	4,814	8,617	(3,803)
Deposits with credit institutions	65,431	110,164	(44,733)
Other liquid investments	967,983	866,967	101,016
Total	1,038,228	985,748	52,480

14 Pension Costs

There are externally funded defined benefit and defined contribution pension schemes covering employees of this Company and other participating employers and consequently it is not practicable to identify the share of underlying assets and liabilities of the scheme or provide information on the implications of the surplus or deficit in the scheme for the Company.

As provided for in these circumstances under Financial Reporting Standard No. 17 - Retirement Benefits, the disclosures appropriate to defined contribution schemes have been given.

At 31st December 2007 there was no accrual for pension contributions (2006: €nil).

15 Related Party Disclosures

There are no related parties requiring disclosure to comply with Financial Reporting Standard No. 8 - Related Party Disclosures.

16 Commitments and Contingencies

During the year the Company entered into property investments which resulted in the Company investing in two separate property consortia. The Company has a commitment to make further payments on one of these investments over the course of the property development. Amounts are payable until January 2013 and, although these could alter during construction, significant changes are not expected.

17 Status of the Company

The Company is limited by guarantee and does not have a share capital. The Company underwrites the insurances of Local, Health and Education Authorities.

18 Approval of the Accounts

The accounts were approved and authorised for issue by the Board of Directors on 9th April 2008.

Company Information

Executive

General Manager
Assistant General Manager
Secretary/Assistant General Manager

Pat O'Loughlin, ACII.
Alan Connolly, Dip. App. Fin.
Rosemary Reilly.

Contracted Management

Accounts

Head of Finance
Accountant

Patrick McGinley, FCPA, MSI.
Anna-Marie Conlan, FCCA.

Claims

Claims Manager
Assistant Claims Managers:

Terry O'Neill.
Paul Doyle, BA (Hons.) Business & Law.
Paddy Moran, ACII.

Risk

Risk Manager

Rosemary Ryan, MSc, MPM, BA, RGN, RCN, RM, MIOSH.

Underwriting

Property/Motor Manager
Liability Manager
Assistant Liability Manager

Joe Reynolds, BA, ACII.
Enda Brazel, BBS.
Lorraine Scanlan, ACII.

Chartered Quantity Surveyor

Gerry McAuliffe, ASCS, MRICS.

Registered Office Registered No.

12-14 Lower Mount Street, Dublin 2.
7532 Republic of Ireland.

Auditors

Ernst & Young, Harcourt Street, Dublin 2.

Bankers

Allied Irish Banks plc, Dame Street, Dublin 2.

Solicitors

Arthur Cox, Earlsfort Terrace, Dublin 2.

