

**AIB COLLECTIVE INVESTMENT SCHEMES LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

Registered Number: 707614

**AIB Collective Investment Scheme Limited  
St Helen's  
1 Undershaft  
London  
EC3A 8AB**

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## **DIRECTORS' REPORT**

The Directors present herewith the audited Financial Statements for the year ended 31 December 2008. The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and that they have taken all the steps that ought to have been taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## **DIRECTORS**

The following directors served during the year:

M. Dolan (resigned 24<sup>th</sup> October 2008)

H. O'Donnell

T. Hall (appointed 24<sup>th</sup> October 2008)

In accordance with the articles of association none of the directors retire by rotation.

## **SECRETARY**

M. Dolan (resigned 24<sup>th</sup> October 2008)

J. Baumer (appointed 24<sup>th</sup> October 2008)

## **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The financial position at 31 December 2008 is considered satisfactory and the Directors expect the level of activity to continue in the foreseeable future.

The remaining trading operations of the company were wound down and the results for the year were treated as discontinued as all material business activities ceased on 7 November 2003.

## **RESULTS AND DIVIDEND**

The results for the year are set out in the attached financial statements. The profit for the year, after taxation, amounted to £283,698 (2007: Profit £752,701). The Company declared an interim ordinary dividend £450,000 (2007: £5,050,923). No final ordinary dividend was declared for 2008 (2007: Nil final ordinary dividend).

## **GOING CONCERN**

The directors consider that the company has adequate resources to remain in operation for the foreseeable future and have therefore continued to adopt the going concern basis for preparing the financial statements. As with all business forecasts the directors' statement cannot guarantee that the going concern basis will remain appropriate given the inherent uncertainty about future events.

## **DIRECTORS' INTERESTS**

According to the register required to be kept under Section 325 of the Companies Act 1985 no Director had, during the year ended 31 December 2008, any interest in the shares of the Company or any Group Company, which is required to be notified to the Company. For this purpose, the Directors are exempt from notifying the Company of interests in shares in a body corporate incorporated outside the United Kingdom ("UK").

## **DIRECTORS' LOANS**

None of the Directors' received any loans from the Company during the year.

## **DONATIONS**

During the year the company made no donations to charities (2007: NIL).

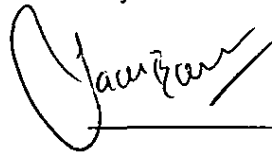
**AUDITORS**

In accordance with section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG Chartered Accountants as auditors to the Company is to be proposed at the forthcoming Annual General Meeting.

St Helen's  
1 Undershaft  
London EC3A 8AB

Registered in England Number 707614

By order of the Board

A handwritten signature in dark ink, appearing to read 'J. Baumer', is written over a horizontal line.

Secretary  
J. Baumer

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

The directors are responsible for preparing the Directors' Report and the company 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 the directors have elected to prepare the company's financial statements in accordance with IFRSs as adopted by the EU.

The financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and performance of the company; the Companies Act 1985 provide in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing each of the company 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 1985.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AIB COLLECTIVE INVESTMENT SCHEMES LIMITED**

We have audited the financial statements of AIB Collective Investment Schemes Limited for the year ended 31 December 2008 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, and the related notes. 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 235 of the Companies Act 1985. 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 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 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' responsibilities for preparing the Directors' report and financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 4.

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 in accordance with IFRSs as adopted by the EU and have been properly prepared in accordance with the Companies Act 1985.

We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

**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 IFRSs as adopted by the EU, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The company balance sheet is in agreement with the books of account.

In our opinion the information given in the directors' report is consistent with the financial statements.

*KPMG*

**KPMG**  
*Chartered Accountants*  
*Registered Auditor*

*20 July 2009*

1 Harbourmaster Place  
IFSC  
Dublin 1

**INCOME STATEMENT**  
**Year Ended 31 December 2008**

	Notes	<b>Discontinued Operations 2008 £</b>	<b>Discontinued Operations 2007 £</b>
Administration Expenses		(123)	(222)
<b>Operating (Loss)</b>		<b>(123)</b>	<b>(222)</b>
Profit on Sale of Management Contracts		-	834,448
Interest Receivable and Similar Income		56,539	126,005
<b>Profit before tax</b>		<b>56,416</b>	<b>960,231</b>
Tax credit / (charge)	4	227,282	(207,530)
<b>Profit for the financial year</b>		<b>283,698</b>	<b>752,701</b>


The results for the year are wholly attributable to discontinued operations. The Company has no recognised gains or losses other than those included in the income statement above. Accordingly, no separate statement of recognised income and expenses has been prepared.



**BALANCE SHEET**  
**31 December 2008**

	Notes	31 December 2008 £	31 December 2007 £
<b>Assets</b>			
Trade and Other Receivables	5	126,323	65,000
Cash and cash equivalents	6	1,492,070	1,468,431
<b>Total current assets</b>		<b>1,618,393</b>	<b>1,533,431</b>
<b>Total assets</b>		<b>1,618,393</b>	<b>1,533,431</b>
<b>Equity</b>			
Issued capital	9	500,000	500,000
Retained earnings		272,692	438,993
<b>Total equity</b>	10	<b>772,692</b>	<b>938,993</b>
<b>Liabilities</b>			
Trade and Other Payables	7	450,000	-
Corporation Tax Payable	3	395,701	594,438
<b>Total current liabilities</b>		<b>395,701</b>	<b>594,438</b>
<b>Total liabilities</b>		<b>845,701</b>	<b>594,438</b>
<b>Total equity and liabilities</b>		<b>1,618,393</b>	<b>1,533,431</b>

On behalf of the board

 Director

**STATEMENT OF CASH FLOWS**  
**For the year ended 31 December 2008**

	2008 £	2007 £
<b>Cash flows from operating activities</b>		
Payment of Expenses	(123)	(1,463)
Interest received	56,539	126,005
<b>Cash generated from operations before taxation</b>	<b>56,416</b>	<b>124,542</b>
Taxes received / (paid)	28,546	4,001
<b>Net cash from operating activities</b>	<b>84,962</b>	<b>128,543</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of management contracts	-	1,512,450
<b>Net cash from investing activities</b>	<b>-</b>	<b>1,512,450</b>
<b>Cash flows from financing activities</b>		
Dividends paid	-	(5,050,923)
Net Advancement of funds to Group Companies	(61,323)	(26,000)
<b>Net cash (outflow) from financing activities</b>	<b>(61,323)</b>	<b>(5,076,923)</b>
<b>Net increase in cash and cash equivalents</b>	<b>23,639</b>	<b>(3,435,930)</b>
Cash and cash equivalents at 1 January	1,468,431	4,904,361
<b>Cash and cash equivalents at 31 December</b>	<b>1,492,070</b>	<b>1,468,431</b>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1 Significant accounting policies**

AIB Collective Investments Limited is a company domiciled in England.

#### **Statement of compliance**

The financial statements have been presented in accordance with International Accounting Standards and International Financial Reporting Standards (collectively 'IFRSs') as adopted by the EU and applicable at 31 December 2006. The financial statements also comply with the requirements of UK Statute comprising the Companies Act 1985. The Company financial statements have been prepared in accordance with IFRSs as adopted by the EU.

#### **Basis of preparation**

##### **a) Accounting convention**

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

The preparation of accounts requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues and expenses, and disclosures of contingent assets and liabilities. Since management's judgement involves making estimates concerning the likelihood of future events, the actual results could differ from those estimates. Some estimation techniques involve significant amounts of management valuation judgements, often in areas which are inherently uncertain. The estimation techniques which are considered to be most complex are in the areas of impairment of financial assets, share based payments, fair value of financial assets and financial liabilities and retirement benefits.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

##### **b) Interest income and expense recognition**

Interest income and expense is recognised in the income statement for all interest-bearing financial instruments using the effective interest method.

##### **c) Income tax**

Income tax on the profit and loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the balance sheet date and any adjustment to tax payable in respect of previous years. Income tax recoverable on tax allowable losses is recognised as an asset only to the extent that it is regarded as recoverable by offset against current or future taxable profits.

Income tax payable on profits, based on the applicable tax law on each jurisdiction, is recognised as an expense in the period in which the profits arise. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

##### **d) Financial assets**

###### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available for sale. They arise when the Company provides money or services directly to a customer with no intention of trading the loan. Loans and receivables are initially recognised at fair value including direct and incremental transaction costs, and are subsequently carried on an amortised cost basis.

##### **e) Financial liabilities**

Issued financial instruments or their components are classified as liabilities where the substance of the contractual arrangement results in the Company having a present obligation to either deliver cash or another financial asset to the holder, to exchange financial instruments on terms that are potentially unfavourable or to satisfy the obligation otherwise than by the exchange of a fixed amount of cash or another financial asset for a fixed number of equity shares.

Financial liabilities are initially recognised at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Financial liabilities are subsequently measured at amortised cost, any difference between the proceeds net of transaction costs and the redemption value is recognised in the income statement using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS

**f) Share Capital**

Issued financial instruments, or their components, are classified as equity where they meet the definition of equity and confer on the holder a residual interest in the assets of the Company.

**g) Cash and cash equivalents**

For the purposes of the cash flow statement, cash comprises cash on hand and demand deposits, and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of less than three months.

**h) Functional and presentational currency**

The Company's financial statements are presented in Sterling which is the functional and presentational currency of the Company.

**2 Profit before taxation**

The Company has no employees. Audit costs are borne by the parent company. Directors' remuneration has been borne by the ultimate Parent Company, Allied Irish Banks, p.l.c.

**3 Income Tax Expense**

	2008 £	2007 £
<b>Current tax expense</b>		
UK Corporation tax on income	17,710	37,735
UK corporation tax on transfer pricing on intercompany balances	-	2,525
Adjustment for prior years	<u>(244,992)</u>	<u>167,270</u>
	<u>(227,282)</u>	<u>207,530</u>

**Reconciliation of effective tax rate**

	2008 £	2007 £
Profit before tax	<u>56,416</u>	<u>960,231</u>
Income tax using the domestic corporation tax rate	17,710	288,069
<b>Effects of:</b>		
UK corporation tax on transfer pricing on intercompany balances	-	2,525
Capital Gain sheltered by losses	-	(250,334)
Under/(over) provided in prior years	<u>(244,992)</u>	<u>167,270</u>
Current tax (credit) / charge for period	<u>(227,282)</u>	<u>207,530</u>

**4 Current tax liability**

The current tax liability of £395,701 (2007: £594,438) represents the amount of income taxes payable in respect of current and prior periods.

**5 Trade and Other Receivables**

	2008 £	2007 £
Loans to Group Companies	<u>126,323</u>	<u>65,000</u>
	<u>126,323</u>	<u>65,000</u>

Loans to Parent Company are non interest earning balances repayable on demand.

**6 Cash and cash equivalents**

## NOTES TO THE FINANCIAL STATEMENTS

	2008 £	2007 £
Cash on demand held by Allied Irish Banks (GB) Limited	<u>1,492,070</u>	<u>1,468,431</u>

Cash on demand held by Allied Irish Banks (GB) Limited earns interest at market rates.

7 Trade and Other Payables	2008 £	2007 £
Funds due to Group Undertakings	<u>450,000</u>	<u>-</u>
	<u>450,000</u>	<u>-</u>

Funds due to Group Undertakings are non interest bearing balances repayable on demand.

## 8 Reporting currency

The currency used in these financial statements is sterling, which is denoted by the symbol £.

## 9 Issued Capital

	2008 £	2007 £
Authorised, allotted and fully paid 500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

## 10 Reconciliation of movement in shareholders' funds

	2008 £	2007 £
Balance at 1 January 2008	938,993	5,237,215
Profit retained for the year	283,699	752,701
Dividend declared	<u>(450,000)</u>	<u>(5,050,923)</u>
Balance at 31 December 2008	<u>772,692</u>	<u>938,993</u>

## 11 Risk Management

Set out below are details on risk management, interest rate sensitivities and fair values for the Company.

### (a) Risk Management

The remaining risks facing the company include credit risk and operational risk. The role of Risk Management is to ensure that the Company continues to take controlled and appropriate levels of risk in order to protect and optimise shareholder value.

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and to continually monitor these risks and limits. The Company modifies and enhances its risk management practices on an ongoing basis to reflect changes in markets, products and evolving best practice.

Primary responsibility for risk management lies with line management. Within the Company, line management is supported by a risk management function that sets standards, policies, limits and measurement methods and provides independent oversight with a direct reporting line to the AIB Group Chief Risk Officer (CRO) and the Audit Committee of the AIB Group. The divisional Chief Risk Officer is also a member of the Capital Markets Management Board (CMMB). The CMMB formally approves the overall strategy and the direction of the business on an annual basis in line with approval by the AIB Board of Directors.

### (b) Credit Risk

Credit risk is the risk that a customer or counterparty will be unwilling or unable to meet a commitment that it has entered into and that the pledged collateral does not cover the Company's claims. The credit risks in the Company arise primarily from customers' ability to reimburse the Company for services provided.

## NOTES TO THE FINANCIAL STATEMENTS

**(c) Operational Risk**

Within the Company, operational risk is defined as the exposure to loss from inadequate or failed internal processes, people and systems or from external events. It is the risk of direct or indirect loss, or damaged reputation, due to deficiencies or errors in the Company's internal operations which may be attributable to employees, the organisation, control routines, processes or technology, or due to external events and relations. Operational risks are inherent in all activities within the organisation, in outsourced activities and in all interaction with external parties.

Solid internal control and quality management, consisting of a risk management framework, leadership and skilled personnel, is the key to successful operational risk management. Each business area is primarily responsible for managing its own operational risks. Risk management develops and maintains the framework for identifying, monitoring and controlling operational risks and supports the business in implementing the framework and raising awareness of operational risks.

An element of the Company's operational risk management framework is ongoing monitoring through self-assessment of control deficiencies and weaknesses, the tracking of incidents and loss events and the use of a structured lessons learned process to ensure that, once identified, control deficiencies are communicated and remedied across the Company.

The role of ORMCO is to co-ordinate operational risk management activities across the Company through setting policy, monitoring compliance and promoting best practice disciplines.

**(d) Interest rate sensitivity**

The net interest rate sensitivity of the Company at 31 December 2008 is illustrated in the following table. The interest sensitivity gap is split out by functional currency. This information is presented for five different time periods reflecting the balances of assets and liabilities with rates that are subject to change within each period, data regarding balances which are not sensitive to interest rate movements and any rate sensitive off-balance sheet contracts. The tables show the sensitivity of the balance sheet at one point in time and is not necessarily indicative of positions at other dates. In developing the classifications used in the tables it has been necessary to make certain assumptions and approximations in assigning assets and liabilities to different repricing categories.

The interest rate sensitivity analysis for the Company as at 31 December 2008 is as follows:

**Interest Rate Sensitivity 31 December 2008 – Sterling**

	<b>0-3 Months</b>	<b>3-6 Months</b>	<b>6-12 Months</b>	<b>1-5 Years</b>	<b>+5 Years</b>	<b>Rate Insensitive</b>	<b>Trading</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade and other receivables						126		126
Cash and cash equivalents	1,492							1,492
Total assets	1,492	-	-	-	-	126	-	1,618
Tax Payable						396		396
Trade & Other Payables						450		450
Stockholders' equity						772		772
Total liabilities	-	-	-	-	-	1,618	-	1,618
Interest sensitivity gap	1,492	-	-	-	-	(1,492)		
Cumulative interest sensitivity gap	1,492	1,492	1,492	1,492	1,492	-		

**NOTES TO THE FINANCIAL STATEMENTS**

The interest rate sensitivity analysis for the Company as at 31 December 2007 is as follows:

**Interest Rate Sensitivity 31 December 2007 – Sterling**

	<b>0-3 Months £000</b>	<b>3-6 Months £000</b>	<b>6-12 Months £000</b>	<b>1-5 Years £000</b>	<b>+5 Years £000</b>	<b>Rate Insensitive £000</b>	<b>Trading £000</b>	<b>Total £000</b>
Trade and other receivables						65		65
Cash and cash equivalents	1,468							1,468
Total assets	1,468	-	-	-	-	65	-	1,533
Tax Payable						594		594
Stockholders' equity						939		939
Total liabilities	-	-	-	-	-	1,533	-	1,533
Interest sensitivity gap	1,468	-	-	-	-	(1,468)		
Cumulative interest sensitivity gap	1,468	1,468	1,468	1,468	1,468	-		

**(e) Fair Value of Financial Instruments**

The term 'financial instruments' includes financial assets, financial liabilities and derivatives. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation.

There is no difference between the carrying amounts and fair values of financial instruments at December 31, 2008 and 2007.

**12 Related parties**

The Company has a related party relationship with AIB group entities. The details of transactions between group entities are disclosed in Notes 2, 5, 6 and 7.

**13 Ultimate parent company and related party transactions**

Allied Irish Banks, p.l.c., a company incorporated in Ireland, is the ultimate controlling party and parent company of the largest group to consolidate these accounts.

Copies of the group accounts of Allied Irish Banks, plc., may be obtained from the Company Secretary, Bankcentre, Ballsbridge, Dublin 4.

**14 Dividends**

	<b>2008 £ per share</b>	<b>2008 £'000</b>	<b>2007 £ per share</b>	<b>2007 £'000</b>
Dividends paid on 500,000 Ordinary shares of £1 each in issue	<u>0.90</u>	<u>450</u>	<u>10,102</u>	<u>5,051</u>

**15 Approval of financial statements**

The directors approved the financial statements on 20<sup>th</sup> July 2009.