



Investor Compensation Company Limited

Annual Report

Year ended 31 July 2015

Mission Statement

The Investor Compensation Company Limited aims to operate a financially sound scheme so that it is in a position to pay, in a prompt manner, statutory levels of compensation to eligible clients of failed investment firms.

In doing this, we will:

- Ensure that claims for compensation are dealt with promptly.
- Operate a cost effective method for the collection of levies which is fair to all investment firms.
- Maintain an open and positive relationship with the participant firms and claimants with whom we deal.

In fulfilling our mission we are guided by the following values:

- We take seriously our responsibility to the Investor Compensation Scheme's claimants and participant firms.
 - We work in a consultative and co-operative manner with our participant firms, with the Central Bank of Ireland and with the Department of Finance.
 - We operate with integrity and transparency.
 - We work efficiently and effectively.
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**Investor
Compensation
Company
Limited**

**Annual Report
Year Ended
31 July 2015**

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DIRECTORS AND OTHER INFORMATION

Directors	Jim Bardon	(Chairperson – re-appointed on 28 th April 2015)
	Daniel Coveney	(Deputy Chairperson – retired on 4 th September 2015)
	George Treacy	(Deputy Chairperson – appointed on 7 th September 2015)
	Valerie Bowens	(Appointed on 19 th October 2015)
	Liam Carberry	(Appointed on 1 st August 2014)
	Inge Clissmann	(Retired on 31 st July 2015)
	Brian Healy	(Re-appointed on 1 st August 2015)
	Dermott Jewell	
	Siobhán Madden	(Appointed on 19 th October 2015)
	Enda Newton	(Appointed on 19 th October 2015)
	Paul O'Donovan	(Senior Independent Director)
	Frank O'Dwyer	(Re-appointed on 1 st August 2015)
	Louise O'Mahony	
Secretary	Ciaran Phelan	(Re-appointed on 1 st August 2015)
	Gina Quin	(Retired on 31 st July 2015)
Registered Office	Mark Redmond	(Retired on 31 st July 2015)
Registered Office	Michael Fagan	(Appointed on 22 nd September 2014)
	George Treacy	(Resigned on 22 nd September 2014)
Registered Office	Central Bank of Ireland, PO Box 11517, Spencer Dock, North Wall Quay, Dublin 1.	
Auditor	KPMG, 1 Harbourmaster Place, IFSC, Dublin 1.	
Bankers	Bank of Ireland, 2 College Green, Dublin 2.	
Solicitors	William Fry Solicitors, Fitzwilton House, Wilton Place, Dublin 2.	

Registered No 293240

THE BOARD OF DIRECTORS

All members serve as non-executive directors.



Jim Bardon

(Chairperson)

Director General of the Irish Bankers' Federation from 1988 to 2004. Former Chairman of the Executive Committee of the European Banking Federation, and the Consumer Affairs Committee of the European Banking Federation. Secretary of the Council of the Financial Services Ombudsman and former Secretary of the Credit Institutions Ombudsman of Ireland Limited. Former member of the Member Services Committee of the IDA, Company Law Review Group, Small Business and Services Forum, Consultative Industry Panel of the Financial Regulator and Executive Committee of the European Banking Federation.



George Treacy

(Deputy Chairperson)

Company Secretary and Chief Operations Officer of the Investor Compensation Company Limited from 2011 to 2014. A former member of the Company Law Review Group. He began his career with the Central Bank of Ireland where he held various senior positions including Head of Division in the Legal, Consumer Protection and Intermediaries Supervision Divisions and latterly as Acting Director of Enforcement.



Valerie Bowens

A Senior Manager with extensive compliance and regulatory experience over more than 20 years. Director of Regulatory Compliance at Dillon Eustace Solicitors, and a Director of NSAI and member of its Governance Committee. Until late 2014, Managing Director and Country Head of Compliance at BNY Mellon, prior to which, Senior Regulator - Central Bank, Senior Manager - AIB Capital Markets. Former Director of Association of Compliance Officers in Ireland. Holds honours degrees - Bachelor of Commerce, and Master of Business Studies, as well as a Diploma in Financial Services Law, all from UCD.



Liam Carberry

A practicing Insurance Broker with 25 years' experience in the Financial Services Industry and immediate past Chairman of the Professional Insurance Brokers Association (PIBA). A former member of the Financial Services Industry Consultative Panel and past President of the Christian Brothers Parents Council of Ireland.



Brian Healy

Director of Traded Markets, Development, Operations, Irish Stock Exchange. Chairman of the Euroclear Group plc cross-market Irish Market Advisory Committee dealing with development and harmonisation issues for equity and fixed income. Previously worked with Arthur Andersen. A fellow of the Institute of Chartered Accountants in Ireland and of the Chartered Institute of Securities and Investment. He is also an Accredited Mediator.



Dermott Jewell

Policy and Council Advisor of the Consumers' Association of Ireland. Current representations include Chairperson Financial Services Ombudsman Council, Chairperson European Consumer Centre, Chairperson Governing Board Irish Food Quality Certification, Member Consumer Advisory Group of the Central Bank of Ireland, Member of the Bórd Bia Quality Assurance Board and Irish Representative alternate of the European Consumer Consultative Group (ECCG) of DG Sanco.



Siobhán Madden

Appointed to the board of the ICCL in October 2015 and a member of the board of Bus Atha Cliath. Siobhan is an international corporate legal consultant. Her practice specialties are the law relating to banking & financial services, aviation and corporate governance. Siobhan is an Irish solicitor, tax consultant, and a member of the New York Bar. She is a graduate of Trinity College, was a partner in A&L Goodbody Solicitors for 15 years, and for 8 years was General Counsel Ireland for Zurich Insurance Group. She has also worked in New York and France for major international companies.



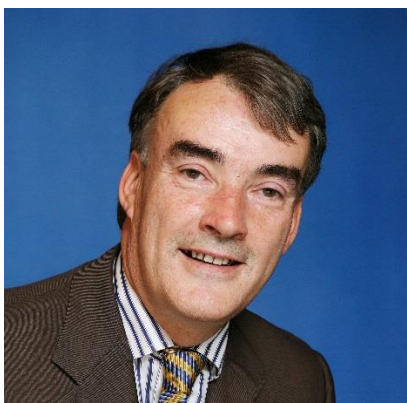
Enda Newton

A Corporate Partner in AMOSS Solicitors with extensive experience in advising on mergers and acquisitions, equity capital markets, corporate re-organisations, shareholder arrangements, corporate fundraising, joint ventures, venture capital and private equity. Formerly a senior legal advisor in the Banking Division of the Department of Finance where he was involved in advising on a diverse range of issues relating to the banking crisis.



Paul O'Donovan

Independent consultant operating across all sectors of the Financial Services Industry working with regulatory bodies, representative bodies and service providers. Formerly a Senior Consultant with Accenture (Andersen Consulting, Arthur Andersen & Co.) and a founder Director of Prospectus Strategy Consultants. Established O'Donovan Associates in 1994.



Frank O'Dwyer

Chief Executive of the Irish Association of Investment Managers whose members manage assets of over €200 billion on behalf of Irish and international clients. A fellow of the Institute of Chartered Accountants in Ireland, he has been Finance Director of a number of companies and was an adviser at the Department of Finance. A director of the Irish Takeover Panel.



Louise O'Mahony

Head of Mortgage Policy – Banking and Payments Federation Ireland, the principal voice of the banking and financial services sector in Ireland, and Member of the Executive Committee of the European Mortgage Federation.



Ciaran Phelan

Ciaran is currently Chief Executive of the Irish Brokers Association. He has over 25 years' experience in the Life Assurance Industry having worked in various senior management roles. He also spent a number of years in the telecommunications industry. He holds a BA in Management.

Board Committees

The Board has set up two standing committees, a Funding Committee and an Audit Committee. The current membership of these committees is as follows:

Funding Committee

George Treacy¹ (Committee chairperson)
 Liam Carberry²
 Brian Healy
 Dermott Jewell
 Frank O'Dwyer
 Louise O'Mahony
 Ciaran Phelan

Audit Committee

Brian Healy (Committee chairperson)
 Frank O'Dwyer
 Enda Newton³
 Siobhán Madden⁴ (*Alternate Member*)

Attendance at Board and Committee Meetings

	Board	Funding Committee	Audit Committee
<i>Number of meetings held</i>	8	4	4
Jim Bardon	8	N/a	N/a
George Treacy	N/a	N/a	N/a
Daniel Coveney ⁵	8	4	N/a
Valerie Bowens ⁶	N/a	N/a	N/a
Liam Carberry	8	4	N/a
Inge Clissmann ⁷	5	N/a	N/a
Brian Healy	8	3	4
Dermott Jewell	8	3	N/a
Siobhán Madden	N/a	N/a	N/a
Enda Newton	N/a	N/a	N/a
Paul O'Donovan	8	N/a	N/a
Frank O'Dwyer ⁸	7	4	-
Louise O'Mahony	6	3	N/a
Ciaran Phelan	6	1	N/a
Gina Quin ⁹	7	N/a	4
Mark Redmond ¹⁰	6	N/a	4

¹ Appointed to the Board and the Funding Committee on 7th September 2015

² Appointed to the Funding Committee on 8th September 2014

³ Appointed to the Board and Audit Committee on 19th October 2015

⁴ Appointed to the Board and Audit Committee on 19th October 2015

⁵ Retired from the Board and the Funding Committee on 4th September 2015

⁶ Appointed to the Board on 19th October 2015

⁷ Retired from the Board on 31st July 2015

⁸ Alternate member of the Audit Committee during the year ended 31st July 2015, appointed as a full member on 19th October 2015

⁹ Retired from the Board and the Audit Committee on 31st July 2015

¹⁰ Retired from the Board and the Audit Committee on 31st July 2015

CHAIRPERSON'S STATEMENT

Jim Bardon

I again have the pleasure of presenting the Annual Report of the Investor Compensation Company Limited for its seventeenth year of operation.

Overview

In the past year, the Company renewed its focus on replenishing reserves which had been depleted following provision for recent large compensation cases, principally **Custom House Capital Limited (In Liquidation) [CHC]**. At the end of the financial year (31 July 2015), total reserves stood at €43.25 million, having provided in full for all known compensation claims associated with CHC, which represented an increase of €4.5 million (11.6 per cent) on the previous year. This represents further progress towards the respective target levels for our two funds of €25 million (Fund A) and €30 million (Fund B).

The Company has supplementary funding capacity in place in addition to financial reserves. This comprises an Excess of Loss Insurance policy and standby credit facilities. Previously, the insurance provided for aggregate compensation payments in excess of €15 million for both Fund A (which covers large investment firms) and Fund B (encompassing all other member firms of the Compensation Scheme) with maximum pay-outs of €50 million (Fund A) and of €10 million (Fund B) respectively. I am pleased to report that during the past year, the cover for Fund A was increased to provide an additional €50 million of insurance. This is an important milestone in ensuring that the Company is in a position to meet the claims that would arise from any failure of a major investment firm without the need for additional levies to be sought from other Scheme participants or borrowings.

No new failures occurred during the year which is to be welcomed. Unfortunately, progress has been very slow in the existing compensation cases. As I have noted previously, the CHC liquidation is extremely complex and protracted, principally because of legal issues arising. However, the lengthy delays that have ensued since the failure of the firm in 2011 have resulted in the eligible clients of that firm being required to wait a considerable period of time before they receive the compensation to which they are statutorily entitled. It is particularly frustrating that the Company is in a position to provide compensation to those investors but must await the formal claims certification process to be completed by the Liquidator/Administrator.

These delays are unacceptable and were not envisaged in the legislation underpinning the Compensation Scheme (the Investor Compensation Act, 1998). To that end, we will continue to proactively advocate on behalf of claimants with all relevant stakeholders including the Central Bank of Ireland and the Department of Finance, with a view to ensuring that the outcome for investors in such cases can be improved. In this context, we welcome the recent introduction by the Minister for Finance of S.I. 407 of 2015, Investor Compensation Act, 1998, (Return of Investor Funds or Other Client Property) Regulations 2015. These regulations aim to improve the outcome for investors in the recovery of their assets following the failure of an investment firm.

Compensation Claims

Under the terms of the Investor Compensation Act, 1998, the Company is obliged to pay compensation within three months of the certification of the relevant claim by the appointed Administrator of the investment firm concerned and notification to the ICCL. In practice, we arrange for payment on a much speedier basis, usually within two weeks of certification and we remain committed to this objective. However, as noted above in respect of CHC and previous large cases, the certification process can prove to be complicated and consequently protracted, resulting in lengthy delays before the certification process is completed by the Administrator and ultimately, compensation is actually issued to affected investors.

To date, the Company has paid out an aggregate compensation amount of €6.8 million of the total estimated compensation cost of €19.7 million, to 479 clients of CHC who have suffered loss. At this time, some 1,500 claims from clients of that firm remain to be certified. We are endeavouring to ensure that delays in certification and payment of claims are minimised. It is hoped that some progress will be made in the coming year although the factors – mainly of a legal nature - impacting on this timeline are outside of our control.

Similarly, the certification of claims in respect of **Irish Bank Resolution Corporation [IBRC]** has been subject to delays and the total compensation paid by the Company remains at almost €12,368, unchanged from the previous period. Certification in respect of six final claims submitted to date was received in October 2015, resulting in no additional liability for the ICCL and thus enabling the Company to release the remaining claims and associated legal provisions of €72,173.

Arising from the failure of **W&R Morrogh (In Receivership)** some years ago, the Company had paid out a total of €7.8 million to more than 2,600 claimants having received certifications from the Receiver/Administrator, Mr Tom Grace. The claims certification process was finalised in early 2013. On confirmation of the High Court on 31 October 2014, the Receivership of the firm was completed.

All claims received in relation the failure of **Money Markets International Stockbrokers Limited (In Liquidation) [MMI]** have been certified and paid, that process having been completed some years ago. The outcome of the Company's subrogated claim in the ongoing liquidation is awaited.

Operations and Staffing

The annual collection of levies from investment firms that participate in the Investor Compensation Scheme is a critical part of the Company's operations. Levies are set on a three-year cycle following a process which includes detailed analysis of the Scheme's future funding needs and incorporates consultation with the financial services industry.

During the latest financial year, over €5.6 million in levies was collected from participant investment firms comprising €4.2 million for Fund A and €1.4 million for Fund B. This represents over 99 per cent of the total amount due, an extremely strong performance. The annual levies form the main driver for the augmentation of the Company's reserves and investment firms have a statutory obligation to pay these fees. This outcome 2014/15 was facilitated by the implementation of increased efficiencies in the Company's systems and procedures, including enhancements to the electronic collection offering on its upgraded website. A growing number of participants availed of discounts available to firms that opted to instigate direct debit payment arrangements. It also reflected intensive follow-up of all outstanding levies, in line with our established policy, including recourse to legal recovery where appropriate as well as notification of non-compliant firms to the regulatory authority (Central Bank). As a result, Fund A now stands at almost €21 million, comfortably in excess of the insurance threshold of €15 million although still below the current funding arrangements target level of €25 million. As at

31 July 2015, Fund B had reached €22.4 million, with the planned threshold of €25 million for the current funding cycle within reach.

The Company is fully committed to conducting its operations in an efficient and cost effective manner. In that context, the Board took the steps necessary to support the National Payments Plan “e-Day” initiative which promotes the use of more efficient electronic payment channels over traditional cheque payments.

For much of the past year, the Company’s staffing level was below its full complement while there was also considerable turnover in personnel. Notwithstanding this, the dedication of our staff ensured that all operations were performed in an efficient manner. I would like to record the Board’s appreciation of the commitment of our Chief Operations Officer, Michael Fagan and his team.

The Company maintains a close relationship with the Central Bank in respect of investor compensation-related policy and other regulatory matters. The Bank also provides a range of support services to the ICCL. On behalf of the Board, I would like to thank the Bank and its staff for all their assistance throughout the past year. I also wish to acknowledge the support of our other stakeholders, and specifically the Department of Finance for their continued support.

Corporate Governance

The Board seeks at all times to operate to the highest standards of corporate governance. In pursuit of this objective, it has implemented appropriate structures and procedures including the formation of two standing sub-Committees (Audit and Funding).

Arrangements are in place for the Company to transition to the requirements of the recently-enacted Companies Act, 2014.

Board Retirements and Appointments

During the past year, there have been a number of changes at Board level.

Dan Coveney has recently retired as Deputy Chairman. For the past twelve years, Dan has served with great distinction and I am indebted for his unstinting commitment which was a source of great support to myself, my fellow directors and the Executive of the Company. I wish him well in his retirement.

I would like express my appreciation to Inge Clissmann SC, Gina Quin and Mark Redmond, all of whom retired as Directors on 31 July 2015 after many years of valued service.

I welcome George Treacy (Deputy Chair), Valerie Bowens, Siobhán Madden and Enda Newton who recently joined the Board and look forward to working with them in the years ahead.

Finally, I am very grateful to all Board Members for the time, expertise and commitment which they bring to the business of the Board.

19th October 2015

OPERATING REPORT



The Company's primary role is to ensure that, in accordance with the Investor Compensation Act, 1998 (Act), investors have access to compensation in a timely fashion. The Company also strives to provide a value for money service to all its stakeholders.

Michael Fagan
Chief Operations Officer

I am pleased to present my first Operating Report as Chief Operations Officer for the Investor Compensation Company Limited [the Company/ICCL] , covering the financial year to 31 July 2015.

Overview

The past year saw no new failures of investment firms which gave rise to claims for compensation for a failure to return investments or monies owed to clients. Against that backdrop, the Company continued to pursue the rebuilding of financial reserves. The substantial provisions made in respect of anticipated aggregate compensation payments of some €19.7 million to investors affected by the failure of CHC necessitated such course of action.

While there was satisfactory headway made in restoring reserves, regrettably, and due to factors beyond the Company's control, there was minimal progress made in respect of the active compensation cases being dealt with by the Company.

Claims

At the outset of the year (1 August 2014), the Company had five compensation cases ongoing. Two of these, MMI Stockbrokers and W&R Morrogh Stockbrokers are historical and are essentially completed with no further claims due to be settled, while in October 2015 the remaining submitted claims in the Irish Bank Resolution Corporation case were certified by the Administrator. The liquidation in July 2014 (following an order of the High Court) of Berehaven Credit Union Limited did not give rise to any claims made to the Company. The remaining and most substantial case, CHC, is ongoing. Further details on all cases are provided later in this Report.

Funding

Under the provisions of the Investor Compensation Act, 1998, as amended, [the Act], the ICCL is charged with maintaining a compensation fund or funds out of which compensation payments can be made to eligible clients of failed investment firms. The Funds are financed from levies made by authorised investment firms. In the aftermath of the substantial provisions previously made in relation to the compensation payments that are likely to arise in the CHC case, the Company continued to restore its reserves in the past year. There was an increase of €4.5 million in reserves, which was facilitated by a strong performance in respect of the collection of over €5.6 million of industry levies.

The Company's capacity to meet compensation payments due in the event of potential large failures of investment firms from its reserves is supplemented by insurance and standby credit facilities. An Excess of Loss Insurance policy in place provides that where the aggregate claims arising from investment firm failures exceed €15 million in the case of Fund A and/or Fund B, the insurers will cover subsequent claims to a maximum of €100 million and €10 million respectively. In the case of Fund A, the €100 million represents a doubling of the cover from previous years. This important source of non-recourse funding, together with existing fall-back credit arrangements enable the ICCL to withstand a major compensation event without the need for an exponential increase in levies imposed on investment firms.

Investments

In the investment of its reserves, the Company seeks to optimise return while minimising risk in order to ensure that capital is protected and liquidity maintained at levels commensurate with operational requirements. The investment environment continues to be challenging, with market deposit rates at historically low levels (in many cases, at or below zero) primarily as a result of the European Central Bank's *Expanded Asset Purchase Programme (Quantitative Easing)* implemented in early 2015. The market is also characterised by a lack of depth due partly to unfavourable credit ratings for banking counterparties. Notwithstanding these impediments, an average return during 2014/15 of 0.38% was achieved. While this represented a decline from the average return for the previous year of 0.58%, it nevertheless compares favourably with the return on the benchmark 1-month EURIBID rate which averaged -0.06% over the equivalent period. Net investment income over the year amounted to €156,973, excluding €14,823 of late payment penalty interest income.

Further details on claims, funding and investment are included below.

Implementing Strategy

The ICCL Strategic Plan sets out long term goals of the Company. The Board conducts a review of the Plan on an annual basis. The current plan is in its final year and a new plan extending for the period 2016-2020 is being developed with input from the Board. The Board also reviews the Executive's Annual Work Programme which draws on the Plan and also outlines operational targets, projects and staff training and development objectives for both the Company and individual staff members. The Executive reports on progress towards achieving these goals on a quarterly basis to the Board.

The Company continues to refine its collection processes during the year by improving its provision of direct debit options and the introduction of e-invoicing. The Company, while not covered directly by the Government's e-day initiative, fully supports the move to minimise the use of cheques. To this end, the Company agreed that all levies from Fund A firms must be made by way of Electronic Fund Transfer while simultaneously encouraging the generally smaller Fund B firms to sign-up to Direct Debit by highlighting the time and cost efficiencies and also offering a 5% discount on the normal levy.

Funding of the Scheme

The ICCL sets levy rates for investment firms that are members of the Investor Compensation Scheme at three-yearly cycles. The levies are determined following a comprehensive review of future funding requirements including consideration of the ability of firms to meet the proposed levies and a consultation process with the financial services industry. We are now entering the final year of the current funding arrangement.

As outlined earlier, the principal focus of the current funding cycle has been on the rebuilding of Fund A (which relates to investment firms of a significant size), following earlier provision made for the anticipated substantial compensation payments that will arise in the CHC case. A funding target of €25 million, to be reached by the end of the current cycle (July 2016) had been set for Fund A with increased contribution rates set accordingly. By 31 July 2015, the level of the Fund had reached €20.8 million, in line with expectations. This reflected receipts of €4.2 million or 99.9 per cent of levies due in the past financial year, which was a very satisfactory performance.

For Fund B, it was planned to achieve reserves of €30 million. The fact that this Fund has been subject to minimal pay-outs since its creation has meant that it has been possible to restrict increases in levies to larger participants in recent years. In the period under review, over €1.4 million (or 99.2 per cent of amounts due) was collected from member firms, enabling the Fund to reach €22.4 million by 31 July 2015.

The aggregate collection rate for last year was 99.7 per cent which is an exceptional result. The table below contains information on comparative collection performance for both Funds over the past five years. It is encouraging that the rate for Fund B has continued to improve.

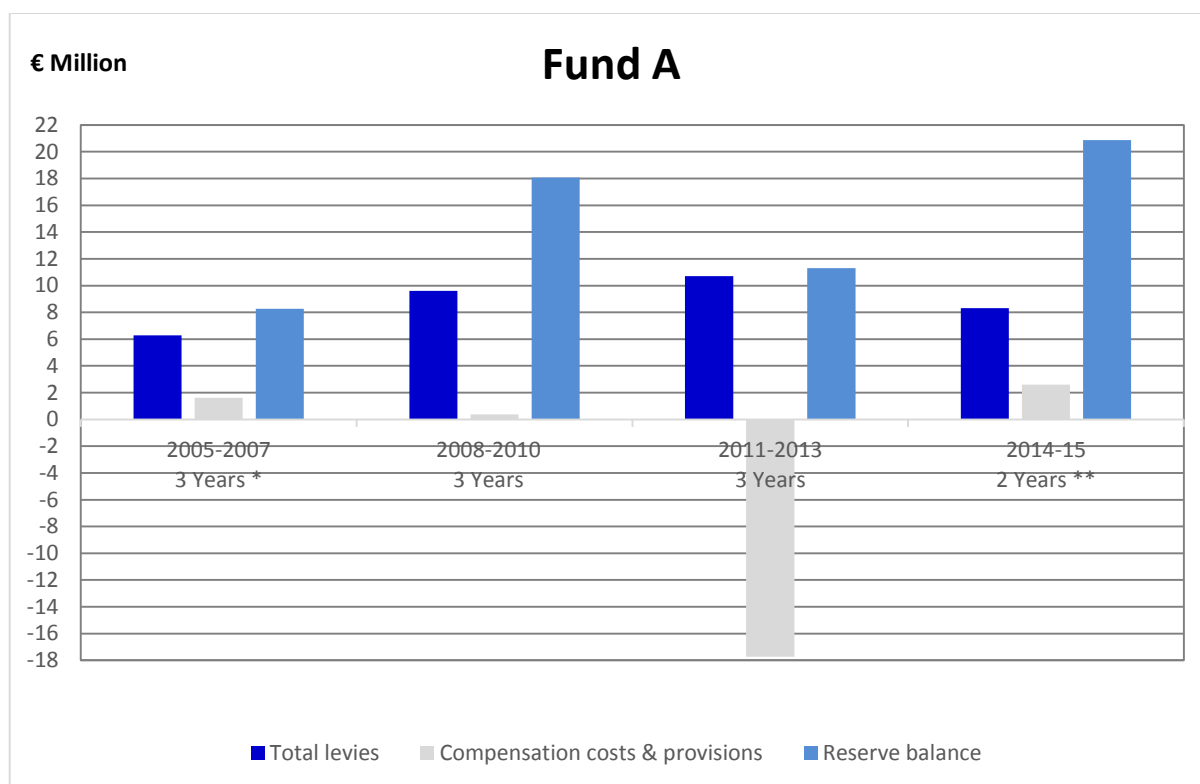
Year ended	Collections: Fund A			Collections: Fund B			Total
	Firms	€	Rate	Firms	€	Rate	€
31 July 2015	165	4,248,865	99.9%	3,429	1,426,487	99.2%	5,675,352
31 July 2014	175	3,877,252	99.9%	3,769	1,468,839	98.9%	5,346,091
31 July 2013	195	3,560,198	99.7%	4,096	1,590,136	97.5%	5,150,334
31 July 2012	205	3,434,341	98.5%	4,487	1,595,236	95.7%	5,029,577
31 July 2011	222	3,428,756	99.6%	5,233	1,574,322	94.3%	5,003,078

These excellent results are attributable to:

- The commitment of the vast majority of investment firms to comply with their statutory obligation to pay levies.
- Rigorous follow-up procedures including legal pursuit of firms that have failed to pay amounts due
- Continued close co-operation with the Central Bank in respect of inactive and non-compliant contributors to the Compensation Scheme.

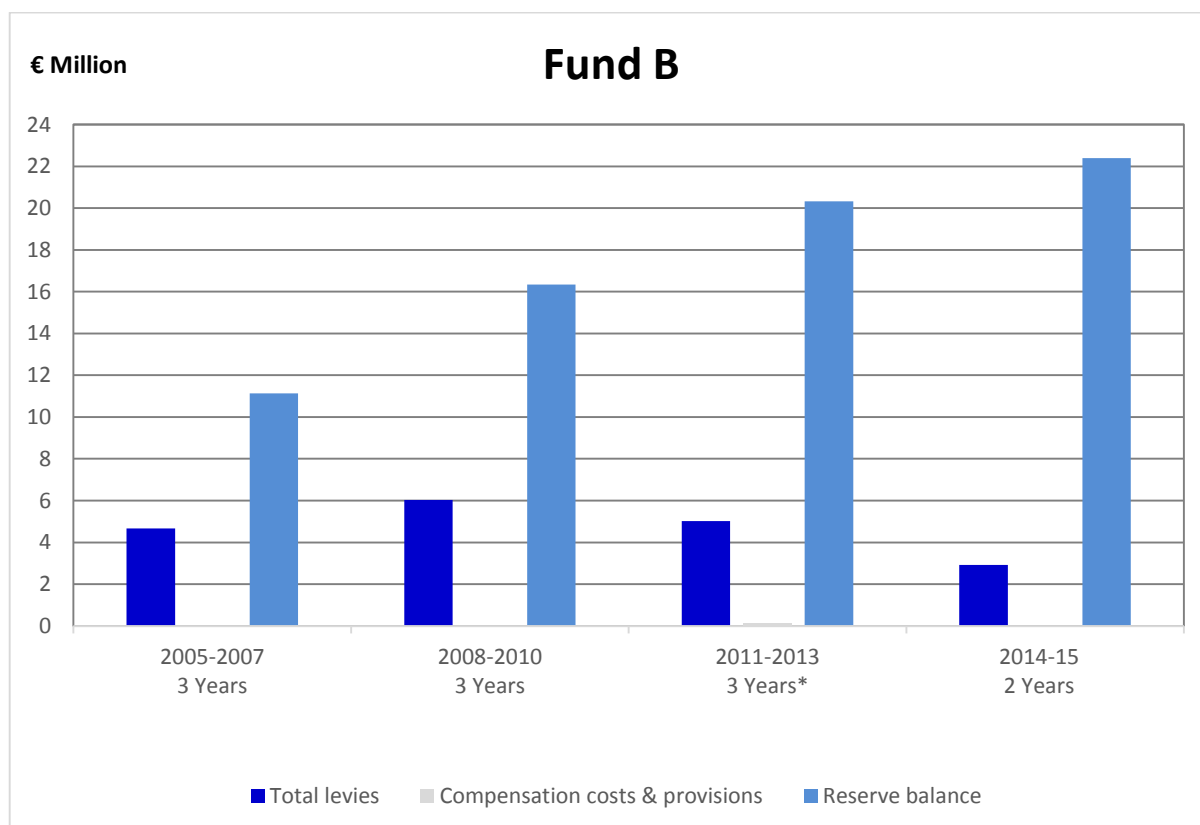
I must acknowledge the large majority of firms that continue to pay the annual levy on a timely basis. I can assure all such contributors that the ICCL will persist in the pursuit outstanding fees due from Scheme participants.

The following tables indicate for both Fund A and B the quantum of levies received over the past number of years together with the impact of compensation provisions and costs. Much of these funds have either been absorbed by claims or accumulated in reserves.



*€1.8 million release of W&R Morrogh Claims Compensation Provision

**€2.5 million release of IBRC Claims Compensation Provision (2014)



*€9,996 release of Andrew Casey Claims Compensation Provision

Investments

The ICCL's funding arises from levies from financial services firms that participate in the Investor Compensation Scheme, with such funding essential to provide for claims for compensation from eligible investors. Accordingly, the investment of funds is conducted with the utmost prudence. In that context, the protection of capital and availability of liquidity for the payment of compensation are the overriding priorities. Within these parameters, the Company seeks to achieve the maximum income and capital possible.

The core strategy deployed for the past year was focused on the pursuit of attractive rates for maturing deposits being invested in one-year fixed term deposits, subject to ongoing liquidity requirements in respect of operational commitments. The prevailing money markets environment has proved to be particularly challenging with interest rates reaching historically low levels, following the commencement of the European Central Bank's quantitative easing programme and an ongoing lack of depth in terms of acceptable related counterparties.

The average rate of return achieved over the year was 0.38%, which was lower than the preceding year (0.58%). This outturn compares favourably with the average return for the year on the benchmark one-month deposit of -0.06%. Total interest income for the financial year amounted to €171,796, of which, €156,973 relates to investment income generated on fixed term deposits.

The following table compares the Company's investment return with the average 1-month Euribid rate over the equivalent time period.

YEAR	Actual Rate of Return	Average EURIBID 1-Month	Difference
2014/15	0.38%	-0.06%	+0.44%
2013/14	0.58%	0.03%	+0.55%
2012/13	0.93%	0.03%	+0.90%
2011/12	1.31%	0.94%	+0.37%
2010/11	1.25%	1.00%	+0.25%

The Investment Policy is subject to annual review by the Board. All changes to the policy require the approval of the Central Bank, which is also apprised of investment performance on a regular basis.

Outstanding Compensation Cases

Our website, www.investorcompensation.ie, is updated regularly with the latest news on all outstanding cases.

Custom House Capital Limited (in liquidation) [CHC]:

The CHC case remains the single largest compensation case being dealt with by the ICCL. The case dates from failure of this investment firm and subsequent High Court appointment on 21 October 2011 of Mr Kieran Wallace as Liquidator and Administrator for the purposes of the Act.

To date, the Company has received 1,975 claims for compensation from clients of CHC. All claims received are passed to the Administrator who is required to certify the compensatable loss involved for each claimant, following which notification, the Company will arrange payment of compensation to the investors concerned. As at 31 July 2015, the ICCL had paid out over €6.8 million to some 479 claimants. It is estimated that further compensation amounting to €12.9 million will arise (based on estimates from the Administrator) in respect of the 1,496 claims still outstanding, resulting in a final compensation bill of €19.7 million. This amount has been fully provided for in the Company's accounts.

The liquidation and administration of CHC has proved to be a complex and protracted exercise. There have been considerable delays in the certification by the Administrator of affected clients of the firm partly due to legal issues arising in the course of the administration. In that context, no certifications were received in the past year by the Company and consequently no payment of compensation to clients of CHC was possible. This lack of progress is a source of much regret to the Company particularly as it prevents us from being in a position to issue payments to eligible investors without delay. I can assure the CHC clients involved that we are doing everything within our remit to ensure that there is progress achieved in the certification of outstanding claims.

From a wider perspective, the delays that have ensued in CHC and the earlier W&R Morrogh case were not envisaged in the Act, which was designed to ensure that the eligible clients would receive their statutorily-entitled compensation without undue delay. The ICCL has committed significant effort again in the past year, in engaging with the stakeholders with a view to the addressing the unacceptable position of investors in such circumstances.

Money Markets International Stockbrokers Limited ['MMI']:

All compensation claims in relation to this case were processed and paid some years ago. However, in accordance with the requirements of the Act, the Company has maintained a subrogated claim in the amount of €774,422 (representing the aggregate compensation paid to eligible clients of MMI) pending the final outcome of the liquidation. No dividend is expected in the case.

W&R Morrogh Stockbrokers ['Morrogh']:

The Receivership of this firm was completed and the firm dissolved on the direction of the High Court on 31 October 2014. The ICCL had previously compensated more than 2,600 eligible investors in Morrogh with a total amount of €7.8 million and had received just over €2 million arising from its subrogated claim against the firm.

Berehaven Credit Union Limited ['BCUL']:

Following the appointment by the High Court of Official Liquidators to BCUL (on the application of the Central Bank of Ireland (the Bank)), the ICCL advised relevant clients of BCUL of their potential entitlements under the Act. No claims for compensation were received by the Company by the due date. In that context, the Bank had indicated previously that all members' savings were covered under the Statutory Deposit Guarantee Scheme (DGS) while the Official Liquidators had signalled that compensatable losses were unlikely to arise in respect of other investment business following the firm's liquidation.

Irish Bank Resolution Corporation ['IBRC']:

On 17 May 2013, Mr Kieran Wallace and Mr Eamonn Richardson, who were also acting as Special Liquidators, were appointed as joint Administrators to IBRC. Subsequently, 54 claims for compensation were submitted to the ICCL by clients and were furnished to the Administrators. To date, compensation of a total of €12,368 has been paid in respect of 6 claims. 42 claims were determined by the Administrators to have no compensatable losses as such claims fell within the scope of either the DGS or the Government Eligible Liabilities Guarantee scheme (ELG).

The remaining 6 claims were certified by the Administrators as excluded in October 2015 resulting in no additional liability for the ICCL.

Financial Results Summary as at 31 July 2015

INCOME and EXPENDITURE SUMMARY	Fund A	Fund B	Total
	€	€	€
Income from annual levies	4,232,384	1,436,987	5,669,371
Interest Income	94,758	77,038	171,796
Compensation costs	16,603	(1,269)	15,334
Director & Staff Costs	(308,115)	(318,521)	(626,636)
Banking & Alternative Funding Costs	(470,204)	(80,269)	(550,473)
Other Administration Costs	(74,313)	(97,195)	(171,508)
Surplus for Year	3,491,113	1,016,771	4,507,884

BALANCE SHEET SUMMARY	Fund A €	Fund B €	Total €
Cash at bank and short term investments	29,362,639	22,430,920	51,793,559
Fixed assets	14,154	14,154	28,308
Debtors	4,831,112 ¹¹	33,476	4,864,588
Creditors	(166,172)	(89,030)	(255,202)
Provision for liabilities and charges	(13,175,772)	-	(13,175,772)
Share capital	(2)	(2)	(4)
Fund Reserves	20,865,959	22,389,518	43,255,477

The Company's operations generated a surplus of €4.5 million in the financial year-ended 31 July 2015. This represents a decline of €2.6 million on the previous period which is predominantly attributable to the release of €2.5 million of the IBRC-related provision in the prior year, the outturn for which also benefitted from receipt of subrogated income of €0.2 million and higher investment income.

Income

Total Income for the year amounted to €5.8 million, which represented a decline of €123,699 on the previous year when a final subrogated income dividend of €171,608 from the W& R Morrogh case was received. Net income from Scheme participants was €5.7 million, which was in line with expectations. As noted earlier, interest income, including €14,823 of late payment penalty interest collected, declined by €65,586 to €171,796 reflecting the low interest rate environment.

Compensation Costs

Compensation costs for the year were negative at €15,334. The main reason for this was the release of €72,173 of IBRC related provisions for claims and associated costs. Legal fees incurred and associated with compensation cases accounted for the balance of the charge. This compares to net receipts of €2.5 million in the previous year, when there was a release of €2.5 million in Provisions for Compensation Claims and Associated Costs in respect of the IBRC case.

Administration Expenses

There was a decrease of €74,690 (or 5%) in administration expenses to €1.35 million. Director and Staff costs fell by €111,804 to €624,464 denoting lower than projected staff numbers during the period. The impact of this decline was offset somewhat by higher office rental and depreciation charges. There was an increase of €20,245 in Banking and Alternative Funding expenses to €550,473, attributable to costs associated with the implementation of a doubling of cover under the Company's Excess of Loss Insurance policy.

¹¹ Includes €4,700,000 of an Insurance amount recoverable in relation to CHC.

Bad Debts and Provisions:

There has been a very significant improvement in levy collection performance during the past year. This has facilitated a large reduction in the level of bad debts written-off to €21,302 (from €52,571 in the previous year) and a decrease of €17,989 in the provision for bad debts. It is evident that the policy of intensive follow-up of outstanding levies, including recourse to legal pursuit, and continued cooperation with the Central Bank has proven effective.

Further details of Administration expenditure and bad debts are included in the Table below

Administration costs / Bad Debts – Write-offs and Provisions:

Particulars	Year ended 31 July 2015 (€)			Year ended 31 July 2014 (€)		
	Fund A	Fund B	Total	Fund A	Fund B	Total
Bad debts written-off	-	21,302	21,302	-	52,571	52,571
Increase/(Decrease) in Provision	(2,870)	(15,119)	(17,989)	(6,100)	(36,489)	(42,589)
Other administration expenses	855,502	489,802	1,345,304	880,222	533,103	1,413,325
Total Administration and Bad Debts Costs	852,632	495,985	1,348,617	874,122	549,185	1,423,307

Strategic Plan

The Company's Strategic Plan extends to the five year period ending mid-2016. The Plan provides a road map for the achievement of the ICCL's key objectives. The Board actively considers risks facing the Scheme as a standing item of each meeting and, as necessary, the Strategy is updated. The Strategy is also formally reviewed on an annual basis and this was done in April 2015.

The Executive, taking account of the Strategic goals, prepared and presented to the Board an annual programme of work against which progress was formally measured on a quarterly basis. This, in turn, formed the basis for annual work plans agreed with individual staff members as part of the Company's formal performance measurement and development programme.

With the current Plan expiring next year, a new Plan is being devised to cover the period 2016-20. As part of these preparations, a session dedicated to strategic planning was held earlier this year involving the Board and Executive to facilitate consideration of strategic priorities for the period ahead.

Organisation

All of the executive staff of the ICCL are seconded from the Central Bank. Section 20 of the Act provides that the Central Bank may furnish administrative support services to the Company. The cost of such services, including staff remuneration, is discharged from the resources of the Company. As at 31 July 2015, the team consisted of 7 permanent executive staff. A significant programme of work was undertaken by the team during the year.

The main areas of work for the year to 31 July 2015 are summarised below:

- In the context of the Company's longer term strategic goals:
 - Ensure the claims handling process is effective and certified claims are paid promptly;
 - Maintain an efficient collections process;
 - Manage and invest fund reserves prudently, ensuring the preservation of capital;
 - Respond promptly and effectively to external developments;
 - Expansion of the ICCL's Excess of Loss Insurance Policy;
 - Ensure that the Company adheres to high standards of corporate governance, including the maintenance of statutory books and records and completion of all required corporate filings on a timely basis;
 - Communicate effectively with stakeholders.
- In the context of the Company's annual work plan:
 - Maintain close liaison with Administrators of outstanding compensation cases with a view to ensuring that significant progress is made in the certification of compensation claims;
 - Ensure timely communication with claimants and Scheme participant firms;
 - Implement levy collection arrangements for the funding year 1 August 2014 to 31 July 2015 including intensive follow-up of unpaid levies;
 - Enhance efficiency in operations including, for example, the promotion of e-invoicing and direct debit payments in respect of the annual levy cycle;
 - Implement recommendations arising from the external review of policies and procedures;
 - Service meetings of the Board and its Committees;
 - Analyse funding needs for 2016-19 and prepare for Consultation with Industry;
 - Review the Company's Investment Policy;
 - Implement a major upgrade of the ICCL's website;
 - Continue to monitor and upgrade Information Technology Systems;
 - Periodically test and review the ICCL Business Recovery Management Plan;
 - Renewal of the ICCL's Excess of Loss Insurance Policy;
 - Seek replacement of standby credit facilities.
 - Assist the Department of Finance with any necessary legislative changes to the Act, including pre-determined client asset distribution rules
 - Consider implications of legislative changes including Freedom of Information Act, 2014 and the Companies Act, 2014
 - Ensure that the Company is adequately staffed

The Company seeks to conduct its operations as efficiently as possible. In that context, I am pleased at the advancements made in the past year in facilitating contributors paying the annual levy electronically or by direct debit. The redevelopment of our website was a notable contributory factor in this achievement. From a collections perspective, the past year was very successful with the Company enjoying the highest rate in recent periods.

The extremely slow progress in the certification of claims by the Administrator in the CHC case is most unsatisfactory. Insofar as is possible within our remit, the ICCL is seeking to have the process expedited. I hope that the recent recommencement of certifications presages a sustained level of certifications over the coming year. I can assure the investors concerned that we will be in a position to issue the relevant compensation payments within a matter of days of receiving the relevant certification from the Administrator.

In what was a challenging year for the team given the relatively high level of turnover of staff, the Company's operations continued to be performed in an effective manner. I would like to thank my fellow team members for their commitment and dedication.

I also wish to express my appreciation to the Board of Directors for their support during my initial year in office. I am particularly grateful to Jim Bardon, Chairman, and Dan Coveney, outgoing Deputy Chairman, for their assistance and guidance.

19 October 2015

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the year ended 31 July 2015.

Principal Activity and Review of the Business

The principal activities are:

- ❑ The establishment and maintenance of arrangements for the payment of compensation to clients of investment firms in accordance with the Act.
- ❑ The management of funds out of which payments or expenses are made in accordance with the Act.

Details of the operation of the Company and the likely future developments are contained within the Chairperson's Statement and the Operating Report on pages 11 to 24.

In the course of the year, the Company continued the rebuilding of its reserves of Fund A which had been significantly impacted in previous years due to provisions made for the anticipated large payments arising in the Custom House Capital Limited (in Liquidation) ['CHC'] case. In addition, every assistance and influence which could be provided to facilitate the advancement of certification of CHC claims process by the Administrators was also prioritised.

The Board is pleased to report that further headway was made in the replenishment of Fund A reserves following another strong year of levy collections. As at 31 July 2015, that Fund amounted to €20.87 million, which was broadly in line with the target contained in the agreed Funding Arrangements for 2013-16. As disclosed in the Financial Statements, the final cost of compensation claims for eligible investors of CHC has not changed since the previous reporting period and is not expected to exceed €19.7 million with a net claims compensation payable by the Company limited at €15 million due to the Excess of Loss Insurance Policy in place. During the year, the aggregate cover provided by this policy was extended in respect of Fund A from €50 million to €100 million.

The timing of certification of claims in the CHC case is beyond the control of the ICCL and is primarily a matter for the Administrator appointed by the High Court. It is of profound regret to the Board that no discernible progress was made in the processing of claims in the current year. Notwithstanding the issues, mainly legal in nature, which caused these delays in what is a complex liquidation, the ensuing delays in the affected investors receiving their compensation entitlements are extremely regrettable and certainly not foreseen in the relevant legislation. The ICCL has made proposals to amend the legislation for the benefit of any future defaults.

During the year, Fund B reserves increased in line with projections and now stand at €22.4 million.

Results

The Company recorded a surplus of €4,507,884 (2014: €7,110,228). The main reason for the change year on year, as noted above, relates to the release in the prior year of €2,538,291 from the provision for compensation claims of €2,602,500 created by the Company, in respect of IBRC. In addition, the Company had also received a final dividend from its subrogated claims in W&R Morrogh (In Liquidation) during the previous year which resulted in additional income of €171,608 in that period. Levy income increased in Fund A by 3.8% in line with our funding projections as the process of replenishing reserves post-CHC continued. Fund B levy income decreased by €46,730 reflecting a reduction in Fund participants. Investment Income from deposits showed a further decline as interest rates reached historically-low levels.

As a consequence of the release of provisions of €72,173 in respect of IBRC claims and associated costs, net compensation costs amounted to (€15,334). Bad debts written-off decreased to €21,302 (from €52,571) while there was also a reduction of €17,989 in the bad debts provision which stood at €24,019 at year-end. This outcome underscores an excellent result in the collection of levies by the Company. Administration expenses declined by over 5% to €1.3 million. This primarily reflects a reduction in staff costs resulting from a lower than expected average headcount. Other overheads increased due to higher rental and depreciation charges.

In accordance with the Articles of Association, no dividend is payable by the Company.

Principal Risks and Uncertainties

The principal risk to which the Company is exposed is the risk that there would be insufficient funds available to the Scheme to pay compensation arising from future failure(s).

Financial Risk

The Company is exposed to financial risk and uncertainty through its financial assets and financial liabilities. The most important components of this risk and uncertainty are credit, interest rate, liquidity and currency risks and compensation uncertainty.

Credit Risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when they fall due. The main area where the Company is exposed to credit risk is through institutional deposits.

On an ongoing basis, the Company manages this risk inter alia through its Investment Policy and procedures by restricting acceptable counterparties to those with adequate credit ratings and placing limits on its exposure to any single counterparty. Counterparties are selected based on set minimum credit ratings which are continuously monitored.

This is an area of heightened risk for the Company and the Board and Executive have taken a series of measures to mitigate this risk to the greatest extent possible.

Interest Rate Risk

Interest rate risk is the risk that the Company might not obtain the best available deposit interest rates. The main area where the Company is exposed to interest rate risk is through institutional deposits.

The Company manages this risk through its Investment Policy and procedures by firstly selecting the counterparties with the appropriate credit rating criteria, and, thereafter, those institutions that offer the highest interest rates.

Liquidity Risk

Liquidity risk is the risk that cash may not be available to pay obligations when due. The risk of cash not being available could arise due to unexpected levels of demand being placed on a particular Fund at a given time. In the event of a failure, the Company is obliged to pay compensation within three months of the date of certification by the Administrator. For that reason, a significant proportion of funds are normally placed on deposit for periods not exceeding three months. In addition, a standby credit facility of €50m is in place. The Excess of Loss Insurance policy further mitigates this risk. The EU Directive, under which the Scheme is established, states that the cost of financing investor compensation must, in principle, be borne by investment firms. The Directive also states that the financing capacities of such schemes must be in proportion to their liabilities. This requirement must not, however, jeopardise the stability of the financial system of the Member State concerned.

The Board carries out regular reviews (at least every three years) of the arrangements which are in place to fund the Scheme. The review includes setting targets for reserve fund balances and seeking support for funding arrangements from all stakeholders, including investment firms, the Central Bank and the Department of Finance, to ensure that the Scheme can meet its future funding requirements. The Company monitors the achievement of these targets using various reporting procedures. The Company successfully concluded a Funding Consultation process in May 2013 that culminated in the Company issuing revised Funding Arrangements for the period 1st August 2013 to 31st July 2016. A consultation for the next funding cycle (2016-19) is scheduled for late 2015. In that context, a dedicated sub-committee of the Board has responsibility for reviewing and advising upon the Company's Funding Arrangements.

Currency Risk

Currency risk is the risk of incurring financial losses due to adverse movements in foreign exchange rates.

The Company has no exposure to currency risk in the technical sense as all financial transactions are denominated in Euro.

Compensation Uncertainty

Compensation uncertainty is the uncertainty associated with estimating the final value of compensation payable in advance of the Administrator certifying all outstanding claims.

The Company addresses this uncertainty through detailed review of calculations underlying estimates, where available, and through the receipt of regular updates from an Administrator regarding progress on the certification of claims and any issues affecting the certification of outstanding claims.

Statement of Directors' Responsibilities

Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Financial Reporting Council and published by The Institute of Chartered Accountants in Ireland.

Irish company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the surplus or deficit of the Company for the year. In preparing those 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, 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 confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and with Irish statute comprising the Companies Act, 2014. 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.

The Act requires the Directors to keep all adequate and usual accounts of all monies paid into the Fund or Funds maintained by the Company and all disbursements from such Fund or Funds including an income and expenditure account and a balance sheet.

The Directors have appointed appropriate accounting personnel in order to ensure that those requirements are met. The Directors consider that, in preparing the financial statements on pages 35 to 49, appropriate accounting policies have been used and consistently applied, and that reasonable and prudent judgements and estimates have been made.

The Directors have ensured that adequate accounting records are kept in accordance with Section 281 of the Companies Act, 2014, by employing appropriately qualified personnel and by maintaining

appropriate computerised accounting systems. The books of account are located at the Company's registered office at Spencer Dock, North Wall Quay, Dublin 1.

The Directors consider the report and accounts, taken as a whole, are fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy.

Going Concern

The financial statements are prepared on the going concern basis as the Board, after making appropriate enquiries, is satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future.

Corporate Governance

The Chairperson and Deputy Chairperson are appointed on a non-executive basis by the Governor of the Central Bank. The remaining ten Directors are also non-executive Board members. Five of these Directors are prescribed by the Minister for Finance on the basis that they represent the interest of clients of investment firms while the remaining five Directors are nominated by bodies which are prescribed by the Minister for Finance on the basis that they represent the financial services industry. The Board, having obtained the approval of the Governor of the Central Bank and the Minister for Finance, has introduced a standard three year term of appointment for Directors (with a system of rotation) with Directors being eligible for re-appointment at the end of each term.

Compliance with the Corporate Governance Code

The Board remains committed to maintaining the highest standards and supports the principles of corporate governance outlined in the Corporate Governance Code adopted by the Irish and London Stock Exchanges and effective for reporting years beginning on or after 1st October 2012. While the Company is not obliged to comply with the Corporate Governance Code, it has reviewed the principles and provisions of that Code and the Directors confirm that the Company has complied throughout the accounting period with the main aspects that are appropriate to the Company.

The Board is responsible for the leadership and control of the Company. There is a formal schedule of matters specifically reserved to the Board for consideration and decision. This includes approval of strategic plans for the Company, matters relating to the maintenance of the Scheme's Funds, approval of the annual financial statements, the annual budget and acquisitions and disposals of assets. The roles of Chairperson and Chief Operations Officer are not combined. The Chief Operations Officer is accountable to the Board for all authority delegated to executive management.

The Board has also delegated some of its responsibilities to Committees of the Board. The Directors, in the furtherance of their duties, may seek independent professional advice, as required, at the expense of the Company. New Directors are provided with extensive briefing materials on the Company and its operations and the Chairman and Chief Operations Officer are available to brief members as required. Details of remuneration paid to the Directors are set out in Note 1 to the Financial Statements. There were 8 full meetings of the Board during the year. Details of Directors' attendance at those meetings are set out in the table on page 10. The Chairperson sets the agenda for each meeting in consultation with the Chief Operations Officer. Directors are provided with detailed briefing material in advance of meetings.

Under the Investor Compensation Act, 1998:

- Director nominations to the Board of the Company are at the discretion of the Minister for Finance;
- The Governor of the Central Bank appoints the Chairperson and Deputy Chairperson;
- The Central Bank is the supervisory authority for the Company.

In addition to an annual review undertaken between the ICCL Chairperson, Deputy Chairperson, Governor of the Central Bank and Deputy Governor, Financial Supervision, the Board undertakes an annual evaluation of its own performance, using the section on Evaluating the Performance of the Board and Directors given in the Financial Reporting Council's Guidance on Board Effectiveness of March 2011, which has replaced the Higgs Report, as a formal agenda item at a scheduled Board Meeting. Formal evaluation of the performance of individual Directors during the year is conducted jointly by the Chairperson and Deputy Chairperson. Led by the Senior Independent Director, evaluation of the performance of the Chairperson and Deputy Chairperson is conducted by all Board Members without the Chairperson and Deputy Chairperson being present. The objective of these evaluations is to identify any scope for improvement and, in the case of individual evaluations, to determine whether each Director continues to contribute effectively and demonstrates commitment to the role. The individual Director performance evaluation process is based on the principles outlined in the Financial Reporting Council's Guidance on Board Effectiveness of March 2011, and the findings are reported to the Board as part of the Board evaluation process for consideration and action as required.

Internal Control

The Board has overall responsibility for the Company's system of internal control and for monitoring its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable, and not absolute, assurance against material misstatement or loss.

In order to discharge that responsibility in a manner which ensures compliance with laws and regulations, the Board has established an organisational structure with:

- Clearly documented operating and reporting procedures;
- Clear lines of responsibility, segregation of duties and delegated authority;
- Identification of risks in the risk register and ongoing assessment and monitoring of those risks and the arrangements for managing them;
- Clear authorisation limits;
- Regular monitoring of performance against plans and targets.

The Audit Committee regularly reviews the effectiveness of the system of internal control and confirms that necessary actions are taken to remedy any significant failings or weaknesses identified. Management and Board of the ICCL place a high emphasis on the maintenance of appropriate systems of internal control, ensuring that substantially all key processes are documented in a structured manner and commissioning periodic external reviews as necessary.

Compliance with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting ["FRC Guidance"]

The Directors confirm that the Company's ongoing process for identifying, evaluating and managing its significant risks is in accordance with the FRC guidance. The process has been in place throughout the accounting period and up to the date of approval of the Annual Report and financial statements and is regularly reviewed by the Board.

Committees

The Board has established two permanent committees to assist in the execution of its responsibilities. These are the Funding Committee and the Audit Committee. Ad hoc committees are formed from time to time to deal with specific matters. During the year ended 31st July 2015, no such ad hoc committees were established.

Each of the permanent committees has terms of reference, which are subject to annual review, and, under which authority is delegated to them by the Board. Minutes of all Committee meetings are circulated to Committee members and the Chairman of each Committee reports to the Board on all significant issues considered by the Committee. The current membership of each Committee is set out on page 10 as is the attendance at Committee meetings held during the year.

Audit Committee

The Audit Committee met on four occasions during the year. The main role and responsibilities of the Audit Committee are set out in written terms of reference and include:

- Monitoring the integrity of the financial statements,
- Making recommendations to the Board in relation to the appointment, re-appointment and removal of the Company's external auditors including agreeing remuneration and terms of engagement,
- Overseeing the Internal Audit process,
- Evaluating the performance of the external auditors including their independence, objectivity and effectiveness,
- Developing and implementing policy on the engagement of the external auditor to supply non-audit services,
- Facilitating a process for "whistleblowing",
- Reviewing the Investment Policy and Procedures,
- Reviewing the effectiveness of the Company's internal financial control and risk management process and its process for monitoring compliance with laws and regulations affecting financial reporting.

KPMG continue in office as external auditors, in accordance with Section 383(2) of the Companies Act, 2014, having been appointed in 2012. The Committee have considered the nature and extent of services provided by the firm to the Company and the fees paid to the external auditors for audit and non-audit services. The Company has considered whether the independence of the external auditor is prejudiced by the appointment of Mr Kieran Wallace and Mr Eamonn Richardson of KPMG as Joint Administrators of IBRC and Mr Kieran Wallace as Administrator of CHC and Bloxham. The Company is satisfied that the independence of the external auditor is not prejudiced as the Joint Administrators of IBRC were appointed by the Bank in accordance with section 33(1) of the Act, while the Administrator of CHC and Bloxham was appointed by the High Court in accordance with section 33A of the Act.

Funding Committee

The Funding Committee is required to meet a minimum of three times per year. During the year, the Committee met four times. The Committee's responsibilities include:

- Assisting the Board with establishing and maintaining a fund or funds out of which payments shall be made in accordance with the Act,
- Reviewing the collection of levies and proposed bad debt write-offs,
- Reviewing the estimates of compensation payable as provided by Administrators,
- Assisting the Board with formulation of policies which affect the funding and operations of the Company.

Company Secretary

The appointment and removal of the Company Secretary is a matter for the Board. All Directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that Board procedures are complied with.

Directors and Transactions Involving Directors

The Directors of the Company are listed on page 7. All Directors serve as non-executive Directors.

There were no contracts in relation to the business of the Company in which the Directors had any interest at any time during the year ended 31st July 2015.

Subsequent Events

In October 2015, the Administrator of the IBRC case certified that the remaining claims submitted in the case were all excluded from receiving compensation from the ICCL. This certification was predicated on the relevant investors being excluded by virtue of having received compensation, or being determined as being eligible to receive compensation, prior to 31st July 2015, from either the Deposit Guarantee Scheme or the Eligible Liabilities Guarantee.

In October 2015, the Central Bank of Ireland advised the Company that it had approved the making of a determination in accordance with section 31 of the Investor Compensation Act, 1998, in relation to a Fund B participant firm. The determination related to events which are alleged to have taken place prior to 31st July 2015. As of the date of approving the financial statements for issue, the Central Bank of Ireland could not provide the Company with sufficiently detailed information to enable the directors to make a reliable estimate of any potential compensation costs. As recorded under note 9, the directors are disclosing a contingent liability at this time.

There were no other material events since the year end.

Auditors

The auditors, KPMG Chartered Accountants, will continue in office in accordance with Section 383(2) of the Companies Act, 2014.

Signed on behalf of the Board:

J. Bardon)	
)	DIRECTORS
B. Healy)	

Independent Auditors' Report to the members of the Investor Compensation Company Limited

We have audited the financial statements ("financial statements") of Investor Company Compensation Limited (the "Company") for the year ended 31st July 2015 which comprise the income and expenditure account, balance sheet, cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31st July 2015 and of its surplus for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

2 Our conclusions on other matters on which we are required to report by the Companies Act 2014 are set out below

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

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

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

3 We have nothing to report in respect of matters on which we are required to report by exception

ISAs (UK & Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In addition, 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.

Basis of our report, responsibilities and restrictions on use

As explained more fully in the Statement of Directors' Responsibilities set out on pages 29-30, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Independent Auditors' Report to the members of the Investor Compensation Company Limited (*continued*)

An audit undertaken in accordance with ISAs (UK & Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

Our report is made solely to the 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 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.

19th October 2015

Killian Croke

for and on behalf of

KPMG

Chartered Accountants, Statutory Audit Firm

1 Harbourmaster Place

IFSC

Dublin 1

Ireland

F inancial Statements

Income and expenditure account for the year ended 31 July 2015

		2015 €	2014 €
INCOME	<i>Notes</i>		
Levy Income		5,669,371	5,555,876
Interest Income		171,796	237,382
Subrogated Income	5	-	171,608
		5,841,167	5,964,866
EXPENDITURE			
Compensation costs and provisions			
Claims provision decrease	8	51,841	2,548,291
Certified claims written back		-	72
3 rd party costs provision decrease		19,871	63,341
ICCL claims legal costs		(56,378)	(43,035)
		15,334	2,568,669
Administration expenses	2	(1,348,617)	(1,423,307)
TOTAL EXPENDITURE		1,333,283	1,145,362
SURPLUS ON ORDINARY ACTIVITIES	1	4,507,884	7,110,228
Surplus at 1 st August		38,747,593	31,637,365
Surplus at 31 st July		43,255,477	38,747,593
ALLOCATED BETWEEN FUNDS AS FOLLOWS:			
FUND A	3	20,865,959	17,374,846
FUND B	3	22,389,518	21,372,747
		43,255,477	38,747,593

The Company had no recognised gains and losses in the year to 31st July 2015 other than those dealt with in the income and expenditure account. There have been no movements in the reserves of the Company other than the surplus for the year. The accompanying notes form an integral part of the financial statements. All activities arise from continuing operations.

The financial statements were approved by the Board of Directors on 19th October 2015 and were signed on its behalf by:

Mr Jim Bardon)	DIRECTORS
)	
Mr Brian Healy)	

Balance sheet as at 31 July 2015

	Notes	2015 €	2014 €
CURRENT ASSETS			
Trade and other receivables	4(a)	164,588	215,576
Other assets	5	4,700,000	4,700,000
Cash at bank	14(ii)	12,147,663	1,256,989
Short-term investments	14(ii)	39,645,896	45,959,900
		<u>56,658,147</u>	<u>52,132,465</u>
NON-CURRENT ASSETS			
Equipment	6	28,308	47,654
		<u>28,308</u>	<u>47,654</u>
TOTAL ASSETS		<u>56,686,455</u>	<u>52,180,119</u>
CURRENT LIABILITIES			
Trade and other payables	7	255,202	185,038
Provisions for Compensation Claims & Associated Costs	8	775,772	847,484
		<u>1,030,974</u>	<u>1,032,522</u>
NON-CURRENT LIABILITIES			
Provisions for Compensation Claims & Associated Costs	8	12,400,000	12,400,000
TOTAL LIABILITIES		<u>13,430,974</u>	<u>13,432,522</u>
NET ASSETS		<u>43,255,481</u>	<u>38,747,597</u>
FINANCED BY:			
Called-up share capital	10	4	4
Funds	3	43,255,477	38,747,593
	12	<u>43,255,481</u>	<u>38,747,597</u>

The accompanying notes form an integral part of the financial statements.

The financial statements were approved by the Board of Directors on 19th October 2015 and were signed on its behalf by:

Mr Jim Bardon)	DIRECTORS
)	
Mr Brian Healy)	

Cash flow statement for the year ended 31 July 2015

	Notes	2015 €	2014 €
NET CASH INFLOW FROM OPERATING ACTIVITIES	14(i)	4,578,143	2,790,618
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets	6	(1,473)	(47,579)
INCREASE IN CASH	14(iii)	4,576,670	2,743,039

STATEMENT OF ACCOUNTING POLICIES

The following accounting policies, together with applicable Accounting Standards in Ireland, have been applied in the preparation of the financial statements.

Basis of Preparation

The financial statements have been prepared in accordance with Irish statute comprising the Companies Acts, 2014 and in accordance with accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view which are those published by the Institute of Chartered Accountants in Ireland and issued by the Financial Reporting Council.

Accounting Convention

The financial statements have been prepared in accordance with the historical cost convention.

Levy Income

Levy income from authorised investment firms is recognised on an accruals basis as income in the period to which the amount levied relates.

Levies outstanding at the Company's year-end are recognised as debtors and appropriate provision is made for bad and doubtful debts.

Compensation Costs

Compensation costs, including associated third party costs which have not already been invoiced at year-end, are recognised at the time that the Company becomes aware of an event having occurred which will give rise to a default and when a reliable estimate can be made of the amount of the compensation costs to be paid.

The Company will normally become aware of a default on being informed by the Central Bank of Ireland (the Bank) that:

- a determination has been made by the Bank in accordance with section 31(3) of the Act, or,
- the High Court has made a ruling appointing a liquidator, receiver, the official assignee or a trustee in Bankruptcy in respect of an investment firm.

The Company is subrogated to the rights of each eligible investor in liquidation proceedings against the investment firm in respect of the amount the Company has paid to each eligible investor. This is in accordance with section 35(5) of the Act. Recoveries from subrogation are recognised when receipt is virtually certain.

Where recoveries from subrogation are probable but not virtually certain, the Company will not recognise the subrogated income but will make the necessary disclosures in the Contingent Assets note.

Administration Expenses

Administration expenses include all costs which are not compensation costs and include costs relating to the ongoing management of the Company, including movement in provision for bad or doubtful debts and bad debts written off in the period under review.

Equipment

The capitalised cost of fixed assets is their purchase cost together with any incidental expenses of acquisition.

Depreciation is provided on bases and rates which are estimated to reduce the assets to their realisable values by the end of their expected useful lives. The bases and rates are stated below:

Computer software and equipment	:	33 ¹ / ₃ % straight line
---------------------------------	---	------------------------------------------------

Cash at bank

Cash at bank comprises amounts held in bank current accounts that are readily convertible into known amounts of cash within 24 hours.

Short term investments

Short term investments comprise fixed term deposits with a period to maturity of less than 12 months.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Funds

In accordance with the provisions of the Act, the Company has established two separate Funds in respect of the various categories of investment firms.

Notes to the financial statements for the year ended 31 July 2015

1. SURPLUS ON ORDINARY ACTIVITIES

The surplus on ordinary activities is stated after charging:

	2015 €	2014 €
Directors' fees	132,768	132,750
Depreciation	20,819	9,485
Auditors' remuneration (ex-VAT)	7,500	7,500

The Company's staff is sourced under a secondment arrangement with the Central Bank of Ireland which also provides certain other administrative services to the Company.

The Chairperson and Deputy Chairperson were remunerated €31,500 (2014: €31,500) and €15,750 (2014: €15,750) respectively on a pro-rata basis during the year. The other Directors were remunerated at the rate of €8,550 per annum (2014: €8,550), also on a pro-rata basis.

2. ADMINISTRATION EXPENSES ANALYSIS

	2015 €	2014 €
Personnel costs*	486,878	592,865
Directors' fees and expenses	133,872	137,482
Other administration overheads	703,735	673,493
Bad debts written off	21,302	52,571
Decrease in provision for bad and doubtful debts	(17,989)	(42,589)
Depreciation	20,819	9,485
	1,348,617	1,423,307

*Personnel costs are included in the charge for administrative services by the Central Bank of Ireland.

3. FUNDS

	Fund A	Fund B	2015 Total	Fund A	Fund B	2014 Total
	€	€	€	€	€	€
Levy income	4,232,384	1,436,987	5,669,371	4,072,159	1,483,717	5,555,876
Interest income	94,758	77,038	171,796	126,708	110,674	237,382
Subrogated income	-	-	-	171,608	-	171,608
Compensation (costs)/recoveries:						
Claims provision	51,841	-	51,841	2,548,291	-	2,548,291
Certified claims written back	-	-	-	72	-	72
3 rd party costs provision	19,871	-	19,871	63,341	-	63,341
ICCL legal costs	(55,109)	(1,269)	(56,378)	(43,035)	-	(43,035)
Administration expenses:						
Bad Debts (written off)	-	(21,302)	(21,302)	-	(52,571)	(52,571)
(Increase)/decrease in provision for bad and doubtful debts	2,870	15,119	17,989	6,100	36,489	42,589
Other administration expenses	(855,502)	(489,802)	(1,345,304)	(880,222)	(533,103)	(1,413,325)
Surplus for the year	3,491,113	1,016,771	4,507,884	6,065,022	1,045,206	7,110,228
Surplus at 1 st August	17,374,846	21,372,747	38,747,593	11,309,824	20,327,541	31,637,365
Surplus at 31 st July	20,865,959	22,389,518	43,255,477	17,374,846	21,372,747	38,747,593
Represented by:						
Cash at bank	9,305,379	2,842,284	12,147,663	862,506	394,483	1,256,989
Short-term investments	20,057,260	19,588,636	39,645,896	25,036,723	20,923,177	45,959,900
Fixed assets	14,154	14,154	28,308	23,827	23,827	47,654
Debtors	4,831,112	33,476	4,864,588	4,832,447	83,129	4,915,576
Creditors	(166,172)	(89,030)	(255,202)	(133,171)	(51,867)	(185,038)
Provision for liabilities and charges	(13,175,772)	-	(13,175,772)	(13,247,484)	-	(13,247,484)
Share capital	(2)	(2)	(4)	(2)	(2)	(4)
Total	20,865,959	22,389,518	43,255,477	17,374,846	21,372,747	38,747,593

The income and expenditure is allocated between Funds as follows:

Costs, which are directly attributable to a particular Fund, are allocated to that Fund. Costs, which are directly related to the number of firms paying into each Fund, are allocated on that basis. Commitment fees associated with commercial borrowing arrangements are allocated 2/3rds to Fund A and 1/3rd to Fund B. Other costs are allocated equally between the Funds.

4. TRADE AND OTHER RECEIVABLES

	2015	2014
	€	€
(a) Debtors and Accrued Income:		
Debtors (after provision for bad and doubtful debts)	1,184	2,128
Accrued income & prepayments	163,404	202,538
Euroclear administration account	-	10,910
	164,588	215,576
(b) Bad debts written-off during the year:	€ 21,302	€ 52,571
(c) Movement in respect of the provision for bad and doubtful debts:	€	€
Opening provision for bad & doubtful debts	42,008	84,597
Closing provision for bad & doubtful debts	24,019	42,008
Decrease in provision	(17,989)	(42,589)

5. OTHER ASSETS

	2015	2014
	€	€
Claims compensation amounts recoverable under Excess of Loss Insurance contract	4,700,000	4,700,000
	4,700,000	4,700,000

Subrogated Income

The Company is subrogated to the rights of each eligible investor in liquidation proceedings against the investment firm in respect of the amount the Company has paid to each eligible investor. This is in accordance with section 35(5) of the Act. Recoveries from subrogation are recognised when receipt is virtually certain.

The Company is not aware of and has not received to date, subrogated income from any active case where it has paid claims compensation. The ICCL has exercised its subrogated claim in accordance with the requirements of the Act in respect of compensation paid to claimants of failed firms.

Excess of Loss Insurance Policy

The Company has two contracts of insurance to provide cover where claims for compensation in a policy year exceed the policy excesses. The first policy provides cover for claims of up to €50 million for Fund A and €10 million for Fund B above an excess of €15 million. The second policy provides cover for claims of up to €50 million for Fund A above an excess of €65 million. As outlined in note 8, a provision of €19.7 million was

made for the claims compensation costs associated with the failure of Custom House Capital Limited (In Liquidation), a Fund A firm.

The Company is required by the Insurance Underwriters to settle each claim up to and in excess of €15 million directly with the eligible investors. The Insurance Underwriters have confirmed to the Company that they will reimburse the Company for the amount of claims compensation paid to clients of Custom House Capital Limited (In Liquidation) ['CHC'] in excess of €15 million subject to the 2010/2011 policy limit of €50 million. At the balance sheet date, the Company had paid €6,826,304 in respect of claims compensation to clients of CHC.

6. EQUIPMENT

Computer Software and Equipment

	2015 €	2014 €
Cost:		
At 1 August	190,100	167,903
Additions	1,473	47,579
Disposals	-	(25,382)
At 31 July	191,573	190,100
Depreciation:		
At 1 August	142,446	158,343
On Disposals	-	(25,382)
Charge for year	20,819	9,485
At 31 July	163,265	142,446
Net book value:		
At 31 July	28,308	47,654

The historic cost of fully depreciated assets at 31 July 2015 was €129,165 (2014: €129,165)

7. TRADE AND OTHER PAYABLES

	2015 €	2014 €
Compensation costs	54,313	75,967
Central Bank of Ireland (Administration charges)	145,494	46,864
Directors' fees and expenses	11,550	13,596
Prepaid levies	856	1,236
Other	42,989	47,375
	255,202	185,038

8. PROVISIONS FOR COMPENSATION CLAIMS & ASSOCIATED COSTS

	Fund A Claims	Fund B Claims	Total Claims	3 rd Party Costs (Fund A & B)	Total
	€	€	€	€	€
Opening provision at 1 st August 2013	16,949,740	-	16,949,740	499,418	17,449,158
(Decrease) / increase in provision	(2,548,291)	-	(2,548,291)	(76,801)	(2,667,650)
Payments during the year	(1,475,913)	-	(1,475,913)	(100,669)	(1,534,024)
Provision at 31 st July 2014 and at 1 st August 2014	12,925,536	-	12,925,536	321,948	13,247,484
(Decrease) in provision	(51,841)	-	(51,841)	(19,871)	(71,712)
Payments during the year	-	-	-	-	-
Closing Provision at 31 st July 2015	12,873,695	-	12,873,695	302,077	13,175,772
Represented by:					
Amounts falling due within one year	473,695	-	473,695	302,077	775,772
Amounts falling due after one year	12,400,000	-	12,400,000	-	12,400,000

(a) Money Markets International Stockbrokers Limited (Fund A)

Claims for compensation were made by clients of Money Markets International Stockbrokers Limited (MMI) and all submitted compensation claims were certified and paid by 31st July 2011. Provision has been made in respect of estimated third party costs, which represent the costs of the Administrator and directly attributable legal costs of the Company and the Administrator based upon an estimate of these costs to the completion of the Administration process. At 31st July 2015, the provision for claims compensation in respect of MMI is €NIL (2014: €NIL). At 31st July 2015, the provision for costs in respect of MMI is €49,200 (2014: €49,200).

(b) Custom House Capital Limited (Fund A)

In the financial year ended 31st July 2014, the Company had made a provision of €12,873,696 in respect of compensation payable to eligible clients of Custom House Capital Limited. The provision was made on the basis of the range of estimates received from the Administrator¹² and took account of claims compensation already paid as at 31st July 2014. The provision is subject to a number of variables, including:

- the number of clients that meet the definition of an “eligible investor” for the purposes of the Investor Compensation Act, 1998,
- the extent to which the losses suffered by “eligible investors” are deemed compensatable,
- the extent of losses suffered by eligible investors (which in many instances will depend on the performance of an underlying investment product),
- the nature, and extent of discretion, of the mandates which investors had given to CHC,
- whether the losses are derived from regulated or unregulated investment products,
- whether the liquidator¹³ has access to records enabling him to reconcile records and establish clients’ positions,
- reliable information about the distribution of compensatable losses amongst eligible investors. (i.e. a small number of large losses may give rise to lower compensation than a large number of small losses), and
- the financial position of CHC itself.

During the year under review, the Administrator did not submit any interim certifications of compensatable losses as a consequence of no significant reconciliation progress having been made in the more complex areas e.g. pooled client bank accounts and syndicated property funds. The delays in progressing the reconciliation work by the Liquidator’s team arose primarily from the uncertainty that the Liquidator faced regarding the discharge of his fees for the reconciliation work necessary to determine the value of client claims in the liquidation process. The Liquidator is currently progressing the reconciliation of segregated client assets which should then enable him to determine the amount of compensatable loss applicable to claimants under the Investor Compensation Act. This matter is due back before the High Court on 12th November 2015.

At 31st July 2015, the Company had received, recorded and forwarded 1,975 claim application forms to the Administrator. In relation to the claim application forms submitted, the number of claimants who meet the definition of “eligible investor” remains to be quantified by the Administrator. On the basis that the

¹² Validation of claims and certification of the amount of compensation payable to claimants is carried out by an ‘Administrator’.

¹³ A Liquidator is appointed by the High Court and is principally charged with inquiring into a Company’s affairs; realising the assets; paying the debts, and, distributing any surplus to the members.

Administrator has not changed his initial range of estimate and no compensation was certified for payment during the year, the Company has not changed the provision for claims. The provision for claims at 31st July 2015 is €12,873,696, of which €473,696 is classified as falling due within one year.

The Company has an Excess of Loss Insurance policy to provide cover where claims for compensation in a policy year exceed the policy excess of €15,000,000. Cumulative claims compensation of €6,826,304 has been paid to 31st July 2015 (2014: €6,826,304). The balance of the excess of the policy is €8,173,696, beyond which the remainder of the claims compensation costs, currently estimated at €4,700,000 will be recoverable. Accordingly, the Company has recognised a recoverable asset of €4,700,000 (Note 5 provides relevant details).

The Company had made a provision at 31st July 2014 of €246,770 towards the costs of the Administrator and his legal advisors for the completion of the Administration process which are payable by the Company in accordance with the provisions of the Act. During the year ended 31st July 2015 the Company paid no Administrator fees and no Administrator legal costs. At 31st July 2015, the Company increased this provision by €461 to €247,231 to reflect the receipt and forwarding of additional late claims during the year.

(c) Irish Bank Resolution Corporation Limited (Fund A)

In May 2013, Mr Kieran Wallace and Mr Eamonn Richardson were appointed as Joint Special Liquidators and Joint Administrators for the purposes of the Act. As of 31st July 2014, the Company had received 54 applications for compensation of which 48 were certified by the Administrator as having compensatable losses totalling €12,368 which were paid before 31st July 2014. In October 2015, the Company received a decision from the Joint Administrators in respect of the remaining six claims, certifying that the clients were excluded investors on the basis of having been compensated by the Deposit Guarantee Scheme or the Eligible Liabilities Guarantee Scheme, with the compensation or decision to compensate having been taken before 31 July 2015. On this basis, the Company has released its provision for claims in full. The provision for claims at 31st July 2015 is €NIL (2014: €51,841).

The Company created a provision at 31st July 2014 of €25,978 towards the costs of the Administrators and their legal advisors for the completion of the Administration process which are payable by the Company in accordance with the provisions of the Act. No payments were made during the year towards these costs. Arising from the certification in October 2015, the provision for costs of the Administrators and their legal advisors was reduced at 31 July 2015 to €5,646 (2014: €25,978).

9. CONTINGENT ASSETS AND LIABILITIES

Contingent Assets

There were no Contingent Assets at 31st July 2015.

Contingent Liabilities

Bloxham (In Liquidation)

The Central Bank of Ireland and the Liquidator of Bloxham, Mr Kieran Wallace of KPMG, have to date, not identified any case which would lead them to conclude that the winding down of Bloxham will result in compensatable losses for eligible clients of the firm. The Administrator rejected all known claims submitted during the year and the Board does not at this point believe that the failure of Bloxham (In Liquidation) will result in the payment of claims compensation. No provision has been made for claims or other costs associated with the failure of Bloxham in this respect.

Custom House Capital Limited (In Liquidation)

The Company does not have a definitive timeline on when the remainder of claimants will have their claims certified for compensatable loss. The Company will continue to meet and work with the Administrator at regular intervals to facilitate as much progress as possible. The Administrator has estimated that the total compensation payable by the Company will not exceed €19,700,000, of which €4,700,000 is recoverable from Insurers under an Excess of Loss Insurance Contract. Notwithstanding the significant progress to date, in estimating the total cost of claims, the final determination of costs is subject to significant uncertainty, as identified in note 8 above.

Irish Bank Resolution Corporation Limited (In Special Liquidation)

The Joint Administrators have certified all submitted claims and all certified payable compensation has been paid by the Company as at 31 July 2015. The Board does not believe that the failure of IBRC will result in any further payment of claims for compensation under the Act. No provision has been made for claims or other costs associated with the failure of IBRC in this respect.

Berehaven Credit Union Limited (In Liquidation)

The Central Bank of Ireland and the Joint Liquidators of Berehaven Credit Union Limited ['BCUL'], Mr David O'Connor and Mr Jim Hamilton of BDO, have to date, not identified any case which would lead them to conclude that the winding down of BCUL will result in compensatable losses for eligible clients of the firm. An Administrator, for the purposes of the Investor Compensation Act, has not been appointed to the firm either by the High Court or by the Central Bank as it is not expected that any client was disadvantaged as a consequence of the insolvency process.

Retail Intermediary - Unnamed

The Company exists to provide compensation to clients of an investment firm in certain circumstances, including where the Central Bank of Ireland has made a determination that a firm is unable to meet its obligations. Retail Intermediary – Unnamed is a Fund B firm authorised under the Investment Intermediaries Act, 1995, in respect of which, the Central Bank of Ireland on 9 October 2015 indicated its intention to make a determination in accordance with Section 31 of the Investor Compensation Act, 1998.

The specific matter giving rise to the determination appears to have arisen over a number of years prior to the company's year end of 31 July 2015. The Company understands that "Retail Intermediary – Unnamed" managed client funds and investments on a portfolio management basis. However, the specific issue which led the Central Bank of Ireland to approve the making of a determination on 9 October 2015 was:

- the application and deduction of a management fee in excess of the contractually agreed fee.

Based on information available to the Company from the Central Bank of Ireland, it is not clear at this stage whether the Company will be required to pay compensation to eligible investors. The directors do not believe it is possible, as at the date of approval of these financial statements, to make a reliable estimate of the amount of compensation, if any, because the extent of compensation payable by the company will depend, amongst other factors, on the following uncertainties:

- the extent to which the losses suffered by "eligible investors" are deemed compensatable,
- the nature, and extent of discretion, of the mandates which investors had given to the firm,
- the number of clients that meet the definition of an "eligible investor",
- whether an Administrator has access to records enabling him to reconcile records and establish each clients' position.

The compensation payable by the company to any one eligible investor is limited to the lesser of 90% of an eligible investor's compensatable loss or €20,000. The Company understands that the Central Bank of Ireland has investigated this matter in respect of two clients prior to making the determination. The Company has been advised by the Central Bank of Ireland that there were approximately 70 clients of the firm that availed of portfolio management services provided by the firm but it is not clear at this time the extent to which these clients may be affected.

An Administrator, upon appointment, will be requested to provide the Company with an estimate of the compensatable loss which the Company may be required to pay to eligible investors. Until such time as the claim forms have been received by the Company and assessed by the Administrator, the Company does not believe it is possible to make a reliable estimate of the amount of compensation which may be payable by the Company. The certification process is dependent on the detail and accuracy of the records of "Retail Intermediary – Unnamed" which may take a considerable time to establish, particularly as the Company understands that the firm has not kept proper books and records for a number of years. Once claims are certified by the Administrator, compensation payments are payable within three months.

10. SHARE CAPITAL

Authorised:

10 Ordinary shares of €1.25 each

Issued and fully paid:

3 Ordinary shares of €1.25 each

	2015 €	2014 €
	13	13
	4	4

The Investor Compensation Company Limited is a company limited by guarantee and having a share capital. There are three shareholders, the Central Bank of Ireland, the Irish Stock Exchange and the Irish Association of Investment Managers, each holding one share. The limit of guarantee to be paid by each shareholder in the event of the Company being wound up is €6.00.

On 2nd December 2002, by a special resolution of the shareholders, the authorised share capital of the Company was changed to €12.50 and the ordinary shares were renominialised with a par value of €1.25 each. The amount equal to the reduction in nominal value of the allotted share capital was transferred to a capital conversion redemption fund. The capital conversion redemption fund has not been disclosed on the face of the balance sheet or in the notes to the financial statements as it is not deemed material.

11. TAXATION

The Company is exempt from Corporation Tax in accordance with section 219B of the Taxes Consolidation Act, 1997 (as amended). The Company is also exempt from Deposit Interest Retention Tax in accordance with section 256 of the Taxes Consolidation Act, 1997 (as amended).

12. MOVEMENTS IN TOTAL FUNDS

	Share Capital attributable to Shareholders €	Attributable to Funds €	Total €
At 1 st August 2014	4	38,747,593	38,747,597
Surplus for the year	-	4,507,884	4,507,884
At 31 st July 2015	4	43,255,477	43,255,481

13. RELATED PARTIES

The following transactions took place between the Company and its related party, the Central Bank of Ireland:

	2015 €	2014 €
Administration costs chargeable to the Company by the Central Bank of Ireland for services provided	543,046	664,540

Other than the payment of Directors' fees and expenses as disclosed in Note 2, there have been no transactions in the year to 31st July 2015 between the Company and its Directors.

14. CASH FLOW NOTES

	2015 €	2014 €
(i) Reconciliation of surplus on ordinary activities to net cash inflow from operating activities		
Surplus on ordinary activities	4,507,884	7,110,228
Depreciation	20,819	9,485
Decrease in debtors	50,988	507,169
Increase/(decrease) in creditors and provisions for liabilities and charges	(1,548)	(4,836,264)
	<u>4,578,143</u>	<u>2,790,618</u>
(ii) Analysis of net funds		
Cash at bank	12,147,663	1,256,989
Short-term investments	39,645,896	45,959,900
	<u>51,793,559</u>	<u>47,216,889</u>
(iii) Reconciliation of net cash flow to movement in net funds		
Net Funds at 1 August	47,216,889	44,473,850
Increase in cash in the year	4,576,670	2,743,039
Net Funds at 31 July	<u>51,793,559</u>	<u>47,216,889</u>

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