THE INVESTOR COMPENSATION COMPANY DAC

ANNUAL REPORT

YEAR ENDED 31 JULY 2020

Mission Statement

The Investor Compensation Company DAC aims to operate a financially sound scheme so that it is able 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.

The Investor Compensation Company DAC

Annual Report Year Ended 31 July 2020

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Company Information

Secretary	Michael Fagan
Registered Office	Central Bank of Ireland, PO Box 11517, Spencer Dock, North Wall Quay, Dublin 1, D01 W920.
Auditor	Mazars, Chartered Accountants & Statutory Audit Firm, Block 3, Harcourt Centre, Harcourt Road, Dublin 2, D02 A339.
Bankers	Bank of Ireland, 2 College Green, Dublin 2, D02 VR66. Ulster Bank Ireland DAC, George's Quay, Dublin 2, D02 VR98.
Solicitors	William Fry Solicitors, 2 Grand Canal Square, Grand Canal Dock, Dublin 2, D02 A342. Beauchamps, Riverside 2, Sir John Rogerson's Quay, Dublin 2, D02 KV60.

Registered No 293240

THE BOARD OF DIRECTORS

All members serve as non-executive directors

Jane Marshall **(Chairperson)** Appointed chairperson on 1 June 2018, Jane is a solicitor and formerly a partner with McCann FitzGerald Solicitors, where she specialised in the areas of restructuring, insolvency and associated litigation. She is a non-executive director of State Street Fund Services (Ireland) Limited and also an Adjunct Professor of Law at University College Cork.	**George Treacy** **(Deputy Chairperson)** Company Secretary and Chief Operations Officer of The Investor Compensation Company DAC 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** Ms Bowens (BComm, MBS, Dip Financial Services Law (UCD)) has extensive senior compliance and regulatory experience. Currently a member of the Board of the National Standards Authority of Ireland, and Chairperson of its US subsidiary, NSAI Inc. Also, a member of the Council of the Financial Services and Pensions Ombudsman as well as a range of Audit, Risk and Governance Committees. Executive experience includes Managing Director and Country Head of Compliance at BNY Mellon, Director at Dillon Eustace Solicitors, Senior Manager at AIB, and Senior Regulator at the Central Bank. Member of the Institute of Directors and the Association of Compliance Officers in Ireland.
Regina Breheny CEO of the Irish Association of Investment Managers from 2017 until 2020. Prior to this she was the Director General of the Irish Venture Capital Association (IVCA). She has extensive investment experience gained in Russia and Eastern Europe. Her early career included institutional fund management at AIB Bank and Zurich Insurance (Eagle Star Insurance Group), and stockbroking at Solomons Stockbrokers.	**Róisín Clarke** From Galway, (Connemara Gaeltacht), Róisín left her position as a Secondary School teacher in order to work with an International Humanitarian organisation for 12 years. On her return to Ireland in 1991 she began working in a Life Assurance & Pensions Broker office, in Dublin. She set up her own Financial Broker company – Róisín Clarke & Co Limited - also in Dublin, in 2003 and continues in that position to date. Róisín is an Accredited Mediator and also held the role of Chairman of the Professional Insurance Broker Association (PIBA) from 2016 to 2017.	**Patricia Fitzgerald** Patricia Fitzgerald (MBSc, BEd) is ***safe*****food**'s Director of Corporate Operations with responsibility for accounting and finance, resource management, IT and corporate governance. A fellow of Chartered Accountants Ireland, Patricia has over twenty-five years' experience in a variety of diverse commercial and public sector organisations including the Central Bank of Ireland, the Investor Compensation Company DAC, eBizz Consulting, CEVA and the Lafferty Group. She holds a Bachelor of Education and has also completed a Masters in Corporate Leadership and her other areas of interest include change management, negotiation and leadership skills.

THE BOARD OF DIRECTORS (CONTINUED)

All members serve as non-executive directors

Carmel Foley	Caroline Gill	Dermott Jewell
Former Director of Consumer Affairs. Previously Commissioner, GSOC and Chief Executive, Employment Equality Agency and Council for the Status of Women. Served in the Departments of Foreign Affairs and Finance (Banking Division). Non-executive appointments included Strategic Banking Corporation of Ireland, Law Society Complaints Committee, Personal Injuries Assessment Board, Safefood and Bord na Móna. Currently member of the Audit and Risk Committee of the Competition and Consumer Protection Commission.	Caroline Gill (BL, B.A., MSc, Dip Corporate Governance, Dip Applied Employment Law) is a Barrister and Accredited Mediator, a Fellow of the Institute of Personnel and Development, a member of the Chartered Institute of Arbitrators and of the Employment Bar Association of Ireland. She has held roles such as Insurance Ombudsman of Ireland, Deputy Financial Services Ombudsman of Ireland and was a fee-paid Financial Services Ombudsman in the UK. She has worked as an employment consultant for a number of public and private sector organisations, as well as sitting on the boards of the Pyrite Remediation Scheme, the Luas, the Irish Stock Exchange, the Mater Dei Institute (DCU) and the Food Safety Authority of Ireland. She also sits on the board of St. Patrick's Hospital and the CPD Board.	Mr Jewell (B.Sc. (Mgmt.) Law (TCD)) is Policy & Council Advisor to the Consumers' Association of Ireland. His representations include Chairperson/Director of the European Consumer Centre (ECC) Ireland; Member – Legal Services Regulatory Authority (LSRA); Member of the Financial Services and Pensions Ombudsman Council (FSPOC) and Member of the European Banking Authority (EBA) – Banking Stakeholder Group. He is Ireland's representative on the European Consumer Consultative Group (ECCG) of the European Commission. He is an accredited mediator and a member of the Chartered Institute of Arbitration (Irish Branch) (CIArb), Mediators' Institute of Ireland (MII) and the Institute of Directors (IoD).
Conor Miles	**Siobhán Madden**	**Ann Smith**
Mr Miles (B.A. TCD; M.B.S UCD, Smurfit) is a senior executive with Euronext Dublin. He has responsibility for commercial aspects of the Irish Equity market and also maintains close relationships with a diverse group of domestic and international investment firms. His sales coverage covers all major traded asset classes. Former member of the Exchange's Regulation Team having started his finance career with Daiwa Securities in Dublin.	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.	Director of Corporate Services with Banking & Payments Federation Ireland (BPFI) since 2016. Before moving to BPFI, worked with Chartered Accountants Ireland for 20 years in a variety of education, regulatory and financial roles. Following her training as a Chartered Accountant she moved to Irish Life Building Society as financial accountant. A Chartered Accountant and fellow of Chartered Accountants Ireland. Currently Company Secretary for three companies, including BPFI.

Chairperson's Statement

Jane Marshall

Chairperson

I am pleased to present the Annual Report of The Investor Compensation Company DAC (the "Company/ICCL") for the year ended 31 July 2020.

Overview

In the course of the last year, the ICCL strengthened its financial position further by increasing its own resources while also broadening its funding options. The Company now has reserves of more than €65 million to meet compensation liabilities, which are supplemented by the availability of a range of additional sources of funds (see below). No new compensation events arose in the period.

It was another very satisfactory year in respect of annual levy revenues. I wish to record the ICCL's gratitude to participating investment firms for their steadfast commitment to discharging their statutory contributions to the Scheme.

The latter part of the year was dominated by the COVID-19 pandemic which continues to have a severe and unprecedented impact on the Irish economy. Investment firms are operating in an exceptionally challenging environment with a high degree of uncertainty. The ICCL is conscious that additional risks for the Compensation Scheme may emerge as the crisis evolves. The Board reviews all exposures as part of its deliberations and there is ongoing close liaison with the Central Bank of Ireland, the supervisory authority for investor compensation.

A notable feature in recent years has been the influx to the Compensation Scheme of investment firms that have sought authorisation in the State in order to continue to service EU clients, following the withdrawal of the United Kingdom from the European Union. The ICCL has continued to develop its response to the related risks.

The first phase of a major enhancement to the Company's core IT platforms was successfully completed before the year-end. This investment will facilitate greater operational efficiency as well as an improved offering to stakeholders including contributing investment firms and compensation claimants.

Strategy

As part of its Strategic Plan, the Company has adopted four High Level Goals in the furtherance of its stated Mission. These are:

- To ensure that the Scheme is adequately funded, by collecting levies and managing invested reserves prudently, so that the Company has the resources to pay claims when they arise.
- To handle claims for compensation promptly and to expedite the certification of claims.
- To manage the ICCL efficiently and effectively, implementing quality corporate governance and risk management procedures.
- To communicate effectively, manage relationships and be an advocate of change with all key stakeholders.

Based on the above, a detailed Work Plan is approved annually by the Board that outlines priority tasks for the advancement of these objectives. The Board monitors progress achieved on a regular basis throughout the year.

The current Plan is in its final year and consideration of themes to be incorporated into a new Strategic Plan is underway.

Funding

The first year of the latest three-year funding round (covering 2020-22) saw a positive outcome. Fund A, which is earmarked for large investment firms, including MiFID firms, where the greater exposures for the ICCL are considered to reside, has now reached almost €40 million. These funds are supplemented by up to €100 million under a bespoke insurance policy. I am happy to report that in early 2020, an agreement was concluded with a commercial bank for the provision of standby credit facilities. This provides for additional funding of up to €30 million, that can be called down to meet compensation liabilities at the discretion of the Board, as deemed necessary.

The large increase in new (and prospective) firms joining this Fund, due mainly to Brexit-related factors, has given rise to potential funding-associated exposures. These would occur in circumstances where there is a substantial increase in the level of client assets to be covered by the Compensation Scheme, due for example to the migration of a significant quantum of business into Irish-authorised investment firms. In response to these developments, a new levy – the Risk Equalisation Levy – was introduced for such entities.

The second compensation fund maintained by the ICCL (Fund B), which covers smaller investment firms such as investment intermediaries and insurance brokers, was maintained at slightly above the target level of €25 million.

During the year, an indemnity agreement with Chartered Accountants Ireland (CAI) was put in place to cover possible legacy compensation liabilities relating to CAI-member firms authorised to conduct investment business services. This arrangement is in respect of periods prior to the affiliation of these firms to the ICCL Scheme on 1st August 2017.

Compensation Cases

Money Markets International Stockbrokers Limited (MMI)

In 1999, the High Court appointed a Liquidator and Administrator to the firm. Subsequently, the ICCL has paid a total of €775,000 in compensation to clients of the firm. The liquidation of MMI is continuing with a number of issues outstanding.

Custom House Capital Limited (CHC)

The CHC case is the largest compensation event affecting the ICCL to date. Since the firm was wound up in 2011, the Company has paid aggregate compensation of €7.4 million to 574 clients, following certification of claims by the Liquidator/ Administrator, Mr Kieran Wallace, while almost 1,400 claims remain outstanding. Further details are included in the Operating Report.

Management and Operations

The operations of the ICCL span a wide range of activities, (further details of which are outlined in the Operations Report below). These operations are conducted by a small executive team, under the leadership of Michael Fagan. On behalf of the Board, I wish to commend the staff for their ongoing dedication and commitment, which was particularly evident in the seamless transition to remote working arrangements at the start of the pandemic. This adaptability ensured that all of the Company's operations have continued to be performed with minimal disruption in the current difficult environment, including the vital IT upgrades. I am grateful to Governor Mahklouf, Deputy Governor Donnery and other Central Bank officials, with whom the ICCL engages, for their assistance in enabling the Company to discharge its functions effectively. I also wish to thank our other stakeholders, particularly the Department of Finance, for their continued support.

Governance and Board

The ICCL is committed to ensuring that best practice governance arrangements are in place across all of its activities. These are underpinned by a comprehensive suite of policies and procedures, compliance with which is overseen by the Board and its two sub-committees. During the year, Terms of Reference for both Committees – the Audit and Risk Committee and the Funding Committee - were updated, while a revised Protected Disclosures Policy was adopted. The Board also undertook an evaluation of its own performance. Further details on our governance processes are set out in the Directors' Report.

The Company also experienced a number of significant Board changes with the departures of Brian Healy, Paul O'Donovan, Liam Carberry and Enda Newton. Brian has given many years of valued service to the ICCL, including as Chair of the Audit and Risk Committee, and I am very grateful for his unswerving commitment. Likewise, Paul has been a dedicated member of the Board over an extended period, more recently as Senior Independent Director, and the Company has benefitted enormously from his wise counsel. I also wish to express my appreciation to Liam and Enda for their insightful contributions at the Board during their tenure. I welcome Róisín Clarke, Carmel Foley, Conor Miles, Caroline Gill and Patricia Fitzgerald to the Board following their appointments as Directors, and look forward to working with them in the years ahead, together with Regina Breheny, who was re-appointed to the Board.

Finally, I am grateful for the continuing advice and support of the Deputy Chairperson, George Treacy, and my fellow Directors and for the time, expertise and commitment which they bring to the business of the Board and its committees.

19 October 2020

OPERATING REPORT

Michael Fagan

Chief Operations Officer

The Company's primary role is to ensure that, in accordance with the Investor Compensation Act, 1998 (the Act), it has the funds available to pay all certified claims in a timely fashion.

Overview

The financial position of the Company was further advanced over the past year, aided by another very strong levy collection performance, with reserves standing at €65.2 million at the end of the period. The ICCL has also expanded its funding capability by arranging standby credit facilities. Thankfully there were no new failures of authorised investment firms while no compensation payments were made in respect of current cases. At the reporting date, there were 3,090 firms affiliated to the Scheme, a reduction of 6 per cent on the previous year. The Company sustained its preparations to address the impact of Brexit-related developments. Since the advent of the pandemic in March 2020, the ICCL has implemented remote working arrangements but there has been no curtailment to services.

FINANCIAL SUMMARY

A surplus of €3.5 million was generated for the year to 31 July 2020, which represented a reduction of €803,020 (18 per cent) on the previous year. Aggregate income, consisting mainly of levies from authorised investment firms, amounted to €5.8 million, which was a decline of €367,725 on the corresponding figure for 2019. Total expenditure was almost €2.3 million, an increase of €392,266, stemming from a rise in compensation-related legal costs and funding-related charges. At year-end, net assets (equivalent to Compensation Funds maintained) stood at €65.2 million, (2019: €61.6 million). Further details are contained in the accompanying Financial Statements.

CLAIMS

CUSTOM HOUSE CAPITAL (CHC)

This case commenced in October 2011 following the appointment by the High Court of Mr Kieran Wallace as liquidator. Mr Wallace was also appointed to act as Administrator for investor compensation purposes, i.e. to establish the eligibility for and certify the amount of compensation due to clients of the firm. To date, 574 claims for compensation have been certified by the Liquidator, resulting in €7.4 million being paid to eligible clients. Some 1,400 claims remain to be certified by the liquidator. The final maximum compensation liability of the ICCL is estimated at €19.7 million. This estimate has been fully provided for in the Company's accounts. No claims were certified by the Liquidator during the past year.

In December 2019, the ICCL commenced an application in the High Court to determine the scope of its statutory right of subrogation. This right would only occur in circumstances where compensation has been paid to qualified clients of a failed investment firm such as CHC.

An issue has arisen as to the extent of subrogation. The ICCL maintains that its right to subrogate to the claims of a compensated investor extends not only to company assets but also to certain client assets. The clients' position is that the subrogated claim does not encompass client assets. In light of these different interpretations, judicial adjudication has been sought as resolution of this matter and related ancillary issues is critical to concluding CHC and future compensation cases.

In July 2020, the Court appointed two CHC clients as *legitimi contradictores* to oppose the ICCL's subrogation application. The Court had previously concluded that these matters are essentially between the ICCL and the CHC clients that have applied for compensation. It is anticipated that a hearing on the substantive issues involved will be held in Autumn 2020. No further claims are likely to be certified by the Liquidator pending the outcome of the application.

Money Markets International Stockbrokers Limited (MMI)

In March 1999, Mr Tom Kavanagh was appointed as Liquidator/Administrator of MMI. Subsequently, compensation of €775,000 was certified by the Liquidator and paid to 313 clients, the most recent payment being in 2008. The ICCL maintains a subrogated claim in the liquidation for an amount equivalent to the above aggregate compensation paid,

The liquidation of MMI is continuing with a number of issues awaiting resolution, including whether the Liquidator can recover his fees and costs from the residual client assets. These could yet result in additional compensation being claimed from the ICCL. Further developments are awaited.

Funding

The Act requires the ICCL to maintain adequate financial reserves to meet compensation liabilities as they arise. These reserves have been accumulated from mandatory levies contributed annually by investment firms participating in the Scheme. At present, the Company maintains two separate compensation funds: Fund A for large investment firms including banks, investment managers and stockbrokers, and Fund B, which covers other firms such as investment and insurance intermediaries. Levies are fixed at three yearly intervals based on funding targets set following consultation with relevant stakeholders including the Central Bank and member investment firms.

This year was the first of the latest three-year funding cycle and saw aggregate levies of €5.8 million collected, representing 99.7 per cent of amounts due. This comprised €4.9 million for Fund A and €0.8 million for Fund B, which was ahead of target for both cases. This enabled the funds to reach €39.4 million and €25.8 million respectively by the reporting date and on course to achieve intended levels by the end of the cycle. This continued steady growth in resources has only been possible due to the commitment of member firms to paying annual levies, which is very much appreciated. (The ICCL funding plan can be accessed on our website, www.investorcompensation.ie).

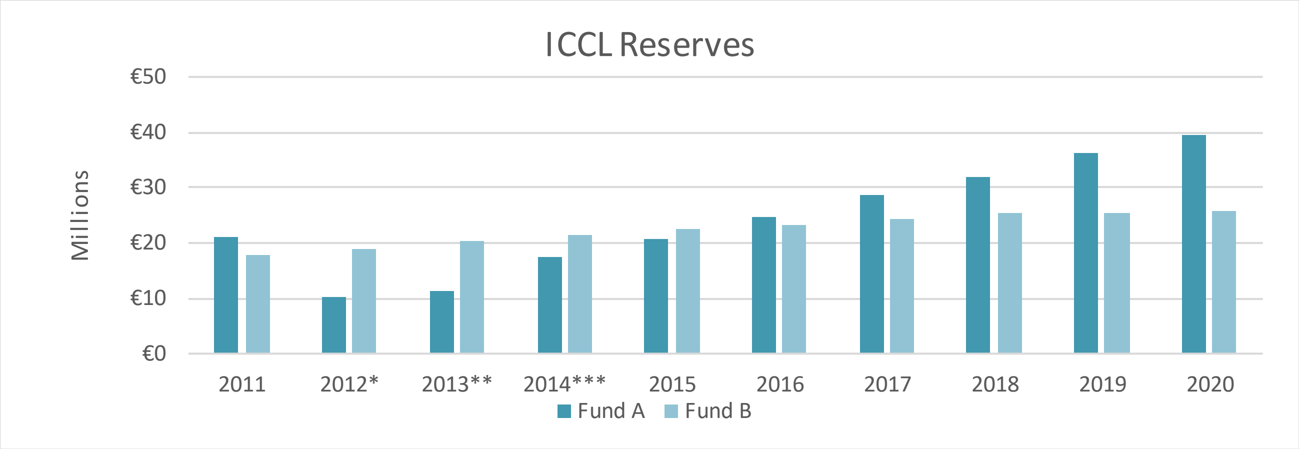
In addition to its financial reserves, the ICCL's capability to discharge compensation liabilities is supplemented through a number of insurance policies which provide availability of up to €100 million (Fund A) and €10 million (Fund B) in accordance with contractual provisions. These arrangements are in place through bespoke policies underwritten by Lloyds of London (Brussels Branch).

In line with strategic objectives, the Company's funding capacity has been further enlarged by the arrangement of a revolving credit facility with a domestic credit institution. This will provide financing of up to €30 million to meet compensation-related liabilities as deemed necessary by the Board. As a result, the ICCL has the wherewithal to settle claims of up to €170 million from a failure of a Fund A participant and of up to €35 million for a Fund B firm.

The recent trend of new entrants to Fund A, largely associated with Brexit, slowed somewhat in the past twelve months. In response to increased perceived risks arising from the migration of significant levels of client assets and/or client numbers by new or prospective firms, the Company has introduced an additional levy – the Risk Equalisation Levy - payable by such firms in certain defined circumstances.

During the year, an indemnity agreement was concluded with Chartered Accountants Ireland (CAI). Since 1 August 2017, member firms of CAI that are authorised by the Institute to provide investment business services participate in the ICCL Scheme. Under the agreement, CAI will continue to be liable for any compensation claims relating to investment business activities before that date.

The table below shows the development of core reserves for both funds over the past decade.



FUND A
* Creation of CHC Claims Compensation Provision
** Creation of IBRC Claims Compensation Provision
*** Release of IBRC Claims Compensation Provision

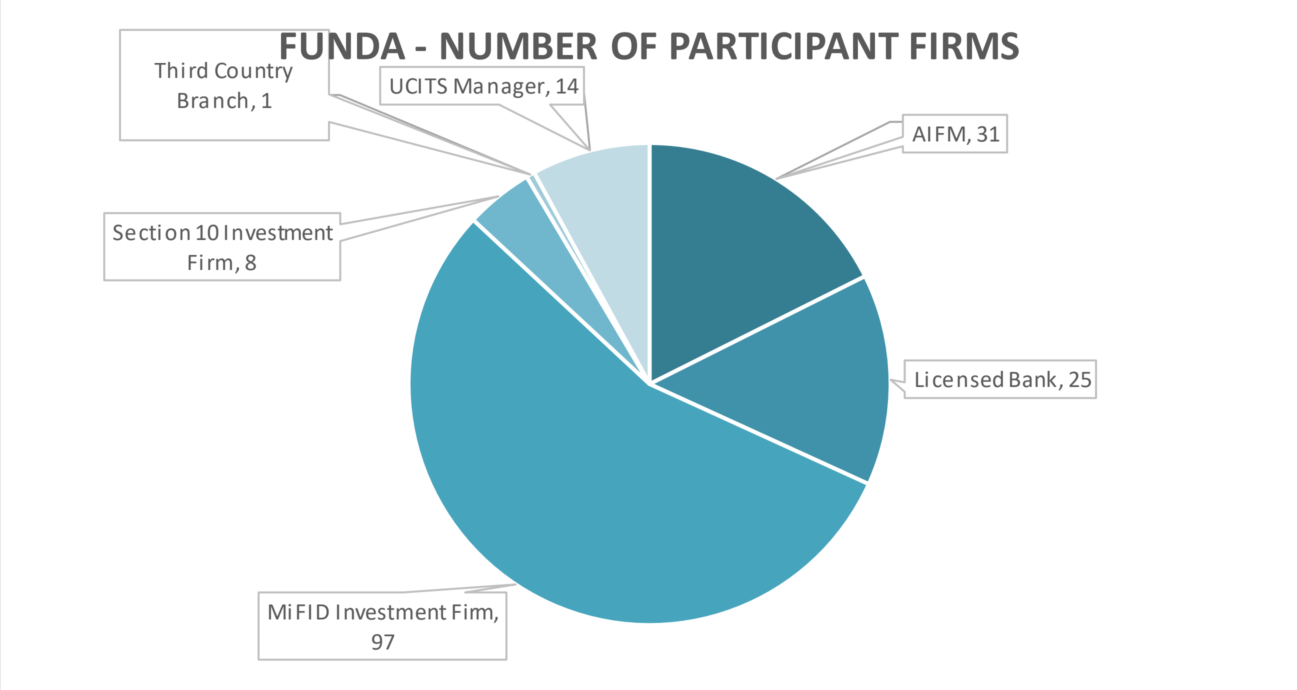
MEMBERSHIP

At 31 July 2020, a total of 3,106 investment firms were participating in the Scheme (2019: 3,285). This membership comprised 176 firms in Fund A and 2,930 in Fund B. Further details of the participant firms are outlined below.

FUND A

This Fund provides protection to clients of large investment firms that offer a range of services to retail investors, including the execution of client orders on financial instruments and the management of clients' investment portfolios. As indicated in last year's report, the pending departure of the United Kingdom from the European Union has seen an inflow of investment firms seeking authorisation in the State. The client bases of these firms are predominantly in the institutional and professional sectors, and are thereby excluded from coverage by the Scheme. Where there has been an appreciable increase in the volume of retail client numbers or associated client assets that are eligible for inclusion in the Scheme, the resulting elevated exposures require management by the Company.

The following chart illustrates the composition of the Fund between the different segments in the market.

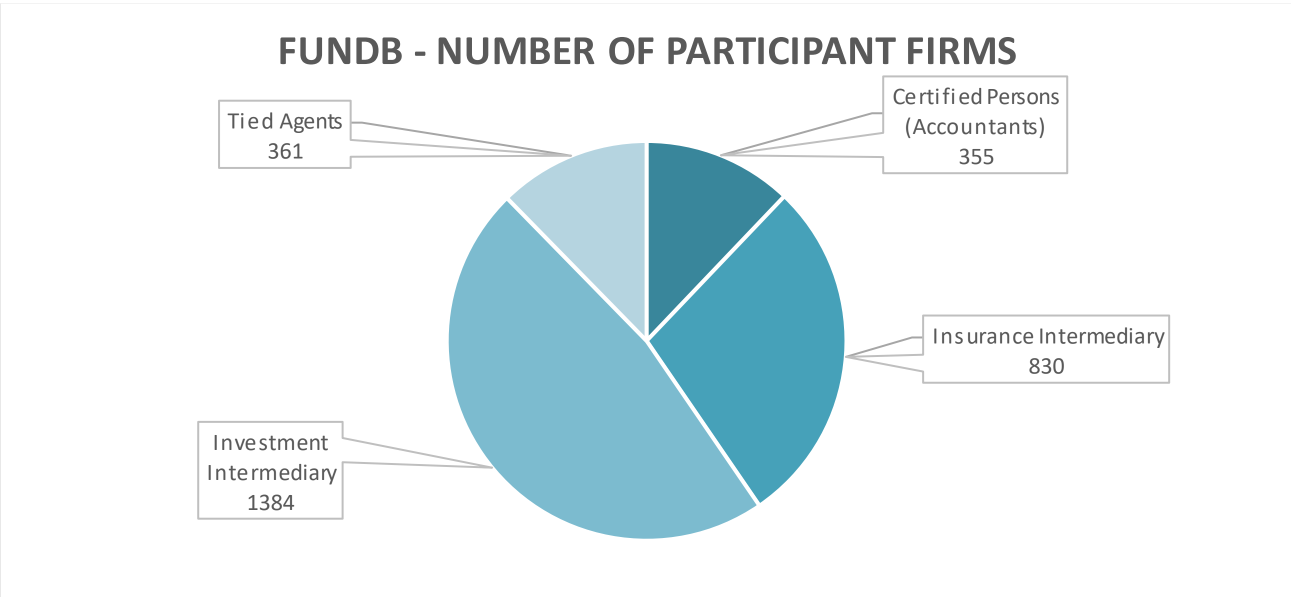


Total Contributing Firms: 176

FUND B

Fund B has been designed to cater for smaller investment firms that provide a more limited array of services to retail investors. These primarily involve acting as intermediaries, i.e. receiving orders from clients for onward transmission to generally larger institutions such as banks, insurance companies, asset managers and stockbrokers. This category includes investment intermediaries, insurance intermediaries and certified persons (member firms of Approved Professional Bodies (APBs) that have been authorised to provide certain investment business services). There was a decrease in the number of firms attached to this Fund in the past year, mainly attributable to a reduction in certified persons.

The chart below provides further details of the composition of Fund B participants.



Total Contributing Firms: 2,930

Investments

Under investor compensation legislation, the ICCL is obliged to invest its financial reserves in deposits with approved credit institutions or in securities in which trustees are authorised by law to invest trust funds. Investment activities are administered in accordance with a dedicated policy which has been authorised by the Board and approved by the Central Bank.

Unattractive markets, exemplified by negative interest rates and bond yields, have predominated for some time. In these circumstances, the principal objective of maintaining the capital values of its respective Funds was achieved. The overall return on the portfolio for the period was 0.028 per cent, which was a reduction on the previous year, albeit not unexpected given the prevailing environment.

The severity of the impact of the pandemic and the uncertain economic outlook points towards a prolongation of the current challenging conditions.

IT Platform Upgrade

A major investment in the upgrade of the Company's key IT infrastructure was advanced during the year. This programme constitutes the largest project undertaken by the Company to date and is designed to enhance operational efficiency, a key element of the Strategic Plan. In particular it will deliver improvements in the areas of workflow management and stakeholder communications, predominantly with contributing investment firms and claimants. The first of two planned phases was successfully completed before the end of the reporting period. This was achieved despite a necessary move to remote working due to the pandemic. I am very grateful to the project team for their commitment to achieving this progress in such circumstances.

Other Activities

During the year, there was renewed interaction with the Central Bank in relation to Brexit and its consequences for the Scheme. In addition, there was regular engagement regarding the implications for the investment firm sector arising from the pandemic. There were ongoing consultations with the Bank, as supervisory authority for investor compensation, and with the Department of Finance, on a range of other policy matters, as well as on legislative amendments designed to improve the operation of the Scheme.

The ICCL is affiliated to the European Federation of Deposit Insurers (EFDI), the representative body for Deposit Guarantee Schemes and Investor Compensation Schemes across Europe. The Company plays a prominent role in the activities of the EFDI's Investor Compensation Working Group.

Administration

The ICCL's Executive staff are seconded from the Central Bank and the Company also avails of administrative and other support services provided by the Bank. The cost of these services, including staff remuneration, is discharged from the resources of the Company.

For the year-ending 31 July 2020, average staff numbers were 9.2 FTE. I wish to record my thanks to my colleagues on the Executive for their continued commitment to the work of the ICCL. Their agility in adapting quickly to remote working arrangements at the outset of the pandemic ensured that there has been minimal disruption to our services.

I am also very appreciative of the continued support and guidance from the Board of Directors during the past year, particularly from the Chair, Jane Marshall and Deputy Chair, George Treacy.

19 October 2020

Report of the Directors

Introduction

The Directors are pleased to submit to the Annual General Meeting of the Investor Compensation Company DAC (the 'ICCL') the audited financial statements for the year ended 31 July 2020, together with the Report of the Directors, which has been prepared pursuant to the provisions of section 325 of the Companies Act 2014.

Principal Activities

The principal activities of the Company are as follows:-

- the establishment and maintenance of arrangements for the payment of compensation to clients of investment firms in accordance with the Investor Compensation Act, 1998 (as amended) (referred to hereafter as the "Act").
- the collection of levies from investment firms and the management of these funds out of which compensation or expenses are paid in accordance with the Act.

Business Review

A summary of the main developments during the period under review is provided in the Operating Report on pages 11 to 15.

Financial position

The assets, liabilities, and financial position of the company are set out in detail in the financial statements on pages 29 to 44.

In accordance with the Constitution of the ICCL, no dividend is payable by the Company.

Accounting Records

To ensure that adequate accounting records are maintained in accordance with the requirements of sections 281 to 286 of the Companies Act, 2014, ICCL has employed an appropriately qualified Funding and Policy Manager and provides sufficient resources to the finance function. The accounting records are located at ICCL's registered office at Spencer Dock, North Wall Quay, Dublin 1.

Provision of Relevant Audit Information

In accordance with Section 330(1) of the Companies Act, 2014, the directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Company's statutory auditor is aware of that information. Insofar as they are aware, there is no relevant audit information of which the Company's statutory auditor is unaware.

Events after the end of the reporting period

On 1st August 2020, Carmel Foley and Róisín Clarke were appointed to the Board. On 7th September 2020, Enda Newton retired from the Board while on the same date Caroline Gill, Conor Miles and Patricia Fitzgerald were all appointed to the Board. No material events have occurred subsequent to the reporting date which would require disclosure in the financial statements.

Political and charitable contributions

The Company made no political or charitable donations or incurred any related expenditure during the year.

Auditors

Mazars, Chartered Accountants, were re-appointed as auditors to the Company during the financial year and continue in office in accordance with Section 383 (2) of the Companies Act 2014.

Assessment of Principal Risks

The Board of the ICCL (the 'Board') has identified a range of key risks and uncertainties facing the Company including:

Economic: adverse developments in both the domestic and international economy which would affect the stability of markets and investment firms covered by the Compensation Scheme. This includes the uncertain short to medium term effects on the Irish economy and financial services firms generally, arising from the Covid-19 virus and the departure of the United Kingdom from the European Union on 31 December 2020;

Funding: insufficient funds maintained to discharge the Company's responsibility of paying compensation to eligible investors of failed investment firms;

Liquidity: temporary unavailability of resources to meet payment obligations;

Investment/Credit: default of deposit counterparties, deterioration of investment ratings;

Compliance: non-compliance with legislative and regulatory requirements arising from process failures or poor governance;

Operational: potential exposures arising in respect of ICT (cyber threats), Human Resources (loss of experienced personnel), and reliance on third party service providers;

Reputational: loss of good standing with stakeholders, including the public, owing to a risk or event materialising.

The Board analyses these risks and their potential impact on an ongoing basis, and has a comprehensive framework in place for their management and control. Further details are contained in the following section on Corporate Governance.

Governance

Board

The Board of the ICCL is constituted in accordance with the provisions of the Act, as follows:

- The Governor of the Central Bank appoints the Chairperson and Deputy Chairperson;
- The Minister for Finance prescribes five bodies or persons deemed to represent the interests of retail investors for nomination as Directors;
- The Minister prescribes five bodies deemed to represent the financial services industry, each to nominate a Director.

Each Director serves for a term of three years, following which they are eligible for re-appointment for a further period.

The Central Bank of Ireland is the supervisory authority for the ICCL while also providing a range of administrative and support services to the Company, for which it is reimbursed. An annual review of the Company's operations, to include its relationship with the Central Bank of Ireland, takes place between the Governor and the Company's Chairperson.

Compliance with the Code of Practice for the Governance of State Bodies

The Board is committed to maintaining the highest standards and supports the principles of corporate governance outlined in the *Code of Practice for the Governance of State Bodies* (the "Code of Practice") as issued in 2016. While not formally obliged to abide by the Code of Practice, the Directors confirm that the Company has complied throughout the accounting period with the main aspects that are appropriate to the ICCL.

The Board is responsible for the leadership and control of the Company, and for ensuring that the necessary financial and other resources are available for the Company to achieve its objectives. 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 Compensation Funds and the approval of the annual financial statements. The roles of Chairperson and Chief Operations Officer are not combined. The Chairperson is responsible for organising the business of the Board, facilitating the effective contribution of all Directors and ensuring that Directors receive accurate, timely and clear information. The Chief Operations Officer is responsible for the direction and control of the Company's business on a day-to day basis and is accountable to the Board for all authority delegated to executive management.

Directors' Independence

The Directors, in the furtherance of their duties, are given access to independent professional advice, as required, at the expense of the Company.

Induction and Training

On appointment, all new Directors are provided with an extensive induction and briefing on the Company and its operations, led by the Chairperson and the Chief Operations Officer. They are also advised of their obligations and duties as a Director and provided with the ICCL's Code of Conduct, Data Protection policy and other relevant documentation. Training is arranged for Board members as required to facilitate the updating of their skills and knowledge necessary to fulfil their role, both on the Board and its Committees.

Board Committees

The Board has established two permanent Committees to assist in the execution of its responsibilities. These are the Audit & Risk Committee and the Funding Committee.

Each of these Committees has bespoke terms of reference, under which authority is delegated to them by the Board, and which are subject to annual review. Minutes of meetings are circulated to Committee members and the Chairperson of each Committee reports to the Board on all significant issues considered by the respective Committees.

The Audit and Risk Committee comprises four Board members and one alternate. The role of the Audit and Risk Committee (ARC) is to support the Board in relation to its responsibilities for issues of risk, control and governance, and associated assurance. The ARC is independent from the financial management of the organisation. In that context, the Committee ensures that the internal control systems including audit activities are monitored actively and independently. The main functions of the Audit and Risk Committee are set out in written terms of reference and include:

- Monitoring the integrity of the financial statements;
- Reviewing the effectiveness of the Company's internal control and risk management processes;
- Overseeing compliance with legal and regulatory requirements;
- Overseeing the internal audit process including the agreed implementation of audit recommendations;

- Making recommendations to the Board in relation to the appointment, re-appointment and removal of the Company's external auditors including agreeing terms of engagement and remuneration;

- Facilitating arrangements for the collation and investigation of any matters which are the subject of confidential disclosures by staff.

The members of the Audit and Risk Committee during the year were: Brian Healy (Chairperson), Valerie Bowens, Enda Newton and Ann Smith. Siobhán Madden served as an alternate member of the ARC.

THE FUNDING COMMITTEE comprises six Board members The Funding Committee is required to assist the Board of the ICCL in fulfilling its role in overseeing the adequacy of funds maintained to meet the compensation liabilities of the Company. The main functions of the Funding Committee are set out in written terms of reference and include:

- Assisting the Board with the development of a comprehensive funding strategy and related policies with a view to maintaining an appropriate level of funds out of which payments shall be made in accordance with the Act;

- Evaluating the adequacy of funding plans and overseeing their implementation;

- Monitoring the collection of annual levies, including the proposed write-off of bad debts;

- Reviewing the estimates of compensation payable as provided by Administrators appointed to investment firms;

- Assisting the Board with the formulation of policies which affect the funding and operations of the Company.

During the year, the Committee oversaw the development of a new funding rule (the Risk Equalisation Rule) to address situations where the quantum of assets covered by the Scheme and the Cascade Model is significantly increased following the authorisation of a new investment firm in the jurisdiction and/or the transfer of a book of business to an existing investment firm or any transfer, restructuring, transaction or other arrangement leading to such an increase. The Risk Equalisation rule became effective on 1 March 2020. The Committee also oversaw the implementation of the ICCL's Funding Arrangements for the next three-year cycle (2020-2022).

The members of the Funding Committee during the year were: George Treacy (Chairperson), Regina Breheny, Liam Carberry, Brian Healy, Dermott Jewell and Ann Smith.

COMPOSITION OF THE BOARD AT 31 JULY 2020

Board Member	Role	Nominating Body	Date Appointed / Re-appointed
Jane Marshall	Chairperson	Governor of Central Bank of Ireland	1 June 2018
George Treacy	Deputy Chairperson	Governor of Central Bank of Ireland	7 September 2018
Valerie Bowens	Ordinary Member	Minister for Finance	22 January 2019
Regina Breheny	Ordinary Member	Irish Association of Investment Managers	22 January 2018
Liam Carberry	Ordinary Member	Brokers Ireland	1 August 2017
Brian Healy	Ordinary Member	Irish Stock Exchange plc	1 August 2018
Dermott Jewell	Ordinary Member	Consumers Association of Ireland	1 August 2019
Siobhán Madden	Ordinary Member	Minister for Finance	22 January 2019
Enda Newton	Ordinary Member	Minister for Finance	11 September 2017
Paul O'Donovan	Ordinary Member	Competition and Consumer Protection Commission	1 August 2017
Ann Smith	Ordinary Member	Banking and Payments Federation Ireland	22 October 2018
Vacancy	Ordinary Member	Chartered Accountants Ireland	N/A

DETAILS OF RETIREMENTS/RESIGNATIONS FROM THE BOARD DURING THE YEAR

Board Member	Role	Nominating Body	Date of retirement / resignation
Liam Carberry	Ordinary Member	Brokers Ireland	31 July 2020
Brian Healy	Ordinary Member	Irish Stock Exchange plc	31 July 2020
Paul O'Donovan	Ordinary Member	Competition and Consumer Protection Commission	31 July 2020

DETAILS OF APPOINTMENTS AND REAPPOINTMENTS TO THE BOARD DURING THE YEAR

Director	Role	Nominating Body	Reason for vacancy	Date Appointed / Re-appointed
Regina Breheny	Ordinary Member	Irish Association of Investment Managers	Reappointment	1 August 2020
Róisín Clarke	Ordinary Member	Brokers Ireland	Appointment	1 August 2020
Carmel Foley	Ordinary Member	Competition and Consumer Protection Commission	Appointment	1 August 2020

SCHEDULE OF ATTENDANCE, FEES AND EXPENSES

A schedule of attendance at the Board and Committee meetings for which members were eligible to attend during the financial year ended 31 July 2020 is set out below including the fees and expenses received by each member:

		Board	**Audit & Risk Committee**	**Funding Committee**	**Fees 2020 €**	**Expenses 2020 €**
Number of meetings		**10**	**4**	**4**		
Jane Marshall		10/10	N/A	N/A	*31,500*	*166*
George Treacy		9/10	N/A	4/4	*15,750*	*397*
Valerie Bowens		10/10	4/4	N/A	*9,600*	*120*
Regina Breheny		9/10	N/A	3/4	*9,600*	-
Liam Carberry		9/10	N/A	4/4	*9,600*	-
Brian Healy		9/10	4/4	4/4	*9,600*	*161*
Dermott Jewell		10/10	N/A	4/4	*9,600*	-
Siobhán Madden		9/10	1/1	N/A	*9,600*	-
Enda Newton		6/10	4/4	N/A	*9,600*	-
Paul O'Donovan		10/10	N/A	N/A	*9,600*	-
Ann Smith		8/10	3/4	3/4	*9,600*	-
					€133,650	***€844***

The principle of One Person One Salary does not apply to the Company.

Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows:

		2020 €	2019 €
Domestic			
-	Board	844	199
-	Staff	-	598
International			
-	Board	-	-
-	Staff	1,162	2,892
Total		**2,006**	**3,689**

Hospitality Expenditure

The Income and Expenditure Account includes the following hospitality expenditure:

		2020 €	2019 €
Hospitality			
-	Staff	1,346	732
-	Board	2,216	2,097
-	Clients	-	-
Total		**3,562**	**2,829**

The ICCL does not engage in client hospitality. The above amounts do not include expenditure on refreshments / hospitality associated with business operations such as conference hosting, events and meetings.

Performance Evaluation

In line with the Code of Practice guidance, the Board and its Committees completed annual self-assessed performance reviews. (An external review of the Board's performance is also completed on a periodic basis and as appropriate.) Any recommendations from these evaluations are implemented as part of the annual workplan.

Internal Control

A Statement on Internal Control has been included in this Annual Report on pages 23 to 24 and should be read in conjunction with the Directors' Report.

Protected Disclosures Report

Section 22 of the Protected Disclosures Act 2014 requires the publication of a report each year relating to the number of protected disclosures made in the preceding year and also for the publication of information with regard to any actions taken in response to protected disclosures made.

No protected disclosures were received by the Investor Compensation Company DAC in the year ended 31 July 2020.

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 20. All Directors serve in a non-executive capacity.

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 31 July 2020.

Signed on behalf of the Board:

Jane Marshall

DIRECTOR

Ann Smith

DIRECTOR

Statement on Internal Control

Scope of Responsibility

On behalf of the Investor Compensation Company DAC ('ICCL'), I acknowledge the Board's responsibility for ensuring that an effective system of internal control is maintained and operated.

Purpose of the System of Internal Control

The ICCL's system of internal control is designed to manage risk rather than eliminate it. On that basis, the system can only provide reasonable assurance, and not absolute assurance, that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or detected in a timely manner.

In discharging its responsibilities in respect of the maintenance of effective internal controls, the Board is assisted by the Audit and Risk Committee ('ARC'). The ARC reports to the Board on its oversight and review of the ICCL's internal financial control and risk management systems.

Capacity to Handle Risk

The ARC comprises four Board members, with financial and audit expertise, one of whom is the Chair of the Committee. The ARC met four times during the year under review.

The ICCL engages the Internal Audit Division ('IAD') of the Central Bank of Ireland to provide internal audit services. The ARC is satisfied that IAD is adequately resourced to conduct a programme of work as agreed with the ARC.

The ICCL has developed a risk management framework which outlines its risk appetite, the risk management processes in place and the roles and responsibilities of staff in relation to risk. Staff are trained in relation to the risk management framework and are expected to raise emerging risks and control weaknesses identified during the discharge of their roles.

Risk and Control Framework

The ICCL has implemented a comprehensive risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, mitigate those risks.

A risk register is in place which identifies the key risks facing the ICCL and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the ARC at each meeting. Significant risks, and notable changes to risks, are also reported to the Board, where Risk Management remains a standing agenda item. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls in place to mitigate risks and where applicable, assigns responsibility for operation of controls to specific staff. A control environment containing the following elements is in place:

- procedures for all key business processes have been documented;
- financial responsibilities have been assigned at management level with corresponding accountability;
- there is an appropriate budgeting system with an annual budget which is kept under review by senior management and the Board;
- there are systems aimed at ensuring the security of information and communication technology systems;
- there are systems in place to safeguard the assets.

Ongoing Monitoring and Review

Formal procedures have been established for monitoring control processes. Any identified control deficiencies are communicated to those responsible for taking corrective action and to management and Board, where relevant, in a timely way. The following ongoing monitoring systems are in place:

- key risks and related controls, where applicable, have been put in place to monitor the operation of those key controls and report any identified deficiencies;
- responsibility for monitoring compliance and the identification of risk within the Company has been assigned to the Risk & Compliance Manager;
- responsibility for financial management has been assigned to the Policy and Funding Manager, a professional accountant.
- there are regular reviews by senior management and the Board of periodic and annual performance and financial reports which outline outturn against targets.

Procurement

ICCL has procedures in place to ensure that procurement is conducted to achieve the best outcomes for ICCL and its stakeholders.

Review of Effectiveness

ICCL's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors, the ARC which oversees their work, and senior management within ICCL responsible for the development and maintenance of the internal control framework. The Board is apprised of the outcome of all such reviews.

The Board conducted an annual review of the effectiveness of the internal controls for the year ended 31 July 2020.

Internal Control Issues

An internal audit follow-up report from February 2020 identified that most weaknesses previously identified across a small number of operational areas had been adequately addressed. Senior management of ICCL have agreed a programme of work with the Board to implement the remaining recommendations identified.

Signed on behalf of the Board:

Jane Marshall
Chairperson
19 October 2020

Directors' Responsibilities Statement

The Directors are responsible for preparing the report of the directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, they have elected to prepare the financial statements in accordance with FRS 102, the Financial Reporting Standard applicable in the Republic of Ireland.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that year. In preparing these financial statements, the Directors are required to:

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

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

- correctly record and explain the transactions of the Company;
- enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy;
- enable them to ensure that the financial statements comply with both the Companies Act 2014 and the Companies (Accounting) Act 2017, enabling those Financial Statements to be audited.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that to the best of each Director's knowledge and belief, they have complied with the above requirements in preparing the financial statements.

On behalf of the board

Jane Marshall

Ann Smith

19 October 2020

INDEPENDENT AUDITOR'S REPORT TO THE

MEMBERS OF THE INVESTOR COMPENSATION COMPANY DAC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of The Investor Compensation Company DAC ('the company') for the year ended 31 July 2020, which comprise the Income and Expenditure account, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including the summary of significant accounting policies set out on page 32. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 July 2020 and of its results for the year then ended;
- have been properly prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

INDEPENDENT AUDITOR'S REPORT TO THE

MEMBERS OF THE INVESTOR COMPENSATION COMPANY DAC

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the directors' report is consistent with the financial statements; and
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

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

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report. The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE

MEMBERS OF THE INVESTOR COMPENSATION COMPANY DAC

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set on page 25, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description of auditors responsibilities for audit.pdf . This description forms part of our auditor's report.

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

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.

Michael Tuohy
for and on behalf of Mazars
Chartered Accountants & Statutory Audit Firm
Harcourt Centre,
Block 3
Harcourt Road
Dublin 2

Date: 19 October 2020

Financial Statements

INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 JULY 2020

	Notes		2020 €		2019 €
INCOME					
Levy Income			5,793,304		6,161,029
Interest Income			18,754		55,599
Subrogation Income			-		6,184
			5,812,058		**6,222,812**
EXPENDITURE					
Compensation costs and provisions					
3rd party costs provision increase		-		(98)	
ICCL claims legal costs		(398,167)		(206,082)	
			(398,167)		(206,180)
Administration expenses	*2*		(1,887,063)		(1,686,784)
TOTAL EXPENDITURE			**2,285,230**		**1,892,964**
SURPLUS ON ORDINARY ACTIVITIES	*1*		3,526,828		4,329,848
Surplus at beginning of year			61,640,753		57,310,905
Surplus at 31 July			**65,167,581**		**61,640,753**
ALLOCATED BETWEEN FUNDS AS FOLLOWS:					
FUND A	*3*		39,416,084		36,147,558
FUND B	*3*		25,751,497		25,493,195
			65,167,581		**61,640,753**

The financial statements were approved by the Board of Directors on **19 October 2020** and were signed on its behalf by:

Jane Marshall

DIRECTORS

Ann Smith

Balance sheet as at 31 July 2020

	Notes	2020 €	2019 €
FIXED ASSETS			
Equipment	*6*	34,124	42,207
Intangible Assets	*6*	144,904	33,863
		179,028	76,070
CURRENT ASSETS			
Trade and other receivables	*4*	124,882	285,702
Other assets	*5*	4,700,000	4,700,000
Cash and Cash Equivalents	*3*	66,142,798	50,059,450
Short-term investments	*7*	6,978,417	19,332,553
		77,946,097	74,377,705
CREDITORS: amounts falling due within one year	8	3,237,540	3,093,018
NET CURRENT ASSETS		74,708,557	71,284,687
TOTAL ASSETS LESS CURRENT LIABILITIES		74,887,585	71,360,757
CREDITORS: Amounts falling due after more than one year			
Provisions for Compensation Claims & Associated Costs	*9*	9,720,000	9,720,000
NET ASSETS		65,167,585	61,640,757
FINANCED BY:			
Called-up share capital	*11*	4	4
Funds	*3*	65,167,581	61,640,753
	13	65,167,585	61,640,757

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

The financial statements were approved by the Board of Directors on **19 October 2020** and were signed on its behalf by:

Jane Marshall

DIRECTORS

Ann Smith

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2020

	Notes	**2020** **€**	**2019** **€**
CASH FLOWS FROM OPERATING ACTIVITES			
Surplus on ordinary activities		3,526,828	4,329,848
Adjustments for:			
Depreciation		29,392	17,388
Decrease/(Increase) in debtors		160,820	(132,483)
Increase in creditors and provisions for liabilities and charges		144,522	67,785
Loss on disposal		18,845	-
NET CASH INFLOW FROM OPERATING ACTIVITIES		**3,880,407**	**4,282,538**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire equipment	*6*	(3,835)	(41,111)
Payments to acquire intangible assets	*6*	(147,360)	(9,656)
Decrease/(Increase) in short-term investments		12,354,136	(1,849,796)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**12,202,941**	**(1,900,563)**
Net Increase in Cash and Cash Equivalents		16,083,348	2,381,975
Cash and Cash Equivalents at 1 August		50,059,450	47,677,475
Cash and Cash Equivalents at 31 July		66,142,798	50,059,450

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 Act, 2014 and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in September 2015, however the amendments arising from the implementation of the EU Accounting Directive in the UK have been dis-applied. The financial statements are prepared in Euro which is the functional currency of the Company. The financial statements have been prepared on a going concern basis.

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 and Intangible Assets

Measurement

Equipment and Intangible Assets are stated at cost less accumulated depreciation and are not revalued.

Depreciation

All Equipment and Intangible Assets are depreciated on a straight-line basis over their anticipated useful lives. The Company applies the use of accounting estimates and judgment in determining the depreciation rates on the basis that they provide an accurate assessment of the anticipated useful lives. These depreciation rates are as follows:

Equipment		
Computer equipment	:	3 – 5 years
Intangible Assets		
Computer software	:	5 years

Impairment

Equipment and Intangible Assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount of a fixed asset may not be recoverable.

Derecognition

Equipment and Intangible Assets are derecognised when they have been disposed of or permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset would result in either gains or losses at its retirement or disposal. Any gains or losses are recognised in the Income and Expenditure Account in the year of retirement or disposal. Gains or losses are determined as the difference between net disposal proceeds and the carrying value of the asset as at the date of the transaction.

Cash and Cash Equivalents

Cash and Cash Equivalents comprise cash on hand and deposits maturing within 3 months. The Company discloses cash and cash equivalents in accordance with FRS 102.

Short term investments

Short term investments comprise fixed term deposits with a period to maturity of greater than 3 months. The Company discloses short-term investments in accordance with FRS 102.

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.

Critical Accounting Estimates and Judgements

The preparation of the financial statements requires management to exercise judgement in the process of applying the Company's accounting policies. The area involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements is in relation to provisions for compensation claims. See note 9 for further information.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

1. SURPLUS ON ORDINARY ACTIVITIES

The surplus on ordinary activities is stated after charging:

	2020 €	2019 €
Directors' fees	133,650	115,982
Depreciation	29,392	17,388
Auditors' remuneration for audit services (ex-VAT)	8,000	8,000
Auditors' remuneration for non-audit services (ex-VAT)	2,850	850

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 (2019: €31,500) and €15,750 (2019: €15,750) respectively during the year. The other Directors were remunerated at the rate of €8,550 per annum between August and December 2019, and at €10,350 per annum from 1 January 2020 (2019: €8,550), on a pro-rata basis.

The Company does not operate any share option or long-term incentive schemes in respect of qualifying services of Directors. The Company does not operate a retirement benefit scheme in respect of qualifying services of Directors. The Company did not make any compensation payments or other termination payments to directors in respect of loss of office during the current or preceding financial year.

2. ADMINISTRATION EXPENSES

	2020 €	2019 €
Staff costs*	745,350	677,067
Directors' fees and expenses	136,710	119,062
Other administration expenses including funding costs	967,128	867,408
Bad debts written off	1,751	1,787
Increase in provision for bad and doubtful debts	6,732	4,072
Depreciation	29,392	17,388
	1,887,063	1,686,784

* The Company has no direct employees (2019: nil). The average number of secondees were 9.2 full time equivalent (FTE) (2019: 8.8 FTE). Staff costs are included in the charge for administrative services by the Central Bank.

3. FUNDS

	Fund A	Fund B	2020 Total	Fund A	Fund B	2019 Total
	€	€	€	€	€	€
Levy income	4,933,106	860,198	5,793,304	5,349,461	811,568	6,161,029
Interest income	9,740	9,014	18,754	30,395	25,204	55,599
Subrogated income	-	-	-	6,184	-	6,184
Compensation (costs)/recoveries:						
Claims provision	-	-	-	-	-	-
3rd party costs provision	-	-	-	-	(98)	(98)
ICCL legal costs	(398,167)	-	(398,167)	(208,203)	2,121	(206,082)
Administrator Legal Fees	-	-	-	-	-	-
Administration expenses:						
Bad Debts (written off)	-	(1,751)	(1,751)	-	(1,787)	(1,787)
(Increase)/decrease in provision for bad and doubtful debts	(5,400)	(1,332)	(6,732)	(5,400)	1,328	(4,072)
Other administration expenses	(1,270,753)	(607,827)	(1,878,580)	(1,081,873)	(599,052)	(1,680,925)
Surplus for the year	3,268,526	258,302	3,526,828	4,090,564	239,284	4,329,848
Surplus at 1st August 2019/2018	36,147,558	25,493,195	61,640,753	32,056,994	25,253,911	57,310,905
Surplus at 31st July 2020/2019	**39,416,084**	**25,751,497**	**65,167,581**	**36,147,558**	**25,493,195**	**61,640,753**
Represented by:						
Cash and Cash Equivalents	43,766,064	22,376,734	66,142,798	31,171,744	18,887,706	50,059,450
Short-term investments	3,625,525	3,352,892	6,978,417	12,716,504	6,616,049	19,332,553
Fixed assets	89,514	89,514	179,028	38,035	38,035	76,070
Debtors	4,805,432	19,450	4,824,882	4,961,002	24,700	4,985,702
Creditors	(341,585)	(87,091)	(428,676)	(210,861)	(73,293)	(284,154)
Provision for liabilities and charges	(12,528,864)	-	(12,528,864)	(12,528,864)	-	(12,528,864)
Share capital	(2)	(2)	(4)	(2)	(2)	(4)
Total	**39,416,084**	**25,751,497**	**65,167,581**	**36,147,558**	**25,493,195**	**61,640,753**

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, except where a Fund has reached its target level, whereby the costs become directly attributable to a particular Fund. Other costs are allocated equally between the Funds

4. Trade and Other Receivables

		2020	2019
		€	€
(a)	*Debtors and Accrued Income*:		
	Debtors (after provision for bad and doubtful debts)	3,860	153,548
	Accrued income & prepayments	121,022	132,154
		124,882	285,702

		€	€
(b)	*Bad debts written-off during the year:*	1,751	1,787

		€	€
(c)	*Movement in respect of the provision for bad and doubtful debts*:		
	Opening provision for bad & doubtful debts	18,189	14,117
	Closing provision for bad & doubtful debts	24,921	18,189
	Increase in provision	6,732	4,072

5. Other Assets

	2020	2019
	€	€
Claims compensation amounts recoverable under Excess of Loss Insurance contract	4,700,000	4,700,000
	4,700,000	4,700,000

Excess of Loss Insurance Policy

This amount represents the estimated funds recoverable by the company, from insurers after payment of compensation amounts equivalent to the excess of the insurance policy currently in place.

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.

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 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 policy limit of €50 million. As outlined in note 9, a provision of €19.7 million was made for the claim compensation costs associated with the failure of Custom House Capital Limited (In Liquidation), a Fund A firm. At the balance sheet date, the Company had paid €7.4m in respect of claims compensation to clients of CHC.

6. EQUIPMENT AND INTANGIBLE ASSETS

Equipment

	2020 €	2019 €
Cost:		
At 1 August	71,761	30,650
Additions	3,835	41,111
Disposals	(19,526)	-
At 31st July	56,070	71,761
Depreciation:		
At 1 August	29,554	28,122
On Disposals	(19,421)	-
Charge for year	11,813	1,432
At 31st July	21,946	29,554
Net book value:		
At 31st July	34,124	42,207

Intangible Computer Software

	2020 €	2019 €
Cost:		
At 1 August	215,106	205,450
Additions	147,360	9,656
Disposals	(190,078)	-
At 31st July	172,388	215,106
Depreciation:		
At 1 August	181,243	165,287
On Disposals	(171,338)	-
Charge for year	17,579	15,956
At 31st July	27,484	181,243
Net book value:		
At 31st July	144,904	33,863

The historic cost of fully depreciated assets at 31st July 2020 was €34,146 (2019: €182,662)

7. SHORT-TERM INVESTMENTS

	2020 €	2019 €
Fixed term deposits	6,978,417	19,332,553
	6,978,417	19,332,553

Short term investments are comprised of fixed term deposits with a period to maturity of greater than 3 months. Fixed term deposits are measured at amortised cost.

MATURITY PROFILE

	2020 €	2019 €
3 – 6 months	37,000	5,701,649
6 – 9 months	2,511,160	3,762,719
9 – 12 months	4,430,257	9,868,185
	6,978,417	19,332,553

AVERAGE INTEREST RATE

	2020 %	2019 %
3 – 6 months	0.01	0.15
6 – 9 months	0.00	0.14
9 – 12 months	0.00	0.08

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 €	2019 €
Compensation costs	54,457	54,457
Central Bank of Ireland (Administration charges)	63,786	62,410
Directors' fees and expenses	11,950	10,550
Prepaid levies	2,261	2,518
Other	296,222	154,219
Provision for compensation claims and associated costs (note 9)	2,808,864	2,808,864
	3,237,540	3,093,018

9. Provisions for Compensation Claims & Associated Costs

	Fund A Claims €	Fund B Claims €	Total Claims €	3rd Party Costs (Fund A & B) €	Total €
Opening provision at 1st August 2018	12,280,558	-	12,280,558	249,499	12,530,057
(Decrease)/Increase in provision	-	-	-	(1,193)	(1,193)
Payments during the year	-	-	-	-	-
Provision at 31st July 2019 and at 1st August 2019	12,280,558	-	12,280,558	248,306	12,528,864
(Decrease)/Increase in provision	-	-	-	-	-
Payments during the year	-	-	-	-	-
Closing Provision at 31st July 2020	12,280,558	-	12,280,558	248,306	12,528,864
Represented by:					
Amounts falling due within one year	2,560,558	-	2,560,558	248,306	2,808,864
Amounts falling due after one year	9,720,000	-	9,720,000	-	9,720,000

(A) Custom House Capital Limited (Fund A)

At the financial year ended 31st July 2019, the provision in respect of compensation payable to eligible clients of Custom House Capital Limited stood at €12,280,558. The provision was initially made in the year ended 31 July 2012 on the basis of the range of estimates received from the Administrator[1]. Currently, the provision

[1] Validation of claims and certification of the amount of compensation payable to claimants is carried out by an 'Administrator'.

takes account of claims compensation already paid as at 31st July 2020. 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 and/or the extent of recovery of misappropriated funds),
- 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 liquidator[2] 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 to the ICCL for payment by the ICCL.

At 31 July 2020, the Company had received, recorded and forwarded 1,982 claims to the Administrator, of these claims the Administrator has certified 574 resulting in payment of cumulative compensation of €7,419,442.

The Administrator has confirmed to the ICCL that as at 31 July 2020 his previously estimated range of total compensatable loss of, at least €9,980,000 but not more than €19,700,000, remains unchanged. The ICCL had previously provided for the maximum amount of compensatable loss estimated by the Administrator. The provision for claims at 31 July 2020 is €12,280,558, of which €2,560,558, being the difference between the amount of compensation paid to date by the ICCL and the Administrator's minimum estimate of compensatable loss, is classified as falling due within one year.

As at 31 July 2020 the Company has a provision of €248,306 (2019: €248,306) towards the costs of the Administrator 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 31 July 2020 the Company paid no fees to the Administrator and no Administrator legal costs.

[2] 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.

10. CONTINGENT ASSETS AND LIABILITIES

CONTINGENT ASSETS

There were no Contingent Assets at 31st July 2020.

CONTINGENT LIABILITIES

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 and thus when compensation amounts due will be paid. 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 progress to date, in estimating the total cost of claims, the final determination of compensation costs is subject to significant uncertainty, as identified in note 9 above.

During the year under review, the Company applied to the High Court seeking directions with regard to the extent of the Company's subrogated rights pursuant to section 35 of the Investor Compensation Act, 1998. On 1st July 2020, the High Court (the "Court") appointed two *legitimi contradictores* to represent the interests of eligible investors in the application. The Court also ordered on that date that the ICCL should bear the reasonable and proportionate costs of the *legitimi contradictores,* subject to adjudication in default of agreement. A date has not been set by the Court for the substantive hearing of the application.

Money Markets International Stockbrokers Limited (In Liquidation) ["MMI"]

All submitted compensation claims were certified and paid by September 2008. Although the Liquidation of MMI is ongoing, the ICCL does not believe that the failure of MMI will result in any further payment of compensation under the Act. No provision has been made for claims or other costs associated with the failure of MMI in this respect.

Asset Management Trust ["AMT"]

AMT was a Fund B firm authorised under the Investment Intermediaries Act, 1995, in respect of which, the Central Bank of Ireland on 29 February 2016 made a determination in accordance with Section 31 of the Investor Compensation Act, 1998.

The statutory deadline for clients of AMT to apply for compensation has passed. During the year the Company received one late claim for compensation. On 2nd September 2020, the Central Bank of Ireland directed, in accordance with the provisions of section 32(2) of the Investor Compensation Act, 1998 (the "Act"), that the ICCL treat the claim as having been made within the statutory deadline. The claim remains subject to certification by the Administrator in accordance with the provisions of the Act. The Company has determined that no further provision was required at 31 July 2020 (2019: €NIL).

11. Share Capital

	2020 €	2019 €
Authorised:		
10 Ordinary shares of €1.25 each	13	13
Issued and fully paid:		
3 Ordinary shares of €1.25 each	4	4

The Investor Compensation Company DAC is a company limited by guarantee and having a share capital. There are three shareholders, the Central Bank of Ireland, the Irish Stock Exchange plc and the Irish Association of Investment Managers, each holding one share. The amount to be paid by each shareholder in the event of the Company being wound up is limited to €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 renominalised 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. (Amounts relating to share capital have been rounded-up in the Financial Statements).

12. 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).

13. Movements in Total Funds

	Share Capital attributable to Shareholders €	Attributable to Funds €	Total €
At 1st August 2019	4	61,640,753	61,640,757
Surplus for the year	-	3,526,828	3,526,828
At 31st July 2020	4	65,167,581	65,167,585

14. RELATED PARTIES

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

	2020 €	2019 €
Administration costs chargeable to the Company by the Central Bank of Ireland for services provided	913,826	799,259

At 31 July 2020 a balance of €63,785 (2019: €62,410) was due to the Central Bank of Ireland. This was paid in full on 19 October 2020 (2019: Balance paid on 27 August 2019). Details of Directors' fees and expenses are disclosed in Note 1.

15. EVENTS AFTER THE REPORTING PERIOD

On 1st August 2020, Carmel Foley and Róisín Clarke were appointed to the Board. On 7th September 2020, Enda Newton retired from the Board while on the same date Caroline Gill, Conor Miles and Patricia Fitzgerald were all appointed to the Board. Subsequent to the balance sheet date there were no material events.

16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of Directors on 19 October 2020.

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