



**THE INVESTOR COMPENSATION COMPANY
DAC**

ANNUAL REPORT

YEAR ENDED 31 JULY 2022

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.

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31 JULY 2022

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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

<p>Jane Marshall (Chairperson)</p> <p>Appointed chairperson on 1 June 2018, Jane was a solicitor and formerly a partner with McCann FitzGerald Solicitors, where she specialised in the areas of restructuring, insolvency and associated litigation. She is an Adjunct Professor of Law at University College Cork.</p>	<p>George Treacy (Deputy Chairperson)</p> <p>Appointed to the Board on 7 September 2015. George 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. 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.</p>	<p>Valerie Bowens</p> <p>Appointed to the Board on 19 October 2015, Valerie (BComm, MBS, Dip Fin Services Law (UCD)) has extensive senior compliance, risk, governance and regulatory experience. Current non-executive roles include Council Member of the Financial Services & Pensions Ombudsman, and member of the Legal Practitioners Disciplinary Tribunal. Prior directorships include the Compliance Institute, NSAI, and Chairperson of its US subsidiary, NSAI Inc.. Valerie currently undertakes Compliance Director / Chief Compliance Officer roles in financial services on a consultancy basis. Prior executive experience includes Managing Director - BNY Mellon, Director of Regulatory Compliance - Dillon Eustace Solicitors, Senior Regulator - Central Bank of Ireland. Member of the Institute of Directors, Institute of Bankers and Compliance Institute.</p>
<p>Róisín Clarke</p> <p>Appointed to the Board on 1 August 2020, Róisín is from Galway, (Connemara Gaeltacht). She left her position as a Secondary School teacher and worked for 12 years with an International Humanitarian organisation. 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.</p>	<p>Michael D’Arcy</p> <p>Appointed to the Board on 28 March 2022, Michael is the CEO of the Irish Association of Investment Managers since October 2020. He had previously been a member of the Oireachtas from 2007. He served on a number of committees including Finance and Public Accounts, and was appointed to the statutory Banking Inquiry which investigated the collapse of the Irish banking sector prior to 2008. In 2017, he was appointed Minister of State at the Department of Finance with responsibility for Financial Services and Insurance. He chaired both the Government’s Industry Advisory Committee and High Level Implementation Committee.</p>	<p>Patricia Fitzgerald</p> <p>Appointed to the Board on 7 September 2020, Patricia (MBS, BEd) is safefood’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.</p>

THE BOARD OF DIRECTORS (CONTINUED)

All members serve as non-executive directors

<p>Carmel Foley</p> <p>Appointed to the Board on 1 August 2020, Carmel (M.Sc. (Mgmt.) TCD) is a 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.</p>	<p>Caroline Gill</p> <p>Appointed to the Board on 7 September 2020, Caroline (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 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.</p>	<p>Dermott Jewell</p> <p>Appointed to the Board on 19 June 2002, Dermott (B.Sc. (Mgmt.) Law (TCD)) is Policy & Council Advisor and nominee of the Consumers' Association of Ireland. His representations include Chairperson / Director of the European Consumer Centre (ECC) Ireland; Member – Legal Services Regulatory Authority (LSRA); and Member of the European Securities and Markets Authority (ESMA) – Securities & Markets Stakeholder Group (SMSG). He is Ireland's representative on the Consumer Policy Advisory Group (CPAG) of the European Commission and is President of ANEC: European Consumer Voice in Standardisation. Dermott is an accredited mediator and employment investigator and memberships include the Chartered Institute of Arbitration (Irish Branch) (CI Arb) and Mediators' Institute of Ireland (MII).</p>
<p>Siobhán Madden</p> <p>Appointed to the board on 19 October 2015. Siobhán is an Irish solicitor, tax consultant, and a member of the New York Bar. She is a director of Formidion Aviation Capital Limited, an aviation trading and leasing company based in Ireland, and is a former member of the board of Bus Atha Cliath. Siobhán is an international corporate legal consultant. Her practice specialties are the law relating to banking & financial services, aviation and corporate governance. 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.</p>	<p>Conor Miles</p> <p>Appointed to the Board on 7 September 2020, Conor (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.</p>	<p>Ann Smith</p> <p>Appointed to the Board on 22 October 2018, Ann is a fellow of Chartered Accountants Ireland. She is Director Corporate Services with Banking & Payments Federation Ireland, with responsibility for finance, corporate governance, HR, facilities and IT. She has over 30 years' experience in financial services and membership bodies, sits on the Finance Committee of Accounting Technicians Ireland and acts as Company Secretary for four companies.</p>

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 2022.

OVERVIEW

In the past year, the ICCL's reserves reached €88.1 million as at the reporting date. This position, which leaves the Company well placed to meet compensation liabilities, could only be attained through the sustained commitment of authorised investment firms that participate in the Compensation Scheme and I am grateful for their ongoing support. Thankfully, there have been no new compensation events in the reporting year.

This period has seen the ICCL achieve substantial progress in the processing of certified compensation claims from clients of Custom House Capital which resumed in the aftermath of the High Court judgment in October 2021.

During the year, a comprehensive review of the Company's risk framework was completed to ensure that it remains appropriate given the evolving nature of exposures. Following the implementation of a major enhancement of the ICCL's IT platforms, a separate review of information security was conducted to enhance cyber risk management.

Consultation on the Funding Arrangements for the years 2023-25 was successfully concluded and participating firms were advised of the levy rates applicable for these years.

I am pleased to say that although full remote working, triggered by the pandemic, predominated for much of the period under review, there were no interruptions to the ICCL's operations. The Executive is now operating under hybrid working arrangements while the Board convenes through a combination of in-person and hybrid meetings.

FUNDING

The ICCL's compensation funds and operational activities are funded from contributions by authorised investment firms that participate in the Scheme. Fund A is earmarked for large investment firms, including MiFID firms, where the largest potential liabilities from a default would arise. This Fund had reached €62.1 million at the financial year-end, an increase of €5.5 million on 2021. Unlike in the previous year, there were no risk equalisation levies due. When the above reserves are supplemented by the alternative funding sources in place, namely specialist insurance policies and standby loan facilities, Fund A could discharge compensation obligations stemming from a failure of member firms of up to €192 million.

The other compensation fund maintained by the ICCL (Fund B) is reserved for smaller investment firms such as retail investment intermediaries and insurance brokers. This Fund rose slightly to €26.0 million, which is ahead of its target level under the current Funding Arrangements. When insurance cover of €10 million is added, there is capacity of €36 million to meet liabilities arising from the default of Fund B firms.

The ICCL determines its funding requirements and related levy contributions at three-yearly intervals in order to provide some certainty to participating firms. Following consultation with various stakeholders, the Funding Arrangements for the next period (2023-25) were successfully concluded. I am grateful to the Funding Sub-Committee of the Board for their oversight of that process.

COMPENSATION CASES

Custom House Capital Limited (CHC)

The judgment delivered by the High Court in October 2021 clarified a number of key issues that arose in CHC (and could possibly arise in future cases) regarding how the Compensation Scheme should operate. It paved the way for the early recommencement of certification of claims by the Administrator, Mr Kieran Wallace and the related payment of compensation to eligible clients of the firm. The ICCL allocated additional resources to this process to ensure that payments due to verified claimants were processed and dispatched as quickly as possible.

By the reporting date, of the 1,590 claims certified by the Administrator since the Court judgment, 1,425 claims (or 90 per cent of the total), have been fully processed by the ICCL, resulting in €3 million being paid out to individual claimants. This process has been facilitated by the good relations between Mr Wallace and his team and the ICCL Executive, resulting in ongoing communication and cooperation to complete the settlement of claims, which is much appreciated.

The ICCL is working to conclude the compensation process for certified claims received without delay. It is anticipated that all remaining claims will be certified by the Administrator and processed within the next twelve months. Since the outset of the CHC case in 2011, the ICCL has paid out €10.4 million of the €10.9 million that has been certified by the Administrator in respect of 2,164 claims. Further information on claims processing is contained in the Operating Report (page 10).

Money Markets International Stockbrokers Limited (MMI)

The liquidation of MMI, which dates from March 1999, is continuing. The ICCL has paid €775,000 in compensation to eligible clients of the firm, the most recent payment being made in 2008. The Liquidator, Mr Tom Kavanagh, who also serves as Administrator has sought adjudication from the High Court on a number of issues. It remains unclear whether additional compensation will arise in the case.

MANAGEMENT AND OPERATIONS

Notwithstanding that for most of the year, the ICCL's executive team was restricted to working remotely, in line with public health guidance, the

Company's operations were carried out effectively with no disruption to services. I am most appreciative of the team's efforts in undertaking the successful handling of a large volume of CHC claims without any detriment to other workplan tasks. On behalf of the Board, I wish to thank the team, led by Michael Fagan, for their commitment throughout the period.

I am grateful to Governor Makhlouf, and to other Central Bank colleagues, with whom the ICCL engages, for their continued assistance in enabling the Company to discharge its responsibilities effectively. I also wish to thank our other stakeholders, particularly the Department of Finance, for their support.

GOVERNANCE AND BOARD

The Board is committed to embedding the highest standards of corporate governance within the ICCL, thereby ensuring that appropriate decision-making and control processes are in place to support the achievement of its objectives. There is a comprehensive range of Board-approved policies and procedures designed to underpin this approach, with the Board and its sub-committees – the Audit and Risk Committee and the Funding Committee – playing central roles in compliance oversight. The Company has a wide-ranging framework in place as a necessary component of the management of risk. During the year, a root and branch review of the framework was completed under the auspices of the Audit and Risk Committee, to whom I am obliged. In addition, there was a wide-ranging examination of cyber-related exposures undertaken by external specialists.

At the end of 2021, Regina Breheny resigned from the Board following a change at one of the nominating bodies. I would like to thank Regina for her active and valued contributions at both Board and Committee level over a number of years. I welcome Michael D'Arcy, who joined the Board in March 2022 and look forward to working with him in the years ahead.

The pandemic-related restrictions in place for much of the past two years, which necessitated meetings being held remotely, did not inhibit the Board from carrying out its functions. However, in-person meetings, which have recommenced, can only add to Board efficacy. I am very appreciative of the constant ongoing support and advice 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.

25 October 2022

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

This year saw the resumption of the certification of claims from Custom House Capital clients by the Administrator and the related payment of compensation. This had been facilitated by the High Court judgment delivered in October 2021, which provided important clarifications on a number of issues relating to the Compensation Scheme. Since the Court decision, some €3.6 million has been certified by the Administrator in respect of 1,590 claims, of which 1,425 were fully processed by the ICCL by the reporting date, involving the payment of €3.1 million in compensation to eligible claimants.

The ICCL's reserves had increased to €88.1 million (from €82.5 million) by 31 July 2022, at which time 3,002 investment firms were participating in the Scheme (2021: 3,066).

FINANCIAL SUMMARY

A surplus of €5.6 million was recorded for the year-ended 31 July 2022. This represents a reduction of €11.7 million on the previous year, where the latter incorporated sizeable risk equalisation levy receipts which did not recur in the recent period. Total income from levies from investment firms amounted to €5.4 million (€20.6 million). An exceptional gain of €3.3 million arose from the release of a CHC related provision for compensatable costs that is no longer required as a consequence of certainty in final costs that the progress with the certification of claims brought during the year. Aggregate expenditure was €3.1 million, which was €0.2 million lower than 2021. At the end of the period, net assets (or Compensation Funds retained) stood at €88.1 million (2021: €82.5 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 (KPMG) 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. In 2018, certain legal issues emerged which ultimately required the decision of the High Court. Up until that time, 574 claims for compensation have been certified by the Liquidator, with €7.4 million in compensation paid by the ICCL to eligible clients. The certification of the remaining claims by the Administrator had been postponed pending the outcome of the ICCL's application to the Court for directions.

The ICCL brought an application to the Court in late 2019 for the purpose of clarifying how elements of the Compensation Scheme should operate in the CHC case (and in future cases) and specifically, in respect of the determination of the compensatable loss of eligible investors and the scope of the subrogated claim. In its judgement issued in October 2021, the Court ruled that the liability of an insolvent investment firm to return assets to clients and the calculation of compensatable loss must be determined as at the start of the liquidation of the firm. Any subsequent recoveries and distributions of client assets are not relevant to that calculation. In addition, the ICCL's right of subrogation under the Act is limited to the investment firm's own assets.

The ICCL welcomes these important clarifications which should contribute to a speedier claims settlement process in future compensation cases. The judgment paved the way for the early resumption of certifications of CHC claims by the Administrator and the associated payment of compensation by the ICCL. Since that time, the processing of outstanding certified claims has advanced significantly and by the financial year-end, the ICCL had processed 1,425 claims (of 1,590 certified claims received from the Administrator) and paid €3 million in compensation to eligible CHC clients. In aggregate, since the start of the CHC case, the ICCL has fully dealt with and paid a total of €11 million in compensation to over 92 per cent of the 2,164 certified claims. A number of certified claims have yet to be paid due to difficulties in making contact with claimants. The ICCL continues to prioritise the resolution of these outstanding claims as expeditiously as possible.

The progress in claims processing made in the past year could only have been achieved because of the ongoing high level of cooperation from the Administrator's office which is appreciated. At 31 July 2022, it is understood that there were of the order of 173 claims yet to be certified. It is anticipated that the processing of these claims by the ICCL will be completed within the next year.

MONEY MARKETS INTERNATIONAL STOCKBROKERS LIMITED (MMI)

In March 1999, Mr Tom Kavanagh was appointed by the High Court as Liquidator/Administrator of MMI. Subsequently, compensation of €0.78 million was certified by the Administrator and paid to 313 clients, the most recent payment being in 2008. This liquidation is ongoing, with a number of issues awaiting determination by the Court, including whether the Liquidator can recover his fees and costs from the residual client assets. Depending on the outcome, these could yet result in further compensation being claimed from the ICCL.

FUNDING

Under investor compensation legislation, the ICCL is required to have sufficient financial resources to fund all compensation amounts payable to eligible clients of insolvent investment firms. Accordingly, it has accrued reserves sourced solely from levies received annually from investment firms affiliated to the Scheme. There are two distinct compensation funds maintained: Fund A for large investment firms including banks, investment managers, stockbrokers and MiFID firms, and Fund B, which covers other firms such as retail investment and insurance intermediaries. Levies are set at three-yearly intervals based on funding targets following consultation with relevant stakeholders, including the Central Bank and member investment firms.

Income from levies paid by investment firms participating in the Scheme amounted to €5.4 million, down from €20.6 million (the prior year result had benefitted from receipts of risk equalisation levies, which did not recur in the latest period).

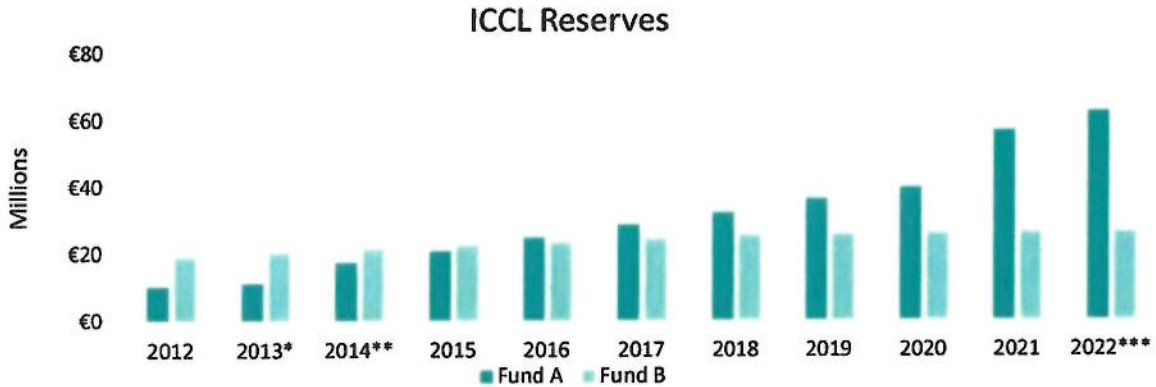
An overall collection rate of 99.7 per cent, in line with previous years, was attained. The Company is very appreciative of the continuing support for the Scheme from member firms.

The ICCL's core reserves are complemented by bespoke insurance policies underwritten by Lloyds Brussels Insurance Company S.A. which provide non-recourse funding of up to €100 million (Fund A) and €10 million (Fund B), in accordance with contractual provisions. In addition, the Company has access to standby credit facilities of €30 million with a domestic credit institution. In summary, the ICCL now has the resources to meet compensation claims of up to €192 million that may arise from a default of a Fund A firm, with a corresponding amount of €36 million for a Fund B firm.

The ICCL prepares its funding requirements, including proposed annual levies from participating firms, at three-yearly intervals, to facilitate planning by the firms. This process incorporates consultation with stakeholders including investment firms. During the year, on the completion of the latest consultation, the Funding Arrangements for the period 2023-25 were finalised and approved by the Board, and are published on the

Company's website. Under the Arrangements, it is intended to grow the Scheme's reserves to €70 million by mid-2025, with supplementary resources (insurance, credit facilities) of up to €180 million.

The table on page 12 shows the development of core reserves for both funds over the past decade.



FUND A

* Creation of IBRC Claims Compensation Provision

** Release of IBRC Claims Compensation Provision

*** Release of CHC Claims Compensation Provision

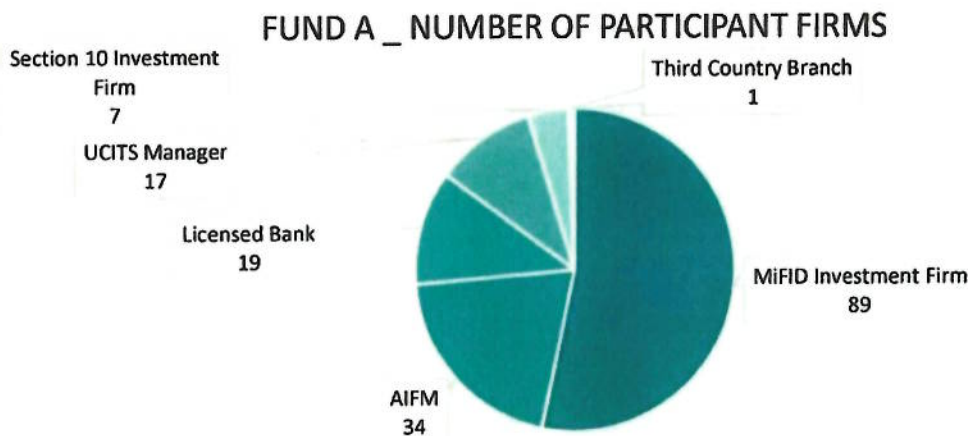
MEMBERSHIP

At 31 July 2022, there were 3,002 investment firms participating in the Scheme (2021: 3,066), consisting of 167 firms in Fund A (2021: 174) and 2,835 in Fund B (2021: 2,935). Further details of the membership of the respective Funds are provided below.

FUND A

This Fund covers the eligible 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.

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

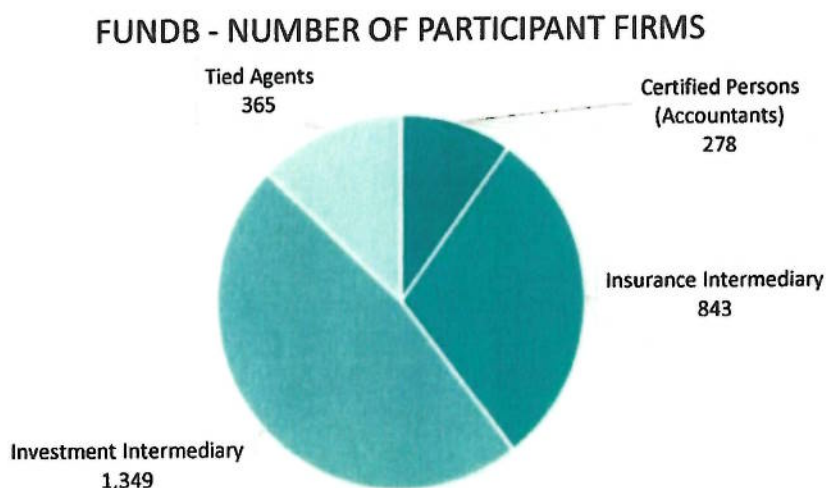


Total Contributing Firms: 167

FUND B

Fund B has been designed to cater for smaller investment firms that provide a more limited range of services to the investing public. These firms primarily act as intermediaries, i.e. receiving orders from clients for onward transmission to generally larger institutions such as banks, insurance companies, asset managers and stockbrokers. The category includes investment intermediaries, insurance intermediaries, tied insurance agents and certified persons (member firms of Approved Professional Bodies (APBs) that have been authorised to provide certain investment business services).

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



Total Contributing Firms: 2,835

INVESTMENTS

The Act requires the ICCL to confine the investment of reserves to deposits with approved credit institutions and to 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. The policy was reviewed and updated during the year.

A challenging investment environment, characterised by negative interest rates and bond yields, persisted throughout much of the last year. The key focus for the period was on the avoidance of any diminution in capital values of the portfolio, which was accomplished.

RISK MANAGEMENT

Within the ICCL, the risk management process is formalised to ensure that comprehensive control systems are in place across organisational activities, accompanied by appropriate oversight provisions. A thorough review of the risk management framework was conducted, encompassing the revision of the Company's risk appetite statement as well as reporting arrangements. In the context of the major enhancements to the core IT platforms completed in 2021 and to emerging cyber risks, an information security audit was carried out.

OTHER ACTIVITIES

The Central Bank, as supervisory authority for investor compensation, is a major stakeholder of the ICCL. There was ongoing engagement with the Bank across a range of policy areas impacting on the Company and the general investment firm sector. There were also consultations with the Department of Finance, including on legislative issues relating to 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 2022, average staff numbers were 8.0 FTE (2021 8.9).

I am very grateful to my colleagues on the Executive for their continued application and commitment during another challenging year, not least in their efficient handling and prompt processing of the very large volume of certified CHC claims received since late 2021.

I am also indebted to the Board of Directors, particularly the Chair, Jane Marshall and Deputy Chair, George Treacy, for their guidance and support over the past year.

25 October 2022

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 2022, 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 and 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 10 to 14.

FINANCIAL POSITION

The assets, liabilities, and financial position of the company are set out in detail in the financial statements on pages 28 to 43.

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, D01 W920.

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

In the period 1 August 2022 to 31 August 2022, the Administrator of CHC certified and closed out the remaining 173 claims. The aggregate value of compensation payable by the ICCL in respect of those 173 claims is €751,445 which had been fully provided for at the reporting period end. No other 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

As their term of office has expired in 2022, the auditors, Mazars, Chartered Accountants, will cease to act in that capacity. In accordance with Section 383 (1) of the Companies Act 2014, the Board, following a tender process, intends to appoint RBK, Chartered Accountants, as auditors of the Company for the year ending 31 July 2023 at the forthcoming Annual General Meeting.

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 uncertain short to medium term effects on the Irish economy and financial services firms.

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 investor compensation 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

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.

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, and updated from time to time. 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.

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 roles, 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 five Board members. 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 its 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.

During the year, the Committee oversaw a comprehensive review of the Company's risk management framework as well as the completion of an IT security audit undertaken by specialist external consultants.

The members of the Audit and Risk Committee during the year were: Ann Smith (Chairperson), Valerie Bowens, Caroline Gill, Conor Miles and Siobhán Madden.

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 its 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.

In the course of the year, the Committee supervised the finalisation of Funding Consultation proposals for the next three-year funding cycle (August 2022 to July 2025), including the establishment of funding targets for that period together with annual levy rates applicable to investment firms.

The members of the Funding Committee during the year were: George Treacy (Chairperson), Regina Breheny (until December 2021), Róisín Clarke, Patricia Fitzgerald, Carmel Foley, Dermott Jewell and Michael D'Arcy (from March 2022).

COMPOSITION OF THE BOARD AT 31 JULY 2022

Board Member	Role	Nominating Body	Date Appointed / Re-appointed
Jane Marshall	Chairperson	Governor of Central Bank of Ireland	1 June 2021
George Treacy	Deputy Chairperson	Governor of Central Bank of Ireland	7 September 2021
Valerie Bowens	Ordinary Member	Minister for Finance	22 January 2019
Róisín Clarke	Ordinary Member	Brokers Ireland	1 August 2020
Michael D'Arcy	Ordinary Member	Irish Association of Investment Managers	28 March 2022
Patricia Fitzgerald	Ordinary Member	Chartered Accountants Ireland	7 September 2020
Carmel Foley	Ordinary Member	Competition and Consumer Protection Commission	1 August 2020
Caroline Gill	Ordinary Member	Minister for Finance	7 September 2020
Dermott Jewell	Ordinary Member	Consumers Association of Ireland	1 August 2019
Siobhán Madden	Ordinary Member	Minister for Finance	22 January 2019
Conor Miles	Ordinary Member	Irish Stock Exchange plc	7 September 2020
Ann Smith	Ordinary Member	Banking and Payments Federation Ireland	22 October 2018

DETAILS OF RETIREMENTS/RESIGNATIONS FROM THE BOARD DURING THE YEAR

Board Member	Role	Nominating Body	Date of retirement / resignation
Regina Breheny	Ordinary Member	Irish Association of Investment Managers	31 December 2021

DETAILS OF APPOINTMENTS AND REAPPOINTMENTS TO THE BOARD DURING THE YEAR

Director	Role	Nominating Body	Reason for vacancy	Date Appointed / Re-appointed
George Treacy	Deputy Chairperson	Governor of Central Bank of Ireland	Reappointment	7 September 2021
Valerie Bowens	Ordinary Member	Minister for Finance	Reappointment	17 January 2022
Siobhán Madden	Ordinary Member	Minister for Finance	Reappointment	17 January 2022
Michael D'Arcy	Ordinary Member	Irish Association of Investment Managers	Appointment	28 March 2022
Dermott Jewell	Ordinary Member	Consumers Association of Ireland	Reappointment	12 September 2022
Ann Smith	Ordinary Member	Banking and Payments Federation of Ireland	Reappointment	12 September 2022

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 2022 is set out below including the fees and expenses received by each member:

	Board	Audit & Risk Committee	Funding Committee	Fees 2022 €	Expenses 2022 €
Number of meetings	8	4	5		
Jane Marshall	8/8	N/A	N/A	31,500	-
George Treacy	8/8	N/A	5/5	15,750	-
Valerie Bowens	8/8	4/4	N/A	10,350	-
Regina Breheny	3/4	N/A	2/3	4,314	-
Róisín Clarke	8/8	N/A	5/5	10,350	-
Michael D'Arcy	1/2	N/A	0/1	3,609	-
Patricia Fitzgerald	8/8	N/A	5/5	10,350	-
Carmel Foley	7/8	N/A	5/5	10,350	-
Caroline Gill	6/8	4/4	N/A	10,350	-
Dermott Jewell	7/8	N/A	4/5	10,350	-
Siobhán Madden	8/8	3/4	N/A	10,350	-
Conor Miles	8/8	4/4	N/A	10,350	-
Ann Smith	6/8	4/4	N/A	10,350	-
				€148,323	€-

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:

	2022 €	2021 €
Domestic		
- Board	-	18
- Staff	-	74
International		
- Board	-	-
- Staff	1,096	-
Total	1,096	92

HOSPITALITY EXPENDITURE

The Income and Expenditure Account includes the following hospitality expenditure:

	2022 €	2021 €
Hospitality		
- Staff	360	541
- Board	350	-
- Clients	-	-
Total	710	541

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 completes annual performance reviews. During the period under review, a self-assessment review was undertaken by members. Any recommendations arising from this evaluation as deemed appropriate, will be implemented as part of the annual workplan. (External evaluations of the Board's performance are carried out on a periodic basis).

INTERNAL CONTROL

A Statement on Internal Control has been included in this Annual Report on pages 22 to 23 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 2022.

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 19. 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 2022.

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 five Board members, with financial and risk management 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, and when deemed appropriate, external subject matter experts, 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. During the year, this framework was enhanced following a comprehensive review.

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 the Board, where relevant, in a timely way. The following ongoing monitoring systems are in place:

- appropriate arrangements 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 2022.

INTERNAL CONTROL ISSUES

In the period under review, an evaluation of information security arrangements, including cyber-related risks was performed by specialist consultants. ICCL senior management have agreed a programme of work with the Board to implement the recommendations arising from the review.

Signed on behalf of the Board:



Jane Marshall
Chairperson
25 October 2022

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



25 October 2022

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 2022, which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the Company financial statements, including the summary of significant accounting policies set out on page 31. The financial reporting framework that has been applied in their preparation is Irish law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* issued in the United Kingdom by the Financial Reporting Council (FRS 102).

In our opinion, the accompanying financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as a 31 July 2022, and of its results for the year then ended;
- have been properly prepared in accordance with FRS 102; 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 further 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 the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 conclusion thereon.

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 course of 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

In our opinion, based on the work undertaken in the course of the audit, we report that:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the directors' report has been prepared in accordance with applicable legal requirements;
- 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.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

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 requirements of any of Sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions are not complied with by the Company. We have nothing to report in this regard.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement out on page 24, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as management determines 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 Irish Auditing and Accounting Supervisory Authority'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: 26 October 2022

F inancial Statements

INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 JULY 2022

		2022	2022	2021	2021
		€	€	€	€
INCOME	<i>Notes</i>				
Levy Income			5,398,503		20,598,508
Interest Income			6,342		1,238
			<u>5,404,845</u>		<u>20,599,746</u>
EXPENDITURE					
Compensation costs and provisions					
Compensation costs		3,257,068		-	
Administrator costs	9	(43,980)		-	
Claims legal costs		(965,841)		(1,289,219)	
			2,247,247		(1,289,219)
Administration expenses	2		(2,049,987)		(1,974,913)
TOTAL EXPENDITURE			<u>197,260</u>		<u>(3,264,132)</u>
SURPLUS ON ORDINARY ACTIVITIES	1		5,602,105		17,335,614
Surplus at beginning of year			<u>82,503,195</u>		<u>65,167,581</u>
Surplus at 31 July			<u>88,105,300</u>		<u>82,503,195</u>
ALLOCATED BETWEEN FUNDS AS FOLLOWS:					
FUND A	3		62,092,089		56,643,012
FUND B	3		<u>26,013,211</u>		<u>25,860,183</u>
			<u>88,105,300</u>		<u>82,503,195</u>

The financial statements were approved by the Board of Directors on ^{25th October 2022} and were signed on its behalf by:



Jane Marshall

DIRECTORS



Ann Smith

BALANCE SHEET AS AT 31 JULY 2022

	Notes	2022 €	2021 €
FIXED ASSETS			
Equipment	6	12,350	24,760
Intangible Assets	6	189,410	242,983
		<u>201,760</u>	<u>267,743</u>
CURRENT ASSETS			
Trade and other receivables	4	132,372	130,609
Other assets	5	-	4,700,000
Cash and Cash Equivalents	3	73,966,578	91,372,832
Short-term investments	7	16,937,626	-
		<u>91,036,576</u>	<u>96,203,441</u>
CREDITORS: amounts falling due within one year	8	<u>3,133,032</u>	<u>13,967,985</u>
NET CURRENT ASSETS		<u>87,903,544</u>	<u>82,235,456</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>88,105,304</u>	<u>82,503,199</u>
CREDITORS: Amounts falling due after more than one year			
Provisions for Compensation Claims & Associated Costs	9	-	-
NET ASSETS		<u>88,105,304</u>	<u>82,503,199</u>
FINANCED BY:			
Called-up share capital	11	4	4
Funds	3	88,105,300	82,503,195
	13	<u>88,105,304</u>	<u>82,503,199</u>

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

The financial statements were approved by the Board of Directors on ^{25th October 2022} and were signed on its behalf by:

Jane Marshall

Ann Smith

DIRECTORS

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2022

	Notes	2022 €	2021 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus on ordinary activities		5,602,105	17,335,614
Adjustments for:			
Depreciation		71,304	52,840
Decrease/(Increase) in debtors		4,698,237	(5,727)
(Decrease)/Increase in creditors and provisions for liabilities and charges		(10,834,953)	1,010,445
Loss on disposal		-	207
		<u>(463,307)</u>	<u>18,393,379</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire equipment	6	(400)	(4,167)
Payments to acquire intangible assets	6	(4,921)	(137,595)
(Increase)/Decrease in short-term investments		<u>(16,937,626)</u>	<u>6,978,417</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>(16,942,947)</u>	<u>6,836,655</u>
Net (decrease)/increase in Cash and Cash Equivalents		(17,406,254)	25,230,034
Cash and Cash Equivalents at 1 August		<u>91,372,832</u>	<u>66,142,798</u>
Cash and Cash Equivalents at 31 July		<u>73,966,578</u>	<u>91,372,832</u>

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 March 2018, 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
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Intangible Assets

Computer software	:	5 years
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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 2022

1. SURPLUS ON ORDINARY ACTIVITIES

The surplus on ordinary activities is stated after charging:

	2022 €	2021 €
Directors' fees	148,323	148,786
Depreciation	71,304	52,840
Auditors' remuneration for audit services (ex-VAT)	8,400	8,400
Auditors' remuneration for non-audit services (ex-VAT)	1,125	1,346

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 (2021: €31,500) and €15,750 (2021: €15,750) respectively during the year. The other Directors were remunerated at the rate of €10,350 per annum (2021: €10,350).

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

	2022 €	2021 €
Staff costs*	775,712	779,406
Directors' fees	148,323	148,786
Directors' expenses	350	18
Other administration expenses including funding costs	1,052,349	985,518
Bad debts written off	22,358	2,740
(Decrease)/Increase in provision for bad and doubtful debts	(20,409)	5,605
Depreciation and amortisation	71,304	52,840
	<u>2,049,987</u>	<u>1,974,913</u>

* The Company has no direct employees (2021: nil). The average number of secondees were 8.0 full time equivalent (FTE) (2021: 8.9 FTE). Staff costs are included in the charge for administrative services by the Central Bank.

3. FUNDS

	Fund A	Fund B	2022 Total	Fund A	Fund B	2021 Total
	€	€	€	€	€	€
Levy income	4,634,759	763,744	5,398,503	19,827,697	770,811	20,598,508
Interest income	1,481	390	1,871	454	784	1,238
Investment income	3,503	968	4,471	-	-	-
Compensation (costs)/recoveries:						
Reduction in claims provision	7,957,068	-	7,957,068	-	-	-
Release of insurance recoverable	(4,700,000)	-	(4,700,000)	-	-	-
ICCL legal costs	(965,841)	-	(965,841)	(1,289,219)	-	(1,289,219)
Increase in administration costs	(43,980)	-	(43,980)	-	-	-
Administration expenses:						
Bad Debts (written off)	(21,600)	(758)	(22,358)	-	(2,740)	(2,740)
Decrease/(Increase) in provision for bad and doubtful debts	21,600	(1,191)	20,409	(5,400)	(205)	(5,605)
Other administration expenses	(1,437,913)	(610,125)	(2,048,038)	(1,306,604)	(659,964)	(1,966,568)
Surplus for the year	5,449,077	153,028	5,602,105	17,226,928	108,686	17,335,614
Surplus at 1 August 2022/2021	56,643,012	25,860,183	82,503,195	39,416,084	25,751,497	65,167,581
Surplus at 31 July 2021/2020	62,092,089	26,013,211	88,105,300	56,643,012	25,860,183	82,503,195
Represented by:						
Cash and Cash Equivalents	52,271,221	21,695,357	73,966,578	65,596,075	25,776,757	91,372,832
Short-term investments	12,637,626	4,300,000	16,937,626	-	-	-
Fixed assets	100,880	100,880	201,760	133,872	133,871	267,743
Debtors	113,421	18,951	132,372	4,809,980	20,629	4,830,609
Creditors	(2,247,170)	(101,975)	(2,349,145)	(1,368,049)	(71,072)	(1,439,121)
Provision for liabilities and charges	(783,887)	-	(783,887)	(12,528,864)	-	(12,528,864)
Share capital	(2)	(2)	(4)	(2)	(2)	(4)
Total	62,092,089	26,013,211	88,105,300	56,643,012	25,860,183	82,503,195

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

	2022	2021
	€	€
<i>(a) Debtors and Accrued Income:</i>		
Debtors (after provision for bad and doubtful debts)	6,854	9,702
Accrued income & prepayments	125,518	120,907
	<u>132,372</u>	<u>130,609</u>
	€	€
<i>(b) Bad debts written-off during the year:</i>	<u>22,358</u>	<u>2,740</u>
	€	€
<i>(c) Movement in respect of the provision for bad and doubtful debts:</i>		
Opening provision for bad & doubtful debts	30,526	24,921
Closing provision for bad & doubtful debts	10,117	30,526
	<u>(20,409)</u>	<u>5,605</u>

5. OTHER ASSETS

	2022	2021
	€	€
Claims compensation amounts recoverable under Excess of Loss Insurance contract	-	4,700,000
	<u>-</u>	<u>4,700,000</u>

EXCESS OF LOSS INSURANCE POLICY

At 31 July 2021, the amount of €4,700,000 represented 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. At 31 July 2022 no funds were expected to be recoverable arising from a reduction in the estimated final compensation amount as explained below.

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 €50,000,000 for Fund A and €10,000,000 for Fund B above an excess of €15,000,000. The second policy provides cover for claims of up to €50,000,000 for Fund A above an excess of €65,000,000.

The Company is required by the Insurance Underwriters to settle each claim up to and in excess of €15,000,000 directly with the eligible investors. As outlined in note 9, in relation to Custom House Capital Limited (in liquidation), the ICCL had previously provided for the maximum amount of compensatable loss of €19,700,000 as estimated by the Administrator, with a corresponding recoverable insurance asset of €4,700,000. Arising from the latest information and the judgments made by the ICCL, €7,957,068 of the existing provision was released as at 31 July 2022. The ICCL has estimated that the final liability for compensation costs associated with the failure of Custom House Capital Limited (in liquidation) ("CHC") will

not exceed €11,742,932. As the final costs are not expected to exceed the policy excess of €15,000,000, the recoverable insurance asset has been derecognised.

6. EQUIPMENT AND INTANGIBLE ASSETS

Equipment

	2022	2021
	€	€
Cost:		
At 1 August	59,338	56,070
Additions	400	4,167
Disposals	<u>(2,163)</u>	<u>(899)</u>
At 31 July	<u>57,575</u>	<u>59,338</u>
Depreciation:		
At 1 August	34,578	21,946
On Disposals	(2,163)	(692)
Charge for year	<u>12,810</u>	<u>13,324</u>
At 31 July	<u>45,225</u>	<u>34,578</u>
Net book value:		
At 31 July	<u>12,350</u>	<u>24,760</u>

Intangible Computer Software

	2022	2021
	€	€
Cost:		
At 1 August	309,983	172,388
Additions	4,921	137,595
Disposals	<u>-</u>	<u>-</u>
At 31 July	<u>314,904</u>	<u>309,983</u>
Amortisation:		
At 1 August	67,000	27,484
On Disposals	-	-
Charge for year	<u>58,494</u>	<u>39,516</u>
At 31 July	<u>125,494</u>	<u>67,000</u>
Net book value:		
At 31 July	<u>189,410</u>	<u>242,983</u>

The historic cost of fully depreciated assets at 31 July 2022 was €50,013 (2021: €35,493)

7. SHORT-TERM INVESTMENTS

	2022 €	2021 €
Fixed term deposits	16,937,626	-
	<u>16,937,626</u>	<u>-</u>

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

	2022 €	2021 €
3 – 6 months	-	-
6 – 9 months	-	-
9 – 12 months	16,937,626	-
	<u>16,937,626</u>	<u>-</u>

AVERAGE INTEREST RATE

	2022 %	2021 %
3 – 6 months	0.00	0.00
6 – 9 months	0.00	0.00
9 – 12 months	0.10	0.00

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 €	2021 €
Certified Compensation claims	577,465	54,457
Central Bank of Ireland (Administration charges)	119,150	62,914
Directors' fees and expenses	28,470	12,813
Prepaid levies	2,628	5,078
Other	1,621,432	1,303,859
Provision for compensation claims and associated costs (note 9)	783,887	12,528,864
	<u>3,133,032</u>	<u>13,967,985</u>

9. PROVISIONS FOR COMPENSATION CLAIMS & ASSOCIATED COSTS

	Fund A Claims	Total Claims	3 rd Party Costs (Fund A)	Total
	€	€	€	€
Opening provision at 1 August 2020	12,280,558	12,280,558	248,306	12,528,864
(Decrease)/Increase in provision	-	-	-	-
Payments during the year	-	-	-	-
Provision at 31 July 2021 and at 1 August 2021	12,280,558	12,280,558	248,306	12,528,864
(Decrease)/Increase in provision	(7,957,068)	(7,957,068)	43,980	(7,913,088)
Payments during the year	(3,572,045)	(3,572,045)	(259,844)	(3,831,889)
Closing Provision at 31 July 2022	751,445	751,445	32,442	783,887
Represented by:				
Amounts falling due within one year	751,445	751,445	32,442	783,887
Amounts falling due after one year	-	-	-	-

(A) CUSTOM HOUSE CAPITAL LIMITED (FUND A)

At the financial year ended 31 July 2022, the provision in respect of compensation payable to eligible clients of Custom House Capital Limited stood at €751,445. The provision takes account of claims compensation already certified as at 31 July 2022. The provision is subject to a number of variables, including:

- whether the claims yet to be certified 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,
- 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 liquidator¹ has access to records enabling him to reconcile records and establish clients' positions.

At 31 July 2021, the Administrator had certified 574 claimants resulting in compensation of €7,419,442. In the year under review, the Administrator made substantial progress with the certification of claimants compensatable losses for payment by the ICCL. During the financial year ended 31 July 2022, the Administrator certified a further 1,590 claimants for compensation with compensation of €3,572,045 due. As at 31 July 2022, the Administrator had certified 2,164 claimants with aggregate compensation payable of €10,991,487.

The Administrator, as at 31 July 2022, advised the ICCL that there were 173 claims pending certification. The ICCL has considered the information as provided by the Administrator, coupled with certifications received post year end which provide evidence of conditions that existed at 31 July 2022, and has determined that not more than €751,445 is appropriate. The ICCL had previously provided for the maximum amount of compensatable loss of €19,700,000 as estimated by the Administrator. Arising from the latest information and the judgments made by the ICCL, €7,597,068 of the existing provision was released at the year end. The provision for claims at 31 July 2022 is €751,445, all of which is classified as falling due within one year.

As at 31 July 2022 the Company has a provision of €32,442 (2021: €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 2022 the Administrator charged the ICCL certification related fees of €259,844.

¹ 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 31 July 2022.

CONTINGENT LIABILITIES

Custom House Capital Limited (In Liquidation)

The ICCL has estimated that the remaining total compensation payable by the Company will not exceed €751,445. However, the final liability of compensation costs is not expected to be determined until during the financial period ending 31 July 2023.

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. All submitted compensation claims were certified and paid in prior reporting periods. During the year ended 31 July 2022 no late claims for compensation arose. The Company has determined that no further provision was required at 31 July 2022 (2021: €NIL).

11. SHARE CAPITAL

	2022 €	2021 €
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 2 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. (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 1 August 2021	4	82,503,195	82,503,199
Surplus for the year	-	5,602,105	5,602,105
At 31 July 2022	4	88,105,300	88,105,304

14. RELATED PARTIES

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

	2022 €	2021 €
Administration costs chargeable to the Company by the Central Bank of Ireland for services provided	852,531	882,125

At 31 July 2022 a balance of €119,150 (2021: €62,914) was due to the Central Bank of Ireland. This was paid in full on 26 August 2022 (2021: Balance paid on 27 August 2021). Details of Directors' fees and expenses are disclosed in Note 1.

15. EVENTS AFTER THE REPORTING PERIOD

In the period 1 August 2022 to 31 August 2022, the Administrator of CHC certified and closed out the remaining 173 claims. The aggregate value of compensation payable by the ICCL in respect of those 173 claims is €751,445 which had been fully provided for at the reporting period end. No other material events have occurred subsequent to the reporting date which would require disclosure in the financial statements.

16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of Directors on 25 October 2022.

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