



**THE INVESTOR COMPENSATION COMPANY  
DAC**

**ANNUAL REPORT**

**YEAR ENDED 31 JULY 2021**

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# 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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INVESTOR  
COMPENSATION  
COMPANY  
DAC**

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YEAR ENDED  
31 JULY 2021**

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## COMPANY INFORMATION

<b>Secretary</b>	Michael Fagan
<b>Registered Office</b>	Central Bank of Ireland, PO Box 11517, Spencer Dock, North Wall Quay, Dublin 1, D01 W920.
<b>Auditor</b>	Mazars, Chartered Accountants & Statutory Audit Firm, Block 3, Harcourt Centre, Harcourt Road, Dublin 2, D02 A339.
<b>Bankers</b>	Bank of Ireland, 2 College Green, Dublin 2, D02 VR66.  Ulster Bank Ireland DAC, George's Quay, Dublin 2, D02 VR98.
<b>Solicitors</b>	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><b>Jane Marshall</b> (Chairperson)</p> <p>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.</p>	<p><b>George Treacy</b> (Deputy Chairperson)</p> <p>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.</p>	<p><b>Valerie Bowens</b></p> <p>Ms Bowens (BComm, MBS, Dip Fin Services Law, (UCD)) has extensive senior compliance, risk, governance and regulatory experience. Currently, Council Member of the Financial Services &amp; Pensions Ombudsman, Director of the National Standards Authority of Ireland (NSAI), and Chairperson of its US subsidiary, NSAI Inc, and a member of the Legal Practitioners Disciplinary Committee. Executive experience includes Managing Director and Country Head of Compliance - BNY Mellon, Director of Regulatory Compliance - Dillon Eustace Solicitors and Senior Regulator at the Central Bank of Ireland. Member of the Institute of Directors and Association of Compliance Officers in Ireland.</p>
<p><b>Regina Breheny</b></p> <p>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.</p>	<p><b>Róisín Clarke</b></p> <p>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 &amp; Pensions Broker office, in Dublin. She set up her own Financial Broker company – Róisín Clarke &amp; 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><b>Patricia Fitzgerald</b></p> <p>Patricia Fitzgerald (MBS, BEd) is <b>safefood's</b> 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><b>Carmel Foley</b></p> <p>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><b>Caroline Gill</b></p> <p>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.</p>	<p><b>Dermott Jewell</b></p> <p>Mr Jewell (B.Sc. (Mgmt.) Law (TCD)) is Policy &amp; 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) (CI Arb), Mediators' Institute of Ireland (MII) and the Institute of Directors (IoD).</p>
<p><b>Conor Miles</b></p> <p>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.</p>	<p><b>Siobhán Madden</b></p> <p>Appointed to the board of the ICCL in October 2015. 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 &amp; financial services, aviation and corporate governance. Siobhán 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&amp;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><b>Ann Smith</b></p> <p>Ann Smith (FCA), is Director Corporate Services with Banking &amp; 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*

### OVERVIEW

The Company's compensation funds are derived solely from levies from investment firms that participate in the Scheme. I am very appreciative of the continuing support of the Scheme by these stakeholders, as evidenced by the consistency of annual contributions.

The ICCL focussed on ensuring that operations continued effectively and that the growth in financial resources achieved over recent years was maintained. There was a substantial increase in reserves, attributable mainly to receipts of risk equalisation levies (referred to below). At the reporting date, accumulated reserves stood at more than €82 million, which together with supplementary funding avenues, leaves the ICCL in a strong financial position to discharge compensation liabilities that may materialise.

Notwithstanding the risks and uncertainty associated with the pandemic, the Irish economy has displayed considerable resilience and is now in a recovery phase. This underlying strength extended to the investment firm sector, where no new compensation events occurred in the period.

The Board was resolute in the continuance of robust risk management arrangements, including in the area of data security. This process also required regular engagement with the Central Bank of Ireland, the supervisory authority for investor compensation. A high-level strategic review of the legislative provisions underpinning the Compensation Scheme was initiated during the period.

I am pleased to present the Annual Report of The Investor Compensation Company DAC (the "Company/ICCL") for the year ended 31 July 2021.

Although the Executive team worked remotely for all of the year, there was minimal disruption to key functions. The conclusion of a major upgrade of the core IT platform has been beneficial in terms of operational efficiency and the range of services provided to our customers.

After the year end, judgment was delivered by the High Court in the litigation commenced by the ICCL in 2019. This decision brings welcome clarity to the operation of the compensation scheme for both current and future cases.

### FUNDING

The Company has a well-diversified funding model comprising financial reserves, insurance and revolving credit facilities. Reserves are derived solely from levies contributed by member firms. During the year, the Company's main compensation fund - Fund A – which is funded by large investment firms, including MiFID firms, where the greatest exposures for the Scheme reside, was enlarged substantially to stand at €56.6 million (from €39.4million). The bulk of this increase resulted from receipts of risk equalisation levies. These supplementary levies were introduced in 2020 to address the elevated exposures faced by the ICCL due to the (Brexit-related) inward migration of client assets to authorised investment firms that fall to be covered by the Scheme.

When the insurance cover (€100 million) and standby credit facilities (€30 million) in place are aggregated with the above reserves, the Fund has the capacity to meet potential compensation liabilities of €186 million caused by the default of investment firms.



The ICCL's second compensation fund ICCL (Fund B), which is devoted to smaller investment firms such as retail investment intermediaries and insurance brokers, increased marginally and remains above the target level of €25 million.

## COMPENSATION CASES

### Custom House Capital Limited (CHC)

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. In his latest report to the High Court, the Liquidator/Administrator indicated that the recovery of misappropriated funds is continuing.

It is hoped that the terms of the recent Court judgment will facilitate an early resumption of the processing of claims through to payment. For more information on the judgment, please see the Operating Report on page 10.

### Money Markets International Stockbrokers Limited (MMI)

The ICCL's involvement with MMI commenced in 1999 when at the petition of the Central Bank, the High Court appointed Mr Tom Kavanagh as Liquidator and Administrator of the firm. Subsequently, the ICCL has paid a total of €775,000 in compensation to clients of the firm, the most recent payments being made in 2008. The liquidation of MMI is continuing with a number of issues outstanding, including some that require determination by the Court. It is unclear at present whether further compensation claims will arise.

## MANAGEMENT AND OPERATIONS

The Company's operations (further details of which are outlined in the Operations Report below) were carried out in a fully remote environment during the past year. Despite the challenges involved, the executive team, led by Michael Fagan, ensured that all functions were performed in an effective and efficient manner. I wish to express my appreciation, and that of the Board, to the staff for their continuing hard work and flexibility in demanding circumstances.

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

## GOVERNANCE AND BOARD

The ICCL is proactive in adopting modern governance arrangements across all of its activities. This process is aided by a comprehensive suite of policies and procedures, compliance with which is overseen by the Board and its two sub-committees – the Audit and Risk Committee and the Funding Committee. During the year, Terms of Reference for the Board and both Committees - were revised, while an updated Data Protection Policy was adopted. In line with recommended practice, an external review of the Board's performance was conducted by the Institute of Public Administration. Further details on our governance processes are set out in the Directors' Report.

During the year, Róisín Clarke, Carmel Foley, Patricia Fitzgerald, Caroline Gill and Conor Miles joined the Board. I am grateful for their commitment in the circumstances where induction and meetings have been conducted remotely.

The ICCL is fortunate to have a Board of Directors with a broad range of skills and experience, and whose valuable perspectives benefit the Company greatly. Directors have embraced the new ways of working and collaborating in the virtual era. I am very appreciative of the constant support of the Deputy Chairperson, George Treacy, and my fellow Directors and for the time, expertise and dedication which they bring to the business of the Board and its committees.

**18 November 2021**

## 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

During the past twelve months, the ICCL's operations continued largely unaffected by the pandemic, notwithstanding that staff were working remotely for all of the period. The Company's reserves expanded substantially, due mainly to supplementary levies received, and had reached more than €82.5 million by the reporting date. No new default events relating to investment firms arose while compensation payments in the Custom House Capital case remained in abeyance pending the adjudication by the High Court of a number of legal issues. Following delivery of the judgment in October 2021, the ICCL has been engaging with the Administrator with a view to him advancing, at the earliest possible opportunity, the certification of the remaining claims, which is a pre-condition for the related payment of compensation to the eligible clients of the firm. There was a marginal decline in the number of investment firms participating in the Compensation Scheme, which now stands at 3,066 (2020: 3,090).

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## FINANCIAL SUMMARY

The Company recorded a surplus of €17.3 million for the year ended 31 July 2021. This represented an increase of €13.8 million on 2020, principally due to the receipt of risk equalisation levies (See Funding below). Total levy income amounted to €20.6 million (up from €5.8 million). Aggregate expenditure was €3.3 million, which equated to a rise of €0.98 million, resulting chiefly from the legal costs arising in the CHC-related High Court application. At year-end, net assets (equivalent to Compensation Funds retained) amounted to €82.5 million, (2020: €65.2 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, with some 1,400 claims yet to be certified by the liquidator. The final maximum compensation liability of the ICCL is estimated at €19.7 million. This amount has been fully provided for in the Company's accounts.

In the course of 2018, a divergence of legal interpretations of the Act emerged between the CHC Liquidator and the ICCL. In view of the differing positions, the ICCL deemed it crucial to seek clarification of the terms of the 1998 Act, not only for the purposes of claims within CHC but also in respect of future insolvencies of other investment firms.

In December 2019, the ICCL commenced an application in the High Court to determine a series of legal questions that had arisen in the case. Following a hearing held over a number of days in late July 2021 in which the ICCL was opposed by two clients of CHC, appointed by the Court as *legitimi contradictores*, and for certain issues, by the Liquidator, in his capacity as Administrator, judgment was delivered in October 2021.

The Court ruled that the liability of an insolvent investment firm to return assets and the calculation of compensatable loss must be determined as at the commencement of the winding up of the firm. Any subsequent recoveries and distributions of client assets are not relevant to that calculation. The ICCL's rights of subrogation under investor compensation legislation are confined to claims against the investment firm's assets.

The ICCL welcomes the clarification provided by the Court judgment, and has been interacting with the Administrator to arrange for the early certification of claims and the associated payment of compensation to CHC clients.

The Court had previously directed that the reasonable and proportionate costs of the *legitimi contradictores* be borne by the ICCL, as reflected in the financial statements.

### **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 more than €0.78 million 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.

A number of issues await 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**

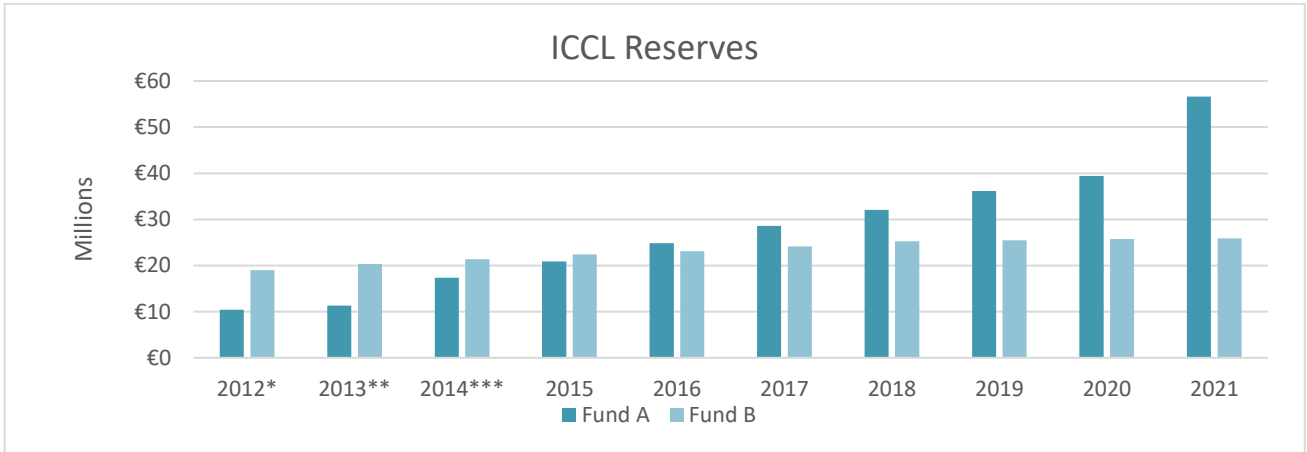
Under investor compensation legislation, the ICCL is required to maintain sufficient financial resources to fund all compensation amounts payable to eligible clients of insolvent investment firms. Accordingly, it has accrued reserves sourced solely from levies collected annually from investment firms affiliated to the Scheme. There are two distinct compensation funds held: 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.

There was a significant rise in levy income in the past year with total income reaching €20.6 million, up from €5.8 million in 2020. This outcome was mainly due to Fund A risk equalisation levies which were payable following a significant elevation in the level of client assets covered by the Scheme. These arose from an inward migration of client funds by investment firms due to Brexit-related developments. As a result, Fund A now stands at €56.6 million with Fund B at €25.9 million.

It was another outstanding year for levy collections with 99.9 per cent of amounts due being paid by member firms. This consistently strong support for the Scheme by investment firms is much appreciated by the Company. (The current ICCL funding arrangements, which will conclude in July 2022, are available on our website, [www.investorcompensation.ie](http://www.investorcompensation.ie). Initial preparations for the next plan are underway.)

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 more than €186 million that may arise from a default of a Fund A firm, with a corresponding amount of €35 million for a Fund B firm.

The table on page 12 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

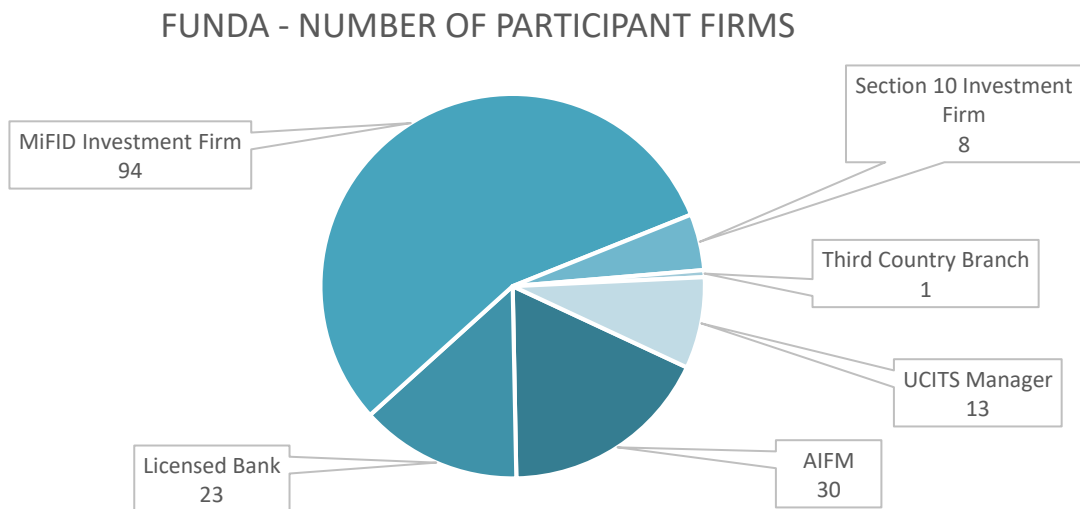
**MEMBERSHIP**

At 31 July 2021, there were 3,066 investment firms participating in the Scheme (2020: 3,090), consisting of 169 firms in Fund A (2020: 177) and 2,897 in Fund B (2020: 2,913). Further details of the members 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.

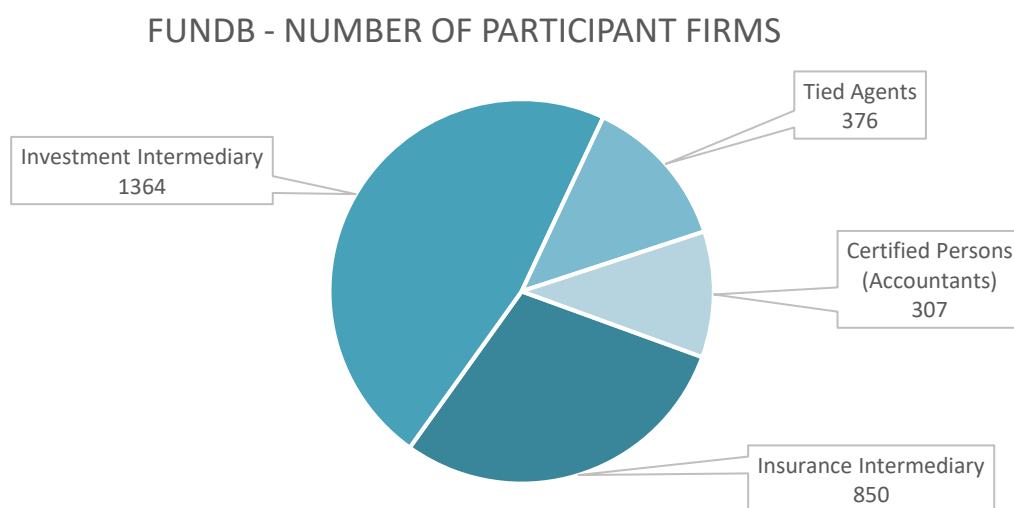


Total Contributing Firms: 169

## 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: 2,897*

## 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.

Against a continuing backdrop of negative interest rates and bond yields in low risk markets, the objective for the past twelve months was to preserve the nominal capital value of funds. This was successfully achieved. While there is some uncertainty over the trajectory for interest rates, the current challenging environment is likely to persist for some time.

## IT PLATFORM UPGRADE

The early months of 2021 saw the conclusion of a major upgrade of the Company's key IT platforms. The new infrastructure will facilitate greater automation and redesign of processes. It will also provide for improvements in workflow management and enhanced stakeholder interactions. The successful delivery of the programme in a fully remote working environment is testament to the dedication of the project team to whom I am appreciative for their endeavours.

## 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 2021, average staff numbers were 8.9 FTE (2020 9.2). I am indebted to my colleagues on the Executive for their resilience and flexibility displayed throughout a year in challenging circumstances where all operations were conducted remotely, with no impact on services.

I am also very grateful for 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.

**18 November 2021**

# 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 2021, 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 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.

## 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 December 2019, 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 1 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 that the ICCL should bear the reasonable and proportionate costs of the *legitimi contradictores*, subject to adjudication in default of agreement. The substantive matters in the application were heard by the Court over six days, concluding on 30 July 2021, following which judgment was reserved.

The Directors are aware that on 13 October 2021, Mr Justice Heslin delivered his judgment on the aforementioned application. The Directors have considered in detail the judgment and welcome the clarifications that the judgment has brought to the issues considered by the Court. The ICCL has engaged with the Administrator of CHC following receipt of the judgment and has been advised that the judgement is not likely to give rise to any additional compensatable losses beyond those previously provided for in full by the ICCL. The ICCL also understands from its engagement with the Administrator that the outstanding claims will be

certified at the earliest possible opportunity. 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

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;

**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

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. During the period under review, an Annex to the Code of Practice on Diversity and Inclusion was issued by the Department of Public Expenditure and Reform, which the Board will refer to as appropriate when seeking nominations in accordance with the Act. 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 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 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.

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.

During the year, the Committee oversaw the first implementation of the Risk Equalisation Rule to address situations where the quantum of assets covered by the Scheme 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 commenced its work on the development of Funding Consultation proposals for the next three-year funding cycle (2022-2025) while also overseeing the implementation of the ICCL's Funding Arrangements for the current three-year cycle (2020-2022). Finally, the Committee also oversaw the submission of the ICCL to CP133, the Central Bank's consultation paper on enhancements to the Central Bank Client Asset Requirements.

The members of the Funding Committee during the year were: George Treacy (Chairperson), Regina Breheny, Róisín Clarke, Patricia Fitzgerald, Carmel Foley and Dermott Jewell.

## **WORKING GROUP**

During the year under review, the Board established a working group, the Compensation Scheme Review Group, which was tasked with conducting a high-level strategic review of the legislative provisions underpinning the Compensation Scheme.

## COMPOSITION OF THE BOARD AT 31 JULY 2021

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
Regina Breheny	Ordinary Member	Irish Association of Investment Managers	1 August 2020
Róisín Clarke	Ordinary Member	Brokers Ireland	1 August 2020
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
Enda Newton	Ordinary Member	Minister for Finance	7 September 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
Patricia Fitzgerald	Ordinary Member	Chartered Accountants Ireland	Appointment	7 September 2020
Caroline Gill	Ordinary Member	Minister for Finance	Appointment	7 September 2020
Conor Miles	Ordinary Member	Irish Stock Exchange plc	Appointment	7 September 2020
Jane Marshall	Chairperson	Governor of Central Bank of Ireland	Reappointment	1 June 2021
George Treacy	Deputy Chairperson	Governor of Central Bank of Ireland	Reappointment	7 September 2021

## 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 2021 is set out below including the fees and expenses received by each member:

	Board	Audit & Risk Committee	Funding Committee	Fees 2021 €	Expenses 2021 €
<b>Number of meetings</b>	<b>8</b>	<b>4</b>	<b>5</b>		
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	18
Regina Breheny	8/8	N/A	5/5	10,350	-
Róisín Clarke	8/8	N/A	5/5	10,350	-
Patricia Fitzgerald	8/8	N/A	5/5	9,342	-
Carmel Foley	8/8	N/A	5/5	10,350	-
Caroline Gill	8/8	4/4	N/A	9,342	-
Dermott Jewell	8/8	N/A	5/5	10,350	-
Siobhán Madden	8/8	4/4	N/A	10,350	-
Conor Miles	8/8	4/4	N/A	9,342	-
Enda Newton	0/1	N/A	N/A	1,060	-
Ann Smith	8/8	4/4	N/A	10,350	-
				<b>€148,786</b>	<b>€18</b>

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:

	2021 €	2020 €	2019 €
Domestic			Hospitality
- Board	18	844	-199 Staff
- Staff	74	-	598 Board
International			- Clients
- Board	-	-	<b>Total</b> -
- Staff	-	1,162	2,892
<b>Total</b>	<b>92</b>	<b>2,006</b>	<b>3,689</b>

## HOSPITALITY EXPENDITURE

The Income and Expenditure Account includes the following hospitality expenditure:

	2021 €	2020 €
	541	1,346
	-	2,216
	-	-
	<b>541</b>	<b>3,562</b>

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, an independent external review of the Board's performance was commissioned. Recommendations arising from this evaluation as deemed appropriate, will be implemented as part of the annual workplan.

## 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 2021.

## 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 2021.

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.

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:

- 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 2021.

## 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*  
18 November 2021

## 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

18 November 2021



**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'), 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 2021, 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](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

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Michael Tuohy  
for and on behalf of Mazars  
Chartered Accountants & Statutory Audit Firm  
Harcourt Centre, Block 3  
Harcourt Road  
Dublin 2  
Date: 18 November 2021

# F inancial Statements

## INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 JULY 2021

		2021 €	2020 €
<b>INCOME</b>	<i>Notes</i>		
Levy Income		20,598,508	5,793,304
Interest Income		1,238	18,754
		<u>20,599,746</u>	<u>5,812,058</u>
 <b>EXPENDITURE</b>			
Compensation costs and provisions ICCL claims legal costs		<u>(1,289,219)</u>	<u>(398,167)</u>
		(1,289,219)	(398,167)
Administration expenses	2	<u>(1,974,913)</u>	<u>(1,887,063)</u>
<b>TOTAL EXPENDITURE</b>		<u><b>(3,264,132)</b></u>	<u><b>(2,285,230)</b></u>
<b>SURPLUS ON ORDINARY ACTIVITIES</b>	1	17,335,614	3,526,828
Surplus at beginning of year		<u>65,167,581</u>	<u>61,640,753</u>
Surplus at 31 July		<u><b>82,503,195</b></u>	<u><b>65,167,581</b></u>
 <b>ALLOCATED BETWEEN FUNDS AS FOLLOWS:</b>			
FUND A	3	56,643,012	39,416,084
FUND B	3	<u>25,860,183</u>	<u>25,751,497</u>
		<u><b>82,503,195</b></u>	<u><b>65,167,581</b></u>

The financial statements were approved by the Board of Directors on 18 November 2021 and were signed on its behalf by:

Jane Marshall

**DIRECTORS**

Ann Smith

## BALANCE SHEET AS AT 31 JULY 2021

	Notes	2021 €	2020 €
<b>FIXED ASSETS</b>			
Equipment	6	24,760	34,124
Intangible Assets	6	242,983	144,904
		<u>267,743</u>	<u>179,028</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	4	130,609	124,882
Other assets	5	4,700,000	4,700,000
Cash and Cash Equivalents	3	91,372,832	66,142,798
Short-term investments	7	-	6,978,417
		<u>96,203,441</u>	<u>77,946,097</u>
<b>CREDITORS: amounts falling due within one year</b>	8	<u>13,967,985</u>	<u>3,237,540</u>
<b>NET CURRENT ASSETS</b>		<u>82,235,456</u>	<u>74,708,557</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>82,503,199</u>	<u>74,887,585</u>
<b>CREDITORS: Amounts falling due after more than one year</b>			
Provisions for Compensation Claims & Associated Costs	9	-	9,720,000
<b>NET ASSETS</b>		<u>82,503,199</u>	<u>65,167,585</u>
<b>FINANCED BY:</b>			
Called-up share capital	11	4	4
Funds	3	<u>82,503,195</u>	<u>65,167,581</u>
	13	<u>82,503,199</u>	<u>65,167,585</u>

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

The financial statements were approved by the Board of Directors on 18 November 2021 and were signed on its behalf by:

Jane Marshall

**DIRECTORS**

Ann Smith

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2021

	<i>Notes</i>	<b>2021</b> €	<b>2020</b> €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus on ordinary activities		17,335,614	3,526,828
<b>Adjustments for:</b>			
Depreciation		52,840	29,392
(Increase)/decrease in debtors		(5,727)	160,820
Increase in creditors and provisions for liabilities and charges		1,010,445	144,522
Loss on disposal		207	18,845
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		<b><u>18,393,379</u></b>	<b><u>3,880,407</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments to acquire equipment	6	(4,167)	(3,835)
Payments to acquire intangible assets	6	(137,595)	(147,360)
Decrease in short-term investments		6,978,417	12,354,136
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b><u>6,836,655</u></b>	<b><u>12,202,941</u></b>
Net Increase in Cash and Cash Equivalents		25,230,034	16,083,348
Cash and Cash Equivalents at 1 August		<u>66,142,798</u>	<u>50,059,450</u>
<b>Cash and Cash Equivalents at 31 July</b>		<b><u><u>91,372,832</u></u></b>	<b><u><u>66,142,798</u></u></b>

## 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 2021

## 1. SURPLUS ON ORDINARY ACTIVITIES

The surplus on ordinary activities is stated after charging:

	<b>2021</b>	<b>2020</b>
	€	€
Directors' fees	148,786	133,650
Depreciation	52,840	29,392
Auditors' remuneration for audit services (ex-VAT)	8,400	8,000
Auditors' remuneration for non-audit services (ex-VAT)	1,346	2,850

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

	<b>2021</b>	<b>2020</b>
	€	€
Staff costs*	779,406	745,350
Directors' fees and expenses	148,804	136,710
Other administration expenses including funding costs	985,518	967,128
Bad debts written off	2,740	1,751
Increase in provision for bad and doubtful debts	5,605	6,732
Depreciation	52,840	29,392
	<u>1,974,913</u>	<u>1,887,063</u>

\* The Company has no direct employees (2020: nil). The average number of secondees were 8.9 full time equivalent (FTE) (2020: 9.2 FTE). Staff costs are included in the charge for administrative services by the Central Bank.

### 3. FUNDS

	Fund A	Fund B	2021 Total	Fund A	Fund B	2020 Total
	€	€	€	€	€	€
Levy income	19,827,697	770,811	20,598,508	4,933,106	860,198	5,793,304
Interest income	454	784	1,238	9,740	9,014	18,754
Compensation (costs)/recoveries:						
ICCL legal costs	(1,289,219)	-	(1,289,219)	(398,167)	-	(398,167)
Administration expenses:						
Bad Debts (written off)	-	(2,740)	(2,740)	-	(1,751)	(1,751)
Increase in provision for bad and doubtful debts	(5,400)	(205)	(5,605)	(5,400)	(1,332)	(6,732)
Other administration expenses	(1,306,604)	(659,964)	(1,966,568)	(1,270,753)	(607,827)	(1,878,580)
Surplus for the year	17,226,928	108,686	17,335,614	3,268,526	258,302	3,526,828
Surplus at 1 August 2020/2019	39,416,084	25,751,497	65,167,581	36,147,558	25,493,195	61,640,753
Surplus at 31 July 2021/2020	<b>56,643,012</b>	<b>25,860,183</b>	<b>82,503,195</b>	<b>39,416,084</b>	<b>25,751,497</b>	<b>65,167,581</b>
<b>Represented by:</b>						
Cash and Cash Equivalents	65,596,075	25,776,757	91,372,832	43,766,064	22,376,734	66,142,798
Short-term investments	-	-	-	3,625,525	3,352,892	6,978,417
Fixed assets	133,872	133,871	267,743	89,514	89,514	179,028
Debtors	4,809,980	20,629	4,830,609	4,805,432	19,450	4,824,882
Creditors	(1,368,049)	(71,072)	(1,439,121)	(341,585)	(87,091)	(428,676)
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)
<b>Total</b>	<b>56,643,012</b>	<b>25,860,183</b>	<b>82,503,195</b>	<b>39,416,084</b>	<b>25,751,497</b>	<b>65,167,581</b>

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

	2021	2020
	€	€
<b>(a) Debtors and Accrued Income:</b>		
Debtors (after provision for bad and doubtful debts)	9,702	3,860
Accrued income & prepayments	120,907	121,022
	<u>130,609</u>	<u>124,882</u>
	€	€
<b>(b) Bad debts written-off during the year:</b>	<u>2,740</u>	<u>1,751</u>
	€	€
<b>(c) Movement in respect of the provision for bad and doubtful debts:</b>		
Opening provision for bad & doubtful debts	24,921	18,189
Closing provision for bad & doubtful debts	30,526	24,921
	<u>5,605</u>	<u>6,732</u>
Increase in provision	<u>5,605</u>	<u>6,732</u>

## 5. OTHER ASSETS

	2021	2020
	€	€
Claims compensation amounts recoverable under Excess of Loss Insurance contract	<u>4,700,000</u>	<u>4,700,000</u>
	<u>4,700,000</u>	<u>4,700,000</u>

### 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'], a Fund A firm, 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 CHC. 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*

	<b>2021</b>	<b>2020</b>
	€	€
Cost:		
At 1 August	56,070	71,761
Additions	4,167	3,835
Disposals	(899)	(19,526)
	<u>59,338</u>	<u>56,070</u>
At 31 July		
Depreciation:		
At 1 August	21,946	29,554
On Disposals	(692)	(19,421)
Charge for year	13,324	11,813
	<u>34,578</u>	<u>21,946</u>
At 31 July		
Net book value:		
At 31 July	<u><u>24,760</u></u>	<u><u>34,124</u></u>

### *Intangible Computer Software*

	<b>2021</b>	<b>2020</b>
	€	€
Cost:		
At 1 August	172,388	215,106
Additions	137,595	147,360
Disposals	-	(190,078)
	<u>309,983</u>	<u>172,388</u>
At 31 July		
Depreciation:		
At 1 August	27,484	181,243
On Disposals	-	(171,338)
Charge for year	39,516	17,579
	<u>67,000</u>	<u>27,484</u>
At 31 July		
Net book value:		
At 31 July	<u><u>242,983</u></u>	<u><u>144,904</u></u>

The historic cost of fully depreciated assets at 31 July 2021 was €35,493 (2020: €34,146)

## 7. SHORT-TERM INVESTMENTS

	2021 €	2020 €
Fixed term deposits	-	6,978,417
	<u>-</u>	<u>6,978,417</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

	2021 €	2020 €
3 – 6 months	-	37,000
6 – 9 months	-	2,511,160
9 – 12 months	-	4,430,257
	<u>-</u>	<u>6,978,417</u>

### AVERAGE INTEREST RATE

	2021 %	2019 %
3 – 6 months	0.00	0.01
6 – 9 months	0.00	0.00
9 – 12 months	0.00	0.00

## 8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 €	2020 €
Compensation costs	54,457	54,457
Central Bank of Ireland (Administration charges)	62,914	63,786
Directors' fees and expenses	12,813	11,950
Prepaid levies	5,078	2,261
Other	1,303,859	296,222
Provision for compensation claims and associated costs (note 9)	12,528,864	2,808,864
	<u>13,967,985</u>	<u>3,237,540</u>

## 9. PROVISIONS FOR COMPENSATION CLAIMS & ASSOCIATED COSTS

	Fund A Claims	Total Claims	3 <sup>rd</sup> Party Costs (Fund A)	Total
	€	€	€	€
Opening provision at 1 August 2019	12,280,558	12,280,558	248,306	12,528,864
(Decrease)/Increase in provision	-	-	-	-
Payments during the year	-	-	-	-
Provision at 31 July 2020 and at 1 August 2020	12,280,558	12,280,558	248,306	12,528,864
(Decrease)/Increase in provision	-	-	-	-
Payments during the year	-	-	-	-
Closing Provision at 31 July 2021	12,280,558	12,280,558	248,306	12,528,864
<b>Represented by:</b>				
Amounts falling due within one year	12,280,558	12,280,558	248,306	12,528,864
Amounts falling due after one year	-	-	-	-

### (A) CUSTOM HOUSE CAPITAL LIMITED (FUND A)

At the financial year ended 31 July 2020, 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<sup>1</sup>. Currently, the provision

<sup>1</sup> Validation of claims and certification of the amount of compensation payable to claimants is carried out by an 'Administrator', usually the liquidator of the relevant insolvent investment firm.

takes account of claims compensation already paid as at 31 July 2021. 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<sup>2</sup> 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 2021, 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, as at 31 July 2021, has not advised the ICCL of any change to his previously estimated range of total compensatable loss of, at least €9,980,000 but not more than €19,700,000. The ICCL had previously provided for the maximum amount of compensatable loss estimated by the Administrator. The provision for claims at 31 July 2021 is €12,280,558, all of which is classified as falling due within one year.

As at 31 July 2021 the Company has a provision of €248,306 (2020: €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 2021 the Company paid no fees to the Administrator and no Administrator legal costs.

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<sup>2</sup> 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 2021.

### CONTINGENT LIABILITIES

#### **Custom House Capital Limited (In Liquidation)**

Arising from the judgment delivered by Mr Justice Heslin on 13 October 2021, and referred to in more detail in note 15 “Events After the Reporting Period”, the Company anticipates that the remainder of claimants will have their claims certified for compensatable loss within the next reporting period and thus compensation amounts due will be largely paid within that timescale. 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.

#### **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 ended 31 July 2021 no late claims for compensation arose. On 2 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 a late claim received in the year ended 31 July 2020 as having been made within the statutory deadline. During the year under review, the claim was certified by the Administrator as not being eligible for compensation in accordance with the provisions of the Act. The Company has determined that no further provision was required at 31 July 2021 (2020: €NIL).

## 11. SHARE CAPITAL

	2021 €	2020 €
<b>AUTHORISED:</b>		
10 Ordinary shares of €1.25 each	13	13
<b>ISSUED AND FULLY PAID:</b>		
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 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 1 August 2020	4	65,167,581	65,167,585
Surplus for the year	-	17,335,614	17,335,614
At 31 July 2021	4	82,503,195	82,503,199

## 14. RELATED PARTIES

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

	2021 €	2020 €
Administration costs chargeable to the Company by the Central Bank of Ireland for services provided	882,125	913,826

At 31 July 2021 a balance of €62,914 (2020: €63,785) was due to the Central Bank of Ireland. This was paid in full on 27 August 2021 (2020: Balance paid on 19 October 2020). Details of Directors' fees and expenses are disclosed in Note 1.

## 15. EVENTS AFTER THE REPORTING PERIOD

In December 2019, 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 1 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 that the ICCL should bear the reasonable and proportionate costs of the *legitimi contradictores*, subject to adjudication in default of agreement. The substantive matters in the application were heard by the Court over six days, concluding on 30 July 2021, following which judgment was reserved.

The Directors are aware that on 13 October 2021, Mr Justice Heslin delivered his judgment on the aforementioned application. The Directors have considered in detail the judgment and welcome the clarifications that the judgment has brought to these important issues. The ICCL has engaged with the Administrator of CHC following receipt of the judgment and has been advised that the judgement is not likely to give rise to any additional compensatable losses beyond those previously provided for in full by the ICCL. The ICCL also understands from its engagement with the Administrator that it is likely that outstanding claims that have yet to be certified, will progressed as soon as possible.

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 18 November 2021.

**The Investor Compensation Company DAC**

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