

THE COMMON INVESTMENT FUND
Annual Report and Financial Statements
For the year ended 31 December 2019

THE COMMON INVESTMENT FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

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THE COMMON INVESTMENT FUND

AUTHORITY AND OTHER INFORMATION

THE CHARITIES REGULATORY AUTHORITY (“The Authority”)

Patrick Hopkins (Chairperson)
David Brady
Katie Cadden
Niamh Cahill
Tom Costello
Patricia Cronin
Fergus Finlay
Maire McMahon
Graham Richards
Ercus Stewart
Martin Sisk (appointed 1 March 2019)
Rosemary Keogh (appointed 1 March 2019)

CHIEF EXECUTIVE

Helen Martin (appointed CEO 3 April 2019)

REGISTERED OFFICE

3 George’s Dock
International Financial Services Centre
Dublin 1
D01X5X0

SOLICITORS

Beauchamps Solicitors
Riverside Two
Sir John Rogerson’s Quay
Dublin 2

TRUSTEES AND INVESTMENT MANAGER

Davy Global Fund Management Limited
Davy House
49 Dawson Street
Dublin 2

GLOBAL SUB-CUSTODIAN

The Northern Trust Company
50 South LaSalle Street
Chicago, Illinois 60675
United States of America

THE COMMON INVESTMENT FUND

AUTHORITY AND OTHER INFORMATION

PRINCIPAL BANKERS

Permanent TSB
70 Grafton Street
Dublin 2

Ulster Bank
33 College Green
Dublin 2

AUDITORS

Mazars
Chartered Accountants & Statutory Auditors
Harcourt Centre, Block 3
Harcourt Road
Dublin 2

THE COMMON INVESTMENT FUND

REPORT OF THE CHARITIES REGULATORY AUTHORITY

The Charities Regulatory Authority (also referred to as the “Authority”) presents the annual report and the audited financial statements of the Common Investment Fund (also referred to as the “Fund”) for the year ended 31 December 2019.

Organisational structure and aims of the Fund

The Authority is mandated under the Charities Act 2009 to provide services to trustees of charities and to carry out the intentions of persons making donations and bequests to charity.

The Charities Regulatory Authority has been entrusted with the assets of various charities which were entrusted to them pursuant to Section 83 of the Charities Act 2009. Such assets are held by the Authority, on behalf of the charity in whom the assets are vested, in trust for:

- the trusts and purposes upon and for which the assets were so vested; or
- such of those trusts or purposes as are subsisting or capable of taking effect.

The Authority may appoint such persons as it thinks proper to act as trustees and to administer the assets of the Fund.

The trustees of the Fund for the financial year ended 31 December 2019 were Davy Global Fund Management Limited.

The scheme for the establishment of the Common Investment Fund (also referred to as the “Scheme”) contains provisions detailing the investment powers of the Fund trustees; the establishment of a share register; the valuation basis for investments; dividend distributions (to be undertaken on a semi-annual basis in June and December) as well as provisions regarding withdrawals from and additions to the Fund.

The Fund is circa €40 million (2018: €35 million) in size and is managed on a discretionary basis by Davy Global Fund Management Limited. Investors in the Fund are charities with a valid charitable tax exemption from the Revenue Commissioners or such other charitable trusts as the Charities Regulatory Authority at its discretion admits as investors into the Fund. Investment is by way of purchase of units based on unit prices which are struck for the Fund at 30 June and 31 December or such time as the Charities Regulatory Authority may deem appropriate. Encashments are arranged through redemption of units held with redemption prices being struck twice yearly as above.

The unit prices reflect a single price bid/offer spread of 1% which remains within the Fund value to ensure that unit holders are not disadvantaged by investment/disinvestment by other unit holders. A dividend or distribution is paid to unit holders in respect of the half year ending 30 June and 31 December where funds are available.

A dividend reinvestment scheme is in place allowing unit holders the choice of receiving dividend income in cash or to reinvest back into the Fund which would be reflected in additional units at the end June or end December price as appropriate.

Investors in the Fund are not guaranteed as to their investment in any way. The Fund carries a medium overall level of risk. It is not a cash fund. It is invested with the intention of achieving income and capital growth over the long term. In this regard the price of units held may go down as well as up and an investor may get back less than that invested.

THE COMMON INVESTMENT FUND

REPORT OF THE CHARITIES REGULATORY AUTHORITY

The investments making up the capital of the fund at 31 December 2019 were as follows:

Irish fixed interest	3.4%
Foreign fixed interest	22.4%
Irish property	7.8%
UK equities	5.6%
Eurozone and global equities	57.1%
Cash and cash equivalents	3.7%
	<u>100%</u>

Principal activities

The primary long-term investment objective is to seek security followed by the achievement of optimal return, taking account of the income generation and capital growth requirements of the beneficiaries and having regard to market conditions generally. This equates to seeking to maximise the return on invested assets subject to the income and liquidity requirements of the beneficiaries.

These high-level investment objectives are supported by the more detailed investment objectives:

- a) Diversified portfolio of assets. Diversification should occur within an asset category and also between different asset types.
- b) A sufficient level of monetary assets (e.g. fixed interest/cash). This element would be used to meet ongoing cash-flow needs.
- c) Sufficient real assets. Real assets are required to broadly neutralise the effects of inflation on future cash payments.

Results and dividends

The Statement of Income and Expenditure for the financial period ended 31 December 2019 is set out on page 12. The Net Income before realized and unrealized gains for the 12-month financial period to 31 December 2019 amounted to €1,006,589 (2018: €1,036,403).

Principal risks and uncertainties

All investments involve some degree of risk (i.e. future value is unknown) and that risk varies from asset class to asset class. A strategy with a higher risk profile should only be adopted if there is a reasonable expectation that over time it will produce a return significantly in excess of a strategy with a lower risk profile.

THE COMMON INVESTMENT FUND

REPORT OF THE CHARITIES REGULATORY AUTHORITY

Investment policy and performance

The investment policy of the Authority is as follows:

- a) To invest in accordance with the Charities Acts 2009 as well as all relevant ministerial orders;
- b) To permit investments in Government Stocks in any country which is a member of the European Union or other trustee investments in accordance with the provisions contained in the first schedule of the Trustee Order, 1998 (amendment) Order 2002;
- c) To permit the fund to retain any investment in securities or holdings in any Unauthorised Unit Trust held prior to the date of the Investment Management Agreement;
- d) To delegate the investment management of the assets to recognised experts;
- e) To retain a single manager to manage the assets;
- f) To delegate the management of the assets to the trustees;
- g) To ask the trustees to use an active, balanced investment approach, i.e. within very broad guidelines and minimal investment constraints. The trustees have total discretion both in the distribution of the fund among markets and asset classes and the selection of stocks etc. within those classes;
- h) To set investment guidelines and constraints designed only to exclude asset distributions which are totally unacceptable to the Charities Regulatory Authority;
- i) To set specific performance objectives which have regard to the investment guidelines/constraints set by the Charities Regulatory Authority and the level of risk acceptable to them;
- j) To request the trustees to delegate the custody and safe-keeping of the assets to Northern Trust Company (“the custodian”).

Investment markets performance

➤ Equities

Global equities finished strong in 2019, with a return of 26.22%, as measured by the MSCI World index in euro terms. The outturn for the year was the strongest achieved in the current market cycle which began in March 2019.

Rising expectations of a settlement in the US-China trade war, coupled with indications from the Federal Reserve and ECB that the likelihood of interest rate rises in 2020 was low, provided the catalyst for the fourth-quarter rally. During 2019, the trade war was cited by companies and central bankers alike as a source of uncertainty that led to lower investment and trade. Central bank support for the economy was another important prop for equity prices.

Sectors which are more exposed to the economic cycle, such as Technology, Financials and Materials stocks were among the strongest performers, while interest rate exposed sectors, including Real Estate, Utilities and Consumer Staples, were laggards. Though not necessarily exposed to the economy, the Health Care sector, particularly the Biotechnology sub-sector, also performed strongly during the quarter.

THE COMMON INVESTMENT FUND

REPORT OF THE CHARITIES REGULATORY AUTHORITY

➤ **Bonds**

Bond yields rose (prices fell) during the fourth quarter as risk appetite returned to the market, supported firstly by the promise of an interim trade deal and a thawing of tensions between the US and China, and secondly by a reduction in hard Brexit risks. This led to a negative return for bonds globally, with the JP Morgan Global Bond Index falling -2.08%.

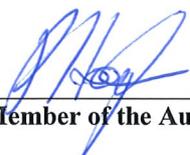
The reduction in hard Brexit risks in particular led to an even bigger fall for UK Gilts in the fourth quarter, with the ICE BofA UK Gilts All Stocks Index falling -3.89%.

However, it must be said that the final quarter was a blemish on what has otherwise been a strong year for government bonds with the JP Morgan Global bond Index up 4.63% in 2019.

➤ **Property**

Despite continued uncertainty around Brexit and the geo-political noise that dominated the news agenda during the last 12 months, 2019 also proved to be another strong year for the Irish commercial property market. With interest rates decreasing as opposed to increasing during the last 12 months, the normal real estate cycle was extended, encouraging a greater pool of capital to target real estate. 2019 experienced another strong performance for Irish real estate in terms of occupational take-up, transactional volumes and total returns. Investor sentiment has remained strong, in particular, from overseas investors. The office market achieved another strong year. Technology occupiers continue to dominate accounting for almost office take-up. The Irish retail sector remains resilient, performing well. Favourable economic conditions such as positive GDP growth, full employment and continuing low interest rates are likely to be key drivers of solid real estate performance and activity for the year ahead.

The auditors, Mazars, Chartered Accountants and Statutory Audit Firm, are willing to continue as auditors of the Charities Regulatory Authority's Common Investment Fund for the coming year.



A Member of the Authority



Chief Executive Officer

26 March 2020

THE COMMON INVESTMENT FUND

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are required to prepare annual report and financial statements for each financial year in accordance with Irish law and regulations, which give a true and fair view of the state of affairs of the Fund as well as a Balance Sheet, Statement of Income and Expenditure, Statement of Changes in Net Assets and notes to the financial statements.

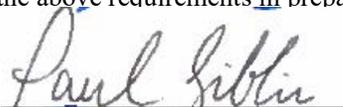
The trustees have elected to prepare the financial statements in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council, and promulgated by the Institute of Chartered Accountants in Ireland. The trustees must not 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 Fund as at the financial year end and of the net income of the Fund for the financial year.

In preparing those financial statements the Fund trustees are required to;

- select suitable accounting policies as described in page 16 - 18 and apply them consistently;
- make judgements and estimates which are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice 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 Fund will continue in operation.

The trustees confirm that they have complied with the above requirements in preparing the financial statements.

The trustees are responsible for ensuring that the Fund keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Fund, enable at any time the assets, liabilities, financial position and profit or loss of the Fund to be determined with reasonable accuracy, enable them to ensure that the financial statements and report of the Charities Regulatory Authority comply with the Financial Reporting Standard, and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The trustees confirm to the best of their knowledge that they have complied with the above requirements in preparing the financial statements.



Trustee (Davy Global Fund Management Limited)



Trustee (Davy Global Fund Management Limited)

26 March 2020

**INDEPENDENT AUDITOR'S REPORT TO THE
CHARITIES REGULATORY AUTHORITY**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of The Common Investment Fund ('the Fund') for the year ended 31 December 2019, which comprise the Balance Sheet, the Statement of Income and Expenditure, the Statement of Changes in Net Assets, Statement of Cash Flow and notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Fund as at 31 December 2019 and of its net income for the year then ended; and
- have been properly prepared in accordance with FRS 102, Financial Reporting Standard applicable in the UK and Republic of Ireland.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE
CHARITIES REGULATORY AUTHORITY (*continued*)**

Other information

The trustees 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.

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

We have nothing to report in this regard.

Opinions on other matters

- in our opinion, the information given in the report of the Charities Regulatory Authority is consistent with the financial statements; we have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- in our opinion, the accounting records of the Fund were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Fund and its environment obtained in the course of the audit, we have not identified any material misstatements in the report of the Charities Regulatory Authority.

We have nothing to report in this regard.

Respective responsibilities

Responsibilities of Trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities set out on page 8, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the Funds' 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 Fund or to cease operations, or has no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT TO THE
CHARITIES REGULATORY AUTHORITY (*continued*)**

Auditor's responsibilities for the audit of the financial statements

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

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

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

Our report is made solely to the Fund's members, as a body. Our audit work has been undertaken so that we might state to the Fund'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 Fund and the Fund's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Bernard Barron

**For and on behalf of Mazars
Chartered Accountants & Statutory Audit Firm
Harcourt Centre
Block 3
Harcourt Road
Dublin 2**

29 July 2020

THE COMMON INVESTMENT FUND

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 €	2018 €
Investment income	7	1,203,547	1,151,917
Deposit interest income		62	21
TOTAL INCOME		1,203,609	1,151,938
Management and administrative expenses	8	(197,020)	(115,535)
NET INCOME BEFORE NET REALISED AND UNREALISED GAINS/(LOSS)		1,006,589	1,036,403
Net realised and unrealised gains/(losses)		5,424,518	(1,610,532)
NET INCOME AFTER NET REALISED AND UNREALISED GAINS/(LOSS)		6,431,107	(574,129)

All income and expenditure in the financial year and the preceding financial year was in respect of continuing operations.

The notes on pages 16 to 21 form part of these financial statements.

The financial statements were approved and authorised for issue by the Charities Regulatory Authority on 26 March 2020. They are signed on its behalf by:


A Member of the Authority


Chief Executive Officer

THE COMMON INVESTMENT FUND

STATEMENT OF CHANGES IN NET ASSETS AS AT 31 DECEMBER 2019

	2019 €	2018 €
Net income after net realised and unrealised (loss)/gains	6,431,107	(574,129)
Contributions by charities	222,799	349,620
Redemptions		
Withdrawals by charities	(233,132)	(1,017,013)
Amount distributed	<u>(1,225,224)</u>	<u>(1,355,308)</u>
Change in net assets	5,195,550	(2,596,830)
Net assets as at 1 January	<u>34,943,784</u>	<u>37,540,614</u>
Net assets as at 31 December	<u><u>40,139,334</u></u>	<u><u>34,943,784</u></u>

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A Member of the Authority


Chief Executive Officer

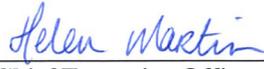
THE COMMON INVESTMENT FUND

BALANCE SHEET AS AT 31 DECEMBER 2019

	Notes	31-Dec-19	31-Dec-18
		€	€
ASSETS			
Investments at fair value	3	39,212,328	33,909,214
Cash and cash equivalents	3	655,395	659,537
Equalisation reserve	3,4	305,883	367,752
Dividend account	3,4	545,707	494,883
Distribution account	3	942	966
Charges account	3	-	6,567
Debtors	5	36,776	33,306
		<u>40,757,031</u>	<u>35,472,225</u>
LIABILITIES			
Amounts falling due within one year	6	<u>(617,697)</u>	<u>(528,441)</u>
NET ASSETS		<u>40,139,334</u>	<u>34,943,784</u>
Represented by:			
Value of Fund		<u>40,139,334</u>	<u>34,943,784</u>
Number of units in issue		<u>7,541,881</u>	<u>7,565,811</u>
Net Asset Value per unit		<u>5.32</u>	<u>4.62</u>

The financial statements were approved and authorised for issue by the Charities Regulatory Authority on 26 March 2020. They are signed on its behalf by:


A Member of the Authority


Chief Executive Officer

THE COMMON INVESTMENT FUND

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 €	2018 €
Net cash from operating activities		
Net income / (loss) for the year	6,431,107	(574,129)
<i>Adjustments for:</i>		
Purchases of financial assets	(1,985,104)	(5,020,778)
Disposals of financial assets	2,105,361	1,893,495
Net unrealised (gain) / loss on investments at fair value	(5,423,371)	1,576,104
Decrease in equalisation reserve	61,869	155,965
(Increase) / decrease in dividend account	(50,824)	13,486
Decrease in distribution account	24	45
Decrease in charges account	6,567	43
Increase in debtors	(3,470)	(6,077)
Increase in creditors	89,256	25,419
Net cash inflow / (outflow) from operating activities	<u>1,231,415</u>	<u>(1,936,427)</u>
Cash flows from financing activities		
Amounts distributed to charities	(1,225,224)	(1,355,308)
Withdrawals by charities	(233,132)	(1,017,013)
Contributions by charities	222,799	349,620
Net cash flows used in financing activities	<u>(1,235,557)</u>	<u>(2,022,701)</u>
Net decrease in cash and cash equivalents	(4,142)	(3,959,128)
Cash and cash equivalents at the beginning of the period	659,537	4,618,665
Cash and cash equivalents at end of the period	<u>655,395</u>	<u>659,537</u>

THE COMMON INVESTMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

The main accounting policies adopted by the fund are as follows:

1. GENERAL INFORMATION

The financial statements comprising the Balance Sheet, the Statement of Income and Expenditure, Statement of Changes in Net Assets, Statement of Cash Flows and the related notes constitute the individual financial statements of the Common Investment Fund for the financial period ended 31 December 2019.

The Common Investment Fund (the “Fund”) is mandated under the Charities Act 2009.

2. ACCOUNTING POLICIES

a) *Basis of preparation*

The financial statements have been prepared on the going concern basis under the historical cost convention modified to include certain items at fair value and in accordance with applicable accounting standards including Financial Reporting Standard 102, The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

b) *Income recognition*

Gross dividend income received or receivable in respect of equity securities held during the year, based on ex-dividend date, and are included in the Statement of Income and Expenditure.

Interest on fixed interest securities (gross of taxation) together with deposit interest is recognised on an accrual basis.

c) *Foreign currencies*

Functional currency and presentation currency

The financial statements are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements are presented in Euro (“€”) which is also the functional currency of the Fund.

Transactions and balances

Transactions in foreign currencies are initially recorded in the entity’s functional currency by applying the spot exchange rate ruling at the date of the transaction or an average rate where this rate approximates the actual rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Statement of Income and Expenditure.

THE COMMON INVESTMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES *(continued)*

d) *Cash and cash equivalents*

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

e) *Financial instruments*

Financial instruments

The Fund has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, which include cash and cash equivalents, equalisation reserve, dividend account, distribution account and charges account, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, whereby the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Income and Expenditure.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Income and Expenditure.

Other financial assets, including investments in equity instruments, non-convertible preference shares and non-puttable ordinary shares which are not subsidiaries, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

THE COMMON INVESTMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES *(continued)*

e) *Financial instruments (continued)*

Financial liabilities

Basic financial liabilities, which include dividends payable and other creditors, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

All financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

Financial assets and liabilities are offset, and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

f) *Provisions and contingencies*

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Fund's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

g) *Judgement as a key source of estimation uncertainty*

Judgements are used in determining the accounting policies to be applied in the financial statements. The Fund applies accounting policies that results in the financial statements providing relevant and reliable information about the effect of transactions, other events and conditions on the entity's financial position and financial performance.

THE COMMON INVESTMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

3. INVESTMENTS AT FAIR VALUE AND CASH AND CASH EQUIVALENTS

	% of	31 December 2019 €	% of	31 December 2018 €
Irish fixed interest	3.4%	1,364,826	3.8%	1,360,536
Foreign fixed interest	22.4%	9,141,643	25.0%	8,834,573
Irish property	7.8%	3,160,565	8.8%	3,132,008
UK equities	5.6%	2,286,597	5.5%	1,945,949
Eurozone and global equities	57.1%	<u>23,258,697</u>	52.6%	<u>8,636,148</u>
	96.3%	39,212,328	95.7%	33,909,214
Cash	1.6%	655,395	1.9%	659,537
Equalisation reserve	0.8%	305,883	1.0%	367,752
Dividend account	1.3%	545,707	1.4%	494,883
Distribution account	0.0%	942	0.0%	966
Charges account	0.0%	-	0.0%	6,567
	3.7%	<u>40,720,255</u>	4.3%	<u>35,438,919</u>

Investments are valued on the basis outlined in note 2 at the reporting dates by the Fund trustees in accordance with Clause 9 of the Scheme.

4. EQUALISATION RESERVE & DIVIDEND ACCOUNT

This represents the net funds (including interest) which have been transferred from cash by the trustees to an Equalisation Reserve. This reserve has been constituted in accordance with Clause 10 of the Scheme for the purpose of regulating distributions of income to the participating charities. Under the terms of Clause 10, the amount of the Equalisation Reserve is a charge upon the Fund. Under Clause 12 of the Scheme, the Equalisation Reserve is included in the value of the total assets of the Fund for the purpose of determining the basic value of a unit in the Fund.

Equalisation Reserve is maintained at a level of between 0.5% and 1% of the Fund.

5. DEBTORS

	31 December 2019 €	31 December 2018 €
Dividends receivable	<u>36,776</u>	<u>33,306</u>
	<u>36,776</u>	<u>33,306</u>

THE COMMON INVESTMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6. CREDITORS - amounts falling due within one year

	31 December 2019	31 December 2018
	€	€
Dividends payable	546,280	472,734
Other creditors	71,417	55,707
	<u>617,697</u>	<u>528,441</u>

Dividends are declared twice annually at 30 June and 31 December.

7. INVESTMENT INCOME

Investment income comprises dividends received and receivable during the year from equity securities.

8. MANAGEMENT AND ADMINISTRATIVE EXPENSES

	2019	2018
	€	€
Investment management fees	91,925	80,143
Professional fees	78,487	-
Administration fees	5,650	5,077
Other expenses	20,958	30,315
	<u>197,020</u>	<u>115,535</u>

9. TAXATION

Under Section 24 of the Finance Act 2015, income from the Fund payable to the Charities Regulator is tax exempt.

THE COMMON INVESTMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

10. FINANCIAL INSTRUMENTS

The analysis of the carrying amounts of the financial instruments of the Fund required under Section 11 of FRS 102 is as follows:

	2019	2018
	€	€
<i>Financial assets at fair value</i>		
Investments at fair value	<u>39,212,328</u>	<u>33,909,214</u>
 <i>Financial assets that are debt instruments measured at amortised cost</i>		
Cash and cash equivalents	655,395	659,537
Equalisation reserve	305,883	367,752
Dividend account	545,707	494,883
Distribution account	942	966
Charges account	-	6,567
	<u>1,507,927</u>	<u>1,529,705</u>
 <i>Financial liabilities at amortised cost</i>		
Dividends payable	546,280	472,734
Other creditors	71,417	55,707
	<u>617,697</u>	<u>528,441</u>

11. COMMITMENTS

The Fund had no capital or other commitments at 31 December 2019 (2018: €nil).

12. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2019 (2018: €nil).

13. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events affecting the Fund since the year end.

14. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the trustees on 26 March 2020.