

THE COMMON INVESTMENT FUND
Annual Report and Financial Statements
For the year ended 31 December 2020

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
Rosemary Keogh

CHIEF EXECUTIVE

Helen Martin

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

INVESTMENT MANAGER

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

GLOBAL CUSTODIAN

Northern Trust Fiduciary Services (Ireland) Limited
Georges Court
54-62 Townsend Street
Dublin 2

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 2020.

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 2020 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 €39 million (2019: €40 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 2020 were as follows:

Irish fixed interest	3.5%
Foreign fixed interest	23.6%
Irish property	7.9%
UK equities	5.3%
Eurozone and global equities	55.9%
Cash and cash equivalents	3.8%
	<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 2020 is set out on page 13. The Net Income before realized and unrealized gains for the 12-month financial period to 31 December 2020 amounted to €14,248 (2019: €1,006,589).

The trustees are continuing to actively monitor and mitigate the effects of Covid-19 on the Fund's activities. While the duration of the effects is unknown, the trustees are satisfied that the Fund is taking all steps to ensure the Fund will continue to trade.

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 delegate the custody and safe-keeping of the assets to Northern Trust Fiduciary Services (Ireland) Limited (“the custodian”).

Investment markets performance

➤ Equities

Global equity markets finished a turbulent 2020 strongly, with many indices at all-time highs. In the final quarter of the year the MSCI World Index rose by 9.22% in euro terms, taking the outturn for the full year to 6.33%. It was an eventful quarter in which Joe Biden won the US presidential election, the roll-out of Covid-19 vaccines commenced, a US stimulus package was signed in Congress, and a Brexit deal was finally agreed. All of these outcomes were generally seen as positive for economies and markets, especially the vaccine news, which resulted in a recovery in cyclically-exposed sectors such as Financials, Energy and Industrial stocks in the final quarter.

In fact, the Financials sector was the largest contributor to the fourth-quarter market return, rebounding strongly from low levels. The sector had been hit hard earlier in the year as financial institutions were forced to increase provisions for bad loans and some were restricted from paying dividends. However, in spite of the Q4 rally, Financials joined the Energy and Real Estate sectors to suffer double-digit negative returns for 2020.

The Technology Sector and other technology-related stocks made a strong contribution to fourth-quarter returns, just as they had done all year. The MSCI World Technology Index added almost a third to its market value during 2020 as the move to working-from-home increased demand for new hardware, software and services, including cloud capacity.

THE COMMON INVESTMENT FUND

REPORT OF THE CHARITIES REGULATORY AUTHORITY

➤ **Bonds**

Global government bonds fell modestly in value during Q4 with the JP Morgan Global Bond Index (euro hedged) down -0.15%. US Treasuries were the main reason for this weakness, as positive vaccine news and solid economic data from the world's largest economy outweighed rising coronavirus infections. German Bund and UK Gilt yields were relatively unchanged during the period.

Within the Fixed Income universe, sovereign credit (e.g. Eurozone peripheral and Emerging Market bonds) and corporate credit continued their outperformance as investors sought a pickup in yield over extremely low benchmark bond yields.

As we look towards 2021, our base case view is that increased vaccine rollout will lead to the gradual opening up of many areas of the economy which have been most affected by COVID 19. This should lead to higher trend growth for a period of time and a rise in general yields. However, yield levels are unlikely to rise by much and should remain low relative to their recent history. This is primarily because of the enormity of central bank monetary stimulus that is likely to continue to take place, particularly in the Eurozone.

➤ **Property**

The impact of the Covid-19 pandemic to the retail, hospitality and leisure sectors of the market has been particularly difficult, although activity in the office occupier market has also been negatively impacted as many occupiers delayed location decisions during 2020. The professional rented sector (PRS) and industrial and logistics sector have shown positivity on the back of increased reliance on the logistics industry and undersupply of multifamily investments.

For the offices sector, there has been a notable increase in companies looking to sublet or assign excess accommodation. There has been some softening of headline rents but we are likely going to see an increase in incentive packages. The retail sector has seen an increase in vacant units across high streets and shopping centres. From an occupier perspective, some retailers have taken this opportunity to expand and avail of increased supply in particular locations and schemes. The industrial and logistics sector continues to show strong levels of transactional activity over 2020, in part because of Brexit planning but mainly because of increased ecommerce activity.

The increased appetite in sale and leasebacks over recent months is likely to escalate in 2021 as many companies look to release equity and reduce costs while securing continuity of their core business.

THE COMMON INVESTMENT FUND

REPORT OF THE CHARITIES REGULATORY AUTHORITY

➤ Cash

The narrative for the market continues to be driven by the global pandemic of the Coronavirus, the 2021 rollout of vaccines, as well as the fiscal and monetary response of governments and Central Banks.

October saw ECB President Lagarde warn against the premature withdrawal of monetary support, while German August industrial production came in weaker than expected. At the October ECB meeting, the stimulus programme was kept unchanged for the moment, but the ECB did indicate that action would be taken at the December meeting, to mitigate the economic impact of rising Covid-19 cases. In November, ECB Executive Board Member Schnabel warned that banks may need to provision further for pandemic related bad loans, while ECB Vice President Guindos said the ECB was considering all measures to boost monetary stimulus ahead of the December ECB meeting. At the December meeting, the ECB increased the PEPP (Pandemic Emergency Purchase Programme) by €500bn, and extended the programme by nine months to March 2022. TLRTOs (Targeted Longer-Term Refinancing Operations), offering cheap loans to banks on favourable terms, were also extended

Auditors

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

25 March 2021

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.

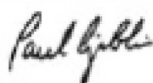
The trustees have elected to prepare the financial statements in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council, and promulgated by the Institute of Chartered Accountants in Ireland. The trustees must not 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 17 - 19 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.



Davy Global Fund Management Limited



Davy Global Fund Management Limited

25 March 2021

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 2020, 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 2020 and of its net result 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 9, 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](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**

30 March 2021

THE COMMON INVESTMENT FUND

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 €	2019 €
Investment income	7	1,032,610	1,203,547
Deposit interest income		120	67
TOTAL INCOME		1,032,730	1,203,609
Management and administrative expenses	8	(118,482)	(197,020)
NET INCOME BEFORE NET REALISED AND UNREALISED GAINS/(LOSS)		914,248	1,006,589
Net realised and unrealised gains/(losses)		(1,376,454)	5,424,518
NET (DEFICIT)/INCOME AFTER NET REALISED AND UNREALISED GAINS/(LOSS)		(462,206)	6,431,107

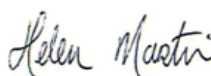
All income and expenditure in the financial year and the preceding financial year was in respect of continuing operations.

The notes on pages 17 to 22 form part of these financial statements.

The financial statements were approved and authorised for issue by the Charities Regulatory Authority on 25 March 2021. 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 2020

	2020 €	2019 €
Net (deficit)/income after net realised and unrealised (loss)/gains	(462,206)	6,431,107
Contributions by charities	305,768	222,799
Redemptions		
Withdrawals by charities	(132,362)	(233,132)
Amount distributed	(1,151,366)	(1,225,224)
Change in net assets	(1,440,166)	5,195,550
Net assets as at 1 January	40,139,334	34,943,784
Net assets as at 31 December	<u>38,699,168</u>	<u>40,139,334</u>

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A Member of the Authority



Chief Executive Officer

THE COMMON INVESTMENT FUND

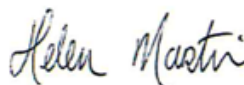
BALANCE SHEET AS AT 31 DECEMBER 2020

	Notes	31-Dec-20 €	31-Dec-19 €
ASSETS			
Investments at fair value	3	37,754,906	39,212,328
Cash and cash equivalents	3	768,926	655,395
Equalisation reserve	3,4	303,190	305,883
Dividend account	3	402,998	545,707
Distribution account	3	935	942
Debtors	5	36,685	36,776
		<hr/>	<hr/>
		39,267,640	40,757,031
LIABILITIES			
Amounts falling due within one year	6	(568,472)	(617,697)
		<hr/>	<hr/>
NET ASSETS		38,699,168	40,139,334
		<hr/> <hr/>	<hr/> <hr/>
Represented by:			
Value of Fund		38,699,168	40,139,334
		<hr/> <hr/>	<hr/> <hr/>
Number of units in issue		7,556,183	7,541,881
		<hr/>	<hr/>
Net Asset Value per unit		5.12	5.32
		<hr/>	<hr/>

The financial statements were approved and authorised for issue by the Charities Regulatory Authority on 25 March 2021. 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 2020

	2020 €	2019 €
Net cash from operating activities		
Net (deficit)/income for the year	(462,206)	6,431,107
<i>Adjustments for:</i>		
Purchases of financial assets	(569,060)	(1,985,104)
Disposals of financial assets	652,572	2,105,361
Net unrealised loss/(gain) on investments at fair value	1,373,910	(5,423,371)
Decrease in equalisation reserve	2,693	61,869
Decrease/ (Increase) in dividend account	142,709	(50,824)
Decrease in distribution account	7	24
Decrease in charges account	-	6,567
Decrease/(Increase) in debtors	91	(3,470)
(Decrease)/Increase in creditors	(49,225)	89,256
Net cash inflow from operating activities	<u>1,091,491</u>	<u>1,231,415</u>
Cash flows from financing activities		
Amounts distributed to charities	(1,151,366)	(1,225,224)
Withdrawals by charities	(132,362)	(233,132)
Contributions by charities	305,768	222,799
Net cash flows used in financing activities	<u>(977,960)</u>	<u>(1,235,557)</u>
Net increase/(decrease) in cash and cash equivalents	113,531	(4,142)
Cash and cash equivalents at the beginning of the period	655,395	659,537
Cash and cash equivalents at end of the period	<u><u>768,926</u></u>	<u><u>655,395</u></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 2020.

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 2020 €	% of	31 December 2019 €
Irish fixed interest	3.5%	1,366,971	3.4%	1,364,826
Foreign fixed interest	23.6%	9,276,159	22.4%	9,141,643
Irish property	7.9%	3,112,058	7.8%	3,160,565
UK equities	5.3%	2,071,347	5.6%	2,286,597
Eurozone and global equities	55.9%	21,928,371	57.1%	23,258,697
	96.2%	37,754,906	96.3%	39,212,328
Cash	2.0%	768,926	1.6%	655,395
Equalisation reserve	0.8%	303,190	0.8%	305,883
Dividend account	1.0%	402,998	1.3%	545,707
Distribution account	0.0%	935	0.0%	942
	3.8%	39,230,955	3.7%	40,720,255

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 2020 €	31 December 2019 €
Dividends receivable	36,685	36,776
	36,685	36,776

THE COMMON INVESTMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6. CREDITORS - amounts falling due within one year

	31 December 2020 €	31 December 2019 €
Dividends payable	513,810	546,280
Other creditors	54,662	71,417
	<u>568,472</u>	<u>617,697</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

	2020 €	2019 €
Investment management fees	88,767	91,925
Professional fees	-	78,487
Administration fees	5,867	5,650
Other expenses	23,848	20,958
	<u>118,482</u>	<u>197,020</u>

9. TAXATION

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

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:

	2020 €	2019 €
<i>Financial assets at fair value</i>		
Investments at fair value	<u>37,754,906</u>	<u>39,212,328</u>

THE COMMON INVESTMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

10. FINANCIAL INSTRUMENTS (CONTINUED)

	2020	2019
	€	€
<i>Financial assets that are debt instruments measured at amortised cost</i>		
Cash and cash equivalents	768,926	655,395
Equalisation reserve	303,190	305,883
Dividend account	402,998	545,707
Distribution account	935	942
	<u>1,476,049</u>	<u>1,507,927</u>
<i>Financial liabilities at amortised cost</i>		
Dividends payable	513,810	546,280
Other creditors	54,662	71,417
	<u>568,472</u>	<u>617,697</u>

11. COMMITMENTS

The Fund had no capital or other commitments at 31 December 2020 (2019: €nil).

12. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2020 (2019: €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 25 March 2021.