



**Gníomhaireacht Bainistíochta an Chisteáin Náisiúnta**  
**National Treasury Management Agency**

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**FINANCIAL STATEMENTS OF THE**

**IRELAND APPLE ESCROW FUND**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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## **Ireland Apple Escrow Fund**

### **Financial Statements**

**For the year ended 31 December 2019**

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## **Ireland Apple Escrow Fund**

### **Fund and Other Information**

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Pursuant to Section 28 of the National Treasury Management Agency (Amendment) Act 2000 (the “2000 Act”), the Minister for Finance (the “Minister”) has delegated certain of his functions in relation to investment of the Ireland Apple Escrow Fund to the National Treasury Management Agency (“NTMA”), Treasury Dock, North Wall Quay, Dublin 1, D01 A9T8. These financial statements are prepared by the NTMA pursuant to Section 28(5) of the 2000 Act, using the International Financial Reporting Standards (IFRS) accounting standards as directed by the Minister.

#### **Escrow Agent and Custodian**

The Bank of New York Mellon (“BNYM”)  
One Canada Square,  
London E14 5AL  
England

#### **Investment Managers**

Amundi Asset Management  
90, Boulevard Pasteur  
75015 Paris  
France

Blackrock Investment Management (UK) Limited  
12 Throgmorton Avenue  
London EC2N 2DL  
United Kingdom

Goldman Sachs Asset Management  
Plumtree Court  
25 Shoe Lane  
London EC4A 4AP  
United Kingdom

#### **Auditor**

Comptroller and Auditor General  
3A Mayor Street Upper  
Dublin 1  
D01 PF72

## **Ireland Apple Escrow Fund**

### **Statement on Internal Control**

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The Ireland Apple Escrow Fund is governed by the Escrow Framework Deed, which was signed by the Minister for Finance, Apple Services International (ASI), and Apple Operations Europe (AOE) on 24<sup>th</sup> April 2018.

The Minister for Finance delegated certain of his functions in relation to the Fund to the National Treasury Management Agency (NTMA) by way of orders issued pursuant to Section 28 of the NTMA (Amendment) Act 2000. Some of these functions include;

- performance of obligations under the escrow agent and custodian agreement;
- performance of obligations under investment management agreements;
- appointment of the Ireland members of the Investment Committee and other rights and obligations in relation to that committee;
- oversight of the investment and management of the Fund through the Investment Committee;
- preparation and issuing of certain release instructions.

In line with Part 4 of the National Treasury Management Agency (Amendment) Act 2000, the financial statements of the Fund are prepared pursuant to Section 28(5) of that Act. The Minister has directed that the NTMA prepares and keeps accounts for the Escrow Fund

The investment policy for the Escrow Fund was agreed by the Minister for Finance and Apple. The Fund is managed by three investment managers, with management and investment oversight jointly through the Investment Committee for the Escrow Fund, comprising an equal number of members from the NTMA and Apple.

Escrow Fund costs, charges, fees and expenses are met out of the Escrow Fund and are thus outside the NTMA budgetary process.

Elements of the NTMA's Statement on Internal Control of relevance in relation to performance by the NTMA of its functions regarding the Escrow Fund are set out below.

#### **Scope of Responsibility**

On behalf of the National Treasury Management Agency ("the Agency") we acknowledge the Agency's responsibility for ensuring that an effective system of internal control is maintained and operated. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

#### **Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only provide reasonable 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 way.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform has been in place in the Agency for the year ended 31 December 2019 and up to the date of approval of the financial statements.

#### **Capacity to Handle Risk**

The Agency has a formal risk management and governance framework in place, designed to support the proactive management of risk. The Agency's Risk Management Policy and Framework and Risk Appetite Framework, together set out its risk appetite, its risk management processes and details the roles and responsibilities of staff in relation to risk. The Agency has ultimate oversight and accountability in relation to risk management and provides direction by approving the Risk Management Policy and Framework and the Risk Appetite Framework. Thereafter the Agency assures itself on an on-going basis that executive management is responding appropriately to risks and it is assisted in this regard by the Audit and Risk Committee (ARC), which monitors adherence to risk governance and risk appetite and ensure risks are properly identified, assessed, managed and reported.

In 2019, the ARC comprised three Agency members, with financial and audit expertise, one of whom is the Chair. The Committee met seven times in 2019.

An executive-level Enterprise Risk Management Committee (ERMC) oversees the implementation of the Agency's overall risk appetite and senior management's establishment of appropriate systems to ensure enterprise risks are effectively identified, measured, monitored, controlled and reported.

The Risk Management Policy and Framework and Risk Appetite Framework which were updated in 2019 were published and communicated to all staff who are expected to comply with the requirements therein. The embedding of risk management was supported by a programme of risk training and awareness in the reporting period.

## Ireland Apple Escrow Fund

### Statement on Internal Control (continued)

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#### **Risk and Control Framework**

The Agency's Risk Management Policy and Framework, supported by the Risk Appetite Framework, provides the methodology and processes, by which key risks are identified, assessed, managed, monitored and reported and are supported by a suite of risk management policies.

Individual business units and corporate functions maintain risk registers in which their key risks and controls are recorded and responsibility for operation of the controls assigned. These registers are reviewed twice yearly by the respective business units and corporate functions and the controls therein are attested by the control owners. Risk registers were reviewed by the appropriate risk committees during the reporting period.

The ARC also conducted two reviews of the Agency's principal risks in the reporting period, based on a top-down risk assessments exercise conducted by the ERM.

The Agency has an established control environment, as part of which:

- Authority and financial responsibilities are delegated by the Agency Chief Executive to Agency management and staff, inter alia, through the use of delegated authorities which define their authority and financial responsibilities to act on behalf of the Agency.
- It has developed policies and procedures in respect of the management of the key aspects of its activities. These policies and procedures are reviewed by their business owners and updated to align with business processes.
- It has an appropriate financial and budget management system, incorporating accounts payable controls as well as regular reporting of the Agency's costs and monitoring of costs against budget to the Executive Management Team.
- It has an established financial reporting framework to support its external and statutory reporting obligations in respect of its businesses.
- It has established systems, procedures and controls in place to manage and safeguard its business assets including property, equipment and vehicle assets.
- It takes all reasonable measures considered necessary to protect information and systems including the confidentiality, integrity and authenticity of the information stored on Agency systems and to minimise so far as practicable the risk of unauthorised access to information from both internal and external sources. This protection is achieved through the application of recognised standards, policies and controls.
- It has an established Cyber Security Framework to facilitate identification, assessment and management of the cyber risks that the Agency may be exposed to. Regular Staff Awareness Training on cyber risks is also in place for all Agency staff.
- It has a business continuity framework with a view to ensuring the Agency is able to manage disruptive scenarios, provide contingency premises, recover key systems and maintain as far as possible the continuity of critical operations, and resume normal business operations in a timely manner.

#### **On-going Monitoring and Review**

The Agency has established processes for the on-going monitoring and review of the effectiveness of controls which are carried out through its three lines of-defence model which includes:

- The first line, comprising the Agency's business units and corporate functions, own the risks associated with business activities and are primarily responsible for managing those risks on a day-to-day basis. This includes implementing and monitoring adherence to the Agency's risk management policies and risk appetite, conducting risk and control self-assessments, managing operational events and implementing appropriate responses. They provide reports for the Agency's Risk Governance Committees on their risks and controls and operational events.
- The second line comprises the Agency's Risk and Compliance functions and is independent of the first line management and operations. The Risk function oversees compliance with risk management policies across the Agency, provides independent review and challenge to the first line, and provides risk reports and information to the various risk governance committees. The Compliance Function and Data Protection Officer promote compliance and personal data protection awareness through training, codes of conduct and relevant policies. They provide compliance and personal data protection support, advice and independent challenge to first line management and submit regular reports to the ERM and ARC.

**On-going Monitoring and Review (continued)**

- Internal Audit is a third line of defence, providing independent risk-based assurance to key stakeholders on the robustness of the Agency's governance, risk management system and the design and operating effectiveness of the internal control environment under a planned programme of work approved by the ARC. The internal auditor provides regular reporting to the ARC on the status of the internal control environment in the context of reviews undertaken and the status of internal audit issues raised previously.

**Procurement**

The Agency has an established Procurement Policy (published on its website) and a Procurement Procedure. The Agency's procurement practices are in accordance with the aforementioned documents. A corporate procurement plan, based on the template published in the Office of Government Procurement Policy framework document, is in place and is being implemented. The corporate procurement plan is updated annually.

The Agency's Procurement Policy and Procurement Procedure remain under review on an on-going basis.

**Annual Review of Effectiveness**

We confirm that the National Treasury Management Agency has procedures to monitor the effectiveness of its risk management and control procedures. The National Treasury Management Agency's monitoring and review of the effectiveness of the system of internal control is informed by the work of the internal and external auditors, the Audit and Risk Committee which oversees their work, and the senior management within the National Treasury Management Agency responsible for the development and maintenance of the internal financial control framework.

We confirm that the Agency conducted an annual review of the effectiveness of the internal controls for 2019.

No weaknesses in internal control in respect of the Fund were identified in relation to 2019 that require disclosure in the financial statements.

**Maeve Carton**  
Chairperson  
National Treasury Management Agency

**Gerardine Jones**  
Chairperson, Audit & Risk Committee  
National Treasury Management Agency

5 May 2020



# Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

## Report for presentation to the Houses of the Oireachtas

### Ireland Apple Escrow Fund

#### Opinion on the financial statements

I have audited the financial statements of the Ireland Apple Escrow Fund (the Fund) prepared by the National Treasury Management Agency (the Agency) for the year ended 31 December 2019 as required under the provisions of section 12 of the National Treasury Management Agency Act 1990 (as amended). The financial statements comprise

- the statement of financial position
- the statement of comprehensive income
- the statement of changes in net assets
- the statement of cash flows and
- the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the Fund at 31 December 2019 and of its income and expenditure for 2019 in accordance with the International Financial Reporting Standard (IFRS) as adopted by the European Union.

#### Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Agency and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Report on other matters

My responsibilities to report in relation to certain other matters upon which I report by exception are described in the appendix to this report.

I have nothing to report in that regard.

**Seamus McCarthy**  
Comptroller and Auditor General

13 May 2020

## Responsibilities of the National Treasury Management Agency

The Agency's responsibilities in relation to the account are

- the preparation of financial statements in the form prescribed under section 12 of the National Treasury Management Agency Act 1990 (as amended)
- ensuring that the financial statements give a true and fair view in accordance with the International Financial Reporting Standard (IFRS)
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- 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.

## Responsibilities of the Comptroller and Auditor General

I am required under section 12(2) of the National Treasury Management Agency Act 1990 (as amended) to audit the financial statements of the Fund and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs 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.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.

- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Agency to cease to continue as a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

### Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.




## Ireland Apple Escrow Fund

### Statement of Financial Position as at 31 December 2019

		As at 31 December 2019	As at 31 December 2018
	Note	€m	€m
<b>Assets</b>			
Financial assets at fair value through profit or loss	5	13,888	14,156
Cash and cash equivalents	6	137	115
<b>Total assets</b>		<b>14,025</b>	<b>14,271</b>
<b>Liabilities</b>			
Other liabilities	7	(5)	(2)
<b>Total liabilities</b>		<b>(5)</b>	<b>(2)</b>
<b>Net assets</b>		<b>14,020</b>	<b>14,269</b>

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

On behalf of the Agency:

  
**Conor O'Kelly**  
Chief Executive  
National Treasury Management Agency

  
**Maeve Carton**  
Chairperson  
National Treasury Management Agency

5 May 2020

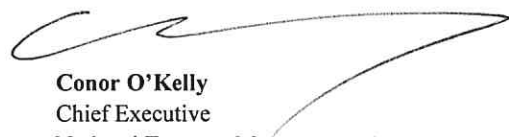
## Ireland Apple Escrow Fund

### Statement of Comprehensive Income For the year ended 31 December 2019

		Year ended 31 December 2019	Period 17 May to 31 December 2018
	Note	€m	€m
<b>Income</b>			
Net changes in fair value on financial assets at fair value through profit or loss		(31)	(12)
<b>Total net income</b>		<b>(31)</b>	<b>(12)</b>
<b>Expenses</b>			
Interest expense	8	-	(2)
Operating expenses	9	(7)	(2)
<b>Total operating expenses</b>		<b>(7)</b>	<b>(4)</b>
<b>Operating loss</b>		<b>(38)</b>	<b>(16)</b>
Tax expense	10	(2)	-
<b>Loss for the year/period</b>		<b>(40)</b>	<b>(16)</b>

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

On behalf of the Agency:

  
**Conor O'Kelly**  
Chief Executive  
National Treasury Management Agency

  
**Maeve Carton**  
Chairperson  
National Treasury Management Agency

5 May 2020

**Ireland Apple Escrow Fund**

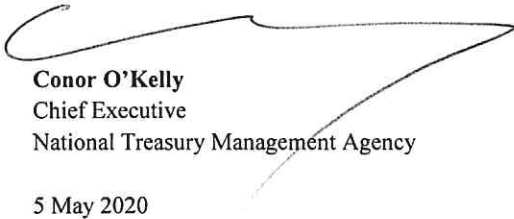
**Statement of Changes in Net Assets  
For the year ended 31 December 2019**

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		<b>Year ended 31 December 2019</b>	<b>Period 17 May to 31 December 2018</b>
	<b>Note</b>	<b>€m</b>	<b>€m</b>
<b>Net assets at 1 January/ beginning of period</b>		14,269	-
Funds received from Apple entities		-	14,285
Funds transferred to Apple entities	11	(209)	-
Loss for the year/period		(40)	(16)
<b>Net assets at 31 December</b>		<b>14,020</b>	<b>14,269</b>

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

On behalf of the Agency:

  
**Conor O'Kelly**  
Chief Executive  
National Treasury Management Agency  
  
5 May 2020

  
**Maeve Carton**  
Chairperson  
National Treasury Management Agency

## Ireland Apple Escrow Fund

### Statements of Cash Flows For the year ended 31 December 2019

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		<b>Year ended 31 December 2019</b>	<b>Period 17 May to 31 December 2018</b>
	Note	€m	€m
<b>Cash flows from operating activities</b>			
Purchase of financial assets		(12,559)	(31,647)
Proceeds from sales & maturities of financial assets		12,676	17,393
Interest receipts		119	84
Operating expenses paid		(5)	-
<b>Net cash from/(used in) operation activities</b>		<b>231</b>	<b>(14,170)</b>
<b>Cash flows from financing activities</b>			
Funds received from Apple entities		-	14,285
Funds transferred to Apple entities	11	(209)	-
<b>Net cash (used in)/from financing activities</b>		<b>(209)</b>	<b>14,285</b>
Net increase in cash and cash equivalents		22	115
Cash and cash equivalents at beginning of the year/period		115	-
<b>Cash and cash equivalents at 31 December</b>		<b>137</b>	<b>115</b>

#### 1. Background

On 24th April 2018 the Minister for Finance (“Minister”) and certain Apple companies entered into an Escrow Framework Deed pursuant and subject to which alleged State aid was recovered from Apple Sales International (“ASI”) and Apple Operations Europe (“AOE”) and paid into a fund to be held in escrow pending a final determination in the European Courts on the validity of the European Commission State aid decision regarding ASI and AOE (Decision C(2016)5605)(“the Fund”). The Fund is held by BNYM for the Minister and ASI and AOE, and investment and management of the Fund is jointly overseen by the Minister and Apple through an investment committee. The Minister delegated certain functions in relation to the Fund to the National Treasury Management Agency by way of orders issued pursuant to Section 28 of the 2000 Act (SI 331 of 2017 and SI 157 of 2018). The first monies were received in the escrow accounts on 17 May 2018.

The investment policy established in accordance with the Escrow Framework Deed sets out the investment principles and parameters for investment of the Fund, with the objective to preserve capital to the greatest extent possible in light of the prevailing market conditions. The risk appetite in respect of the Fund is "low", with investment permitted only in highly rated euro fixed income securities with short to medium term duration.

#### 2. Application of new and revised International Financial Reporting Standards (IFRSs)

##### New and revised IFRSs in issue but not yet effective

No material financial statement impact is expected on the initial application of the following new and revised IFRSs which have been issued but are not yet effective:

- IFRS 17 Insurance Contracts (issued on 18 May 2017)
- Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018)
- Amendment to IFRS 3 Business Combinations (issued on 22 October 2018)
- Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31 October 2018)
- IBOR Amendments to IFRS 9, IAS 39 and IFRS 7( issued 26 September 2019)
- Amendments to IAS 1 Presentation of Financial Statements (23 January 2020)

#### 3. Significant accounting policies

##### 3.1 Basis of preparation

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union (IFRS) under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

All amounts in the financial statements have been rounded to the nearest €m unless otherwise indicated. The financial statements have been prepared on a going concern basis.

##### 3.2 Functional and presentation currency

The performance of the Fund is measured and reported to the stakeholders in euro. The financial statements are presented in euro, which is the Fund’s functional and presentation currency.

The Fund has no foreign currency transactions or balances.

**3. Significant accounting policies (continued)**

**3.3 Financial assets at fair value through profit or loss (FVTPL)**

The Fund is invested in fixed interest securities including sovereigns; quasi sovereigns; corporate bonds or held as cash and cash equivalents.

**3.3.1. Classification**

The Fund investments are managed and performance is evaluated on a fair value basis, that is, fair value information is used to assess the assets' performance and to make decisions. The collection of contractual cash flows is incidental to achieving the Fund's investment policy objectives. Consequently, all investments are measured at fair value through profit or loss.

**3.3.2. Recognition and derecognition**

Regular purchases and sales of investments are recognised on the trade date being the date on which the Investment Manager commits the Fund to purchase or sell the investment. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or substantially all risks and rewards of ownership have been transferred.

**3.3.3. Measurement**

Financial assets at fair value through profit or loss are initially recognised at fair value – see note 4.2.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within net changes in fair value of financial assets at fair value through profit or loss in the period in which they arise.

Interest on debt securities at fair value through profit or loss is recognised in the statement of comprehensive income as part of the net changes in fair value on financial assets at fair value through profit or loss.

Transaction costs are costs incurred to acquire financial assets at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in profit or loss as an expense.

**3.4 Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, bank overdrafts and other short-term investments that are readily convertible to a known cash amount with original maturities of three months or less.

## Notes to the Financial Statements (continued)

## 4. Financial risks

## 4.1 Financial risk factors

The Fund's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Fund is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that mitigates the risk of loss of value of the securities held by the custodian, in the event of the Escrow Agent/Custodian's failure, the ability of the Fund to transfer securities might be temporarily impaired.

The Fund's overall risk management programme seeks to optimise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

All securities investments present a risk of loss of capital. The maximum loss of capital on purchased securities is limited to the fair value of those positions. The management of these risks is carried out by the Investment Managers under investment manager agreements (IMAs) which are consistent with the investment policy for the Fund provided for in the Escrow Framework Deed.

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

## 4.1.1. Market risk

The Fund is exposed to securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain.

The Investment Committee (the "Investment Committee") established in accordance with the Escrow Framework Deed, reviews the ongoing appropriateness of the investment policy. Market price risk is managed through diversification and selection of permitted securities and other financial instruments within specified limits. The overall market position is monitored by the Fund's Investment Managers and, the Escrow Agent and Custodian. Compliance with the Fund's investment policy is reported to the Investment Committee on a quarterly basis.

A geographic analysis of the Fund's financial assets exposed to market price risk is shown below. Fund investments are shown based on their relevant country of incorporation. The market price risk inherent in the investments portfolio is monitored by ensuring the timely access to relevant information from the Fund's Investment Managers. Regular meetings with Investment Managers are held and at each meeting portfolios are reviewed.

	<b>2019</b>	<b>2018</b>
	<b>€m</b>	<b>€m</b>
Europe	13,131	13,281
North America	453	628
Asia Pacific	304	247
	<u>13,888</u>	<u>14,156</u>

The table below sets out the effect on the net assets of the Fund of a weakening in market prices of 5% at 31 December. A strengthening of the same amount would have resulted in an equal but opposite effect to the amounts shown.

	<b>2019</b>	<b>2018</b>
<b>Effect on net assets of the Fund</b>		
€m increase/(decrease)	(694)	(708)

**4. Financial risks (continued)****4.1 Financial risk factors (continued)****4.1.2. Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Fund's investment policy is designed to ensure adequate liquidity is maintained to meet liabilities in respect of the payment of fees and expenses, and in relation to all releases to be made from the Escrow Fund. The Investment Managers monitor the liquidity position on a daily basis. Cash account balances and a cashflow projection are reported daily from the Escrow Agent and Custodian. The Investment Committee reviews liquidity on a quarterly basis.

**4.1.3. Credit risk**

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The main concentration risk to which the Fund is exposed arises from the Fund's investments in debt securities. The Fund is also exposed to counterparty credit risk on cash and cash equivalents and other receivable balances. The Investment Committee reviews the ongoing appropriateness of the investment policy to manage this risk, by setting minimum high quality credit ratings for counterparties and investments, along with sector concentration limits.

The Investment Managers and the Escrow Agent and Custodian monitor the Fund's credit exposure. The Investment Committee reviews it on a quarterly basis.

**4.2 Fair value estimation**

The fair value of financial assets traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the period end date. The last traded market price for financial assets is used.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

All holdings in the portfolio are priced at available market values and are Level 1 in the fair value hierarchy.

**5. Financial assets at fair value through profit or loss**

	<b>2019</b>	<b>2018</b>
	<b>€m</b>	<b>€m</b>
Financial assets at fair value through profit or loss	13,813	14,106
Interest receivable on financial assets at FVTPL	75	50
	<u>13,888</u>	<u>14,156</u>

**6. Cash and cash equivalents**

	<b>2019</b>	<b>2018</b>
	<b>€m</b>	<b>€m</b>
Cash	10	53
Cash equivalents	127	62
	<u>137</u>	<u>115</u>



## Ireland Apple Escrow Fund

### Notes to the Financial Statements (continued)

#### 7. Other liabilities

	<b>2019</b>	<b>2018</b>
	<b>€m</b>	<b>€m</b>
Investment managers' fees	(2)	(2)
Escrow Agent/Custodian's fees	-	-
Value added tax	(2)	-
Withholding tax	(1)	-
	<u>(5)</u>	<u>(2)</u>

#### 8. Interest expense

	<b>2019</b>	<b>17 May to 31</b>
	<b>€m</b>	<b>December 2018</b>
		<b>€m</b>
Negative interest on cash holdings	-	(2)
	<u>-</u>	<u>(2)</u>

#### 9. Operating expenses

	<b>2019</b>	<b>17 May to 31</b>
	<b>€m</b>	<b>December 2018</b>
		<b>€m</b>
Investment managers' fees	(6)	(2)
Escrow Agent/Custodian's fees	(1)	-
	<u>(7)</u>	<u>(2)</u>

#### 10. Tax expense

	<b>2019</b>	<b>17 May to 31</b>
	<b>€m</b>	<b>December 2018</b>
		<b>€m</b>
Withholding tax	(2)	-
	<u>(2)</u>	<u>-</u>

#### 11. Transfers

	<b>2019</b>	<b>17 May to 31</b>
	<b>€m</b>	<b>December 2018</b>
		<b>€m</b>
Funds transferred to Apple	(209)	-
	<u>(209)</u>	<u>-</u>

During the year €209m was transferred from the Escrow Fund to Apple in accordance with the Escrow Framework Deed in recognition of taxes paid by Apple in other jurisdictions in respect of profits subject to tax in Ireland under the European Commission State aid decision.

**12. Related parties disclosures**

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the 'reporting entity').

*Minister for Finance*

The Minister of Finance is the sole beneficial owner of the Escrow Accounts and Escrow Fund for the duration of the Escrow Period.

*NTMA*

The Minister for Finance delegated to the NTMA certain of his functions in relation to investment of the Escrow Fund as set out in an Escrow Framework Deed.

Pursuant to Section 28(5) of the NTMA (Amendment) Act 2000 the NTMA prepares and keeps accounts for the Escrow Fund, which accounts the Minister has directed be prepared using the IFRS.

*Apple Sales International and Apple Operations Europe*

The Fund comprises the alleged State aid recovered from Apple Sales International and Apple Operations Europe, each of which is party to the Escrow Framework Deed with the Minister.

**12.1 Transactions and balances with related parties**

*Apple Sales International and Apple Operations Europe*

Transactions between the Fund and Apple entities are disclosed in Note 11.

**13. Events after the end of the reporting period**

The outbreak of the novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11<sup>th</sup> March 2020, has impacted global financial markets which in turn may adversely affect the net assets of the Fund. It should be noted that the Fund is invested in highly rated euro fixed income securities with short to medium term duration. As neither the duration nor the scope of the impact can be predicted, the overall financial impact cannot be estimated at this time.

**14. Comparatives**

Certain comparative information has been reclassified for consistency with the current year disclosures.

**15. Approval of financial statements**

The financial statements were approved by the NTMA on 5 May 2020.