Good Investment Fund Limited (Equity)

Illustrative financial statements for the year ended 31 December 2018

International GAAP®

EY

Building a better working world

Contents

Abbreviations and key

The following styles of abbreviation are used in these International GAAP® Illustrative Financial Statements:

IAS 33.41	International Accounting Standard No. 33, paragraph 41
IAS 1.BC13	International Accounting Standard No. 1, Basis for Conclusions, paragraph 13
IFRS 2.44	International Financial Reporting Standard No. 2, paragraph 44
SIC 29.6	Standing Interpretations Committee Interpretation No. 29, paragraph 6
IFRIC 4.6	IFRS Interpretations Committee (formerly IFRIC) Interpretation No. 4, paragraph 6
IAS 39.IG.G.2	International Accounting Standard No. 39 — Guidance on Implementing IAS 39 Section G: Other, paragraph G.2
IAS 39.AG71	International Accounting Standard No. 39 — Appendix A — Application Guidance, paragraph AG71
Commentary	The commentary explains how the requirements of IFRS have been implemented in arriving at the illustrative disclosure
GAAP	Generally Accepted Accounting Principles/Practice
IASB	International Accounting Standards Board
Interpretations Committee	IFRS Interpretations Committee (formerly International Financial Reporting Interpretations Committee (IFRIC))
SIC	Standing Interpretations Committee

Introduction

This publication contains an illustrative set of financial statements for Good Investment Fund Limited (Equity) (the Fund) that has been prepared in accordance with International Financial Reporting Standards (IFRS). The Fund is a fictitious open-ended investment fund, incorporated and listed in a fictitious country within Europe. The Fund's functional and presentation currency is the euro (€). These illustrative financial statements are of a fund whose puttable shares are classified as equity instruments under IAS 32 *Financial Instruments: Presentation*. A separate publication entitled, *Good Investment Fund Limited (Liability)*, whose puttable shares are classified as liability under IAS 32 is also available at *www.ey.com/ifrs*.

Objective

This set of illustrative financial statements is one of many prepared by EY to assist you in preparing your own financial statements. The illustrative financial statements are intended to reflect transactions, events and circumstances that we consider to be most common for a broad range of companies. Certain disclosures are included in these financial statements merely for illustrative purposes, even though they may be regarded as items or transactions that are not material for Good Investment Fund Limited (Equity).

How to use these illustrative financial statements to prepare entity-specific disclosures

Users of this publication are encouraged to prepare entity-specific disclosures, for which these illustrative financial statements may serve as a useful reference. Transactions and arrangements other than those addressed by the Fund may require additional disclosures. It should be noted that the illustrative financial statements of the Fund are not designed to satisfy any stock market or country-specific regulatory requirements, nor is this publication intended to reflect disclosure requirements that apply mainly to regulated or specialised industries.

Notations shown on the right-hand margin of each page are references to IFRS paragraphs that describe the specific disclosure requirements. Commentaries are provided to explain the basis for the disclosure or to address alternative disclosures not included in the illustrative financial statements. For a more comprehensive list of disclosure requirements please refer to EY's *Online International GAAP Disclosure Checklist*. If questions arise as to the IFRS requirements, it is essential to refer to the relevant source material and, where necessary, to seek appropriate professional advice.

Improving disclosure effectiveness

The terms 'disclosure overload' and 'cutting the clutter' describe an acute problem in financial reporting that has become a priority issue for the International Accounting Standards Board (IASB or the Board), local standard setters, and regulatory bodies. The growth and complexity of financial disclosure is also drawing significant attention from financial statement preparers, and most importantly, the users of financial statements.

Even though there is no formal definition of 'disclosure overload', from the different discussions and debates among stakeholders, three common themes have appeared, namely financial statements format or structure, tailoring and materiality.

In an attempt to seek ways to improve disclosure in IFRS financial reporting, the IASB has issued amendments to IAS 1 *Presentation of Financial Statements* and to IAS 7 *Statement of Cash Flows* as part of its Disclosure Initiative. The amendments to IAS 1 include narrow-focus improvements in the areas of notes structure, materiality, disaggregation and subtotals, disclosure of accounting policies and presentation of items of other comprehensive income (OCI) arising from equity accounted investments.

The amendments clarify that entities have flexibility as to the order in which they present the notes to financial statements, but also emphasise that understandability and comparability should be considered by an entity when deciding on that order. In *Good Investment Fund Limited (Equity) illustrative financial statements for the year ended 31 December 2018*, the ordering of the notes follows, to a great extent, the structures suggested in paragraph 114 of IAS 1 by giving prominence to and grouping together information about items measured similarly such as assets and liabilities measured at fair value. This is a change from the notes structure in the previous edition of *Good Investment Fund Limited (Equity) for the year ended 31 December 2015* annual financial statements which followed the order of the financial statement line items. This explanation of the change has not been disclosed in the 2018 edition as it has been assumed to have occurred and been explained in the 2016 reporting period when the amendments became effective. An alternative structure that some may find more effective in permitting the users to identify the relevant information more easily, involves reorganising the notes according to their nature and perceived importance. An illustrative ordering of the alternative structure that is based on seven different notes sections is summarised in the table below:

Sections	**For example, comprising:**
Corporate information	▸ Corporate information
Basis of preparation and other significant accounting policies	▸ Basis of preparation ▸ Other significant accounting policies not covered in other sections (below)

Sections	For example, comprising:
	▸ Changes in accounting policies and disclosures ▸ Significant accounting judgements, estimates and assumptions ▸ Fair value measurement and related fair value disclosures ▸ Impact of standards issued but not yet effective
Business, operations, and management	▸ Segment information ▸ Information on investment in subsidiaries and investment in associates ▸ Capital management ▸ Financial risk management objectives and policies ▸ Distributions made and proposed
Significant transactions and events	▸ Hedging activities and derivatives ▸ Related party transactions ▸ Events after reporting period
Detailed information on statement of comprehensive income items	▸ Finance income and costs ▸ Foreign exchange differences ▸ Earnings per share
Detailed information on statement of financial position items	▸ Investment properties ▸ Financial assets and liabilities ▸ Trade and other receivables and payables ▸ Cash and short-term deposits ▸ Issued capital and reserves
Commitments and contingencies	▸ Commitments and contingencies

By structuring the notes according to their nature and perceived importance, a user may more easily be able to extract the more relevant information sought. In addition, the significant accounting policies could alternatively be placed within the same note as the related qualitative and quantitative disclosures to provide a more holistic picture to users of the financial statements. The alternative structure summarised above has been applied in *Good Group (International) Limited 2018 – An Alternative Format*. While this is a different entity from Good Investment Fund Limited, it may assist reporters if they wish to use this alternative format.

Entities may find that other structures are better in enhancing disclosure effectiveness, and the approach summarised above and illustrated in *Good Group (International) Limited 2015 – An Alternative Format* is only meant to illustrate that IFRS allows for alternative notes structures. Entities should carefully assess their entity-specific circumstances and the preferences of the primary users before deciding on notes structure.

Applying the concept of materiality requires judgement, in particular, in relation to matters of presentation and disclosure, and could be another cause of the perceived disclosure overload problem. IFRS sets out the minimum disclosure requirements, which, in practice, are often complied with without consideration of the information's relevance for the specific entity. That is, if the transaction or item is immaterial to the entity, then it is not relevant to users of financial statements, in which case, IFRS does not require that the item be disclosed. If immaterial information is included in the financial statements, it can potentially reduce the transparency and usefulness of the financial statements as the material, and thus, relevant information, loses prominence. The amendments to IAS 1, as a result of the IASB's Disclosure Initiative (as described above), clarify that an entity must not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. The amendments also reemphasise that, when a standard requires a specific disclosure, the information must be assessed to determine whether it is material and, consequently, whether presentation or disclosure of that information is warranted.

As explained above, the primary purpose of these financial statements is to illustrate how the most commonly applicable disclosure requirements can be met. Therefore, they include disclosures that may, in practice, be deemed not material to Good Investment Fund. It is essential that entities consider their own specific circumstances when determining which disclosures to include. These financial statements are not intended to act as guidance for making the materiality assessment: they must always be tailored to ensure that an entity's financial statements reflect and portray its specific circumstances and its own materiality considerations. Only then will the financial statements provide decision useful financial information.

For more guidance on how to improve disclosure effectiveness, please refer to our publication, *Applying IFRS: Improving Disclosure Effectiveness (July 2014)*, and on how to improve overall communication effectiveness, please refer to our publication, *Applying IFRS: Improving Communication Effectiveness (February 2017)*. [1]

Other illustrative financial statements

We provide a number of industry-specific illustrative financial statements and illustrative financial statements addressing specific circumstances that you may consider. The entire series of illustrative financial statements comprises:

- Good Bank (International) Limited
- Good Group (International) Limited
- Good Group (International) Limited – *An Alternative Format*
- Good Group (International) Limited — *Illustrative interim condensed consolidated financial statements*
- Good First-time Adopter (International) Limited
- Good Insurance (International) Limited
- Good Investment Fund Limited (Liability)
- Good Real Estate Group (International) Limited
- Good Mining (International) Limited
- Good Petroleum (International) Limited

In Appendix 8 of this publication, we have included a summary table of the standards that are illustrated across our various illustrative financial statements.

International Financial Reporting Standards (IFRS)

The abbreviation IFRS is defined in paragraph 5 of *the Preface to International Financial Reporting Standards* to include "standards and interpretations approved by the IASB, and International Accounting Standards (IASs) and Standing Interpretations Committee (SIC) interpretations issued under previous Constitutions". This is also noted in paragraph 7 of IAS 1 and paragraph 5 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and* Errors. Thus, when financial statements are described as complying with IFRS, this means that they comply with the entire body of pronouncements sanctioned by the IASB. This includes the IAS, IFRS and Interpretations originated by the IFRS Interpretations Committee (formerly the SIC).

International Accounting Standards Boards (IASB)

The IASB is the independent standard-setting body of the IFRS Foundation (an independent, not-for-profit private sector organisation working in the public interest). The IASB members (14 full-time members as of 1 December 2017) are responsible for the development and publication of IFRS, including *International Financial Reporting Standard for Small and Medium-sized Entities* (IFRS for SMEs), and for approving Interpretations of IFRSs as developed by the IFRS Interpretations Committee. In fulfilling its standard-setting duties, the IASB follows a due process, of which the publication of consultative documents, such as discussion papers and exposure drafts, for public comment is an important component.

The IFRS Interpretations Committee (Interpretations Committee)

The IFRS Interpretations Committee is a committee appointed by the IFRS Foundation Trustees that assists the IASB in establishing and improving standards of financial accounting and reporting for the benefit of users, preparers and auditors of financial statements.

The Interpretations Committee addresses issues of reasonably widespread importance, rather than issues of concern to only a small set of entities. These include any newly identified financial reporting issues not addressed in IFRS. The Interpretations Committee also advises the IASB on issues to be considered in the annual improvements to IFRS project.

[1] *Available at www.ey.com/ifrs*

IFRS as at 31 August 2017

Generally, these illustrative financial statements do not early adopt standards or amendments before their effective date.

The standards applied in these illustrative financial statements are those that were in issue as at 31 August 2017 and effective for annual periods beginning on or after 1 January 2018. Standards issued, but not yet effective, as at 1 January 2018 have not been early adopted.

It is important to note that these illustrative financial statements will require continual updating as standards are issued and/or revised.

Users of this publication are cautioned to check that there has been no change in requirements of IFRS between 31 August 2017 and the date on which their financial statements are authorised for issue. In accordance with paragraph 30 of IAS 8, specific disclosure requirements apply for standards and interpretations issued but not yet effective (see Note 4 of these illustrative financial statements). Furthermore, if the financial year of an entity is other than the calendar year, new and revised standards applied in these illustrative financial statements may not be applicable. For example, the Fund has applied IFRS 9 *Financial Instruments* for the first time in these illustrative financial statements. An entity with a financial year that commences from, for example, 1 April and ends on 31 March, would have to apply IFRS 9 for the first time in the annual financial statements for periods beginning on 1 April 2018. Therefore, IFRS 9 would not have been applicable in the financial statements of an entity with a year-end on 31 March 2018, unless an entity voluntarily chooses to early adopt them.

Accounting policy choices

Accounting policies are broadly defined in IAS 8 and, in addition to the explicit elections provided for in some standards, they also include other conventions and practices that are adopted in applying principles-based standards.

In some cases, IFRS permit more than one accounting treatment for a transaction or event. Preparers of financial statements should select the treatment that is most relevant to their business and circumstances as their accounting policy.

IAS 8 requires an entity to select and apply its accounting policies consistently for similar transactions, events and/or conditions, unless a standard specifically requires or permits categorisation of items for which different policies may be appropriate. Where a standard requires or permits such categorisation, an appropriate accounting policy is selected and applied consistently to each category. Therefore, once a choice of one of the alternative treatments has been made, it becomes an accounting policy and must be applied consistently. Changes in accounting policy should only be made if required by a standard or interpretation, or if the change results in the financial statements providing reliable and more relevant information.

In this publication, when a choice is permitted by IFRS, the Fund has adopted a treatment that is appropriate to its circumstances. In such cases, the commentary provides details of which policy has been selected, the reasons for this policy selection, and summarises the difference in the disclosure requirements.

Financial review by management and schedule of investments

Many entities present a financial review by management that is outside the financial statements. IFRS does not require the presentation of such information, although paragraph 13 of IAS 1 gives a brief outline of what may be included in an annual report. The IASB issued an IFRS Practice Statement, *Management Commentary* in December 2010, that provides a broad non-binding framework for the presentation of a management commentary that relates to financial statements prepared in accordance with IFRS. If a company decides to follow the guidance in the Practice Statement, management is encouraged to explain the extent to which it has been followed. A statement of compliance with the Practice Statement is only permitted if it is followed in its entirety.

Investment funds often also disclose a schedule of investments either inside (as part of the audited information, including comparatives) or outside the financial statements.

Further, the content of a financial review by management and the format of a schedule of investments are often determined by local market requirements or issues specific to a particular jurisdiction.

No financial review by management or schedule of investments has been included for the Fund.

Changes in the 2018 edition of *Good Investment Fund Limited (Equity)* annual financial statements

The previous edition of *Good Investment Fund Limited (Equity)* annual financial statements was based on the standards that were in issue as at 31 August 2015 and effective for annual periods beginning on or after 1 January 2015. The standards and interpretations listed below have become effective since 1 January 2015, and are effective for annual periods beginning 1 January 2018. While the list of new standards is provided below, not all of these new standards will have an impact on these illustrative financial statements.

Other changes from the 2015 edition have been made in order to reflect practice developments and to improve the overall quality of the illustrative financial statements.

Changes to IFRS

The following new standards and amendments became effective as of 1 January 2016:

- IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception - Amendments to IFRS 10, IFRS 12 and IAS 28*
- IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11*
- IFRS 14 *Regulatory Deferral Accounts*
- IAS 1 *Disclosure Initiative - Amendments to IAS 1*
- IAS 16 and IAS 38 - *Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38*
- IAS 16 and IAS 41 *Agriculture - Bearer Plants - Amendments to IAS 16 and IAS 41*
- IAS 27 - *Equity Method in Separate Financial Statements - Amendments to IAS 27*
- *Annual Improvements to IFRSs – 2012-2014 Cycle: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal*
- *Annual Improvements to IFRSs – 2012-2014 Cycle: Financial Instruments: Disclosures - Servicing contracts*
- *Annual Improvements to IFRSs – 2012-2014 Cycle: IFRS 7 Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements*
- *Annual Improvements to IFRSs – 2012-2014 Cycle: IAS 19 Employee Benefits - Discount rate: regional market issue*
- *Annual Improvements to IFRSs – 2012-2014 Cycle: IAS 34 Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'*

The following new standards and amendments became effective as of 1 January 2017:

- *Disclosure Initiative - Amendments to IAS 7*
- *Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12*
- *Annual Improvements to IFRSs – 2014-2016 Cycle: IFRS 12 Disclosure of Interests in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 12*

The following new standards and amendments became effective as of 1 January 2018:

- IFRS 15 *Revenue from Contracts with Customers*
- *Amendments to IFRS 15 Clarifications to IFRS 15 Revenue from Contracts with Customers*
- IFRS 9 *Financial Instruments*
- *Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2*
- *Transfers of Investment Property - Amendments to IAS 40*
- *IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration*
- *Annual Improvements to IFRSs – 2014-2016 Cycle: IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters*
- *Annual Improvements to IFRSs – 2014-2016 Cycle: IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice*
- *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4*

Good Investment Fund Limited (Equity)

Financial statements

31 December 2018

Commentary
Good Investment Fund Limited (Equity) is a limited company incorporated and domiciled in a fictitious country within Europe and whose shares are publicly traded. Financial statements of that category of entity are usually subject to mandatory audit either under International Standards on Auditing (ISA) or local audit standards and auditor's report should be disclosed together with the annual financial statements. However, this publication is not intended to provide guidance on the application of ISA 700 (Revised) Forming an Opinion and Reporting of Financial Statements or the specific requirements of individual jurisdictions. Hence, an illustrative auditor's report on the financial statements of Good Investment Fund Limited (Equity) has not been included.

Statement of comprehensive income

IAS 1.49
IAS 1.51(b)

for the year ended 31 December 2018

IAS 1.10(b)
IAS 1.81A
IAS 1.102
IAS 1.51(c)

	Notes	2018 €000	2017 €000	
				IAS 1.38 IAS 1.51(d),(e)
Income				IAS 1.82(a)
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	5	18,223	(745)	IFRS 7.20(a)(i)
Net gain on investment properties at fair value through profit or loss	11	89	173	
Rental income	11	737	620	IFRS 7.20(b)
Interest revenue	17	1,167	961	
Dividend revenue	18	1,293	875	IFRS 9.5.7.1A
Net foreign exchange gains		101	23	
		21,610	**1,907**	IAS 1.85
Expense				IAS 1.82(b)
Management and performance fees	24	(1,331)	(854)	IAS32.40 IAS 32.IE32
Custodian and administration fees	24	(62)	(40)	IFRS 7.20(b),(c)(i)
Directors fees	24	(66)	(60)	
Other general expenses		(274)	(247)	IAS 1.102
		(1,733)	**(1,201)**	IAS 1.85
Operating profit		**19,877**	**706**	
Finance costs				IAS 1.82(b) IAS 32.40 IAS 32.IE32
Interest expense	17	(2,070)	(1,733)	IFRS 7.20(b),(c)(i)
Profit/(loss) before tax		**17,807**	**(1,027)**	
Withholding tax	20	(194)	(131)	IAS 1.82(d) IAS 12.77
Profit/(loss) and total comprehensive income/(loss) for the year		**17,613**	**(1,158)**	
Basic earnings/(losses) per share	21	**€2.49**	**€(0.21)**	
Diluted earnings/(losses) per share	21	**€2.47**	**€(0.21)**	

Commentary

IAS 1.99 requires expenses recognised in profit or loss to be analysed by either their nature or their function, whichever provides information that is reliable and more relevant. The Fund has presented the analysis of expenses by nature (IAS 1.102).

The Fund has no components of other comprehensive income (OCI), therefore, its profit for the year is the same as its total comprehensive income. If the Fund had OCI, such as gains and losses on financial assets measured at fair value through OCI and cash flow hedge reserves, then it would need to show OCI separately before any increase or decrease in net assets attributable to shareholders.

Funds with OCI components may choose to present all items in one statement, or to present two linked statements, a separate income statement and a statement of OCI.

Statement of financial position

as at 31 December 2018

IAS 1.10(a)
IAS 1.49
IAS 1.63
IAS 1.77
IAS 1.113
IAS 1.51(c)

	Notes	31 December 2018 €000	31 December 2017 €000	
				IAS 1.38
Assets				*IAS 1.51(d),(e)*
Investment properties	11	11,682	11,009	*IAS 1.54(b)*
Financial assets at fair value through profit or loss				*IAS 1.54(d)*
Investment in subsidiaries	5,8,9	44,289	31,137	
Investment in associate	5,8,10	1,996	1,412	
Equity instruments	5,8	40,735	26,526	
Debt instruments	5,8	14,013	8,851	
Derivative financial instruments	5,6,8	2,700	2,020	*IAS 1.54(d)*
Money market funds and similar securities	5,8	2,206	2,091	*IAS 1.54(d)*
Trade and other receivables	12	1,857	1,939	*IAS 1.54(h)*
Cash and cash equivalents	13	1,574	369	*IAS1.54(i)*
Total assets		**121,052**	**85,354**	
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	5,6,8	2,483	2,185	*IFRS 7.8(e)* *IAS 1.54(m)*
Debentures	14	25,851	25,815	
Convertible bonds	15	6,675	–	*IAS 32.28*
Trade and other payables	12	479	465	*IAS 1.54(k)* *IFRS 7.8(f)*
Total liabilities		**35,488**	**28,465**	
Equity				
Share capital	16	58	49	
Share premium		53,191	40,433	
Other reserve	15	1,970	–	*IAS 32.28*
Retained earnings		30,345	16,407	
Total equity		**85,564**	**56,889**	
Total liabilities and equity		**121,052**	**85,354**	

Commentary

IAS 1.60 requires entities to present assets and liabilities in order of their liquidity (rather than split between current and non-current) when this presentation is reliable and more relevant, as will often be the case for an open-ended investment fund.

Statement of changes in equity

for the year ended 31 December 2018

	Notes	Share capital €000	Share premium €000	Other reserve €000	Retained earnings €000	Total equity €000	*IAS 1.106(d)* *IAS 1.136A(a)* *IAS 1.79(a)(iv)* *IAS 1.51(d),(e)*
As at 1 January 2017		**63**	**56,571**	**–**	**25,297**	**81,931**	
Loss and total comprehensive loss for the year		–	–	–	(1,158)	(1,158)	*IAS 1.106(d)(i)*
Dividends	22	–	–	–	(7,732)	(7,732)	*IAS 1.107*
Issue of shares	16	10	12,358	–	–	12,368	*IAS 1.106(d)(iii)*
Repurchase and cancellation of own shares	16	(24)	(28,496)	–	–	(28,520)	*IAS 1.106(d)(iii)*
As at 31 December 2017		**49**	**40,433**	**–**	**16,407**	**56,889**	
Profit and total comprehensive income for the year		–	–	–	17,613	17,613	*IAS 1.106(d)(i)*
Dividends	22	–	–	–	(3,675)	(3,675)	*IAS 1.107*
Issue of shares	16	17	22,915	–	–	22,932	*IAS 1.106(d)(iii)*
Repurchase and cancellation of own shares	16	(8)	(10,157)	–	–	(10,165)	*IAS 1.106(d)(iii)*
Issue of convertible bonds	15	–	–	1,970	–	1,970	*IAS 32.28*
As at 31 December 2018		**58**	**53,191**	**1,970**	**30,345**	**85,564**	

Commentary

The Fund's policy is to cancel repurchased shares immediately (see Appendix 3 for treasury share presentation).

Statement of cash flows

for the year ended 31 December 2018

IAS 1.10(d), IAS 7.10

	Notes	2018 €000	2017 €000	
				IAS 1.49, IAS 1.51(c)
Cash flows from operating activities				IAS 1.38 IAS 1.51(d),(e)
Profit/(loss) before tax		17,807	(1,027)	
Adjustments to reconcile profit/(loss) before tax to net cash flows:				IAS 7.20(b)
Effect of exchange rate changes		(101)	(23)	
Fair value increase in investment property	11	(89)	(173)	
Fair value increase in financial assets at fair value through profit or loss	5	(3,462)	(1,864)	
(Increase)/decrease in money market funds and similar securities		(115)	4,492	
Interest income	17	(1,167)	(961)	
Dividend income	18	(1,293)	(875)	
Interest expense	17	2,070	1,733	
Working capital adjustments:				IAS 7.20(a)
(Increase)/decrease in financial assets held for trading		(19,861)	15,897	IAS 7.15
Decrease in trade and other receivables		74	741	
Increase in financial liabilities held for trading		298	7,085	
Increase/(decrease) in trade and other payables		14	(23)	
		(5,825)	25,002	
Interest received		1,238	890	IAS 7.31
Dividend received		1,230	900	IAS 7.31
Interest paid		(66)	(110)	IAS 7.31
Withholding tax paid		(194)	(131)	IAS 7.35
Net cash flows (used in)/from operating activities		**(3,617)**	**26,551**	IAS 7.13-14
Cash flows from investing activities				IAS 7.21
Loan to subsidiary	9,24	(100)	–	IAS 7.16(a)
Purchase of investment property	11	(584)	(1,004)	IAS 7.16(a)
Acquisition of investment in subsidiary	9	(10,274)	–	IAS 7.16(c), IAS 7.39
Net cash flows used in investing activities		**(10,958)**	**(1,004)**	
Cash flows from financing activities				IAS 7.21
Proceeds from issue of shares		22,932	12,368	IAS 7.17(a)
Payments on repurchase of own shares		(10,165)	(28,520)	IAS 7.17(b)
Distributions paid to shareholders	22	(3,675)	(7,732)	IAS 7.31, IAS 7.34
Proceeds from issue of convertible bonds	15,19	8,600	–	
Interest paid	19	(1,923)	(1,590)	IAS 7.31
Net cash flows from/(used in) financing activities		**15,769**	**(25,474)**	
Net increase in cash and cash equivalents		1,194	73	
Cash and cash equivalents at 1 January	13	369	275	
Effect of exchange rate changes on cash and cash equivalents		11	21	IAS 7.28
Cash and cash equivalents at 31 December	13	**1,574**	**369**	IAS 7.45

R. Carrington

Chairman

D. Fernandez

Deputy Chairman

Dr. Peter Goodman	**Lisa Goodright**	**Ola Nordmann**	**Martin Good**
Board Member	Board Member	Board Member	Board Member

Commentary

IAS 7.18 allows entities to report cash flows from operating activities using either the direct method or the indirect method. The Group presents its cash flows using the indirect method. A statement of cash flows prepared using the direct method for operating activities is presented in Appendix 1 for illustrative purposes.

The Group has reconciled profit before tax to net cash flows from operating activities. However, reconciliation from profit after tax is also acceptable under IAS 7 *Statement of Cash Flows*.

Our view is that an investment fund should classify its movements in investments held for trading as operating activities, since the turnover of such investments is high.

In the cash flow statement, we have also shown the cash flows from investments designated at fair value through profit and loss within investing activities. However, more judgement is required in determining whether the cash flows from such investments should be included within operating or investing activities, as the standard allows both.

Management should consider the investment strategy relating to these investments in determining into which classification the cash flows fall. Management should assess whether the investments are held for the primary purpose of generating future income and cash flows over the long term. If the Fund believes that the transactions in investments designated at fair value through profit or loss themselves are the principal revenue-producing activities of the Fund, then these cash flows should be classified as from operating activities (IAS 7.15). Alternatively, if the revenue streams generated by the investments, such as dividends and interest are considered to be the principal revenue-producing activities, and not the trading of the investments themselves, the acquisition and disposal thereof should be classified as cash flows from investing activities (IAS 7.16). The classification adopted should be applied consistently.

In accordance with IAS 7.22(b), cash receipts and payments for items for which the turnover is quick, the amounts are large, and the maturities are short, are reported on a net basis. In our view, an investment fund may choose whether to present its purchases and sales of investments held for trading gross or net, assuming these transactions meet
the requirements of IAS 7.22(b). Once a presentation policy is selected, it must be applied consistently.

IAS 7.33 permits interest paid to be shown as operating or financing activities and interest received to be shown as operating or investing activities, as deemed relevant for the entity. The Group has elected to classify interest received and interest paid as cash flows from operating activities.

Index to notes to the financial statements

Notes to the financial statements

1. Corporate information

The financial statements of Good Investment Fund Limited (Equity) (the Fund) for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Board of Directors on 28 February 2019. The Fund is an open-ended investment company domiciled and incorporated as a limited company in Euroland. The Fund was incorporated on 17 February 2003 for an unlimited duration in accordance with Euroland law relating to undertakings for collective investment enacted on 30 March 1988.

IAS 1.10(e)
IAS 1.49
IAS 1.113
IAS 10.17
IAS 1.51(a)(b)
IAS 1.138(a)

The Fund's registered office is at Currency House, 30 Hedge Street, Euroville, Euroland.

IAS 1.138(b)

The investment objective of the Fund is to achieve consistent medium-term returns while safeguarding capital by investing in a diversified portfolio of investment properties, equity securities, interest bearing securities and related derivatives in several currencies in both domestic and international markets.

Most of the Fund's investments are listed and traded on stock exchange markets in the European Union and the United States of America, although the Fund also invests in private equity securities and investment properties.

The Fund's investment activities are managed by Good Asset Management Limited (the Investment Manager). The Fund's custodian and administrator is Good Administration Fund Services Limited.

The Fund's shares are redeemable at the holder's option. The redeemable shares are quoted on the Euroland Stock Exchange for informational purposes, but cannot be traded on this exchange. Transactions in these shares take place with the investment manager and the shares may be issued and redeemed on 31 March, 30 June, 30 September, 31 December, or, if these days are not business days, on the next business day based on the Fund's NAV per share at the time of redemption, calculated in accordance with the Fund's constitution.

Commentary

The Fund is listed on a public stock exchange for informational purposes only and its shares are not traded. Such a listing may be to facilitate the valuation of portfolios by investors or because it is a requirement for certain investors who may only invest in the securities of entities that are publicly listed on a stock exchange. Subscriptions and redemptions are handled by the transfer agent/administrator and no transactions are undertaken on the public stock exchange.

2. Significant accounting policies

Commentary

The identification of an entity's significant accounting policies is an important aspect of the financial statements. IAS 1.117 requires the significant accounting policies disclosures to summarise the measurement basis (or bases) used in preparing the financial statements, and the other accounting policies used that are relevant to an understanding of the financial statements. The significant accounting policies disclosed in this note is to illustrate some of the more commonly applicable disclosures. However, it is essential that entities consider their specific circumstances when determining which accounting policies are significant and relevant to be included.

2.1 Basis of preparation

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB). These separate financial statements have been prepared as the only financial statements of the Fund. The financial statements have been prepared on a historical-cost basis, except for financial assets and financial liabilities held at fair value through profit or loss (FVPL) and investment properties that have been measured at fair value.

IAS 1.10(e)
IAS1.16
IAS 1.51(b)
IAS1.118
IAS 1.112(a)
IAS 1.117(a)
IAS 27.16A

The financial statements are presented in euros, which is the functional currency of the Fund, and all values are rounded to the nearest thousand euros (€000), except where otherwise indicated.

IAS 1.51(d)(e)

Commentary

Companies in certain jurisdictions may be required to comply with IFRS that is locally endorsed, for example, listed companies in the European Union (EU) are required to comply with IFRS as endorsed by the EU. These financial statements only illustrate compliance with IFRS as issued by the IASB.

The Fund presents its statement of financial position in order of liquidity. An analysis in respect of recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 25.

2.2 Basis of consolidation

The Fund is an investment entity, therefore, it holds its investments in subsidiaries at fair value rather than consolidating them. The Fund also holds its interests in associates at fair value. Investments in subsidiaries and associates are classified as fair value through profit or loss in accordance with IFRS 9. *IFRS 10.30 IFRS 10.7 IFRS 10.27*

Commentary

In accordance with IFRS 10.27, an investment entity is an entity that:

a Obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;

b. Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

c. Measures and evaluates the performance of substantially all of its investments on a fair value basis.

An investment entity must demonstrate that fair value is the primary measurement attribute used. The fair value information must be used internally by key management personnel and must be provided to the entity's investors. In order to meet this requirement, an investment entity would:

- Elect to account for investment property using the fair value model in IAS 40 *Investment Property*
- Elect the exemption from applying the equity method in IAS 28 for investments in associates and joint ventures, and
- Measure financial assets at fair value in accordance with IFRS 9.

In addition an investment entity should consider whether it has the following typical characteristics:

- It has more than one investment, to diversify the risk portfolio and maximise returns;
- It has multiple investors, who pool their funds to maximise investment opportunities;
- It has investors that are not related parties of the entity; and
- It has ownership interests in the form of equity or similar interests.

The absence of one or more of these typical characteristics does not disqualify an entity from being an investment entity. If the entity does not have all of the typical characteristics, it should provide additional disclosure according to paragraph 9A of IFRS 12.

Based on the above, Good Investment Fund Limited (Equity) is considered to meet all three conditions of the definition and, hence, qualifies as an investment entity.

Investment funds with interests in associates and joint ventures may elect to account for those investments as at fair value through profit or loss provided they meet the criteria of IAS 28.18. Such election should be applied consistently across a portfolio of similar assets.

In accordance with IFRS 10.31, investment entities must not consolidate investment in subsidiaries, and these subsidiaries must be measured at FVPL. If an investment entity has a subsidiary that provides services that relate to the investment entity's investment activities, and that subsidiary is not itself an investment entity, then the exception under IFRS 10.31 does not apply and it must consolidate that subsidiary in accordance with paragraphs 19–26 of IFRS 10.

2.3 Summary of significant accounting policies

IAS 1.112 IAS 1.117

2.3.1 Financial instruments

In the current period the Fund has adopted IFRS 9 *Financial Instruments.* See section 2.4 for an explanation of the impact. Comparative figures for the year ended 31 December 2017 have not been restated. Therefore, financial instruments in the comparative period are still accounted for in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*.

(iA) Classification - ***Policy effective from 1 January 2018 (IFRS 9)*** *IFRS 7.21*

In accordance with IFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below. *IFRS 9.4*

In applying that classification, a financial asset or financial liability is considered to be held for trading if: *IFRS 9 Appendix A*

(a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term

Or

(b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking

Or

(c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Financial assets

IFRS 9.4.1.1

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

2.3 Summary of significant accounting policies *continued*

2.3.1 Financial instruments continued

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund includes in this category short-term non-financing receivables including cash collateral posted on derivative contracts, accrued income and other receivables. *IFRS 9.4.1.2*

Financial assets measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

(a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding *IFRS 9.4.1.4 IFRS 9.4.1.2 IFRS 9.4.1.2A*

Or

(b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell *IFRS 9.4.1.5*

Or

(c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

IFRS 10.31

The Fund includes in this category:

- *Equity instruments*: Included within equity instruments are investments in subsidiaries and associates:
  - *Investment in subsidiaries:* in accordance with the exception under IFRS 10, the Fund does not consolidate subsidiaries in the financial statements unless the subsidiary is not itself an investment entity and its main purpose and activities are providing services that relate to the Fund's investment activities. The Fund has no consolidated subsidiaries. The Fund measures unconsolidated subsidiaries (including loans to subsidiaries) at FVPL. *IAS 28.18*

Investment in associates: In accordance with the exemption in IAS 28 *Investments in Associates and Joint Ventures,* the Fund does not account for its investments in associates using the equity method. Instead, the Fund has elected to measure its investments in associates at FVPL.

- *Debt instruments*. These include investments that are held under a business model to manage them on a fair value basis for investment income and fair value gains.
- *Instruments held for trading.* This category includes equity instruments and debt instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price. This category also includes derivative contracts in an asset position.

Commentary

According to IFRS 9 financial assets may be classified in one of the following categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income with cumulative gains and losses reclassified to profit or loss upon derecognition.
- Equity instruments designated as measured at fair value through other comprehensive income with gains and losses remaining in other comprehensive income, i.e. without recycling to profit or loss upon derecognition.
- Debt instruments, derivatives and equity instruments at fair value through profit or loss.

The Fund does not have any debt instruments or equity instruments measured at fair value through other comprehensive income. Therefore, the policy above does not further discuss such classification.

Financial liabilities

Financial liabilities measured at fair value through profit or loss (FVPL)

IFRS 9.4.2.1

A financial liability is measured at FVPL if it meets the definition of held for trading.

IFRS 9 Appendix A

The Fund includes in this category, derivative contracts in a liability position and equity and debt instruments sold short since they are classified as held for trading.

IFRS 9.4.2.2

2.3 Summary of significant accounting policies *continued*

2.3.1 Financial instruments continued

Commentary

A financial liability is also measured at fair value through profit or loss if, upon initial recognition, it is irrevocably designated by the entity as at fair value through profit or loss when doing so results in more relevant information, because either: *IFRS 9.4.2.2* *IFRS 9.4.3.5*

- It eliminates, or significantly reduces, a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases

  Or
- A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel

If a contract contains one or more embedded derivatives and the host is not an asset within the scope of IFRS 9, an entity may designate the entire hybrid contract as at fair value through profit or loss unless:

- The embedded derivative(s) do(es) not significantly modify the cash flows that otherwise would be required by the contract

  Or
- It is clear with little or no analysis when a similar hybrid instrument is first considered that separation of the embedded derivative(s) is prohibited, such as a prepayment option embedded in a loan that permits the holder to prepay the loan for approximately its amortised cost.

This category has not been discussed in the accounting policy above since the Fund does not have instruments with such characteristics.

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Fund includes in this category convertible bonds, debentures, and other short-term payables. *IFRS 9.4.2.1*

Commentary

The classification of financial liabilities under IFRS 9 does not follow the approach used for the classification of financial assets; rather it remains broadly the same as under IAS 39. Financial liabilities are measured either at fair value through profit or loss or at amortised cost.

In addition, IFRS 9 specifies the accounting treatment for liabilities arising from certain financial guarantee contracts and commitments to provide loans at below market rates of interest. These instruments have not been further discussed in these illustrative financial statements as they are not typical of investment funds.

(iB) Classification - ***Policy effective before 1 January 2018 (IAS 39)*** *IFRS 7.21*

The Fund classifies its financial assets and financial liabilities at initial recognition into the following categories, in accordance with IAS 39. *IAS 39.9* *IAS 39.43*

Financial assets and liabilities at FVPL

The category of financial assets and liabilities at FVPL is sub-divided into:

- *Financial assets and liabilities held for trading:* financial assets are classified as held for trading if they are acquired for the purpose of selling and/or repurchasing in the near term. This category includes equity instruments, debt instruments and derivatives. These assets are acquired principally for the purpose of generating a profit from short-term fluctuations in price. All derivatives and liabilities from short sales of financial instruments are classified as held for trading. The Fund's policy is not to apply hedge accounting. *IAS 39.9* *IAS 39.AG14*
- *Financial instruments designated as at FVPL upon initial recognition:* these include investment in subsidiaries and investment in associates and debentures. These financial assets and liabilities are designated upon initial recognition on the basis that they are part of a group of financial assets that are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Fund, as set out in the Fund's offering document. *IAS 39.9* *IFRS 7.B5(a)*
  - *Investment in subsidiaries:* In accordance with the exception under IFRS 10, the Fund does not consolidate subsidiaries in the financial statements. Investments in subsidiaries (including loans to subsidiaries) are accounted for as financial instruments at FVPL. *IFRS 10.31* *IFRS 10.4(c)*
  - *Investment in associates*: In accordance with the exemption within IAS 28, the Fund does not account for its investments in associates using the equity method. Instead, the Fund has elected to measure its investments in associates at FVPL. *IAS 28.18*

Notes to the financial statements

2.3 Summary of significant accounting policies *continued*

2.3.1 Financial instruments continued

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Fund includes in this category collateral on derivatives, securities borrowed and other short-term receivables. *IAS 39.9*

Other financial liabilities

This category includes all financial liabilities, other than those classified as at FVPL. The Fund includes in this category debentures, collateral on derivatives, securities lent and other short-term payables. *IAS 39.9*

(ii) Recognition

The Fund recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. *IFRS 9.3.1.1 IAS 39.14*

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset. *IFRS 9 Appendix A IAS 39.9 IFRS 9.3.1.2 IAS 39.38 IFRS 7.B5(c)*

(iii) Initial measurement

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss. *IFRS 9.5.1.1 IAS 39.43*

Financial assets and liabilities (other than those classified as at FVPL) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

(iv) Subsequent measurement

After initial measurement, the Fund measures financial instruments which are classified as at FVPL, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and liabilities at FVPL in the statement of comprehensive income. Interest and dividends earned or paid on these instruments are recorded separately in interest revenue or expense and dividend revenue or expense in the statement of comprehensive income. *IFRS 9.5.2.1-2 IAS 39.46 IFRS 9.5.7.1 IAS 39.55(a) IFRS 7.20(a) IFRS 7.B5(e)*

Commentary

There is no specific requirement as to where in the statement of comprehensive income the interest and dividend on financial instruments classified as at fair value through profit or loss should be recorded. However, the policy applied should be consistent from one period to the next and IFRS 7 requires the location to be disclosed. For example, interest or dividends earned on financial instruments measured at FVPL may be included in net gains or losses for the category, or in interest or dividend income, and the policy should make it clear where they are reported. In these financial statements, interest and dividends on financial instruments measured at fair value through profit or loss are disclosed as interest and dividend revenue and expense, respectively.

There are differing views as to how to treat interest or dividend expense on short positions. In our view, they should be classified in a manner consistent with the treatment of interest and dividends on long positions and included in either interest or dividend expense, or in gains and losses on financial instruments at FVPL, as appropriate.

Debt instruments, other than those classified as at FVPL, are measured at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the debt instruments are derecognised or impaired, as well as through the amortisation process. *IFRS 9.Appendix A IAS 39.9 IFRS 9.5.7.2 IAS 39.56 IFRS 9.5.3.*

Financial liabilities, other than those classified as at FVPL, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process. *IFRS 9.5.7.2 IAS 39.47*

The effective interest method (EIR) is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense in profit or loss over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments, but does not consider expected credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. *IFRS 9.Appendix A IAS 39.9 IAS 39.AG6 IFRS 9.B5.4.4*

2.3 Summary of significant accounting policies *continued*

2.3.1 Financial instruments continued

Commentary

The effective interest method in relation to financial assets above is based on the assumption that none of the financial assets is considered to be credit-impaired. If financial assets are credit-impaired, the EIR method is applied in the following manner:

- For purchased or originated credit-impaired financial assets, the Fund applies the credit-adjusted EIR to the amortised cost of the financial asset from initial recognition. The credit-adjusted EIR is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial asset to the amortised cost of a financial asset that is a purchased or originated credit-impaired financial asset. When calculating the credit-adjusted EIR, the Fund estimates the expected cash flows by considering all contractual terms of the financial asset (for example, prepayment, extension, call and similar options) and expected credit losses.
- For financial assets that are not purchased or originated credit-impaired financial assets but, subsequently, have become credit-impaired financial assets, the Fund applies the EIR to the amortised cost (i.e., after impairment) of the financial asset in subsequent reporting periods.

(v) Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Fund has: *IFRS 9.3.2.3-4 IAS 39.17-18 IFRS 9.3.2.5(c) IAS 39.19 (c)*

(a) Transferred substantially all of the risks and rewards of the asset *IFRS 9.3.2.6(a) IAS 39.20(a)*

Or *IFRS 9.3.2.6(c)(i) IAS 39.20(c)(i)*

(b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset *IFRS 9.3.2.6(c)(ii) IAS 39.20(c)(ii)*

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the fund has retained. *IFRS 9.3.2.16(a) IAS 39.30(a) IFRS 9.3.2.17 IAS 39.31*

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired. *IFRS 9.3.3.1 IAS 39.39*

(vi) Compound financial instruments

A compound financial instrument which contains both a liability and an equity component is separated at the issue date. *IAS 32.28*

The Fund has issued bonds with an equity conversion feature. When establishing the accounting treatment of these non-derivative instruments the Fund first establishes whether the instrument is a compound instrument and classifies such instruments or components separately as financial liabilities, or equity instruments in accordance with IAS 32 *Financial Instruments: Presentation*. The Fund separately recognises the components of a financial instrument that: (a) creates a financial liability for the Fund; and (b) grants an option to the holder of the instrument to convert it into an equity instrument of the entity. Classification of the liability and equity components of a convertible instrument is not revised as a result of a change in the likelihood that a conversion option will be exercised, even when exercise of the option may appear to have become economically advantageous to some holders. When allocating the initial carrying amount of a compound financial instrument to its equity and liability components, the equity component is assigned the residual amount after deducting from the entire fair value of the instrument, the amount separately determined for the liability component. *IAS 32.28*

On conversion, shares in the Fund are issued and the liability component is derecognised. There is no gain or loss recognised on conversion.

An analysis of the risks attached to these instruments and a reconciliation of the carrying amount are disclosed in Notes 7 and 19.

Notes to the financial statements

2.3 Summary of significant accounting policies *continued*

2.3.2 Impairment of financial assets

Policy effective from 1 January 2018 (IFRS 9)

The Fund holds only trade receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade receivables. Therefore the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. *IFRS 9.5.5.15*

The Fund's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. *IFRS 9.5.5.17* *IFRS 9.B5.5.35*

The Fund uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

Policy effective before 1 January 2018 (IAS 39)

The Fund assesses at each reporting date whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. *IAS 39.63* *IFRS 7.B5(f)* *IAS 39.58-59*

Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future ECLs that have not yet been incurred) discounted using the asset's original EIR. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss as credit loss expense. *IAS 39.AG84* *IFRS 7.16*

Impaired debts, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Fund. If a previous write-off is later recovered, the recovery is credited to the credit loss expense. *IFRS 7.B5(d)(i)* *IFRS 7.B5(d)(ii)* *IAS 39.65*

Interest revenue on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. *IAS 39.AG93*

2.3.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the statement of financial position. *IAS 32.42*

Notes to the financial statements

2.3 Summary of significant accounting policies *continued*

2.3.4 Investment properties

Investment property is held for long-term rental yields or for capital appreciation or both, and is not occupied by the Fund. *IAS 40.5*

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. *IAS 40.20*

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the statement of comprehensive income in the year in which they arise, including the corresponding tax effect. For the purposes of these financial statements, in order to avoid double accounting, the assessed fair value is reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments. *IAS 40.33 IAS 40.35 IAS 7.75(a)*

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset would result in either gains or losses at the retirement or disposal of investment property. *IAS 40.66 IAS 40.69*

2.3.5 Fair value measurement

The Fund measures its investments in properties, subsidiaries and associates as well as its investments in financial instruments, such as equity instruments, debentures, other interest bearing investments and derivatives, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. *IFRS 13.9 IFRS 13.16 IFRS 13.22 IFRS 13.27*

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

Commentary

Paragraph 77 of IFRS 13 *Fair Value Measurement* specifies that the existence of published price quotations in an active market is the best evidence of fair value and, when they are available, they are used to measure fair value. IFRS 13 defines an active market as 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. The quoted price from an active market cannot be adjusted for transaction costs or the size of the holding, according to paragraph 25 and 69 (respectively) of IFRS 13.

Paragraph 70 of IFRS 13 specifies that, if an asset or a liability measured at fair value has a bid price and an ask price (e.g., an input from a dealer market), the price within the bid-ask spread that is most representative of fair value in the circumstances must be used to measure fair value regardless of where the input is categorised within the fair value hierarchy. The use of bid prices for asset positions and ask prices for liability positions is permitted, but not required. Paragraph 71 of IFRS 13 does not preclude the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread.

The Fund does not hold assets and liabilities with offsetting positions. Where a Fund does have financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk, it may elect to use the measurement exception in IFRS 13 to measure the fair value of its net risk exposure by applying the bid or ask price to the net open position, as appropriate.

For all other financial instruments not traded in an active market, the fair value is determined using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions, adjusted as necessary, and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible). *IFRS 13.61 IFRS 13.B5 – B11*

2.3 Summary of significant accounting policies *continued*

2.3.5 Fair value measurement *continued*

For assets and liabilities that are measured at fair value on a recurring basis, the Fund identifies transfers between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole), and deems transfers to have occurred at the beginning of each reporting period. *IFRS 13.95*

2.3.6 Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the Fund operates. The majority of the Fund's returns are euro-based, the capital is raised in euros, the performance is evaluated and its liquidity is managed in euros. Therefore, the Fund concludes that the euro is its functional currency. *IAS 21.9 IAS 1.51(d) IAS 21.10*

The fund's presentation currency is also the euro.

2.3.7 Foreign currency translations

Transactions during the period, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction. *IAS 21.21*

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. *IAS 21.23(a)*

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. *IAS 21.23(b) IAS 21.23(c)*

Foreign currency transaction gains and losses on financial instruments classified as at FVPL are included in profit or loss in the statement of comprehensive income as part of the 'net gain or loss on financial assets and liabilities at fair value through profit or loss'. *IAS 21.28*

2.3.8 Leases

Fund as lessor

Leases in which the Fund does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Minimum lease payments are recognised on a straight-line basis over the lease term and contingent rents are recognised as revenue in the period in which they are earned. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. When the Fund provides incentives to its customers, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income. *IAS 17.8 IAS 17.50 IAS 17.52*

2.3.9 Amounts due to and due from brokers

Amounts due to brokers are payables for securities purchased (in a regular way transaction) that have been contracted for, but not yet delivered, on the reporting date. Refer to the accounting policy for financial liabilities, other than those classified as at FVPL, for recognition and measurement. *IAS 39.38*

Amounts due from brokers include margin accounts and receivables for securities sold (in a regular way transaction) that have been contracted for, but not yet delivered, on the reporting date. Refer to the accounting policy for loans and receivables for recognition and measurement.

Margin accounts represent cash deposits held with brokers as collateral against open futures contracts.

IAS 39.IG B.10

Commentary

Many derivative instruments require margin payments. The margin payment may take the form of cash, securities, or liquid assets. A margin payment is not part of the initial net investment in a derivative, but is a form of collateral for the counterparty or clearing-house. Margin payments are separate assets that are generally accounted for separately.

2.3.10 Share capital

Classification of redeemable shares *IAS 32.11*

Redeemable shares are classified as equity instruments when: *IAS 32.16A*

- The redeemable shares entitle the holder to a *pro rata* share of the Fund's net assets in the event of the Fund's liquidation
- The redeemable shares are in the class of instruments that is subordinate to all other classes of instruments
- All redeemable shares in the class of instruments that is subordinate to all other classes of instruments have identical features
- The redeemable shares do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a *pro rata* share of the Fund's net assets
- The total expected cash flows attributable to the redeemable shares over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument

2.3 Summary of significant accounting policies *continued*

2.3.10 Share capital *continued*

In addition to the redeemable shares having all of the above features, the Fund must have no other financial instrument or contract that has: *IAS 32.16B*

- Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund
- The effect of substantially restricting or fixing the residual return to the redeemable shareholders

Commentary

IAS 32 also provides an exception to the definition of a financial liability for instruments that entitle the holder to a *pro rata* share of the net assets of an entity only on liquidation if particular requirements are met. Many of those requirements are similar to those for puttable financial instruments (IAS 32.16A and 16B). The differences between the requirements are, as follows: *IAS 32.16C IAS 32.16D*

- There is no requirement that there be no other contractual obligations
- There is no requirement to consider the expected total cash flows throughout the life of the instrument
- The only feature that must be identical among the instruments in the class is the obligation for the issuing entity to deliver to the holder a *pro rata* share of its net assets on liquidation

Arrangements with shareholders as non-owners may be included in the terms and conditions of the shares or, alternatively, in a separate contract. If a shareholder also has a role as a non-owner, the cash flows, conditions and features relating to the shareholder as both owner and non-owner must be considered in isolation in order to determine whether the shares meet the definition of puttable instruments classified as equity instruments under IAS 32.16A-B. In many partnerships, the terms and conditions of a general partner's contract are more extensive than those of a limited partner. However, those additional terms and conditions may not relate to the general partner as an owner; rather, they may relate to the general partner as either a managing director of the fund, a supplier, or as a provider of a guarantee. For example, when the general partner provides a guarantee to the fund in return for a fee, the guarantee and the associated cash flows are considered to be separate from the partnership interests. Hence, the guarantee and the associated cash flows would not result in the general partners being considered subordinate to the limited partners and would be disregarded when assessing whether the contractual terms of the limited partnership instruments and the general partnership instruments are identical.

The Fund continuously assesses the classification of the redeemable shares. If the redeemable shares cease to have all the features, or meet all the conditions set out, to be classified as equity, the Fund will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in equity. If the redeemable shares subsequently have all the features and meet the conditions to be classified as equity, the Fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification. *IAS 32.16E IAS 32.16F*

Commentary

The assessment of the classification of the redeemable shares is not limited only to the reporting date, it is a continuous assessment which would have been performed throughout the periods covered by these financial statements. It is assumed that the redeemable shares of the Fund have had all the features and have met all the conditions for classification as equity instruments during all the reported periods. Please refer to Appendix 4 for an illustration of presentation and disclosures that may be relevant for a fund which reclassifies its redeemable shares.

The issuance, acquisition and cancellation of redeemable shares are accounted for as equity transactions.

Upon the issuance of shares, the consideration received is included in equity. Transaction costs incurred by the Fund in issuing or acquiring its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. *IAS 32.37*

Own equity instruments that are reacquired (treasury shares) are deducted from equity and accounted for at amounts equal to the consideration paid, including any directly attributable incremental costs. The Fund's policy is not to keep shares in treasury, but, rather, to cancel them once repurchased. *IAS 32.33*

No gain or loss is recognised in the statement of comprehensive income on the purchase, issuance or cancellation of the Fund's own equity instruments.

Notes to the financial statements

2.3 Summary of significant accounting policies *continued*

2.3.11 Distributions to shareholders

Dividends are at the discretion of the Fund. A dividend to the Fund's shareholders is accounted for as a deduction from retained earnings. An interim dividend is recognised as a liability in the period in which it is irrevocably declared by the Board of Directors. A final dividend is recognised as a liability in the period in which it is approved by the annual general meeting of shareholders.

IAS 32.16A(d)
IAS 32.AG13
IAS 10.12

Commentary

In many jurisdictions, investment funds are exempt from income tax only if they fully distribute their net taxable income. In order to be classified as equity instruments under IAS 32, the redeemable shares should (amongst other requirements) contain no contractual obligation to deliver a financial asset to another entity other than the put option (IAS 32.16A(d)). Some funds incorporate the requirement to distribute taxable income in their constitutions, thereby creating a contractual obligation to distribute. In such cases, the redeemable shares should be classified as financial liabilities. Other funds distribute their taxable income on a discretionary basis without being contractually obliged (although they may be economically compelled) to do so. The redeemable shares of such funds may meet the definition of puttable instruments classified as equity instruments under IAS 32.

'Redemptions payable' and 'dividend payable' are classified as financial liabilities.

IAS 7.46

2.3.12 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and short-term deposits in banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less. *IAS 7.6*

Short-term investments that are not held for the purpose of meeting short-term cash commitments and restricted margin accounts are not considered as 'cash and cash equivalents'. *IAS 7.7*

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when applicable. *IAS 7.8* *IAS 7.46*

2.3.13 Interest revenue and expense

Interest revenue and expense are recognised in the statement of comprehensive income for all interest-bearing financial instruments using the effective interest method.

IFRS 9.5.4.1-2
IAS 39.9
IAS 32.35

2.3.14 Dividend revenue and expense

Dividend revenue is recognised on the date when the Fund's right to receive the payment is established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of comprehensive income. Dividend expense relating to equity securities sold short is recognised when the shareholders' right to receive the payment is established.

IFRS 7.B5(e)
IFRS 9.5.7.1A

Commentary

IFRS does not address the accounting treatment for dividends received by investors who have the choice to receive cash or shares. Under US GAAP, such dividends are usually recognised as investment income in the amount of the cash option, because, in such cases, cash is usually the best evidence of fair value of the shares.

2.3.15 Net gain or loss on financial assets and liabilities at fair value through profit or loss

Net gains or losses on financial assets and liabilities at FVPL are changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as at FVPL and exclude interest and dividend income and expenses.

IFRS 7.20(a)
IFRS 7.B5(e)
IAS 39.55(a)

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of the prior period's unrealised gains and losses for financial instruments which were realised in the reporting period. Realised gains and losses on disposals of financial instruments classified as at FVPL are calculated using the first-in, first-out (FIFO) method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

Commentary

A separate disclosure of realised and unrealised gains or losses from financial instruments classified as at FVPL is not required by IFRS. However, a fund may find it useful to provide such information. Often the realised profit is the basis for the amount that must be distributed to avoid incurring a taxation liability or the amount that may be distributed in terms of the contract with shareholders. The calculation of the realised and unrealised gains or losses is often driven by jurisdictional requirements and, as such, differences are expected (e.g., some funds only include the unrealised gains or losses that have arisen during the reporting period). A fund which chooses to provide such information should disclose the basis for the calculation and explain how the split between realised and unrealised is determined.

2.3 Summary of significant accounting policies *continued*

2.3.16 Fee expense

Fees are recognised on an accrual basis. Refer to Note 24 for management and performance fees, custodian and administration fees and directors' fees. Legal and audit fees are included within other general expenses.

2.3.17 Withholding taxes

The Fund is exempt from all forms of taxation in Euroland, including income, capital gains and withholding taxes. However, in some jurisdictions, investment income is subject to withholding tax deducted at the source of the income. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income and is not significant for the Fund. The Fund presents the withholding tax separately from the gross investment income in the statement of comprehensive income. For the purpose of the statement of cash flows, cash inflows from investments are presented gross of withholding taxes, when applicable.

Commentary

A fund may be subject to tax on its investments, which is imposed by the tax authorities in the investee's jurisdiction. Funds are not exempt from providing for tax and they should determine if tax, including deferred tax, needs to be recognised in the financial statements. The non-refundable portion of the withholding tax is included in the scope of IAS 12 *Income Taxes* (including relevant recognition, measurement, presentation and disclosure) and is recognised as a tax expense. It should be noted that jurisdictions may treat these taxes differently and these differences may impact the amounts included in the financial statements.

IAS 12 does not directly address the presentation of dividends on which tax has been paid (i.e., whether they should be shown at the amount received, or gross of withholding tax together with a corresponding tax charge). However, in discussing the presentation prescribed for the paying company, IAS 12.65A describes withholding tax as an amount paid to the tax authorities on behalf of shareholders. It would, therefore, be most consistent with this treatment for the recipient to show dividends (and other income subject to withholding taxes) gross of withholding taxes. The view taken in these financial statement is that withholding tax on dividends received from all investments is considered income tax within the scope of IAS 12. This has governed the gross presentation of dividends received and withholding tax in the income statement. However, the fund's adjustments to the balance sheet are immaterial.

2.4 Changes in accounting policies and disclosures

New and amended standards and interpretations

IAS 8.14

The Fund applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2018.

The nature and the impact of each new standard and amendment is described below:

IFRS 9 *Financial Instruments*

The Fund adopted IFRS 9 *Financial Instruments* on its effective date of 1 January 2018. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* and introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is not applicable to items that have already been derecognised at 1 January 2018, the date of initial application.

IFRS 9.7.2.1

(a) Classification and measurement

The Fund has assessed the classification of financial instruments as at the date of initial application and has applied such classification retrospectively. Based on that assessment:

- All financial assets previously held at fair value continue to be measured at fair value.
- Debt instruments and equity instruments, other than investments in subsidiaries and associates, are acquired for the purpose of generating short-term profit. Therefore, they meet the held-for-trading criteria and are required to be measured at FVPL.
- Investments in subsidiaries and associates are measured at fair value in accordance with IFRS 10 and IAS 28, respectively, as the Fund is an investment entity.

2.4 Changes in accounting policies and disclosures *continued*

New and amended standards and interpretations *continued*

Commentary

The discussion above assumes that all financial assets carried at FVPL, other than investments in subsidiaries and associates, are held for trading. Debt instruments, which are not held for trading, may also be held at FVPL if they fail the SPPI test or they are held within a portfolio of investments that is managed and whose performance is evaluated on a fair value basis in accordance with IFRS 9.B4.1.6.

Equity instruments, which are not held for trading, must still be held at FVPL unless an irrevocable election is made on initial recognition to present subsequent changes in fair value in other comprehensive income. However, we expect most investment funds to carry their investments in equity instruments at FVPL.

- Financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Thus, such instruments continue to be measured at amortised cost under IFRS 9.
- The classification of financial liabilities under IFRS 9 remains broadly the same as under IAS 39. The main impact on measurement from the classification of liabilities under IFRS 9 relates to the element of gains or losses for financial liabilities designated as at FVPL attributable to changes in credit risk. IFRS 9 requires that such element be recognised in other comprehensive income (OCI), unless this treatment creates or enlarges an accounting mismatch in profit or loss, in which case, all gains and losses on that liability (including the effects of changes in credit risk) should be presented in profit or loss. The Fund has not designated any financial liabilities at FVPL. Therefore, this requirement has not had an impact on the Fund.

(b) Impairment

IFRS 9 requires the Fund to record ECLs on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. Given the limited exposure of the fund to credit risk, this amendment has not had a material impact on the financial statements. The Fund only holds trade receivables with no financing component and which have maturities of less than 12 months at amortised cost and therefore has adopted an approach similar to the simplified approach to ECLs.

(c) Hedge accounting

The Fund has not applied hedge accounting under IAS 39 nor will it apply hedge accounting under IFRS 9.

Impact of adoption of IFRS 9

The classification and measurement requirements of IFRS 9 have been adopted retrospectively as of the date of initial application on 1 January 2018, however, the Fund has chosen to take advantage of the option not to restate comparatives. Therefore, the 2017 figures are presented and measured under IAS 39. The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Fund's financial assets and financial liabilities as at 1 January 2018. *IFRS 9.7.2.15*

Financial assets *IFRS 7:42I* *IFRS 7:42J*

1 January 2018	IAS 39 classification	IAS 39 measurement (€000)	IFRS 9 classification	IFRS 9 measurement (€000)
Equity instruments	Held for trading at FVPL	26,526	FVPL	26,526
Debt instruments	Held for trading at FVPL	8,851	FVPL	8,851
Derivative financial instruments	Held for trading at FVPL	2,020	FVPL	2,020
Money market funds and similar securities	Held for trading at FVPL	2,091	FVPL	2,091
Trade and other receivables	Loans and receivables	1,939	Amortised cost	1,929
Cash and cash equivalents	Loans and receivables	369	Amortised cost	369
Investment in subsidiaries	Designated at FVPL	31,137	FVPL	31,137
Investment in associate	Designated at FVPL	1,412	FVPL	1,412

2.4 Changes in accounting policies and disclosures *continued*

New and amended standards and interpretations *continued*

Financial liabilities

1 January 2018	IAS 39 classification	IAS 39 measurement (€000)	IFRS 9 classification	IFRS 9 measurement (€000)
Debentures	Amortised cost	26,084	Amortised cost	26,084
Derivative financial instruments	Held for trading at FVPL	2,185	FVPL	2,185
Trade and other payables	Other financial liabilities	196	Amortised cost	196

In line with the characteristics of the Fund's financial instruments as well as its approach to their management, the Fund neither revoked nor made any new designations on the date of initial application. IFRS 9 has not resulted in changes in the carrying amount of the Fund's financial instruments due to changes in measurement categories. All financial assets that were classified as FVPL under IAS 39 are still classified as FVPL under IFRS 9. All financial assets that were classified as loans and receivables and measured at amortised cost continue to be.

IFRS 7.42I(c)
IFRS 7.42J(b)
IFRS 7.42L(a)
IFRS 7.42J(a)
IFRS 7.42L(b)

In addition, the application of the ECL mode under IFRS 9 has not significantly changed the carrying amounts of the Fund's amortised cost financial assets. An ECL allowance of €10,000 has been recorded against the Fund's trade receivables compared to no impairment recorded under IAS 39.

IFRS 7.42P
IFRS 7.42O

The carrying amounts of amortised cost instruments continued to approximate these instruments' fair values on the date of transition after transitioning to IFRS 9.

Commentary

The disclosure requirements for the initial application of IFRS 9 are set out in paragraphs IFRS 7.42I to 42S. Paragraphs IFRS 7.42I and L require quantitative disclosures to explain the impact of adoption of IFRS 9 in the reporting period that includes the date of initial application of IFRS 9. IFRS 7. 42J requires qualitative disclosures to further explain the rationale behind these changes. The impact of IFRS 9 on the Fund is limited and, as such, the disclosures have been dealt with succinctly. In cases where the impact is larger, more detailed disclosures would be required.

IFRS 7.42M requires disclosure of the fair value of financial assets and financial liabilities which have been reclassified into the amortised cost category, or out of the FVPL category and into the FVOCI category on transition, as well as the fair value gain or loss that would have been recognised if the financial assets or financial liabilities had not been reclassified.

Where assets have been reclassified out of the FVPL category on transition, IFRS 7.42N requires disclosure of the EIR determined on the date of initial application and the interest revenue or expense recognised. These disclosures are not modelled here as there have been no such cases in this Fund.

IFRS 7.42O requires that the transition disclosures allow reconciliation between the measurement categories presented in accordance with IAS 39 and IFRS 9, the class of financial instrument as well as their fair values as at the date of initial application of IFRS 9. This requires a comparison between carrying values and fair values for instruments not measured at fair value. In the Fund's case, management has concluded that the carrying amount of assets held at amortised cost (which are all short-term) approximates fair value, both before and after the adoption of IFRS 9. This is possible as the impact of the ECL provision on this measurement category is limited and narrowed the existing gap between carrying amount and fair value. However, other preparers will need to be careful, especially in cases where the ECL provision is significant, as this may highlight that the IAS 39 carrying value did not approximate fair value and therefore, any statement to that effect at the 2017 reporting date may have been erroneous.

IFRS 7.42P requires disclosures which permit reconciliation of the impairment allowance and provisions in terms of IAS 39 and IAS 37 respectively and the opening loss allowance under IFRS 9. Due to the limited impact on the Fund, this information has been provided in narrative rather than tabular form.

IFRS 15 *Revenue from contracts with customers*

The Fund adopted IFRS 15 *Revenue from contracts with customers* on its effective date of 1 January 2018. IFRS 15 replaces IAS 18 *Revenue* and establishes a five-step model to account for revenue arising from contracts with customers. In addition, guidance on interest and dividend income have been moved from IAS 18 to IFRS 9 without significant changes to the requirements. Therefore, there was no impact of adopting IFRS 15 for the Fund.

2.4 Changes in accounting policies and disclosures *continued*

New and amended standards and interpretations *continued*

Amendments to IAS 40 - *Transfers of Investment Property*

The amendment is applied prospectively, however, retrospective application in accordance with IAS 8 is permitted if possible without the use of hindsight. The amendment clarifies when an entity should transfer property, including property under construction or development into, or out of, investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. This is effective for accounting periods beginning on or after 1 January 2018. There has been no change in use of any of the Fund's investment property.

Commentary

For illustrative purposes, the Fund has listed the disclosures of new and amended standards and interpretations that are effective from 1 January 2018 and relevant to the Fund. However, an alternative that entities should consider would be to list and address all the disclosures, regardless of whether these have any impact on the Fund's financial statements. Please refer to *Good Group (International) Limited 2018* for all the disclosures of new and amended standards and interpretations that are effective from 1 January 2018.

In some jurisdictions, the adoption of IFRS for reporting purposes may be subject to a specific legal process (e.g., in the European Union or Australia). In those jurisdictions, the effective dates may therefore be different from the IASB's effective dates. Nevertheless, all new standards and interpretations must be considered for disclosure as standards issued but not yet effective in accordance with IAS 8.30 when an entity provides a complete set of financial statements, irrespective of whether the legal process referred to above has been completed.

3. Significant accounting judgements, estimates and assumptions

IAS 1.122
IAS 1.125

The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

IAS 1.122

In the process of applying the Fund's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Assessment as investment entity

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at FVPL rather than consolidate them. The criteria which define an investment entity are, as follows:

IFRS 10.27

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment management services
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis

The Fund's prospectus details Its objective of providing investment management services to investors which includes investing in equities, fixed income securities, private equity and property investments for the purpose of returns in the form of investment income and capital appreciation.

The Fund reports to its investors via quarterly investor information, and to its management, via internal management reports, on a fair value basis. All investments are reported at fair value to the extent allowed by IFRS in the Fund's annual reports. The Fund has a clearly documented exit strategy for all of its investments. IFRS 10.B85B

The Board has also concluded that the Fund meets the additional characteristics of an investment entity, in that it has more than one investment; the Fund's ownership interests are predominantly in the form of equities and similar securities; it has more than one investor and its investors are not related parties. IFRS 10.B85K IFRS 10.B85F

The Board has concluded that the Fund meets the definition of an investment entity. These conclusions will be reassessed on a continuous basis, if any of these criteria or characteristics change. IFRS 10.28 IFRS 10.29

Subsidiaries in which the Fund holds less than a majority of voting rights

The Fund owns 45% of the units in Good Private Equity Fund and the remaining units are widely dispersed so that no other investor holds a share greater than 3%. Decisions require the approval of a majority of votes at the shareholders meeting. Ordinarily, 100% of voters would not be expected to attend or vote at the meetings and the other shareholders are passive in nature (as demonstrated at previous meetings). The fund does not have arrangements to consult other shareholders or make collective decisions. Therefore, the 45% holding of the Fund is, in effect, enough to control the outcome of voting at these meetings. As such, the Board has concluded that the Fund has control of Good Private Equity Fund, and accordingly, it has been accounted for as a subsidiary at fair value. IFRS 10.B38-46

Commentary

IFRS 10 recognises that an investor may have power over an investee without a majority of voting rights. IFRS 10.B38 considers arrangements which may allow for an investor to have power in these circumstances. In the above situation power has been assessed based on the voting rights held and the dispersal of other voting rights. It should be stressed that holding 45% of the shares in an entity does not by itself give rise to control in all instances. The factors provided in IFRS 10 need to be considered to determine whether an investor has power over its investees or not.

3. Significant accounting judgements, estimates and assumptions *continued*

IAS 1.122
IAS 1.125

Assessment of fund investments as structured entities

The Fund has assessed whether the funds in which it invests should be classified as structured entities. The Fund has considered the voting rights and other similar rights afforded to investors in these funds, including the rights to remove the fund manager or redeem holdings. The Fund has concluded as to whether these rights are the dominant factor in controlling the funds, or whether the contractual agreement with the fund manager is the dominant factor in controlling these funds.

The Fund has concluded that Good Private Equity Fund and Good Equities Investment Fund are not structured entities, but Good International Investment Fund is a structured entity, because the relevant activities are directed by means of the contractual agreement rather than the voting rights or other similar rights.

IFRS 12.7(a)(b)
IFRS 12.9
IFRS 12.14
IFRS 12.17

Estimates and assumptions

IAS 1.125

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

Fair value

For fair value of financial instruments and investment properties, please refer to Note 6.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and changes in tax laws on foreign withholding tax. Given the wide range of international investments, differences arising between the actual investment income and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax expense already recorded. The Fund establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it invests. The amounts of such provisions are based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective investment's domicile. As the Fund assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognised.

IAS 12.88

Commentary

In these financial statements, it is assumed that the Fund has determined that there are no tax provisions to be recognised in any period presented, other than withholding tax deducted at the source of the income (see Note 20).

4. Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's financial statements are disclosed below, except for those standards which, in the opinion of the Board, will clearly not impact the Fund. The Fund intends to adopt these standards, if applicable, when they become effective.

IAS 8.30
IAS 8.31

IFRS 16 *Leases*

IFRS 16 was issued in January 2016 and requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. Lessor accounting is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. The standard requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019, however early adoption is permitted. The Fund is a Lessor and expects the impact of adopting this standard to be minimal.

Commentary

IAS 8.30 requires disclosure of those standards that have been issued but are not yet effective. These disclosures are required to provide known or reasonably estimable information to enable users to assess the possible impact of the application of such IFRSs on an entity's financial statements. The fund has listed and addressed only those standards and interpretations that are reasonably expected to have an impact on the accounting policies, financial position or performance of an entity. An alternative that entities may consider would be to list all standards and interpretations that are not yet effective.

5. Financial assets and financial liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss

	2018	2017	
	€000	**€000**	
Equity instruments			
Listed equity securities	37,886	25,384	
Listed managed funds	2,829	1,142	
Unlisted managed funds	20	–	
	40,735	26,526	
Debt instruments			
Debt securities	12,178	7,650	
Asset-backed securities	552	388	
Treasury bills	1,183	813	
Loan to subsidiary	100	–	
	14,013	8,851	
Money market funds and similar securities	2,206	2,091	
Derivative financial instruments			*IAS 39.9*
Share price index futures	123	132	
Exchange traded share price options	328	276	
Currency swaps	1,592	1,258	
Forward currency contracts	657	354	
	2,700	2,020	
Investment in subsidiaries	44,289	31,137	
Investment in associate	1,996	1,412	
	46,285	32,549	
Total financial assets at fair value through profit or loss	**105,939**	**72,037**	

In the comparative period, the Fund classified its equity instruments, debt instruments, money market funds and similar securities as well as derivative financial instruments as financial assets held for trading and its investments in subsidiaries and associate were designated at FVPL. *IFRS 7.8(a)(i)* *IFRS 7.8(a)(ii)*

Commentary

IFRS 7.9 requires additional disclosure to be made where a financial asset (or group of financial assets) that would otherwise be measured at amortised cost or FVOCI has been designated as measured at FVPL. The additional disclosures include the following: the maximum credit exposure, the impact of credit derivatives on the credit exposure, and the change in the fair value of the instrument (or group of instruments) and any related credit derivatives due to changes in credit risk, both during the period and cumulatively.

Notes to the financial statements

5. Financial assets and financial liabilities at fair value through profit or loss *continued*

Financial liabilities at fair value through profit or loss

	2018	2017	
	€000	€000	*IFRS 7.8(e)(ii)*
Financial liabilities held for trading			*IAS 39.AG15(a)*
Derivative financial instruments			
Interest rate swaps	794	283	
Share price index futures	1,689	1,902	
Total financial liabilities held for trading	**2,483**	**2,185**	
Financial liabilities at fair value through profit or loss	**2,483**	**2,185**	

Net changes in fair value of financial assets and financial liabilities through profit or loss

	2018	2017	*IFRS 7.20(a)(i)*
	Net gains/ (losses)	Net gains/ (losses)	
	€000	€000	
Financial assets			
At fair value through profit or loss	**17,165**	**(1,948)**	
Financial liabilities			
Held for trading	1,058	1,203	
Net changes in fair value	**18,223**	**(745)**	

In the comparative period, the Fund recognised a net loss of €3,812,000 on financial assets held for trading and a net gain of €1,864,000 on financial assets designated at FVPL.

6. Derivative contracts

Typically, derivative contracts serve as components of the Fund's investment strategy and are utilised primarily to structure and hedge investments, enhance performance and reduce risk to the Fund (the Fund does not designate any derivative as a hedging instrument for hedge accounting purposes). The derivative contracts that the Fund may hold, or issue, from time to time include: futures; over-the-counter (OTC) options; forward currency contracts; exchange-traded options; currency swap agreements; interest caps and floors and interest rate swap agreements. *IFRS 7.31*

The Fund uses derivative financial instruments to economically hedge its risks associated primarily with interest rates and foreign currency fluctuations. Derivative financial instruments may also be used for trading purposes where the Investment Manager believes this would be more effective than investing directly in the underlying financial instruments. *IFRS 7.33*

Derivatives often reflect, at their inception, only a mutual exchange of promises with little or no transfer of tangible consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the underlying of a derivative contract may have a significant impact on the profit or loss of the Fund.

OTC derivatives may expose the Fund to the risks associated with the absence of an exchange market on which to close out an open position.

The Fund's constitution sets limits on investments in derivatives with high risk profile. The Investment Manager is instructed to closely monitor the Fund's exposure under derivative contracts as part of the overall management of the Fund's market risk (see also Note 7).

The credit risk factors relating to derivatives have been considered and credit valuation adjustments (CVA) for counterparty credit risk and debit valuation adjustments (DVA) for own credit risk have been made to the OTC derivatives in the current and previous year.

6. Derivative contracts *continued*

The following table shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the reporting dates and are not indicative of either the market risk or the credit risk. *IFRS 7.34(a)*

	2018			2017		
	Assets	**Liabilities**	**Notional amount**	**Assets**	**Liabilities**	**Notional amount**
	€000	**€000**	**€000**	**€000**	**€000**	**€000**
Derivatives primarily held for trading purposes						
Share price index futures	123	1,689	45,000	132	1,902	55,000
Share price options	328	–	30,000	276	–	25,000
	451	1,689	75,000	408	1,902	80,000
Derivatives primarily held for risk management purposes						
Interest rate swaps	–	794	20,000	–	283	20,000
Currency swaps	1,592	–	14,487	1,258	–	12,203
Forward currency contracts	657	–	10,716	354	–	3,221
	2,249	794	45,203	1,612	283	35,424
Total derivatives	**2,700**	**2,483**	**120,203**	**2,020**	**2,185**	**115,424**

7. Financial risk and management objectives and policies

IFRS 7.31
IFRS 7.32

Introduction

The Fund's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund is exposed to market risk (which includes interest rate risk, currency risk and price risk), liquidity risk, credit risk and investment holding period risk arising from the financial instruments it holds. *IFRS 7.33 IFRS 7.IG15(a)*

Risk management structure

IFRS 7.IG15(b)(i)

The Fund's investment manager is responsible for identifying and controlling risks. The Board of Directors supervises the investment manager and is ultimately responsible for the overall risk management of the Fund.

Risk measurement and reporting system

IFRS 7.IG15(b)(ii)

The Fund's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses that are an estimate of the ultimate actual loss based on statistical models. The models make use of the probabilities derived from historical experience, adjusted to reflect the economic environment.

Monitoring and controlling risks is primarily set up to be performed based on limits established by the Board of Directors. These limits reflect the business strategy, including the risk that the Fund is willing to accept and the market environment of the Fund. In addition, the Fund monitors and measures the overall risk in relation to the aggregate risk exposure across all risks type and activities.

Risk mitigation

IFRS 7.IG15(b)(iii)

The Fund has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy.

The Fund uses derivatives and other instruments for trading purposes and in connection with its risk management activities.

IFRS 7.IG15(b)(iv)

The investment manager assesses the risk profile before entering into economic hedge transactions. The effectiveness of hedges is assessed by the board of directors (based on economic considerations rather than IFRS hedge accounting conditions). The effectiveness of all hedge relationships is monitored by the Board of Directors on a quarterly basis. In situations of ineffectiveness, the investment manager is instructed to enter into a new hedge relationship to mitigate risk on a continuous basis, thereby restructuring or closing out the already existing hedge cover.

7. Financial risk and management objectives and policies *continued*

Excessive risk concentration

Concentration indicates the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowing facilities or reliance on a particular market in which to realise liquid assets. Concentrations of foreign exchange risk may arise if the Fund has a significant net open position in a single foreign currency, or aggregate net open positions in several currencies that tend to move together.

IFRS 7.34(c)
IFRS 7.B8
IFRS 7.IG18

In order to avoid excessive concentrations of risk, the Fund's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. The investment manager is instructed to reduce exposure or to use derivative instruments to manage excessive risk concentrations when they arise.

IFRS 7.IG15(c)

Commentary

Concentrations of risk arise from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions.

Concentrations of risk should be disclosed if not otherwise apparent. This should include:

- A description of how management determines concentrations
- A description of the shared characteristic that identifies each concentration (e.g., counterparty, geographical area, currency or market); for example, the shared characteristic may refer to geographical distribution of counterparties by groups of countries, individual countries or regions within countries
- The amount of the risk exposure associated with all financial instruments sharing that characteristic

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The maximum risk resulting from financial instruments, except for written options and securities sold short, equals their fair value.

IFRS 7.33

Short selling involves borrowing securities and selling them to a broker-dealer. The Fund has an obligation to replace the borrowed securities at a later date. Short selling allows the Fund to profit from a decline in market price to the extent that such decline exceeds the transaction costs and the costs of borrowing the securities, while the gain is limited to the price at which the Fund sold the security short. Possible losses from short sales may be unlimited as the Fund has a liability to repurchase the security in the market at prevailing prices at the date of acquisition. With written options, the Fund bears the market risk of an unfavourable change in the price of the security underlying the option. Exercise of an option written by the Fund could result in the Fund selling or buying a security at a price significantly different from its fair value.

Commentary

IFRS 7 Financial Instruments: Disclosures, paragraph 40 requires an entity to prepare a sensitivity analysis for each type of market risk to which it is exposed. However, under IFRS 7.41, if an entity prepares a sensitivity analysis, such as Value-at-Risk (VaR), that reflects interdependencies between risk variables (e.g., interest rates and exchange rates) and uses it to manage financial risks, it may use that sensitivity analysis in place of the analysis required by IFRS 7.40.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board of Directors has established limits on the interest gaps for stipulated periods. The Fund enters into interest rate derivatives, mainly interest rate swaps in which the Fund agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount in an effort to manage these risks. The majority of interest rate exposure arises on investments in debt securities, in the European Union and United States of America. Most of the Fund's investments in debt securities carry fixed interest rates and mature within five years. The Fund's issued debentures and convertible bonds mature in January 2029 and January 2042 respectively.

IFRS 7.33
IFRS 7.B20

7. Financial risk and management objectives and policies *continued*

The following table demonstrates the sensitivity of the Fund's profit or loss for the year to a reasonably possible change in interest rates, with all other variables held constant. The sensitivity of the profit or loss for the year is the effect of the assumed changes in interest rates on: *IFRS 7.40(b)*

- The net interest income for one year, based on the floating rate financial assets held at the end of the reporting period
- Changes in fair value of investments for the year, based on revaluing fixed rate financial assets and liabilities at the end of the reporting period

There is no sensitivity effect on other comprehensive income (OCI) as the Fund has no assets classified as fair value through OCI (or as available-for-sale under IAS 39) or designated hedging instruments. In practice, the actual trading results may differ from the below sensitivity analysis and the difference could be significant.

IFRS 7.40(a)
IFRS 7.B18
IFRS 7.B19
IFRS 7.IG36

	Change in basis points	Sensitivity of interest income Increase/(decrease)	Sensitivity of changes in fair value of investments Increase/(decrease)
		€000	€000
31 December 2018			
EUR LIBOR	+25/-25	3/(3)	(42)/29
US LIBOR	+20/-20	1/(1)	(22)/17
GB LIBOR	+15/-15	(0)/0	(13)/11
Others	+25/-25	(0)/0	(2)/1
31 December 2017			
EUR LIBOR	+30/-30	1/(1)	(40)/28
US LIBOR	+35/-35	(0)/0	(30)/23
GB LIBOR	+10/-10	(0)/0	(7)/6
Others	+20/-20	(0)/0	0/(0)

The following table analyses the Fund's interest rate risk exposure. The Fund's assets and liabilities are included at their carrying amount and categorised by the earlier of contractual re-pricing or maturity dates:

As at 31 December 2018	0-3 months €000	3 months - 6 months €000	6 months - 1 year €000	1-5 years €000	More than 5 years €000	Total €000
Variable rate assets						
Debt instruments	205	347	–	–	–	552
Fixed rate assets					–	
Loan to subsidiary	–	–	–	100	–	100
Debt instruments	705	778	1,790	10,088	–	13,361
Money market funds and similar securities	2,206	–	–	–	–	2,206
Trade and other receivables	1,857	–	–	–	–	1,857
Cash and cash equivalents	1,574	–	–	–	–	1,574
Total interest bearing assets	**6,547**	**1,125**	**1,790**	**10,188**	–	**19,650**
Fixed rate liabilities						
Debentures	–	–	–	–	25,851	25,851
Convertible bonds	–	–	–	–	6,675	6,675
Trade and other payables	479	–	–	–	–	479
Total interest bearing liabilities	**479**	–	–	–	**32,526**	**33,005**

7. Financial risk and management objectives and policies *continued*

As at 31 December 2017	0-3 months €000	3 months – 6 months €000	6 months – 1 year €000	1-5 years €000	More than 5 years €000	Total €000
Variable rate assets						
Debt instruments	82	306	–	–	–	388
Fixed rate assets						
Debt instruments	738	934	2,800	3,991	–	8,463
Money market funds and similar securities	2,091	–	–	–	–	2,091
Trade and other receivables	1,939	–	–	–	–	1,939
Cash and cash equivalents	369	–	–	–	–	369
Total interest bearing assets	**5,219**	**1,240**	**2,800**	**3,991**	–	**13,250**
Fixed rate liabilities						
Debentures	–	–	–		25,815	25,815
Trade and other payables	465	–	–	–	–	465
Total interest bearing liabilities	**465**	**–**	**–**		**25,815**	**26,280**

Commentary

IFRS 7.34(a) requires an entity to disclose a summary of quantitative data about its exposure to each type of risk at the reporting date, which should be based on the information provided internally to the management. IFRS 7 does not explicitly specify whether an entity needs to provide disclosure of contractual re-pricing of its interest rate exposures, but the Fund discloses the above information in addition to the interest rate sensitivity analysis disclosed earlier. It is assumed that the Fund's management reviews and monitors the interest rate risk based on such a table.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund invests in securities and other investments that are denominated in currencies other than the euro. Accordingly, the value of the Fund's assets may be affected favourably or unfavourably by fluctuations in currency rates. Therefore, the Fund will necessarily be subject to foreign exchange risks. *IFRS 7.33* *IFRS 7.B23*

The primary purpose of the Fund's foreign currency economic hedging activities is to protect against the volatility associated with investments and other assets and liabilities denominated in foreign currencies in the normal course of business. The Fund primarily utilises currency swaps, forward exchange contracts and purchased currency options to hedge foreign-currency-denominated financial instruments. Increases or decreases in the fair values of the Fund's foreign-currency-denominated financial assets and liabilities are partially offset by gains and losses on the economic hedging instruments.

The Fund's policy is to limit its exposure to USD to up to 55% of NAV and to GBP to up to 35% of NAV.

The following table indicates the currencies to which the Fund had significant exposure as at 31 December on its monetary financial assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the currency rate against the euro on profit or loss with all other variables held constant. *IFRS 7.34* *IFRS 7.40(b)* *IFRS 7.IG36*

There is no sensitivity effect on OCI as the Fund has no assets classified as fair value through OCI (or as available-for-sale under IAS 39) or designated hedging instruments.

IFRS 7.40(a) *IFRS 7.B18* *IFRS 7.B24*

Currency	Change in currency rate %	Effect on profit or loss *(relates to monetary financial assets and liabilities)* 2018 €000	2017 €000
USD	+9	1,073	695
GBP	+8	380	242

7. Financial risk and management objectives and policies *continued*

The following table indicates the currencies to which the Fund had significant exposure at 31 December on both its monetary and non-monetary financial assets and liabilities. The analysis calculates the total effect of a reasonably possible movement of the currency rate against the euro on profit or loss with all other variables held constant.

Currency	Change in currency rate	Effect on profit or loss *(relates to both monetary and non-monetary financial assets and liabilities)* 2018	2017
	%	€000	€000
USD	+9	3,992	2,592
GBP	+8	1,420	922

An equivalent decrease in each of the aforementioned currencies against the euro would have resulted in an equivalent but opposite impact.

Commentary

Changes in exchange rates might be considered to impact the fair value of the Fund's foreign equity investments. However, as noted in IFRS 7.B23, financial instruments that are non-monetary items do not give rise to foreign currency risk for the purposes of IFRS 7. Essentially, the foreign currency risk is seen as part of the market price risk associated with such instruments.

Therefore, the Fund takes no account of these investments when disclosing its sensitivity to changes in the foreign exchange rate in the first (primary) table. However, as the information relating to the equity investments (i.e., non-monetary items) is significant, the Fund also provides the total effect of the changes on its financial instruments as an additional disclosure in the second table on a voluntary basis.

The following tables set out the Fund's exposure to foreign currency exchange rates on monetary financial assets and liabilities and total financial assets and liabilities (including derivatives) at the reporting date:

Concentration of foreign currency exposure *IFRS 7.34(c)*

IFRS 7.B8(c)

	2018	2017
% of total monetary financial assets		
USD	37%	41%
GBP	24%	21%
Other	1%	1%
	62%	**63%**
% of total monetary financial liabilities		
USD	32%	37%
GBP	21%	19%
	53%	**56%**

	2018	2017
% of total financial assets		
USD	35%	40%
GBP	23%	22%
Other	1%	2%
	59%	**64%**
% of total financial liabilities		
USD	30%	35%
GBP	19%	20%
	49%	**55%**

7. Financial risk and management objectives and policies *continued*

Commentary

In accordance with IFRS 7.35, where the quantitative data disclosed as at the reporting date are unrepresentative of the fund's exposure to risk during the period, further information that is representative should be provided. For example, if a fund typically has a large exposure to a foreign currency, but at year-end, unwinds the position, the fund might disclose a graph that shows the exposure at various times during the period, or it might disclose the highest, lowest and average exposures.

Equity price risk

IFRS 7.33

Equity price risk is the risk of unfavourable changes in the fair values of equity instruments or equity-linked derivatives as the result of changes in the levels of equity indices and the value of individual shares. The equity price risk exposure arises from the Fund's investments in equity securities, from equity securities sold short and from equity-linked derivatives. The Fund manages this risk by investing in a variety of stock exchanges and by limiting exposure to a single industry sector to 25% of NAV. The Fund's constitution limits equity investments to 5% (or 10%, subject to a special approval of the Board of Directors) of the share capital of a single entity.

IFRS 7.34
IFRS 7.40(b)
IFRS 7.IG36

Management's best estimate of the effect on profit or loss for a year due to a reasonably possible change in equity indices, with all other variables held constant is indicated in the table below. There is no effect on OCI as the Fund has no assets classified as FVOCI (or as available-for-sale under IAS 39) or designated hedging instruments. In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material. An equivalent decrease in each of the indices shown below would have resulted in an equivalent, but opposite, impact.

In addition to the change in equity indices, the sensitivity analysis below includes the effect of foreign currency exchange rates:

IFRS 7.40(a)

Market indices	Change in equity index	Effect on profit or loss for the year 2018	2017
	%	€000	€000
FTSE 100	+/-9	+/-1,939	+/-1,155
Euronext 100	+/-11	+/-2,845	+/-1,797
Euroland 50	+/-8	+/-345	+/-233
NYSE	+/-10	+/-3,017	+/-2,334
NASDAQ 100	+/-12	+/-517	+/-350

Commentary

For a fund which invests in unlisted entities (e.g., a fund of funds), the equity indices sensitivity table may be replaced with a more relevant sensitivity table, such as sensitivity based on investment or hedge strategies grouped in accordance with IFRS 7.B8 (e.g., long/short equity, relative value and event driven).

The market indices details provided above do not include details for investments in private equity securities.

7. Financial risk and management objectives and policies *continued*

Concentration of equity price risk *IFRS 7.34(c)*

The following table analyses the Fund's concentration of equity price risk in the Fund's equity portfolio by geographical distribution (based on counterparties' place of primary listing or, if not listed, place of domicile). *IFRS 7.B8(c)*

% of equity securities and units in managed funds

	2018	2017
European Union (excluding United Kingdom)	36%	35%
United Kingdom	25%	22%
United States of America	38%	43%
Other	1%	–
Total	**100%**	**100%**

The following table analyses the Fund's concentration of equity price risk in the Fund's equity portfolio by industrial distribution:

% of equity securities and units in managed funds

	2018	2017
Banks	21%	23%
Insurance	19%	18%
Telecommunication	17%	12%
Energy	12%	10%
Retail	10%	15%
Food and beverages	9%	11%
Software	5%	8%
Auto parts and equipment	5%	3%
Other	2%	0%
Total	**100%**	**100%**

Commentary

Under IFRS 7.42, when the sensitivity analyses disclosed are unrepresentative of a risk inherent in a financial instrument, the fund should disclose that fact and the reason it believes the sensitivity analyses are unrepresentative. This may be the case, for example, when:

- A financial instrument contains terms and conditions whose effects are not apparent from the sensitivity analysis, e.g., options that remain out of (or in) the money for the chosen change in the risk variable
- Financial assets are illiquid, e.g., when there is a low volume of transactions in similar assets and the fund finds it difficult to find a counterparty
  Or
- The fund has a large holding of a financial asset that, if sold in its entirety, would be sold at a discount or premium to the quoted market price for a smaller holding

Appendix 2 illustrates such disclosures.

7. Financial risk and management objectives and policies *continued*

Liquidity risk

Commentary

IFRS 7.39 permits derivative liabilities to be excluded from the maturity analysis, unless the contractual maturities are essential for an understanding of the timing of the cash flows. However, the Basis for Conclusions implies that derivatives should be reported in accordance with paragraph 34(a), based on information provided to management (unless this information is already included within the contractual maturity analysis required in paragraph 39).

The application guidance requires entities to explain how liquidity risk data is determined and to provide details of when cash flows could occur significantly earlier than indicated or are for significantly different amounts. The example provided of the latter is whether the cash flows for a derivative are included on a net settlement basis, but where the counterparty has the option to require gross settlement. This implies that entities should also provide quantitative data on gross cash flows for any derivatives which are included on a net basis, but which the entity expects to settle gross. These include instruments such as currency swaps and forward foreign exchange contracts. In practice, it is likely that this will be satisfied by disclosing the notional amount of such derivatives.

The application guidance illustrates other factors that an entity might also consider disclosing, for example, the various sources that the entity has access to in order to meet its liquidity requirements, such as committed borrowing facilities and instruments subject to master netting agreements. An entity is also required to disclose the maturities of financial assets held for liquidity purposes, if that information is necessary to enable users of its financial statements to evaluate the nature and extent of liquidity risk.

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its shares earlier than expected. The Fund is exposed to cash redemptions of its redeemable shares on a regular basis. Shares are redeemable at the holder's option based on the Fund's NAV per share at the time of redemption, calculated in accordance with the Fund's constitution. *IFRS 7.33(a)*

The Fund manages its obligation to repurchase the shares when required to do so and its overall liquidity risk by: *IFRS 7.33(b) IFRS 7.39(c) IFRS 7.B11E*

- Allowing for redemptions only on 31 March, 30 June, 30 September, 31 December, or, if these days are not business days, on the next business day
- Requiring a 10-day notice period before redemptions

The Fund's policy is to satisfy redemption requests by the following means (in decreasing order of priority):

- Searching for new investors
- Withdrawal of cash deposits
- Disposal of highly liquid assets (i.e., short-term, low-risk debt investments)
- Either disposal of other assets or increase of leverage

The Fund invests primarily in marketable securities and other financial instruments which, under normal market conditions, are readily convertible to cash. In addition, the Fund's policy is to maintain sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests.
In extreme circumstances, the Fund would be able to place restrictions on redemptions.

Commentary

A fund with material illiquid investments should disclose that fact, the risk associated with the lack of an active market for those investments and the internal control processes and contingency plans for managing this risk (IFRS 7.B11F(e)).

Funds of funds should provide additional liquidity risk disclosure about the impact of restrictions such as lock-up periods, side pockets, exit penalties and redemption gates which prohibit or significantly limit redemptions of units in underlying investment funds during certain periods. As a result of such restrictions, the fund may not be able to meet short-term liquidity needs or respond promptly to adverse changes (in either the market or the investee). In order to manage its liquidity, the fund will usually tend to impose restrictions on redemption and sale, transfer, or encumbrance of its own units. A hedge fund's investor agreement may provide the investment manager with the ability to halt redemptions in the fund (for example, until they can be honoured in an orderly fashion). Such halts may be imposed to help avoid the fund from having to be liquidated. Alternatively, halts may be imposed if the fund's investments become so difficult to value that there would be serious concern that redeeming members would benefit to the disadvantage of remaining investors. Restrictions on redemptions through the use of pro-rata reductions to investors' redemption amounts due to a high level of overall investor redemption requests are commonly referred to as gates.

7. Financial risk and management objectives and policies *continued*

Trading limits and collateral arrangements limit the extent to which liabilities can be incurred by the Fund. Such trading limits are based upon the size and marketability of the assets held by the Fund. The average holding period of a short investment is less than six months.

The Fund enters into master-netting arrangements with major counterparties to derivative contracts. Refer to the Credit risk section below for further discussion. *IFRS 7.B11F(i)*

It is the Fund's policy that the investment manager monitors the Fund's liquidity position on a daily basis and that the board of directors reviews it on a quarterly basis. *IFRS 7.B11F(e)*

Commentary

IFRS 7.B11D requires the amounts disclosed in the maturity analysis required by IFRS 7.39 (a) and (b) to be the contractual undiscounted cash flows. IFRS 7.B11D (d) requires contractual amounts to be exchanged in a derivative financial instrument (e.g., a currency swap) for which gross cash flows are exchanged to be shown gross. Although IFRS 7 does not require disclosure of the receive leg of gross-settled derivatives, the Fund has disclosed the gross cash inflows from the receive leg to present a complete analysis.

When the amount payable is not fixed, the amount disclosed should be determined by reference to the conditions existing at the reporting date. For example, if the amount payable varies with changes in an index, the amount disclosed may be based on the level of the index at the reporting date (IFRS 7.B11D). IFRS 7 does not indicate whether the amount should be based on the spot or forward price of the index.

IFRS 7. 39(c) requires an entity to describe how it manages the liquidity risk inherent in the items disclosed in the quantitative disclosures required for non-derivative and derivative liabilities. IFRS 7.B11E states that an entity must disclose a maturity analysis of financial assets it holds for managing liquidity risk (e.g., financial assets that are readily saleable or expected to generate cash inflows to meet cash outflows on financial liabilities), if that information is necessary to enable users of its financial statements to evaluate the nature and extent of liquidity risk.

The following table summarises the maturity profile of the Fund's financial liabilities and gross-settled derivatives based on contractual undiscounted cash flows. The table also analyses the maturity profile of the Fund's financial assets in order to provide a complete view of the Fund's contractual commitments and liquidity. Amounts relating to derivatives are calculated based on the spot price of the index. *IFRS 7.39(a)(b)* *IFRS 7.34*

Financial liabilities *IFRS 7.B11C*

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When a counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Fund can be required to pay.

Financial assets *IFRS 7.B11E*

Analysis of equity and debt securities at FVPL into maturity groupings is based on the expected date on which these assets could be realised. For other assets, the analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or, if earlier, the expected date on which the assets could be realised.

Derivatives

The investment manager considers the contractual maturities of derivatives primarily held for risk management purposes (see Note 6) to be essential for the understanding of the timing of the cash flows. Contractual maturities of derivatives held for trading purposes are also included in order to give a full picture of the liquidity gap. *IFRS 7.39(b)* IFRS 7.B11B

Commentary

The Fund provides a full maturity analysis for all financial assets and liabilities in order to provide a full picture of the liquidity gap. A maturity analysis should include the following (required unless noted):

- Non-derivative financial liabilities (IFRS 7.39(a)) and derivative financial liabilities for which contractual maturities are essential for an understanding of the timing of the cash flows (IFRS 7.39(b))
- Other derivatives, disclosure is optional (e.g., in order to present the full liquidity gap)
- Financial assets held for managing liquidity risk (Required by IFRS 7.B11E if that information is necessary to enable users of its financial statements to evaluate the nature and extent of liquidity risk)
- Loan commitments and financial guarantees (IFRS 7.B11B(b) and IFRS 7.39(a))

7. Financial risk and management objectives and policies *continued*

The table below summarises the maturity profile of the Fund's financial assets and liabilities based on contractual undiscounted receipts and payments:

	On demand	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years	No fixed maturity	Total
As at 31 December 2018	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**
Loan to subsidiary	–	–	–	5	105	–	–	110
Investment in subsidiaries	–	–	–	–	–	–	44,289	44,289
Investment in associate	–	–	–	–	–	–	1,996	1,996
Equity instruments	–	–	–	–	–	–	40,735	40,735
Debt instruments	340	570	1,125	1,790	10,588	–	–	14,413
Derivative financial instruments	1,270	55	61	119	1,430	–	–	2,935
Money market funds and similar securities	–	2,206	–	–	–	–	–	2,206
Trade and other receivables	1,857	–	–	–	–	–	–	1,857
Cash and cash equivalents	1,574	–	–	–	–	–	–	1,574
Total financial assets	**5,041**	**2,831**	**1,186**	**1,914**	**12,123**	–	**87,020**	**110,115**
Debentures	–	–	795	795	7,950	36,040	–	45,580
Convertible bonds	–	–	–	333	1,665	14,994	–	16,992
Derivatives financial instruments	1,599	43	50	884	–		–	2,576
Trade and other payables	479	–	–	–	–		–	479
Total financial liabilities	**2,078**	**43**	**845**	**2,012**	**9,615**	**51,034**	**–**	**65,627**
As at 31 December 2017								
Investment in subsidiaries	–	–	–	–	–	–	31,137	31,137
Investment in associate	–	–	–	–	–	–	1,412	1,412
Equity instruments	–	–	–	–	–	–	26,526	26,526
Debt instruments	120	700	1,240	2,800	4,291	–	–	9,151
Derivative financial instruments	1,400	58	69	126	620	–	–	2,273
Money market funds and similar securities	2,091	–	–	–	–	–	–	2,091
Trade and other receivables	1,939	–	–	–	–	–	–	1,939
Cash and cash equivalents	369	–	–	–	–	–	–	369
Total financial assets	**5,919**	**758**	**1,309**	**2,926**	**4,911**	–	**59,075**	**74,898**
Debentures	–	–	795	795	7,950	37,630	–	47,170
Derivatives financial instruments	1,210	34	39	975	–	–	–	2,258
Trade and other payables	465	–	–	–	–	–	–	465
Total financial liabilities	**1,675**	**34**	**834**	**1,770**	**7,950**	**37,630**	**–**	**49,893**

7. Financial risk and management objectives and policies *continued*

Commentary

In accordance with paragraph B11 of IFRS 7, in preparing the maturity analyses required by paragraphs 39(a) and (b) of IFRS 7, an entity must use its judgement to determine an appropriate number and widths of time bands. The time bands for the maturity dates disclosed for this Fund are based on management's assessment of the nature of the specific assets and liabilities of this Fund.

Credit risk

Commentary

IFRS 9 has resulted in consequential amendments to IFRS 7. However, these are not required to be given for comparative periods. This set complies with the IFRS 7 requirements by providing the amended IFRS 7 disclosures for the 2018 period and the previously required disclosures for the 2017 period. In addition, comparative disclosures have been provided for the amended IFRS 7 requirements where this is possible without hindsight or undue cost and effort. For example, the disclosures have been segmented into those applicable to instruments subject to IFRS 9 impairment (or IAS 39 impairment in the comparative period) and those which are not. *IFRS 7.44Z*

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Fund by failing to discharge an obligation. The Fund is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations. These credit exposures exist within debt instruments, derivatives, money market funds and similar securities, derivative assets, short-term trade receivables, and cash and cash equivalents. *IFRS 7.33(a)*

It is the Fund's policy to enter into financial instruments with reputable counterparties.

The Investment Manager's policy is to closely monitor the creditworthiness of the Fund's counterparties (e.g., brokers, custodian and banks) by reviewing their credit ratings, financial statements and press releases on a regular basis. In relation to rental income receivable, the Investment Manager assesses the tenants according to Fund's criteria prior to entering into lease arrangements.

Credit risk disclosures are segmented into two sections based on whether the underlying financial instrument is subject to IFRS 9's impairment disclosures or not. *IFRS 7.34* *IFRS 7.35A-N*

IFRS 7.36

Financial assets subject to IFRS 9's impairment requirements

The Fund's financial assets subject to the expected credit loss model within IFRS 9 are only short-term trade and other receivables. At 31 December 2018, the total of short-term trade and other receivables was €1.9 million, on which a loss allowance of €10,000 had been provided (31 December 2017: total of €1.9 million on which no loss had been incurred). There is not considered to be any concentration of credit risk within these assets. No assets are considered impaired and no amounts have been written off in the period. *IFRS 7.B10(b)*

All trade receivables are expected to be received in three months or less. An amount is considered to be in default if it has not been received 30 days after it is due.

As only trade and other receivables are impacted by the IFRS 9 ECL model the Fund has adopted the simplified approach. The loss allowance shown is therefore based on lifetime ECLs.

In calculating the loss allowance, a provision matrix has been used based on historical observed loss rates over the expected life of the receivables adjusted for forward-looking estimates. Items have been grouped by their nature into the following categories: accrued income; amounts due from brokers; and other receivables.

Financial assets not subject to IFRS 9's impairment requirements

The Fund is exposed to credit risk on debt instruments, money market funds and similar securities and derivative assets. These classes of financial assets are not subject to IFRS 9's impairment requirements as they are measured at FVPL. The carrying value of these assets, under both IAS 39 (2017) and IFRS 9 (2018) represents the Fund's maximum exposure to credit risk on financial instruments not subject to the IFRS 9 impairment requirements on the respective reporting dates. Hence, no separate maximum exposure to credit risk disclosure is provided for these instruments.

Commentary

IFRS 7.36(a) requires the disclosure of maximum exposure to credit risk for instruments within the scope of IFRS 7, but to which the impairment requirements of IFRS 9 are not applied. This disclosure is not required for financial instruments whose carrying amount best represents the maximum exposure to credit risk.

7. Financial risk and management objectives and policies *continued*

Credit quality of financial assets not subject to IFRS 9's impairment requirements

The Fund invests only in derivatives, debentures and other interest bearing investments (debt securities) with at least investment grade credit rating as rated by S&P, Moody's or Fitch. *IFRS 7.36(a) IFRS 7.IG23(a)*

The following table analyses the Fund's portfolio of such assets by rating agency category: *IFRS 7.IG18(b)*

	2018			2017		
	% of debt securities	% of money market funds	% of derivatives	% of debt securities	% of money market funds	% of derivatives
Credit rating						
AAA/Aaa	48%	5%	64%	42%	4%	66%
AA/aa	33%	84%	25%	43%	83%	23%
A/A	15%	6%	10%	13%	7%	9%
BBB/Baa	4%	5%	1%	2%	6%	2%
	100%	**100%**	**100%**	**100%**	**100%**	**100%**

Risk concentrations of the maximum exposure to credit risk

Concentration of credit risk is managed by client/counterparty, geographical region and industry sector. The Fund has one major debt security counterparty with AA rating at 31 December 2018 and 2017. The fund has no major derivative counterparties. A major counterparty is defined as any counterparty that holds portfolio positions and cash that in the aggregate, are greater than 10% of net assets. *IFRS 7.B8 IFRS 7.IG18(d)*

The following table analyses the concentration of credit risk by geographical distribution (based on counterparties' country of domicile): *IFRS 7.IG18(c)*

	2018			2017		
	% of debt securities	% of money market funds	% of derivatives	% of debt securities	% of money market funds	% of derivatives
European Union (excluding United Kingdom)	47%	73%	86%	39%	77%	79%
United Kingdom	10%	22%	6%	12%	19%	11%
United States of America	42%	5%	7%	47%	4%	9%
Others	1%	0%	1%	2%	0%	1%
	100%	**100%**	**100%**	**100%**	**100%**	**100%**

The following table analyses the concentration of credit risk in the Fund's debt portfolio by industrial distribution: *IFRS 7.IG18(a)*

	2018			2017		
	% of debt securities	% of money market funds	% of derivatives	% of debt securities	% of money market funds	% of derivatives
Banks	42%	81%	63%	44%	77%	68%
Insurance	16%	0%	0%	10%	0%	0%
Financial services	0%	19%	37%	0%	23%	32%
Telecommunication	11%	0%	0%	15%	0%	0%
Software	11%	0%	0%	13%	0%	0%
Energy	10%	0%	0%	8%	0%	0%
Government	5%	0%	0%	5%	0%	0%
Retail	5%	0%	0%	5%	0%	0%
	100%	**100%**	**100%**	**100%**	**100%**	**100%**

The fund does not hold any collateral in respect of derivative assets or debt securities. *IFRS 7.36(b)*

7. Financial risk and management objectives and policies *continued*

Commentary

A fund that holds collateral or other credit enhancements is required to disclose a description of the collateral or credit enhancement and their financial effect in respect of the amount that best represents the maximum exposure to credit risk.

Offsetting financial assets and financial liabilities

The Fund presents the fair value of its derivative assets and liabilities on a gross basis, no such assets or liabilities have been offset in the statement of financial position. Certain derivative financial instruments are subject to enforceable master netting arrangements, such as an International Swaps and Derivatives Association (ISDA) master netting agreement, or similar agreements that cover similar financial instruments. *IFRS 7.13E*

The similar agreements include derivative clearing agreements, global master repurchase agreements, global master securities lending agreements, and any related rights to financial collateral. The similar financial instruments and transactions include derivatives, sale and repurchase agreements, reverse sale and repurchase agreements, securities borrowing, and securities lending agreements.

The Fund's agreements allow for offsetting following an event of default, but not in the ordinary course of business, and the Fund does not intend to settle these transactions on a net basis or settle the assets and liabilities on a simultaneous basis.

The tables below set out the carrying amounts of recognised financial assets and liabilities that are subject to the above arrangements, together with collateral held or pledged against these assets and liabilities as at 31 December 2018: *IFRS 7.13C*

	Gross carrying amounts before offsetting	Amounts offset in accordance with offsetting criteria	Net amount presented in statement of financial position	Effect of remaining rights of set-off that do not meet criteria for offsetting in the statement of financial position - cash and non-cash held as collateral	Net exposure
	€000	**€000**	**€000**	**€000**	**€000**
Financial assets					
Derivatives	2,700	-	2,700	-	**2,700**
Due from brokers	1,439	-	1,439	(1,439)	-
Total	**4,139**	**-**	**4,139**	**(1,439)**	**2,700**
Financial liabilities					
Derivatives	(2,483)	-	(2,483)	1,439	(1,044)
Total	**(2,483)**	**-**	**(2,483)**	**1,439**	**(1,044)**

7. Financial risk and management objectives and policies *continued*

The tables below set out the carrying amounts of recognised financial assets and liabilities that are subject to the above arrangements, together with collateral held or pledged against these assets and liabilities as at 31 December 2017:

	Gross carrying amounts before offsetting	Amounts offset in accordance with offsetting criteria	Net amount presented in statement of financial position	Effect of remaining rights of set-off that do not meet criteria for offsetting in the statement of financial position - cash and non-cash held as collateral	Net exposure
	€000	**€000**	**€000**	**€000**	**€000**
Financial assets					
Derivatives	2,020	-	2,020	-	2,020
Due from brokers	1,622	-	1,622	(1,622)	-
Total	**3,642**	**-**	**3,642**	**(1,622)**	**2,020**
Financial liabilities					
Derivatives	(2,185)	-	(2,185)	1,622	**(563)**
Total	**(2,185)**	**-**	**(2,185)**	**1,622**	**(563)**

Commentary

IFRS 7.13A-F requires additional disclosures on offsetting of recognised financial instruments, including those that are offset in accordance with paragraph 42 of IAS 32 and those financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32.

The Fund has not offset any financial instruments in the statement of financial position as it does not meet the requirements of paragraph 42 of IAS 32. However, it does hold financial instruments subject to enforceable master netting arrangements or similar agreements.

The disclosure of financial instruments that do not meet the requirements of paragraph 42 of IAS 32 may be given by type of instrument or by counterparty.

Investment holding period risk

Investment in private equity funds requires a long-term commitment with no certainty of return. Investments that are illiquid holdings may not be capable of being realised in a timely manner. The timing of cash distributions, if any, is uncertain and unpredictable. Furthermore, recent market conditions have made it more difficult for general partners or other managers of private equity funds to dispose of investments at attractive prices and on favourable terms. As a result, the Fund considers that the risk of investment holding period risk may result in a reduction or delay in the returns from private equity funds.

IFRS 7.33

Property price risk

The Fund has identified the following risks associated with the investment properties:

- A tenant may become insolvent causing a significant loss of rental income and a reduction in the value of the associated property (see also credit risk above). To reduce this risk, the Fund reviews the financial status of all prospective tenants and decides on the appropriate level of security required via rental deposits or guarantees
- The exposure of the fair values of the investment properties to market and occupier fundamentals like estimated rental value, yield rates, vacancy rates and growth in rental rates

For details on sensitivity of the fair value measurement to changes to the above unobservable inputs refer to Note 8.

8. Fair value of assets and liabilities

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole: *IFRS 13.72*

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities *IFRS 13.76*
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable *IFRS 13.81*
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable *IFRS 13.86*

Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability.

8. Fair value of assets and liabilities *continued*

The following table shows financial instruments recognised at fair value.

IFRS 13.93(a)
IFRS 13.93(b)
IFRS 7.25
IFRS 7.26

Recurring fair value measurement of assets and liabilities

	2018				2017			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
	€000	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**
Financial assets								
Investment in subsidiaries (Note 9)								
Good Private Equity Ltd	–	–	13,147	13,147	–	–	11,784	11,784
Good Private Equity Fund	–	–	20,868	20,868	–	–	19,353	19,353
Good Equities Investment Fund	10,274	–	–	10,274	–	–	–	–
Investment in associate (Note 10)	1,996	–	–	1,996	1,412	–	–	1,412
Equity Instruments (Note 5)								
Listed equity securities	37,886	–	–	37,886	25,384	–	–	25,384
Listed managed funds	2,829	–	–	2,829	1,142	–	–	1,142
Unlisted managed funds	–	–	20	20	–	–	–	–
Debt instruments (Note 5)								
Debt securities	–	12,178	–	12,178	–	7,650	–	7,650
Asset-backed securities	–	–	552	552	–	–	388	388
Treasury bills	–	1,183	–	1,183	–	813	–	813
Loan to subsidiary	–	–	100	100	–	–	–	–
Money market funds and similar securities (Note 5)	–	2,206	–	2,206	–	2,091	–	2,091
Derivative financial instruments (Note 6)								
Share price index futures	123	–	–	123	132	–	–	132
Exchange traded share price options	328	–	–	328	276	–	–	276
Currency swaps	–	1,592	–	1,592	–	1,258	–	1,258
Forward currency contracts	–	657	–	657	–	354	–	354
Investment properties (Note 11)								
Property 1	–	–	4,151	4,151	–	–	3,923	3,923
Property 2	–	–	3,019	3,019	–	–	2,697	2,697
Property 3	–	–	4,512	4,512	–	–	4,389	4,389
Total	**53,436**	**17,816**	**46,369**	**117,621**	**28,346**	**12,166**	**42,534**	**83,046**
Financial liabilities								
Derivative financial instruments (Note 6)								
Share price index futures	1,689	–	–	1,689	1,902	–	–	1,902
Interest rate swaps	–	794	–	794	–	283	–	283
Total	**1,689**	**794**	**–**	**2,483**	**1,902**	**283**	**–**	**2,185**

8. Fair value of assets and liabilities *continued*

Commentary

Paragraph 91 of IFRS 13 requires an entity to disclose information that helps users of its financial statements assess both of the following:

- For assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition, the valuation techniques and inputs used to develop those measurements
- For recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or OCI for the period

Recurring fair value measurements of assets or liabilities are those that other standards require or permit in the statement of financial position at the end of each reporting period. Non-recurring fair value measurements of assets or liabilities are those that other standards require or permit in the statement of financial position in particular circumstances. In the vast majority of cases, it can be expected that a fund would only have recurring fair value measurements on its statement of financial position.

For financial instruments, valuation hierarchy disclosures that must be given by class of financial instrument will often require greater disaggregation than the line items presented in the statement of financial position. The Fund presents the information based on the type of asset and liabilities, e.g. listed equity securities, listed managed funds, etc.

Paragraph 94 of IFRS 13 requires that an entity determines appropriate classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability; and the level of the fair value hierarchy within which the fair value measurement is categorised. The number of classes may need to be greater for fair value measurements categorised within Level 3 of the fair value hierarchy, because those measurements have a greater degree of uncertainty and subjectivity. An entity should provide information sufficient to permit reconciliation to the line items presented in the statement of financial position.

For example, in the disclosure provided above, both the investments in subsidiaries and investment properties have been disaggregated to provide information at a more detailed level than that presented on the face of the statement of financial position. Investments in subsidiaries were disaggregated as a result of the different valuation techniques used to determine the fair values of Good Private Equity Ltd and Good Private Equity Fund. In the case of investment properties, an argument could be made to group properties by valuation methodology, but given the change in technique applied to Property 2 from the prior year, it was considered more appropriate not to do so for the sake of comparability. These decisions may also be affected by materiality, the complexity of valuation techniques and volumes of investments, and they would be entity specific.

The level of the hierarchy, within which the fair value measurement is classified, must be based on the lowest level input that is significant to the fair value measurement in its entirety (e.g., if the credit valuation adjustment made to a derivative value is based on non-observable inputs and the effect of this is significant to the instrument's value, then the whole instrument must be presented in Level 3).

Other financial assets and liabilities

For all other financial assets and liabilities, the carrying value is an approximation of fair value, including: trade and other receivables; cash and cash equivalents; debentures; convertible bonds and trade and other payables. *IFRS 7.29(a)*

Transfers between Level 1 and Level 3

During 2018, following the delisting of three managed funds and their management's decision to suspend redemptions for periods ranging between six and twelve months, the Fund's investments in those funds totalling €40,000 were reclassified from Level 1 to Level 3. On 1 December 2018, the Fund redeemed one of these investments for €20,000. *IFRS 13.93(e)(iv)* *IFRS 13.95*

Commentary

Paragraph 95 of IFRS 13 requires an entity to disclose and consistently follow its policy for determining when transfers between levels of the fair value hierarchy are deemed to have occurred in accordance with paragraph IFRS 13.93(c) and IFRS 13.93(e)(iv). The policy for the timing of recognising transfers must be the same for transfers into the levels as for transfers out of the levels. Examples of policies for determining the timing of transfers include the following:

- The date of the event or change in circumstances that caused the transfer
- The beginning of the reporting period
- The end of the reporting period

8. Fair value of assets and liabilities *continued*

Valuation techniques

IFRS 13.93(d)

When the fair values of items recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of items in the statement of financial position and the level where the items are disclosed in the fair value hierarchy. The models are tested for validity by calibrating to prices from any observable current market transactions in the same item (without modification or repackaging) when available. To assess the significance of a particular input to the entire measurement, the fund performs sensitivity analysis or stress testing techniques.

Listed investment in subsidiaries and associates, equity securities, managed funds and derivatives

When fair values of publicly traded equity securities, managed funds and derivatives are based on quoted market prices in an active market for identical assets without any adjustments, the instruments are included within Level 1 of the hierarchy. The Fund values these investments at bid price for long positions and ask price for short positions.

Unlisted debt securities and treasury bills

The Fund invests in debt securities, corporate and government bonds and treasury securities. In the absence of a quoted price in an active market, they are valued using observable inputs such as recently executed transaction prices in securities of the issuer or comparable issuers and yield curves. Adjustments are made to the valuations when necessary to recognise differences in the instrument's terms. To the extent that the significant inputs are observable, the Fund categorises these investments as Level 2.

Money market funds and similar securities

The estimated fair value of money market funds is based on discounted cash flows using prevailing quoted money-market interest rates for debts with similar credit risk and maturity.

Over-the-counter derivatives

The Fund uses widely recognised valuation models for determining fair values of over-the-counter interest rate swaps, currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including both credit and debit valuation adjustments for counterparty and own credit risk, foreign exchange spot and forward rates and interest rate curves. For these financial instruments, significant inputs into models are market observable and are included within Level 2.

Commentary

For Level 2 instruments, paragraph 93 (d) of IFRS 13 requires an entity to disclose the description of the valuation technique(s) and the inputs used in the fair value measurement. If there has been a change in valuation technique (e.g., changing from a market approach to an income approach or the use of an additional valuation technique), the entity must disclose that change and the reason(s) for making it.

Unlisted equity investments

The Fund invests in private equity companies that are not quoted in an active market. Transactions in such investments do not occur on a regular basis. The Fund uses a market-based valuation technique for these positions. The Fund's investment manager determines comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate trading multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the investee company to measure the fair value. The Fund classifies the fair value of these investments as Level 3.

Unlisted managed funds

The Fund invests in managed funds, including private equity funds, which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods, redemption gates and side pockets.

The Fund's investment manager considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing, to ensure they are reasonable and appropriate. Therefore, the NAV of these funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other

8. Fair value of assets and liabilities *continued*

specific factors of the fund and fund manager. In measuring fair value, consideration is also paid to any transactions in the shares of the fund. Depending on the nature and level of adjustments needed to the NAV and the level of trading in the fund, the Fund classifies these funds as either Level 2 or Level 3.

Unlisted asset-backed securities

The fair values of investments in asset-backed securities, for which there is currently no active market, are calculated using a valuation model which is accepted in the industry. The model uses discounted cash flow analysis, which incorporates both observable and non-observable data. Observable inputs include assumptions for current rates of interest and real estate prices. Unobservable inputs include assumptions regarding expected future default rates and market liquidity discounts. The model is calibrated to the ABX index, where relevant. However, significant adjustments may be required in order to reflect differences between the characteristics of the index and the instrument to be valued. Such instruments are included within Level 3.

Investment property

The fair value of investment properties was assessed by Good Property Surveyors Limited, an accredited independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the investment properties being valued.

The valuation models have been applied in accordance with the recommendations of the International Valuation Standards Committee. The Board and the investment manager have concluded that the valuation models used by the Fund are consistent with the principles in IFRS 13. These models comprise both the discounted cash flow (DCF) method and income capitalisation method.

Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including estimated rental income and an exit or terminal value. This involves the projection of a series of cash flows to which an appropriate, market-derived discount rate is applied to establish the present value of the income stream. Under the income capitalisation method, a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (the investor's rate of return). The fair value of investment property is included within Level 3.

Valuation process for Level 3 valuations

Valuations are the responsibility of the board of directors of the Fund.

The valuation of unlisted equity, debt and managed funds is performed on a quarterly basis by the valuation department of the investment manager and reviewed by the investment committee of the investment manager. The valuation of investment property is performed semi-annually by the external valuer, Good Property Surveyors Limited, and reviewed by the investment committee of the investment manager. On a quarterly basis, the valuation department of the investment manager will review property valuations and inputs for significant changes, and will consult with the external valuer, if appropriate. *IFRS 13.93(g)*

The valuations are also subject to quality assurance procedures performed within the valuation department. The valuation department verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to relevant documents and market information. In addition, the accuracy of the computation is tested. The latest valuation is also compared with the valuations in the four preceding quarters as well as with the valuations of the two preceding annual periods. If fair value changes (positive or negative) are greater than certain thresholds set, the changes are further considered by the investment committee.

On a quarterly basis, after the checks above have been performed, the investment committee presents the valuation results to the board of directors. This includes a discussion of the major assumptions used in the valuations, with an emphasis on the more significant investments and investments with fair value changes outside of the relevant thresholds set out above.

The investment committee considers the appropriateness of the valuation methods and inputs, and may request that alternative valuation methods are applied to support the valuation arising from the method chosen. Any changes in valuation methods are discussed and agreed with the Fund's board of directors.

Changes in valuation techniques *IFRS 13.93(d)*

The fair value of Property 2 was previously determined based on the income capitalisation method. The Group believes that the discounted cash flow method provides better transparency than the income capitalisation method for this particular property and has, therefore, decided to change the valuation method.

Other than as described above, there were no other changes in valuation techniques during the year.

8. Fair value of assets and liabilities *continued*

Commentary
For Level 3 instruments, paragraph 93(g) of IFRS 13 requires an entity to provide description of the valuation processes and paragraph 93(d) of IFRS 13 requires an entity to disclose quantitative information about the significant unobservable inputs used in the measurement and any changes in valuation techniques.

Quantitative information of significant unobservable inputs – Level 3 (2018)

IFRS 13.93(d)

Description	Valuation technique	Unobservable input	Range* (weighted average)	Fair Value
				€000
Good Private Equity Ltd	EBITDA multiple	Average EBITDA multiple of peers	8.5x	13,147
		Discount to average multiple	10%	
Good Private Equity Fund	Adjusted NAV	Discount for lack of liquidity	5%	20,868
Unlisted managed funds	Adjusted NAV	Discount for lack of liquidity	5% – 8% (6.9%)	20
Asset-backed securities	DCF	Discount rate	8% - 10% (9%)	552
		Discount for lack of liquidity	6% – 10% (7.9%)	
		Expected future default rates	7% – 10% (8.1%)	
Property 1	DCF	Estimated rental value	€160	4,151
		Discount rate	4.6%	
		Rental growth rate	12.8%	
		Long term vacancy rate	3.3%	
Property 2	DCF	Estimated rental value	€205	3,019
		Discount rate	5.6%	
		Rental growth rate	10.1%	
		Long term vacancy rate	2.5%	
Property 3	Income capitalisation	Estimated rental value	€150	4,512
		Equivalent yield	5%	
		Long term vacancy rate	3.3%	
Good Private Equity Ltd	EBITDA multiple	Average EBITDA multiple of peers	9x	11,784
		Discount to average multiple	10%	
Good Private Equity Fund	Adjusted NAV	Discount for lack of liquidity	5%	19,353
Asset-backed securities	DCF	Discount rate	8% - 10% (9%)	388
		Discount for lack of liquidity	8% – 12% (10.4%)	
		Expected future default rates	3% – 7% (4.1%)	
Property 1	DCF	Estimated rental value	€150	3,923
		Discount rate	4.6%	
		Rental growth rate	12.8%	
		Long term vacancy rate	3.3%	
Property 2	Income capitalisation	Estimated rental value	€200	2,697
		Equivalent yield	4.8%	
		Long term vacancy rate	2.5%	
Property 3	Income capitalisation	Estimated rental value	€150	4,389
		Equivalent yield	5%	
		Long term vacancy rate	3.5%	

** Where it is not applicable, the range has not been provided for the unobservable input.*

8. Fair value of assets and liabilities *continued*

Sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 December 2018 and 2017 are, as shown below:

IFRS 13.93(h)

Description	Input	Sensitivity used*	Effect on fair value
			€000
Good Private Equity Ltd	Average EBITDA multiple of peers	2018: 1x 2017: 1x	2018: 1,300 2017: 1,160
	Discount to average multiple	2018: 5% 2017: 5%	2018: 200 2017: 185
Good Private Equity Fund	Discount for lack of liquidity	2018: 5% 2017: 5%	2018: 550 2017: 520
Unlisted managed funds	Discount for lack of liquidity	2018: 5%	2018: 1
Asset-backed securities	Discount rate	2018: 3% 2017: 3%	2018: 15 2017: 12
	Discount for lack of liquidity	2018: 5% 2017: 5%	2018: 21 2017: 16
	Expected future default rates	2018: 5% 2017: 5%	2018: 17 2017: 13
Property 1	Estimated rental value	2018: 10% 2017: 10%	2018: 400 2017: 380
	Discount rate	2018: 1% 2017: 1%	2018: 196 2017: 184
	Rental growth rate	2018: 1% 2017: 1%	2018: 311 2017: 299
	Long term vacancy rate	2018: 1% 2017: 1%	2018: 43 2017: 42
Property 2	Estimated rental value	2018: 10% 2017: 10%	2018: 296 2017: 280
	Discount rate	2018: 1%	2018: 140
	Rental growth rate	2018: 1%	2018: 245
	Equivalent yield	2017: 1%	2017: 170
	Long term vacancy rate	2018: 1% 2017: 1%	2018: 27 2017: 25
Property 3	Estimated rental value	2018: 10% 2017: 10%	2018: 419 2017: 406
	Equivalent yield	2018: 1% 2017: 1%	2018: 345 2017: 334
	Long term vacancy rate	2018: 1% 2017: 1%	2018: 39 2017: 35

* *The sensitivity analysis refers to a percentage amount added or deducted from the input and the effect this has on the fair value.*

8. Fair value of assets and liabilities *continued*

Commentary

IFRS 13 does not require quantitative sensitivity analysis for non-financial assets. However, this has been provided in Note 8 for completeness, as this information has been provided for all other investments in Level 3 of the fair value hierarchy. Moreover, this information is often provided in property fund accounts.

In the table above it has been assumed that the impact of the sensitivity is symmetrical, i.e., the impact of an increase and a decrease in the input is equal but opposite. It should be noted that the impact of an increase and a decrease in the input will not always be symmetrical, i.e., the impact of an increase and a decrease in the input will not always be equal but opposite.

Good Private Equity Ltd

Significant increases (decreases) in the average multiple for comparable companies in isolation would result in a significantly higher (lower) fair value measurement. Significant increases (decreases) in the discount to average multiple in isolation would result in a significantly lower (higher) fair value measurement. In practice, these measures are likely to move in opposite directions and, therefore, are likely to partially offset one another.

Good Private Equity Fund / Unlisted managed funds

Significant increases (decreases) in the discount in isolation would result in a significantly lower (higher) fair value measurement.

Asset-backed securities

Significant increases (decreases) in the discount in isolation would result in a significantly lower (higher) fair value measurement. Significant increases (decreases) in default rates in isolation would result in a significantly lower (higher) fair value measurement.

Investment properties

Significant increases (decreases) in estimated rental value and rental growth rate in isolation would result in a significantly higher (lower) fair value measurement. Significant increases (decreases) in long-term vacancy rate and discount rate in isolation would result in a significantly lower (higher) fair value measurement. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally:

- Similar change in the rent growth rate and discount rate
- Opposite change in the long-term vacancy rate

8. Fair value of assets and liabilities *continued*

Level 3 reconciliation

The following table shows a reconciliation of all movements in the fair value of items categorised within Level 3 between the beginning and the end of the reporting period:

IFRS 13.93(e)
IFRS 13.93(f)

	Good Private Equity Ltd	Good Private Equity Fund	Equity instruments – Unlisted managed funds	Debt instruments – Asset backed securities and loan to subsidiary	Investment properties	Total
	€000	€000	€000	€000	€000	€000
2018						
Balance as at 1 January 2018	11,784	19,353	–	388	11,009	42,534
Transfers into Level 3	–	–	40	–	–	40
Total gains in profit or loss	1,363	980	–	87	89	2,519
Purchases	–	–	–	242	584	826
Sales	–	–	(20)	(65)	–	(85)
Capital calls	–	1,132	–	–	–	1,132
Distributions	–	(597)	–	–	–	(597)
Balance as at 31 December 2018	**13,147**	**20,868**	**20**	**652**	**11,682**	**46,369**
Total gains for the period included in profit or loss for assets held at the end of the reporting period	**1,363**	**980**	**–**	**92**	**89**	**2,524**
2017						
Balance as at 1 January 2017	11,400	16,450	–	450	9,832	38,132
Total (losses)/ gains in profit or loss	(240)	1,794	–	(62)	173	1,665
Purchases	624	–	–	–	1,004	1,628
Sales	–	–	–	–	–	–
Issues	–	2,456	–	–	–	2,456
Distributions	–	(1,347)	–	–	–	(1,347)
Balance as at 31 December 2017	**11,784**	**19,353**	**–**	**388**	**11,009**	**42,534**
Total gains and losses for the period included in profit or loss for assets held at the end of the reporting period	**(240)**	**1,794**	**–**	**(62)**	**173**	**1,665**

8. Fair value of assets and liabilities *continued*

Commentary

For Level 3 fair value measurements, a reconciliation is required between the opening and closing balances, including:

- Total gains or losses for the period split between those recognised in profit or loss and those recognised in OCI, plus the amount of the gains or losses relating to items still held at the period end. Disclosure of where they are presented in the statement of comprehensive income is also required
- Purchases, sales, issues and settlements (by each type of movement rather than net)
- Transfers into and out of Level 3, with significant transfers into the category disclosed separately from transfers out, together with the reasons for those transfers. "Significant" for this purpose is not defined and management will need to use judgement to determine which transfers to disclose separately

Examples of situations which may result in transfers into or out of Level 3 may include:

- Level 1 to/from Level 3: investments delisting from, or listing on, a public exchange which is considered to be an active market
- Level 2 to/from Level 3: inputs to valuation models ceasing to be/becoming observable

Most funds, including the Fund, do not have investments as fair value through OCI (or available-for-sale under IAS 39) or cash flow hedges. If a fund does have such instruments, it would include a separate line item to disclose the total gain or losses recognised in OCI.

9. Investment in subsidiaries

	2018	2017
	€000	**€000**
Good Private Equity Ltd	13,147	11,784
Good Private Equity Fund	20,868	19,353
Good Equities Investment Fund	10,274	–
Investment in subsidiaries at fair value	44,289	31,137

The Fund meets the definition of an investment entity. Therefore, it does not consolidate its subsidiaries but, rather, recognises them as investments at fair value through profit or loss. *IFRS 12.19A*

IFRS 12.19B

Summary of unconsolidated subsidiaries	**Principal place of business**	**Proportion of ownership and voting rights**	
		2018	**2017**
Good Private Equity Ltd	Euroland	60%	60%
Good Private Equity Fund	Euroland	45%	45%
Good Equities Investment Fund	Euroland	80%	–

None of the above subsidiaries control any further subsidiaries. *IFRS 12.19C*

Restrictions

The Fund receives income in the form of dividends and interest from its investments in unconsolidated subsidiaries, and there are no significant restrictions on the transfer of funds from these entities to the Fund. *IFRS 12.19D*

Support

During the current year, the Fund provided support in the form of a loan of €100,000 (2017: €Nil) to Good Private Equity Ltd. This loan bears interest at a rate of 5% and is repayable in 2019. This loan was granted to finance the acquisition of equipment for this entity to commence manufacturing. *IFRS 12.19D-F*

The Fund has no contractual commitments or current intentions to provide any other financial or other support to its unconsolidated subsidiaries.

10. Investment in associate

	2018	2017	
	€000	€000	*IFRS 12.21*
Good International Investment Fund	1,996	1,412	

Good International Investment Fund is the vehicle used by the Fund to gain exposure to frontier markets in which the Fund does not wish to invest directly. Good International Investment Fund is incorporated in Euroland and its principal places of business are Africa and South America. The Fund holds 25% (2017: 25%) of Good International Investment Fund and holds 25% of its voting rights. *IFRS 12.21(a)* *IFRS 12.21A*

Restrictions

The Fund receives income in the form of dividends and interest from its investments in the associate, and there are no significant restrictions on the transfer of funds from this entity to the Fund. *IFRS 12.22(a)*

Unconsolidated structured entity

As explained in Note 3, the directors consider that Good International Investment Fund meets the definition of a structured entity. As at 31 December 2018, the net asset value of Good International Investment Fund was €9.1 million (2017: €8.2 million) and was funded solely by equity. The Fund's interest in Good International Investment Fund as at 31 December 2018 is shown above and, during the year, the Fund received dividend income of €0.2 million and recognised a holding gain of €0.1 million (2017: dividend income of €0.1 million and a holding gain of €80,000). The maximum exposure to loss is equal to the interest shown above. *IFRS 12.24* *IFRS 12.29*

11. Investment properties

	2018	2017	
	€000	€000	*IAS 40.76*
Opening balance as at 1 January	11,009	9,832	
Additions	584	1,004	
Net gain from fair value adjustment	89	173	
Closing balance as at 31 December	**11,682**	**11,009**	

The highest and best use of the investment properties is not considered to be different from its current use. *IFRS 13.93(i)*

Rental income earned and received from the investment properties during the year was €737,000 (2017: €620,000). Direct expenses incurred in relation to the investment properties that generated rental income during the year was €120,000 (2017: €111,000). During the year and as at the year-end, no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal were present. The Fund does not have any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements. *IAS 40.75(f)* *IAS 40.75(g)* *IAS 40.75(h)*

12. Trade and other receivables/payables

	2018	2017	
	€000	€000	
Trade and other receivables			
Dividend receivables	142	79	
Interest and other receivables	45	116	
Balances due from brokers			*IAS 39.38*
Margin accounts	1,439	1,622	
Receivables for securities sold but not yet settled	231	122	
	1,857	**1,939**	

As at 31 December 2018 and 2017, restrictions on the use of balances due from brokers exist due to open derivative positions. As at 31 December 2018, an amount of €1,439,000 was restricted (2017: €1,622,000). *IFRS 7.14(a)*

12. Trade and other receivables/payables *continued*

	2018	2017	
	€000	€000	
Trade and other payables			
Management and performance fees payable	362	362	
Custodian and administration fees payable	16	10	
Directors' fees payable	17	15	
Other payable and accrued expenditure	11	9	
Balances due to brokers			*IAS 39.38*
Payables for securities purchased but not yet settled	73	69	
	479	**465**	

13. Cash and cash equivalents

	2018	2017	
	€000	€000	
Cash at banks	565	117	
Short-term deposits	1,009	252	
	1,574	**369**	*IAS 7.45*

14. Debentures

Debentures are issued with fixed or determinable payments, they have a par value of €26,500,000 and are quoted in an active market. The interest rate on these debentures is 6%, which is payable semi-annually on 1 January and 1 July. The debentures are repayable on 1 January 2029. *IAS 1.17* *IFRS 7.10(b)*

The debentures are secured by a first charge over certain of the Fund's financial instruments with a carrying value of €27,000,000 (2017: €22,500,000). *IFRS 7.14*

15. Convertible bonds

On 1 January 2017, the Fund issued 9,000 3.7% convertible bonds at a nominal value of €1,000 per bond. The contractual coupon rate on the bonds is 3.7% payable annually on 31 December. Transaction costs of €400,000 were incurred on the issue of bonds. The EIR has been calculated on initial recognition as is 5.3%. The term of the bonds is 25 years and any bonds remaining on maturity may be redeemed at par or converted, at the holder's discretion, into ordinary shares in a ratio of 180 ordinary shares for each bond. In addition, each bond is convertible, at the holder's discretion, into ordinary shares in a ratio of 30 ordinary shares for each bond up to a maximum of 9,000 bonds on an annual basis up to maturity. *IAS 1.17*

The equity component of the convertible bonds is recorded in Other reserve. During the year, the effective interest on the bond recorded in Interest expense was €378,000. The actual interest paid during the year was €333,000. *IFRS 7.14*

16. Share capital

Authorised and issued capital

The authorised share capital of the Fund is €100,000 divided into 10,000,000 redeemable participating shares of €0.01 par value, with each carrying one vote. All issued redeemable participating shares are fully paid and are listed on the Euroland Stock Exchange. The Fund's capital is represented by these redeemable participating shares. *IAS 1.79(a) (i), (ii), (iii), (v)*

Quantitative information about the Fund's capital is provided in the statement of changes in equity and in the tables below. The shares are entitled to dividends when declared and to payment of a proportionate share of the Fund's net asset value on the redemption date or upon winding up of the Fund.

Based on historical information, between 10% and 40% of the Fund's issued shares are redeemed on the four available redemption dates throughout the year. *IAS 1.136A (c), (d)*

A reconciliation of the number of shares outstanding at the beginning and end of each reporting period is provided in the table below.

Commentary

Investment funds may manage their repurchased/redeemed shares in various ways. In some jurisdictions, funds may cancel repurchased shares and issue new ones to investors and will therefore not hold treasury shares. In other jurisdictions, funds may hold repurchased shares in treasury until they sell them to new investors. Therefore, those funds usually transact with treasury shares. The following table illustrates the movements in shares under the first approach. The movements in shares according to the second approach are illustrated in Appendix 3.

IAS 1.79 (a)(iv)

	Issued, fully paid and outstanding shares	€000
As at 1 January 2017	**6,285,714**	**63**
Repurchase and cancellation of own shares	(2,435,567)	(24)
Issue of shares	1,047,294	10
As at 31 December 2017	**4,897,441**	**49**
Repurchase and cancellation of own shares	(770,918)	(8)
Issue of shares	1,689,451	17
As at 31 December 2018	**5,815,974**	**58**

	2018	2017
	€	€
Net asset value per share	**14.71**	**11.62**

Capital management

As a result of the ability to issue and repurchase shares, the capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund. The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable shares beyond those included in the Fund's constitution. *IAS 1.134 IAS 1.135*

The Fund's objectives for managing capital are:

- To invest the capital in investments meeting the description, risk exposure and expected return indicated in its prospectus
- To achieve consistent returns while safeguarding capital by investing in a diversified portfolio, by participating in derivative and other capital markets and by using various investment strategies and hedging techniques
- To maintain sufficient liquidity to meet the expenses of the Fund, and to meet redemption requests as they arise
- To maintain sufficient size to make the operation of the Fund cost-efficient

Refer to financial risk management objectives and policies (Note 7) for the policies and processes applied by the Fund in managing its capital and its obligation to repurchase the shares.

The Fund monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Fund's policy is to keep the gearing ratio between 20% and 40%. The Fund includes within net debt, debentures and convertible bonds less cash and cash equivalents, excluding discontinued operations.

16. Share capital *continued*

	2018	2017
	€000	**€000**
Debentures	22,851	25,815
Convertible bonds	6,675	–
Less: Cash and cash equivalents	(1,574)	(369)
Net debt	**27,952**	**22,446**
Equity	85,564	56,889
Capital and net debt	**113,516**	**79,335**
Gearing ratio	**25%**	**28%**

Commentary

The Fund is subject to two disclosure requirements in respect of its objectives, policies and processes for managing its redeemable shares:

- IAS 1.134 requires the disclosure of the Fund's objectives, policies and processes for managing capital
- IAS 1.136A(b) requires the disclosure of the Fund's objectives, policies and processes for managing its obligation to repurchase the redeemable shares when required to do so by the shareholders. This disclosure is included in the liquidity risk (Note 7)

17. Interest revenue and expense

(a) Interest revenue

	2018	2017	
	€000	**€000**	
Money market funds and similar securities	48	33	
Cash and cash equivalents	29	7	
Loan to subsidiary	3	–	
	80	**40**	*IFRS 7.20(b)*
Debt securities at fair value through profit or loss	1,087	921	*IFRS 7.20(a)(i)*
	1,167	**961**	

Commentary

The subtotals have been included to show the interest received from financial assets per category of financial assets, as required by IFRS 7.20. If applicable, the fund should also separately disclose interest income on impaired financial assets accrued in accordance with IAS 39.AG93.

(b) Interest expense

	2018	2017	
	€000	**€000**	
Bank overdraft	66	110	*IFRS 7.20(b)*
Debentures	1,626	1,623	*IFRS 7.20(a)(i)*
Convertible Bonds	378	–	*IFRS 7.20(a)(i)*
	2,070	**1,733**	

18. Dividend revenue

	2018	2017	
	€000	**€000**	
Equity securities at fair value through profit or loss	**1,293**	**875**	*IFRS 7.20(a)(i)*

In the comparative period, the Fund earned dividend revenue on equity securities held for trading of €394,000 and on equity securities designated at FVPL of €481,000.

19. Reconciliation of financing liabilities

The Fund's financing liabilities are its debentures and convertible bonds.

	2018	2017
	€000	€000
As at 1 January	**25,815**	**25,782**
Proceeds from issue of convertible bonds	8,600	–
Separation of equity component	(1,970)	–
Interest paid	(1,923)	(1,590)
Effective interest expense	2,004	1,623
At 31 December	**32,526**	**25,815**

Commentary

IAS 7 *Statement of Cash flows* was amended as a part of the IASB's Disclosure Initiative to require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

20. Withholding tax

Commentary

Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income and is not significant for the Fund. These disclosures are illustrative of a fund which may have more significant transactions subject to such income tax. Investment funds must consider whether deferred tax needs to be recognised. In these financial statements, it is assumed that the Fund has determined that there is no other tax, including deferred tax, to be recognised in any period presented.

As the Fund is exempt from all forms of taxation in Euroland, the Fund has a statutory tax rate of 0%. Investment income are subject to withholding tax in certain foreign jurisdictions and are the only items subject to taxation at an average applicable withholding tax rate of 15% (2017: 15%) in such jurisdictions. *IAS 12.2* *IAS 12.77*
The withholding tax attributable to the Fund in 2018 was €194,000 (2017: €131,000).

21. Earnings per share

Commentary

IAS 33 *Earnings per Share* is applicable to entities whose (potential) ordinary shares are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets) or that file, or are in the process of filing, their financial statements with a securities commission or other regulatory organisation for the purpose of issuing ordinary shares in a public market.

The Fund is exempt from providing earnings per share information for two reasons:

1) The Fund is listed for informational purposes only and its shares are not traded. Therefore, it is not within the scope of IAS 33.
2) The shares of the Fund are puttable. In accordance with IAS 32.96C, puttable instruments are not considered as equity for the purposes of IAS 33. Consequently, the shares do not meet the definition of 'ordinary share' in IAS 33 ('an equity instrument that is subordinate to all other classes of equity instruments').

However, as additional performance measures, such as earnings per ownership unit, are relevant to an understanding of an investment fund's financial performance, many funds will provide this information. The calculation of the performance measure (e.g., numerator and denominator) should also be disclosed. In addition, it is important to consider any restrictions that might be imposed by local regulators on the presentation of such information.

The weighted average of the shares is calculated considering the redemptions and subscriptions on each of the quarterly redemption days.

Basic earnings per share (EPS) is calculated by dividing the profit or loss for the year by the weighted average number of redeemable participating shares outstanding during the year. *IAS 33.10*

Diluted EPS is calculated by dividing the net profit attributable to ordinary equity holders of the Fund (after adjusting for interest on the convertible bonds, in each case, net of tax) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. *IAS 33.31*

The following table shows the income and share data used in the basic and diluted EPS calculations:

21. Earnings per share *continued*

	2018	2017	
	€000	€000	
Profit/(loss) for the year	17,613	(1,158)	*IAS 33.70(a)*
Interest on convertible bond (Note 15)	378	–	
Profit/(loss) for the year adjusted for the effect of dilution	**17,991**	**(1,158)**	
Weighted average number of redeemable participating shares	5,649,658	5,605,460	*IAS 33.70(b)*
Convertible bonds (Note 15)	1,620,000	–	
Weighted average number of redeemable participating shares adjusted for the effect of dilution	**7,269,658**	**5,605,460**	
Basic and diluted earnings/(losses) per share			
Basic earnings/(losses) per share	**€2.49**	**€(0.21)**	
Diluted earnings/(losses) per share	**€2.47**	**€(0.21)**	

There have been no transactions involving ordinary or potential ordinary shares between the reporting date and the date of the completion of these financial statements which would require the restatement of EPS.

22. Dividend paid and proposed

	Dividend	Dividend per share	
	€000	€	
Final dividend declared and paid in 2017 in respect of 2016	7,732	1.230	*IAS 1.107*
Final dividend declared and paid in 2018 in respect of 2017	3,675	0.750	*IAS 1.107*
Final proposed dividend for 2018 for approval at Annual General Meeting (not recognised as a liability as at 31 December 2018)	8,100	1.393	*IAS 1.137(a)* *IAS 10.12-13*

23. Commitments and contingencies

There are no commitments or contingencies as at the reporting date (2017: nil). *IAS 37.86*

Commentary

If applicable, the fund should disclose investment expenditure commitments and the possible consequences of not meeting those commitments.

24. Related party disclosures

Commentary

The definition of key management personnel (KMP) is not limited to individuals, but may include a body corporate. In the case of a trust or investment fund, a fund manager or responsible entity can be a KMP of that entity when that body corporate otherwise meets the definition of KMP in IAS 24.

When a body corporate is considered KMP, all other funds it controls, jointly controls or has significant influence over would also be considered related parties.

The following parties are considered related parties of the Fund: *IAS 24.9*

Investment manager – Good Asset Management Limited *IAS 24.18A*

Good Asset Management Limited (the investment manager) is entitled to receive a management and advisory fee for its respective services in terms of the agreement dated 17 February 2003. These fees amount to an aggregate of 1.6% per annum of the net assets of the Fund. Management fees are payable monthly in arrears. Total management fees for the year amounted to €1,211,000 (2017: €854,000).

The investment manager is also entitled to a performance fee amounting to 0.78% of the Fund's operating profit for the year (before deduction of management and performance fees) under the terms of the Fund's constitution. Performance fees are payable annually. The performance fees for the year amounted to €120,000 (2017: €nil). The management and performance fees payable as at 31 December 2018 are €147,000 (2017: €93,000).

In accordance with the Fund's constitution and subject to the adequate performance of its duties, the investment manager would be entitled to compensation of €1,000,000 (2017: €1,000,000) if it is removed as the investment manager of the Fund.

24. Related party disclosures *continued*

Commentary

The investment manager (or general partner) is usually compensated with a management fee and a performance fee. The management fee is generally charged as a percentage of the assets under management or a percentage of net assets while the performance fee is based on a percentage of a fund's profits, as defined by the fund's governing documents. Specific fee structures and percentages vary among funds (based on factors such as location, size, specialism, nature of investments and manager's reputation, etc.). The fee structure and percentage employed by the Fund are for illustrative purposes only.

Custodian and administrator – Good Administration Fund Services Limited

Good Administration Fund Services Limited (GAFS), a fellow subsidiary of Good Asset Management Limited, is the custodian and administrator of the Fund in terms of an agreement dated 17 February 2003. GAFS carries out the usual duties in respect of custody, cash and securities deposits without any restriction. This means that GAFS is, in particular, responsible for the collection of dividends, interest and proceeds of matured securities, the exercise of options and, in general, for any other operation concerning the day-to-day administration of the securities and other assets and liabilities of the Fund. GAFS is entitled to receive from the Fund fees, payable quarterly, equal to 0.07% of the average net asset value of the Fund subject to a minimum annual charge of €35,000 (2017: €34,000). The total custodian and administration fee for the year amounted to €62,000 (2017: €40,000), the custodian and administration fee payable as at 31 December 2018 is €16,000 (31 December 2017: €10,000). *IAS 24.18A*

Commentary

A custodian is not, by definition, a related party to the fund. In addition, the provision of financing by a prime broker/custodian would not normally cause a related party relationship with the fund solely on that basis, unless other relationships considered together are of a related party nature. The Fund presents this information as the custodian is within the same group as the investment manager.

Board of directors *IAS 24.17*

The directors are entitled to remuneration for their services at rates determined by the annual general meeting of the shareholders. In addition, directors are reimbursed for reasonable travelling, hotel and other incidental expenses in respect of attending meetings of the directors or meetings of the Fund. Director's fees are currently €2,000 per meeting up to a maximum of €20,000 per annum per director. The directors received total remuneration of €66,000 during the year ended 31 December 2018 (2017: €60,000), the fees payable to directors at the year-end were €17,000 (2017: €15,000).

Details of investments in the Fund by the investment manager are set out below: *IAS 24.18*

	Number of shares acquired during the year	Number of shares disposed during the year	Number of shares held as at 31 December	% interest held as at 31 December	Income from dividends declared during the year	Dividends receivable as at 31 December
					€	€
2018	8,303	(870)	71,100	1.22%	47,775	–
2017	14,662	(45,281)	63,667	1.30%	115,980	–

Subsidiaries

IAS 24.21

The following are the transactions and balances with the entity's subsidiaries:

	2018	2017
	€000	€000
Loan to subsidiary		
Good Private Equity Ltd	100	–
Dividend income from subsidiaries		
Good Private Equity Fund	92	85
Good Equities Investment Fund	263	–
Interest income from subsidiary		
Good Private Equity Ltd	3	–

The loan to subsidiary bears interest at a rate of 5% and is repayable in 2019.

All related-party transactions were made at arm's length on normal commercial terms and conditions. There have been no other transactions between the Fund and its related parties during the reporting period (2017: nil). *IAS 24.23*

Commentary

Disclosures that related-party transactions were made on terms equivalent to those that prevail in arm's length transactions are made only if such terms can be substantiated.

25. Maturity analysis of assets and liabilities

IAS 1.61

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled respectively:

As at 31 December 2018	Within 12 months	After 12 months	Total
	€000	€000	€000
Assets			
Loan to subsidiary	–	100	100
Investment properties	–	11,682	11,682
Investment in subsidiaries	–	44,289	44,289
Investment in associate	–	1,996	1,996
Equity instruments	40,735	–	40,735
Debt instruments	3,825	10,088	13,913
Derivative financial instruments	1,270	1,430	2,700
Money market funds and similar securities	2,206	–	2,206
Trade and other receivables	1,857	–	1,857
Cash and cash equivalents	1,574	–	1,574
Total assets	**51,467**	**69,585**	**121,052**
Liabilities			
Debentures	–	25,851	25,851
Convertible bonds	–	6,675	6,675
Derivative financial instruments	2,483	–	2,483
Trade and other payables	479	–	479
Total liabilities	**2,962**	**32,526**	**35,488**

The Fund cannot estimate the timing of settlement of redeemable participating shares.

As at 31 December 2017	Within 12 months	After 12 months	Total
	€000	€000	€000
Assets			
Investment properties	–	11,009	11,009
Investment in subsidiaries	–	31,137	31,137
Investment in associates	–	1,412	1,412
Equity instruments	26,526	–	26,526
Debt instruments	4,860	3,991	8,851
Derivative financial instruments	1,400	620	2,020
Money market funds and similar securities	2,091	–	2,091
Trade and other receivables	1,939	–	1,939
Cash and cash equivalents	369	–	369
Total assets	**37,185**	**48,169**	**85,354**
Liabilities			
Debentures	–	25,815	25,815
Derivative financial instruments	2,185	–	2,185
Trade and other payables	465	–	465
Total liabilities	**2,650**	**25,815**	**28,465**

Commentary

The Fund has decided to present its statement of financial position on the basis of liquidity. IAS 1 allows this presentation. However, where such a presentation is made, IAS 1.61 still requires disclosure of the amounts expected to be recovered or settled in no more than twelve months after the reporting period and in more than twelve months after the reporting period for each asset and liability line item.

26. Operating leases

IAS 17.56

The Fund has entered into leases on its property portfolio as a lessor. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Future minimum rentals receivable under non-cancellable operating leases as at 31 December are, as follows:

	2018	2017
	€000	€000
Within 1 year	1,542	1,520
After 1 year but less than 5 years	6,034	5,988
5 or more years	310	121
	7,886	**7,629**

The majority of leases involve tenancy agreements with a term of 60 months. During the year, no contingent income was earned or received.

27. Events after the reporting period

There are no events after the reporting period to be disclosed.

IAS 10.10
IAS 10.21

28. Segment information

Commentary

IFRS 8 *Operating Segments* is only mandatory for a fund whose debt or equity instruments are traded in a public market or which files, or is in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market. As the shares of the Fund are listed but not traded, the Fund is not within the scope of IFRS 8. The Fund provides the segment information on a voluntary basis. The segment information presented complies with IFRS 8. A fund that is not within the scope of IFRS 8 and chooses to disclose information about segments that does not comply with IFRS 8, may not describe the information as segment information.

The Fund's internal reporting systems are set up to report in accordance with IFRS. The segment disclosures could be significantly more extensive if internal reports have been prepared on a basis other than IFRS. In such cases, reconciliation between the internally reported items and IFRS measurement would need to be prepared (IFRS 8.28).

For management purposes, the Fund is organised into one main operating segment, which invests in investment properties, equity securities, debt instruments and related derivatives. All of the Fund's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Fund as one segment. The financial results from this segment are equivalent to the financial statements of the Fund as a whole.

IFRS 8.22(a)
IFRS 8.22(b)

Commentary

Investment funds with larger and more diversified operations that have well-defined lines of business and operating units for which discrete financial information is available and used by the chief operating decision maker will likely be required to report more than one segment in their financial statements.
An example of presentation in these circumstances is set out in Appendix 6.

The following table analyses the Fund's income by geographical location. The basis for attributing the income is the place of listing for the securities or for non-listed securities, country of domicile except for investment properties. For investment properties, the basis is the location of the assets.

IFRS 8.33(a)

	2018	2017	
	€000	€000	
Euroland	642	880	IFRS 8.33(a)(i)
United Kingdom	5,286	1,480	IFRS 8.33(a)(ii)
Rest of European Union	9,616	70	
United States of America	5,346	(363)	
Rest of the world	720	(160)	
Total	**21,610**	**1,907**	

28. Segment information *continued*

The following table analyses the Fund's non-current assets by geographical location. The basis for attributing the assets is the location of the assets. *IFRS 8.33(b)*

	2018	2017
	€000	**€000**
Euroland	4,151	3,923
Rest of European Union	7,531	7,086
Total	**11,682**	**11,009**

Commentary

IFRS 8.33(a)(i) requires the disclosure of revenues from external customers attributed to the entity's country of domicile. This is also applicable when the revenues from the country of domicile are relatively small (IFRS 8.BC54), as may be the case for many investment funds whose country of domicile is tax-driven. Although the Fund does not have customers, it provides information on the place of listing for the security or for non-listed, country of domicile to provide the users with meaningful information.

Appendix 1 – Statement of cash flows (example of direct method)

for the year ended 31 December 2018

	Notes	2018 €000	2017 €000	
				IAS 1.10, IAS 7.10 *IAS 1.49, IAS 1.51(c)* *IAS 1.38* *IAS 1.51(d),(e)*
Operating activities				*IAS 7.19* *IAS 7.15*
Proceeds from sale of financial investments classified as held for trading		68,071	116,476	
Payments for purchase of financial investments and settlement of financial liabilities held for trading		(72,720)	(91,510)	
Proceeds received from brokers		1,150	1,950	
Payments to brokers		(1,210)	(1,219)	
Payments for money market funds and similar securities		(890)	(1,280)	
Proceeds from money market funds and similar securities		760	1,300	
Rental income received		737	620	
Interest received		1,238	890	*IAS 7.31*
Dividend received		1,230	900	*IAS 7.31*
Interest paid		(66)	(110)	*IAS 7.31*
Withholding tax paid		(194)	(131)	*IAS 7.35*
Operating expenses paid		(1,723)	(1,335)	
Net cash flows (used in)/ from operating activities		**(3,617)**	**26,551**	*IAS 7.13-14*
Investing activities				*IAS 7.21*
Loan to subsidiary	24	(100)	–	*IAS 7.16(a)*
Purchase of investment property	11	(584)	(1,004)	*IAS 7.16(a)*
Acquisition of investment in subsidiary	9	(10,274)	–	*IAS 7.16(c), IAS 7.39*
Net cash flows used in investing activities		**(10,958)**	**(1,004)**	
Financing activities				*IAS 7.21*
Proceeds from issue of own shares		22,932	12,368	*IAS 7.17(a)*
Payments on repurchase of own shares		(10,165)	(28,520)	*IAS 7.17(b)*
Dividend paid to shareholders	22	(3,675)	(7,732)	*IAS 7.31, IAS 7.34*
Proceeds from issue of convertible bonds	15,19	8,600	–	
Interest paid	19	(1,923)	(1,590)	
Net cash flows from/(used in) financing activities		**15,769**	**(25,474)**	
Net increase/(decrease) in cash and cash equivalents		1,194	73	
Cash and cash equivalents at 1 January	13	369	275	
Effect of exchange rate changes on cash and cash equivalents		11	21	*IAS 7.28*
Cash and cash equivalents at 31 December	13	**1,574**	**369**	*IAS 7.45*

Appendix 2 – Examples of other market risk disclosures

Commentary

Under IFRS 7.42, when the sensitivity analyses disclosed are unrepresentative of a risk inherent in a financial instrument, the Fund should disclose that fact and the reason it believes the sensitivity analyses are unrepresentative. This may be the case, for example, when:

- A financial instrument contains terms and conditions whose effects are not apparent from the sensitivity analysis, e.g., options that remain out of (or in) the money for the chosen change in the risk variable
- Financial assets are illiquid, e.g., when there is a low volume of transactions in similar assets and the Fund finds it difficult to find a counterparty

  Or
- The Fund has a large holding of a financial asset that, if sold in its entirety, would be sold at a discount or premium to the quoted market price for a smaller holding

On 29 September 2018, the Fund purchased an interest rate cap (cap) to serve as an economic hedge against the effect of a reasonably possible increase in interest rates on the fair value of several euro denominated fixed income securities. *IFRS 7.42 IFRS 7.IG37(a) IFRS 7.IG38*

The cap has a notional value of €5 million and a strike rate of 5.5%.

In order to save the costs of the cap, the Fund has simultaneously written a leveraged floor to the same counterparty with the same notional and a strike rate of 2.5%, achieving a zero-cost interest rate collar. Under the terms of the collar, the Fund will receive the difference between 9-month Euribor and the cap (applied to the notional) whenever 9-month Euribor exceeds the cap, but will have to pay seven times the difference between the floor and 9-month Euribor (applied to the notional) whenever 9-month Euribor drops below the floor. The termination date of the collar is 29 June 2016.

On the reporting date, the fair value of the collar is nil as 9-month Euribor was between the cap and floor rates.

Based on statistical data and financial forecasts, the board of directors estimates the likelihood of 9-month Euribor decreasing below the floor as remote. However, an unexpectedly large decrease in the 9-month Euribor may trigger payments under the written floor that, because of the leverage, may be significantly larger than the benefit of lower interest rates. Neither the fair value of the collar nor the interest sensitivity analysis (which is based on reasonably possible changes) indicates this exposure.

The investment manager is instructed to closely monitor this position and, in the event of adverse changes, either to seek a balancing position or to terminate the contract as soon as practical. In addition, it is expected that the Fund's total fair value gains upon a large decrease in the market interest rate would negate the effect of any possible losses from the floor.

The Fund has a 9.2% (2017: nil%) interest in GEK N.V., a Dutch telecommunication company listed on Euronext. The investment's fair value is €6,250,000 (2017: nil) and is included within equity securities designated at FVPL. *IFRS 7.IG37(c) IFRS 7.IG40*

At the end of the reporting period, the board of directors estimated a block discount effect of 5%-7% to the quoted market price, if the investment were to be sold in its entirety. However, in accordance with IFRS measurement requirements, the fair value of the investment is based on the quoted market price, with no adjustment for the effect of the size of the position held by the Fund. Hence, neither the fair value of the investment nor the equity price sensitivity analysis reflects the possible effects of the block discount.

The board of directors has established a plan with defined timelines to gradually dispose of the investment without triggering the effect of the discount.

At the reporting date, the Fund held 9.5% (2017: nil%) of the share capital in QPR Bank, Inc. an American financial institution listed on the New York Stock Exchange. The investment's fair value is €5,355,000 (2017: nil) and is included within equity securities held for trading. Considering the size of the portfolio and the interests of other shareholders in the investee, the Board of Directors estimated that, at the end of the reporting period, the Fund would be able to obtain a price of €5,730,000, a 7% premium above the quoted market price, if the investment were to be sold in its entirety. However, in accordance with IFRS measurement requirements, the fair value of the investment is based on quoted market price with no adjustment for the effect of the size of the position held by the Fund. Hence, neither the fair value of the investment nor the equity price sensitivity analysis reflects the possible effects of the premium. *IFRS 7.IG37(c) IFRS 7.IG40*

Appendix 3 – Fund with treasury shares

Commentary

The main financial statements illustrate a fund that cancels repurchased shares immediately and issues new shares to new investors. The following illustrative disclosures are applicable when the fund's policy is to hold repurchased shares in treasury until it sells them to new investors.

Statement of changes in equity

for the year ended 31 December 2018

	Notes	Number of shares outstanding	Share capital	Treasury shares	Share premium	Other reserve	Retained earnings	Total equity	IAS 1.106(d) IAS 1.136A(a) IAS 1.79(a)(iv)
			€000	€000	€000	€000	€000	€000	IAS 1.51(d)(e)
As at 1 January 2017		**6,285,714**	**74**	**(6,440)**	**63,000**	–	**25,297**	**81,931**	
Total comprehensive loss for the year		–	–	–	–	–	(1,158)	(1,158)	IAS 1.106(d)(i)
Dividends	22	–	–	–	–	–	(7,732)	(7,732)	IAS 1.107
Sale of treasury shares	16	1,047,294	–	12,368	–	–	–	12,368	IAS 1.106(d)(iii)
Repurchase of own shares	16	(2,435,567)	–	(28,520)	–	–	–	(28,520)	IAS 1.106(d)(iii)
As at 31 December 2017		**4,897,441**	**74**	**(22,592)**	**63,000**	–	**16,407**	**56,889**	
Total comprehensive income for the year		–	–	–	–	–	17,613	17,613	IAS 1.106(d)(i)
Dividends	22	–	–	–	–	–	(3,675)	(3,675)	IAS 1.107
Sale of treasury shares	16	1,689,451	–	22,932	–	–	–	22,924	IAS 1.106(d)(iii)
Repurchase of own shares	16	(770,918)	–	(10,165)	–	–	–	(10,157)	IAS 1.106(d)(iii)
Issue of convertible bonds	15	–	–	–	–	1,970	–	1,970	IAS 32.28
As at 31 December 2018		**5,815,974**	**74**	**(9,825)**	**63,000**	**1,970**	**30,345**	**85,564**	

In the Statement of cash flows:

'Proceeds from issue of shares' is replaced by 'Proceeds from sale of treasury shares'.

In Note 16 Share capital, the tables should be, as follows:

A reconciliation of the number of shares outstanding at the beginning and at the end of each of the reporting periods is provided below:

	Issued and fully paid	Treasury shares	Outstanding shares	IAS 1.79(a)(iv)
At 1 January 2017	**7,441,381**	**1,155,667**	**6,285,714**	
Repurchase of own shares	–	2,435,567	(2,435,567)	
Sale of treasury shares	–	(1,047,294)	1,047,294	
At 1 December 2017	**7,441,381**	**2,543,940**	**4,897,441**	
Repurchase of own shares	–	770,918	(770,918)	
Sale of treasury shares	–	(1,689,451)	1,689,451	
At 31 December 2018	**7,441,381**	**1,625,407**	**5,815,974**	

Appendix 4 – Fund which reclassifies puttable shares

Commentary

The main illustrative financial statements are of an open-ended investment fund whose redeemable shares meet the definition of puttable instruments classified as equity instruments under IAS 32 during all the periods presented.

IAS 32 prescribes strict conditions for the classification of puttable shares as equity instruments.

When a puttable share classified as equity ceases to have all the features or meet all the conditions set out in IAS 32.16A-16B, it should be reclassified from that date as a financial liability.

Similarly, a puttable share classified as a financial liability should be reclassified as an equity instrument from the date when the share has all the features and meets the conditions for such a classification.

The purpose of this appendix is to illustrate some relevant disclosures in a situation where shares have been reclassified during the reporting period. In addition to the disclosures below, if classified as a liability, it triggers additional disclosures in relation to risks associated to financial instruments.

In this appendix, we assume the following fact pattern, which is typical to many funds:

The Fund initially had only one class of redeemable shares outstanding which met the conditions to be classified as equity. During 2018, the Fund issued a second class of redeemable shares with different features (e.g., performance fees) and consequently did not meet the identical features condition in IAS 32.16A(c).

In 2018, since the Fund issued a second share class which does not have features identical to the existing share class, neither of the share classes are classified as equity. Rather, both are classified as liabilities.

Statement of comprehensive income

IAS 1.49
IAS 1.51(b)

for the year ended 31 December 2018

IAS 1.10(b)
IAS 1.81A
IAS 1.102
IAS 1.51(c)

	Notes	2018	2017	
		€000	€000	*IAS 1.38* *IAS 1.51(d)(e)*
Income				*IAS 1.82(a)*
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	5	18,223	(745)	*IFRS 7.20(a)(i)*
Net gain on investment properties at fair value through profit or loss	11	89	173	
Rental income	11	737	620	*IFRS 7.20(b)*
Interest revenue	17	1,167	961	
Dividend revenue	18	1,293	875	*IFRS 9.5.7.1A*
Net foreign exchange gains		101	23	
		21,610	1,907	*IAS 1.85*
Expense				
Management and performance fees	24	(1,331)	(854)	*IFRS 7.20(c)(i)*
Custodian and administration fees	24	(62)	(40)	
Directors fees	24	(66)	(60)	
Other general expenses		(274)	(247)	*IAS 1.102*
		(1,733)	**(1,201)**	*IAS 1.85*
Operating profit/(loss)		**19,877**	**706**	*IAS 1.85*
Finance costs				*IFRS 7.20(b)* *IAS 1.82(b)*
Interest expense	17	(2,070)	(1,733)	*IAS 32.40*
Distributions to shareholders		(8,100)	–	*IAS 32.IE32*
Increase in net assets attributable to the Fund's shareholders		(4,573)	–	*IAS 32.35-36*
Profit/(loss) before tax		**5,134**	**(1,027)**	
Withholding tax	20	(194)	(131)	*IAS 1.82(d)* *IAS 12.77*
Profit/(loss) and total comprehensive income/(loss) for the year		**4,940**	**(1,158)**	

Commentary

The amount of €4,940,000 represents the Fund's income until the date of the reclassification of the shares.

The increase in the liability to the shareholders (after the reclassification of the shares) in the amount of €4,573,000 is accounted for as an expense in accordance with IAS 32.35-36.

The dividend distributed in 2017 is not included in the statement of comprehensive income since it was declared while the shares were classified as equity and is therefore presented in the statement of changes in equity as a transaction with owners.

IAS 32.IE32-IE33 (Examples 7 and 8) illustrate special structures of the statement of comprehensive income which may be applied by investment funds with no equity or with some equity. These illustrative examples allow such funds to present the increase or decrease in their liability to shareholders as if it were profit or loss (i.e., under the result line). However, these illustrative examples are not applicable when, as well as the change in the liability to shareholders, the fund also has profit or loss attributable to the holders of equity instruments.

Understanding such an income statement can prove very challenging to many users and preparers of financial statements. Many investment funds (especially hedge funds that regularly issue and redeem different classes of shares) may not wish to have their shares classified as equity instruments in order to avoid the future consequences of reclassifications. However, the application of IAS 32.16A-16B is not optional. Therefore, funds should carefully assess whether their redeemable shares met the definition of equity instruments at any point in time during the reporting or comparative periods.

Statement of financial position

as at 31 December 2018

	Notes	31 December 2018 €000	31 December 2017 €000	
				IAS 1.10(a) IAS 1.49 IAS 1.51(c) IAS 1.63 IAS 1.77 IAS 1.113
Assets				*IAS 1.38 IAS 1.51(d)(e)*
Investment properties	11	11,682	11,009	*IAS 1.54(b)*
Financial assets at fair value through profit or loss				
Investments in subsidiaries	5,8,9	44,289	31,137	*IAS 1.54(d)*
Investment in associates	5,8,10	1,996	1,412	
Equity instruments	5,8	40,735	26,526	
Debt instruments	5,8	14,013	8,851	
Derivative financial instruments	5,6,8	2,700	2,020	
Money market funds and similar securities	5,8	2,206	2,091	
Trade and other receivables	12	1,857	1,939	*IAS 1.54(d)*
Cash and cash equivalents	13	1,574	369	*IFRS 7.8(c) IAS 1.54(h)*
Total assets		**121,052**	**85,354**	*IAS 1.54(i)*
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivatives financial instruments	5,6,8	2,483	2,185	*IFRS 7.8(e)(f)*
Debentures	14	25,851	25,815	*IAS 1.54(k)(m)*
Convertible bonds	15	6,675	–	*IFRS 7.8(e)(f) IAS 32.28*
Trade and other payables	12	3,468	465	
Total liabilities excluding net assets attributable to shareholders		38,477	28,465	
Net assets attributable to shareholders		80,605	–	
Total liabilities		**119,082**	**28,465**	
Equity				
Share capital	16	–	49	
Share premium		–	40,433	
Retained earnings		–	16,407	
Other reserve	15	1,970	–	*IAS 32.28*
Total equity		–	**56,889**	
Total liabilities and equity		**121,052**	**85,354**	

Statement of changes in equity

for the year ended 31 December 2018

	Notes	Number of shares outstanding	Share capital €000	Share premium €000	Other reserve €000	Retained earnings €000	Total equity €000	IAS 1.106(d) IAS 1.136A(a) IAS 1.79(a)(iv) IAS 1.51(d)(e)
As at 1 January 2017		6,285,714	63	56,571	–	25,297	81,931	
Total comprehensive loss for the year		–	–	–	–	(1,158)	(1,158)	IAS 1.106(d)(i)
Dividends	22	–	–	–	–	(7,732)	(7,732)	IAS 1.107
Issue of shares	16	1,047,294	10	12,358	–	–	12,368	IAS 1.106(d)(iii)
Repurchase and cancellation of own shares	16	(2,435,567)	(24)	(28,496)	–	–	(28,520)	IAS 1.106(d)(iii)
As at 31 December 2017		**4,897,441**	**49**	**40,433**	**–**	**16,407**	**56,889**	
Total comprehensive income for the period		–	–	–	–	4,940	4,940	
Dividends	22	–	–	–	–	(3,675)	(3,675)	IAS 1.107
Issue of shares		1,339,361	13	18,167	–	–	18,180	IAS 1.106(d)(iii)
Repurchase and cancellation of own shares	16	(294,615)	(3)	(3,882)	–	–	(3,885)	IAS 1.106(d)(iii)
Issue of convertible bond	15	–	–	–	1,970	–	1,970	IAS 32.28
Reclassification of the redeemable shares as financial liabilities	16	(5,942,187)	(59)	(54,718)	–	(17,672)	(72,449)	
As at 31 December 2018		**–**	**–**	**–**	**1,970**	**–**	**1,970**	

There have been no movements in equity after the reclassification of the shares on 1 July 2018. For the movements in the Fund's net assets since 1 July 2018, please refer to the statement of changes in net assets attributable to shareholders.

Statement of changes in net assets attributable to shareholders

for the year ended 31 December 2018 (from reclassification date)

IAS 1.10(c)
IAS 1.49
IAS 1.51(c)
IAS 1.106
IAS 1.106A

	Notes	Numbers of shares outstanding	Net assets attributable to shareholders €000	IAS 1.79(a)(iv) IAS 1.51(d)(e)
As at 1 July 2018				
Reclassification of the redeemable shares as financial liabilities		5,942,187	72,449	
Issue of redeemable shares	16	669,680	9,090	IAS 1.106(d)(iii)
Repurchase of redeemable shares	16	(147,307)	(1,942)	IAS 1.106(d)(iii)
Decrease in net assets attributable to shareholders from transactions in shares		522,373	(3,565)	
Increase in net assets attributable to shareholders		–	4,573	IAS 1.107
At 31 December 2018		**6,464,560**	**80,605**	

16. Share capital

Until 30 June 2018, only Class A shares were in issue and the Fund concluded that these shares had all the features and met all the conditions for classification as equity instruments during 2017 and during the first six months of the year. *IAS 1.80A IAS 32.16E-F*

On 1 July 2018, the Fund issued B redeemable shares (Class B shares) which are subject to a longer lock-up period and on which the performance fee is calculated based on a different formula from the Class A shares. Therefore, the Fund concluded that the conditions for recognising the redeemable shares as equity under IAS 32 were no longer met as another class of shares was in issue with different features. Therefore, the Fund reclassified the redeemable shares as financial liabilities. The amount reclassified was the entire equity balance at that date amounting to €72,449,000. This amount was determined to be the fair value of the liability to shareholders at the date of the reclassification.

Appendix 5 – Fund with non-puttable shares

Commentary

The main illustrative financial statements are of an open-ended investment fund whose redeemable shares meet the definition of puttable instruments classified as equity instruments in accordance with IAS 32.16A-16B.

It is common for the shares of a fund that are traded on an exchange to be non-puttable and the fund will have full discretion on dividend distribution. As such the fund would classify its shares as equity instruments under the general provisions of IAS 32. The purpose of this Appendix is to highlight some differences between the financial statements of a fund:

- Whose puttable shares are classified as equity in accordance with the limited presentation exception for puttable instruments
- Whose non-puttable shares are classified as equity under the general provisions of IAS 32

Therefore, we assume a fund with full discretion to buy back its shares. In practice, some funds may be economically compelled to buy back shares, or to distribute dividends (e.g., due to a negative influence on the share price). However, as there is no contractual obligation, this determines the classification of the shares as equity (refer to IAS 32.AG26).

Extracts from relevant disclosures are provided below.

2.3 Summary of significant accounting policies

IAS 1.10(e)
IAS 1.119
IAS 1.121
IAS 1.112(b),(c)
IAS 1.117

2.3.10 Share capital

The Fund's ordinary shares are classified as equity as the Fund has full discretion to repurchase the shares and in respect of dividend distributions.

The issuance, acquisition and resale of ordinary shares are accounted for as equity transactions.

Upon the issuance of shares, the consideration received is included in equity.

Transaction costs incurred by the Fund in issuing or acquiring its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Own equity instruments that are acquired (treasury shares) are deducted from equity and accounted for at amounts equal to the consideration paid, including any directly attributable incremental costs. *IAS 32.33*

No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issuance or cancellation of the Fund's own equity instruments.

16. Share capital

Authorised capital

The authorised share capital of the Fund is €100,000 divided into 10,000,000 ordinary shares of €0.01 par value, with each carrying one vote. All issued shares are fully paid and are listed on the Euroland Stock Exchange. The Fund's capital is represented by these shares. *IAS 1.79(a) (i),(ii),(iii),(v)*

Quantitative information about the Fund's capital is provided in the statement of changes in equity and in the table below. The shares are entitled to dividends and to payment of a proportionate share of the Fund's net asset value per share upon winding up of the Fund. *IAS 1.135(a)(i)*

Capital management *IAS 1.134-135*

As a result of the ability to issue, repurchase and resell shares, the capital of the Fund can vary depending on subscriptions to the Fund and repurchases by the Fund. The Fund is not subject to externally imposed capital requirements and has no restrictions on the issue, repurchase and resale of ordinary shares.

The Fund's objectives for managing capital are:

- To invest the capital in investments meeting the description, risk exposure and expected return indicated in its prospectus
- To achieve consistent returns while safeguarding capital by investing in diversified portfolio, by participating in derivative and other capital markets and by using various investment strategies and hedging techniques
- To maintain sufficient liquidity to meet the expenses of the Fund and in order to repurchase shares
- To maintain sufficient size to make the operation of the Fund cost efficient

Refer to the Financial risk management objectives and policies (Note 7) for the policies and processes applied by the Fund in managing its capital.

Appendix 6 – Fund with more than one segment

Commentary

The main illustrative financial statements assume the Fund is organised into one operating segment. All of the Fund's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Fund as one segment.

The purpose of this Appendix is to illustrate additional relevant disclosures in a situation where a fund has more than one operating segment, i.e., a fund with well-defined lines of business and operating units, for which discrete financial information is available and used by the Chief Operating Decision Maker (CODM). It should be noted that the information presented in this appendix is in addition to the entity-wide disclosures shown in the main body of this publication (i.e., disclosure of information on products and services, geographical areas and information about major customers is not repeated in this Appendix).

In this appendix, we assume the following fact pattern:

- The CODM is an appointed investment committee
- The fund has four separate portfolios
- The performance of each portfolio is evaluated separately

2.3 Summary of significant accounting policies

IAS 1.10(e)

Segment information

IFRS 8.5

For management purposes, the Fund is organised into four main operating segments which invest in: 1) equity instruments, equity securities sold short and equity derivatives; 2) debt instruments, cash instruments and related derivatives; 3) private equities; and 4) investment properties. Each segment engages in separate business activities and the operating results are regularly reviewed by the investment committee, which assumes the role of CODM for performance assessment purposes and to make decisions about resources allocated to each segment. The segment revenues and profit or loss are measured consistently with revenues and profit or loss in the statement of comprehensive income.

IFRS 8.7

5. Segment information

IFRS 8.20
IFRS 8.21
IFRS 8.22 (a)
IFRS 8.22 (b)

The investment committee of the investment manager is responsible for allocating resources available to the Fund in accordance with the overall business strategies as set out in the Investment Guidelines of the Fund. The Fund has been organised into four segments:

1. A portfolio of equity instruments, equity securities sold short and related derivatives
2. A portfolio of debt instruments, cash instruments and related derivatives
3. A portfolio of private equities
4. A portfolio of investment properties

Each segment is managed by a separate team of the investment manager.

The investment objective of each segment is to achieve consistent medium-term returns from the investments in each segment while safeguarding capital by investing in diversified portfolios.

There have been no changes in reportable segments during the course of the year. *IFRS 8.29*

The segment information provided is presented to the investment committee of the Fund. *IFRS 8.5(b)*

Appendix 6 – Fund with more than one segment *continued*

IFRS 8.23

	For the year ended 31 December 2018						
	Equity	Debt	Private equity	Property	Total segments	Adjustments	Total
	€000	€000	€000	€000	€000	€000	€000
Net gain on financial assets and liabilities at fair value through profit or loss	8,106	4,605	5,512	–	18,223	–	18,223
Net gains on investment properties at fair value through profit or loss	–	–	–	89	89	–	89
Rental income	–	–	–	737	737	–	737
Interest revenue	–	1,167	–	–	1,167	–	1,167
Dividend revenue	1,293	–	–	–	1,293	–	1,293
Net foreign exchange gains	–	–	–	–	–	101	101
Interest expense	(1,035)	–	(1,035)	–	(2,070)	–	(2,070)
Management and performance fees	–	–	–	–	–	(1,331)	(1,331)
Other expenses	–	–	–	–	–	(402)	(402)
Total segment operating profit/(loss)	**8,364**	**5,772**	**4,477**	**826**	**19,439**	**(1,632)**	**17,807**

IFRS 8.23

	For the year ended 31 December 2017						
	Equity	Debt	Private equity	Property	Total segments	Adjustments	Total
	€000	€000	€000	€000	€000	€000	€000
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	(3,941)	485	2,711	–	(745)	–	(745)
Net gain on investment properties at fair value through profit or loss	–	–	–	173	173	–	173
Rental income	–	–	–	620	620	–	620
Interest revenue	–	961	–	–	961	–	961
Dividend revenue	875	–	–	–	875	–	875
Net foreign exchange gains	–	–	–	–	–	23	23
Interest expense	(866)	–	(867)	–	(1,733)	–	(1,733)
Management and performance fees	–	–	–	–	–	(854)	(854)
Other expenses	–	–	–	–	–	(347)	(347)
Total segment operating profit/(loss)	**(3,932)**	**1,446**	**1,844**	**793**	**151**	**(1,178)**	**(1,027)**

IFRS 8.23

	For the year ended 31 December 2018						
	Equity	**Debt**	**Private equity**	**Property**	**Total segments**	**Adjustments**	**Total**
	€000	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**
Financial assets at fair value through profit or loss	45,431	16,119	44,389	–	105,939	–	105,939
Investment properties	–	–	–	11,682	11,682	–	11,682
Other assets	1,812	45	–	–	1,857	1,574	3,431
Total segment assets	**47,243**	**16,164**	**44,389**	**11,682**	**119,478**	**1,574**	**121,052**
Financial liabilities at fair value through profit or loss	(1,689)	(794)	–	–	(2,483)	–	(2,483)
Other liabilities	(16,444)	–	(16,370)	–	(32,814)	(191)	(33,005)
Total segment liabilities	**(18,133)**	**(794)**	**(16,370)**	–	**(35,297)**	**(191)**	**(35,488)**

IFRS 8.23

	For the year ended 31 December 2017						
	Equity	**Debt**	**Private equity**	**Property**	**Total segments**	**Adjustments**	**Total**
	€000	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**
Financial assets held for trading	25,162	8,851	–	–	34,013	–	34,013
Financial assets designated at fair value through profit or loss	4,796	–	31,137	–	35,933	–	35,933
Investment properties	–	–	–	11,009	11,009	–	11,009
Other assets	1,939	2,091	–	–	4,030	369	4,399
Total segment assets	**31,897**	**10,942**	**31,137**	**11,009**	**84,985**	**369**	**85,354**
Financial liabilities at fair value through profit or loss	(1,902)	(283)	–	–	(2,185)	–	(2,185)
Other liabilities	(13,111)	–	(13,042)	–	(26,153)	(127)	(26,280)
Total segment liabilities	**(15,013)**	**(283)**	**(13,042)**	–	**(28,338)**	**(127)**	**(28,465)**

Commentary

The Fund has reported the total assets and liabilities for each reportable segment as this information is provided to the CODM. Such disclosure would not be required if this information were not presented to the chief operating decision maker (IFRS 8.23).

During the year, there were no revenues from transactions with other operating segments. *IFRS 8.23(b)*

Certain income and expenditure is not considered part of the performance of an individual segment. This includes net foreign exchange gains, management and performance fees, custodian and administration fees, directors' fees and other general expenses. *IFRS 8.27(b)*

Appendix 6 – Fund with more than one segment continued

Commentary

In this illustrative example, all of the Fund's revenues are generated from the Fund's reportable segments and the revenues are measured consistently with revenues in the statement of comprehensive income. If a fund generates any further revenue which was not part of a reportable segment, a reconciliation should be provided between the total reportable segments' revenues and the fund's revenues.

The following table provides a reconciliation between total segment operating profit/(loss) and total comprehensive income/(loss) for the year: *IFRS 8.28(b)*

	2018	2017
	€000	**€000**
Total segment operating profit/(loss)	19,439	151
Net foreign exchange gains	101	23
Management and performance fees	(1,331)	(854)
Other expenses	(402)	(347)
Total comprehensive income/(loss) before withholding tax	**17,807**	**(1,027)**

The investment committee is provided with information regarding the total assets and total liabilities of the four portfolios. *IFRS 8.27(c)* *IFRS 8.27(d)*

In addition, cash and cash equivalents are not considered to be part of individual segment assets.

Certain liabilities are not considered to be part of the net assets of an individual segment. These include management and performance fees payable, custodian and administration fees payable, directors' fees payable and other payables and accrued expenses.

The following table provides a reconciliation between total segment assets and liabilities and total assets and liabilities: *IFRS 8.28(c), IFRS 8.28(d)*

	2018	2017
	€000	**€000**
Total segment assets	119,478	84,985
Cash and cash equivalents	1,574	369
Total assets	**121,052**	**85,354**
Total segment liabilities	**35,297**	**28,338**
Other payables and accrued expenses	191	127
Total liabilities	**32,348**	**28,465**

Commentary

IFRS 8.28(e) also requires an additional reconciliation of the total reportable segments' amounts for every other material item of information disclosed to the corresponding amount for the entity. The fund's internal reporting systems can be set up to report in accordance with IFRS. The segment disclosures may be significantly more extensive if internal reports have been prepared on a basis other than IFRS. In such cases, a reconciliation between the internally reported items and IFRS measurement would need to be prepared (IFRS 8.28).

Appendix 7 – Comparison between different variations of funds

The following table highlights differences between:

- A fund whose puttable shares are classified as financial liabilities (redemptions at NAV, dividend is either discretionary or non-discretionary)
- A fund whose puttable shares are classified as equity instruments under IAS 32 (redemptions at NAV, discretionary dividend)
- A fund whose non-puttable shares are classified as equity instruments (discretionary dividend)

	Puttable* shares classified as *liabilities	***Puttable* shares classified as *equity***	***Non-puttable* shares classified as *equity***
IAS 33 *Earnings Per Share* applicable?	No	No[1]	Yes (for funds in the scope of IAS 33.2)
IFRS 8 *Operating Segments* applicable?	Yes (for funds in the scope of IFRS 8.2)	Yes (for funds in the scope of IFRS 8.2)	Yes (for funds in the scope of IFRS 8.2)
IFRS 2 *Share-based Payment* applicable?	No	No	Yes
Shares in the scope of IFRS 7?	Yes	No	No
Dividend distributions	Finance costs	Deducted from equity	Deducted from equity
Structure of the statement of comprehensive income	Special format illustrated by IAS 32.IE32 or IE33. ('Normal' format may also be used)	'Normal' IAS 1 format	'Normal' IAS 1 format
Statement of changes in equity	No, (unless the fund has other components of equity)	Yes	Yes
Statement of changes in net assets attributable to shareholders	Not required but provided as common practice	No	No
Disclosure per IAS 1.134-135 (capital management)	Yes	Yes	Yes
Disclosure per IAS 1.136A (puttable financial instruments classified as equity)	No	Yes	No
Effect of issuing or redeeming another class of shares	The '**liability'** classification must be reassessed upon **redemption** of such instrument	The **'equity'** classification must be reassessed upon **issuance** of such instrument	No effect on the classification of the shares as equity
Disclosure per IAS 1.80A (reclassification of puttable shares)	Applicable if the shares were previously classified as equity instruments (upon reclassification of the shares following changes in the features)	Applicable if the shares were previously classified as liabilities (upon reclassification of the shares following changes in the features)	N/A
Derivatives on own shares	Derivatives	Derivatives	Equity instruments if 'fixed for fixed' and gross-settled. Otherwise a derivative
Classification of non-controlling interests in the consolidated financial statements of the parent	Liabilities	Liabilities	Non-controlling interests within equity (unless there is an obligation or a settlement provision from the group's perspective)

[1] IAS 32.96C restricts the equity classification of a puttable instrument classified as equity under IAS 32 to the accounting for such an instrument under IAS 1, IAS 32, IAS 39 and IFRS 7.

Appendix 8 – Information in other illustrative financial statements available

IFRS are illustrated across our various illustrative financial statements, as follows:

		Good Group	Good Group -Alternative Format	Good Group Interim	Good First-time Adopter	**Good Investment Fund (Equity and Liability)**	Good Real Estate	Good Mining	Good Petroleum
International Financial Reporting Standards (IFRS)									
IFRS 1	*First-time Adoption of International Financial Reporting Standards*				✓				✓
IFRS 2	*Share-based Payment*	✓	✓	✓	✓		✓		
IFRS 3	*Business Combinations*	✓	✓	✓	✓		✓	✓	✓
IFRS 4	*Insurance Contracts*								
IFRS 5	*Non-current Assets Held for Sale and Discontinued Operations*	✓	✓	✓	✓		✓		
IFRS 6	*Exploration for and Evaluation of Mineral Resources*							✓	✓
IFRS 7	*Financial Instruments: Disclosures*	✓	✓	✓	✓	✓	✓	✓	✓
IFRS 8	*Operating Segments*	✓	✓	✓	✓	✓	✓	✓	✓
IFRS 9	*Financial Instruments*					✓			
IFRS 10	*Consolidated Financial Statements*	✓	✓	✓			✓		
IFRS 11	*Joint Arrangements*	✓	✓	✓			✓		✓
IFRS 12	*Disclosure of Interests in Other Entities*	✓	✓				✓	✓	✓
IFRS 13	*Fair Value Measurement*	✓	✓	✓				✓	✓
IFRS 14	*Regulatory Deferral Accounts*								
IFRS 15	*Revenue from Contracts with Customers*					✓			
IFRS 16	*Leases*								
IFRS 17	*Insurance Contracts*								
International Accounting Standards (IAS)									
IAS 1	*Presentation of Financial Statements*	✓	✓	✓	✓	✓	✓	✓	✓
IAS 2	*Inventories*	✓	✓	✓	✓		✓	✓	✓
IAS 7	*Statement of Cash Flows*	✓	✓	✓	✓	✓	✓	✓	✓
IAS 8	*Accounting Policies, Changes in Accounting Estimates and Errors*	✓	✓	✓	✓	✓	✓	✓	✓
IAS 10	*Events after the Reporting Period*	✓	✓	✓	✓	✓	✓	✓	✓
IAS 11	*Construction Contracts*						✓		
IAS 12	*Income Taxes*	✓	✓	✓	✓	✓	✓	✓	✓
IAS 16	*Property, Plant and Equipment*	✓	✓		✓		✓	✓	✓
IAS 17	*Leases*	✓	✓	✓	✓		✓	✓	✓
IAS 18	*Revenue*	✓	✓	✓	✓	✓	✓	✓	✓
IAS 19	*Employee Benefits*	✓	✓	✓	✓			✓	✓
IAS 20	*Accounting for Government Grants and Disclosure of Government Assistance*	✓	✓	✓	✓				
IAS 21	*The Effects of Changes in Foreign Exchange Rates*	✓	✓	✓	✓	✓	✓	✓	✓
IAS 23	*Borrowing Costs*	✓	✓	✓	✓		✓	✓	✓

		Good Group	Good Group -Alternative Format	Good Group Interim	Good First-time Adopter	**Good Investment Fund (Equity and Liability)**	Good Real Estate	Good Mining	Good Petroleum
International Accounting Standards (IAS) *continued*									
IAS 24	*Related Party Disclosures*	✓	✓	✓	✓	✓	✓	✓	✓
IAS 26	*Accounting and Reporting by Retirement Benefit Plans*								
IAS 27	*Separate Financial Statements*								
IAS 28	*Investments in Associates and Joint Ventures*	✓	✓	✓	✓		✓		✓
IAS 29	*Financial Reporting in Hyperinflationary Economies*								
IAS 32	*Financial Instruments: Presentation*	✓	✓	✓	✓	✓	✓	✓	✓
IAS 33	*Earnings per Share*	✓	✓	✓	✓	✓	✓	✓	✓
IAS 34	*Interim Financial Reporting*			✓					
IAS 36	*Impairment of Assets*	✓	✓	✓	✓		✓	✓	✓
IAS 37	*Provisions, Contingent Liabilities and Contingent Assets*	✓	✓	✓	✓	✓	✓	✓	✓
IAS 38	*Intangible Assets*	✓	✓	✓	✓		✓	✓	✓
IAS 39	*Financial Instruments: Recognition and Measurement*	✓	✓	✓	✓	✓	✓	✓	✓
IAS 40	*Investment Property*	✓	✓	✓	✓		✓		
IAS 41	*Agriculture*								
Interpretations									
IFRIC 1	*Changes in Existing Decommissioning, Restoration and Similar Liabilities*	✓	✓	✓	✓			✓	✓
IFRIC 2	*Members' Shares in Co−operative Entities and Similar Instruments*								
IFRIC 4	*Determining whether an Arrangement contains a Lease*	✓	✓	✓	✓			✓	✓
IFRIC 5	*Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*			✓				✓	✓
IFRIC 6	*Liabilities arising from Participating in a Specific Market − Waste Electrical and Electronic Equipment*	✓	✓	✓	✓				
IFRIC 7	*Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies*								
IFRIC 9	*Reassessment of Embedded Derivatives*	✓	✓	✓					
IFRIC 10	*Interim Financial Reporting and Impairment*	✓	✓	✓					
IFRIC 12	*Service Concession Arrangements*								
IFRIC 13	*Customer Loyalty Programmes*	✓	✓	✓	✓				
IFRIC 14	*IAS 19 − The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*								
IFRIC 15	*Agreements for the Construction of Real Estate*						✓		
IFRIC 16	*Hedges of a Net Investment in a Foreign Operation*	✓	✓	✓	✓				
IFRIC 17	*Distributions of Non-cash Assets to Owners*	✓	✓	✓	✓				
IFRIC 18	*Transfers of Assets from Customers*	✓	✓	✓	✓				
IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments*			✓					
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*							✓	

Appendix 8 – Information in other illustrative financial statements available *continued*

		Good Group	Good Group -Alternative Format	Good Group Interim	Good First-time Adopter	**Good Investment Fund (Equity and Liability)**	Good Real Estate	Good Mining	Good Petroleum
Interpretations *continued*									
IFRIC 21	*Levies*	✓	✓	✓					
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*								
IFRIC 23	*Uncertainty over Income Tax Treatments*								
SIC 7	*Introduction of the Euro*								
SIC 10	*Government Assistance – No Specific Relation to Operating Activities*								
SIC 15	*Operating Leases – Incentives*	✓	✓	✓	✓		✓		
SIC 25	*Income Taxes – Changes in the Tax Status of an Entity or its Shareholders*				✓				
SIC 27	*Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	✓	✓	✓	✓				
SIC 29	*Service Concession Arrangements: Disclosures*								
SIC 31	*Revenue – Barter Transactions Involving Advertising Services*								
SIC 32	*Intangible Assets – Web Site Costs*								

✓ This standard or interpretation is incorporated into these illustrative financial statements.

EY | Assurance | Tax | Transactions | Advisory

About EY
EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

About EY's International Financial Reporting Standards Group
A global set of accounting standards provides the global economy with one measure to assess and compare the performance of companies. For companies applying or transitioning to International Financial Reporting Standards (IFRS), authoritative and timely guidance is essential as the standards continue to change. The impact stretches beyond accounting and reporting to the key business decisions you make. We have developed extensive global resources — people and knowledge — to support our clients applying IFRS and to help our client teams. Because we understand that you need a tailored service as much as consistent methodologies, we work to give you the benefit of our deep subject matter knowledge, our broad sector experience and the latest insights from our work worldwide.

EYG no. 0866-183Gbl

EY-000055710.indd (UK) 02/18.
Artwork by Creative Services Group London.

ED None

ey.com