



Department for

Communities

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Department for

Commonities

www.communities-ni.gov.uk



Northern Ireland Central Investment Fund for Charities

Annual Report and Accounts
to 30 September 2023



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This document is also available from our website at:

www.communities-ni.gov.uk

**Northern Ireland Central Investment Fund for Charities
Annual Report and Accounts**

For the year ended 30 September 2023

Laid before the Northern Ireland Assembly under
Section 34 (2) of the Charities Act (Northern Ireland) 1964
by the Department for Communities.

12 April 2024

Contents

Statement of Accounting Officer's Responsibilities	5
Governance Statement	6
Fund Overview	14
The Audit Report of the Comptroller and Auditor General to the Northern Ireland Assembly	17
Income and Expenditure Account for Year Ended 30 September 2023	21
Statement of Financial Position as at 30 September 2023	22
Notes to the Accounts	23

Statement of Accounting Officer's Responsibilities

Under the Charities Central Investment Scheme (Northern Ireland) 1965, as made under section 25 of the Charities Act (Northern Ireland) 1964, and the Charities Act (Northern Ireland) 2008 section 64 the Department for Communities (DfC), after the Departments (Transfer and Assignment of Functions) Order (Northern Ireland) 1999, is required to prepare for the Central Investment Fund for Charities, for each financial year, a Statement of Financial Position and an Income and Expenditure Account.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Northern Ireland Central Investment Fund for Charities (NICIFC) and of its income and expenditure for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM) and in particular to:

- include the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the accounts

- prepare the accounts on a going concern basis.
- confirms that the annual report and accounts as a whole are fair, balanced and understandable and takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable..

Department of Finance (DoF) has appointed the Permanent Secretary as Accounting Officer of the Department. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances under his stewardship, for keeping proper records and for safeguarding assets of the Department, are set out in Managing Public Money Northern Ireland (MPMNI) published by DoF.

The Accounting Officer confirms that, as far as he is aware, there is no relevant audit information of which the Department's auditors are unaware, that he has taken all the steps necessary to make himself aware of any relevant audit information and to establish that the Department's auditors are aware of that information.

Governance Statement

Introduction

The Northern Ireland Central Investment Fund for Charities Account falls under the responsibility of the Department for Communities (DfC) and is bound by the governance arrangements of the Department. The DfC Governance Statement has been compiled from work throughout the year to support stewardship, management and control of the Department. It supplements the annual accounts and explains the framework of governance and risk management operated in support of my role as Departmental Accounting Officer.

Governance Framework

Overview of Arrangements

DfC has a corporate governance framework in place which specifies the Department's organisational and governance structures, roles and responsibilities of those charged with governance, and key internal control, risk management and assurance arrangements. The framework is in line with the 'Corporate Governance in Central Government Departments: Code of Good Practice NI 2013' and is available at: <https://www.communities-ni.gov.uk/publications/dfc-corporate-governance-framework>

The Department ordinarily operates under the direction and control of the Minister for Communities, who is responsible and accountable to the Assembly for the policies, programmes, and actions of the Department. As Permanent Secretary for DfC, I am the Minister's principal adviser. Since 28 October

2022 when Ministers ceased to hold office I, as the administrative Head of the Department and the Departmental Accounting Officer, have made decisions in accordance with the guidance and principles laid out in The Northern Ireland (Executive Formation etc) Act 2022.

Management and Organisation of the Department

As Accounting Officer I am personally responsible and accountable for the effective management and organisation of the Department, the efficient and effective use of its resources and the stewardship of its assets. I am assisted in my role as Accounting Officer by a Departmental Management Board which encompasses DfC Deputy Secretaries along with Non-Executive Board Members operating as a collegiate committee under my leadership.

The Board is supported in its role by a Departmental Audit and Risk Assurance Committee (DARAC) and a number of Sub-Committees - the Departmental Information Assurance Committee (DIAC), the Policy & Strategy Sub-Committee (PSSC) and the People & Resources Sub-Committee (PRSC).

Management of the Fund

Financial Management Directorate is responsible for the administration of the Northern Ireland Central Investment Fund for Charities. Established in 1965 through the Charities Act (Northern Ireland) 1964, the Fund aims to provide Trustees with the opportunity

to invest all or part of their funds with the benefit of expert supervision. It is managed by the Department for Communities through a recognised fund manager, but its investment policy is guided by a locally based Advisory Committee appointed by the Departmental Minister, which meets in February, June, August and November each year.

The current members are:

Mr D Murphy (Chair)
Mr K Nelson
Mr S Lynch
Mr J Stewart
Mr A Turner

The Department appoints an external Fund manager who is authorised and regulated by the Financial Conduct Authority to manage the portfolio. The current fund manager is LGT Wealth Management (formally abrdn).

Whilst LGT maintain the register of investors, the Fund's assets are held by FNZ as a Custodian. There is a discretionary tripartite relationship between the Department, LGT and FNZ. Under the investment management agreements between the Department and LGT this allows LGT discretion to instruct the custodian to buy and sell on the Departments behalf. For the year ended 30 June 2023 FNZ received a qualified assurance statement as a result of identification of potential risk due to segregation of duties. No actual segregation of duties issued were identified. The Department will continue to monitor this.

Board Performance and Effectiveness

Minutes of Board meetings are available at: <https://www.communities-ni.gov.uk/publications/departmental-management-board-minutes>

A Register of Board Interests is maintained and 'Conflicts of Interest' is a standing agenda item for Board meetings where members are asked to declare any interests relating to items on the Board agenda.

The Board undertakes an annual review of effectiveness in line with the Corporate Governance Code and its Operating Framework. Reviews consider the Board Operating Framework, the effectiveness of the Board's oversight of the important issues facing the Department and the quality of information available to the Board. Oversight of performance and Board culture are considered and reviews provide an opportunity for Board member self-assessment. Reviews also consider risk management arrangements in line with the requirement for annual review and the principle of comply or explain set out in the 'HM Government Orange Book: Management of Risk – Principles and Concepts'.

In line with best practice, the Board secures external input for the review of Board effectiveness every three years. External input on Board effectiveness was provided by a Senior Civil servant during 2022-23 with positive findings presented to the Board. The annual review for 2022-23 confirmed Board effectiveness, compliance with the Board Operating Framework and the mandatory requirements of the HM Government Orange Book: Management of Risk – Principles and Concepts'.

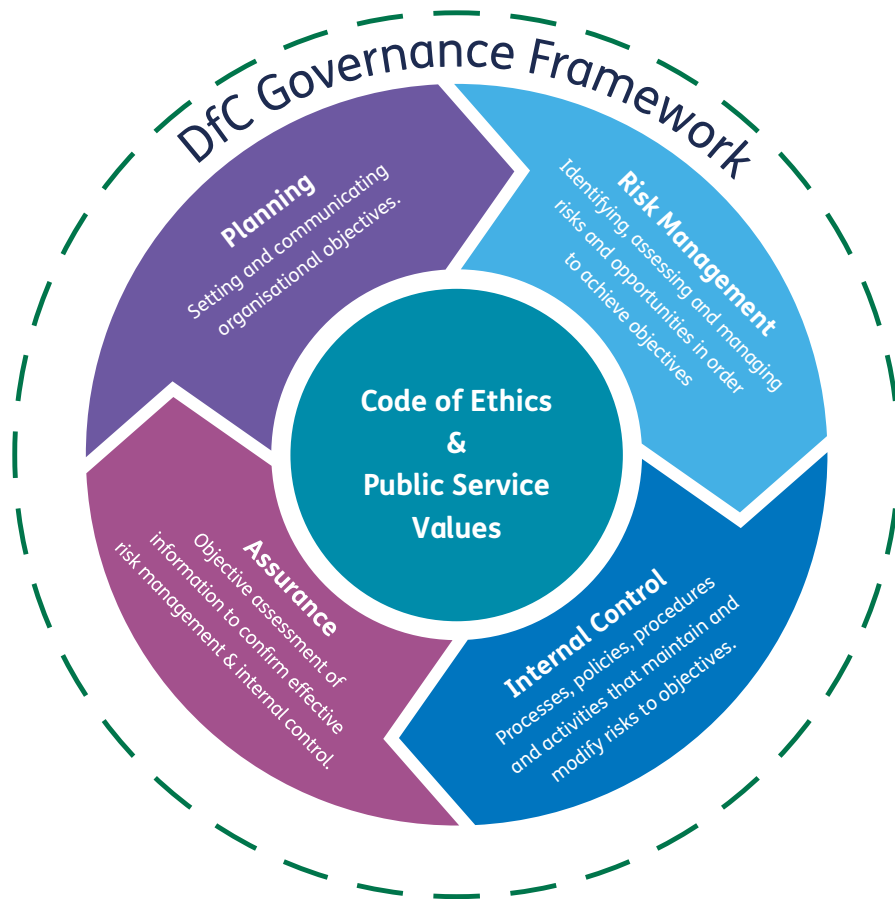
DARAC Review of Effectiveness

DARAC undertakes an annual review of effectiveness in line with recommended best practice. The 2022-23 review was undertaken using the NAO Audit and Risk Assurance Committee Effectiveness Tool. DARAC met on 25 April 2023 to consider the Checklist, the impact and effectiveness of the Committee and compliance with good practice. The review allows DARAC to strengthen its approach, confirm best practice and focus on areas of

greatest importance for the Department. The review confirmed DARACs effectiveness with some enhancement actions agreed.

Planning, Risk Management, Internal Control and Assurance

Planning, Risk Management, Internal Control and Assurance are interconnected components of the Department's governance arrangements with Code of Ethics and public service values at the centre of everything the Department does.



The Board has determined its risk appetite for each category of risk, taking account of the need for a balanced view to managing opportunity and risk, while recognising that Public Sector organisations cannot be successful if they are entirely risk averse.

The Department's system of internal control is designed to maintain risk in line with the Board's risk appetite in order to provide reasonable assurance of effectiveness.

Risk management and internal control arrangements are underpinned by a well-established Assurance Framework. This includes provision of quarterly Assurance Statements from Deputy Secretaries on their risk management processes and internal control arrangements. Deputy Secretaries use their Assurance Statements to identify exceptions/material concerns within their

Groups or the NDPBs for which they are responsible. Sponsorship arrangements are in place for each of the Department's NDPBs and these arrangements, together with the NDPB biannual Assurance process, inform and support Deputy Secretary Assurance Statements.

DfC risk management arrangements are in line with the 'HM Government Orange Book: Management of Risk – Principles and Concepts' and the Corporate Governance Code with no departures to disclose. Arrangements have been in place throughout 2022-23 and have operated up to the date of approval of the annual report and accounts.

The senior members of staff who lead the Department's approach to risk management are:



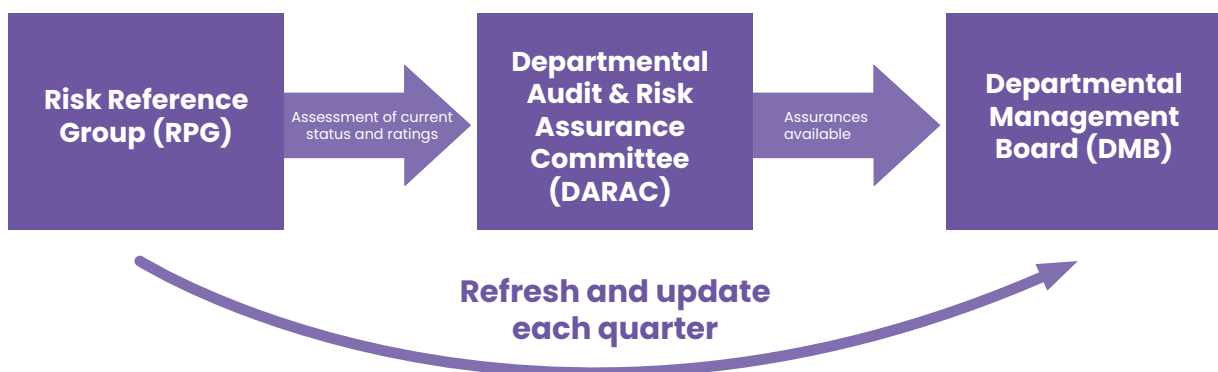
The main role of the Risk Reference Group is to support the identification, evaluation and management of the Principal and emerging

risks faced by the Department. Its functions include the following:

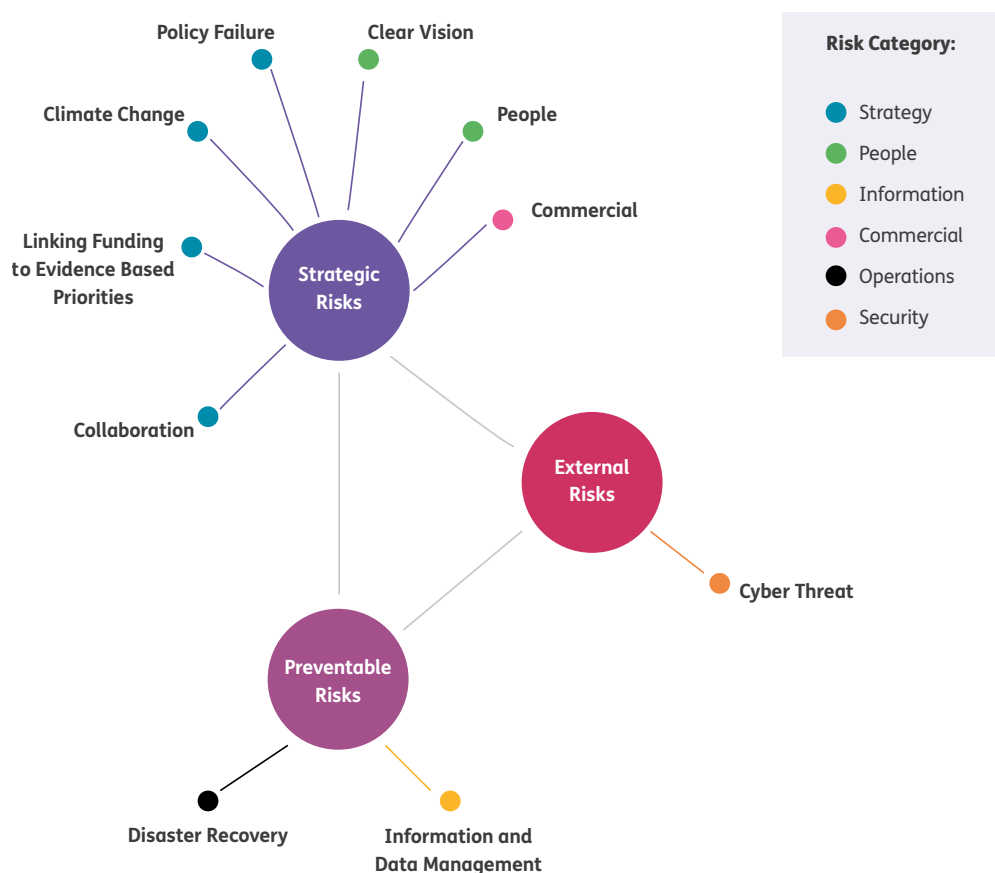


The Board undertakes a quarterly review of Principal risks, supported by the Risk Reference Group with DARAC providing an assessment of the effectiveness of risk

management arrangements and the adequacy and effectiveness of control processes for Principal risks.



Principal Risks actively monitored during 2022-23 were as follows:



Head of Internal Audit (HIA) Opinion

The 2022-23 Internal Audit Plan was approved by DARAC in March 2022 and is focused on priorities and key assurance requirements. Progress against the Plan is monitored by DARAC over the course of the year. In addition to planned audit assignments Internal Audit have responded to a range of consulting requests, requests for advice and guidance and have attended project boards and provided post-audit support. All of this work informs the Internal Audit opinion.

The HIAs overall opinion is based on internal audit activity carried out during 2022-23 and cumulative assurances derived from internal audit activity during the previous three- year

period, with an overall ‘Satisfactory’ opinion provided for 2022-23.

The HIA also provides an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the Department’s framework of governance, risk management and control. For 2022-23, the HIA provided an overall ‘Satisfactory’ opinion on the Department’s arrangements.

Other Assurances

In addition to assurances received from my Deputy Secretaries and the HIA, I receive an annual and mid-year inter-departmental report from the DoF HIA on shared services provided to NICS Departments by DoF. Through this report I note the status of all DoF Internal

Audits completed in respect of DoF shared services. Additionally the DoF HIA has confirmed that there are no Internal Audit recommendations directed specifically at DfC. The DoF HIA has provided an overall 'Satisfactory' audit opinion in respect of DoF as a whole, incorporating DoF Shared Service business areas.

Fraud and Whistleblowing Arrangements

The Department's Fraud Policy and Response Plan outlines responsibilities in respect of the prevention of fraud, bribery or serious irregularity within the Department and its NDPBs. It outlines procedures to be followed in the event of fraud being detected or suspected. The number of cases under enquiry or investigation are reported bi-annually to DARAC. Separate arrangements are in place for benefit related fraud.

The Department's Raising Concerns (Whistleblowing) guidance and procedures explain how workers can raise concerns about potential wrongdoing and how anyone who is not a member of staff can raise concerns about the proper conduct of public business by the Department or its NDPBs. The number of Raising Concerns (Whistleblowing) matters under review are reported bi-annually to DARAC. In January 2023, the Head of the Civil Service launched the NICS Raising a Concern Policy Framework to provide an overarching approach to dealing with concerns raised within the NICS. NICS departments will review their procedures and align with the NICS Policy Framework by summer 2023.

Effectiveness of the Department's System of Internal Control

The Department's integrated assurance process which facilitates the capture and reporting of exceptions / material concerns for both the Department and its NDPBs, informs the work of the DfC Governance Unit and supports the reporting process for DARAC. The Head of Governance provides a Risk and Assurance report which summarises key risks and issues, along with exceptions / material concerns identified through the assurance process, for consideration at each DARAC meeting.

The Board receives a report from the DARAC Chair following each DARAC meeting outlining his assessment of the reliability and effectiveness of assurances available and highlighting areas for continued scrutiny. In addition, the DARAC Chair provides an annual report to the Board outlining the work undertaken by the Committee during the year and his assessment of assurances available on the effectiveness of risk management, control and governance across DfC. The DARAC Chair's annual report for 2022-23 was presented to the Board in May 2023 and provided positive assurance to the Board and Accounting Officer.

As DfC Accounting Officer I am required to assess the effectiveness of the Department's system of internal control and confirm that it has operated effectively throughout the 2022-23 year. My assessment is informed by the DARAC Chair's Annual Report, the annual opinion from the HIA and the summary of Systems of Internal Control provided by the Governance Unit. I have concluded that the DfC system of internal control is effective and has been in operation throughout the 2022-23 financial year.

Key Risks and Issues

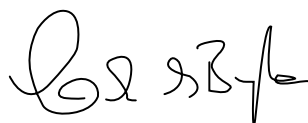
The most significant issues relating to the Department's business in 2022-23 and the current position on any issues highlighted in the 2021-22 Governance Statement are detailed below:

New Ways of Working and Post Pandemic Recovery

The Department has implemented the NICS Hybrid Working Policy which is now in operation across the business supported by new IT infrastructure and office environments.

Conclusion

I am satisfied that DfC has effective governance arrangements in place that I can rely on as Accounting Officer to provide assurance that the public funds and other resources for which I am accountable are deployed effectively. Where significant issues have arisen, I am satisfied that appropriate action is being taken to address the issues concerned.



Colum Boyle
Accounting Officer
Department for Communities
11 March 2024

Fund Overview

Fund Profile

Fund Name:	Northern Ireland Central Investment Fund for Charities
Launch Date:	1 March 1965
Launch Price:	£1
Accounting Period Ends:	30 September
Interim Dividend:	1 June
Final Dividend:	1 December
Share Value at 30 September 2023:	1417.37p (2021-22: 1384.98p)
Number of shares in issue at 30 September 2023:	3,940,115 (2021-22: 3,757,400)
Number of shareholders in Fund:	438 (2021-22: 433)

Valuation

The Fund is valued monthly, on the last working day in the month. Details are shown on the Department's website under – <https://www.communities-ni.gov.uk/articles/northern-ireland-central-investment-fund-charities>.

Entry to the Fund

New investments are welcome at any time (subject to fulfilling the prerequisite entry criteria), and new shares in the Fund are issued following the next monthly valuation. During the year £2,773,124.32 was received for investment and, £189,313.36 was disinvested.

(The amount received for investment differs from the amount shown in Note 11 due to the fact that the actual amount invested is calculated based on the purchase of a whole number of shares. Any remainder is paid out with the first dividend.)

Expenses and Remuneration

In line with legislation, the Department carries all day-to-day administrative costs at no charge. The Northern Ireland Audit Office annual audit fee is charged to the Department as a notional cost and reported in the Departmental Resource Accounts. The members of the Advisory Committee received no remuneration.

Management Fee

The management fee is calculated quarterly in arrears at a rate of 0.35% per annum of the value of the portfolio.

Total fees for the year amounted to £236,561.55.

Investment Objectives

The primary objective of the Fund is to generate income and thereafter long-term capital growth in real terms. The recommended investment timeframe is

5 years and over. The Fund aims to achieve an annual return of 3.5% (net of fees and charges) above the UK rate of inflation as measured by CPI, over the medium term through a combination of income and capital growth. The fund aims to distribute an income of 3% per annum to investors.

The value of a share in the Fund increased by 2.3% over the past year and the net income has increased by 1.8% over the same period.

The Fund's income is distributed to shareholders as dividends, supplemented from a Dividend Equalisation Reserve when necessary.

Portfolio Composition

The Fund continues to be invested in a mix of fixed interest securities and ordinary shares. The balance between bonds and equities alters from time to time, depending on market conditions. As a proportion of the market value on 30 September 2023, it was 19% fixed interest (including convertibles), 78% equities and 3% cash. Although the risks of equity investment cannot be eliminated, the fund managers seek to moderate them by investing in a broadly diversified portfolio.

Dividends

The gross dividend paid from the Fund was 44 pence, this is a slight decrease of 1p on the prior year.

Yield on shares

The yield on shares in the Fund for the twelve months to 30 September 2023 was 3.10%.

Investment Outlook Statement

Past performance is not a guide to future returns. The value of investments and the income from them can go down as well as up. Investors may not get back the amount invested. Changes in the currency exchange rates may have an adverse effect on the value of investments and income from them.

The Fund manager continues to manage the Fund in line with the objectives set by the Department in conjunction with the Advisory Committee.

The current benchmark is reviewed annually by the Department, the Advisory Committee and the Fund manager to ensure that it remains reflective of the investment objectives.

The Fund's current Statement of Investment Policy can be found at the following link: <https://www.communities-ni.gov.uk/publications/northern-ireland-central-investment-fund-charities-statement-investment-policy>

The Department and the Advisory Committee continue to monitor and evaluate the Fund manager to ensure it is complying with the investment objectives, as per the contract, and that performance is in line with the agreed benchmark.

Environmental, Social, and Governance Policy

The Department's overriding obligation is to fulfil its fiduciary responsibilities and act in the best interests of the Fund investors. In this

fiduciary role, the Department believes that environmental, social and corporate governance (ESG) issues can affect the performance of investments. Accordingly, the Department believes that these factors should be taken into account when managing the Fund's assets, subject to the overriding fiduciary duty to maximise the financial return on investments.

The Department is committed to working with an investment manager who:

- Is a signatory of the UN Principles for Responsible Investment.
- Embeds ESG factors into their investment process.
- Considers the transition to a lower carbon economy and society within their investment approach

The Department recognises climate risk as an investment risk. As a global investor the risk arises due to the level of greenhouse gas

emissions around the world, therefore it supports the goals of the Paris agreement to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C.

The Department will only appoint a fund manager which will take into account climate risk, and the transition to a low-carbon economy, when making stock selections. The manager must also be a signatory to the United Nations Principles of Responsible Investment.

The current manager, LGT Wealth Management has set out its own specific policies on climate change and investing which can found at <https://www.lgtwm.com/uk-en/wealth-management/sustainable-investing>. LGT Wealth Management is a signatory to the UN PRI and is a supporter of the Task Force on Climate related Financial Disclosures.

The Audit report of the Comptroller and Auditor General to the Northern Ireland Assembly

Opinion on financial statements

I have audited the financial statements of the Northern Ireland Central Investment Fund for Charities for the year ended 30 September 2023 under the Charities Central Investment Fund Scheme (Northern Ireland) 1965. The financial statements comprise: the Income and Expenditure account, the Statement of Financial Position, and the related notes including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

In my opinion the financial statements:

- give a true and fair view of the state of Northern Ireland Central Investment Fund for Charities' affairs as at 30 September 2023 and of the net income the year then ended; and
- have been properly prepared in accordance with the Charities Central Investment Fund Scheme (Northern Ireland) 1965

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements and Regularity of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this report.

My staff and I are independent of Northern Ireland Central Investment Fund for Charities in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, I have concluded that Northern Ireland Central Investment Fund for Charities' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that,

individually or collectively, may cast significant doubt on Northern Ireland Central Investment Fund for Charities' ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

The going concern basis of accounting for Northern Ireland Central Investment Fund for Charities is adopted in consideration of the requirements set out in the Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

My responsibilities and the responsibilities of the Northern Ireland Central Investment Fund for Charities and the Accounting Officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information other than the financial statements and my audit report. The Northern Ireland Central Investment Fund for Charities and the Accounting Officer are responsible for the other information. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies

or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the information given in the Fund Overview, the Statement of Accounting Officer's Responsibilities, and the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Northern Ireland Central Investment Fund for Charities and its environment obtained in the course of the audit, I have not identified material misstatements.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Northern Ireland Central Investment Fund for Charities and Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ensuring the Annual Report is prepared in accordance with the Government Financial Reporting Manual; and
- assessing the Northern Ireland Central Investment Fund for Charities' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Northern Ireland Central Investment Fund for Charities will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Charities Central Investment Fund Scheme (Northern Ireland) 1965.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a audit report that includes my opinion. Reasonable assurance is a high level

of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Northern Ireland Central Investment Fund for Charities through discussion with management and application of extensive public sector accountability knowledge. The key law I considered was the Charities Central Investment Fund Scheme (Northern Ireland) 1965;
- making enquires of management and those charged with governance on the Northern Ireland Central Investment Fund for Charities' compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of the Northern Ireland Central Investment Fund for Charities' financial statements to material misstatement, including how fraud might

occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud;

- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate; and
- addressing the risk of fraud as a result of management override of controls by:
 - performing analytical procedures to identify unusual or unexpected relationships or movements;
 - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;

- assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
- investigating significant or unusual transactions made outside of the normal course of business.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my audit report.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.



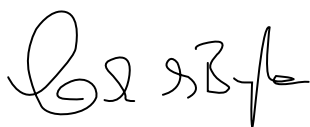
Dorinnia Carville
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU
10 April 2024

Income and Expenditure Account for Year Ended 30 September 2023

	Notes	2022-23 £	2021-22 £
Gross Investment Income	1b	1,788,101	1,757,669
Management Charges	1c	(236,562)	(236,108)
General Expenses		(1)	–
Release from Capital	1c	189,562	189,108
Net Income		1,741,100	1,710,669
Dividends Payable	9	1,730,772	1,660,515
Sum transferred (from)/to Dividend Equalisation Reserve	12	10,328	50,154
		1,741,100	1,710,669

Statement of Financial Position as at 30 September 2023

	Notes	2022-23 £	2021-22 £
Fixed Assets:			
Investments at Mid-Market Value	2,3	54,562,778	51,765,869
Total non-current assets		54,562,778	51,765,869
Current Assets:			
Dividends Received	3	1,108,368	1,176,688
Dividends Receivable	1b, 6	335,277	207,342
Sundry Receivables	3,7	559,950	1,119,706
Dividend Equalisation Reserve Fund	12	284,636	272,308
Bank/Cash		5,029	2,545
Total current assets		2,293,260	2,778,589
Total assets		56,856,038	54,544,458
Current Liabilities:			
Advance Contributions	8	(111)	(1,512,000)
Dividends Payable (Final)	9	(951,738)	(936,341)
Accrued Management Fees	10	(58,302)	(56,796)
Total current liabilities		(1,010,151)	(2,505,137)
Assets less liabilities		55,845,887	52,039,321
Capital:			
Members' Share Capital	11	55,561,251	51,765,013
Dividend Equalisation Reserve	12	284,636	274,308
Total Capital		55,845,887	52,039,321



Colum Boyle
Accounting Officer
Department for Communities
11 March 2024

Notes to the Accounts

1. Accounting Policies

a) Basis of preparation

The accounts have been prepared using the historical cost convention and in accordance with the Charities Act (Northern Ireland) 1964. Investments are valued at mid-market values on the balance sheet date.

b) Income Policy

Interest on cash temporarily invested and on international bonds, convertible loan stocks and other fixed interest stocks is accrued on a day-to-day basis, gross of UK taxation. It is shown under net assets as dividends receivable, as per paragraph 20 of the Charities Central Investment Fund Scheme (Northern Ireland) 1965.

Special Dividends

There has been a trend by PLCs to make payments to shareholders by way of special dividend and other means. After review in November 2013 the Department (under advice from the Advisory Committee) has taken the decision that these payments should be reviewed on a case by case basis to determine whether it is more appropriate to allocate them to capital or income.

c) Management Charges

The Department allocates the amount of the management fee which relates to administration costs to the income and expenditure account and the balance to the capital account. In conjunction with the Fund manager, it has been agreed that the most appropriate estimate of the split would be 20% against the income and expenditure account and 80% against the capital account. The total management fee for the 2022- 23 year is £236,562. Of this, £47,000 (rounded to the nearest £1,000) has been charged to the income and expenditure account and £189,562 to the capital account.

d) Gains and Losses

Surplus/deficiency on revaluation and profit/loss arising from sales of investments are taken to the capital account.

2. Fixed Asset Investments

Custody of the assets of the Fund is the responsibility of the Department for Communities.

3. Portfolio as at 30 September 2023

	2022-23			2021-22		
	Cost Price £	Market Value ¹ £	%	Cost Price £	Market Value ¹ £	%
Fixed Interest Bonds	11,188,081	10,547,580 ¹	19%	10,027,327	8,870,292 ¹	16%
Ordinary Shares	32,587,059	44,095,964	78%	33,473,830	42,989,266	80%
Total Value as per Statement of Financial Position	43,775,140	54,643,544	97%	43,501,157	51,859,558	96%
Dividends Received		1,097,241 ²	2%		1,221,312 ²	2%
Cash held (Sundry receivables)		559,950	1%		1,119,706	2%
Total Value of Portfolio		56,300,735	100%		54,200,576	100%

- 1 Value at mid-market price at 30 September less, in the case of fixed interest stocks, interest accrued to that date.
- 2 The value for dividends received differs from that on the Statement of Financial Position due to the amount of £11,127 which is to be transferred from the dividend equalisation reserve on the guidance of the Charities Advisory Committee in relation to the final dividend paid in December 2023

4. Distribution of Holdings

	2022-23			2021-22		
	Holding	Market Value £	Total Market Value %	Holding	Market Value £	Total Market Value %
FIXED INTEREST						
Liquidity Fund		-	-		2,200,000	4.06%
British Government Bonds		4,245,358	7.54%		3,822,544	7.05%
Non Government Bonds		1,008,574	1.79%		831,479	1.53%
UK Corporate Bonds Funds		3,642,601	6.47%		-	-
Global/International Bond Funds		1,651,047	2.93%		2,016,270	3.72%
EQUITIES						
Oil & Gas Producers						
BP PLC	335,435	1,782,669	3.17%	311,005	1,346,963	2.48%
Royal Dutch Shell	82,908	2,160,790	3.84%	85,915	1,930,080	3.56%
Total SA	22,673	1,224,299	2.18%	29,500	1,250,738	2.31%
Basic Resources						
BHP Group PLC	58,942	1,379,538	2.45%	70,085	1,595,485	2.94%
Rio Tinto	21,915	1,134,321	2.02%	23,520	1,151,539	2.12%
Construction & Materials						
Persimmon	-	-	-	41,380	512,078	0.94%
Industrial Goods & Services						
ASML Holding	2,980	1,443,659	2.57%	2,980	1,136,313	2.10%
CRH	21,355	970,158	1.72%	21,355	621,431	1.15%
Generac Hldgs INC	-	-	-	3,265	521,242	0.96%
Schneider Electric SE	8,373	1,139,709	2.02%	5,535	568,377	1.05%
Smith (DS)	285,035	818,478	1.45%	285,035	732,255	1.35%
Tetra Tech Inc	4,433	552,309	0.98%	-	-	-
Automobiles & Parts						
Mercedes-Benz Group AG	17,932	1,022,356	1.82%	15,660	713,606	1.32%
Food & Beverages						
Nestle SA	9,785	908,695	1.61%	9,390	912,583	1.68%
Personal & Household Goods						
Estee Lauder Companies INC	2,932	347,481	0.62%	2,280	441,966	0.82%
Proctor & Gamble	5,405	646,212	1.15%	5,405	612,052	1.13%
Reckitt Benckiser	-	-	-	12,195	728,773	1.34%
Watches of Switzerland	120,037	641,598	1.14%	70,590	475,776	0.88%

	2022-23			2021-22		
	Holding	Market Value ¹ £	Total Market Value %	Holding	Market Value ¹ £	Total Market Value %
Health Care						
Abbvie Inc	8,815	1,077,168	1.91%	8,815	1,061,970	1.96%
AstraZeneca PLC	15,525	1,723,430	3.06%	15,525	1,543,806	2.85%
BB Biotech AG	-	-	-	11,065	528,698	0.97%
Dechra Pharmaceuticals	-	-	-	22,845	598,996	1.10%
Lilly Eli & Company	2,659	1,171,196	2.08%	-	-	-
Roche Holdings AG	3,899	873,977	1.55%	2,395	702,970	1.30%
West Pharmaceutical	3,275	1,008,011	1.79%	3,275	722,739	1.33%
Retail						
Amazon Com	10,110	1,053,215	1.87%	9,700	982,298	1.81%
Media						
Relx PLC	42,418	1,177,312	2.09%	36,255	798,335	1.47%
Telecommunications						
Koninklijke KPN	426,325	1,152,145	2.05%	491,785	1,197,605	2.21%
Verizon Communications	-	-	-	24,715	841,475	1.55%
Utilities						
Enel	144,095	726,654	1.29%	144,095	534,961	0.99%
National Grid Plc	95,455	935,554	1.66%	95,455	888,686	1.64%
Nextera Energy	18,405	864,290	1.54%	18,405	1,295,408	2.39%
Orsted A/S	9,998	446,203	0.79%	9,025	644,475	1.19%
Banks						
DBS Group Holding	30,400	613,306	1.09%	-	-	-
Insurance						
Zurich Insurance	2,795	1,050,877	1.87%	2,890	1,035,852	1.91%
Financial Services						
Adyen	807	493,442	0.88%	460	525,899	0.97%
Mastercard Incorporated	3,165	1,027,354	1.82%	3,165	808,009	1.49%
Real Estate						
American Tower Corp	4,365	588,588	1.05%	5,370	1,034,162	1.91%

	2022-23			2021-22		
	Holding	Market Value £	Total Market Value %	Holding	Market Value £	Total Market Value %
Technology						
Accenture	5,160	1,299,388	2.31%	5,160	1,190,623	2.20%
Alphabet Inc	11,245	1,205,598	2.14%	11,245	963,951	1.78%
Autodesk Inc	3,195	541,830	0.96%	3,195	534,914	0.99%
Keywords Studios PLC	21,718	336,195	0.60%			
Microsoft Corporation	6,980	1,806,122	3.21%	6,980	1,456,069	2.69%
Taiwan Semiconductor Manufacturing Ads	15,830	1,126,859	2.00%	15,830	974,323	1.80%
UK Equity Funds						
Aberforth Smaller Companies Trust	15,866	195,786	0.35%	34,155	372,289	0.69%
Schiehallion Fund	250,763	118,168	0.21%	329,909	206,914	0.38%
Property Funds						
Prologis	2,876	264,608	0.47%	-	-	-
Tritax Big Box	291,320	407,411	0.72%	394,975	536,376	0.99%
Alternative						
Apax Global Alpha	282,820	460,148	0.82%	245,816	422,803	0.78%
Bilfinger Berger Global	386,007	514,547	0.91%	386,007	617,611	1.14%
Bluefield Solar Income	517,775	612,010	1.09%	440,084	611,717	1.13%
Digital 9 Infrastructure	-	-	-	519,000	524,190	0.97%
Greencoat Renewables	501,130	418,513	0.74%	501,130	508,393	0.94%
Greencoat UK Wind	427,980	599,600	1.06%	427,980	644,110	1.19%
Gresham House Energy	166,280	174,594	0.31%	-	-	-
HICL Infrastructure	345,575	428,859	0.76%	295,000	476,720	0.88%
International Public P'tnership	289,864	359,431	0.64%	289,864	440,013	0.81%
Supermarket Income	-	-	-	318,931	341,256	0.63%
The Renewables Infrastructure	489,843	522,662	0.93%	489,843	622,101	1.15%
31 Infrastructure	180,030	548,641	0.97%	180,030	547,291	1.01%
Total Fixed Interest and Equities		54,643,544	97.06%		51,859,558	95.68%
CASH						
Dividends Received		1,097,241	1.95%		1,221,312	2.25%
Cash Held (Sundry Receivables)		559,950	0.99%		1,119,706	2.07%
Total Holdings		56,300,735	100%		54,200,576	100%

5. Future Calls

There were no outstanding calls on partly paid stocks due for payment after the period end.

6. Dividends Receivable

Dividends receivable are made up as follows:

	2022-23 £	2021-22 £
Accrued interest on bonds	80,766	93,689
Dividends due on equities	254,511	113,653
Dividends Receivable as at 30 September	335,277	207,342

7. Sundry Receivables

This balance represents the cash balance held by the Fund manager on behalf of the Fund.

8. Advance Contributions

This balance represents money received for investment which has not yet been allocated to shares in the Fund.

9. Dividends Payable (Final)

The Department proposed to pay a final dividend for the year of 24p per share (2021-22: final dividend 25p). This was paid in December 2023.

An interim dividend of 20p was paid in June 2023 (2021-22: interim dividend 20p).

10. Accrued Management Fees

The management fee is calculated quarterly in arrears at a rate of 0.35% per annum of the value of the portfolio.

11. Members' Share Capital

Members' share capital is made up as follows

	2022-23 £	2021-22 £
Members' share capital as at 1 October	51,765,013	53,684,642
Investments	2,772,715	4,331,517
Withdrawals	(189,313)	(222,741)
Net profit on sale of investments	1,019,618	3,414,696
Net loss on sale of investments	(2,030,716)	(1,318,301)
Appreciation on revaluation of investments	2,413,496	(7,941,875)
Management fees	(189,562)	(189,108)
Management fee refund for 2020-21	-	6,183
Members' Share Capital as at 30 September	55,561,251	51,765,013

No individual material gains or losses were made on the sale of investments for the 2022- 23 year. There were no failed investments in the 2022-23 year.

12. Dividend Equalisation Reserve (DER)

The purpose of the DER is to regulate distributions of income in order to avoid or reduce fluctuations in the amounts distributed.

The DER is made up as follows:

	2022-23 £	2021-22 £
DER as at 1 October	274,308	224,154
Sums transferred from DER	10,328	50,154
DER as at 30 September	284,636	274,308*

*The value of the DER differs from the DER Fund due to the timing of a £2,000 transfer from Sundry Receivables which was not completed until after the year end.

13. Historical Analysis of Share Value and Annual Dividend

Valuation Date	Share Value	Annual Dividend	Yield %
30 September 2013	1057.62p	40p	3.78
30 September 2014	1116.58p	40p	3.58
30 September 2015	1078.25p	43p	3.99
30 September 2016	1224.78p	41p	3.35
30 September 2017	1281.42p	46p	3.59
30 September 2018	1326.54p	43p	3.24
30 September 2019	1396.28p	43p	3.08
30 September 2020	1372.67p	39p	2.84
30 September 2021	1543.59p	45p	2.92
30 September 2022	1384.98p	45p	3.25
30 September 2023	1417.37p	44p	3.10

14. Related Party Transactions

There are no material transactions between the members of the Advisory Committee and the Fund or charities investing in the fund in the year.

Under the Charities Act (NI) 1964 and the Charities Order 1987 the Department acts as trustee to 263 charitable donations and bequests. It is the Department’s policy to invest the capital of these in the Northern Ireland Central Investment Fund for Charities unless prevented by the charity’s governing instruments. In the 2022-23 year

dividends to the value of £211,596 were paid to these charities (2021-22: £216,406).

In addition related party transactions occur when the investment management company (LGT Wealth Management) invests NICIFC funds in its own products/ funds. This is only permitted with full approval of the Advisory Committee and the Department.

The following are the related party transactions and balances for the year ended 30 September 2023:

Investment – Aberdeen Standard Invts – Standard Liquidity	2022-23			2021-22		
	Number of shares	Market Value £	Total Market Value %	Number of shares	Market Value £	Total Market Value %
Balance at 1 October	2,200,000	2,200,000	-	-	-	-
Movement	(2,200,000)	(2,200,000)		2,200,000	2,200,000	
Balance as at 30 September	-	-	-	2,200,000	2,200,000	4.06%

Investment – Volare Offshr Stra Offshore Global Fixed Int Fund Z Inc	2022-23			2021-22		
	Number of shares	Market Value £	Total Market Value %	Number of shares	Market Value £	Total Market Value %
Balance at 1 October	1,780,258	653,355	1.21	1,780,258	874,641	1.60
Movement	913,583	355,219			(221,286)	
Balance as at 30 September	2,693,841	1,008,574	1.79	1,780,258	653,355	1.21

Investment – Volare Offshr Stra Offshore Fixed Int Fund Z Inc	2022-23			2021-22		
	Number of shares	Market Value £	Total Market Value %	Number of shares	Market Value £	Total Market Value %
Balance at 1 October	-	-	-	-	-	-
Movement	8,956,481	3,642,601			-	
Balance as at 30 September	8,956,481	3,642,601	6.47	-	-	-

15. Events after the Reporting Period

There were no adjusting or non-adjusting events between the end of the reporting period and the date the financial statements were authorised for issue.

The Accounting Officer authorised the issue of these financial statements on 10 April 2024

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