

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

ACCOUNTS AND BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER 1995

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE
(A Company limited by Guarantee and not having a Share Capital)

ACCOUNTS AND BALANCE SHEET FOR THE YEAR ENDED
31 DECEMBER 1995

TABLE OF CONTENTS

	<i>Page</i>
Council members and other information	2
Report of the Comptroller and Auditor General	3
Statement of Council responsibilities	3
Statement of accounting policies	4
Income and expenditure account	5
Balance sheet	6
Cash flow statement	6
Notes to the financial statements	7

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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COUNCIL MEMBERS AND OTHER INFORMATION

COUNCIL MEMBERS	Maurice F. Doyle (President) Joseph F. Harford (Chairman) Kieran A. Kennedy (Director) Kevin Bonner James Cawley G.T. Paul Conlon Sean Cromien William B. Dillon Connell Fanning Graham Gudgin (British) John Hurley Alfie Kane Kevin J. Kelly Patrick Lynch Eugene McCarthy Edward F. McCumiskey	Alan Matthews Michael J. Meagher Stephen Menell Joseph Moran Patrick Mullarkey Donal Murphy Donal Nevin Tomás F. Ó Cofaigh Maurice O'Connell Marie O'Connor Patrick O'Reilly William G.H. Quigley (British) Noel Sheehy Michael J. Somers Thomas K. Whitaker Padraic A. White
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AUDITORS	Office of the Comptroller and Auditor General Treasury Buildings Dublin Castle Dublin 2	BANKERS	Bank of Ireland Pembroke Baggot Street Bridge Dublin 4 Citibank Custom House Quay Dublin 1
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ACCOUNTANTS	Bastow Charleton Chartered Accountants and Registered Auditors Marine House Clanwilliam Court Dublin 2	SOLICITORS	McCann Fitzgerald 2 Harbourmaster Place Custom House Dock Dublin 1
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SECRETARY and REGISTERED OFFICE	John Roughan 4 Burlington Road Dublin 4
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**ECONOMIC AND SOCIAL RESEARCH INSTITUTE
REPORT OF THE COMPTROLLER AND AUDITOR GENERAL**

I have audited the financial statements on pages 5 to 10.

Responsibilities of the Council Members and of the Comptroller and Auditor General

The accounting responsibilities of the Council of the Institute are set out in the Statement of Council Responsibilities on page 3. It is my responsibility, under Section 5 of the Comptroller and Auditor General (Amendment) Act, 1993 to audit the financial statements presented to me by the Council. As the result of my audit I form an independent opinion on the financial statements.

Basis of Opinion

In the exercise of my function as Comptroller and Auditor General, I plan and perform my audit in a way which takes account of the special considerations which attach to State bodies in relation to their management and operation.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made in the preparation of the financial statements, and of whether the accounting policies are appropriate, consistently applied and adequately disclosed.

My audit was conducted in accordance with auditing standards which embrace the standards issued by the Auditing Practices Board and in order to provide sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. I obtained all the information and explanations that I required to enable me to fulfil my function as Comptroller and Auditor General and in forming my opinion, I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion, proper books of account have been kept by the Institute and the financial statements, which are in agreement with them and have been properly prepared in accordance with the Companies Acts 1963 to 1990, give a true and fair view of the state of the Institute's affairs at 31 December 1995 and of its income and expenditure and cash flow for the year then ended.

In my opinion, the information given in the Report of the Council is consistent with the financial statements.

John Purcell, Comptroller and Auditor General

19 JUNE 1996

Statement of Council Responsibilities

The council members are required to have financial statements prepared on a going concern basis which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for the year. In preparing those financial statements, the council members are required to select suitable accounting policies and then apply them consistently and to make judgements and estimates that are reasonable and prudent.

The council members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 1990. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

P.A. WHITE, Council Member

P. LYNCH, Council Member

Date 18 June 1996

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STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies adopted by the company in determining the amounts included in the balance sheet and in determining the results for the year are as follows:

1. Basis of accounts

The financial statements are prepared under the accruals method of accounting and the historical cost convention.

2. Grant-in-aid

The income from this source represents actual cash receipts in the year.

3. Fixed assets and Depreciation

Tangible fixed assets are shown at cost less accumulated depreciation. Depreciation is charged in the income and expenditure account, on a straight line basis, at the annual rates set out below, so as to write-off the assets, adjusted for estimated residual value, over the expected useful life of each appropriate category

Leased computer equipment	20%
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Other equipment, fixtures and fittings	20%
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A full years depreciation is provided for in the year of acquisition.

4. Leased assets

Leasing arrangements that transfer substantially all the risks and rewards of ownership to the company, finance leases, are capitalised at the arm's length cash price of the asset. The outstanding capital element of the related rental obligations is included in creditors. The excess of the total rentals payable over the amount capitalised is treated as interest and is charged to income and expenditure account in proportion to the capital element outstanding under the lease.

Rentals in respect of operating leases are charged to the income and expenditure account as incurred.

5. Superannuation

The pension entitlements of employees are funded through Superannuation schemes. The pension costs relating to the schemes are assessed in accordance with the advice of qualified independent actuaries and are charged to the income and expenditure account on an accruals basis. The difference between charges to the income and expenditure account and the contributions paid to the pension funds are included as assets or liabilities in the balance sheet.

Post-retirement pension increases which are not a liability of the pension funds are paid by the ESRI.

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INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1995

<i>Income</i>	<i>Notes</i>	<i>1995</i> <i>IR£</i>	<i>1994</i> <i>IR£</i>
Grant-in-Aid		1,406,000	1,353,000
Revenue from Projects	1	2,346,013	2,292,842
Miscellaneous Income	2	<u>102,124</u>	<u>125,896</u>
Total Income		<u>3,854,137</u>	<u>3,771,738</u>
<i>Expenditure</i>			
<i>Salaries:</i>			
Hospital-in-Patient Enquiry (HIPE)		145,744	167,382
Administration		120,096	112,649
Research		1,204,126	1,121,353
Survey unit administration and technical staff		340,377	312,872
Clerical and other staff		329,454	292,556
Superannuation and employer's PRSI		<u>484,492</u>	<u>472,800</u>
	3	<u>2,624,289</u>	<u>2,479,612</u>
<i>Project Costs and General Expenses:</i>			
Consultants and direct project expenses		136,267	100,475
Field staff fees		227,679	340,047
Fellowships		27,212	29,032
Rent and rates	4	245,768	245,947
Heat, light, maintenance and cleaning		111,606	110,557
Printing and stationery		95,496	95,401
Postage, insurance, telephone and general expenses		87,819	85,149
Data processing		92,545	68,687
Library books and development		34,220	46,602
Travel & subsistence		104,675	91,430
<i>Depreciation:</i>			
- Fixtures, fittings, computer equipment & other equipment		56,034	52,386
- Library books		-	396
Professional fees		7,951	6,293
Audit fees		<u>3,300</u>	<u>3,300</u>
		<u>1,230,572</u>	<u>1,275,702</u>
Total Expenditure		<u>3,854,861</u>	<u>3,755,314</u>
(DEFICIT)/EXCESS OF INCOME OVER EXPENDITURE	10	<u>(724)</u>	<u>16,424</u>

The attached notes numbered 1 to 16 form an integral part of these accounts and should be read in conjunction therewith.

Council Member: Padraic A. White

Council Member: Patrick Lynch

Secretary: J. Roughan

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

(A Company limited by Guarantee and not having a Share Capital)

BALANCE SHEET AS AT 31 DECEMBER 1995

	<i>Notes</i>	<i>1995 IR£</i>	<i>1994 IR£</i>
Fixed Assets			
Tangible assets	5	<u>123,745</u>	<u>155,209</u>
Current Assets			
Stock of stationery		450	450
Stock of printed materials		400	400
Debtors and prepaid expenses	6	403,476	250,220
Cash at bank and on hand		<u>6,010</u>	<u>2,300</u>
		<u>410,336</u>	<u>253,370</u>
Current Liabilities			
Sundry creditors and accrued expenses	7	347,945	275,176
Bank overdraft		<u>138,163</u>	<u>39,919</u>
		<u>486,108</u>	<u>315,095</u>
Net Current Liabilities		<u>(75,772)</u>	<u>(61,725)</u>
Total Assets Less Current Liabilities		<u>47,973</u>	<u>93,484</u>
Financed By:			
Creditors (amounts falling due after more than one year)	8	51,151	95,938
Accumulated Fund	10	<u>(3,178)</u>	<u>(2,454)</u>
		<u>47,973</u>	<u>93,484</u>

Council Member: Padraic A. White Council Member: Patrick Lynch Secretary: J. Roughtan

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1995

	<i>Notes</i>	<i>1995 IR£</i>	<i>1994 IR£</i>
Net Cash Outflow From Operating Activities	11	<u>(11,192)</u>	<u>(10,375)</u>
Returns on Investments and Servicing of Finance:			
Interest received		303	1,884
Interest paid		(3,611)	(3,844)
Lease interest paid		<u>(20,116)</u>	<u>(20,055)</u>
		<u>(23,424)</u>	<u>(22,015)</u>
Investing Activities:			
Payment to acquire tangible assets		<u>(13,283)</u>	<u>(33,199)</u>
Net Cash Outflow Before Financing		<u>(47,899)</u>	<u>(65,589)</u>
Financing:			
Lease capital payments		<u>(46,635)</u>	<u>(33,361)</u>
Decrease in Cash and Cash Equivalents	12	<u>(94,534)</u>	<u>(98,950)</u>

The attached notes numbered 1 to 16 form an integral part of these accounts and should be read in conjunction therewith.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 1995

1. Revenue from Projects

	1995 IR£	1994 IR£
Revenue from Projects	1,946,017	1,945,223
Transfers from ESR Trust	379,528	256,833
Covenant Income	<u>20,468</u>	<u>90,786</u>
	<u>2,346,013</u>	<u>2,292,842</u>

2. Miscellaneous Income

	1995 IR£	1994 IR£
Members' subscriptions	67,956	64,138
Sale of publications	32,545	40,758
Miscellaneous income	1,623	-
Transfer from ESRT re library development	-	<u>21,000</u>
	<u>102,124</u>	<u>125,896</u>

3. Staff Wages and Salaries

3.1 The number of persons employed (full-time equivalents) including casual and short-term contract staff in the financial year was 83 (1994: 80.5). Total permanent staff (full-time equivalents) employed in the year was 58.5 (1994: 55).

3.2 The aggregate amounts paid to or on behalf of the above staff are as follows:

	1995 IR£	1994 IR£
Wages and salaries	2,139,797	2,018,912
Social welfare costs	182,661	176,935
Corporate pension costs	<u>301,831</u>	<u>283,765</u>
	<u>2,624,289</u>	<u>2,479,612</u>

3.3 Economic and Social Studies is a company established in 1969 to foster and promote the education of the Irish public in the social and economic sciences with particular reference to economic and social conditions in or affecting Ireland. It produced *The Economic and Social Review*. Salary costs of IR£7,843 (1994: IR£8,613) incurred in respect of its production are charged to the accounts of the ESRI without repayment.

4. Rent and Rates

The company occupies premises at 4 Burlington Road, Dublin 4 under a 63 year lease which commenced on 27 March 1969.

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5. Tangible Assets

Cost:	<i>Leased computer equipment IR£</i>	<i>Equipment, fixtures and fittings IR£</i>	<i>Total IR£</i>
At beginning of year	173,130	140,477	313,607
Additions	<u>10,587</u>	<u>13,983</u>	<u>24,570</u>
At end of year	<u>183,717*</u>	<u>154,460</u>	<u>338,177</u>
Accumulated Depreciation:			
At beginning of year	44,481	113,917	158,398
Provided in year	<u>46,598**</u>	<u>9,436</u>	<u>56,034</u>
At end of year	<u>91,079</u>	<u>123,353</u>	<u>214,432</u>
Net book value at beginning of year	<u>128,649</u>	<u>26,560</u>	<u>155,209</u>
Net book value at end of year	<u>92,638</u>	<u>31,107</u>	<u>123,745</u>

Notes: * Items of computer equipment have been leased each year from 1992. In the accounts for 1992 and 1993 the leases were treated as operating leases and the only impact on the accounts was the annual charge to the income and expenditure account. In the 1994 accounts the leases were recognised as finance leases. The remaining capital obligations are shown in Notes 7 and 8. Items of computer equipment are recognised as fixed assets based on the capital repayments outstanding at the start of 1994. The finance leases commenced in the following period:

	IR£
1992	52,221
1993	57,838
1994	63,071
1995	<u>10,587</u>
	<u>183,717</u>

** Depreciation on leased computer equipment has been calculated based on the remaining useful economic life of the asset.

6. Debtors and Prepaid Expenses

	<i>1995 IR£</i>	<i>1994 IR£</i>
Revenue from Projects	351,135	233,074
Cash received in advance	-	(44,936)
	351,135	188,138
Other debtors and prepaid expenses	<u>52,341</u>	<u>62,082</u>
	<u>403,476</u>	<u>250,220</u>

7. Creditors and Accrued Expenses

	<i>1995 IR£</i>	<i>1994 IR£</i>
Payroll taxes	80,969	76,610
Other creditors and accrued expenses	214,406	154,735
Obligations under finance leases	<u>52,570</u>	<u>43,831</u>
	<u>347,945</u>	<u>275,176</u>

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8. Creditors (Amounts falling due after more than one year)

	<i>1995</i>	<i>1994</i>
	<i>IR£</i>	<i>IR£</i>
Obligations under finance leases	<u>51,151</u>	<u>95,938</u>

9. Taxation

The company is exempted from liability to corporation tax under Section 11(6) of the Corporation Tax Act 1976.

10. Accumulated Fund

	<i>1995</i>	<i>1994</i>
	<i>IR£</i>	<i>IR£</i>
Opening balance - (adverse)	(2,454)	(18,878)
Excess of expenditure over income	(724)	-
Excess of income over expenditure	-	<u>16,424</u>
Closing balance - (adverse)	<u>(3,178)</u>	<u>(2,454)</u>

11. Reconciliation of Excess Income Over Expenditure to Net Cash Outflow from Operating Activities

	<i>1995</i>	<i>1994</i>
	<i>IR£</i>	<i>IR£</i>
Excess of expenditure over income	(724)	-
Excess of income over expenditure	-	16,424
Adjustment for non-operating items:		
Bank interest receivable	(234)	(544)
Bank interest payable	3,591	3,801
Finance lease interest	20,116	12,187
Depreciation charges	56,034	54,988
Profit on disposal of assets	(700)	-
Increase in stocks	-	(100)
Increase in debtors	(153,325)	(168,640)
Increase in creditors	<u>64,050</u>	<u>71,509</u>
Net cash outflow from operating activities	<u>(11,192)</u>	<u>(10,375)</u>

12. Analysis of the Balances of Cash and Cash Equivalents as Shown in the Balance Sheet

	<i>1995</i>	<i>1994</i>	<i>Change in</i>
	<i>IR£</i>	<i>IR£</i>	<i>year</i>
			<i>IR£</i>
Cash at bank	6,010	2,300	3,710
Bank overdrafts	<u>(138,163)</u>	<u>(39,919)</u>	<u>(98,244)</u>
	<u>(132,153)</u>	<u>(37,619)</u>	<u>(94,534)</u>

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13. Commitments - Capital and Others

13.1 Capital Commitments:

The company had neither contracted for, nor had the council members authorised, any capital expenditure at the balance sheet date.

13.2 Finance Leases:

There were no commitments existing at the balance sheet date in respect of finance leases which had been entered into but which commenced after the year end.

13.3 Operating Leases:

Leasing commitments payable during the next twelve months amount to IR£248,334 made up as follows:

	<i>Fixtures and Fittings IR£</i>	<i>Lease of Property IR£</i>	<i>Total IR£</i>
Payable on leases which expire within two to five years	3,334	-	3,334
after five years	<u>-</u>	<u>245,000</u>	<u>245,000</u>
	<u>3,334</u>	<u>245,000</u>	<u>248,334</u>

14. Related Company

At 31 December 1995 the following company limited by guarantee was a related company of the ESRI, which nominates the membership of Trust.

Economic and Social Research Trust:

Established in 1992 to assist by way of funding the Economic and Social Research Institute in the promotion of research. In 1995 the Trust transferred funds to the ESRI of IR£379,528 (1994: IR£277,833). At 31 December 1995 the company had net assets of IR£844,272 (1994: IR£815,284).

15. Contingent Liabilities

The council members were not aware of any material contingent liabilities at the balance sheet date.

16. Pensions

Superannuation benefits are conferred by the ESRI under two superannuation schemes:

1. Supervisors, Clerical and Other Administrative Staff
2. Research Staff

Both schemes are defined benefit schemes. The benefits are funded by contributions from employers and also contributions from employees in respect of spouses and children's pensions. The contributions are transferred to a managed fund administered by trustees appointed by the ESRI. The latest actuarial valuations for the schemes were at 1 August 1993 using the attained age method of funding. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase in salaries and pensions. It was assumed that the investment returns would be 9 per cent per annum, that salary increases would be 4 per cent per annum and that present and future pensions would increase at the rate of 4.5 per cent per annum.

The total market value of the assets of the schemes at that date were IR£2,891,083 (actuarial valuation was IR£2,811,822). The actuarial value represented 90 per cent of the benefits that had accrued to members after allowing for expected future earning increases. Contributions and related administration costs of the superannuation funds charged for the year were IR£214,889 of which IR£70,733 was accrued at 31 December 1995.