



THE ECONOMIC & SOCIAL RESEARCH INSTITUTE

# ANNUAL REPORT 2007

(INCORPORATING THE ESRI FINANCIAL  
STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2007)

---

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

WHITAKER SQUARE SIR JOHN ROGERSON'S QUAY  
DUBLIN 2 IRELAND

TELEPHONE: (353-1) 8632000 FAX: (353-1) 8632100  
[www.esri.ie](http://www.esri.ie)

**ISSN - 1649 - 7023**

# THE ECONOMIC & SOCIAL RESEARCH INSTITUTE

The Economic and Social Research Institute was founded in 1960, as The Economic Research Institute, with the assistance of a grant from the Ford Foundation of New York. In 1966 the Institute assumed responsibility for social research and extended its title to The Economic and Social Research Institute.

The mission of the ESRI is to produce high-quality research that contributes to understanding economic and social change and that informs public policymaking and civil society in Ireland and throughout the European Union. The Institute's research has been a vital constituent in national debates on economic and social issues for nearly 50 years. Its primary research goal is to develop and implement a sustainable research agenda that matches closely the key long-term economic and social challenges facing Ireland in the changing international context over the next decade.

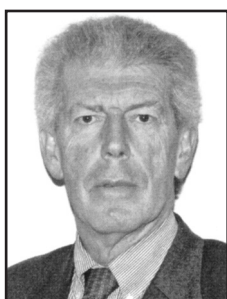
The Institute is a not-for-profit organisation with charitable status, registered as a company limited by guarantee. The ESRI is governed by a Council consisting of up to 12 members, in addition to the President and the Director. Members of the Council are appointed from amongst the general members of the Institute, broadly representing the social partners, Government Departments, State Agencies, universities and other research institutes. The Institute receives an annual grant-in-aid from the Irish Government, which covers approximately 27 per cent of total expenditure (average over 3 years). The remainder of the Institute's income comes from funded research programmes, commissioned research projects, EU and Irish research grants, sponsorship of Institute activities by Irish business, and membership subscriptions.

The ESRI's most important resource is its research staff, whose high levels of expertise allow them to work to international standards of excellence. The results of the Institute's research have been included in hundreds of reports published by the ESRI, including the *Quarterly Economic Commentary* and the *Medium-Term Review of the Irish Economy*, as well as in numerous books and articles in academic journals, published in Ireland and abroad.

Further information is available at [www.esri.ie](http://www.esri.ie)

# THE COUNCIL

MEMBERS AT 31 DECEMBER 2007



*Prof. B.M. Walsh,  
President*



*Ms M. Finan,  
Chairman*



*Prof. F. Ruane,  
Director*

THE ECONOMIC & SOCIAL RESEARCH INSTITUTE

The Council is the Institute's overall governing body and acts as its Board of Directors. In association with the Director and staff, it develops the Institute's programme of research. It meets quarterly.

---

PROF. B. M. WALSH, President

MS M. FINAN, Chairman

PROFESSOR F. RUANE, Director

MR D. BEGG, General Secretary, Irish  
Congress of Trade Unions

MR D. DOYLE, Secretary General,  
Department of Finance

PROFESSOR R. ERIKSON, Swedish  
Institute for Social Research, Stockholm  
University

PROFESSOR P. HONOHAN, Trinity  
College Dublin

MR J. HURLEY, Governor, Central Bank  
and Financial Services Authority of Ireland

MR M. KELLY, Chairman, Higher Education  
Authority

MR P.A. WHITE, Chairman, Northside  
Partnership Limited

PROFESSOR P. O'CONNOR, University  
of Limerick

MR L. CROWLEY, Chairman of Gaisce –  
the President's Award





# ANNUAL REPORT AND REVIEW OF RESEARCH

FOR THE YEAR ENDED 31 DECEMBER 2007

## CONTENTS

	<i>Page</i>
Annual Report 2007 – Report of the Council	1
List of Staff at 31 December 2007	10
Accounts and Balance Sheet for the year ended 31 December 2007	13



# ANNUAL REPORT 2007 – REPORT OF THE COUNCIL

---

## 1. General Overview

2007 was a busy year for the Institute. The staff adjusted quickly to the relocation to the South Docklands and the formal opening of the new building took place on 13 September 2007. The Tánaiste and Minister for Finance, Mr Brian Cowen TD, presided at the opening, which was attended by a large gathering of ESRI stakeholders and by Dr T.K. Whitaker, a founder member of the Institute in 1960.

During 2007 ESRI researchers published 87 journal articles and book chapters, 45 working papers, 27 books and monographs (published by ESRI and other agencies), and 4 economic commentaries. The books included *Best of Times? The Social Impact of the Celtic Tiger*, a multi-authored study of social change during the past decade, written by the Institute's sociologists in conjunction with sociologists from National University of Ireland, Maynooth and University College Dublin. The book was launched by An Taoiseach, Bertie Ahern on June 28. The annual Geary Lecture was given by Professor Michael Marmot on December 3 – the title of the lecture was *Health in an Unequal World: A Matter of Social Justice*. During the course of 2007, several additional researchers joined the Institute in the macro, energy, environment and health areas. Professors Brian Nolan and Tony Fahey took up posts at UCD, where they continue to work on joint projects with ESRI researchers.

Preparation of the ***ESRI Strategic Plan 2008-2013: Research for a Changing Ireland*** began during 2007. The Plan identifies the Institute's research focus over the coming six years. This exercise, which was undertaken entirely in-house, involved three stages. It began with an identification of the factors likely to impact on Ireland and to raise important policy questions over the coming decade. The second stage involved updating the Institute's vision and mission and identifying the research areas for particular development in the context of the factors identified in the first stage. The third stage of the process established the strategic actions needed to implement the Plan. The process was set to culminate with the publication of the plan in Spring 2008, with the plan published on the website at [www.esri.ie](http://www.esri.ie)

The preparation of the strategy also led to the ESRI's development of a data strategy, which sees its survey activities concentrating on areas related to its own research, and particularly on the *National Longitudinal Study of Children in Ireland*. This involved strategic restructuring within the Institute, the cost of which is provided for in the Annual Accounts for 2007. This changed data

strategy is likely to involve increased cooperation in future years with the Central Statistics Office.

---

## 2. Overview of Research Activities

The ESRI's research programmes are now grouped under four general headings: (i) research which is focused on informing policies related to Economic Growth; (ii) research which seeks to inform policies relating to Social Progress; (iii) research at the interface between Economic Growth and Social Progress; and (iv) research at the interface between Economic Growth and Environmental Sustainability. The following paragraphs summarise research activities and findings in these areas during 2007.

### (I) ECONOMIC GROWTH

*There are three programmes of research in this area: Macroeconomics (coordinated by Professor John Fitz Gerald); International Economics (coordinated by Dr Iulia Siedschlag); and Technology, Productivity and Innovation (coordinated by Dr Iulia Siedschlag).*

#### *Macroeconomics*

Continuing research in this area, which includes development of the Institute's macro model, is funded primarily by the **Department of Finance**. Over the course of 2007 two reports were published by the ESRI as part of the *European Forecasting Network* (EFN). The first of these analysed the effects of different adjustment paths for the US economy. The results of this work suggested that an internal adjustment process through, for example, a decline in the housing market, would have less damaging consequences for the EU and the Irish economy than one where adjustment was forced by a major decline in the dollar. In the EFN Autumn report the potential consequences for the EU economy of financial stability were addressed. These reports fed into the ongoing research underlying the ESRI's *Quarterly Economic Commentary*, and preparation for the next *Medium-Term Review*, due for publication in 2008.

The year also saw the publication of papers exploring the role of the labour market in driving change within the economy, for example, through migration and through investment in human capital. A second set of papers considered the progress of EMU, its effects on Ireland, and the implications of this research for both Ireland and the rest of the EU.

#### *International Economics*

In 2007, this research programme comprised three different thematic areas:

(a) *European Economic and Monetary Union* (EMU): Research papers published analysed the macroeconomic effects of the single currency on the Irish economy, the enlargement of the euro area, macroeconomic convergence in the new EU member states, and the role of EMU in explaining the current-account deficit in Ireland.

(b) *Economic Growth in Open Economies*: Research in this area is part of an international research consortium led by the ESRI in co-operation with nine leading universities and research institutes in Europe, funded under the **EU 6<sup>th</sup> RTD Framework Programme**. Research on advanced open economies showed that output growth in ICT industries was significantly faster in countries with higher human-capital stock and higher human-capital



improvement. Research on Ireland showed that firms were more successful in adopting and using ICT when they had more skilled workers, operated in ICT-producing and ICT-using industries, and were located in the Greater Dublin Area. Other research found that immigration and trade are complements, with the extent depending on the size of the existing immigrant community and of their region of origin.

(c) *Capital Flows and Financial Market Integration*: This research is funded by the **Asian Development Bank Institute**, with the objective of developing a policy framework for managing capital flows in Asian countries. Research in 2007 explored the experience of capital-account liberalisation and policy responses to large capital inflows in the new EU member states.

### *Technology, Innovation and Productivity*

This research programme focused on three themes in 2007:

(a) *The Economic Impact of ICT*: Research in this area has taken place as part of an international research project funded by the **European Commission's Institute for Prospective Technological Studies**. The research team includes international and national experts from eleven European countries. Research in 2007 highlighted the key aspects of ICT as a general-purpose technology, discussed the economic impacts of ICT diffusion from macro and micro perspectives, and examined the spatial consequences of ICT diffusion. The concepts of regional innovation systems and globalisation were used to propose an organising framework for the analysis.

(b) *Exporting and Productivity*: Research in this area is part of an international research project and is funded under a grant from the **Irish Research Council for the Humanities and Social Sciences**. The research shows that exporter premia vary across countries, being larger in countries with a higher degree of openness and more effective institutions. This research is linked to a plant-level study of globalisation through exports and sales to local multinationals being funded by **Enterprise Ireland**.

(c) *Assessment of Research Excellence*: With the current emphasis on the knowledge-based economy, it is important to be able to identify research leaders. Using a mix of existing and new measures of excellence in research and research supervision, several papers assessed the quality of economic research in Ireland and abroad.

## **(II) SOCIAL PROGRESS**

*There are three programmes of research under Social Progress: Health (coordinated by Professors Richard Layte and Miriam Wiley); Equality (coordinated by Dr Helen Russell and Dr Fran McGinnity); and Social Inclusion (coordinated by Professor Christopher Whelan).*

### *Health*

In 2007 two major projects on health status and use of health care came to fruition. First to finish was the programme of research on 'The Provision and Use of Health Services, Health Inequalities and Health and Social Gain'. The programme, funded by the **Health Research Board (HRB)**, culminated in a day conference for researchers and policymakers and the production of a book of conference proceedings. The second programme to finish was the study of poverty, health and use of primary care funded by the **Combat**

**Poverty Agency**, and its results were published in June in *Poor Prescriptions: Poverty and Access to Community Health Services*. Research on health and lifestyle also developed in 2007 with the commencement of the fieldwork for the National Health and Lifestyle Survey (SLÁN).

In collaboration with **Trinity College**, a **HRB**-funded study on *The Impact of Demographic Change on Demand for and Delivery of Health Services in Ireland 2006-2021* got underway. This study includes an analysis of how population-driven trends may be expected to impact on demand for health services in Ireland up to 2020.

### *Equality*

ESRI research on Equality investigates inequalities in opportunities and in outcomes, exploring the processes that lead to inequality. The research has a strong policy focus, assessing the role of public policies in underpinning or reducing inequalities.

While much social research at the ESRI has an equality focus, the main current project in this programme, funded by the **Equality Authority**, is centred on equality and discrimination. This programme seeks to investigate the social situation of groups covered by the grounds of the Equality Legislation (gender, marital status, family status, sexual orientation, religion, age, disability, ethnicity and membership of the Traveller community), and establish the extent of discrimination experienced by these groups. The research programme comprises a series of projects: some consider a range of grounds, some focus on a single ground like gender or ethnicity. Five projects were underway in 2007 and three are due for publication in the first half of 2008: *The Experience of Discrimination in Ireland*; *Gender Inequalities in Time Use* and *Immigrants at Work: Ethnicity and Nationality in the Irish Labour Market*. Other projects include *Perceptions of Equality and Fairness in Irish Society* and *The Gender Pay Gap*. The ESRI and the Equality Authority will publish these reports jointly during 2008.

### *Social Inclusion*

As part of the programme of research for the **Office for Social Inclusion** (OSI), throughout 2007 and continuing into 2008 several ESRI staff members were involved in preparing a series of *Social Portraits* on a range of life cycle groups. The portraits are designed to be of use to members of the public as well as to policymakers.

Under the OSI programme, a project relating to *The Life Cycle Perspective on Social Inclusion* involving an analysis of EU-SILC began in 2007. The current research locates the perspective in the context of the development of the knowledge economy, the changing nature of the welfare state and the emergence of new social risks. It implements a life cycle approach and provides a comprehensive analysis of related issues using EU-SILC. The findings of the project will be published in the ESRI Research Series in 2008.

Throughout 2007 research relating to social inclusion at the national and European levels, arising from the OSI programme and the ESRI's involvement in the **EU EQUALSOC** Network of Excellence, was published or accepted for publication in a range of leading international journals.

### (III) ECONOMIC GROWTH AND SOCIAL PROGRESS

*Given the integrated approach to economic and social policy in Ireland and the growing awareness of their interrelatedness in the EU, it is not surprising that quite a large amount of ESRI research takes place in the interface between these two domains. Five research programme areas fall under this category of research: Education (coordinated by Dr Emer Smyth); Labour Market (coordinated by Professor Philip O'Connell); Migration (coordinated by Dr Alan Barrett); Social Cohesion and Quality of Life (coordinated by Professor Christopher Whelan and Dr Helen Russell); and Taxation, Welfare and Pensions (coordinated by Professor Tim Callan).*

#### *Education*

2007 saw the continuation of the ESRI's longitudinal study of second-level students, funded by the **National Council for Curriculum Assessment** and the **Department of Education and Science** (DES). This study, the first of its kind in Ireland, explores student experiences as they move through the schooling system. A book relating to third year students, *Gearing Up for the Exam: The Experience of Junior Certificate Students* was published in October, and research was carried out on the transition from junior to senior cycle. Two supplementary projects, looking at parental perceptions of the schooling system and early school leaving among the student cohort, were also initiated.

Since 1980, the ESRI has been involved in conducting a regular survey of school leavers, which provides an invaluable source of information on young people's pathways into further education and the labour market. Results of the 2006 survey, funded by DES, were published in November 2007 and a new survey was commenced during the year.

The DES has also funded a large-scale study of newcomer (immigrant) students in primary and post-primary schools, a study designed to contribute to policy development in the area of provision for diversity within schools. At primary level, the suitability of current school design for teaching and learning is being explored.

Under funding by the **Higher Education Authority** (HEA), a large-scale study is being carried out on the reasons for low participation in higher education among non-manual workers. The HEA has also funded a study of the costs of participating in higher education for previously under-represented groups.

#### *Labour Market*

Labour market researchers at the ESRI are involved in a major pilot research programme that combines cutting-edge research with important policy developments. In the *National Pilot Profiling of the Unemployed* project, all new claimants during a 3-month period in 2006 were issued with a questionnaire developed by ESRI in conjunction with the **Department of Social and Family Affairs**, in order to collect a range of variables that have been found in previous ESRI research to influence employment prospects. This generated a national sample of approximately 45,000 unemployed claimants, whose social welfare and labour market outcomes are currently being tracked over an 18-month period. This national experiment will help identify those unemployed people most likely to experience employment difficulties and to enter long-term unemployment. It will also provide a rigorous basis for targeting active labour market policies and thus to enhance the effectiveness

and efficiency of activation measures. Preliminary analysis indicates that robust models with strong predictive power can be developed with these data.

In an exciting new development, ESRI researchers have been granted direct access to micro-data from the *National Employment Survey*. Access to this large-scale high quality data set has made possible new work on the gender wage gap, for the **Equality Authority**, as well as new analyses of the impact of labour market institutions on earnings.

### *Migration*

Development of the Institute's programme of research on immigration continued in 2007. Two papers on the earnings of immigrants were published, with both showing substantial gaps between the earnings of immigrants and comparable Irish employees. A working paper was also produced, and accepted for publication in 2008, which shows relatively unfavourable levels of occupational attainment among immigrants, in particular among those from the New Member States of the EU. Three reports were published in 2007 as part of the work of the *European Migration Network*, funded by the **European Commission** and the **Department of Justice and Law Reform**; these reports explore issues such as the conditions for entry of high-skilled immigrants, a policy analysis report on immigration and asylum 2006 and return procedures.

During 2007, ESRI researchers on migration were successful in securing funding from the **Irish Research Council for the Humanities and Social Sciences** for a two-year project titled *Immigrants' Characteristics, Experiences and Impacts*. This work will be carried out over 2008/9.

### *Social Cohesion and Quality of Life*

The research programme on sport and exercise, funded by the **Irish Sports Council**, has generated a range of interesting papers, in what is an expanding international research area. In 2007, the ESRI published work revealing the strong negative link between participation in sport and social disadvantage. A follow-up study, to be published in early 2008, documents trends in participation in Irish sport over recent generations. The coming year will also see the first results from the *Irish Sports Monitor* – Ireland's first ongoing survey of grassroots sport.

Within the **EQUALSOC** Network of Excellence, ESRI researchers are editing a special issue *Reconciling Work and Family Life* of the leading international journal on quality of life *Social Indicators Research*. It will make use of the European Social Survey and involves a range of contributors from leading European institutions.

Arising from a programme of collaborative work funded by the **European Foundation for Living and Working Conditions**, in which the ESRI has been a leading partner, *The Handbook of Quality of Life in the Enlarged European Union* was published by Routledge in 2007. It contains a number of contributions arising directly from ESRI research.

### *Taxation, Welfare and Pensions*

During 2007 a new Steering Group was established to enhance the contribution of the Institute's analysis of tax and welfare issues to policy debate and policy formation. The Steering Group is made up of

representatives of the **Department of Finance** and the **Department of Social and Family Affairs**, along with key ESRI staff. One of the topics identified as being of major importance was the pensions challenge for Ireland. A paper dealing with the balance between state support for occupational pension provision and direct support of the State pension was presented at the *Budget Perspectives* conference in October. Further work is under way, to contribute to the debate on pensions in response to the Green Paper. *SWITCH*, the ESRI tax-benefit model was once again used to undertake “poverty impact assessment” of the annual Budget, in two forms: an official analysis, provided in the Budget booklet, and an independent commentary by ESRI staff.

Work on a major EU-funded project on the Accurate Income Measurement for the Assessment of Policy (AIMAP) continued, with a particular focus on the measurement of non-cash benefits or income advantages arising from owner-occupied housing, and health and education services provided free of charge.

#### **(IV) ECONOMIC PROGRESS AND ENVIRONMENTAL SUSTAINABILITY**

*The increasing importance of environmental issues is reflected in the three programmes of research that look at issues where economic and environmental factors interact strongly. These programmes are Energy (coordinated by Professors John Fitz Gerald and Richard Tol); Environment and Natural Resources (coordinated by Professor Richard Tol); and Transport and Infrastructure (coordinated by Dr Edgar Morgenroth).<sup>1</sup>*

##### *Energy*

There were three main strands of research in this area:

(a) Research, funded by a consortium of **industry stakeholders** and the **Department of Communications, Energy and Natural Resources**, focused on the supply of electricity in Ireland. New estimates suggest that the regulator may have underestimated the value of electricity to households, and has thus set the capacity requirements too low. However, capacity will remain tight for several years even for the current standards. While the dominant position of the ESB and the high penetration of wind energy are contributing factors, the main reason for the lack of investment in peak power is the regulatory uncertainty due to the creation of the Single Electricity Market and the frequent changes in government policy.

(b) Research on household energy use, funded by the **Environmental Protection Agency**, revealed that energy-saving measures are typically used to offset increased energy use, rather than to reduce energy use.

(c) Climate change was the other main focus of research, under a programme funded by the **European Commission**. Previous research had identified energy-intensive sectors as being most vulnerable to climate policy. That finding has to be modulated, however, by the ability of companies to pass on costs to their customers. In this light, the cement industry is less exposed to

<sup>1</sup> The ESRI's other research area in this domain is *Competition and Regulation*, which is being promoted over the period of the Strategic Plan. Dr Seán Lyons is coordinating this research programme.

climate policy than previously thought, while the aluminium industry is more exposed. New research found that climate change is a real problem, but perhaps not as big as often assumed. An implication of this is that European climate policy could be moderated.

### *Environment and Natural Resources*

There were three strands to this research programme:

(a) Research, funded by the **Environmental Protection Agency**, shows that public investment in water supply and conservation was usually well spent, whereas the returns on investment in wastewater treatment were much more variable. Household water use is found to vary with age and family structure and to increase with social class (income, education, occupation). The research has also shown that weight-based charging for waste substantially increases recycling and composting, but has no significant effect on illegal dumping.

(b) Research on natural resources suggests that Ireland's forests have a considerable value for recreation. This value is estimated at €50-60 million per year for Irish residents only.

(c) The ESRI, supported by funding from the **Environmental Protection Agency**, is extending its model for the medium-term economic forecast to predict emissions to air and water and resource use. Preliminary results suggest that sectoral value added always exceeds the damage done to the environment. Emissions of fluorinated gases and carbon monoxide, and hazardous waste grow faster than the economy, but other emissions and resource use grow more slowly. Emissions of acidifying gases are falling even as the economy expands.

### *Transport and Infrastructure*

In 2007 transport and infrastructure research was focused on energy use of transport and its environmental impact, reflecting current policy concerns. One strand of research, funded by a consortium of **industry stakeholders** and the **Department of Energy**, has analysed the effects of a kerosene tax on international tourism. This research has shown that, since fuel use is greatest during take-off and landing, a kerosene tax would disproportionately raise the price of short-haul flights – and thus particularly hurt island-nations near continents (e.g., Ireland) and discount airlines (e.g., Ryanair). The research shows that there is scope for a substantial reduction of carbon dioxide emissions from aviation, but current policies are misdirected at passenger behaviour and will lead to minimal emission reduction (<1 per cent) for sizeable subsidies (> €1 billion) to industry.

A second strand of research on energy use in Irish freight transport identified the disproportionate contribution of the building and construction sector to freight transport, and has identified a number of constraints that will limit the potential to shift freight traffic to modes other than road freight. As part of a major research project funded by the **Environmental Protection Agency**, researchers have analysed the value and impact of transport infrastructure investments, such as road by-passes and railway stations. This work not only shows that the impact is spatially limited but also shows that the impact changes at different stages of construction.

---

### 3. Surveys and Data from Administrative Records

During 2007, survey work began on a major seven-year research programme involving a longitudinal study of children. This programme is being led jointly by the ESRI and Trinity College, Dublin in collaboration with a consortium of researchers from other national and international universities and research institutions. Survey work began on some 8,000, 9-year-old children and their families in the middle of 2007. This research programme, the most ambitious and complex of its kind ever to have been undertaken in Ireland, will identify the main factors that contribute to or undermine the well-being of children in 21<sup>st</sup> century Ireland. In so doing, it will help to frame effective and responsive policies for children and their families. The programme is funded by the **Department of Health and Children** through the **Office of the Minister for Children**, in association with the **Department of Social and Family Affairs** and the **Central Statistics Office**.<sup>2</sup>

In addition, the ESRI was engaged in a number of key national and international surveys, including the SLÁN survey of adult health, the European Social Survey (ESS), the Survey of Health, Retirement and Ageing in Europe (SHARE) in addition to surveys on education and sports participation which are directly pertinent to the Institute's research. These surveys drew on the ESRI expertise in designing surveys to the best international standards.

The Institute has responsibility for developing two major data bases from administrative records, supported by funding from the **Health Service Executive**. During 2007 several reports on the Hospital In-Patient Enquiry (HIPE) and the National Perinatal Information System (NPRS) were published and can be accessed on the ESRI website ([www.esri.ie](http://www.esri.ie)). In addition, the HIPE Data Reporter, which facilitates direct access to HIPE data, was web enabled. Research on evidence that informed the choice of a national standard for measuring case mix within the Irish hospital system and on changes in the mix of patients treated within the Irish hospital system was discussed in two ESRI Working Papers. As part of its remit in this area, the Institute was engaged in a collaborative project with the Northern Ireland Public Sector Enterprises, and funded by the **EU Phare Transition Facility**, for the development of National Coding Standards within the Czech DRG System.

**Frances Ruane**  
Director

**Mary Finan**  
Chairman

<sup>2</sup> When the data from the survey become available, they will feed into several of the research area programmes listed above, including *Education, Health and Social Inclusion*.

## STAFF AT 31 DECEMBER 2007

*Director* Frances Ruane

*PA* Fiona Helly

### *Economic Analysis<sup>1</sup>*

Alan Barrett  
Adele Bergin  
Thomas Conefrey  
Sean Diffney  
David Duffy  
John Fitz Gerald (Division Manager)  
Jean Goggin  
Stefanie Haller  
Ide Kearney  
Sean Lyons  
Laura Malaguzzi Valeri  
Karen Mayor  
Edgar Morgenroth  
Gavin Murphy  
Martin O'Brien  
Sue Scott  
Iulia Siedschlag  
Richard Tol

### *Health Research & Information*

Aoife Brick  
Sheelagh Bonham  
Barbara Clyne  
Lorna Collins  
Grainne Cosgrove  
Jacqueline Curley  
Philip Dunne  
Terry Dymmott  
Catherine Glennon  
Marie Glynn  
Patricia Holmes  
Joe Hunter  
Rachel Joyce  
Brian McCarthy  
Shane McDermott  
Mark McKenna  
Aisling Mulligan  
Deirdre Murphy  
Izabela Nowacka  
Sinead O'Hara  
Jacqueline O'Reilly  
Emma White  
Miriam Wiley (Division Manager)

### *Social Research<sup>2</sup>*

Delma Byrne  
Patricia Byrne  
Tim Callan  
Emma Calvert  
Merike Darmody  
Cliona Doherty  
Mary Dowling  
Corona Joyce  
Claire Keane  
Elish Kelly  
Richard Layte  
Pete Lunn  
Selina McCoy  
Bertrand Maître  
Philip J. O'Connell (Division Manager)  
Emma Quinn  
Helen Russell  
Emer Smyth  
John Walsh  
Brendan J. Whelan  
Christopher T. Whelan

### *Children's Longitudinal Research*

Rhona Campbell  
Claire Delaney  
Brona Farrelly  
Denise Frawley  
Sarah Gubbins  
Cathal McCrory  
Aoife Murphy  
Aisling Murray  
Pauline Needham  
Amanda Quail  
Isabella Rigby  
Elizabeth Ryan  
Malgorzata Sierocka  
Maeve Thornton  
Eileen Vaughan  
James Williams (Division Manager)  
Karen Zhang

<sup>1</sup> Formerly Macroeconomic Division.

<sup>2</sup> Formerly Social and Education/Labour Market Divisions.



*Survey Unit*

Sylvia Blackwell  
Fiona Burke  
Carly Cheevers  
Martina Clarke  
Ita Condron  
Claire Corcoran  
Jackie Gleeson  
Pete Gourley  
Hilary Heeney  
Pat Kane  
Eileen Kelleher  
Ciaran Kelly  
Siobhan Kenny  
Catherine Needham  
Fergal Russell  
Julie Walsh  
Dorothy Watson (Division Manager)

*Corporate Services*

Sean Allen  
Eleanor Bannerton  
Bridget Byrne  
Sarah Burns  
Celine Calleya  
Bernice Clancy  
Mary Cleary  
Liz Coyle  
Gillian Davidson (Division Manager)  
Kevin Dillon  
Helen Doyle  
Brenda Forde  
Tina Gao  
Mary Heeney  
Phyllis Hiney  
Patricia Hopkins  
Elaine Kearney  
Thomas Kelleher  
Francis McEvoy  
Regina Moore  
Natalie Murphy  
Clare O'Neill  
Charles O'Regan  
June Ryan  
Jackie Turner  
Deirdre Whitaker  
Marzena Woch



**THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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

**FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2007**

**TABLE OF CONTENTS**

	<i>Page</i>
Council Members and Other Information	15
Council Report	16
Statement on System of Internal Financial Control	17
Report of the Comptroller and Auditor General	18-19
Statement of Accounting Policies	20
Income and Expenditure Account	21
Balance Sheet	22
Cash Flow Statement	23
Notes to the Financial Statements	24-31

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

**COUNCIL MEMBERS AND OTHER INFORMATION**

COUNCIL MEMBERS As at 31<sup>st</sup> December 2007

Brendan M. Walsh (President)	Robert Erikson (Swedish)
Mary Finan (Chairman)	Patrick Honohan*
Frances Ruane (Director)	John Hurley
Davis Begg	Michael Kelly*
David Doyle	Pat O'Connor
Laurence Crowley*	Padraic A. White

\*Audit Committee Members

The ESRI Audit Committee is made up of three non-executive Council Members.

AUDITORS The Comptroller and Auditor General  
Treasury Building  
Dublin Castle  
Dublin 2

BANKERS Bank of Ireland  
Lower Baggot St  
Dublin 2

SOLICITORS McCann Fitzgerald  
2 Harbourmaster Place  
Custom House Dock  
Dublin 1

SECRETARY and REGISTERED OFFICE Gillian Davidson  
Whitaker Square  
Sir John Rogerson's Quay  
Dublin 2

# THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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

## COUNCIL REPORT

The Council Members present their report and the financial statements for the year ended 31 December 2007.

### Principal activities

The ESRI undertakes research designed to provide knowledge relevant to solving the major economic and social issues in Ireland.

### Health & Safety

The ESRI is committed to the implementation of the requirements of the Safety, Health and Welfare at Work Act, 1989 to ensure the health and safety of all employees and visitors to the Institute. A written safety statement has been prepared and is being implemented in accordance with the Act.

### Equality

The ESRI is an equal opportunities employer.

### Auditors

Under Section 5 of the Comptroller and Auditor General (Amendment) Act, 1993 it is the responsibility of the Comptroller and Auditor General to audit the financial statements of the Institute.

## STATEMENT OF COUNCIL RESPONSIBILITIES

The Council Members are required to prepare financial statements 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.
- Make judgements and estimates that are reasonable and prudent.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- Disclose and explain any material departures from applicable accounting standards.

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 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention of fraud and other irregularities.

To ensure that proper books and accounting records are kept in accordance with Section 202 of the Companies Act, 1990, the company has employed appropriately qualified personnel and has maintained appropriate computerised accounting systems. The books of account are located at the company's registered office at Whitaker Square, Dublin 2.

Council Member	Frances Ruane	Date	18 July 2008
Council Member	Laurence Crowley	Date	18 July 2008

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

**STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL**

**Responsibilities**

On behalf of the Council of The Economic and Social Research Institute I acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated.

The system can only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely period.

**Key Control Procedures**

The Council has taken steps to ensure an appropriate control environment by

- clearly defining management responsibilities;
- establishing formal procedures for reporting significant control failures and ensuring appropriate corrective action.

The system of internal financial control is based on a framework of regular management information, administrative procedures including segregation of duties and a system of delegation and accountability. In particular it includes:

- comprehensive budgeting system with an annual budget which is reviewed and agreed by the Council;
- regular reviews by the Council of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines;
- formal project management disciplines.

The Economic and Social Research Institute has outsourced the internal audit function, which operates in accordance with the Framework Code of Best Practice set out in the Code of Practice for the Governance of State Bodies. The work of internal audit is informed by analysis of the risk to which the body is exposed, and annual internal audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed by the Audit Committee and approved by the Council. At least annually, the Internal Auditor provides the Council with a report of internal audit activity. The report includes the Internal Auditor's opinion on the adequacy and effectiveness of the system of internal financial control.

The Council's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal auditor, the Audit Committee which oversees the work of the internal auditor, the executive managers within The Economic and Social Research Institute who have responsibility for the development and maintenance of the financial control framework, and comments made by the Comptroller and Auditor General in his management letter or other reports.

**Annual Review of Controls**

I confirm that for the year ended 31 December 2007 the Council has conducted a review of the effectiveness of the system of internal financial controls.

Signed on behalf of the Council

Laurence Crowley

Chairman of the Audit Committee

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

**REPORT OF THE COMPTROLLER AND AUDITOR GENERAL FOR  
PRESENTATION TO THE HOUSES OF THE OIREACHTAS**

I have audited the financial statements of The Economic and Social Research Institute for the year ended 31 December 2007 under the Comptroller and Auditor General (Amendment) Act, 1993.

The financial statements, which have been prepared under the accounting policies set out therein, comprise the Statement of Accounting Policies, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes.

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

The Council Members' responsibilities for preparing the financial statements in accordance with applicable law and Generally Accepted Accounting Practice in Ireland are set out in the Council Report. The Council Members are also responsible for ensuring the regularity of transactions.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report my opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland and are properly prepared in accordance with the Companies Acts 1963 to 2006. I also report whether in my opinion proper books of account have been kept by the Company; and whether the information given in the Council Report is consistent with the financial statements. In addition, I state whether I have obtained all the information and explanations necessary for the purposes of my audit, and whether the financial statements are in agreement with the books of account.

I report any material instance where moneys have not been applied for the purposes intended or where the transactions do not conform to the authorities governing them.

I review whether the Statement on Internal Financial Control reflects the Company's compliance with the Code of Practice for the Governance of State Bodies and report any material instance where it does not do so, or if the statement is misleading or inconsistent with other information of which I am aware from my audit of the financial statements. I am not required to consider whether the Statement on Internal Financial Control covers all financial risks and controls, or to form an opinion on the effectiveness of the risk and control procedures.

I read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

**Basis of Audit Opinion**

In the exercise of my function as Comptroller and Auditor General, I conducted my audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and by reference to 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 and regularity of the financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed. I planned and performed my audit so as to obtain all the information and explanations that I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.



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

**Opinion**

In my opinion, the financial statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Company's affairs at 31 December 2007 and of its surplus for the year then ended; and
- have been properly prepared in accordance with the Companies Acts 1963 to 2006.

I have obtained all the information and explanations that I consider necessary for the purpose of my audit. In my opinion proper books of account have been kept by the Company. The financial statements are in agreement with the books of account.

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

**Gerard Smyth**  
**For and on behalf of the**  
**Comptroller and Auditor General**  
**25 July 2008**

# THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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

## 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 accounting

The financial statements are prepared on an accruals basis under the historical cost convention and in accordance with generally accepted accounting practice.

### 2. Income

The Grant-in-aid shown in the Income and Expenditure Account reflect the amounts receivable from the Department of Finance in respect of the year.

Income from Commissioned Research represents the value of work completed on individual projects during the year. Where the value of work completed on a project exceeds the amounts received the difference is included in the balance sheet under debtors as Revenue from projects. If the value of work completed is less than the amounts received the difference is included in the balance sheet under creditors as deferred income.

### 3. Fixed Assets

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.

Computer equipment	33.3%
Other equipment, fixtures and fittings	20%
Building	2%

A full year's depreciation is provided for in the year of acquisition.

### 4. Leased assets

Rentals in respect of operating leases are charged to the profit and loss account as incurred.

### 5. Retirement Benefits

The Economic and Social Research Institute adopted the full provisions of FRS17 Retirement Benefits in 2005. Pension scheme assets are measured at fair value. Pension scheme liabilities are measured on an actuarial basis using the projected unit method. An excess of scheme liabilities over scheme assets is presented on the balance sheet as a liability.

The pension charge in the Income and Expenditure Account comprises the current service cost and past service cost plus the difference between the expected return on scheme assets and the interest cost on the scheme liabilities. Actuarial gains and losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the statement of total recognised gains and losses for the year in which they occur. In previous years, the defined benefit pension charge to the profit and loss account comprises the cost calculated by the actuary, as adjusted by the effect of allocating any variations from regular cost over the expected remaining service lives of employees in the scheme. Such variations from regular cost arose from changes in the actuarial assumptions and from experience surpluses and deficits.

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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

**INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER  
2007**

	<i>Notes</i>	2007	2006
		€	€
<b>INCOME</b>			
Grant-in-Aid		3,300,000	3,180,000
Research Income	1	12,679,081	7,524,732
Miscellaneous Income	2	<u>325,904</u>	<u>1,471,415</u>
Total Income		<u>16,304,985</u>	<u>12,176,147</u>
<b>EXPENDITURE</b>			
Salaries and Pension:	3	8,237,604	7,335,132
Direct Project Expenses	4	5,119,473	1,955,327
Establishment	5	1,539,641	1,146,008
Administration	6	968,162	848,724
Redundancy Costs	7	<u>200,725</u>	<u>          </u>
		<u>16,065,605</u>	<u>11,285,191</u>
Excess of Income over Expenditure		<u>239,380</u>	<u>890,956</u>

**MOVEMENT IN ACCUMULATED FUND**

Accumulated Fund at 1 January 2007	2,143,816	1,252,860
Excess for the Year	239,380	890,956
Accumulated Fund at 31 December 2007	<u>2,383,196</u>	<u>2,143,816</u>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

Excess for the Year	239,380	890,956
Pension	17	
Actual return less expected return on scheme assets	(2,117,000)	1,121,000
Experience Losses on pension scheme liabilities	(1,275,000)	(460,000)
Changes in assumptions underlying the present value of pension scheme liabilities	2,278,000	(889,000)
Total Actuarial Gain \ (Loss)	(1,114,000)	(228,000)
Total Recognised Gain \ (Loss) for year	( 874,620)	<u>662,956</u>
Total Gains and Losses recognised since last report	<u>(874,620)</u>	<u>662,956</u>

The statement of accounting policies and the attached notes numbered 1 to 20 form an integral part of these financial statements and should be read in conjunction therewith.

Council Member: Frances Ruane Date: 18 July 2008

Council Member Laurence Crowley Date: 18 July 2008

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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

**BALANCE SHEET AS AT 31 DECEMBER 2007**

	<i>Notes</i>	Year Ended 31 December 2007 €	Year Ended 31 December 2006 €
<b>FIXED ASSETS</b>			
Tangible assets	8	<u>15,535,204</u>	<u>15,637,412</u>
<b>CURRENT ASSETS</b>			
Stock of stationery		500	500
Stock of printed materials		1,000	1,000
Debtors and work-in-progress	9	3,134,425	3,487,804
Cash at bank and on hand	10	<u>1,427,261</u>	<u>1,631,484</u>
		<u>4,563,186</u>	<u>5,120,788</u>
<b>CURRENT LIABILITIES</b>			
Sundry creditors and accrued expenses	11	<u>4,423,194</u>	<u>4,537,384</u>
Net Current Assets/(Liabilities)		139,992	583,404
Total Assets less Current Liabilities		15,675,196	16,220,816
Long Term Loans	12	15,300,000	15,300,000
Long Term Pension Liability	16	9,625,000	9,296,000
Net Assets/(Liabilities)		<u>(9,249,804)</u>	<u>(8,375,184)</u>
<b>RESERVES</b>			
Accumulated Fund		2,383,196	2,143,816
Superannuation Reserve/(Provision)	17	<u>(11,633,000)</u>	<u>(10,519,000)</u>
		<u>(9,249,804)</u>	<u>(8,375,184)</u>

The statement of accounting policies and the attached notes numbered 1 to 20 form an integral part of these financial statements and should be read in conjunction therewith.

Council Member: Frances Ruane

Date: 18 July 2008

Council Member: Laurence Crowley

Date: 18 July 2008

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007**

Reconciliation of operating surplus/(deficit) to net cash inflow/(outflow) from Operating Activities

	2007	2006
	€	€
Excess/(Deficit) of income over expenditure	239,380	890,956
Adjustment for FRS17 pension adjusting items		
Pension Cost	577,000	682,000
Contribution paid	(1,362,000)	(1,265,000)
Loss on disposal of asset		17,765
Loan interest	704,025	51,794
Bank interest receivable	(2,312)	(447)
Bank interest payable	7,146	3,941
Depreciation charges	624,273	512,647
Decrease / (Increase) in stocks		
Decrease/(Increase) in debtors	353,379	(1,426,004)
Increase/(Decrease) in creditors	<u>(114,190)</u>	<u>1,886,906</u>
Net cash inflow	1,026,701	1,354,558

**CASH FLOW STATEMENT**

Net Cash Inflow/(Outflow) from Operating Activities	1,026,701	1,354,558
Returns on Investments and Servicing of Finance		
Interest received	2,312	447
Interest paid	(7,146)	(3,941)
Loan interest paid	<u>(704,025)</u>	<u>(51,794)</u>
	(708,859)	(55,288)
Disposal of Assets		
Capital Expenditure	<u>(522,065)</u>	<u>(15,930,931)</u>
	(204,223)	(14,631,661)
Financing:		
Loan Receipts	—	<u>15,300,000</u>
(Decrease)/Increase in Cash	(204,223)	668,339
Reconciliation of net cash flow to movements in net funds		
(Decrease)/increase in cash in year	(204,223)	668,339
Net (debt)/ funds	(13,668,516)	963,145
New Long Term Debt		<u>(15,300,000)</u>
Net (debt)/funds at 31 December 2007	<u>(13,872,739)</u>	<u>(13,668,516)</u>

**Analysis of change in net (debt)/funds**

At beginning of year	(13,668,516)	963,145
Cash Flows	(204,223)	668,339
New Long Term Debt		<u>(15,300,000)</u>
At end of year	<u>(13,872,739)</u>	<u>(13,668,516)</u>

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2007**

**1. Research Income**

	2007	2006
	€	€
Commissioned Research	11,668,081	6,940,732
Research Grants	<u>1,011,000</u>	<u>584,000</u>
	<u>12,679,081</u>	<u>7,524,732</u>

**2. Miscellaneous Income**

	2007	2006
	€	€
Members' subscriptions	123,232	133,706
Sale of publications	48,341	49,954
Miscellaneous income	20,055	35,520
Rental Income	134,276	-
Sale of lease interest	-	1,270,000
Profit/(loss) on Disposal of Assets	<u>-</u>	<u>(17,765)</u>
	<u>325,904</u>	<u>1,471,415</u>

**3. Staff Wages and Salaries**

3.1 The number of persons employed (full-time equivalents) in the financial year was 127 (2006:103). Total includes 88 (2006:85) permanent staff (full-time equivalents).

3.2 The salaries and pension costs were incurred as follows:

	2007	2006
	€	€
Research	2,972,996	2,802,618
Survey and Child Cohort	1,250,407	768,265
Clerical and other staff	1,016,112	903,320
Hospital-In-Patient Enquiry (HIPE)/ Perinatal Reporting System	1,322,658	1,203,225
Administration	294,744	281,887
Employers PRSI	670,732	580,505
Pension Costs (Note 17)	577,000	682,000
Other Fees and Permanent Health Insurance Costs	<u>132,955</u>	<u>113,312</u>
	<u>8,237,604</u>	<u>7,335,132</u>

3.3 The charge to salaries includes costs of €13,019 (2006: €12,290) incurred in respect of the production of the *Economic and Social Review*. (See Note 15).

# THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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

## 4. Direct Project Expenses

	2007	2006
	€	€
Consultants and Network Partners	1,333,485	1,216,776
Field Staff Fees and Coding Expenses	2,913,404	446,337
Other Direct Costs	680,270	111,465
Travel	<u>192,314</u>	<u>180,749</u>
	<u>5,119,473</u>	<u>1,955,327</u>

## 5. Establishment Costs

	2007	2006
	€	€
Rent & Rates	11,182	352,387
Interest Costs	704,025	51,794
Heat, light, maintenance and cleaning	200,161	132,025
Relocation Costs	-	97,155
Depreciation	<u>624,273</u>	<u>512,647</u>
	<u>1,539,641</u>	<u>1,146,008</u>

## 6. Administration

	2007	2006
	€	€
Printing and Stationery	190,929	154,083
Postage, insurance, telephone and general expenses	367,105	328,860
Computer Costs	209,025	175,235
Travel	15,232	28,641
Library books and subscriptions	96,188	74,541
Professional Fees	75,783	74,364
Audit Fees	<u>13,900</u>	<u>13,000</u>
	<u>968,162</u>	<u>848,724</u>

## 7. Redundancy Costs

In 2007 the Council agreed to a restructuring plan which involve a number of voluntary redundancies. The net costs of these redundancies have been recognised in 2007 although payment will not be made until 2008.

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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

**8. Tangible Assets**

	<i>Computer equipment</i> €	<i>Equipment, fixtures and fittings</i> €	<i>Building</i> €	<i>Total</i> €
Cost:				
At beginning of year	481,002	366,744	15,483,993	16,331,739
Additions	203,237	257,664	61,164	522,065
Disposals	-	-	-	-
	-----	-----	-----	-----
At end of year	<u>684,239</u>	<u>624,408</u>	<u>15,545,157</u>	<u>16,853,804</u>
Accumulated Depreciation:				
At beginning of year	260,728	123,919	309,680	694,327
Provided in year	183,253	128,894	312,126	624,273
Disposals	-	-	-	-
	-----	-----	-----	-----
At end of year	<u>443,981</u>	<u>252,813</u>	<u>621,806</u>	<u>1,318,600</u>
Net book value at end of year	<u>240,258</u>	<u>371,595</u>	<u>14,923,351</u>	<u>15,535,204</u>
Net book value at beginning of year	<u>220,274</u>	<u>242,825</u>	<u>15,174,313</u>	<u>15,637,412</u>

**9. Debtors and Work-in-Progress**

	<i>2007</i> €	<i>2006</i> €
Revenue from projects	957,574	1,319,611
Work-in-progress	1,905,505	1,193,644
Value added tax	-	609,841
Other debtors and prepaid expenses	<u>271,346</u>	<u>364,708</u>
	<u>3,134,425</u>	<u>3,487,804</u>

**10. Bank and Cash**

	<i>2007</i> €	<i>2006</i> €
Current Accounts	1,425,411	1,631,165
Cash	1,773	241
Deposit Account	<u>77</u>	<u>78</u>
	<u>1,427,261</u>	<u>1,631,484</u>

**11. Creditors and Accrued Expenses**

	<i>2007</i> €	<i>2006</i> €
Payroll taxes	280,325	213,883
Value Added Tax	648,920	-
Deferred Income	1,235,835	1,259,901
Trade Creditors	243,616	761,442
Other creditors and accrued expenses	2,014,498	2,302,158
	<u>4,423,194</u>	<u>4,537,384</u>



## THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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

### 12. Long Term Loans

	<i>2007</i>	<i>2006</i>
	<i>€</i>	<i>€</i>
Economic and Social Research Trust	1,800,000	1,800,000
Permanent tsb mortgage	13,500,000	13,500,000
	<u>15,300,000</u>	<u>15,300,000</u>

Permanent tsb have first legal charge over the property at Whitaker Square, Sir John Rogerson's Quay.

### 13. Taxation

The company is exempted from liability to corporation tax under Section 227 Schedule 4 of the Taxes Consolidation Act 1997.

### 14. Commitments – Capital and Others

The Institute had contracted for capital amounting to €14,857 at the balance sheet date.

### 15. Related Company

At 31 December 2007 the following related undertakings were in existence.

- (a) Economic and Social Research Trust:  
The Trust was established in 1992 as a company limited by guarantee by the ESRI (which nominates its membership) to assist by way of funding The Economic and Social Research Institute in the promotion of research. In 2006 the Trust granted a loan of €1,800,000 to the ESRI. At 31 December 2007 the company had net assets of €1,871,747 (2006: €1,871,475).
- (b) Economic and Social Studies:  
This is an associated company established in 1969 at the initiative of the ESRI 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.

### 16. Contingent Liabilities

The Council Members were not aware of any material contingent liabilities at the balance sheet date.

## THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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

### 17. Pensions

Pension benefits are conferred by the ESRI under two pension schemes:

- Supervisors, Clerical and Other Staff
- Research Staff Scheme

Both schemes are defined benefit schemes. The benefits are funded by contributions from the employer and are also funded by contributions from employees. The contributions are transferred to a managed fund administered by trustees appointed by the ESRI.

Pension increases in the Research Staff Scheme are in line with changes in salary rates in the ESRI. Under the rules of the Research Scheme the Scheme is not deemed liable for increases to pensions in payment. Such increases were historically met from Institute revenue. However, since 1 August 1993 the Institute contribution rate paid has made some allowance for some pre-funding of pension increases for active members. From 1<sup>st</sup> January 2002 the Institute is fully pre-funding pension increases. The post retirement increase of a small number of pensioners who retired prior to 1993 continue to be met by the ESRI rather than the scheme as does the early retirement costs of one scheme member.

#### Actuarial Valuation

The latest actuarial valuations for the schemes were at 1<sup>st</sup> August 2005 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 6% per annum, that real salary increases would be 3.5% per annum and that present and future pensions would increase at the rate of 2.75% to 3% per annum.

The total market values of the assets of the schemes at that date were €15,571,000. The actuarial value represented 70% (1<sup>st</sup> August 2002 58%) of the benefits that had accrued to members at the date of valuation.

Included in the actuarial valuation is the cost of post-1993 retirement pension increases, which were previously paid from the current revenue of the Institute rather than from the pension scheme. Also included is the cost of additional benefits introduced since the 1999 valuation, which are being funded by the ESRI in future contributions to the scheme.

Steps have been taken to improve the ratio between assets and liabilities. Since 1<sup>st</sup> August 2005 the Institute has increased the contribution rate as recommended by the Actuary. The rate recommended by the Actuary seeks to spread the deficit of the scheme over the remaining service life of the existing employees. The current contribution rate paid by the Institute takes account of the additional costs above with the aim of pre-funding all post retirement benefits from the pension scheme and is deemed sufficient until the next valuation, which is due at 1<sup>st</sup> August 2008.

#### FRS17 Valuation

The valuation used for FRS17 disclosure has been based on a full actuarial valuation at 1<sup>st</sup> August 2005 and updated at 31<sup>st</sup> December 2007 by a qualified actuary to take account of the requirements of FRS17 in order to assess the scheme liabilities at 31<sup>st</sup> December 2007. Scheme assets are stated at their market value at 31<sup>st</sup> December 2007.

The FRS17 valuation takes account of all retirement benefits and includes pension liabilities for pensioners who retired prior to 1993 and whose pension increases are not covered by the pension scheme.

## THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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

The financial assumptions used to calculate scheme assets and liabilities under FRS17 are

	2007	2006
Discount Rate	5.50%	4.50%
Salary Increase Assumption	3.75%	3.50%
Inflation	2.50%	2.25%

### Pension Increases

Clerical Scheme	2.50%	2.25%
Research Staff Scheme	2.75%	2.75%

### Expected Return on Assets

Equities	7.70%	7.50%
Bonds	4.30%	3.90%
Property	6.00%	6.00%
Insured Assets		
Other	3.00%	2.25%

	2007	2006
Value as at 31 <sup>st</sup> December 2006	€	€
Equities	15,690,000	15,942,000
Bonds	2,218,000	2,204,000
Property	1,554,000	1,339,000
Insured Assets		
Other	<u>1,264,000</u>	<u>1,112,000</u>
Total Market Value of Assets	20,726,000	20,597,000
Present Value of Past Service Liabilities	<u>(30,351,000)</u>	<u>(29,893,000)</u>
Deficit in Scheme	(9,625,000)	(9,296,000)

The amount charged to the income and expenditure account is as follows:

	2007	2006
	€	€
Current Service Cost	540,000	572,000
Death-in-service insurance cost	54,000	57,000
Past Service Cost	-	-
Interest on scheme liabilities	1,398,000	1,225,000
Expected return on scheme assets	<u>(1,415,000)</u>	<u>(1,172,000)</u>
Net charge for Year	577,000	682,000

The amount recognised in the statement of total recognised gains and losses (STRGL) is as follows:

	2007	2006
	€	€
Actual return less expected return on scheme assets	(2,117,000)	1,121,000
Experience losses	(1,275,000)	(460,000)
Changes in assumptions	<u>2,278,000</u>	<u>( 889,000)</u>
Actuarial loss which would be recognised in the STRGL	(1,114,000)	(228,000)

## THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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

Analysis of the movement in the deficit during the year is as follows:

	2007	2006
	€	€
Surplus/(deficit) at beginning of year	(9,296,000)	(9,651,000)
Current service cost	(594,000)	(629,000)
Contributions	1,362,000	1,265,000
Past service cost	-	-
Settlements and Curtailments	-	-
Other finance income	17,000	(53,000)
Actuarial gain/(loss)	<u>(1,114,000)</u>	<u>(228,000)</u>
Surplus/(deficit) at end of year	(9,625,000)	(9,296,000)

The Pension Reserve is calculated on the basis of the deficit at the 1<sup>st</sup> January 2004 and actuarial gains or losses since that date

	2007	2006
	€	€
Surplus/(deficit) at beginning of year	(10,519,000)	(10,291,000)
Actuarial gain/(loss)	<u>(1,114,000)</u>	<u>(228,000)</u>
Surplus/(deficit) at end of year	(11,633,000)	(10,519,000)

History of Experience gains and losses	2007	2006	2005	2004
	€000	€000	€000	€000
Difference between expected and actual return on scheme assets	(2,117)	1,121	2,137	369
% of Plan Assets	10.2%	5.4%	12.2%	2.7%
Experience gains and losses	(1,275)	(460)	298	559
% of present value of Plan Liabilities	(4.2%)	1.5%	1.1%	(2.5%)
Total amount recognised in Statement of Total Recognised Gains and Losses	(1,114)	(228)	(1,530)	(1,220)
% of present value of Plan Liabilities	(3.7%)	(0.8%)	(5.6%)	(5.4%)
Assets	20,726	20,597	17,471	13,769
Liabilities	30,351	29,893	27,122	22,174
Scheme Deficit	9,625	9,296	9,651	8,405

# THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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

The impact of applying FRS on the Income and Expenditure is as follows;

	<i>2007</i>			<i>2006</i>		
	<i>Pre</i>	<i>FRS 17</i>	<i>Total</i>	<i>Pre</i>	<i>FRS 17</i>	<i>Total</i>
	<i>FRS 17</i>	<i>Impact</i>		<i>FRS 17</i>	<i>Impact</i>	
	€	€	€	€	€	€
<b>INCOME</b>						
Grant-in-Aid	3,300,000		3,300,000	3,180,000		3,180,000
Research Income	12,679,081		12,679,081	7,524,732		7,524,732
Miscellaneous Income	<u>325,904</u>		<u>325,904</u>	<u>1,471,415</u>		<u>1,471,415</u>
Total Income	<u>16,304,985</u>		<u>16,304,985</u>	<u>12,176,147</u>		<u>12,176,147</u>
<b>EXPENDITURE</b>						
Salaries and Pension:	9,022,604	(785,000)	8,237,604	7,918,132	(583,000)	7,335,132
Direct Project Expenses	5,119,473		5,119,473	1,955,327		1,955,327
Establishment	1,539,641		1,539,641	1,146,008		1,146,008
Administration	968,162		968,162	848,724		848,724
Redundancy Costs	<u>200,725</u>		<u>200,725</u>			
	<u>16,850,605</u>	<u>(785,000)</u>	<u>16,065,605</u>	<u>11,868,191</u>	<u>(583,000)</u>	<u>11,285,191</u>
Excess/(Deficit) of Income over Expenditure	<u>(545,620)</u>	<u>785,000</u>	<u>239,380</u>	<u>307,956</u>	<u>583,000</u>	<u>890,956</u>

## 18. Board Members' Interests

The Council adopted procedures in accordance with the guidelines issued by the Department of Finance in relation to the disclosure of interests by Board Members and these procedures have been adhered to in the year. There were no transactions in the year in relation to the Council's activities in which the Council Members had any interest.

## 19. Going Concern

Notwithstanding the deficit on reserves disclosed in the financial statements as a result of the adoption of FRS17, the Council believes that it will have the resources to continue to fund the pension scheme at the rate recommended by the actuary which is designed to spread the deficit in the scheme over the remaining service life of existing employees (see Note 17). In these circumstances the Council believes that it continues to be appropriate to prepare the financial statements on a going concern basis.

## 20. Approval of Financial Statements

The Financial Statements were approved by the Council on the 20<sup>th</sup> May 2008.