THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

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 2012

TABLE OF CONTENTS

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 31st December 2012

Laurence Crowley*(President and Chairman)	
Philip Lane	
Frances Ruane (Director)	Hannah McGee
Vani Borooah	David Moloney
Patrick Honohan	Gerry O'Hanlon
Michael Kelly	Padraig McManus***
Brid O'Brien***	Paul Johnson***

Council Members are the Directors of the ESRI.

*Audit Committee Members
**Mary Finan resigned from the council with effect from 31/12/11
** John Hurley resigned from the council with effect from 31/12/11
** Padraic A. White resigned from the council with effect from 31/12/12
*** New Members 2012

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 Street Dublin 2 permanent tsb 56/59 St Stephens Green Dublin 2
SOLICITORS	McCann Fitzgerald 2 Harbourmaster Place Custom House Dock Dublin 1
SECRETARY and REGISTERED OFFICE	Charles O'Regan Whitaker Square Sir John Rogerson's Quay Dublin 2

COUNCIL REPORT

The council members present their report and the financial statements for the year ended 31 December 2012.

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.

Planned Transfer of Significant Activity
A significant proportion of the Institute's Income in recent years came from research work completed in its Health Research and Information Division in relation to the Hospital-In-Patient Enquiry Scheme. This research activity will transfer to a new body, the National Information and Pricing Office, from the beginning of 2014. While this decision will significantly reduce the Institute's income, its cost will also reduce as a result of the transfer of related staff. The Institute has plans in place to address the expected shortfall associated with the contribution of this research work towards its general overheads.

Growing Up in Ireland
The Institute has a contract with the Department of Children and Youth Affairs to conduct Phase 1 of a national longitudinal study of children in Ireland. This contract will expire at the end of 2014. The Minister of the Department has indicated that a procurement process for the next phase of the study in the period 2015-2019 will commence in 2013.

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 surplus or deficit 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 confirm that they have complied with the above requirements. 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 2012. 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: 12 Sep 2013 Council Member: Laurence Crowley Date: 12 Sept 2013

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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

STATEMENT ON 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 2012 the Council has conducted a review of the effectiveness of the system of internal financial controls.

Signed on behalf of the Council

Laurence Crowley Date 12 Sept 2013
Chairman of the Board

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

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Economic and Social Research Institute

I have audited the financial statements of the Economic and Social Research Institute for the year ended 31 December 2012 under the 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 statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes. The financial statements have been prepared in the form prescribed under the Companies Acts 1963 to 2012, and in accordance with generally accepted accounting practice in Ireland.

Responsibilities of the Council Members

The Council Members are responsible for the preparation of the financial statements, for ensuring that they give a true and fair view of the state of the company's affairs and of its income and expenditure, and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the company's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

Opinion on the Financial Statements

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 2012 and of its income and expenditure for 2012; and
- have been properly prepared in accordance with the Companies Acts 1963 to 2012.

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.

Matters on which I report by exception

I report by exception if

- my audit noted any material instance where money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the statement on internal Financial Control does not reflect company's compliance with the Code of Practice for the Governance of State Bodies, or
- I find there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters upon which reporting is by exception.

Patricia Sheehan
For and on behalf of the
Comptroller and Auditor General
16 September 2013

(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 reflects the amounts receivable from the Department of Public Expenditure and Reform in respect of the year.

   Research Income 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
   A defined benefit scheme is in place for all employees of the ESRI, as appropriate. The assets of the Institute's pension schemes were transferred to the National Pension Reserve Fund (NPRF) on the 30th June 2010 under the provisions of the Financial Measures (Miscellaneous Provisions) Act 2009. The Act enables the Minister for Finance to make good any deficiency in the relevant pension scheme if contributions paid by members and employer are insufficient to meet the obligations of that scheme. Under these arrangements the Institute became responsible for the administration of payments to pensioners on behalf of the Exchequer. Funding contributions from the Institute and its staff remain in being and from that date the Institute has paid all contributions in excess of annual pension obligations to the Minister for Finance.

   Notwithstanding the statutory arrangements the Balance Sheet of the Institute records in accordance with Financial Reporting Standard 17 the present value of future pension benefits earned by staff and an equivalent asset representing the funding receivable to meet those pension obligations.

6. Capital Reserves
   Capital grants from the Department of Public Expenditure and Reform received towards the cost of tangible assets are transferred to Capital Reserves and amortised in line with depreciation on the associated assets.

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 2012

	Notes	*2012*	*2011*
		€	€
INCOME			
Grant-in-Aid		2,700,000	2,700,000
Research Income	1	7,908,063	10,815,538
Miscellaneous Income	2	167,035	187,416
Total Income		10,775,098	13,702,954
EXPENDITURE			
Salaries	3	7,385,164	7,429,630
Direct Project Expenses	4	838,625	3,564,853
Establishment	5	749,039	1,159,437
Administration	6	458,307	454,584
		9,431,135	12,608,504
Excess of Income over Expenditure		1,343,963	1,094,450
Pension contribution to Dept of Finance	16	(1,168,187)	(1,182,479)
Surplus/(Deficit) for the Year		175,776	(88,029)

MOVEMENT IN ACCUMULATED FUND

	2012	2011
Accumulated Fund at 1 January	110,130	158,159
Surplus/(Deficit) for the Year	175,776	(88,029)
Transfer from Capital reserve	40,000	40,000
Accumulated Fund at 31 December	325,906	110,130

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2012	2011
Surplus/(Deficit) for the Year	175,776	(88,029)
Experience gains/(losses) on pension scheme liabilities	373,000	459,000
Change in pension liability assumptions	(7,274,000)	(746,000)
Adjustment to deferred exchequer pension funding	6,901,000	287,000
Total Gains and Losses recognised for the year	175,776	(88,029)

The statement of accounting policies and the attached notes numbered 1 to 21 form an integral part of these financial statements and should be read in conjunction therewith.

Council Member: Frances Ruane Date: 12 Sept 2013

Council Member: Laurence Crowley Date: 12 Sept 2013

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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

BALANCE SHEET AS AT 31 DECEMBER 2012

	Notes	Year Ended 31 December 2012 €	Year Ended 31 December 2011 €
FIXED ASSETS			
Tangible assets	7	13,455,742	13,752,677
CURRENT ASSETS			
Stock of stationery		5,411	3,344
Debtors and work-in-progress	8	1,508,382	1,422,673
Cash at bank and on hand	9	3,007,270	2,807,638
		4,521,063	4,233,655
CURRENT LIABILITIES			
Sundry creditors and accrued expenses	10	3,517,672	3,134,701
NET CURRENT ASSETS		1,003,391	1,098,954
TOTAL ASSETS less CURRENT LIABILITIES		14,459,133	14,851,631
Long Term Loans	11	12,333,227	12,901,501
Long Term Pension Liability	16	36,093,000	27,929,000
Less			
Deferred Pension Asset	16	(36,093,000)	(27,929,000)
NET ASSETS		2,125,906	1,950,130
RESERVES			
Accumulated Fund	18	325,906	110,130
Capital Reserve	18	1,800,000	1,840,000
		2,125,906	1,950,130

The statement of accounting policies and the attached notes numbered 1 to 21 form an integral part of these financial statements and should be read in conjunction therewith.

Council Member: Frances Ruane Date: 12 Sept 2013

Council Member: Laurence Crowley Date: 12 Sept 2013

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 2012

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

	2012	2011
	€	€
Surplus/(Deficit) for the year	175,776	(88,029)
Adjustment for FRS17 pension adjusting items		
Pension Cost	-	-
Contribution paid	-	-
Loan interest	214,076	569,871
Bank interest receivable	(733)	(3,869)
Bank interest payable	364	2,307
Depreciation charges	375,853	400,340
Increase in stock	(2,067)	3,000
Increase in debtors	(85,709)	401,028
Increase in creditors	382,971	(53,373)
Net cash inflow	1,060,531	1,231,275

CASH FLOW STATEMENT

		2012		2011
Net Cash Inflow from Operating Activities		1,060,531		1,231,275
Returns on Investments				
and Servicing of Finance				
Interest received	733		3,869	
Interest paid	(364)		(2307)	
Loan interest paid	(214,076)	(213,707)	(569,871)	(568,309)
Loan Repayment		(568,274)		(217,140)
Disposal of Assets		-		-
Capital Expenditure		(78,918)		(57,460)
		199,632		388,366
Financing:				
Capital Grant		-		-
Increase in Cash		199,632		388,366

	2012	2011
Reconciliation of net cash flow to movements in net funds		
Increase in cash in year	199,632	388,366
Net debt	(10,093,863)	(10,699,369)
Debt repayment	568,274	217,140
Net debt at 31 December 2012	(9,325,957)	(10,093,863)
Analysis of change in net debt		
At beginning of year	(10,093,863)	(10,699,369)
Cash Flows	199,632	388,366
Debt repayment	568,274	217,140
At end of year	(9,325,957)	(10,093,863)

The statement of accounting policies and the attached notes numbered 1 to 21 form an integral part of these financial statements and should be read in conjunction therewith.

Council Member: Frances Ruane Date: 12 Sept 2013

Council Member: Laurence Crowley Date: 12 Sept 2013

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. Research Income

	2012	*2011*
	€	€
Commissioned Research	1,785,800	2,161,620
Research Grants	1,508,223	1,075,680
Hospital In-Patient Enquiry Scheme	2,873,640	3,207,838
Growing up in Ireland survey	1,740,400	4,370,400
	7,908,063	10,815,538

2. Miscellaneous Income

	2012	*2011*
	€	€
Members' subscriptions	48,582	66,059
Sale of publications	17,285	22,751
Miscellaneous income	101,168	98,606
	167,035	187,416

Miscellaneous income includes fees of €15,633 (2011 €39,154) paid to the ESRI in respect of services provided by the Director as a board member to public bodies.

3. Staff Wages and Salaries

3.1 The number of persons employed (full-time equivalents) in the financial year was 109 (2011:107). Total includes 92 (2011:90) permanent staff (full-time equivalents). This does not include staff employed on short term contracts for interviewing.

3.2 The salaries and pension costs were incurred as follows:

	2012	*2011*
	€	€
Economic and Social Research Divisions	3,505,350	3,331,407
Child Cohort	601,348	711,347
Hospital-In-Patient Enquiry (HIPE)/ National Perinatal Reporting System (NPRS)	1,432,151	1,450,553
Administration	1,024,507	1,087,820
Employers PRSI	639,536	627,222
Pension Costs (Note 16)	91,626	102,062
Other Fees and Permanent Health Insurance Costs	90,646	98,627
Redundancy Costs	-	20,592
	7,385,164	7,429,630

3.3 €477,916 of pension levy has been deducted and paid over to the Department of Finance (2011: €465,156)

3.4 The charge to salaries includes costs of €1,452 (2011: €1,417) incurred in respect of the production of the Economic and Social Review. (See Note 14)

3.5 Director's Remuneration

	2012	*2011*
	€	€
Salary	175,572	175,572
Superannuation Provision	43,893	43,893
Income Continuance Provision	1,756	1,756
	221,221	221,221

Pension entitlements do not exceed the standard entitlements provided in the model public sector defined benefit superannuation scheme.
The Director's travel and subsistence expenses were €3701.16 in 2012. There was no bonus or perquisites paid to the Director in 2012.

3.6 Board Fees and Expenses
The members of the ESRI Board do not receive fees. Board members do not travel on official business as members of the Institute. They are entitled to claim travel and subsistence for their attendance at board meetings. One board member, Paul Johnson, incurred travel costs of €391.01 during 2012.

4. Direct Project Expenses

	2012	*2012*
	€	€
Consultants and Network Partners	70,133	65,938
Field Staff Fees	153,631	2,361,976
Other Direct Costs	488,398	1,006,088
Travel	126,463	130,851
	838,625	3,564,853

5. Establishment Costs

	2012	*2011*
	€	€
Rent & Rates	2,487	(7,814)
Interest Costs	214,076	569,871
Heat, light, maintenance and cleaning	156,626	197,040
Depreciation	375,850	400,340
	749,039	1,159,437

6. Administration

	2012	*2011*
	€	€
Printing and Stationery	56,310	55,576
Postage, insurance, telephone and general expenses[1]	166,034	186,793
Computer Costs (including licence fees)	125,067	139,870
Travel	9,176	7,713
Library books and subscriptions	29,138	18,133
Professional Fees	58,300	33,433
Audit Fees	14,282	13,066
	458,307	454,584

[1] €5,355 (2011 €5,111) relates to a contribution to the employees sport and social club activities

7. Tangible Assets

	Computer equipment	*Equipment, fixtures and fittings*	*Building*	*Total*
	€	€	€	€
Cost:				
At beginning of year	756,230	585,925	15,545,157	16,887,312
Additions	74,880	4,038	-	78,918
Disposals	64,796	-	-	64,796
At end of year	766,314	589,963	15,545,157	16,901,434
Accumulated Depreciation:				
At beginning of year	700,874	568,246	1,865,515	3,134,635
Provided in year	56,809	8,144	310,900	375,853
Disposals	64,796	-	-	64,796
At end of year	692,887	576,390	2,176,415	3,445,692
Net book value at end of year	73,427	13,573	13,368,742	13,455,742
Net book value at beginning of year	55,356	17,679	13,679,642	13,752,677

8. Debtors and Work-in-Progress

	2012	2011
	€	€
Revenue from projects	225,786	524,187
Work-in-progress	1,018,773	610,930
Other debtors and prepaid expenses	263,823	287,556
	1,508,382	1,422,673

9. Bank and Cash

	2012	2011
	€	€
Current Accounts	936,187	2,735,585
Cash	1,157	2,127
Deposit Account	2,004,954	4,954
Transfer Order Account	64,972	64,972
	3,007,270	2,807,638

Bank and cash include €2,022,985 (2011 €1,370,060) received by way of advance payments for work to be completed.

10. Creditors and Accrued Expenses

	2012	2011
	€	€
Payroll Taxes	237,013	294,514
Value Added Tax	490,892	504,383
Deferred Income	2,024,989	1,370,060
Trade Creditors	86,185	100,775
Accrued Expenses	614,309	806,494
Other Creditors	64,284	58,475
	3,517,672	3,134,701

11. Long Term Loans

	2012	*2011*
	€	€
Economic and Social Research Trust	1,800,000	1,800,000
Permanent tsb mortgage:		
Due in one year	421,488	224,460
Due after one year	10,111,739	10,877,041
	12,333,227	12,901,501

Permanent tsb have first legal charge over the property at Whitaker Square, Sir John Rogerson's Quay, Dublin 2.

12. Taxation

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

13. Commitments – Capital and Others

The Institute had no capital or other commitments at the balance sheet date.

14. Related Company

At 31 December 2012 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 2012 the company had net assets of €1,809,537 (2011: €1,809,537).

(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. The ESRI provides administration services to Economic and Social Studies.

15. Contingent Liabilities and Other Matter

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

16. Pensions

The assets of the Institute's pension schemes amounting to €17,204,224 were transferred to the National Pension Reserve Fund (NPRF) on the 30th June 2010 in accordance with the provisions of the *Financial Measures (Miscellaneous Provisions) Act 2009*. A further €538,969 was transferred to the NPRF in 2011. The transfer to the NPRF was accounted for in the 2010 financial statements.

Following the transfer of scheme assets the Institute is required to pay the Department of Finance an annual pension contribution after taking account of pension benefits paid by the Institute. The Act enables the Minister for Finance to make good any deficiency in the relevant pension scheme if contributions paid by members and employer are insufficient to meet the obligations of that scheme.

The Institute has adapted the treatment and disclosures required by the accounting standard Financial Reporting Standard 17 (Retirement Benefits) to reflect the arrangements in operation. While the funding arrangement operates on a net pay over basis with the Department, the Institute believes the nature of the arrangement is akin to a full reimbursement of the pension liability when those liabilities fall due for payment and therefore recognise its right to the reimbursement to a separate asset in an amount equal to the liability at the year end

The FRS 17 pension liability at 31 December 2012 is €36,093,000 (2011: €27,929,000) based on an actuarial valuation of the pension liabilities in respect of Institute staff as at 31 December 2012 carried out by a qualified independent actuary for the purpose of FRS 17. A deferred funding asset of €36,093,000 equal to the liability at 31 December 2012 is recognised as a separate asset on the balance sheet.

Movement in Pension Liability	2012	2011
	€	€
Present Value of Scheme Obligations at beginning of year	27,929,000	26,391,000
Current Service Cost	874,000	845,000
Interest Cost	1,447,000	1,495,000
Actuarial (Gain)/Loss	6,901,000	287,000
Benefits Paid	(1,058,000)	(1,089,000)
Premiums Paid	-	-
Present Value of Scheme Obligations at end of year	36,093,000	27,929,000

The net effect on the Income and Expenditure of the above is nil.

(a) Pension Costs

The pension costs of the year as measured under FRS 17 amounted to €2,321,000. These are offset by a corresponding amount of funding receivable. The net impact on the Income and Expenditure Account is as set out below.

	2012	2011
	€	€
Current Service Cost	874,000	845,000
Interest	1,447,000	1,495,000
Deferred pension income	(2,321,000)	(2,340,000)
Pension payments not offset	91,626	102,000
Net Pension Cost	91,626	102,000

The Institute made payments of €91,626 to individual defined benefit plans (pre 1974 employees) from its own resources which are not offset against the amount payable under the *Financial Measures (Miscellaneous Provisions) Act 2009*.

(b) Contributions Paid to the Department of Finance

The Institute made a contribution of €1,168,187 to the Department of Finance before taking account of pension benefits amounting to €966,381 paid in the year. In addition contributions of €396,989 made by employees were also paid over.

(c) Description of Scheme and Actuarial Assumptions

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

- Supervisors, Clerical and Other Administrative Staff
- Research Staff Scheme

Both schemes are defined benefit schemes. Employer and employee contributions are paid to the Department of Finance. Pensions of both schemes are subject to the pension reduction provisions of the *Financial Emergency Measures in the Public Interest (No.2) Act 2010*.

Financial Assumptions
The financial assumptions used to calculate scheme liabilities under FRS17 are:

	2012	2011
Discount Rate	4.20%	5.20%
Salary Increase Assumption	2.50%	2.50%
Inflation	2.00%	2.00%
Pension Increases		
Clerical Scheme	2.25%	2.25%
Research Staff Scheme	3.00%	3.00%

Mortality Assumptions
The numbers in the scheme and the number of deaths have been too small to analyse and produce any meaningful scheme-specific estimates of future levels of mortality. Accordingly standard tables have been used. The key mortality assumption used in estimating the actuarial value of the schemes liabilities are:

	2012	2011
Male member age 65 (current life expectancy)	23.3	23.2
Female member age 65 (current life expectancy)	24.7	24.7
Male member age 40 (life expectancy at aged 65)	26.4	26.3
Female member age 40 (life expectancy at age 65)	27.4	27.3

d) Funding of pensions

The Institute expects to pay €1,193,000 to the Department of Finance in respect of superannuation costs in 2013.

17. Irish Fiscal Advisory Council

The Irish Fiscal Advisory Council is an independent body established in June 2011 by the Irish Government. It assesses the appropriateness of the Government's macroeconomic projections, budgetary projections and fiscal stance. The Council will also examine the extent of compliance with legislated fiscal rules. The Fiscal Responsibility Act 2012 passed in December 2012 established the Council as a statutory body with effect from 1st January 2013. The Institute will continue to provide administrative support to the Council.

The Council which is funded by a grant from the Department of Finance. Income and Expenditure for the Year Ended 31st December 2012 was as follows:

		2012 €		2011
Grant-in-Aid		€408,920		€222,008
Carry Forward from 2011		€26,113		
Less				
Staff Costs	€228,052		€80,226	
Stipends	€51,291		€9,075	
Travel	€28,957		€16,555	
Admin Charge	€104,083		€64,220	
Printing	€5,260		€5,092	
Consultancy	€8,091		€7,659	
Computer Costs	€6,486		€10,245	
Miscellaneous	€6,081		€2,823	
Total Costs		€438,301		€195,895
Carry Forward to 2013		(€3,268)		€26,113

An amount carried forward on behalf of the Irish Fiscal Advisory Council of €24,836 is included in the Institute's Bank Accounts and a corresponding amount is included in the financial statements in Creditors. This figure includes amounts to be paid on behalf of IFAC at 31st December 2012.

18. Reserves

	Accumulated Fund	Capital Reserve	Total Reserves
Balance as at 1st January 2012	110,130	1,840,000	1,950,130
Surplus for the Year	175,776		175,776
Transfer from Capital Reserve	40,000	(40,000)	-
Balance as at 31st December 2012	325,906	1,800,000	2,125,906

The capital reserve represents a capital grant received from the Department of Finance in 2008 to assist with the new building. This was transferred to capital reserve and is being amortised in line with depreciation on the building.

19. Board Members' Interests

The Board 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 Board's activities in which the Board Members had an interest.

20. Going Concern

After making enquires and on the basis that grant-in-aid continues at the appropriate level, the Directors consider that the Institute has adequate resources to continue operating for the foreseeable future. For this reason they have continued to use the going concern basis in preparing the accounts.

21. Approval of Financial Statements

The Financial Statements were approved by the Council on the 21 May 2013.