

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014**

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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 2014

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

Council Members are the Directors of the ESRI.

*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 Street
Dublin 2

permanent tsb
56/59 St Stephens Green
Dublin 2

SOLICITORS Hayes Solicitors
Lavery House
Earlsfort Terrace
Dublin 2

SECRETARY and
REGISTERED OFFICE Charles O'Regan
Whitaker Square
Sir John Rogerson's Quay
Dublin 2

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE
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COUNCIL REPORT

The council members present their report and the financial statements for the year ended 31 December 2014.

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.

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 (HRID) in relation to the Hospital-In-Patient Enquiry Scheme (HIPE). This research activity and management of the HIPE system transferred to the HSE's Healthcare Pricing Office (HPO), from the beginning of 2014 with staff in the HRID division seconded to the HPO. The HPO unit continued to be based in the ESRI building until the 6th March 2015 when it moved to new premises. While this decision significantly reduced the Institute's income, its cost will also reduce as a result of the transfer of related staff. The Institute took action to address the expected shortfall associated with the contribution of this research work towards its general overheads including establishing a new Health Research Programme and securing a tenant for the 4th floor of the ESRI building.

Growing Up in Ireland

The Institute had 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 expired at the end of 2014. A contract for Phase 2 has been agreed to commence in 2015.

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 Act 2014. 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 281 of the Companies Act 2014, 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: Laurence Crowley Date: 8 July 2015

Council Member: Frances Ruane Date: 8 July 2015

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE
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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 and
- 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.

The audit of the 2014 financial statements identified expenditure of approximately €293,000 in circumstances where the procedures employed did not comply fully with public procurement guidelines. The expenditure related to services from existing suppliers that were retained pending retendering of these services. The Council is taking steps to ensure compliance with the public procurement guidelines. These include the establishment of a procurement function in the Institute to oversee the procurement process.

Annual Review of Controls

I confirm that for the year ended 31 December 2014 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 Board

Date: 8 July 2015

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE
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**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 2014 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 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 2014, and in accordance with generally accepted accounting practice in Ireland.

Responsibilities of the directors

The directors are responsible for the preparation of the financial statements, for ensuring that they give a true and fair view and otherwise comply with the Companies Act 2014 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 by the directors 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 of the assets, liabilities and financial position of the company as at 31 December 2014 and of its income and expenditure for 2014;
- have been properly prepared in accordance with generally accepted accounting practice in Ireland; and
- have been properly prepared in accordance with the requirements of the Companies Acts 2014.

Matters on which I am required to report by the Companies Acts 2014

I have obtained all the information and explanations that I consider necessary for the purpose of my audit. In my opinion, the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited. The financial statements are in agreement with the accounting records.

In my opinion, the information given in the directors' 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
- the disclosures of directors' remuneration and transactions as specified by the Companies act 2014 are not made, 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**

17th July 2015

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014

	<i>Notes</i>	<i>2014</i>	<i>2013</i>
		€	€
INCOME			
Grant-in-Aid		2,600,000	2,700,000
Research Income	2	7,420,820	9,232,082
Miscellaneous Income	3	<u>311,497</u>	<u>191,654</u>
Total Income		<u>10,332,317</u>	<u>12,123,736</u>
EXPENDITURE			
Salaries	4	6,847,203	7,749,542
Direct Project Expenses	5	994,389	1,860,719
Establishment	6	729,765	754,949
Administration	7	<u>459,084</u>	<u>480,721</u>
		9,030,441	10,845,931
Excess of Income over Expenditure		1,301,876	1,277,805
Pension contribution to Dept of Finance	17	<u>(1,017,889)</u>	<u>(1,139,939)</u>
Surplus/(Deficit) for the Year		283,987	137,866

MOVEMENT IN ACCUMULATED FUND

Accumulated Fund at 1 January		503,772	325,906
Surplus/(Deficit) for the Year		283,987	137,866
Transfer from Capital reserve		<u>40,000</u>	<u>40,000</u>
Accumulated Fund at 31 December	19	827,759	503,772

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Surplus/(Deficit) for the Year		283,987	137,866
Experience gains/(losses) on pension scheme liabilities		(279,000)	2,550,000
Change in pension liability assumptions		(13,676,000)	(1,836,000)
Adjustment to deferred exchequer pension funding		13,955,000	(714,000)
Total Gains and Losses recognised for the year		<u>283,987</u>	<u>137,866</u>

The attached notes numbered 1 to 22 form an integral part of these financial statements and should be read in conjunction therewith.

Council Member: Laurence Crowley

Date: 8 July 2015

Council Member: Frances Ruane

Date: 8 July 2015

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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

BALANCE SHEET AS AT 31 DECEMBER 2014

		Year Ended 31 December 2014 €	Year Ended 31 December 2013 €
	<i>Notes</i>		
FIXED ASSETS			
Tangible assets	8	<u>12,773,020</u>	<u>13,119,380</u>
CURRENT ASSETS			
Stock of stationery		1,514	2,098
Debtors and work-in-progress	9	1,051,608	2,013,056
Cash at bank and on hand	10	<u>2,355,980</u>	<u>3,361,296</u>
		<u>3,409,102</u>	<u>5,376,450</u>
CURRENT LIABILITIES			
Sundry creditors and accrued expenses	11	<u>2,106,244</u>	<u>4,319,479</u>
NET CURRENT ASSETS		1,302,858	1,056,971
TOTAL ASSETS less CURRENT LIABILITIES		14,075,878	14,176,351
Long Term Loans	12	11,528,119	11,912,579
Long Term Pension Liability	17	52,259,000	36,922,000
Less Deferred Pension Asset	17	(52,259,000)	(36,992,000)
NET ASSETS		<u>2,547,759</u>	<u>2,263,772</u>
RESERVES			
Accumulated Fund	19	827,759	503,772
Capital Reserve	19	<u>1,720,000</u>	<u>1,760,000</u>
		<u>2,547,759</u>	<u>2,263,772</u>

The attached notes numbered 1 to 22 form an integral part of these financial statements and should be read in conjunction therewith.

Council Member: Laurence Crowley

Date: 8 July 2015

Council Member: Frances Ruane

Date: 8 July 2015

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

Reconciliation of operating surplus/(deficit) to net cash inflow/(outflow) from Operating Activities		
	2014	2013
	€	€
Surplus/(Deficit) for the year	283,987	137,866
Loan interest	122,199	125,188
Bank interest receivable	(3,142)	(10,246)
Bank interest payable	-	-
Depreciation charges	363,992	371,529
Decrease in stock	584	3,314
Decrease/(Increase) in debtors	961,448	(504,674)
(Decrease)/Increase in creditors	<u>(2,213,235)</u>	<u>801,807</u>
Net cash (outflow)/inflow	(484,167)	924,784

CASH FLOW STATEMENT

Net Cash (Outflow)/Inflow from Operating Activities	(484,167)	924,784
Returns on Investments and Servicing of Finance		
Interest received	3,142	10,246
Interest paid	-	-
Loan interest paid	<u>(122,199)</u>	<u>(125,188)</u>
Loan Repayment	(384,460)	(420,648)
Disposal of Assets	470	-
Capital Expenditure	<u>(18,102)</u>	<u>(35,168)</u>
	(1,005,316)	354,026
Financing:		
Capital Grant	-	-
(Decrease)/Increase in Cash	(1,005,316)	354,026
Reconciliation of net cash flow to movements in net funds		
(Decrease)/Increase in cash in year	(1,005,316)	354,026
Net debt	(8,551,283)	(9,325,957)
Debt repayment	<u>384,460</u>	<u>420,648</u>
Net debt at 31 December 2014	(9,172,139)	(8,551,283)
Analysis of change in net debt		
At beginning of year	(8,551,283)	(9,325,957)
Cash Flows	(1,005,316)	354,026
Debt repayment	<u>384,460</u>	<u>420,648</u>
At end of year	(9,172,139)	(8,551,283)

The attached notes numbered 1 to 22 form an integral part of these financial statements and should be read in conjunction therewith.

Council Member: Laurence Crowley

Date: 8 July 2015

Council Member: Frances Ruane

Date: 8 July 2015

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. 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:

1.1 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.

1.2 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.

1.3 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.

1.4 Leased assets

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

1.5 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 scheme continues to operate for existing members with no change to benefits or associated provision for members.

Pension scheme liabilities are measured on an actuarial basis in accordance with Financial Reporting Standard 17 (Retirement Benefits) and represent the present value of future pension benefits earned by staff. An equivalent asset representing the funding receivable to meet those pension obligations is recognised in the balance sheet.

1.6 Capital Reserves

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

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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2. Research Income

	2014	2013
	€	€
Commissioned Research	1,741,720	2,230,952
Research Grants	2,158,410	1,378,720
Hospital In-Patient Enquiry Scheme	2,250,170	2,970,920
Growing up in Ireland survey	<u>1,270,520</u>	<u>2,651,490</u>
	<u>7,420,820</u>	<u>9,232,082</u>

3. Miscellaneous Income

	2014	2013
	€	€
Members' subscriptions	36,832	39,512
Sale of publications	17,884	17,704
Rental income	111,852	-
Miscellaneous Income	<u>144,929</u>	<u>134,438</u>
	<u>311,497</u>	<u>191,654</u>

Miscellaneous income includes fees of €24,223 (2013 €24,946) paid to the ESRI in respect of services provided by the Director as a board member to public bodies.

4. Staff Wages and Salaries

4.1 The number of persons employed (full-time equivalents) in the financial year was 101 (2013:109). Total includes 98 (2013:92) permanent staff (full-time equivalents). This includes 21 staff seconded to the Health Pricing Office but does not include staff employed on short term contracts for interviewing.

4.2 The salaries and pension costs were incurred as follows:

	2014	2013
	€	€
Economic and Social Research Divisions	3,362,698	3,458,441
Child Cohort	570,386	611,324
Hospital-In-Patient Enquiry (HIPE)/ National Perinatal Reporting System (NPRS)	1,135,445	1,504,349
Administration	1,018,618	1,001,307
Employers PRSI	576,197	644,824
Pension Costs (Note 17)	66,713	66,540
Other Fees and Permanent Health Insurance Costs	117,146	110,237
Redundancy Costs	<u>-</u>	<u>352,520</u>
	<u>6,847,203</u>	<u>7,749,542</u>

The salaries figure of €6.85 million (2013 €7.75 million) above includes €1.44 million (2013 €1.9 million) in respect of staff seconded to the HPO. Other direct costs of €103,000 (2013 €177,000) were also incurred in relation to those staff. As set out in Note 1 the Institute received income of €2.25 million (2013 €2.97 million) in relation to this arrangement.

4.3 €384,479 of pension related deductions (PRD) has been paid over to the Department of Finance (2013: €469,704)

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4.4 The charge to salaries includes costs of €1,583 (2013: €1,476) incurred in respect of the production of the Economic and Social Review. (See Note 15)

4.5 Director's Remuneration

	2014	2013
	€	€
Salary	163,271	169,422
Superannuation Provision	40,818	42,356
Income Continuance Provision	<u>1,633</u>	<u>1,694</u>
	<u>205,722</u>	<u>213,472</u>

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 €1,777 in 2014. There was no bonus or perquisites paid to the Director in 2014.

4.6 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. Expenses incurred by the Board members in 2014 amounted to €527.

5. Direct Project Expenses

	2014	2013
	€	€
Consultants and Network Partners	227,000	40,215
Field Staff Fees ¹	229,643	1,269,201
Other Direct Costs	430,854	407,479
Travel	<u>106,892</u>	<u>143,824</u>
	<u>994,389</u>	<u>1,860,719</u>

6. Establishment Costs

	2014	2013
	€	€
Rent & Rates	865	348
Interest Costs	122,199	125,188
Heat, light, maintenance and cleaning	242,709	257,884
Depreciation	<u>363,992</u>	<u>371,529</u>
	<u>729,765</u>	<u>754,949</u>

7. Administration

	2014	2013
	€	€
Printing and Stationery	57,420	68,755
Postage, insurance, telephone and general expenses ²	170,221	176,748
Computer Costs (including licence fees)	102,507	117,903
Travel	12,046	16,870
Library books and subscriptions	18,194	21,818
Professional Fees	83,496	63,427
Audit Fees	<u>15,200</u>	<u>15,200</u>
	<u>459,084</u>	<u>480,721</u>

¹ Field staff fees variance is due to completion of fieldwork on phase one of the GUI project in early 2014

² €6,302 (2013 €5,339) relates to a contribution to the employees sport and social club activities

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8. Tangible Assets

	<i>Computer equipment</i> €	<i>Equipment, fixtures and fittings</i> €	<i>Building</i> €	<i>Total</i> €
Cost:				
At beginning of year	794,665	591,983	15,545,157	16,931,805
Additions	10,060	8,042	-	18,102
Disposals	(19,720)	-	-	(19,720)
	-----	-----	-----	-----
At end of year	785,005	600,025	15,545,157	16,930,187
Accumulated Depreciation:				
At beginning of year	742,117	582,990	2,487,318	3,812,425
Provided in year	45,769	7,413	310,810	363,992
Disposals	(19,250)	-	-	(19,250)
	-----	-----	-----	-----
At end of year	768,636	590,403	2,798,128	4,157,167
Net book value at end of year	<u>16,369</u>	<u>9,622</u>	<u>12,747,029</u>	<u>12,773,020</u>
Net book value at beginning of year	52,548	8,993	13,057,839	13,119,380

9. Debtors and Work-in-Progress

	2014 €	2013 €
Revenue from projects	459,086	783,376
Work-in-progress	336,040	752,899
Other debtors and prepaid expenses	<u>256,482</u>	<u>476,781</u>
	1,051,608	2,013,056

10. Bank and Cash

	2014 €	2013 €
Bank Accounts	2,355,035	3,359,701
Cash	<u>945</u>	<u>1,595</u>
	2,355,980	3,361,296

Bank and cash include €1,255,351 (2013 €2,574,497) received by way of advance payments for work to be completed.

11. Creditors and Accrued Expenses

	2014 €	2013 €
Payroll Taxes	184,283	479,415
Value Added Tax	134,852	527,693
Deferred Income	1,255,351	2,576,683
Trade Creditors	50,747	40,112
Accrued Expenses	447,175	394,733
Other Creditors	<u>33,836</u>	<u>300,843</u>
	2,106,244	4,319,479

No security has been provided by the Institute in respect of the above creditors

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12. Long Term Loans

	2014	2013
	€	€
Economic and Social Research Trust: 0%		
Due after 5 years	1,800,000	1,800,000
Permanent tsb mortgage: Euribor +1%		
Due within 1 year	390,213	356,689
Due between 1 and 2 years	391,671	359,594
Due between 2 and 5 years	1,201,054	1,111,469
Due after 5 year	<u>7,745,181</u>	<u>8,284,827</u>
	11,528,119	11,912,579

The 30 year mortgage loan commenced in 2006. Permanent tsb have first legal charge over the property at Whitaker Square, Sir John Rogerson's Quay, Dublin 2.

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 no capital or other commitments at the balance sheet date.

15. Related Company

At 31 December 2014 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 2014 the company had net assets of €1,806,886 (2013: €1,807,736).
- (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.

16. Contingent Liabilities and Other Matter

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

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17. Pensions

(a) Pension Liability and Asset

As outlined in Accounting Policy (5) above, the assets of the Institute's pension schemes 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*.

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 2014 is €52,259,000 (2013: €36,992,000) based on an actuarial valuation of the pension liabilities in respect of Institute staff as at 31 December 2014 carried out by a qualified independent actuary for the purpose of FRS 17. A deferred funding asset of €52,259,000 equal to the liability at 31 December 2014 is recognised as a separate asset on the balance sheet.

Movement in Pension Liability	2014	2013
	€	€
Present Value of Scheme Obligations at beginning of year	36,992,000	36,093,000
Current Service Cost	1,078,000	1,147,000
Interest Cost	1,476,000	1,517,000
Actuarial (Gain)/Loss	13,955,000	(714,000)
Benefits Paid	(1,242,000)	(1,051,000)
Premiums Paid	-	-
Present Value of Scheme Obligations at end of year	<u>52,259,000</u>	<u>36,992,000</u>

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

(b) Pension Costs

The pension costs of the year as measured under FRS 17 amounted to €2,554,000. These are offset by a corresponding amount of funding receivable. The net impact on the Income and Expenditure Account is as set out below.

	2014	2013
	€	€
Current Service Cost	1,078,000	1,147,000
Interest	1,476,000	1,517,000
Deferred pension income	(2,554,000)	(2,664,000)
Pension payments not offset	<u>66,713</u>	<u>66,540</u>
Net Pension Cost	66,713	66,540

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The Institute made payments of €66,713 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*.

(c) Contributions Paid to the Department of Finance

The Institute made a contribution of €1,017,889 (2013: €1,139,939) to the Department of Finance before taking account of pension benefits amounting to €1,241,546 (2013: €989,751) paid in the year. In addition contributions of €329,459 (2013:€424,757) made by employees were also paid over.

(d) 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:

	2014	2013
Discount Rate	2.20%	4.00%
Salary Increase Assumption	2.25%	2.50%
Inflation	1.75%	2.00%

Pension Increases

Clerical Scheme	1.75%	2.00%
Research Staff Scheme	2.25%	2.50%

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:

	2014	2013
Male member age 65 (current life expectancy)	23.5	23.5
Female member age 65 (current life expectancy)	25.5	24.9
Male member age 40 (life expectancy at aged 65)	26.3	26.5
Female member age 40 (life expectancy at age 65)	28.5	27.5

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e) Funding of pensions

Employer and employee pension contributions of €1,149,060 will be due to the Department of Finance in respect of 2015 before deduction of pension benefits of €1,516,065 which will be paid by the Institute in 2015. The net difference of €367,005 will be due to the Institute

18. Irish Fiscal Advisory Council

The Irish Fiscal Advisory Council (IFAC) 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 continues to provide administrative support to the Council.

An amount of €32,700 is included in the financial statements in Debtors representing an amount due to the ESRI by IFAC at 31 December 2014 in relation to administrative support provided during the year.

19. Reserves

	Accumulated Fund	Capital Reserve	Total Reserves
Balance as at 1 st January 2014	503,772	1,760,000	2,263,772
Surplus for the Year	283,987		283,987
Transfer from Capital Reserve	<u>40,000</u>	<u>(40,000)</u>	<u>-</u>
Balance as at 31 st December 2014	827,759	1,720,000	2,547,759

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

20. 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.

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21. 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.

22. Approval of Financial Statements

The Financial Statements were approved by the Council on the 26 May 2015