

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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 2016**

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THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE
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COUNCIL MEMBERS AND OTHER INFORMATION

COUNCIL MEMBERS As at 31st December 2016

Padraig McManus (President and Chairman)	
Alan Barrett	David Moloney
John Buckley*	Ronan Murphy**
Padraig Dalton	Brid O'Brien
Emer Gilvarry	Sean O'Driscoll**
Philip Lane*	Rowena Pecchenino**
John Martin*	Pat Rabbitte**
Hannah McGee	Sally Shortall

Council Members are the Directors of the ESRI.

*Audit Committee Members

** Appointed January 2017

*** Philip Lane resigned as a Council member in November 2016

The ESRI Audit Committee is made up of three non-executive council members.

AUDITORS The Comptroller and Auditor General
3A Mayor Street Upper
Dublin 1

BANKERS Bank of Ireland
Lower Baggot Street
Dublin 2

Havbell
2 Grand Canal Square
Grand Canal Harbour
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 2016.

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 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 adequate 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 adequate accounting records are kept in accordance with Section 281 to 285 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: Pdraig McManus

Date: 28 November 2017

Council Member: Alan Barrett

Date: 28 November 2017

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 a charter that takes account of the guidance set out in the Code of Practice for the Governance of State Bodies 2009. The work programme of the internal audit is informed by analysis of the risk to which the Institute is exposed. 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 sufficiency and operation of internal control to mitigate and/or manage risks.

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 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 Institute continues to develop its system of internal financial control through the refining of business continuity procedures, the ongoing development of the risk policy through its alignment with the Institute's strategic plan 2014-2018 and the regular retendering of all services used in the course of its business.

Annual Review of Controls

I confirm that for the year ended 31 December 2016 the Council has conducted a review of the effectiveness of the system of internal financial controls.

Signed on behalf of the Council

Padraig McManus
Chairman of the Board

Date: 28 November 2017

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 2016 under the Comptroller and Auditor General (Amendment) Act 1993. The financial statements comprise the statement of income and expenditure and retained revenue reserves, the statement of comprehensive income, the statement of financial position, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is the Companies Act 2014 and 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 to 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 Economic and Social Research Institute as at 31 December 2016 and of its income and expenditure for 2016 and
- 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 Act 2014.

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

I have obtained all the information and explanations that I consider necessary for the purposes 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 I find

- 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 the 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
- 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
15 December 2017**

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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**STATEMENT OF INCOME AND EXPENDITURE AND RETAINED REVENUE RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<i>Notes</i>	<i>2016</i>	<i>2015</i>
		€	€
Income			
Oireachtas Grant - Department of Public Expenditure and Reform. Vote 11 Subhead A3		2,575,000	2,575,000
Research Income	2	6,752,012	6,100,241
Miscellaneous Income	3	236,524	419,206
Capital Grant	15	1,800,000	-
Net deferred pension funding	17	<u>2,835,000</u>	<u>2,711,000</u>
Total Income		<u>14,198,536</u>	<u>11,805,447</u>
Expenditure			
Salaries	4	6,209,918	5,677,780
Retirement Benefit Costs	17	2,405,106	2,308,027
Direct Project Expenses	5	1,496,869	1,184,807
Establishment	6	704,373	698,743
Administration	7	<u>499,145</u>	<u>539,107</u>
Total Expenditure		<u>11,315,411</u>	<u>10,408,464</u>
Surplus for the Year before Appropriations/Transfers		2,883,125	1,396,983
Pension contribution to Dept of Finance	17	<u>(1,259,453)</u>	<u>(1,260,023)</u>
Surplus for the Year after Appropriations before Transfers		1,623,672	136,960
Transfer to Capital Reserve		(1,800,000)	-
Transfer from Capital Reserve	19	85,000	<u>40,000</u>
Surplus/(Deficit) for the Year after Appropriations /Transfers		(91,328)	176,960
Balance Brought Forward at 1 January	19	704,448	527,488
Balance Carried Forward at 31 December	19	613,120	704,448

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

Council Member: Pdraig McManus

Date: 28 November 2017

Council Member: Alan Barrett

Date: 28 November 2017

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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STATEMENT OF COMPREHENSIVE INCOME

Surplus/(Deficit) for the Year after Appropriations/Transfers	(91,328)	176,960
Experience gains/(losses) on pension scheme liabilities	(97,000)	313,000
Change in pension liability assumptions	<u>(4,395,000)</u>	<u>5,377,000</u>
Total actuarial gain/(loss) in the year	(4,492,000)	5,690,000
Adjustment to deferred exchequer pension funding	4,492,000	(5,690,000)
Total Gains/(Losses) recognised for the year	<u>(91,328)</u>	<u>176,690</u>

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

Council Member: Padraig McManus

Date: 28 November 2017

Council Member: Alan Barrett

Date: 28 November 2017

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	<i>Notes</i>	Year Ended 31 December 2016	Year Ended 31 December 2015
		€	€
FIXED ASSETS			
Property Plant and Equipment	8	<u>12,212,850</u>	<u>12,536,067</u>
CURRENT ASSETS			
Inventory		3,310	1,014
Receivables	9	1,786,757	1,651,784
Cash and cash equivalents	10	<u>1,025,120</u>	<u>2,350,997</u>
		<u>2,815,187</u>	<u>4,003,795</u>
CURRENT LIABILITIES			
Payables (Amounts falling due within one year)	11	<u>2,528,619</u>	<u>3,434,001</u>
NET CURRENT ASSETS		286,568	569,794
TOTAL ASSETS less CURRENT LIABILITIES		12,499,418	13,105,861
Long Term Loans (Amounts falling due after one year)	12	8,491,298	10,721,413
Long Term Pension Liability	17	(53,752,000)	(47,701,000)
Less Deferred Pension Asset	17	53,752,000	47,701,000
NET ASSETS		<u>4,008,120</u>	<u>2,384,448</u>
RESERVES			
Retained Revenue Reserves	19	613,120	704,448
Capital Reserve	19	<u>3,395,000</u>	<u>1,680,000</u>
		<u>4,008,120</u>	<u>2,384,448</u>

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

Council Member: Pdraig McManus

Date: 28 November 2017

Council Member: Alan Barrett

Date: 28 November 2017

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	€	€
Net Cash Flows from Operating Activities		
Excess Income over Expenditure	2,883,125	1,396,983
Depreciation and Impairment of Property, Plant and Equipment	352,924	353,002
(Increase)/Decrease in Receivables	(134,973)	(600,176)
Increase/(Decrease) in Payables	(905,382)	637,273
Decrease/(Increase) in Inventory	(2,296)	500
Interest payment on mortgage in year	72,330	88,490
Bank Interest Received	(35)	(12)
Pension Contribution to the Exchequer	<u>(1,259,453)</u>	<u>(1,260,023)</u>
Net cash inflow/(outflow) from Operating Activities	1,006,240	616,037
 Cash Flows from Investing Activities		
Payments to acquire Property, Plant and Equipment	(29,707)	(116,049)
Receipts from Disposal of Property, Plant and Equipment	<u>-</u>	<u>-</u>
Net Cash Flows from Investing Activities	(29,707)	(116,049)
 Cash Flows from Financing Activities		
Repayment of loan of €1.8m to Economic and Social Research Trust	(1,800,000)	-
Mortgage repayments in year	(430,115)	(416,493)
Interest payment on mortgage in year	(72,330)	(88,490)
Bank Interest Received	<u>35</u>	<u>12</u>
Net Cash Flows from Financing Activities	(2,302,410)	(504,971)
 Net Decrease in cash and cash equivalents	(1,325,877)	(4,983)
 Cash and cash equivalents at 1 January	<u>2,350,997</u>	<u>2,355,980</u>
Cash and cash equivalents at 31 December	1,025,120	2,350,997

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting Policies

The principal accounting policies adopted by the company in determining the amounts included in the Statement of Financial Position and in determining the results for the year are as follows. They have all been applied consistently throughout the year and for the preceding year.

a) General Information

The Institute was established on the 24th June 1960 as a Company Limited by Guarantee and was known then as the Economic Research Institute. The title of the Institute was later changed to the Economic and Social Research Institute. The head office is at Whitaker Square, Sir John Rogerson's Quay.

The Institute produces research that contributes to understanding economic and social change in the new international context and that informs public policymaking and civil society in Ireland.

b) Statement of Compliance

The financial statements of the ESRI for the year ended 31 December 2016 have been prepared in accordance with FRS 102, the financial reporting standard applicable in the UK and Ireland issued by the Financial Reporting Council (FRC), as promulgated by Chartered Accountants Ireland.

c) Basis of Preparation

The financial statements have been prepared under the historical cost convention, except for certain assets and liabilities that are measured at fair values as explained in the accounting policies below. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the ESRI's financial statements.

d) Revenue

Oireachtas Grants

Revenue is generally recognised on an accruals basis; one exception to this is the case of Oireachtas Grants which are recognised on a cash receipts basis.

Research Income

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 or invoiced the difference is included in the Statement of Financial Position under receivables as work in progress. If the value of work completed is less than the amounts received the difference is included in the Statement of Financial Position under creditors as deferred income.

Other Revenue

Other revenue is recognised on an accruals basis

Capital Grants

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.

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e) **Property Plant and Equipment**

Property Plant and Equipment are stated at cost less accumulated depreciation, adjusted for any provision for impairment. Depreciation is provided on all property, plant and equipment, other than freehold land and artwork, at rates estimated to write off the cost less the estimated residual value of each asset on a straight line basis over their estimated useful lives, as follows:

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

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of an age and in the condition expected at the end of its useful life.

If there is objective evidence of impairment of the value of an asset, an impairment loss is recognised in the Statement of Income and Expenditure and Retained Revenue Reserves in the year.

f) **Receivables**

Receivables are recognised at fair value, less a provision for doubtful debts. The provision for doubtful debts is a specific provision, and is established when there is objective evidence that the Institute will not be able to collect all amounts owed to it. All movements in the provision for doubtful debts are recognised in the Statement of Income and Expenditure and Retained Revenue Reserves.

g) **Employee Benefits**

Short-term Benefits

Short term benefits such as holiday pay are recognised as an expense in the year, and benefits that are accrued at year-end are included in the Payables figure in the Statement of Financial Position.

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.

The Institute also operates the Single Public Services Pension Scheme ("Single Scheme") which is a defined benefit scheme for pensionable public servants appointed on or after 1 January 2013. Single Scheme members' contributions are paid over to the Department of Public Expenditure and Reform (DPER).

Pension costs reflect pension benefits earned by employees, and are shown net of staff pension contributions which are remitted to the Department of Finance. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable.

The Institute is required to make an annual employer contribution to the Department of Finance after taking account of pension benefits paid in the year.

Actuarial gains or losses arising on scheme liabilities are reflected in the Statement of Comprehensive Income, and a corresponding adjustment is recognised in the amount recoverable from the Department of Finance.

The financial statements reflect at fair value the assets and liabilities arising from the Institutes' pension obligations and any related funding and recognises the costs of providing pension benefits in the accounting periods in which they are earned by employees. Retirement benefit scheme liabilities are measured on an actuarial basis using the projected unit credit method.

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h) Loans

Loans are recognised initially at the transaction price (present value of cash payable, including transaction costs). Loans are subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Loans are classified as current liabilities unless there is a right to defer settlement of the loan for at least 12 months from the reporting date.

i) Critical Accounting Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

Impairment of Property, Plant and Equipment

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Depreciation and Residual Values

The Directors have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of fixtures and fittings, and have concluded that asset lives and residual values are appropriate.

Retirement Benefit Obligation

The assumptions underlying the actuarial valuations for which the amounts recognised in the financial statements are determined (including discount rates, rates of increase in future compensation levels, mortality rates and healthcare cost trend rates) are updated annually based on current economic conditions, and for any relevant changes to the terms and conditions of the pension and post-retirement plans.

The assumptions can be affected by:

- (i) the discount rate, changes in the rate of return on high-quality corporate bonds
- (ii) future compensation levels, future labour market conditions
- (iii) health care cost trend rates, the rate of medical cost inflation in the relevant regions.

(j) Comparatives

Certain comparative figures have been reclassified in order to present information on a basis consistent with the current year. This has not impacted on reported performance.

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2. Research Income

	<i>2016</i>	<i>2015</i>
	<i>€</i>	<i>€</i>
Commissioned Research	732,930	969,271
Research Grants	1,017,632	1,369,640
Research Programmes	2,765,080	1,926,220
Growing up in Ireland Survey	<u>2,236,370</u>	<u>1,835,110</u>
	<u>6,752,012</u>	<u>6,100,241</u>

3. Miscellaneous Income

	<i>2016</i>	<i>2015</i>
	<i>€</i>	<i>€</i>
Members' subscriptions	39,424	36,723
Sale of publications	12,875	13,296
Hospital In-Patient Enquiry Scheme	-	118,000
Rental income	100,165	118,937
Miscellaneous Income	<u>84,060</u>	<u>132,250</u>
	<u>236,524</u>	<u>419,206</u>

Since January 2014 the Institute has recouped the cost of staff seconded to the Healthcare Pricing Office (HPO) in the Health Services Executive (HSE) for the Hospital In-Patient Enquiry Scheme and received a contribution to overheads in respect of the period during which the staff were based in the ESRI building. Since March 6th 2015 when the staff transferred to HSE premises the Institute continues to recoup the salary costs. The full income and costs associated with HPO staff in 2015 and 2016 was as follows:

	<i>2016</i>	<i>2015</i>
	<i>€</i>	<i>€</i>
Refund of Seconded Staff Costs	1,219,016	1,464,850
Less		
Salaries	928,519	1,026,848
Employers PRSI	93,156	101,939
Pension Costs	139,278	152,974
Other Fees and Permanent Health Insurance Costs	23,213	25,496
Direct Costs	10,675	26,827
Travel Costs	<u>24,175</u>	<u>12,766</u>
Total Costs	1,219,016	1,346,850
Contribution to Overheads	=	<u>118,000</u>

Miscellaneous income figure for 2015 includes fees of €46,667 paid to the ESRI in respect of services provided by the former Director (Frances Ruane) 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 112 (2015:104). Total includes 96 (2015:100) permanent staff (full-time equivalents). This includes 16 staff seconded to the Health Pricing Office but does not include staff employed on short term contracts for interviewing.

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4.2 The salaries and related costs were incurred as follows:

	<i>2016</i>	<i>2015</i>
	<i>€</i>	<i>€</i>
Economic and Social Research Divisions	3,839,400	3,511,768
Growing Up in Ireland	621,727	572,212
Administration	1,047,909	1,039,750
Redundancy Costs	73,207	0
Employers PRSI	536,588	487,751
Other Fees and Permanent Health Insurance Costs	<u>91,087</u>	<u>63,299</u>
	<u>6,209,918</u>	<u>5,677,780</u>

The salaries figure of €6.21 million (2015 €5.68 million) above excludes staff seconded to the HPO. See note 3 above.

4.3 €334,036 of pension related deductions (PRD) has been paid over to the Department of Finance (2015: €382,065).

4.4 The charge to salaries includes costs of €1,709 (2015: €1,643) incurred in respect of the production of the Economic and Social Review. (See note 15).

4.5 Director's Remuneration

	<i>2016</i>	<i>2015</i>
	<i>€</i>	<i>€</i>
Salary	163,271	163,271
Superannuation Provision	40,818	40,818
Income Continuance Provision	<u>1,633</u>	<u>1,633</u>
	<u>205,722</u>	<u>205,722</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 in 2016 amounted to €3,259(2015:€2,541).

There was no bonus or perquisites paid to the Director in 2016.

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 2016 amounted to €2,510(2015:€2,711).

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4.7 Employee benefits breakdown

Range of total employee benefits Number of employees

From	To	2016	2015
€60,000	€69,999	9	13
€70,000	€79,999	5	5
€80,000	€89,999	7	5
€90,000	€99,999	11	6
€100,000	€109,999	8	8
€110,000	€119,999	-	1
€120,000	€129,999	2	-
€130,000	€139,999	-	1
€140,000	€149,999	3	2
€150,000	€159,999	-	-
€160,000	€169,999	1	1

5. Direct Project Expenses

	<i>2016</i>	<i>2015</i>
	<i>€</i>	<i>€</i>
Consultants and Network Partners	18,000	40,328
Field Staff Fees	938,396	499,614
Other Direct Costs	455,181	562,549
Travel- Foreign	68,071	67,606
Travel- Domestic	<u>17,221</u>	<u>14,720</u>
	<u>1,496,869</u>	<u>1,184,807</u>

6. Establishment Costs

	<i>2016</i>	<i>2015</i>
	<i>€</i>	<i>€</i>
Rent & Rates	1,470	2,844
Interest Costs	72,330	88,490
Heat, light, maintenance and cleaning	277,333	254,407
Depreciation	<u>353,240</u>	<u>353,002</u>
	<u>704,373</u>	<u>698,743</u>

7. Administration

	<i>2016</i>	<i>2015</i>
	<i>€</i>	<i>€</i>
Printing and Stationery	52,108	55,382
Postage, insurance, telephone and general expenses ¹	229,990	192,898
Computer Costs (including licence fees)	108,635	107,848
Travel	17,769	15,160
Library books and subscriptions	17,202	15,398
Professional Fees- Legal	10,434	20,474
-Tax and Financial	11,230	4,520
-Pension and HR	19,454	92,019
-Other	18,323	21,408
Audit Fees	<u>14,000</u>	<u>14,000</u>
	<u>499,145</u>	<u>539,107</u>

¹ Included in the figure are €64,106 (€48,710) which relates to staff canteen and other staff related costs, conference and hospitality costs and €8,577 (2015: €7,508) which relates to a contribution to the employees sports and social club activities.

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8. Property Plant and Equipment

	<i>Computer equipment</i> €	<i>Equipment, fixtures and fittings</i> €	<i>Building</i> €	<i>Total</i> €
Cost:				
At beginning of year	803,198	606,379	15,582,273	16,991,850
Additions	27,744	1,963	-	29,707
Disposals	(24,676)	-	-	(24,676)
	-----	-----	-----	-----
At end of year	806,266	608,342	15,582,273	16,996,881
Accumulated Depreciation:				
At beginning of year	752,376	594,879	3,108,528	4,455,783
Provided in year	36,795	4,484	311,645	352,924
Disposals	(24,676)	-	-	(24,676)
	-----	-----	-----	-----
At end of year	764,495	599,363	3,420,173	4,784,031
Net book value at beginning of year	<u>50,822</u>	<u>11,500</u>	<u>12,473,745</u>	<u>12,536,067</u>
Net book value at end of year	41,771	8,979	12,162,100	12,212,850

9. Receivables

	2016 €	2015 €
Revenue from projects	610,070	448,643
Work-in-progress	903,530	964,609
Other debtors and prepaid expenses	<u>273,157</u>	<u>238,532</u>
	<u>1,786,757</u>	<u>1,651,784</u>

10. Cash and Cash Equivalents

	2016 €	2015 €
Bank Accounts	1,023,866	2,349,870
Cash	<u>1,254</u>	<u>1,127</u>
	<u>1,025,120</u>	<u>2,350,997</u>

Cash and cash equivalents include €833,330 (2015 €1,107,911) received by way of advance payments for work to be completed.

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11. Payables (amounts falling due within one year)

	2016	2015
	€	€
Payroll Taxes	229,811	481,804
Value Added Tax	120,070	173,325
Deferred Income	833,331	1,107,911
Trade Creditors	54,413	235,682
HPO Advanced Funds	315,382	415,250
Accrued Expenses	459,304	523,983
Other Creditors	97,976	95,648
Havbell Mortgage	<u>418,332</u>	<u>400,398</u>
	<u>2,528,619</u>	<u>3,434,001</u>

No security has been provided by the Institute in respect of the above creditors with the exception of the Havbell Mortgage.

12. Long Term Loans (amounts falling due after one year)

	2016	2015
	€	€
Economic and Social Research Trust- 0%		
Due after one year	-	1,800,000
Havbell mortgage: Euribor +1%		
Due after one year	<u>8,491,298</u>	<u>8,921,413</u>
	8,491,298	10,721,413

The 30 year mortgage loan commenced in 2006. Havbell Limited 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 reporting date.

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15. Related Company

At 31 December 2016 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.

In 2016 Trustees approved a donation of €1.8m to the Institute to pay the outstanding loan on condition the donation is treated as a Capital Grant. A decision was also made to close the Trust and donate any remaining funds after the expense of the Trust to fund internships in the Institute

At 31 December 2016 the Trust had net assets of €5,032 (2015: €1,805,964).

- (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 on pro-bono basis (See Note 4.4).

16. Contingent Liabilities and Other Matter

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

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 102 (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.

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The FRS 102 pension liability at 31 December 2016 is €53,752,000 (2015: €47,701,000) based on an actuarial valuation of the pension liabilities in respect of Institute staff as at 31 December 2016 carried out by a qualified independent actuary for the purpose of FRS 102. A deferred funding asset of €53,752,000 equal to the liability at 31 December 2016 is recognised as a separate asset in the Statement of Financial Position.

The members of the Single Public Services Pension Scheme have been included in the pension liability calculations.

Movement in Pension Liability	2016	2015
	€	€
Present Value of Scheme Obligations at beginning of year	47,701,000	52,259,000
Current Service Cost	1,543,000	1,579,000
Interest Cost	1,292,000	1,132,000
Actuarial (Gain)/Loss	4,492,000	(5,690,000)
Benefits Paid	(1,276,000)	(1,579,000)
Premiums Paid	<u>-</u>	<u>-</u>
Present Value of Scheme Obligations at end of year	<u>53,752,000</u>	<u>47,701,000</u>

The net effect on the Statement of Income and Expenditure and Retained Revenue Reserves of the above is nil.

(b) Pension Costs

The pension costs of the year as measured under FRS 102 amounted to €2,835,000. These are offset by a corresponding amount of funding receivable. The net impact on the Statement of Income and Expenditure and Retained Revenue Reserves is as set out below.

	2016	2015
	€	€
Current Service Cost	1,543,000	1,579,000
Interest	1,292,000	1,132,000
Employee Contributions	(357,000)	(314,480)
HPO Contribution	(139,278)	(152,974)
Pension payments not offset	<u>66,384</u>	<u>64,481</u>
	<u>2,405,106</u>	<u>2,308,027</u>

The Institute made payments of €66,384 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 total contributions of €1,259,453 (2015: €1,260,023) to the Department of Finance before taking account of pension benefits amounting to €1,276,000 (2015: €1,578,688) paid in the year. The difference between benefits paid by the Institute over contributions due in 2016 of €16,547 was refunded to the Institute.

The total contributions were made up of employer contributions of €902,453 (2015: €945,543) and employee contributions of €357,000 (2015: €314,480).

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(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*.

Actuarial Assumptions

The principal Financial Assumptions used at 31 December 2015 and 31 December 2016 are shown in the table below.

The assumptions as at the balance sheet date are used to determine the Pension Asset/Liability at that date and the pension expense for the following year.

Valuation Date	31/12/2016	31/12/2015
Discount Rate	2.05%	2.70%
Salary Increase	2.00%	2.25%
Pension Increase	1.5%/2.00%	1.75%/2.25%
Inflation (CPI)	1.50%	1.75%

e) Funding of pensions

Employer and employee pension contributions of €1,075,560 will be due to the Department of Finance in respect of 2017 before deduction of pension benefits of €1,225,825 which will be paid by the Institute in 2017. The net difference of €150,265 will be due to the Institute.

18. Irish Fiscal Advisory Council

The Irish Fiscal Advisory Council (IFAC) is an independent statutory 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 also examines the extent of compliance with legislated fiscal rules. The Institute provides administrative support to the Council.

An amount of €25,553 is included in the financial statements in Receivables representing an amount due to the ESRI by IFAC at 31 December 2016 in relation to administrative support provided during the year.

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19. Reserves

	Retained Revenue Reserves	Capital Reserve	Total Reserves
Balance as at 1 st January 2016	704,448	1,680,000	2,384,448
Surplus for the Year after pension appropriation to Department of Finance	1,623,672		1,623,672
Transfer to Capital Reserve	(1,800,000)	1,800,000	-
Transfer from Capital Reserve	<u>85,000</u>	<u>(85,000)</u>	<u>-</u>
Balance as at 31 st December 2016	<u>613,120</u>	<u>3,395,000</u>	<u>4,008,120</u>

The capital reserve represents capital grants received from the Department of Finance in 2008 and the Economic and Social Research Trust in 2016 to assist the Institute in the funding of its premises. The grants amounts are amortised in line with depreciation on the building.

20. Related Party Disclosures

Key management personnel in the ESRI consist of the Director and the members of the Council. Total Compensation paid to key management personnel, including Council members expenses and total Director remuneration, amounted to €211,491 (2015: €210,974).

For a breakdown of the remuneration and expenses paid to key management personnel, please refer to Note 4.5 and Note 4.6.

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.

21. Going Concern

After making enquires and on the basis that the Oireachtas grant 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 23 May 2017.