

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020**

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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 2020

Sean O’Driscoll (President and Chair)	
Alan Barrett	Ronan Murphy*
Padraig Dalton	Rowena Pecchenino*
Gabriel Makhoulf	Pat Rabbitte
John Martin*	Orlaigh Quinn
David Moloney	Sally Shortall

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
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 ESRI is a not for profit organisation and registered as a charity under registration number CHY5335.

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COUNCIL MEMBERS' REPORT 2020

The Council members present their report and the financial statements for the year ended 31 December 2020.

Principal activities

The Economic and Social Research Institute (ESRI) undertakes research designed to provide knowledge relevant to solving the major economic and social issues in Ireland.

Financial Review

The Institute aims to raise sufficient funding to ensure it covers its costs and deliver its research agenda. This was achieved in 2020 with an operating surplus of €20,987. The long-term strategy is to build financial sustainability through multi-annual programmes of research funded by government departments and agencies. These funding streams provide a greater degree of financial certainty when compared to one-off consultancy projects. Progress with this continued in 2020 with new funding agreements with the Department of Rural and Community Development and the National Disability Authority being signed.

Principal Risks

The *Growing Up in Ireland* study is the Institute's largest research project (€1.6m). A decision was taken jointly by the ESRI, the Central Statistics Office (CSO) and the Department of Children, Equality, Disability, Integration and Youth (DCEDIY) that the study would be transferred to the CSO after 2022. This decision recognised that the study is now of such importance that it should become more embedded in the State's official data collection systems. On foot of this decision, discussions began in 2019 between the three agencies on how the transfer would be managed. This will have a significant financial impact on the Institute after 2022. Replacement sources of income are being examined including the possibility of letting office space that will be available after the transfer.

Council and management are monitoring the Covid-19 pandemic on an ongoing basis. Staff are working remotely and services continue to be provided, where possible. While the ESRI is unable to reliably predict the impact of Covid-19 on its cash flows, the performance and operations of the ESRI are being monitored closely and regular cash flow forecasts are provided to the Council and to ESRI's parent department [DPER].

Legal Status

The ESRI is a company limited by guarantee, incorporated in 1960 under the Companies Acts 1908-1959 and registered in Ireland under registration number 18269. The registered office is Whitaker Square, Sir John Rogerson's Quay, Dublin 2.

While the ESRI is a limited liability company, it is exempted from the obligation to use the word "limited" as part of its name. It is a not for profit organisation and registered as a charity under registration number CHY5335.

Health & Safety

The ESRI is committed to the implementation of the requirements of the Safety, Health and Welfare at Work Act, 2005 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. In the opinion of the Council members there is no relevant audit information of which the company's auditors are unaware.

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Governance

The ESRI enjoys full academic independence and is answerable ultimately to its subscribing members, currently over 300 companies and individuals. The Council is the effective board of directors of the Institute. Council meetings are attended by the Company Secretary and two representatives of the Management Committee in a non-voting capacity. Apart from the Director of the Institute, who is an ex-officio member, ESRI Council members are not remunerated.

The regular day-to-day management, control and direction of the ESRI are the responsibility of the Director and the senior management team. The Director and the senior management team must follow the broad strategic direction set by the Council and must ensure that all Council members have a clear understanding of the key activities and decisions related to the entity, and of any significant risks that may arise. The Director acts as a direct liaison between the Council and management of the ESRI.

The ESRI is subject to the rules that apply to state organisations in relation to prompt payments, disclosure, risk management and tax clearance. The ESRI also comes under the remits of the Office of the Ombudsman and the Ombudsman for Children.

Council Responsibilities

The role and responsibilities of the Council are set out in the ESRI's Articles of Association.

The following key matters are reserved for Council decision:

- Approval of the organisation's long-term objectives and operational strategy.
- Approval of significant acquisitions and investments.
- Approval of major contracts.
- Approval of the annual operating and capital expenditure budgets.
- Approval of the Annual Report and Financial statements.
- Appointment and remuneration of the Director.

The Council members are required to prepare financial statements which give a true and fair view of the financial position 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 to prevent fraud and other irregularities.

The Council is responsible for approving the annual plan. An evaluation of the performance of the ESRI by reference to the annual plan was carried out on 22 February 2021.

To ensure that adequate accounting records are kept in accordance with Sections 281 to 285 of the Companies Act 2014, the company has employed appropriately qualified personnel and has maintained appropriate computerised accounting systems. The accounting records are located at the company's registered office at Whitaker Square, Sir John Rogersons Quay, Dublin 2.

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The Council considers that the financial statements of the ESRI give a true and fair view of the financial performance and the financial position of the ESRI at 31 December 2020.

The Council carried out a self-assessment review of its effectiveness in January 2021. It is planned to do an external review every three years. The Audit and Risk Committee and the Business and Operations Committee have carried out a review of their performance and reported to Council.

Council Structure

The Council currently consists of a Chairperson and ten other members. Members of the Council appointed since 2015 are appointed for an initial period of 3 years. The Council met 4 times in 2020. The table below details the appointment period for current members:

Council Member	Role	Date Appointed	Current Term End
Mr David Moloney	Member	23/11/2010	23/11/2022
Mr John Martin	Member	24/02/2015	24/02/2021
Mr Pdraig Dalton	Member	24/02/2015	24/02/2021
Professor Sally Shortall	Member	26/05/2015	26/05/2021
Professor Alan Barrett	Member	01/07/2015	01/07/2025
Mr Ronan Murphy	Member	28/02/2017	28/02/2023
Mr Sean O'Driscoll (Chairperson)	Member	28/02/2017	28/02/2023
Professor Rowena Pecchenino	Member	28/02/2017	28/02/2023
Mr Pat Rabbitte	Member	28/02/2017	28/02/2023
Dr Orlaigh Quinn	Member	22/05/2018	22/05/2021
Mr Gabriel Makhlof	Member	23/05/2020	23/05/2023

Note: Mr Alan Barrett is the current Director of the ESRI and sits on the Council for the duration of his term as Director.

The Council has established three committees, as follows:

- 1- Audit and Risk Committee:** comprises four Council members. The role of the Audit and Risk Committee (ARC) is to support the Council in relation to its responsibilities for issues of risk, control and governance and associated assurance. The ARC is independent from the financial management of the organisation. In particular, the Committee ensures the internal control systems including audit activities are monitored actively and independently. The ARC reports to the Council after each meeting.

The members of the Audit and Risk Committee are: Mr Ronan Murphy (Chairperson), Mr John Martin and Professor Rowena Pecchenino. Professor Alan Barrett attends the ARC in his capacity as Director of the Institute. There were four meetings of the ARC in 2020.

- 2- Business and Operations Committee:** comprises four Council Members. The members of this committee are: Mr Pat Rabbitte (Chairperson), Professor Alan Barrett, Mr. David Moloney and Professor Sally Shortall. There were two meetings of this committee in 2020.

- 3- Governance and Nominations Committee:** comprises five Council Members. The members of this committee are: Mr Sean O'Driscoll (Chairperson), Professor Alan Barrett, Professor Rowena Pecchenino, Dr Orlaigh Quinn and Mr Pat Rabbitte. There were no meetings in 2020.

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Schedule of Attendance, Fees and Expenses

A schedule of attendance at the Council and Committee meetings for 2020 is set out below:

	Council	Audit and Risk Committee	Business and Operations Committee	Fees	Expenses
Number of Meetings	4	4	2		
Attendance					
Alan Barrett	4	4	2	-	-
Padraig Dalton	0	-	-	-	-
Emer Gilvarry	2	-	-	-	-
John Martin	3	4	-	-	€693
Padraig McManus	2	-	-	-	-
Gabriel Makhlouf	3	-	-	-	-
David Maloney	3	-	1	-	-
Ronan Murphy	4	4	-	-	-
Sean O'Driscoll	4	-	1	-	-
Rowena Pecchenino	3	3	-	-	-
Orlaigh Quinn	4	-	-	-	-
Pat Rabbitte	4	-	2	-	-
Sally Shortall	3	-	1	-	€565

Council Members do not receive a fee. Members are repaid expenses incurred in attending Council and other Committee meetings. No expenses were paid on behalf of any Council members.

Key Personnel Changes

Padraig McManus and Emer Gilvarry resigned in May 2020.

Sean O'Driscoll was appointed as Chairperson in May 2020.

Gabriel Makhlouf was appointed in May 2020.

Disclosures required by the Code of Practice for the Governance of State bodies (2016)

The Council is responsible for ensuring that the ESRI has complied with the requirements of the Code of Practice for the Governance of State Bodies ("the code") as published by the Department of Public Expenditure and Reform in August 2016. The following disclosures are required by the Code:

Consultancy Costs

Consultancy costs include the cost of external advice to management and exclude outsourced "business-as-usual" functions.

	2020 €	2019 €
Legal	8,791	13,071
Financial	10,560	14,807
HR and Pension	16,144	17,966
Other	29,011	8,511
Total	64,506	54,355

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Legal Costs and Settlements

Legal costs of €10,817 and Termination costs of €133,349 were incurred in 2019.
No such costs were incurred in 2020.

Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows:

	2020 €	2019 €
Domestic		
Council	-	464
Employees	4839	15,458
International		
Council	1,258	1,396
Employees	12,140	77,133
Total	18,237	94,451

Hospitality Expenditure

The statement of income and expenditure includes the following expenditure:

	2020 €	2019 €
Staff Sports & Social fund /Hospitality	1,760	8,510
Client Hospitality	38	382
Total	1,798	8,892

Statement of Compliance

The ESRI has complied with the requirements of the Code of Practice for the Governance of State Bodies, as published by the Department of Public Expenditure and Reform in August 2016, with the following exceptions:

The Procedures for the Identification and Selection of Board Members

The ESRI Council members are elected by the members of the Institute as set out in the Articles of Association and not appointed through the Public Appointments Service process.

Information and Communications Technology Expenditure

The ESRI has been granted a derogation from Circular 02/2016 *Arrangements for Digital and ICT-related Expenditure in the Civil and Public Service* as it could impose an unwarranted business burden on the ESRI.

Signed on behalf of the Council

Sean O'Driscoll
Chairperson of the Council

Date: 28 June 2021

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STATEMENT ON INTERNAL CONTROL

Scope of 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 control is maintained and operated. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies.

Purpose of the System of Internal control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only provide reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely period.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform, has been in place in the ESRI for the year ended 31 December 2020 and up to the date of approval of the financial statements except for the internal control issue outlined below.

Capacity to Handle Risks

The ESRI has an Audit and Risk Committee (ARC) comprising three Council members with financial and audit expertise, one of whom is the Chair. The ARC met four times in 2020.

The ESRI 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 2016. 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.

The ARC has developed a risk management policy which sets out its risk appetite, the risk management processes in place and details the roles and responsibilities of staff in relation to risk. The policy has been issued to all staff who are expected to work within the ESRI's risk management policies, to alert management on emerging risks and control weaknesses and assume responsibility for risks and controls within their own area of work.

Risk and control Framework

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 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;
- systems to safeguard the assets.

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Ongoing monitoring and Review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to the management and the Council, where relevant, in a timely way. 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.

I confirm that the following ongoing monitoring systems are in place:

- 1- key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies,
- 2- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- 3- regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budgets/forecasts.

Procurement

I confirm that the ESRI has procedures in place to ensure compliance with current procurement rules and guidelines. Matters arising regarding controls over procurement are highlighted under control issues below.

Review of Effectiveness

The Council's monitoring and review of the effectiveness of the system of internal 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 Office of the Comptroller and Auditor General in management letters or other reports.

The Institute continues to develop its system of internal control through the refining of business continuity procedures and the ongoing development of the risk management framework.

I confirm that for the year ended 31 December 2020 the Council has conducted a review of the effectiveness of the system of internal control. The review was finalised by the Council on 22 February 2021 following consideration by the Audit and Risk Committee on 12 February 2021.

Internal Control Issues

The audit of the 2020 Financial Statements identified non-compliant procurement expenditure as follows:

Facilities Management Services - €212,014

The ESRI tendered for its facilities management services in 2020 and a number of responses were received. In the light of COVID restrictions a risk assessment was carried out on the feasibility of changing provider during this period. Following the assessment it was decided to cancel the process and extend the current service providers contract. A new procurement process will be held as soon as practical.

Legal Services – €11,901

The ESRI had scheduled to tender for legal services in 2020 through the OGP Framework in accordance with its procurement plan. However this has been deferred for now as a significant part of the ESRI, the Growing Up in Ireland Study is in the process of transferring to the CSO and the DCEDIY. As there are complex legal issues involved it was considered that changing provider during the transfer process would not be efficient and could result in additional costs.

Copy Editing Services – €20,104

The ESRI has a panel in place for copyediting services with a number of providers, sourced based on required skillset and VFM. However this has not been advertised as a formal framework as required under procurement regulations at this level of expenditure. Procurement options will be reviewed in 2021 in accordance with our procurement plan.

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Office Letting - €18,328

The consultants for the Office Letting had previously advised the ESRI in relation to previous lettings and are familiar with the building.

Research – €77,464

A framework is in place for Survey and interviewing related services. This was advertised via OJEU and eTenders. From initial enquiries with framework members, one company was the only company on it able to meet the requirements of particular projects so further formal supplementary requests for tender were not issued amongst other framework members. This work was necessary for research carried out in response to Covid 19 throughout 2020 and was particularly time sensitive.

Signed on behalf of the Council.

Sean O'Driscoll
Chairperson of the Council

Date: 28 June 2021



Ard Reachtair Cuntas agus Ciste **Comptroller and Auditor General**

Report for presentation to the Houses of the Oireachtas

Economic and Social Research Institute

Opinion on the financial statements

I have audited the financial statements of the Economic and Social Research Institute (a company limited by guarantee and not having a share capital) for the year ended 31 December 2020 as required under the provisions of section 5 of 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, including a summary of significant accounting policies.

- 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 at 31 December 2020 and of its income and expenditure for 2020
- have been properly prepared in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*, and
- have been properly prepared in accordance with the Companies Act 2014.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Institute and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions related to going concern

The Council members have prepared the financial statements on a going concern basis. As described in the appendix to this report, I conclude on

- the appropriateness of the use by the Council members of the going concern basis of accounting and
- whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern.

I have nothing to report in that regard.

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Opinion on matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, I report that, in my opinion,

- the information given in the Council members' report is consistent with the financial statements, and
- the Council members' report has been prepared in accordance with 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 Institute's accounting records are sufficient to permit the financial statements to readily and properly audited, and the financial statements are in agreement with the accounting records.

The Companies Act 2014 also requires me to report if, in my opinion, the disclosures of Council members' remuneration and transactions required by sections 305 to 312 of the Act are not made. I have nothing to report in that regard.

Report on information other than the financial statements, and on other matters

The Council members' have presented a report and a statement on internal control with the financial statements. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

Andrew Harkness
For and on behalf of the
Comptroller and Auditor General

29 June 2021

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Appendix to the Report

Responsibilities of the Council members

As detailed in the Council members' report, the Council members are responsible for

- the preparation of financial statements in the form prescribed under the Companies Act 2014
- ensuring that the financial statements give a true and fair view in accordance with FRS 102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under section 5 of the Comptroller and Auditor General (Amendment) Act 1993 to audit the financial statements of the Economic and Social Research Institute and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.

- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Institute to cease being a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

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STATEMENT OF INCOME AND EXPENDITURE AND RETAINED REVENUE RESERVES FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020	2019
		€	€
Income			
Oireachtas Grant -Department of Public Expenditure and Reform. Vote 11 Subhead A3		2,775,000	2,775,000
Research Income	2	7,057,377	7,924,358
Miscellaneous Income	3	<u>144,016</u>	<u>167,860</u>
Total Income		<u>9,976,393</u>	<u>10,867,218</u>
Expenditure			
Remuneration	4	8,284,244	8,371,511
Direct Project Expenses	5	471,974	1,106,456
Establishment	6	760,267	744,802
Administration	7	<u>438,921</u>	<u>577,961</u>
Total Expenditure		<u>9,955,406</u>	<u>10,800,730</u>
Surplus for the Year before Appropriations/Transfers		20,987	66,488
Transfer from Capital Reserve			
Surplus/(Deficit) for the Year after Appropriations /Transfers	19	<u>85,000</u>	<u>85,000</u>
		105,987	151,488
Balance Brought Forward at 1 January	19	<u>1,276,031</u>	<u>1,124,543</u>
Balance Carried Forward at 31 December	19	<u>1,382,018</u>	<u>1,276,031</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.

Sean O' Driscoll
Council Member:

Date: 28 June 2021

Alan Barrett
Council Member:

Date: 28 June 2021

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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STATEMENT OF COMPREHENSIVE INCOME

	2020	2019
	€	€
Surplus/(Deficit) for the Year after Appropriations/Transfers	105,987	151,488
Experience gains/(losses) on pension scheme liabilities	(302,000)	(2,202,000)
Change in pension liability assumptions	<u>(4,455,000)</u>	<u>(8,818,000)</u>
Total actuarial gain/(loss) in the year	(4,757,000)	(11,020,000)
Adjustment to deferred exchequer pension funding	4,757,000	11,020,000
Total Gains/(Losses) recognised for the year	<u>105,987</u>	<u>151,488</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.

Sean O'Driscoll
Council Member:

Date: 28 June 2021

Alan Barrett
Council Member:

Date: 28 June 2021

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	<i>Notes</i>	as at 31 December 2020 €	as at 31 December 2019 €
FIXED ASSETS			
Property Plant and Equipment	8	<u>10,982,217</u>	<u>11,350,275</u>
CURRENT ASSETS			
Inventory		3,302	3,624
Receivables	9	1,509,081	2,356,519
Cash and cash equivalents	10	<u>2,969,249</u>	<u>1,382,020</u>
		<u>4,481,632</u>	<u>3,742,163</u>
CURRENT LIABILITIES			
Payables (Amounts falling due within one year)	11	<u>4,250,515</u>	<u>3,464,552</u>
NET CURRENT ASSETS		231,117	277,611
TOTAL ASSETS less CURRENT LIABILITIES		<u>11,213,334</u>	<u>11,627,886</u>
Long Term Loans (Amounts falling due after one year)	12	6,776,316	7,211,855
Long Term Pension Liability Less Deferred Pension Asset	17	(74,604,000)	(68,323,000)
	17	74,604,000	68,323,000
NET ASSETS		<u>4,437,018</u>	<u>4,416,031</u>
Representing			
Retained Revenue Reserves	19	1,382,018	1,276,031
Capital Reserve	19	<u>3,055,000</u>	<u>3,140,000</u>
		<u>4,437,018</u>	<u>4,416,031</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.

Sean O'Driscoll
Council Member:

Date: 28 June 2021

Alan Barrett
Council Member:

Date: 28 June 2021

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	€	€
Net Cash Flows from Operating Activities		
Excess Income over Expenditure	20,987	66,488
Depreciation and Impairment of Property, Plant and Equipment	407,961	418,234
(Increase)/Decrease in Receivables	847,760	(396,590)
Increase/(Decrease) in Payables	823,806	835,624
(Increase)/Decrease) in Inventory	-	(272)
Interest payment on mortgage in year	<u>47,380</u>	<u>51,938</u>
Net cash inflow/(outflow) from Operating Activities	2,147,894	(975,422)
Cash Flows from Investing Activities		
Payments to acquire Property, Plant and Equipment	<u>(39,903)</u>	<u>(40,682)</u>
Net Cash Flows from Investing Activities	(39,903)	(40,682)
Cash Flows from Financing Activities		
Mortgage repayments in year	(473,382)	(448,454)
Interest payment on mortgage in year	<u>(47,380)</u>	<u>(51,938)</u>
Net Cash Flows from Financing Activities	(520,762)	(500,392)
Net Increase/(Decrease) in cash and cash equivalents	1,587,229	434,348
Cash and cash equivalents at 1 January	<u>1,382,020</u>	<u>947,672</u>
Cash and cash equivalents at 31 December	2,969,249	1,382,020

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting Policies

The principal accounting policies adopted by the Institute 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 24 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 Institute for the year ended 31 December 2020 have been prepared in compliance with the applicable legislation, and with FRS 102 the financial reporting standard applicable in the UK and the Republic of Ireland issued by the Financial Reporting Council in the UK.

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 financial statements are in the form approved under the Companies Acts and the generally accepted accounting principles (GAAP). The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Institute's financial statements.

d) Revenue

Oireachtas Grants

Revenue is 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.

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 30 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 Public Expenditure and Reform. 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 Public Expenditure and Reform in respect the schemes transferred to the NPRF.

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 Public Expenditure and Reform.

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The financial statements reflect at fair value the assets and liabilities arising from the Institute's 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.

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 reporting 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 suffer 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.

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2. Research Income

	2020 State €	2020 Semi-State €	2020 Non-State/EC €	2020 Total €	2019 Total €
Commissioned Research	28,330	176,580	107,300	312,210	802,350
Research Grants	-	424,720	635,970	1,060,690	1,422,379
Research Programmes	2,285,557	1,287,480	448,650	4,021,687	3,471,308
Growing up in Ireland Survey	<u>1,662,790</u>	<u>-</u>	<u>-</u>	<u>1,662,790</u>	<u>2,228,321</u>
	<u>3,976,677</u>	<u>1,888,780</u>	<u>1,191,920</u>	<u>7,057,377</u>	<u>7,924,358</u>

3. Miscellaneous Income

	2020 €	2019 €
Members' subscriptions	33,076	30,896
Sale of publications	27	8,504
Rental income	108,705	111,044
Other Income	<u>2,208</u>	<u>17,416</u>
	<u>144,016</u>	<u>167,860</u>

4. Remuneration

4.1 Aggregate Employee Benefits

	2020 €	2019 €
Short Term Benefits Note 4.3	6,799,700	6,801,157
Termination Benefits	-	133,349
Retirement Benefit Costs	705,736	684,523
Other Fees and Permanent Health Insurance Costs	60,445	56,036
Employer Contribution to Social Welfare	<u>718,363</u>	<u>696,446</u>
	<u>8,284,244</u>	<u>8,371,511</u>

4.2 The number of persons employed (full-time equivalents) in the financial year was 106 (2019:116). Total includes 86 (2019:91) permanent staff (full-time equivalents). This does not include staff employed on short-term contracts for interviewing. Full-time equivalent figure at 31/12/20 was 86 (2019:91).

4.3 Staff Short-Term Benefits:

	2020 €	2019 €
Basic Pay	6,455,467	6,504,273
Allowances	<u>344,233</u>	<u>296,884</u>
	<u>6,799,700</u>	<u>6,801,157</u>

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4.4 Termination Benefits:

	2020	2019
	€	€
Termination benefits charged to I&E	-	<u>133,349</u>

Termination payments of €133,349 made in 2019 relate to one settlement and statutory redundancy payments to ten individuals working on a specific survey which was discontinued in April 2019.

Legal costs of €10,817 were also incurred in relation to concluding the agreements.

4.5 From 1 January 2019 onwards, members of public service defined benefit pension schemes pay an additional superannuation contribution (ASC) arising from the Public Service Stability Agreement (2018- 2020) and the Public Service Pay and Pensions Act 2017. ASC replaced the pension-related deduction (PRD) which ceased at the end of 2018. While PRD was a temporary emergency measure, ASC is a permanent contribution in respect of pensionable remuneration. €230,525 of ASC was paid over to the Department of Public Expenditure and Reform in 2020 (2019: €254,842).

4.6 The charge to salaries includes costs of €1,938 (2019: €1,904) incurred in respect of the production of the Economic and Social Review by Economic and Social Studies. (See Note 15)

4.7 Remuneration of Key Management Personnel

Director

	2020	2019
	€	€
Salary	183,020	178,996
Superannuation Provision	45,755	44,749
Income Continuance Provision	<u>3,660</u>	<u>1,790</u>
	<u>232,435</u>	<u>225,535</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 2020 amounted to €1,612 (2019: €2,810).

No bonuses or perquisites were paid to the Director in 2020.

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Management Committee

The Management Committee consists of the Heads of the three Research Divisions (Economic, Social and Growing up in Ireland), the Head of Finance, the HR Manager and the Strategy and Operations Manager.

	2020	2019
	€	€
Salary	665,324	649,712
Allowances	59,227	56,820
Total	724,551	706,532

4.8 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 2020 amounted to €1,258 (2019: €1,860).

4.9 Employee benefits breakdown

Range of total employee benefits - Number of employees

From	To	2020	2019
€60,000	€69,999	10	11
€70,000	€79,999	12	6
€80,000	€89,999	3	3
€90,000	€99,999	4	5
€100,000	€109,999	4	2
€110,000	€119,999	1	7
€120,000	€129,999	5	-
€130,000	€139,999	2	1
€140,000	€149,999	1	2
€150,000	€159,999	3	1
€160,000	€169,999	-	-
€170,000	€179,999	-	1
€180,000	€189,999	1	-

Note: For the purposes of this disclosure, short-term employee benefits in relation to services rendered during the reporting period include salary, overtime, allowances and other payments made on behalf of the employee but exclude employer's PRSI.

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5. Direct Project Expenses

	2020	2019
	€	€
Consultants and Network Partners	12,860	58,606
Field Staff Fees	155,979	547,000
Other Direct Costs	286,156	408,259
Travel- Foreign	12,140	77,133
Travel- Domestic	<u>4,839</u>	<u>15,458</u>
	<u>471,974</u>	<u>1,106,456</u>

6. Establishment Costs

	2020	2019
	€	€
Rent & Rates	1,340	5,197
Interest Costs	47,380	51,938
Heat, light, maintenance and cleaning	303,586	269,433
Depreciation	<u>407,961</u>	<u>418,234</u>
	<u>760,267</u>	<u>744,802</u>

7. Administration

	2020	2019
	€	€
Printing and Stationery	14,002	40,730
Postage, insurance, telephone and general expenses ¹	144,992	198,871
Computer Costs (including license fees)	179,562	167,998
Travel	12,508	67,984
Library books and subscriptions	5,851	19,706
Professional Fees- Legal	8,791	23,888
-Tax and Financial	10,560	14,807
-Pension and HR	16,144	17,966
-Other	29,011	8,511
Audit Fees	<u>17,500</u>	<u>17,500</u>
	<u>438,921</u>	<u>577,961</u>

¹ Included in the figure are €21,205 (2019: €56,324) which relates to staff canteen and other staff related costs, conference and other events and €1,760 (2019: €7,998) which relates to a contribution to the employee's 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	669,880	679,914	15,582,273	16,932,067
Additions	39,903	-	-	39,903
Disposals	-	-	-	-
	-----	-----	-----	-----
At end of year	709,783	679,914	15,582,273	16,971,970
Accumulated Depreciation:				
At beginning of year	600,152	626,532	4,355,108	5,581,792
Provided in year	72,716	23,600	311,645	407,961
Disposals	-	-	-	-
	-----	-----	-----	-----
At end of year	672,868	650,132	4,666,753	5,989,753
Net book value at beginning of year	<u>69,728</u>	<u>53,382</u>	<u>11,227,165</u>	<u>11,350,275</u>
Net book value at end of year	36,915	29,782	10,915,520	10,982,217

9. Receivables

	2020	2019
	€	€
Revenue from projects	177,423	455,059
Work-in-progress	1,111,147	1,668,061
Other debtors and prepaid expenses	<u>220,511</u>	<u>233,399</u>
	<u>1,509,081</u>	<u>2,356,519</u>

10. Cash and Cash Equivalents

	2020	2019
	€	€
Bank Accounts	2,969,194	1,381,965
Cash	<u>55</u>	<u>55</u>
	<u>2,969,249</u>	<u>1,382,020</u>

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11. Payables (amounts falling due within one year)

	2020	2019
	€	€
Payroll Taxes	252,077	241,302
Value Added Tax	121,759	142,102
Deferred Income	2,041,773	1,195,421
Trade Creditors	65,084	102,084
HPO Advanced Funds	711,810	861,810
Accrued Expenses	606,645	491,168
Other Creditors	14,238	364
Havbell Mortgage	<u>437,129</u>	<u>430,301</u>
	<u>4,250,515</u>	<u>3,464,552</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)

	2020	2019
	€	€
Havbell mortgage: Euribor +1%		
Due after one year	<u>6,776,316</u>	<u>7,211,855</u>

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.

15. Related Company

At 31 December 2020 the following related undertaking was in existence.

Economic and Social Studies (ESS):

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 main activity of ESS is the publication of the *Economic and Social Review* journal. The ESRI provides administration services to ESS on a pro-bono basis (See Note 4.6).

During the year, the ESRI paid expenses of €14,758 on behalf of ESS. As at 31 December 2020, ESS owed the ESRI €34,388.

The ESRI and ESS are considered connected parties due to common Council members.

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16. Contingent Liabilities and Other Matters

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

17. Pensions

(a) Pension Liability and Asset

As outlined in Accounting Policy (g) above, the assets of the Institute's pension schemes were transferred to the National Pension Reserve Fund (NPRF) on 30 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 Public Expenditure and Reform an annual pension contribution after taking account of pension benefits paid by the Institute. The Act enables the Minister 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 ESRI is subject to the Public Service Pensions (Single Scheme and other Provisions) Act 2012. Since 2012 new entrants joining the Institute become members of the Single Public Services Pension Scheme. Section 44 of the Act provides for payments from the Exchequer or vote to the employer for scheme obligations.

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.

The FRS 102 pension liability at 31 December 2020 is €74,604,000 (2019: €68,323,000) based on an actuarial valuation of the pension liabilities in respect of Institute staff as at 31 December 2020 carried out by a qualified independent actuary for the purpose of FRS 102. A deferred funding asset of €74,604,000 equal to the liability at 31 December 2020 is recognised as a separate asset in the Statement of Financial Position.

Movement in Pension Liability	2020 €	2019 €
Present Value of Scheme Obligations at beginning of year	68,323,000	55,997,000
Current Service Cost	2,224,000	1,660,000
Interest Cost	892,000	1,233,000
Actuarial (Gain)/Loss	4,757,000	11,020,000
Benefits Paid	<u>(1,592,000)</u>	<u>(1,587,000)</u>
Present Value of Scheme Obligations at end of year	<u>74,604,000</u>	<u>68,323,000</u>

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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 €3,116,000. 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.

	2020	2019
	€	€
Current Service Cost	2,224,000	1,660,000
Interest	892,000	1,233,000
Pension payments not offset	65,850	66,444
Adjustment to Deferred Funding	(3,116,000)	(2,893,000)
Employer contributions	<u>639,886</u>	<u>618,079</u>
	<u>705,736</u>	<u>684,523</u>

The Institute made payments of €65,850 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 Public Expenditure and Reform

The Institute paid over total contributions of €1,012,050 (2019: €965,428) to the Department of Public Expenditure and Reform before taking account of pension benefits amounting to €1,540,101 (2019: €1,046,642) paid in the year. The difference between benefits paid by the Institute over contributions due in 2020 of €528,051 was refunded to the Institute.

The total contributions were made up of employer contributions of €639,886 (2019: €618,079) and employee contributions of €372,164 (2019: €347,349). The employee contributions included Single Pension Scheme Contributions of €135,402 (2019: €122,095).

(d) Description of Scheme and Actuarial Assumptions

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

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

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

- Single Public Service Pension Scheme

This is a defined benefit scheme. Employee contributions are paid to the Department of Public Expenditure and Reform.

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Actuarial Assumptions

The principal Financial Assumptions used at 31 December 2020 and 31 December 2019 are shown in the table below.

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

Valuation Date	31/12/2020	31/12/2019
Discount Rate	0.95%	1.3%
Salary Increase	1.85%	1.9%
Pension Increase	1.85%/1.35%	1.9%/1.4%
Inflation (CPI)	1.35%	1.4%

e) Funding of pensions

Estimated employer and employee pension contributions of €1,056,993 will be due to the Department of Public Expenditure and Reform in respect of 2021 before deduction of estimated pension benefits of €1,668,238 which will be paid by the Institute in 2021. The net difference of €611,245 will be due to the ESRI from the Department.

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 €25,497 is included in the financial statements in Receivables representing an amount due to the ESRI by IFAC at 31 December 2020 in relation to administrative support provided during the year.

19. Reserves

	Retained Revenue Reserves	Capital Reserve	Total Reserves
	€	€	€
Balance as at 1 st January 2020	1,276,031	3,140,000	4,416,031
Surplus for the Year after pension appropriation to DPER	20,987	-	20,987
Transfer from Capital Reserve	<u>85,000</u>	<u>(85,000)</u>	<u>-</u>
Balance as at 31 st December 2020	<u>1,382,018</u>	<u>3,055,000</u>	<u>4,437,018</u>

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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 grant 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 €235,305 (2019: €230,205).

For a breakdown of the remuneration and expenses paid to key management personnel, please refer to Note 4.7 and Note 4.8.

The Council adopted procedures in accordance with the guidelines issued by the Department of Public Expenditure and Reform 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 which the Council Members had an interest.

21. Events after the Reporting Date and Going Concern

There are no events between the reporting date and the date of approval of these financial statements for issue that require adjustment to the financial statements.

The Council and management are monitoring the Covid-19 situation, on an ongoing basis. Staff are working remotely and services continue to be provided, where possible. Covid-19 has not impacted on the ESRI cash flows. The performance and operations of the ESRI are being monitored closely and regular cash flow forecasts are provided to the Council and to ESRI's parent department [DPER].

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 financial statements.

22. Approval of Financial Statements

The Financial Statements were approved by the Council on 23 Feb 2021