THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

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 2010

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COUNCIL MEMBERS AND OTHER INFORMATION

COUNCIL MEMBERS As at 31st December 2010

Laurence Crowley*(President)	Philip Lane
Mary Finan (Chairman)	Hannah McGee
Frances Ruane (Director)	David Moloney
Vani Borooah	Pat O'Connor
Patrick Honohan	Gerry O'Hanlon
John Hurley*	Padraic A. White
Michael Kelly*	

Council Members are the Directors of the ESRI.

*Audit Committee Members

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

AUDITORS	The Comptroller and Auditor General Treasury Building Dublin Castle Dublin 2
BANKERS	Bank of Ireland Lower Baggot Street Dublin 2 permanent tsb 56/59 St Stephens Green Dublin 2
SOLICITORS	McCann Fitzgerald 2 Harbourmaster Place Custom House Dock Dublin 1
SECRETARY and REGISTERED OFFICE	Gillian Davidson Whitaker Square Sir John Rogerson's Quay Dublin 2

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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COUNCIL REPORT

The council members present their report and the financial statements for the year ended 31 December 2010.

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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 2009. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention of fraud and other irregularities.

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

Council Member: Mary Finan   Date: 23 Sept 2011

Council Member: Frances Ruane   Date: 23 Sept 2011

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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STATEMENT OF INTERNAL FINANCIAL CONTROL

Responsibilities

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

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

Key Control Procedures

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

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

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

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

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

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

Annual Review of Controls

I confirm that for the year ended 31 December 2010 the Council has conducted a review of the effectiveness of the system of internal financial controls.

Signed on behalf of the Council

Mary Finan

Chairman of the Board

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 2010 under the under the Comptroller and Auditor General (Amendment) Act 1993. The financial statements, which have been prepared under the accounting policies set out therein, comprise the Statement of Accounting Policies, the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and Generally Accepted Accounting Practice in Ireland.

Responsibilities of the Council Members

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

Responsibilities of the Comptroller and Auditor General

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

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

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

Scope of Audit of the Financial Statements

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

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

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

Opinion on the Financial Statements

In my opinion, the financial statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the company's affairs at 31 December 2010 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Companies Acts 1963 to 2009.

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

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

Matters on which I Report by Exception

I report by exception if

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

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

Andrew Harkness
For and on behalf of the
Comptroller and Auditor General
26 September 2011

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies adopted by the company in determining the amounts included in the balance sheet and in determining the results for the year are as follows:

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

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

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

3. Fixed Assets
Tangible fixed assets are shown at cost less accumulated depreciation. Depreciation is charged in the income and expenditure account, on a straight line basis, at the annual rates set out below, so as to write-off the assets, adjusted for estimated residual value, over the expected useful life of each appropriate category.

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

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

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

5. Retirement Benefits
The cost of retirement benefits are calculated in accordance with Financial Reporting Standard (FRS17). This requires financial statements to reflect at fair value the assets and liabilities arising from an employer's pension obligations and to recognize the costs of providing pension benefits in the accounting periods in which they are earned by employees.

The assets of the Institute's pension schemes were transferred to the National Pension Reserve Fund (NPRF) on the 30th June 2010 as per the provisions of the Financial Measures (Miscellaneous Provisions) Act 2009. The Act enables the Minister for Finance to make good any deficiency in the relevant pension scheme if contributions paid by members and employer are insufficient to meet the obligations of that scheme.

The Pension charge in the Income and Expenditure Account comprises the current service cost and past service cost plus the difference between the expected return on the scheme assets and the interest cost on the scheme liabilities up to the date of transfer of the pension fund assets. The Institute's contribution payable to the Department of Finance from the date of transfer in line with the funding arrangements is appropriated from the excess of income over expenditure.

For the period to 30 June 2010, the schemes were funded by contributions from the Institute and employees, which were transferred to a separate trustee administered fund net of pensioner payments. From 1 July 2010, the Institute became responsible for the administration of the pension payments to pensioners on behalf of the Exchequer. Under the new arrangement the Institute's funding contribution will continue in being, and is payable to the Department of Finance after taking account of pensions paid. The department will provide funding where the pensions paid exceed the contribution.

Pension liabilities represent the present value of future pension benefits earned by staff to date. Deferred pension funding represents the corresponding asset to be recovered in future periods. Actuarial gains and losses arising on scheme liabilities are reflected in the Statement of Total Recognised Gains or Losses. A corresponding adjustment is recognized as recoverable from deferred funding.

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

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INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	*2010* €	*2009* €
INCOME			
Grant-in-Aid		3,075,000	3,300,000
Research Income	1	8,849,371	10,713,341
Miscellaneous Income	2	253,303	426,965
Total Income		12,177,674	14,440,306
EXPENDITURE			
Salaries and Pension:	3	7,987,263	9,002,196
Direct Project Expenses	4	1,585,405	3,025,994
Establishment	5	1,260,495	1,355,066
Administration	6	512,290	627,023
		11,345,453	14,010,279
Excess of Income over Expenditure		832,221	430,027
Pension contribution to Dept of Finance	16	(685,000)	-
Surplus for Year		147,221	430,027

MOVEMENT IN ACCUMULATED FUND

Accumulated Fund at 1 January 2010		3,242,938	2,772,911
Surplus for the Year		147,221	430,027
Transfer from Capital reserve		40,000	40,000
Transfer to Deferred Pension Funding	17	(3,272,000)	-
Accumulated Fund at 31 December 2010		158,159	3,242,938

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Excess for the Year		147,221	430,027
Actuarial Gain\(Loss)	16	(967,000)	5,319,000
Transfer of Assets to the National Pension Reserve Fund	16	(17,756,000)	
Deferred Pension Funding	16	24,751,000	
Total Recognised Gain \(Loss) for year		6,175,221	5,749,027
Total Gains and Losses recognised since last report		6,175,221	5,749,027

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

Council Member: Mary Finan   Date: 23 Sept 2011

Council Member: Frances Ruane   Date: 23 Sept 2011

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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BALANCE SHEET AS AT 31 DECEMBER 2010

	Notes	Year Ended 31 December 2010 €	Year Ended 31 December 2009 €
FIXED ASSETS			
Tangible assets	7	14,095,557	14,522,761
CURRENT ASSETS			
Stock of stationery		6,344	500
Debtors and work-in-progress	8	1,823,701	2,230,621
Cash at bank and on hand	9	2,419,272	1,577,697
		4,249,317	3,808,818
CURRENT LIABILITIES			
Sundry creditors and accrued expenses	10	3,188,074	3,051,531
NET CURRENT ASSETS/(LIABILITIES)		1,061,243	757,287
TOTAL ASSETS less CURRENT LIABILITIES		15,156,800	15,280,048
Long Term Loans	11	13,118,641	13,275,110
Long Term Pension Liability	16	26,391,000	23,138,000
Less			
Scheme Assets	16	-	(16,996,000)
Deferred Pension Asset	16	(26,391,000)	–
NET ASSETS/(LIABILITIES)		2,038,159	(4,137,062)
RESERVES			
Accumulated Fund	17	158,159	3,242,938
Capital Reserve	17	1,880,000	1,920,000
Pension Provision	17	-	(9,300,000)
		2,038,159	(4,137,062)

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

Council Member: Mary Finan   Date: 23 Sept 2011

Council Member: Frances Ruane   Date: 23 Sept 2011

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

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

	2010	*2009*
	€	€
Excess of income over expenditure	147,221	430,027
Adjustment for FRS17 pension adjusting items		
Pension Cost	577,000	1.013,000
Contribution paid	(691,000)	(1,437,000)
Loan interest	580,386	585,987
Bank interest receivable	(1,179)	(164)
Bank interest payable	14	7,943
Depreciation charges	488,481	539,833
Increase in stock	(5,844)	-
Decrease in debtors	406,920	750,869
Increase in creditors	136,543	(537,973)
Net cash inflow	1,638,542	1,352,522

CASH FLOW STATEMENT

		2010		2009
Net Cash Inflow from Operating Activities		1,638,542		1,352,522
Returns on Investments and Servicing of Finance				
Interest received	1,179		164	
Interest paid	(14)		(7,943)	
Loan interest paid	(580,386)	(579,221)	(585,987)	(593,766)
Loan Repayment		(156,469)		-
Disposal of Assets		-		-
Capital Expenditure		(61,277)		(14,477)
		841,575		744,279
Financing:				
Capital Grant		-		-
Increase in Cash		841,575		744,279
Reconciliation of net cash flow to movements in net funds				
Increase in cash in year		841,575		744,279
Net debt		(11,697,413)		(12,441,692)
Debt repayment		156,469		-
Net debt at 31 December 2010		(10,699,369)		(11,697,413)
Analysis of change in net debt				
At beginning of year		(11,697,413)		(12,441,692)
Cash Flows		841,575		744,279
Debt repayment		156,469		-
At end of year		(10,699,369)		(11,697,413)

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

Council Member: Mary Finan Date: 23 Sept 2011

Council Member: Frances Ruane Date: 23 Sept 2011

THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1. Research Income

	2010	*2009*
	€	€
Commissioned Research	7,906,111	9,479,821
Research Grants	943,260	1,233,520
	8,849,371	10,713,341

2. Miscellaneous Income

	2010	*2009*
	€	€
Members' subscriptions	81,723	88,760
Sale of publications	26,593	29,755
Miscellaneous income	38,698	44,498
Rental Income	106,289	263,952
	253,303	426,965

3. Staff Wages and Salaries

3.1 The number of persons employed (full-time equivalents) in the financial year was 108 (2009:111). Total includes 90 (2009:92) permanent staff (full-time equivalents). This does not include staff employed on short term contracts for interviewing.

3.2 The salaries and pension costs were incurred as follows:

	2010	*2009*
	€	€
Economic and Social Research	3,224,281	3,542,098
Child Cohort	667,545	762,260
Hospital-In-Patient Enquiry (HIPE)/ Perinatal Reporting System	1,553,606	1,607,620
Administration	1,111,590	1,248,115
Employers PRSI	601,637	674,670
Pension Costs (Note 16)	577,000	1,013,000
Other Fees and Permanent Health Insurance Costs	163,776	154,433
Redundancy Costs	87,828	-
	7,987,263	9,002,196

3.3 €475,414 of pension levy has been deducted and paid over to the Department of Finance (2009: €242,324)

3.4 The charge to salaries includes costs of €8,050 (2009: €13,437) incurred in respect of the production of the Economic and Social Review. (See Note 14)

3.5 Director's Remuneration

	2010	*2009*
	€	€
Salary	175,572	199,514
Superannuation Provision	43,893	49,879
Income Continuance Provision	1,756	1,995
	221,221	251,388

The Director's travel and subsistence expenses were €1,711 in 2010

3.6 Board Fees and Expenses
The members of the ESRI Board do not receive fees. Board members do not travel on official business as members of the Institute. They are entitled to claim travel and subsistence for their attendance at board meetings. For 2010 the travel and subsistence cost for board members excluding the Director was €1,096.

4. Direct Project Expenses

	2010	*2009*
	€	€
Consultants and Network Partners	119,444	546,228
Field Staff Fees and Coding Expenses	375,065	1,072,209
Other Direct Costs	938,307	1,219,274
Travel	152,589	188,283
	1,585,405	3,025,994

5. Establishment Costs

	2010	*2009*
	€	€
Rent & Rates	17,080	8,375
Interest Costs	580,386	585,987
Heat, light, maintenance and cleaning	174,548	220,871
Depreciation	488,481	539,833
	1,260,495	1,355,066

6. Administration

	2010	*2009*
	€	€
Printing and Stationery	55,905	53,520
Postage, insurance, telephone and general expenses	203,291	259,934
Computer Costs (including licence fees)	134,536	154,240
Travel	22,891	13,878
Library books and subscriptions	26,610	83,220
Professional Fees	55,991	49,165
Audit Fees	13,066	13,066
	512,290	627,023

7. Tangible Assets

	Computer equipment €	*Equipment, fixtures and fittings* €	Building €	*Total* €
Cost:				
At beginning of year	746,800	610,286	15,545,157	16,902,243
Additions	39,914	21,363	-	61,277
Disposals	(86,134)	(47,534)	-	(133,668)
At end of year	700,580	584,115	15,545,157	16,829,852
Accumulated Depreciation:				
At beginning of year	687,081	448,789	1,243,612	2,379,482
Provided in year	69,417	108,161	310,903	488,481
Disposals	(86,134)	(47,534)	-	(133,668)
At end of year	670,364	509,416	1,554,515	2,734,295
Net book value at end of year	30,216	74,699	13,990,642	14,095,557
Net book value at beginning of year	59,719	161,497	14,301,545	14,522,761

8. Debtors and Work-in-Progress

	2010 €	*2009* €
Revenue from projects	852,046	842,014
Work-in-progress	531,053	747,233
Other debtors and prepaid expenses	440,602	641,374
	1,823,701	2,230,621

9. Bank and Cash

	2010 €	*2009* €
Current Accounts	1,916,697	576,920
Cash	1,317	699
Deposit Account	501,258	1,000,078
	2,419,272	1,577,697

10. Creditors and Accrued Expenses

	2010 €	*2009* €
Payroll taxes	206,288	225,201
Value Added Tax	390,930	399,591
Deferred Income	1,782,508	1,151,582
Trade Creditors	226,521	99,520
Other creditors and accrued expenses	581,827	1,175,637
	3,188,074	3,051,531

11. Long Term Loans

	2010	*2009*
	€	€
Economic and Social Research Trust	1,800,000	1,800,000
permanent tsb mortgage:		
Due in one year	201,180	150,885
Due after one year	11,117,461	11,324,225
	13,118,641	13,275,110

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

12. Taxation

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

13. Commitments – Capital and Others

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

14. Related Company

At 31 December 2010 the following related undertakings were in existence.

(a) Economic and Social Research Trust:
The Trust was established in 1992 as a company limited by guarantee by the ESRI (which nominates its membership) to assist by way of funding The Economic and Social Research Institute in the promotion of research. In 2006 the Trust granted a loan of €1,800,000 to the ESRI. At 31 December 2010 the company had net assets of €1,833,539 (2009: €1,844,171).

(b) Economic and Social Studies:
This is an associated company established in 1969 at the initiative of the ESRI to foster and promote the education of the Irish public in the social and economic sciences with particular reference to economic and social conditions in or affecting Ireland. The ESRI provides administration services to Economic and Social Studies.

15. Contingent Liabilities and Other Matter

A pay award effective from the 1st Jan 2010 agreed by the Institute cannot be implemented due to the terms of the *Financial Emergency Measures in the Public Interest Act 2009*. There is a potential pay claim of €219,000 in respect of the period prior to enactment of the Act.

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

16. Pensions

The assets of the Institute's pension schemes amounting to €17,204,224 were transferred to the National Pension Reserve Fund (NPRF) on the 30th June 2010 as per the provisions of the *Financial Measures (Miscellaneous Provisions) Act 2009*. A further €552,000 is held in a transfer order account and will be transferred to the NPRF in 2011.

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

The Institute has adapted the treatment and disclosures required by the accounting standard Financial Reporting Standard 17 (Retirement Benefits) to reflect the arrangements in operation. Pension liabilities represent the present value of future pension benefits earned by staff to date. 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

(a) Pension Costs

	2010	2009
	€	€
(i) Pension Costs to 30th June 2010:		
Current Service Cost	403,000	422,000
Interest Cost	700,000	1,486,000
Expected Return on Scheme Assets	(526,000)	(895,000)
Total	577,000	1,013,000
(ii) Pension Costs from 30th June 2010		
Contribution paid to Dept. of Finance and pensions paid	685,000	

The contribution to the Department of Finance is €685,000 before taking account of pensions payable in the period of €639,000. In addition employee contributions of €198,477 were also paid over.

(b) Pension Liability and Asset

(i) **Net Pension Liability at 30th June 2010:**		
Present Value of Funded Obligations	24,751,000	23,138,000
Fair Value of Scheme Assets	0	16,996,000
Net Liability	24,751,000	6,142,000

(ii) **Present Value of Funded Obligations**		
Present Value of Scheme Obligations at Beginning of Year	23,138,000	25,257,000
Current Service Cost	403,000	422,000
Interest Cost	700,000	1,486,000
Actuarial (Gain)/Loss	918,000	(2,624,000)
Members Contributions	201,000	449,000
Benefits Paid	(581,000)	(1,814,000)
Premiums Paid	(28,000)	(38,000)
Present Value of Scheme Obligations at 30th June	24,751,000	23,138,000

(iii) **Change in Scheme Assets:**		
Fair Value of Scheme Assets at Beginning of Year	16,996,000	13,372,000
Expected Return on Scheme Assets	526,000	895,000
Actuarial Gain/(Loss)	(49,000)	2,695,000
Employer Contributions	691,000	1,437,000
Members Contributions	201,000	449,000
Benefits Paid	(581,000)	(1,814,000)
Premiums Paid	(28,000)	(38,000)
Transfer to National Pension Reserve	(17,756,000)	-
Fair Value of Scheme Assets at 30th June	0	16,996,000

The FRS17 pension liability at 31 December 2010 is €26,391,000 (2009: €23,138,000) based on an actuarial valuation of the pension liabilities in respect of Institute staff as at the 31 December 2010, carried out by a qualified independent actuary for the purposes of FRS17. A deferred asset of €26,391,000 equal to the liability at 31 December is recognised as a separate asset in the Balance Sheet

(c) Description of Scheme and Actuarial Assumptions

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

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

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

Financial Assumptions

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

	2010	2009
Discount Rate	5.60%	6.00%
Salary Increase Assumption	2.50%	2.00%
Inflation	2.00%	2.00%
Pension Increases		
Clerical Scheme	2.25%	2.25%
Research Staff Scheme	3.00%	3.00%

Mortality Assumptions

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

	2010	2009
Member age 65 (current life expectancy)	22.8	20.8
Member age 40 (life expectancy at age 65)	26.1	21.8

Actual Return less Expected Return on Scheme Assets to 30 June 2010

	2010	2009
	€	€
Actual Return	477,000	3,590,000
Less: Expected Return	526,000	895,000
	(49,000)	2,695,000

(d) Amounts Recognised in Statement of Total Recognised Gains and Losses

	2010	2009
	€	€
Actual return less expected return on scheme assets up to 30 June 2010	(49,000)	2,695,000
Experience gains on pension scheme liabilities up to 30 June 2010	299,000	599,000
Changes in assumptions underlying the present value of pension scheme liabilities	(1,217,000)	2,025,000
Total Actuarial Gain\(Loss) up to June 2010	(967,000)	5,319,000
Transfer of Assets to National Pension Reserve Fund	(17,756,000)	
Deferred Pension Funding at 30 June 2010	24,751,000	

e) Funding of pensions

The Institute expects to pay €1,413,000 to the Department of Finance in respect of superannuation costs in 2011.

17. Reserves

	Accumulated Fund	Capital Reserve	Pension Provision/ Deferred Funding	Total Reserves
Balance as at 1st January 2010	3,242,938	1,920,000	(9,300,000)	(4,137,062)
Surplus for Year	147,221			147,221
Actuarial Gain in Year			(967,000)	(967,000)
Adjustment to Pension Provision Deficit*	(3,272,000)		3,272,000	-
Transfer from Capital Reserve	40,000	(40,000)		-
Transfer of Scheme Assets to NPRF			(17,756,000)	(17,756,000)
Deferred Pension Funding	-	-	24,751,000	24,751,000
Balance as at 31st December 2010	158,159	1,880,000	-	2,038,159

*The pension provision adjustment represents the deficit remaining after the transfer of pension assets to the NPRF.

18. Board Members' Interests

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

19. Going Concern

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

20. Approval of Financial Statements

The Financial Statements were approved by the Council on the 24th May 2011