

The background is a solid blue color with several large, overlapping, curved shapes in a slightly darker shade of blue. These shapes create a sense of movement and depth, resembling stylized waves or abstract architectural elements. The text is centered horizontally and vertically within the frame.

*Financial & related statements*

## Financial & related statements

### Report of the Directors

#### Introduction

The directors are pleased to submit to the fourth Annual General Meeting of the Irish Auditing and Accounting Supervisory Authority ('IAASA') the Authority's financial statements for the year ended

31 December, 2009, together with the Report of the Directors, which has been prepared pursuant to the provisions of section 158 of the Companies Act 1963 (as amended). The retained surplus for the year was nil.

#### Directors and Secretary

##### The Directors and Secretary of the Authority, as at 31 December, 2009, were:

Ms. Karen Erwin	Chairperson, Ministerial nominee
Mr. Ian Drennan	Chief Executive, IAASA
Mr. Paul Appleby	Director of Corporate Enforcement
Ms. Helene Coffey	Nominee of the Law Society
Ms. Marie Daly	Nominee of the Irish Business and Employers' Confederation
Mr. Michael Deasy	Nominee of the Financial Regulator
Mr. Sean Hawkshaw	Nominee of the Irish Association of Investment Managers
Mr. Tony Kelly	Nominee of the Prescribed Accountancy Bodies
Mr. Brendan Kennedy	Nominee of the Pensions Board
Mr. Tadhg O'Connell	Nominee of the Revenue Commissioners
Senator Joe O'Toole	Nominee of the Irish Congress of Trade Unions
Mr. Gerard Scully	Nominee of the Irish Stock Exchange
Mr. Brian Shiels	Ministerial nominee
Secretary	Mr. John G. O'Malley, Head of Legal Services, IAASA

#### Principal activity

IAASA was incorporated as a company limited by guarantee on 20 December, 2005 for the purpose of discharging the functions and exercising the powers of the Irish Auditing and Accounting Supervisory Authority as provided for by the Companies (Auditing and Accounting) Act 2003. It was subsequently designated for that purpose by the Minister for Trade & Commerce pursuant to the provisions of section 5 of that Act.

Under the Transparency (Directive 2004/109/EC) Regulations, IAASA has also been designated as the competent authority for the purposes of Article 24(4)(h) of the EU Transparency Directive. Accordingly, IAASA is responsible for monitoring the periodic financial reporting of certain entities whose securities are listed on a regulated market in the EU and for taking appropriate enforcement action in cases of infringement.

IAASA does not trade for the acquisition of gain by its members and there were no material changes to the nature of the company's activities during the year.

#### Risk and uncertainties

The directors confirm that, as required by the Code of Practice for the Governance of State Bodies, a policy and procedures have been developed by the company for the purpose of facilitating the identification, quantification and management of the key business risks facing the Authority and that the aforementioned policy and procedures have been adopted by the Board.

#### Compliance with Section 90 of the Company Law Enforcement Act 2001

To ensure that proper books and accounting records are maintained in accordance with the requirements of section 202 of the Companies Act 1990, the

Authority has employed an appropriately qualified Head of Finance and utilises appropriate computer software. The books of account are located at the Authority's registered office at Willow House, Millennium Park, Naas, Co. Kildare.

**Post Balance Sheet Events**

No events have occurred subsequent to the balance sheet date which require disclosure in the financial statements.

**Auditor**

The Authority's auditor, the Comptroller & Auditor General, remains in office in accordance with the provisions of section 21(2) of the Companies (Auditing and Accounting) Act, 2003.

Approved and authorised for issue by the Board of Directors on 16 June, 2010 and signed on its behalf:

Karen Erwin  
Chairperson

Ian Drennan  
Chief Executive

Michael Deasy  
Chairperson, Audit Committee

## Statement on Internal Financial Control

### Responsibility for the system of internal financial control

On behalf of the Board of Directors of the Irish Auditing and Accounting Supervisory Authority 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 manner.

#### Key control procedures

The Board of the Authority has taken steps to ensure an appropriate control environment is in place by:

- clearly defining management responsibilities;
- formalising a clear separation between the Board's and the Executive's functions and powers;
- setting regular reporting requirements concerning financial and related matters;
- establishing an Audit Committee;
- engaging an external firm of accountants to act as providers of an internal audit service to the Authority;
- publishing Codes of Conduct for both directors and employees of the Authority; and
- seeking to maintain a strong culture of accountability across the organisation.

The Board has also established processes to identify and evaluate business risks by:

- identifying the nature, extent and possible implications of the risks facing the Authority, including the extent and categories of risk which it regards as acceptable;
- assessing the likelihood of identified risks coming to fruition;
- assessing the Board's ability to manage and mitigate identified risks; and
- having regard to costs of operating particular controls relative to the benefit obtained.

The system of internal financial control is based on a framework of regular management information, administrative procedures including, to the extent practicable having regard to the scale of the Authority, segregation of duties and a system of delegation and accountability. In particular it includes:

- a comprehensive budgeting system with an annual budget which is reviewed and agreed by the Board;
- regular reviews by the Board of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance; and
- regular internal audit reviews.

The Authority has appointed Deloitte<sup>105</sup> to act as internal auditors and to report to the Audit Committee. The Audit Committee, which comprises

<sup>105</sup> With effect from 1 January, 2010, the Authority has retained the services of Crowleys DFK as internal auditors.

non-executive Directors, includes persons possessing knowledge of accounting, internal control and risk management matters. The Audit Committee is further charged with ensuring that the Board is kept informed of the matters that it has considered.

The internal audit function operates in accordance with the Framework Code of Best Practice set out in the Code of Practice for the Governance of State Bodies. A rolling three-year internal audit work plan has been determined in consultation with the Audit Committee and is reviewed annually and revised as and when required. The current internal audit work plan takes account of areas of potential risk identified in a risk assessment exercise carried out by Deloitte. The internal auditor provides the Committee with regular reports on assignments carried out. These reports, *inter alia*, highlight deficiencies or weaknesses, if any, in the system of internal financial control and the recommended corrective measures to be taken where necessary.

I confirm that, in respect of the period ended 31 December, 2009, the Board conducted a review of the system of internal financial control and that the Board's review was informed by the work of the internal auditor, the Audit Committee, which oversees the work of the internal auditor, and the Authority's executive who have responsibility for the development and maintenance of the financial control framework.

Signed on behalf of the Board:

Karen Erwin  
Chairperson

## Statement of Directors' Responsibilities

Pursuant to the provisions of section 5 of the Companies (Auditing and Accounting) Act 2003, the Irish Auditing and Accounting Supervisory Authority performs its functions and exercises its powers through a company limited by guarantee, designated for that purpose by the Minister for Trade & Commerce.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of its surplus or deficit for that period. In preparing those financial statements, the directors 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 a going concern basis unless it is inappropriate to presume that the Authority will continue in operation; and

- disclose and explain any material departures from applicable Accounting Standards.

The directors are responsible for keeping proper books of account, which disclose with reasonable accuracy at any time the financial position of the Authority and to enable them to ensure that the financial statements comply with the Companies Acts 1963 to 2009. The Directors are also responsible for safeguarding the assets of the Authority and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Section 21(1) of the Companies (Auditing and Accounting) Act 2003 further provides that the Authority '*...shall keep records of, and prepare all proper and usual accounts of-*

- a. all income received by it, including the sources,*
- b. all expenditure incurred by it, and*
- c. its assets and liabilities'.*

Approved and authorised for issue by the Board of Directors on 16 June, 2010 and signed on its behalf:

Karen Erwin  
Chairperson

Ian Drennan  
Chief Executive

Michael Deasy  
Chairperson, Audit Committee

## Report of the Comptroller and Auditor General for presentation to the Houses of the Oireachtas

I have audited the financial statements of the Irish Auditing and Accounting Supervisory Authority for the year ended 31 December 2009 under the Companies (Auditing and Accounting) Act, 2003.

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 Balance Sheet, the Cash Flow Statement and the related notes.

### **Respective Responsibilities of the Directors and the Comptroller and Auditor General**

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and Generally Accepted Accounting Practice in Ireland are set out in the Statement of Directors' Responsibilities. The Directors are also responsible for ensuring the regularity of transactions.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report my opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland and are properly prepared in accordance with the Companies Acts 1963 to 2009. I also report whether in my opinion proper books of account have been kept by the Company; and whether the information given in the Report of the Directors is consistent with the financial statements. In addition, I state whether I have obtained all the information and explanations necessary for the purposes of my audit, and whether the financial statements are in agreement with the books of account.

I report any material instance where moneys have not been applied for the purposes intended or where

the transactions do not conform to the authorities governing them.

I review whether the Statement on Internal Financial Control reflects the Company's compliance with the Code of Practice for the Governance of State Bodies and report any material instance where it does not do so, or if the statement is misleading or inconsistent with other information of which I am aware from my audit of the financial statements. I am not required to consider whether the Statement on Internal Financial Control covers all financial risks and controls, or to form an opinion on the effectiveness of the risk and control procedures.

I read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit opinion**

In the exercise of my function as Comptroller and Auditor General, I conducted my audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and by reference to the special considerations in relation to management and operations which attach to bodies in receipt of substantial funding from the State. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures and regularity of the financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations that I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material

misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

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 2009 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 Report of the Directors is consistent with the financial statements.

Gerard Smyth  
For and on behalf of the  
Comptroller and Auditor General  
18 June, 2010

## Financial Statements

### Statement of accounting policies for the year ended 31 December, 2009

The significant accounting policies adopted by the Authority, which have been applied consistently in dealing with items considered material, are as set out hereunder.

#### 1. Basis of Preparation

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention. Accounting Standards issued by the Accounting Standards Board for use in Ireland are adopted as they become effective.

#### 2. Currency

The unit of currency in which the financial statements are denominated is the euro (€).

#### 3. Recurrent Income

##### 3.1 Approved Programme of Expenditure for the year

Details of the Authority's approved Programme of Expenditure for the period are set out in Note 4.

##### 3.2 Excess Income

In accordance with the provisions of section 16 of the Companies (Auditing and Accounting) Act, 2003 ('the Act'), any excess of income over expenditure in any financial period shall be applied towards meeting the Authority's Programme of Expenditure in the following period and any amounts payable from the Exchequer and Prescribed Accountancy Bodies respectively shall be appropriately reduced. In accordance with section 16 of the Act, income set aside for Reserve Fund<sup>106</sup> purposes is not, however, considered to be income for this purpose.

##### 3.3 Exchequer Grant Income

Section 14(1) of the Act provides that a grant not exceeding 40% of the Authority's approved Programme

of Expenditure for the period shall, subject to any conditions thought proper by the Minister for Trade & Commerce ('the Minister'), be paid to the Authority out of monies provided by the Oireachtas.

Further to the foregoing, the Department of Enterprise, Trade & Employment - the Department through which the Authority receives the Exchequer element of its recurrent funding - has stipulated that the Exchequer grant that will be paid to the Authority in any given financial period will be such as to meet 40% of the Authority's expenditure in that period.

Accordingly, Exchequer grant income recognised in the Income & Expenditure Account represents the amount necessary to meet 40% of the Authority's net recurrent expenditure in the period. Any timing differences arising at the balance sheet date between 40% of the Authority's net expenditure in the period and amounts received from the Exchequer (*via* the Department) are, therefore, reflected as a debtor or grant income carried forward to the following period in accordance with the provisions of section 16 of the Act, as appropriate.

##### 3.4 Prescribed Accountancy Bodies' (PABs) Levies

Sections 14(2) and (4) of the Act provide that, in any given period and with the consent of the Minister, the Authority may impose one or more levies on the PABs for the purpose of meeting up to 60% of the Authority's approved Programme of Expenditure. The aggregate of the PABs' levies are apportioned on the basis of criteria submitted to, and approved by, the Minister under section 14(4) of the Act.

Given that, once approved by the Minister, statutory levies imposed on, and receivable from, the PABs are designed to meet 60% of the Authority's expenditure in the period, PAB levy income recognised in the Income & Expenditure Account represents the amount necessary to meet 60% of the Authority's net

<sup>106</sup> As detailed in Accounting Policy 4.

recurrent expenditure in the period. Accordingly, any differences arising at the balance sheet date between 60% of the Authority's net expenditure in the period and the aggregate of levies received from the PABs are reflected as debtors or levy income carried forward to the following period in accordance with the provisions of section 16 of the Act, as appropriate.

#### 4. Reserve Fund Income

##### 4.1 Reserve Fund – Purpose and method of funding

Section 15(1) of the Act provides that the Authority shall establish a Reserve Fund, to be used only for the purposes of performing its functions or exercising its powers under sections 24 and 26.

With the consent of the Minister, the Authority has built a Reserve Fund of €250,000 (plus accrued interest) collected and set aside for Reserve Fund purposes during periods ending 31 December, 2007. No such income was collectable in the year ended 31 December, 2009. Pursuant to the provisions of section 15(1)(b) of the Act, the Reserve Fund is funded as follows:

- 60% by way of a Reserve Fund levy on the PABs; and
- 40% by way of an Exchequer Grant.

##### 4.2 Exchequer Grant Income – Reserve Fund

The Department has stipulated that the Exchequer grant that will be paid to the Authority in any given financial period will be such as to meet 40% of the amount to be set aside for Reserve Fund purposes in that period, as approved by the Minister. Exchequer Reserve Fund income is accounted for in the financial statements on a receivable basis.

##### 4.3. PABs' Levies – Reserve Fund

The aggregate of the PABs' Reserve Fund levies are

apportioned on the basis of criteria submitted to, and approved by, the Minister under section 14 of the Act. Once approved by the Minister, the PABs' Reserve Fund levies are accounted for on a receivable basis.

#### 5. Income relating to the Authority's role as a Competent Authority for the purpose of Article 24(4)(h) of the EU Transparency Directive

##### 5.1 Transparency Directive – Purpose and method of funding

The Transparency Directive ((EC) 2004/109) is concerned with the harmonisation of information requirements applying to issuers whose securities have been admitted to trading on a regulated market situated, or operating, within the EU. The Directive has been implemented in Ireland through a combination of primary<sup>107</sup> and secondary<sup>108</sup> legislation. IAASA has been designated by the Minister as a competent authority for the purposes of Article 24(4)(h) of the Directive, which concerns monitoring the compliance of issuers' periodic financial reports.

##### 5.2 Exchequer Grant Income – Transparency Directive

As is the case with the Authority's other sources of Exchequer income, the amount provided by the Exchequer is such as to meet the amount expended in the period. Transparency Directive income is accounted for in the financial statements on a receivable basis.

#### 6. Lease on Authority premises

Rents due under the lease are paid to the lessor by the Office of Public Works and are recouped from the Authority on a quarterly basis by agreement. Rents are charged to the Income & Expenditure Account in the period to which they relate.

<sup>107</sup> The Investment Funds, Companies and Miscellaneous Provisions Act 2006.

<sup>108</sup> Statutory Instrument 277 of 2007: Transparency (Directive 2004/109/EC) Regulations 2007.

**7. Superannuation**

The interim arrangements that the Authority has in place with regard to employees' superannuation benefits are described in Note 21. On foot of those arrangements, the Authority charges employer superannuation contributions payable to the Department to the Income & Expenditure Account in the period to which they relate.

**8. Tangible Fixed Assets**

Tangible Fixed Assets are carried in the balance sheet at cost less accumulated depreciation. Depreciation is charged to the Income & Expenditure Account on a straight line basis, with the charge being calculated over assets' expected useful lives at the following rates:

IT Equipment            33 $\frac{1}{3}$ %

Office Equipment    20%

Furniture & Fittings 12 $\frac{1}{2}$ %

**9. Stocks**

Stocks on hand at period end represent stocks of ICT and office consumables and are valued at cost.

**10. Capital Account**

The Capital Account represents the unamortised value of income used for capital purposes (i.e. asset acquisitions).

## Irish Auditing & Accounting Supervisory Authority

### Income & Expenditure Account for the year ended 31 December, 2009

	Note	2009 €	2008 €
Income	4	2,123,172	1,966,271
Administrative Expenses			
Staff Costs	5	1,268,505	1,121,177
Directors' Fees	5(a)	89,185	104,000
Accommodation	6	169,721	177,514
Travel & Subsistence		44,215	67,022
Consultancy	7	385,240	238,834
Office Expenditure	8	70,383	145,814
Official Entertainment		1,963	3,533
Information Technology	9	18,468	33,643
HR & Professional Development	10	42,575	47,214
Insurance		26,134	25,232
Auditors' Remuneration		11,280	12,000
Depreciation	11	6,279	5,157
(Deficit) of Income over Administrative Expenses		(10,776)	(14,869)
Interest Receivable	16(a)	10,860	26,154
Surplus for the year before Deposit Interest Retention Tax		84	11,285
Deposit Interest Retention Tax	12	(2,835)	(5,231)
Deficit/Surplus for the year after Deposit Interest Retention Tax		(2,751)	6,054
Transferred from Capital Account	15	4,557	502
Transferred to Reserve Fund	16	(1,806)	(6,556)
Surplus for the year after Transfers		<b>0</b>	<b>0</b>

The results for the year relate to continuing operations.

The Statement of Accounting Policies, Cash Flow Statement and Notes 1 to 24 form part of these financial statements.

The Authority had no gains or losses in the year other than those dealt with in the Income & Expenditure Account.

Approved and authorised for issue by the Board of Directors on 16 June, 2010 and signed on its behalf:

Karen Erwin  
Chairperson

Ian Drennan  
Chief Executive

Michael Deasy  
Chairperson, Audit Committee

## Irish Auditing & Accounting Supervisory Authority

### Balance Sheet as at 31 December, 2009

	Note	2009 €	2008 €
<b>Fixed Assets</b>			
Tangible Fixed Assets	11	4,260	8,817
<b>Current Assets</b>			
Stock on Hand		1,693	2,787
Exchequer Grant Income Debtor	4.5	-	4,604
Debtors & Prepayments		18,412	21,854
Bank & Cash	13	719,255	741,396
		<u>739,360</u>	<u>770,641</u>
<b>Creditors: Amounts falling due within 1 year</b>			
Creditors & Accruals		128,084	121,174
Deferred Rent Incentive	14	1,452	1,452
PAB Levy Income Carried Forward	4.5	314,010	360,847
Exchequer Grant Income Carried forward	4.5	8,292	-
		<u>451,838</u>	<u>483,473</u>
<b>Net Current Assets</b>		287,522	287,168
<b>Amounts falling due after 1 year</b>			
Deferred Rent Incentive	14	21,844	23,296
<b>Net Assets</b>		<u>269,938</u>	<u>272,689</u>
<b>Reserves</b>			
Income & Expenditure Account			
Capital Account	15	4,260	8,817
Reserve Fund	16	265,678	263,872
		<u>269,938</u>	<u>272,689</u>

The Statement of Accounting Policies, Cash Flow Statement and Notes 1 to 24 form part of these financial statements.

Approved and authorised for issue by the Board of Directors on 16 June, 2010 and signed on its behalf:

Karen Erwin  
Chairperson

Ian Drennan  
Chief Executive

Michael Deasy  
Chairperson, Audit Committee

## Irish Auditing & Accounting Supervisory Authority

### Cash Flow Statement for the year ended 31 December, 2009

	Note	2009 €	2008 €
Net Cash (Outflow)/Inflow from Operating Activities	17	(27,532)	7,525
Return on Investments & Servicing of Finance			
Interest Received		9,483	27,185
Capital Expenditure			
Payments to Acquire Tangible Fixed Assets		(1,722)	(4,655)
Taxation			
Deposit Interest Retention Tax (DIRT) Paid		(2,370)	(5,437)
Management of Liquid Resources			
Amounts Transferred from Fixed Term Deposits		100,000	-
Interest Reinvested in Fixed Term Deposits (Net of DIRT)		(7,113)	(21,748)
<b>Increase in Cash in Year</b>		<b>70,746</b>	<b>2,870</b>
<b>Reconciliation of Net Cash Flow to Movement in Net Funds</b>			
Net cash & liquid resources at 1 January		(741,396)	(716,778)
Net cash & liquid resources at 31 December		719,255	741,396
Decrease/(Increase) in Liquid Resources in Year		92,887	(21,748)
<b>Increase in Cash in Year</b>	18	<b>70,746</b>	<b>2,870</b>

The Statement of Accounting Policies and Notes 1 to 24 form part of these financial statements.

Approved and authorised for issue by the Board of Directors on 16 June, 2010 and signed on its behalf:

Karen Erwin  
Chairperson

Ian Drennan  
Chief Executive

Michael Deasy  
Chairperson, Audit Committee

## Irish Auditing & Accounting Supervisory Authority

### Notes to Financial Statements

#### Note 1 - Accounting period

Pursuant to the provisions of section 5 of the Companies (Auditing and Accounting) Act, 2003 ('the Act'), the functions and powers of the Supervisory Authority are performed and exercised respectively through a company limited by guarantee and designated by the Minister for Trade & Commerce ('the Minister') for that purpose. The company (Registered No. 412677) was incorporated on 20 December, 2005. (While the Act refers to the Minister for Enterprise, Trade & Employment, the Government has delegated all Ministerial functions provided for by the Act to the Minister for Trade & Commerce. This delegation was effected by the Enterprise, Trade & Employment (Delegation of Ministerial Functions) (No. 3) Order 2009).

The period covered by the financial statements is the year ended 31 December, 2009.

#### Note 2 - Comparatives

The comparative figures refer to the year ended 31 December, 2008.

#### Note 3 - Format of the financial statements

As the company does not trade for the acquisition of gain by its members, the provisions of the Companies (Amendment) Act, 1986 as regards, *inter alia*, required formats for financial statements do not apply to the company. Notwithstanding the foregoing, the Authority's Balance Sheet is presented in accordance with Format 1 as set out in the Schedule to the Act and the Income & Expenditure Account is presented, to the extent practicable having regard to the non-commercial nature of the Authority's activities, in accordance with Format 1 as set out in the Schedule to the Act.

#### Note 4 - Income

##### 4.1 Approved Programme of Expenditure

The Authority's Programme of Expenditure for the year, as approved by the Minister under section 13(4) of the Act was €2,259,000 [2008: €2,343,000] as laid out below. In addition, Exchequer funding to a maximum of €440,000 [2008: €212,000] was made available during the year in respect of the Authority's functions under Article 24(4)(h) of the EU Directive 2004/109/EC - ('Transparency Directive')

	Exchequer (40%)	Prescribed Accountancy Bodies (60%)	Total
	€	€	€
Recurrent Expenditure (as approved under S. 13(4) of the Act)	904,000	1,355,000	2,259,000
Reserve Fund	-	-	-
<b>Sub-total</b>	<b>904,000</b>	<b>1,355,000</b>	<b>2,259,000</b>
Approved allocation in respect of Transparency Directive	440,000	-	440,000
<b>Total</b>	<b>1,344,000</b>	<b>1,355,000</b>	<b>2,699,000</b>

## 4.2 Income (Accounting Policies 3, 4 and 5 refer)

	2009	2008
	€	€
<i>Recurrent Income under the Act (Note 4.4)</i>		
Exchequer Grant Income	674,557	704,275
Prescribed Accountancy Bodies' Levies	1,041,837	1,056,413
	<u>1,736,394</u>	<u>1,760,688</u>
<i>*Reserve Fund Income</i>		
Exchequer Grant Income	-	-
Prescribed Accountancy Bodies' Levies	-	-
	<u>-</u>	<u>-</u>
<i>Income in respect of Transparency Directive Activity (Note 4.4)</i>		
Exchequer Grant Income	386,778	203,860
Prescribed Accountancy Bodies' Levies	-	-
	<u>386,778</u>	<u>203,860</u>
<i>Miscellaneous Income</i>		
EU Refunds in respect of travel expenses	-	1,723
	<u>-</u>	<u>1,723</u>
	<u>2,123,172</u>	<u>1,966,271</u>

\* Interest earned on the Reserve Fund investment account is detailed at Note 16. For the year under review, gross interest on the Reserve Fund account is disclosed as 'Interest Receivable' rather than 'income' as heretofore on the face of the Income & Expenditure account. The comparative amounts in respect of 2008 have been amended accordingly

## 4.3 Stipulations regarding the use of income

In accordance with section 14(3) of the Act, recurrent income received by the Authority is for the purpose of meeting expenses properly incurred in the performance of its functions and the exercise of its powers under the Act (other than under sections 24 and 26).

In accordance with section 14(3)(a), Reserve Fund monies may only be used for the purposes of meeting expenses properly incurred by the Authority in performing its functions and exercising its powers under sections 24 and 26. The Authority did not have cause to call upon the monies set aside for Reserve Fund purposes during the year.

In accordance with Department of Enterprise, Trade & Employment sanction (under Vote Subhead S02), monies received in respect of the Transparency Directive may only be used towards the performance of the Authority's responsibilities in that regard.

## 4.4 - Calculation of Net Expenditure

	<b>2009</b>	<b>2008</b>
	<b>€</b>	<b>€</b>
Gross Expenditure per Income & Expenditure Account	2,133,949	1,981,140
Add: Unamortised value of income used for capital acquisitions	(4,557)	(502)
	<u>2,129,392</u>	<u>1,980,638</u>
Less:		
Miscellaneous Income	-	1,723
Non-reserve fund interest (net of DIRT)	6,220	14,367
<b>Net Expenditure for the year</b>	<u><b>2,123,172</b></u>	<u><b>1,964,548</b></u>
Net Expenditure related to Transparency Directive obligations	386,778	203,860
Net Expenditure related to Activities under the 2003 Act (Note 4.2)	1,736,394	1,760,688
	<u><b>2,123,172</b></u>	<u><b>1,964,548</b></u>
Net expenditure attributable to the Exchequer		
i. Transparency Directive (100%)	386,778	203,860
ii. Obligations under the Act (40%)	694,557	704,275
Net expenditure attributable to the Prescribed Accountancy Bodies	1,041,837	1,056,413
	<u><b>2,123,172</b></u>	<u><b>1,964,548</b></u>

## 4.5 - Calculation of Grant Debtor / Levy Carry Forward

	<b>Exchequer</b>	<b>Prescribed Accountancy Bodies</b>	<b>Total</b>
	<b>€</b>	<b>€</b>	<b>€</b>
Balance at 1 January, 2009	4,603	(360,847)	(356,244)
Attributable net expenditure (Note 4.4 refers)	1,081,335	1,041,837	2,123,172
Grants/Levies received in the year	(1,094,230)	(995,000)	(2,089,230)
<b>Debtor/(Levy Carry Forward) at 31 December, 2009</b>	<u><b>(8,292)</b></u>	<u><b>(314,010)</b></u>	<u><b>(322,302)</b></u>

## Note 5 - Staff Costs

	<b>2009</b>	<b>2008</b>
	<b>€</b>	<b>€</b>
Salaries	976,588	868,665
Employer PRSI Contributions	82,310	80,507
Employer Pension Contributions (Note 21)	209,607	172,005
	<u>1,268,505</u>	<u>1,121,177</u>

The total amount deducted from staff members in respect of the Pension Related Deduction pursuant to the Financial Emergency Measures in the Public Interest Act, 2009 was €60,950 [2008: n/a].

The average number of employees during the year was 12 [2008: 11]. The Authority's complement of full time staff at 31 December, 2009 was 12 [2008: 12].

**Note 5(a) - Board Fees**

Fees are payable to Board members at a rate specified from time to time by the Minister for Finance. In accordance with Department of Finance regulations and the Code of Practice for the Governance of State Bodies, fees are not payable to certain Board members who are also public servants.

	<b>2009</b>	<b>2008</b>
	<b>€</b>	<b>€</b>
Karen Erwin	13,067	14,000
Helene Coffey	8,400	9,000
Marie Daly	8,400	9,000
Ian Drennan	8,400	9,000
Sean Hawkshaw	8,400	9,000
Tony Kelly	8,400	9,000
Brendan Kennedy	8,400	9,000
Donal O'Connor (resigned 21 January, 2009)	518	9,000
Senator Joe O'Toole	8,400	9,000
Gerard Scully	8,400	9,000
Brian Shiels	8,400	9,000
David Martin (resigned 3 January, 2009)	-	9,000
	<b>89,185</b>	<b>104,000</b>

In addition, a total of €232 was paid to Board members during the year in respect of expenditure incurred in the course of their duties.

**Note 6 - Accommodation**

	<b>2009</b>	<b>2008</b>
	<b>€</b>	<b>€</b>
Rent ( <i>Note 14</i> )	117,711	117,711
Building Service Charges	16,684	18,594
Millennium Park Service Charges	8,739	8,703
Insurance	914	2,102
Rates	19,014	18,678
Rent - temporary offices	(1,907)	-
Other Room Hire	8,566	11,726
	<b>169,721</b>	<b>177,514</b>

**Note 7 - Consultancy**

	<b>2009</b>	<b>2008</b>
	<b>€</b>	<b>€</b>
Financial statement review (Transparency Directive)	179,371	110,996
Committees of Enquiry - Section 23	84,895	-
Legal Advice	75,513	81,486
Internal Audit & Actuarial Services	35,511	34,550
Recruitment & recruitment related costs	-	6,715
PR Consultancy	2,533	3,938
Other Consultancy	7,417	1,149
	<b>385,240</b>	<b>238,834</b>

**Note 8 - Office Expenses**

	<b>2009</b>	<b>2008</b>
	<b>€</b>	<b>€</b>
Post & Telecommunications	14,694	17,651
Printing & Stationery	20,017	24,261
Repairs & Maintenance	6,965	4,346
Advertising & Publicity	7,104	19,502
Recruitment related advertising	-	55,986
Periodicals & Newspapers	5,613	5,725
Cleaning & Hygiene Services	7,072	7,149
Light & Heat	8,090	9,709
Sundries	829	1,485
	<b>70,383</b>	<b>145,814</b>

**Note 9 - Information Technology**

	<b>2009</b>	<b>2008</b>
	<b>€</b>	<b>€</b>
Software & Licences	2,741	14,187
Peripherals & Consumables	3,530	2,140
Maintenance Contracts	7,584	11,207
Internet Services	3,076	3,547
Website Development	1,537	2,562
	<b>18,468</b>	<b>33,643</b>

**Note 10 - HR & Professional Development**

	<b>2009</b>	<b>2008</b>
	<b>€</b>	<b>€</b>
Continuing Professional Development & Other Professional Training	14,472	24,821
Reference Materials & Subscriptions	5,376	8,770
Educational Support	7,000	-
Professional Membership Subscriptions	15,727	13,623
	<b>42,575</b>	<b>47,214</b>

**Note 11 - Tangible Fixed Assets**

	<b>IT Equipment</b> 33.33%	<b>Office Equipment</b> 20.00%	<b>Furniture &amp; Fittings</b> 12.50%	<b>Total</b>
	€	€	€	€
<b>Cost</b>				
At 1 January, 2009	15,099	4,417	248	19,765
Additions	1,069	653	-	1,722
Disposals	-	-	-	-
At 31 December, 2009	16,168	5,070	248	21,486
<b>Accumulated Depreciation</b>				
At 1 January, 2009	8,786	2,099	62	10,947
Charge for year	5,234	1,014	31	6,279
At 31 December, 2009	14,020	3,113	93	17,226
<b>NET BOOK VALUE</b>				
At 1 January, 2009	6,313	2,318	186	8,817
At 31 December, 2009	2,148	1,957	155	4,260

**Note 12 - Taxation***Income Tax*

In accordance with the provisions of section 227 of the Taxes Consolidation Act, 1997 and the Fourth Schedule to that Act (as amended by section 69(1)(b) of the Finance Act, 2006), the Authority is a non-commercial state-sponsored body for tax purposes and, accordingly, income arising is not liable to income tax. The Authority is not, however, exempt from Deposit Interest Retention Tax (DIRT).

*Capital Gains Tax*

In accordance with the provisions of section 610 of the Taxes Consolidation Act, 1997 and the Fifteenth Schedule to that Act (as amended by section 74(c) of the Finance Act, 2006), gains accruing to the Authority are not chargeable gains for the purposes of Capital Gains Tax.

**Note 13 - Bank & Cash**

	<b>2009</b>	<b>2008</b>
	€	€
Bank – current	161,534	90,788
Bank - notice deposit	557,521	650,408
Cash on Hand	200	200
	<b>719,255</b>	<b>741,396</b>

€263,610 [2008: €261,970] of the funds held in the Authority's bank accounts at 31 December, 2009 relate to the Reserve Fund and can only be used for the purposes as set out in Note 4.3.

**Note 14 - Lease of Accommodation, Deferred Rent Incentive & Establishment Costs**

The Authority occupies office premises located at Willow House, Millennium Park, Naas, Co. Kildare. At the date that the lease agreement was executed the Authority had not been incorporated as a legal entity and, accordingly, did not have the capacity to enter into a legal agreement. In that context, the lease was entered into on behalf of the State by the Office of Public Works (OPW). Consequently, the Authority is not a party to the lease agreement, which commenced on 19 September, 2005 and which has a term of 20 years.

Under the lease agreement, the first six months of the lease period were rent free and the Authority benefited from a portion of the rent free period i.e., the period between the date of incorporation (20 December, 2005) and the date on which the rent incentive ceased to apply (18 March, 2006). In accordance with the provisions of UITF Abstract No. 28 '*Operating Lease Incentives*', the value of the incentive (i.e. the rent free period) enjoyed by the Authority has been spread across the life of the lease. This treatment has resulted in a charge of €27,652 in the financial statements at the date of incorporation and a corresponding deferred rent incentive, which will be released to the Income & Expenditure Account over the period of the lease.

Further to a commitment given to the Prescribed Accountancy Bodies by the Minister with the consent of the Minister for Finance prior to the Authority's incorporation, the Exchequer funded the Authority's establishment costs in full. This expenditure was incurred by the Department of Enterprise, Trade & Employment.

As a consequence, in addition to tangible fixed assets acquired by the Authority subsequent to its incorporation, and to which the Authority has legal title, the Authority also has the use of certain assets that were acquired by the Department of Enterprise, Trade & Employment prior to its incorporation and to which the Department has legal title. The nature and acquisition cost of these assets is set out hereunder for information.

	<b>€</b>
Fit out costs – Millennium Park premises	507,127
Furniture and fittings	147,415
IT equipment	60,539
<b>Total</b>	<b>715,081</b>

The notional Net-Book Value of these assets at the balance sheet date, had they been depreciated in accordance with IAASA policies, would be €236,470 [2008: €318,651].

**Note 15 - Capital Account**

	<b>2009</b>	<b>2008</b>
	<b>€</b>	<b>€</b>
Opening Balance - 1 January,	8,817	9,319
Transfer from Income & Expenditure Account:		
Income applied to capitalised asset acquisitions	1,722	4,655
Less: Amortisation in line with asset depreciation	(6,279)	(5,157)
<b>Closing Balance - 31 December,</b>	<b>4,260</b>	<b>8,817</b>

**Note 16 - Reserve Fund Reserve**

	<b>2009</b>	<b>2008</b>
	<b>€</b>	<b>€</b>
Opening Balance - 1 January,	263,872	257,316
Transferred from Income & Expenditure Account:		
Exchequer Grant Income	-	-
Prescribed Accountancy Bodies' Levies	-	-
Interest Receivable on Reserve Fund Monies (net of DIRT)	1,806	6,556
<b>Closing Balance - 31 December,</b>	<b>265,678</b>	<b>263,872</b>

**Note 16(a) - Interest receivable on Reserve Fund monies**

Up to 2008 the Authority included gross interest receivable on Reserve Fund monies as income, as expenditure of these monies is strictly limited as detailed in Note 4.3 above and consequently largely outside the discretion of the Board. In 2009, the directors have decided to treat interested receivable on this account as general interest receivable in the first instance. This technical recording change has led to the following changes in the comparative amounts for 2008:

	<b>As published</b>	<b>Gross interest receivable 2008</b>	<b>as amended</b>
Income	1,974,466	(8,195)	1,966,271
Interested receivable	17,959	8,195	26,154

**Note 17 - Reconciliation of Surplus for the year to Net Cash from Operating Activities**

	<b>2009</b>	<b>2008</b>
	<b>€</b>	<b>€</b>
Deficit/Surplus for the year after Deposit Interest Retention Tax	(2,751)	6,054
Non Operating Items		
Less: Interest Received (Net of DIRT)	(7,113)	(21,748)
	<b>(9,864)</b>	<b>(15,694)</b>
Add:		
Increase/(Decrease) in Creditors & Accruals	(6,910)	27,091
Increase/(Decrease) in PABs' Levies carry forward	(46,837)	(82,413)
Increase/(Decrease) in Exchequer Grant Income carry forward	8,292	-
Decrease/(Increase) in Debtors & Prepayments	8,046	74,058
Decrease/(Increase) in Stock	1,094	778
Increase/(Decrease) in Deferred Rent Incentive	(1,452)	(1,452)
Depreciation	6,279	5,157
	<b>(17,668)</b>	<b>23,219</b>
Net Cash (Outflow)/Inflow from Operating Activities	<b>(27,532)</b>	<b>7,525</b>

**Note 18 - Analysis of changes in net funds**

	<b>Cash at Bank &amp; on Hand</b>	<b>Cash on Fixed Term Deposit</b>	<b>TOTAL</b>
Balance at 1 January, 2009	90,988	650,408	741,396
Cash flow for year	70,746	(92,887)	(22,141)
Balance at 31 December, 2009	<b>161,734</b>	<b>557,521</b>	<b>719,255</b>

**Note 19 - Financial Commitments***19.1 Capital Commitments*

There are no capital commitments as at 31 December, 2009.

*19.2 Rental commitments*

Given that the Authority is not a party to the lease of the Millennium Park premises, the Authority has no rental commitments in the coming twelve months. Rental commitments under the lease in the coming twelve months, which are payable by the OPW, will be €119,163.

**Note 20 - Chief Executive's Salary**

The remuneration paid to the Chief Executive in the year amounted to €138,262, comprising basic pay of €129,304 and part-payment of a Performance Related Bonus of €8,958. The latter payment represents 50% of the amount awarded, the balance having been voluntarily forgone. In addition, and in accordance with the provisions of the Code of Practice for the Governance of State Bodies, the Chief Executive received Board fees as detailed in Note 5(a) above. The foregoing represents the total remuneration package of the Chief Executive. The Chief Executive is a member of the Civil Service Superannuation Scheme and, consequently, in the context of the superannuation arrangements detailed in Note 21, the Authority bears no liability in this regard.

**Note 21 - Accounting Treatment for Retirement Benefits**

In accordance with section 20 of the Act, the Authority may only establish a superannuation scheme with the approval of the Minister, given with the consent of the Minister for Finance. While the Authority has prepared and submitted proposals to the aforementioned Ministers in respect of employees and employees' spouses and children (which are based upon the civil service defined benefit 'Model Scheme'), these schemes had not been approved at the balance sheet date (or by the date on which these financial statements were approved by the directors).

As completion of the necessary reviews of proposals for superannuation schemes can be a lengthy process, the Authority has agreed certain interim measures with the Department of Enterprise, Trade & Employment. In that context, the Department has been granted approval by the Department of Finance to operate superannuation arrangements on the Authority's behalf on an administrative basis. These interim arrangements have the following characteristics:

- i. Authority employees' pension contributions are paid to the Department of Enterprise, Trade & Employment;
- ii. the Authority pays an employer contribution to the Department, the rate of which is set by the Minister for Finance. In the year, the employer contribution was set at 25% [2008: 25%] of employees' salaries;
- iii. in return for the payment to it of the employees' and employer's superannuation contributions, the Department has agreed that any superannuation benefits due to Authority employees, and/or their spouses and children will be met in full by the Exchequer as they fall due.
- iv. this agreement is an interim arrangement until the Authority's own superannuation scheme is approved and is intended to apply to benefits earned by employees only during the period prior to approval.

Financial Reporting Standard 17 '*Retirement Benefits*' (FRS 17) defines a Defined Contribution Scheme as '*A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior years*'.

As the arrangements currently in place are such that (i) the Authority pays regular contributions fixed as a percentage of pay; and (ii) the Authority, by virtue of the Exchequer undertaking, has no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current or prior years, the directors consider that the foregoing arrangements come within the definition of a defined contribution scheme as defined by FRS 17. Accordingly, the Authority accounts for its employer contributions in accordance with the provisions of paragraph 7 of the Standard, i.e. by charging the cost of contributions payable to the scheme in the year to the Income & Expenditure Account.

Notwithstanding the foregoing, in the interest of transparency and disclosure, the directors have commissioned an actuarial valuation of accrued liabilities at the balance sheet date, and the cost of benefits (service cost) accrued during the year. This valuation, which is based on the Projected Unit method, is premised on the following assumptions:

	At 31-12-2009	At 31-12-2008
Rate of increase in salaries	4.00%	4.00%
Rate of increase in pensions in payment	3.50%	4.00%
Discount rate	5.50%	5.90%
Inflation assumption	2.25%	2.00%
Life expectancy at age 70: male	17.4 years	17.4 years
Life expectancy at age 70: female	20.3 years	20.3 years

Based on the above, the present value of liabilities at the balance sheet date is €354,000 [2008: €219,000], and the service cost (calculated on the foregoing assumptions) for the year is €91,100 [2008: €97,052]. Certain of the Authority's staff, who have accumulated service elsewhere in the public service, have not to date exercised the option to transfer said service to the Authority.

#### **Note 22 - Authority Board Members – Disclosure of Transactions**

In accordance with the Code of Practice for the Governance of State Bodies, the Authority has in place Codes of Business Conduct for Board members and employees. These Codes include guidance in relation to the disclosure of interests by Board members and these procedures have been adhered to by the Board during the year covered by these financial statements.

#### **Note 23 - Related Party Transactions**

There were no related party transactions during the year [2008: €5,142]. No amounts were outstanding at year end.

#### **Note 24 - Approval of the Financial Statements**

The Financial Statements were approved and authorised for issue by the Board of Directors on 16 June, 2010.