
2017 FINANCIAL &
RELATED STATEMENTS

Report of the Directors

Introduction

The directors are pleased to submit to the twelfth Annual General Meeting of the Irish Auditing and Accounting Supervisory Authority ('IAASA') the financial statements for the year ended 31 December 2017, together with the Report of the Directors, which has been prepared pursuant to the provisions of section 325 of the Companies Act 2014 ('the Act').

Principal activities

IAASA was incorporated as a company limited by guarantee on 20 December 2005 and is the independent statutory body in Ireland responsible for the:

- (a) examination and enforcement of certain listed entities' periodic financial reporting;
- (b) supervision of the regulatory functions of the Prescribed Accountancy Bodies ('PABs'); and
- (c) inspection and promotion of improvements in the quality of auditing of Public Interest Entities ('PIEs');

IAASA is also responsible for the adoption of auditing standards in Ireland, the registration of certain classes on liquidators, has been designated as the competent authority for the registration and quality assurance of certain third country auditors and audit entities. The company does not trade for the acquisition of gain by its members.

Business Overview

An overview of IAASA's activities and future developments is given in the annual report.

Financial position

The assets and liabilities and financial position of the company are set out in detail in the financial statements on pages 47 to 66.

Risk and uncertainties

The directors confirm that, as required by the Code of Practice for the Governance of State Bodies ('the Code'), a Risk Management Policy and

procedures have been developed and adopted for the purpose of facilitating the identification, quantification and management of the key business risks facing IAASA.

Accounting records

To ensure that adequate accounting records are maintained in accordance with the requirements of sections 281 to 286 of the Act, IAASA has employed an appropriately qualified Head of Finance and provides sufficient resources to the finance function. The accounting records are located at IAASA's registered office at Willow House, Millennium Park, Naas, Co. Kildare.

Provision of Relevant Audit Information

In accordance with Section 330 (1) of the Act, the directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the auditor is aware of that information. Insofar as they are aware, there is no relevant audit information of which the auditor is unaware.

Events after the end of the reporting period

No events have occurred subsequent to the reporting date which would require disclosure in the financial statements.

Auditor

IAASA's auditor, the Comptroller & Auditor General, remains in office in accordance with the provisions of section 927(2) of the Act.

Governance

IAASA was established under the Companies (Auditing & Accounting) Act 2003 ('the 2003 Act'), and operates as a company limited by guarantee under the provisions of the Act. The functions of the Board are set out in section 905 of the 2014 Act. The Board is statutorily independent in the performance of its functions and is responsible for ensuring good governance and

performs this task by setting strategic objectives and targets and taking strategic decisions on all key business issues. The regular day-to-day management, control and direction of IAASA are the responsibility of the Chief Executive with the support and assistance of the senior management team. The Chief Executive and the senior management team must follow the broad strategic direction set by the Board, and must ensure that all Board members have a clear understanding of the key activities and decisions related to the entity, and of any significant risks likely to arise. While senior managers routinely attend Board meetings, the Chief Executive, who is a director, acts as a direct liaison between the Board and management of IAASA.

Board Responsibilities

The work and responsibilities of the Board are set out in the Schedule of Matters Reserved to the Board, the Code of Conduct for Board Members, and in related Board policies. Standing items considered by the Board include:

- declaration of conflicts of interests;
- the report of the Chief Executive, which includes details of the work of the various operational units together with ongoing financial information and management accounts;
- matters for discussion;
- risk management;
- reports from committees; and
- the report of the Secretary

Section 927 of the 2014 Act requires IAASA to keep, in such form as may be approved by the Minister for Business, Enterprise & Innovation (with consent of the Minister for Public Expenditure and Reform), all proper and usual accounts of money received and expended by it.

In preparing these financial statements, the Board of IAASA is required to:

- select suitable accounting policies and 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 it will continue in operation; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Board is responsible for keeping adequate accounting records which disclose, with reasonable accuracy at any time, its financial position and enables it to ensure that the financial statements comply with section 927 of the 2014 Act, and as a company limited by guarantee, section 281 of the 2014 Act. The maintenance and integrity of the corporate and financial information on the IAASA's website is the responsibility of the Board.

The Board is responsible for approving the annual plan and budget. The Board approved the annual budget for 2017 at its meeting on 20 September 2016. Financial information including management accounts detailing actual and budgeted expenditure were considered by the Board at each meeting in 2017. Ongoing evaluation of operational issues also occurred at each meeting. The Authority's three year work programme 2017 - 2019 was approved by the Board on 20 December 2016. At its meeting of 30 January 2018, following an evaluation of the Board's performance, the Board agreed a revised approach to review of its annual business plan.

The Board is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board considers that the financial statements of IAASA give a true and fair view of the financial performance and the financial position of IAASA at 31 December 2017.

Board Responsibilities

As set out in section 4.4 and Appendix 1 of the Authority's Annual Report and pursuant to the 2014 Act, IAASA is governed by a Board of nine directors, eight of whom are non-executive and appointed by the Minister having been nominated by those entities set out in Table 4.2 of the Annual Report. (The equivalent provision of the 2003

Act provided for 15 directors. Directors appointed under the 2003 Act remain as Board members until the expiration of their respective warrants.) The remaining director is the Chief Executive, who is appointed by the Board. The Act specifies that the Authority operates independently of Government and the Minister is statutorily precluded from giving directions to the Authority in the discharge of its functions. The 2014 Act provides that members may be appointed for a period of three to five years. Generally members are appointed for three year periods, and the Chairperson for four years. The composition of the Board at 31 December 2017, and movements since that date, are set out below:

Composition of Board at 31 December 2017

Board Member	Occupation	Nominating body	Date appointed
Martin Sisk (Chairperson)	Solicitor and former regulator	Minister	21 December 2016
Deirdre Behan	Principal Officer, Revenue Commissioners	Revenue Commissioners	3 January 2012
Mary Burke*	Head of the Prudential Policy and Governance, Central Bank	Central Bank	14 October 2015
Marie Daly	Head of Legal and Regulatory Affairs, IBEC	IBEC	3 January 2006
David Devlin*	Accountant	PABs	30 May 2014
Etain Doyle*	Accountant	PABs	30 May 2014
Nicole Lappin	Barrister	Minister	13 September 2017
Aileen O'Donoghue	Director of Strategy, Policy and Communication, ISE	ISE	3 January 2014
Conor O'Mahony	Principal Officer, ODCE	Director of Corporate Enforcement	1 March 2012
Kevin Prendergast*	Chief Executive	<i>Ex-officio</i>	14 November 2016

* Denotes membership of a Prescribed Accountancy Body ('PAB')

Details of appointments and reappointments to the Board during the year

Director	Date appointed	Nominating body	Reason for vacancy	Term Expires
Nicole Lappin	13 September 2017	Minister	Expiration of warrant of appointment of Ms Muireann O'Neill on 31 August 2015	12 September 2020

Details of resignations from the Board during the year

Director	Occupation	Nominating body	Date of resignation
Michael Quinlan	Solicitor	Law Society	2 January 2017

The Board commenced a process of external evaluation of its own performance in early January 2018. A formal discussion took place at its meeting on 30 January 2018.

As set out on section 4.4.5 of the Annual Report, the Board has established a number of Committees to assist it in discharging its functions and responsibilities. All Committees have written terms of reference and report regularly to the Board. Details of Committees' mandates and memberships are set out in Table 4.4 of the Annual Report, below.

Board Committees – mandates and membership

Committee	Mandate	Membership at 31 December 2017
Section 933 committees	In accordance with section 933 of the 2014 Act from time to time IAASA establishes Preliminary Enquiry Committees ('PECs') and Enquiry Committees for the purpose of determining whether a PAB has complied with its approved investigation and disciplinary procedures.	Board members are nominated to PECs/ Enquiry Committees as and when the need arises.
Section 934 committees	In accordance with section 934 of the 2014 Act from time to time IAASA establishes Preliminary Investigation Committees ('PICs') and Investigation Committees for the purpose of determining whether there has been a possible breach of standards by a PAB member.	Board members are nominated to PICs/ Investigation Committees as and when the need arises.
Audit & Risk Committee	Monitoring the integrity of IAASA's financial statements, the effectiveness of IAASA's internal control and risk management systems and monitoring and reviewing the effectiveness of the internal and external audit processes.	Conor O'Mahony (Chairperson) Deirdre Behan (resigned 2 Jan 2018) David Devlin Nicole Lappin (Appointed 19 Dec 2017)

Whilst section 933 and 934 committees report to the Board on a regular basis, such reporting is concerned mainly with the progress of enquiries or investigations and other important issues relevant to the overall governance of IAASA (e.g. matters pertaining to litigation risk etc.). The Board does not receive reports regarding the subject matter of enquiries or investigations as committees operate independently of the Board and executive in discharging their mandates.

The Audit & Risk Committee comprises three non-executive directors and its terms of reference are set out in the Charter of the Audit & Risk Committee ('the Charter'), available on the Authority's website. The Charter sets out specific roles and responsibilities for the Audit & Risk Committee.

Schedule of Attendance, Fees and Expenses

A schedule of attendance at Board meetings is set out in section 4.4.3 of the Annual Report. Details of fees and expenses paid to members are disclosed in the Authority's Financial Statements, and have been provided to the Minister for Business, Enterprise & Innovation.

	Board	Audit & Risk Committee	S. 933 EC 1/2015	Fees (€)	Expenses (€)
	Meetings attended/meetings eligible to attend			(Note 1)	(Note 2)
Martin Sisk (Chairperson)	9/9			11,970.00	4,807.65
Kevin Prendergast (Chief Executive)	9/9	-	-	-	-
Deirdre Behan	9/9	4/4	-	-	83.63
Mary Burke	7/9		1/1	-	-
Marie Daly	9/9	-	-	7,695.00	-
David Devlin	8/9	4/4	-	7,695.00	-
Etain Doyle	8/9	-	-	7,695.00	-
Nicole Lappin	4/4	1/1	-	2,298.00	911.92
Aileen O'Donoghue	5/9	-	-	7,695.00	-
Conor O'Mahony	9/9	4/4	-	-	-

Note 1: Members who are public servants, including the Chief Executive, are not eligible to receive fees.

Note 2: Expenses paid to the Chief Executive, an *ex-officio* Director/Board member, are excluded from this table on the basis that they are incurred by him pursuant to his role as Chief Executive rather than as a Board member. In any event, any expenses paid to the Chief Executive are publicly disclosed in IAASA's financial statements.

Note 3: Section 933 Enquiry Committees:

- EC 1/2015 was established in November 2015 and dissolved in May 2017. Ms Mary Burke was the sole Board member appointed, together with two External Appointees.
- PEC 1/2017 was established on 30 May 2017, and dissolved on 11 July 2017 without formally meeting. Mrs Nicole Lappin was the sole Board member appointed, together with two External Appointees.
- PEC 2/2017 was established on 19 September 2017, and held its first meeting on 18 January 2018. Mrs Nicole Lappin was the sole Board member appointed, together with two External Appointees.

Key Personnel Changes

The responsibility for planning, directing and controlling the activities of IAASA rests exclusively with the Board of directors and the Chief Executive, who is also a director.

As set out in above, Mr Michael Quinlan resigned from the Board on 2 January 2017 of the expiration of his warrant of appointment. As the Law Society of Ireland is not a nominating body under the 2014 Act, he was not replaced. Mrs Nicole Lappin was appointed to the Board on 13 September 2017, filling a vacancy that had pertained since 2015.

Disclosures Required by Code of Practice for the Governance of State Bodies (2016)

The Board is responsible for ensuring that IAASA 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:

Employee Short-Term Benefits Breakdown

An analysis of total employee remuneration (including salaries and other benefits, but excluding holiday pay accruals and employer superannuation contributions) for those earning over €60,000 is set out in Note 14 of the Financial Statements.

Consultancy Costs

An analysis of consultancy expenditure is set out in Note 17 of the Financial Statements.

Legal Costs and Settlements

The Authority did not incur costs under this heading in 2017.

Travel and Subsistence Expenditure

An analysis of Travel and Subsistence expenditure is set out in Note 16 of the Financial Statements.

Hospitality Expenditure

As set out in Note 18 of the Financial Statements, 2017 expenditure on entertainment totalled €6,913 [2016: €357]. This includes expenditure incurred in hosting an EU conference in October 2017.

Statement of Compliance

IAASA 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 Authority has developed detailed internal procurement processes within specified limits, and save for the foregoing, strictly adheres to these processes and with relevant Government circulars in this regard. The Authority is also party to contracts negotiated centrally by the Office of Government Procurement related to items such as air travel, stationery and ICT consumables. In view of the scale of the Authority, a bespoke Corporate Procurement Plan as described in the Code was not developed in 2017. Such a Plan will be put in place in 2018.
- IAASA engaged its existing ICT service provider to carry out certain ICT works rather than seeking competitive tenders. Further details are set out in the Statement of Internal Control (Page 10).

Approved and authorised for issue by the Board of directors and signed on its behalf:

Martin Sisk
Chairperson

29 MAY 2018

Kevin Prendergast
Chief Executive

29 MAY 2018

Statement on Internal Control

Scope of Responsibility

On behalf of the Irish Auditing & Accounting Supervisory Authority ('IAASA'), I acknowledge the Board's 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 (2016).

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 authorised and properly recorded and that material errors or irregularities are either prevented or detected in a timely way.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform, has been in place in IAASA for the year ended 31 December 2017 and up to the date of approval of the financial statements except for the internal control issues outlined below.

Capacity to Handle Risk

IAASA has an Audit and Risk Committee (ARC) comprising three Board members, one of whom is the Chair. In accordance with Section 907(2A) of the Act, all Board members are knowledgeable in areas relevant to the conduct of statutory audit. The ARC met four times in 2017.

IAASA has also appointed CrowleysDFK as internal auditors for the period 2016-2018, who are adequately resourced to conduct a programme of work agreed with the ARC.

IAASA 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 IAASA'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

IAASA has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing IAASA and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the ARC on at each meeting. Moderate and significant risks are also reported to the Board, where Risk Management remains a standing agenda item. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and responsibility for operation of controls assigned to specific staff. I confirm that a control environment containing the following elements is in place:

- procedures for all key business processes have been documented;
- financial responsibilities have been assigned at management level with corresponding accountability;
- there is an appropriate budgeting system with an annual budget which is kept under review by senior management;
- there are systems aimed at ensuring the security of the information and communication technology systems; and
- there are systems in place to safeguard the assets.

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 management and the Board, where relevant, in a timely way. I confirm that the following ongoing monitoring systems are in place:

- 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;
- responsibility for financial management has been assigned to the Head of Finance, a professional accountant; and
- there are regular reviews by the Chief Executive and Board of periodic and annual performance and financial reports which indicate performance against budgets/forecasts.

Procurement

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

Review of Effectiveness

I confirm that IAASA has procedures to monitor the effectiveness of its risk management and control procedures. IAASA's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors, the Audit and Risk Committee which oversees their work, and the senior management within IAASA responsible for the development and maintenance of the internal financial control framework.

I confirm that the Board conducted an annual review of the effectiveness of the internal controls for 2017.

Internal Control Issues

Divergence from D/PER procurement requirements

The Authority acquired an additional floor *via* the Office of Public Works in 2016, and incremental ICT works were undertaken in 2017. IAASA considered the critical nature of ICT to the Authority, particularly in the context of its decentralised location and the requisite connectivity requirements of its on-site inspection teams, and the existing provider's detailing knowledge of the physical and technical infrastructure. In view of the foregoing, the ICT works required to extend the existing infrastructure were undertaken by the existing ICT service provider and competitive tenders were not sought. The total paid to the provider for all services, including the expansion works, the Authority's business-as-usual ICT support needs and third party licencing, was €68,719.

In view of the significant expansion to the Authority's scale since 2016, the Authority was granted sanction to recruit a dedicated ICT & Facilities Executive late in 2017, and this process is underway. Once in place, the Authority's ICT support needs will be reviewed and the nature of its external resource revised accordingly.

Signed on behalf of the Board:

Martin Sisk

Chairperson

29 MAY 2018

Directors' Responsibilities Statement

IAASA performs its functions and exercises its powers through a company limited by guarantee, designated for that purpose in accordance with the Act.

Company law requires the directors to prepare financial statements and the report of the directors for each financial year which give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date and of its surplus or deficit for that period and otherwise comply with the Act. In preparing those financial statements, which are prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the United Kingdom and Ireland*, the directors are required to:

- select suitable accounting policies in accordance with Irish generally accepted accounting practices and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with appropriate accounting standards, identify these standards, and note the effect and the reason for any material departure from those standards; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that IAASA will continue in operation.

The directors are responsible for ensuring that the

company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Act and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Section 927(1) of the Act further provides that IAASA '*... shall keep records of, and prepare all proper and usual accounts of -*

(a) *all income received by it, including records of the sources of that income,*

(b) *all expenditure incurred by it, and*

(c) *its assets and liabilities*'.

Approved and authorised for issue by the Board of directors on and signed on its behalf:

Martin Sisk
Chairperson

29 MAY 2018

Kevin Prendergast
Chief Executive

29 MAY 2018

Ardreachtair Cuntas agus Ciste
Comptroller and Auditor General:
Report for presentation to the Houses of the Oireachtas

Opinion on financial statements

I have audited the financial statements of the Irish Auditing and Accounting Supervisory Authority for the year ending 31 December 2017 as required under the provisions of section 927 of the Companies Act 2014. The financial statements comprise the statement of financial position, the statement of income and expenditure, the statement of changes in reserves and capital account, 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 Authority at 31 December 2017 and of its income and expenditure for 2017
- 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 Authority 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

As described in the appendix to this report, I conclude on

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

I have nothing to report in that regard.

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 report of the directors is consistent with the financial statements, and
- the report of the directors 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 accounting records of the Authority were sufficient to permit the financial statements to be 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 directors' 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 directors have presented certain other information with the financial statements. This comprises the annual report including the report of the directors, the director's responsibility statement and the statement on internal control. 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.

Patricia Sheehan

For and on behalf of the Comptroller and Auditor General

15 JUNE 2018

Appendix to the report

Responsibilities of the Directors

The director's responsibilities statement sets out the directors' responsibilities. The directors 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 FRS102
- 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 927 of the Companies Act 2014 to audit the financial statements of the Authority 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 Authority'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 company 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 there are 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 there is 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.

Statement of Financial Position as at 31 December 2017

	Note	2017 €	2016 €
Non-current assets			
Property, Plant & Equipment	4	122,073	108,066
Deferred Finance Lease Costs		268	199
		<u>122,341</u>	<u>108,265</u>
Current Assets			
Inventory		2,910	2,296
Receivables	5	140,040	764,789
Deferred Finance Lease Costs		1,560	440
Rent Incentive		-	12,264
Cash & Cash Equivalents	6	2,453,161	955,229
		<u>2,597,671</u>	<u>1,735,018</u>
Creditors: Amounts falling due within 1 year			
Payables	7	179,788	272,049
Deferred Rent Incentive	8	6,710	-
Finance lease obligations	9	4,306	2,242
Excess PAB Levy Income	10	804,767	363,961
Excess PIE Audit Firm Levy Income	10	769,525	449,539
Excess Departmental Grant Income	10	403,970	189,455
		<u>2,169,066</u>	<u>1,277,246</u>
Net Current Assets		428,605	457,772
Amounts falling due after 1 year			
Deferred Rent Incentive	8	45,601	52,311
Finance lease obligations		8,903	3,926
		<u>54,504</u>	<u>56,237</u>
Net Assets before Retirement Benefits		<u>496,442</u>	<u>509,800</u>
Retirement Benefits			
Retirement Benefit Liability	11	(3,328,000)	(2,665,000)
Deferred Exchequer Retirement Benefit Funding	11	3,328,000	2,665,000
Net Assets after Retirement Benefits		<u>496,442</u>	<u>509,800</u>
Reserves			
Income reserve		-	-
Capital Account	12	122,073	108,066
Reserve Fund		374,369	401,734
Members' Funds		<u>496,442</u>	<u>509,800</u>

Approved and authorised for issue by the Board of Directors and signed on its behalf:

Martin Sisk
Chairperson

29 MAY 2018

Kevin Prendergast
Chief Executive

29 MAY 2018

Statement of Income and Expenditure for the year ended 31 December 2017

	Note	2017 €	2016 €
Revenue	13	3,127,746	2,625,259
Administrative Expenses			
Staff Costs	14	2,157,878	1,732,999
Directors' Fees	15	45,048	41,091
Accommodation		230,500	277,337
Travel & Subsistence	16	107,644	76,754
Legal and Professional Services	17	307,667	224,242
Office Expenditure	18	90,597	55,925
Information Technology		21,493	89,067
Professional Development		95,893	55,587
Insurance		27,034	25,438
Auditor's Remuneration	19	13,000	12,000
Depreciation		44,395	26,585
Total Administrative Expenses		3,141,149	2,617,025
(Deficit)/Surplus of Income over Admin Expenses before Finance Costs		(13,403)	8,234
Finance costs		879	653
(Deficit)/Surplus of Income over Admin Expenses after Finance Costs		(14,282)	7,581
Finance Income	20	924	1,546
(Deficit)/Surplus for the year		(13,358)	9,127
Other comprehensive income			
Experience (losses)/gains on pension scheme liabilities		(83,000)	(23,000)
Changes in assumptions		(204,000)	(568,000)
Adjustment to deferred Exchequer pension funding		287,000	591,000
Total recognised (deficit)/surplus for the year		(13,358)	9,127

Martin Sisk
Chairperson

29 MAY 2018

Kevin Prendergast
Chief Executive

29 MAY 2018

Statement of Changes in Reserves and Capital Account for the year ended 31 December 2017

	Income Reserve €	Capital Account €	Reserve Fund €	NET ASSETS €
Balance - 1 January 2016	-	108,365	392,308	500,673
Surplus for the year	9,127	-	-	9,127
Transfer from Income & Expenditure Account:	-	-	-	-
Income applied to capitalised asset acquisitions	(106,899)	106,899	-	-
Less: Amortisation applied in line with asset depreciation	26,585	(26,585)	-	-
Add: reallocation of previously capitalised expenditure	80,613	(80,613)	-	-
Income receivable on reserve fund monies	(1,068)	-	1,068	-
Amounts receivable in respect of fines (S. 933, 2014 Act)	(30,000)	-	30,000	-
Amounts payable from reserve fund (S. 933, 2014 Act)	21,642	-	(21,642)	-
Actuarial (loss) on pension liabilities	(591,000)	-	-	(591,000)
Adjustments to deferred Exchequer pension funding	591,000	-	-	591,000
Balance - 31 December 2016 / 1 January 2017	-	108,066	401,734	509,800
Deficit for the year	(13,358)	-	-	(13,358)
Transfer from Income & Expenditure Account:	-	-	-	-
Income applied to capitalised asset acquisitions	(58,402)	58,402	-	-
Less: Amortisation applied in line with asset depreciation	44,395	(44,395)	-	-
Income receivable on reserve fund monies	(817)	-	817	-
Amounts payable from reserve fund (S. 933, 2014 Act)	28,182	-	(28,182)	-
Actuarial (loss) on pension liabilities	(663,000)	-	-	(663,000)
Adjustments to deferred Exchequer pension funding	663,000	-	-	663,000
Balance - 31 December 2017	-	122,073	374,369	496,442

Approved and authorised for issue by the Board of Directors and signed on its behalf:

Martin Sisk
Chairperson

29 MAY 2018

Kevin Prendergast
Chief Executive

29 MAY 2018

Statement of Cash Flows for the year ended 31 December 2017

	Note	2017 €	2016 €
Net Cash Inflow from Operating Activities	21	1,555,573	125,504
Cash flows from financing activities			
Interest Received		761	1,700
Cash flows from investing activities			
Payments to Acquire Tangible Fixed Assets		(58,402)	(106,899)
Increase in Cash & Cash Equivalents in Year		1,497,932	20,305
Reconciliation of Net Cash Flow to Movements in Net Funds			
Increase in Net Funds in Year	22	1,497,932	20,305
Net Funds at 1 January		955,229	934,924
Net Funds at 31 December		2,453,161	955,229

Approved and authorised for issue by the Board of Directors and signed on its behalf:

 Martin Sisk
Chairperson

29 MAY 2018

 Kevin Prendergast
Chief Executive

29 MAY 2018

Notes to Financial Statements

1 Basis of Preparation

These financial statements have been prepared under the historic cost convention in accordance with applicable legislation and with FRS 102 *The Financial Reporting Standard applicable in the United Kingdom and Ireland* issued by Financial Reporting Council in the UK for use in Ireland.

As the company does not trade for the acquisition of gain by its members, the directors have determined that a Statement of Income & Expenditure disclosing the surplus or shortfall for the year rather than a Profit & Loss account is appropriate as provided for in Section 291(5) of the Act. Similarly, the Statement of Financial Position provides all information that would otherwise be disclosed in the Balance Sheet.

In accordance with FRS 102, these Financial Statements comprise the Statement of Financial Position, Statement of Income & Expenditure, Statement of Changes in Reserves & Capital Account, Statement of Cash Flows, and Notes to the Financial Statements.

2 Accounting policies applied

2.1 Non-current Assets - depreciation

Non-current assets are stated in the Statement of Financial Position at cost less accumulated depreciation. Depreciation is charged to the Statement of Income & Expenditure on a straight line basis, with the charge being calculated over assets' expected useful lives.

2.2 Non-current Assets purchased prior to establishment

Non-current assets owned and controlled by IAASA have been recorded by the Authority at cost. In addition to these assets, and as detailed in Note 4, IAASA has the use of certain assets which were purchased by the Department of Business, Enterprise & Innovation ('the Department') prior to the Authority's establishment. Section 2 of FRS 102 defines an asset as "a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity". These assets remain the property of the Department. Their return may be sought at any time. In the event of their sale, or the dissolution of the Authority, the asset/proceeds remain the property of the Department. In light of the foregoing, the Directors are satisfied that these assets are not assets of the Authority, and are properly omitted from the Authority's Statement of Financial Position.

2.3 Inventory

Stocks on hand at period end represent stocks of information technology consumables and office consumables and are stated at the lower of cost and net realisable value.

2.4 Revenue Recognition

IAASA receives income from a number of sources to meet expenditure incurred in the conduct of its functions. In general terms, any amounts received which are in excess or fall short of the expenditure incurred are recognised as a creditor or debtor respectively. Section 921(1) of the Act provides that excess amounts reduce the amount payable for the following financial period. The basis of the funding and the accounting policy in relation to income recognition are set out below.

Class of income	Source of Income	Recognition policy
Income from third country audit registration	Third country audit firm seeking registration	Recognised when registered. Registration fees in excess of €40,000 must be returned to the Department.
Liquidator registration	Liquidator seeking registration	Recognised when registered
Reserve Fund - to be used in performance of its functions under S933 of the Act	Exchequer and Prescribed Accountancy Bodies ('PABs') in a 40:60 ratio.	Recognised on date of approval by the Minister for Business, Enterprise & Innovation ('the Minister').
	Fines imposed by the Authority on foot of statutory enquiries/ investigations pursuant to sections 933, 934 and 935 of the Act.	Recognised on date of High Court approval
Inspection of the quality of audits of Public Interest Entities (PIEs)	PIE Audit firms	Recognised in line with expenditure incurred in the performance of the function in the financial period. Amounts received in excess of that are recognised as a creditor.
Adoption of Auditing Standards for use in Ireland	Recognised Accountancy Bodies (i.e., PABs which are permitted to authorise their members and/or member firms to perform statutory audits)	Amounts received in excess of that are recognised as a creditor
Transparency Directive	Exchequer funds 100% of IAASA's costs in relation to its functions under the Transparency Directive Regulations	Amounts received in excess of that are recognised as a creditor
Exchequer Income	Exchequer funds 40% of IAASA's net expenditure in the financial period not funded from the other sources list above.	Recognised in line with expenditure incurred in financial period
Prescribed Accountancy Bodies	PABs fund 60% of IAASA's net expenditure in the financial period not funded from the other sources list above.	Recognised in line with expenditure incurred in financial period

2.5 Key management personnel

The responsibility for planning, directing and controlling the activities of IAASA rests exclusively with the Board of directors and the Chief Executive, who is also a director.

2.6 Single Public Sector Pension Scheme

IAASA 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.

3 Critical accounting judgements and estimates

3.1 Retirement Benefits

The position regarding IAASA's superannuation schemes is as set out in Note 11. Section 28.10(a) of FRS 102 defines Defined Contribution schemes as "post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and has no legal or constructive obligation to pay further contributions or to make direct benefit payments to employees if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Thus, the amount of the post-employment benefits received by the employee is determined by the amount of contributions paid by an entity (and perhaps also the employee) to a post-employment benefit plan or to an insurer, together with investment returns arising from the contributions". All other schemes are to be treated as Defined Benefit schemes.

In substance, the directors consider that the obligation to pay retirement benefits remains with IAASA, but that the Exchequer has committed to providing IAASA with sufficient funds to settle any such obligations on IAASA's behalf as they fall due, provided IAASA pays over employees' and the employer's contributions at rates specified by the Minister for Public Expenditure & Reform. Notwithstanding that the Exchequer has confirmed that it will bear all liabilities arising to IAASA employees (and their spouses, civil partners and children) in return for a fixed contribution, the directors remain of the view that the contractual obligation remains between the Authority and its employees. Consequently, the directors continue to account for the schemes as Defined Benefit schemes. Accordingly, the financial statements recognise both a Retirement Benefit Obligation and a Deferred Exchequer Retirement Benefit Funding receivable.

4. Non-current assets

	Office refurbishment	IT Equipment	Office Equipment	Furniture & Fittings	Total
Rate of Depreciation	0.00%	33.33%	20%	12.5%	
Cost	€	€	€	€	€
At 1 January 2017	-	65,955	32,340	84,912	183,207
Additions	-	47,421	8,398	2,583	58,402
Disposals	-	-	-	-	-
At 31 December 2017	-	113,376	40,738	87,495	241,609
Accumulated Depreciation					
At 1 January 2017	-	41,808	14,106	19,227	75,141
Charge for year	-	30,312	4,785	9,298	44,395
Disposals	-	-	-	-	-
At 31 December 2017	-	72,120	18,891	28,525	119,536
NET BOOK VALUE					
At 1 January 2017	-	24,147	18,234	65,685	108,066
At 31 December 2017	-	41,256	21,847	58,970	122,073

Further to a commitment given to the PABs by the Minister with the consent of the Minister for Public Expenditure & Reform prior to IAASA's incorporation, the Exchequer funded IAASA's establishment costs in full. This expenditure was incurred by the Department. As a consequence, in addition to non-current assets acquired by IAASA subsequent to its incorporation, and to which IAASA has legal title, IAASA also has the use of certain assets that were acquired by the Department 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:

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

The notional Net Book Value of these assets at the reporting date, had they been capitalised and depreciated in accordance with IAASA policies, would be nil [2016: nil]. The bulk of the IT assets have, with the Department's permission, been disposed of.

4.1 Non-current assets 2016

	Office refurbishment	IT Equipment	Office Equipment	Furniture & Fittings	Total
Rate of Depreciation	0.00%	33.33%	20%	12.5%	
Cost	€	€	€	€	€
At 1 January 2016	80,613	37,119	17,529	21,660	156,921
Additions	-	28,836	14,811	63,252	106,899
Disposals	-	-	-	-	-
Impairments (see note 2.2)	(80,613)	-	-	-	(80,613)
At 31 December 2016	-	65,955	32,340	84,912	183,207
Accumulated Depreciation					
At 1 January 2016	-	27,303	11,001	10,252	48,556
Charge for year	-	14,505	3,105	8,975	26,585
Disposals	-	-	-	-	-
At 31 December 2016	-	41,808	14,106	19,227	75,141
NET BOOK VALUE					
At 1 January 2016	80,613	9,816	6,528	11,408	108,365
At 31 December 2016	-	24,147	18,234	65,685	108,066

5 Receivables

	2017 €	2016 €
PIE Audit Firm Debtors	9,505	740,984
PAB Debtors	26,253	-
Other	104,282	23,805
	140,040	764,789

6 Cash and cash equivalents

	2017 €	2016 €
Bank - notice deposit (Reserve)	400,949	390,106
Bank - notice deposit (Non-Reserve)	1,221,941	521,874
Bank - current	830,227	43,205
Cash on Hand	44	44
Total cash & cash equivalents	2,453,161	955,229

€374,369 [2016: €401,734] of the funds held in the Authority's bank accounts at 31 December 2017 relate to the Reserve Fund and can only be used for the purposes as set out in Note 2.4.

7 Payables

	2017 €	2016 €
Pay and Pay-Related	49,599	32,951
Office of the Revenue Commissioners	13,288	6,577
Legal and Professional Services	63,764	10,536
Other	53,137	221,985
	179,788	272,049

8 Lease of Accommodation, Deferred Rent Incentive

Rents due under leases are paid to the lessor by the Office of Public Works ('OPW') and are recouped by the OPW from IAASA on a quarterly basis by agreement. Rents are charged to the Statement of Income & Expenditure in the year to which they relate.

Under the lease agreement concluded in 2005 in respect of the second floor, Willow House, Millennium Park, Naas, IAASA benefited from a rent free period at the commencement of this lease. The value of the incentive 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 Statement of Income & Expenditure over the period of the lease.

Under the lease agreement concluded in 2016 in respect of the first floor, Willow House, IAASA benefited from a further six month rent free period from the commencement of this lease to 14 March 2017. The value of the incentive will be spread across the life of the lease, i.e., to 14 September 2025. This treatment has resulted in a charge of €40,630 in the financial statements and a corresponding deferred rent incentive, which will be released to the Statement of Income & Expenditure over the period of the lease.

The value of these incentives at 31 December to be released to the Statement of Income & Expenditure:

	2017		2016	
	First Floor €	Second Floor €	First Floor €	Second Floor €
- within one year	5,258	1,452	(13,716)	1,452
- in two to five years	26,290	5,808	21,030	5,810
- in more than five years	9,083	4,420	19,597	5,874
	40,631	11,680	26,911	13,136

9 Finance Costs

IAASA acquired office equipment in August 2015 by way of finance lease. The period of the lease is 63 months, and total payments of €11,776 will be made in this period. At the end of the lease period, ownership of assets (with a cash value of €9,193 in August 2015) will pass to IAASA.

IAASA acquired further office equipment in July 2017 by way of finance lease. The period of the lease is 60 months, and total payments of €10,317 will be made in this period. At the end of the lease period, ownership of assets (with a cash value of €8,250 in July 2017) will pass to IAASA.

The value of the financial obligation accruing to IAASA as at 31 December:

	2017 €	2016 €
- within one year	4,306	2,242
- in two to five years	8,903	3,926
- in more than five years	-	-
	13,209	6,168

10 Exchequer Grant Debtor/PAB Levy Carry Forward

As outlined in Note 2, income is received from a number of sources. The amounts recognised together with year end balances are set out below.

10.1 Calculation of Net Expenditure

	2017 €	2016 €
Gross Expenditure per Statement of Income & Expenditure Adjust for:		
Unamortised amount of income used for capital acquisitions	3,141,149	2,617,025
Finance costs	14,007	(299)
Expenditure related to the Reserve Fund (Note 2.4)	879	653
	<u>(28,182)</u>	<u>(21,642)</u>
	3,127,853	2,595,737
Less:		
Non-reserve fund interest receivable	107	478
Liquidator registration	50,000	3,500
Income from third country audit entity registration	36,000	41,000
Net Expenditure for the year	<u>3,041,746</u>	<u>2,550,759</u>
Net expenditure attributable to the Exchequer		
i. Transparency Directive (100%) (Note 2.4)	391,459	239,339
ii. Audit Inspections Unit (100%) (Note 2.4)	-	341,228
iii. Excess income from Third Country Audit Entities (Note 2.4)	-	(1,000)
iv. Obligations under the Act (40% of balance)	<u>643,583</u>	1,035,042
662,692		
Net expenditure attributable to the PABs		
i. Audit Standards Adoption (100%) (Note 2.4)	105,855	-
ii. Obligations under the Act (60% of balance)	<u>965,374</u>	994,039
Net expenditure attributable to the PIE Audit Firms	935,475	314,461
	<u>3,041,746</u>	<u>2,550,759</u>

10.2 Calculation of Grant Debtor / Levy Carry Forward

	Exchequer €	PABs €	PIE Audit Firms €	Other €	Total €
Opening balance 1 January 2017	(189,455)	(363,961)	(449,539)	-	(1,002,955)
Income for specified purposes					
Liquidator registration				50,000	50,000
Third country auditor registration				36,000	36,000
Adoption of audit standards		105,855			105,855
Inspection of PIEs			935,475		935,475
Transparency Directive	391,459				391,459
Net expenditure	643,583	965,374			1,608,957
Income recognised in I&E (Note 13)	1,035,042	1,071,229	935,475	86,000	3,127,746
Amounts receivable	(1,249,557)	(1,512,035)	(1,255,461)	(86,000)	(4,103,053)
Movement 2017	(214,515)	(440,806)	(319,986)	-	(975,307)
Balance carried forward					
31 December 2017	(403,970)	(804,767)	(769,525)	-	(1,978,262)

11 Retirement Benefits

11.1 Overview

Section 926(1) of the Act provides that IAASA may only establish a superannuation scheme with the approval of the Minister, given with the consent of the Minister for Public Expenditure & Reform ('the Ministers'). IAASA prepared and submitted proposals to the Ministers in respect of employees and employees' spouses, civil partners & children (based upon the civil service defined benefit 'Model Schemes'). The schemes, which were submitted pursuant to the corresponding provision of the 2003 Act, were approved by the Ministers on 29 November 2010 and 5 December 2012 respectively. The schemes are based on the civil service 'model' schemes as described on the www.cspensions.gov.ie website.

In summary, the arrangements are:

- i. IAASA employees' scheme contributions are paid to the Department;
- ii. IAASA pays an employer contribution to the Department, the rate of which is set by the Minister for Public Expenditure & Reform. The rate is currently 25% [2016: 25%]; and
- iii. in return for the payment to it of the employees' and employer's contributions, the Department has committed that any benefits due to IAASA employees, and/or their spouses, civil partners and children will be met in full by the Exchequer as they fall due.

Scheme liabilities represented by the present value of future payments earned by IAASA staff to date are measured on an actuarial basis using the projected unit method. Pension costs reflect benefits earned by IAASA staff in the period and are shown net of employee pension contributions, which are retained by the Department. The amount to be included in the financial statements for the Deferred Exchequer Retirement Benefit Funding amount is estimated at an amount equal to the estimate of the obligation for the pension scheme liabilities.

Actuarial gains or losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the Statement of Income & Expenditure for the year in which they occur and a corresponding adjustment is recognised to the balance for Deferred Exchequer Retirement Benefit Funding.

Employer contributions, which are charged at a rate imposed by the Minister for Public Expenditure & Reform and retained by the Exchequer, are charged or credited to the Statement of Income & Expenditure to the extent that they exceed or fall short of pension costs respectively as described above.

11.2 Actuarial valuation

IAASA has 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 was based on the Projected Unit method, is premised on the following assumptions:

	At 31-12-2017	At 31-12-2016
Rate of increase in salaries	2.75%	2.50%
Rate of increase in pensions in payment	2.25%	2.00%
Discount rate	1.80%	1.75%
Inflation assumption	1.75%	1.50%
Life expectancy at age 70:		
Current pensioners - male	17.9 years	17.9 years
Current pensioners - female	20.2 years	20.2 years
Future pensioners - male	18.4 years	18.4 years
Future pensioners - female	20.8 years	20.8 years

Based on the above, the present value of liabilities at the balance sheet date is €3,328,000 [2016: €2,665,000], and the service cost (calculated on the foregoing assumptions) for the year is €335,000 [2016: €240,000]. Certain of IAASA's staff, who have accumulated service elsewhere in the public service, have not to date exercised the option to transfer said service to IAASA.

11.3 Analysis of total pension costs charged to Statement of Income & Expenditure

	2017 €	2016 €
Total employer contribution	372,423	319,720
*Current service cost	335,000	240,000
Interest cost	47,000	41,000
Adjustment to deferred Exchequer pension funding	(382,000)	(281,000)
Total charged to Statement of Income & Expenditure	372,423	319,720

*Employee contributions totalling €80,467 [2016: €68,057] have been included in the calculation of the current service cost.

11.4 Movement in net pension liability

	2017 €	2016 €
Net Pension Liability at 1 January	2,665,000	1,822,000
Current Service Cost	335,000	240,000
Interest Cost	47,000	41,000
Experience (gains) on scheme liabilities	83,000	23,000
Changes in assumptions	204,000	568,000
Pensions paid in the year (rounded)	(6,000)	(29,000)
Net Pension Liability at 31 December	3,328,000	2,665,000

11.5 History of scheme liabilities and experience (gains)/losses

	2017 €	2016 €	2015 €	2014 €	2013 €
Scheme liability	3,328,000	2,665,000	1,822,000	1,743,000	1,055,000
Experience (gains) on scheme liabilities	83,000	23,000	(44,000)	(13,000)	(96,000)
Changes in assumptions	204,000	568,000	(155,000)	499,000	(93,000)

12 Capital Account

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

13 Revenue

13.1 Approved Programme of Expenditure

IAASA's Programme of Expenditure for the year, as approved by the Minister under section 911(1) of the Act, was €5,622,000 [2016: €4,428,000] as laid out below. This includes Exchequer funding (via the Department's Vote 32, Subhead C12) to a maximum of €790,000 [2016: €763,000] made available during the year in respect of IAASA's functions under the Transparency Directive; and funding of up to €nil [2016: €1,402,000] approved in relation to the establishment of an Audit Quality Unit. The Audit Quality Unit was funded by the Exchequer to 16 June 2016, and by the PIE Audit Firms thereafter.

	Exchequer €	PABs €	PIE Audit Firms €	Total €
Recurrent Expenditure	1,251,000	1,876,000	-	3,127,000
Approved allocation in respect of audit investigation activities	-	-	1,705,000	1,705,000
Approved allocation in respect of Transparency Directive	790,000	-	-	790,000
Total	2,041,000	1,876,000	1,705,000	5,622,000

13.2 Analysis of Income

	2017 €	2016 €
<i>Recurrent Income under the Act</i>		
Exchequer Grant Income: Vote 32, Subhead C12	643,583	661,692
PABs' Levies	965,374	994,039
<i>Reserve Fund Income</i>		
Amounts receivable in respect of fines (Section 933)	-	30,000
<i>Income in respect of Transparency Directive Activity</i>		
Exchequer Grant Income: Vote 32, Subhead C12	391,459	239,339
<i>Income in respect of Audit Quality Unit</i>		
Exchequer Grant Income: Vote 32, Subhead C12	-	341,228
RABs' Levies	105,855	-
PIE Audit Firms	935,475	314,461
<i>Income in respect of Liquidator Registration</i>		
Application fees received from liquidators	50,000	3,500
<i>Income in respect of Third Country Audit Entity Registration</i>		
Registration fees received from Third Country Audit Entities	36,000	41,000
	3,127,746	2,625,259

14 Staff Costs

	2017 €	2016 €
Salaries	1,621,970	1,283,753
Employer PRSI Contributions	163,485	129,526
Employer Retirement Benefit Contributions	372,423	319,720
	2,157,878	1,732,999

The estimated 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 €116,331 [2016: €85,761].

The average number of employees during the year was 22 [2016: 19]. IAASA's complement of full time staff at 31 December 2017 was 24 [2016: 20].

IAASA employees are paid on the basis of salary scales analogous with civil service grades. These salaries represent total pay and IAASA does not pay overtime or similar allowances.

In accordance with Department of Public Expenditure & Reform requirements, an analysis of total employee remuneration (including salaries and other benefits, but excluding holiday pay accruals and employer superannuation contributions) for those earning over €60,000 is set out below:

	2017	2016
€60,000 to €69,999	-	3
€70,000 to €79,999	5	6
€80,000 to €89,999	7	3
€90,000 to €99,999	3	1
€100,000 to €109,999	-	1
€110,000 to €119,999	-	-
€120,000 to €129,999	1	1
	16	15

15 Board fees and expenses

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

	2017 €	2016 €
Professor Brendan Walsh	-	4,523
Martin Sisk	11,970	328
Marie Daly	7,695	7,695
David Devlin	7,695	5,460
Etain Doyle	7,695	7,695
Nicole Lappin	2,298	-
Aileen O'Donoghue	7,695	7,695
Michael Quinlan	-	7,695
	45,048	41,091

In addition, a total of €7,594 [2016: €nil] was incurred by Board members during the year in furtherance of their duties. These amounts include both expenses paid directly to Board members and those incurred by IAASA on their behalf. Expenses paid to or incurred on behalf of the Chief Executive, who is also a Board member, totalled €22,266 [2016: €18,200], as detailed in Note 25.

16 Travel & Subsistence

	2017 €	2016 €
National	39,477	19,673
International	68,167	57,081
	107,644	76,754

These amounts include travel and subsistence paid to Board members. The total paid to board members for national travel and subsistence in 2017 is €5,803 [2016: Nil] and International travel and subsistence in 2017 is Nil [2016: Nil]

17 Consultancy, Legal and Professional Services

	2017 €	2016 €
<i>Consultancy</i>		
Legal Advice - General	57,536	23,015
- Audit Reform	5,055	
- Registration of Liquidators	15,044	
- Committees of Enquiry - Section 933	14,087	
PR Services	-	14,760
Recruitment Services	66,666	33,733
Audit Reform	14,500	38,956
Registration of Liquidators	9,567	46,854
	182,455	157,318
<i>Professional Services</i>		
Financial Statement Review (Transparency Directive)	89,355	32,294
Committees of Enquiry - Section 933	14,095	21,642
Internal Audit & Actuarial Services	12,177	12,748
Other	9,585	240
	125,212	66,924
Total	307,667	224,242

18 Office Expenditure - Entertainment/hospitality

Total expenditure on entertainment/hospitality of €6,913 [2016: €357] is included in the Statement of Income & Expenditure as Office Expenditure. Entertainment/hospitality expenditure in 2017 includes expenditure incurred in hosting an EU conference in October 2017.

19 Auditor's remuneration

	2017 €	2016 €
Audit of company financial statements	13,000	12,000

The Office of the Comptroller & Auditor General does not provide non-audit services to IAASA and no services other than statutory audit services were provided by the Comptroller & Auditor General during the year.

20 Finance income - analysis of interest receivable

	Notice deposit Reserve	Notice deposit Non-Reserve €	TOTAL €	2016 €
Gross interest receivable	1,385	181	1,566	2,620
DIRT	(568)	(74)	(642)	(1,074)
Net interest receivable	817	107	924	1,546

21 Reconciliation of Surplus for the year to Net Cash from Operating Activities

	2017 €	2016 €
(Deficit)/Surplus for the year	(13,358)	9,127
Non Operating Items:		
Add: reallocation of fixed assets to expenditure	-	80,613
Less: Finance income	(761)	(1,700)
Add:	(14,119)	88,040
(Decrease)/Increase in Payables	(92,261)	46,128
Increase in Excess PABs Levy Income	440,806	87,497
Increase in Excess Departmental Grant Income	214,515	154,075
Increase in Excess PIE Levy Income	319,986	449,539
Decrease/(Increase) in Receivables	624,749	(750,082)
(Increase) in Inventory	(614)	(151)
(Increase)/Decrease in Deferred Finance Lease Costs	(1,189)	653
Increase/(Decrease) in Finance Lease Obligations	7,041	(2,243)
Increase in Deferred Rent Incentive	12,264	25,463
Depreciation	44,395	26,585
	1,569,692	37,464
Net Cash Inflow from Operating Activities	1,555,573	125,504

22 Analysis of changes in net funds

	Cash at Bank & on Hand €	Cash on Fixed Term Deposit (Non-Reserve) €	Cash on Fixed Term Deposit (Reserve) €	TOTAL €
Balance at 1 January 2017	43,249	521,874	390,106	955,229
Cash flow for year	787,022	700,067	10,843	1,497,932
Balance at 31 December 2017	830,271	1,221,941	400,949	2,453,161

23 Taxation

IAASA is a non-commercial state-sponsored body for tax purposes and, accordingly, income and capital gains arising, if any, are not liable to income tax or capital gains tax respectively. IAASA is not, however, exempt from Deposit Interest Retention Tax ('DIRT').

24 Financial Commitments

24.1 Capital Commitments

There are no capital commitments as at 31 December 2017.

24.2 Rental commitments

IAASA's premises are leased on behalf of the State by the OPW. IAASA in turn rents the premises from the OPW, but has provided no undertakings in this regard. Given that IAASA is not a party to the lease, it 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 €195,646 [2016: €154,237]

25 Chief Executive's salary and expenses

Ms Helen Hall was employed as Chief Executive until 14 January 2016. Mr Michael Kavanagh served as interim Chief Executive until 13 November 2016, and Mr Kevin Prendergast was appointed as Chief Executive from 14 November 2016. Their respective remunerations are detailed below.

These amounts are approved by the Minister with the consent of the Minister for Public Expenditure & Reform. The Chief Executive was not entitled to receive a Board fee, and the Performance Related Bonus Scheme was not in operation in 2017. Ms Hall was and Mr Kavanagh is a member of IAASA's Employee and Spouses, Civil Partners & Children's superannuation schemes (as detailed in Note 11), and the relevant employer contribution in this regard is also detailed below. Mr Prendergast remains a member of the Civil Service Pension Scheme. The foregoing represents the Chief Executives' total remuneration package for the period.

	2017		2016	
	K Prendergast €	H Hall €	M Kavanagh €	K Prendergast €
Gross salary	132,147	8,802	97,164	18,499
Superannuation	-	2,201	24,291	-
	132,147	11,003	121,455	18,499

The Chief Executive is an *ex-officio* director of the company. Expenses incurred directly by the Chief Executive in the performance of his/her duties and/or by IAASA on behalf of the Chief Executive are disclosed hereunder.

	2017		2016	
	K Prendergast €	H Hall €	M Kavanagh €	K Prendergast €
Professional memberships (<i>subject to BIK where applicable</i>)	1,465	1,465	-	-
Travel & Subsistence, incl. air fares	14,648	246	10,400	2,282
Mobile phone costs	581	102	570	40
Internet Services	275	-	250	50
Training	5,000	-	-	-
Incidentals	297	70	2,709	16
	22,266	1,883	13,929	2,388

26 Related Party Transactions

26.1 Directors

Details of all payments made to IAASA non-executive directors and the Chief Executive are set out in Notes 15 and 25 respectively. There were no other transactions with directors during the year [2016: nil], and no balances outstanding at the reporting date [balance at 31 December 2016: nil].

26.2 Key management personnel

The responsibility for planning, directing and controlling the activities of IAASA rests exclusively with the Board of directors and the Chief Executive, who is also a director. As alluded to above, all payments made to these key management personnel are set out in Notes 15 and 25 respectively.

26.3 Other related parties

There were no other related party transactions during 2017 or 2016 and there were no amounts outstanding at either year end.

27 Board Members – Disclosure of Transactions

In accordance with the Code of Practice for the Governance of State Bodies, IAASA has in place a Code of Business Conduct for Board members. The Code of Business Conduct includes 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. During the year under review, there were no financial transactions with directors other than the payment of Board fees and expenses detailed in Note 15. There were no occasions whereby a Board Member disclosed a financial interest during 2017.

28 Approval of the Financial Statements

The Financial Statements were approved and authorised for issue by the Board of Directors on 29 May 2018