

The background is a solid dark blue color. It features several large, overlapping, curved shapes in various shades of blue, ranging from a very dark navy to a bright cyan. These shapes create a sense of movement and depth, with some appearing as if they are layered on top of others. The overall effect is modern and dynamic.

2018

Financial & Related Statements

Report of the Directors

Introduction

The directors are pleased to submit to the thirteenth Annual General Meeting of the Irish Auditing and Accounting Supervisory Authority ('IAASA') the financial statements for the year ended 31 December 2018, together with the Report of the Directors, which has been prepared pursuant to the provisions of section 325 of the Companies Act 2014 ('the 2014 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) oversight of the Recognised Accountancy Bodies' functions in respect of statutory auditors and supervision of the regulatory functions of the Prescribed Accountancy Bodies;
- (c) adoption of standards on auditing, professional ethics and internal quality control; and
- (d) the inspection and promotion of improvements in the quality of auditing of Public Interest Entities.

IAASA is also responsible for the registration of certain classes of liquidators, and 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 43 to 65.

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 2014 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 2014 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 2014 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 2014 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 decision;
- 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 2018 at its meeting on 19 September 2017. Financial information including management accounts detailing actual and budgeted expenditure were considered by the Board at each meeting in 2018. 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.

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 2018.

Board Responsibilities

IAASA is governed by a Board of nine directors, eight of whom are non-executive and appointed by the Minister having been nominated by entities specified in the 2014 Act. The remaining director is the Chief Executive, who is appointed by the Board. The 2014 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 2018, and movements since that date, are set out below:

Composition of Board at 31 December 2018

Board member	Occupation	Nominating body	Date appointed
Martin Sisk (Chairperson)	Solicitor and former regulator	Minister	21 December 2016
Mary Burke*	Head of the Prudential Policy and Governance, Central Bank	Central Bank	14 October 2015
Caitríona Crowley	Principal Officer, Office of the Revenue Commissioners	Revenue Commissioners	3 January 2018
David Devlin*	Accountant	PABs	30 May 2014
Etain Doyle*	Accountant	PABs	30 May 2014
Nicole Lappin	Barrister	Minister	13 September 2017
Aileen O'Donoghue	Company director	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
Caitríona Crowley	3 January 2018	Revenue Commissioners	Expiration of warrant of appointment of Ms Deirdre Behan on 2 January 2018	2 January 2021

2018: Financial & Related Statements

The following were not directors at the reporting date, having ceased to hold office during the year or since 1 January 2019:

Member	Nominating body	Commencement of term of office	Cessation of term of office
Ms. Deirdre Behan	Revenue Commissioners	3 January 2012	2 January 2018
Ms. Marie Daly	IBEC	3 January 2006	2 January 2018
Ms. Aileen O'Donoghue	ISE	3 January 2014	25 April 2019

The Board commenced a process of external evaluation of its own 2018 performance in early January 2019. The Board reviewed an evaluation questionnaire at its meeting of 29 January 2019, and held a facilitated discussion in this regard at its 12 March 2019 meeting.

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 below.

Board Committees – mandates and membership

Committee	Mandate	Membership at 31 December 2018
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) David Devlin Nicole Lappin

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.

2018: Financial & Related Statements

Schedule of Attendance, Fees and Expenses

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	ARC	PEC 2/2017	EC 1/2018	PIC 1/2018	Liq. Appeal Panel	Fees (€)	Expenses (€)
	Meetings attended/meetings eligible to attend						(Note 1)	(Note 2)
Martin Sisk (Chairperson)	9/9	-	-	-	-	-	11,970.00	6,394.04
Kevin Prendergast (Chief Executive)	9/9	-	-	-	-	-	-	(Note 3)
Mary Burke	9/9	-	-	-	-	-	-	75.00
Caitriona Crowley	9/9	-	-	2/2	-	1/1	-	75.00
David Devlin	7/9	3/4	-	-	-	-	7,695.00	-
Etain Doyle	7/9	-	-	-	-	1/1	7,695.00	191.45
Nicole Lappin	8/9	4/4	3/3	-	-	1/1	7,695.00	2,127.94
Aileen O'Donoghue (Note 4)	0/9	-	-	-	-	-	7,695.00	-
Conor O'Mahony	8/9	4/4	-	-	-/-	-	-	75.00

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

Note 2: In addition to the expenses set out in this Table, IAASA incurred costs of €2,782.90 in respect of room hire and incidental expenditure related to Board activities.

Note 3: 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 4: Ms O'Donoghue was unavailable to attend meetings in 2018 due to unforeseen circumstances.

2018: Financial & Related Statements

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 above, Ms Deirdre Behan resigned from the Board on 2 January 2018 of the expiration of her warrant of appointment. She was replaced by Ms Caitriona Crowley on 3 January 2018 on the nomination of the Revenue Commissioners. Ms Marie Daly resigned from the Board on 2 January 2018 of the expiration of her warrant of appointment. As IBEC is not a nominating body under the 2014 Act, she was not replaced.

Disclosures Required by Code of Practice for the Governance of State Bodies

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 2018.

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, 2018 there was no expenditure on entertainment/hospitality incurred in 2018 [2017: €6,913]. 2017 expenditure includes costs 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 exception:

- The Authority has developed detailed internal procurement processes within specified limits, and strictly adheres to these processes and to 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, the development of a bespoke Corporate Procurement Plan as described in the Code was not considered a priority in 2018. Such a Plan has been put in place in 2019.

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

Martin Sisk
Chairperson

28 May 2019

Kevin Prendergast
Chief Executive

28 May 2019

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 2018 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 2014 Act, all Board members are knowledgeable in areas relevant to the conduct of statutory audit. The ARC met four times in 2018.

IAASA has also appointed CrowleysDFK as internal auditors for the period 2016–2019, 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.

2018: Financial & Related Statements

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 2018.

Internal Control Issues

Divergence from D/PER procurement requirements

The Authority has developed detailed internal procurement processes within specified limits, and strictly adheres to these processes and to 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, the development of a bespoke Corporate Procurement Plan as described in the Code was not considered a priority in 2018. Such a Plan has been put in place in 2019.

Signed on behalf of the Board:

Martin Sisk
Chairperson

28 May 2019

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 2014 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 2014 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 2014 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 2014 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'.*

Ard Reachtaire 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 2018 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 2018 and of its income and expenditure for 2018
- 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 statement on internal control and the director's responsibility statement. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

Andrew Harkness

For and on behalf of the Comptroller and Auditor General

28 May 2019

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 2018

	Note	2018 €	2017 €
Non-current assets			
Property, Plant & Equipment	4	90,075	122,073
Deferred Finance Lease Costs		436	268
		<u>90,511</u>	<u>122,341</u>
Current Assets			
Inventory		2,898	2,910
Receivables	5	97,260	140,040
Deferred Finance Lease Costs		513	1,560
Cash & Cash Equivalents	6	2,152,305	2,453,161
		<u>2,252,976</u>	<u>2,597,671</u>
Creditors: Amounts falling due within 1 year			
Payables	7	179,202	179,788
Deferred Rent Incentive	8	6,710	6,710
Finance lease obligations	9	3,744	4,306
Excess PAB Levy Income	10	969,204	804,767
Excess PIE Audit Firm Levy Income	10	598,072	769,525
Excess Departmental Grant Income	10	148,650	403,970
		<u>1,905,582</u>	<u>2,169,066</u>
Net Current Assets		347,394	428,605
Amounts falling due after 1 year			
Deferred Rent Incentive	8	38,890	45,601
Finance lease obligations		5,159	8,903
		<u>44,049</u>	<u>54,504</u>
Net Assets before Retirement Benefits		<u>393,856</u>	<u>496,442</u>
Retirement Benefits			
Retirement Benefit Liability	11	(3,829,000)	(3,328,000)
Deferred Exchequer Retirement Benefit Funding	11	3,829,000	3,328,000
Net Assets after Retirement Benefits		<u>393,856</u>	<u>496,442</u>
Reserves			
Income reserve		-	-
Capital Account	12	90,075	122,073
Reserve Fund		303,781	374,369
Members' Funds		<u>393,856</u>	<u>496,442</u>

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

Martin Sisk
Chairperson

28 May 2019

Kevin Prendergast
Chief Executive

28 May 2019

Statement of Income and Expenditure

for the year ended 31 December 2018

	Note	2018 €	2017 €
Revenue	13	3,743,086	3,127,746
Administrative Expenses			
Staff Costs	14	2,720,603	2,157,878
Directors' Fees	15	42,750	45,048
Accommodation		264,247	230,500
Travel & Subsistence	16	110,870	107,644
Legal and Professional Services	17	348,371	307,667
Office Expenditure	18	99,791	90,597
Information Technology		61,503	21,493
Professional Development		101,300	95,893
Insurance		26,582	27,034
Auditor's Remuneration	19	13,000	13,000
Depreciation	4	55,904	44,395
Total Administrative Expenses		3,844,921	3,141,149
Deficit of Income over Admin Expenses before Finance Costs		(101,835)	(13,403)
Finance costs		879	879
Deficit of Income over Admin Expenses after Finance Costs		(102,714)	(14,282)
Finance Income	20	128	924
Deficit for the year		(102,586)	(13,358)
Other comprehensive income			
Experience gains/(losses) on pension scheme liabilities		(279,000)	(83,000)
Changes in assumptions		261,000	(204,000)
Adjustment to deferred Exchequer pension funding		18,000	287,000
Total recognised (Deficit)/Surplus for the year		(102,586)	(13,358)

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

Martin Sisk
Chairperson

28 May 2019

Kevin Prendergast
Chief Executive

28 May 2019

Statement of Changes in Reserves and Capital Account for the year ended 31 December 2018

	Income Reserve €	Capital Account €	Reserve Fund €	NET ASSETS €
Balance – 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 / 1 January 2018	-	122,073	374,369	496,442
Deficit for the year	(102,586)	-	-	(102,586)
Transfer from Income & Expenditure Account:				
Income applied to capitalised asset acquisitions	(23,906)	23,906	-	-
Less: Amortisation applied in line with asset depreciation	55,904	(55,904)	-	-
Income receivable on reserve fund monies	(91)	-	91	-
Amounts payable from reserve fund (S. 933, 2014 Act)	70,679	-	(70,679)	-
Actuarial (loss) on pension liabilities	(501,000)	-	-	(501,000)
Adjustments to deferred Exchequer pension funding	501,000	-	-	501,000
Balance – 31 December 2018	-	90,075	303,781	393,856

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

Martin Sisk
Chairperson

28 May 2019

Kevin Prendergast
Chief Executive

28 May 2019

Statement of Cash Flows

for the year ended 31 December 2018

	Note	2018 €	2017 €
Net Cash (Outflow) from Operating Activities	21	(277,541)	1,555,573
Cash flows from financing activities			
Interest Received		591	761
Cash flows from investing activities			
Payments to Acquire Tangible Fixed Assets		(23,906)	(58,402)
(Decrease)/Increase in Cash & Cash Equivalents in Year		(300,856)	1,497,932
Reconciliation of Net Cash Flow to Movements in Net Funds			
(Decrease)/Increase in Net Funds in Year	22	(300,856)	1,497,932
Net Funds at 1 January		2,453,161	955,229
Net Funds at 31 December		2,152,305	2,453,161

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

Martin Sisk
Chairperson

28 May 2019

Kevin Prendergast
Chief Executive

28 May 2019

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.

2018: Financial & Related Statements

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.
Liquidation 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/investigation 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

	IT Equipment	Office Equipment	Furniture & Fittings	Total
Rate of Depreciation	33.33%	20%	12.5%	
Cost	€	€	€	€
At 1 January 2018	113,376	40,738	87,495	241,609
Additions	18,002	5,283	621	23,906
Disposals	-	-	-	-
At 31 December 2018	131,378	46,021	88,116	265,515
Accumulated Depreciation				
At 1 January 2018	72,120	18,891	28,525	119,536
Charge for year	31,452	11,796	12,656	55,904
Disposals	-	-	-	-
At 31 December 2018	103,572	30,687	41,181	175,440
NET BOOK VALUE				
At 1 January 2018	41,256	21,847	58,970	122,073
At 31 December 2018	27,806	15,334	46,935	90,075

2018: Financial & Related Statements

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 [2017: nil]. The bulk of the IT assets have, with the Department's permission, been disposed of.

4.1. Non-current assets 2017

	IT Equipment	Office Equipment	Furniture & Fittings	Total
Rate of Depreciation	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

5. Receivables

	2018 €	2017 €
PIE Audit Firm Debtors	8	9,505
PAB Debtors	-	26,253
Other	97,252	104,282
	97,260	140,040

6. Cash and cash equivalents

	2018 €	2017 €
Bank – notice deposit (Reserve)	401,463	400,949
Bank – notice deposit (Non-Reserve)	1,222,018	1,221,941
Bank – current	528,780	830,227
Cash on Hand	44	44
Total cash & cash equivalents	2,152,305	2,453,161

7. Payables

	2018 €	2017 €
Pay and Pay-Related	67,871	49,599
Office of the Revenue Commissioners	18,552	13,288
Legal and Professional Services	49,118	63,764
Other	43,661	53,137
	179,202	179,788

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:

	2018		2017	
	First Floor €	Second Floor €	First Floor €	Second Floor €
– within one year	5,258	1,452	5,258	1,452
– in two to five years	26,290	5,808	26,290	5,808
– in more than five years	3,824	2,968	9,083	4,420
	35,372	10,228	40,631	11,680

9. Finance Costs

IAASA acquired office equipment in August 2014 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 2014) 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:

	2018 €	2017 €
– within one year	3,744	4,306
– in two to five years	5,159	8,903
– in more than five years	-	-
	8,903	13,209

2018: Financial & Related Statements

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

	2018 €	2017 €
Gross Expenditure per Statement of Income & Expenditure	3,844,921	3,141,149
Adjust for:		
Unamortised amount of income used for capital acquisitions	(31,998)	14,007
Finance costs	879	879
Expenditure related to the Reserve Fund (Note 2.4)	(70,679)	(28,182)
	<u>3,743,123</u>	<u>3,127,853</u>
Less:		
Non-reserve fund interest receivable	37	107
Liquidator registration	2,000	50,000
Income from third country audit entity registration	35,913	36,000
Net Expenditure for the year	<u>3,705,173</u>	<u>3,041,746</u>
Net expenditure attributable to the Exchequer		
i. Transparency Directive (100%) (Note 2.4)	739,352	391,459
ii. Audit Inspections Unit (100%) (Note 2.4)	-	-
iii. Excess income from Third Country Audit Entities (Note 2.4)	-	-
iv. Obligations under the Act (40% of balance)	<u>634,097</u>	<u>1,373,449</u>
Net expenditure attributable to the PABs		
i. Audit Standards Adoption (100%) (Note 2.4)	199,650	105,855
ii. Obligations under the Act (60% of balance)	<u>951,146</u>	<u>965,374</u>
Net expenditure attributable to the PIE Audit Firms	<u>1,180,928</u>	<u>935,475</u>
	<u>3,705,173</u>	<u>3,041,746</u>

2018: Financial & Related Statements

10.2. Calculation of Grant Debtor / Levy Carry Forward

	Exchequer	PAB's	PIE – Audit Firms	Other	Total
Opening balance 1 January 2018	(403,970)	(804,767)	(769,525)	-	(1,978,262)
<i>Income for specified purposes</i>					
Liquidator registration				2,000	2,000
Third country auditor registration				35,913	35,913
Adoption of audit standards		199,650			199,650
Inspection of PIEs			1,180,928		1,180,928
Transparency Directive	739,352				739,352
Net expenditure	634,097	951,146			1,585,243
Income recognised in I&E (Note 13)	1,373,449	1,150,796	1,180,928	37,913	3,743,086
Amounts receivable	(1,118,129)	(1,315,233)	(1,009,475)	(37,913)	(3,480,750)
Movement 2018	255,320	(164,437)	171,453	-	262,336
Balance carried forward 31 December 2018	(148,650)	(969,204)	(598,072)	-	(1,715,926)

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. Benefits under these schemes are based on the members' final salary.

Employees who joined the public service since 1 January 2013 are members of the Single Public Service Pension Scheme (as set out in Note 2.6). This is a defined benefit scheme, with benefits based on career-average earnings.

In summary, the arrangements for all schemes are that:

- 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 applicable in 2018 was 25% [2017: 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.

2018: Financial & Related Statements

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 31-12-2018	At 31-12-2017
Rate of increase in salaries	2.75%	2.75%
Rate of increase in pensions in payment	2.25%	2.25%
Discount rate	2.00%	1.80%
Inflation assumption	1.75%	1.75%
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 €3,829,000 [2017: €3,328,000], and the service cost (calculated on the foregoing assumptions) for the year is €312,000 [2017: €335,000]. 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

	2018 €	2017 €
Total employer contribution	475,572	372,423
*Current service cost	432,000	335,000
Interest cost	60,000	47,000
Adjustment to deferred Exchequer pension funding	(492,000)	(382,000)
Total charged to Statement of Income & Expenditure	475,572	372,423

*Employee contributions totalling €119,844 [2017: €80,467] have been included in the calculation of the current service cost.

2018: Financial & Related Statements

11.4. Movement in net pension liability

	2018 €	2017 €
Net Pension Liability at 1 January	3,328,000	2,665,000
Current Service Cost	432,000	335,000
Interest Cost	60,000	47,000
Experience losses on scheme liabilities	279,000	83,000
Changes in assumptions	(261,000)	204,000
Pensions paid in the year (rounded)	(9,000)	(6,000)
Net Pension Liability at 31 December	3,829,000	3,328,000

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

	2018 €	2017 €	2016 €	2015 €	2014 €
Scheme liability	3,829,000	3,328,000	2,665,000	1,822,000	1,743,000
Experience (gains) on scheme liabilities	279,000	83,000	23,000	(44,000)	(13,000)
Changes in assumptions	(261,000)	204,000	568,000	(155,000)	499,000

12. Capital Account

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

2018: Financial & Related Statements

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 €5,940,000 [2017: €5,622,000] as laid out below. This includes Exchequer funding (via the Department's Vote 32, Subhead C12) to a maximum of €835,000 [2017: €790,000] made available during the year in respect of IAASA's functions under the Transparency Directive. The Audit Inspections and Audit Standards Adoption functions were funded by PIE Audit Firms and Recognised Accountancy Bodies respectively.

	Exchequer €	PABs €	PIE Audit Firms €	Total €
Recurrent Expenditure	1,206,000	1,801,000		3,007,000
Approved allocation in respect of audit standards adoption		319,000		319,000
Approved allocation in respect of audit investigation activities			1,779,000	1,779,000
Approved allocation in respect of Transparency Directive activities	835,000			835,000
Total	2,041,000	2,120,000	1,779,000	5,940,000

The foregoing amounts totalling €5,940,000 were used as a basis for billing the respective funders in 2018, less amounts due to these funders at the start of the year totalling €1,978,262. Adjusted expenditure for the year amounted to €3,705,173. Further analyses of these amounts are disclosed in Note 10, including the balance due to funders at year end of €1,715,926.

	2018 €	2017 €
13.2. Analysis of Income		
<i>Recurrent Income under the Act</i>		
Exchequer Grant Income: Vote 32, Subhead C12	634,097	643,583
PABs' Levies	951,146	965,374
<i>Income in respect of Transparency Directive Activity</i>		
Exchequer Grant Income: Vote 32, Subhead C12	739,352	391,459
<i>Income in respect of Audit Quality Unit</i>		
RABs' Levies	199,650	105,855
PIE Audit Firms	1,180,928	935,475
<i>Income in respect of Liquidator Registration</i>		
Application fees received from liquidators	2,000	50,000
<i>Income in respect of Third Country Audit Entity Registration</i>		
Registration fees received from Third Country Audit Entities	35,913	36,000
	3,743,086	3,127,746

14. Staff Costs

	2018 €	2017 €
Salaries	2,037,601	1,621,970
Employer PRSI Contributions	207,430	163,485
Employer Retirement Benefit Contributions	475,572	372,423
	2,720,603	2,157,878

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 €143,436 [2017: €116,331].

The average number of employees during the year was 26 [2017: 22]. IAASA's complement of full time staff at 31 December 2018 was 29 [2017: 24].

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:

	2018	2017
€60,000 to €69,999	3	-
€70,000 to €79,999	2	5
€80,000 to €89,999	10	7
€90,000 to €99,999	6	3
€100,000 to €109,999	1	-
€110,000 to €119,999	-	-
€120,000 to €129,999	-	-
€130,000 to €139,999	-	1
€140,000 to €149,999	1	-
	23	16

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.

	2018 €	2017 €
Martin Sisk	11,970	11,970
Marie Daly	-	7,695
David Devlin	7,695	7,695
Etain Doyle	7,695	7,695
Nicole Lappin	7,695	2,298
Aileen O'Donoghue	7,695	7,695
	42,750	45,048

In addition, a total of €11,721 [2017: €7,594] 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 €18,233 [2017: €22,266], as detailed in Note 25.

16. Travel & Subsistence

	2018 €	2017 €
National	51,418	39,477
International	59,452	68,167
	110,870	107,644

These amounts include travel and subsistence paid to Board members. The total paid to Board members (excluding the Chief Executive) for national travel and subsistence in 2018 is €8,938 [2017: €5,803] and for International travel and subsistence in 2018 is Nil [2017: Nil]

2018: Financial & Related Statements

17. Consultancy, Legal and Professional Services

	2018 €	2017 €
Legal Advice		
– General	53,898	57,536
– Audit Reform Legislation	88,681	5,055
– Registration of Liquidators	10,252	15,044
– Committees of Enquiry – Section 933	41,656	14,087
PR Services	3,444	-
Recruitment Services	25,584	66,666
GDPR	19,219	-
Audit Reform	-	14,500
Registration of Liquidators	-	9,567
	242,734	182,455
<i>Professional Services</i>		
Financial Statement Review (Transparency Directive)	65,820	89,355
Committees of Enquiry – Section 933	29,023	14,095
Internal Audit & Actuarial Services	10,578	12,177
Other	216	9,585
	105,637	125,212
Total	348,371	307,667

All consultancy costs are business-as-usual costs.

18. Office Expenditure – Entertainment/hospitality

No expenditure on entertainment/hospitality was incurred in 2018 [2017: €6,913]. Entertainment/hospitality expenditure in 2017 includes expenditure incurred in hosting an EU conference in October 2017.

19. Auditor's remuneration

	2018 €	2017 €
Audit of company financial statements	13,000	13,000

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.

2018: Financial & Related Statements

20. Finance income – analysis of interest receivable

Notice deposit accounts	Reserve Fund €	Non-Reserve €	TOTAL €	2017 €
Gross interest receivable	154	63	217	1,566
DIRT	(63)	(26)	(89)	(642)
Net interest receivable	91	37	128	924

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

	2018 €	2017 €
(Deficit) for the year	(102,586)	(13,358)
Non Operating Items:		
Less: Finance income	(591)	(761)
Add:	(103,177)	(14,119)
(Decrease) in Payables	(586)	(92,261)
Increase in Excess PABs Levy Income	164,437	440,806
(Decrease)/Increase in Excess Departmental Grant Income	(255,320)	214,515
(Decrease)/Increase in Excess PIE Levy Income	(171,453)	319,986
Decrease in Receivables	42,780	624,749
Decrease/(Increase) in Inventory	12	(614)
Decrease/(Increase) in Deferred Finance Lease Costs	879	(1,189)
(Decrease)/Increase in Finance Lease Obligations	(4,306)	7,041
(Decrease)/Increase in Deferred Rent Incentive	(6,711)	12,264
Depreciation	55,904	44,395
	(174,364)	1,569,692
Net Cash (Outflow)/Inflow from Operating Activities	(277,541)	1,555,573

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 2018	830,271	1,221,941	400,949	2,453,161
Cash flow for year	(301,447)	77	514	(300,856)
Balance at 31 December 2018	528,824	1,222,018	401,463	2,152,305

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 2018.

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 [2017: €195,646]

25. Chief Executive's salary and expenses

Mr Kevin Prendergast was appointed as Chief Executive from 14 November 2016. His remuneration is detailed below. The amount is 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 2018. Mr Prendergast remains a member of the Civil Service Pension Scheme. The foregoing represents the Chief Executive's total remuneration package for the period.

	2018 €	2017 €
Gross salary	138,516	132,147
	138,516	132,147

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

	2018 €	2017 €
Professional memberships (<i>subject to BIK where applicable</i>)	1,534	1,465
Travel & Subsistence, incl. air fares	11,376	14,648
Mobile phone costs	718	581
Internet Services	242	275
Training	4,000	5,000
Incidentals	363	297
	18,233	22,266

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 [2017: nil], and no balances outstanding at the reporting date [balance at 31 December 2017: 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 2018 or 2017 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 2018.

28. Approval of the Financial Statements

The Financial Statements were approved and authorised for issue by the Board of Directors on 28 May 2019.

2018: Financial & Related Statements