

**ROYAL IRISH ACADEMY**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2006**

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**ROYAL IRISH ACADEMY**

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**REPORT AND FINANCIAL STATEMENTS 2006**

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**STATEMENT OF ACADEMY RESPONSIBILITIES**

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The Academy is required to prepare financial statements for each financial year which give a true and fair view of its state of affairs and of its income and expenditure for that year. In preparing those financial statements, the Academy is required to

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the statements on a going concern basis, unless that basis is inappropriate
- state where applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Academy is responsible for keeping proper books of account which disclose at any time its financial position with reasonable accuracy. It is also responsible for safeguarding its assets and hence for taking reasonable steps for the detection of fraud and other irregularities.

  
MEMBER OF COUNCIL

  
EXECUTIVE SECRETARY

1 October 2007

Date

## **ROYAL IRISH ACADEMY**

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

I have audited the financial statements of the Royal Irish Academy for the year ended 31 December 2006 under the Comptroller and Auditor General (Amendment) Act, 1993.

The financial statements, which have been prepared under the accounting policies set out therein, comprise the Accounting Policies, the Income and Expenditure Account, the Funds and Projects Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes.

#### **Respective Responsibilities of the Members of the Council of the Academy and the Comptroller and Auditor General**

The Academy is responsible for preparing the financial statements, and for ensuring the regularity of transactions. The Academy prepares the financial statements in accordance with Generally Accepted Accounting Practice in Ireland. The accounting responsibilities of the Members of the Council of the Academy are set out in the Statement of Academy Responsibilities.

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

I report my opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland. I also report whether in my opinion proper books of account have been kept. In addition, I state whether the financial statements are in agreement with the books of account.

I report any material instance where moneys have not been applied for the purposes intended or where the transactions do not conform to the authorities governing them.

I also report if I have not obtained all the information and explanations necessary for the purposes of my audit.

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

#### **Basis of Audit Opinion**

In the exercise of my function as Comptroller and Auditor General, I conducted my audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and by reference to the special considerations which attach to State bodies in relation to their management and operation. An audit includes examination, on a

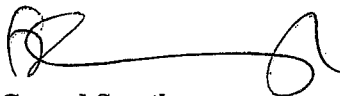
test basis, of evidence relevant to the amounts and disclosures and regularity of the financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Academy's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations that I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In my opinion, the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Academy's affairs at 31 December 2006 and of its income and expenditure for the year then ended.

In my opinion, proper books of account have been kept by the Royal Irish Academy. The financial statements are in agreement with the books of account.



**Gerard Smyth**  
**For and on behalf of the**  
**Comptroller and Auditor General**  
12 October 2007

REPORT AND FINANCIAL STATEMENTS 2006

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**STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROLS**

**Responsibility for system of Internal Financial Control**

On behalf of the Council of the Royal Irish Academy, I acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated.

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

**Key Control Procedures**

The Council has taken steps to ensure an appropriate control environment is in place by:

- clearly defining management responsibilities,
- establishing formal procedures for reporting significant control failures and ensuring appropriate corrective action,
- developing a strong culture of accountability across all levels of the Academy.

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

- comprehensive budgeting system with an annual budget which is reviewed and agreed by the Council,
- regular reviews by the Council of periodic and annual financial reports which indicate financial performance against targets,
- clearly defined capital investment control guidelines, managed by external advisors,
- formal project management disciplines.

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

REPORT AND FINANCIAL STATEMENTS 2006

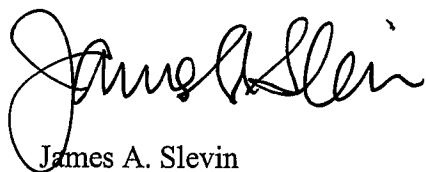
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**Statement of Internal Financial Controls**

**Annual Review of Controls**

A formal review of the effectiveness of the system of internal financial controls was not carried out in the year ended 31 December 2006.

The Academy is in the process of establishing an internal audit function, which will be operated in accordance with the Framework Code of Best Practice set out in the Code of Practice for the Governance of State Bodies. In December 2006 the Academy appointed an independent consultant to carry out the internal audit function. A risk review of the system of the internal controls of the Academy was completed in March 2007 and a report was issued. Further departmental internal audit reviews are scheduled for later in 2007.



James A. Slevin  
President, Royal Irish Academy

**ACCOUNTING POLICIES**

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The significant accounting policies adopted by the Academy are as follows:

**1. BASIS OF ACCOUNTING**

The financial statements have been prepared under the accruals method of accounting, except as indicated below, and in accordance with generally accepted accounting principles under the historical cost convention. Financial Reporting Standards issued by the Accounting Standards Board are adopted as they become operative.

**2. OIREACTHAS GRANTS**

Income shown as Oireachtas Grant of €3,417,000 (2005: €3,163,200) is accounted for on a cash receipts basis and is paid over by the Higher Education Authority.

**3. TANGIBLE FIXED ASSETS AND DEPRECIATION**

The Academy adopts a minimum capitalisation threshold of €500. Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated in order to write off the cost of tangible fixed assets over their estimated useful lives by equal annual instalments. The estimated useful lives of tangible fixed assets by reference to which depreciation has been calculated are as follows:

Computer equipment	3 years
Fixtures and fittings	10 years
Equipment	5 years

The Academy holds a collection of books, manuscripts and art works that it has acquired mainly through donations and bequests. These items are not treated as fixed assets as the Academy considers that the inclusion of such assets in the financial statements would not provide reliable and relevant financial information.



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**ACCOUNTING POLICIES**

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**4. CAPITAL ACCOUNT**

The capital account represents the unamortised amount of income used to finance fixed assets.

**5. FUNDS AND PROJECTS ACCOUNT**

The Funds and Projects account records transactions on funds and projects established as a result of the receipt of donations or bequests or by decision of the Academy. It also records allocations from the Academy. They are accounted for on an accruals basis. The income for the Funds and Projects accounts is held on deposit or other investment until it is utilised.

**6. FINANCIAL ASSETS**

Financial Assets are stated at cost less any provision for permanent diminution in value.

**7. STOCKS**

Stocks of books and journals are stated at the lower of cost and net realisable value less provision for obsolete/slow moving stocks. Cost comprises invoiced cost from suppliers.

**8. PENSIONS**

The Royal Irish Academy operates defined benefit pension schemes which are funded annually on a pay as you go basis from monies available to it, including monies provided by the Higher Education Authority.

The Academy also operates a defined benefit non-contributory funded scheme for staff recruited before 1 January 1994. Employers' contributions to this scheme are paid in accordance with the recommendations of a qualified independent actuary.

Pension costs reflect pension benefits earned by employees in the period and are shown net of staff pension contributions which are retained by the Academy. An amount corresponding to the pension charge is recognized in income to the extent that it is recoverable, and offset by grants received in the year to discharge pension payments.

Actuarial gains and losses arising on scheme liabilities are reflected in the Statement of Recognised Gains and Losses and a corresponding adjustment is recognized in the amount recoverable for the Higher Education Authority.

Pension liabilities represent the present value of future pension payments earned by staff to date. Deferred pension funding represents the corresponding asset to be recovered in future periods from the Higher Education Authority.

**ACCOUNTING POLICIES**

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**9. FOREIGN CURRENCIES**

Transactions denominated in foreign currencies relating to revenues and costs are translated into euro at the rates of exchange ruling on the dates on which the transactions occurred.

**10. INCOME & EXPENDITURE ACCOUNTS**

The financial statements of the Academy include two separate Income & Expenditure Accounts. The first records transactions relating to the core activities of the organisation; i.e. the Library, Academy Publications, and International Unions, together with the costs of the overall administration of the Academy. The second relates to all other special projects and trust funds. Income and expenditure has been allocated on this basis.

## INCOME AND EXPENDITURE ACCOUNT

year ended 31 December

	Notes	2006 €	2005 €
<b>INCOME</b>			
Oireachtas grants		3,417,000	3,163,200
Other income	2	260,500	159,438
Deferred Pension Funding	16	809,581	719,000
		<u>4,487,081</u>	<u>4,041,638</u>
Less, amount allocated to Funds and Projects Account		(902,487)	(869,024)
Transfer (to)/from Capital Account	13	57,726	(41,502)
		<u>3,642,320</u>	<u>3,131,112</u>
<b>EXPENDITURE</b>			
Staff costs	3	2,841,283	2,484,202
Accommodation and establishment	4	73,371	55,603
General administration	5	370,317	319,388
Publication costs	6	190,163	114,766
Conference and meeting expenses	7	13,986	27,332
Book purchases and international subscriptions	8	68,944	77,045
Gain on disposal of Fixed Assets		0	(1,017)
Depreciation	9	78,181	72,285
		<u>3,636,245</u>	<u>3,149,604</u>
OPERATING SURPLUS/(DEFICIT)		6,075	(18,492)
BALANCE AT 1 JANUARY		<u>392,877</u>	<u>411,369</u>
BALANCE AT 31 DECEMBER		<u>398,952</u>	<u>392,877</u>

The Statement of Accounting Policies and Notes 1 to 17 form part of these Financial Statements.

  
MEMBER OF COUNCIL

1/10/2007  
Date

  
EXECUTIVE SECRETARY

FUNDS AND PROJECTS ACCOUNT

year ended 31 December

	Notes	2006 €	2005 €
<b>INCOME</b>			
Allocation from the Academy	1 (a)	902,487	869,024
Other income	1 (b)	1,970,654	1,543,529
		<u>2,873,141</u>	<u>2,412,553</u>
<b>EXPENDITURE</b>			
Staff costs	3	1,452,061	1,366,134
Accommodation and establishment	4	43,568	34,233
General administration	5	222,241	248,696
Publication costs	6	93,759	62,638
Grants and awards		436,748	663,673
Conference and meeting expenses	7	295,575	297,148
Book purchases and international subscriptions	8	2,778	2,564
Depreciation	9	46,516	47,793
		<u>2,593,246</u>	<u>2,722,879</u>
MOVEMENT IN YEAR		279,895	(310,326)
BALANCE AT 1 JANUARY		2,757,391	3,067,717
BALANCE AT 31 DECEMBER		<u>3,037,286</u>	<u>2,757,391</u>

The Statement of Accounting Policies and Notes 1 to 17 form part of these Financial Statements.

  
MEMBER OF COUNCIL

  
EXECUTIVE SECRETARY

1/10/2007  
Date

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

year ended 31 December

	Notes	2006 €	2005 €
Surplus/(Deficit) for the year		6,075	(18,492)
Actual return less expected return on scheme assets	16	220,000	210,000
Experience gain / <loss> on pension scheme liabilities	16	170,419	409,000
Changes in Assumptions	16	0	0
Actuarial gain / <loss> recognised in STRGL		390,419	619,000
Adjustment to Deferred Pension Funding		(390,419)	(619,000)
Total Recognised Gain/<Loss> for the year		6,075	(18,492)

  
MEMBER OF COUNCIL

Date

1/10/2007

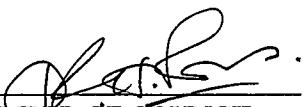
  
EXECUTIVE SECRETARY

## BALANCE SHEET

As at 31 December

	Notes	2006 €	2005 €
<b>FIXED ASSETS</b>			
Tangible assets	9	164,405	222,131
Funds and Projects Financial assets	10	987,228	930,433
		<u>1,151,633</u>	<u>1,152,564</u>
<b>CURRENT ASSETS</b>			
Stocks		306,163	300,040
Debtors	11	121,312	92,048
Cash at bank and in hand		2,168,074	2,266,815
		<u>2,595,549</u>	<u>2,658,903</u>
<b>CREDITORS (amounts falling due within one year)</b>	12	<u>(146,542)</u>	<u>(439,071)</u>
<b>NET CURRENT ASSETS</b>		<u>2,449,007</u>	<u>2,219,832</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES BEFORE PENSIONS</b>		<u>3,600,640</u>	<u>3,372,396</u>
Deferred pension funding	16	9,800,000	8,600,000
Pension Liabilities	16	(9,800,000)	(8,600,000)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><u>3,600,640</u></u>	<u><u>3,372,396</u></u>
<b>FINANCED BY:</b>			
Funds and Projects Accounts	1	3,037,286	2,757,391
Capital account	13	164,402	222,128
Income and expenditure account		398,952	392,877
		<u>3,600,640</u>	<u>3,372,396</u>

The Statement of Accounting Policies and Notes 1 to 17 form part of these Financial Statements.

  
MEMBER OF COUNCIL

  
EXECUTIVE SECRETARY

1/10/2007  
Date

## REPORT AND FINANCIAL STATEMENTS 2006

## NOTES TO THE FINANCIAL STATEMENTS

## 1. FUNDS AND PROJECTS ACCOUNTS

(a) Fund or Project Account	Opening Balance €	Other Receipts €	Inter-Fund Transfers €	Allocations from State Grants €	Project Expenditure €	Closing Balance €
Foclóir na Nua Ghaeilge	16,310	0	0	207,091	(207,091)	16,310
Roger Casement	(321)	0	0	0	0	(321)
Celtic Latin	0	0	0	101,066	(101,066)	0
Hamilton Account	41,251	1,153	0	0	0	42,404
International Exchange A/C	0	0	0	0	0	0
Chemistry Symposium Fund	2,273	89	0	0	0	2,362
International Geosphere - Biosphere Prog	23,888	16,852	0	0	(2,778)	37,962
Eoin O'Mahony Bursary Account	25,260	2,119	0	0	0	27,379
Archaeological Research Account	(2,227)	0	0	0	(3,080)	(5,307)
Study of International Affairs	9,356	4,140	7,818	0	(12,613)	8,701
Seminars Account	59,659	148,425	23,114	0	(172,218)	58,980
Bicentennial Fellowship A/c	0	0	0	0	0	0
Atlas of Historic Irish Towns	0	0	0	0	0	0
A New History of Ireland Account	8,574	9,878	0	0	0	18,452
Dictionary of Irish Biography Account	115,486	9,533	0	0	0	125,019
Atlas of Historic Irish Towns - Research	37,540	6,500	0	0	(15,926)	28,114
T.S.R.P.	138,652	111,000	0	0	(108,372)	141,280
FAS Account	0	0	0	0	0	0
Chemistry Essay	(118)	0	0	0	0	(118)
Bioethics Council Fund	15,697	466,939	0	(53,421)	(261,508)	167,707
DEPFA Fund	65,819	82,000	(33,932)	0	(30,047)	83,840
Balance c/fwd	557,099	858,628	(3,000)	254,736	(914,699)	752,764

## REPORT AND FINANCIAL STATEMENTS 2006

## NOTES TO THE FINANCIAL STATEMENTS

## 1. FUNDS AND PROJECT ACCOUNTS (CONT'D)

(a)	Fund or Project Account	Opening Balance €	Other Receipts €	Inter Fund Transfers €	Allocation from State Grants €	Project Expenditure €	Closing Balance €
	Balance b/fwd	557,099	858,628	(3,000)	254,736	(914,699)	752,764
	Clare Island Study Account	39,291	698	0	0	(256)	39,733
	Clare Island Publications	(1,882)	21,500	0	0	(5,673)	13,945
	Economic and Social Sciences Account	2,685	0	0	0	0	2,685
	Sailors and Soldiers Trust Fund	47,877	0	0	0	0	47,877
	Thesaurus Linguarum Hiberniae	10,463	0	0	0	0	10,463
	Armstrong Fund	924	37	0	0	0	961
	Cunningham Fund	3,427	168	0	0	0	3,595
	Curtis Fund	8,309	330	0	0	0	8,639
	D'Alton Fund	72,614	5,743	0	0	0	78,357
	Geological Illustration Fund	972	39	0	0	0	1,011
	Higgins Fund	31,439	2,388	0	0	0	33,827
	Larmor Fund	709	28	0	0	0	737
	Praeger Fund	38,783	3,425	5,000	0	(2,082)	45,126
	Praeger Special Fund	5,638	468	0	0	0	6,106
	Purser Fund	3,486	138	0	0	0	3,624
	Smythe Fund	10,205	770	0	0	0	10,975
	Todd Fund	4,615	73	0	0	0	4,688
	Ussher Fund	1,952	113	0	0	0	2,065
	Wheeler Fund	1,762	70	0	0	0	1,832
	Mangan Bequest Fund	69,164	5,451	0	0	0	74,615
	Balance c/fwd	909,532	900,067	2,000	254,736	(922,710)	1,143,625



## NOTES TO THE FINANCIAL STATEMENTS

## ROYAL IRISH ACADEMY

## REPORT AND FINANCIAL STATEMENTS 2006

## 1. FUNDS AND PROJECT ACCOUNTS (CONT'D)

(a)	Fund or Project Account	Opening Balance	Other Receipts	Inter Fund Transfers	Allocation from State Grants	Project Expenditure	Closing Balance
		€	€	€	€	€	€
	Balance b/fwd	909,532	900,067	2,000	254,736	(922,710)	1,143,625
	John Jackson Fund	9,775	461	0	0	0	10,236
	Microbiology Award Account	5,271	404	0	0	0	5,675
	McNeill Bequest Fund	47,277	3,517	0	0	0	50,794
	David Greene Irish Studies Account	9,566	380	0	0	0	9,946
	Publication Reserve Account	245,543	82,532	(4,046)	(29,187)	(4,109)	290,733
	Library Capital Account	71,247	23,382	0	0	(4,154)	90,475
	Social Science Research Council	30,651	2,821	0	0	(188)	33,284
	Research Trust Capital Account	350,462	14,591	0	0	0	365,053
	Research Trust Income Account	8,319	0	0	0	0	8,319
	General Purposes Capital Account	22,625	1,734	0	0	0	24,359
	OPW Housekeeping Account	(10,096)	16,116	0	0	(28,728)	(22,708)
	Documents in Irish Foreign Policy Acc	7,374	130,320	17,046	7,193	(161,940)	(7)
	CD Publications Account	23,370	0	0	0	0	23,370
	Genetic Anthropology	0	0	0	0	0	0
	Contingency Fund	5,079	0	0	0	0	5,079
	Library Cataloguing Fund	14,477	0	0	0	0	14,477
	Library IAALH Fund	254,406	48,035	0	0	(76,226)	226,215
	NI Madadain	6,449	0	0	0	0	6,449
	DIB	5,074	37,720	0	438,032	(472,441)	8,385
	Balance c/fwd	2,016,401	1,262,080	15,000	670,774	(1,670,496)	2,293,759

## NOTES TO THE FINANCIAL STATEMENTS

## ROYAL IRISH ACADEMY

## REPORT AND FINANCIAL STATEMENTS 2006

## 1. FUNDS AND PROJECT ACCOUNTS (CONT'D)

(a) Fund or Project Account	Opening Balance €	Other Receipts €	Inter Fund Transfers €	Allocation from State Grants €	Project Expenditure €	Closing Balance €
Balance b/fwd	2,016,401	1,262,080	15,000	670,774	(1,670,496)	2,293,759
SFI - China Ireland	163,387	208,249	0	(25,000)	(168,172)	178,464
International Exchange A/C	0	3,244	0	22,715	(24,459)	1,500
Atlas of Historic Irish Towns - General	(682)	0	0	130,952	(130,270)	(0)
Research Reserve	98,309	108,969	(33,885)	0	(38,656)	134,737
SFI - Lecture Series	50,635	0	0	(9,000)	(1,956)	39,679
Hamilton 2005	20,077	5,000	5,000	0	(11,201)	18,876
FNG Donegal	0	118,562	0	112,046	(229,224)	1,384
Bioethics Clinical Directive	23,500	14,500	0	0	0	38,000
Hunt Museum	106,056	0	0	0	(61,552)	44,504
Archaeological Excav Grant	44,738	200,000	(70,000)	0	(105,698)	69,040
RIA Gold Medal	59,803	0	0	0	(17,034)	42,769
SFI - Hamilton	86,357	50	0	0	(50,226)	36,181
Knowth	0	0	50,000	0	(3,901)	46,099
Research/Policy Making	0	0	33,885	0	(33,885)	0
Film Project-Irish Mind	0	50,000	0	0	0	50,000
Sub Total	2,668,581	1,970,653	(0)	902,487	(2,546,730)	2,994,992
Capital Movements	88,810	0	0	0	(46,516)	42,294
	2,757,391	1,970,654	(0)	902,487	(2,593,246)	3,037,286

## NOTES TO THE FINANCIAL STATEMENTS

## 1. FUNDS AND PROJECTS ACCOUNTS (CONT'D)

	2006	2005
	€	€
(b) Other Income comprises:		
Gain on investment transactions	29,278	1,152
Interest on investments	75,401	46,859
Registration & Subventions Fees	1,841,304	1,481,318
Sale of Publications	24,671	14,200
	<u>1,970,654</u>	<u>1,543,529</u>

(c) Balances were held as follows:-

	Cash and Cash equivalents €	Investments at Cost €	Total €
Opening balance	1,826,958	930,433	2,757,391
Closing balance	2,050,058	987,228	3,037,286

## 2. OTHER INCOME

	2006	2005
	€	€
Deposit interest	21,902	17,302
Readers' tickets and room rental	27,751	18,647
Grants and awards	14,545	8,659
Members subscriptions and entrance fees	26,128	25,288
Sale of Academy publications	170,174	89,542
	<u>260,500</u>	<u>159,438</u>

## 3. STAFF COSTS

	2006	2005
	€	€
(a) Analysis of Staff Costs:		
Wages and salaries	3,282,890	2,839,231
Social welfare costs	255,450	215,105
Pension costs	755,004	796,000
	<u>4,293,344</u>	<u>3,850,336</u>

Charged as follows:

Income and Expenditure Account	2,841,283	2,484,202
Funds and Projects Account	1,452,061	1,366,134
	<u>4,293,344</u>	<u>3,850,336</u>

(b) Average Number of Persons Employed

Full Time	63	53
Part Time	18	21

## NOTES TO THE FINANCIAL STATEMENTS

4. ACCOMODATION AND ESTABLISHMENT EXPENSES	2006 €	2005 €
Light and heat	30,776	27,312
Insurance	23,430	18,239
Furniture and household	60,734	44,285
Rent	1,999	0
	<u>116,939</u>	<u>89,836</u>
Charged as follows:		
Income and Expenditure Account	73,371	55,603
Funds and Projects Account	43,568	34,233
	<u>116,939</u>	<u>89,836</u>
5. GENERAL ADMINISTRATION EXPENSES	2006 €	2005 €
Postage and telephone	60,179	55,595
Advertising	45,036	59,001
Stationery and office	66,133	46,512
Administration printing	43,040	69,052
General Purpose Account and Funds & Projects Miscellaneous	109,554	118,807
Professional fees - Legal and other fees	6,398	19,303
- Accountants fees	18,619	16,809
- Consultants fees	29,650	0
Audit fees	9,800	9,600
Bank interest and fees	4,366	3,560
Portfolio fees	0	467
Information technology	115,345	119,947
Loss on Disposal	0	-88
Training and Consultancy	84,438	49,519
	<u>592,558</u>	<u>568,084</u>
Charged as follows:		
Income and Expenditure Account	370,317	319,388
Funds and Projects Account	222,241	248,696
	<u>592,558</u>	<u>568,084</u>
6. PUBLICATION COSTS	2006 €	2005 €
Proceedings	58,271	54,414
Publications	168,311	78,986
General conservation costs	57,340	44,004
Bad debts provided/(recovered)	0	0
	<u>283,922</u>	<u>177,404</u>
Charged as follows:		
Income and Expenditure Account	190,163	114,766
Funds and Projects Account	93,759	62,638
	<u>283,922</u>	<u>177,404</u>



## NOTES TO THE FINANCIAL STATEMENTS

## 10. FUNDS AND PROJECTS FINANCIAL ASSETS

	1.1.06 COST €	ADDITIONS €	DISPOSALS €	31.12.06 COST €	31.12.06 MARKET VALUE €
A.I.B. Investment Managers	918,996	56,795		975,791	1,203,438
2.5% Consolidated Stock	2,154			2,154	
Prize Bonds	235			235	
Research Trust Account	9,048			9,048	
	<u>930,433</u>	<u>56,795</u>	<u>-</u>	<u>987,228</u>	<u>1,203,438</u>

## 11. DEBTORS (amounts falling due within one year)

	2006 €	2005 €
Debtors	35,810	15,874
Prepayments and Accrued Income	73,607	61,211
Value Added Tax	11,895	14,963
	<u>121,312</u>	<u>92,048</u>

## 12. CREDITORS (amounts falling due within one year)

	2006 €	2005 €
Bank overdraft		278,887
Creditors and accruals	77,287	72,122
Due to FAS		16,866
Other taxation and social welfare	69,255	71,196
	<u>146,542</u>	<u>439,071</u>

## 13. CAPITAL ACCOUNT

	2006 €	€	2005 €	€
Opening balance		222,128		180,626
Net Book Value of Disposals	0		(3,048)	
Amounts allocated for fixed asset acquisition	66,971		164,628	
Amortisation in line with asset depreciation	(124,697)		(120,078)	
Transfer (to)/from the Income & Expenditure Account		(57,726)		41,502
Closing balance		<u>164,402</u>		<u>222,128</u>

**NOTES TO THE FINANCIAL STATEMENTS**

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**14. ACCOMODATION**

The Academy operates from offices at 19 and 19A Dawson Street in Dublin that are provided on a rent-free basis by the Office of Public Works.

**15. RELATED PARTY TRANSACTIONS**

The Royal Irish Academy is an independent, all-Ireland institution for the study and promotion of the sciences and humanities. The Academy receives grant-aid in the form of Oireachtas grant via the Higher Education Authority. Due to various material transactions with that Authority, it is regarded as a related party.

The Academy adopted procedures in accordance with the Code of Practice for the Governance of State Bodies issued by the Department of Finance in relation to the disclosure of interests by the Council members. These have been adhered to in the year and there were no transactions in the year in relation to the Academy's activities in which Council members had any interest.

**16. PENSIONS****(a) Description of Schemes**

The Royal Irish Academy was established by Royal Charter in 1786 and is now primarily financed by state grant. Prior to 1994 superannuation benefits for the staff of the Academy were provided for under a funded pension scheme.

In the case of staff appointed on or after 1 January 1994, superannuation benefits are provided under two schemes

- The Royal Irish Academy staff superannuation scheme and
  - The Royal Irish Academy spouses' and childrens contributory pension scheme
- which are currently being operated on an administrative basis pending formal Ministerial approval.

The former scheme provides retirement benefits (lump sum and pension) to staff members, and death gratuity benefits in respect of death in service. The latter scheme (which members of the Pre-94 Scheme can also join) as well as providing retirement benefits for staff members also provides pension benefits for the surviving spouse and dependent children of deceased members. The RIA staff superannuation scheme and the RIA spouses' and children's contributory pension scheme are not pre-funded. Benefits are financed on a pay-as-you-go basis in accordance with Government policy. The Pre-94 Scheme is a funded scheme, but post-retirement increases to pensions awarded under that scheme are not met from the fund but are borne by the Academy.

## NOTES TO THE FINANCIAL STATEMENTS

16. PENSIONS (*continued*)

Superannuation entitlements arising under these schemes are paid out of current income and are charged to the Income & Expenditure Account in the year they become payable.

The results set out below are based on actuarial valuation of the pension liabilities in respect of serving and former staff of the Academy at 31<sup>st</sup> December 2006. This valuation was carried out by a qualified independent actuary for the purposes of the accounting standard, Financial Reporting Standard No. 17 – Retirement Benefits (FRS 17)

## (b) Financial Assumptions

The main financial assumptions used were:

	At 31/12/06	At 31/12/05
Discount rate	5.5%	5.5%
Salary Increases	4.0%	4.0%
Pension Increases	4.0%	4.0%
Inflation Increases	2.0%	2.0%

The assets in the Pre-1994 Funded Scheme and the expected rate of return as at December 2006 were:

	Expected Return 2006	Expected Return 2005	Market Value 2006 €	Market Value 2005 €
Equities	7%	7%	1,350,000	1,200,000
Bonds	4%	4%	750,000	700,000
Properties	4%	4%	200,000	200,000
Total			<u>2,300,000</u>	<u>2,100,000</u>
Present value of scheme liabilities			(12,100,000)	(10,700,000)
Deficit in scheme			(9,800,000)	( 8,600,000)
Related deferred tax liability			0	0
Net Pension Asset/ (Liability)			(9,800,000)	(8,600,000)



## NOTES TO THE FINANCIAL STATEMENTS

**16. PENSIONS (continued)**

<b>(c) Net Deferred Funding for Pensions in Year</b>	<b>2006</b>	<b>2005</b>
	<b>€</b>	<b>€</b>
Funding recoverable in respect of current year pension costs	900,000	860,000
State Grant Applied to pay Pensioners (Unfunded Scheme)	(8,476)	(8,000)
Pension Contributions (Funded Scheme)	<u>(81,943)</u>	<u>(133,000)</u>
	809,581	719,000

<b>(d) Analysis of total pension costs charged to expenditure</b>	<b>2006</b>	<b>2005</b>
	<b>€</b>	<b>€</b>
Service Charge	430,000	400,000
Interest on Pension Scheme Liabilities	470,000	460,000
Employees Contributions (Unfunded Scheme)	<u>(144,996)</u>	<u>(64,000)</u>
	755,004	796,000

**(e) Analysis of amount recognised in the statement of total recognised gains and losses (STRGL)**

	<b>2006</b>	<b>2005</b>
	<b>€</b>	<b>€</b>
Difference between actual and expected return on scheme assets	220,000	210,000
Experience gains/ (losses)	170,419	409,000
Changes in assumptions	<u>-</u>	<u>-</u>
	390,419	619,000

**(f) Deferred Funding Asset for Pensions (Narrative Note)**

The Royal Irish Academy recognises these amounts as an asset corresponding to the funded and unfunded deferred liability on the basis of the set of assumptions described above and a number of past events. These events include the statutory basis for the establishment of the superannuation scheme and the policy and practice in relation to funding public service pensions, including contributions by employees and the annual estimates process. The Academy has no evidence that this funding policy will not continue to meet such sums in accordance with current practice. The deferred funding asset for pensions as at 31 December 2006 amounted to €9,800,000 (2005 €8,600,000).

The quantification of the liability is based on professional actuarial advice, is advised to the Higher Education Authority but is not formally agreed with the Authority.

## NOTES TO THE FINANCIAL STATEMENTS

16. PENSIONS (*continued*)

## (g) Movement in Net Pension Liability during the financial year

	2006	2005
	€	€
Deficit at the beginning of the year	(8,600,000)	(8,500,000)
Current service cost	(430,000)	(400,000)
Contributions to Funded Scheme	81,943	133,000
Payments from Unfunded Scheme	8,476	8,000
Other Finance Income	(470,000)	(460,000)
Actuarial Gain/ (Loss)	<u>(390,419)</u>	<u>619,000</u>
<b>Deficit in scheme at 31 December</b>	<b>(9,800,000)</b>	<b>(8,600,000)</b>

## (h) History of experience gains and losses

	2006	2005
Differences between the expected and actual return on scheme assets		
Amount	€220,000	€210,000
Percentage of the scheme assets	10%	10%
Experience (Gains)/Losses on scheme liabilities		
Amount	€170,419	€409,000
Percentage of the present value of the scheme liabilities	1%	4%
Total amount recognised in STRGL		
Amount	€390,000	€619,000
Percentage of the present value of the scheme liabilities	3%	6%

## 17. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved on 1 October 2007.