

The Law Reform Commission

Financial Statements

Year Ended 31 December 2014

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STATEMENT OF RESPONSIBILITIES OF THE COMMISSION

General

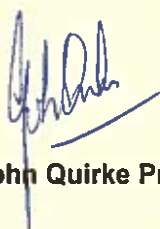
The Law Reform Commission was established in 1975 in accordance with the provisions of the Law Reform Commission Act, 1975.

The Commission's main functions are to keep the law under review, undertake examinations and conduct research with a view to reforming the law and formulate proposals for law reform.

Section 9(1) of the Law Reform Commission Act, 1975 requires the Commission to prepare financial statements in such form as may be approved by the Minister for Public Expenditure Reform. In preparing those financial statements, the Commission is required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Commission will continue in operation.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Commission is responsible for keeping proper books of account which disclose with reasonable accuracy at any time its financial position and which enable it to ensure that the financial statements comply with section 9(1) of the Act. The Commission is also responsible for safeguarding its assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.



John Quirke President

Date 16. 12. 15.



Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Law Reform Commission

I have audited the financial statements of the Law Reform Commission for the year ended 31 December 2014 under the Law Reform Commission Act 1975. The financial statements, which have been prepared under the accounting policies set out therein, comprise the statement of accounting policies, the income and expenditure account, the statement of total recognised gains and losses, the balance sheet and the related notes. The financial statements have been prepared under Section 9 of the Act, and in accordance with generally accepted accounting practice in Ireland.

Responsibilities of the Commission

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

Responsibilities of the Comptroller and Auditor General

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

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

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

Scope of audit of the financial statements

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

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

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

Opinion on the financial statements

In my opinion, the financial statements, which have been properly prepared in accordance with generally accepted accounting practice in Ireland, give a true and fair view of the state of the Commission's affairs at 31 December 2014 and of its income and expenditure for 2014.

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

Matters on which I report by exception

I report by exception if

- I have not received all the information and explanations I required for my audit, or
- my audit noted any material instance where money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the statement on internal financial control does not reflect the Commission's compliance with the Code of Practice for the Governance of State Bodies, or
- I find there are other material matters relating to the manner in which public business has been conducted.

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

Patricia Sheehan
For and on behalf of the
Comptroller and Auditor General
23 December 2015

STATEMENT ON INTERNAL FINANCIAL CONTROL

Responsibility for the system of internal financial control

On behalf of the Commissioners of the Law Reform Commission, I acknowledge the 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 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:

- clearly defined management responsibilities;
- comprehensive budgeting system with an annual budget which is reviewed and agreed by the Commission;
- regular reviews by the Commission of periodic and annual financial reports which indicate financial performance against forecasts;

The Commission's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the Attorney General's Internal Auditor, the Audit Committee (based in the Office of the Attorney General), the Commission's Management Committee and comments made by the Comptroller and Auditor General in any management letter or other reports. The Commission monitors the financial reports on a monthly basis.

The appropriate internal audit function for the Law Reform Commission resides within the Office of The Attorney General.

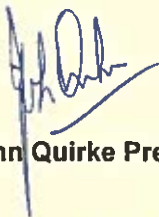
Risk management policy

The Commission's risk register is up to date and is regularly reviewed.

Annual review of controls

A review of internal financial controls at the Commission was carried out in respect of 2014.

Signed on behalf of the Law Reform Commission



John Quirke President

Date

16.12.15

STATEMENT OF ACCOUNTING POLICIES

Basis of accounting

These financial statements are prepared in accordance with section 9 of the Law Reform Commission Act, 1975 under the accruals method of accounting, except as indicated below, and in accordance with the accounting policies of the Law Reform Commission, under the historical cost convention.

Income

Oireachtas grant-in-aid is accounted for on a cash receipts basis. All monies received relating to the sublease are paid over to the Attorney General's Office.

In March 2014 the Law Reform Commission entered into a sublease with Rebo in relation to the unoccupied space. Rent and service charge is billed quarterly in advance.

Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated, using the straight line method, at the following annual rates:

Fixtures and fittings	10%
Office equipment	20%
Leasehold land and buildings	10%

Fixed asset additions are accounted for on a payments basis.

Capital grant

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

Pensions

The Commission operates two non-contributory defined benefit pension schemes under sections 11 and 12 of the Law Reform Commission Act, 1975 and corresponding contributory spouses' and children's schemes under administrative arrangements.

The Commission is funded annually on a pay as you go basis from monies provided by the Oireachtas, through the Vote of the Office of the Attorney General.

Pension costs reflect pension benefits earned by employees in the period and are shown net of staff pension contributions which are deducted by the Commission and remitted to the Office of the Attorney General. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable, and offset by grants received in the year to discharge pension payments.

Actuarial gains or losses arising on scheme liabilities are reflected in the Statement of Total Recognised Gains and Losses and a corresponding adjustment is recognised in the amount recoverable from the Department of Public Expenditure and Reform via the Office of the Attorney General.

Pension liabilities represent the present value of future pension payments earned by staff to date. Deferred pension funding represents the corresponding asset which will be recovered in future periods from the Department of Public Expenditure and Reform via the Office of the Attorney General.

The Public Service Pensions (Single Scheme and Other Provisions) Act 2012 became law on 28th July 2012 and introduced the new Single Public Service Pension Scheme ("Single Scheme") which commenced with effect 1st January 2013. All new employees to the Law Reform Commission, who are new entrants to the Public Sector, on or after 1st January 2013 are members of the "Single Scheme".

INCOME AND EXPENDITURE ACCOUNT
Year Ended 31 December 2014

	Notes	2014 €	2013 €
Income			
Grant	1	1,970,914	1,895,647
Sale of publications		226	1,205
Other Income & Dept of Social Protection		376	9,506
Net deferred funding for pensions	8(c)	131,000	345,000
Rental Income	7	95,153	0
Rental Income reimbursed to AG'S Office		(95,153)	0
		<u>2,102,516</u>	<u>2,251,358</u>
Transfer from capital account		<u>35,080</u>	<u>49,781</u>
		<u>2,137,596</u>	<u>2,301,139</u>
Expenditure			
Salaries	2	1,066,579	1,019,285
Pensions	8(a)	186,271	406,495
IT		78,865	72,461
Rent and service charges	7	525,053	512,643
Telephones		14,638	11,468
Stationery and office management		15,293	19,861
Seminars		664	481
Library		88,164	89,734
Travel and subsistence		6,354	14,764
Cleaning		11,767	11,585
Printing		2,812	14,950
Insurance		6,277	3,788
Postage		606	2,187
Depreciation		65,842	62,300
Sundry		598	704
Audit Fees		7,500	7,200
Training		10,503	13,936
Corporate Support		26,994	23,262
Professional Fees		20,332	3,381
Annual conference		0	0
Repairs and maintenance		5,754	6,655
		<u>2,140,866</u>	<u>2,297,140</u>
Surplus (Deficit)for the year		<u>(3,270)</u>	<u>3,999</u>

The statement of accounting policies together with notes 1 to 12 form part of these financial statements.


John Quirke President

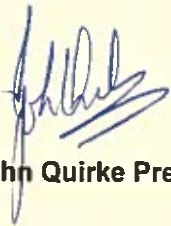
Date

16.12.15

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year Ended 31 December 2014

	Note	2014 €	2013 €
(Surplus/Deficit) for the year		<u>(3,270)</u>	<u>3,999</u>
Experience losses/(gains) on pension scheme liabilities		<u>(1,031,000)</u>	<u>(2,345,000)</u>
Changes in assumptions underlying the present value of pension scheme liabilities		0	0
Actuarial losses/(gains) on pension liability		<u>(1,031,000)</u>	<u>(2,345,000)</u>
Adjustment to deferred pension funding		<u>1,031,000</u>	<u>2,345,000</u>
Total recognised losses/(gains) for the year		<u>(3,270)</u>	<u>3,999</u>

The statement of accounting policies together with notes 1 to 12 form part of these financial statements.



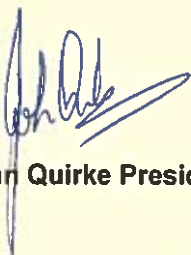
John Quirke President

Date 16. 12. '15

BALANCE SHEET
As at 31 December 2014

	Notes	2014 €	2013 €
Fixed assets	3	<u>200,666</u>	<u>235,745</u>
Current assets			
Cash on hand and at bank		118,248	114,577
Debtors and prepayments	4	<u>238,944</u>	<u>179,479</u>
		357,192	294,056
Current liabilities			
Creditors and accruals	5	<u>(119,151)</u>	<u>(52,744)</u>
Net current assets		<u>238,041</u>	<u>241,312</u>
Total assets less current liabilities		<u>438,707</u>	<u>477,057</u>
Deferred pension funding	8(c)	1,500,300	2,400,300
Pension (liability)	8(c)	<u>(1,500,300)</u>	<u>(2,400,300)</u>
Net assets		<u>438,707</u>	<u>477,057</u>
Financed by:			
Capital account	6	200,665	235,745
Accumulated Reserves	9	<u>238,042</u>	<u>241,312</u>
		<u>438,707</u>	<u>477,057</u>

The statement of accounting policies together with notes 1 to 12 form part of these financial statements.



John Quirke President

Date 16. 12. '15

Notes to the Financial Statements

1 Grant	2014	2013
	€	€
Current purposes		
Vote 3 Office of the Attorney General	<u>1,970,914</u>	<u>1,895,647</u>
2 Salaries	2014	2013
	€	€
President salary	48,000	48,000
Commissioner's Salaries	175,591	204,666
Staff salaries	<u>842,988</u>	<u>766,619</u>
	<u>1,066,579</u>	<u>1,019,285</u>

The average number of employees during 2014 was 18. (2013: 18).

The above figures include Commissioners' Fees and President's Remuneration as follows:

Commissioner Name	Number of Meetings Attended	Fees €	Expenses €
President			
The Hon Mr Justice John Quirke	12	48,000	0
Full Time Commissioner			
Finola Flanagan	13	175,193	1,246
Part-Time Commissioner			
Marie Baker	11	398	0
Tom O'Malley	9	0	795
Donncha O'Connell	10	0	956

No Bonus payments were paid to the President or the Commissioners during 2014. (2013:nil)

2.1 The President received salary payments of €48,000 in 2014 (€48,000 in 2013).

€ 59,700 was deducted from staff by way of pension levy and was paid over to the Office of the Attorney General. (2013:€54,402)

Notes to the Financial Statements

3 Fixed assets	Leasehold land and buildings €	Fixtures and fittings €	Office equipment €	Total €
Cost				
At 1 January 2014	366,386	596,349	879,925	1,842,660
Additions		11,833	18,929	30,762
At 31 December 2014	<u>366,386</u>	<u>608,182</u>	<u>898,854</u>	<u>1,873,422</u>
Accumulated depreciation				
At 1 January 2014	213,316	548,776	844,822	1,606,914
Charge for year	36,639	16,676	12,527	65,842
At 31 December 2014	<u>249,955</u>	<u>565,452</u>	<u>857,349</u>	<u>1,672,756</u>
Net book value				
At 31 December 2014	<u>116,431</u>	<u>42,730</u>	<u>41,505</u>	<u>200,666</u>
At 31 December 2013	<u>153,070</u>	<u>47,573</u>	<u>35,102</u>	<u>235,746</u>

4. Debtors	2014 €	2013 €
Prepayments	208,790	179,479
Other Debtors	<u>30,154</u>	<u>0</u>
	<u>238,944</u>	<u>179,479</u>

5. Creditors and accruals	2014 €	2013 €
Creditors and accruals	<u>119,151</u>	<u>52,744</u>
Included in creditors and accruals are amounts relating to taxation, as follows:		
PAYE/PRSI	27,799	26,439
PSWT	713	1,357
VAT	<u>4,772</u>	<u>6,787</u>
	<u>33,284</u>	<u>34,583</u>

6 Capital account	2014 €	2014 €	2013 €	2013 €
Balance at 01 January		235,745		285,526
Transfer from income and expenditure account:				
Funds applied for the purchase of fixed assets	30,762		12,519	
Amortisation in line with asset depreciation	<u>(65,842)</u>		<u>(62,300)</u>	
Balance at 31 December		<u>(35,080)</u>		<u>(49,781)</u>
		<u>200,665</u>		<u>235,745</u>

Notes to the Financial Statements

7 Operating lease

The Commission has annual commitments under non-cancellable operating leases as follows:

The Commission occupies premises at 35-39 Shelbourne Road Ballsbridge, Dublin 4. The lease is due to expire at the end of 2017 and the annual rent is €430,000. Expenditure of €525,053 was incurred in relation to rent and service charges during 2014. In Jan, Feb & March 2014 a portion of the building was unoccupied.

<u>Status of building space</u>	<u>Expenditure</u>
Occupied by the Commission	367,538
Occupied by Rebo	95,153
Unoccupied	62,362
Total	525,053

In March 2014 the Commission entered into a sub-lease with Rebo (the Credit Unions Restructuring Board) in relation to the unoccupied space. The sub-lease is for two years with an option to extend for a further year and the annual rent and service charge payable to the Commission is €121,600 approx.

	Cumulative	2014	2013	2012	2011
Total rent and service charges		525,053	512,643	504,113	566,342
Ineffective expenditure	593,363	62,363	103,000	208,000	220,000
Underoccupancy %		12%	20%	41%	39%

	Lands and buildings
Operating leases which expire	
Within one year	-
In second to fifth years (inclusive)	430,000
Over five years	<u> </u>

The Commission has commitments of €430,000 (rent) and € 106,568 service charge to pay during 2014 in respect of this operating lease. The increase is due to increases in utility bills which are included in the service charge. €121,600 will be offset by rent & service charge received from Rebo. The head lease will expire on 31 December 2017.

Notes to the Financial Statements

8 Pension cost	2014 €	2013 €
(a) Analysis of total pension costs charged to expenditure		
Current service cost	60,000	170,000
Past service cost		-
Interest on pension scheme liabilities	130,000	240,000
Employee contributions	<u>(3,729)</u>	<u>(3,505)</u>
	<u>186,271</u>	<u>406,495</u>
 (b) Movement in net pension liability during the financial year		
Net pension liability at 1 January	2,400,300	4,400,300
Current service cost	60,000	170,000
Past service cost	-	-
Interest cost	130,000	240,000
Actuarial losses/ (gains)	(1,031,000)	(2,345,000)
Pensions paid in the year	<u>(59,000)</u>	<u>(65,000)</u>
	<u>1,500,300</u>	<u>2,400,300</u>

In 2012 (and in previous years), the pension liability included the cost of civil servants who are members of the main Civil Service Schemes. However, it has since been confirmed that these pensions will be paid from the Superannuation Vote and not by the Commission. As a result, the liability has been reduced. This is included in the actuarial gain of €2,345,000 in 2013.

(c) Deferred funding for pensions

The Commission recognises amounts from the state for the unfunded deferred liability for pensions on the basis of a number of past events. These events include the statutory backing for superannuation scheme and the policy and practice in relation to funding public service pensions including contributions by employees and the annual estimates process. While there is no formal agreement and therefore no guarantee regarding these specific amounts with the Department of Finance, the Commission has no evidence that this funding policy will not continue to progressively meet this amount in accordance with current practice.

The Net Deferred Funding for Pensions recognised in the profit and loss was as follows:

	2014 €	2013 €
Net deferred funding for pensions in year		
Funding recoverable in respect of current year pension costs	190,000	410,000
State grant applied to pay pensioners	<u>(59,000)</u>	<u>(65,000)</u>
	<u>131,000</u>	<u>345,000</u>

The deferred funding asset for pensions as at 31 December 2014 amounted to €1,500,300 (2013:€ 2,400,300).

Notes to the Financial Statements

	2014 €	2013 €	2012 €	2011 €
(d) History of defined benefit obligations				
Defined benefit obligations	1,500,300	2,400,300	4,400,300	2,100,300
Experience (gains)/losses on scheme liabilities				
Amount	(1,031,000)	(2,345,000)	2,213,000	87,000
Percentage of the present value of scheme liabilities	(69%)	(98%)	50%	4%

The cumulative actual (gains) and losses recognised in the Statement of Total Recognised Gains and Losses amounts to € 1,006,100 as at 31st December 2014 and: (2013: € 24,900.)

(e) General description of the Scheme

The Commission operates two non-contributory defined benefit pension schemes under Section 12 of the Law Reform Commission Act, 1975 and corresponding contributory spouses' and children's schemes. Both schemes are unfunded.

The valuation used for FRS17 Disclosures has been based on a full actuarial valuation at each date performed by an independent qualified actuary to take account of the requirements of FRS17 in order to assess the scheme liabilities at 31 December 2014.

The principal actuarial assumptions were as follows:

Assumptions	2014	2013
Rate of expected salary increase	4.0%	4.0%
Rate of increase in pension payment	4.0%	4.0%
Discount rate	5.5%	5.5%
Inflation	2.0%	2.0%

The mortality rates adopted allows for improvements in the life expectancy over time, so that life expectancy at retirement will depend on the year in which a member attains retirement age (age 65). The table below shows the life expectancy for members attaining age 65 in 2014 and 2013.

Benefits accruing to the Single Scheme members at 31st December 2014 are not considered material and have not been included in the actuarial calculated FRS 17 figures in these financial statements.

Year of attaining age 65	2014	2013
Life expectancy – male	22	22
Life expectancy – female	25	25

Notes to the Financial Statements

9 Accumulated reserves	2014	2013
	€	€
Opening reserves	241,312	237,313
Surplus for year	<u>(3,270)</u>	<u>3,999</u>
Closing reserves	<u>238,042</u>	<u>241,312</u>

10 Capital commitments

The Law Reform Commission had no outstanding capital commitments as at the balance sheet date.

11 Commissioners - disclosure of transactions

The Commission adopted procedures in accordance with the Code of Practice for the governance of State Bodies in relation to the disclosure of interests by Commission Members and these procedures have been adhered to in the year. There were no transactions in the year in relation to the Commission's activities in which members had any beneficial interest.

12 Approval of Accounts

The Commission approved the financial statements on 16th December 2015.