

ROYAL IRISH ACADEMY
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2005

REPORT AND FINANCIAL STATEMENTS 2005

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STATEMENT OF ACADEMY RESPONSIBILITIES

The Academy's Council 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 Council 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 Council 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

6th November 2006
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 2005 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 2005 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
20 April 2007

REPORT AND FINANCIAL STATEMENTS 2005

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 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. Unfortunately the Academy did not have this in place during the year of account.

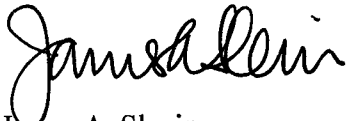
REPORT AND FINANCIAL STATEMENTS 2005

Statement of Internal Financial Controls

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.

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 2005.



James A. Slevin
President, Royal Irish Academy

ACCOUNTING POLICIES

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 recommended by the recognised accountancy bodies are adopted as they become operative.

2. OIREACHTAS GRANTS

Income shown as Oireachtas Grant of €3,163,200 (2004: €2,983,200) 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 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.

ACCOUNTING POLICIES

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.

The provisions of FRS17 on accounting for retirement benefits have been adopted in full for the first time. The effect of this policy is disclosed in Note 16.

ACCOUNTING POLICIES

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	2005 €	2004 € As restated
INCOME			
Oireachtas grants		3,163,200	2,983,200
Other income	2	159,438	228,651
Deferred Pension Funding	16	719,000	604,000
		<u>4,041,638</u>	<u>3,815,851</u>
Less, amount allocated to Funds and Projects Account		(869,024)	(889,171)
Transfer (to)/from Capital Account	13	(41,502)	6,475
		<u>3,131,112</u>	<u>2,933,155</u>
EXPENDITURE			
Staff costs	3	2,484,202	2,177,699
Accommodation and establishment	4	55,603	47,943
General administration	5	319,388	282,137
Publication costs	6	114,766	167,703
Conference and meeting expenses	7	27,332	18,921
Book purchases and international subscriptions	8	77,045	109,671
Gain on disposal of Fixed Assets		(1,017)	-
Depreciation	9	72,285	79,799
		<u>3,149,604</u>	<u>2,883,873</u>
OPERATING SURPLUS/(DEFICIT)		(18,492)	49,282
BALANCE AT 1 JANUARY		<u>411,369</u>	<u>362,087</u>
BALANCE AT 31 DECEMBER		<u>392,877</u>	<u>411,369</u>

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


MEMBER OF COUNCIL

6th November 2006
Date


EXECUTIVE SECRETARY

FUNDS AND PROJECTS ACCOUNT

year ended 31 December

	Notes	2005 €	2004 €
INCOME			
Allocation from the Academy	1 (a)	869,024	889,171
Other income	1 (b)	1,543,529	2,046,748
		<u>2,412,552</u>	<u>2,935,919</u>
EXPENDITURE			
Staff costs	3	1,366,134	1,018,922
Accommodation and establishment	4	34,233	4,056
General administration	5	248,696	83,194
Publication costs	6	62,638	127,434
Grants and awards		663,673	491,577
Conference and meeting expenses	7	297,148	223,610
Research expenses		-	-
Book purchases and international subscriptions	8	2,564	2,814
Conservation of manuscripts		-	-
Depreciation	9	47,793	33,072
		<u>2,722,879</u>	<u>1,984,679</u>
MOVEMENT IN YEAR		(310,326)	951,240
BALANCE AT 1 JANUARY		3,067,717	2,116,477
BALANCE AT 31 DECEMBER		<u>2,757,391</u>	<u>3,067,717</u>

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


MEMBER OF COUNCIL


EXECUTIVE SECRETARY

6th November 2006
Date

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

year ended 31 December

	Notes	2005 €	2004 € <u>As restated</u>
Surplus/(Deficit) for the year		(18,492)	49,282
Actual return less expected return on scheme assets	16	210,000	110,000
Experience gain / <loss> on pension scheme liabilities	16	409,000	(306,000)
Changes in Assumptions	16	0	(1,300,000)
Actuarial gain / <loss> recognised in STRGL		619,000	(1,496,000)
Adjustment to Deferred Pension Funding		(619,000)	1,496,000
Total Recognised Gain/<Loss> for the year		<u>(18,492)</u>	<u>49,282</u>


MEMBER OF COUNCIL

6th November 2006
Date


EXECUTIVE SECRETARY

BALANCE SHEET

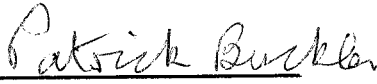
As at 31 December

	Notes	2005 €	2004 € As restated
FIXED ASSETS			
Tangible assets	9	222,131	180,628
Funds and Projects Financial assets	10	930,433	914,306
		<u>1,152,564</u>	<u>1,094,934</u>
CURRENT ASSETS			
Stocks		300,040	265,002
Debtors	11	92,048	77,762
Cash at bank and in hand		2,266,815	2,361,132
		<u>2,658,903</u>	<u>2,703,896</u>
CREDITORS (amounts falling due within one year)	12	<u>(439,071)</u>	<u>(139,118)</u>
NET CURRENT ASSETS		<u>2,219,832</u>	<u>2,564,778</u>
TOTAL ASSETS LESS CURRENT LIABILITIES BEFORE PENSIONS		<u>3,372,396</u>	<u>3,659,712</u>
Deferred pension funding	16	8,600,000	8,500,000
Pension Liabilities	16	(8,600,000)	(8,500,000)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>3,372,396</u></u>	<u><u>3,659,712</u></u>
FINANCED BY:			
Funds and Projects Accounts	1	2,757,391	3,067,717
Capital account	13	222,128	180,626
Income and expenditure account		392,877	411,369
		<u>3,372,396</u>	<u>3,659,712</u>

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


MEMBER OF COUNCIL

6th November 2006
Date


EXECUTIVE SECRETARY

ROYAL IRISH ACADEMY

REPORT AND FINANCIAL STATEMENTS 2005

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	30,630		(14,320)	188,581	(188,581)	16,310
	Roger Casement	4,606				(4,927)	(321)
	Celtic Latin	0			100,796	(100,796)	0
	Hamilton Account	40,138	1,113				41,251
	Chemistry Symposium Fund	2,368	86	(181)			2,273
	International Geosphere - Biosphere Programme	27,545				(3,657)	23,888
	Eoin O'Mahony Bursary Account	24,700	574			(14)	25,260
	Archaeological Research Account	(1,922)		4,000		(4,305)	(2,227)
	Study of International Affairs	12,721	3,565			(6,930)	9,356
	Seminars Account	101,521	13,841	27,165		(82,868)	59,659
	A New History of Ireland Account	10,534	13,203			(15,163)	8,574
	Dictionary of Irish Biography Account	115,523	25			(62)	115,486
	Atlas of Historic Irish Towns	47,168	41,471		(17,759)	(33,340)	37,540
	- Research	0					0
	FAS Account	(2,712)		2,713		(119)	(118)
	Chemistry Essay	150,019	128,514		(29,343)	(233,493)	15,697
	Bioethics Council Fund	48,243	82,000	(62,887)	(1,000)	(537)	65,819
	DEPFA Fund	395,725	88,695		(24,318)	(321,450)	138,652
	T.S.R.P.		373,087	(43,510)	216,957	(996,242)	557,099
	Balance c/fwd	1,006,807					

ROYAL IRISH ACADEMY

REPORT AND FINANCIAL STATEMENTS 2005

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	1,006,807	373,087	(43,510)	216,957	(996,242)	557,099
	Clare Island Study Account	39,384	146			(239)	39,291
	Clare Island Publications	5,808	15,500			(23,190)	(1,882)
	Economic and Social Sciences Account	2,685					2,685
	Sailor and Soldiers Trust Fund	47,877					47,877
	Thesaurus Linguarum Hiberniae	10,463					10,463
	Armstrong Fund	890	34			(2,302)	924
	Cunningham Fund	5,567	162				3,427
	Curtis Fund	7,990	319				8,309
	D'Alton Fund	71,293	1,354			(33)	72,614
	Geological Illustration Fund	935	37			(13)	972
	Higgins Fund	30,928	524				31,439
	Larmor Fund	682	27				709
	Praeger Fund	40,279	1,171	2,288		(4,955)	38,783
	Praeger Special Fund	5,602	1,744	(1,706)		(2)	5,638
	Purser Fund	3,352	134			(4)	3,486
	Smythe Fund	10,043	166				10,205
	Todd Fund	4,554	61				4,615
	Ussher Fund	1,923	31			(2)	1,952
	Wheeler Fund	1,694	68				1,762
	Mangan Bequest Fund	67,866	1,331			(33)	69,164
	Balance c/fwd	1,366,622	395,896	(42,928)	216,957	(1,027,015)	909,532

ROYAL IRISH ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

ROYAL IRISH ACADEMY

REPORT AND FINANCIAL STATEMENTS 2005

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	1,366,622	395,896	(42,928)	216,957	(1,027,015)	909,532
	John Jackson Fund	9,649	126				9,775
	Microbiology Award Account	5,181	92			(2)	5,271
	McNeill Bequest Fund	47,185	691	(582)		(17)	47,277
	David Greene Irish Studies Account	9,198	368				9,566
	Publication Reserve Account	186,093	77,364		(8,650)	(9,264)	245,543
	Library Capital Account	56,698	14,549				71,247
	Social Science Research Council	30,305	542			(196)	30,651
	Research Trust Capital Account	338,580	12,115			(233)	350,462
	Research Trust Income Account	8,319					8,319
	General Purposes Capital Account	22,244	391			(10)	22,625
	OPW Housekeeping Account	(9,679)	20,573			(20,990)	(10,996)
	Documents in Irish Foreign Policy Account	(7)	127,820		6,612	(127,051)	7,374
	CD Publications Account	23,370					23,370
	Genetic Anthropology	0					0
	Contingency Fund	5,079					5,079
	Library Cataloguing Fund	14,477					14,477
	Library IAALH Fund	317,223	59,898			(122,715)	254,406
	Ní Madadain	6,449					6,449
	DIB	6,756	31,702		512,032	(545,416)	5,074
	Balance c/fwd	2,443,742	742,127	(43,510)	726,951	(1,852,909)	2,016,401

ROYAL IRISH ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

ROYAL IRISH ACADEMY

REPORT AND FINANCIAL STATEMENTS 2005

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	2,443,742	742,127	(43,510)	726,951	(1,852,909)	2,016,401
	SFI - China Ireland	381,307			(25,000)	(192,920)	163,387
	International Exchange A/C				23,275	(23,275)	0
	Atlas of Historic Irish Towns				125,917	(126,599)	(682)
	Research Reserve	53,119	44,997	29,190	(28,997)	(155,974)	98,309
	FNG Donegal		78,776	14,320	62,878		0
	Bioethics Clinical Directive		23,500			(13,944)	23,500
	Hunt Museum		120,000			(40,197)	106,056
	RIA Gold Medal		100,000			(167,773)	59,803
	SFI - Hamilton		254,130			(99,262)	86,357
	Archaeological Excav Grant		160,000		(16,000)	(3,949)	44,738
	SFI - Lecture Series	54,584				(72,479)	50,635
	Hamilton 2005	72,556	20,000				20,077
	Sub Total	3,005,308	1,543,530	0	869,024	(2,749,281)	2,668,581
	Capital Movements	138,666				74,195	212,861
		(76,258)				(47,793)	(124,051)
		3,067,716	1,543,530	0	869,024	(2,722,879)	2,757,391

NOTES TO THE FINANCIAL STATEMENTS

1. FUNDS AND PROJECTS ACCOUNTS (CONT'D)

	2005	2004
	€	€
(b) Other Income comprises:		
Gain on investment transactions	1,152	2,766
Interest on investments	46,859	42,580
Subventions	1,481,318	1,950,902
Sale of Publications	14,200	50,500
	<u>1,543,529</u>	<u>2,046,748</u>

(c) Balances were held as follows:-

	Cash and Cash equivalents €	Investments at Cost €	Total €
Opening balance	<u>2,153,411</u>	<u>914,306</u>	<u>3,067,717</u>
Closing balance	<u>1,826,957</u>	<u>930,433</u>	<u>2,757,391</u>

2. OTHER INCOME

	2005	2004
	€	€
Deposit interest	17,302	13,307
Readers' tickets and room rental	18,647	26,940
Grants and awards	8,659	27,677
Members subscriptions and entrance fees	25,288	22,374
Sale of Academy publications	89,542	138,353
	<u>159,438</u>	<u>228,651</u>

3. STAFF COSTS

	2005	2004
	€	€
(a) Analysis of Staff Costs:		Restated
Wages and salaries	2,839,231	2,374,049
Social welfare costs	215,105	176,572
Pension costs	796,000	646,000
	<u>3,850,336</u>	<u>3,196,621</u>

Charged as follows:

Income and Expenditure Account	2,484,202	2,177,699
Funds and Projects Account	1,366,134	1,018,922
	<u>3,850,336</u>	<u>3,196,621</u>

(b) Average Number of Persons Employed

Full Time	53	49
Part Time	21	17

NOTES TO THE FINANCIAL STATEMENTS

4. ACCOMODATION AND ESTABLISHMENT EXPENSES	2005	2004
	€	€
Light and heat	27,312	17,274
Insurance	18,239	12,544
Furniture and household	44,285	22,181
	<u>89,836</u>	<u>51,999</u>
Charged as follows:		
Income and Expenditure Account	55,603	47,943
Funds and Projects Account	34,233	4,056
	<u>89,836</u>	<u>51,999</u>
5. GENERAL ADMINISTRATION EXPENSES	2005	2004
	€	€
Postage and telephone	55,595	52,984
Advertising	59,001	
Stationery and office	46,512	51,399
Administration printing	69,052	44,189
General Purpose Account and Funds & Projects Miscellaneous	118,807	91,842
Professional fees - Legal and other fees	19,303	
- Accountants fees	16,809	19,621
Audit fees	9,600	9,000
Bank interest and fees	3,560	4,026
Portfolio fees	467	886
Information technology	119,947	51,164
Loss on Disposal	(88)	0
Training and Consultancy	49,519	40,220
	<u>568,084</u>	<u>365,331</u>
Charged as follows:		
Income and Expenditure Account	319,388	282,137
Funds and Projects Account	248,696	83,194
	<u>568,084</u>	<u>365,331</u>
6. PUBLICATION COSTS	2005	2004
	€	€
Proceedings	54,414	72,870
Publications	78,986	158,435
General conservation costs	44,004	52,220
Bad debts provided/(recovered)	0	11,612
	<u>177,404</u>	<u>295,137</u>
Charged as follows:		
Income and Expenditure Account	114,766	167,703
Funds and Projects Account	62,638	127,434
	<u>177,404</u>	<u>295,137</u>

NOTES TO THE FINANCIAL STATEMENTS

7. CONFERENCE AND MEETING EXPENSES

	2005 €	2004 €
Conference expenses	46,143	112,180
Special Event Costs	144,494	0
Travel expenses	133,843	130,351
	<u>324,480</u>	<u>242,531</u>
Charged as follows:		
Income and Expenditure account	27,332	18,921
Funds and Projects account	297,148	223,610
	<u>324,480</u>	<u>242,531</u>

8. BOOK PURCHASES AND SUBSCRIPTIONS

	2005 €	2004 €
Library books and periodicals	29,318	42,292
Subscriptions to international organisations	50,291	70,193
	<u>79,609</u>	<u>112,485</u>
Charged as follows:-		
Income and expenditure account	77,045	109,671
Funds and projects account	2,564	2,814
	<u>79,609</u>	<u>112,485</u>

9. TANGIBLE ASSETS

COST	Computer Equipment €	Fixtures & Fittings €	Equipment €	Total €
At 1 January 2005	473,715	117,273	197,295	788,283
Additions	97,908	41,859	24,862	164,629
Disposals	(141,733)	(838)	(28,360)	(170,931)
At 31 December 2005	<u>429,890</u>	<u>158,294</u>	<u>193,797</u>	<u>781,981</u>

ACCUMULATED DEPRECIATION

At 1 January 2005	407,295	75,683	124,677	607,655
Charge for the year	71,932	14,732	33,414	120,078
Eliminated on Disposals	(141,733)	(838)	(25,312)	(167,883)
At 31 December 2005	<u>337,494</u>	<u>89,577</u>	<u>132,779</u>	<u>559,850</u>

NET BOOK AMOUNTS

At 31 December 2004	<u>66,420</u>	<u>41,590</u>	<u>72,618</u>	<u>180,628</u>
At 31 December 2005	<u>92,396</u>	<u>68,717</u>	<u>61,018</u>	<u>222,131</u>

	2005 €	2004 €
Depreciation charged as follows:-		
Income and expenditure account	72,285	79,799
Funds and projects account	47,793	33,072
	<u>120,078</u>	<u>112,871</u>

NOTES TO THE FINANCIAL STATEMENTS

10. FUNDS AND PROJECTS FINANCIAL ASSETS

	1.1.05 COST €	ADDITIONS €	DISPOSALS €	31.12.05 COST €	31.12.05 MARKET VALUE €
A.I.B. Investment Managers	903,081	25,648	9,733	918,996	1,088,831
2.5% Consolidated Stock	2,154	0	0	2,154	
Prize Bonds	235	0	0	235	
Research Trust Account	8,836	212	0	9,048	
	<u>914,306</u>	<u>25,860</u>	<u>9,733</u>	<u>930,433</u>	<u>1,088,831</u>

11. DEBTORS (amounts falling due within one year)

	2005 €	2004 €
Debtors	15,874	35,574
Prepayments and Accrued Income	61,211	27,652
Value Added Tax	14,963	14,536
	<u>92,048</u>	<u>77,762</u>

12. CREDITORS (amounts falling due within one year)

	2005 €	2004 €
Bank overdraft	278,887	14,036
Creditors and accruals	72,122	65,027
Due to FAS	16,866	3,160
Other taxation and social welfare	71,196	56,895
	<u>439,071</u>	<u>139,118</u>

13. CAPITAL ACCOUNT

	2005 €	€	2004 €	€
Opening balance		180,626		187,101
Net Book Value of Disposals	(3,048)		-	
Amounts allocated for fixed asset acquisition	164,628		106,396	
Amortisation in line with asset depreciation	<u>(120,078)</u>		<u>(112,871)</u>	
Transfer (to)/from the Income & Expenditure Account		41,502		(6,475)
Closing balance		<u>222,128</u>		<u>180,626</u>

NOTES TO THE FINANCIAL STATEMENTS

14. ACCOMODATION

The Academy operates from offices at 19 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 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 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 31st December 2005. 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 31/12/05	At 31/12/04
Discount rate	5.5%	5.5%
Salary Increases	4.0%	4.0%
Pension Increases	4.0%	4.0%
Inflation Increases	2.0%	3.0%

The assets in the Pre-1994 Funded Scheme and the expected rate of return as at December 2005 were:

	Expected Return 2005	Expected Return 2004	Market Value 2005 €	Market Value 2004 €
Equities	7%	7%	1,200,000	970,000
Bonds	4%	4%	700,000	560,000
Properties	4%	4%	200,000	170,000
Total			<u>2,100,000</u>	<u>1,700,000</u>
Present value of scheme liabilities			(10,700,000)	(10,200,000)
Deficit in scheme			(8,600,000)	(8,500,000)
Related deferred tax liability			0	0
Net Pension Asset/(Liability)			(8,600,000)	(8,500,000)

NOTES TO THE FINANCIAL STATEMENTS

16. PENSIONS (continued)

(c) Net Deferred Funding for Pensions in Year	2005	2004
	€	€
Funding recoverable in respect of current year pension costs	860,000	700,000
State Grant Applied to pay Pensioners (Unfunded Scheme)	(8,000)	(8,000)
Pension Contributions (Funded Scheme)	<u>(133,000)</u>	<u>(88,000)</u>
	719,000	604,000
(d) Analysis of total pension costs charged to expenditure	2005	2004
	€	€
Service Charge	400,000	320,000
Interest on Pension Scheme Liabilities	460,000	380,000
Employees Contributions (Unfunded Scheme)	<u>(64,000)</u>	<u>(54,000)</u>
	796,000	646,000
(e) Analysis of amount recognised in the statement of total recognised gains and losses (STRGL)	2005	2004
	€	€
Difference between actual and expected return on scheme assets	210,000	110,000
Experience gains/(losses)	409,000	(306,000)
changes in assumptions	<u>-</u>	<u>(1,300,000)</u>
	619,000	(1,496,000)

(f) Deferred Funding Asset for Pensions

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 2005 amounted to €8,600,000 (2004 €8,500,000).

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**

	2005	2004
	€	€
Deficit at the beginning of the year	(8,500,000)	(6,400,000)
Current service cost	(400,000)	(320,000)
Contributions to Funded Scheme	133,000	88,000
Payments from Unfunded Scheme	8,000	8,000
Other Finance Income	(460,000)	(380,000)
Actuarial Gain/(Loss)	619,000	(1,496,000)
Deficit in scheme at 31 December	(8,600,000)	(8,500,000)

(h) History of experience gains and losses

	2005	2004
Differences between the expected and actual return on scheme assets		
Amount	€210,000	€110,000
Percentage of the scheme assets	10%	6.5%
Experience (Gains)/Losses on scheme liabilities		
Amount	€409,000	(€306,000)
Percentage of the present value of the scheme liabilities	(3.8%)	3%
Total amount recognised in STRGL		
Amount	€619,000	(€1,496,000)
Percentage of the present value of the scheme liabilities	(5.8%)	14.7%

(i) Effect of the Change in Accounting Policy

The effect of the change in accounting policy arising from the introduction of FRS17 is to recognise as expenditure in the year the cost of the pensions earned rather than the payments made to pensioners, and a corresponding funding amount. In addition, the Balance Sheet recognises the cumulative liability for pensions earned by employees as at 31st December 2005 together with corresponding asset, whereas previously this liability was disclosed by note only.

17. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved on 6th November 2006.