

The Labour Relations Commission

Financial Statements

For the Year Ended 31st December 2013

Financial Statements

For the year ended 31 December 2013

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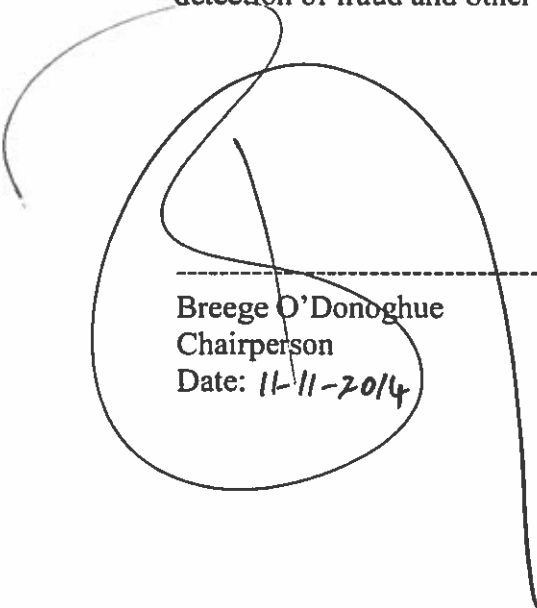
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Statement of Responsibilities of the Commission


Section 31(1) of the Industrial Relations Act 1990 requires the Commission to prepare Financial Statements in such form as may be approved by the Minister for Jobs, Enterprise and Innovation after consultation with the Minister for Public Expenditure and Reform. In preparing those statements, the Commission 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 an inappropriate basis;
- 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 the financial position of the Commission and which enable it to ensure that the Financial Statements comply with Section 31(1) of the Act. The Commission is also responsible for safeguarding the assets of the Labour Relations Commission and for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Breege O'Donoghue
Chairperson
Date: 11-11-2014



John Hennessy
Commission Member
Date: 11-11-2014

Statement on Internal Financial Control

For the year ended 31 December 2013

Responsibility on Internal Financial Control

As Chairman, I acknowledge the responsibility of the Labour Relations Commission 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 Commission has taken steps to ensure an appropriate control environment is in place by:

- Clearly defining management responsibilities and powers;
- Establishing formal procedures for monitoring the activities and safeguarding the assets of the Commission; and
- Developing a culture of accountability across all levels of the Commission

The Commission has established procedures to identify and evaluate business risks by:

- Identifying the nature, extent and financial implication of risks facing the Commission including the extent and categories which it regards as acceptable;
- Assessing the likelihood of identified risks occurring-a risk register is in place;
- Assessing the Commission's ability to manage and mitigate the risks that do occur; and
- Assessing the costs of operating particular controls relative to the benefit obtained

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:

- A comprehensive budgeting system with a monthly 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;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing and approval guidelines; and
- Formal project management disciplines.

The Labour Relations Commission year ended 31st December 2013

The Commission employed a consultant, on a contract basis, as internal auditor to conduct a review of the effectiveness of the system of internal controls.

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

Annual Review of Controls

I confirm that for the year ended 31 December 2013 the Commission conducted a review of the effectiveness of the system of internal financial controls.

Signed on behalf of the Labour Relations Commission.



Breege O'Donoghue
Chairperson

Date: 11-11-2014



Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Labour Relations Commission

I have audited the financial statements of the Labour Relations Commission for the year ended 31 December 2013 under the Industrial Relations Act 1990. 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 31 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 2013 and of its income and expenditure for 2013.

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

19 November 2014

Statement of Accounting Policies

For the year ended 31 December 2013

1 Basis of Accounting

These financial statements have been prepared under the accruals method of accounting, except as stated 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. The unit of currency in which the Financial Statements are denominated is Euro.

2 Oireachtas Grants

Income is accounted for on the basis of:

- Cash receipts from the Department of Jobs, Enterprise and Innovation;
- Payments made by the Department of Jobs, Enterprise and Innovation on behalf of the Commission.

3 Fixed Assets and Depreciation

The Labour Relations Commission adopts a minimum capitalisation threshold of €1,000. Fixed assets are stated at their cost less accumulated depreciation. Depreciation is charged at rates calculated to write off the cost of each asset over its expected useful life on a straight-line basis as follows:

Furniture, Fixtures and Fittings	10% Per Annum
Equipment	20% Per Annum

4 Capital Account

The capital account represents the unamortised amount of income used to purchase fixed assets and the value of assets transferred to the Commission.

5 Pensions

The Commission operates a non-contributory defined benefit pension scheme for one Officer which is funded annually on a pay-as-you-go basis from monies provided by the Department of Jobs, Enterprise and Innovation. Pension Scheme liabilities are measured on an actuarial basis using the projected unit method. Pension costs reflect pension benefits earned in the period. 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 Jobs, Enterprise and Innovation.

Pension liabilities represent the present value of future pension payments earned to date. Deferred pension funding represents the corresponding asset to be recovered in future periods from the Department of Jobs, Enterprise and Innovation.

6 Stocks

Stocks of publications and stationery have no net realisable value and are not regarded as assets.

Income and Expenditure Account

For the Year ended 31 December 2013

	Notes	€	2013 €	2012 €
Income				
Oireachtas grants	1		4,054,962	4,597,572
Net deferred funding for pensions	5(a)		147,000	142,000
			<u>4,201,962</u>	<u>4,739,572</u>
Transfer (to)/from Capital Account	2		19,966	40,628
			<u>4,221,928</u>	<u>4,780,200</u>
Expenditure				
Salaries and related costs	3	3,217,525		3,629,832
Travel and subsistence		219,955		261,543
Commission members' fees	6	80,370		92,340
Rental of meeting rooms		73,371		99,995
Stationery and office supplies		32,745		41,641
Postage, carriage and telephone		138,312		127,172
Entertainment and catering		13,824		3,936
Research		35,962		-
Utilities & Office maintenance		187,615		178,659
Audit fee		8,200		8,225
Consultancy and professional fees		44,467		50,653
Miscellaneous		38,155		33,301
Printing		5,927		12,989
Training		4,733		20,301
Pension costs	5(a)	147,000		142,000
Refurbishment		-		23,412
Depreciation		46,169		62,975
			<u>4,294,330</u>	<u>4,788,974</u>
Deficit for year			<u>(72,402)</u>	<u>(8,774)</u>
Balance at 1 st January			84,127	92,901
Balance at 31 st December			<u>11,725</u>	<u>84,127</u>

The results for the year relate to continuing operations.

The Statement of Accounting Policies and Notes 1 to 15 form part of these Financial Statements.

Breege O'Donoghue
Chairperson

Date: 11-11-2014

Kieran Mulvey
Chief Executive

Date: 11-11-2014

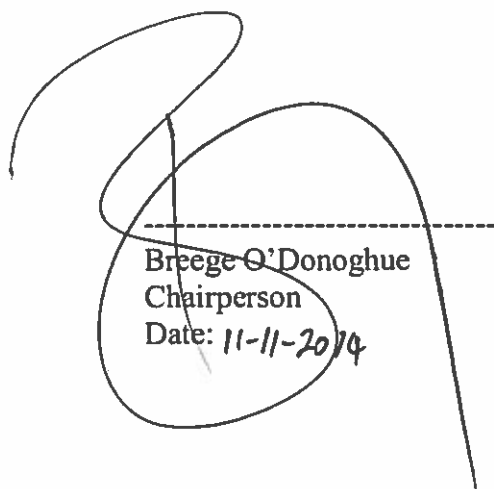
Statement of Total Recognised Gains & Losses

For the year ended 31 December 2013

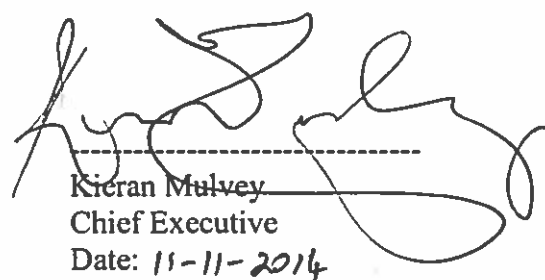
	Note	2013 €	2012 €
Deficit for the year		(72,402)	(8,774)
Experience gains on pension scheme liabilities		307,000	52,000
Changes in assumption underlying the present value of pension scheme liabilities		-	-
Actuarial gain on pension liabilities		<u>307,000</u>	<u>52,000</u>
Adjustment to deferred pension funding	5(e)	(307,000)	(52,000)
Total recognised loss for the year		<u>(72,402)</u>	<u>(8,774)</u>

The results for the year relate to continuing operations.

The Statement of Accounting Policies and Notes 1 to 15 form part of these Financial Statements.



 Breege O'Donoghue
 Chairperson
 Date: 11-11-2014



 Kieran Mulvey
 Chief Executive
 Date: 11-11-2014

The Labour Relations Commission year ended 31st December 2013

Balance Sheet

As at 31 December 2013

	Notes	€	2013 €	2012 €
Fixed Assets	9		112,247	132,213
Current Assets				
Debtors and prepayments	10	108,826		107,633
Cash at bank and on hand	11	18,515		74,151
			<u>127,341</u>	<u>181,784</u>
Current Liabilities				
Creditors (amounts falling due within one year)	12	115,617		97,658
			<u>115,617</u>	<u>97,658</u>
Net Current Assets			<u>11,724</u>	<u>84,126</u>
Total Assets less Current Liabilities before Pension			<u>123,971</u>	<u>216,339</u>
Deferred pension funding	5(d)		1,310,000	1,470,000
Pension liabilities	5(b)		(1,310,000)	(1,470,000)
			<u>123,971</u>	<u>216,339</u>
Total Assets less Current Liabilities			<u><u>123,971</u></u>	<u><u>216,339</u></u>
Represented by:				
Capital Account	2		112,246	132,212
Income and expenditure account			11,725	84,127
			<u>123,971</u>	<u>216,339</u>

The Statement of Accounting Policies and Notes 1 to 15 form part of these Financial Statements.

 Breege O'Donoghue
 Chairperson
 Date: 11-11-2014

 Kieran Mulvey
 Chief Executive
 Date: 11-11-2014

Notes to the Financial Statements

For the year ended 31 December 2013

	2013 €	2012 €
1 Oireachtas Grants		
The Department of Jobs, Enterprise and Innovation (Vote 32) provided grant funding during the year as follows:		
Paid over to the Labour Relations Commission – Subhead C.3	750,000	889,000
Paid directly by the Department – Subhead C.3	3,304,962	3,708,572
	<u>4,054,962</u>	<u>4,597,572</u>
	2013 €	2012 €
2 Capital Account		
Balance at 1 st January	132,212	172,840
Transfer from Income and Expenditure Account		
Income applied to purchases of Fixed Assets	26,203	22,347
Net book value of assets disposed	-	-
Amortisation in line with depreciation	(46,169)	(62,975)
	<u>(19,966)</u>	<u>(40,628)</u>
Balance at 31 st December	<u>112,246</u>	<u>132,212</u>

3 Salaries and Related Costs

All staff, other than the Chief Executive and the Rights Commissioners, are Civil Servants assigned to the Commission by the Department of Jobs, Enterprise and Innovation.

The charge of €3,217,525 (2012: €3,629,832) includes fees of €858,644 (2012: €1,076,245) payable to 13 Rights Commissioners.

The total number of staff employed at 31 December 2013 was 45 (2012 - 47) with a salary cost of €2,358,881 (2012: €2,461,247).

4 Chief Executive

The Chief Executive received salary payments of €161,948 (2012: €168,000). No bonus payments were made in the year. The Chief Executive received an amount of €10,965 (2012: €12,322) in respect of travel and subsistence. The Chief Executive's pension entitlements do not extend beyond the standard entitlements in the model public sector defined benefit superannuation scheme.

Notes to the Financial Statements

For the year ended 31 December 2013

5 Pension

(a) Analysis of total pension costs charged to Expenditure

	2013	2012
	€	€
Current service costs	66,000	66,000
Interest on Pension Scheme Liabilities	<u>81,000</u>	<u>76,000</u>
Pension charge in year	<u>147,000</u>	<u>142,000</u>

(b) Movement in net pension liability during the financial year

	2013	2012
	€	€
Net pension liability at 1 January	1,470,000	1,380,000
Current service cost	66,000	66,000
Interest cost	81,000	76,000
Actuarial gain	(307,000)	(52,000)
Pensions paid in the year	-	-
Net pension liability at 31 st December	<u>1,310,000</u>	<u>1,470,000</u>

(c) Net deferred funding for pension

The Net Deferred Funding for Pensions recognised in Income and Expenditure was as follows:

	2013	2012
	€	€
Funding Recoverable in respect of current year pension costs	147,000	142,000
State Grant applied to pay pensioners	0	0
	<u>147,000</u>	<u>142,000</u>

(d) Deferred funding for pensions

The Commission recognises these amounts as an asset corresponding to the unfunded deferred liability for pension 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 pension schemes, and the policy and practice currently in place in relation to funding public service pensions including the annual estimates process.

The Commission has no evidence that this funding will not continue to meet such sums in accordance with current practices. The deferred funding asset for pension as at 31st December 2013 amounted to €1,310,000 (2012: €1,470,000).

Notes to the Financial Statements

For the year ended 31 December 2013

(e) History of defined benefit obligations	2013	2012
Defined benefit obligations	€1,310,000	€1,470,000
Experience losses/(gains) on scheme liabilities:		
Amount	€(307,000)	€(52,000)
Percentage of scheme liabilities	(23%)	(4%)
The cumulative actuarial loss recognised in the Statement of Total Recognised Gains and Losses amounts to €587,000		

(f) General description of the scheme

The pension scheme is a defined benefit salary pension arrangement with benefits and contributions defined by reference to current “model” public sector scheme regulations. The valuation used for FRS17 (Revised) disclosures has been based on a full actuarial valuation on March 15th 2014 by a qualified independent actuary taking account of the requirements of the FRS in order to assess the scheme liabilities at 31st December 2013.

The principal actuarial assumptions were as follows:	2013	2012
Rate of increase in salaries	4%	4%
Rate of increase in pensions in payment	4%	4%
Discount rate	5.5%	5.5%
Inflation rate	2%	2%
Average life expectancy:		
Male aged 65	22	22
Female aged 65	25	25

6 Commission Members' Fees	2013	2012
The annual fees payable to Commission Members are as follows:	€	€
Chairperson	20,520	20,520
Ordinary Members	59,850	71,820
	<u>80,370</u>	<u>92,340</u>

7 Commission Members' Fee List

	Fees	
	2013	2012
	€	€
Breege O'Donoghue (Chairperson)	20,520	20,520
Gerard Barry	5,985	11,970
Iarla Duffy	5,985	11,970
Brendan McGinty	11,970	11,970
John Hennessy	11,970	11,970
Peter McLoone	11,970	11,970
Fergus Whelan	11,970	11,970
	<u>80,370</u>	<u>92,340</u>
The amount paid to Commission Members in 2013 in respect of:	€	€
Mileage expenses	1,465	3,861
Subsistence expenses	545	1,417
	<u>2,010</u>	<u>5,278</u>
Total paid	<u>2,010</u>	<u>5,278</u>

Notes to the Financial Statements

For the year ended 31 December 2013

8 Rent & Rates

The Commission operates from offices provided on a rent free basis by the Office of Public Works.

9 Fixed Assets

	Furniture, Fixtures and Fittings	Equipment	Total
Cost	€	€	€
At 1 January 2013	455,288	584,499	1,039,787
Additions In Year	-	26,203	26,203
Disposals In Year	-	(9,129)	(9,129)
At 31 December 2013	<u>455,288</u>	<u>601,573</u>	<u>1,056,861</u>
Accumulated Depreciation			
At 1 January 2013	356,817	550,757	907,574
Charge for Year	26,744	19,425	46,169
Depreciation on Disposals	-	(9,129)	(9,129)
At 31 December 2013	<u>383,561</u>	<u>561,053</u>	<u>944,614</u>
Net book values			
At 31 December 2013	<u>71,727</u>	<u>40,520</u>	<u>112,247</u>
At 31 December 2012	<u>98,471</u>	<u>33,742</u>	<u>132,213</u>

Notes to the Financial Statements

For the year ended 31 December 2013

10 Debtors & Prepayments	2013	2012
	€	€
Debtors	10,038	13
Prepayments	20,770	29,602
OPW	78,018	78,018
	<hr/>	<hr/>
	108,826	107,633
	<hr/> <hr/>	<hr/> <hr/>
	2013	2012
	€	€
11 Bank & Cash		
Current account	17,035	72,583
Deposit account	1,333	1,333
Petty cash	147	235
	<hr/>	<hr/>
	18,515	74,151
	<hr/> <hr/>	<hr/> <hr/>
	2013	2012
	€	€
12 Creditors		
Accruals	99,172	89,433
Audit fee	16,445	8,225
	<hr/>	<hr/>
	115,617	97,658
	<hr/> <hr/>	<hr/> <hr/>

13 Related Party Transactions

The Labour Relations Commission is an independent statutory body under the aegis of the Department of Jobs, Enterprise and Innovation. The Commission received grant aid from the Department of Jobs, Enterprise and Innovation and, due to various material transactions, this Department is regarded as a related party.

The Board adopted procedures in accordance with the Code of Practice for the Governance of State Bodies in relation to the disclosure of interest by the Board members and these procedures have been adhered to in the year.

There were no transactions in the year in relation to the Board's activities in which the Board members had any beneficial interest.

Notes to the Financial Statements

For the year ended 31 December 2013

14 Going Concern

The Minister for Jobs, Enterprise and Innovation announced in July 2011 that he wished to reform the operation of the Employment Rights and Industrial Relations (ERIR) machinery of the State. The proposed reform is to streamline the State's five employment rights bodies: The Labour Relations Commission (LRC), National Employment Rights Authority (NERA), Employment Appeals Tribunal (EAT), Equality Tribunal and the Labour Court.

It is the intention of the Minister to cease the operation of the Labour Relations Commission as an independent statutory body including the role of Chief Executive and his Accounting Officer statutory responsibilities, through the establishment of a newly constituted Workplace Relations Commission.

The Workplace Relations Bill was published on 30 July 2014. The Bill has commenced its passage through the Oireachtas and the Second Stage in the Dail was completed on 8 October 2014. The Minister is committed to the enactment of the Bill before the end of 2014 with a view to having the new workplace relations structures in place in early 2015.

As the functions, operations, staff, assets and liabilities of the Labour Relations Commission will be transferred to the new Workplace Relations Commission on a going concern basis, it is appropriate for the accounts to be prepared on a going concern basis.

15 Approval of Financial Statements

These financial statements were approved by the Board on the 11th November 2014.