



ÚDRÁS NÁISIÚNTA CÁILÍOCHTAÍ NA hÉIREANN
NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

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NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

INFORMATION

- Authority Address:** 5th Floor
Jervis House
Jervis Street
Dublin 1
- Senior Executive:** Dr. Pdraig Walsh – Chief Executive Officer
(appointed 1st October 2010)
Dr. Jim Murray – Acting Chief Executive Officer
(contract ceased 13th July 2010)
Ms. Claire Byrne – Director of Corporate Affairs and Communication
Dr. Anna Murphy – Director of Research and Strategic Development
Dr. Jim Murray – Director of Framework Implementation and
Qualification Recognition (appointed 14th July
2010)
- Members of Authority:** Mr. Paul Haran - Chairperson
Prof. Anne Moran - Deputy Chairperson
Ms Inez Bailey
Mr. Mogens Berg
Dr. Sean Conlan
Mr. Eamon Devoy
Mr. Tony Donoghoe
Mr. Peter Mannion (resigned 30th June 2010)
Mr. Pat O`Callaghan
Mr. Donal O`Rourke
Mr Gary Redmond (appointed 1st July 2010)
Mr. Martin Shanahan
Prof. Seamus Smyth
Mr. Pat Phelan
Dr. Pdraig Walsh – Chief Executive
(appointed 1st October 2010)
- Bank:** A.I.B.
126/128 Capel Street
Dublin 1
- Solicitors:** Brian Whitaker & Co Solicitors
17 Fitzwilliam Square
Dublin 2
- Auditors:** The Comptroller and Auditor General
Dublin Castle
Dublin 2
- Web Site:** www.nqai.ie

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND
REPORT OF THE COMPTROLLER AND AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS



Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

National Qualifications Authority of Ireland

I have audited the financial statements of the National Qualifications Authority of Ireland for the year ended 31 December 2010 under the Qualifications (Education and Training) Act 1999. 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 reporting framework that has been applied in their preparation is applicable law and Generally Accepted Accounting Practice in Ireland.

Responsibilities of the Members of the Authority.

The Authority is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view of the state of the Authority'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 Authority'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 Authority's affairs at 31 December 2010 and of its income and expenditure for the year then ended.

In my opinion, proper books of account have been kept by the Authority. 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 moneys have 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 Authority'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.

Andrew Harkness

For and on behalf of the
Comptroller and Auditor General

20 September 2011

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

STATEMENT ON INTERNAL FINANCIAL CONTROL

Responsibility for system of Internal Financial Control

On behalf of the members of the Board of the National Qualifications Authority of Ireland, 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.

Control Environment

The following steps have been taken to ensure an appropriate control:

- ❖ The Authority has a regular schedule of meetings at which it is provided with regular updated reports of expenditure;
- ❖ An internal audit committee of the Authority has been established. Its terms of reference include ensuring systems that continually enhance and guarantee internal financial control;
- ❖ Management responsibilities are clearly assigned and communicated, with corresponding accountability.
- ❖ Monitoring and reporting on the process.

Risk Assessment

The National Qualifications Authority of Ireland has established processes to identify and evaluate financial and business risks by:

- ❖ Identifying the nature and extent of financial risks facing the Authority;
- ❖ Assessing the potential of identified risks occurring;
- ❖ Evaluating and assessing the internal capacity of the Authority to manage the risks that do occur.

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

STATEMENT ON INTERNAL FINANCIAL CONTROL

Control Mechanism

The system of internal financial control is based on internal management of information, administrative procedures and a system of delegation and accountability. In particular this involves

- ❖ Comprehensive budgeting system with an annual budget which is reviewed regularly by senior management;
- ❖ Regular review by senior management of periodic and annual financial reports which indicated performance against forecasts;
- ❖ Regular senior management team meetings.

The Authority's monitoring and review of the effectiveness of the system of internal financial control is informed by the Internal Auditor, the Audit Committee which oversees the work of the Internal Auditor, and the executive managers within the organisation who have responsibility for the development and maintenance of the financial control framework.

Mechanisms for ensuring the adequacy of the security of the Information and Communication Technology (ICT) systems that include the establishment of appropriate policies and control procedures have been established.

I confirm that in the year ended 31st December 2010, the Authority conducted a review of the effectiveness of the systems of internal financial control.

On behalf of the Authority



Paul Haran
Chairperson

Date: 15th September 2011

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND
STATEMENT OF RESPONSIBILITIES OF THE AUTHORITY

The National Qualifications Authority was established on 26th February 2001, by the Minister for Education and Skills, under Section 5 of the Qualifications (Education and Training) Act, 1999.

The functions of the National Qualifications Authority are to do all things necessary or expedient in accordance with the Act to further the objects of the Authority.

The objects of the Authority are as follows:

- (a) To establish and maintain a framework, being a framework for the development, recognition and award of qualifications in the state based on standards of knowledge, skill and competence to be acquired by learners.
- (b) To establish and promote the maintenance and improvement of the standards of further education and training awards and higher education and training awards of the Further Education and Training Awards Council, the Dublin Institute of Technology and universities established under section 9 of the Act of 1997.
- (c) To promote and facilitate access transfer and progression.

Section 57 of the Qualifications (Education and Training) Act, 1999 requires the National Qualifications Authority of Ireland (referred to as the Authority) to prepare financial statements in such form as may be approved by the Minister of Education and Skills after consultation with the Minister of Finance.

In preparing those financial statements, the Authority is required to:

- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Authority will continue in operation.
- Disclose and explain any material departures from applicable accounting standards.

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND
STATEMENT OF RESPONSIBILITIES OF THE AUTHORITY
(CONTINUED)

The Authority is responsible for the keeping of 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 the section 57 of Qualifications (Education and Training) Act, 1999. The Authority is also responsible for safeguarding its assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Chairperson: 

Chief Executive: 

Date: 15th September 2011

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

STATEMENT OF ACCOUNTING POLICIES

Basis of Preparation

The financial statements are prepared under the accrual method of accounting, except as indicated below, and in accordance with generally accepted accounting principles under the historical cost convention. The Financial Statements are in the form approved by the Minister for Education and Skills with the concurrence of the Minister for Finance.

Accounting Period

The financial statements cover the year to 31st December 2010.

State Grants

Income shown in the financial statements under State Grants represents the actual receipts in the period.

Other Income

Income shown in the financial statements under other income represents income invoiced during the period.

Grants to Award Councils

Grants to Award Councils are accounted for in the year to which the grant relates.

Fixed Assets and Depreciation

Fixed assets are stated at their historical cost less accumulated depreciation. Depreciation is charged to the Income and Expenditure Account on a straight line basis, at the rates set out below, so as to write off the assets, adjusted for residual value, over their expected useful lives as follows:-

Leasehold Buildings	Over lease term of 25 years
Computer Equipment	33.33%
Office Equipment	20%
Office Furniture	10%
Fixtures and Fittings	10%

Capital Account

The Capital Account balance represents the unamortised value of income applied for capital expenditure purpose.

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

STATEMENT OF ACCOUNTING POLICIES

(CONTINUED)

Foreign Currencies

Transactions denominated in foreign currencies are translated into euro and recorded at the rate of exchange ruling at the dates of transactions.

Monetary assets and liabilities dominated in foreign currencies are translated in to euro at the rates of exchange ruling at the balance sheet or a forward purchase contract rates where such contracts exist.

Pensions

The Authority operates a defined benefit pension scheme which is funded annually on a pay as you go basis from monies provided by the Department of Education and Skills and from contributions deducted from staff salaries.

Pension scheme liabilities are measured on an actuarial basis using the projected unit method.

Pension costs reflect pension benefits earned by employees in the period and are shown net of staff pension contributions which are retained by the Authority. 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 from changes in Actuarial assumptions and from experience surpluses and deficits are recognised in the Statement of Total Recognised Gains and Losses for the year in which they occur and a corresponding adjustment is recognised in the amount recoverable from the Department of Education and Skills.

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


NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010**

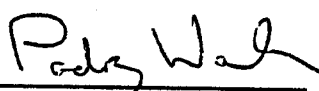
	Note	2010 €	2009 €
INCOME			
State grant	1	8,937,532	10,679,135
Other Income	2	253,772	64,314
Net deferred funding for pensions	19(c)	456,000	376,000
Deposit interest		736	1,644
		<hr/>	<hr/>
Transfer from/(to) Capital Account	13	9,648,040	11,121,093
		77,996	70,058
		<hr/>	<hr/>
		9,726,036	11,191,151
EXPENDITURE			
Grants to awards councils	3	6,500,000	8,100,000
Staff costs	4	1,732,520	1,732,123
Premises	6	329,280	329,354
Central administration and service	7	646,933	558,360
Gain on Disposal of Fixed Assets		(2,000)	-
Pension costs	19(a)	415,535	331,898
		<hr/>	<hr/>
		9,622,268	11,051,735
		<hr/>	<hr/>
SURPLUS FOR THE YEAR		103,768	139,416
		<hr/>	<hr/>
Accumulated surplus / (deficit) at 1 January		91,902	(47,514)
		<hr/>	<hr/>
Accumulated surplus / (deficit) at 31 December		195,670	91,902
		<hr/>	<hr/>

The Statement of Accounting Policies and notes 1-23 form part of these financial statements.

All income and expenditure for the year relates to continuing activities.



Chairperson



Chief Executive

15th September 2011
Date

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010	2009
		€	€
Surplus / (deficit) for the year		103,768	139,416
Experience gains/(losses) on pension scheme		156,000	(170,000)
Changes in assumptions underlying the present value of pension scheme liabilities		-	(254,000)
Actuarial gains/(losses) on pension liabilities	19(b)	156,000	(424,000)
Adjustment to deferred pension funding		(156,000)	424,000
Total recognised gain /(loss)		103,768	139,416

The Statement of Accounting Policies and notes 1-23 form part of these financial statements.



Chairperson



Chief Executive

15th September 2011

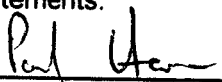
Date

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

**BALANCE SHEET
AS AT 31 DECEMBER 2010**

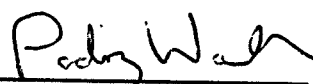
	Note	2010	2009
		€	€
Fixed Assets	10	300,842	378,838
Current Assets			
Debtors and prepayments	11	175,498	110,259
Cash on hand and at bank		257,918	131,014
		<hr/>	<hr/>
		433,416	241,273
Current Liabilities			
Amounts falling due within 1 year			
Creditors and accruals	12	237,746	149,371
		<hr/>	<hr/>
Net Current Assets		195,670	91,902
Total assets less current liabilities before pensions		<hr/>	<hr/>
		496,512	470,740
Deferred pension funding	19(c)	3,400,000	3,100,000
Pension liabilities	19(b)	(3,400,000)	(3,100,000)
		<hr/>	<hr/>
Total assets less current liabilities		496,512	470,740
		<hr/>	<hr/>
Represented by:			
Capital Account	13	300,842	378,838
Income and Expenditure Account		195,670	91,902
		<hr/>	<hr/>
		496,512	470,740

The Statement of Accounting Policies and notes 1-23 form part of these financial statements.



Chairperson

15th September 2011
Date



Chief Executive

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010	2009
	€	€
1. State Grant		
Grant towards Administration	2,437,532	2,579,135
Grant for the Further Education and Training Awards Council	5,200,000	5,900,000
Grant for the Higher Education and Training Awards Council	1,300,000	2,200,000
	<hr/>	<hr/>
	8,937,532	10,679,135
	<hr/>	<hr/>
	2010	2009
	€	€
2. Other Income		
National Europass Centre	48,000	47,767
SECCOMPAT (Leonardo da Vinci Programme)	7,560	15,237
Education Audiovisual and Culture Executive Agency	-	1,310
European Qualifications Framework National-Coordination Project (EQF NCP)	35,983	-
The Advisory Council for English Language School (ACELS) (Note 9)	74,864	-
QualifaX (Note 8)	11,625	-
Miscellaneous Income	75,740	-
	<hr/>	<hr/>
	253,772	64,314
	<hr/>	<hr/>

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

2. Other Income (continued)

National Europass Centre

National Europass Centre is an EU Initiative which aims to help people make their skills and qualifications easily understood in Europe thereby facilitating the mobility of Learners and Workers.

A network of National Europass Centres have been established throughout Europe in order to co-ordinate the initiative. In Ireland NQAI is the designated National Europass Centre. Expenditure included under Notes 4, 5 and 6 in respect of Europass amounted to €108,000 of which €48,000 was funded by the EU.

SECCOMPAT (Leonardo da Vinci Programme)

The Authority is also a partner in an European Qualifications Framework related project which is part of the Lifelong Learning Programme 2007-2013 under the Education and Culture Directorate of the European Commission (Leonardo da Vinci programme).

The project addresses the problem of comparing sectoral qualifications via National Qualification Frameworks (NFQ) and the European Qualifications Framework (EQF). The aim of the project is to develop guidelines and methodological recommendations for the matching of sectoral qualification between countries using the links of these qualifications to the NFQs and the EQF.

In 2010, the total costs eligible for Leonardo funding was €7,560.

European Qualifications Framework National-Coordination Project (EQF NCP)

The European Commission has made available, for the first time in 2010, a grant for activities contributing to the objective of implementing the Recommendation of the European Parliament and the Council of 23 April 2008 on the establishment of the European Qualifications Framework for lifelong learning. Grants to NCP are meant to co-finance specific activities, each of which needs to be defined in a work programme, including a specific activity-based budget. The Authority, as EQF National Coordination Point, successfully applied for this grant.

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010	2009
	€	€
3. Award Council Grants		
Further Education and Training Awards Council	5,200,000	5,900,000
Higher Education and Training Awards Council	1,300,000	2,200,000
	<hr/>	<hr/>
	6,500,000	8,100,000
	<hr/>	<hr/>

In accordance with Section 11 (1) of the Qualifications (Education and Training) Act, 1999 the Authority is provided with a grant each year by the Oireachtas. In accordance with Section 11 (2) of the Act, in each year the Authority may pay out of moneys received under Section 11 (1) a grant or grants to the Higher Education and Training Awards Council and the Further Education and Training Awards Council and in accordance with Section 11 (3) of the Act, payments to the Awards Councils are made in such a manner and subject to such conditions as the Authority thinks fit.

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010	2009
	€	€
4. Staff Costs		
Salaries and wages (Note 5 and Note 8)	1,676,695	1,698,449
Travel and subsistence - Staff (Note 8)	46,670	27,798
Travel and subsistence – Authority Members:		
Domestic travel	5,289	2,834
Foreign travel	1,717	2,723
Subsistence/meals	1,693	149
Accommodation	456	170
	<u>1,732,520</u>	<u>1,732,123</u>

€94,414 of pension levy has been deducted from salaries and has been paid over to the Department of Education and Skills during the year.

None of the Authority members received a fee during the year.

The award of a pension and lump sum payment arising in relation to a member of staff who transferred to the Authority from ACELS in 2009 was delayed in 2010 due to a dispute over the proposed mechanism for the reckoning and payment for past service with ACELS. It was agreed that a sum of money amounting to the employer contribution to an AVC that was established by ACELS would be transferred to the Authority in addition to the difference in salary between the personal pension contribution scale and standard scale (pre 1995 scale) that had been paid while in the employment of ACELS. The transfers took place in 2011 and the pension (including arrears) and lump sum were also paid in 2011.

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010	2009
	€	€
5. Chief Executive's Remuneration		
Incoming Chief Executive basic salary	32,966	-
Acting Chief Executive basic salary	73,832	141,159
Payments made under performance-related pay schemes	-	-
	<hr/>	<hr/>
All-in cost of the Chief Executive's total remuneration package	106,798	141,159
	<hr/>	<hr/>

Both the incoming and acting Chief Executive received no performance related pay scheme during the year.

Both the incoming and acting Chief Executives' pension entitlements do not extend beyond the standard entitlement in the model public sector defined benefit superannuation scheme.

Dr. Jim Murray was appointed to the position as Acting Chief Executive of the Authority for the period from 14 July 2008 to 13 July 2010. Dr. Padraig Walsh was appointed Chief Executive of the Authority and Chief Executive designate of Qualifications and Quality Assurance Ireland for a five year period commencing on 1 October 2011.

	2010	2009
	€	€
6. Premises		
Repairs and maintenance	2,311	1,970
Rent	219,218	219,218
Service charges	26,570	21,081
Insurance	4,649	7,048
Security	775	3,104
Cleaning	11,369	10,837
Light and heat	13,158	14,866
Depreciation	51,230	51,230
	<hr/>	<hr/>
	329,280	329,354
	<hr/>	<hr/>

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010	2009
	€	€
7. Central Administration and Services		
Telephone and postage	42,356	38,503
Accountancy	36,728	36,503
Bank charges	1,396	1,081
Information technology	194,618	192,497
Staff development	45,976	33,430
Audit fees	7,755	7,755
Public information and media	15,444	14,676
Stationery	15,874	14,523
Newspapers and books	2,100	2,103
Subscriptions	4,987	5,169
General office supplies	5,893	4,696
General maintenance	14,076	13,715
Meeting expenses	24,668	21,925
Legal fees	7,510	6,601
Compliance costs	17,092	30,513
Miscellaneous	13,385	9,317
Publications	60,829	35,626
Professional membership	8,588	8,377
Seminar expenses	35,063	8,071
Institute of Guidance Counsellors maintenance fee	8,000	8,000
Internal audit	-	23,868
Test of Interactive English (TIE) expenses	8,440	-
Moderation costs	32,964	-
Depreciation	43,191	41,411
	646,933	558,360
	646,933	558,360

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

8. QualifaX

QualifaX is Ireland's National Learners' Database. It is a "one stop shop" for learners. QualifaX provides the most comprehensive information on further and higher education and training courses and all the information needed to make informed choices about education, training and career choices.

Costs are disclosed separately as the Authority is given a separate grant for the running of the function.

Included in Note 4 and 7 are the following expenses for QualifaX:

	2010	2009
	€	€
Salaries and wages	299,625	360,403
Travel and subsistence	3,917	9,824
Institute of Guidance Counsellors maintenance fee	8,000	8,000
Telephone and postage	14,894	14,062
Stationery	2,825	2,950
Seminar expenses	2,361	4,340
Meeting expenses	1,280	1,288
Staff development	2,497	2,100
Public information and media	1,103	1,752
Publications	19,808	784
Professional membership	130	-
Information Technology	66,517	112,798
Subscriptions	1,166	2,384
Miscellaneous	859	792
	<hr/>	<hr/>
	424,982	521,477

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

9. The Advisory Council for English Language Schools (ACELS)

At the request of the Department of Education and Skills the National Qualifications Authority of Ireland took on the responsibility of administering and overseeing ACELS (Advisory Council for English Language Schools). The transfer of responsibility for the function commenced with the transfer of one staff member of ACELS to the Authority in August 2009 for administrative purposes.

ACELS was established in 1969 under the auspices of the Irish Department of Education and Science (now Department of Education and Skills) to control standards in EFL schools and organisations through an inspection/recognition scheme. ACELS administers the scheme which leads to School Recognition by the Department of Education and Skills. The list of recognised ELT organisations is published on an annual basis. ACELS' remit also includes recognition of teacher training (TEFL) courses and the development of materials and examinations for overseas students.

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

9. The Advisory Council for English Language Schools (ACELS) (continued)

Included in Note 2, 4 and 7 are the following income and expenditure for ACELS:

	2010
	€
Income	74,864
<u>Expenditure: -</u>	
Salaries and wages	198,864
Travel and subsistence	15,745
IT maintenance	587
Telephone and postage	1,178
Stationery	285
Seminar expenses	2,225
Meeting expenses	4,850
Staff development	1,662
Public information and media	42
Publications	2,646
Professional membership	1,417
Office equipment	358
Subscriptions	577
Miscellaneous	223
Legal fees	2,060
Compliance costs	3,163
Moderation costs	32,444
TIE expenses	8,440
Office relocation costs	2,311
	<hr/>
Total expenditure	279,077
	<hr/>
Deficit for the year	(204,213)
	<hr/>

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

10. Fixed Assets

	Leasehold Property €	Office Furniture €	Office Equip €	IT Equip €	Total €
Cost					
At 1 st January 2010	673,546	255,137	100,578	158,563	1,187,824
Additions	-	6,812	2,281	7,332	16,425
Disposals	-	-	(43,674)	(41,165)	(84,839)
At 31 st December 2010	<u>673,546</u>	<u>261,949</u>	<u>59,185</u>	<u>124,730</u>	<u>1,119,410</u>
Depreciation					
At 1 st January 2010	396,773	178,026	91,402	142,785	808,986
Charge for the year	51,230	26,195	3,705	13,291	94,421
Disposals	-	-	(43,674)	(41,165)	(84,839)
At 31 st December 2010	<u>448,003</u>	<u>204,221</u>	<u>51,433</u>	<u>114,911</u>	<u>818,568</u>
Net Book Value					
At 31 st December 2010	<u>225,543</u>	<u>57,728</u>	<u>7,752</u>	<u>9,819</u>	<u>300,842</u>
At 31 st December 2009	<u>276,773</u>	<u>77,111</u>	<u>9,176</u>	<u>15,778</u>	<u>378,838</u>

11. Debtors and Prepayments

	2010 €	2009 €
Debtors	6,096	-
Prepayments	122,154	110,259
Accrued income	47,248	-
	<u>175,498</u>	<u>110,259</u>

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010	2009
	€	€
12. Creditors and Accruals		
Trade creditors	7,855	217
Accruals	126,387	101,216
PAYE/PRSI	-	(300)
Professional services withholding tax	13,824	8,108
Other creditors	640	776
Deferred income	89,040	39,354
	<hr/>	<hr/>
	237,746	149,371
	<hr/>	<hr/>

	2010	2009
	€	€
13. Capital Account		
Balance at 1 January	378,838	448,896
Transfer (to) / from Income and Expenditure Account		
Amounts applied for purchase of fixed assets	16,425	22,583
Amortisation in line with asset depreciation	(94,421)	(92,641)
	<hr/>	<hr/>
	(77,996)	(70,058)
	<hr/>	<hr/>
Balance at 31 December	300,842	378,838
	<hr/>	<hr/>

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

14. Capital Commitments

There were no capital commitments at 31 December 2010.

15. Operating Lease

The Authority holds a 25 year tenancy agreement from 5 December 2002 in respect of the lease of the office accommodation in Jervis House. The annual cost of the lease is €219,217 with a 5 year rent review.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

16. Contingent Liabilities

No contingent liabilities existed at 31 December 2010.

17. Corporation Tax

The Authority is not liable for corporation tax.

18. Authority Members – Disclosure of Transactions

The Authority adopted procedures in accordance with guidelines issued by the Department of Finance in relation to the disclosure of interests by Authority members and these procedures have been adhered to. There were no transactions in relation to the Authority's activities in which members had any beneficial interests.

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

19. Pension Costs

a. Analysis of total pension costs charged to Expenditure

	2010	2009
	€	€
Current service cost	320,000	280,000
Interest on Pension Scheme liabilities	170,000	130,000
Employee contributions	(74,465)	(78,102)
	<u>415,535</u>	<u>331,898</u>

b. Movement in Net Pension Liability during the financial year

	2010	2009
	€	€
Net pension liability as at 1 st January	3,100,000	2,300,000
Current service cost	320,000	280,000
Interest costs	170,000	130,000
Actuarial (gain)/loss	(156,000)	424,000
Pension paid in the year	(34,000)	(34,000)
Net pension liability as at 31 st December	<u>3,400,000</u>	<u>3,100,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

c. Deferred Funding Asset for Pensions

The Authority recognises these amounts as an asset corresponding to the unfunded deferred liability for pensions on the basis of the set of assumptions described above and a number of past events. These events include the statutory basis for the superannuation scheme, and the policy and practice currently in place in relation to funding public service pensions including contributions by employees and the annual estimates process. The Authority has no evidence that this funding policy will not continue to meet such sums in accordance with current practice.

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

	2010 €	2009 €
Funding recoverable in respect of current year pension costs	490,000	410,000
State grant applied to pay pensioners	<u>(34,000)</u>	<u>(34,000)</u>
	<u>456,000</u>	<u>376,000</u>

The deferred funding asset for pensions as at 31 December 2010 amounted to €3,400,000 (2009: €3,100,000)

d. History of defined benefit obligations

	2010 €	2009 €
Defined benefit obligations	3,400,000	3,100,000
Experience gain/(loss) on scheme liabilities		
Amount	156,000	(170,000)
Percentage of the present value of scheme liabilities	5%	5%

The cumulative actuarial loss recognised in the Statement of Total Recognised Gains and Losses amounts to €1,208,000.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

e. General description of the Scheme

The pension scheme is a defined benefit final salary pension arrangement with benefits and contributions defined by reference to current "model" public sector scheme regulations. The scheme provides a pension (eightieths per year of service), a gratuity or lump sum (three eightieths per year of service) and spouse's and children's pensions. Normal retirement age is a member's 65th birthday, and pre 2004 members have an entitlement to retire without actuarial reduction from age 60. Pensions in payment (and deferment) normally increase in line with general public sector salary inflation.

The valuation used FRS 17 (Revised) disclosures has been based on a full actuarial valuation on 25 March 2011 by a qualified independent actuary to take account of the requirements of FRS 17 in order to assess the scheme liabilities as 31 December 2010.

The principal actuarial assumptions were as follows:

	2010	2009
	€	€
Discount rate	5.5%	5.5%
Rate of Increase in Salaries	4.0%	4.0%
Rate of Increase in Pension	4.0%	4.0%
Inflation Rate	2.0%	2.0%

Average future life expectancy according to the mortality tables used to determine the pension liabilities are:-

	2010	2009
	Years	Years
Male aged 65	22	22
Female aged 65	25	25

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

20. Average Number of employees

The average number of employees during the year was 29 (2009: 25).

21. Going Concern

In October 2008, the Government announced the amalgamation of the National Qualifications Authority of Ireland, Higher Education Training and Awards Council and Further Education Training and Awards Council. The new organisation Qualifications and Quality Assurance Ireland will also take responsibility for the external quality assurance review of the Universities, a function currently performed by the Irish Universities Quality Board and the Higher Education Authority. The target completion date for the legislative process is year 2011 with the new statutory organisation established thereafter. An interim board for Qualifications and Quality Assurance Ireland (QQAI) was established in 2010 and a Chief Executive Officer designate was appointed to QQAI.

The Authority is not aware of any intention to amend the functions of the Authority and it assumes that its existing activities will continue to be carried out by the amalgamated body and its assets, liabilities and staff will be transferred to that body. In these circumstances, it does not believe that any adjustment is needed to the financial statements to reflect any possible restructuring and it has prepared these accounts on a going concern basis.

22. Comparative Figures

Some changes have been made to the presentation of items in the financial statements and the comparative figures have been restated where necessary on a basis consistent with the current year presentation.

23. Approval of Financial Statements

The financial statements were approved by the Authority at its meeting on 13th April 2011.