



QQI

Quality and Qualifications Ireland
Dearbhú Cáilíochta agus Cáilíochtaí Éireann

QUALIFICATIONS AND QUALITY
ASSURANCE AUTHORITY OF IRELAND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2014



2014
2014

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AUTHORITY INFORMATION

Authority Address:	26/27 Denzille Lane Dublin 2 Ireland
Senior Executive:	Dr. Pdraig Walsh - Chief Executive Officer Ms. Claire Byrne - Head of Corporate Affairs & Communication Dr. Anna Murphy - Head of Strategic Analysis Ms. Karena Maguire - Head of Quality Assurance Services Dr. Bryan Maguire - Head of Qualifications Services Mr. Ultan Tuite - Head of Audit & Procurement Ms. Trish O'Brien - Head of Provider Relations Ms. Barbara Kelly - Head of Industry & External Partnerships Ms. Grainne Cullen - Head of Planning (seconded to DES from 4 Nov 2013)
Members of the Board:	Mr. Gordon Clark – Chairperson Dr. Barbara Brittingham Ms. Una Buckley Dr. Margaret Cullen Ms. Mary Danagher Dr. Ann Louise Gilligan Ms. Joanne Harmon Mr. James Moore Mr. Kevin Donoghue Dr. Pdraig Walsh – Chief Executive Officer
Bank:	A.I.B. 1 Lower Baggot Street Dublin 2 National Treasury Management Agency Treasury Building Lower Grand Canal Street Dublin 2
Solicitors:	Brian Whitaker & Co Solicitors 4 Dartmouth Place Dublin 6
Auditors:	The Comptroller and Auditor General Dublin Castle Dublin 2
Web Site:	www.qqi.ie

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL

QUALIFICATIONS AND QUALITY ASSURANCE AUTHORITY OF IRELAND

I have audited the financial statements of the Qualifications and Quality Assurance Authority of Ireland for the year ended 31 December 2014 under the Qualifications and Quality Assurance (Education and Training) Act 2012. 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, cash flow statement and the related notes. The financial statements have been prepared under Section 23 of the Act, and in accordance with generally accepted accounting practice in Ireland.

Responsibilities of the members of the Authorities

The Qualifications and Quality Assurance Authority of Ireland 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 2014 and of its income and expenditure for the 2014.

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 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 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 the matters upon which reporting is by exception.



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

STATEMENT ON INTERNAL FINANCIAL CONTROL

RESPONSIBILITY FOR SYSTEM OF INTERNAL FINANCIAL CONTROL

On behalf of the members of the Board of the Qualifications and Quality Assurance Authority of Ireland, we acknowledge our responsibility for ensuring that an effective system of internal financial controls is maintained and operated.

The system of internal financial controls can only provide reasonable and not absolute assurance that assets are safeguarded, transactions are 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 Board has taken steps to ensure an appropriate control environment by:

- Scheduling regular meetings at which the Board was provided with regular updated reports of expenditure;
- Establishing an Audit Committee. Its terms of reference included ensuring systems that continually operate and enhance internal financial control;
- Clearly defining management responsibilities, with responding accountability;
- Monitoring and reporting on process;
- Adopting the principles of corporate governance contained in the Code of Practice for the Governance of State Bodies including:
 - Affirmation of compliance with procurement guidelines as set out in the Code.
 - Affirmation of compliance with disposal of assets and access to assets by third parties as set out in the Code.
 - Review and finalise policies and procedures to ensure the effectiveness of the systems of internal financial control.
 - Establishing formal procedures to monitor the activities and safeguard the assets of the organisation.

RISK ASSESSMENT

Qualifications and Quality Assurance Authority of Ireland had established processes to identify and evaluate financial and business risks by:

- Identifying the nature and extent of financial risks that faced the Board.

- Assessing the potential of identified risks occurring.
- Evaluating and assessing the internal capacity of the Board to manage the risks that did occur.

CONTROL MECHANISM

The system of internal financial controls is based on a framework of regular management information, a system of delegation and accountability, a set of financial procedures, administrative procedures including segregation of duties and rigorous ongoing checks by the finance function. In particular it includes:

- A comprehensive budgeting system with an annual budget, which is reviewed and approved by the members of the Board.
- Setting authorisation limits for the disbursement of the Board's funds.
- Regular review by the members of the Board of periodic and annual financial information and reports (including management accounts), which indicate financial performance against budgets.

The Audit Committee was established in 2013. The Audit Committee met 3 times in 2014.

The Board's monitoring and review of the effectiveness of the system of internal financial control was informed by the Internal Auditor, the Audit Committee which oversees the work of the Internal Auditor, and the executive managers within the organisation who had 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 included the establishment of appropriate policies and control procedures had been established.

ANNUAL REVIEW OF CONTROLS FOR YEAR ENDED 31 DECEMBER 2014

We confirm that the Board conducted a review of the effectiveness of the system of internal financial control in respect of the financial year ended 31 December 2014.

Signed on behalf of the Board of the Qualifications and Quality Assurance Authority of Ireland:



Date: 27 November 2015

Gordon Clark
Chairperson



Date: 27 November 2015

Padraig Walsh
Chief Executive Officer

STATEMENT OF BOARD'S RESPONSIBILITIES

The Qualifications and Quality Assurance Authority Ireland was established on 6th November 2012, by the Minister for Education and Skills, under Section 7 of the Qualifications and Quality Assurance (Education and Training) Act, 2012.

The Qualifications and Quality Assurance (Education and Training) Act, 2012 dissolved the National Qualifications Authority of Ireland (NQAI), Higher Education and Training Awards Council (HETAC) and Further Education and Training Awards Council (FETAC) with effect from 5th November 2012 under the terms of Part 8 the staff, assets, rights and obligations of legacy bodies were transferred to the Qualifications and Quality Assurance Authority of Ireland (QQI) in accordance with the Act.

The objects of the Authority are as follows:

- Quality assure providers of further and higher education and training and their research and related services
- Promote, develop and maintain the National Framework for Qualifications
- Validate programmes and make awards
- Inform the public about the quality of education and training programmes and qualifications
- Advise the Minister in relation to national policy on quality assurance and enhancement in education and training.

Section 23 of The Qualifications and Quality Assurance (Education and Training) Act, 2012 requires the Qualifications and Quality Assurance Authority 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 Public Expenditure and Reform.

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.

The Board confirm that they have complied with the above requirements in preparing the financial statements. The Board 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 23 of The Qualifications and Quality Assurance (Education and Training) Act, 2012. The Board is also responsible for safeguarding its assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Board of the Qualifications and Quality Assurance Authority of Ireland:



Date: 27 November 2015

Gordon Clark
Chairperson



Date: 27 November 2015

Padraig Walsh
Chief Executive Officer

STATEMENT OF ACCOUNTING POLICIES

ACCOUNTING POLICIES

GENERAL

The Qualifications and Quality Assurance Authority Ireland was established on 6th November 2012, by the Minister for Education and Skills, under Section 7 of the Qualifications and Quality Assurance (Education and Training) Act, 2012.

The Act also provided for the dissolution of the National Qualifications Authority of Ireland (NQAI), Higher Education and Training Awards Council (HETAC) and Further Education and Training Awards Council (FETAC) with effect from 5th November 2012.

The staff, assets, rights and obligations of legacy bodies were transferred to the Qualifications and Quality Assurance Authority of Ireland (QQI) in accordance with the Act.

BASIS OF ACCOUNTING

The financial statements are prepared under the accruals method of accounting, except as indicated below, 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 Public Expenditure and Reform.

Financial Reporting Standards recommended by the accountancy bodies are adopted as they become operative. The unit of currency is the Euro.

GRANT

Income shown in the accounts under Grants is accounted for on a cash receipts basis.

FEE INCOME

Income shown in the financial statements under Fee Income represents amounts invoiced to third parties in the ordinary course of business.

SOFTWARE DEVELOPMENT

Software development costs on major systems are treated as capital items and are written off over the period of their expected useful life from the date of their implementation.

PERIOD OF FINANCIAL STATEMENTS AND COMPARATIVE FIGURES

These financial statements have been prepared for the year to 31 December 2014. The comparative and related notes in the financial statements are for the period from the date of establishment 6th November 2012 to period ending 31st December 2013.

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 (Denzille Lane)	Over lease term of 25 years
Leasehold Premises (Eastpoint Business Park)	5.25%
Capitalised VAT on Lease	Over lease term of 21 years
Computer Hardware	33.33%
Computer Software	12.5%
Office Equipment	20%
Office Furniture	10%
Fixtures, Fittings & Telephone (Legacy Agencies)	10%

CAPITAL ACCOUNT

The Capital Account balance represents the unamortised value of grant received for capital expenditure purpose.

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 into euro at the rates of exchange ruling at the balance sheet date or at 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. The scheme is being operated on an administrative basis, pending approval from the Department of Education and Skills. 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.

The Public Service Pensions (Single Scheme and Other Provisions) Act 2012 became law on 28th July 2012 and introduced the new Single Public Service Pension Scheme (“Single Scheme”) which commenced with effect from 1st January 2013. All new employees to the Qualifications and Quality Assurance Authority Ireland, who are new entrants to the Public Sector, on or after 1st January 2013 are members of the Single Scheme.

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Period from 1.1.2014 to 31.12.2014	Period from 6.11.2012 to 31.12.2013
		€	€
INCOME			
Grant	1	5,500,000	6,786,100
Fee Income	2	4,914,990	3,705,367
Secondment Income	3	192,977	180,982
EU Projects Income	4	642,431	811,179
Other Income	5	219,670	400,647
Deposit Interest		1,564	3,584
		11,471,632	11,887,859
Transfer from/(to) Capital Account	18	633,902	269,157
Net Deferred Funding for Pensions	25(b)	1,930,000	2,030,000
		14,035,534	14,187,016
EXPENDITURE			
Staff Costs	6	7,551,758	8,600,157
Accommodation Costs	9	861,447	933,425
Board Costs	7	12,326	10,147
Corporate Services	10	591,113	387,115
Qualifax	11	17,630	44,443
Panel Fees and Expenses	12	153,436	143,502
EQAVET Project Expenditure	3(a)	446,342	493,223
Central Administration Costs	13	3,096,606	3,215,163
Depreciation	14	828,635	990,422
Amalgamation Costs		-	784,803
		13,559,293	15,602,400
SURPLUS/(DEFICIT) FOR THE PERIOD		476,241	(1,415,384)
Accumulated Surplus at beginning of period		338,192	-
Reserves transferred from Legacy Agencies		-	1,753,576
ACCUMULATED SURPLUS		814,433	338,192

The Statement of Accounting Policies and notes 1 - 28 form part of these financial statements. All income and expenditure for the year relates to continuing activities.



Gordon Clark
Chairperson



Padraig Walsh
Chief Executive Officer

Date: 27 November 2015

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Period from 1.1.2014 to 31.12.2014 €	Period from 6.11.2012 to 31.12.2013 €
SURPLUS/(DEFICIT) FOR THE FINANCIAL PERIOD		476,241	(1,415,384)
Experience gains on pension scheme		1,130,000	2,000,000
Changes in assumptions underlying the present value of pension scheme liabilities		-	673,000
Actuarial gains on pension liabilities		<u>1,606,241</u>	<u>1,257,616</u>
Adjustment to deferred pension funding		<u>(1,130,000)</u>	<u>(2,673,000)</u>
		<u><u>476,241</u></u>	<u><u>(1,415,384)</u></u>

The Statement of Accounting Policies and notes 1 - 28 form part of these financial statements.



Gordon Clark
Chairperson



Padraig Walsh
Chief Executive Officer

Date: 27 November 2015

BALANCE SHEET AS AT 31 DECEMBER 2014

	Note	As at 31December 2014 €	As at 31December 2013 €
FIXED ASSETS	15	3,530,415	4,164,317
CURRENT ASSETS			
Debtors and Prepayments	16	1,958,260	1,518,950
Cash on Hand and at Bank		719,755	827,316
		<u>2,678,015</u>	<u>2,346,266</u>
CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)			
Creditors and Accruals	17	(1,277,660)	(2,008,074)
Provision	24	(585,922)	-
		<u>(1,863,582)</u>	<u>(2,008,074)</u>
NET CURRENT ASSETS		<u>814,433</u>	<u>338,192</u>
Total Assets Less Current Liabilities Before Pensions		4,344,848	4,502,509
Deferred Pension Funding	25(e)	26,200,000	25,398,958
Pension Liabilities	25(e)	(26,200,000)	(25,398,958)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>4,344,848</u></u>	<u><u>4,502,509</u></u>
CAPITAL AND RESERVES			
Capital Account	18	3,530,415	4,164,317
Income and Expenditure Account		814,433	338,192
		<u>4,344,848</u>	<u>4,502,509</u>

The Statement of Accounting Policies and notes 1 - 28 form part of these financial statements.



Gordon Clark
Chairperson



Padraig Walsh
Chief Executive Officer

Date: 27 November 2015

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Period 1.1.2014 to 31.12.2014 €	Period 6.11.12 to 31.12.2013 €
Reconciliation of Surplus/(Deficit) to net cash outflow from operating activities			
Surplus/(Deficit) for the period		476,241	(1,415,384)
Transfer from capital account to fund purchase of assets	18	194,733	841,223
Depreciation charged to Income and Expenditure account		828,635	1,110,296
Amortisation of capital grant	18	(828,635)	(1,110,296)
(Profit) on disposal of fixed assets		-	(121)
Amounts released on disposal of assets	18	-	(84)
(Increase) in debtors	16	(439,310)	(1,518,950)
(Decrease)/Increase in creditors	17/24	(144,492)	2,008,074
Bank interest received		(1,564)	(3,584)
Net cash inflow/(outflow) from operating activities		85,608	(88,826)
CASHFLOW STATEMENT			
Net cash outflow from operating activities		85,608	(88,826)
Capital expenditure			
Payment to acquire fixed assets	15	(194,733)	(841,223)
Proceeds from sale of fixed assets		-	206
Return on investments and servicing of finance			
Bank interest received		1,564	3,584
Transferred from legacy agencies (excluding cash)		-	(1,233,461)
Return on investments and servicing of finance		(107,561)	(2,159,720)
Return on investments and servicing of finance			
Increase/(Decrease) in cash in the period		(107,561)	(2,159,720)
Net funds at the beginning of the period		827,316	2,987,036
Net funds at the end of the period		719,755	827,316

The Statement of Accounting Policies and notes 1 - 28 form part of these financial statements.



Gordon Clark
Chairperson



Pádraig Walsh
Chief Executive Officer

Date: 27 November 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

	Period from 1.1.2014 to 31.12.2014	Period from 6.11.2012 to 31.12.2013
	€	€
1. GRANT		
Grant towards Administration – Department of Education and Skills - Vote 26; Subhead B.6		
Pay	3,177,000	3,271,000
Non-Pay	4,048,000	4,145,000
Grant allocation not drawn	(1,725,000)	(629,900)
	<u>5,500,000</u>	<u>6,786,100</u>
	Period from 1.1.2014 to 31.12.2014	Period from 6.11.2012 to 31.12.2013
	€	€
2. GRANT		
Award Fees	3,086,436	3,287,219
ACELS	288,471	262,947
Copy of Certificates	78,315	33,021
Validation Fees	361,768	122,180
Relationship Fees	1,100,000	-
	<u>4,914,990</u>	<u>3,705,367</u>

AWARD FEES

QQI is the national awarding body for accredited courses run by recognised further and higher education colleges. A schedule of award fees has been approved by the Minister for Education and Skills and fees are collected from candidates by the relevant further and higher education colleges and paid over to QQI. There are a number of criteria where payment of fees are exempt, including for holders of Medical Cards, Youthreach or VTOS students and candidates for NFQ Level awards 1 to 3.

VALIDATION FEES

Validated programmes leading to Authority's Awards are provided by public and private providers. In some cases, programmes of higher education and training are provided in countries other than Ireland.

ACCREDITATION AND CO-ORDINATION OF ENGLISH LANGUAGE SERVICES (ACELS)

ACELS is a voluntary English language recognition scheme which is administered by QQI on a contractual basis.

RELATIONSHIP FEES

Relationship fees are fees charged to public Universities and Institutes of Technology for services provided by QQI such as Quality Assurance Services. Under Section 80 of the Qualifications and Quality Assurance (Education and Training) Act 2012, consent of the Minister of Education and Skills and the Minister for Public Expenditure and Reform to charge such fees is required. Consent was received in October 2013 and the collection of the fees commenced in 2014.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

	Period from 1.1.2014 to 31.12.2014	Period from 6.11.2012 to 31.12.2013
3. EU PROJECTS INCOME	€	€
QQI for National Europass Centre	25,725	59,886
EQF	26,706	92,546
EQAVET	590,000	658,747
	<u>642,431</u>	<u>811,179</u>

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 QQI is the designated National Europass Centre.

Expenditure incurred in respect of Europass amounted to €96,677 of which €25,725 was funded by the EU.

EQAVET

The EQAVET Secretariat original 3 year contract, awarded to FETAC by the European Commission following a tendering competition, commenced work on implementing European Quality Assurance guidelines in 2010. The contract is renewed on an annual basis. The EU Commission fund an advance on the latest contract with the balance being paid the following year after accounts and a report of activities have been filed with the EU Commission.

EQF

QQI is designated as European Qualifications Framework (EQF) – National Coordination Point for Ireland. (NCP) This involves participating in the development of the EQF and associated policy at European level and the implementation of EQF policy at national level. QQI applies annually for financial assistance to implement agreed actions as EQF-NCP under Erasmus+ - the EU Programme for Education.

	Period from 1.1.2014 to 31.12.2014	Period from 6.11.2012 to 31.12.2013
3a. EQAVET PROJECT INCOME	€	€
Commission	590,000	658,747
EQAVET PROJECT EXPENDITURE		
Salaries and Wages	212,116	261,560
Programmes	234,226	231,663
	<u>446,342</u>	<u>493,223</u>

b. note 3 continued...	Period from 1.1.2014 to 31.12.2014	Period from 6.11.2012 to 31.12.2013
	€	€
Receipts from EU Commission and participating member states	590,000	658,747
Allocated income to meet expenditure	(446,342)	(493,223)
Recognised Contribution to QQI Overheads at period end	<u>143,658</u>	<u>165,524</u>
	Period from 1.1.2014 to 31.12.2014	Period from 6.11.2012 to 31.12.2013
	€	€
4. SECONDMENT INCOME		
Income from Secondment	192,977	180,982
	<u>192,977</u>	<u>180,982</u>

This income relates to 2 members of the Qualifications and Quality Assurance Authority of Ireland's staff who were permanently redeployed through secondment arrangement to the Institute of Technology Ireland and the Department of Education and Skills. Their salary costs are recharged to the Authority on a monthly basis

	Period from 1.1.2014 to 31.12.2014	Period from 6.11.2012 to 31.12.2013
	€	€
5. OTHER INCOME		
Prompt Payment Interest	790	173
Employee Pension Receipts	1,607	49,171
East Point Rental Income	121,276	133,607
Recharged East Point Service Charge	84,888	100,045
Tax Relief Evaluation	-	12,000
Insurance claim	-	70,000
Other income	11,109	35,651
	<u>219,670</u>	<u>400,647</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

		Period from 1.1.2014 to 31.12.2014	Period from 6.11.2012 to 31.12.2013
	Note	€	€
6. STAFF COSTS			
Salaries and Wages		5,095,645	6,269,756
Staff Development and Costs		119,157	81,835
Travel and Subsistence		96,497	62,891
Pensions	25(c)	2,140,406	2,166,247
Contract / Temporary Staff		11,501	5,289
Secondment		84,665	100,988
Educational Assistance		3,318	16,565
Staff Relations		569	5,702
Integration Costs		-	(109,116)
		<u>7,551,758</u>	<u>8,600,157</u>

€298,404 of pension levy has been deducted from salaries and has been paid over to the Department of Education and Skills during the period.

The average number of employees during the year was 78. (2013:78). ECF numbers as at year end was 78. (2013:78)

		Period from 1.1.2014 to 31.12.2014	Period from 6.11.2012 to 31.12.2013
		€	€
7. BOARD COSTS			
Room Hire and Meeting		-	5,687
Board Training costs		1,040	-
<u>Board Members – Travel and Subsistence</u>		3,604	388
Domestic Travel		6,716	3,526
Foreign Travel		436	109
Subsistence/Meals		530	437
Accommodation		11,286	4,460
		<u>12,326</u>	<u>10,147</u>

No fees were paid to members of the Board for the year 1st January 2014 to 31st December 2014.

Included in the 2014 expenses for the Board Members are claims totalling €1,118 for expenses incurred in previous accounting periods.

	Period from 1.1.2014 to 31.12.2014	Period from 6.11.2012 to 31.12.2013
8. CHIEF EXECUTIVE OFFICER'S REMUNERATION	€	€
Basic Salary for the period	133,888	158,414
All-in cost of the Chief Executive Officer's total remuneration package	<u>133,888</u>	<u>158,414</u>

The Chief Executive Officer received no performance related pay during the period.

The Chief Executive Officer's pension entitlements do not extend beyond the standard entitlement in the model public sector defined benefit superannuation scheme.

Dublin City University recharge the Authority for a portion of the Chief Executive Officer's salary costs. The total amount reimbursed to Dublin City University in respect of the Chief Executive Officer's salary in the period of account was €88,505. This amount is reflected in the salary cost above.

The CEO had vouched expenses in respect of Travel & Subsistence totalling €1,347 in 2014 (2013: €3,151).

	Period from 1.1.2014 to 31.12.2014	Period from 6.11.2012 to 31.12.2013
9. ACCOMMODATION COSTS	€	€
Rent		
- Denzille Lane	346,000	398,652
- East Point (Block P4B)	405,000	405,000
- IUQB-Lower Mount Street	77,260	96,189
- Onerous lease provision	(283,723)	(283,723)
Service Charges	172,889	150,628
Security	3,737	6,500
Insurance	17,115	15,668
Light and heat	32,921	33,601
Cleaning	45,496	52,526
Rates	3,327	24,975
Repairs and Maintenance	41,425	39,529
Establishment Costs	-	25,038
Integration Costs	-	(31,158)
	<u>861,447</u>	<u>933,425</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

	Period from 1.1.2014 to 31.12.2014	Period from 6.11.2012 to 31.12.2013
	€	€
10. CORPORATE SERVICES		
Expert panel skills requirement	146,567	99,667
Accountancy and Internal Audit Services	234,499	325,666
Audit Fees	14,000	14,000
Legal Fees	60,876	44,164
Advertising	75,741	35,664
Public relations	33,018	30,305
Promotion and exhibitions	17,714	20,530
Languages and translation	8,698	6,074
Integration Costs	-	(188,955)
	<u>591,113</u>	<u>387,115</u>

11. QUALIFAX

QualifaX provides comprehensive information on further and higher education and information needed to make informed choices about education, training and career choices.

	Period from 1.1.2014 to 31.12.2014	Period from 6.11.2012 to 31.12.2013
	€	€
12. PANEL FEES AND TRAVEL EXPENSES		
Qualifications Services	28,643	26,635
Quality Assurance Services	124,793	116,867
	<u>153,436</u>	<u>143,502</u>

	Period from 1.1.2014 to 31.12.2014	Period from 6.11.2012 to 31.12.2013
	€	€
13. CENTRAL ADMINISTRATION COSTS		
Telephone – Land Line	16,843	23,632
Telephone – Mobile	17,626	22,002
Postage and Courier	47,706	102,914
Stationery and Storage	34,010	80,848
Parchments	37,881	89,407
Seminars and Conferences	35,067	66,037
Library and Periodicals	10,776	3,979
Subscriptions	24,923	26,683
Publications	95,835	39,923
Canteen	15,729	20,123
Meeting Expenses	42,956	52,375
Lease/Hire of Office Equipment	12,657	78,240
General Office Expenses	10,728	9,650
IT Software Maintenance and Support	232,215	326,728
IT Software Expenditure/Licensing (Under €1,000)	47,435	8,986
IT Web Services*	103,147	18,550
IT Co-Location/Hosting*	125,120	57,485
IT Computer Hardware Supplies (Under €1,000)	15,661	19,945
Software Support Contractors*	1,360,156	1,441,453
Managed Services (HP & ISS)	741,061	1,029,483
IT Hardware Support and Maintenance	41,468	13,341
Bank Charges	1,875	2,683
Exchange Rate Variance	8	-
Photocopying	20,623	12,407
Profit on Disposal of Fixed Assets	-	(121)
Sponsorship and Donations	5,100	-
Research Costs	-	4,110
Integration Costs	-	(335,700)
	<u>3,096,606</u>	<u>3,215,163</u>

*QQI provides access to its QBS system to over 700 provider account holders who interact in terms of submissions for awards and certification services, accessing up to date information and submitting queries through a CRM system.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

	Period from 1.1.2014 to 31.12.2014	Period from 6.11.2012 to 31.12.2013
	€	€
14. DEPRECIATION		
Office Equipment Depreciation	24,054	30,070
IT Hardware Depreciation	142,565	154,722
Office Fixture and Fittings Depreciation	27,879	67,519
Leasehold Property Depreciation	26,249	106,751
IT Software Depreciation	500,717	631,360
Fit Out Costs Depreciation	107,171	119,874
Integration Costs	-	(119,874)
	<u>828,635</u>	<u>990,422</u>

15. FIXED ASSETS

	Leasehold Property	Fit Out Costs	Office Furniture	Office Equipment	IT Hardware	IT Software	Total
	€	€	€	€	€	€	€
Cost							
At 1st January 2014	2,487,710	1,034,517	486,112	270,398	874,423	4,361,334	9,514,494
Additions	-	37,191	2,020	8,782	108,515	38,225	194,733
Disposals	-	-	-	(15,719)	-	-	(15,719)
At 31st December 2014	2,487,710	1,071,708	488,132	263,461	982,938	4,399,559	9,693,508
Depreciation							
At 1st January 2014	2,327,945	119,874	377,268	184,924	723,361	1,616,805	5,350,177
Charge for the year	26,249	107,171	27,879	24,054	142,565	500,717	828,635
Disposals	-	-	-	(15,719)	-	-	(15,719)
At 31st December 2014	2,354,194	227,045	405,147	193,259	865,926	2,117,522	6,163,093
Net Book Value							
At 31st December 2014	133,516	844,663	82,985	70,202	117,012	2,282,037	3,530,415
At 31st December 2013	159,765	914,643	108,844	85,474	151,062	2,744,529	4,164,317

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

	As at 31 December 2014	As at 31 December 2013
16. DEBTORS AND PREPAYMENTS	€	€
Debtors	1,037,437	711,531
Prepayments	336,962	331,324
Accrued Income	67,169	70,154
EQAVET Debtors and Prepayments	516,692	405,941
	<u>1,958,260</u>	<u>1,518,950</u>
	As at 31 December 2014	As at 31 December 2013
17. CREDITORS AND ACCRUALS	€	€
Creditors	-	11,787
Accruals and Provisions	1,110,831	1,427,938
PAYE/PRSI	137,950	141,328
Payroll Deductions	10,570	409,911
Professional Services Withholding Tax	12,723	10,100
Value Added Tax	586	7,010
Deferred Income	5,000	-
	<u>1,277,660</u>	<u>2,008,074</u>
	As at 31 December 2014	As at 31 December 2013
18. CAPITAL ACCOUNT	€	€
Assets transferred from legacy agencies	-	4,433,474
Balance at start of period	4,164,317	-
Grant used to acquire fixed assets	194,733	841,223
Amortisation in line with asset depreciation	(828,635)	(1,110,296)
Disposal of fixed assets	-	(84)
Transfer from capital account	(633,902)	(269,157)
	<u>3,530,415</u>	<u>4,164,317</u>
Balance at period end	<u>3,530,415</u>	<u>4,164,317</u>

19. OPERATING LEASE

Denzille Lane

The Authority has commitments payable up to the year 2023 in respect of a 21 year lease for office accommodation at 26 – 27 Denzille Lane, Dublin 2. Rent reviews are carried out every 6 years and the current rent is €346,000 per annum.

East Point Business Park

The Authority holds a lease up to the year 2027, with a break clause provision effective in 2017, in respect of office accommodation at East Point Business Park, Dublin 3. The annual cost of this lease totals €405,000 (not including service charges) arising from a 3% rent review increase effective from June 2008.

During 2011, the Authority's Interim Board (arising from the planning that took place in respect of the amalgamation of the three agencies) made the decision to locate the new agency, Quality and Qualifications Ireland, and its staff in Denzille Lane (former HETAC premises) and an annexe at Mount Street (former Irish Universities Quality Board premises). At that time, the Interim Board also took the decision to exercise the break clause in the lease at East Point Business Park in May 2017.

FETAC (now QQI) had entered into a sub-letting Agreement at market value in respect of these premises which came into effect in August 2012 for the period up to May 2017. Rental income accruing under the sub-letting agreement amounts to €121,277 per annum. Service charge costs under the Lease will be fully recharged.

Arising from the decision of the Interim Board to exercise the break clause in the lease at East Point Business Park in May 2017 the QQI Board has made an onerous lease provision of €844,122, relating to the net rental payable on the premises in the period to 2017. The provision is included in Creditors (Note 17).

20. CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

21. CONTINGENT LIABILITIES

Arising from the successful defence of a judicial review action taken against FETAC and four other state bodies which was heard in the High Court in January 2013 (with judgement delivered in April 2013), the litigant served a Notice of Appeal to the Supreme Court in May 2013 against that judgement. The advice which has been given to FETAC (now QQI) is that this appeal could take approximately three years to be heard.

FETAC (now QQI) recognises that any potential costs (which cannot be quantified with any certainty at this time) arising in the event of the Appeal going ahead should be disclosed as a contingent liability in its Financial Statements until such time as it is no longer required.

22. CORPORATION TAX

The Authority is not liable for corporation tax.

23. BOARD MEMBERS – DISCLOSURE OF TRANSACTIONS

The Authority adopted procedures in accordance with guidelines issued by the Department of Public Expenditure and Reform in relation to the disclosure of interests by Board 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.

24. PROVISION

The Qualifications and Quality Assurance (Education and Training) Act, 2012 dissolved the Higher Education and Training Awards Council (HETAC) and the Further Education and Training Awards Council (FETAC) with effect from 5th November 2012. The rights and obligations of HETAC and FETAC were transferred to the Qualifications and Quality Assurance Authority of Ireland (QQI) in accordance with the Act.

QQI was informed by the Department of Education and Skills of a case which involved the retrospective payment of pension to the ex-spouse of a deceased staff member of the National Council for Education Awards (NCEA). A recent High Court judgement, in an appeal taken by the Minister for Education and Skills and the Minister for Public Expenditure and Reform against the Pensions Ombudsman's determination in the case, has ruled in favour of the Pensions Ombudsman.

The effect of the High Court ruling is that the determination of the Pensions Ombudsman dated 8th October 2013, which directs the Higher Education and Training Awards Council (HETAC) to commence payment of a spouse's pension to the individual in question should stand. A provision of €185,922 which represents the lump-sum and pension payments in 2015 to the former HETAC/NCEA staff has been provided for in the financial statements.

At year end 31 December 2014, a former pensioner from FETAC (now QQI) made a claim to the High Court against the Authority's decision on the award of retirement benefits. A provision of €400,000 which represents an estimated cost of said claim has been provided for in the financial statements.

25. PENSION COSTS

a. PENSION SCHEME

The Authority operates a defined benefits scheme which is unfunded.

The valuation used for FRS 17 disclosures has been based on a full actuarial valuation by a qualified independent actuary to take account of the requirements of FRS 17 in order to assess the scheme liabilities as at 31 December 2014. The financial assumptions used to calculate scheme liabilities under FRS 17 are:

	Period from 1.1.2014 to 31.12.2014	Period from 6.11.2012 to 31.12.2013
	€	€
Discount rate	5.5%	5.5%
Salary increase assumptions	4.0%	4.0%
Pension increase assumptions	4.0%	4.0%
Price inflation	2.0%	2.0%

b. NET DEFERRED FUNDING FOR PENSIONS IN YEAR

	Period from 1.1.2014 to 31.12.2014	Period from 6.11.2012 to 31.12.2013
	€	€
Funding recoverable in respect of current year pension costs	2,500,000	2,600,000
State grant applied to pay pensioners	(570,000)	(570,000)
	<u>1,930,000</u>	<u>2,030,000</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

c. ANALYSIS OF TOTAL PENSION COSTS CHARGED TO EXPENDITURE

	Period from 1.1.2014 to 31.12.2014	Period from 6.11.2012 to 31.12.2013
	€	€
Current service cost	1,100,000	1,200,000
Interest on Pension Scheme liabilities	1,400,000	1,400,000
Employee superannuation contributions retained	(359,594)	(433,753)
	<u>2,140,406</u>	<u>2,166,247</u>

d. DEFERRED FUNDING ASSET FOR PENSIONS

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

The deferred funding asset for pension as at 31 December 2014 amounted to €26,200,000.

e. MOVEMENT IN NET PENSION LIABILITY DURING THE FINANCIAL PERIOD

	As at 31 December 2014 €	As at 31 December 2013 €
Net pension liability transferred from agencies	25,400,000	26,041,958
Current service cost	1,100,000	1,200,000
Interest costs	1,400,000	1,400,000
Actuarial loss / (gain)	(1,130,000)	(2,673,000)
Pensions paid in the year	(570,000)	(570,000)
Net pension liability as at period end	<u>26,200,000</u>	<u>25,398,958</u>

f. HISTORY OF EXPERIENCE GAINS AND LOSSES

	2014 €	2013 €
Defined benefit obligations	26,200,000	25,398,958
Experience losses/(gains) on scheme liabilities		
Amount (€)	1,130,000	2,000,000
Percentage of the present value of scheme liabilities	4%	8%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

26. ACCOUNTING PERIOD

These financial statements have been prepared for the year to 31 December 2014. The comparative and related notes in the financial statements are for the period from the date of establishment 6th November 2012 to period ending 31st December 2013.

27. COMPARATIVE FIGURES

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

28. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Authority of Qualifications and Quality Assurance Authority of Ireland at its meeting on the 27th November 2015.

