Coimisiún um Iomaíocht agus Cosaint Tomhaltóirí | Competition and Consumer Protection Commission

COMPETITION AND CONSUMER PROTECTION COMMISSION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

CONTENTS

COMPETITION AND CONSUMER PROTECTION COMMISSION

INFORMATION

Members of the Commission:	Isolde Goggin – Chairperson Karen O'Leary (Resigned 28th April 2017) Patrick Kenny Fergal O'Leary Brian McHugh (Appointed 1st September 2017)
Commission Address:	Bloom House Railway Street Dublin 1
Accountants:	Crowleys DFK 16/17 College Green Dublin 2
Auditors:	The Comptroller and Auditor General 3A Mayor Street Upper Dublin 1
Web Site:	www.ccpc.ie

COMPETITION AND CONSUMER PROTECTION COMMISSION

GOVERNANCE STATEMENT AND COMMISSION MEMBERS' REPORT

Governance

The Board of the Competition and Consumer Protection Commission (referred to as the Commission) was established under the Competition and Consumer Protection Act 2014 (the 2014 Act). The Competition and Consumer Protection Act 2014 dissolved the National Consumer Agency (NCA) and the Competition Authority (TCA) with effect from 30 October 2014. Under the terms of Part 2 of the Act, the staff, assets, rights and obligations of legacy bodies were transferred to the Competition and Consumer Protection Commission in accordance with the 2014 Act.

The functions of the Commission are set out in section 10 of the 2014 Act. The Commission has a wide range of functions, many derived from the legislation governing the two legacy agencies and some new functions under the 2014 Act:

- investigating and challenging practices that are damaging to consumers and/or the wider economy.
- bringing anti-competitive behaviour and practices that are harmful to consumers to an end, where necessary via court actions.
- providing information to consumers to help them make informed decisions, including a specific role relating to financial services.
- examining certain mergers and acquisitions to ensure that there is not a substantial lessening in competition in markets.
- advising policy makers in relation to consumer protection and competition matters.
- promoting compliance with the new regulatory regime in the grocery sector aimed at ensuring balance and fairness in commercial relationships.
- engaging in market surveillance in relation to the safety of products covered by EU Directives.

The Commission is accountable to the Minister for Business, Enterprise and Innovation and is responsible for ensuring good governance and performs this task by setting strategic objectives and targets and taking strategic decisions on all key business issues. The regular day-to-day management, control and direction of the Competition and Consumer Protection Commission are the responsibility of the Chairperson, the Members of the Commission and the senior management team.

Commission Responsibilities

The work and responsibilities of the Commission are set out in Rules of Procedure – Competition and Consumer Protection Commission Meetings, which also contain the matters specifically reserved for Commission decision as set out in Section 10 (7) of the 2014 Act i.e. functions that the Commission may not delegate. Standing items considered by the Commission include:

- reports from committees,
- financial reports,
- formal Commission decisions,
- declaration of interests,
- reports from divisions, and reserved matters.

Section 31 of the 2014 Act requires the Commission to keep, in such form as may be approved by the Minister for Business, Enterprise and Innovation with the consent of the Minister for Public Expenditure and Reform, all proper and usual accounts of money received and expended by it.

In preparing these financial 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 inappropriate to presume that it will continue in operation, and
- 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 adequate accounting records which disclose, with reasonable accuracy at any time, its financial position and enables it to ensure that the financial statements comply with Section 31 of the Competition and Consumer Protection Act 2014. The maintenance and integrity of the corporate and financial information on the Competition and Consumer Protection Commission's website is the responsibility of the Commission.

The Commission is responsible for approving the annual plan and budget. Evaluation of the performance of the Competition and Consumer Protection Commission by reference to the annual plan and budget is discussed regularly at Commission meetings.

The Commission is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Commission considers that the financial statements of the Competition and Consumer Protection Commission give a true and fair view of the financial performance and the financial position of the Competition and Consumer Protection Commission at 31 December 2017.

Commission Structure

The Commission consists of a Chairperson and up to six members, all of whom are appointed by the Minister for Business, Enterprise and Innovation for a term not exceeding five years. The members of the Commission meet on a monthly basis (or more frequently). The table below details the appointment period for current members:

Board Member	Role	Date Appointed
Isolde Goggin	Chairperson	1st October 2016 (date renewed)
Patrick Kenny	Member	9th January 2017 (date renewed)
Fergal O'Leary	Member	18th July 2016
Brian McHugh	Member	1st September 2017

The Commission conducted a self-assessment evaluation of its own performance in 2017. The Commission plans to conduct an external evaluation by 2019.

The Commission has established an **Audit and Risk Committee**.

The Audit and Risk Committee comprises a Chairperson and three members (two of whom are external / independent). The role of the Audit and Risk Committee (ARC) is to support the Commission in relation to its responsibilities for issues of risk, control and governance and associated assurance. The ARC is independent from the financial management of the organisation. In particular the Committee ensures that the internal control systems including audit activities are monitored actively and independently. The ARC reports to the Commission after each meeting, and formally in writing annually.

The members of the Audit and Risk Committee are: Brian Whitney (Chairperson), Pat Kenny, Conor Blackwell and Jimmy Murphy. There were 4 meetings of the ARC in 2017.

Schedule of Attendance, Fees and Expenses

A schedule of attendance at the Commission and Committee meetings for 2017 is set out below including the fees and expenses received by each member:

	Commission	**Audit & Risk Committee**	**Salaries 2017 €**	**Expenses in relation to attending Commission meetings 2017 €**
Number of meetings	20	4		
Isolde Goggin	19	-	163,821	-
Patrick Kenny	20	4/4	130,341	-
Fergal O'Leary	19	-	130,341	-
Brian McHugh	7	-	42,859	-
Karen O'Leary	4	-	41,743	-
Brian Whitney	-	4/4	-	-
Georgina Conroy (former member)	-	3/3	-	-
Noreen Fahy (former ARC Chairperson)	-	2/2	-	-
Conor Blackwell	-	1/1	-	-
Jimmy Murphy	-	1/1	-	-
			509,105	-

* Members of the Commission do not receive fees.

Key Personnel Changes

One member of the Commission, Karen O'Leary resigned on 28th April 2017. In accordance with the Competition and Consumer Protection Act 2014 the Minister appointed Brian McHugh as a member on 1st September 2017.

The Director of Corporate Services resigned from the Competition and Consumer Protection Commission in October 2017 and was replaced at that time.

Disclosures Required by Code of Practice for the Governance of State Bodies (2016)

The Commission is responsible for ensuring that the Competition and Consumer Protection Commission has complied with the requirements of the Code of Practice for the Governance of State Bodies ("the Code"), as published by the Department of Public Expenditure and Reform in August 2016. The following disclosures are required by the Code:

Employee Short-Term Benefits Breakdown
Employees' short-term benefits in excess of €60,000 are outlined in Note 5 to the financial statements.

Consultancy Costs

Consultancy costs include the cost of external advice to management and exclude outsourced 'business-as-usual' functions.

	2017	2016
	€	€
Legal advice	77,173	37,590
Strategy and organisational development	20,319	7,011
Procurement advisory	40,527	30,455
Economic advice	22,081	32,900
IT consultancy	26,445	12,384
Total consultancy costs	**186,545**	**120,340**
Consultancy costs capitalised	-	-
Consultancy costs charged to the Income and Expenditure and Retained Revenue Reserves	186,545	120,340
Total	**186,545**	**120,340**

Legal Costs and Settlements

The table below provides a breakdown of amounts recognised as expenditure in the reporting period in relation to legal costs, settlements and conciliation and arbitration proceedings relating to contracts with third parties. This does not include expenditure incurred in relation to general legal advice received by the Competition and Consumer Protection Commission which is disclosed in Consultancy costs above.

	2017	2016
	€	€
Legal fees - enforcement	207,854	509,800
Reduction in legal provision	(245,000)	(330,000)
Conciliation and arbitration payments	-	-
Settlements	-	-
Total	(37,146)	179,800

Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows:

	2017	2016
	€	€
Domestic		
- Commission	934	161
- Employees	54,632	48,881
International		
- Commission *	9,239	13,941
- Employees	46,983	41,314
Total	111,788	104,297

* includes travel and subsistence of €6,142 paid directly to Commission Members in 2017 (2016 €9,303). The balance of €4,031 (2016: €4,799) relates to expenditure paid in connection with travel undertaken by Commission Members. A breakdown of expenses among Commission Members is contained in the Notes to the financial statements.

As part of their role, Commission Members are often required to attend engagements and conferences overseas.

Hospitality Expenditure

The Income and Expenditure Account includes the following hospitality expenditure:

	2017	2016
	€	€
Staff and corporate hospitality	2,587	585
Client hospitality	-	-
Total	**2,587**	**585**

Statement of Compliance

The Competition and Consumer Protection Commission has complied with the requirements of the Code of Practice for the Governance of State Bodies, as published by the Department of Public Expenditure and Reform in August 2016.

The Code of Practice for the Governance of State Bodies provides that agreement may be sought by State bodies from their relevant Minister/parent Department in respect of provisions that may be applied proportionately for use by them. The Competition and Consumer Protection Commission had written to the relevant Department in this regard and received clarification and agreement in respect of the following:

- Provisions in relation to role of the Board, role of the Chairperson and role of Board members
  The stewardship structure of the Competition and Consumer Protection Commission is atypical. There is no Board structure. The Commission undertakes the collective role of a Board with the Chairperson undertaking the role of an accounting officer. Therefore, in addition to performing its duties as a "Board", the Commission also performs executive functions.

Isolde Goggin
Chairperson

Brian McHugh
Member

Date 17/12/18

COMPETITION AND CONSUMER PROTECTION COMMISSION

STATEMENT ON INTERNAL CONTROL

SCOPE OF RESPONSIBILITY

On behalf of the Competition and Consumer Protection Commission, we acknowledge the Commission's responsibility for ensuring that an effective system of Internal Control is maintained and operated. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of Internal Control is designed to manage risks to a tolerable levels rather than eliminate it. The system can therefore 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.

The system of Internal Control, which accords with the guidance issued by the Department of Public Expenditure and Reform has been in place in the Competition and Consumer Protection Commission for the year ended 31 December 2017 and up to the date of approval of the financial statements.

KEY CONTROL PROCEDURES

The Commission has taken steps to ensure an appropriate control environment by:

- Scheduling regular meetings at which the Commission was provided with regular updated reports of expenditure;
- Establishing an Audit and Risk Committee. Its terms of reference include ensuring systems that continually enhance and guarantee Internal Control;
- Clearly defining management responsibilities, with responding accountability;
- Monitoring and reporting on internal control processes;
- Adopting the principles of corporate governance contained in the Code of Practice for the Governance of State Bodies (2016) 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 finalisation of policies and procedures to ensure the effectiveness of the systems of Internal Control.
    - Establishing formal procedures to monitor the activities and safeguard the assets of the organisation.

RISK MANAGEMENT

During 2017, the Commission has put in place processes to identify and evaluate financial and business risks by:

- Identifying the nature and extent of risks that face the Commission.
- Assessing the potential of identified risks occurring.
- Evaluating and assessing the internal capacity of the Commission to manage the risks that do occur.
- Designing and implementing controls to mitigate, to the maximum extent possible, the risk arising.

CONTROL MECHANISM

The systems of Internal Control are 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, they include:

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

The Competition and Consumer Protection Commission has an Audit and Risk Committee. The Committee met 4 times in 2017.

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 have been established.

The Commission has a properly constituted internal audit function which reports to the Audit and Risk Committee. The internal audit function operates in accordance with the Code of Practice for the Governance of State Bodies (revised 2016). The Commission's monitoring and review of effectiveness of the systems of Internal Control is informed by the work of the outsourced internal auditor and the Audit Committee. The following external reviews were carried out in 2017:

- Review of internal financial controls;
- Review of risk management arrangements;
- Audit of ICT Security.

INTERNAL CONTROL ISSUES

Details of weaknesses	Mitigating actions
Risk Management An internal audit report dated May 2017 identified weaknesses in the system of risk management in the Commission, at the time of the review. The report included recommendations that were aimed at further improving the Commission's system for risk management. The recommendations related to: • further developing the risk management process • the management of top risks • enhancing the challenge function • provision of training and guidance to staff regarding risk management, risk appetite and risk scoring • revision of the Risk Management Policy • incorporating risk management as part of project management.	Work to progress the recommendations began immediately and significant resources were invested in addressing the recommendations throughout 2017 and 2018. The Commission arranged for a follow-up review in April 2018 on the progress made in implementing the recommendations. A satisfactory level of assurance was provided for the developments in risk management in the Commission. Ongoing work is taking place in the Commission in order to improve the risk management process.
Procurement The 2017 audit found: • a case of non-compliant expenditure in the amount of €150,000 (approx.) in relation to the purchase of IT services.	The rollover of the IT services contract occurred in the context of the relocation of the Commission to new offices. The Commission has already addressed the issue (a formal tendering process for the supply of IT services has been completed and a new contract is in place). In addition further procurement controls are being developed by the Commission.
• that no current procurement contract was in place in respect of expenditure on mobile phone services in an amount of €37,000 (approx.).	The formal procurement of mobile phone services is part of the planned ICT procurement for 2019.

PROCUREMENT

We confirm that during 2017 the Competition and Consumer Protection Commission complied with current procurement rules and guidelines as set out by the Office of Government Procurement, except for the contracts outlined under internal control issues above.

COMPETITION AND CONSUMER PROTECTION COMMISSION

STATEMENT ON INTERNAL CONTROL

(CONTINUED)

REVIEW OF EFFECTIVENESS

The Statement on Internal Control has been reviewed by the Audit and Risk Committee and the Commission to ensure it accurately reflects the control system in operation during the reporting period.

A review of Internal Controls in 2017 was carried out and signed off by the Commission in 2018.

The Commission is reasonably assured that the system of Internal Control instituted and implemented in the Competition and Consumer Protection Commission for the financial year ended 31st December 2017 are effective.

On behalf of the Competition and Consumer Protection Commission:

Isolde Goggin
____________________ **Date:** 17/12/18

Isolde Goggin
Chairperson

____________________ **Date:** 17th Dec 2018

Brian McHugh
Member

Ard Reachtaire Cuntas agus Ciste
Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Competition and Consumer Protection Commission

Opinion on financial statements

I have audited the financial statements of the Competition and Consumer Protection Commission for the year ending 31 December 2017 as required under the provisions of section 31 of the Competition and Consumer Protection Act 2014. The financial statements comprise

- the statement of income and expenditure and retained revenue reserves
- the statement of comprehensive income
- the statement of financial position
- the statement of cash flows and
- the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the Competition and Consumer Protection Commission at 31 December 2017 and of its income and expenditure for 2017 in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland.*

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Competition and Consumer Protection Commission and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on information other than the financial statements, and on other matters

The Competition and Consumer Protection Commission has presented certain other information together with the financial statements. This comprises the annual report, the governance statement and Commission members' report, and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

Patricia Sheehan

Patricia Sheehan
For and on behalf of the
Comptroller and Auditor General
20 **December 2018**

Appendix to the report

Responsibilities of Board members

The governance statement and Commission members' report sets out the Commission members' responsibilities. The Commission members are responsible for

- the preparation of financial statements in the form prescribed under section 31 of Competition and Consumer Protection Act 2014
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under section 31 of the Competition and Consumer Protection Act 2014 to audit the financial statements of the Competition and Consumer Protection Commission and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Competition and Consumer Protection Commission's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Competition and Consumer Protection Commission to cease to continue as a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if there are material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if there is any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

COMPETITION AND CONSUMER PROTECTION COMMISSION

STATEMENT OF INCOME, EXPENDITURE AND RETAINED REVENUE RESERVES FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
INCOME		€	€
Oireachtas Grant	2	8,456,424	7,968,353
Income from Levy	3	1,860,054	2,370,030
Other Income		-	861
		10,316,478	10,339,244
Application Fees	4	1,142,111	1,028,640
Application Fees Reimbursed to D/BEI		(1,142,111)	(1,028,640)
Transfer (to)/from Capital Account	12	(87,186)	60,826
Net Deferred Funding for Pensions	13	1,256,000	825,000
		11,485,292	11,225,070
EXPENDITURE			
Staff Costs	5	7,498,778	7,110,826
Operational Expenses	6	3,891,840	3,287,161
		11,390,618	10,397,987
SURPLUS FOR THE YEAR		**94,674**	**827,083**
Balance brought forward at 1 January		(604,608)	(1,431,691)
Balance brought forward at 31 December		**(509,934)**	**(604,608)**

The Statement of Cash Flows and Notes 1 - 19 form part of these financial statements.

On behalf of the Commission of the Competition and Consumer Protection Commission:

Isolde Goggin
Isolde Goggin
Chairperson

Date: 17/12/18

Brian McHugh
Member

Date: 17th Dec 2018

COMPETITION AND CONSUMER PROTECTION COMMISSION

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017	2016
		€	€
SURPLUS FOR THE FINANCIAL YEAR		94,674	827,083
Experience (losses)/gains on retirement benefit obligations	13iii	(1,312,000)	(157,000)
Changes in assumptions underlying the present value of retirement benefit obligations	13iii	-	(3,072,000)
Total actuarial gains/(losses) in the year		(1,312,000)	(3,229,000)
Adjustment to deferred retirement benefits funding		1,312,000	3,229,000
Total Comprehensive Income for the year		94,674	827,083

The Statement of Cash Flows and Notes 1 – 19 form part of these financial statements.

On behalf of the Commission of the Competition and Consumer Protection Commission:

Isolde Goggin
Isolde Goggin
Chairperson

Date: 17/12/18

Brian McHugh
Member

Date: 17th Dec 2018

COMPETITION AND CONSUMER PROTECTION COMMISSION

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	As at 31 December 2017 €	As at 31 December 2016 €
FIXED ASSETS			
Property, plant & equipment	8	210,136	122,950
CURRENT ASSETS			
Receivables	9	203,652	329,588
Cash and cash equivalents		705,418	864,699
		909,070	1,194,287
CURRENT LIABILITIES (AMOUNTS FALLING DUE WITHIN ONE YEAR)			
Payables	10	(294,004)	(428,895)
NET CURRENT ASSETS		615,066	765,392
NET ASSETS (BEFORE LONG TERM LIABILITIES)		825,202	888,342
LONG TERM LIABILITIES (AMOUNTS FALLING DUE AFTER ONE YEAR)			
Provision	11	(1,125,000)	(1,370,000)
RETIREMENT BENEFITS			
Retirement benefit obligations	13iii	(22,497,000)	(19,929,000)
Deferred retirement benefit funding asset	13iv	22,497,000	19,929,000
TOTAL NET LIABILITIES		**(299,798)**	**(481,658)**
REPRESENTING			
Capital Account	12	210,136	122,950
Retained revenue reserves		(509,934)	(604,608)
		(299,798)	**(481,658)**

The Statement of Cash Flows and Notes 1 - 19 form part of these financial statements.

On behalf of the Commission of the Competition and Consumer Protection Commission:

Isolde Goggin
Chairperson

Date: 17/12/18 -

Brian McHugh
Member

Date: 17th Dec 2018

COMPETITION AND CONSUMER PROTECTION COMMISSION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
Net Cash Flow from Operating Activities		€	€
Excess income over expenditure		94,674	827,083
Transfer to/(from) capital account	12	87,186	(60,826)
Depreciation of fixed assets	8	95,152	60,810
Loss on disposal of fixed assets	6	16,369	16
Decrease in receivables	9	125,936	580,421
(Decrease) in payables	10/11	(379,891)	(894,776)
Net cash inflow from Operating Activities		39,426	512,728
Cash flows from Investing Activities			
Payment to acquire property, plant & equipment	8	(198,707)	-
Net cash flows from Investing Activities		(198,707)	-
Cash flow from Financing Activities			
Bank interest received		-	-
Net (Decrease)/Increase in cash and cash equivalents		(159,281)	512,728
Cash and cash equivalents at the beginning of the year		864,699	351,971
Cash and cash equivalents at the end of the year		705,418	864,699

1. ACCOUNTING POLICIES

The basis of accounting and significant accounting policies adopted by the Competition and Consumer Protection Commission are set out below. They have all been applied consistently throughout the year and for the preceding year.

A) GENERAL

The Competition and Consumer Protection Commission was established on 31 October 2014, by the Minister for Business, Enterprise and Innovation, under the Competition and Consumer Protection Act 2014. The Act also provided for the dissolution of the National Consumer Agency (NCA) and the Competition Authority (TCA) with effect from 30 October 2014. The staff, assets, rights and obligations of legacy bodies were transferred to the Commission in accordance with the Act. The Competition and Consumer Protection Commission is a Public Benefit Entity.

B) STATEMENT OF COMPLIANCE

The financial statements of the Commission for the year ended 31 December 2017 have been prepared in accordance with FRS 102, the financial reporting standard applicable in the UK and Ireland issued by the Financial Reporting Council (FRC), as promulgated by Chartered Accountants Ireland.

C) BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention, except for certain assets and liabilities that are measured at fair values as explained in the accounting policies below. The financial statements are in the form approved by the Minister for Business, Enterprise and Innovation with the concurrence of the Minister for Public Expenditure and Reform. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Commission's financial statements.

The Financial Statements are prepared in Euro which is the functional currency of the Commission.

D) REVENUE

Oireachtas Grant

Revenue is generally recognised on an accruals basis. An exception to this is in the case of Oireachtas Grants which are recognised on a cash receipts basis. The Department of Business, Enterprise and Innovation (D/BEI) provides funding for the Public Awareness and Financial Education functions, on the condition that these funds would be reimbursed to D/BEI upon receipt of the Commission levy.

E) LEVY INCOME

The Commission is responsible for consumer information and education functions relating to financial services under section 10(3)(j) of the Act of 2014.

The cost of the Commission's financial services function is funded by a levy on regulated financial service entities (this funds a total of 19.5 staff). Income is taken into account in respect of the levy for the period in which the regulated financial service entities were subject to regulation by the Central Bank.

Section 24D of the Consumer Protection Act 2007 (as inserted by the Central Bank Reform Act 2010) provides that the Commission may enter into an arrangement with a prescribed body in relation to the collection of the levies.

Provisions for correcting a surplus or deficiency in levy income that occur in a financial year are defined in Section 24C of the Consumer Protection Act (as inserted by the Central Bank Reform Act 2010), whereby the levy is reduced or increased the following year to reflect Commission expenditure in the performance of the consumer information and education functions referred to above.

F) APPLICATION FEES INCOME

Fees received by the Commission for the issuing of credit intermediary licences, pawnbroker licences, fixed payment notices, mergers and costs awarded by the courts are recorded as income of the Commission which are then reimbursed to D/BEI.

G) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at their historical cost less accumulated depreciation, adjusted for any provision for impairment. Depreciation is provided on all property, plant and equipment, other than freehold land and artwork, at rates estimated to write off the cost less the estimated residual value of each asset on a straight-line basis over their estimated useful lives, as follows:

Computer Hardware	20%
Computer Software	20%
Office Equipment	20%
Furniture	10%

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of an age and in the condition expected at the end of its useful life. If there is objective evidence of the value of an asset, an impairment loss is recognised in the Statement of Income and Expenditure and Retained Revenue Reserves in the year.

H) CAPITAL ACCOUNT

State grants used for the purchase of fixed assets are transferred to the capital account in the year in which the expenditure is incurred and are credited to income over the estimated useful lives of the related assets. The capital account represents the unamortised amount of income used to finance fixed assets.

I) 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 denominated in foreign currencies are translated into euro at the rates of exchange ruling at the balance sheet rate or a forward purchase contract rate where such contracts exist.

J) RECEIVABLES

Receivables are recognised at fair value, less a provision for doubtful debts. The provision for doubtful debts is a specific provision, and is established when there is objective evidence that the Commission will not be able to collect all amounts owed to it. All movements in the provision for doubtful debts are recognised in the Statement of Income and Expenditure and Retained Revenue Reserves.

K) PROVISIONS

Provisions are recognised when the Commission has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

L) CONTINGENCIES

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Commission's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

M) OPERATING LEASE

Rental expenditure under operating leases is recognised in the Statement of Income and Expenditure and Retained Revenue Reserves over the life of the lease. Expenditure is recognised on a straight-line basis over the lease period, except where there are rental increases linked to the expected rate of inflation, in which case these increases are recognised when incurred. Any lease incentives received are recognised over the life of the lease.

N) EMPLOYEE BENEFITS

Short-term Benefits
Short term benefits such as holiday pay are recognised as an expense in the year, and benefits that are accrued at year-end are included in the Payables figure in the Statement of Financial Position.

Retirement Benefits
Staff of the Commission comprise those directly employed by the Commission and officers on secondment and assignment from the civil service, public service and Central Bank. The Commission has no pension liability in respect of seconded and assigned staff. The Commission pays a superannuation contribution to D/BEI, and the Central Bank for seconded and assigned staff at a rate of either 25% or 30% (depending upon date of entry to the Civil/Public Service), that is charged to expenditure.

The Commission operates a defined benefit pension scheme for its staff, which is funded annually on a pay as you go basis from monies available to it, including monies provided by D/BEI and from contributions deducted from staff salaries.

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

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

Actuarial gains and losses arising from changes in actuarial assumptions and from experience surpluses and deficits are reflected in the Statement of Comprehensive Income for the year in which they occur and a corresponding adjustment is recognised in the amount recoverable from D/BEI.

Pension liabilities represent the present value of future pension payments earned by staff to date. Deferred pension funding represents the corresponding asset to be recovered in future periods from D/BEI.

O) CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

(a) Impairment of property, plant and equipment
Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(b) Depreciation and Residual Values
The Commission have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of fixtures and fittings, and have concluded that asset lives and residual values are appropriate.

(c) Provision for doubtful debts
The Commission makes an estimate of the recoverable value of trade debtors and other debtors. The Commission uses estimates based on historical experience in determining the level of debts, which may not be collected. These estimates include such factors as the current rating of the debtor, the ageing profile of debtors and historical experience. The level of provision required is reviewed on an on-going basis.

(d) Provisions
The Commission makes provisions for legal and constructive obligations, which it knows to be outstanding at the period end date. These provisions are generally made based on historical or other pertinent information, adjusted for recent trends where relevant. However, they are estimates of the financial costs of events that may not occur for some years. As a result of this and the level of uncertainty attaching to the final outcomes, the actual out-turn may differ significantly from that estimated.

(e) Retirement benefit obligation
The assumptions underlying the actuarial valuations for which the amounts recognised in the financial statements are determined (including discount rates, rates of increase in future compensation levels and mortality rates) are updated annually based on current economic conditions, and for any relevant changes to the terms and conditions of the pension and post-retirement plans.

The assumptions can be affected by:
(i) the discount rate, changes in the rate of return on high-quality corporate bonds
(ii) future compensation levels, future labour market conditions

2. OIREACHTAS GRANT	2017 €	2016 €
D/BEI - Vote 32 - Subhead C.8(i) – Pay	5,370,424	5,252,353
D/BEI - Vote 32 - Subhead C.8(i) – Non Pay	3,265,000	2,858,000
D/BEI - Vote 32 - Subhead C.8(ii) – Pay	589,772	420,645
D/BEI - Vote 32 - Subhead C.8(ii) – Non Pay	540,000	650,000
	9,765,196	9,180,998
D/BEI - Vote 32 - Subhead C.8(ii) – Pay (Reimbursed)	(589,772)	(420,645)
D/BEI - Vote 32 - Subhead C.8(ii) – Non Pay (Reimbursed)	(540,000)	(650,000)
Employee pension contributions remitted	(179,000)	(142,000)
	8,456,424	7,968,353

3. LEVY

Invoices totalling €1,860,054 covering the liability for the year ended 31 December 2017 as provided for in S.I No.423 of 2017 - Consumer Protection Act 2007 (Competition and Consumer Protection Commission) Levy Regulations 2017, were issued in October. An amount of €92,346 remained to be collected at year end.

4. APPLICATION FEES	2017 €	2016 €
Merger Fees*	592,006	535,994
Credit Intermediaries and pawnbroker licence fees**	511,659	460,966
Fixed Payment Notices**	11,100	8,100
Court Awards	10,950	-
Other income (Social welfare etc.)	16,396	23,580
Application fees reimbursed to D/BEI	(1,100,949)	(1,000,694)
Due to D/BEI	(41,162)	(27,946)
	-	-

*Merger Income under the Competition Act 2002, part 3 Section B, as amended by Section 55 of the Competition and Consumer Protection Act 2014, merger notifications to the Commission are accompanied by a fee of €8,000.
Merger notifications – 74 (72 notifications received and 2 yet to be notified at end of 2017).

**Number of licences issued (credit intermediaries - 840, pawnbrokers - 3).
Fixed payment notices – 37. Number of cases which costs were awarded by the courts -2.

All merger receipts, credit intermediary receipts, fixed payment notices or other miscellaneous income received by the Commission are paid over to D/BEI.

5. STAFF COSTS	2017 €	2016 €
Salaries and Wages	5,330,309	4,610,546
Salaries and Wages – Central Bank Staff*	256,475	531,002
Superannuation – Staff Scheme	1,481,000	1,256,000
Superannuation – Assigned and Seconded Staff	246,349	524,297
Superannuation – Central Bank Seconded Staff*	61,177	128,976
Staff training	123,468	60,005
	7,498,778	7,110,826
Actual Staffing Levels – WTE (at year end)	90	88

The Department of Business, Enterprise and Innovation administers the payroll for the Commission (migrated to Payroll Shared Services Centre during 2017). Pension Levy deducted by the Department from the Commission staff was retained by the Department.

* As of 31 December 2017, three Central Bank staff were seconded to the Commission to assist with carrying out the Commission's personal finance functions. The seconded staff remain as employees of the Central Bank which continues to pay their salaries. The Commission is responsible for reimbursing the pay costs, including superannuation contributions, of these seconded staff to the Central Bank. This reimbursement is carried out after the levy is collected from the financial services industry each year.

A) CHAIRPERSON'S REMUNERATION

The Chairperson was appointed on 31 October 2014 (having been Chairperson of the Competition Authority up to then). The Chairperson was reappointed on 1st October 2016 for a five year term ending 30th September 2021.

The Chairperson received salary payments of €163,821 (2016: €163,821) and incurred travel costs to the value of €5,160 (2016: €3,998) in the year 2017.

The Chairperson is a member of an unfunded defined benefit public sector scheme and her pension entitlements do not extend beyond the standard entitlements in the public sector defined benefit superannuation scheme.

The Chairperson did not receive any performance related payments or any other benefit in kind during the year.

B) EMPLOYEE BENEFITS BREAKDOWN

Range of total employee benefits (from €60,000 upwards)

From		To	2017	2016
€60,000	-	€69,999	7	2
€70,000	-	€79,999	11	12
€80,000	-	€89,999	5	3
€90,000	-	€99,999	5	4
€100,000	-	€109,999	-	2
€110,000	-	€119,999	-	-
€120,000	-	€129,999	-	2
€130,000	-	€139,999	2	-
€140,000	-	€149,999	-	-
€150,000	-	€159,999	-	-
€160,000	-	€169,999	1	1
			31	26

C) MEMBERS' TRAVEL AND SUBSISTENCE EXPENSES

Member	2017 €	2016 €
Karen O'Leary	-	1,052
Gerald FitzGerald	-	3,216
Patrick Kenny	2,409	1,874
Fergal O'Leary	1,584	856
Brian McHugh	1,020	-
	5,013	6,998

6. OPERATIONAL EXPENSES

	2017			2016
	Non-Levy	Levy	Total	Total
	€	€	€	€
Post & Telecommunications	71,654	18,104	89,758	68,869
IT Equipment & Services	306,863	105,163	412,026	303,909
Printing & Stationery	15,284	2,328	17,612	12,794
Travel & Subsistence - National	51,191	3,564	54,755	49,042
Travel & Subsistence – International	54,686	1,536	56,222	55,255
Office Premises & General Maintenance	470,445	115,458	585,903	123,378
European Consumer Centre*	214,840	-	214,840	214,840
Incidental Expenses	47,293	6,412	53,705	57,768
Legal Fees	275,099	9,928	285,027	547,390
Reduction in legal provision	(245,000)	-	(245,000)	(330,000)
Other consultancy costs	87,659	14,961	102,620	172,177
Internal Audit	9,907	2,476	12,383	24,216
Financial administration	123,000	34,366	157,366	176,570
Audit fee	18,400	4,600	23,000	30,160
Marketing, Promotion & Consumer Awareness Activities**	463,762	703,561	1,167,323	1,124,185
Recruitment	62,610	30,756	93,366	123,957
Depreciation	83,603	11,549	95,152	60,810
Call Centre	408,423	132,087	540,510	390,733
Insurance	39,250	9,812	49,062	48,313
Bank Charges	904	218	1,122	1,428
Loss on disposal of fixed assets	14,686	1,683	16,369	16
Levy Collection Fees	-	-	-	15,376
Levy Refunds	-	-	-	-
Relocation, IT, Telephones	83,118	22,904	106,022	11,079
Allowance for doubtful debts	-	4,090	4,090	3,278
Exchange (gain)/Loss	(1,401)	8	(1,393)	1,539
Prompt payment interest	-	-	-	79
	2,656,276	1,235,564	3,891,840	3,287,161

*The European Consumer Centre (ECC) Ireland is part of a European network that provides advice, information and support on consumer rights when buying goods and services in another European country. The Commission co-funds the operation of ECC Ireland along with the European Commission.

** In performing its functions under the Act to promote and protect the interests of consumers, the Commission is required to carry out public awareness and information campaigns and to undertake research and analysis for the purpose of educating and advising consumers in relation to consumer protection. The allocation of this expenditure is as follows:

	2017			2016
	Non-Levy	Levy	Total	Total
	€	€	€	€
Advertising	39,421	50,813	90,234	95,899
Research	73,318	110,003	183,321	168,058
Public Relations	57,143	30,043	87,186	95,585
Media Buy and Distribution Services	285,991	489,104	775,095	708,378
Financial Education	-	21,584	21,584	27,423
Other	7,889	2,014	9,903	28,842
	463,762	703,561	1,167,323	1,124,185

7. LEVY RELATED FUNCTIONS

Included in Note 3, 5 and 6 are the following income and expenses for the levy related functions.

	2017 €	2016 €
Income		
Income from Levy	1,860,054	2,370,030
Expenditure		
Pay		
Salaries and Wages	849,139	959,775
Pension	62,635	128,976
Staff training	13,638	6,033
	925,412	1,094,784
Non-Pay		
Post & Telecommunications	18,104	13,723
IT Equipment & Services	105,163	83,517
Printing & Stationery	2,328	2,774
Travel & Subsistence	5,100	9,059
Office Premises & General Maintenance	115,458	22,485
Incidental Expenses	6,412	8,653
Legal fees	9,928	1,008
Internal Audit, Evaluation Fees, Accountancy	51,803	53,139
Audit Fee	4,600	4,870
Advertising	50,813	49,697
Public Relations	30,043	28,331
Media Buy and Distribution Services	489,104	332,525
Financial Education	21,584	27,423
Research	110,003	91,152
Other Marketing Consumer Awareness Activities	2,014	5,622
Recruitment	30,756	38,750
Depreciation	11,549	4,635
Loss on disposal of fixed assets	1,683	-
Call Centre	132,087	77,716
Insurance	9,812	9,663
Bank Charges	218	447
Levy Collection Fees	-	15,376
Levy Refunds	-	-
Relocation, IT, Telephones	22,904	2,318
Provision for doubtful debts	4,090	3,278
Exchange Loss/Gain	8	(10)
Prompt Payment Interest	-	16
	1,235,564	886,167
Total Expenditure	2,160,976	1,980,951
(Deficit) / Surplus for the year	**(300,922)**	**389,079**
Surplus at 1 January	543,281	154,202
Surplus at 31 December	242,359	543,281

8. PROPERTY, PLANT & EQUIPMENT

	Computer Hardware	Computer Software	Furniture	Office Equipment	Total
	€	€	€	€	€
Cost					
At 1 January 2017	263,986	306,575	112,820	71,606	754,987
Additions	61,685	30,481	-	106,541	198,707
Disposals	(101,064)	(2,702)	(108,740)	(62,327)	(274,833)
At 31 December 2017	224,607	334,354	4,080	115,820	678,861
Depreciation					
At 1 January 2017	189,559	266,190	109,458	66,830	632,037
Charge for the year	44,771	25,130	824	24,427	95,152
Disposals	(88,517)	(2,702)	(106,576)	(60,669)	(258,464)
At 31 December 2017	145,813	288,618	3,706	30,587	468,724
Net Book Value					
At 31 December 2017	**78,794**	**45,736**	**374**	**85,232**	**210,136**
At 31 December 2016	**74,427**	**40,385**	**3,362**	**4,776**	**122,950**

9. RECEIVABLES	As at 31 December 2017	As at 31 December 2016
	€	€
Levy	(28,429)	126,018
Less: Provision for doubtful debts	(4,452)	(3,328)
Prepayments	192,764	179,048
Other Debtors	43,769	27,850
	203,652	329,588

The fair values of debtors and prepayments approximate to their carrying amounts. All debtors are due within one year. Debtors are shown net of impairment in respect of doubtful debts.

10. PAYABLES	As at 31 December 2017	As at 31 December 2016
	€	€
Creditors	930	39,158
Accruals	222,152	337,777
Repayment of grants	53	-
Professional Services Withholding Tax	27,127	18,854
Value Added Tax	2,580	5,161
Due to D/BEI – Application Fees	41,162	27,945
	294,004	428,895

Tax and social insurance are subject to the terms of the relevant legislation. Interest accrues on late payment. No interest was due at the financial year end date. The terms of accruals are based on the underlying contracts. Other amounts included within creditors not covered by specific note disclosures are unsecured, interest free and repayable on demand.

11. PROVISION FOR LEGAL COSTS

	As at 31 December 2017 €	As at 31 December 2016 €
As at 1 January 2017	1,370,000	1,700,000
Reduction in the year	(245,000)	(330,000)
Utilised in the year	-	-
As at 31 December 2017	1,125,000	1,370,000

In early 2016, the Commission was engaged in a Supreme Court appeal against a decision of the High Court in 2009 ordering the former Competition Authority (now the Commission) to pay a percentage of the other party's taxed costs. In advance of the Supreme Court hearing in April 2016, a settlement of the case was reached resulting in a reduction in the percentage of costs payable by the Commission.

The Commission was also engaged in a High Court action, which was heard in April 2016. The High Court ordered the Commission to pay the plaintiff's costs. The Commission appealed the High Court decision in this case to the Supreme Court but was unsuccessful in its appeal.

The final settlement figure for these cases had yet to be determined at the end of 2017. However, as at the date of approving these financial statements, both cases have been settled and the costs have been paid (in 2018). The provision of €1.125 million is sufficient to cover the actual settlement costs.

12. CAPITAL ACCOUNT

	As at December 2017 €	As at December 2016 €
Opening balance	122,950	183,775
Transfer to Income and Expenditure account		
Grants used to acquire fixed assets	198,707	-
Amortisation in line with asset depreciation	(95,152)	(60,810)
Disposal of fixed assets	(16,369)	(16)
Transfer from/(to) Income and Expenditure account	87,186	(60,826)
Closing Balance at year ended 31 December 2017	210,136	122,950

13. RETIREMENT BENEFIT COSTS

i. Commission Staffing

In accordance with Section 29 of the Competition and Consumer Protection Act 2014, the Commission has prepared and submitted to the Minister for his approval a scheme for the granting of superannuation benefits to these staff members and in respect of such members of the staff of the Commission as it may think fit. Administrative approval for the staff superannuation scheme has been received from the Department of Public Expenditure and Reform.

New entrant staff, employed by Commission after 1 January 2013 are members of the Single Public Service Pension Scheme in accordance with Public Service Pensions (Single Scheme and Other Provisions) Act 2012. Deductions from staff salaries are transferred to the Department of Public Expenditure and Reform on a monthly basis in accordance with the Act.

ii. Analysis of total retirement benefit costs charged to the Statement of Income and Expenditure and Retained Revenue Reserves

	31 December 2017	31 December 2016
	€	€
Current service cost	1,200,000	968,000
Interest on retirement benefit scheme liabilities	460,000	430,000
Less Employee contributions	(179,000)	(142,000)
	1,481,000	1,256,000

iii. Movement in net retirement benefit obligations during the financial year

	31 December 2017	31 December 2016
	€	€
Net retirement benefit obligation at 1 January	(19,929,000)	(15,875,000)
Current service costs	(1,200,000)	(968,000)
Past service costs	-	-
Interest costs	(460,000)	(430,000)
Benefits paid in period	404,000	573,000
Experience (loss)/gain on liabilities	(422,000)	(157,000)
Transferred in service	(890,000)	-
Changes in actuarial assumptions	-	(3,072,000)
Net retirement benefit obligations at 31 December	(22,497,000)	(19,929,000)

The Commission is conducting a full review of deferred pensions transfer values (with a view to facilitating transfers of such values) as a result of staff transferring to the Commission from other public bodies (and vice versa). Any payment received by the Commission will be payable to the Exchequer.

iv. Deferred funding asset for retirement benefits

The Commission recognises amounts owing from the State for the unfunded deferred liability for retirement benefits 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 retirement benefit 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 Commission has no evidence that this funding policy will not continue to meet such sums in accordance with current practice.

The net deferred funding for retirement benefits recognised in the Statement of Income and Expenditure and Retained Revenue Reserves was as follows:

	31 December 2017 €	31 December 2016 €
Funding recoverable in respect of current year retirement		
Benefit costs	1,660,000	1,398,000
Benefits paid in year	(404,000)	(573,000)
	1,256,000	825,000

The deferred funding asset for retirement benefit as at 31 December 2017 amounted to €22,497,000.

v. History of defined benefit obligations

	2017 €'000	2016 €'000	2015 €'000	2014 €'000	2013 €'000
Defined benefit obligations	22,497	19,929	15,875	16,994	-
Experience losses/(gains) on defined benefit scheme liabilities	1,312	157	(23)	(56)	-
Employee Contributions	0.8%	0.8%	(0.1%)	(0.3%)	0%

vi. Description of scheme

Commission 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 (one eightieth 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.

Single Scheme

The Single Scheme is the occupational pension scheme for public servants hired since 2013. It is a defined benefit scheme, with retirement benefits based on career-average pay. The scheme generates pension credits and retirement lump sum credits for each scheme member. These money credits, known as "referable amounts", accrue as percentages of pay on an ongoing basis. The referable amounts accrued each year are revalued annually until retirement in line with inflation increases (Consumer Price Index). The annual pension awarded on retirement is the cumulative total of a scheme member's pension referable amounts, and the retirement lump sum awarded is, similarly, the total of the scheme member's lump sum referable amounts.

Valuation

The valuation used for FRS 102 disclosures has been based on a full actuarial valuation by a qualified independent actuary taking account of the requirements of the FRS in order to assess the scheme liabilities at 31 December 2017.

The principal actuarial assumptions used to calculate the components of the defined benefit cost for the year ended 31 December 2017 were as follows:

	31 December 2017	31 December 2016
Discount rate	2.20%	2.20%
Inflation rate	1.80%	1.80%
Salary increases	3.80%	3.80%
Pension increases	3.30%	3.30%

The mortality basis adopted allows for improvements in life expectancy over time, so that life expectancy at retirement will depend on the year in which a member attains retirement age (age 65). The number of members in the Scheme and the number of deaths are too small to analyse and produce any meaningful Scheme-specific estimates of future levels of mortality. Average future life expectancy according to the mortality tables used to determine the pension liabilities are:

	31 December 2017 Years	31 December 2016 Years
Male aged 65	21.4	21.3
Female aged 65	23.9	23.7

14. LATE PAYMENTS IN COMMERCIAL TRANSACTIONS

The Commission has overall responsibility for the organisation's compliance with the Prompt Payment of Accounts Act 1997, which came into effect on 2 January 1998, and the European Communities (Late Payment in Commercial Transactions) Regulations 2012, which came into effect on 16 March 2013. The Commission has delegated this responsibility to management.

The system of internal control incorporates such controls and procedures that are considered necessary to ensure compliance with the Act. The organisation's system of internal control includes accounting and computer controls designed to ensure the identification of invoices and contracts for payment within the prescribed payment dates as defined by the Act. These controls are designed to provide reasonable, though not absolute, assurance against non-compliance with the Act. The Commission is satisfied that it complied with the provisions of the Act in all material aspects. There was €nil of late payment interest paid in the year.

15. CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2017.

16. CONTINGENT LIABILITIES

There were no contingent liabilities at 31st December 2017.

17. RELATED PARTY DISCLOSURES

The Commission adopted procedures in accordance with guidelines issued by the Department of Finance in relation to the disclosure of interests by Commission Members and these procedures have been adhered to in the year. There were no transactions in the period in relation to the Commission's activities in which the Commission Members had any beneficial interest. The Commission is now recognised as a public body under the Ethics in Public Office Acts, 1995 and 2001 and in accordance with Statutory Instrument No 607 of 2008, which came into operation on 1 January 2009, the Commission Members are obliged to submit declarations of interest in respect of the period ended 31 December 2017 to the Standards in Public Office Commission.

Key management personnel in the Commission consist of Chairperson and Members of the Commission (up to a maximum of 6). Total remuneration paid to key management personnel in 2017 was €509,105 (2016: €633,450). The number of Commission Members varies from time to time. During the period May to September 2017, the number of Commission Members decreased from 4 to 3.

18. LEASE COMMITMENTS

The Competition and Consumer Protection Commission do not own land and buildings. The Commission has commitments in respect of a lease on office accommodation at Bloom House, Railway Street, Dublin 1. This lease is held by the Office of Public Works for a period of 20 years which commenced in 2015.

The Commission sets out in the table below its estimated commitments for annual payments to OPW over the period of the lease held between OPW and the landlord:

	2017	2016
	€	€
Payable within one year	663,624	-
Payable within two to five years	2,654,496	-
Payable after five years	8,461,206	-
	11,779,326	**-**

Operating lease payments recognised as an expense were €502,692 (2016: €NIL).

19. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Commission of the Competition and Consumer Protection Commission at its meeting on the 17 December 2018