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

COMPETITION AND CONSUMER PROTECTION COMMISSION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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COMPETITION AND CONSUMER PROTECTION COMMISSION

INFORMATION

Members of the Commission:	Isolde Goggin – Chairperson Patrick Kenny Fergal O'Leary Brian McHugh
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

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 derived from the legislation governing the two legacy agencies and some new functions under the 2014 Act. Its functions include:

- 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 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 2018.

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 Commission has two scheduled meetings per month. In addition, Ad Hoc meetings are scheduled where matters arising are urgent, are reserved to the Commission and cannot be delegated and/or where there are statutory timeframes. Examples would be decisions on Phase 2 mergers, use of enforcement powers or requests for co-operation from foreign agencies.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 2018. The Commission plans to conduct an external evaluation by end 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 2018.

Schedule of Attendance, Fees and Expenses

A schedule of attendance at the Commission and Committee meetings for 2018 is set out below including the fees and expenses received by each member:

	Commission	Audit & Risk Committee	Salaries 2018 €	Expenses in relation to attending Commission meetings 2018 €
Number of meetings	50	4		
Isolde Goggin	45	-	161,270	-
Patrick Kenny	47	4	135,056	-
Fergal O'Leary	47	-	135,056	-
Brian McHugh	48	-	135,056	-
Brian Whitney	-	4	-	-
Conor Blackwell	-	4	-	-
Jimmy Murphy	-	4	-	-
			566,438	-

* Members of the Commission do not receive fees as they are not external (part-time) board members but are employed by the Department of Business, Enterprise and Innovation as full-time Executive Board members of the CCPC.

Key Personnel Changes

The Director of Corporate Services resigned from the Competition and Consumer Protection Commission in August 2018 and has now been replaced (in January 2019).

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.

	2018	2017
	€	€
Legal advice	109,053	77,173
Strategy and organisational development	7,780	20,319
Procurement advisory	-	40,527
Economic advice	32,340	22,081
IT consultancy	1,353	26,445
Total consultancy costs	**150,526**	**186,545**
Consultancy costs capitalised	-	-
Consultancy costs charged to the Income and Expenditure and Retained Revenue Reserves	150,526	186,545
Total	**150,526**	**186,545**

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.

	2018	2017
	€	€
Legal fees - enforcement	71,669	207,854
Utilisation / reduction in legal provision *	(1,125,000)	(245,000)
Conciliation and arbitration payments	-	-
Settlements	1,125,000	-
Total	**71,669**	**(37,146)**

* See note 11 to the financial statements for further detail.

Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows:

	2018	2017
	€	€
Domestic		
- Commission *	511	934
- Employees	41,693	54,632
International		
- Commission *	10,530	9,239
- Employees	61,653	46,983
Total	**114,387**	**111,788**

* includes travel and subsistence of €5,499 paid directly to Commission Members in 2018 (2017 €6,142). The balance of €5,542 (2017: €4,031) relates to expenditure paid in connection with travel undertaken by Commission Members. A breakdown of expenses among Commission Members is contained in Note 5 to the financial statements.

Hospitality Expenditure

The Statement of Income and Expenditure includes the following hospitality expenditure:

	2018	2017
	€	€
Staff and corporate hospitality	1,196	2,587
Client hospitality	-	-
Total	**1,196**	**2,587**

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 wrote to the Department of Business, Enterprise and Innovation 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 23/9/19

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 level 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 2018 and up to the date of approval of the financial statements.

CAPACITY TO HANDLE RISK

The Competition and Consumer Protection Commission has an Audit and Risk Committee. The Committee met 4 times in 2018.

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 and Risk Committee. The following external reviews were carried out in 2018:

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

RISK AND CONTROL FRAMEWORK

During 2018, 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 the risk arising.

A review on risk management was conducted in April 2018. 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.

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, including an Annual Assurance Statement completed by Directors/Heads of Unit;

- 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.

Payment of CCPC's salaries is conducted through the National Shared Services Office (NSSO) and is covered by an Employee Services Management Agreement between the NSSO and the CCPC's parent Department (DBEI).

ONGOING MONITORING AND REVIEW

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.

PROCUREMENT

We confirm that during 2018 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 below.

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 2018 was carried out and signed off by the Commission in March 2019.

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 2018 is effective.

INTERNAL CONTROL ISSUES

Details of weaknesses	Mitigating actions
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 since October 2018). In addition, further procurement controls are being implemented by the Commission. The value of these services in 2018 was €147k.
• 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 was part of ICT procurement in Q2 2019 and a new contract is now in place.
A separate issue was identified during 2018 in relation to procurement: • This issue relates to a difference between the contract duration on the RFT and Award Notice versus the final contract for media buy services. Both the RFT and the Award Notice made reference to a contract duration of two years with the provision for one 12 month extension, however, due to an administration error, the duration on the signed contract provided for two 12 month extensions. The first attempt at a formal procurement process for a replacement service using an OGP framework wasn't successful, due to issues with the pricing schedule, which meant that the second 12 month extension, provided for in the contract, had to be used.	A second attempt at procurement of a replacement service has been completed with a new contract in place. The value of these services in 2018 was €37k. An internal audit on procurement will take place in 2019.

On behalf of the Competition and Consumer Protection Commission:

Isolde Goggin
Isolde Goggin
Chairperson

Date: 23/9/19.

Brian McHugh
Member

Date: 23-9-19

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 the financial statements

I have audited the financial statements of the Competition and Consumer Protection Commission for the year ended 31 December 2018 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 2018 and of its income and expenditure for 2018 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 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.

Andrew Harkness
For and on behalf of the
Comptroller and Auditor General

30 September 2019

Appendix to the report

Responsibilities of Commission members

As detailed in the governance statement and Commission members' report, 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 FRS 102
- 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 I identify 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 I identify 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 AND EXPENDITURE AND RETAINED REVENUE RESERVES FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017
INCOME		€	€
Oireachtas Grant	2	9,658,212	8,456,424
Income from Levy	3	2,199,706	1,860,054
Other Income		14	-
		11,857,932	10,316,478
Application Fees	4	1,332,370	1,142,111
Application Fees Reimbursed to D/BEI		(1,332,370)	(1,142,111)
Transfer from/(to) Capital Account	12	24,974	(87,186)
Net Deferred Funding for Pensions	13	1,115,000	1,256,000
		12,997,906	11,485,292
EXPENDITURE			
Staff Costs	5	7,696,105	7,498,778
Operational Expenses	6	4,176,514	3,891,840
		11,872,619	11,390,618
SURPLUS FOR THE YEAR		**1,125,287**	**94,674**
Balance brought forward at 1 January		(509,934)	(604,608)
Balance brought forward at 31 December		**615,353**	**(509,934)**

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: 23/9/19

Brian McHugh
Member

Date: 23-9-19

COMPETITION AND CONSUMER PROTECTION COMMISSION

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 €	2017 €
SURPLUS FOR THE FINANCIAL YEAR		1,125,287	94,674
Experience (losses)/gains on retirement benefit obligations	13iii	(646,000)	(1,312,000)
Changes in assumptions underlying the present value of retirement benefit obligations	13iii	595,000	-
Total actuarial gains/(losses) in the year		(51,000)	(1,312,000)
Adjustment to deferred retirement benefits funding		51,000	1,312,000
Total Comprehensive Income for the year		1,125,287	94,674

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: 23/9/19.

Brian McHugh
Member

Date: 23-9-19

COMPETITION AND CONSUMER PROTECTION COMMISSION

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	As at 31 December 2018 €	As at 31 December 2017 €
FIXED ASSETS			
Property, plant & equipment	8	185,161	210,136
CURRENT ASSETS			
Receivables	9	249,344	203,652
Cash and cash equivalents		657,482	705,418
		906,826	909,070
CURRENT LIABILITIES (AMOUNTS FALLING DUE WITHIN ONE YEAR)			
Payables	10	(291,473)	(294,004)
NET CURRENT ASSETS		615,353	615,066
NET ASSETS (BEFORE LONG TERM LIABILITIES)		800,514	825,202
LONG TERM LIABILITIES (AMOUNTS FALLING DUE AFTER ONE YEAR)			
Provision	11	-	(1,125,000)
RETIREMENT BENEFITS			
Retirement benefit obligations	13iii	(23,663,000)	(22,497,000)
Deferred retirement benefit funding asset	13iv	23,663,000	22,497,000
TOTAL NET ASSEST / (LIABILITIES)		**800,514**	**(299,798)**
REPRESENTING			
Capital Account	12	185,161	210,136
Retained revenue reserves		615,353	(509,934)
		800,514	**(299,798)**

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: 23/9/19

Brian McHugh
Member

Date: 23-9-19

COMPETITION AND CONSUMER PROTECTION COMMISSION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017
Net Cash Flow from Operating Activities		€	€
Excess income over expenditure		1,125,287	94,674
Bank interest received		(14)	-
Transfer (from)/to capital account	12	(24,974)	87,186
Depreciation of fixed assets	8	75,508	95,152
Loss on disposal of fixed assets	6	1,606	16,369
(Increase)/Decrease in receivables	9	(45,692)	125,936
(Decrease) in payables	10/11	(1,127,532)	(379,891)
Net cash inflow from Operating Activities		4,189	39,426
Cash flows from Investing Activities			
Payment to acquire property, plant & equipment	8	(52,139)	(198,707)
Net cash flows from Investing Activities		(52,139)	(198,707)
Cash flow from Financing Activities			
Bank interest received		14	-
Net (Decrease)/Increase in cash and cash equivalents		(47,936)	(159,281)
Cash and cash equivalents at the beginning of the year		705,418	864,699
Cash and cash equivalents at the end of the year		657,482	705,418

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 2018 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.

Cost related solely to levy funded activities are recorded as levy expenditure, while costs related solely to exchequer funded activities are recorded as exchequer expenditure. Other costs that are in relation to both levy and exchequer funded CCPC functions (mainly services costs) are apportioned on the basis of the split of total staff numbers assigned to levy funded functions and exchequer funded functions respectively.

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 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 reporting date 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 reporting 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

All funding is provided through the Department of Business, Enterprise and Innovation (DBEI) Vote 32

Vote Subhead	2018	2017
	€	€
C.8 (i) – Pay	5,697,212	5,370,424
C.8 (i) – Non Pay	4,169,000	3,265,000
C.8 (ii) – Pay	780,989	589,772
C.8 (ii) – Non Pay	810,000	540,000
	11,457,201	9,765,196
C.8 (ii) Pay (Reimbursed)	(780,989)	(589,772)
C.8 (ii) – Non Pay (Reimbursed)	(810,000)	(540,000)
Employee pension contributions retained	(208,000)	(179,000)
	9,658,212	8,456,424

3. LEVY

Invoices totalling €2,199,706 covering the liability for the year ended 31 December 2018 as provided for in S.I No.425 of 2018 - Consumer Protection Act 2007 (Competition and Consumer Protection Commission) Levy Regulations 2018, were issued in October. An amount of €11,862 remained to be collected at year end.

4. APPLICATION FEES

	2018	2017
	€	€
Merger Fees*	768,000	592,006
Credit Intermediaries and pawnbroker licence fees**	538,199	511,659
Fixed Payment Notices**	4,500	11,100
Court Awards	8,550	10,950
Other income (Social welfare etc.)	13,121	16,396
Application fees reimbursed to D/BEI	(1,272,571)	(1,100,949)
Compensation paid to consumer	(8,000)	-
Due to D/BEI	(51,799)	(41,162)
	-	-

*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 – 96 (2017: 74).
**Number of licences issued: credit intermediaries – 840 (2017: 840), pawnbrokers – 3 (2017: 3).
Fixed payment notices – 15 (2017: 37). Number of cases which costs were awarded by the courts -2 (2017: 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

	2018 €	2017 €
Salaries and Wages	5,544,648	5,330,309
Salaries and Wages – Central Bank Staff*	209,496	256,475
Superannuation – Staff Scheme	1,515,000	1,481,000
Superannuation – Assigned and Seconded Staff	300,182	246,349
Superannuation – Central Bank Seconded Staff*	53,442	61,177
Staff training	73,337	123,468
	7,696,105	7,498,778
Actual Staffing Levels – WTE (at year end)	102	90

The Department of Business, Enterprise and Innovation administers the payroll for the Commission (migrated to Payroll Shared Services Centre during 2017). Pension Levy €250,524 deducted by the Department from the Commission staff was retained by the Department. The Department also remitted single scheme employee contributions €61,173 to DPER in respect of Commission staff.

There were no termination payments made in the year. Included in salaries and wages above are amounts of €318 relating to overtime.

* As of 31 December 2018, 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 €161,270 (2017: €163,821) and incurred travel costs to the value of €6,860 (2017: €5,160) in the year 2018.

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 relevant 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	2018	2017
€60,000	- €69,999	9	7
€70,000	- €79,999	10	11
€80,000	- €89,999	7	5
€90,000	- €99,999	4	5
€100,000	- €109,999	1	-
€110,000	- €119,999	-	-
€120,000	- €129,999	-	-
€130,000	- €139,999	3	2
€140,000	- €149,999	-	-
€150,000	- €159,999	-	-
€160,000	- €169,999	1	1
		35	**31**

Note: For the purposes of this disclosure, short-term employee benefits in relation to services rendered during the reporting period include salary, overtime allowances and other payments on behalf of the employee, but exclude employer's PRSI.

C) MEMBERS' TRAVEL AND SUBSISTENCE EXPENSES

Member	2018 €	2017 €
Isolde Goggin	6,860	5,160
Patrick Kenny	693	2,409
Fergal O'Leary	623	1,584
Brian McHugh	2,865	1,020
	11,041	**10,173**

Key management personnel remuneration is disclosed in note 17 to the financial statements.

6. OPERATIONAL EXPENSES

	2018			2017
	Non-Levy	Levy	Total	Total
	€	€	€	€
Post & Telecommunications	62,990	15,801	78,791	89,758
IT Equipment & Services	287,318	120,782	408,100	412,026
Printing & Stationery	13,888	3,498	17,386	17,612
Travel & Subsistence - National	40,019	2,185	42,204	54,755
Travel & Subsistence – International	72,183	-	72,183	56,222
Office Premises & General Maintenance	552,412	138,674	691,086	585,903
European Consumer Centre*	213,052	-	213,052	214,840
Incidental Expenses	53,225	11,973	65,198	53,705
Legal Fees	177,789	2,933	180,722	285,027
Legal Settlements	1,125,000	-	1,125,000	-
Reduction in legal provision	(1,125,000)	-	(1,125,000)	(245,000)
Other consultancy costs	74,914	4,995	79,909	102,620
Internal Audit	17,938	4,484	22,422	12,383
Financial administration	132,593	39,262	171,855	157,366
Audit fee	18,400	4,600	23,000	23,000
Marketing, Promotion & Consumer Awareness Activities**	575,461	798,061	1,373,522	1,167,323
Recruitment	96,729	11,085	107,814	93,366
Depreciation	65,051	10,457	75,508	95,152
Call Centre	397,596	99,497	497,093	540,510
Insurance	40,982	10,245	51,227	49,062
Bank Charges	931	167	1,098	1,122
Loss on disposal of fixed assets	1,606	-	1,606	16,369
Relocation, IT, Telephones	-	-	-	106,022
Allowance for doubtful debts	-	2,847	2,847	4,090
Exchange (gain)/Loss	(115)	6	(109)	(1,393)
	2,894,962	1,281,552	4,176,514	3,891,840

*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:

	2018			2017
	Non-Levy	Levy	Total	Total
	€	€	€	€
Advertising	74,190	23,719	97,909	90,234
Research	43,125	88,635	131,760	183,321
Public Relations	94,008	40,145	134,153	87,186
Media Buy and Distribution Services	360,097	402,804	762,901	775,095
Financial Education	-	241,842	241,842	21,584
Other	4,041	916	4,957	9,903
	575,461	798,061	1,373,522	1,167,323

7. LEVY RELATED FUNCTIONS

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

	2018 €	2017 €
Income		
Income from Levy	2,199,706	1,860,054
Other income	14	-
	2,199,720	1,860,054
Expenditure		
Pay		
Salaries and Wages	992,100	849,139
Pension	53,442	62,635
Staff training	15,874	13,638
	1,061,416	925,412
Non-Pay		
Post & Telecommunications	15,801	18,104
IT Equipment & Services	120,782	105,163
Printing & Stationery	3,498	2,328
Travel & Subsistence	2,185	5,100
Office Premises & General Maintenance	138,674	115,458
Incidental Expenses	11,973	6,412
Legal fees	2,933	9,928
Internal Audit, Evaluation Fees, Accountancy	48,741	51,803
Audit Fee	4,600	4,600
Advertising	23,719	50,813
Public Relations	40,145	30,043
Media Buy and Distribution Services	402,804	489,104
Financial Education	241,842	21,584
Research	88,635	110,003
Other Marketing Consumer Awareness Activities	916	2,014
Recruitment	11,085	30,756
Depreciation	10,457	11,549
Loss on disposal of fixed assets	-	1,683
Call Centre	99,497	132,087
Insurance	10,245	9,812
Bank Charges	167	218
Relocation, IT, Telephones	-	22,904
Provision for doubtful debts	2,847	4,090
Exchange Loss/Gain	6	8
	1,281,552	1,235,564
Total Expenditure	2,342,968	2,160,976
(Deficit) for the year	**(143,248)**	**(300,922)**
Surplus at 1 January	242,359	543,281
Surplus at 31 December	99,111	242,359

8. PROPERTY, PLANT & EQUIPMENT

	Computer Hardware	Computer Software	Furniture	Office Equipment	Total
	€	€	€	€	€
Cost					
At 1 January 2018	224,607	334,354	4,080	115,820	678,861
Additions	16,627	30,039	5,473	-	52,139
Disposals	(25,596)	-	-	(4,012)	(29,608)
At 31 December 2018	215,638	364,393	9,553	111,808	701,392
Depreciation					
At 1 January 2018	145,813	288,618	3,706	30,587	468,724
Charge for the year	30,699	22,780	721	21,308	75,508
Disposals	(23,990)	-	-	(4,011)	(28,001)
At 31 December 2018	152,522	311,398	4,427	47,884	516,231
Net Book Value					
At 31 December 2018	**63,116**	**52,995**	**5,126**	**63,924**	**185,161**
At 31 December 2017	**78,794**	**45,736**	**374**	**85,232**	**210,136**

9. RECEIVABLES

	As at 31 December 2018	As at 31 December 2017
	€	€
Levy	11,862	(28,429)
Less: Provision for doubtful debts	(3,400)	(4,452)
Prepayments	192,429	192,764
Other Debtors	48,453	43,769
	249,344	203,652

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 2018	As at 31 December 2017
	€	€
Creditors	1,270	930
Accruals	202,111	222,152
Repayment of grants	-	53
Professional Services Withholding Tax	29,868	27,127
Value Added Tax	6,425	2,580
Due to D/BEI – Application Fees	51,799	41,162
	291,473	294,004

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 2018 €	As at 31 December 2017 €
As at 1 January	1,125,000	1,370,000
Reduction in the year	-	(245,000)
Utilised in the year	(1,125,000)	-
As at 31 December	-	1,125,000

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.

Both cases have been settled and the costs have been paid during 2018.

12. CAPITAL ACCOUNT

	As at December 2018 €	As at December 2017 €
Opening balance	210,136	122,950
Transfer to Statement of Income and Expenditure		
Grants used to acquire fixed assets	52,139	198,707
Amortisation in line with asset depreciation	(75,508)	(95,152)
Disposal of fixed assets	(1,606)	(16,369)
Transfer from/(to) Statement of Income and Expenditure	(24,975)	87,186
Closing Balance at year ended 31 December	185,161	210,136

13. RETIREMENT BENEFIT COSTS

i.Commission Staffing

In accordance with Section 29 of the Competition and Consumer Protection Act 2014, the Commission 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. The scheme received the approval of the Minister, with the consent of the Minister for Public Expenditure and Reform, as required under Section 29 of the Act.

New entrant staff, employed by the 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 2018	31 December 2017
	€	€
Current service cost	1,208,000	1,200,000
Interest on retirement benefit scheme liabilities	515,000	460,000
Less Employee contributions	(208,000)	(179,000)
	1,515,000	1,481,000

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

	31 December 2018	31 December 2017
	€	€
Net retirement benefit obligation at 1 January	(22,497,000)	(19,929,000)
Current service costs	(1,208,000)	(1,200,000)
Past service costs	-	-
Interest costs	(515,000)	(460,000)
Benefits paid in period	608,000	404,000
Experience (loss)/gain on liabilities	(646,000)	(422,000)
Transferred in service	-	(890,000)
Changes in actuarial assumptions	595,000	-
Net retirement benefit obligations at 31 December	(23,663,000)	(22,497,000)

The Commission conducted a full review of deferred pensions under the values table as a result of staff transferring to or from the Commission and involving other public bodies with funded schemes. Work is progressing to establish the mechanism for transfers under the value tables and the process will be documented when finalised. 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 is as follows:

	31 December 2018 €	31 December 2017 €
Funding recoverable in respect of current year retirement		
Benefit costs	1,723,000	1,660,000
Benefits paid in year	(608,000)	(404,000)
	1,115,000	1,256,000

The deferred funding asset for retirement benefit as at 31 December 2018 amounted to €23,663,000.

v.History of defined benefit obligations

	2018 €'000	2017 €'000	2016 €'000	2015 €'000	2014 €'000
Defined benefit obligations	23,663	22,497	19,929	15,875	16,994
Experience losses/(gains) on defined benefit scheme liabilities	646	1,312	157	(23)	(56)
Employee Contributions	0.9%	0.8%	0.8%	(0.1%)	(0.3%)

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 2018.

The principal actuarial assumptions used to calculate the components of the defined benefit cost for the year ended 31 December 2018 were as follows:

	31 December 2018	31 December 2017
Discount rate	2.25%	2.20%
Inflation rate	1.75%	1.80%
Salary increases	3.75%	3.80%
Pension increases	3.25%	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 2018 Years	31 December 2017 Years
Male aged 65	21.5	21.4
Female aged 65	24.0	23.9

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 no late payment interest paid in the year.

15. CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2018.

16. CONTINGENT LIABILITIES

There were no contingent liabilities at 31st December 2018.

17. RELATED PARTY DISCLOSURES

The Commission adopted procedures in accordance with guidelines issued by the Department of Public Expenditure and Reform 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 2018 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 2018 was €566,437 (2017: €509,105). The number of Commission Members varies from time to time. The number of Commission Members was 4 for all of 2018.

The key management personnel are members of an unfunded defined benefit public sector scheme and their entitlements in that regard do not extend beyond the terms of the relevant public service pension scheme.

18. LEASE COMMITMENTS

The Competition and Consumer Protection Commission does 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:

	2018	2017
	€	€
Payable within one year	663,632	663,624
Payable within two to five years	2,654,528	2,654,496
Payable after five years	7,797,676	8,461,206
	11,115,836	**11,779,326**

Operating lease payments recognised as an expense were €602,811 (2017: €502,692).

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 17th SEPTEMBER, 2019.