



**FOUNDATION FOR FISCAL STUDIES LIMITED**  
**(a company limited by guarantee and not having a share capital)**

**ANNUAL REPORT**

**Year ended 31 December 2006**

**Company number: 110800**  
**Charity number: CHY6797**

**FOUNDATION FOR FISCAL STUDIES LIMITED**  
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**Foundation for Fiscal Studies Limited**  
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The Foundation for Fiscal Studies was established in 1985 as an independent non-profit making body with the primary object of promoting study and discussion of matters relating to fiscal policy. The aim is to sponsor independent research on issues of practical relevance and, by publishing the results, to make available accurate and relevant information for public debate.

To avoid duplication the Foundation co-operates with relevant institutions both here and in other countries in order to make the most effective use of funds available. Constructive and critical comments on our existing fiscal system are extremely important in assisting the process of debate and decision-making on future fiscal policies.

**Council Members**

Diarmuid Bradley	Pat McArdle
Rosheen Callender	John McGarry (Treasurer)
Anne Corrigan (Secretary)	Donal McNally
Frank Daly	Mark Redmond (co-opted 13/12/06)
Donal de Buitléir (Chairman)	Frances Ruane
Torlach Denihan	Jim Ryan (co-opted 13/12/06)
Miriam Hederman O'Brien	Roderick Ryan
Patrick Honohan	Edmond Sullivan
John Hynes	Michael Tutty
	Mary Walsh

The Council is representative of persons active commercial, financial, trade union, university and public administrative life.

**Secretary:**

Anne Corrigan

**Solicitors:**

Arthur Cox,  
Earlsfort Centre,  
Earlsfort Terrace,  
Dublin 2.

**Registered Office and Secretariat:**

Irish Taxation Institute,  
South Block, Longboat Quay,  
Grand Canal Harbour,  
Dublin 2.

**Auditors:**

Alan Jones & Co.,  
Chartered Accountants,  
15 Killeghland Street,  
Ashbourne  
Co Meath.

**Bankers:**

Bank of Ireland,  
Montrose,  
Dublin 4.

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**Review of Activities**

The 2006 Annual Conference held in May was on “The Future of Pensions”. Speakers included: Seamus Brennan T.D Minister for Social & Family Affairs, Mr Brian Duncan, Chairman, Combat Poverty, Professor Dermot McAleese, Trinity College, Dublin, Ms Anne Maher, Chief Executive, Pensions Board, Dr John Martin, OECD and Dr Shane Whelan, University College Dublin.

The Irish corporation tax regime is a central element of Irish economic development policy. There has been concern in a number of EU countries about the potential impact of European Court of Justice decisions to limit the discretion of countries in this important area. During the year the Foundation began a major research project to study the potential impact of European Court of Justice decisions on the Irish system of corporation tax. This study was made possible by a research grant from The Starr International Charitable Trust.

To carry out the research the FFS recruited the services of Ms. Rosemary Healy Rae B.L. and Dr Frank Barry, Lecturer in Economics in University College Dublin. The FFS entered into a partnership with the Institute of European Affairs who agreed to host a series of roundtables to discuss the report. The study was published with the assistance of the Irish Taxation Institute in July, 2007 under the title “Who’s Afraid of the ECJ ?”.

The Annual Budget Perspectives Conference was again held in association with the Economic and Social Research Institute at the Hilton Hotel, Dublin. The papers presented were

1. The Macroeconomic Background to the Budget, and the Implications for the Public Finances.  
Alan Barrett, Ide Kearney, and Yvonne McCarthy (ESRI)
2. Growth in Disability Benefit Payments.  
Brenda Gannon (NUI Galway);
3. Child Poverty and Child Income Support  
Tim Callan, Kieran Coleman, Brian Nolan and John Walsh (ESRI)
4. State Financial Support for the Horse Racing Industry  
Tony Fahey (ESRI) and Liam Delaney (UCD Geary Institute).

The Annual General Meeting of the Foundation was held in the offices of AIB on September 26, 2006.

Dr Aedin Doris decided to retire as Research Director of the Foundation during the year. The Foundation is very grateful to Dr Doris for her exceptional contribution during her term as Research Director and is very pleased that she is continuing her association with the Foundation by joining the Projects Committee. The Irish Taxation Institute agreed to take over the administrative support of the Foundation from NUI Maynooth during the year and two nominees of the Institute joined the Council namely Mark Redmond and Jim Ryan. Special thanks are due to the Irish Taxation Institute for their support for the Foundation’s activities during the year.

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**Report of the Council Members**

The Council members submit their annual report together with the audited financial statements for the year ended 31 December 2006. In preparing the audited financial statements Council Members have exercised the options available to a small company under the Companies (Amendment) Act, 1986

**1. Activities**

The company, which was incorporated on November 18, 1985 is engaged in the promotion of study and discussion of matters relating to fiscal policy.

**2. Results**

	<i>EUR</i>
<i>Income and expenditure surplus at January 1, 2006</i>	<i>33,590</i>
<i>Excess of income over expenditure for year ended 31 December 2006</i>	<u><i>12,740</i></u>
<i>Balance forward at the end of the year</i>	<u><i>46,330</i></u>

**3. Council Members' Responsibilities**

Company law requires the Council members to prepare financial statements for each year which give a true and fair view of the state of affairs of the company and of the excess or deficit of income over expenditure of the company for that period. In preparing those financial statements, the Council members are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Council members are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 2006 and all Regulations to be construed as one with those Acts. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**4. Auditors**

The auditors, Alan Jones & Co., Chartered Accountants, have expressed their willingness to continue in office.

**On behalf of Council**

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*Donal de Buitléir*  
*September 4 2007.*

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*Anne Corrigan*  
*September 4, 2007.*

**FOUNDATION FOR FISCAL STUDIES LIMITED**  
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**INCOME STATEMENT**  
**YEAR ENDED 31 DECEMBER 2006**

<b>Income</b>	Notes	2006 €	2005 €
Members' subscriptions		19,320	20,370
Conference income		5,050	4,750
Research grant		-	25,000
		<u>24,370</u>	<u>50,120</u>
<b>Expenditure</b>			
Office facilities/administration		8,052	17,330
Conference and meetings		3,743	4,643
Research		12,100	-
Transfer from deferred income		(12,100)	-
Miscellaneous		-	-
		<u>(11,795)</u>	<u>(21,973)</u>
<b>Net Surplus on ordinary activities before interest</b>	2	12,575	28,147
<b>Bank interest receivable</b>		165	69
<b>Interest payable</b>		<u>-</u>	<u>-</u>
<b>Net surplus on ordinary activities before taxation</b>		12,740	28,216
<b>Taxation on surplus on ordinary activities</b>	3	-	-
<b>Net surplus on ordinary activities after taxation</b>		<u>12,740</u>	<u>28,216</u>
<b>Transfer to deferred income</b>		<u>-</u>	<u>(25,000)</u>
<b>Surplus for the financial year</b>		12,740	3,216
<b>Balance at the beginning of the year</b>		<u>33,590</u>	<u>30,374</u>
<b>Balance forward at the end of the year</b>	6	<u>46,330</u>	<u>33,590</u>

All the results for the above periods stem from continuing activities. The company had no other recognised gains or losses for the above periods other than those dealt with in the above income statement.

On behalf of Council:

Donal de Buitléir  
Anne Corrigan

**FOUNDATION FOR FISCAL STUDIES LIMITED**  
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<b>BALANCE SHEET</b>		<b>AT 31 DECEMBER</b>	
	Notes	2006	2005
		€	€
<b>Fixed assets</b>		<u>-</u>	<u>-</u>
<b>Current Assets</b>			
Debtors		1,084	-
Cash at bank		<u>61,188</u>	<u>60,303</u>
		<u>62,272</u>	<u>60,303</u>
<b>Current liabilities</b>			
Creditors			
Amounts falling due within one year	4	<u>( 3,042)</u>	<u>(13,813)</u>
<b>NET CURRENT ASSETS</b>		<u>59,230</u>	<u>46,490</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		59,230	46,490
<b>Creditors</b>			
Amounts falling due after more than one year	5	<u>(12,900)</u>	<u>(12,900)</u>
<b>NET ASSETS</b>		<u>46,330</u>	<u>33,590</u>
<b>FINANCED BY:</b>			
Income statement	6	<u>46,330</u>	<u>33,590</u>

On behalf of Council:

Donal de Buitleir

Anne Corrigan

**FOUNDATION FOR FISCAL STUDIES LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2006**

1 Statement of accounting policies

The significant and consistent accounting policies adopted by the company in respect of items which are considered material in relation to the financial statements are as follows:

Basis of preparation

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2006. Accounting Standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board. The financial statements are prepared and expressed in Euro (€).

Cash flow statement

The company meets size criteria for a small company set by the Companies (Amendment) Act, 1986 and therefore, in accordance with FRS 1: Cash Flow Statements, it has not prepared a cash flow statement.

Subscription income

Income from subscriptions represents those subscriptions receivable prior to 31 October, each year. Subscriptions receivable after that date are carried forward and treated as subscriptions for the following year ended 31 December.

Deferred income – research grant

Research grant received is initially carried forward as deferred income. When research expenditure is incurred the deferred income is reduced adopting the matching concept of accounting.

**FOUNDATION FOR FISCAL STUDIES LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS –continued**  
**YEAR ENDED 31 DECEMBER 2006**

2	Surplus on ordinary activities before interest has been arrived at after charging:		
		2006	2005
		€	€
	Council members remuneration		
	Fees	-	-
	Other remuneration	-	-
		<u>-</u>	<u>-</u>
	Administration fees	<u>3,640</u>	<u>12,000</u>
	Website costs (2005: development)	<u>248</u>	<u>1,569</u>
	Auditors' remuneration	<u>2,564</u>	<u>1,512</u>
	and after crediting:		
	Transfer from deferred income	<u>12,100</u>	<u>-</u>

The company did not engage any employees during the year ended 31 December 2006 (2005: nil). During the year there were 19 council members (2005: 17). The council members and secretary who held office during the year and at 31 December 2006 had no interests in contracts or otherwise with the company. However their liability is set out in note 7. The company does not operate a pension scheme therefore council members and secretary are not entitled to a pension on retirement.

**Research project**

During the year ended 31 December 2006 research expenditure in the sum of €12,100 (2005: nil) was incurred in respect of a book entitled: The Implications of ECJ Decisions on Ireland's Corporation Tax Regime.

A sum of €12,100 has been transferred from deferred income received during the year ended 31 December 2005 to match that research expenditure incurred during 2006 (note 5).

**3 Taxation on surplus on ordinary activities**

There is no liability to taxation as the company is regarded by the Revenue Authorities as a body established for charitable purposes only and is entitled to the exemptions from taxation afforded to such bodies to the extent that its income is applied to charitable purposes only.

**4 Creditors**

	2006	2005
	€	€
Amounts falling due within one year:		
Deferred income - research grant	-	12,100
Creditors and accruals	<u>3,042</u>	<u>1,713</u>
	<u>( 3,042)</u>	<u>(13,813)</u>

**FOUNDATION FOR FISCAL STUDIES LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS -continued**  
**YEAR ENDED 31 DECEMBER 2006**

5 Deferred income – research grant

	2006	2005
	€	€
Balance at commencement of year	25,000	-
Received during the year	-	25,000
Transfer to income statement	<u>(12,100)</u>	<u>-</u>
Balance at end of year	<u>12,900</u>	<u>25,000</u>
Classified in the balance sheet as to:		
Amounts falling due within one year	-	12,100
Amounts falling due after more than one year	<u>12,900</u>	<u>12,900</u>
	<u>12,900</u>	<u>25,000</u>

As mentioned in note 2 a sum of €12,100 has been transferred out of deferred income so as to match expenditure incurred during the year ended 31 December 2006.

During the year ended 31 December 2005 a research grant of €25,000 was received from The Starr International Charitable Trust so as to assist in meeting research costs of an identified project. At 31 December 2005 no expenses had been incurred in respect of the project, accordingly the €25,000 had been carried forward as deferred income.

6 Statement of total recognised surplus

	2006	2005
	€	€
Surplus for the financial year	<u>12,740</u>	<u>3,216</u>
Reconciliation of movement on the income statement		
	2006	2005
	€	€
Surplus at commencement of year	33,590	30,374
Surplus for the year	<u>12,740</u>	<u>3,216</u>
Surplus at end of year	<u>46,330</u>	<u>33,590</u>

7 Council members liabilities

The liability of a member is limited whilst he/she is a member of the company or within one year after ceasing to be a member, for the payment of the debt and liabilities of the company contracted before ceasing to be a member and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributors among themselves, to an amount not exceeding €1.27.

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**NOTES TO THE FINANCIAL STATEMENTS -continued**  
**YEAR ENDED 31 DECEMBER 2006**

8 Commitments

Future capital expenditure approved by the directors but not provided for in the financial statements is as follows:

	2006	2005
	€	€
Contracted for	-	-
Authorised but not contracted for	-	-
	<u>          </u>	<u>          </u>

9 Approval of financial statements

The Council approved the financial statements on 4 September 2007.

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**INDEPENDENT AUDITORS' REPORT TO THE COUNCIL MEMBERS OF FOUNDATION FOR FISCAL STUDIES LIMITED**

**YEAR ENDED 31 DECEMBER 2006**

We have audited the financial statements of the Foundation for Fiscal Studies Limited for the year ended 31 December 2006 which are set out on pages 6 to 11. The financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Council members as, as a body, in accordance with section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the Council members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of Council members and independent auditors.**

The Council members are responsible for preparing the Report of the Council members and, as described on page 5, the financial statements in accordance with the applicable Irish law and accounting standards. Our responsibilities, as independent auditors, are established in Ireland by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts. As also required by the Acts, we state whether we have obtained all the information and explanations we require for our audit, whether the financial statements agree with the books of account and report to you our opinion as to whether:

the company has kept proper books of account;

the Report of the Council members is consistent with the financial statements.

We also report to you if, in our opinion, information specified by law regarding Council members' remuneration and transactions with the company is not disclosed and, where practicable, included such information in our report.

**Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Council members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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**INDEPENDENT AUDITORS' REPORT TO THE COUNCIL MEMBERS OF FOUNDATION FOR FISCAL STUDIES LIMITED – continued**

**YEAR ENDED 31 DECEMBER 2006**

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2006 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2006 and all Regulations to be construed as one with those Acts.

We have obtained all the information and explanations we considered necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion, the information given in the Report of the Council members on page 5 is consistent with the financial statements.

Alan Jones & Co.,  
Chartered Accountants and Registered Auditors,  
15 Killeghland Street,  
Ashbourne  
Co Meath

4 September 2007

## Members 2006

### **CATEGORY 1:**

#### ***Corporate over 500 Members/Employees – Subscription €850***

Allied Irish Banks plc  
Bank of Ireland  
Central Bank of Ireland  
CRH plc  
Deloitte & Touche  
Dept. of Social, Community and Family Affairs  
Dept. of Education & Science  
Dept. of Transport  
Dept. of Communications, Marine and Natural Resources  
Dublin City Council  
Enterprise Ireland  
Ernst & Young  
Irish Taxation Institute  
KPMG  
Office of the Revenue Commissioners  
NTR plc  
Pricewaterhouse Coopers  
Ulster Bank Ireland

### **CATEGORY 2:**

#### ***Corporate 100-500 Members/Employees - Subscription €500***

Arthur Cox  
Dept. of the Environment, Heritage and Local Government  
Dept. of The Taoiseach  
FBD Insurance plc  
Forfás  
Irish Farmers Association

### **CATEGORY 3:**

#### ***Corporate less than 100 Members/Employees - Subscription €250***

J.F. Chown & Co.  
Civil and Public Service Union  
Combat Poverty Agency  
Commission for Energy Regulation  
Dublin Chamber of Commerce  
Economic & Social Research Institute  
IBEC  
IMPACT  
Irish Bankers Federation  
National Treasury Management Agency  
NESC  
Valuation Office,

#### ***CATEGORY 4:***

##### ***Individual Members - Subscription €30***

Robert Bourke  
Kevin Carroll  
Robert Chote  
Marc Coleman  
T. Cooney  
Noel Cunningham  
Charles Dowling  
Malcolm Gammie  
John P. Greely  
Brendan Halligan  
Sean J. Healy  
Miriam Hederman O'Brien  
Paddy Keating  
A. Jonathan Malone  
Tony McCashin  
Bernard McLoughlin  
Robert Murphy  
Una Ni Giolla Choille  
Tom O'Connor  
Derry O'Hegarty  
Manus O'Riordan  
Don O'Riordan  
Roddy Ryan  
A.P. Sharkey  
Margery Stapleton  
Thomas Stone  
Don Thornhill  
Michael Tutty  
Allen Moore  
T.K. Whitaker  
Pat Ryan

#### ***CATEGORY 5***

##### ***Academic Departments - Subscription €100***

Athlone Institute of Technology  
Dept. of Economics, NUI Maynooth  
Business School, Dublin City University  
Dept. of Economics, TCD  
Dept. of Economics, UCD  
Dept. of Economics, UCC  
Environmental Research Institute, UCD