

## **ANNUAL FINANCIAL**

## **STATEMENTS**

**Year ended 31 December 2022**

# Science Foundation Ireland

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## Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

### Report for presentation to the Houses of the Oireachtas

#### Science Foundation Ireland

#### Opinion on the financial statements

I have audited the financial statements of Science Foundation Ireland for the year ended 31 December 2022 as required under the provisions of section 24 of the Industrial Development (Science Foundation Ireland) Act 2003. 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 Science Foundation Ireland at 31 December 2022 and of its income and expenditure for 2022 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 Science Foundation Ireland 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

Science Foundation Ireland has presented certain other information together with the financial statements. This comprises the annual report including the governance statement and Board 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.

**Seamus McCarthy**  
Comptroller and Auditor General

16 June 2023

## Appendix to the report

### Responsibilities of Board members

As detailed in the governance statement and Board members' report, the Board members are responsible for

- the preparation of annual financial statements in the form prescribed under section 24 of the Industrial Development (Science Foundation Ireland) Act 2003
- 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 24 of the Industrial Development (Science Foundation Ireland) Act 2003 to audit the financial statements of Science Foundation Ireland 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 Science Foundation Ireland'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 Science Foundation Ireland 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.

I 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.

### 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.

# Science Foundation Ireland

## Statement on Internal Control

### *Scope of Responsibility*

On behalf of the Board of Science Foundation Ireland I acknowledge our 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 risk to a tolerable level rather than to eliminate it. The system can therefore provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or detected in a timely way.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform has been in place in Science Foundation Ireland for the year ended 31 December 2022 and up to the date of approval of the financial statements.

### *Capacity to handle risk*

Science Foundation Ireland has an Audit and Risk Committee (ARC) comprising of five members, of whom during 2022 four were Board members (and three of these are qualified accountants). The ARC met 7 times in 2022.

Science Foundation Ireland has also established an internal audit function which is adequately resourced and conducts a programme of work agreed with the ARC. The internal audit function and the role of Internal Audit Coordinator are both outsourced to professional services firms.

The Board has developed a risk management policy which sets out its risk appetite, the risk management processes in place and details the roles and responsibilities of staff in relation to risk. The policy has been made available to all staff who are expected to work within Science Foundation Ireland's risk management policies, to alert management on emerging risks and control weaknesses and assume responsibility for risks and controls within their own area of work.

### *Risk and Control Framework*

Science Foundation Ireland has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing Science Foundation Ireland and these have been identified, evaluated and graded according to their significance. The register is reviewed by the ARC and the Board on a bi-monthly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks, and responsibility for the operation of controls assigned to specific staff. I confirm that a control environment containing the following elements is in place:

- procedures for all key business processes have been documented;
- financial responsibilities have been assigned at management level with corresponding accountability;
- an appropriate budgeting system with an annual budget which is kept under review by senior management;
- Controls which are aimed at ensuring the security of the information and communication technology systems;
- procedures in place to safeguard the assets; and
- control procedures over grant funding to research bodies to ensure that there are adequate controls over approval of grants and to ensure that grant funding has been applied for the purpose intended.

### ***Ongoing Monitoring and Review***

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Board, where relevant, in a timely way. I confirm that the following ongoing monitoring processes are in place:

- key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies;
- reporting arrangements have been established at all levels, including delegated responsibility for financial management;
- there are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budgets/forecasts;
- External Peer review of all Research proposals by scientific experts to adjudicate whether the proposal is worthwhile from an educational and scientific research viewpoint and that it meets the criteria for funding;
- Monitoring and control of all Research Grants awarded, with annual grant payments based on budget projections provided for each award with an option to defer grant payments if expenditure is below budget;
- Monitoring of a range of KPIs, including Industry Cost Share targets, at Research Centres with proactive management where targets are not being achieved.
- A programme of systems-based audits at the Eligible Research Bodies are undertaken on an annual basis, covering on average four different Research Bodies each year;
- Following an EU Thematic audit on the ERDF fund 2014-2021 a new State aid Verifications Checklist has been created and has undergone testing on a pilot basis at a number of Research Bodies in 2022. There is a follow up meeting with representatives from the IUA and THEA taking place in June 2023 to review their proposals with respect to the formal rollout of the State aid Verifications Checklist to enable SFI to check compliance by the Research Bodies with State aid rules.
- Setting targets to measure financial and other performance;
- Formal project management disciplines.

### ***Procurement***

I confirm that Science Foundation Ireland has procedures in place to ensure compliance with current procurement rules and guidelines and that during 2022 Science Foundation Ireland complied with those procedures.

### ***Review of Effectiveness***

I confirm that Science Foundation Ireland has procedures to monitor the effectiveness of its risk management and control procedures. Science Foundation Ireland's monitoring and review of the effectiveness of the system of internal control is informed by the work of the internal and external auditors, the Audit and Risk Committee which oversees their work, and the senior management within Science Foundation Ireland responsible for the development and maintenance of the internal control framework.

I confirm that the Board conducted an annual review of the effectiveness of the internal controls for 2022 on 17th April 2023.

### ***Internal Control Issues***

No weaknesses in internal control were identified in relation to 2022 that require disclosure in the financial statements.

On behalf of the Board of Science Foundation Ireland:



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Professor Peter Clinch

Chairman

Date: June 15<sup>th</sup>, 2023

# Science Foundation Ireland

## Statement of Income and Expenditure and Retained Revenue Reserves For the year ended 31 December 2022

	Notes	2022 €'000	2021 €'000
<b>Income</b>			
Oireachtas Grant	2	229,802	237,429
Other Income	3	4,439	5,488
Net Deferred Retirement Benefit Funding	5 (c)	2,239	2,076
		<b>236,480</b>	<b>244,993</b>
<b>Expenditure</b>			
Administration, Operations & Promotion Expenses	4	16,758	14,887
Depreciation	6	480	769
Retirement Benefit Costs	5(a)	2,019	1,803
Grants Paid	9(a)	217,611	227,535
		<b>236,868</b>	<b>244,994</b>
(Deficit) for the year before appropriations		<b>(388)</b>	<b>(1)</b>
Transfer from the Capital Account	7	422	450
Surplus for the Year after appropriations		<b>34</b>	<b>449</b>
Balance brought forward at 1 January		<b>2,056</b>	<b>1,607</b>
Balance carried forward at 31 December		<b>2,089</b>	<b>2,056</b>

The Statement of Cash Flows and Notes 1 to 17 form part of these Financial Statements.

On behalf of the Board of Science Foundation Ireland:



\_\_\_\_\_  
Professor Peter Clinch  
Chairman



\_\_\_\_\_  
Professor Philip Nolan  
Director General

Date: June 15<sup>th</sup>, 2023

Date: June 15<sup>th</sup>, 2023



# Science Foundation Ireland

## Statement of Comprehensive Income

*For the year ended 31 December 2022*

	Note	2022 €'000	2021 €'000
<b>Surplus after Appropriations</b>		<b>34</b>	449
Experience losses on retirement benefit obligations		<b>(2,454)</b>	(333)
Change in assumptions underlying the present value of retirement benefit obligations		<b>12,939</b>	(301)
Total Actuarial Gain /(Loss) in the period	5(d)	<b>10,485</b>	(634)
Adjustment to Deferred Retirement benefits funding		<b>(10,485)</b>	634
<b>Total Comprehensive Income for the year</b>		<b>34</b>	449

The Statement of Cash Flows and Notes 1 to 17 form part of these Financial Statements.

On behalf of the Board of Science Foundation Ireland:



\_\_\_\_\_  
Professor Peter Clinch  
Chairman



\_\_\_\_\_  
Professor Philip Nolan  
Director General

Date: June 15<sup>th</sup>, 2023

Date: June 15<sup>th</sup>, 2023

# Science Foundation Ireland

## Statement of Financial Position

As at 31 December 2022

	Notes	2022 €'000	2021 €'000
<b>Fixed Assets</b>			
Property, Plant & Equipment	8	<u>4,866</u>	<u>5,288</u>
<b>Current Assets</b>			
Receivables	10	598	587
Cash and Cash Equivalents		<u>2,258</u>	<u>2,313</u>
		<b>2,856</b>	<b>2,900</b>
<b>Current Liabilities (Amounts falling due within one year)</b>			
Payables	11	<u>(766)</u>	<u>(844)</u>
<b>Net Current Assets</b>		<u><b>2,090</b></u>	<u><b>2,056</b></u>
<b>Retirement benefits</b>			
Retirement Benefit Liability	5(b)	<b>(23,419)</b>	(31,665)
Deferred Retirement Benefit Funding Asset	5 (b)	<u>23,419</u>	<u>31,665</u>
		<u>-</u>	<u>-</u>
<b>Total Net Assets</b>		<u><b>6,956</b></u>	<u><b>7,344</b></u>
<b>Representing:</b>			
Capital Account	7	4,866	5,288
Accumulated Surplus at end of Year		<u>2,089</u>	<u>2,056</u>
		<u><b>6,956</b></u>	<u><b>7,344</b></u>

The Statement of Cash Flows and Notes 1 to 17 form part of these Financial Statements.

On behalf of the Board of Science Foundation Ireland:



\_\_\_\_\_  
Professor Peter Clinch  
Chairman



\_\_\_\_\_  
Professor Philip Nolan  
Director General

Date: June 15<sup>th</sup>, 2023

Date: June 15<sup>th</sup>, 2023

# Science Foundation Ireland

## Statement of Cash Flows

*For the year ended 31 December 2022*

	Notes	2022 €'000	2021 €'000
<b>Net Cash Flows from Operating Activities</b>			
Deficit for the year before appropriations		<b>(388)</b>	(1)
Depreciation of property, plant & equipment	6	<b>480</b>	769
Increase in Receivables	10	<b>(11)</b>	(192)
Decrease in Payables	11	<b>(78)</b>	(336)
<b>Net Cash Flow from Operating Activities</b>		<b>3</b>	240
<b>Cash Flows from Investing Activities</b>			
Payments to acquire property, plant & equipment	8	<b>(58)</b>	(319)
<b>Net Cash Flows from Investing Activities</b>		<b>(58)</b>	(319)
<b>Cash Flows from Financing Activities</b>			
		-	-
<b>Decrease in Cash and Cash Equivalents</b>		<b>(55)</b>	(79)
Cash and Cash Equivalents at 1 January		<b>2,313</b>	2,393
<b>Cash and Cash Equivalents at 31 December</b>		<b>2,258</b>	2,313

# Science Foundation Ireland

## Notes to the Financial Statements

### *For the year ended 31 December 2022*

#### **1. Accounting Policies**

The basis of accounting and significant accounting policies adopted by Science Foundation Ireland are set out below. They have been applied consistently throughout the year and for the preceding year.

##### **(a) General Information**

Science Foundation Ireland was set up under the Industrial Development (Science Foundation Ireland) Act 2003, and by the Industrial Development (Science Foundation Ireland) (Amendment) Act, 2013, with its Head Office at Three Park Place, Upper Hatch Street, Dublin 2.

Science Foundation Ireland's primary objectives as set out under section 7 of the Industrial Development (Science Foundation Ireland) Act 2003, as amended by the Industrial Development (Science Foundation Ireland) (Amendment) Act, 2013, are as follows:

Science Foundation Ireland funds oriented basic and applied research in the areas of science, technology, engineering, and mathematics (STEM) which promotes and assists the development and competitiveness of industry, enterprise and employment in Ireland. The Foundation also promotes and supports the study of, education in and engagement with, STEM and promotes an awareness and understanding of the value of STEM to society and in particular to the growth of the economy.

Science Foundation Ireland is a Public Benefit Entity (PBE).

##### **(b) Statement of Compliance**

The financial statements of Science Foundation Ireland for the year ended 31 December 2022 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 Further and Higher Education, Research, Innovation and Science with the consent of the Minister for Public Expenditure and Reform under the Industrial Development (Science Foundation Ireland) Act 2003, and by the Industrial Development (Science Foundation Ireland) (Amendment) Act, 2013. The financial statements reflect the requirements of the Code of Practice for the Governance of State Bodies 2016, which came into effect for accounting periods commencing on or after the 1<sup>st</sup> September, 2016. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to Science Foundation Ireland's Financial Statements.

## **(d) Revenue**

Revenue is recognised on an accruals basis except in the case of Oireachtas Grants which are recognised on a cash receipts basis.

## **(e) Property, plant & equipment**

Property, plant & equipment are stated at cost less Accumulated Depreciation, adjusted for any provision for impairment. Depreciation is provided on all property, plant & 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:

(i) Leasehold Improvements	over the remaining life of the lease
(ii) Computer Equipment & Computer Software	3 years
(iii) Fixtures & Fittings	5 years

Assets are depreciated in the year of acquisition unless they have not been commissioned / brought into use at the year end.

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 was already of an age and in the condition expected at the end of its useful life.

## **(f) Capital Account**

The Capital Account represents the unamortised funds utilised for the acquisition of property, plant & equipment and is written down in line with the depreciation policy for these assets.

## **(g) Foreign Currency**

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the end of the Financial Year. Revenues and costs are translated at the exchange rates ruling at the dates of the underlying transactions. The resultant surpluses or deficits are dealt with in the Statement of Income and Expenditure and Retained Revenue Reserves.

## **(h) 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

SFI operates the Science Foundation Ireland Superannuation Scheme 2016, which is a defined Benefit scheme, for all staff who joined the organisation before 2013. SFI also operates the Single Public Services Pension Scheme (“Single Scheme”), which is a defined benefit scheme for pensionable public servants appointed on or after 1st January 2013.

Pension costs reflect pension benefits earned by employees in the period and are shown net of staff pension contributions which are remitted to the Department of Further and Higher Education, Research, Innovation and Science in respect of Science Foundation Ireland’s retirement benefit scheme and to the Department of Public Expenditure and Reform in respect of the Single Scheme. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable.

Actuarial gains or losses arising on scheme liabilities are reflected in the Statement of Comprehensive Income, and a corresponding adjustment is recognised in the amount recoverable from the Department of Further and Higher Education, Research, Innovation and Science.

The Financial Statements reflect, at fair value, the assets and liabilities arising from Science Foundation Ireland’s pension obligations and any related funding, and recognise the costs of providing pension benefits in the accounting periods in which they are earned by employees.

Retirement benefit scheme liabilities are measured on an actuarial basis using the Projected Unit Credit method. Deferred pension funding represents the corresponding asset to be recovered in future periods from the Department of Further and Higher Education, Research, Innovation and Science.

## **(i) Operating Leases**

Rental expenditure under operating leases is recognised in the Statement of Income and Expenditure and Retained Revenue Reserves as they fall due. It is recognised as an expense over the period that SFI obtains benefit from the use of the leased buildings.

## **(j) Research Grant Payments**

Amounts paid to Research Bodies on foot of research grants awarded are charged to the Statement of Income and Expenditure and Retained Revenue Reserves in the year of payment.

## **(k) 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 income and expenditure 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.

### Depreciation and Residual Values

The Directors 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.

### 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, mortality rates and healthcare cost trend 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
- (iii) Changes in demographics

## 2. Oireachtas Grants

The Oireachtas Grants paid to Science Foundation Ireland from the Department of Further and Higher Education, Research, Innovation and Science, as shown in the Financial Statements consist of:

	<b>D/FHERIS Vote 45</b>	<b>2022 €'000</b>	<b>2021 €'000</b>
<b>Grants for Current Expenditure</b>			
Pay and Pensions *	Subhead C3.1	<b>7,454</b>	6,135
Administration Expenses	Subhead C3.1	<b>8,962</b>	8,936
<b>Grants for Capital Expenditure</b>			
Research Grants	Subhead C3.1	<b>197,886</b>	206,858
Research Grants – Centres for Research Training	Subhead C4.2	<b>15,500</b>	15,500
		<b>229,802</b>	237,429

\*The grant for pay expenditure is stated net of employee pension contributions of €332k (2021: €289k) remitted to the Exchequer. These include deductions of €160k in 2022 (2021: €125k) in respect of members of The Single Pension Scheme which were remitted to the Department of Public Expenditure and Reform.

Departmental administration and Ministerial functions relating to research policy and programmes transferred from the Department of Enterprise, Trade and Employment to the Department of Further and Higher Education, Research, Innovation and Science (SI 586 of 2021), with effect from 1st January 2021.

Under Section 11 of the Industrial Development Act, 1993, as amended by Section 2 of the Industrial Development Act, 2019, the aggregate amount of grants to Enterprise Ireland, IDA and Science Foundation Ireland to enable them to discharge their Capital obligations and liabilities shall not exceed €14 billion. At 31 December 2022 the aggregate amount made available to the three Agencies was €11.7 billion (2021: €11 billion).



### 3. Other Income

		2022	2021
Research Grant Funding:	Notes	€'000s	€'000s
<b>Contributions from other funding agencies to Awards made by SFI</b>			
Teagasc	3(a)	-	74
Marine Institute	3(b)	-	313
Environmental Protection Agency	3(c)	<b>318</b>	360
Geological Society of Ireland	3(d)	<b>585</b>	316
Irish Cancer Society	3(e)	-	98
Department of Agriculture, Food and the Marine	3(f)	<b>981</b>	1,090
Department of Foreign Affairs & Trade	3(g)	<b>900</b>	900
Health Research Board	3(h)	<b>466</b>	514
Sustainable Energy Authority of Ireland	3(i)	<b>75</b>	661
Department of Education	3(j)	<b>870</b>	401
Department of Defence	3(k)	-	250
<b>Sub-Total</b>		<b>4,195</b>	<b>4,977</b>
<b>Contribution towards EU ERA NET funding calls</b>	3(l)		
• ERA-HDHL		<b>14</b>	21
• ERA CosysMed		<b>11</b>	36
• Euro NanoMed III		<b>17</b>	67
• BlueBio		<b>30</b>	30
• M.ERAnet.2		-	80
Income from EU in respect of SFI's participation in Horizon 2020 award ACT	3(m)	-	142
European Space Agency	3(n)	<b>136</b>	135
Department of Foreign Affairs & Trade	3(o)	<b>36</b>	-
<b>Total</b>		<b><u>4,439</u></b>	<b><u>5,488</u></b>

(a) Contribution from Teagasc in 2021 for co-funding of multi-annual awards made by SFI in 2017.

(b) Contributions from the Marine Institute in 2021 for co-funding of multi-annual awards made by SFI in 2016, 2017 and 2018.

(c) Contributions from the Environmental Protection Agency for co-funding of multi-annual awards made by SFI in 2016, 2017 and 2021.

(d) Contributions from the Geological Society of Ireland for Co-Funding of multi-annual awards made in 2016, 2017, 2018 and 2021.

(e) Contribution from the Irish Cancer Society in 2021 towards the ICS-SFI Collaborative Cancer Research Centre (CCRC) Programme awarded 2015.

(f) Contribution from the Department of Agriculture, Food and the Marine for SFI Research Centre awarded in 2018.

- (g) Contribution from the Department of Foreign Affairs & Trade for SFI Future Innovator Prize awards in 2021 and 2022.
- (h) Contribution from the Health Research Board towards US-Ireland awards made in 2021 and 2022.
- (i) Contribution from the Sustainable Energy Authority of Ireland (SEAI) towards a Frontiers for the Future award made in 2022.
- (j) Contribution from the Department of Education towards SFI Discover awards made in 2022.
- (k) Contribution from the Department of Defence for SFI Future Innovator Prize awards made in 2021.
- (l) SFI participates in a number of different ERA Net funding calls in conjunction with other European funding agencies and the EU. As part of its participation in these activities, SFI receives funding towards both the capital cost of awards made and towards the programme management costs of running these activities.
- (m) SFI is a partner in an EU research award made under the European Union's Horizon 2020 research and innovation programme; ACT (Communities of PrACTice for Accelerating Gender Equality and Institutional Change in Research and Innovation across Europe)
- (n) Funding arising from an annual contract between SFI and the European Space Agency (ESA) for the implementation of a European Space Education Resource Office (ESERO) in Ireland.
- (o) Contribution from Department of Foreign Affairs & Trade towards the programme management costs of running the SFI Future Innovator Prize programme.

#### 4. Administration, Operations & Promotion Expenses

	Notes	2022 €'000	2021 €'000
Remuneration and Other Pay Costs	4(a)	7,846	6,557
Accommodation		2,415	2,433
Programme Management		734	757
Marketing & Supports	4(b)	1,832	2,465
IT Support & Infrastructure		815	856
Administration Expenses	4(c)	602	409
Accounting & Internal Audit Services		201	269
Professional & Support Services	4(d)	958	802
Specialist & Education Services		245	171
HR Management		130	136
Statutory Audit Fee		32	32
PhD Stipend fee paid to Students		948	-
<b>Total</b>		<b>16,758</b>	<b>14,887</b>

4 (a) Remuneration and other pay costs	Notes	2022 €'000	2021 €'000
Staff Salaries		6,207	5,138
Agency Staff		711	756
Employers' contribution to Social Welfare		619	529
Decrease in holiday pay accrual		(15)	(45)
Staff Training and Development		153	81
Staff travel and subsistence costs	4(e)	91	17
Board Members' Fees and Expenses	4(f)	80	81
<b>Total</b>		<b>7,846</b>	<b>6,557</b>
Actual employed as at year end		<b>93</b>	<b>67</b>

Included in Remuneration and Other Pay Costs is total Key Management personnel compensation for 2022 which came to €916k (2021: €874k). This includes the compensation for the Board members, the Director General and four Senior Executives who reported to him. Science Foundation Ireland deducted pension levies from staff of €212k (2021: €205k) which were paid over to the Department of Further and Higher Education, Research, Innovation and Science. There were no overtime payments, other allowances or termination payments made in either year.

**4(b)** Included in Marketing & Supports is public engagement consultant fees of €124k (2021: €127k).

**4(c)** Included in the Administration Expenses is hospitality expenditure:

	<b>2022</b>	2021
	<b>€'000</b>	€'000
Staff hospitality	<b>11</b>	2
Client hospitality	<b>2</b>	-
<b>Total</b>	<b>13</b>	2

#### **4 (d) Professional & Support Services**

	<b>2022</b>	2021
	<b>€'000</b>	€'000
Administrative services	<b>465</b>	287
Legal advice	<b>154</b>	248
Research Integrity advice	<b>52</b>	85
Research Infrastructure programme review	<b>71</b>	47
Equality Diversity and Inclusion (EDI) consultancy	<b>72</b>	-
Advice to prepare for SFI/IRC amalgamation	<b>42</b>	-
HR and Pensions advice	<b>31</b>	35
Procurement advice	<b>40</b>	27
Smart futures Consultancy	<b>29</b>	-
Covid 19 National Survey	-	24
Research Analyst Horizon 2020 funding	-	20
Tax and Financial advice	<b>2</b>	5
Other Professional fees	-	24
<b>Total</b>	<b>958</b>	802

There were no legal cases or settlements made in 2022. SFI defines consultancy fees as specific finite tasks involving expert skills or capabilities that would not normally reside within SFI.

#### **4 (e) Travel and Subsistence Expenditure**

Staff Travel and subsistence expenditure is categorised as follows:

	<b>2022</b>	2021
	<b>€'000</b>	€'000
Domestic Travel & Subsistence	<b>51</b>	15
International Travel & Subsistence	<b>40</b>	2
<b>Total</b>	<b>91</b>	17

## Employee benefits breakdown

Range of Key Management Personnel Remuneration		Number of Employees	
From	To	2022	2021
€60,000	- €69,999	6	11
€70,000	- €79,999	13	16
€80,000	- €89,999	17	7
€90,000	- €99,999	3	-
€100,000	- €109,999	-	6
€110,000	- €119,999	11	6
€140,000	- €149,999	-	2
€150,000	- €159,999	2	-
€160,000	- €169,999	-	2
€170,000	- €179,999	2	-
€200,000	- €209,999	1	1

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 made on behalf of the employee but exclude employer's PRSI.

### 4(f) Board Members' Remuneration and Expenses

Board Member	Board Fees 2022 €	Vouched Expenses 2022 €	Meetings attended 2022 number	Board Fees 2021 €	Vouched Expenses 2021 €	Meetings attended 2021 number
Prof Peter Clinch	-	212	7 out of 7	-	-	7 out of 7
Prof Philip Nolan	-	-	6 out of 7	-	-	n/a
Prof Sir Tom Blundell	4,169	-	0 out of 2	11,970	-	6 out of 7
Mr Aidan Donnelly	11,970	-	7 out of 7	11,970	-	7 out of 7
Ms Máire Geoghegan Quinn	11,970	-	7 out of 7	11,970	-	7 out of 7
Mr Brendan Harte	11,970	-	7 out of 7	11,970	-	7 out of 7
Prof Ann Leen	-	-	6 out of 7	-	443	7 out of 7
Mr Declan Hughes	-	-	5 out of 5	-	-	n/a
Prof Liam Madden	-	-	6 out of 7	-	-	7 out of 7
Ms Gráinne McAleese	11,970	-	6 out of 7	11,970	-	7 out of 7
Ms Clíona Murphy	-	227	5 out of 7	-	-	6 out of 7
Prof Mark Ferguson	-	-	n/a	-	-	7 out of 7
Board fees paid to UCD*	20,520	-	n/a	20,520	-	n/a
General Board expenses	-	6,854	n/a	-	-	n/a
<b>Total</b>	<b>72,569</b>	<b>7,293</b>		<b>80,370</b>	<b>443</b>	

Board members are paid fees as determined by the Minister of Further and Higher Education, Research, Innovation and Science with the consent of the Minister for Public Expenditure and Reform. Certain Board members are excluded from receiving fees from SFI under the "One Person One Salary" remuneration arrangements whereby public servants cannot receive Board fees in addition to a salary. These are Professor Peter Clinch, Professor Philip Nolan and Mr. Declan Hughes.

\*Board fees paid to UCD are in relation to Professor Peter Clinch. Through the Department of Business Enterprise and Innovation, the Department of Public Expenditure and Reform sanctioned Science Foundation Ireland to offset UCD's costs (as employer) in releasing Professor Peter Clinch to serve on the Board of SFI up to the relevant fee for the position of Chair. In addition, three Board members, Professor Liam Madden, Professor Ann Leen and Ms. Cliona Murphy have waived their Board fees.

The following Board members were based overseas: Professor Sir Tom Blundell is UK based while Professor Liam Madden and Professor Ann Leen are US based.

Professor Mark Ferguson retired as Director General on 16<sup>th</sup> January 2022. Professor Philip Nolan joined as Director General on 17<sup>th</sup> January 2022. Professor Philip Nolan is on secondment from Maynooth University. SFI is cross charged by Maynooth University for Professor Philip Nolan's basic salary, employer's PRSI and pension contributions.

The Director General's remuneration package as at December 31<sup>st</sup> 2022 is as follows: annual basic salary €222k (2021: €201k). The agreed pension contribution between SFI and Maynooth University is 25%, which is aligned with a Department of Finance letter issued to Personnel Officers dated 20<sup>th</sup> September, 2005 in relation to the contribution to be paid between public bodies where the secondee remains a member of his existing pension scheme. The Director General is a member of the Maynooth University 'Model Pension Scheme' and his entitlements in that regard do not extend beyond the terms of that scheme. No performance related bonus was applicable. Total expenses for the year incurred by the Director General amounted to €21k (2021: €3k).

Board members vouched expenses are set out as follows:

	<b>2022</b>	2021
	<b>€'000</b>	€'000
Domestic Travel & Subsistence	<b>0.4</b>	0.4
International Travel & Subsistence	-	-
<b>Total</b>	<b>0.4</b>	0.4

Board members' expenses of €439 in 2022 (2021: €443) relate to vouched expenditure paid by Science Foundation Ireland to SFI Board members. The balance of €6,854 (2021: €0k) relates to expenditure paid by Science Foundation Ireland on behalf of the Board members. General Board expenses for 2022 include accommodation and meal costs for Board meetings held during the year.

The following resignations and appointments to the Board took place in 2022:

- Professor Mark Ferguson resigned as Director General and ex officio member of the Board on 16th January 2022
- Professor Philip Nolan was appointed Director General & ex officio member of the Board on 17th January 2022

- Mr. Declan Hughes was appointed as a member on 5th April 2022
- Professor Sir Tom Blundell resigned on 30th April 2022

## 5. Retirement Benefit Costs

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

	2022	2021
	€'000	€'000
Current Service Cost	1,940	1,846
Interest on Retirement Benefit Scheme Liabilities	411	246
Employee Contributions	(332)	(289)
	<u>2,019</u>	<u>1,803</u>

### B. Movement in net Retirement benefit obligation during the financial year

	2022	2021
	€'000	€'000
Net retirement benefit obligation at 1 January	31,665	28,955
Current Service Cost	1,940	1,846
Interest Costs	411	246
Payments to Pensioners	(112)	(16)
Actuarial (Gain)/Loss	(10,485)	634
<b>Net retirement benefit obligation at 31 December</b>	<u><b>23,419</b></u>	<u>31,665</u>

The Board recognises these amounts as an asset corresponding to the unfunded deferred liability for retirement benefits on the basis of the set of assumptions described in the Accounting Policies above and a number of past events. These events include the statutory basis for the establishment of the retirement benefit schemes, 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 Board 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:

	2022	2021
	€'000	€'000
Funding recoverable in respect of Current Year retirement benefit costs	2,351	2,092
Less State Grant applied to pay retirement benefits	(112)	(16)
	<u>2,239</u>	<u>2,076</u>

## D. General Description of the scheme

Science Foundation Ireland has responsibility for the pension costs of:

1. staff with effect from 16th July 2014, under the Industrial Development (Forfás Dissolution) Act 2014, who were members of the Forfás Pension Scheme joined the new Science Foundation Ireland pension scheme on superannuation terms no less favourable than those they enjoyed under the Forfás scheme immediately before the date of transfer from Forfás to SFI.
2. staff who are members of the Single Public Service pension scheme.

Both schemes are defined benefit pension schemes and are fully funded annually on a pay as you go basis from monies provided by the Department of Further and Higher Education, Research, Innovation and Science.

The Science Foundation Ireland pension scheme is a defined benefit final salary scheme with retirement benefits linked to final salary and length of service. The Single Public Service pension scheme is also a defined benefit scheme with retirement benefits linked to career average revalued earnings and length of service. The valuation used for FRS 102 disclosures is based on an actuarial review of the schemes for the financial year ended 31 December 2022 carried out by a qualified independent actuary, taking account of the requirements of the FRS in order to assess the schemes liabilities at 31 December 2022.

The principal actuarial assumptions were as follows:

Liabilities shown in the Financial Accounts are computed using the Projected Unit Credit method.

	2022	2021
<b>Financial Assumptions</b>		
Discount Rate*	3.60% p.a	1.3% p.a
Future Salary Increases	4.10% p.a	3.5% p.a
Future State Pension increases	4.10% p.a	3.5% p.a
Future Pension Increases	3.60% p.a	3% p.a
Future price inflation	2.60% p.a	2% p.a
Revaluation in deferment	3.60% p.a	3% p.a
<i>* discount rate reflects a duration of liabilities of approximately 31 years in 2022 (31 years in 2021)</i>		

The assumed retirement ages of members of the pension scheme are as follows;

- Active employees of the Closed (pre 2004) scheme have an assumed retirement age of 62 years;
- Active employees of the Model (post 2004) scheme have a retirement age of 65;
- Active Single Scheme members are assumed to retire at age 66.

The Mortality basis explicitly 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 table below shows the life expectancy for members attaining age 65 in 2022 and 2042.



<b>Year of attaining age 65</b>	<b>2022</b>	<b>2042</b>			
Life expectancy - Male	<b>21.9</b>	<b>24.1</b>			
Life expectancy - Female	<b>24.3</b>	<b>26.2</b>			
<b>Prior Year Comparatives</b>					
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Year ending December 31st	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>Closing pension liability</b>	<b>23,419</b>	31,665	28,955	23,793	18,789
Experience (loss) / gain arising on the plan Liabilities	<b>(2,454)</b>	(333)	(388)	(325)	(415)
% Liabilities	<b>-10.5%</b>	-1.1%	-1.3%	-1.3%	-2.2%
Total (Loss) / Gain recognised in Statement of Comprehensive Income	<b>10,485</b>	(634)	(3,513)	(3,226)	395
% Liabilities	<b>44.8%</b>	-2%	-12.1%	-13.5%	2.1%

## 6. Depreciation

	<b>Note</b>	<b>2022</b>	2021
		<b>€'000</b>	€'000
Depreciation charge for the year	8	<b>480</b>	769
		<b>480</b>	769

## 7. Capital Account

		<b>2022</b>	2021
		<b>€'000</b>	€'000
<b>Opening Balance as at 1 January</b>		<b>5,288</b>	5,738
Transfer from Statement of Income & Expenditure and Retained Revenue Reserves			
- To fund Fixed Asset acquisitions	8	<b>58</b>	319
- Amortised in line with asset depreciation	8	<b>(480)</b>	(769)
		<b>(422)</b>	(450)
<b>Closing balance as at 31 December</b>		<b>4,866</b>	5,288

## 8. Property, plant & equipment.

	Leasehold Improvements €'000	Computer Equipment €'000	Computer Software €'000	Fixtures & Fittings €'000	Total €'000
<b>Cost</b>					
At 1 January 2022	<b>5,464</b>	<b>1,469</b>	<b>131</b>	<b>684</b>	<b>7,748</b>
Additions	-	49	-	9	<b>58</b>
Disposals/Write-downs	-	(78)	-	(1)	<b>(79)</b>
<b>At 31 December 2022</b>	<b>5,464</b>	<b>1,440</b>	<b>131</b>	<b>692</b>	<b>7,727</b>
<b>Depreciation</b>					
At 1 January 2022	662	1,256	131	411	<b>2,460</b>
Charge for Year	218	124	-	138	<b>480</b>
Disposals/Write-downs	-	(78)	-	(1)	<b>(79)</b>
At 31 December 2022	880	1,302	131	548	<b>2,861</b>
<b>Net Book Amount</b>					
At 1 January 2022	<b>4,802</b>	<b>213</b>	-	<b>273</b>	<b>5,288</b>
Net Movement for Year	(218)	(75)	-	(129)	<b>(422)</b>
<b>At 31 December 2022</b>	<b>4,584</b>	<b>138</b>	-	<b>144</b>	<b>4,866</b>

## 9. Grants

	2022	2021
	€'000	€'000
<b>(a) Analysis of Grants Paid</b>		
<b>ICT</b>		
Future Networks, Communications and Internet of Things	<b>18,757</b>	16,621
Data Analytics, Management, Security, Privacy, Robotics and Artificial Intelligence (including Machine Learning)	<b>36,534</b>	31,009
Digital Platforms, Content and Applications, and Augmented Reality and Virtual Reality	<b>9,455</b>	8,530
<b>Health &amp; Wellbeing</b>		
Connected Health and Independent Living	<b>1,234</b>	3,075
Medical Devices	<b>12,810</b>	16,082
Diagnostics	<b>10,882</b>	15,867
Therapeutics	<b>23,477</b>	30,327
<b>Food</b>		
Food for Health	<b>9,639</b>	9,748
Smart and Sustainable Food Production and Processing	<b>13,847</b>	14,308
<b>Energy, Climate Action and Sustainability</b>		
Decarbonising the Energy System	<b>16,902</b>	11,385
Sustainable Living	<b>3,176</b>	8,247
<b>Manufacturing and Materials</b>		
Advanced and Smart Manufacturing	<b>14,387</b>	16,910
Manufacturing and Novel Materials	<b>26,319</b>	24,568
<b>Services and Business Processes</b>		
Innovation in Services and Business Processes	<b>636</b>	655
Basic Biomedical Science (BBS)	<b>1,119</b>	1,786
Covid Rapid Response Call	<b>110</b>	1,095
Other	<b>18,327</b>	17,349
<b>Total</b>	<b>217,611</b>	227,535

The analysis of grants paid reflects the Research Priority Areas 2018 to 2023 which revised the original 14 Research priority areas to ensure that Ireland optimises the opportunities arising from new science and technology developments and disruptions.

<b>9 (b) Grant Commitments</b>	Notes	<b>2022</b> <b>€'000</b>	2021 €'000
Outstanding Grant Commitments as at 1 January		<b>655,593</b>	756,401
Grants approved during the year		<b>140,909</b>	147,974
De-commitments during the year		<b>(11,903)</b>	(26,224)
Grant payments made in the year – Gross	9(a)	<b>(217,611)</b>	(227,535)
<i>Amounts received from other funding agencies for Co-Funding of SFI awards</i>	3		
Teagasc		-	74
Marine Institute		-	313
Environmental Protection Agency		<b>318</b>	360
Geological Society of Ireland		<b>585</b>	316
Irish Cancer Society		-	98
Department of Agriculture, Food & the Marine		<b>981</b>	1,090
Department of Foreign Affairs & Trade		<b>900</b>	900
Health Research Board		<b>466</b>	514
Sustainable Energy Authority of Ireland		<b>75</b>	661
Department of Education		<b>870</b>	401
Department of Defence		-	250
<b>Outstanding Commitments as at 31 December</b>		<b>571,183</b>	655,593
<b>Outstanding Commitments excluding Co-funded commitments</b>		<b>574,982</b>	661,612

## 10. Receivables

	<b>2022</b> <b>€'000</b>	2021 €'000
Debtors	<b>77</b>	39
Prepayments & Accrued income	<b>521</b>	548
<b>Total</b>	<b>598</b>	587

## 11. Payables

	<b>2022</b>	2021
	<b>€'000</b>	€'000
General Creditors	<b>61</b>	267
Deferred Income*	<b>322</b>	306
Accruals	<b>323</b>	188
Interagency Balance - IDA**	<b>60</b>	83
<b>Total</b>	<b>766</b>	844

\*Deferred income represents the grants and programme management monies received from the EU and other funding agencies but not expended by the year end. The EU deferred income is in respect of SFI's participation in ERAnet Co-funded calls (made in conjunction with other EU funding agencies and the EU). These amounts are credited to Other Income over the period to which the related expenditure is incurred.

\*\*Interagency Balance relates to the balance owed by SFI to IDA at 31 December 2022 for accommodation costs paid on behalf of SFI.

## 12. Commitments under Operating Leases

SFI signed an "Agreement for Lease" with the IDA in May 2018 for Three Park Place. The lease is for 25 years (subject to a break clause after 10 years) with annual rent payments of €1,668,628 which commenced in May 2019, following a one-year rent free period.

The following are future minimum lease payments over the period of the lease.

	<b>2022</b>	2021
	<b>€'000</b>	€'000
Within 1 year	<b>1,668</b>	1,668
During 2-5 years	<b>6,672</b>	6,672
Over 5 years	<b>25,656</b>	27,324

## 13. Taxation

Section 227 of the Taxes Consolidation Act, 1997, provides an exemption from tax on the income of non-commercial state bodies except where interest is subject to tax at source (e.g. DIRT). The net amount of such income is credited to the Statement of Income and Expenditure and Retained Revenue Reserves.

SFI is liable to employer taxes in Ireland and complies with related withholding, reporting and payment obligations.

## **14. Related Party Disclosures**

Science Foundation Ireland adopts procedures in accordance with the guidelines issued by the Department of Public Expenditure and Reform covering the personal interests of Board members and staff. In the normal course of business, Science Foundation Ireland may approve grants or enter into other contractual arrangements with entities in which Science Foundation Ireland Board members and staff are employed or are otherwise interested.

In cases of potential conflict of interest, Board members and staff do not receive Board documentation or otherwise participate in or attend discussions regarding these transactions. A register is maintained and available on request of all such instances.

## **15. Contingencies and Legal Actions**

There are no contingencies or legal actions which require specific provision in the Financial Statements.

## **16. Non-Adjusting Events after the Reporting Period**

Government, on 5th April 2023, confirmed its decision, and agreed the General Scheme of legislation, to establish a new research funding agency through the amalgamation of Science Foundation Ireland (SFI) and the Irish Research Council (IRC). The IRC is a division within the Higher Education Authority (HEA). A High Level Group has been established by the Department to advise the Department on this process, and both SFI and HEA-IRC are represented on this group. The Minister has appointed Professor Philip Nolan as CEO Designate to this new agency in June 2023. Operational planning for the amalgamation, which has already commenced, will accelerate following this appointment. The target date for the formal establishment of the new agency is 1st January, 2024.

## **17. Approval of Financial Statements**

The Financial Statements were approved by the Board of Science Foundation Ireland on June 15<sup>th</sup>, 2023.