The Financial Statements that follow were presented to the Board of the College at its meeting of 2 June 2010.

**Explanatory Foreword**

**Financial Statements for the Year-ended 30 September 2006**

This set of Financial Statements of Trinity College incorporates the Consolidated Financial Statements, the Higher Education Authority (HEA) Funding Statements and the reconciliation between both statements.

The first set of statements are Consolidated Financial Statements using Generally Accepted Accounting Principles (GAAP) which cover all activities of the College and its subsidiary undertakings in the income and expenditure account and balance sheet and are akin to statements published by commercial entities. All Universities are required to prepare accounts on this basis in respect of financial reporting periods since 2002/03.

The second set of statements are Funding Statements prepared on the basis of Irish University sector harmonised principles approved by the Higher Education Authority and the Comptroller and Auditor General (C&AG) and cover the teaching and research activities of the College. Funding Statements are uniformly prepared across the sector.

The Funding Statements for the year ended 30 September 2006 were approved by Board on 24th January 2007 and the Consolidated Financial Statements for 2006 were approved by Board on 2nd June 2010. The delay in signing off on the Consolidated Financial Statements was due to complexities associated with finalising pension arrangements in the University sector and the passing of legislation as part of the Financial Measures (Miscellaneous Provisions) Act 2009 transferring liability to the State in respect of the Master Pension Scheme.

On first reading the GAAP consolidated results for the College may appear to show a significantly better financial result for the year when compared to the long established form of harmonised funding reporting. This is entirely due to the different accounting rules employed by the two methods. The financial outcome is the same regardless of the approach used to prepare the accounts.

The Consolidated Financial Statements result in volatility in financial results not encountered when preparing the Funding Statements. The surpluses arising are not “free” or discretionary funds now available for distribution. They represent timing differences between the flows of funds and the related maturing commitments and planned future expenditure. For further specific details of the movement from the Funding Statements to the Consolidated Financial Statements for the year ended 30 September 2006 please refer to the reconciliation as set out in Financial Statements. The Treasurer’s Report on page 3 also refers to specific examples of one-off adjustments that have resulted in a surplus on the Consolidated Financial Statements during the year.

As a result of the differences that arise in the preparation of both sets of accounts, the Higher Education Authority (HEA) recognise that the Consolidated Financial Statements, while an accurate accounting record according with the best international standards, could be misleading in terms of providing accessible forward planning information for the Universities and funding agencies. For example, the treatment of depreciation, which is a real cost to the University but is not funded by Government, needs to be interpreted carefully as there is a danger that this can lead those unfamiliar with the accounting details to believe that the Universities are making adequate surpluses, when in fact they are not maintaining their assets on a sustainable basis.
The 2006 Consolidated Financial Statements carry a qualified audit opinion from the
College’s auditors, KPMG, arising from the non-compliance with accounting and
disclosure requirements of Financial Reporting Standard (FRS) 12 “Provisions,
Contingent Liabilities & Assets”. The College has included a pension receivable
asset in the balance sheet to recognise the funding due from the State in respect of
the pension liabilities which are now funded on a “pay-as-you-go” basis. However, it
is the opinion of the College auditors that no formal obligation was accepted by the
State as at 30 September 2006 and they have qualified the accounts on this basis.
This qualification is a technical qualification and arises due to a lack of sufficient
evidence to satisfy the College auditors that the pension liabilities were guaranteed
by the State at that time. The provision of this evidence is outside of the College’s
control. Accordingly, it is important to note that this qualification does not arise as a
consequence of issues in relation to the management of the College’s finances.

The C&AG has taken the opposing view and has not qualified his audit report for this
matter for the following reasons:
1. The legislation has now been passed transferring the full liability for the
Master Scheme to the State;
2. The Universities Act 1997 underpins the Model Pension Scheme; and
3. State funding of legitimate costs, including pension costs, is normal practice
in non-commercial bodies.

The audit opinion of the College auditors is included as part of the Financial
Statements. To view the audit opinion of the C&AG please click here.

The Financial Statements are available to view or download in English or Irish,
please click the following links as appropriate:

English version

Irish version