The Financial Statements that follow were presented to the Board of the College at its meeting of 26 June 2013.

Explanatory Foreword
Financial Statements for the Year-ended 30 September 2011

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 2011 were approved by Board on 25 January 2012 and the Consolidated Financial Statements for 2011 were approved by Board on 26 June 2013.

On first reading, the GAAP consolidated results for the College may appear significantly worse 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. For further specific details of the movement from the Funding Statements to the Consolidated Financial Statements for the year ended 30 September 2011 please refer to the reconciliation as set out in the Financial Statements on pages 52 to 53. The Chief Financial Officer's Report on pages 3 to 4 also refers to specific adjustments that have resulted in a deficit on the Consolidated Financial Statements during the year.

The 2011 Consolidated Financial Statements carry a qualified audit opinion from the Board appointed 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 in relation to the Master Pension Scheme, Model Pension Scheme and Pension Supplementation 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 KPMG that no formal obligation in relation to the Model Pension Scheme and Pension Supplementation was accepted by the State as at 30 September 2011 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 KPMG 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 Comptroller and Auditor General (C&AG) has not issued a qualification in this regard, as the recognition of the pension funding asset in respect of the Model Pension Scheme anticipates that funding will be provided by the State to meet pension liabilities as they fall due. Inherent in this accounting treatment is an assumption that any income generated by the College will in the first instance be applied towards current expenses and that State funding will meet any shortfall in resources to fund future pension liabilities.

The C&AG has taken the opposing view and has not qualified his audit report for this matter for the following reasons:

- The legislation has been passed transferring the full liability for the Master Scheme to the State;
- The Universities Act 1997 underpins the Model Pension Scheme; and
- 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 that follow were presented to the Board of the College at its meeting of 26 June 2013.

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THE UNIVERSITY OF DUBLIN

Trinity College

Financial Statements

(incorporating Consolidated Financial Statements and Extract from Funding Statements)

YEAR ENDED 30 SEPTEMBER 2011

Elements of both Capital and Recurrent expenditure reported in these Consolidated Financial Statements have been funded under one or more of the following programmes administered by the HEA:

HEA
Higher Education Authority
An tÚdarás um Ard-Oideachas

Ireland's EU Structural Funds Programmes 2007 - 2013
Co-funded by the Irish Government and the European Union

PROGRAMME FOR RESEARCH IN THIRD-LEVEL INSTITUTIONS
PRTLI 10
Transforming the Irish Research Landscape

EUROPEAN SOCIAL FUND

EUROPEAN REGIONAL DEVELOPMENT FUND

AN ROINN OIDEACHAIS AGUS EOLAÍOCHTA
DEPARTMENT OF EDUCATION AND SCIENCE

Elements of Research expenditure reported in these Consolidated Financial Statements have been funded by the following agencies:

sfi
science foundation ireland

ENTERPRISE IRELAND

PROGRAMME FOR RESEARCH IN THIRD-LEVEL INSTITUTIONS
PRTLI 10
Transforming the Irish Research Landscape

HRB
Health Research Board

IRCSET
Irish Research Council for Science, Engineering & Technology
Investing in People and Ideas

EUROPEAN COMMISSION

IRCHSS

wellcome trust

Contents

Chief Financial Officer's Report

Introduction

I present the Consolidated Financial Statements of Trinity College (incorporating an extract from the Higher Education Authority (HEA) Funding Statements and the reconciliation between both statements) that were approved by Board on 26 June 2013. The Consolidated Financial Statements are prepared in accordance with Generally Accepted Accounting Practice in Ireland, comprising applicable accounting standards issued by the Accounting Standards Board and promulgated by Chartered Accountants Ireland. The Consolidated Financial Statements have also been prepared in accordance with the Statement of Recommended Practice ("SORP") - Accounting for Further and Higher Education (2007), issued by the HE/FE SORP Board in the UK, with the exception of endowment funds. With effect from 1 October 2011 the College has determined that it will adopt the SORP in full which will result in the consolidation of endowment funds and the application of the provisions of the SORP relating to the recognition and measurement of the endowment fund assets from that date. In this context, the College has reviewed its accounting policies and made judgements and estimates that are reasonable and prudent to ensure a true and fair view of the College's affairs at 30 September 2011. The HEA Funding Statements, approved by Board on 25 January 2012, from which an extract is also presented in this volume, have been prepared on the historically agreed harmonised basis approved by the HEA and as adopted by all Irish universities. The Funding Statements primarily report the core teaching/research and research grants and contracts activity in the Income and Expenditure Account.

The Consolidated Financial Statements include the College and its subsidiary undertaking, Ghala Limited, and the basis of preparation is explained in greater detail in the Statement of Accounting Policies on pages 11 to 13. In accordance with FRS 2 ("Accounting for Subsidiary Undertakings"), the Financial Statements of the Trinity Foundation, Pension Funds, Trust Funds and Capitated Bodies have not been included as the College considers it does not directly control them. Other undertakings in which the College has an interest, as indicated in Note 28 on pages 29 to 30, have not been consolidated as they are also not controlled by the College.

Audit Qualification

I draw your attention to the qualified audit opinion issued by the Board appointed 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 in relation to the Master Pension Scheme, Model Pension Scheme and Pension Supplementation (consistent with other Irish universities) 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 KPMG that no formal obligation in relation to the Model Pension Scheme and Pension Supplementation was accepted by the State as at 30 September 2011 and they have qualified the accounts on this basis. The Comptroller and Auditor General (C&AG) has not issued a qualification in this regard, as the recognition of the pension funding asset in respect of the Model Pension Scheme and Pension Supplementation anticipates that funding will be provided by the State to meet pension liabilities as they fall due. Inherent in this accounting treatment is an assumption that any income generated by the College will in the first instance be applied towards current expenses and that State funding will meet any shortfall in resources to fund future pension liabilities.

Income and Expenditure Account

The income and expenditure position is summarised below:

	2010/11	2009/10
Consolidated Income	€320.8m	€348.6m
Consolidated Expenditure	€331.4m	€337.9m
Consolidated (deficit)/surplus	(€10.6m)	€10.7m
Funding Statements surplus	€0.1m	€0.2m

The main sources of movement between the Consolidated Financial Statements deficit and the Funding Statements surplus are due to a number of differences in accounting treatments between the two formats (e.g subsidiary companies, ancillary activities, student fees, amortisation and depreciation of capital items, research income, interest income) and explanatory notes are set out in the reconciliation on pages 52 to 53.

The key movements between the 2010/11 Consolidated Financial Statements deficit of €10.6m and the 2009/10 Consolidated Financial Statements surplus of €10.7m are set out below.

Consolidated income for 2010/11 amounted to €321m (2009/10: €349m) which represents a decrease of 8% on the prior year. The movement of €28m primarily relates to decreases in state grant of €14m, research income of €10m and other operating income of €6m. This is offset, in part, by increases in academic fee income of €4m.

Chief Financial Officer's Report (cont'd..)

The financial performance for the year reflects the impact of the 14% calendar year reduction in state recurrent funding in 2011 over 2010 as notified by the Higher Education Authority (HEA). The percentage of total income that relates to non exchequer sources amounts to 43% (2009/10: 43%).

Other operating income in 2009/10 included donation income of €6.5m which was used to purchase the Lincoln House property.

Consolidated expenditure for the year amounted to €331m (2009/10: €338m). The movement of €7m primarily relates to decreases in staff costs of €11m (5%) which reflect the full year impact of reductions in public sector pay rates which took effect on 1 January 2010 and decreases in research pay costs as a result of reduced research funding. Other movements include increases in other operating expenses of €4m (6%), a reduction in depreciation of €2m (5%) and a loss on revaluation of investment properties of €1m which mainly relates to the Lincoln House property.

The level of research activity for 2010/11 recorded in the Consolidated Financial Statements (measured on the basis of expenditure activity during the year and not income received) amounted to €78m (2009/10: €88m). As in previous years, the contribution to indirect costs from research activity in many cases continues to be below the full economic cost of hosting the research, a position that is not sustainable.

Balance Sheet

As reported in the Consolidated Financial Statements, the net assets of the College amount to €803m at 30 September 2011, an increase of €59m over 2009/10. Capital additions during the year amounted to €53m (2009/10: €87m) and mainly related to the Trinity Biomedical Sciences Institute (academic and commercial element), Trinity College Dublin Academy of Dramatic Art Limited (also known as 'The Lir') and the refurbishment of 7-9 South Leinster Street.

The Trinity Biomedical Science Institute (commercial element) has been reclassified as an investment property in 2010/11.

The College has cash balances of €198m at 30 September 2011 (2010: €161m) and a €75 million loan facility with the European Investment Bank, all of which was drawn down at 30 September 2011 (2010: €60m drawn down). The College complied with all of its bank covenants at the year end. The reported cumulative revenue reserves for 2010/11 of €39m are fully committed against achieving the College's strategic objectives.

Conclusion

Since 2007, College has seen its total exchequer funding reduced from 65% of total income to 57%. Excluding undergraduate fee income paid under the State's "Free Fees Initiative", the total income received from the State represents only 43% of College's total income in 2011 as opposed to 53% in 2007.

It is clear from this steadily declining level of public funding, coupled with further reductions highlighted in the December 2011 Budget announcements, the College's focus must continue on the three main areas of non exchequer income generation – international student intake, commercialisation and philanthropy – along with strategic reprofiling/ reductions in pay and non pay expenditure where possible in order to facilitate College's pursuit of its strategies and goals on a financially sustainable basis. In line with the UK higher education sector, the College should be aiming to generate a 3-5% operating surplus each year for financial sustainability.

In the years ahead, there is no doubt that the future financial environment will continue to provide significant challenges to the College's ability to plan strategically as a result of –

- Global economic uncertainty
- Limited visibility on the levels of future government funding
- Reliance on exchequer funding for core and research funding
- Uncertainty around the re-introduction of tuition fees
- A lack of a dynamic State funding model
- No agreed framework for renewal and resilience provisioning
- Barriers to recovering the full economic cost of key activities
- Increased competition in student and staff recruitment
- External factors influencing student and staff retention

In these challenging times, it is essential that opportunities are embraced going forward and that Board approves (where appropriate) continued strategic investment in capital and recurrent related activities.

Ian Mathews

CHIEF FINANCIAL OFFICER

Statement of Responsibilities

The University of Dublin, Trinity College ("Trinity College") is required to comply with the Universities Act 1997, and to keep in such form as may be approved by An t-Údarás um Ard-Oideachas, all proper and usual accounts of money received and expended by it.
In preparing those accounts, Trinity College is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- disclose and explain any material departures from applicable accounting standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the College will continue in operation.

Trinity College is responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of Trinity College and which enables it to ensure that its Funding Statements comply with the Universities Act 1997. Trinity College is also responsible for safeguarding all assets under its operational control and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Trinity College is responsible for keeping proper books of account which disclose with reasonable accuracy, at any time, the financial position of Trinity College and which enable it to ensure that its consolidated financial statements comply with the Universities Act, 1997 and are prepared in accordance with accounting standards generally accepted in Ireland.

Trinity College is responsible for ensuring that the business of the College is conducted in a proper and regular manner and for safeguarding all assets under its operational control and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the University of Dublin, Trinity College

Patrick Prendergast	Ian Mathews
PROVOST	CHIEF FINANCIAL OFFICER

Statement of Internal Control

On behalf of the Board of the University of Dublin, Trinity College, we acknowledge that it has overall responsibility for the College's system of internal control; covering all material controls including financial, operational and compliance controls and risk management systems, that support the achievement of the College's policies, aims and objectives while safeguarding the public and other funds and assets for which we are responsible.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives or to conduct affairs in an orderly and legitimate manner. To that extent it can, therefore, only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an on-going process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. Management of risk has always been an integral part of the management of the College. In keeping with best practice a formal risk management process has been in place since 2006 and will continue to be reviewed and evaluated on an on-going basis.

In detail,

(i) The following ensure that there is an appropriate control environment in place in the College:

- The Audit Committee, supported by the Internal Audit function, reviews the scope and effectiveness of the College's internal controls, including financial, operational and compliance controls and reports regularly to Board;
- Regular reporting to the relevant Board Committees and Board on the financial and legal aspects of major projects;
- The terms of reference of Principal Committees of Board include the oversight of major initiatives within their remit and minutes of their meetings are received by Board;
- The Board, Finance Committee and the College's Executive Officer Group review the risk profile of major initiatives prior to, and during, the implementation of major projects;
- Faculty Deans and Heads of Schools, Administrative and Service areas, in fulfilling their functions, operate according to policies on the Roles and Responsibilities in relation to financial matters approved by the Finance Committee and Board;
- Control Exception Reports are compiled by the Treasurer's Office and considered by the Finance Committee on a biannual basis. Actions are identified to address the matters identified;
- The College's High Level Risk Register, drawn from Faculty, School and Administrative and Service Areas, is considered by the College's Executive Officers Group and Board on a regular basis;
- A policy on the detection of, and response to alleged financial fraud was introduced in December 2001; this policy also includes provisions for reporting fraud to the relevant authorities;
- Procedural manuals and guidelines on financial, research and HR management are available to managers.

(ii) The following processes are used to identify organisational risks and to evaluate their financial implications:

- A Risk Management Policy was adopted by Board in May 2006. This policy is implemented by way of a formal risk management process which involves all areas of the College, academic and administrative, in assessing and managing the risks, including the financial implications thereof, in a structured manner;

Statement of Internal Control (cont'd..)

- The Board is made aware of the College's High Level Risks and the steps being taken to manage them. The implementation of the Risk Policy and the full integration of risk management into the operation of the College has made progress over previous years and continues to be embedded into the College's management structures;

- All major proposals being presented to Board include a formal risk assessment, including financial risks;

- A sectoral approach, initiated by the College, to ensure that the Board receives regular reports on the risk profile and coherence with the College's Strategic Plan from inter-institutional bodies of which the College is a member has been agreed. In addition, College Directors on these bodies now provide six-monthly reports to Board under the following headings:
    - Name
    - Participating Institutions
    - Objectives
    - Major ongoing activities
    - Future Plans
    - Deviation (if any) from original objectives
    - Nature and significance of risks to entity and significance to College;

(iii) Details of the major information systems in place such as budgets, and means of comparing actual results with budgets during the year.

- The College has established a resource allocation and budgeting system and has developed a 5 year financial planning model. It carries out an annual budgeting process and the resulting Annual Estimates are approved by the Finance Committee and then Board. Budgets are reviewed against actual during the year. Monthly reports are issued to budget-holders and the financial reports are reviewed by the Finance Committee on a quarterly basis.

(iv) Best practice procedures for addressing the financial implications of major business risks are followed including:

- The College has a structured authorisation process matching the monetary limits for the signing authority on financial transactions, within specified accounts, to the appropriate grade within each area; the Head of School/Function has overall responsibility for the delegation of signing authority within his/her area. In a devolved financial structure the Faculty Dean is accountable to the Board through Finance Committee for all financial matters of his/her Faculty. The Treasurer's Office works in partnership with and advises areas of College in relation to compliance with legislative and other obligations on the College;

- Detailed procedures on handling financial transactions are published on the College's website by the Treasurer's Office. This Office also provides training to staff on a regular basis. Policies and procedures are regularly reviewed and updated as appropriate;

- Finance professionals are members of the following Principal Committees:
    - Audit Committee
    - Finance Committee
    - Human Resources Committee
    - Estates Committee
    - Student Services Committee

- Faculty Financial Advisors provide direct advice and support to the Academic community in relation to financial matters.

(v) Internal controls are monitored by:

- The regular review of the management of risks by Managers of administrative and support areas, Heads of School and Faculty Deans and the provision of an assurance statement on an annual basis;

- The review of risks and their control by Principal Committees of Board with regular reporting to Board of issues to which its attention should be drawn by way of the minutes of these committees and reporting by the Chairs of Committees who are all elected members of Board with the exception of the Finance Committee whose membership is defined in the College Statutes;

Statement of Internal Control (cont'd..)

- The Audit Committee based on reports from the Internal Auditor on the status of internal controls; these reports are carried out in accordance with a work programme laid down by the College's Audit Committee and on a planned basis reviews controls across College functions. The Audit Committee reports to Board on an annual basis and issues an annual statement on the effectiveness of internal controls;

- A programme of external quality reviews of academic and support areas, the results of which feed into the risk registers of the individual areas.

We confirm that the procedures outlined above have been undertaken by the College during the year.

No weaknesses in internal control have been identified that have resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or the auditor's report on the financial statements.

On behalf of the University of Dublin, Trinity College

Patrick Prendergast	Ian Mathews
PROVOST	CHIEF FINANCIAL OFFICER

Independent Auditor's Report to the Board of the University of Dublin, Trinity College

We have audited the financial statements of the College for the year ended 30 September 2011 as set out on pages 11 to 37. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Board in accordance with College Statute. Our audit work has been undertaken so that we might state to the Board's members those matters we are required to state to them in an auditor's 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 Board, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of Board and auditor

The Board is responsible for preparing the annual report and the financial statements in accordance with applicable Irish law and accounting standards issued by the Accounting Standards Board and promulgated by Chartered Accountants Ireland (Generally Accepted Accounting Practice in Ireland), as described on page 5.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland. We also report to you whether, in our opinion, proper books of account have been kept by the College. In addition, we state whether we have received all the information and explanations we consider necessary for the purposes of our audit.

We read the other information accompanying the financial statements which is included in the annual report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgements made by the Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the College's circumstances, consistently applied and adequately disclosed.

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.

Qualified opinion arising from disagreement

As more fully explained in Note 29 to the financial statements, an asset representing a receivable from the State, equivalent to the value of the College's pension obligations in relation to its defined benefit pension schemes, has been recognised in the College's financial statements (and an equivalent amount recognised in the revenue reserves) on the basis that the Board consider the College's net pension liabilities to have always been guaranteed by the State. In addition, gains or losses matching the movements in these pension liabilities during the year have been recorded in the profit and loss account and statement of total recognised gains and losses for the year.

In our opinion, while the enactment in June 2009 of the Financial Measures (Miscellaneous Provisions) Act 2009, and the resulting Transfer Order dated 31 December 2009, caused the State to assume responsibility for any shortfall in funding arising in the Master Pension scheme operated by the College, such legislation did not specifically cover other defined benefit pension schemes operated by the College.

Independent Auditor's Report to the Board of the University of Dublin, Trinity College – cont'd

In the absence of the State's formal acceptance of the obligation to fund deficits in the College's other defined benefit pension schemes (Model Scheme and Pension Supplementation), it is not appropriate to recognise the pension receivable pertaining to the deficits on those schemes on the College's balance sheet at 30 September 2011 and 30 September 2010.

In our opinion, the treatment adopted is not in accordance with the requirements of FRS12 "Provisions, Contingent Liabilities and Assets" as the receivable pertaining to the other defined benefit pension schemes (Model Scheme and Pension Supplementation) remains contingent in nature until the State formally accepts the obligation.

Accordingly, the pension receivable asset, net assets and revenue reserves at 30 September 2011 should be reduced by €292,617,000 and the result after taxation for the year ended 30 September 2011 should be restated to a deficit of €39,772,000.

Also, in relation to the prior year, the pension receivable asset, net assets and revenue reserves at 30 September 2010 should be reduced by €322,697,000 and the result after taxation for the year ended 30 September 2010 should be restated to a deficit of €13,878,000.

Except for the financial effect of the recognition of the receivable from the State referred to in the preceding paragraphs, in our opinion the financial statements on pages 11 to 37 give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Group's and College's affairs at 30 September 2011 and of the Group's and College's deficit for the year then ended.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the College. The balance sheet of the College is in agreement with the books of account.

In our opinion, the information given in the Chief Financial Officer's report is consistent with the financial statements.

On 25 January 2012 we reported that the Funding Statements, from which an extract is set out on pages 38 to 51, had been properly prepared in accordance with the most recent Harmonisation of Accounts agreement.

Sean O'Keefe 26/06/2013
For and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2

Statement of Accounting Policies

The significant accounting policies adopted by the University of Dublin, Trinity College (referred to hereafter as "the College") are as follows:

Basis of preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in Ireland, comprising applicable accounting standards issued by the Accounting Standards Board and promulgated by Chartered Accountants Ireland. The financial statements have also been prepared in accordance with the Statement of Recommended Practice ("SORP") - Accounting for Further and Higher Education (2007), issued by the HE/FE SORP Board in the UK, with the exception that endowment funds are not consolidated. With effect from 1 October 2011 the College has determined that it will adopt the SORP in full which will result in the consolidation of endowment funds and the application of the provisions of the SORP relating to the recognition and measurement of endowment fund assets from that date.

Accounting convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain land and buildings.

Basis of consolidation

The consolidated financial statements of the Group include the College and its subsidiary undertaking, Ghala Limited; other undertakings in which the College has an interest, as indicated in Note 28, have not been consolidated on the basis that they are not controlled by the College or on the grounds of immateriality. Intra-College income and expenditure are eliminated fully on consolidation.

In accordance with FRS 2 ("Accounting for Subsidiary Undertakings"), the financial statements of the Trinity Foundation, Pension Funds, Trust Funds and Capitated Bodies have not been consolidated as they are not controlled by the College.

Recognition of income

Recurrent grants from the Higher Education Authority and other bodies are recognised in the period in which they are receivable.

Non-recurrent grants from the Higher Education Authority or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs.

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned. Income from specific endowments and donations is included to the extent of the relevant expenditure incurred during the year, together with any related contributions toward overhead costs.

Income from concession agreements is treated as deferred income and credited to the income and expenditure account in accordance with the right to consideration earned per the contractual terms.

Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into euro either at year end rates or, where they are related to forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

Tangible fixed assets

(a) Land and buildings

The College's buildings are valued on an existing use basis. Land has been valued at €126,974 per acre and buildings have been valued at a standard cost of €2,413 per square metre. Land and buildings were revalued by the Board of the College in 1998.

In accordance with FRS 15 "Tangible Fixed Assets", the College retained the book value of land and buildings, which were revalued in 1998. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11. Land and buildings acquired since the valuation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of 50 years.

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Statement of Accounting Policies (cont'd..)

(a) Land and buildings - continued

Finance costs which are directly attributable to the construction of land and buildings are capitalised as part of the cost of those assets.

A fixed asset impairment review is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to the financial year end. They are not depreciated until they are brought into use.

The College has considered the application of FRS 5: "Reporting the Substance of Transactions" with regard to certain assets used by the College where the legal form of these transactions would indicate that all or part of the assets are not owned by the College. The financial substance of all transactions has been reflected in the consolidated financial statements and as such the full value of these assets is included in tangible fixed assets.

(b) Equipment

Equipment costing less than €10,000 per individual item is written off to the income and expenditure account in the year of acquisition.

All other equipment is capitalised at cost. Capitalised equipment is depreciated over its useful economic life as follows:

Leased assets	20 years or primary lease period, if shorter
Computer equipment	3 years
Furniture	10 years
Equipment	5 years

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to income and expenditure account over the expected useful economic life of the related equipment.

(c) Donations

The College receives, on occasion, benefits in kind such as gifts of equipment.

Items of a significant value donated to the College, which, if purchased, the College would treat as tangible fixed assets, are capitalised at their current value and depreciated in accordance with the policy set out above. The value of the donation is treated as a deferred capital grant and amortised in the income and expenditure account over the life of the related asset.

Leased assets

Leasing agreements that transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases.

Initially where scheduled payments are less than the interest charge for the year, the unpaid element of interest is added to the outstanding lease obligation. Otherwise the lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

Rental costs under operating leases are charged to expenditure in equal annual amounts over the period of the lease.

Heritage assets

The College holds and maintains certain heritage assets, such as paintings, silver, sculptures and priceless manuscripts. The College conserves these assets for research and teaching and for interaction between the College and the public.

Heritage assets acquired pre 1 October 2006 are not capitalised in the financial statements because it is considered that no meaningful value can be attributed to them owing to the lack of information on the original purchase cost and the fact that these assets are not readily realisable. All costs incurred in relation to preservation and conservation are expensed as incurred.

In relation to Heritage asset additions acquired subsequent to 1 October 2006, the College capitalises these at either their cost (in the case

Statement of Accounting Policies (cont'd..)

Heritage assets - continued

of acquisitions made by the College) or their fair value (in the case of donations). Donated heritage assets are capitalised with reference to their insurance value, as this approximates their fair value. Heritage assets valued at less than €150,000 are not capitalised in the financial statements.

Investment properties

In accordance with SSAP 19, investment properties are stated at open market value. Investment properties are revalued annually by either independent professional third party valuers or the College and are not depreciated or amortised. Movements in value are reflected in the revaluation reserve, except where a revaluation loss exceeds the amount of any previous revaluation gains for a property, in which case the excess of the loss over the previous gains is taken to the income and expenditure account.

Stocks

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stock. Expenditure incurred by the College on books and consumable stocks financed from recurrent grants is charged to the income and expenditure account.

Taxation

As the College holds tax-exempt status, it is not liable for Corporation Tax or Income Tax on any of its charitable activities.

Activities undertaken by the College, administered through its subsidiary company, are liable to Corporation Tax.

Provisions

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Retirement benefits

The College has certain defined benefit arrangements as detailed in Note 29.

The College operates a defined contribution scheme. The assets of the scheme are held separately from the College in an independently administered fund. The amount charged to the income and expenditure account represents the contribution payable to the scheme in respect of the accounting period.

Pension costs

For defined benefit pension schemes, the difference between the market value of the scheme's assets (if any) and the actuarially assessed present value of the scheme's liabilities, calculated using the projected unit credit method, is disclosed on the balance sheet.

The amount charged to the income and expenditure account is the actuarially determined cost of pension benefits promised to employees earned during the year plus any benefit improvements granted to members during the year.

The expected return on the pension scheme's assets (if any) during the year and the increase in the scheme's liabilities due to the unwinding of the discount during the year are shown as financing costs in the income and expenditure account.

Any difference between the expected return on assets (if any) and that actually achieved and any changes in the liabilities due to changes in assumptions or because actual experience during the year was different to that assumed, are recognised as actuarial gains and losses in the statement of total recognised gains and losses.

Pension receivable asset

Although the Financial Measures (Miscellaneous Provisions) Act 2009 relates specifically to the Master Pension Scheme, as further detailed in Note 29, the College has been advised that the State would also be meeting future pension liabilities for the Model Scheme and Pension Supplementation on a pay-as-you-go basis. As a result, the accounts reflect a receivable asset which completely offsets the pension liability. Movements on this pension receivable are included in the income and expenditure account or statement of total recognised gains and losses in order to mirror the underlying movement on the pension liability.

Maintenance of premises

The cost of routine corrective maintenance is charged to the income and expenditure account in the period that it is incurred.

Cash and liquid resources

Within the cashflow statement, cash is defined as cash, deposits repayable on demand and overdrafts. Other deposits with maturity or notice periods of over one working day, but less than one year, are classified as liquid resources.

CONSOLIDATED AND COLLEGE INCOME AND EXPENDITURE ACCOUNT
Year Ended 30 September 2011

	Notes	Consolidated and College 2011 €'000	Consolidated and College 2010 €'000
Income			
State grants	1	66,739	80,819
Academic fees	2	111,865	107,663
Research grants and contracts	3	78,486	88,262
Amortisation of deferred capital grants	17	14,301	15,062
Other operating income	4	46,079	52,445*
Interest income		3,373	4,359
Other finance income/(expense)	5	-	-
Total Income		320,843	348,610
Expenditure			
Staff costs	6	217,519	228,271*
Other operating expenses	7	81,460	77,365*
Interest payable	8	4,081	3,412
Depreciation	10	27,299	28,877
Loss on revaluation of investment properties	11	1,127	-
Total Expenditure		331,486	337,925
(Deficit)/surplus for the year before taxation		(10,643)	10,685
Taxation 9		-	-
(Deficit)/surplus for the year after taxation	19	(10,643)	10,685

* Reclassification is detailed in Notes 4, 6 and 7.

The income and expenditure account is in respect of continuing activities. The financial statements on pages 11 to 37 were approved by the Board of the College on 26 June 2013 and signed on its behalf by:

Patrick Prendergast
PROVOST

Ian Mathews
CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS
Year Ended 30 September 2011

	2011 €'000	2010 €'000
(Deficit)/surplus for the year after taxation	(10,643)	10,685
Difference between historical cost depreciation and the actual charge for the year calculated on the re-valued amount	5,569	5,729
Historical cost (deficit)/surplus for the year before taxation	(5,074)	16,414
Historical cost (deficit)/surplus for the year after taxation	(5,074)	16,414

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year Ended 30 September 2011

	Notes	2011 €'000	2010 €'000
(Deficit)/surplus for the year after taxation		(10,643)	10,685
Revaluation loss on investment properties	11	(1,118)	(2,657)
Actuarial gain/(loss) in respect of pension schemes	29	118,185	(140,822)
Movement on pension receivable	29	(118,185)	140,822
Total recognised (losses)/gains for the year		(11,761)	8,028

CONSOLIDATED CASHFLOW STATEMENT
Year Ended 30 September 2011

		Consolidated		College	
	Notes	2011 €'000	2010 €'000	2011 €'000	2010 €'000
Fixed assets					
Tangible assets	10	775,401	788,227	775,399	788,227
Investment properties	11	54,245	17,891	54,245	17,891
		829,646	806,118	829,644	806,118
Current assets					
Debtors	12	74,254	38,412	74,255	38,412
Stock	13	420	387	420	387
Cash at bank and in hand	27	9,707	23,607	9,705	23,607
Short term deposits	27	189,153	137,013	189,153	137,013
		273,534	199,419	273,533	199,419
Creditors: amounts falling due within one year	14	(162,421)	(139,668)	(162,418)	(139,668)
Net current assets		111,113	59,751	111,115	59,751
Total assets less current liabilities		940,759	865,869	940,759	865,869
Creditors: amounts falling due after one year	15	(137,727)	(121,663)	(137,727)	(121,663)
Net assets excluding pension (liability)/asset		803,032	744,206	803,032	744,206
Pension liability	29	(895,407)	(960,906)	(895,407)	(960,906)
Pension receivable	29	895,407	960,906	895,407	960,906
Net Assets		803,032	744,206	803,032	744,206
Deferred capital grants	17	430,276	359,689	430,276	359,689
Revaluation reserve	18	333,612	334,730	333,612	334,730
Revenue reserves	19	39,144	49,787	39,144	49,787
	19	372,756	384,517	372,756	384,517
		803,032	744,206	803,032	744,206

The financial statements on pages 11 to 37 were approved by the Board of the College on 26 June 2013 and signed on its behalf

Patrick Prendergast

PROVOST

Ian Mathews

CHIEF FINANCIAL OFFICER

CONSOLIDATED CASHFLOW STATEMENT
Year Ended 30 September 2011

	Notes	2011 €'000	2010 €'000
Net cash inflow from operating activities	22	35,708	26,653
Returns on investments and servicing of finance	23	800	1,764
Capital expenditure	24	(9,273)	(76,009)
Net cash inflow/(outflow) before management of liquid resources and financing		27,235	(47,592)
Management of liquid resources	25	(52,140)	(27,690)
Financing	26	15,000	40,000
Decrease in cash in the year	27	(9,905)	(35,282)

Reconciliation of net cash flow to movement in net funds

	Notes	2011 €'000	2010 €'000
Decrease in cash in the year	27	(9,905)	(35,282)
Increase in liquid resources	27	52,140	27,690
Increase in bank loans	27	(15,000)	(40,000)
Movement in net funds resulting from cash flows		27,235	(47,592)
Increase in finance lease obligations	27	(461)	(248)
Movement in net funds in year		26,774	(47,840)
Net funds at beginning of year	27	38,214	86,054
Net funds at end of year	27	64,988	38,214

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 State grants	2011 €'000	2010 €'000
State grants allocated for recurrent purposes	66,739	80,819

The above grant income was received from the following sources:	2011 €'000	2010 €'000
HEA	62,447	75,372
Department of Health and Children	4,292	5,447
	66,739	80,819

Reconciliation of State grant received to income recognised	2011 €'000	2010 €'000
State grant received in respect of current year	71,020	79,616
State grant deferred from prior accounting year (Note 14)	4,072	5,275
State grant deferred to subsequent accounting years (Note 14)	(8,353)	(4,072)
	66,739	80,819

State funding is received on a calendar year basis. The College's financial year is based on the academic year, from October to September. In accordance with the College's accounting policies, recurrent grants have been recognised on an accruals basis. Therefore, in any accounting year, an element of funding will be deferred to subsequent accounting periods in order to match the funding to the related expenditure.

2 Academic fees	2011 €'000	2010 €'000
Academic fee income	110,044	106,731
Miscellaneous fee income	1,821	932
Total fees paid by or on behalf of individual students	111,865	107,663

A total of €46,695,357 (2010: €40,656,996) included in academic fee income was paid directly by the Higher Education Authority (HEA). This includes nursing fees of €4,978,128 now paid by the HEA (the equivalent in 2010 of €4,728,661 was paid by the Health Service Executive)

The academic fee income is analysed as follows:	2011 €'000	2010 €'000
Full time EU	81,113	79,510
Full time non EU	21,353	18,881
Part time EU	7,016	8,221
Part time non EU	539	96
Short courses	23	23
	110,044	106,731

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2 Academic fees *(continued)*	2011 €'000	2010 €'000
Student service charge		
Included in academic fee income above is student service charge income as set out below with the expenditure to which it relates:		
Income from student service charge*	8,807	8,724
Expenditure		
Student service costs	(4,699)	(4,771)
Examination costs	(1,295)	(1,301)
Space costs associated with student facilities	(773)	(769)
Costs relating to registration, fees, admissions and records	(1,307)	(1,347)
Total expenditure	(8,074)	(8,188)
Excess	733	536

* Student service charge increased from €900 to €1,500 in 2009/10. The additional €600 per student has not been included in income above and is treated as a contribution towards a reduction in core grant and included in academic fee income.

The Higher Education Authority (HEA) has finalised the Report of the Working Group on Student Contribution which was formed in 2011 after the introduction of the new Student Contribution with effect from September 2011. The student charge note above is being used by the sector for the last time in 2010/11 as it was agreed by the Working Group that there would no longer be a need for the specific note on income and expenditure associated with the student registration charge in the financial accounts from 2011/12. The revised reporting templates covering the Student Contribution will instead be made available on the Colleges' website.

3 Research grants and contracts	2011 €'000	2010 €'000
State and semi-state	58,078	63,238
European Union	8,404	7,588
Industry	2,626	3,373
Other	5,928	10,118
SFI Overheads	3,450	3,945
	78,486	88,262

4 Other operating income	2011 €'000	2010 €'000
Academic Schools and Faculty Offices	6,598	7,280
Service areas	3,236	2,978
Catering	2,937	3,144
Residences	9,540	9,268
Other ancillary services	845	777
Rental income	4,577	5,598*
Funded post income	1,316	1,373
Library income	6,402	6,018
Concession income	826	1,860
Other income	9,802	14,149*
	46,079	52,445

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4 Other operating income *(continued)*

* A detailed review of income and expenditure deemed it more appropriate to show gross 'other operating income' as opposed to netting certain items against 'other operating expenditure'. This resulted in a reclassification of €2.9m in 2010 (see Note 7).

5 Other finance income/(expense)	Notes	2011 €'000	2010 €'000
Expected return on pension assets	29	-	4,690
Interest on pension liabilities	29	(47,092)	(47,014)
		(47,092)	(42,324)
Movement on pension receivable to offset finance expense	29	47,092	42,324
		-	-

6 Staff costs

Notes

The average weekly number of persons (including senior post-holders) employed by the College during the year, expressed as full-time equivalents was:

	2011 Number	2010 Number
Teaching and research	1,243	1,255
Technical	947	955
Support services	875	887
Other	748	780
	3,813	3,877

	2011 €'000	2010 €'000
Salaries and wages	183,407	195,702*
Social welfare costs	13,077	13,022*
Other pension costs**	21,035	19,547
	217,519	228,271

** Other pension costs in respect of:		2011 €'000	2010 €'000
Defined benefit	29	32,651	24,709
Defined contribution	29	29	27
Movement on pension receivable to offset FRS 17 incremental costs	29	(11,645)	(5,189)
		21,035	19,547

* A detailed review of income and expenditure deemed it more appropriate to show €1.5m in 'other operating expenditure' as opposed to 'staff costs' in 2010 (see Note 7).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

7 Other operating expenses	2011 €'000	2010 €'000
Telephone and related charges	747	883
Conference fees	492	713
Consumables	15,948	16,470
Computer and other equipment	7,457	7,157
Heat, light, water and power	6,538	5,995
Books and periodicals	2,552	2,957
Repairs and general maintenance	11,718	10,661
Insurance	1,117	1,149
Audit and professional	3,614	4,522
Rent and rates	2,704	2,627
Print and stationery	4,014	3,861
Travel and subsistence	4,860	4,989
Hospitality and entertainment	795	975
Recruitment	241	346
Capitation	1,149	1,177
Academic fees expenditure	5,277	5,216
Other expenses	12,237	7,667*
	81,460	77,365

Other operating expenses include:		
Auditors' remuneration:		
- External audit (including VAT)	123	123
- Statutory audit	15	21
	138	144

The University of Dublin, Trinity College employs an internal auditor and these costs have been included as part of staff costs for the year.

Other expenses include a payment to Trinity Foundation of €1.3m during 2010/11 (2009/10: €1.3m).

Free fees (fee waivers and scholars fees) of €1.4m are shown in fee income and the related deemed expenditure shown in other expenses. This is consistent within the University sector.

* A detailed review of income and expenditure deemed it more appropriate to show the following:

- Gross 'other operating income' as opposed to netting certain items against 'other operating expenditure'. This resulted in a reclassification of €2.9m in 2010 (see Note 4).
- €1.5m in 'other operating expenditure' as opposed to 'staff costs' in 2010 (see Note 6).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

8 Interest payable	2011 €'000	2010 €'000
On finance leases	3,443	3,412
On bank loan	638	-
	4,081	3,412

Trinity Biomedical Sciences Institute was completed during 2011. Prior to completion cumulative interest of €1,783,818 (2009/10: €736,763) charged on a loan with the European Investment Bank (note 15) was capitalised.

9 Taxation

Trading activities undertaken by the College, administered through its subsidiary, are liable to corporation tax. There is no corporation tax charge for the College and its subsidiary in the current year.

10 Tangible fixed assets	Land and Buildings €'000	Computer Equipment €'000	Equipment €'000	Total €'000
CONSOLIDATED				
Cost or valuation				
At 1 October 2010	913,843	16,498	139,100	1,069,441
Additions	46,477	1,307	5,318	53,102
Reclassification to Investment Properties (Note 11)	(38,599)	-	-	(38,599)
Disposals	-	(837)	(877)	(1,714)
At 30 September 2011	921,721	16,968	143,541	1,082,230
Depreciation				
At 1 October 2010	150,831	14,983	115,400	281,214
Depreciation for year	16,732	834	9,733	27,299
Disposals	-	(837)	(847)	(1,684)
At 30 September 2011	167,563	14,980	124,286	306,829
Net book value				
At 1 October 2010	763,012	1,515	23,700	788,227
At 30 September 2011	754,158	1,988	19,255	775,401

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

10 Tangible fixed assets – *continued*	Land and Buildings €'000	Computer Equipment €'000	Equipment €'000	Total €'000
COLLEGE				
Cost or valuation				
At 1 October 2010	913,843	16,498	139,100	1,069,441
Additions	46,475	1,307	5,318	53,100
Reclassification to Investment Properties (Note 11)	(38,599)	-	-	(38,599)
Disposals	-	(837)	(877)	(1,714)
At 30 September 2011	921,719	16,968	143,541	1,082,228
Depreciation				
At 1 October 2010	150,831	14,983	115,400	281,214
Charge for year	16,732	834	9,733	27,299
Disposals	-	(837)	(847)	(1,684)
At 30 September 2011	167,563	14,980	124,286	306,829
Net book value				
At 1 October 2010	763,012	1,515	23,700	788,227
At 30 September 2011	754,156	1,988	19,255	775,399

Land and Buildings include assets valued by the Board of the College in 1998 and the historical cost of assets revalued amounts to €341,648,000.

Land was valued on an existing use basis at a valuation of €126,974 per acre. Buildings were valued on an existing use basis at a standard cost of €2,413 per square metre.

Land and Buildings include assets in the course of construction of €0.7m (2009/10: €92.4m). Trinity Biomedical Sciences Institute, which comprises academic elements (cost 2010/11: €90.8m) and commercial elements (cost 2010/11: €38.6m), was completed during 2011 and the commercial element was transferred to investment properties (Note 11).

In applying FRS 5 *'Reporting the Substance of Transactions'*, the College has included in Land and Buildings property for which the related liabilities of €58,501,978 (2009/10: €58,041,433) are included in creditors (see Note 16). The net book value of this property was €60,480,000 at 30 September 2011 (2009/10: €61,920,000).

In addition, included in Land and Buildings are other assets with a net book value of €77,999,184 (2009/10: €79,474,181) in order to report the substance of the arrangements in place rather than the legal form.

Heritage Assets

The College holds and maintains certain heritage assets, such as paintings, silver, sculptures and priceless manuscripts. The College conserves these assets for research and teaching and for interaction between the College and the public.

Heritage assets acquired pre 1 October 2006 are not capitalised in the financial statements because it is considered that no meaningful value can be attributed to them owing to the lack of information on the original purchase cost and the fact that these assets are not readily realisable. All costs incurred in relation to preservation and conservation are expensed as incurred. Key heritage assets held by the College fall into the categories detailed below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

10 Tangible fixed assets *(continued)*

Library:
Trinity College Library's has over 5 million printed volumes with extensive collections of journals, manuscripts, maps and music reflecting over 400 years of academic development. The Library displays a rare collection of ancient books and manuscripts, including the Book of Kells which has been on display in the Old Library at Trinity College from the mid 19th century. The Library has an online presence at www.tcd.ie/Library. This includes links to preservation and conservation, catalogue information and exhibitions and events.

Museums:
Departmental collections contain over 200,000 specimens of rocks, minerals, fossils, meteorites and models, as well as photographic materials, and archives, together with examples of extinct and endangered species and insect collections and specimens many of which are of considerable national and international significance.
The artefacts in the *Weingreen Museum* are central to undergraduate teaching about the history and cultures of the ancient Near East, as well as being employed by those teaching archaeological method in modules for Ancient History and Archaeology. The *Anatomy Museum* has many fine historic dissections which the students can use to increase their understanding of the 3-dimensional nature of the body.

Art Collection:
The College possesses a significant art collection acquired over a period of three hundred years including a distinguished collection of historic portraits and sculptures by Irish and international artists and these are on public display throughout the College.

Silver:
The Silver Collection at Trinity College dates back to the seventeenth century and includes ceremonial, official, ecclesiastical and domestic plate, along with Sheffield and electroplate items, a selection of snuff boxes and ashtrays, and a gold cigarette case. The College Mace and a selection of the College Plate are used for ceremonial and decorative purposes at Commencements and special College dinners. The collection is currently used for educational and research purposes and is being considered for public display in the future.

Heritage assets additions/disposals:
Heritage assets of €0.32m were donated to Trinity College between 1 October 2006 and 30 September 2011 and are summarised below. These have not been capitalised in the financial statements as each individual item is valued at less than the €0.15m threshold.

	2006/07	2007/08	2008/09	2009/10	2010/11
Value of acquisitions by donation	€0.05m	€0.04m	€0.04m	€0.04m	€0.15m

There were no disposals of heritage assets between 1 October 2006 and 30 September 2011.

11 Investment Properties

	Consolidated and College 2011 €'000	2010 €'000
At beginning of year	17,891	-
Additions in year	-	6,528
Reclassification from tangible fixed assets at net book value	38,599	14,020
Revaluation loss in year*	(2,245)	(2,657)
At end of year	54,245	17,891

Knight Frank Limited valued all investment properties at 30 September 2011 at market value in accordance with the Royal Institution of Chartered Surveyors valuation standards. The valuations of Lincoln House and Oisin House at 30 September 2011 resulted in revaluation deficits of €1m and €1.2m in 2011 respectively. Trinity Biomedical Sciences Institute (commercial element) was valued at €38.5m as at 30 September 2011 following the handover of the building to the College on 22 September 2011, resulting in a revaluation deficit of €0.1m relative to its cost of €38.6m.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

11 Investment Properties *(continued)*

*€1.118m of the total deficit on revaluation on investment properties has been taken to the revaluation reserve in the Balance Sheet (2010: €2.657m) and €1.127m has been recognised as a loss in the income and expenditure account (2010: €nil).

12 Debtors

	Consolidated		College	
	2011 €'000	2010 €'000	2011 €'000	2010 €'000
Trade debtors	4,667	7,951	4,667	7,951
Research grants and contracts receivable	12,775	16,036	12,775	16,036
State capital grants receivable	35,505	375	35,505	375
Non State capital funding receivable	743	570	743	570
Prepayments and other debtors	20,564	13,480	20,564	13,480
Amounts due from subsidiary undertakings	-	-	1	-
	74,254	38,412	74,255	38,412

13 Stocks

	Consolidated and College	
	2011 €'000	2010 €'000
Raw materials and consumables	109	81
Finished goods for resale	311	306
	420	387

There is no material difference between the balance sheet amount of stocks and its replacement cost.

14 Creditors: Amounts falling due within one year

	Consolidated		College	
	2011 €'000	2010 €'000	2011 €'000	2010 €'000
Trade creditors	5,866	10,595	5,866	10,595
Research grants and contracts in advance	35,968	30,758	35,968	30,758
Academic fees received in advance	40,844	36,627	40,844	36,627
State recurrent grants received in advance	8,353	4,072	8,353	4,072
Capital funding received in advance	6,723	4,757	6,723	4,757
Accruals and deferred income	31,522	20,475	31,519	20,475
Bank loans and overdrafts (Note 16)	370	4,365	370	4,365
PAYE/PRSI	5,841	4,534	5,841	4,534
Other creditors	26,934	23,485	26,934	23,485
	162,421	139,668	162,418	139,668

Accruals include deferred income of €3.1m (2010: €3.9m) in relation to concession agreements and €1.0m (2010: €nil) in relation to eStrategy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

15 Creditors: Amounts falling due after one year	Consolidated 2011 €'000	Consolidated 2010 €'000	College 2011 €'000	College 2010 €'000
Obligations under finance leases (Note 16)	58,502	58,041	58,502	58,041
Bank loan (Note 16)	75,000	60,000	75,000	60,000
Other creditors and retentions	4,225	3,622	4,225	3,622
	137,727	121,663	137,727	121,663

The finance lease obligation relates to the financing arrangement for Trinity Hall which has the substance of a finance lease. The obligations under finance leases are all included in creditors due after one year.

The College has a €75 million loan facility with the European Investment Bank, all of which was drawn down at 30 September 2011. The loan is a variable rate loan linked to 3 month Euribor and is repayable in equal semi-annual instalments with the first instalment being due in 2019. The College is in compliance with certain required covenants with regard to this loan facility.

16 Borrowings	Consolidated 2011 €'000	Consolidated 2010 €'000	College 2011 €'000	College 2010 €'000
(a) Bank loans and overdrafts				
Bank loans and overdrafts are repayable as follows:				
Amounts due within one year	370	4,365	370	4,365
Due after more than five years	75,000	60,000	75,000	60,000
Total	75,370	64,365	75,370	64,365

The College has no undrawn bank loan facilities available to it at 30 September 2011 (2010: €15m).

(b) Finance leases

The net finance lease obligations committed to are:

	Consolidated 2011 €'000	Consolidated 2010 €'000	College 2011 €'000	College 2010 €'000
Due after more than five years	58,502	58,041	58,502	58,041

The obligation relates to the financing arrangement for Trinity Hall which has the substance of a finance lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

17 Deferred capital grants Consolidated and College	State €'000	Other Grants and Benefactors €'000	Total €'000
Buildings & Equipment			
At 1 October 2010	212,849	146,840	359,689
Amount receivable	79,285	5,603	84,888
Released to income and expenditure	(13,551)	(750)	(14,301)
At 30 September 2011	278,583	151,693	430,276

18 Revaluation reserve Consolidated and College	2011 €'000	2010 €'000
At 1 October 2010	334,730	337,387
Revaluation of investment properties (Note 11)	(1,118)	(2,657)
At 30 September 2011	333,612	334,730

19 Reconciliation of movement in reserves Consolidated and College	Revenue reserves €'000	Revaluation reserve €'000	Total €'000
At 1 October 2010	49,787	334,730	384,517
Deficit for the financial year	(10,643)	-	(10,643)
Revaluation of investment properties (Note 11)	-	(1,118)	(1,118)
At 30 September 2011	39,144	333,612	372,756

20 Contingent liabilities

The College has given indemnities in relation to the qualification of certain expenditure for capital allowance purposes in the financing of the Lloyd Building, Botany Bay, Trinity Hall Student Residences, the Sports Hall and CRANN Building.

The College is involved in a number of legal actions arising in the ordinary course of business. No material adverse impact on the financial position of the College is expected to arise from the ultimate resolution of these legal actions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

21 Commitments	Consolidated 2011 €'000	Consolidated 2010 €'000	College 2011 €'000	College 2010 €'000
Capital Commitments				
Contracted for but not provided	10,292	24,894	10,292	24,894
Authorised but not contracted out	2,638	2,707	2,638	2,707
	12,930	27,601	12,930	27,601

Contracted Capital Commitments have decreased significantly due to the reduction in outstanding commitments on the Biosciences Facility from €20.6m in 2010 to €2.0m at 30 September 2011.

Other Commitments
In respect of the Trinity Hall Student Residences, Trinity College is committed to an annual financial payment of €2.22m incrementing at 4% per annum for 33 years which commenced in 2003/2004.

In respect of the Botany Bay Student Residences, Trinity College guaranteed to pay €9.42m to a group of investors availing of 'Section 50' tax relief on eligible expenditure under Part 11A of the Taxes Consolidation Act 1997. Payment commenced in 2001/2002 and the total amount payable at 30 September 2011 was €253,948.

22 Reconciliation of consolidated (deficit)/surplus to net cash inflow from operating activities	2011 €'000	2010 €'000
(Deficit)/surplus for the year	(10,643)	10,685
Depreciation	27,299	28,877
Amortisation of deferred capital grants	(14,301)	(15,062)
Increase in stocks	(33)	(35)
Increase in debtors	(539)	(8,566)
Increase in creditors	32,090	11,701
Interest payable	4,081	3,412
Interest received	(3,373)	(4,359)
Loss on revaluation of investment properties	1,127	-
Net cash inflow from operating activities	35,708	26,653

23 Returns on investments and servicing of finance	2011 €'000	2010 €'000
Interest received	3,373	4,359
Interest paid	(2,573)	(2,595)
Net cash inflow from returns on investments and servicing of finance	800	1,764

24 Capital expenditure	2011 €'000	2010 €'000
Purchase of tangible fixed assets	(60,045)	(90,299)
Capital grants received	50,772	20,818
Purchase of investment properties	-	(6,528)
Net cash outflow from capital expenditure	(9,273)	(76,009)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

25 Management of liquid resources	2011 €'000	2010 €'000
Movement in short term deposits	(52,140)	(27,690)

26 Financing	2011 €'000	2010 €'000
Bank loan received	15,000	40,000

27 Analysis of changes in net funds	At 1 October 2010 €'000	Cashflows €'000	Other changes €'000	At 30 September 2011 €'000
Cash	23,607	(13,900)	-	9,707
Bank overdraft	(4,365)	3,995	-	(370)
	19,242	(9,905)	-	9,337
Liquid resources	137,013	52,140	-	189,153
Obligations under finance leases	(58,041)	-	(461)	(58,502)
Bank loan	(60,000)	(15,000)	-	(75,000)
Total	38,214	27,235	(461)	64,988

Liquid resources include short term bank deposits with maturity or notice periods greater than one working day.

28 Related parties

Details of Trinity College's transactions with related parties are as follows:

The Haughton Institute is a related limited company. The main objectives of the Institute are to facilitate the development, on a combined basis with hospitals, of medical postgraduate education and training and the management and funding of research. Trinity College holds a 33.3% interest in the share capital of the Haughton Institute. During the period, Trinity College made payments of €143,598 (2009/10: €149,188) to the Haughton Institute and received €160,277 (2009/10: €252,733) for services provided to the Haughton Institute. All transactions were conducted on an arm's length basis. At 30 September 2011, there was an amount of €107,504 (2009/10 €38,360) due from Trinity College to the Haughton Institute. The net reserves of the Haughton Institute per their audited Financial Statements at 31 December 2010 were €553,769 (2009: €563,153) and the deficit for the year amounted to €9,387 (2009: surplus €47,056).

Ghala Limited is a related company and its principal activity is the construction and refurbishment of College properties. Trinity College holds a 100% interest in the share capital of Ghala Limited. During the period, Trinity College made payments in respect of development work done to the value of €329,683 (2009/10: €58,979). Ghala Limited transferred development costs to the value of €289,171 (2009/10 €51,552) to Trinity College during the year. At 30 September 2011, there was an amount of €1,474 (2009/10: €Nil) due from Ghala Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

28 Related parties *(continued)*

Molecular Medicine Ireland (MMI) is a related company limited by guarantee, does not have a share capital and has been registered without the word "Limited" in its name. Its principal activities are research into the molecular basis of diseases and graduate education, training, research and consultancy work in the biosciences. Trinity College is a member of MMI. During the period Trinity College made payments for services of €358,259 (2009/10: €325,341) to MMI and received €500 (2009/10: €Nil). At 30 September 2011 there was an amount of €24,956 (2009/10: €200) due to MMI. All transactions were conducted on an arm's length basis. The net reserves of MMI per their Financial Statements as at 30 September 2011 were €Nil (2010: €Nil) and the surplus for the year amounted to €Nil (2010: €Nil).

The National Digital Research Centre (NDRC) Limited is limited by guarantee and does not have share capital. Trinity College is a member of NDRC Limited. At 30 September 2011 there was an amount of €112,334 (2009/10: €84,251) due from NDRC Limited. The net reserves per their Financial Statements as at 31 December 2010 were €710,603 (2009: €678,689) and the surplus for the year amounted to €31,914 (2009: €45,568).

The National Institute for Bioprocessing Research and Training (NIBRT) Limited is limited by guarantee and does not have share capital. Trinity College is a member of NIBRT Limited. At 30 September 2011 there was an amount of €59,931 (2009/10: €18,150) due from NIBRT Limited. The net reserves (per their Financial Statements as adjusted to align with Trinity College accounting policies) as at 31 December 2010 were €Nil (2009: €Nil) and the surplus for the year amounted to €Nil (2009: €Nil).

Trinity College Dublin Academy of Dramatic Art Limited (also known as 'The Lir') was incorporated on 14 June 2010, does not have a share capital and is limited by guarantee. The Lir is a related party as there are two College representatives on its Board out of a total of seven Board members. It's principal activities are to establish and operate an Academy for the provision of educational services, training and research in relation to dramatic art. The College has leased property to The Lir for 10 years at a nominal rent of €10 per annum. As at 30 September 2011 there was an amount of €225,000 due from The Lir. The net liabilities of The Lir per their Financial Statements at 30 September 2011 were €101,419 and the deficit for the 18 month period then ended was €101,419.

Q4 Public Relations, provided services to the College during the year end 30 September 2011 amounting to €Nil (2009/10: €33,779), of which €Nil was outstanding at 30 September 2011. Mr Jackie Gallagher, a director in the firm, was appointed a member of the Board of the College on 31 August 2010.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

29 Retirement benefits

a) Defined contribution pension scheme

The College operates a defined contribution pension scheme. The pension charge for the period represents contributions payable by the College to the scheme and amounted to €0.03 million (2010: €0.03 million).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

b) Defined benefit pension schemes

i) *Background*

The College had the following defined benefit arrangements in place during the year:

- Master Pension Scheme
- Model Scheme
- Pension Supplementation

Master Scheme

Prior to the changes outlined below, the College funded a Master Pension Scheme, comprising a pension scheme and a prolonged disability income scheme, operating under a Trust Deed with seven Trustees including Irish Pensions Trust as Corporate Trustee and Chairperson of the Trustees. The Master Pension Scheme provides the pension entitlements of certain employees, which are based on final pensionable pay and are secured by contributions by the College and the employees. This Master Pension Scheme applies to pensionable employees appointed prior to 31 January 2005 and is closed to new entrants who commenced employment with the College on or after 1 February 2005. In 2009, legislation was enacted (see further details below) which provided for the assets of this scheme to be transferred to the State National Pensions Reserve Fund, and for the State to guarantee the payment of pension entitlements of members on a pay-as-you-go basis.

The College's contribution was limited to 15% of pensionable salary due to a restriction imposed by the HEA on the level of the College's contribution rate.

Model Scheme

The Model Scheme was set up in 2005, following approval from the Department of Finance and Department of Education and Skills. Although the scheme operates under an agreed set of rules, its establishment was never formalised under statute or under the terms of a Trust Deed. However the College is obliged by the HEA to provide pension benefits under the rules of the scheme to new staff appointed from 1 February 2005. This scheme is an unfunded defined benefit pension arrangement which operates on a pay-as-you-go basis from the College's core funding.

Pension Supplementation

This relates to post-retirement pension increases for all staff which are unfunded and paid on a pay-as-you-go basis from the College's recurrent core grant from the HEA.

Fundamental changes to pension arrangements

Ongoing discussion over a number of years between the Universities, HEA and Government in relation to putting in place revised pension arrangements in the longer-term arising from the deficit position in a number of University pension schemes concluded in 2009 with significant legislative changes being introduced in the form of the Financial Measures (Miscellaneous Provisions) Act 2009.

The Financial Measures (Miscellaneous Provisions) Act 2009 was enacted on 26 June 2009 and included, in relation to the Master Pension Scheme of the College, certain provisions, following a Transfer Order by the Ministers for Finance and Education, for the transfer of the assets of the Master Pension Scheme to the National Pension Reserve Fund and the continued payment of benefits formerly payable from the Master Pension Scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

29 Retirement benefits *(continued)*

b) Defined benefit pension schemes *(continued)*

i) Background (continued)

The transfer order for the Master Pension Scheme was executed on 31 December 2009 and as provided in the legislation:

- the existing trust was terminated and the trust deed ceased to have effect;
- all pension assets transferred to the National Pension Reserve Fund;
- the College and each member continues to contribute at the same rate as before, and these contributions are paid into or disposed of for the benefit of the Exchequer;
- the obligation to pay benefits in accordance with the pension scheme remains an obligation of the College in relation to the scheme;
- if the aggregate of the members and employers' contributions paid or withheld above are insufficient to meet the College's obligations to pay those benefits in accordance with the Scheme, the Minister for Finance shall make good the deficiency by payments to the College from funds provided by the Oireachtas for this purpose. Hence the payments of pension obligations of the Master Pension Scheme are guaranteed by the State and they will be paid on a pay-as-you-go basis.

The College is of the opinion that discussions held between the sector, the HEA and the government in advance of the enabling legislation being introduced represented assurances that the State would guarantee all pension liabilities of the College i.e. those liabilities associated with the Master Pension Scheme and other defined benefit pension arrangements that the College has in place.

Although the above legislation enacted during 2009 relates specifically to the Master Pension Scheme, the College has been advised that the State would also be meeting future pension liabilities for the Model Scheme and Pension Supplementation on a pay-as-you-go basis.

As a result of this the College has offset the deficit in the defined benefit pension schemes in full with a pension receivable asset due from the State being recognised in the balance sheet which is equivalent to the pension liability.

ii) Summary of position at year end

		2011	2010
Consolidated and College		€'000	€'000
Pension liability – FRS 17	Section (iii) below	(895,407)	(960,906)
Pension receivable	Section (iv) below	895,407	960,906
		-	-

Analysis of pension liability – FRS 17	2011	2010 Restated
	€'000	€'000
Master Pension Scheme	(602,790)	(638,209)
Model Scheme and Pension Supplementation	(292,617)	(322,697)
Present value of unfunded obligations	(895,407)	(960,906)

The prior year comparatives for the split of pension obligations between Master Pension Scheme and Model Scheme & Pension Supplementation have been restated following new information received in 2012 from the College's actuarial advisers.

The restated comparatives now correctly include allowances for increases for Master Pension Scheme members within Pension Supplementation rather than Master Pension Scheme liabilities. This is consistent with the split of pension obligations shown above for 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

29 Retirement benefits *(continued)*

b) Defined benefit pension schemes *(continued)*

iii) Net pension liability – FRS 17

The valuation of the Master Pension Scheme obligations and other defined benefit obligations (Model Scheme and Pension Supplementation) for the purposes of FRS 17 disclosures has been performed by an independent professionally qualified actuary as at the balance sheet date.

The assumptions used by the actuaries to value the liabilities as at 30 September 2011 and 30 September 2010 were as follows:

Financial assumptions	**30 September 2011**	**30 September 2010**
Valuation method	Projected Unit	Projected Unit
Discount rate	5.25%	4.8%
Inflation rate	2.0%	2.0%
Salary increases	3.5%	3.5%
Pension supplementation	2.5%	2.5%

The discount rate of 5.25% is based on AA Corporate Rated Bonds for the duration of the liabilities of the scheme.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

Mortality	**30 September 2011**	**30 September 2010**
Member aged 65 (current life expectancy)	23.0	22.8
Member aged 40 (life expectancy at age 65)	26.2	26.1

Change in benefit obligations	**2011 €'000**	**2010 €'000**
Benefit obligations at beginning of year	960,906	770,987
Service cost	32,651	24,709
Interest cost	47,092	47,014
Plan members' contributions	2,633	2,749
Actuarial (gain)/loss	(118,185)	144,546
Benefits paid	(29,167)	(28,449)
Expenses paid	(523)	(650)
Benefit obligations at end of year	895,407	960,906

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

29 Retirement benefits *(continued)*

b) Defined benefit pension schemes *(continued)*

iii) Net pension liability – FRS 17 (continued)

Change in plan assets	2011 €'000	2010 €'000
Fair value of plan assets at beginning of year	-	273,633
Expected return on plan assets	-	4,690
Actuarial gain	-	3,724
Employer contributions	-	6,204
Member contributions	-	747
Benefits paid from plan	-	(9,313)
Expenses paid	-	(352)
Transfer to National Pension Reserve Fund and receivable from State	-	(279,333)
Fair value of plan assets at end of year	-	-

The estimated employer contributions for the 2012 financial year are €21.7m. Employer contributions for the 2011 financial year were €21.0m (see Section (iv)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

29 Retirement benefits *(continued)*

b) Defined benefit pension schemes *(continued)*

iii) Net pension liability – FRS 17 (continued)

	Notes	2011 €'000	2010 €'000
Expense recognised in the income and expenditure account before movement on pension receivable			
Analysis of amount charged to other finance costs			
Expected return on pension assets		-	(4,690)
Interest on pension liabilities		47,092	47,014
	5	47,092	42,324
Analysis of amount charged to staff costs			
Current service cost		32,651	24,709
	6	32,651	24,709
Total pension expense recognised in income and expenditure account before movement on pension receivable		79,743	67,033

Cumulative amount of actuarial gains immediately recognised before movement on pension receivable	2011 €'000	2010 €'000
At beginning of year	11,733	152,555
Amount recognised in the consolidated statement of total recognised gains/(losses)		
Actual return less expected return on assets	-	3,724
Experience losses on liabilities	(43,704)	(48,260)
Changes in assumptions	161,889	(96,286)
Actuarial gain/(loss) recognised in STRGL before movement on pension receivable	118,185	(140,822)
At end of year	129,918	11,733

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

29 Retirement benefits *(continued)*

b) Defined benefit pension schemes *(continued)*

iii) Net pension liability – FRS 17 (continued)

History of experience gains and losses	**2011 €'000**	**2010 €'000**	**2009 €'000**	**2008 €'000**	**2007 €'000**
Difference between expected and actual return on scheme assets	n/a	3,724	(37,380)	(99,341)	8,220
Percentage of scheme assets (fair value)	n/a	n/a	(13.7%)	(34.0%)	2.2%
Experience gains and losses on scheme liabilities	43,704	(48,260)	11,876	(1,885)	(76,215)
Percentage of scheme liabilities (present value)	4.9%	(5.0%)	1.5%	(0.2%)	(9.0%)
Total actuarial gains and losses	118,185	(140,822)	65,145	(7,442)	23,264
Percentage of scheme liabilities (present value)	13.2%	(14.7%)	8.4%	(0.9%)	2.7%

History of scheme deficits	**2011 €'000**	**2010 €'000**	**2009 €'000**	**2008 €'000**	**2007 €'000**
Fair value of scheme assets	-	-	273,633	291,856	365,644
Present value of scheme liabilities	(895,407)	(960,906)	(770,987)	(817,109)	(851,159)
Deficit in schemes	(895,407)	(960,906)	(497,354)	(525,253)	(485,515)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

29 Retirement benefits *(continued)*

b) Defined benefit pension schemes *(continued)*

iv) Pension receivable – due from the State

	2011 €'000	2010 €'000
Pension receivable at beginning of year	960,906	497,354
Movement included in other finance income – Note 5	47,092	42,324
Movement included in staff costs – Note 6	11,645	5,189
Movement included in the statement of total recognised gains and losses	(118,185)	140,822
Transfer from Master Pension scheme assets (see Note 29 (b) (iii))	-	279,333
Employer contributions (post 31 December 2009)	21,006	13,316
Member contributions (post 31 December 2009)	2,633	2,002
Benefits paid from plan (post 31 December 2009)	(29,167)	(19,136)
Expenses paid (post 31 December 2009)	(523)	(298)
Pension receivable at end of year	895,407	960,906

The value of Master Pension scheme assets transferred to the National Pension Reserve Fund is recoverable due to the State guarantee (see Note 29 (b) (i)).

30 Post Balance Sheet Events

There were no significant post balance sheet events since the year ended 30 September 2011 which require adjustment to the Consolidated Financial Statements or the inclusion of a note thereto.

31 Approval of the Consolidated Financial Statements

The Board of the College approved the Consolidated Financial Statements on 26 June 2013.

THE UNIVERSITY OF DUBLIN

Trinity College

EXTRACT FROM FUNDING STATEMENTS

YEAR ENDED 30 SEPTEMBER 2011

Statement of Accounting Policies

Funding Statements

The Funding Statements reflect the teaching, research and related service activities of the University of Dublin, Trinity College ("Trinity College"). The Financial Statements of the Pension Funds of Trinity College, Trinity College's Trust Funds and of financially independent ancillary activities are prepared annually and audited separately.

Accounting Convention

The Funding Statements are prepared under the historical cost convention, modified to include the revaluation of fixed assets. They are presented in accordance with the existing Harmonisation of Accounts agreement as adopted for all Irish Universities.

The Harmonisation of Accounts agreement is not in agreement with generally accepted accounting principles (GAAP). Financial Statements for the year ended 30 September 2011 have been prepared on a consolidated basis and in accordance with accounting standards generally accepted in Ireland and the Statement of Recommended Practice ("SORP") - Accounting for Further and Higher Education (2007), issued by the HE/FE SORP Board in the UK, with the exception of endowment funds which are not controlled by the College. Accounting standards generally accepted in Ireland for the preparation of financial statements giving a true and fair view are those promulgated by Chartered Accountants Ireland and issued by the Accounting Standards Board.

State Grants for Recurrent Expenditure

State Grants for recurrent expenditure are included in the Funding Statements on an accruals basis. Recurrent grants are matched with the expenditure which they are intended to fund. Supplementary State Grants for recurrent expenditure are included in the Funding Statements in the period in which they are received.

State Grants for Capital Expenditure

State Grants for capital expenditure are included in the Funding Statements in the period in which the cash is received.

Fee Income

Fee Income is accounted for on an accruals basis and reported at EU fee levels. Non EU Medical and Dental fee income is included up to the EU level with any excess (up to the most recent related Unit Cost) being reported under miscellaneous income. The Unit Cost is the average unit cost per student in each subject grouping across the University Sector, as communicated by the HEA.

Any further excess over the most recent related Unit Cost is included in the Schools' accounts.

Approved Allocations

The income and expenditure account is prepared on an accruals basis with the following exceptions:

i) non pay expenditure of Academic Faculties and certain service departments;

ii) recurrent equipment and minor works.

In these cases, expenditure is included on the basis of approved allocations and internal balances are carried forward in the balance sheet under current assets or liabilities, as appropriate.

Fixed Assets and Depreciation

(a) Land and buildings

The College's buildings are valued on an existing use basis. Land has been valued at €126,974 per acre and buildings have been valued at a standard cost of €2,413 per square metre. Land and buildings were revalued by the Board of the College in 1998.

Freehold land is not depreciated. Freehold buildings are depreciated on a straight line basis over their expected useful economic life to the College of 50 years.

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above.

Finance costs which are directly attributable to the acquisition of land and the construction of buildings are capitalised as part of the cost of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to the financial year end. They are not depreciated until they are brought into use.

The College has considered the application of FRS 5: "Reporting the Substance of Transactions" with regard to certain assets used by the College

Statement of Accounting Policies (cont'd..)

(a) Land and buildings - continued
where the legal form of the transaction would indicate that all or part of the assets are not owned by the College. The financial substance of the transaction has been reflected in the Funding Statements and as such the full value of these assets is included in fixed assets.

(b) Equipment
Equipment costing less than €10,000 is not capitalised. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its useful economic life on a straight line basis as follows:

Lease of assets	20 years or primary lease period, if shorter
Computer quipment	3 years
Furniture	10 years
Equipment	5 years

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy.

Leased Assets
Leasing agreements that transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. These assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.
Rental costs under operating leases are charged to expenditure in equal annual amounts over the period of the lease.

Investment Properties
In accordance with SSAP 19, investment properties are stated at open market value. Investment properties are revalued annually by either independent professional third party valuers or the College and are not depreciated or amortised. All movements in value are reflected in the general reserve.

Research Grants and Projects
Contract research expenditure is shown net of research related central services indirect costs. Income from contract research grants is included in the income and expenditure account to the extent that the related expenditure has been incurred and to the extent that such income is recoverable. Research related central services indirect costs are shown within other expense categories and the contribution to these costs is included in other income.

Fixed assets financed from contract research grants are capitalised in the balance sheet.

Cash and Liquid Resources
For the purposes of the cash flow statement, liquid resources include deposit accounts with notice periods exceeding one day and current asset investments held as readily disposable stores of value. Cash is cash in hand and deposits repayable on demand.

Foreign Currency
Costs denominated in foreign currencies are translated at the exchange rates ruling at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated into euro at the rate of exchange ruling at the balance sheet date. The resulting profits or losses are dealt with in the income and expenditure account.

Stocks
Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stock. Expenditure incurred by the College on books and consumable stocks financed from recurrent grants is charged to the income and expenditure account.

Taxation
No provision has been made for taxation as the College holds tax exempt status.

Retirement Benefits
A Master Pension Scheme applies to all staff appointed prior to 1 January 2005 and is operated on a pay as you go basis.

An unfunded Model Pension Scheme applies to all new staff appointed from 1 January 2005 and is operated on a pay as you go basis.

Pension costs are accounted for by the College on the basis of charging the relevant cost of providing pensions over the period during which the College benefits from the employee's services, up to the maximum contribution approved by the HEA.

General Reserve
The General Reserve represents the value of funding applied for capital purposes together with the balance on ancillary service activities. All changes in fixed asset values and related grants are reflected in the general reserve.

Ancillary Services
Ancillary Services are services provided on campus, on a cost recovery basis. Any surplus on these services is used to fund future development work. The net outturn on such activities is transferred to the general reserve.

Income and Expenditure Account
Year ended 30 September 2011

	Notes	2011 €'000	*Restated 2010 €'000*
Income			
State Grants	1	71,243	*73,931*
Student Fees	2	99,445	*98,672*
Other Income	3	20,933	*22,166*
		191,621	*194,769*
Research Grants and Projects	4	75,109	*81,977*
Total		266,730	*276,746*
Expenditure			
Academic Faculties	5	105,387	*109,481*
Academic and Other Services	6	20,688	*21,301*
Premises	7	25,367	*26,061*
Amount Allocated for Capital Purposes	8	735	*1,000*
Central Administration and Services	9	14,888	*14,737*
General Educational Expenditure	10	9,141	*9,186*
Student Services	11	5,352	*5,311*
Miscellaneous Expenditure	12	9,959	*10,075*
Academic and Related Services	13	191,517	*197,152*
Research Grants and Projects	13	75,109	*79,415*
Total	13	266,626	*276,567*
Surplus on Activities before Amortisation of Capital Reserves and Grants, Ancillary Services and Depreciation of Fixed Assets		104	*179*
Surplus on Ancillary Services*	14	320	*193*
Depreciation of Fixed Assets	15	(27,269)	*(28,877)*
General Reserve Transfer*	16	26,949	*28,684*
Net Surplus for year	24	104	*179*

*Prior year reclassification amounting to €1.14m (for further details see notes 14 and 16).

The Statement of Accounting Policies (Pages 39 to 40) and Notes to the Extract from Funding Statements (Pages 43 to 51) form part of this Extract from Funding Statements.

Patrick Prendergast
PROVOST

Ian Mathews
TREASURER

Balance Sheet

At 30 September 2011

	Notes	2011 €'000	Restated 2010 €'000
Fixed Assets			
Tangible Assets	17	776,978	*792,230**
Investment Properties	18	54,245	*17,891**
		831,223	*810,121*
Current Assets			
Bank and cash balances		198,858	*160,620*
Debtors and prepayments	19	51,177	*47,443*
Stocks		406	*372*
		250,441	*208,435*
Current Liabilities			
Creditors and accrued expenditure	20	(238,904)	*(205,450)*
Bank balances		(370)	*(4,365)*
		(239,274)	*(209,815)*
Net Current Assets/(Liabilities)		11,167	*(1,380)*
Long Term Liabilities			
Creditors due after one year	22	(137,727)	*(121,663)*
		704,663	*687,078*
Represented By:			
General reserve	23	704,411	*686,930*
Revenue reserve	24	252	*148*
		704,663	*687,078*

*A detailed review of buildings deemed it more appropriate to show certain properties as investment properties as opposed to tangible assets. This resulted in a reclassification of €1.4m net book value (see notes 17 and 18) as at 30 September 2010.

The Statement of Accounting Policies (Pages 39 to 40) and Notes to the Extract from Funding Statements (Pages 43 to 51) form part of this Extract from Funding Statements.

Patrick Prendergast
PROVOST

Ian Mathews
TREASURER

Notes to the Extract from Funding Statements

	2011 €'000	2010 €'000
1. State Grants		
Recurrent grant	64,659	*65,691*
Nursing	4,292	*5,447*
Targeted funding for special initiatives	322	*682*
Strategic innovation fund	1,800	*1,926*
Minor works	170	*185*
	71,243	*73,931*
2. Student Fees		
Academic	97,872	*97,840*
Miscellaneous fee income	1,573	*832*
	99,445	*98,672*

A total of €46,695,357 (2010: €40,656,996) included in academic fee income was paid directly by the Higher Education Authority (HEA). This includes nursing fees of €4,978,128 now paid by the HEA (the equivalent in 2010 of €4,728,661 was paid by the Health Service Executive).

	2011 €'000	2010 €'000
3. Other Income		
Interest receivable (net)	3,715	*4,542*
Funded posts and donations	2,290	*1,446*
Research grants and projects contribution	6,803	*8,165*
Non EU fees	4,851	*4,521*
Miscellaneous income	3,274	*3,492*
	20,933	*22,166*
4. Research Grants and Projects		
Exchequer	55,507	*58,999*
Non-Exchequer	19,602	*22,978*
Research Grants	75,109	*81,977*

Notes to the Extract from Funding Statements (cont'd..)

	Staff Costs* €'000	Non Pay €'000	2011 Total €'000	*2010 Total €'000*
5. Academic Faculties*				
Academic	75,629	-	75,629	*76,579*
Technical	9,354	-	9,354	*9,503*
Administrative support	9,231	-	9,231	*9,397*
Faculty and School grants	-	10,699	10,699	*13,583*
Miscellaneous	-	474	474	*419*
	94,214	11,173	105,387	*109,481*
6. Academic and Other Services *				
Library	7,393	2,266	9,659	*10,216*
Information systems services	4,619	3,336	7,955	*7,851*
Bio resources unit	621	295	916	*992*
Centre for microscopy and analysis	236	96	332	*330*
Innovation services	762	1,064	1,826	*1,912*
	13,631	7,057	20,688	*21,301*
7. Premises *				
Premises maintenance	3,007	3,880	6,887	*6,575*
General services	9,280	2,605	11,885	*13,192*
Minor works	-	167	167	*180*
Rent and rates	-	124	124	*154*
Insurance	-	950	950	*989*
Energy	43	5,311	5,354	*4,971*
	12,330	13,037	25,367	*26,061*
8. Amount Allocated for Capital Purposes				
Capital projects	-	735	735	*1,000*

Notes to the Extract from Funding Statements (cont'd..)

		Staff Costs* €'000	Non Pay €'000	2011 Total €'000	*2010 Total €'000*
9.	**Central Administration and Services ***				
	Administration	9,984	-	9,984	*10,226*
	Expenses	-	2,757	2,757	*3,093*
	Professional charges	-	1,511	1,511	*855*
	Miscellaneous	-	636	636	*563*
		9,984	4,904	14,888	*14,737*
10.	**General Educational Expenditure ***				
	Examination expenses	60	848	908	*919*
	Scholarships, prizes and fellowships	-	5,918	5,918	*5,931*
	Miscellaneous expenses	-	2,315	2,315	*2,336*
		60	9,081	9,141	*9,186*
11.	**Student Services ***				
	Capitation grants	-	1,171	1,171	*1,171*
	Student services	878	760	1,638	*1,450*
	Careers advisory service	689	41	730	*727*
	Sports and recreation	253	-	253	*293*
	Health and counselling	1,473	87	1,560	*1,670*
		3,293	2,059	5,352	*5,311*
12.	**Miscellaneous Expenditure ***				
	Pension supplementation	7,654	-	7,654	*8,317*
	Miscellaneous expenses	130	2,175	2,305	*1,758*
		7,784	2,175	9,959	*10,075*
13.	**Total Expenditure ***				
	Academic and related services	141,296	50,221	191,517	*197,152*
	Research grants and projects	45,303	29,806	75,109	*79,415*
		186,599	80,027	266,626	*276,567*

* Total expenditure in 2010 was stated net of the reversal of prior year accruals for unfunded pensions amounting to €3.8m

Notes to the Extract from Funding Statements (cont'd..)

14. Surplus on Ancillary Services	Income €'000	Expenditure/ Allocation €'000	Surplus/ (Deficit) 2011 €'000	*Restated Surplus/ (Deficit) 2010 €'000*
Catering	4,044	3,847	197	*133*
Residences/Conferences*	10,587	10,529	58	*187*
Library shop	2,467	2,467	-	-
Enterprise Centre	1,422	1,342	80	-
Copying service	31	47	(16)	*(10)*
Day nursery	542	577	(35)	*(48)*
Diagnostics	468	521	(53)	*(100)*
College company proceeds and royalties account	90	-	90	*32*
Other	-	1	(1)	*(1)*
	19,651	19,331	320	*193*

* Expenditure on residences/conferences includes €1.74m which was transferred to residential capital projects to repay capital expenditure during the year. This resulted in a prior year reclassification of €1.14m for consistency, between surplus on residence/conferences (which was originally stated at €1.34m) and the general reserve transfer (see note 16).

15. Depreciation of Fixed Assets	2011 €'000	*2010 €'000*
Land and buildings	16,702	*16,473*
Equipment	10,567	*12,404*
	27,269	*28,877*

16. General Reserve Transfer (See Note 23)	*2011 €'000*	*Restated 2010 €'000*
Amortisation in line with depreciation (Note 15)	27,269	*28,877*
Surplus on ancillary services from Income and Expenditure account to General Reserve (Note 14)^	(320)	*(193)*
	26,949	*28,684*

^ See Note 14 for details in relation to prior year reclassification of €1.14m

Notes to the Extract from Funding Statements (cont'd..)

17. Fixed Assets	Land and Buildings €'000	Equipment €'000	Total €'000
Cost/Valuation at 1 October 2010			
Valuation*	425,299	5,452	430,751
Cost	486,194	152,238	638,432
Total	911,493	157,690	1,069,183
Additions at Cost	45,788	5,511	51,299
Reclassification to investment properties (Note 18)	(39,252)	-	(39,252)
Disposals	-	(1,714)	(1,714)
Cost/Valuation at 30 September 2011			
Valuation	425,299	5,452	430,751
Cost	492,730	156,035	648,765
Total	918,029	161,487	1,079,516
Depreciation			
At 1 October 2010*	146,570	130,383	276,953
Less Accumulated Depreciation on:			
Disposals	-	(1,684)	(1,684)
Depreciation for Year	16,702	10,567	27,269
At 30 September 2011	163,272	139,266	302,538
Net Book Value at 1 October 2010*	764,923	27,307	792,230
Net Book Value at 30 September 2011	754,757	22,221	776,978

*A detailed review of buildings deemed it more appropriate to show 3&4 South Leinster St. and 18/19 Lincoln Place as investment properties as opposed to tangible assets. This resulted in a reclassification of €1.4m net book value (see note 18 and Balance Sheet page 7) as at 30 September 2010.

Land has been valued on an existing use basis at a valuation of €126,974 per acre carried out in 1998. Buildings have been valued on an existing use basis at a standard cost of €2,413 per square metre carried out in 1998.

The College owns a considerable number of works of art including paintings, silver, sculptures and priceless manuscripts. These works of art are not included in the Funding Statements because even though they are insured for substantial amounts, it is considered that no meaningful value can be attributed to them.

In applying FRS 5 *'Reporting the Substance of Transactions'*, the College has included in land and buildings property for which the related liabilities of €58,501,978 (2009/10: €58,041,433) are included in creditors due after one year. The net book value of this property was €60,480,000 at 30 September 2011 (2009/10: €61,920,000).

In addition, included in land and buildings are other assets with a net book value of €77,999,184 (2009/10: €79,474,181) in order to report the substance of the arrangements in place rather than the legal form.

Land and Buildings include assets in the course of construction of €742,683 (2009/10: €92,358,682).

Trinity Biomedical Sciences Institute, which comprises academic and commercial elements, was completed during 2011 and the commercial element (Cost €39.25m) was transferred to investment properties.

Notes to the Extract from Funding Statements (cont'd..)

18. Investment Properties	2011 €'000	*Restated 2010 €'000*
At beginning of year*	17,891	-
Additions in year	-	*6,528*
Reclassification from tangible fixed assets at net book value	39,252	*12,607*
Restatement*	-	*1,413*
Impairments in year	(2,898)	*(2,657)*
At end of year	54,245	*17,891*

Knight Frank Limited valued all investment properties at 30 September 2011 at market value in accordance with the Royal Institution of Chartered Surveyors valuation standards. The valuations of Lincoln House and Oisin House were updated at 30 September 2011 resulting in revaluation deficits of €1m and €1.2m in 2011 respectively. Trinity Biomedical Sciences Institute (commercial element) was valued at €38.5m as at 30 September 2011 following handover of the building to the College on 22 September 2011, resulting in a revaluation deficit of €0.7m relative to its cost of €39.2m.

*A detailed review of buildings deemed it more appropriate to show 3&4 South Leinster St. and 18/19 Lincoln Place as investment properties as opposed to tangible assets. This resulted in a reclassification of €1.4m (see note 17 and Balance Sheet page 7), as at 30 September 2010.

19. Debtors and Prepayments	2011 €'000	*2010 €'000*
Contract research grants and projects recoverable	12,775	*16,036*
Staff house loans	82	*108*
Internal balances	8,647	*7,382*
Trade debtors	4,685	*7,969*
Other debtors and prepayments	24,987	*15,948*
Amount due from subsidiary undertaking	1	-
	51,177	*47,443*

Notes to the Extract from Funding Statements (cont'd..)

20. Creditors and accrued income	2011 €'000	*2010 €'000*
Contract research grants and projects unexpended	37,819	*30,758*
Trade creditors	5,801	*10,530*
State grants for recurrent expenditure received in advance	19,799	*18,172*
Academic fees received in advance	40,844	*36,627*
PAYE/PRSI	5,841	*4,534*
Internal balances	49,023	*43,868*
Other creditors and accruals	79,777	*60,961*
	238,904	*205,450*

The College over the last number of years has been pursuing the possible introduction of a College Incentivised Voluntary Early Retirement Initiative (VERI). In 2010, €12.59m was identified as uncommitted funding which was available to the College towards the cost of this proposed initiative. This funding has been identified by way of deferring state grants of €7.33m and amalgamating this with €5.26m held in other creditors and accruals. The amount of €5.26m was previously retained in the Balance Sheet in respect of liabilities for non-core staff (unfunded positions) associated with the Model Pension Scheme, and is no longer needed for that purpose. The terms of a VERI scheme have not yet been defined and such a scheme would require the approval of the Departments of Education and Skills and Public Expenditure and Reform. The departments have identified certain requirements that they would consider as a prerequisite for approval of any potential scheme and communications between the College and the Departments in this regard are ongoing.

Notes to the Extract from Funding Statements (cont'd..)

21. Pension Control Account	2011 Funded Scheme €'000	2011 Model Scheme €'000
Opening Balance – Grant receivable from/(payable to) the HEA	3,885	(9,888)
Income		
Employer Contributions*	(10,534)	(979)
Employer Contributions – 20%**	(39)	(244)
Employee Contributions	(2,633)	(2,939)
Pension Transfers In	(63)	(27)
Supplementation Income	(7,360)	-
Income in respect of the purchase of added years	-	-
Other	(199)	(5)
Total Income	(20,828)	(4,194)
Expenditure		
Pensions in payment (including supplementation)	23,797	-
Lump sum payments on retirement	3,520	139
Death in service payments	1,056	40
Pension transfers out (cash payments)	-	-
Refunds of contributions	-	332
Administration and other costs	1,551	13
Total Expenditure	29,924	524
Deficit/(Surplus) in year	9,096	(3,670)
Closing Balance-Grant receivable from /(payable to) the HEA* **	12,981	(13,558)

* Employer contributions have been reduced by €1.85m due from the HEA. This represents the overall annual cost to the College of admitting the 2003 level for core temporary staff to the funded pension schemes. Core funding from the HEA does not include provision for pension in respect of these costs and State Grant income has been credited with €1.85m to reflect this.

** Employment Control Framework for the Higher Education Sector 2011-2014, issued 10 March 2011, states that all new externally funded posts created post 10 March 2011 must provide for employer pension contributions at a rate of 20% to cover the deferred cost to the exchequer associated with the future pension entitlements of the post holder.

*** Grant receivable from the HEA relating the Funded Scheme amounting to €13m is included in other debtors and prepayments (see note 19). Grant payable to the HEA relating to the Model Scheme amounting to €13.6m is included in other creditors and accruals (see note 20)

Notes to the Extract from Funding Statements (cont'd..)

22. Creditors and Accrued Expenditure	2011 €'000	*2010 €'000*
Obligations under finance lease	58,502	*58,041*
Bank loan	75,000	*60,000*
Other creditors and accruals	4,225	*3,622*
	137,727	*121,663*

The finance lease obligation relates to the financing arrangement for Trinity Hall which has the substance of a finance lease. The obligations under finance lease are all included in creditors due after one year. The College has a €75 million loan facility with the European Investment Bank, all of which was drawn down at 30 September 2011. The loan is a variable rate loan linked to 3 month Euribor and is repayable in equal semi-annual instalments with the first instalment being due in 2019. The College is required to comply with certain covenants with regard to this loan facility.

23. General Reserve	Total to 30 September 2010 €'000	Movement in year €'000	Total to 30 September 2011 €'000
Valuation – fixed assets	434,928	(581)	434,347
Revaluation – investment properties	(2,657)	(2,898)	(5,555)
State capital grants - HEA	185,819	43,899	229,718
Recurrent funding transfer	57,259	735	57,994
Capital donations^	184,828	(2,139)	182,689
Other (includes transfer of surplus on ancillary services - Note 16)	165,118	5,764	170,882
Valuation – fixed assets	1,025,295	44,780	1,070,075
Disposals	(56,985)	(1,714)	(58,699)
Amortisation			
Amortisation at 1 October 2010	(281,380)	-	-
Accumulated amortisation on disposals	-	1,684	-
Amortisation in line with depreciation	-	(27,269)	-
Amortisation at 30 September 2011	-	-	(306,965)
	686,930	17,481	704,411

^ There is a negative movement in capital donations following a reassessment of the use of prior year fund amounting to €5.8m from capital to recurrent in 2011. This is offset by the donation of a building valued at €3.5m during the year and other movements of €0.2m.

24. Revenue Reserve	2011 €'000	*2010 €'000*
Opening balance	148	*(31)*
Surplus for year	104	*179*
Closing balance	252	*148*

25. Approval of Funding Statements

The Board of Trinity College approved the Funding Statements on 25 January 2012.

RECONCILIATION OF CONSOLIDATED FINANCIAL STATEMENTS TO HEA FUNDING STATEMENTS

	Consolidated financial statements €'000	Unincorporated ancillary activites (1) €'000	GAAP adjustment €'000		HEA funding statement €'000
Income					
State grants	66,739	-	4,504	(2)	71,243
Academic fees	111,865	-	(12,420)	(3)	99,445
Research grants and contracts	78,486	-	(3,377)	(4)	75,109
Amortisation of deferred capital grants	14,301	-	(14,301)	(5)	-
Other operating income	46,079	(21,558)	(7,303)	(6)	17,218
Interest income	3,373	-	342	(7)	3,715
Total income	320,843	(21,558)	(32,555)		266,730
Expenditure					
Staff costs	217,519	(5,855)	(25,065)	(8)	186,599
Other operating expenses	81,460	(15,383)	13,950	(9)	80,027
Interest payable	4,081	-	(4,081)	(10)	-
Depreciation	27,299	-	(27,299)	(11)	-
Loss on revaluation of investment properties	1,127	-	(1,127)	(12)	-
Total expenditure	331,486	(21,238)	(43,622)		266,626
(Deficit)/Surplus for the year before taxation	(10,643)	(320)	11,067		104

1. Ancillary activities
Ancillary activities as detailed in Note 14 of the Funding Statements are not eligible for state funding and under the Harmonisation Agreement, surpluses and losses on such activities are transferred directly to reserves. Under Generally Accepted Accounting Principles (GAAP), ancillary activities are included in the Income and Expenditure Account rather than reserves. Other operating income and other operating expenditure in the Consolidated GAAP accounts include €1.9m relating to rents for the co-ownership of Trinity Hall which are netted against each other in expenditure in Note 14 of the Funding Statements.

2. Deferred Grant
In the Funding Statements supplementary grant income is included in the Income and Expenditure Account in the year in which it is received. Under GAAP supplementary grant income received after the year end is recorded in the Income and Expenditure Account in the year to which the grant applies.

3. Reclassification of student fee income
In the Funding Statements, Non EU Medical and Dental fee income is included up to the EU level with any excess (up to the most recent related Unit Cost) being reported under "other income". The Unit Cost is the average unit cost per student in each subject grouping across the University Sector, as communicated by the HEA. Any further excess over the most recent related Unit Cost is included in the Schools' accounts in the Balance Sheet. Under GAAP, the entire Non-EU fee is reported as fee income under Academic fees.

RECONCILIATION OF CONSOLIDATED FINANCIAL STATEMENTS TO HEA FUNDING STATEMENTS

4. Research grants

In the Funding Statements, research grants are included in the Income and Expenditure Account to the extent of expenditure (including capital expenditure) incurred in the year. Under GAAP, capital expenditure on research projects is capitalised in the Balance Sheet with related income included in deferred capital grants and amortised over the useful life of the project.

In the Funding Statements, certain research overhead income is not recognised in the Income and Expenditure Account. Under GAAP both the income and expenditure is recognised.

5. Amortisation of Deferred Capital Grants

In the Funding Statements, amortisation is matched with the depreciation charge, regardless of whether or not the asset is fully grant funded. This results in a neutral effect on the Income and Expenditure Account. Under GAAP, amortisation is calculated to write off the capital grant over the life of the asset. Where the asset is not fully grant funded the depreciation charge will be greater than the amortisation credit.

6. Other operating income

In the Funding Statements certain activities are not recognised in the Income and Expenditure Account. These include income from self-financing courses and activities, non-academic service areas and other ancillary activities. Under GAAP, this income has been included in the Income and Expenditure account.

7. Interest income

In the Funding Statements interest income is included in "other income" and shown net of charges of €0.2m and includes notional interest of €0.8m. Under GAAP interest income is shown separately on the Income and Expenditure Account, there is no netting of charges and notional interest income is eliminated from the accounts.

8. Staff costs

In the Funding Statements only core funded pay costs are recognised in the Income and Expenditure Account. Under GAAP all staff costs including self-financing activities, non-academic service areas and other ancillary activities are recognised in the Income and Expenditure Account.

9. Other operating expenses

In the Funding Statements, capital projects funded from recurrent income are charged to the Income and Expenditure Account. Under GAAP this expenditure is excluded from the Income and Expenditure Account and is included within additions to fixed assets.

As explained in Note 6 above, in the Funding Statements certain activities are not recognised in the Income and Expenditure Account. These include income and expenditure from self-financing courses and activities, non-academic service areas and other ancillary activities. Under GAAP both the income and expenditure must be recognised.

In the Funding Statements all research expenditure, including capital equipment, is recognised as research income and expenditure. Under GAAP capital expenditure cannot be treated in this way.

10. Interest payable

The interest element of bank loans and lease payments on Trinity Hall are included directly in the General Reserve in the Balance Sheet in the Funding Statements. Under GAAP interest payable is recognised in the Income and Expenditure Account.

11. Depreciation

In the Funding Statements, depreciation is included directly in the General Reserve in the Balance Sheet. Under GAAP depreciation is recognised in the Income and Expenditure Account.

12. Revaluation of investment properties

In the Funding Statements revaluation of investment properties is included directly in the General Reserve in the Balance Sheet. Under GAAP the loss is recognised in the Income and Expenditure Account.