

The financial summary below and the Financial Statements that follow were presented to the Board of the College at its meeting of 5 July 2006.

Financial Statements for the Year-ended 30 September 2005

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 Consolidated Financial Statements are presented in a format compliant with accounting standards generally accepted in Ireland (GAAP) as published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board and the Statement of Recommended Practice - Accounting for Further and Higher Education Institutions. In this context the College has reviewed its accounting policies and made judgements and estimates that are prudent to ensure a true and fair view of the College's affairs at 30 September 2005. The HEA Funding Statements also presented in this volume have been prepared on the historically agreed harmonised basis approved by the HEA and Comptroller and Auditor General (C&AG) and have been adopted by all Irish universities. The Board considers that the Consolidated Financial Statements are not readily or directly comparable with other universities because they include all university activity, publicly and privately funded, which varies considerably in breadth and structure across institutions within the university sector.

The qualified audit opinion issued by the College auditors KPMG arises from the non-compliance with accounting and disclosure requirements of Statement of Standard Accounting Practice 24 Accounting for Pension Costs. SSAP 24 requires inter alia that an additional pension charge be made to reflect the additional/reduction in funding required to address a scheme deficit/surplus over the average working life of employees where such a deficit/surplus exists. The College scheme is in deficit and as such compliance with SSAP 24 would require a significant additional pension cost to be charged to the Income & Expenditure Account. However, as the College is restricted by the HEA with regard to the level of pension contributions it can make, compliance with SSAP 24 would entail recognising a cost and liability that the College would not be able to meet. Accordingly, SSAP 24 has not been applied in preparing these financial statements and, as in previous years, the College continues to account for pensions and disclose pension information as in the Funding Statements.

The College is reporting a consolidated deficit for the year to 30 September 2005 of €9.4m compared with a consolidated surplus of €5.0m in 2003/04. This outturn must be considered in the context of the underlying deficit of €1.5m on the College's 'core' activity as reported in the Funding Statements for 2004/05 compared with a virtual break-even position in 2003/04. The reason for the different outturn in each year is entirely due to the different accounting rules applying to both the Consolidated Financial Statements and Funding Statements. The result for the year is arrived at after charging a further provision for estimated liabilities arising from the College's obligations under the Protection of Employees (Fixed Term Work) Act 2003 (FTWA) and accelerated depreciation of an asset. The deficit for 2004/05 is significant as no additional funding has been received from the HEA for the FTWA however it has been somewhat ameliorated by once-off income sources available to the College and the release of one-off provisions no longer expected to crystallise.

It is a concern that the Consolidated Financial Statements prepared on the basis of best international standards are showing volatility in the financial performance of the College not previously reflected in the Funding Statements. Unfortunately, there now exists the potential for these Consolidated Financial Statements to be of limited use to the College and its funding agency. There is the danger also that the College may appear to be reporting an outturn that does not fully highlight the underlying position on its 'core' teaching & research activity.

The latest actuarial report for the College's Pension Fund shows a discontinuance funding level of 72% at 31 March 2005 and indicates a long-term contribution rate payable from 1 April 2005 of 26.4% made up of 17.9% for the future service cost together with an adjustment of 8.5% required to eliminate the past service deficit of €97.1m over the remaining working lifetime of the membership. This compares with the previous valuation of 103% in 2001 based on the funding assumptions then adopted. The College estimates that each additional 1% contribution required over the current level of 15% will cost an additional €800,000 per annum. To date the transition arrangements under FRS 17 has permitted information on 'Retirement Benefits' to be disclosed by way of note to the College's Consolidated Financial Statements. From 2005/06, FRS 17 must be fully accounted for in the Income & Expenditure and Balance Sheet of the Financial Statements. Note 30 on page 26 sets out the additional cost against the operating deficit if FRS 17 was fully adopted in these Financial Statements

The Consolidated Balance Sheet as presented reflects in full the assets and the short and long-term liabilities associated with all the activities within the College with the net assets of the College amounting to €665m at 30 September 2005, an increase of €7m over 2003/04 of €658m. The cumulative revenue reserves of €20.2m (2003/04: €25.3m) are fully committed. The advance of the receipt of funds from the HEA and some large research funders has increased the level of cash balances at the year-end. As this cash is already committed to particular activities in the College it therefore cannot be interpreted as discretionary funding which the College has at its disposal.

Research income continues to grow reaching a level of €58.1m for the year, an increase of €10.3m over the previous year with the number of research accounts now standing at 1,451 (2003/04:1,401). Over the last number of years, there has been a shift in sources of research funds away from EU/foreign sources to Irish sources largely driven by new SFI and PRTLTI initiatives. Research activity now supports 1,399 (2003/04: 1,349) employees. As the level of research is expected to increase significantly in the coming years, the College must ensure full recovery of indirect costs of increased levels of research in order that an already pressurised teaching and basic research budget is not expected to support even greater levels of research where indirect cost contributions are not made while at the same time managing the risks that are associated with such rapid growth in activity.

The College continues to have significant levels of capital investment arising particularly from the SFI programmes and HEA sponsored PRTLTI. The position in relation to the capital programme is very positive and a significant number of major projects have now been successfully completed, largely on time and with a satisfactory financial outcome in overall terms. The College is however concerned that the level of funding available is insufficient to address back-log/on-going maintenance along with Health & Safety requirements. The College is acutely conscious that continued lack of funding in these areas is only deferring issues and problems into the future resulting in higher costs in the long run.

In signing off the Funding Statements, KPMG reported to the Board that the capacity of the College to secure a surplus on its 'core' teaching activity would be challenging. The Board concurred with this opinion and is concerned that the ability to plan financially for increased levels of activity in both teaching and research is being undermined by the lack of multi-annual funding in the context of a cost base that is driven largely by State approved pay awards and legislative compliance which are then not always fully matched by increases in the Department of Education & Science approved tuition fee and grant. It is becoming increasingly difficult and highly unlikely that the College can generate recurrent funds from philanthropic sources at a sufficient level to substitute for the recent real reductions in the levels of State funding. After years of experiencing real reductions in State funding levels for its 'core' recurrent activity, the College no longer has the capacity to respond to any crisis that might arise and plan positively for the future.

THE UNIVERSITY OF DUBLIN

TRINITY COLLEGE



Financial Statements
(incorporating Consolidated Financial Statements & Funding Statements)
YEAR ENDED 30 SEPTEMBER 2005

Tá gnéithe den chaiteachas Caipitiúil agus Reatha araon arna dtuairisciú sna Ráitis Airgeadais seo maoinithe faoi cheann amháin nó níos mó de na cláir seo a leanas arna riaradh ag an UAO.

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



CONTENTS

	Page
Statement of Responsibilities	3
Independent Auditor's Report to the Board of the University of Dublin, Trinity College	4 - 5
Consolidated Financial Statements:	
- Statement of Accounting Policies	6 - 8
- Consolidated Income and Expenditure Account	9
- Consolidated Statement of Historic Cost Surpluses and Deficits	10
- Consolidated Statement of Total Recognised Gains and Losses	10
- Consolidated Balance Sheet	11
- Consolidated Cashflow Statement	12
- Notes to the Consolidated Financial Statements	13 - 29
Funding Statements:	
- Statement of Accounting Policies	31 - 33
- Income and Expenditure	34
- Balance Sheet	35
- Notes to the Funding Statements	36 - 42
Reconciliation of Consolidated Financial Statements to the HEA Funding Statements	43

STATEMENT OF RESPONSIBILITIES

The College is required to comply with the Universities Act, 1997, and to keep in such form as may be approved of by An t-Údarás um Ard-Oideachas all proper and usual accounts of money received and expended by it.

In preparing those accounts, the College is required to:

- select suitable accounting policies and then 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.

The College is responsible for keeping proper books of account which disclose with reasonable accuracy, at any time, the financial position of the College and which enable it to ensure that its financial statements comply with the Universities Act, 1997, the Statement of Recommended Practice - Accounting for Further and Higher Education Institutions and are prepared in accordance with accounting standards generally accepted in Ireland.

The 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.



KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Independent auditors' 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 2005 as set out on pages 6 to 29. 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 the College and Auditors

The College 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 the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), as described on page 3.

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 and are properly prepared in accordance with the accounting standards.

We read the annual report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standard 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 College 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.



Independent auditors' report to the Board of the University of Dublin,
Trinity College (*continued*)

Qualified opinion arising from non compliance with accounting standards

As outlined in the annual report in Section 11, the College's pension cost is not accounted for in line with the Statement of Standard Accounting Practice 24: Pension Costs as deficits arising are not accounted for over the remaining service lives of employees.

Except for pension costs not being accounted for in line with the Statement of Standard Accounting Practice 24: Pension Costs, in our opinion the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the College and its subsidiary's affairs at 30 September 2005 and of its 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 annual report is consistent with the financial statements.

On 8 February 2006 we reported that the funding statements set out on pages 30 to 42 had been properly prepared in accordance with the most recent Harmonisation of Accounts agreement.

KPMG
Chartered Accountants
Registered Auditors

17 July 2006

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 accounting standards generally accepted in Ireland and the Statement of Recommended Practice-Accounting for Further and Higher Education Institutions. Financial statements giving a true and fair view are prepared in accordance with Generally Accepted Accounting Practice in Ireland, comprising applicable accounting standards issued by the Accounting Standards Board as promulgated by the Institute of Chartered Accountants in Ireland.

Accounting convention

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

Basis of consolidation

The consolidated financial statements include the College and Ghala Limited; other undertakings in which the College has a financial interest, as indicated in note 29, have not been consolidated on the grounds of immateriality. Intra-College income and expenditure are eliminated fully on consolidation.

In accordance with FRS 2, the financial statements of the Trinity Foundation, Pension Fund, 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.

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.

STATEMENT OF ACCOUNTING POLICIES - continued

(a) Land and buildings - continued

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 (except for those held as investments). 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.

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 all 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 €1,270 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. 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.

STATEMENT OF ACCOUNTING POLICIES - continued

Financial assets

Fixed asset investments are carried at historical cost less any provision for impairment in their value.

Current asset investments are included in the balance sheet at the lower of their original cost and net realisable value.

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 are 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 companies, 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 funds a defined benefit pension scheme and prolonged disability income scheme. Pension costs at the date of retirement are funded 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 a maximum contribution approved by the HEA. Pension increases after retirement are funded by the College on a 'pay-as-you-go' basis and are charged to the Income and Expenditure Account.

Maintenance of premises

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

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
Year ended 30 September 2005

	Notes	College & Consolidated 2005 €000	College & Consolidated 2004 €000
Income			
State grants	1	84,891	82,399
Academic fees	2	72,756	66,611
Research grants and contracts	3	58,139	47,791
Amortisation of deferred capital grants	19	10,472	12,786
Other operating income	4	37,078	35,715
Interest income	5	2,217	1,776
Total income		265,553	247,078
Expenditure			
Staff costs	6	183,330	168,337
Other operating expenses	7	58,871	48,824
Interest payable	8	3,207	3,146
Depreciation	12	29,558	24,585
Profit on disposal of fixed assets	9	-	(2,783)
Total expenditure		274,966	242,109
(Deficit)/surplus for the year before taxation		(9,413)	4,969
Taxation	10	-	-
(Deficit)/surplus for the year after taxation	11	(9,413)	4,969

The income and expenditure account is in respect of continuing activities. There are no gains or losses arising other than those dealt with above.

CONSOLIDATED STATEMENT OF HISTORIC COST SURPLUSES AND DEFICITS
Year ended 30 September 2005

	2005 €000	2004 €000
(Deficit)/surplus for the year after taxation	(9,413)	4,969
Difference between historical cost depreciation and the actual charge for the year calculated on the re-valued amount	5,729	14,481
Historical cost (deficit)/surplus for the year before taxation	<u>(3,684)</u>	<u>19,450</u>
Historical cost (deficit)/ surplus for the year after taxation	<u>(3,684)</u>	<u>19,450</u>

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 30 September 2005

	2005 €000	2004 €000
(Deficit)/surplus for the year after depreciation of assets at valuation, disposal of assets and taxation	(9,413)	4,969
Unrealised surplus on revaluation of fixed assets	<u>-</u>	<u>-</u>
Total recognised (losses)/gains relating to the period	<u>(9,413)</u>	<u>4,969</u>

CONSOLIDATED BALANCE SHEET
Year ended 30 September 2005

	Notes	Consolidated		College	
		2005 €000	2004 €000	2005 €000	2004 €000
Fixed assets					
Tangible assets	12	683,398	676,466	639,749	645,320
Financial assets	13	<u>98</u>	<u>131</u>	<u>98</u>	<u>131</u>
		683,496	676,597	639,847	645,451
Current assets					
Cash at bank		7,316	19,279	7,140	18,179
Debtors	14	43,185	59,028	85,049	90,679
Stocks	15	402	427	402	427
Short term deposits		<u>114,576</u>	<u>63,760</u>	<u>114,576</u>	<u>63,760</u>
		165,479	142,494	207,167	173,045
Creditors: Amounts falling due within one year	16	<u>(130,786)</u>	<u>(108,852)</u>	<u>(128,825)</u>	<u>(108,257)</u>
Net current assets		<u>34,693</u>	<u>33,642</u>	<u>78,342</u>	<u>64,788</u>
Total assets less current liabilities		718,189	710,239	718,189	710,239
Creditors: Amounts falling due after one year	17	<u>(52,615)</u>	<u>(51,888)</u>	<u>(52,615)</u>	<u>(51,888)</u>
Net assets		<u>665,574</u>	<u>658,351</u>	<u>665,574</u>	<u>658,351</u>
Deferred capital grants	19	307,984	291,348	307,984	291,348
Revaluation reserve	20	337,387	341,648	337,387	341,648
Revenue reserves	21	<u>20,203</u>	<u>25,355</u>	<u>20,203</u>	<u>25,355</u>
	21	<u>357,590</u>	<u>367,003</u>	<u>357,590</u>	<u>367,003</u>
Total		<u>665,574</u>	<u>658,351</u>	<u>665,574</u>	<u>658,351</u>

The financial statements on pages 6 to 29 were approved by the Board of the College on 5 July 2006 and signed on its behalf by:

John Hegarty
Provost

Grace Dempsey
Treasurer

CONSOLIDATED CASHFLOW STATEMENT
Year ended 30 September 2005

	Notes	2005 €000	2004 €000
Net cash inflow from operating activities	24	43,415	23,800
Returns on investments and servicing of finance	25	193	(438)
Capital expenditure and financial investment	26	453	(3,162)
Net cash inflow before use of liquid resources and financing		44,061	20,200
Management of liquid resources	27	(50,816)	(15,015)
(Decrease)/increase in cash in the period		<u>(6,755)</u>	<u>5,185</u>
Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash in the period	28	(6,755)	5,185
Increase in short term deposits		50,816	15,015
Finance lease		(821)	(23,975)
Movement in net funds in period		43,240	(3,775)
Net funds at 1 October	28	<u>23,491</u>	<u>27,266</u>
Net funds at 30 September	28	<u>66,731</u>	<u>23,491</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 State grants	2005	2004
	€000	€000
State grants allocated for recurrent purposes	84,891	82,399
The above grant income was received from the following sources:	€000	€000
HEA	81,863	79,956
Department of Health and Children	3,028	2,443
	<u>84,891</u>	<u>82,399</u>
Reconciliation of State grant received to income recognised	2005	2004
	€000	€000
State grant received in respect of current year	89,053	86,398
State grant deferred from prior accounting year (note 16)	13,554	9,555
State grant deferred to subsequent accounting years (note 16)	<u>(17,716)</u>	<u>(13,554)</u>
	<u>84,891</u>	<u>82,399</u>

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 become 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	2005	2004
	€000	€000
Academic fee income	71,849	65,839
Miscellaneous fee income	907	772
Total fees paid by or on behalf of individual students	<u>72,756</u>	<u>66,611</u>

A total of €30,629,490 included in academic fee income was paid directly by the Higher Education Authority.

	2005	2004
	€000	€000
The academic fee income is analysed as follows:		
Full time EU	47,576	43,521
Full time non EU	14,638	12,050
Part time EU	9,283	9,860
Part time non EU	344	400
Short courses	8	8
	<u>71,849</u>	<u>65,839</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Student service charge

Included in academic fee income above is student service charge income as set out below and the expenditure to which it relates.

	2005	2004
	€000	€000
Income from student service charge	6,351	5,266
	<u> </u>	<u> </u>
<i>Expenditure</i>		
Student service costs	(3,751)	(3,569)
Examination costs	(1,081)	(1,029)
Space costs associated with student facilities	(1,230)	(1,063)
Costs relating to registration, fees, admissions and records	<u>(1,284)</u>	<u>(1,116)</u>
Total expenditure	<u>(7,346)</u>	<u>(6,777)</u>
Shortfall	<u>(995)</u>	<u>(1,511)</u>

3 Research grants and contracts

	2005	2004
	€000	€000
State and semi-state	43,032	36,799
European Union	4,303	3,384
Industry	1,076	1,510
Other	5,379	6,098
SFI Overheads	<u>4,349</u>	<u>-</u>
	<u>58,139</u>	<u>47,791</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4 Other operating income	2005	2004
	€000	€000
Academic faculties and departments	4,977	4,336
Service areas	1,025	1,150
Ancillary services	720	708
Catering	4,155	4,120
Residences	9,483	6,914
Other rental income	4,119	4,336
Funded post income	2,230	2,866
Library	6,241	6,293
Other income	4,128	4,992
	<u>37,078</u>	<u>35,715</u>

5 Interest income	2005	2004
	€000	€000
Interest income	<u>2,217</u>	<u>1,776</u>

6 Staff costs

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

	2005	2004
	Number	Number
Teaching and research	1,071	1,018
Technical	942	960
Support services	737	719
Other	<u>714</u>	<u>666</u>
	<u>3,464</u>	<u>3,363</u>

	2005	2004
	€000	€000
Salaries and wages	155,474	146,094
Social welfare costs	9,980	8,814
Other pension costs	<u>17,876</u>	<u>13,429</u>
	<u>183,330</u>	<u>168,337</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

7 Other operating expenses	2005	2004
	€000	€000
Telephone and related charges	869	737
Conference fees	460	660
Consumables	9,484	7,292
Computer software and hardware	5,066	4,127
Heat, light, water and power	4,677	3,320
Books and periodicals	3,442	3,354
Repairs and general maintenance	9,952	6,760
Insurance	1,779	2,312
Audit and professional	1,675	2,075
Rent and rates	2,594	1,812
Print and stationery	2,634	2,091
Travel and subsistence	4,235	3,383
Hospitality and entertainment	1,149	1,013
Recruitment	1,067	839
Other expenses	9,788	9,049
	<u>58,871</u>	<u>48,824</u>

Other operating expenses include:

Auditors' remuneration:

- External audit

Other services from external audit

66

63

-

2

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

8 Interest payable	2005	2004
	€000	€000
On finance leases	3,199	3,138
On bank overdraft	8	8
	<u>3,207</u>	<u>3,146</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

9 Disposal of fixed assets

There was no profit or loss on disposal of assets in the current year.

10 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.

11 (Deficit)/surplus for the year after taxation	2005 €000	2004 €000
The (deficit)/surplus on continuing operations for the period is made up as follows:		
College's (deficit)/surplus for the period	(9,413)	4,969
(Deficit)/surplus generated by the subsidiary undertakings and transferred to the College	-	-
Total	<u>(9,413)</u>	<u>4,969</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

12 Tangible fixed assets	Land and Buildings	Computer Equipment	Equipment	Assets in course of construction	Total
	€000	€000	€000	€000	€000
CONSOLIDATED					
Cost or valuation					
At 1 October 2004	675,934	19,859	85,167	31,146	812,106
Additions	505	2,542	12,620	21,001	36,668
Disposals	-	(1,080)	(1,295)	-	(2,375)
Transfer from under construction	8,498	-	-	(8,498)	-
At 30 September 2005	<u>684,937</u>	<u>21,321</u>	<u>96,492</u>	<u>43,649</u>	<u>846,399</u>
Depreciation					
At 1 October 2004	63,284	15,413	56,943	-	135,640
Depreciation for year	16,406	2,668	10,484	-	29,558
Disposals	-	(1,060)	(1,137)	-	(2,197)
At 30 September 2005	<u>79,690</u>	<u>17,021</u>	<u>66,290</u>	<u>-</u>	<u>163,001</u>
Net book value					
At 1 October 2004	<u>612,650</u>	<u>4,446</u>	<u>28,224</u>	<u>31,146</u>	<u>676,466</u>
At 30 September 2005	<u>605,247</u>	<u>4,300</u>	<u>30,202</u>	<u>43,649</u>	<u>683,398</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

12 Tangible fixed assets – continued	Land and Buildings	Computer Equipment	Equipment	Total
	€000	€000	€000	€000
COLLEGE				
Cost				
At 1 October 2004	675,934	19,859	85,167	780,960
Additions	9,003	2,542	12,620	24,165
Disposals	-	(1,080)	(1,295)	(2,375)
At 30 September 2005	<u>684,937</u>	<u>21,321</u>	<u>96,492</u>	<u>802,750</u>
Depreciation				
At 1 October 2004	63,284	15,413	56,943	135,640
Charge for year	16,406	2,668	10,484	29,558
Disposals	-	(1,060)	(1,137)	(2,197)
At 30 September 2005	<u>79,690</u>	<u>17,021</u>	<u>66,290</u>	<u>163,001</u>
Net book value				
At 1 October 2004	<u>612,650</u>	<u>4,446</u>	<u>28,224</u>	<u>645,320</u>
At 30 September 2005	<u>605,247</u>	<u>4,300</u>	<u>30,202</u>	<u>639,749</u>

Land and Buildings include assets valued by the Board of the College in 1998 and the historical cost of assets revalued amount to €346,648,000.

Land has been valued on an existing use basis at a valuation of €126,974 per acre. Buildings have been valued on an existing use basis at a standard cost of €2,413 per square metre. 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 financial 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 properties for which the related liabilities of €52,615,000 (2003/04: €51,888,000) are included in creditors due after one year and €2,451,000 (2003/04: €2,357,000) in creditors less than one year. The net book value of these properties is €69,120,000 (2003/04: €70,560,000).

In addition, included in Land and Buildings are assets with a net book value of €73,665,765 in order to report the substance of the arrangements in place rather than the legal form.

A disclosure in relation to the cost of inherited Land and Buildings cannot be given as their value prior to the revaluation in 1997/98 is not known.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

13 Financial assets	Consolidated		College	
	2005 €000	2004 €000	2005 €000	2004 €000
Investments at the year end were held as follows:				
Quoted investments	25	30	25	30
Unquoted investments	73	101	73	101
	<u>98</u>	<u>131</u>	<u>98</u>	<u>131</u>

The movement in the book value of unquoted investments in the year of €28,000 represents an impairment provision.

The College held an interest in the following subsidiary and associate undertakings, the carrying value of these investments is nil:

Subsidiary undertakings	Principal activity	Interest %	Registered office/place of business
Ghala Limited	Educational infrastructure and development	100	30 Herbert St, Dublin 2
Associated undertakings			
Haughton Institute	Training/Education	33.33	St. James's Hospital, Dublin 8
Dublin Molecular Medicine Centre	Education and research	33.33	Belfield, Dublin 4

14 Debtors	Consolidated		College	
	2005 €000	2004 €000	2005 €000	2004 €000
Trade debtors	4,720	3,738	4,720	3,738
Research grants and contracts receivable	13,132	12,859	13,132	12,859
State capital grants receivable	16,263	26,987	16,263	26,987
Non State capital funding receivable	2,188	8,140	2,188	8,140
Prepayments and other debtors	6,882	7,304	6,667	6,854
Amounts due from subsidiary undertakings	-	-	42,079	32,101
	<u>43,185</u>	<u>59,028</u>	<u>85,049</u>	<u>90,679</u>

15 Stocks	Consolidated and College	
	2005 €000	2004 €000
Raw materials and consumables	250	221
Finished goods for resale	152	206
	<u>402</u>	<u>427</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

16 Creditors: Amounts falling due within one year	Consolidated		College	
	2005 €000	2004 €000	2005 €000	2004 €000
Trade creditors	5,195	5,705	5,195	5,705
Research grants and contracts in advance	20,970	21,117	20,970	21,117
Academic fees received in advance	33,443	17,811	33,443	17,811
State recurrent grants received in advance	17,716	13,554	17,716	13,554
Capital funding received in advance	6,218	13,059	6,218	13,059
Accruals	31,689	19,487	29,728	18,892
Bank loans and overdrafts (note 18)	95	5,303	95	5,303
Obligations under finance leases (note 18)	2,451	2,357	2,451	2,357
PAYE/PRSI	3,675	3,343	3,675	3,343
Other creditors	9,334	7,116	9,334	7,116
	<u>130,786</u>	<u>108,852</u>	<u>128,825</u>	<u>108,257</u>

17 Creditors: Amounts falling due after one year	Consolidated		College	
	2005 €000	2004 €000	2005 €000	2004 €000
Obligations under finance leases (note 18)	52,615	51,888	52,615	51,888
	<u>52,615</u>	<u>51,888</u>	<u>52,615</u>	<u>51,888</u>

18 Borrowings	Consolidated		College	
	2005 €000	2004 €000	2005 €000	2004 €000
(a) Bank loans and overdrafts				
Bank loans and overdrafts are repayable as follows:				
Amounts due within one year	95	5,303	95	5,303
Total	<u>95</u>	<u>5,303</u>	<u>95</u>	<u>5,303</u>

The above balances represent unsecured bank overdrafts at 4.25%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

18 Borrowings - continued

(b) Finance leases

The net finance lease obligations committed to are:

	Consolidated		College	
	2005 €000	2004 €000	2005 €000	2004 €000
In one year or less	2,451	2,357	2,451	2,357
Between two and five years	10,826	10,410	10,826	10,410
Over five years	41,789	41,478	41,789	41,478
Total	<u>55,066</u>	<u>54,245</u>	<u>55,066</u>	<u>54,245</u>

19 Deferred capital grants

Consolidated and College

At 1 October 2004

	State €000	Other Grants and Benefactors €000	Total €000
Buildings*	117,168	102,112	219,280
Equipment*	36,942	35,126	72,068
Total	<u>154,110</u>	<u>137,238</u>	<u>291,348</u>

Amount received/receivable

Buildings	24	15,358	15,382
Equipment	11,484	242	11,726
Total	<u>11,508</u>	<u>15,600</u>	<u>27,108</u>

Released to income and expenditure

Buildings	4,769	4,870	9,639
Equipment	358	475	833
Total	<u>5,127</u>	<u>5,345</u>	<u>10,472</u>

At 30 September 2005

Buildings	112,423	112,600	225,023
Equipment	48,068	34,893	82,961
Total	<u>160,491</u>	<u>147,493</u>	<u>307,984</u>

* Opening figures from prior year have been reclassified between State and other.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

20 Revaluation reserve		2005	2004
Consolidated and College		€000	€000
At 1 October		341,648	341,648
Transfer to revenue reserve (Note 21)		(4,261)	-
At 30 September		<u>337,387</u>	<u>341,648</u>

21 Reconciliation of movement in reserves	Revenue reserves	Revaluation reserves	Total
	€000	€000	€000
Consolidated			
At 1 October 2004	25,355	341,648	367,003
Deficit for the financial year	(9,413)	-	(9,413)
Transfer to revenue reserve	4,261	(4,261)	-
	<u>20,203</u>	<u>337,387</u>	<u>357,590</u>
At 30 September 2005	<u>20,203</u>	<u>337,387</u>	<u>357,590</u>
College			
At 1 October 2004	25,355	341,648	367,003
Deficit for the financial year	(9,413)	-	(9,413)
Transfer to revenue reserve	4,261	(4,261)	-
	<u>20,203</u>	<u>337,387</u>	<u>357,590</u>
At 30 September 2005	<u>20,203</u>	<u>337,387</u>	<u>357,590</u>

During the year €4,261,000 was transferred from the revaluation reserve to the revenue reserve, in accordance with FRS 15 'Tangible Fixed Assets' as the related asset was demolished to facilitate the new Lloyd Building.

22 Contingent liabilities

The College has given indemnities in relation to the qualification of certain expenditure for capital allowance purposes in the financing of the James Ussher Library, the Dublin Molecular Medicine Centre, the Lloyd Building, Botany Bay and Trinity Hall Student Residences.

As a requirement of the planning permission for the Trinity Hall Student Residences, the College has lodged a bond with Dublin Corporation guaranteeing to pay the Corporation €444,400 in the event that the proposed landscaping works are not completed in a satisfactory manner.

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.

23 Capital commitments and guarantees	Consolidated		College	
	2005	2004	2005	2004
	€000	€000	€000	€000
Contracted for but not provided	40,670	6,464	40,670	6,464
Authorised but not contracted out	11,726	51,949	11,726	51,949
	<u>52,396</u>	<u>58,413</u>	<u>52,396</u>	<u>58,413</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

24 Reconciliation of consolidated operating (deficit)/surplus to net cash inflow from operating activities	2005 €000	2004 €000
(Deficit)/surplus on continuing operations after depreciation of assets at valuation	(9,413)	4,969
Depreciation	29,558	24,585
Amortisation of deferred capital grants	(10,472)	(12,786)
Profit on disposal of tangible fixed assets	-	(2,783)
Decrease/(increase) in stocks	25	(32)
Increase in debtors	(1,196)	(155)
Increase in creditors	33,890	8,624
Interest payable	3,207	3,146
Interest received	(2,217)	(1,776)
Unrealised losses on investments	33	8
Net cash inflow from operating activities	<u>43,415</u>	<u>23,800</u>
25 Returns on investments and servicing of finance	2005 €000	2004 €000
Other interest received	2,217	1,776
Interest paid	(2,024)	(2,214)
Net cash inflow/(outflow) from returns on investments and servicing of finance	<u>193</u>	<u>(438)</u>
26 Capital expenditure and financial investment	2005 €000	2004 €000
Purchase of tangible fixed assets	(36,490)	(37,421)
Capital grants received	36,943	34,259
Net cash inflow/(outflow) from capital expenditure and financial investment	<u>453</u>	<u>(3,162)</u>
27 Management of liquid resources	2005 €000	2004 €000
Movement in short term deposits	<u>(50,816)</u>	<u>(15,015)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

28 Analysis of changes in net funds	At 1 October 2004 €000	Cashflows €000	Other changes €000	At 30 September 2005 €000
Cash in hand, and at bank	19,279	(11,963)	-	7,316
Overdrafts	(5,303)	5,208	-	(95)
	<u>13,976</u>	<u>(6,755)</u>	<u>-</u>	<u>7,221</u>
Finance leases	(54,245)	-	(821)	(55,066)
Short term deposits	63,760	50,816	-	114,576
Total	<u>23,491</u>	<u>44,061</u>	<u>(821)</u>	<u>66,731</u>

29 Related parties

Transactions with subsidiaries of the College have been eliminated on consolidation and no disclosure of these transactions has therefore been given.

Details of related party disclosures and the College's transactions with related parties are as follows:

The Haughton Institute is a related company limited by guarantee. 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. The College holds a 33.3% interest in the Haughton Institute. During the period, the College made payments of €177,714 (2003/04: €95,548) to the Haughton Institute and received €30,745 (2003/04: €52,714) for services provided to the Haughton Institute. At 30 September 2005, there was an amount of €167,151 (2003/04: €3,126) due to the College from the Haughton Institute. The net assets of the Haughton Institute per the audited Financial Statements at 31 December 2004 were €336,628 (2003: €377,337) and the deficit for the year amounted to €40,710 (2003: €151,960).

Dublin Molecular Medicine Centre (DMMC) is a related company limited by guarantee. The company was incorporated on 26 March 2002 and its principal activities are research into molecular bases of diseases and graduate education, training, research and consultancy work in the biosciences. On 25 April 2005, the interest held by the University of Dublin, Trinity College in the DMMC reduced from 50% to 33.3% as the Royal College of Surgeons in Ireland was brought in as a joint and equal partner with the College and UCD. During the period the College incurred expenditure of €239,097 (2003/04: €486,086) in supporting the activities of the DMMC. At 30 September 2005 there was an amount of €78,206 (2003/04: €38,173) due to the DMMC. The net assets of the DMMC per audited Financial Statements at 30 September 2005 were €Nil (2004: €Nil) and the surplus for the year amounted to €Nil (2004: €Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

30 Retirement benefits

SSAP 24 disclosures

The College has a separately administered defined benefit pension scheme that operates under a Trust Deed and has seven Trustees including Irish Pension Trust as Corporate Trustee and Chairperson of the Trustees. Actuarial valuations of the scheme are conducted at three-year intervals with the latest formal actuarial valuation obtained for funding purposes carried out at 31 March 2005 using the projected unit method of valuation. This valuation indicated that the scheme's assets amounted to €251,827,000, which were sufficient to cover 72% of accrued liabilities. On this basis, the resultant liabilities were €348,999,000.

SSAP 24 accounting

The pension entitlements of certain employees under the defined benefit scheme are based on final pensionable pay and are secured by contributions by the College and the employees. The College's contribution is limited to 15% of pensionable salary due to a restriction imposed by the HEA on the level of the College's contribution rate. The contribution rate recommended by the scheme actuary arising from the latest formal evaluation was 26.4%. As a result of the restriction on the College's contribution rate referred to above, the College is unable to meet the required contribution rate recommended by the actuary nor can it comply with SSAP 24. Post-retirement pension increases paid to pensioners are funded by the College and charged to the Income & Expenditure account on a 'pay-as-you-go' basis.

FRS 17 disclosures

The following disclosures comply with those required under FRS 17: Retirement Benefits. FRS 17 stipulates the exact assumptions to be used in calculating the scheme liabilities. These may be different at a point in time compared to those used for the tri-annual actuarial valuation referred to above. In addition, as FRS 17 requires disclosure of the College's full pension liability, the liability of the post-retirements pension augmentation payments paid to pensioners must be determined and included with the liability of the defined benefit pension scheme.

It should be noted that FRS 17 will be implemented in full for the financial year ending 30 September 2006. As required by the standard, this will involve bringing the scheme deficit at that date onto the College's balance sheet, and taking the scheme deficit at 30 September 2005 onto the College's balance sheet by way of a prior year adjustment.

The valuation of the Scheme benefits for the purposes of FRS 17 disclosures have been based on the most recent actuarial valuation at 31 March 2005 updated to reflect the market value of scheme assets at 30 September 2005. In addition the valuation assumptions have been amended to take account of the requirements of FRS 17.

The financial assumptions used to calculate the retirement liabilities in relation to the deferred benefit pension scheme under FRS 17 as at 30 September 2005, 30 September 2004 and 30 September 2003 were as follows:

Financial assumptions

	30 September 2005	30 September 2004	30 September 2003
Valuation method	Projected Unit	Projected Unit	Projected Unit
Discount rate	4.25%	5.00%	5.50%
Inflation rate	2.25%	2.50%	2.50%
Salary increases	4.50%	4.50%	4.50%
Pension supplementation	3.50%	3.50%	3.50%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

Assets are included at the mid-market valuation at the accounting date. The details of the assets have been extracted from audited pension fund financial statements for the year ended 30 September 2005. The assets have been adjusted to take account of net assets of the scheme, although for FRS 17 purposes, we have allowed for a special College contribution of approximately €3m. For scheme accounting, the expected rate of return, and the schemes' liabilities as at 30 September 2005 and for comparison purposes, 30 September 2004 and 30 September 2003, were:

	Expected Return	At 30 September 2005 €000	Expected Return	At 30 September 2004 €000	Expected Return	At 30 September 2003 €000
Equities	6.60%	230,610	7.50%	175,887	7.50%	147,099
Bonds	3.10%	29,151	4.00%	22,220	4.00%	39,852
Property	4.60%	24,533	6.50%	27,131	6.50%	16,066
Cash	2.00%	4,329	2.00%	8,654	1.60%	5,634
Total market value of assets		288,623		233,892		208,651
Actuarial value of liability		(797,208)		(640,601)		(491,572)
Net pension liability		(508,585)		(406,709)		(282,921)
Movement in deficit during the year					2005 €000	2004 €000
Deficit at beginning of year					(406,709)	(282,921)
Current service cost					(23,754)	(15,571)
Contributions					17,264	17,890
Past service costs					(2,174)	(7,973)
Net interest cost					(16,197)	(13,401)
Actuarial loss					(77,015)	(104,733)
Deficit at end of year					(508,585)	(406,709)
					2005 €m	2004 €m
Consolidated net assets of University of Dublin, Trinity College					666	658
Net pension liability (FRS 17)					(509)	(407)
Consolidated net assets after net pension liability					157	251
Consolidated revenue reserves of University of Dublin, Trinity College					20	25
Net pension liability (FRS 17)					(509)	(407)
Revenue reserves deficit after net pension liability					(489)	(382)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

History of experience gains and losses	Year ending 30 September 2005 €000	Year ending 30 September 2004 €000	Year ending 30 September 2003 €000
Difference between expected and actual return on scheme assets	35,046	5,855	7,431
Percentage of scheme assets	12.1%	2.5%	3.6%
Experience gains and losses on scheme liabilities	(6,079)	(4,385)	(37,256)
Percentage of scheme liabilities	(0.1%)	(0.1%)	(7.6%)
Total amount recognised in statement of total recognised gains and losses	(77,015)	(104,733)	(29,825)
Percentage of scheme liabilities	(9.7%)	(16.3%)	(6.1%)

If FRS17 had been fully adopted in these financial statements the pension costs for the defined benefit scheme would be:

	Year ending 30 September 2005 €000	Year ending 30 September 2004 €000
Analysis of amount charged to operating deficit		
Current service cost	23,754	15,571
Past service cost	2,174	7,973
Total operating charge	<u>25,928</u>	<u>23,544</u>
Analysis of net return on pension fund		
Expected return on pension assets	16,138	13,941
Interest on pension liabilities	(32,335)	(27,342)
Net interest cost	<u>16,197</u>	<u>13,401</u>
Analysis of amount recognised in statement of total recognised gains and losses (STRGL)		
Actual return less expected return on assets	35,046	5,855
Experience gains and (losses) on liabilities	(6,079)	(4,385)
Changes in assumptions	(105,982)	(106,203)
Actuarial loss recognised in STRGL	<u>(77,015)</u>	<u>(104,733)</u>

The deficit in the scheme on the FRS 17 basis has increased by €101.9m from the previous year end. This was represented by an increase in total assets of €54.7m and offset by an increase in actuarial liabilities of €156.6m.

The increase in total assets has been primarily due to the improvement in the market value of the investments held as a result of the prevailing market conditions. The increase in the liabilities is primarily due to changes in actuarial assumptions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

The pension entitlements of certain other employees arise under a defined contribution pension scheme and are secured by contribution by the College and the employees to a separately administered pension fund.

The pension charge for the year was €17.88m. Of this amount €164,974 relates to payments to the defined contribution scheme.

31 Approval of the Consolidated Financial Statements

The Board of the College approved the Consolidated Financial Statements on 5 July 2006.

FUNDING STATEMENTS



YEAR ENDED 30 SEPTEMBER 2005

Statement of Accounting Policies

A. Funding Statements

The Funding Statements reflect the teaching, research and related service activities of the University of Dublin, 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.

B. 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). A review of the harmonisation agreement by the Universities in consultation with the Higher Education Authority and the Comptroller and Auditor General, is in progress and will result in a new agreed harmonised format. The Funding Statements for the year ended 30 September 2005 will also be prepared on a consolidated basis and in accordance with accounting standards generally accepted in Ireland and the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those promulgated by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

C. 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 in the period in which the expenditure is incurred.

D. State Grants for Capital Expenditure

State Grants for capital expenditure are included in the Funding Statements of the period to the extent of cash received.

E. 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. Any further excess over the most recent related Unit Cost is included in the General Reserve (Medical, Dental and other Facilities Development Account).

F. Approved Allocations

The Income and Expenditure account is prepared on an accruals basis with the following exceptions:

- i) non pay expenditure of academic departments and certain service departments.
- ii) departmental equipment and minor works.

In these cases internal balances are carried forward in the Balance Sheet under Current Assets or Liabilities, as appropriate.

G. 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.

Statement of Accounting Policies

(a) Land and buildings - continued

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 construction of land and 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 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 €1,270 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 on a straight line basis 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.

H. 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.

I. Financial Assets

Financial asset investments are carried at historical cost less any provision for impairment in their value.

J. Research Grants and Projects

Contract research expenditure is shown net of the contribution to 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. Contract research contributions to the College's indirect costs are included in Other Income. Fixed assets financed from contract research grants are capitalised in the Balance Sheet.

Statement of Accounting Policies

K. 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.

L. 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 are charged to the Income and Expenditure account.

M. Taxation

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

N. Retirement Benefits

The College funds a defined benefit pension scheme and prolonged disability income scheme. Pension costs at the date of retirement are funded 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.

O. General Reserve

The General Reserve represents the value of funding applied for capital purposes together with the balance on ancillary service activities.

P. Ancillary Services

Ancillary Services are services provided on campus, on a cost recovery basis. The net outturn on such activities is transferred to the General Reserve Account.

Income and Expenditure Account

	Notes	2005 €000	2004 €000
Income			
State Grants	1	89,575	81,810
Student Fees	2	66,148	60,671
Other Income	3	16,905	12,324
		<u>172,628</u>	<u>154,805</u>
Research Grants & Projects	4	61,085	53,409
TOTAL		<u>233,713</u>	<u>208,214</u>
Expenditure			
Academic Faculties & Departments	5	92,427	80,534
Academic and Other Services	6	19,675	17,085
Premises	7	24,142	23,689
Amount Allocated for Capital Purposes	8	475	2,627
Central Administration & Services	9	11,617	10,732
General Educational Expenditure	10	7,177	6,040
Student Services	11	4,649	4,297
Miscellaneous Expenditure	12	7,976	6,928
		<u>168,138</u>	<u>151,932</u>
Research Grants & Projects	13	67,086	56,412
TOTAL	13	<u>235,224</u>	<u>208,344</u>
(Deficit) on Activities before Amortisation of Capital Reserves and Grants, Ancillary Services and Depreciation of Fixed Assets		(1,511)	(130)
Surplus on Ancillary Services	14	3,899	4,326
Depreciation of Fixed Assets	15	(25,815)	(24,585)
General Reserve Movement	16	21,916	20,259
(Deficit) for year	23	<u>(1,511)</u>	<u>(130)</u>

The Statement of Accounting Policies (Pages 31 to 33) and Notes to the Funding Statements (Pages 36 to 42) form part of these Funding Statements.

John Hegarty
PROVOST

Grace Dempsey
TREASURER

Balance Sheet

	Notes	2005 €000	2004 €'000
Fixed Assets	17	641,756	648,238
Financial Assets	18	98	131
Current Assets			
Bank and cash balances		121,716	81,939
Debtors and prepayments	19	69,971	58,061
Stocks		403	379
		<u>192,090</u>	<u>140,379</u>
Current Liabilities			
Creditors and accrued expenditure	20	(157,909)	(119,740)
Bank balances		(95)	(5,303)
		<u>(158,004)</u>	<u>(125,043)</u>
Net Current Assets		34,086	15,336
Long Term Liabilities			
Creditors due after one year	21	(52,615)	(51,888)
		<u>623,325</u>	<u>611,817</u>
Represented by:			
General Reserve	22	624,851	611,836
Investments		25	21
Revenue Reserve	23	(1,551)	(40)
		<u>623,325</u>	<u>611,817</u>

The Statement of Accounting Policies (Pages 31 to 33) and Notes to the Funding Statements (Pages 36 to 42) form part of these Funding Statements.

John Hegarty
PROVOST

Grace Dempsey
TREASURER

Notes to the Funding Statements

	2005 €'000	2004 €'000
1. State Grants		
Recurrent grant	81,520	74,689
Nursing	3,028	2,443
Targeted funding for special initiatives	4,827	4,471
Minor works	200	207
	<u>89,575</u>	<u>81,810</u>
2. Student Fees		
Academic	65,430	60,066
Miscellaneous fee income	718	605
	<u>66,148</u>	<u>60,671</u>
<p>A total of €30,626,914 included in academic fee income was paid directly by the Higher Education Authority.</p>		
3. Other Income		
Interest receivable (net)	2,161	1,809
Funded posts and donations	1,089	1,030
Research grants and projects contribution	4,872	3,157
Non EU fees	4,146	3,150
Miscellaneous income	4,637	3,178
	<u>16,905</u>	<u>12,324</u>
4. Research Grants and Projects		
Research grants	<u>61,085</u>	<u>53,409</u>

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

	Staff Costs €'000	Non Pay €'000	2005 Total €'000	2004 Total €'000
5. Academic Faculties & Departments				
Academic	64,845	-	64,845	58,158
Technical	9,180	-	9,180	9,447
Administrative support	6,875	-	6,875	5,986
Departmental grants	-	10,826	10,826	6,237
Miscellaneous	-	701	701	706
	<u>80,900</u>	<u>11,527</u>	<u>92,427</u>	<u>80,534</u>
6. Academic and Other Services				
Library	7,536	2,374	9,910	8,796
Information systems services	4,226	3,015	7,241	6,185
Bio resources unit	576	99	675	609
Audio-visual & media services	335	68	403	655
Centre for microscopy and analysis	244	85	329	314
Innovation services	464	653	1,117	526
	<u>13,381</u>	<u>6,294</u>	<u>19,675</u>	<u>17,085</u>
7. Premises				
Premises maintenance	2,984	4,242	7,226	6,991
General services	9,084	1,849	10,933	11,078
Minor works	-	200	200	200
Rent & rates	-	183	183	184
Insurance	-	1,494	1,494	2,087
Energy	42	4,064	4,106	3,149
	<u>12,110</u>	<u>12,032</u>	<u>24,142</u>	<u>23,689</u>
8. Amount Allocated for Capital Purposes				
Capital projects	-	475	475	2,627
Equipment	-	-	-	-
	<u>-</u>	<u>475</u>	<u>475</u>	<u>2,627</u>

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

	Staff Costs €'000	Non Pay €'000	2005 Total €'000	2004 Total €'000
9. Central Administration & Services				
Administration	8,836	-	8,836	7,935
Expenses	-	1,626	1,626	942
Professional charges	-	226	226	967
Miscellaneous	-	929	929	888
	<u>8,836</u>	<u>2,781</u>	<u>11,617</u>	<u>10,732</u>
10. General Educational Expenditure				
Examination expenses	194	677	871	727
Scholarships, prizes & fellowships	-	3,864	3,864	3,470
Miscellaneous expenses	-	2,442	2,442	1,843
	<u>194</u>	<u>6,983</u>	<u>7,177</u>	<u>6,040</u>
11. Student Services				
Capitation grants	-	1,110	1,110	1,094
Student services	627	502	1,129	1,181
Careers advisory service	589	176	765	664
Sports & recreation	369	26	395	355
Health & counselling	997	253	1,250	1,003
	<u>2,582</u>	<u>2,067</u>	<u>4,649</u>	<u>4,297</u>
12. Miscellaneous Expenditure				
Pensions	7,249	-	7,249	5,232
Miscellaneous expenses	174	553	727	1,696
	<u>7,423</u>	<u>553</u>	<u>7,976</u>	<u>6,928</u>
13. Total Expenditure				
Academic & related services	125,426	42,712	168,138	151,932
Research grants & projects	42,231	24,855	67,086	56,412
	<u>167,657</u>	<u>67,567</u>	<u>235,224</u>	<u>208,344</u>

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

14. Surplus on Ancillary Services

	Income €'000	Expenditure /Allocation €'000	Surplus/ (Deficit) €'000	2004 €'000
Catering	5,114	4,760	354	426
Student residences	7,668	5,363	2,305	1,698
Conferences	2,969	2,455	514	807
Library shop	2,635	2,635	-	-
Other	220	351	(131)	(171)
Enterprise centre	2,020	1,881	139	280
Copying service	49	60	(11)	(8)
Day nursery	409	381	28	31
Diagnostics	407	371	36	(12)
Medical/dental and other facilities development account	633	-	633	1,272
College company proceeds and royalties account	32	-	32	3
	<u>22,156</u>	<u>18,257</u>	<u>3,899</u>	<u>4,326</u>

15. Depreciation of Fixed Assets

	2005 €'000	2004 €'000
Land and buildings	12,663	14,159
Equipment	13,152	10,426
	<u>25,815</u>	<u>24,585</u>

16. General Reserve Movement (See Note 22)

	2005 €'000	2004 €'000
Amortisation in line with depreciation	25,815	24,585
Surplus on ancillary services from Income & Expenditure account to General Reserve	(3,899)	(4,326)
	<u>21,916</u>	<u>20,259</u>

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

17. Fixed Assets

	Land and Buildings €'000	Equipment €'000	2005 €'000
Cost/Valuation at 1 October 2004			
Valuation	439,942	5,452	445,394
Cost	236,924	101,560	338,484
Total	<u>676,866</u>	<u>107,012</u>	<u>783,878</u>
Additions at Cost	9,091	14,164	23,255
Disposals	(4,261)	(2,376)	(6,637)
Cost/Valuation at 30 September 2005			
Valuation	435,681	5,452	441,133
Cost	246,015	113,348	359,363
Total	<u>681,696</u>	<u>118,800</u>	<u>800,496</u>
Depreciation			
At 1 October 2004	63,284	72,356	135,640
Less Accumulated Depreciation on Disposals	(518)	(2,197)	(2,715)
Depreciation for Year	12,663	13,152	25,815
At 30 September 2005	<u>75,429</u>	<u>83,311</u>	<u>158,740</u>
Net Book Value at 1 October 2004	<u>613,582</u>	<u>34,656</u>	<u>648,238</u>
Net Book Value at 30 September 2005	<u><u>606,267</u></u>	<u><u>35,489</u></u>	<u><u>641,756</u></u>

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

18. Financial Assets	2005	2004
	€'000	€'000
Quoted investments	25	21
Unquoted investments	73	110
	<u>98</u>	<u>131</u>

Quoted Investments relate to Iona Technologies, formerly a campus company of the College. The above valuation relates to the 10,000 shares held by the College.

19. Debtors and Prepayments	2005	2004
	€'000	€'000
Contract research grants & projects recoverable	12,743	12,386
Staff house loans	260	213
Internal balances	3,494	2,906
Trade debtors	4,720	3,738
Other debtors and prepayments	6,675	6,717
Amount due from subsidiary undertaking	42,079	32,101
	<u>69,971</u>	<u>58,061</u>

20. Creditors and Accrued Expenditure	2005	2004
	€'000	€'000
Contract research grants and projects unexpended	22,427	21,317
Trade creditors	5,120	5,630
State grants for recurrent expenditure received in advance	22,656	23,178
Academic fees received in advance	33,443	17,811
PAYE/PRSI	3,675	3,343
Internal balances	20,470	14,006
Obligations under finance lease	2,451	2,357
Other creditors and accruals	47,667	32,098
	<u>157,909</u>	<u>119,740</u>

21. Creditors Due after One Year	2005	2004
	€'000	€'000
Lease creditor	52,615	51,888

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

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

22. General Reserve

	Total to 30 September 2004 €'000	Movement in year €'000	Total to 30 September 2005 €'000
Valuation – Fixed Assets	381,358	7,505	388,863
State capital grants - HEA	119,285	17,147	136,432
Recurrent funding transfer	26,948	475	27,423
Capital donations	132,424	11,448	143,872
Other (includes transfer of surplus on ancillary services - Note 16)	107,176	6,177	113,353
	<hr/>	<hr/>	<hr/>
	767,191	42,752	809,943
Disposals	(19,715)	(6,637)	(26,352)
Amortisation			
Amortisation at 1 October 2004	(135,640)		
Accumulated amortisation on disposals		2,715	
Amortisation in line with depreciation		(25,815)	
Amortisation on 30 September 2005			(158,740)
	<hr/>	<hr/>	<hr/>
	611,836	13,015	624,851
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

23. Revenue Reserve

	2005 €'000	2004 €'000
Opening balance	(40)	90
(Deficit) for year	(1,511)	(130)
	<hr/>	<hr/>
Closing balance	(1,551)	(40)
	<hr/> <hr/>	<hr/> <hr/>

RECONCILIATION OF CONSOLIDATED FINANCIAL STATEMENTS TO HEA FUNDING STATEMENTS
Year ended 30 September 2005

	2005 €000	2004 €000
(Deficit)/surplus per Consolidated Financial Statements before Taxation	(9,413)	4,969
Less:		
Profit on disposal of Fixed Assets	-	(2,783)
Unexpended academic departmental funds	(5,877)	2,363
Unexpended non-academic departmental funds	(2,343)	(1,549)
Transfers to capital/reserves from recurrent	(1,108)	(3,899)
Unincorporated ancillary activities	(5,544)	(6,789)
Recurrent equipment non-capitalised	(1,443)	(3,019)
Additional accruals in line with GAAP	1,605	(4,204)
Finance lease interest payable	3,199	3,138
Other	327	(156)
	<u>(20,597)</u>	<u>(11,929)</u>
Addback:		
Difference between depreciation and amortisation	<u>19,086</u>	<u>11,799</u>
Deficit as per HEA Funding Statements	<u>(1,511)</u>	<u>(130)</u>