



Comptroller and Auditor General Report for presentation to the Houses of the Oireachtas

Trinity College Dublin, The University of Dublin

I have audited the consolidated financial statements of Trinity College Dublin, the University of Dublin, for the year ended 30 September 2015 (the financial statements) under the Universities Act 1997. The financial statements to which this audit report relates and which have been prepared under the accounting policies set out therein, comprise the statement of accounting policies, the consolidated income and expenditure account, the consolidated statement of historical cost surpluses and deficits, the consolidated statement of total recognised gains and losses, the consolidated and university balance sheets, the consolidated cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is the Universities Act 1997 and generally accepted accounting practice in Ireland.

Responsibilities of the University

The University is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view of the state of the University's affairs and of its income and expenditure, and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and report on them in accordance with the Universities Act 1997.

My audit is conducted by reference to the special considerations which attach to bodies in receipt of substantial funding from the State in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the University's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I seek to rely on evidence from an audit of the financial statements by auditors engaged by the University. I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

In addition, I assess the consistency of the other information presented with the financial statements. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the financial statements

In my opinion, the financial statements, which have been properly prepared in accordance with generally accepted accounting practice in Ireland, give a true and fair view of the state of the affairs of the University and of the University group at 30 September 2015 and of the income and expenditure of the University group for the year then ended.

In my opinion, proper books of account have been kept by the University. The financial statements are in agreement with the books of account.

Future pension arrangements

Without qualifying my opinion on the financial statements, I draw attention to Note 31 and to the recognition as at 30 September 2015 of an asset of €1,395 million in respect of deferred pension funding.

The defined benefit pension arrangements operated by the University consist of the Master Pension Scheme, the Model Scheme and the Single Public Service Pension Scheme.

The Financial Measures (Miscellaneous Provisions) Act 2009 provided for the transfer to the National Pensions Reserve Fund of the assets of the Master Pension Scheme, which closed to new entrants in 2005. The transfer of assets was effected on 31 December 2009. Any annual deficiency between superannuation contributions withheld or retained and benefits payable under the closed scheme are made good by payments to the University from funds provided by the Oireachtas for that purpose.

The recognition of the asset in respect of the other pension schemes 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 University 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.

Matters on which I report by exception

I report by exception if

- I have not received all the information and explanations I required for my audit, or
- my audit noted any material instance where public money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the statement of governance and internal control does not reflect the University's compliance with the governance arrangements set out in the Code of Governance of Irish Universities, or
- I find there are other material matters relating to the manner in which public business has been conducted.

Procurement non-compliance

The University confirmed to the audit that payment of €966,000 was made to 16 suppliers in the year under review in respect of goods and services that were not subject to competitive public procurement.



Seamus McCarthy
Comptroller and Auditor General

24 March 2016

The Financial Statements that follow were presented to the Board of the University at its meeting of 23 March 2016.

Explanatory Foreword
Financial Statements for the Year-ended 30 September 2015

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 University 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.

The second set of statements are Funding Statements prepared on the basis of Irish University sector harmonised principles approved by the HEA and cover the teaching and research activities of the University. Funding Statements are uniformly prepared across the sector.

The Consolidated Financial Statements and Funding Statements for the year ended 30 September 2015 were approved by Board on 23 March 2016.

The 2015 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 University has included a pension receivable asset in the balance sheet in relation to the Master Pension Scheme, Model Pension Scheme, Single Public Service 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 2015 and they have qualified the audit opinion on this basis. This qualification is a technical qualification and arises due to a lack of sufficient evidence from the State to satisfy KPMG that the pension liabilities were guaranteed by the State at that time. The provision of this evidence is outside of the University'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 University's finances.



Coláiste na Tríonóide, Baile Átha Cliath
Trinity College Dublin

Ollscoil Átha Cliath | The University of Dublin

TRINITY COLLEGE DUBLIN, THE UNIVERSITY OF DUBLIN **FINANCIAL STATEMENTS**

(incorporating Consolidated Financial Statements and Funding Statements)

Year ended 30 September 2015

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:



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



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Chief Financial Officer's Report

Introduction

I present the Consolidated Financial Statements of Trinity College Dublin, the University of Dublin ("the University") together with the Higher Education Authority ("HEA") Funding Statements and a reconciliation between both, that were approved by Board on 23 March 2016. The Consolidated Financial Statements are prepared in accordance with Generally Accepted Accounting Practice in Ireland, comprising applicable accounting standards issued by the Financial Reporting Council 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, which has been voluntarily adopted by the University. In this context, the University has reviewed its accounting policies and made judgements and estimates that are reasonable and prudent to ensure a true and fair view of the University's affairs at 30 September 2015. The HEA Funding Statements, approved by Board on 23 March 2016, 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 of the Group include the University and its subsidiary undertakings Ghala Limited, Trinity Foundation, TCD Education Endowment Fund and TCD Trust and TCD Association. The basis of preparation is explained in greater detail in the Statement of Accounting Policies on pages 13 to 15. The Financial Statements of the Pension Funds and Capitated Bodies have not been included as the University considers it does not directly control them.

Audit Qualification

Similar to last year, 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 University has included a pension receivable asset in the balance sheet in relation to the Master Pension Scheme, Single Public Service Pension Scheme, Model Pension Scheme and Pension Supplementation (consistent with other Irish universities) to recognise the funding due from the State in respect of all 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 2015 and they have qualified the audit opinion 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 University 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 – Consolidated Financial Statements

The summary financial position is set out in Table 1 below and the key movements between the 2014/15 Consolidated Financial Statements deficit of €24.1m and the 2013/14 deficit of €21.8m are detailed overleaf.

Table 1 – Summary Financial Position

	2015	2014	2013	2012	2011
	€m	€m	€m	€m	€m
State grants	44.5	47.3	54.5	58.7	66.7
Academic fees	128.9	124.2	116.1	113.8	111.9
Research grants and contracts	85.2	78.0	74.7	75.9	78.5
Other income	52.4	49.2	50.6	49.5	44.8
Endowment and investment income	10.2	15.8	9.3	11.0	10.1
Income (excluding grant amortisation)	321.2	314.5	305.2	308.9	312.0
Staff costs	230.7	225.7	221.8	220.9	219.6
Other operating expenses	94.5	89.4	87.6	92.4	84.3
Total operating expenses	325.2	315.1	309.4	313.3	303.9
Operating (deficit)/surplus before interest costs and net depreciation	(4.0)	(0.6)	(4.2)	(4.4)	8.1
Less:					
Depreciation (net of grant amortisation)	16.0	17.0	14.1	12.0	13.0
Interest payable	4.1	4.2	4.2	4.8	4.1
Deficit for the year	(24.1)	(21.8)	(22.5)	(21.2)	(9.0)

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

A combination of strong student recruitment, increasing research activity and a significant contribution from ancillary activities helped to deliver consolidated income, excluding amortisation, for 2014/15 of €321.2m (2013/14: €314.5m) which represents an increase of 2.1% on the prior year. The movement of €6.7m primarily relates to increases in academic fee income of €4.7m and research income of €7.2m. This is offset, in part, by decreases in state grant of €2.8m and a lower level of gains on revaluation of investment properties of €4.8m. The financial performance for the year reflects the impact of the 2.2% calendar year reduction in state recurrent funding in 2015 over 2014 as notified by the HEA. Other operating income in 2014/15 amounted to €52.4m (2013/14: €49.2m) (see notes 1 to 6, 12 and 19 of the Consolidated Financial Statements for further breakdown of income).

Consolidated expenditure, excluding depreciation and interest payable, for the year amounted to €325.2m (2013/14: €315.1m). The movement of €10.1m primarily relates to an increase in staff costs of €5.0m of which pension costs contribute €1.3m. Within other operating expenses computer and other equipment costs have increased by €2.0m and repairs and general maintenance expenditure has increased by €1.2m (see notes 7 to 9 of the Consolidated Financial Statements for further breakdown of expenses).

Consistent with our plans, the Consolidated Financial Statements for 2014/15 report an operating deficit before depreciation and interest costs of €4.0m which reflects the University's upfront investment in approved income generating strategies. The total planned deficit of €24.1m reflects the University's provision for infrastructure renewal by way of a net depreciation charge of €16.0m.

Research Activity

The level of research activity for 2014/15 recorded in the Consolidated Financial Statements (measured on the basis of expenditure activity during the year and not income received) amounted to €85.2m (2013/14: €78.0m). After a number of years of decline, research income has now increased by 9% in the current year and c.14% over the past two years, indicative of the University's success in securing new awards, in particular from SFI and the EU. The value of new awards entered into in the year amounted to €105m, an increase of 57% on the prior year (2013/14: €67m). TCD was the most successful Irish institution under the EU Framework 7 Programme and has had a successful start to Horizon 2020 particularly with grants from the European Research Council. In 2014/15 the Exchequer/non-Exchequer split of research income was 65:35 (2013/14: 66:34). The research environment remains very competitive and current projections for research income to remain at c.€85m over the next 3-4 years are dependent on the continuing success of the Research Diversification Strategies (which focus on EU, Industry and other non-Exchequer funding). As in previous years, in 2014/15 the indirect cost rate recovered on direct expenditure remained at 20% which is considerably less than the University's full economic cost rate of c.70%.

Procurement

In 2014/15 a new Procurement Strategy, which seeks to address the management of Non-Pay expenditure across the University and re-position Procurement as a strategic function, was approved. The Procurement Strategy is driven by major changes at national, sector and University level which make it essential to

implement new procurement structures centered on supplier and category management. This will enable new approaches to identify sources of cost, risk and value and support the University's aim of maintaining financial sustainability by achieving increased value for money.

Trinity Endowment Fund

The Trinity Endowment Fund comprises permanent funds that provide financial support to specific University activities in perpetuity including endowed chairs, scholarships, fellowships, research, capital projects and a variety of other academic purposes. The University's Investment Committee is mandated by the Board to establish and implement investment policy and appoint investment managers for the Endowment Fund's assets and it oversees the asset allocation and investment strategy of the Endowment Fund. The value of the Endowment Fund was €168.7m at 30 September 2015, showing strong progress towards the target value set out in the University's Strategic Plan. The gross contribution made by the Endowment Fund to the University, of €6.6m, continues to be a significant source of income, enabling the University to maintain the quality and integrity of academic and support programmes.

Balance Sheet

As reported in the Consolidated Financial Statements, the net assets of the Group amount to €887.2m at 30 September 2015, a decrease of €22.1m over 2013/14. Capital additions during the year amounted to €17.4m (2013/14: €18.8m). Land & Building additions account for €11.6m mainly relating to the new Business School €4.7m, Santry Sports development €1.0m and the purchase of the Institute of Population Health (IPH) building in Tallaght €5.0m. Computer and Equipment additions account for €5.8m (2013/14: €12.5m).

The Group has cash balances of €178.6m at 30 September 2015 (2014: €169.7m) and a €75.0m loan facility with the European Investment Bank, all of which was drawn down at 30 September 2015. The University complied with all of its bank covenants at the year end.

Post year-end, on 1 October 2015, a second EIB loan in the amount of €70.0m was drawn down which will fund future capital projects including the new Business School and Oisín House student accommodation developments.

**Income and Expenditure Account: HEA Funding Statements
Table 2 – Funding Statements surplus/(deficit)**

	2015	2014	2013	2012	2011
Funding Statements	€1.7m	(€2.0m)	€0.1m	€0.1m	€0.1m
surplus/(deficit) for year					

The main sources of movement between the Consolidated Financial Statements deficit and the Funding Statements surplus are due to different accounting treatments between the two formats (e.g. endowment funds, subsidiary companies, ancillary activities, student fees, amortisation and depreciation of capital items, research income, interest income) and explanatory notes are set out on pages 62 to 63.

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

The surplus of €1.7m reflects the use of internal balances to clear the deficit incurred last year. In the current year KPMG, having not conducted an audit of the HEA Funding Statements (similar to a number of other universities in the sector), have agreed amounts in the Funding Statements to workings and calculations provided by the University to support the amounts in the Funding Statements. Please see comments in the Auditor's Report on page 11.

Conclusion

The University continues to face a number of challenges given the significant decline in State funding for Higher Education in recent years, which appears to have now stabilised based on the small increase in the 2016 Grant Allocation. Since 2008 the core recurrent grant to Universities has decreased by over 50%, the impact of which has been partially offset by increased student contribution charges and reduced pay rates as a consequence of the Haddington Road and Croke Park agreements. Similarly the prevailing low interest rate environment has significantly eroded interest income for the University in recent years. Given the continuing challenging funding environment for Irish universities, we look forward to the recommendations of the Expert Group on Future Funding for Higher Education which is due to report on long-term sustainable funding for Irish universities in 2016 and is expected to clearly recognise the need for further investment in the HE sector to deliver on national objectives.

The University is focussed on key areas of non-Exchequer income generation (online education, international students, commercialisation, philanthropy, research diversification and industry engagement) to diversify and grow the University's income streams and in doing so, improve our financial sustainability. These key growth strategies, in which the University has invested over recent years, are progressing well albeit they are in the early stages. A significant step-up in income from the Global Relations and Commercialisation Strategies is forecast in 2015/16 and beyond which needs to be closely monitored to ensure a return on investment for the University.

Table 3 – Key Performance Indicators (KPIs)

Strategic Plan KPI's	Target 2019	2015	2014	2013	2012	2011
Operating (Deficit)/ Surplus % of income*	6%	-1.2%	-0.2%	-1.4%	-1.4%	2.6%
Total (Deficit)/ Surplus % of income*	2%	-7.5%	-6.9%	-7.4%	-6.9%	-2.9%
Exchequer /Non-Exchequer Income Ratio	40:60	43 : 57	45 : 55	48 : 52	49 : 51	54 : 46
Pay/Non Pay Ratio**	65:35	71 : 29	72 : 28	72 : 28	72 : 28	73 : 27
Net Assets	€800m	€887m	€909m	€916m	€938m	€946m
Endowment Fund Value	€180m	€169m	€165m	€147m	€140m	€125m

* Excludes amortisation of Capital Grants

** Excludes depreciation and interest costs

The Key Performance Indicators in Table 3 reflect the progress being made by the University to sustain financial health in the short, medium and long term in the face of external volatility.

In this challenging environment the University must continue to manage its cost base, particularly its pay costs. In addition, given the low level of funding for capital purposes from the State, the University must now recognise the need to provision for the cost of infrastructure renewal across the existing campus and for all new capital developments from its recurrent budget.

Currently the University plans its recurrent resource allocation to deliver balanced budgets, however after allowing for continued investment in approved income generation and cost reduction strategies and provision for asset renewal, the University will report reducing deficits for the next 3-4 years. Having taken account of the significant growth in non-Exchequer revenue the University's capacity to return to surplus in 2018/2019 is ever more challenging given its limited ability to manage pay costs. Whilst the University's Planning Group and Finance Committee regularly review the financial forecasts to ensure key milestones are being achieved we cannot be complacent and must continue to critically challenge our existing cost base and review investments in our income growth strategies to deliver a return to surplus.

The University's balance sheet has net assets of €887 million taking account of the negative accumulated revenue reserves.

Given the ambition and scale of the University's Strategic Plan 2014-2019, there is a need to focus on and prioritise major projects and adopt a coherent approach to deliver the key projects as envisaged in the Plan. Achieving our objectives will require rigorous financial management, continued income diversification and maximisation of our funding base. In the years ahead, there is no doubt that the future financial environment will continue to provide significant challenges to the University, however the risks will be mitigated by the University's clear planning framework for sustainable operations, with the University needing to be able to support capital and infrastructure investment and fund loan repayments. It is recognised that the generation of sustainable surpluses is essential to provide the flexibility necessary to invest in the new academic initiatives that the University's ambition requires for it to compete on the international stage.

IAN MATHEWS
CHIEF FINANCIAL OFFICER

Statement of Responsibilities

Trinity College Dublin, the University of Dublin ("the University") 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, the University 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 University will continue in operation.

The University is responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the University and which enables 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.

The University is responsible for ensuring that the business of the University 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 Trinity College Dublin, the University of Dublin

DR PATRICK PRENDERGAST
PROVOST

IAN MATHEWS
CHIEF FINANCIAL OFFICER

Statement of Governance and Internal Control

On behalf of the Board of Trinity College Dublin, the University of Dublin, we acknowledge that the Board has overall responsibility for the University'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 University'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 ongoing 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 University. 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 ongoing basis.

In detail:

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

- The Audit Committee, supported by the Internal Audit function, reviews the scope and effectiveness of the University'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 University'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 Financial Services Division and considered by the Finance Committee on a biannual basis. Actions are identified to address the matters identified;
 - The University's High Level Risk Register, drawn from Faculty, School and Administrative and Service Areas, is considered by the University'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:
- An updated Risk Management Policy was adopted by Board in June 2015. This policy is being implemented by way of a formal risk management process which involves all areas of the University, academic and administrative, in assessing and managing the risks, including the financial implications thereof, in a structured manner;
 - The Board is made aware of the University'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 University is being progressed and embedded into the University's management structures;
 - All major proposals being presented to Board include a formal risk assessment, including financial risks;
 - A sectoral approach, initiated by the University, to ensure that the Board receives regular reports on the risk profile and coherence with the University's Strategic Plan from inter-institutional bodies of which the University is a member has been agreed. In addition, the university directors on these bodies now provide six-monthly reports to Board under the following headings:

Statement of Governance and Internal Control (cont'd..)

- 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 the University.

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

The University 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 performance during the year. Monthly reports are issued to budget-holders and 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 University 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 Financial Services Division works in partnership with and advises areas of the University in relation to compliance with legislative and other obligations on the University;

Detailed procedures on handling financial transactions are published on the University's website by the Financial Services Division. This Division 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 Committees:
 - Audit Committee
 - Finance Committee
 - Human Resources Committee
 - Estates Policy Committee
 - Student Life Committee

- Faculty Finance Partners 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 elected members of Board, with the exception of the Finance Committee whose membership is defined in the 2010 Consolidated Statutes;
- 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 University's Audit Committee and on a risk basis reviews controls across the various functions in the University. 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 University during the year.

During the year ended 30 September 2015, in excess of 99% of the University's total expenditure remains fully compliant with national and EU procurement guidelines. The University continues to work towards full compliance with all relevant guidelines.

In cases where failings in internal control were identified by Internal Audit, improvements are being adopted and implemented. However, no material 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.

Following a review of risk policy and risk management in the year ended 30 September 2015, the new risk management system continues to be a work in progress. Phase 1 of the University Risk Register setting out the high level risks has been completed and work is underway on Phase 2, the operational level Risk Register for all areas of the University.

Statement of Governance and Internal Control (cont'd..)

In accordance with paragraph 2.11 of our Code of Governance which conforms fully with the HEA-issued code, we would like to advise as follows:

- i) **Statutory Obligations:** The Board recognises that it is responsible for compliance with all statutory obligations applicable to the University as laid out in the Universities Act and other relevant legislation.
- ii) **Code of Governance and Codes of Conduct:** The Board at its meeting of 19th June 2013 adopted a Trinity College Dublin Code of Governance in respect of the Governance of the University, and a code of conduct for Board members and staff of the University.
- iii) **Financially Significant Developments:** See Chief Financial Officer's Report on pages 3 to 5 for detail on financially significant developments. The University continues to be extremely diligent and proactive in the manner in which it manages its finances due to actions taken by the Board along with the continued flexibility and goodwill shown by students and staff. In relation to the HEA Funding Statements the University recorded a €1.7m surplus at 30th September 2015, (2014: €2.0m deficit). As previously advised, the University continues to experience an erosion of its core funding from the State and is financially constrained in the absence of base funding levels and multi-year funding, both of which are key to providing a platform for effective strategic financial planning. In the context of the current financial environment, the Board is committed to a financial strategy of operating within available resources; promoting non Exchequer and Exchequer income generation, prioritising cost management, procurement and efficiency initiatives and investing for the future where appropriate. Financial risks are continually assessed in accordance with the University's overall risk policy.
- iv) **Government Policy on Pay:** The University affirms that it is compliant with Public Pay Policy and the relevant frameworks under the Universities Act 1997.
- v) **Financial Reporting, Internal Audit, Procurement and Asset Disposals:** In regard to financial reporting and related matters, the following is confirmed:
 - a. All appropriate procedures for the production of the annual financial statements are in place.
 - b. An Audit Committee with an independent, external Chair and Deputy Chair has been in place since December 1998 and reports annually to the Board. The work of the Committee is supported by an independent internal audit function.
 - c. Procurement procedures are in place, and are communicated to University staff and monitored by the University's Procurement Manager.
 - d. Asset disposal is governed by established University procedures. To the best of our knowledge and belief the University is fully compliant with these.
- vi) **Guidelines for the Appraisal and Management of Capital Projects:** The University has put in place procedures to facilitate compliance with the guidelines for the appraisal and management of Capital Projects issued by the Department of Finance in 2005.
- vii) **Travel Policy:** The University has a travel policy and associated procedures in place. The policy and procedures are made available to all staff on the University website. The policy and procedures have been developed having regard to the requirements of Department of Finance travel circulars and the requirements of the Revenue Commissioners in relation to employee expenses. Any exceptions are reported to the Finance Committee on a regular basis and appropriate action taken.
- viii) **Value for Money:** The University has followed the guidelines on achieving value for money in Public Expenditure as set out in the address by the Minister for Finance of 20 October 2005.
- ix) **Compliance with Tax Laws:** The University is committed to compliance with taxation laws. Any issues identified during a year are investigated and resolved. The University is fully committed to ensuring that all tax liabilities are paid on the relevant due dates.
- x) **Child Protection:** The Board approved a Child Protection Policy at its meeting on 29th February 2012. It has since been agreed that specific Child Protection Training requirements for the University will be outsourced from September 2015.
- xi) **Governing Authority Fees and Expenses:** No fees are paid to members of the Governing Authority. Currently no claim for expenses has been submitted by any Board member for the period 2014-15. Should there be such a claim, payment of expenses will be published in our Annual Report. Provost's remuneration: The Provost was paid a salary of €186,693 in the period 1 October 2014 to 30 September 2015. Pursuant to University Statute the Provost is obliged to ordinarily reside in the Provost's House, consequently, the total additional benefit in kind relating to household expenses paid in the year was €5,160 of which €2,760 relates to the current year.
- xii) **Subsidiary Companies:** We can confirm that a Code of Governance is in place in respect of trading subsidiaries and that annual statements are provided to the Board for consideration.

Statement of Governance and Internal Control (cont'd..)

xiii) Good Faith Reporting – Protected Disclosures Act 2014

A Protected Disclosures Policy for the University is being brought to the Governing Authority for approval on 23 March 2016. Once approved it will be communicated to all staff and implemented with immediate effect.

xiv) Governing Authority Meetings – Confirmation of the number of Governing Authority Meetings held during 2014/15 and the attendance records of members is outlined below.

The total number of meetings held during the year was 12.

Ex-officio members:

Provost (Dr Patrick Prendergast) (11), Vice-Provost/Chief Academic Officer (Professor Linda Hogan) (12), Senior Lecturer/Dean of Undergraduate Studies (Professor Gillian Martin) (12), Registrar (Professor Shane Allwright) (12), Bursar (Professor Gerard Lacey) (12).

Elected members:

Professor Sean Barrett (11), Mr Frederick Cowzer (11), Professor Peter Coxon (10), Professor William Dowling (11), Professor Sylvia Draper (10), Professor Eileen Drew (10), Ms Sheila Dunphy (10), Mr Dermot Frost (12), Mr Gerrard Garrahan (11), Professor Brian Lucey (8), Professor Catherine McCabe (12), Professor John McGilp (12), Professor Cliona O'Farrelly (10), Professor Desmond O'Neill (8), Professor Micheal O' Siochru (10), Professor Diarmuid Rossa Phelan (11), Professor Aidan Seery (9).

External Members:

Dr Olive Braiden (9), Mr Jackie Gallagher (9).

Student Members:

Mr Domhnall McGlacken Byrne (9), Mr Ian Mooney (11), Ms Katie Byrne (9), Ms Megan Lee (9).

xv) Audit Committee Meetings:

Confirmation of the number of Audit Committee meetings held in 2014/15 and attendance record of members is outlined below.

2014/15 Meetings

- Thursday 13 November
- Thursday 11 December
- Thursday 12 February
- Tuesday 14 April
- Thursday 18 June

Members Attendance:

Julie O'Neill (Chair) (5/5)
Professor J Barry (3/5)
Professor R Byrne (4/5)
Oliver Cussen (4/4)
Ann Duffy (5/5)
John McGilp (5/5)

To Note: Oliver Cussen attended his first meeting on 11 December 2014.

xvi) Review of Governing Authority performance:

A self-evaluation process of the Governing Authority was completed in May 2015.

On behalf of Trinity College Dublin, the University of Dublin

DR PATRICK PRENDERGAST
PROVOST

IAN MATHEWS
CHIEF FINANCIAL OFFICER

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

We have audited the consolidated and University financial statements ("financial statements") of Trinity College Dublin, the University of Dublin ("the University") for the year ended 30 September 2015 on page 13 to 42 which comprise the statement of accounting policies, consolidated income and expenditure account, consolidated statement of historical cost surpluses and deficits, consolidated statement of total recognised gains and losses, consolidated and University balance sheets, consolidated cashflow statement and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by Chartered Accountants Ireland (Generally Accepted Accounting Practice in Ireland).

Basis for qualified opinion on financial statements

As more fully explained in Note 31 to the financial statements, an asset representing a receivable from the State, equivalent to the value of the University's pension obligations in relation to its defined benefit pension schemes, has been recognised in the University's financial statements (and an equivalent amount recognised in the revenue reserves) on the basis that the Board consider the University's pension liabilities to have 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 consolidated income and expenditure 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, and the enactment of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012, caused the State to assume responsibility for any shortfall in funding arising in the Master Pension scheme operated by the University and in the Single Public Service Pension Scheme, such legislation did not specifically cover the Model and Pension Supplementation defined benefit pension schemes operated by the University. In the absence of the State's formal acceptance of the obligation to fund deficits in the University's Model and Pension Supplementation defined benefit pension schemes, it is not, in our view, appropriate to recognise the pension receivable pertaining to the deficits on those schemes on the Consolidated and University balance sheets at 30 September 2015 and 30 September 2014.

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 Model and Pension Supplementation

defined benefit pension schemes remains contingent in nature until the State formally accepts the obligation.

Accordingly, (i) the pension receivable asset, net assets and revenue reserve in the Consolidated and University balance sheets at 30 September 2015 should be reduced by €459,406,000, (ii) the result after taxation in the Consolidated Income and Expenditure Account for the year ended 30 September 2015 should be restated to a deficit of €57,330,000 and (iii) the total recognised losses in the statement of total recognised gains and losses for the year ended 30 September 2015 should be restated to €4,269,000.

Also, in relation to the prior year (i) the pension receivable asset, net assets and revenue reserve in the Consolidated and University balance sheets at 30 September 2014 should be reduced by €476,576,000 (ii) the result after taxation in the Consolidated Income and Expenditure Account for the year ended 30 September 2014 should be restated to a deficit of €54,935,000 and (iii) the total recognised losses in the statement of total recognised gains and losses for the year ended 30 September 2014 should be restated to €78,879,000.

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is qualified:

In our opinion, except for the financial effect of the recognition of the receivable from the State referred to in the basis for qualified opinion paragraphs, the financial statements on pages 13 to 42:

- give a true and fair view of the assets, liabilities and financial position of the Group and University as at 30 September 2015 and of the deficit of the Group for the year then ended; and
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland.

2. Our conclusions on other matters on which we are required to report under the terms of our engagement are set out below.

In our opinion, the HEA Funding Statements on pages 43 to 61, which have been prepared in accordance with the accounting policies set out on pages 45 to 47, have been properly extracted from the books and records of the University.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion, the accounting records of the University were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

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

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

3. We have nothing to report in respect of matters on which we are required to report by exception.

ISAs (UK & Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

Under the Code of Governance for Irish Universities, we are required to report to you if the statement regarding governance and the system of internal financial control, as included in the Statement of Governance and Internal Control on pages 7 to 10, is not consistent with the information of which we are aware from our audit work on the financial statements, and we report if it does not.

Basis of our report, responsibilities and restrictions on use

As explained more fully in the Statement of Responsibilities set out on page 6, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. They are also responsible for the preparation of the HEA Funding Statements in accordance with the most recent Harmonisation of Accounts Agreement.

Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

Our report is made solely to the members of the Board, as a body, in accordance with University Statute. Our audit work has been undertaken so that we might state to the Board those matters we are required to state to it 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 University and the Board as a body, for our audit work, for this report, or for the opinions we have formed.

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

23 March 2016

Statement of Accounting Policies

The significant accounting policies adopted by Trinity College Dublin, the University of Dublin (referred to hereafter as “the University”) 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 Financial Reporting Council 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, which has been voluntarily adopted by the University.

Accounting convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain land and buildings and endowment assets which are reported at their fair value.

Basis of consolidation

The consolidated financial statements of the Group include the University and its subsidiary undertakings (as defined by the SORP) Ghala Limited, Trinity Foundation, TCD Education Endowment Fund and TCD Trust and TCD Association. The Trinity Endowment Fund is accounted for within the University’s individual financial statements in accordance with the SORP. Other undertakings in which the University has an interest, as indicated in Note 30, have not been consolidated on the basis that they are not controlled by the University or on the grounds of immateriality. Intra-Group income and expenditure are eliminated fully on consolidation.

In accordance with FRS 2 (“Accounting for Subsidiary Undertakings”), the financial statements of the Pension Funds and Capitated Bodies have not been consolidated as they are not controlled by the University.

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.

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.

Income from endowments is credited to the Income and Expenditure account on a receivable basis. Any unspent income is retained as accumulated income within the endowment fund reserve.

Income received through Trinity Foundation for specific projects is recognised to the extent of the project expenditure incurred, with income received in excess of this level being treated as deferred income in the balance sheet.

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 at year end 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

Land and buildings were revalued by the Board of the University in 1998. The University’s buildings were valued on an existing use basis. Land was valued at €126,974 per acre and buildings were valued at a standard cost of €2,413 per square metre.

In accordance with FRS 15 “Tangible Fixed Assets”, the University 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. Land is not depreciated. Historic buildings are depreciated over their expected useful economic life to the University of 80 years, other buildings are depreciated over 50 years, except where held under finance leases where they are depreciated over the lease term.

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.

Statement of Accounting Policies (cont'd..)

(a) Land and buildings - continued

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 University has considered the application of FRS 5: "Reporting the Substance of Transactions" with regard to certain assets used by the University where the legal form of these transactions would indicate that all or part of the assets are not owned by the University. 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
Computer software	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 the income and expenditure account over the expected useful economic life of the related equipment.

(c) Donations

The University receives, on occasion, benefits in kind such as gifts of equipment. Items of a significant value donated to the University, which, if purchased, the University 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 University 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 University holds and maintains certain heritage assets, such as paintings, silver, sculptures and priceless manuscripts. The University conserves these assets for research and teaching and for interaction between the University 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 which are not held for the core purpose of teaching and research, the University capitalises these at either their cost (in the case of acquisitions made by the University) or their fair value (in the case of donations).

Donated heritage assets which are not held for the core purpose of teaching and research 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.

Statement of Accounting Policies (cont'd.)

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 University 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 and the loss is expected to be permanent, in which case the excess of the loss over the previous gains is taken to the income and expenditure account. Similarly, where the reversal of a loss charged previously to the income and expenditure account is expected to be permanent the gain arising is credited to the income and expenditure account.

Endowments

Investments are stated at the following valuations:

Quoted investments are stated at market value based on prices ruling at the balance sheet date. Unit trusts are stated at net asset value quoted by the investment managers at the year end date. Investments which are held in managed funds and unit linked funds are stated at bid prices at the balance sheet date. The market values of foreign investments are converted to euro using the rates of exchange ruling at the year-end.

Changes to the market value of endowment investments are reported in the statement of total recognised gains and losses as increases or decreases to Endowment Assets and Funds.

Other Investments

Other financial investments are stated at market value and are disclosed under fixed assets or current assets depending on portfolio liquidity.

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 University on books and consumable stocks financed from recurrent grants is charged to the income and expenditure account.

Taxation

As the University and its subsidiary undertakings hold tax-exempt status, it is not liable for Corporation Tax or Income Tax on any of its charitable activities.

Provisions

Provisions are recognised when the University 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 University has certain defined benefit arrangements as detailed in Note 31...

Trinity Foundation operates a defined contribution scheme. 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, and the Public Service Pensions (Single Scheme and Other Provisions) Act 2012 relates specifically to the Single Public Service Pension Scheme, as further detailed in Note 31, the University 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 and current asset investments traded in an active market are classified as liquid resources.

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
Year Ended 30 September 2015

	Notes	2015 €'000	2014 €'000
Income			
State grants	1	44,512	47,279
Academic fees	2	128,872	124,234
Research grants and contracts	3	85,199	78,004
Amortisation of deferred capital grants	19	10,571	11,599
Other operating income	4	52,456	49,178
Interest income		487	866
Other finance income/(expense)	5	-	-
Endowment income	6	6,556	7,022
Gain on revaluation of investment properties	12	3,097	7,881
Total Income		331,750	326,063
Expenditure			
Staff costs	7	230,713	225,756
Other operating expenses	8	94,468	89,368
Interest payable	9	4,059	4,217
Depreciation	11	26,610	28,554
Total Expenditure		355,850	347,895
Deficit for the year before taxation		(24,100)	(21,832)
Taxation	10	-	-
Deficit for the year after taxation		(24,100)	(21,832)
Less: Surplus for the year transferred to accumulated income in endowment funds	20	(1,270)	(1,588)
Deficit for the year retained within revenue reserve	22	(25,370)	(23,420)

The financial statements on pages 13 to 42 were approved by the Board of the University on 23 March 2016 and signed on its behalf by:

DR PATRICK PRENDERGAST
PROVOST

IAN MATHEWS
CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS
Year Ended 30 September 2015

	2015 €'000	2014 €'000
Deficit for the year after taxation	(24,100)	(21,832)
Difference between historical cost depreciation and the actual charge for the year calculated on the re-valued amount	4,477	4,477
Historical cost deficit for the year before taxation	<u>(19,623)</u>	<u>(17,355)</u>
Historical cost deficit for the year after taxation	<u>(19,623)</u>	<u>(17,355)</u>

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year Ended 30 September 2015

	Notes	2015 €'000	2014 €'000
Deficit for the year after taxation		(24,100)	(21,832)
Additional revaluation gain on investment properties not reflected in income and expenditure account	12	6,789	1,621
New endowments	20	209	1,212
Net appreciation of endowment asset investments	20	2,145	15,805
Actuarial gain/(loss) in respect of pension schemes	31	87,268	(187,178)
Movement on pension receivable	31	(87,268)	187,178
Total recognised losses for the year		<u>(14,957)</u>	<u>(3,194)</u>

CONSOLIDATED AND UNIVERSITY BALANCE SHEETS
Year Ended 30 September 2015

	Notes	Consolidated		University	
		2015 €'000	2014 €'000	2015 €'000	2014 €'000
Fixed assets					
Tangible assets	11	752,452	761,668	752,418	761,620
Investment properties	12	56,255	46,369	56,255	46,369
		808,707	808,037	808,673	807,989
Endowment assets	13	168,737	165,113	168,737	165,113
Current assets					
Debtors	14	50,960	47,916	50,720	47,859
Stock	15	492	320	492	320
Cash at bank and in hand	29	25,944	21,677	13,432	10,383
Short term deposits	29	152,606	148,048	140,000	135,563
Short term investments	29	1,320	-	-	-
		231,322	217,961	204,644	194,125
Creditors: amounts falling due within one year	16	(173,136)	(147,528)	(156,503)	(135,900)
Net current assets		58,186	70,433	48,141	58,225
Total assets less current liabilities		1,035,630	1,043,583	1,025,551	1,031,327
Creditors: amounts falling due after more than one year	17	(148,394)	(134,280)	(148,394)	(134,280)
Net assets excluding pension (liability)/asset		887,236	909,303	877,157	897,047
Pension liability	31	(1,395,218)	(1,423,616)	(1,395,218)	(1,423,616)
Pension receivable	31	1,395,218	1,423,616	1,395,218	1,423,616
Net Assets		887,236	909,303	877,157	897,047

CONSOLIDATED AND UNIVERSITY BALANCE SHEETS (continued)
Year Ended 30 September 2015

	Notes	Consolidated		University	
		2015 €'000	2014 €'000	2015 €'000	2014 €'000
Represented by:					
Deferred capital grants	19	412,907	420,017	412,907	420,017
Endowment funds: Permanent	20	160,347	156,793	160,347	156,793
Endowment funds: Expendable	20	8,390	8,320	8,390	8,320
		<u>168,737</u>	<u>165,113</u>	<u>168,737</u>	<u>165,113</u>
Revaluation reserve	21	342,325	335,536	342,325	335,536
Revenue reserve	22	(36,733)	(11,363)	(46,812)	(23,619)
		<u>305,592</u>	<u>324,173</u>	<u>295,513</u>	<u>311,917</u>
		<u>887,236</u>	<u>909,303</u>	<u>877,157</u>	<u>897,047</u>

The financial statements on pages 13 to 42 were approved by the Board of the University on 23 March 2016 and signed on its behalf by:

DR PATRICK PRENDERGAST
PROVOST

IAN MATHEWS
CHIEF FINANCIAL OFFICER

CONSOLIDATED CASHFLOW STATEMENT
Year Ended 30 September 2015

	Notes	2015 €'000	2014 €'000
Net cash inflow/(outflow) from operating activities	25	21,556	(9,849)
Returns on investments and servicing of finance	26	3,004	3,819
Capital expenditure and financial investment	27	(14,402)	(10,120)
Net cash inflow/(outflow) before management of liquid resources and financing		10,158	(16,150)
Management of liquid resources	28	(5,878)	(7,213)
Increase/(decrease) in cash in the year		<u>4,280</u>	<u>(23,363)</u>
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash in the year	29	4,280	(23,363)
Increase in liquid resources	29	5,878	7,213
Movement in net funds resulting from cash flows		10,158	(16,150)
Increase in finance lease obligations	29	(20)	(148)
Movement in net funds in year		10,138	(16,298)
Net funds at beginning of year	29	34,927	51,225
Net funds at end of year	29	<u>45,065</u>	<u>34,927</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 State grants	2015	2014
	€'000	€'000
State grants allocated for recurrent purposes	44,512	47,279
The above grant income was received from the following sources:		
	2015	2014
	€'000	€'000
HEA	41,413	43,921
Department of Health	3,099	3,358
	<u>44,512</u>	<u>47,279</u>
Reconciliation of State grant received to income recognised		
	2015	2014
	€'000	€'000
State grant received in respect of current year	43,411	48,641
State grant deferred from prior accounting year (Note 16)	3,816	2,454
State grant deferred to subsequent accounting years (Note 16)	(2,715)	(3,816)
	<u>44,512</u>	<u>47,279</u>

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

2 Academic fees	2015	2014
	€'000	€'000
Academic fee income	124,502	120,456
Short course, USI and sports levy income	2,301	2,065
Miscellaneous fee income	2,069	1,713
Total fees paid by or on behalf of individual students	<u>128,872</u>	<u>124,234</u>
A total of €39,511,725 (2014: €41,620,521) included in academic fee income was paid directly by the Higher Education Authority (HEA). This includes nursing fees of €3,966,138 (2014: €4,329,640).		
The academic fee income is analysed as follows:		
	2015	2014
	€'000	€'000
Full time EU	86,231	85,381
Full time non EU	29,837	27,363
Part time EU	8,160	7,331
Part time non EU	274	381
	<u>124,502</u>	<u>120,456</u>

For comparative purposes income category balances for 2014 have been realigned to reflect the revised reporting hierarchy under the Financial Information System resulting in short course, USI and sports levy income of €2.065m being transferred from other operating income to academic fees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

3 Research grants and contracts	2015 €'000	2014 €'000
State and semi-state	53,429	50,492
European Union	16,090	13,945
Industry	1,978	1,729
Other	7,006	5,600
SFI Overheads	6,696	6,238
	<u>85,199</u>	<u>78,004</u>

4 Other operating income	2015 €'000	2014 €'000
Academic Schools and Faculty Offices	5,969	4,953
Service areas	4,448	2,347
Catering	2,916	2,640
Residences	11,336	9,830
Other ancillary services	1,114	1,074
Rental income	8,199	7,822
Library income	9,991	7,949
Concession income	1,682	826
Non academic other activities	1,738	3,410
Science Gallery	1,583	1,812
HEA pension income	-	1,127
Other income	3,480	5,388
	<u>52,456</u>	<u>49,178</u>

For comparative purposes income category balances for 2014 have been realigned to reflect the revised reporting hierarchy under the Financial Information System. The net effect of this realignment on other operating income in 2014 was to transfer €2.065m from other operating income to academic fees.

5 Other finance income/(expense)	Notes	2015 €'000	2014 €'000
Interest on pension liabilities	31	(37,973)	(45,228)
Movement on pension receivable to offset finance expense	31	37,973	45,228
		<u>-</u>	<u>-</u>

6 Endowment income	Notes	2015 €'000	2014 €'000
Income from permanent endowments	20	6,286	6,728
Income from expendable endowments	20	270	294
		<u>6,556</u>	<u>7,022</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

7 Staff costs**Notes**

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

	2015	2014
	Number	Number
Teaching and research	2,173	2,170
Technical	142	144
Support services	1,002	988
Other	754	779
	<u>4,071</u>	<u>4,081</u>

	2015	2014
	€'000	€'000
Salaries and wages	190,857	187,793
Social welfare costs	14,904	14,300
Other pension costs**	24,952	23,663
	<u>230,713</u>	<u>225,756</u>

** Other pension costs in respect of:		2015	2014
		€'000	€'000
Defined benefit	31	50,901	39,366
Defined contribution	31	150	159
Movement on pension receivable to offset FRS 17 incremental costs	31	(26,099)	(15,862)
		<u>24,952</u>	<u>23,663</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

8 Other operating expenses	2015 €'000	2014 €'000
Telephone and related charges	689	741
Consumables	11,355	11,957
Cost of goods sold	3,400	3,272
Computer and other equipment	7,302	5,342
Heat, light, water and power	8,206	9,467
Books and periodicals, printing & stationery	4,882	4,951
Repairs and general maintenance	5,142	3,922
Insurance	1,058	1,230
Professional Services	7,463	7,436
Rent ,rates & property tax	2,683	2,624
Travel and subsistence	5,561	5,500
Hospitality and entertainment	760	1,025
Recruitment	776	914
Capitation	1,027	1,157
Scholars and Fellows costs	1,358	1,407
Student related costs & awards	9,666	8,835
Employee related costs	1,805	1,300
Advertising & PR costs	1,228	1,155
Bank charges	437	539
Quality & Risk assessment	437	435
Service contracts	6,308	9,461
Subscriptions & Membership Fees	1,301	1,136
Trinity Foundation direct expenditure	2,771	1,499
Endowment funds direct expenditure	1,199	1,205
Other expenses	7,654	2,858
	<u>94,468</u>	<u>89,368</u>
Other operating expenses include:		
Auditors' remuneration (including VAT)	152	203
Statutory Auditor Fee	35	38
	<u>187</u>	<u>241</u>

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

Free fees (fee waivers and scholars fees) of €3.3m (2014: €2.8m) are shown in fee income and the related deemed expenditure shown in other expenses. This is consistent within the University sector.

For comparative purposes expense category balances for 2014 have been realigned to reflect the revised reporting hierarchy under the Financial Information System. The net effect of this realignment on other operating expenses in 2014 was €Nil.

9 Interest payable	2015 €'000	2014 €'000
On finance leases	3,510	3,503
On bank loan	549	714
	<u>4,059</u>	<u>4,217</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

10 Taxation

There is no corporation tax charge for the University and its subsidiary undertakings in the current year as they hold tax-exempt status.

11 Tangible fixed assets	Land and Buildings €'000	Computer Equipment €'000	Equipment €'000	Total €'000
CONSOLIDATED				
Cost or valuation				
At 1 October 2014-revised*	946,704	19,349	174,352	1,140,405
Additions	11,551	1,116	4,727	17,394
Disposals	-	(202)	(1,293)	(1,495)
At 30 September 2015	958,255	20,263	177,786	1,156,304
Depreciation				
At 1 October 2014-revised*	213,267	15,937	149,533	378,737
Depreciation for year	16,217	1,575	8,818	26,610
Disposals	-	(202)	(1,293)	(1,495)
At 30 September 2015	229,484	17,310	157,058	403,852
Net book value				
At 1 October 2014	733,437	3,412	24,819	761,668
At 30 September 2015	728,771	2,953	20,728	752,452
UNIVERSITY				
Cost or valuation				
At 1 October 2014-revised*	946,704	19,009	174,205	1,139,918
Additions	11,551	1,098	4,726	17,375
Disposals	-	(202)	(1,293)	(1,495)
At 30 September 2015	958,255	19,905	177,638	1,155,798
Depreciation				
At 1 October 2014-revised*	213,267	15,632	149,399	378,298
Depreciation for year	16,217	1,542	8,818	26,577
Disposals	-	(202)	(1,293)	(1,495)
At 30 September 2015	229,484	16,972	156,924	403,380
Net book value				
At 1 October 2014	733,437	3,377	24,806	761,620
At 30 September 2015	728,771	2,933	20,714	752,418

*Opening balance cost and accumulated depreciation in Buildings has been adjusted by €4.654m to reflect prior year disposal of assets which were fully written down to a nil NBV.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

11 Tangible fixed assets (continued)

Land and Buildings include assets valued by the Board of the University 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 in 2014/15 of €13,769,097 (2013/14: €3,338,673).

In applying FRS 5 *'Reporting the Substance of Transactions'*, the University has included in Land and Buildings property for which the related liabilities of €59,300,462 (2013/14: €59,279,861) are included in creditors (see Note 17). The net book value of this property was €54,720,000 at 30 September 2015 (2013/14: €56,160,000).

Heritage Assets

The University holds and maintains certain heritage assets, such as paintings, silver, sculptures and priceless manuscripts. The University conserves these assets for research and teaching and for interaction between the University 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 University fall into the categories detailed below.

Library:

Trinity College Library 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 University possesses a significant art collection acquired over a period of 300 years including a distinguished collection of historic portraits and sculptures by Irish and international artists and these are on public display throughout the University.

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 University Mace and a selection of the University Plate are used for ceremonial and decorative purposes at Commencements and special University dinners. The collection is currently used for educational and research purposes and is being considered for public display in the future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

11 Tangible fixed assets (continued)**Heritage assets additions/disposals:**

Heritage assets of €0.48m were donated to Trinity College between 1 October 2010 and 30 September 2015 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.

	2010/11	2011/12	2012/13	2013/14	2014/15
Value of acquisitions by donation	€0.15m	€0.08m	€0.07m	€0.12m	€0.06m

There were no disposals of heritage assets between 1 October 2010 and 30 September 2015.

12 Investment Properties	Consolidated and University	
	2015 €'000	2014 €'000
At beginning of year	46,369	42,517
Reclassification to tangible fixed assets	-	(5,650)
Revaluation gains in year	9,886	9,502
At end of year	56,255	46,369

GVA Donal O Buachalla, Chartered Surveyors, independently valued all investment properties at 30 September 2015 at open market value in accordance with the Royal Institution of Chartered Surveyors valuation standards.

The valuations of Lincoln House and 3&4 South Leinster Street/18-19 Lincoln Place were updated at 30 September 2015 resulting in revaluation surpluses of €1.6m and €0.3m respectively. The valuation of Oisín House at 30 September 2015 resulted in a revaluation gain of €2.4m. Trinity Biomedical Sciences Institute (commercial element) was valued at €34.6m as at 30 September 2015 resulting in a revaluation gain in 2015 of €5.6m.

The gains on revaluation of investment properties in the year totalled €9.9m of which €6.8m has been taken to the revaluation reserve in the balance sheet (2014: €1.62m) and €3.1m (Lincoln House €1.3m and Biosciences €1.8m) has been recognised as a gain in the income and expenditure account (2014: €7.88m) as it reverses historical impairment charges against the original cost of the building previously recorded in the Income and Expenditure account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

13 Endowment Assets	Notes	Consolidated and University	
		2015 €'000	2014 €'000
As beginning of year		165,113	146,508
New endowments	20	209	1,212
Net increase in market value of investments	20	2,145	15,805
Surplus transferred from income and expenditure account	20	1,270	1,588
At end of year		168,737	165,113
Represented by:			
Bonds		54,231	67,788
Equities		72,816	64,976
Zero Coupon Bonds		-	2,071
Diversified alternatives		8,964	8,499
Property		22,595	19,355
Infrastructure Funds		6,980	-
Cash deposits		1,000	1,000
Working capital		2,151	1,424
Total endowment assets		168,737	165,113

14 Debtors	Consolidated		University	
	2015 €'000	2014 €'000	2015 €'000	2014 €'000
Trade debtors	2,563	3,322	2,563	3,322
Research grants and contracts receivable	24,413	19,782	24,413	19,782
State capital grants receivable	11,820	13,114	11,820	13,114
Non State capital funding receivable	804	1,456	804	1,456
Prepayments and other debtors	11,360	10,242	11,030	10,049
Amounts due from subsidiary undertakings	-	-	90	136
	50,960	47,916	50,720	47,859

15 Stocks	Consolidated		University	
	2015 €'000	2014 €'000	2015 €'000	2014 €'000
Raw materials and consumables	102	40	102	40
Finished goods for resale	390	280	390	280
	492	320	492	320

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		University	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Trade creditors	4,019	3,516	3,453	3,209
Research grants and contracts in advance	53,775	46,880	53,775	46,880
Academic fees received in advance	46,825	40,683	46,825	40,683
State recurrent grants received in advance	2,715	3,816	2,715	3,816
Capital funding received in advance	454	2,869	454	2,869
Accruals and deferred income	40,329	27,941	24,264	16,622
Bank loans and overdrafts (Note 18)	505	518	505	518
PAYE/PRSI	5,114	5,049	5,114	5,049
Other creditors	19,400	16,256	19,398	16,254
	<u>173,136</u>	<u>147,528</u>	<u>156,503</u>	<u>135,900</u>

Accruals include deferred income of €4.6m (2014: €0.6m) in relation to concession agreements.

17 Creditors: Amounts falling due after more than one year	Consolidated		University	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Obligations under finance lease (Note 18)	59,300	59,280	59,300	59,280
Bank loan (Note 18)	75,000	75,000	75,000	75,000
Deferred income	14,094	-	14,094	-
	<u>148,394</u>	<u>134,280</u>	<u>148,394</u>	<u>134,280</u>

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 University has a €75 million loan facility with the European Investment Bank. 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 University is required to comply with certain covenants included in this loan facility.

Non-current deferred income relates to concession agreements and is recognisable over a term between one and four years from the balance sheet date.

18 Borrowings	Consolidated		University	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
(a) Bank loans and overdrafts				
Bank loans and overdrafts are repayable as follows:				
Amounts due within one year	505	518	505	518
Due between two and five years	4,321	952	4,321	952
Due after more than five years	70,679	74,048	70,679	74,048
Total	<u>75,505</u>	<u>75,518</u>	<u>75,505</u>	<u>75,518</u>

The University has no undrawn bank loan facilities available to it at 30 September 2015.

(b) Finance leases				
The net finance lease obligations committed to are:				
Due between two and five years	2,300	1,447	2,300	1,447
Due after more than five years	57,000	57,833	57,000	57,833
Total	<u>59,300</u>	<u>59,280</u>	<u>59,300</u>	<u>59,280</u>

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

19 Deferred capital grants Consolidated and University	State €'000	Other Grants and Benefactors €'000	Total €'000
Buildings & Equipment			
At 1 October 2014	271,259	148,758	420,017
Amount receivable	3,437	24	3,461
Released to income and expenditure	(6,827)	(3,744)	(10,571)
At 30 September 2015	<u>267,869</u>	<u>145,038</u>	<u>412,907</u>

20 Endowment Funds Consolidated and University

The Trinity Endowment Fund is a collection of individual funds, each of which represents a benefaction to the University. They are permanent and expendable endowment funds that provide financial support to specific University activities. Permanent endowment funds are those where the capital is required to be permanently maintained. The individual funds are invested through units in a common investment scheme which has been approved by the Charities Regulatory Authority (formally the Commissioners of Charitable Donations and Bequests for Ireland) under Section 46 of the Charities Act 1961. The Trustees of the Endowment funds are the Provost, Fellows & Scholars of Trinity College with, in most cases, persons nominated under the specified trusts who are responsible for the pursuance of the specified objectives of individual funds.

	Restricted Permanent €'000	Restricted Expendable €'000	2015 Total €'000	2014 Total €'000
Capital	146,881	7,868	154,749	137,732
Accumulated income	9,912	452	10,364	8,776
At beginning of year	156,793	8,320	165,113	146,508
New endowments	209	-	209	1,212
Net appreciation of endowment investments	2,141	4	2,145	15,805
Investment income for the year	6,286	270	6,556	7,022
Expenditure for the year	(5,082)	(204)	(5,286)	(5,434)
At end of year	<u>160,347</u>	<u>8,390</u>	<u>168,737</u>	<u>165,113</u>
Represented by:				
Capital	149,232	7,872	157,104	154,749
Accumulated income	11,115	518	11,633	10,364
	<u>160,347</u>	<u>8,390</u>	<u>168,737</u>	<u>165,113</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

20 Endowment funds
Consolidated and University (*continued*)

Set out below are details of material component funds of the Trinity Endowment Fund that are over 1% of the value of total endowment funds.

	← Accumulated Income →						
	Capital Value at 30 Sept 2015 €'000	Opening Balance €'000	Income €'000	Expenditure €'000	Income transfer to capital €'000	Closing Balance €'000	Date Received
Research (Arts, Economics, & Social Studies)	1,596	131	55	26	-	160	1979
Chetwood-Aiken	1,744	20	58	-	57	21	1969
Hitachi	1,782	14	61	60	-	15	1991
Brown Animal	1,985	-	68	64	-	4	1973
O'Sullivan Manuscripts	2,124	111	73	65	-	119	2002
Early Irish Studies	2,407	-	83	83	-	-	1996
Loyola	3,646	91	125	110	-	106	2013
Smurfit	2,480	-	85	85	-	-	1989
Provost's Academic Development Fund	3,226	499	111	180	-	430	1992
Nunn	3,333	836	114	-	-	950	1994
Coca Cola	3,429	50	118	132	-	36	1993
Reid Entrance Exhibitions	3,999	82	137	74	-	145	1888
Childhood Research	4,230	362	145	197	-	310	2005
Iona Technologies	7,717	181	265	233	-	213	1997
Faculty Funds	7,872	452	270	204	-	518	2009
Endowment Capital Development Fund	45,434	519	1,560	1,513	-	566	1995
	97,004	3,348	3,328	3,026	57	3,593	

Research (Arts, Economic & Social Studies)

This restricted permanent endowment was established in 1979 to finance research projects from members of staff of the Faculties of Arts and Humanities, and Social and Human Sciences.

Chetwood-Aiken

This restricted permanent endowment was established in 1969 under the will of the late Mrs Chetwood-Aiken for the support of cancer research.

Hitachi

This restricted permanent endowment was established in 1991 for the endowment of a Lectureship bearing the Hitachi name to be applied in the area of computational science.

Brown Animal

This restricted permanent endowment was established in 1973 to support the maintenance at the University of a lecturer under the Thomas Brown Lectureship.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

20 Endowment Funds (continued)

O'Sullivan Manuscripts

This restricted permanent endowment was established in 2002 under the will of the late William O'Sullivan. The income is to be used solely for the purchase of manuscripts for the University Library.

Early Irish Studies

This restricted permanent endowment was established in 1996 to fund a Chair in Early Irish Studies.

Loyola

This restricted permanent endowment was established in 2012 to provide academic support as approved by the Provost.

Smurfit

This restricted permanent endowment was established in 1989 to support a Chair in Genetics.

Provost's Academic Development Fund

This restricted permanent endowment was established in 1992 to provide academic support as approved by the Provost.

Nunn

This restricted permanent endowment was established in 1994 under the will of the late Angela Lilian Nunn, for the purposes of Medical Research.

Coca Cola

This restricted permanent endowment was established in 1993 to fund a Chair in Drama & Theatre Studies.

Reid Entrance Exhibitions

This restricted permanent endowment was established in 1888 under the will of the late Richard Touhill Reid, to fund additional sizarships. The awards, which do not exceed five in number, are open only to students of limited means and who are natives of County Kerry. They are granted to qualified candidates on the basis of their public examination results and are tenable for two years.

Childhood Research

This restricted permanent endowment was established in 2005 to support the provision of core funding and the appointment of a Professor of Childhood Studies at the Children's Research Centre.

Iona Technologies

This restricted permanent endowment was established in 1997 to provide an annual allocation to the Research Committee to support research activity.

Faculty Funds

This restricted expendable endowment was established in 2009, for the purpose of supporting the provision of core teaching and unfunded research.

Endowment Capital Development Fund

This restricted permanent endowment was established to provide a regular annual income stream which would be available to the Board to facilitate major capital developments in the University.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

21 Revaluation reserve Consolidated and University		2015 €'000	2014 €'000
At 1 October		335,536	333,915
Gain on revaluation of investment properties (Note 12)		6,789	1,621
At 30 September		342,325	335,536

22 Reconciliation of movement in reserves	Revenue reserve €'000	Revaluation reserve €'000	Total €'000
CONSOLIDATED			
At 1 October 2014	(11,363)	335,536	324,173
Deficit for the financial year	(25,370)	-	(25,370)
Gain on revaluation of investment properties (Note 12)	-	6,789	6,789
At 30 September 2015	(36,733)	342,325	305,592
UNIVERSITY			
At 1 October 2014	(23,619)	335,536	311,917
Deficit for the financial year	(23,193)	-	(23,193)
Gain on revaluation of investment properties (Note 12)	-	6,789	6,789
At 30 September 2015	(46,812)	342,325	295,513

23 Contingent liabilities

The University has given indemnities in relation to the qualification of certain expenditure for capital allowance purposes in the financing of the Botany Bay and Trinity Hall Student Residences.

The University 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 University is expected to arise from the ultimate resolution of these legal actions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

24 Commitments	Consolidated		University	
	2015 €'000	2014 €'000	2015 €'000	2014 €'000
Capital Commitments				
Contracted for but not provided	7,089	4,019	7,089	4,019
Authorised but not contracted	8,447	12,275	8,447	12,275
	<u>15,536</u>	<u>16,294</u>	<u>15,536</u>	<u>16,294</u>

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.

25 Reconciliation of consolidated deficit to net cash inflow/(outflow) from operating activities	2015 €'000	2014 €'000
Deficit for the year	(24,100)	(21,832)
Depreciation	26,610	28,554
Surplus transferred to endowment funds	(1,270)	(1,588)
Amortisation of deferred capital grants	(10,571)	(11,599)
(Increase)/decrease in stocks	(172)	148
(Increase)/decrease in debtors	(4,990)	4,138
Increase in creditors	42,130	3,882
Interest payable	4,059	4,217
Interest received	(487)	(866)
Endowment income	(6,556)	(7,022)
Gain on revaluation of investment properties	(3,097)	(7,881)
Net cash inflow/(outflow) from operating activities	<u>21,556</u>	<u>(9,849)</u>

26 Returns on investments and servicing of finance	2015 €'000	2014 €'000
Interest received	487	866
Interest paid	(4,039)	(4,069)
Endowment income received	6,556	7,022
Net cash inflow from returns on investments and servicing of finance	<u>3,004</u>	<u>3,819</u>

27 Capital expenditure and financial investment	2015 €'000	2014 €'000
Purchase of tangible fixed assets	(17,394)	(18,765)
Capital grants received	2,992	8,645
Net cash outflow from capital expenditure and financial investment	<u>(14,402)</u>	<u>(10,120)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

28 Management of liquid resources	2015 €'000	2014 €'000
Movement in short term deposits	(4,558)	(7,213)
Movement in short term investments	(1,320)	-
Net cash outflow from management of liquid resources	(5,878)	(7,213)

29 Analysis of changes in net funds	At 1 October 2014 €'000	Cashflows €'000	Other changes €'000	At 30 September 2015 €'000
Cash	21,677	4,267	-	25,944
Bank overdraft	(518)	13	-	(505)
	21,159	4,280	-	25,439
Liquid resources	148,048	5,878	-	153,926
Obligations under finance leases	(59,280)	-	(20)	(59,300)
Bank	(75,000)	-	-	(75,000)
Total	34,927	10,158	(20)	45,065

Liquid resources include (a) short term bank deposits with maturity or notice periods greater than one working day of €152.6m and (b) short term investments in managed investment funds which are traded in an active market of €1.3m.

30 Related parties**Subsidiary undertakings***Ghala Limited*

The principal activity is the construction and refurbishment of University properties. The University owns 100% of the share capital of this company.

The following three entities are also considered to be subsidiary undertakings of the University in accordance with the SORP definition of control. Their activities are exclusively for the benefit of the University.

Trinity Foundation

Charity Trust established with the objective of raising funds to support the development of Trinity College Dublin.

Trinity College Dublin Education Endowment Fund and Trinity College Dublin Trust

The Trinity College Dublin Trust was established in 1955 to continue and amplify the work of the Trinity College Dublin Educational Endowment Fund. The aim of this Trust is to augment endowments of the University, and to make grants to the University for the promotion of research or education in its widest sense.

Trinity College Dublin Association

The Association exists to foster contacts between its members and Trinity College Dublin and to support the University inter alia by promoting the purposes of the Trinity College Dublin Trust.

Transactions with subsidiaries of the University have been eliminated on consolidation.

Transactions with other related parties

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

30 Related parties (continued)

Haughton Institute. During the period, Trinity College made payments of €106,569 (2013/14: €100,905) to the Haughton Institute and received €53,358 (2013/14: €541,759) for services provided to the Haughton Institute. All transactions were conducted on an arm's length basis. At 30 September 2015, there was an amount of €7,835 (2013/14: €43,800) due from Trinity College to the Haughton Institute. The net assets of the Haughton Institute per their audited Financial Statements at 31 December 2014 were €60,264 (2013: €313,423) and the deficit for the year amounted to €253,159 (2013: €109,846).

Molecular Medicine Ireland (MMI) is a related company limited by guarantee, does not have share capital and has been registered without the word "Limited" in its name. Its principal activities are research into the molecular bases 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 of €202,855 (2013/14: €236,809) to MMI and received €Nil (2013/14: €3,000). At 30 September 2015 there was an amount of €Nil (2013/14: €Nil) due to MMI. All transactions were conducted on an arm's length basis. The net assets of MMI per their Financial Statements at 30 September 2014 were €Nil (2013: €Nil) and the surplus for the year amounted to €Nil (2013: €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. During the period Trinity College received €Nil (2013/14: €Nil). At 30 September 2015 there was an amount of €Nil (2013/14: €Nil) due from NDRC Limited. The net assets per their Financial Statements as at 31 December 2014 were €730,895 (2013: €730,895) and the surplus for the year amounted to €Nil (2013: €1,505).

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 2015 there was an amount of €Nil (2013/14: €Nil) due from NIBRT Limited. The net assets at 31 December 2014 were €Nil (2013: €Nil) and the surplus for the year amounted to €Nil (2013: €Nil).

Trinity College Dublin Academy of Dramatic Art Limited (also known as 'The Lir') does not have share capital and is limited by guarantee. The Lir is a related party as there are two University representatives on its Board out of a total of nine Board members. Its principal activities are to establish and operate an Academy for the provision of educational services, training and research in relation to dramatic art. The University has leased property (2,202 square meters) to The Lir until 30 September 2021, at a nominal rent of €10 per annum. At 30 September 2015 there was an amount of €464,837 (2013/14: €490,838) due from The Lir. The net liabilities of The Lir per their draft Financial Statements at 30 September 2015 were €289,259 (2014: €290,111) and the surplus for the year amounted to €852 (2014: €24,782 deficit).

Science Gallery International (also known as 'SGI') does not have share capital and is limited by guarantee. SGI is a related party as there are two University representatives out of a total of seven Board Members. The main object for which the Company is established is to advance education by igniting creativity and discovery where science and art collide, through developing an international network of science activities including touring exhibitions, educational workshops, training programmes and events. At 30 September 2015 there was an amount of €81,562 (2014: €113,422) due from SGI and an amount of €69,673 (2014: €66,905) due to SGI. The net assets of SGI per management accounts at 30 September 2015 were €164,294 (2014: €72,503) and the profit for the year amounted to €91,791 (2014: €9,715).

The Douglas Hyde Gallery is a company limited by guarantee and does not have share capital. The main objectives of the company are to promote the study and improve the understanding of the fine arts, to maintain a permanent centre for the exhibitions of works of art and to carry out research, investigation and experimental works in the arts. The Douglas Hyde Gallery is a related party as four out of a total of eight board members are appointed by Trinity College. During the financial year to 31 December 2014, Trinity College made payments of €46,815 (2013: €45,431) to the Douglas Hyde Gallery and received payments for €38,870 (2013: €45,431) in respect of rent and other costs associated with the provision of office and exhibition space in the University. At 31 December 2014, there was an amount of €Nil (2013: €Nil) due from the Douglas Hyde Gallery. The net assets of the Douglas Hyde Gallery at 31 December 2014 were €85,145 (2013: €119,575) and the deficit for the year amounted to €34,430 (2013: €43,972).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

31 Retirement benefits

a) Defined contribution pension scheme

Trinity Foundation operates a defined contribution scheme within the meaning of the Pensions Act 1990. It is called the Trinity Foundation Retirement Solution Plan. The scheme commenced on 1 February 1999. The pension charge for the period represents contributions payable by Trinity Foundation to the scheme and amounted to €0.150 million (2014: €0.159 million).

b) Defined benefit pension schemes

i) *Background*

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

- Master Pension Scheme
- Model Scheme
- Pension Supplementation
- Single Public Service Pension Scheme

Master Scheme

Prior to the changes outlined below, the University funded a Master Pension Scheme, comprising a pension scheme and a prolonged disability income scheme, operating under a Trust Deed. 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 University 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 University 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 University's contribution was limited to 15% of pensionable salary due to a restriction imposed by the HEA on the level of the University'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 University 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 University'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 University's recurrent core grant from the HEA.

Single Public Service Pension Scheme

The Single Public Service Scheme applies to all new staff who are joining the public sector as new entrants on or after 1 January 2013. It is a defined benefit scheme and the University has accounted for its estimated share of the defined benefit obligations of this scheme in accordance with FRS17. All employee pension contributions for the Single scheme are paid to a state pension account. This scheme operates on a pay-as-you-go basis from the University's core funding.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Retirement benefits (continued)

b) Defined benefit pension schemes (continued)

i) Background (continued)

The Financial Measures (Miscellaneous Provisions) Act 2009 was enacted on 26 June 2009 and included, in relation to the Master Pension Scheme of the University, 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.

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 University 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 University in relation to the scheme;
- if the aggregate of the members and employers' contributions paid or withheld above are insufficient to meet the University's obligations to pay those benefits in accordance with the Scheme, the Minister for Finance shall make good the deficiency by payments to the University 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 University 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 University i.e. those liabilities associated with the Master Pension Scheme and other defined benefit pension arrangements that the University has in place.

Although the above legislation enacted during 2009 relates specifically to the Master Pension Scheme, the University 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. The University's liabilities under the Single Public Service Pension Scheme are guaranteed by the State under the Public Service Pensions (Single Scheme and Other Provisions) Act 2012.

The University 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

		2015	2014
		€'000	€'000
Consolidated and University			
Pension liability – FRS 17	Section (iii) below	(1,395,218)	(1,423,616)
Pension receivable	Section (iv) below	1,395,218	1,423,616
		-	-
Analysis of pension liability – FRS 17		2015	2014
		€'000	€'000
Master Pension Scheme		(929,966)	(944,335)
Model Scheme and Pension Supplementation		(459,406)	(476,576)
Single Public Service Pension Scheme		(5,846)	(2,705)
Present value of unfunded obligations		(1,395,218)	(1,423,616)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Retirement benefits (continued)**b) Defined benefit pension schemes (continued)***iii) Net pension liability – FRS 17*

The valuation of the defined benefit obligations of the University 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 2015 and 30 September 2014 were as follows:

Financial assumptions	30 September 2015	30 September 2014
Valuation method	Projected Unit	Projected Unit
Discount rate	2.70%	2.60%
Inflation rate	1.60%	1.75%
Salary increases	3.10%	3.25%
Pension supplementation	2.10%	2.25%

The discount rate of 2.70% is based on the Mercer Yield Curve index for high quality corporate bonds which is appropriate for the duration of the liabilities of the schemes.

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 2015	30 September 2014
Member aged 65 (current life expectancy)	22.8	23.5
Member aged 40 (life expectancy at age 65)	25.6	26.5

Change in benefit obligations	2015 €'000	2014 €'000
Benefit obligations at beginning of year	1,423,616	1,179,497
Service cost	50,901	39,366
Interest cost	37,973	45,228
Plan members' contributions	2,290	2,407
Actuarial (gain)/loss	(87,268)	187,178
Benefits paid	(32,005)	(29,763)
Expenses paid	(289)	(297)
Benefit obligations at end of year	1,395,218	1,423,616

There are no plan assets for these unfunded pension arrangements.

The estimated employer contributions for the 2016 financial year are €25.3m. Employer contributions for the 2015 financial year were €24.8m (see Section (iv)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Retirement benefits <i>(continued)</i>	Notes		
b) Defined benefit pension schemes <i>(continued)</i>			
<i>iii) Net pension liability – FRS 17 (continued)</i>			
		2015	2014
		€'000	€'000
Expense recognised in the income and expenditure account before movement on pension receivable			
Analysis of amount charged to other finance costs			
Interest on pension liabilities		37,973	45,228
	5	<u>37,973</u>	<u>45,228</u>
Analysis of amount charged to staff costs			
Current service cost		50,901	39,366
	7	<u>50,901</u>	<u>39,366</u>
Total pension expense recognised in income and expenditure account before movement on pension receivable		<u>88,874</u>	<u>84,594</u>
Cumulative amount of actuarial (losses) / gains immediately recognised before movement on pension receivable		2015	2014
		€'000	€'000
At beginning of year		(236,021)	(48,843)
Amount recognised in the consolidated statement of total recognised gains/(losses)			
Experience gains on liabilities		7,103	37,207
Changes in assumptions		80,165	(224,385)
Actuarial gain/(loss) recognised in STRGL before movement on pension receivable		<u>87,268</u>	<u>(187,178)</u>
At end of year		<u>(148,753)</u>	<u>(236,021)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Retirement benefits (continued)**b) Defined benefit pension schemes (continued)***iii) Net pension liability – FRS 17 (continued)*

History of experience gains and losses	2015 €'000	2014 €'000	2013 €'000	2012 €'000	2011 €'000
Difference between expected and actual return on scheme assets	n/a	n/a	n/a	n/a	n/a
Percentage of scheme assets (fair value)	n/a	n/a	n/a	n/a	n/a
Experience gains and losses on scheme liabilities	7,103	37,207	71,890	37,166	43,704
Percentage of scheme liabilities (present value)	0.5%	2.6%	6.1%	3.3%	4.9%
Total actuarial gains and losses	87,268	(187,178)	16,213	(194,974)	118,185
Percentage of scheme liabilities (present value)	6.3%	13.1%	1.4%	(17.1%)	13.2%
History of scheme deficits	2015 €'000	2014 €'000	2013 €'000	2012 €'000	2011 €'000
Fair value of scheme assets	-	-	-	-	-
Present value of scheme liabilities	(1,395,218)	(1,423,616)	(1,179,497)	(1,139,996)	(895,407)
Deficit in schemes	(1,395,218)	(1,423,616)	(1,179,497)	(1,139,996)	(895,407)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

31 Retirement benefits <i>(continued)</i>	2015 €'000	2014 €'000
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b) Defined benefit pension schemes *(continued)*

iv) Pension receivable – due from the State

Pension receivable at beginning of year	1,423,616	1,179,497
Movement included in other finance income – Note 5	37,973	45,228
Movement included in staff costs – Note 7	26,099	15,862
Movement included in the statement of total recognised gains and losses	(87,268)	187,178
Employer contributions	24,802	23,504
Member contributions	2,290	2,407
Benefits paid from plan	(32,005)	(29,763)
Expenses paid	(289)	(297)
Pension receivable at end of year	1,395,218	1,423,616

32 Post Balance Sheet Events

On 1 October 2015 the University drew down a €70 million loan facility with the European Investment Bank, repayable over 30 years, the first 5 years being interest only, at a fixed rate of 1.904% per annum. The first repayment instalment is due in 2021.

There were no other significant post balance sheet events since the year ended 30 September 2015 which require adjustment to the Consolidated Financial Statements or the inclusion of a note thereto.

33 Approval of the Consolidated Financial Statements

The Board of the University approved the Consolidated Financial Statements on 23 March 2016.



Coláiste na Tríonóide, Baile Átha Cliath
Trinity College Dublin

Ollscoil Átha Cliath | The University of Dublin

TRINITY COLLEGE DUBLIN, THE UNIVERSITY OF DUBLIN
FUNDING STATEMENTS

YEAR ENDED 30 SEPTEMBER 2015

Statement of Responsibilities for the Funding Statements

Trinity College Dublin, the University of Dublin (“the University”) is required to comply with the Universities Act 1997, and to keep in such form as may be approved by an tÚdarás, all proper and usual accounts of money received and expended by it. Under these responsibilities the University is required to prepare Funding Statements in accordance with the Harmonisation of Accounts Agreement, as adopted by Irish Universities. In preparing the Funding Statements, the University is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the Funding Statements on the going concern basis unless that basis is inappropriate.

The University is responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the University and which enables it to ensure that its Funding Statements comply with the Universities Act 1997. The University 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.

On behalf of Trinity College Dublin, the University of Dublin

PROVOST

CHIEF FINANCIAL OFFICER

Statement of Accounting Policies

Funding Statements

The Funding Statements reflect the teaching, research and related service activities of the University. The Financial Statements of the Pension Funds of Trinity College, Trinity Endowment Fund, Trinity Foundation 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 accordance with generally accepted accounting principles (GAAP). Financial Statements for the year ended 30 September 2015 are separately 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. 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 Financial Reporting Council.

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.

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 University'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 University in 1998.

Land is not depreciated. Historic buildings are depreciated over their expected useful economic life to the University of 80 years, other buildings are depreciated over 50 years, except where held under finance leases where they are depreciated over the lease term.

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. For the purposes of the Funding Statements notional interest representing the opportunity costs of deposit interest foregone by the University is also capitalised.

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.

Statement of Accounting Policies (cont'd..)

(a) Land and buildings - continued

The University has considered the application of FRS 5: "Reporting the Substance of Transactions" with regard to certain assets used by the University where the legal form of the transaction would indicate that all or part of the assets are not owned by the University. The financial substance of the transaction has been reflected in the Funding Statements and as such the full value of these assets, net of depreciation, 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:

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

Heritage assets

The University holds and maintains certain heritage assets, such as paintings, silver, sculptures and priceless manuscripts. The University conserves these assets for research and teaching and for interaction between the University and the public. Heritage assets are not capitalised in the Funding Statements. It is considered that no meaningful value can be

attributed to the majority of these assets 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.

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 University 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 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 contribution to the University's indirect 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 University 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 University holds tax exempt status.

Statement of Accounting Policies (cont'd..)

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 (see note 27).

An unfunded Model Pension Scheme applies to all new staff appointed from 1 January 2005 to 31 December 2012 and is operated on a pay as you go basis.

Post-retirement pension increases (Pension Supplementation) for retired staff are operated on a pay as you go basis.

The Single Public Service Scheme applies to all new staff who joined the public sector as new entrants on or after 1 January 2013. It is a defined benefit scheme. All employee pension contributions for the Single scheme are paid to a State pension account. This scheme operates on a pay-as-you-go basis from the University's core funding.

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

The Funding Statements include a net pension asset/(liability) being the difference between amounts funded for pensions by the HEA and amounts paid for pensions by the University (see note 21).

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, which do not form part of teaching or research related activities. Any surplus on these services is used to fund future development work. The net outturn on such activities is transferred to the general reserve account.

Rental Income

Rental income from investment properties is reflected in the income and expenditure account in the Funding Statements where it has been identified to fund core recurrent activities. Rental income that is identified to fund current and future capital projects is not included in the income and expenditure account and is instead reflected in the general reserve.

Interest

Interest earned/payable on core related activities is reflected in the income and expenditure account. Other interest used to fund current and future capital projects is reflected in the general reserve.

Income and Expenditure Account
Year ended 30 September 2015

	Notes	2015 €'000	2014 €'000
Income			
State Grants	1	44,362	47,781
Student Fees	2	126,452	122,235
Other Income	3	33,856	30,437
		204,670	200,453
Research Grants and Projects	4	72,742	71,729
Total		277,412	272,182
Expenditure			
Academic Faculties	5	117,306	117,810
Academic and Other Services	6	20,617	20,152
Premises	7	26,582	27,975
Amount Allocated for Capital Purposes	8	500	501
Central Administration and Services	9	12,704	12,751
General Educational Expenditure	10	9,805	9,413
Student Services	11	4,911	5,021
Miscellaneous Expenditure	12	10,578	8,837
Academic and Related Services	13	203,003	202,460
Research Grants and Projects	13	72,742	71,729
Total	13	275,745	274,189
Surplus / (Deficit) on Activities before Amortisation of Capital Reserves and Grants, Ancillary Services and Depreciation of Fixed Assets		1,667	(2,007)
Deficit on Ancillary Services	14	(104)	(28)
Depreciation of Fixed Assets	15	(26,577)	(24,081)
General Reserve Transfer	16	26,681	24,109
Net surplus / (deficit) for year	24	1,667	(2,007)

The Statement of Accounting Policies (Pages 45 to 47) and Notes to the Funding Statements (Pages 51 to 61) form part of these Funding Statements.

DR PATRICK PRENDERGAST
PROVOST

IAN MATHEWS
CHIEF FINANCIAL OFFICER

Balance Sheet*At 30 September 2015*

	Notes	2015 €'000	2014 €'000
Fixed Assets			
Tangible assets	17	756,467	765,669
Investment properties	18	56,255	46,369
		812,722	812,038
Current Assets			
Bank and cash balances		153,432	145,946
Debtors and prepayments	19	69,028	55,414
Stocks		460	287
		222,920	201,647
Current Liabilities			
Creditors and accrued expenditure	20	(241,327)	(205,412)
Bank balances		(504)	(518)
		(241,831)	(205,930)
Net Current Liabilities		(18,911)	(4,283)
Long Term Liabilities			
Creditors due after one year	22	(134,300)	(134,280)
		659,511	673,475
Represented By:			
General reserve	23	659,361	674,992
Revenue reserve	24	150	(1,517)
		659,511	673,475

The Statement of Accounting Policies (Pages 45 to 47) and Notes to the Funding Statements (Pages 51 to 61) form part of these Funding Statements.

DR PATRICK PRENDERGAST
PROVOST

IAN MATHEWS
CHIEF FINANCIAL OFFICER

Cash Flow Statement
Year ended 30 September 2015

	Notes	2015 €'000	2014 €'000
Net Cash Inflow/(outflow) from Operating Activities	25	23,320	(12,495)
Returns on Investments and Servicing of Finance			
Interest received (net)		371	428
Capital Expenditure			
Purchase of fixed assets		(17,375)	(18,758)
Net Cash Inflow/(outflow) before Management of Liquid Resources and Financing		6,316	(30,825)
Management of Liquid Resources		(4,437)	(7,333)
Financing			
Capital receipts		1,185	12,334
Total financing		1,185	12,334
Increase/(decrease) in Cash in the year	25	<u>3,063</u>	<u>(25,824)</u>
Reconciliation of Net Cash Flow to Movement in Net Funds			
Net funds at beginning of year		11,148	29,787
Net funds at end of year		18,628	11,148
Net Funds Inflow/(outflow)		7,480	(18,639)
Represented by:			
Increase/(decrease) in cash in the year		3,063	(25,824)
Increase in liquid resources		4,437	7,333
Movement in Net Funds Resulting from Cash Flows		7,500	(18,491)
Movement in finance leases		(20)	(148)
		<u>7,480</u>	<u>(18,639)</u>

Notes to the Funding Statements

1. State Grants	2015 €'000	2014 €'000
Recurrent grant	41,116	44,271
Nursing	3,100	3,358
Minor works	146	152
	<u>44,362</u>	<u>47,781</u>

2. Student Fees	2015 €'000	2014 €'000
Academic	124,593	120,523
Miscellaneous fee income	1,859	1,712
	<u>126,452</u>	<u>122,235</u>

A total of €39,511,725 (2014: €41,620,521) included in academic fee income was paid directly by the HEA. This includes nursing fees of €3,966,138 (2014: €4,329,640).

3. Other Income	2015 €'000	2014 €'000
Interest receivable (net)	371	428
Funded posts and donations*	3,002	3,083
Research grants and projects contribution	14,281	13,391
Miscellaneous income*	16,202	13,535
	<u>33,856</u>	<u>30,437</u>

* Funded posts includes a contribution of €2.3m from Ancillary services in 2015 (2014: €2.2m). Miscellaneous income includes a €9.7m contribution from Ancillary services in 2015 and €6.9m in 2014 (see Note 14).

4. Research Grants and Projects	2015 €'000	2014 €'000
Exchequer	46,945	47,054
Non-Exchequer	25,797	24,675
Research grants	<u>72,742</u>	<u>71,729</u>

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

5. Academic Faculties	Staff Costs €'000	Non Pay €'000	2015 Total €'000	2014 Total €'000
Academic	80,591	-	80,591	79,381
Technical	9,666	-	9,666	9,521
Administrative support	10,480	-	10,480	10,322
Faculty and School grants	-	16,346	16,346	18,056
Miscellaneous	-	223	223	530
	<u>100,737</u>	<u>16,569</u>	<u>117,306</u>	<u>117,810</u>
6. Academic and Other Services	Staff Costs €'000	Non Pay €'000	2015 Total €'000	2014 Total €'000
Library	7,422	3,205	10,627	10,176
Information systems services	5,745	1,288	7,033	6,947
Comparative Medicine	505	-	505	1,085
Centre for microscopy and analysis	145	72	217	316
Trinity Research & Innovation (TR&I)	542	1,693	2,235	1,628
	<u>14,359</u>	<u>6,258</u>	<u>20,617</u>	<u>20,152</u>
7. Premises	Staff Costs €'000	Non Pay €'000	2015 Total €'000	2014 Total €'000
Premises maintenance	2,853	4,203	7,056	7,085
General services	9,063	2,739	11,802	11,573
Rent and rates	-	56	56	78
Insurance	-	1,034	1,034	1,153
Energy	14	6,620	6,634	8,086
	<u>11,930</u>	<u>14,652</u>	<u>26,582</u>	<u>27,975</u>
8. Amount Allocated for Capital Purposes	Staff Costs €'000	Non Pay €'000	2015 Total €'000	2014 Total €'000
Capital projects	-	500	500	501

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

9. Central Administration and Services		Staff Costs €'000	Non Pay €'000	2015 Total €'000	2014 Total €'000
Administration		10,647	-	10,647	10,225
Expenses		-	1,518	1,518	1,638
Professional charges		-	539	539	888
		<u>10,647</u>	<u>2,057</u>	<u>12,704</u>	<u>12,751</u>
10. General Educational Expenditure		Staff Costs €'000	Non Pay €'000	2015 Total €'000	2014 Total €'000
Examination expenses		-	912	912	1,075
Scholarships, prizes and fellowships		-	7,325	7,325	6,768
Miscellaneous expenses		-	1,568	1,568	1,570
		<u>-</u>	<u>9,805</u>	<u>9,805</u>	<u>9,413</u>
11. Student Services		Staff Costs €'000	Non Pay €'000	2015 Total €'000	2014 Total €'000
Capitation grants		-	1,014	1,014	1,113
Student services		403	775	1,178	1,066
Careers advisory service		610	4	614	580
Sports and recreation		248	-	248	258
Health and counselling		1,812	45	1,857	2,004
		<u>3,073</u>	<u>1,838</u>	<u>4,911</u>	<u>5,021</u>
12. Miscellaneous Expenditure		Staff Costs €'000	Non Pay €'000	2015 Total €'000	2014 Total €'000
Pension supplementation		6,481	-	6,481	6,597
Miscellaneous expenses		935	3,162	4,097	2,240
		<u>7,416</u>	<u>3,162</u>	<u>10,578</u>	<u>8,837</u>
13. Total Expenditure		Staff Costs €'000	Non Pay €'000	2015 Total €'000	2014 Total €'000
Academic and related services		148,162	54,841	203,003	202,460
Research grants and projects		49,916	22,826	72,742	71,729
		<u>198,078</u>	<u>77,667</u>	<u>275,745</u>	<u>274,189</u>

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

14. Deficit on Ancillary Services	Income	Expenditure/ Allocation	Surplus/ (Deficit) 2015	Surplus/ (Deficit) 2014
	€'000	€'000	€'000	€'000
Catering	4,021	(4,021)	-	-
Residences/Conferences	15,850	(15,850)	-	-
Library shop	3,440	(3,440)	-	-
Visitor Services	6,137	(6,137)	-	-
Enterprise Centre	1,332	(1,332)	-	-
Copying service	1	-	1	-
Day nursery	357	(576)	(219)	(80)
Diagnostics	464	(479)	(15)	46
University company proceeds and royalties account	129	-	129	6
Other (rents & branding)	6,451	(6,451)	-	-
	<u>38,182</u>	<u>(38,286)</u>	<u>(104)</u>	<u>(28)</u>

Ancillary services contributed €12.0m to the University in 2014/15 (2013/14: €9.1m) under expenditure above of which €9.7m (2013/14: €6.9m) was transferred to other income (see note 3). In addition, €2.3m (2013/14 : €2.2m) was transferred to a fund to support academic posts (Ussher posts) included in Other Creditors and Accruals which was subsequently transferred to Miscellaneous income (Funded posts).

15. Depreciation of Fixed Assets	2015	2014
	€'000	€'000
Land and buildings	16,217	17,665
Adjustment to historic depreciation*	-	(4,435)
Equipment	10,360	10,851
	<u>26,577</u>	<u>24,081</u>

*The depreciation charge for the year end 30 September 2014 includes an adjustment following a revision in the depreciation policy for historic buildings from a useful life of 50 years to 80 years in the Consolidated accounts with effect from 1 October 2011. In Funding Statements up to 30 September 2013, a useful life of 50 years was used to calculate the depreciation of such buildings. This revision brought the Funding Statements depreciation policy in line with the Consolidated accounts and in addition the revised policy was backdated to 2011/12 and 2012/13 resulting in a €4.4m adjustment to the historic depreciation which was reflected in the prior year's Funding Statements.

16. General Reserve Transfer (See Note 23)	2015	2014
	€'000	€'000
Amortisation in line with depreciation (Note 15)	26,577	24,081
Deficit on Ancillary services from Income and Expenditure account to General Reserve (Note 14)	104	28
	<u>26,681</u>	<u>24,109</u>

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

17. Fixed Assets	Land and Buildings €'000	Equipment €'000	Total €'000
Cost/Valuation at 1 October 2014			
Valuation	425,299	5,452	430,751
Cost	523,894	189,684	713,578
Total	949,193	195,136	1,144,329
Additions at cost	11,551	5,824	17,375
Disposals	-	(1,495)	(1,495)
Cost/Valuation at 30 September 2015			
Valuation	425,299	5,452	430,751
Cost	535,445	194,013	729,458
Total	960,744	199,465	1,160,209
Depreciation			
At 1 October 2014	213,629	165,031	378,660
Less accumulated depreciation on disposals	-	(1,495)	(1,495)
Depreciation for year	16,217	10,360	26,577
At 30 September 2015	229,846	173,896	403,742
Net Book Value at 1 October 2014	735,564	30,105	765,669
Net Book Value at 30 September 2015	730,898	25,569	756,467

Land was valued on an existing use basis at a valuation of €126,974 per acre carried out in 1998. Buildings were valued on an existing use basis at a standard cost of €2,413 per square metre carried out in 1998, and the net book value reflects this valuation as updated for subsequent additions, disposals and depreciation.

The University owns a considerable number of heritage assets including paintings, silver, sculptures and priceless manuscripts. These heritage assets are not included in the Funding Statements. 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 University has included in land and buildings property for which the related liabilities of €59,300,562 (2013/14: €59,279,908) are included in creditors due after one year. The net book value of this property was €54,720,000 at 30 September 2015 (2013/14: €57,160,000).

Land and Buildings include assets in the course of construction of €13,769,097 (2013/14: €3,338,673).

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

18. Investment Properties	2015 €'000	2014 €'000
At beginning of year	46,369	42,517
Reclassification to tangible fixed assets	-	(5,650)
Revaluation gains in year	9,886	9,502
At end of year	56,255	46,369

GVA Donal O Buachalla, Chartered Surveyors, independently valued all investment properties at 30 September 2015 at open market value in accordance with the Royal Institution of Chartered Surveyors valuation standards.

The gains on revaluation of investment properties in the year totalled €9.9m. The valuations of Lincoln House and 3&4 South Leinster Street/18-19 Lincoln Place were updated at 30 September 2015 resulting in revaluation surpluses of €1.6m and €0.3m respectively. The valuation of Oisín House at 30 September 2015 resulted in a revaluation gain of €2.4m. Trinity Biomedical Sciences Institute (commercial element) was valued at €34.6m as at 30 September 2015 resulting in a revaluation gain in 2015 of €5.6m.

19. Debtors and Prepayments	2015 €'000	2014 €'000
Contract research grants and projects recoverable	25,755	20,158
Staff house loans	65	59
Internal balances	9,105	7,237
Trade debtors	3,066	4,010
Other debtors and prepayments	31,037	23,950
	69,028	55,414

20. Creditors and Accrued Expenditure	2015 €'000	2014 €'000
Contract research grants and projects unexpended	53,684	47,026
Trade creditors	3,992	3,796
State grants for recurrent expenditure received in advance	6,247	7,346
Academic fees received in advance	46,827	40,683
PAYE/PRSI	5,095	5,049
Internal balances	47,688	47,620
Other creditors and accruals	77,794	53,892
	241,327	205,412

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

21. Pension Control Account	2015 Funded Scheme €'000	2015 Model Scheme €'000
Opening Balance-Grant receivable from/(payable to) the HEA	36,337	(36,978)
<i>Income</i>		
Employer Contributions	(8,217)	(2,609)
Employer Contributions - 20%*	(544)	(3,223)
Employee Contributions	(2,290)	(2,840)
Pension transfers in	(118)	(58)
Supplementation income	(6,481)	-
Funding from HEA	(5,500)	-
Other	(11)	-
Total Income	(23,161)	(8,730)
<i>Expenditure</i>		
Pensions in payment (including supplementation)	27,996	70
Lump sum payments on retirement	2,472	75
Death in service payments	180	15
Pension transfer out (cash payments)	968	-
Refunds of contributions	-	59
Administration & other costs	806	355
Total Expenditure	32,422	574
Deficit/(surplus) in year	9,261	(8,156)
Closing Balance-Grant receivable from/(payable to) the HEA**	45,598	(45,134)

* 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.

** For Funding Statements harmonisation purposes effective from 2011/12 grant receivable/amount payable to the HEA relating to the Funded and Model Pension Schemes are offset against each other. The net amount to the HEA is included in other creditors and accruals (Note 20). This comprises grant receivable from the HEA for the Funded Scheme of €45.60m (2014 : €36.34m) offset by grant payable to the HEA for the Model Scheme of €45.13m (2014 : €36.98m).

Single Public Service Pension Scheme

Separately, the Single Public Service Pension Scheme applies to all new staff who joined the public sector as new entrants on or after 1 January 2013. It is a defined benefit scheme. All employee pension contributions for the Single scheme are paid to a State pension account. This scheme operates on a pay-as-you-go basis from the University's core funding.

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

22. Creditors Due after more than one year	2015 €'000	2014 €'000
Obligations under finance lease	59,300	59,280
Bank Loan	75,000	75,000
	<u>134,300</u>	<u>134,280</u>

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 University has a €75 million loan facility with the European Investment Bank. 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 University is required to comply with certain covenants included in this loan facility.

23. General Reserve	Total to 30 September 2014 €'000	Movement in year €'000	Total to 30 September 2015 €'000
Valuation – fixed assets*	436,666	(6,951)	429,715
Revaluation- investment properties	(7,781)	9,886	2,105
State capital grants - HEA	262,737	692	263,429
Recurrent funding transfer	61,304	3,663	64,967
Capital donations	192,030	2,220	194,250
Other (includes transfer of surplus on ancillary services - Note 16)	178,130	1,436	179,566
	<u>1,123,086</u>	<u>10,946</u>	<u>1,134,032</u>
Disposals	(65,007)	(1,495)	(66,502)
Amortisation			
Amortisation at 1 October 2014	(383,087)		
Accumulated amortisation on disposals		1,495	
Amortisation in line with depreciation		(26,577)	
Amortisation at 30 September 2015			(408,169)
	<u>674,992</u>	<u>(15,631)</u>	<u>659,361</u>

*Valuation–fixed assets reserves includes interest paid on the €75m loan facility with the European Investment Bank (see note 22 and accounting policies page 46). In addition, transactions associated with the capitalisation of equipment are also included under this heading.

24. Revenue Reserve	2015 €'000	2014 €'000
Opening balance	(1,517)	490
Surplus/(deficit) for year	1,667	(2,007)
Closing balance	<u>150</u>	<u>(1,517)</u>

Notes to the Funding Statements (cont'd.)

25. Reconciliation of Income and Expenditure Account Surplus/(Deficit) to Net Cash Inflow/(Outflow) from Operating Activities		2015 €'000	2014 €'000	
Surplus/(deficit) for year		1,667	(2,007)	
Interest received (net)		(371)	(428)	
Depreciation of fixed assets		(26,577)	(24,081)	
Amortisation of general reserves		26,577	24,081	
Movement in stocks		(173)	149	
(Increase)/decrease in debtors and prepayments (excl. research and internal balances)		(6,149)	2,277	
Increase in academic fees paid in advance		6,144	2,628	
(Decrease)/increase in State grants received in advance		(1,099)	199	
Movement in internal balances		(1,800)	585	
Movement in research balances		1,061	(9,811)	
Increase/(decrease) in other creditors and accruals		24,144	(6,059)	
Movement in ancillary services		(104)	(28)	
Net cash inflow/(outflow) from operating activities		23,320	(12,495)	
Analysis of Net Funds	At 1 October 2014	Cash Flow	Non Cash Movement	At 30 September 2015
	€'000	€'000	€'000	€'000
Cash	10,383	3,049	-	13,432
Bank overdraft	(518)	14	-	(504)
	9,865	3,063	-	12,928
Liquid resources	135,563	4,437	-	140,000
Obligations under finance leases	(59,280)	-	(20)	(59,300)
Bank loan	(75,000)	-	-	(75,000)
	11,148	7,500	(20)	18,628

26. Related Party Disclosures

For related party disclosure details please see note 30 to the consolidated financial statements (Page 35-36).

27. Retirement Benefits

In 2009, prior to the Transfer Order outlined below, the University funded a Master Pension Scheme, which provided the pension entitlements of certain employees, based on final pensionable pay and secured by contributions by the University and the employees, to a separately administered pension fund. This scheme was closed to new entrants from January 2005.

The Financial Measures (Miscellaneous Provisions) Act 2009 was enacted on 26 June 2009 and included, in relation to the Master Pension Scheme, 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.

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 University 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 University in relation to the scheme;
- if the aggregate of the members and employers' contributions paid or withheld above are insufficient to meet the University's obligations to pay those benefits in accordance with the Scheme, the Minister for Finance shall make good the deficiency by payments to the University 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.

Following approval from the Department of Finance and the Department of Education and Science, an unfunded Model Pension Scheme applies to all new staff appointed from 1 January 2005 to 31 December 2012 and is operated on a pay as you go basis. The University is required to account for both employee and employer pension contributions on behalf of the State.

Post retirement pension increases (supplementation) of all staff are funded on a pay as you go basis from the University's recurrent income.

The Single Public Service Pension Scheme applies to all new staff that joined the public sector as new entrants on or after 1st January 2013. It is a defined benefit scheme. All employee pension contributions for the Single scheme are paid to a state pension account. This scheme operates on a pay-as-you-go basis from the University's core funding.

The disclosure requirements of the accounting standard FRS 17 'Retirement Benefits' have not been adopted in these Funding Statements which are presented in accordance with the 'Harmonisation of Accounts' format as adopted by all Irish Universities. The Harmonisation of Accounts format agreed with the HEA requires that pension contributions, for the purposes of these Funding Statements, are capped at 15% of pensionable salary with the exception of all new externally funded posts created post 10 March 2011 which are at a rate of 20% as required by the Employment Control Framework for the Higher Education sector 2011-2014.

Notes to the Funding Statements (cont'd)

28. Commitments

For capital and other commitments details please see note 24 to the consolidated financial statements (Page 34).

29. Contingent Liability

For contingent liabilities details please see note 23 to the consolidated financial statements (Page 33).

30. Post Balance Sheet Events

On 1 October 2015 the University drew down a €70 million loan facility with the European Investment Bank, payable over 30 years, the first 5 years being interest only, at a fixed rate of 1.904% per annum. The first repayment instalment is due in 2021.

There were no other significant post balance sheet events since the year ended 30 September 2015 which require adjustment to the Funding Statements or the inclusion of a note thereto.

31. Approval of Funding Statements

The Board of Trinity College approved the Funding Statements on 23 March 2016.

RECONCILIATION OF CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT TO HEA FUNDING STATEMENTS

	Consolidated financial statements	Unincorporated ancillary activities (1)	GAAP adjustment		HEA funding statements
	€'000	€'000	€'000		€'000
Income					
State grants	44,512	-	(150)	(2)	44,362
Academic fees	128,872	-	(2,420)	(3)	126,452
Research grants and contracts	85,199	-	(12,457)	(4)	72,742
Amortisation of deferred capital grants	10,571	-	(10,571)	(5)	-
Other operating income	52,456	(38,182)	19,211	(6)	33,485
Interest income	487	-	(116)	(7)	371
Endowment income	6,556	-	(6,556)	(8)	-
Gain on revaluation of Investment properties	3,097	-	(3,097)	(9)	-
Total income	331,750	(38,182)	(16,156)		277,412
Expenditure					
Staff costs	230,713	(6,195)	(26,440)	(10)	198,078
Other operating expenses	94,468	(32,091)	15,290	(11)	77,667
Interest payable	4,059	-	(4,059)	(12)	-
Depreciation	26,610	-	(26,610)	(13)	-
Total expenditure	355,850	(38,286)	(41,819)		275,745
(Deficit)/Surplus for the year before taxation	(24,100)	104	25,663		1,667

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.

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 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, Application fee income is included in the General Reserve in the Balance Sheet. Under GAAP, Application fee income is reported under Academic fees. In the Funding Statements Block grant income is included in student fee income. Under GAAP, block grant income is reported under Other income.

RECONCILIATION OF CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT 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 in the general reserve, 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 and includes notional interest. 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. Endowment income

The results of the Trinity Endowment Fund are not included in the Funding Statements although they have always been independently audited and approved by the Board as Trustees. Under GAAP, endowment income has been included in the Income and Expenditure account.

9. 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 accounting policies, in certain circumstances losses and gains are recognised in the Income and Expenditure Account.

10. Staff costs

In the Funding Statements only core funded pay costs are recognised in the Income and Expenditure Account with the balance of staff costs recognised in the general reserve. 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.

11. 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.

12. 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.

13. 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.