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# **The Teaching Council**

Audited Financial Statements for  
the year ended 31 December 2011

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## Financial Statements

<b>Chairperson</b>	Lily Cronin	<b>Business Address</b>	Block A Maynooth Business Campus Maynooth Co. Kildare
<b>Deputy-Chairperson</b>	Gerry Malone		
<b>Council Members</b>	Michael Barry Mary Brennan Noel Buckley Antoinette Buggle Christy Carroll Jerry Cronin Elaine Devlin Oliver Donohoe Emer Egan Ciarán Flynn Eileen Flynn Dr Jim Gleeson Prof. Kathy Hall Susie Hall Dr Pádraig Hogan Micheál Kilcrann Vivienne MacSweeney Christopher Maginn Dr Kevin Marshall Anita McCann Fergal McCarthy Anne McElduff Pat McQuaile Dympna Mulkerrins Alice O'Connell Maree O'Connell Dr Anne O'Gara Micheál Ó Gríofa Tim O'Meara Bernadine O'Sullivan Eleanor Petrie Dr Seán Rowland Seán Rowley Dr Pauric Travers Milo Walsh	<b>Auditors</b>	Anne Brady McQuillans DFK Chartered Accountants & Registered Auditors Iveagh Court Harcourt Road Dublin 2
		<b>Bankers</b>	Bank of Ireland Main Street Maynooth Co Kildare  AIB Bank plc Main Street Maynooth Co. Kildare
		<b>Solicitors</b>	McDowell Purcell Partnership Solicitors The Capel Building Mary's Abbey Dublin 7  Arthur Cox Solicitors Earlsfort Centre Earlsfort Terrace Dublin 2

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## Council's Report for year ended 31 December 2011

The Council presents its report and the financial statements for the year ended 31 December 2011. The Teaching Council (An Chomhairle Mhúinteoireachta) was established on a statutory basis on 28 March 2006 in accordance with the Teaching Council Act, 2001.

### Principal Activity and Review of the Business

The principal activity of the Teaching Council is to promote teaching as a profession at primary and post-primary levels, to promote the professional development of teachers, and to regulate standards in the teaching profession.

There has been no significant change in these activities during the year ended 31 December 2011.

### Principal Risks and Uncertainties

The Council has assessed the following risks and has taken measures to manage these risks in the Teaching Council as follows:

#### *Fraud Risk*

The risk is mitigated by maintaining segregation of duties for receipt of funds, and the payment of creditors. The Council has put processes and controls in place to provide assurance that detailed checking is carried out at all stages to ensure the accuracy and validity of all transactions.

#### *Non-commencement of elements of the Teaching Council Act, 2001*

Certain sections of the Teaching Council Act, 2001 have not been commenced yet, restricting the scope of the Council. In particular, Section 30 (Mandatory Registration), Part V (Fitness to Teach), Section 39 (CPD) and Section 7.2 (f) and (g) (Induction and Probation) have not yet been enacted. The Minister for Education and Skills has indicated that the functions in relation to Induction and Probation will commence in September 2012. The Council is aware that legislation is proceeding through the Oireachtas which will facilitate the commencement of Section 30.

### Results

The surplus for the year, after providing for depreciation and taxation, amounted to €3,038,804 (2010: €3,244,564). The surplus arises due to the delay in the commencement of certain functions of the Council and the subsequent deferral of associated expenditure. Once these additional functions are commenced, the annual expenditure of the Council will increase significantly. The current surplus will be used to meet these additional operating costs while maintaining the fee at its current level.

### Future Developments

The Council plans to continue its present activities. The Minister for Education and Skills has indicated that the Teaching Council's function in relation to Induction and Probation will commence in September 2012. The legislative process leading to the commencement of Section 30 of the Teaching Council Act, 2001 (Mandatory Registration) is underway.

### Books of Account

The Council is responsible under Section 18 of the Teaching Council Act, 2001, for keeping proper books of account, which disclose with reasonable accuracy at any time the financial position of the organisation. The Council is also responsible for safeguarding the assets of the organisation and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities. The books of account of the Teaching Council are maintained at Maynooth Business Campus, Maynooth, Co. Kildare.

### Auditors

The auditors, Anne Brady McQuillans DFK, have indicated their willingness to continue in office.

### Events after the Balance Sheet Date

There have been no circumstances or events subsequent to the year end, which require adjustment to, or disclosure in, the financial statements or in the notes thereto.

On behalf of the Council



Lily Cronin  
Chairperson



Brendan O'Dea  
Acting Director

Date: 27 March 2012

### Statement of Council's Responsibilities for the Financial Statements

The Council is responsible for preparing the Annual Report and the Financial Statements in accordance with applicable Irish law, including Section 18 of the Teaching Council Act, 2001 and Generally Accepted Accounting Practice in Ireland, including the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland.

Irish law, including Section 18 (2) of the Teaching Council Act, 2001, requires the Council to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the organisation for that period.

In preparing the financial statements, the Council is required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the organisation will continue in business.

The Council confirms that it has complied with the above requirements in preparing the financial statements.

The Council is responsible for keeping proper books of account, which disclose with reasonable accuracy at any time the financial position of the organisation, and enable it to ensure the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and with Irish Law, including Section 18, of the Teaching Council Act, 2001.

The Council is responsible for safeguarding the assets of the organisation and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Council is responsible for the maintenance and integrity of the website. Legislation in the Republic of Ireland concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Council



**Lily Cronin**  
Chairperson



**Brendan O'Dea**  
Acting Director

**Date: 27 March 2012**

## Statement on Internal Financial Control

1. On behalf of the Teaching Council, I acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated.
2. The system can only provide reasonable, and not absolute assurance, that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely period.
3. The following procedures have been put in place by the Council and are designed to provide effective internal financial control:
  - a) an appropriate control environment is ensured by clearly defined management responsibilities and procedures to identify and react to control failures
  - b) a formal process to identify and evaluate organisational business risks is in place
  - c) a comprehensive planning and budgetary system is in operation and expenditure trends are reviewed on a monthly basis
  - d) procedures for addressing the financial implications of major business risks include financial instructions and notes of procedures, delegation practices such as authorisation limits approved by Council, and segregation of duties between processing and approval of payments
  - e) the procedures for monitoring the effectiveness of internal financial control, include an internal audit function, which operates in accordance with the Code of Practice for the Governance of State Bodies and reports to the Audit Committee.
4. The Council's monitoring and review of the system of internal financial control is informed by the work of the management team within the Teaching Council, who have responsibility for the development and maintenance of the financial management system, the work of our internal auditors and Audit Committee, and comments made by the external auditors in their management letter and reports.
5. A formal review of the internal financial controls was undertaken in 2011.

On behalf of the Council



**Lily Cronin**  
**Chairperson**

**Date: 27 March 2012**

## Independent Auditors' Report to the Council Members of the Teaching Council

We have audited the financial statements of the Teaching Council for the year ended 31 December 2011, which comprise the Income and Expenditure Account, Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies therein.

This report is made to the Council's members, as a body, in accordance with Section 18 of the Teaching Council Act, 2001. Our audit work has been undertaken so that we might state to the Council's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the organisation and the Council's members as a body, for our audit work, for this report, or for the opinion we have formed.

### Respective Responsibilities of the Council and Auditors

The Council's responsibilities for preparing the Council's report and the financial statements in accordance with applicable Irish law, including Section 18 of the Teaching Council Act, 2001, and the accounting standards issued by the Accounting Standards Board and published by The Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), are set out in the Statement of Council's Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with Irish Law including Section 18 of the Teaching Council Act, 2001. We also report to you whether in our opinion: proper books of account have been kept by the organisation; and whether the information given in the Council's Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the organisation's financial statements are in agreement with the books of account.

We review whether the Statement on Internal Financial Control reflects the Council's compliance with the Code of Practice for the Governance of State Bodies and report any material instance where it does not do so, or if the statement is misleading or inconsistent with the other information of which we are aware from the audit of the financial statements. We are not required to consider whether the Statement on Internal Control covers all financial risks and controls, or to form an opinion on the effectiveness of the risk and control procedures.

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

### Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the organisation's circumstances, consistently applied and adequately disclosed.



We planned and performed our audit so as to obtain all the information and explanations which we considered necessary, in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Council's affairs as at 31 December 2011 and of its results for the year then ended; and
- have been properly prepared in accordance with the requirements of Irish Law including Section 18 of the Teaching Council Act, 2001.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the organisation. The financial statements are in agreement with the books of account.

In our opinion the information given in the Council's report is consistent with the financial statements.

**Natalie Kelly (Statutory Auditor)**

**for and on behalf of**

**Anne Brady McQuillans DFK**

**Chartered Accountants and Registered Auditors**

**Iveagh Court**

**Harcourt Road**

**Dublin 2**

**27 March 2012**

**Income and Expenditure Account for the year ended 31 December 2011**

	Notes	2011 €	2010 €
<b>Income</b>			
Registration and Assessment Fees		6,783,163	6,985,948
Accreditation Fees		15,200	4,000
Other Income		477	469
<b>Total Income</b>	<b>2</b>	<b>6,798,840</b>	<b>6,990,417</b>
<b>Expenditure</b>			
Accommodation Costs		(263,992)	(273,673)
Staff Costs		(1,953,259)	(1,990,648)
Other Administration Costs		(856,165)	(750,138)
Courses, Conferences and Meeting Costs		(171,459)	(135,248)
Registration and Verification Costs		(182,883)	(214,988)
Information Technology Costs		(132,184)	(135,404)
Communications and Education Costs		(332,008)	(274,651)
Profit on disposal of tangibles		3,700	–
Depreciation	<b>7</b>	(124,249)	(117,681)
<b>Total Expenditure</b>		<b>(4,012,499)</b>	<b>(3,892,431)</b>
Interest receivable and similar income		336,743	195,563
<b>Surplus on ordinary activities before taxation</b>	<b>3</b>	<b>3,123,084</b>	<b>3,293,549</b>
Taxation	<b>6</b>	(84,280)	(48,985)
<b>Surplus on ordinary activities after taxation</b>		<b>3,038,804</b>	<b>3,244,564</b>

There are no recognised surpluses or deficits other than the result for the above financial periods. The result of the year has been generated exclusively from continuing operations.

The notes on pages 62–67 form part of these financial statements.

The financial statements were approved by the Council on 27 March 2012 and signed on its behalf by:



**Lily Cronin**  
Chairperson



**Brendan O'Dea**  
Acting Director

**Balance Sheet as at 31 December 2011**

		2011		2010	
	Notes	€	€	€	€
<b>Fixed Assets</b>					
Tangible assets	7		380,969		422,434
Investments	8		10,594		10,594
			<u>391,563</u>		<u>433,028</u>
<b>Current Assets</b>					
Debtors	9	207,469		23,856	
Cash at bank and in hand		<u>10,948,968</u>		<u>8,086,401</u>	
		11,156,437		8,110,257	
<b>Creditors: Amounts falling due within one year</b>	10	<u>(87,792)</u>		<u>(121,881)</u>	
<b>Net Current Assets</b>			<u>11,068,645</u>		<u>7,988,376</u>
<b>Total Assets Less Current Liabilities</b>			<u>11,460,208</u>		<u>8,421,404</u>
<b>Reserves</b>					
Designated Reserve	11		4,000,000		1,500,000
General Reserves	11		<u>7,460,208</u>		<u>6,921,404</u>
<b>Total Funds</b>			<u>11,460,208</u>		<u>8,421,404</u>

The notes on pages 62–67 form part of these financial statements.

The financial statements were approved by the Council on 27 March 2012 and signed on its behalf by:



**Lily Cronin**  
Chairperson



**Brendan O'Dea**  
Acting Director

## Cash Flow Statement for the year ended 31 December 2011

	Notes	2011 €	2010 €
<b>Reconciliation of operating surplus to net cash inflow from operating activities</b>			
Operating surplus (before interest received)		2,786,341	3,097,986
Depreciation		124,249	117,681
Profit on disposal of tangible assets		(3,700)	–
(Increase) in debtors		(183,769)	(19,183)
(Decrease)/Increase in creditors		(34,089)	55,133
<b>Net cash flow from operating activities</b>		<b>2,689,032</b>	<b>3,251,617</b>

### Cash Flow Statement

Net cash flow from operating activities		2,689,032	3,251,617
Returns on investments and servicing of finance	14	252,557	146,672
Taxation	14	62	(97)
Capital expenditure and financial investment	14	(79,084)	(183,653)
<b>Increase in cash in the year</b>		<b>2,862,567</b>	<b>3,214,539</b>

### Reconciliation of net cash flow to movement in net funds

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Increase in cash in the year		2,862,567	3,214,539
Net funds at 1 January 2011		8,086,401	4,871,862
<b>Net funds at 31 December 2011</b>		<b>10,948,968</b>	<b>8,086,401</b>

The financial statements were approved by the Council on 27 March 2012 and signed on its behalf by:



Lily Cronin  
Chairperson



Brendan O'Dea  
Acting Director

## Notes to the Financial Statements for the year ended 31 December 2011

### 1. Accounting Policies

#### 1.1. Accounting Convention

The financial statements have been prepared on the going concern basis and in accordance with accounting standards generally accepted in Ireland and Irish statute. Accounting Standards generally accepted in Ireland, in preparing financial statements giving a true and fair view, are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

#### 1.2. Income

Income comprises registration and assessment fees received during the year. All income/fees receivable are accounted for on a receipts basis.

#### 1.3. Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at historic cost less accumulated depreciation.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset systematically over its expected useful life, as follows:

Fixtures and Fittings	-10% straight line
Computer Software	-20% straight line
Computer Equipment	-33.33% straight line

The carrying values of tangible fixed assets are reviewed annually for impairment in periods, if events or changes in circumstances indicate the carrying value may not be recoverable.

#### 1.4. Investments

Fixed asset investments are stated at cost less provision for impairments in value. Income from financial fixed asset investments, together with any related withholding tax, is recognised in the income and expenditure account in the year in which it is received.

#### 1.5. Pensions

The Council operates a defined benefit pension scheme for its employees. The scheme is based on the Public Service Model and is approved by the Minister for Education and Skills and the Minister for Finance. Pension benefits payable under the scheme are funded by the Exchequer.

In addition, the Council's arrangements have a number of specific characteristics:

- the Council makes an agreed contribution to the Department of Education and Skills
- the contribution comprises an employee element along with an employer element. In accordance with government policy on public sector pensions, the employer's contribution amounts to 25% of gross pay for employees paying PRSI at the A rate and 30% of gross pay for employees paying PRSI at the D rate.
- there is an explicit commitment from the Department of Education and Skills with the agreement of the Department of Finance that the Exchequer will meet the cost of benefits as they fall due.

The Council considers that its pension arrangements, as described above, have the same financial effect from the Council's point of view as a defined contribution scheme. It is of the view that the provisions of FRS 17, Accounting for Retirement Benefits, which arise under defined benefit schemes are not appropriate to its circumstances. Accordingly, it accounts for its contribution as if the scheme was a defined contribution scheme.

### 1.6. Taxation

The yearly charge for taxation is based on passive income for the year and is calculated with reference to the tax rate applying on the balance sheet date.

### 1.7. Designated Reserves

The Council has determined that it may, at its discretion, set aside unrestricted funds for designated future purposes. Where such funds are no longer required for the intended purpose, they will be released to the General Reserve.

## 2. Income

The income of the organisation for the year has been derived from its principal activity wholly undertaken in Ireland.

	2011 €	2010 €
<b>3. Operating Surplus</b>		
Operating surplus is stated after charging:		
Depreciation	124,249	117,681
Profit on disposal of tangible fixed assets	(3,700)	–
Auditors' remuneration	6,259	6,389
	<u>126,808</u>	<u>124,070</u>
<b>4. Employees</b>	<b>Number</b>	<b>Number</b>
<b>Number of employees</b>		
The average monthly numbers of employees during the year were:		
Employees	27	27
Temporary employees	5	12
Agency staff	5	0
	<u>37</u>	<u>39</u>
<b>Employment costs</b>	<b>€</b>	<b>€</b>
Wages and salaries	1,369,286	1,541,465
Social welfare costs	97,826	115,888
Agency costs	163,516	–
Sundry staff costs	4,362	18,625
Pension costs	288,469	290,918
Staff training costs	29,800	23,752
	<u>1,953,259</u>	<u>1,990,648</u>

## 5. Pension Costs

The pension cost represents contributions payable by the Council to the pension fund.

6. Taxation	2011 €	2010 €
<b>Current year taxation</b>		
Income Tax	84,280	48,985

The Teaching Council is not liable to Taxation in respect of its activities. Passive income, if any, (such as deposit interest) remains taxable.

7. Fixed Assets	Fixtures and Fittings €	Computer Software €	Computer Equipment €	Total €
<b>Cost</b>				
At 1 January 2011	208,121	319,869	250,390	778,380
Additions	20,048	51,232	11,504	82,784
Disposals	–	–	(18,777)	(18,777)
At 31 December 2011	<u>228,169</u>	<u>371,101</u>	<u>243,117</u>	<u>842,387</u>
<b>Depreciation</b>				
At 1 January 2011	51,927	121,027	182,992	355,946
On disposals	–	–	(18,777)	(18,777)
Charge for the year	<u>22,057</u>	<u>70,324</u>	<u>31,868</u>	<u>124,249</u>
At 31 December 2011	<u>73,984</u>	<u>191,351</u>	<u>196,083</u>	<u>461,418</u>
<b>Net book values</b>				
At 31 December 2011	<u>154,185</u>	<u>179,750</u>	<u>47,034</u>	<u>380,969</u>
At 31 December 2010	<u>156,194</u>	<u>198,842</u>	<u>67,398</u>	<u>422,434</u>

8. Investments	Listed Investments €	Total €
<b>Cost</b>		
At 1 January 2011	10,594	10,594
Redemption during the year	–	–
At 31 December 2011	10,594	10,594
<b>Net book values</b>		
At 31 December 2011	10,594	10,594
At 31 December 2010	10,594	10,594

The investments consists of various Government stock and bonds, the market value of which are in excess of the value shown above.

9. Debtors	2011 €	2010 €
Other debtors	207,469	23,856
	2011 €	2010 €
Included in other debtors:		
Income tax repayable	–	156



10.	Creditors: Amounts falling due within one year	2011	2010	
		€	€	
	Other taxes and social security costs	18,139	64,006	
	Accruals	69,653	57,875	
		<u>87,792</u>	<u>121,881</u>	
	Included in other taxes and social security costs:			
	VAT	–	4,014	
	PAYE/PRSI	18,139	57,675	
	PSWT	–	2,317	
		<u>18,139</u>	<u>64,006</u>	
11.	Reserves	General reserve	Designated reserve	Total
		€	€	€
	Opening Reserves	6,921,404	1,500,000	8,421,404
	Surplus for the year	3,038,804	–	3,038,804
	Other movements	(2,500,000)	2,500,000	
	Closing Reserves	<u>7,460,208</u>	<u>4,000,000</u>	<u>11,460,208</u>

In accordance with the Council's financial strategy, the designated reserves have been established as a contingency reserve to cover any significant costs arriving from legal challenges to any part of the Teaching Council Act, 2001, and from any of the Council's rulings. In accordance with the Council's accounting policy, where such funds are no longer required, they will be released back to the General Reserve.

## 12. Contingent Liabilities

A legal action was pending against the Teaching Council in relation to a member's registration status as at 1st January 2011. During the year this case was settled and there are no further legal actions against the Teaching Council.

## 13. Related Party Transactions

In accordance with the Teaching Council Act, 2001, Council members are entitled to reimbursement of expenses necessarily incurred whilst engaging in the business of the Council and Committees of the Council. Council members who are teachers are also required to renew their registration annually. All transactions are conducted on an arms length basis and have been incorporated into these financial statements.

14. Gross Cash Flows	2011 €	2010 €
<b>Returns on Investments and Servicing of Finance</b>		
Interest received	252,557	146,672
<b>Taxation</b>		
Income tax refund/(paid)	62	(97)
<b>Capital Expenditure and financial investment</b>		
Payments to acquire tangible assets	(82,784)	(183,653)
Receipts from sales of tangible assets	3,700	–
	(79,084)	(183,653)

15. Analysis of Changes in Net Funds	Opening balance €	Cash flows €	Closing balance €
Cash at bank and in hand	8,086,401	2,862,567	10,948,968
Net funds	8,086,401	2,862,567	10,948,968

#### 16. Approval of Financial Statements

The financial statements were approved by the Council on 27 March 2012 and signed on its behalf by:



Lily Cronin  
Chairperson



Brendan O'Dea  
Acting Director