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# The Teaching Council

## Financial Statements for the year ended 31 December 2010

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The Teaching Council  
*An Chomhairle Mhúinteoireachta*

## 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 (appointed 11 October 2010) Mary Brennan Noel Buckley Antoinette Buggle Christy Carroll Jerry Cronin Elaine Devlin Oliver Donohoe Emer Egan Ciarán Flynn Eileen Flynn Dr Jim Gleeson Susie Hall Prof. Kathy Hall Dr Pádraig Hogan Jack Keane (resigned 22 March 2010) Micheál Kilcrann Vivienne MacSweeney Christopher Maginn Dr Kevin Marshall Anita McCann Fergal McCarthy Anne McElduff Patrick McQuaile Dympna Mulkerrins Alice O'Connell Maree O'Connell Kieran O'Driscoll (deceased 29 March 2010) Dr Ann O'Gara Micheál Ó Gríofa Tim O'Meara Bernadine O'Sullivan Eleanor Petrie Seán Rowland (appointed 11 October 2010) 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

## Council's Report for the year ended 31 December 2010

The Council presents its report and the financial statements for the year ended 31 December 2010. 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 2010.

### *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 (Continuing Professional Development) and Section 7.2 (f) and (g) (Induction and Probation) have not been commenced. The Minister for Education and Skills has indicated that the functions in relation to Induction and Probation will commence in September 2012. The Council has been communicating with the Minister and the Department of Education and Skills to progress the commencement of Section 30.

### *Results*

The surplus for the year after providing for depreciation and taxation amounted to €3,244,564 (2009: €3,054,195). 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 functions 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*



**Áine Lawlor**  
*CEO/Director*

**Date:** 13 June 2011

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## 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*



**Áine Lawlor**  
*CEO/Director*

**Date:** 13 June 2011

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## Statement on Internal Financial Control

On behalf of the Teaching Council I acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated.

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.

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.

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.

A formal review of the internal financial controls was undertaken in 2010.

On behalf of Council



**Lily Cronin**  
*Chairperson*

**Date:** 13 June 2011

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## 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 2010 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 other information of which we are aware from our audit of the financial statements. We are not required to consider whether the Statement on Internal Financial 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 2010 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.

**Anne Brady McQuillans DFK**  
**Chartered Accountants**  
**& Registered Auditors**  
**Iveagh Court**  
**Harcourt Road**  
**Dublin 2**

**Date:** 13 June 2011



## Income and Expenditure Account for the year ended 31 December 2010

		2010 €	2009 €
<b>Income</b>	<b>Notes</b>		
Registration and Assessment Fees		6,985,948	6,711,842
Accreditation Fees		4,000	30,000
Other Income		469	1,250
<b>Total Income</b>	<b>2</b>	6,990,417	6,743,092
<b>Expenditure</b>			
Accommodation Costs		(273,673)	(279,051)
Staff Costs		(1,990,648)	(1,874,768)
Other Administration Costs		(750,138)	(734,618)
Courses, Conferences and Meeting Costs		(135,248)	(197,865)
Registration and Verification Costs		(214,988)	(251,034)
Information Technology Costs		(135,404)	(116,368)
Communications and Education Costs		(274,651)	(204,603)
Loss on disposal of tangibles		–	(757)
Depreciation	<b>7</b>	(117,681)	(120,448)
<b>Total Expenditure</b>		(3,892,431)	(3,779,512)
Interest receivable and similar income		146,672	90,865
<b>Surplus on ordinary activities before taxation</b>	<b>3</b>	3,244,658	3,054,445
Taxation	<b>6</b>	(94)	(250)
<b>Surplus on ordinary activities after taxation</b>		3,244,564	3,054,195

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

The notes on pages 55 to 63 form part of these financial statements.

The financial statements were approved by the Council on 13 June 2011 and signed on its behalf by



**Lily Cronin**  
Chairperson



**Áine Lawlor**  
CEO/Director

## Balance Sheet as at 31 December 2010

	Notes	2010		2009	
		€	€	€	€
<b>Fixed Assets</b>					
Tangible assets	7		422,434		356,462
Investments	8		10,594		10,594
			<u>433,028</u>		<u>367,056</u>
<b>Current Assets</b>					
Debtors	9	23,856		4,670	
Cash at bank and in hand		8,086,401		4,871,862	
		<u>8,110,257</u>		<u>4,876,532</u>	
<b>Creditors: Amounts falling due within one year</b>	10	(121,881)		(66,748)	
<b>Net Current Assets</b>			<u>7,988,376</u>		<u>4,809,784</u>
<b>Total Assets Less Current Liabilities</b>			<u>8,421,404</u>		<u>5,176,840</u>
<b>Reserves</b>					
Designated Reserve	11		1,500,000		1,000,000
General Reserves	11		6,921,404		4,176,840
<b>Total Funds</b>			<u>8,421,404</u>		<u>5,176,840</u>

The notes on pages 55 to 63 form part of these financial statements.

The financial statements were approved by the Council on 13 June 2011 and signed on its behalf by



Lily Cronin  
Chairperson



Áine Lawlor  
CEO/Director

## Cash Flow Statement for the year ended 31 December 2010

	Notes	2010 €	2009 €
<b>Reconciliation of operating surplus to net cash inflow from operating activities</b>			
Operating surplus (before interest received)		3,097,986	2,963,580
Depreciation		117,681	120,448
Loss on disposal of tangible assets		–	757
(Increase) in debtors		(19,183)	(4,425)
Increase / (Decrease) in creditors		55,133	(629,336)
<b>Net cash flow from operating activities</b>		<u>3,251,617</u>	<u>2,451,024</u>
<b>Cash Flow Statement</b>			
Net cash flow from operating activities		3,251,617	2,451,024
Returns on investments and servicing of finance	<b>15</b>	146,672	90,865
Taxation	<b>15</b>	(97)	(714)
Capital expenditure and financial investment	<b>15</b>	(183,653)	(101,728)
<b>Increase in cash in the year</b>		<u>3,214,539</u>	<u>2,439,447</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase in cash in the year		3,214,539	2,439,447
Net funds at 1 January 2010		4,871,862	2,432,415
<b>Net funds at 31 December 2010</b>		<u>8,086,401</u>	<u>4,871,862</u>

## Notes to the Financial Statements for the year ended 31 December 2010

### 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 fees and assessment fees received during the year. Fees are set by the Council and approved by the Minister of Education and Skills. The Teaching Council's income recognition policy is to fully recognise all fees on a cash 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 Equipment	- 33.33% straight line
Computer Software	- 20% 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.

## Notes to the Financial Statements for the year ended 31 December 2010

### 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.

## Notes to the Financial Statements for the year ended 31 December 2010

### 3. Operating Surplus

	2010	2009
	€	€
Operating surplus is stated after charging:		
Depreciation	117,681	120,448
Loss on disposal of tangible fixed assets	-	757
Auditors' remuneration	6,389	7,190
	<u>6,389</u>	<u>7,190</u>

### 4. Employees

	2010	2009
	Number	Number
Number of employees		
The average monthly numbers of employees during the year were:		
Office and management	39	41
	<u>39</u>	<u>41</u>

### Employment costs

	2010	2009
	€	€
Wages and salaries	1,541,465	1,709,879
Social welfare costs	115,888	125,201
Sundry staff costs	18,625	5,203
Pension costs	290,918	(10,548)
Staff training costs	23,752	45,033
	<u>1,990,648</u>	<u>1,874,768</u>

### 5. Pension Costs

The pension cost represents contributions payable by the Council to the pension fund. In 2009 the credit represents the amount payable for the year of €290,071 less the pension liability over-accrued in previous years.

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**Notes to the Financial Statements for the year ended 31 December 2010**

<i>6. Taxation</i>	<b>2010</b>	<b>2009</b>
	<b>€</b>	<b>€</b>
<b>Current year taxation</b>		
Income Tax	94	250
	<hr/>	<hr/>
	94	250
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The Teaching Council is not liable to taxation in respect of its activities. Passive income, such as deposit interest, remains taxable.

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Notes to the Financial Statements for the year ended 31 December 2010

## 7. Fixed Assets

	Fixtures & Fittings €	Computer Software €	Computer Equipment €	Total €
<b>Cost</b>				
At 1 January 2010	169,199	225,921	199,607	594,727
Additions	38,922	93,948	50,783	183,653
Disposals	-	-	-	-
At 31 December 2010	208,121	319,869	250,390	778,380
<b>Depreciation</b>				
At 1 January 2010	33,715	65,812	138,738	238,265
On disposals	-	-	-	-
Charge for the year	18,212	55,215	44,254	117,681
At 31 December 2010	51,927	121,027	182,992	355,946
<b>Net book values</b>				
At 31 December 2010	156,194	198,842	67,398	422,434
At 31 December 2009	135,484	160,109	60,869	356,462



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**Notes to the Financial Statements for the year ended 31 December 2010**
**8. Investments**

	<b>Listed Investments</b>	<b>Total</b>
	<b>€</b>	<b>€</b>
<b>Cost</b>		
At 1 January 2010	10,594	10,594
Redemption during the year	–	–
At 31 December 2010	<u>10,594</u>	<u>10,594</u>
<b>Net book values</b>		
At 31 December 2010	<u>10,594</u>	<u>10,594</u>
At 31 December 2009	<u>10,594</u>	<u>10,594</u>

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

**9. Debtors**

	<b>2010</b>	<b>2009</b>
	<b>€</b>	<b>€</b>
Other debtors	<u>23,856</u>	<u>4,670</u>
Included in other debtors:	<b>€</b>	<b>€</b>
Income tax repayable	<u>156</u>	<u>153</u>

## Notes to the Financial Statements for the year ended 31 December 2010

<i>10. Creditors: Amounts falling due within one year</i>	<b>2010</b>	<b>2009</b>
	<b>€</b>	<b>€</b>
Other taxes and social security costs	64,006	6,345
Accruals	57,875	60,403
	<u>121,881</u>	<u>66,748</u>

	<b>2010</b>	<b>2009</b>
	<b>€</b>	<b>€</b>
Included in other taxes and social security costs:		
VAT	4,014	2,833
PAYE / PRSI	57,675	851
PSWT	2,317	2,661
	<u>64,006</u>	<u>6,345</u>

<i>11. Reserves</i>	<b>General reserve</b>	<b>Designated Reserve</b>	<b>Total</b>
	<b>€</b>	<b>€</b>	<b>€</b>
Opening Reserves	4,176,840	1,000,000	5,176,840
Surplus for the year	3,244,564	-	3,244,564
Other movements	(500,000)	500,000	-
Closing Reserves	<u>6,921,404</u>	<u>1,500,000</u>	<u>8,421,404</u>

In accordance with the Council's financial strategy the designated reserves have been established as a contingency reserve to cover any significant costs arising from legal challenge 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.

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## Notes to the Financial Statements for the year ended 31 December 2010

### 12. Capital Commitments

2010

2009

€

€

Details of capital commitments at the accounting date are as follows:

Approved for but not provided in the financial statements

–

120,000

In 2009, the Council approved the purchase of hardware in the 2010 budget.

### 13. Contingent Liabilities

A legal action is pending against the Teaching Council in relation to a teacher's registration status. The Teaching Council is defending this case fully. Having obtained legal advice the Council believe that the Teaching Council will be successful in its defence. As the case is ongoing and the final decision is unknown no provision has been included for any costs associated with the case.

### 14. 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.

## Notes to the Financial Statements for the year ended 31 December 2010

### 15. Gross Cash Flows

	2010 €	2009 €
<b>Returns on Investments and Servicing of Finance</b>		
Interest received	146,672	90,865
<b>Taxation</b>		
Income tax paid	(97)	(714)
<b>Capital Expenditure and Financial Investment</b>		
Payments to acquire tangible assets	(183,653)	(127,859)
Receipts from sales of tangible assets	–	2,330
Receipts from sales of investments	–	23,801
	(183,653)	(101,728)

### 16. Analysis of Changes in Net Funds

	Opening balance €	Cash flows €	Closing balance €
Cash at bank and in hand	4,871,862	3,214,539	8,086,401
Net funds	4,871,862	3,214,539	8,086,401

### 17. Approval of Financial Statements

The financial statements were approved by the Council on 13 June 2011 and signed on its behalf by



Lily Cronin  
Chairperson



Áine Lawlor  
CEO/Director