

Financial Statements

for the year ended 31 December 2014

An Chomhairle Mhúinteoireachta
The Teaching Council

Council Information

Chairperson: Micheál Ó Gríofa

Deputy-Chairperson: Bernie Ruane

Council Members: Michael Barry
Noel Buckley
Kieran Christie
Dr Marie Clarke
Eimear Cole
John Conlon
Lily Cronin
Derbhile de Paor
Elaine Devlin
Dr Ken Fennelly
Eileen Flynn
Prof. Michael A. Hayes
Marie Humphries
Declan Kelleher
Mary Kelly
Áine Lynch
Christopher Maginn
Dr Deirdre Mathews
Brendan McCabe
Fergal McCarthy
Anne McElduff
Dr Andrew McGrady
Prof. Marie McLoughlin
Patrick McVicar
Dympna Mulkerrins
Bríd Ní Raghallaigh
Diarmuid Ó Murchú
Kathleen O'Connor
Prof. Joe O'Hara
Bernadine O'Sullivan
Eleanor Petrie
Don Ryan
Joan Russell
Frank Turpin
Milo Walsh

An Chomhairle Mhúinteoireachta
The Teaching Council

Council Information

Auditors

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

Business Address

Block A
Maynooth Business Campus
Maynooth
Co. Kildare

Bankers

Bank of Ireland
Main Street
Maynooth
Co. Kildare

AIB Bank plc
Main Street
Maynooth
Co. Kildare

Solicitors

McDowell Purcell Partnership
Solicitors
The Capel Building
Mary's Abbey, Dublin 7

Arthur Cox
Solicitors
Earlsfort Centre
Earlsfort Terrace, Dublin 2

An Chomhairle Mhúinteoireachta
The Teaching Council

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An Chomhairle Mhúinteoireachta The Teaching Council

The Council presents its report and the financial statements for the year ended 31 December 2014. 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, 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 2014.

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:

Staff Resources

The Council has limited staffing resources as it takes on additional functions. Sanction has been received for seven additional posts. In addition, the Council has transferred some of its routine administrative work to an in-sourced managed services arrangement.

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

Certain sections of the Teaching Council Act 2001 had not been commenced in 2014, restricting the scope of the Council. In particular, Part 5 (Fitness to Teach) and Section 39 (CPD) had not been commenced. The Minister for Education and Skills has indicated that she will commence Part 5 in 2015.

Results

The surplus for the year after providing for depreciation and taxation amounted to €1,218,911 (2013: €1,477,743). When the additional functions of the Teaching Council (referred to in the previous paragraph) are commenced the annual expenditure of the Council will increase significantly.

An Chomhairle Mhúinteoireachta
The Teaching Council

Future Developments

The Council plans to continue its present activities. The Minister for Education and Skills has indicated that she intends to commence Part 5 of the Teaching Council Act (Fitness to Teach in 2015.

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.

Payment of Creditors

The Council Members acknowledge their responsibility for ensuring compliance with the provisions of the EC (Late Payment) Regulation, 2002. It is the Teaching Council's policy to agree payment terms with all suppliers and to adhere to those payment terms.

On behalf of the Council

Micheál Ó Gríofa
Chairperson

Tomás Ó Ruairc
Director

Date: 25th May 2015

An Chomhairle Mhúinteoireachta
The Teaching Council

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 (accounting standards issued by the Financial Reporting Council).

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 year.

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

Micheál Ó Gríofa
Chairperson

Tomás Ó Ruairc
Director

Date: 25th May 2015

An Chomhairle Mhúinteoireachta
The Teaching Council

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 2014.

On behalf of Council

Micheál Ó Gríofa
Chairperson

Date: 25th May 2015

An Chomhairle Mhúinteoireachta
The Teaching Council

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 2014 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 Financial Reporting Council (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). Those standards require us to comply with the Auditing Practice Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about 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 Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council members; and the overall presentation of the 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. In addition, we read all the financial and non-financial information in the Council Member's 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.

**An Chomhairle Mhúinteoireachta
The Teaching Council**

**Independent Auditors' Report
to the Council Members of The Teaching Council**

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 2014 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
for and on behalf of
Anne Brady McQuillans DFK
Chartered Accountants and Registered Auditors
Iveagh Court
Harcourt Road
Dublin 2**

Date: 25th May 2015

An Chomhairle Mhúinteoireachta
The Teaching Council

Income and Expenditure Account
for the year ended 31 December 2014

		2014	2013
		€	€
Income	Notes		
Registration and Assessment Fees		6,117,103	5,930,856
Accreditation Fees		32,500	24,000
Other Income		50,256	477
Total Income	2	6,199,859	5,955,333
Expenditure			
Accommodation Costs		(185,644)	(282,262)
Staff Costs		(2,669,671)	(2,510,785)
Other Administration Costs		(1,001,571)	(872,940)
Courses, Conferences and Meeting Costs		(186,797)	(180,765)
Registration and Verification Costs		(81,628)	(137,175)
Information Technology Costs		(169,976)	(126,074)
Communications and Education Costs		(663,814)	(446,426)
Depreciation	7	(180,754)	(157,898)
Total Expenditure		(5,139,855)	(4,714,325)
Interest Receivable and Similar Income		269,333	390,217
Surplus on Ordinary Activities before Taxation	3	1,329,337	1,631,225
Taxation	6	(110,426)	(153,482)
Surplus on Ordinary Activities after Taxation		1,218,911	1,477,743

**An Chomhairle Mhúinteoireachta
The Teaching Council**

**Income and Expenditure Account
for the year ended 31 December 2014**

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 11 to 19 form part of these financial statements.

The financial statements were approved by the Council on 25 May 2015 and signed on its behalf
by

Micheál Ó Gríofa
Chairperson

Tomás Ó Ruairc
Director

An Chomhairle Mhúinteoireachta
The Teaching Council

Balance Sheet
as at 31 December 2014

		2014		2013	
	Notes	€	€	€	€
Fixed Assets					
Tangible assets	7		4,192,206		403,146
Investments	8		10,594		10,594
			<u>4,202,800</u>		<u>413,740</u>
Current Assets					
Debtors	9		77,836		29,217
Cash at Bank and in Hand			13,368,460		15,934,926
			<u>13,446,296</u>		<u>15,964,143</u>
Creditors: Amounts falling due within one year	10		(183,579)		(131,277)
Net Current Assets			<u>13,262,717</u>		<u>15,832,866</u>
Total Assets Less Current Liabilities			<u>17,465,517</u>		<u>16,246,606</u>
Reserves					
Designated Reserve	11		4,000,000		4,000,000
General Reserves	11		13,465,517		12,246,606
Total Funds			<u>17,465,517</u>		<u>16,246,606</u>

The notes on pages 11 to 19 form part of these financial statements.

The financial statements were approved by the Council on 25 May 2015 and signed on its behalf by

Micheál Ó Gríofa
Chairperson

Tomás Ó Ruairc
Director

An Chomhairle Mhúinteoireachta
The Teaching Council

Cash Flow Statement
for the year ended 31 December 2014

	Notes	2014 €	2013 €
Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities			
Operating Surplus (before interest received)		1,060,004	1,241,007
Depreciation		180,754	157,898
(Increase) / Decrease in Debtors		(48,619)	39,981
Increase / (Decrease) in Creditors		52,302	(58,173)
Net Cash Flow from Operating Activities		<u>1,244,441</u>	<u>1,380,713</u>

Cash Flow Statement

Net Cash Flow from Operating Activities		1,244,441	1,380,713
Returns on Investments and Servicing of Finance	13	269,333	390,217
Taxation	13	(110,426)	(153,482)
Capital Expenditure and Financial Investment	13	(3,969,814)	(134,486)
Increase in Cash in the Year		<u>(2,566,466)</u>	<u>1,482,962</u>

Reconciliation of Net Cash Flow to Movement in Net Funds (Note 14)

(Decrease) / Increase in Cash in the Year	(2,566,466)	1,482,962
Net Funds at 1 January 2014	15,934,926	14,451,964
Net Funds at 31 December 2014	<u>13,368,460</u>	<u>15,934,926</u>

The financial statements were approved by the Council on 25 May 2015 and signed on its behalf by

Micheál Ó Gríofa
Chairperson

Tomás Ó Ruairc
Director

An Chomhairle Mhúinteoireachta
The Teaching Council

Notes to the Financial Statements
for the year ended 31 December 2014

1. Accounting Policies

1.1. Accounting Convention

The financial statements have been prepared 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 Financial Reporting Council.

1.2. Income

Income comprises registration and assessment fees received during the year. All income/fees receivable are accounted for on a receipts basis. In 2014 the Council purchased Block A, Maynooth Business Campus and is in receipt of rental income from tenants of the building. This is included under "Other Income" in the Income and Expenditure Account.

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:

Premises	- 2.5% straight line
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.

During the year the Teaching Council purchased a premises, registration was not completed until October, as such depreciation was not charged during the period. Depreciation will commence in 2015 at a rate of 2.5% straight line per annum.

An Chomhairle Mhúinteoireachta
The Teaching Council

Notes to the Financial Statements
for the year ended 31 December 2014

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.

An Chomhairle Mhúinteoireachta
The Teaching Council

Notes to the Financial Statements
for the year ended 31 December 2014

..... continued

2. Income

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

3. Operating Surplus	2014	2013
	€	€
Operating surplus is stated after charging:		
Depreciation	180,754	157,898
Auditor Remuneration	6,261	6,561
	<u> </u>	<u> </u>
4. Employees	2014	2013
	Number	Number
Number of employees		
The average monthly numbers of employees during the year were:		
Employees	33	30
Agency staff	1	12
	<u> </u>	<u> </u>
	34	42
	<u> </u>	<u> </u>
Employment costs	2014	2013
	€	€
Wages and salaries	1,519,324	1,519,236
Social welfare costs	98,956	93,051
Agency costs	32,903	451,284
Managed Services costs	622,692	122,846
Sundry staff costs	11,347	2,025
Pension costs	300,800	282,934
Staff training costs	83,649	39,409
	<u> </u>	<u> </u>
	2,669,671	2,510,785
	<u> </u>	<u> </u>

An Chomhairle Mhúinteoireachta
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Notes to the Financial Statements
for the year ended 31 December 2014

..... continued

5. Pension Costs

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

6. Taxation	2014	2013
	€	€
Current year taxation		
Income Tax	110,426	153,482
	<u> </u>	<u> </u>

The Finance (No.2) Act, 2013, Section 37, amends Schedule 4 to the Taxes Consolidation Act, 1997 to include the Teaching Council in the list of specified non-commercial State-sponsored bodies that qualify for exemption from certain tax provisions under Section 227 of the Taxes Consolidation Act, 1997. This section exempts from income tax and corporation tax certain income arising which would otherwise be chargeable to tax under Case III, IV and V of Schedule D. Deposit interest remains subject to DIRT.

An Chomhairle Mhúinteoireachta
The Teaching Council

Notes to the Financial Statements
for the year ended 31 December 2014

..... continued

7. Fixed Assets

	Premises	Fixtures & Fittings	Computer Software	Computer Equipment	Total
		€	€	€	€
Cost					
At 1 January 2014	-	244,495	479,148	438,315	1,161,958
Additions	3,691,937	25,779	139,961	112,137	3,969,814
Disposals	-	-	-	-	-
At 31 December 2014	3,691,937	270,274	619,109	550,452	5,131,772
Depreciation					
At 1 January 2014	-	121,417	332,965	304,430	758,812
On Disposals	-	-	-	-	-
Charge for the year	-	25,149	69,153	86,452	180,754
At 31 December 2014	-	146,566	402,118	390,882	939,566
Net Book Values					
At 31 December 2014	3,691,937	123,708	216,991	159,570	4,192,206
At 31 December 2013	-	123,078	146,183	133,885	403,146

An Chomhairle Mhúinteoireachta
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Notes to the Financial Statements
for the year ended 31 December 2014

..... continued

8. Investments

	Listed	Total
	Investments	
	€	€
Cost		
At 1 January 2014	10,594	10,594
Redemption during the year	-	-
At 31 December 2014	<u>10,594</u>	<u>10,594</u>
Net Book Values		
At 31 December 2014	10,594	10,594
At 31 December 2013	<u>10,594</u>	<u>10,594</u>

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

9. Debtors

	2014	2013
	€	€
Other Debtors	77,836	29,217
	<u> </u>	<u> </u>

An Chomhairle Mhúinteoireachta
The Teaching Council

Notes to the Financial Statements
for the year ended 31 December 2014

..... continued

10. Creditors: Amounts falling due within one year	2014	2013
	€	€
Other Taxes and Social Security Costs	15,030	50,076
Accruals	168,549	81,201
	<u>183,579</u>	<u>131,277</u>
	<u>2014</u>	<u>2013</u>
	<u>€</u>	<u>€</u>
Included in other Taxes and Social Security Costs:		
PAYE / PRSI	(588)	33,825
PSWT	15,618	16,251
	<u>15,030</u>	<u>50,076</u>
	<u>2014</u>	<u>2013</u>
	<u>€</u>	<u>€</u>
11. Reserves	General Reserve	Designated Reserve
	€	€
Opening Reserves	12,246,606	4,000,000
Surplus for the year	1,218,911	-
Closing Reserves	<u>13,465,517</u>	<u>4,000,000</u>
	<u>13,465,517</u>	<u>4,000,000</u>
	<u>13,465,517</u>	<u>4,000,000</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.

An Chomhairle Mhúinteoireachta
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Notes to the Financial Statements
for the year ended 31 December 2014

..... continued

12. 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.

13. Gross Cash Flows

	2014	2013
	€	€
Returns on Investments and Servicing of Finance		
Interest Received	269,333	390,217
	<u> </u>	<u> </u>
Taxation		
Income Tax Paid	(110,426)	(153,482)
	<u> </u>	<u> </u>
Capital Expenditure and Financial Investment		
Payments to Acquire Tangible Assets	(3,969,814)	(134,486)
	<u> </u>	<u> </u>

14. Analysis of Changes in Net Funds

	Opening	Cash	Closing
	Balance	Flows	Balance
	€	€	€
Cash at Bank and in Hand	15,934,926	(2,566,466)	13,368,460
Net Funds	<u>15,934,926</u>	<u>(2,566,466)</u>	<u>13,368,460</u>
	<u> </u>	<u> </u>	<u> </u>

**An Chomhairle Mhúinteoireachta
The Teaching Council**

**Notes to the Financial Statements
for the year ended 31 December 2014**

..... continued

15. Approval of Financial Statements

The financial statements were approved by the Council on 25 May 2015 and signed on its behalf by

**Micheál Ó Gríofa
Chairperson**

**Tomás Ó Ruairc
Director**

