

**University of Limerick**

**Directors' Consolidated Report and Financial Statements**

**Year Ended 30 September 2015**

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## REPORT OF DIRECTOR OF FINANCE

## Scope of the Financial Statements

The financial statements consolidate the results of the University of Limerick and its subsidiary undertakings. Further details are included at Note 12 in the financial statements.

The Consolidated Financial Statements of the University of Limerick for the year ended 30 September 2015 are prepared in accordance with Generally Accepted Accounting Practice (accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland).

## 2 Income and Expenditure

The summary financial position is set out in Table 1 below.

	2014-15	2013-14	2012-13
	€m	€m	€m
State Grant	34	36	37
Academic Fees	86	84	82
Research grants and contracts	35	31	28
Other income	46	41	37
Deferred Grant	7	7	6
Deferred pension funding	35	30	30
<b>Total Income</b>	<b>243</b>	<b>229</b>	<b>220</b>
Staff Costs	119	112	106
Other operating expenses	69	63	61
Interest Payable	1	1	1
Depreciation	14	13	12
FRS 17 adjustment	35	30	30
<b>Total operating expenses</b>	<b>238</b>	<b>219</b>	<b>210</b>
<b>Surplus for the year</b>	<b>5</b>	<b>10</b>	<b>10</b>

Table 1- Summary Financial Position

Table 1- Summary Financial Position

The consolidated income and expenditure account and net surplus for the year ended 30 September 2015 are shown on page 23 of the financial statements. Total income increased by €13.6m (6%) during the year from €229.6m to €243.2m. Student fees increased by 2.9% to €86.2m. State grant funding reduced by 4.8% as a result of continuing cuts in funding made available to the University by the HEA. The recurrent grant element of the State grant was reduced by 8%.

Total expenditure increased by €19.3m to €238.5m (8.8%) by comparison to expenditure in 2013-14.

The overall result reported a net surplus for the year of €4.681m

## 3 Treasury Management

The University bank and cash balances increased during the year from €160.7m to €166m. The University has a Treasury Policy in place which is regularly reviewed by the Governing Authority Finance Committee. The key objective as set out in the University's Treasury Policy is to protect capital when investing surplus funds, maintain sufficient liquidity and achieve acceptable returns from investments.

Bank Borrowings increased by €17.1m from €57.3m to €74.4m. Further details are included at Note 16 to the financial statements. During the year the University increased its bank borrowings to fund its capital development plan.

## 4 Balance Sheet

The Consolidated Balance Sheet reflects the assets and liabilities associated with all the activities within the University and its subsidiaries.

Net assets for the year under review amount to €331.7m, an increase of €6.7m, or 2% over 2013/14.

Creditors due within one year increased by €45.7m, this includes the recognition of the liability for the exercising of an option to purchase accommodation facilities within the next 12 months. Further details are included at Note 14 & 15 in the financial statements.

Revenue reserves of €102.5m are committed to current and future expenditure.

## 5 Capital Investment

Significant capital expenditure has continued across the entire University in terms of completion of new buildings and refurbishment projects. Total capital expenditure amounted to €30.5m during the year under review. This included €5.6m on equipment.

During the year the new Analog Devices Building which provides a fully equipped laboratory building of the order of 7,459m<sup>2</sup> to enable the research of ten new professorships was completed.

The National Centre for Applied Materials Research building was also completed during the year. This Centre will develop new materials and methods in the strategically important areas of pharmaceutical and composite materials and will significantly enhance UL's materials research capabilities in

## REPORT OF DIRECTOR OF FINANCE - continued

biomaterials, materials for energy conversion and bio-catalysis. The new Centre will assist in the provision of incentives to multinational companies to locate research and development capacity in Ireland by creating the research infrastructure to allow these industries to embed their research and development activities here.

In conjunction with Limerick City and County Council and the Department of Transport, the University is a partner in a city wide Smarter Travel project. Work was completed on the construction of shared pedestrian/cycling paths and secure bike parking.

Work commenced on an Arena extension and the Munster Rugby Training building. The extension to the University Sports Arena will provide a new 25m swimming pool which will also incorporate diving. The Munster Rugby facility includes Gym, Medical rooms, coaching areas, meeting rooms and changing areas.

The University completed a refurbishment of the Schrodinger Building. Plassey Campus Centre purchased Troy Village, an off campus student accommodation, and a refurbishment programme was completed in December 2015. A two phase programme of refurbishment of the Kilmurray village residences commenced during the year and is due to be completed in Summer 2017.

The successful implementation of the University's physical development programme is being made possible by the very significant funds being provided to the University from private sources in partnership with State funding. The University is particularly indebted in this regard to the funding support it receives from generous donors through UL Foundation.

### 6 Research Activity

The level of research activity for 2014-15 increased by 12% to €34.58m (2013-14 €30.892m) and by 24.5% over the past two years.

The value of new awards entered into by the University during 2014-15 was €53m an increase of 22.6% (2013-14 €41m).

### 7 University of Limerick Foundation

The University of Limerick Foundation is a linked charity to the University, the principal activity of which is the furtherance of education and research, in particular the furtherance of education and research carried out by the University and other

educational research and development bodies associated with the University. The foundation is a separate and independent organisation from the University and over which the University has neither control nor dominant influence. Its financial statements are therefore, not included in the consolidated results of the University. Further details are included at notes 12 and 22 in the Financial Statements.

### 8 Conclusion

The University financial statements show a healthy financial position at 30 September 2015. Despite this the University faces a number of challenges. In particular the decline in state funding over recent years has reduced the unit funding per student to levels that are not sustainable in future years. The University is focused on growing non state income, however, this growth also requires investment and cannot service to only subsidise falls in state income. The University looks forward to the implementation of the recommendations of the Expert Group on Future Funding for Higher Education.



John Field

Director of Finance

Date: 20/7/2016



## STATEMENT OF RESPONSIBILITIES

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

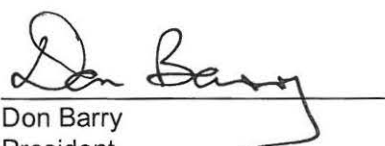
In preparing those accounts, the Governing Authority is required to:


- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the University will continue in operation.

The Governing Authority is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the University and which enable it to ensure that its financial statements comply with the Universities Act, 1997, the Statement of Recommended Practice - Accounting for Further and Higher Education Institutions and are prepared in accordance with (accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland). The Governing Authority is responsible for the approval of the financial statements of the University.

The Governing Authority 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 the University

  
Don Barry  
President  
Date: 20/9/2016

  
John Field  
Director of Finance  
Date: 20/9/2016

## ANNUAL STATEMENT OF GOVERNANCE AND INTERNAL CONTROL

In compliance with Section 2.11.4 of the HEA/IUA "Governance of Irish Universities" 2012, this constitutes the University of Limerick's Statement of Governance & Internal Control (SGIC) for Financial Year ended 30 September 2015.

### 1. GOVERNANCE

1.1 **General:** The Governing Authority affirms that it has overall responsibility for compliance by the University of Limerick with applicable statutory obligations as set out in legislation governing the establishment of the University and other relevant legislation. To the best of the Governing Authority's knowledge and belief, the University is in compliance with such legislation.

1.2 The University of Limerick (UL) Governing Authority adopted The Higher Education Authority/Irish Universities Association's (HEA/IUA) revised 2012 Code "Governance of Irish Universities" on 25 September 2012. The existing UL Code of Governance was approved by Governing Authority in May 2014 and is in line with the 2012 National Code. Following its approval, it was forwarded to the University's subsidiary companies for progression and implementation. A gap analysis between the National Code and the UL Code of Governance was undertaken by the University's Internal Auditors in the period under review and their report was approved by the Audit & Risk Management Committee (ARMC) in April 2015. The Report highlighted a very high level of compliance between the UL Code and the National Code with only one gap identified and two minor recommendations arising. Consequently, the UL Code of Governance is to be updated and resubmitted to Governing Authority for approval. The two minor recommendations relating to queries posed in the development of the annual SGIC have been implemented by the Corporate Secretary's Office.

In September 2015 the ARMC approved an Internal Audit Report on the method of development of the annual SGIC. No high or medium level deficiencies were found and the Internal Auditors identified four items deemed low risk for review and implementation. These have been implemented by the Corporate Secretary's Office in the development of this SGIC. It was agreed, as part of this report that the completion date in the SGIC for annual review of risks would coincide with the date on which the SGIC is first approved by Governing Authority in the relevant year.

1.3 A Code of Conduct for Members of the Governing Authority was approved by the Governing Authority in 2009 and copies were circulated to all members of the Governing Authority. This Code will be reviewed in 2016 to ensure it is in compliance with relevant legislation and also with the revised 2012 National Code of Governance.

1.4 The Code of Conduct for Employees is covered by their contracts of employment and a range of policies and procedures are in place at the University. In relation to research, the University has established a "Code of Good Practice in Research" and the "UL Procedure on Research Misconduct". Additionally, University researchers are cognisant of the "National Policy Statement on Ensuring Research Integrity", 2014. There is a robust process in place to ensure the rollout of appropriate research ethics on a University-wide basis. Further to the provisions in these policies, procedures and processes, a "Code of Conduct for Employees of the University" was approved by the Governing Authority in September 2011. The Code is available to all employees via the UL website and is brought to the attention of all new employees as part of the University's Induction Process. This Code of Conduct will be reviewed in 2016 to ensure it is compliant with legislation and also with the revised 2012 National Code of Governance.

1.5 **Finance:** The following is a brief outline of the financially significant developments affecting the University in AY2014/15 together with major issues likely to arise in the short to medium-term:

## ANNUAL STATEMENT OF GOVERNANCE AND INTERNAL CONTROL - continued

- The University achieved a balanced budget for the Financial Year 2014/15 in line with the budget strategy approved by the Governing Authority. This has been formally communicated to the HEA.
- The on-going management of the fallout from the economic downturn continues to be a key issue for the University.
- The University completed the Analog Devices Building as part of the Bernal Project during AY2014/15. The Bernal Project is a €52 million strategic initiative that will enable the University to enhance its teaching and research outputs.
- The Governing Authority, through its Finance Committee, approved the purchase of 15.86 acres of land relevant to the strategic development of the campus.
- In September 2013, the Finance Committee approved the acceptance of the offer of loan funding from the EIB of €100 million towards eligible projects in the Capital Development Plan, totalling €224 million. The Governing Authority Finance Committee was briefed on the loan facility together with the annual draw down plans.
- In June 2015 the Governing Authority, through its Finance Committee, approved a funding plan for the development of the Glucksman Library Extension.
- In June 2015 the Governing Authority, through its Finance Committee, approved the appointment of Bank of Ireland for the award of a solo campus banking concession and retail corporate banking services to the University and its subsidiary companies.
- The Minister for Education & Skills has recently received a report from the Expert Group on Future Funding of Higher Education. The implementation of this report could have a financially significant impact on the University.
- The University engaged consultants to review business processes in the area of student administration. A three-year project plan aimed at improving the University's processes and systems has been agreed for implementation.
- During the year under review a number of internal investigations were conducted by the University resulting in expenditure on investigator and legal fees.
- The University paid a former service provider €209,600 in connection with the termination of the service provider's appointment to the University.

- 1.6 Pay: The University of Limerick is complying with Government Policy on Pay and the Framework for Departure from Approved Levels of Remuneration as agreed with the HEA under Section 25 of the Universities Act, 1997.

There was a total of 504 full time academic staff employed by the University at the end of the period under review. The University paid overtime to academic staff for work outside of their normal contract hours e.g. evenings and weekends. In the year ended September 2015 the total value of the payments to full time staff was €172,228.

**Salary of President:** The President's salary for the period 1 October 2014 to 30 September 2015 was €179,809.

- 1.7 The University of Limerick affirms that:

- **Financial** – The University is subject to annual audit by both the Office of the Comptroller & Auditor General and the Management Auditors of the University. All appropriate procedures for the production of the University's annual financial statements are in place. The University has not made any payment of interest and penalties under the Prompt Payments Act.

## ANNUAL STATEMENT OF GOVERNANCE AND INTERNAL CONTROL - continued

- **Internal Audit** –The University has outsourced its Internal Audit function. The University's Internal Auditors report to the President and to the Governing Authority through its ARMC. There is a robust system of internal audit in place through the Internal Auditors carrying out an annual programme of risk-based audits that is approved by the ARMC. In addition, a University of Limerick Internal Audit Charter is in place and the implementation of its provisions ensures that a review of the status of implementation of Internal Audit recommendations is undertaken on a regular basis and reported upon to the ARMC.

As reported previously, the University engaged an external expert to review the governance of its Internal Audit function. The outcome of the review was presented to the ARMC in November 2014 and to the Governing Authority in January 2015. There were a large number of positive findings in the review and some recommendations for improvement, for example, the development of an Audit Engagement Policy and customer satisfaction surveys. The recommendations were accepted by the ARMC and will be implemented in 2016.

- **Risk Management** - The roll-out of the Risk Management Policy across various faculties and divisions continues to progress and a total of fourteen risk registers were in place by the end of the period under review. Given its importance within the University, progress relating to Risk Management is a standing agenda item at meetings of the ARMC. The Committee in turn reports to the Governing Authority on risk management related matters on a regular basis. An external expert was engaged to undertake a review of the governance of Risk Management in the University and the findings from the review were presented to the ARMC in November 2014 and to Governing Authority in January 2015. There were a range of positive findings arising from the Review such as the existence of the Risk Management Policy; the availability of a fundamental risk register with accountability and ownership identified; central oversight of risk and knowledge and information sharing at Executive Committee. Also, the fact that risk management is a standing agenda at the ARMC and reported to Governing Authority regularly was welcomed as best practice by the External Expert. A number of recommendations to improve the roll-out and embedding of risk management throughout the University were included in the Report and include the introduction of a structured engagement between the ARMC and members of the Executive who are risk register owners; the expansion of the composition of the ARMC to ensure appropriate expertise; the embedding of a process to escalate risks; a designated risk coordinator; consolidation of the Fundamental Risk Register and review of supports for the risk process. These recommendations were accepted by the ARMC and are being implemented.
- **Procurement**
  - UL has procurement procedures in place and these have been communicated to the staff of the University. UL endeavours to ensure full compliance with procurement procedures and guidelines. The University is actively working with the Office of Government Procurement (OGP) to ensure that procurement activities are taking place in accordance with requirements of the operating model being put in place by the OGP. The implementation of this model is an ongoing process since 2013 and is being managed by the OGP. The University has no control over the process of OGP implementation. A memorandum of understanding between the OGP and the Department of Education & Skills which sets out the fundamentals of this model is due to be finalised shortly. Under the OGP model the University is responsible for compliance with procurement guidelines while being required to use suppliers selected by the OGP. During the ongoing implementation phase of the OGP model and primarily due to resourcing and timing issues it is not always possible to match the output of the OGP process to the procurement requirements of the University. This leads to a risk that contracts expire in advance of being retendered and/or that contracts are extended temporarily beyond their original duration without going through the appropriate procurement process. There is also a risk that where the OGP cannot deliver a procurement request that the University does not have the resources available to it to complete the necessary process. The University continues to deploy its minimal procurement resources to minimise this risk. The purchase of goods and services that form part of this transition process to the OGP model during the year ended 30 September 2015 amounted to €2m.



## ANNUAL STATEMENT OF GOVERNANCE AND INTERNAL CONTROL - continued

- During the year ended 30 September 2015 the allocation of buyer resources was prioritised to procurement competitions with the best opportunities to deliver additional savings. In one instance only where the circumstances necessitated having a supplier in place in a timeframe shorter than procurement guidelines allow, the University procured services from a supplier by negotiation without advertising. The total spend in this instance was €208K.
    - The University conducts a review annually of aggregate spend on commodities. Such reviews by their very nature can be undertaken only on a retrospective basis. The review will inform whether a revised procurement strategy is required for such commodities as aggregate annual spend has now exceeded the €25,000 threshold for tendering. The University is of the view that such expenditure remains compliant as the University did not know as it committed to the expenditure that the threshold would be exceeded. For the year ended 30 September 2015 the University review of aggregate spend has identified total expenditure of €888,492 with 23 suppliers and an average spend of €38,630, that requires evaluation as to whether a revised procurement strategy is required. Within this expenditure three written quotations were obtained for all transactions exceeding €5,000. Notwithstanding the foregoing, to the best of UL's knowledge and belief, the University has been compliant with its procurement procedures.
  - **Asset Disposal** – The disposal of assets by the University is carried out in accordance with the University's fixed assets disposal process. A revised University of Limerick Disposal/Transfer of Assets Policy that is in compliance with the 2012 National Code of Governance is in place. Additionally, the University maintains a Fixed Asset Register which is subject to annual audit by the Office of the Comptroller & Auditor General and the Management Auditors of the University. To the best of UL's knowledge and belief, the University has been compliant with these processes.
- 1.8 **Capital Projects:** To the best of the University's knowledge and belief, the University's practices in the development of capital projects are consistent with the Department of Public Expenditure and Reform Circular 13/13: the Public Spending Code: Expenditure Planning, Appraisal & Evaluation in the Public Service – Standard Rules & Procedures.
- 1.9 **Travel Policy:** The University implements Government travel policy requirements through its Travel & Subsistence Policy approved by Governing Authority. The Policy in place for the year ended 30 September 2015 is effective since 1 October 2013 and has been communicated to all staff. In March 2016 the Governing Authority, through its Finance Committee, approved amendments to the existing Policy.

On 29 May 2015 the University received correspondence from the Higher Education Authority (HEA) attaching an alleged "protected disclosure" concerning what the HEA described as "poor or bad practice in the Finance Department". The allegations raised included the area of Travel and Subsistence. The University immediately engaged their Internal Auditors to examine the allegations. Whilst a number of issues were raised, no specific detail was provided and therefore the Internal Auditors contacted the HEA on a number of occasions asking them to obtain specific information. As a result of specific information not being available the University engaged the Internal Auditor to perform a general review of Travel and Subsistence at the University. This review was performed in September 2015 and covered the period 1 March 2014 to 31 August 2015. The Internal Auditor reported that "based on the work we have performed, we have not identified in the areas reviewed, and in the samples selected, any critical weaknesses that would indicate a systematic breakdown in internal controls surrounding the Travel and Subsistence process". The review identified a number of areas for improvement and these improvements are being implemented.

In October 2015 the HEA requested Mazars to carry out a review into the processes employed by UL to inquire into certain allegations which included the allegations referred to in the previous paragraph. During this review Mazars on 8 January 2016 provided the University with the specific information regarding the allegations referred to in the correspondence received on 29 May 2015. Upon receipt of this information, the University completed a management review of the items presented, and engaged the Internal Auditor to carry out an independent review of the financial allegations. The inquiry process

**ANNUAL STATEMENT OF GOVERNANCE AND INTERNAL CONTROL - continued**

in respect of the matters raised did not identify any instances of irregular practices, financial wrongdoing or financial mismanagement.

The processing of Travel and Subsistence claims has been the subject of intense review arising from the allegations received from the HEA. The University is satisfied that based on the process of enquiry followed and the validation of that process when independently reviewed by Mazars that the allegations were unsupported by the evidence provided. The University is satisfied that there are robust controls in place in relation to the payment of travel related expense. To the best of the University's knowledge and belief the requirements of Government travel policy are being implemented throughout the University.

- 1.10 **Value for Money:** To the best of the University's knowledge and belief, 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 on 20 October 2005 and communicated to the universities.
- 1.11 **Taxation:** The University seeks to be compliant with taxation laws and is committed to ensuring that all known tax liabilities are paid at the relevant due dates.
- 1.12 **Child Protection:** The University of Limerick's Child Protection Guidelines comply with Children First – National Guidance for the Protection and Welfare of Young Children 2011 and are being implemented. The University's subsidiary companies have local Child Protection Policies in place that conform with Children First and are implemented. Confirmation of implementation was received by the University's Health & Safety Officer, who is also the University's Child Protection Officer. The ARMC receives an annual report on the implementation of the University's Child Protection Guidelines and verification that the University's subsidiary companies' policies are being applied. This is subsequently reported to Governing Authority by the Committee.
- 1.13 **Fees/Expenses for members of Governing Authority:** Expenses paid to external members of Governing Authority are in accordance with the Guidelines from the Department of Finance. These are included in the University's Annual Reports. Details of the fees and expenses paid to external members of Governing Authority for year ended 30 September 2015 are as follows:

	External Governing Authority Members
<b>Fees Payable</b>	<b>Nil</b>
<b>Expenses Payable</b>	<b>€6,559</b>

- 1.14 **Code of Governance – Subsidiaries:** The University's subsidiary company Plassey Campus Centre Ltd (PCC) updated their Code of Governance in line with the 2012 National Code and this updated Code was approved by the PCC Board in February 2015. In addition, PCC submits an annual Statement of Governance to its Board and subsequently to the Governing Authority Finance Committee. A Code of Governance for Unijobs Ltd was approved by the Board in December 2015 and a similar code of Governance for the University of Limerick Alumni Association Ltd is expected to be in place by mid-2016. Statements of Governance for Year Ended 30 September 2015 for both Unijobs Ltd and the UL Alumni Association Ltd were presented to their respective Boards in 2016 and subsequently, to the Governing Authority Finance Committee.
- 1.15 **Health & Safety:** The University of Limerick recognises its responsibilities and duties under The Safety Health & Welfare at Work Act 2005 including all relevant regulations and codes of practice, and is committed to ensuring, in so far as is reasonably practicable the health, safety and welfare of employees, students, visitors and other persons who may be affected by its activities. In this regard, the University has an appointed Health & Safety Officer and a Health & Safety Statement setting out the management of safety, health and welfare at the University. This Statement is monitored for

## ANNUAL STATEMENT OF GOVERNANCE AND INTERNAL CONTROL - continued

implementation. In addition, reports on health and safety are considered by the ARMC on a bi-annual basis and reported to the Governing Authority.

- 1.16. **Good Faith Reporting – Protected Disclosures Act 2014:** The development of the University of Limerick's Protected Disclosures Policy & Procedures was completed in accordance with the provisions of the Protected Disclosures Act, 2014 and will be submitted to the Governing Authority for approval 2016.
- 1.17. **Governing Authority Meetings:** During the period under review there were nine meetings of the Governing Authority. The attendance record of members of Governing Authority at those meetings is attached as Appendix 1.
- 1.18. **Audit & Risk Management Committee meetings:** The Governing Authority ARMC met on seven occasions in the period under review and the attendance record of members of the Committee is attached as Appendix 2.
- 1.19 **Review of Governing Authority Performance:** Work has commenced on the development of a comprehensive review of the performance of the Governing Authority. It is planned that this will be completed in 2016.

## 2. INTERNAL CONTROL

- 2.1 **General:** Governing Authority acknowledges that it has overall responsibility for the University's system of internal control, including that of its subsidiary companies. The system covers all material controls including financial, operational and compliance controls and risk management systems that support the achievement of the University's Strategic Plan, the achievement of the Strategic Plans/objectives of its subsidiary companies and the implementation of University policies and procedures while safeguarding the public and other funds and assets for which the University is responsible.
- 2.2 The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the aims and objectives of the Strategic Plan or the implementation of University policies and procedures, or to conduct its affairs in an orderly and legitimate manner. To that extent it can, therefore, only provide reasonable and not absolute assurance of effectiveness.
- 2.3 The system of internal control is based on an on-going 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 and its subsidiaries. In keeping with best practice, the University's Risk Management Policy was adopted by the Governing Authority in 2010. In February 2016 the Policy was reviewed and resultant amendments approved by Governing Authority. This Policy sets out a framework for the embedding of risk management throughout the University (including its subsidiaries). The Fundamental Risk Register for the University was reviewed, updated and approved by the University's Executive Committee in June 2014 and was submitted to the ARMC and subsequently to the Governing Authority. Rollout of the Risk Management Policy is on-going across all faculties, divisions and subsidiaries of the University. The ARMC identified a number of additional areas for the development of local risk registers and they have been included in a timetable for the development of remaining risk registers and the review of existing ones is in place for the University and its subsidiaries.

In detail,

## ANNUAL STATEMENT OF GOVERNANCE AND INTERNAL CONTROL - continued

- (i) The following ensure that there is an appropriate control environment in place in the University:
- Vice Presidents, Faculty Deans and Heads of Administrative Units, in fulfilling their functions, operate with clear staff structures and appropriate assignment of duties within their respective areas of responsibility. In addition, their respective units have appropriate committee/group structures in place to support the development and work of the units. These units operate in accordance with internal policies and procedures as well as corporate-level policies approved by the Governing Authority on the recommendation of its sub-committees. In addition, senior executives of the University are appointed as directors on all subsidiary company boards and they, along with the management of these subsidiaries, ensure they operate in accordance with University policies and procedures where appropriate and also in accordance with policies and procedures approved by their boards of directors.
  - Procedural manuals and guidelines on academic, financial, IT, research and HR management are available to all managers.
  - The University's Academic Council, composed in accordance with the Universities Act, 1997, meets regularly and has a range of sub-committees in place to ensure the development, review and implementation of academic related policies, regulations and procedures. These sub-committees report regularly to the Academic Council.
  - There is a robust Quality Review process in place in accordance with statutory requirements that ensures regular quality reviews of the academic and functional units across the University and the implementation of agreed recommendations arising from such reviews where practicable. The outcomes of these reviews, their implementation where practicable and follow-up reviews are reported to the Governing Authority Strategic Planning & Quality Assurance Committee. This Committee in turn reports to Governing Authority on these matters.
  - The University of Limerick is focused on providing the optimum student experience and in this regard, conducts student exit surveys to elicit where the University can improve its offerings to the students. The outcomes of these surveys are considered in detail and acted upon where practicable. Additionally, the University's Centre for Teaching & Learning works to enhance teaching and learning processes through heightening the profile and value of teaching activities, collaboratively engaging in related research and enabling key teaching innovations.
  - The University aims to facilitate the growth of relevant, sustainable research and its dissemination with the communities it serves. The Research Office has been structured to enable the achievement of this aim. The Research Office comprises the Graduate School that supports the development and delivery of postgraduate programmes and associated regulations; Research Support Services that provide advice and support to researchers and interacts with industry in order to maximise research funding, and the Technology Transfer Office that manages the University's intellectual property and provides for technology transfer working with development agencies to enhance the competitive position of existing industry and to attract investment to the region.
  - There is a University of Limerick Research Ethics Governance (ULREG) Committee in place that sets down policy relating to research ethics within the University and thereby mitigates risks in this area. The Committee reports to the Academic Council of the University. There are additional local Research Ethics Committees in place at Faculty level and there is provision for the establishment of specialist ethics committees as and when required. These 'local' committees report to ULREG. To the best of the University's knowledge and belief, the related policies and recommendations of local and corporate level research ethics committees are implemented throughout the University.
  - The Governing Authority ARMC, supported by the Internal Auditor, reviews the scope and effectiveness of the University's internal controls and those of its subsidiaries, including financial, operational and compliance controls and reports regularly to the Governing Authority.



## ANNUAL STATEMENT OF GOVERNANCE AND INTERNAL CONTROL - continued

- Regular reporting to the relevant Governing Authority sub-committees and the Governing Authority on the financial aspects of major projects being proposed and/or completed.
  - Regular reporting to the relevant Governing Authority Committee on the physical design of capital projects to ensure they complement surrounding buildings on the Campus.
  - The terms of reference of the sub-committees of the Governing Authority include the oversight of major initiatives within their remit and they report regularly to Governing Authority on such matters.
- (ii) The following processes are used to identify business risks and to evaluate their financial implications:
- The Governing Authority operates in accordance with the University of Limerick's Code of Governance which is based on the 2012 National Code. In addition, University subsidiaries operate in accordance with a Code of Governance based on the University of Limerick's Code of Governance and submit annual governance statements to Governing Authority through its Finance Committee.
  - A Risk Management Policy adopted by the Governing Authority is in place. This policy is 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. This policy is also implemented in relation to the work of University subsidiaries.
  - The roll-out of risk management continued in the period under review through the development of 'local' risk registers across the University and its subsidiaries. An agreed process for the review of local risk registers once established is as follows:
    - within one month of any internal audit report where a recommendation from the Internal Auditors graded as 'fundamental' is recorded;
    - following major changes to the structure, funding or strategic direction of the Faculty/Division/Unit;
    - Following a specific request by the Executive Committee;
    - At least twice per annum, notwithstanding the above conditions.
  - Following the completion of a review of their local risk register, Vice Presidents/Deans/Head of Administrative Units and the senior University executives appointed to subsidiary company boards will prepare a report using the standard risk & control template and risk register template set out in the Risk Management Policy. In the case of the University, the report will be submitted to the Executive Committee for consideration and discussion on a bi-annual basis or immediately depending on the level of the risk. In the case of subsidiary companies, this report is submitted to the board of directors.
- (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. It carries out an annual budgeting process and the resulting Annual Budget is approved by the Governing Authority Finance Committee and then the Governing Authority. Budgets are reviewed against actual during the year. Monthly reports are issued to budget-holders and financial reports are reviewed by the Governing Authority Finance Committee on a quarterly basis.
  - Subsidiary companies carry out an annual budgeting process and the budget is approved by the board of directors. Budgets are reviewed against actual during the year and quarterly reports are reviewed by the board. On an annual basis the subsidiary companies attend and report to Governing Authority on their performance for the year.

**ANNUAL STATEMENT OF GOVERNANCE AND INTERNAL CONTROL - continued**

- (iv) Best practice procedures for addressing the financial implications of major business risks include:
- 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 Department/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 Governing Authority, through its Finance Committee, for all financial matters of his/her Faculty. The Finance Division works in partnership with and advises areas of the University in relation to compliance with legislative and other obligations on the University. A devolved financial structure also operates within subsidiary companies and the executive management are accountable to the board of directors for all financial matters. The development of a Signing Authority Policy was progressed in the period under review. It is planned that this policy will be submitted to the Governing Authority for approval in 2016 and subsequently it will be rolled out as appropriate to the University's subsidiary companies for approval by their respective boards.
  - Detailed procedures on handling financial transactions are published on the University website by the Finance Division. This Division also provides training to staff on a regular basis. Policies and procedures are regularly reviewed and updated as appropriate. Staff in subsidiary companies are trained as required and policies and procedures specific to the subsidiary are reviewed on a regular basis and updated where needed.
  - Finance professionals are members of the following Governing Authority Sub-Committees:
    - Audit & Risk Management Committee;
    - Finance Committee;
    - Campus Development Committee;
    - Boards of subsidiary companies.
  - Members of the Finance Division/subsidiary companies attend meetings of the Governing Authority ARMC as and when required by the Committee.
  - Finance Division staff and finance staff of subsidiary companies provide direct advice and support to the campus communities in relation to financial matters.
- (v) Internal controls are monitored by:
- A programme of external quality reviews of academic and support areas, the results of which feed into the risk registers of the individual areas.
  - A review of the implementation of the National Code of Governance was undertaken by the Internal Auditors. Such reviews will continue to take place as required.
  - External Audit Opinion.
  - The ARMC approves an internal audit plan on an annual basis. This plan provides for internal audit review of a range of functional areas throughout the University, including its subsidiary companies. The Committee considers subsequent Internal Audit Reports that are based on the status of internal controls within the respective functional areas and meets with the head of the functional area/subsidiary to which the reports relate. Additionally, the ARMC reports to the Governing Authority on a regular basis on the outcome of such reviews. As part of its internal audit process, the University has established an Internal Audit Review Group comprising senior executives of the University whose remit is to monitor the implementation of recommendations arising from any Internal Auditor review of controls in the various functional areas. The Review Group operates in accordance with a remit set down by the Governing Authority through its ARMC. The remit is also provided for in the University's Internal Audit Charter. The Review Group reports regularly to both the ARMC and the Internal Auditors on the status of implementation of recommendations arising from the Internal Audit reviews. In turn the Internal Auditor undertakes a follow-up review of a sample of recommendations deemed implemented.

**ANNUAL STATEMENT OF GOVERNANCE AND INTERNAL CONTROL - continued**

- 2.4 The Governing Authority confirms that there has been a review of the effectiveness of internal controls during the period to which this Statement relates and that such review was completed on 26 May 2016.
- 2.5 No 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.

**3. MATTERS OF NON-COMPLIANCE/WEAKNESS IN INTERNAL CONTROL**

During the year under review a number of areas were selected for internal audit review. Improvements to internal controls were identified as part of this process. Remedial action were also identified and agreed with the relevant manager along with a timeframe for implementation. All of these reports were approved by Governing Authority.

On behalf of the University of Limerick



Don Barry  
President

Date: 20/9/2016



John Field  
Director of Finance

Date: 20/9/2016

## ANNUAL STATEMENT OF GOVERNANCE AND INTERNAL CONTROL - continued

## Appendix 1

## Attendance at Governing Authority meetings 2014-2015

The Governing Authority met nine times during the period under review, 1 October 2014 – 30 September 2015. Where a member was not eligible to attend all 9 details are provided below.

	Governing Authority Member	No. of Meetings Eligible to Attend	No. of Meetings Attended
<b>Chief Officer:</b>	Professor Don Barry	9	9
<b>Chancellor:</b>	Judge John L Murray	9	6
<b>Senior Officers of University (2):</b>	Professor Paul McCutcheon	9	8
	Mr John Field	9	9
<b>Professors/Associate Professors:</b> <i>(elected by such staff)</i>	Professor Sean Arkins	9	8
	Professor Merritt Bucholz	9	8
	Professor Colum Dunne	9	5
	<sup>1</sup> Professor Michael Pomeroy	8	8
	Dr Eoin Devereux	9	6
<b>Academic &amp; Research Staff:</b> <i>(elected by such staff)</i>	Dr Sean McGrath	9	5
	Dr Máirtín Ó Droma	9	7
	Dr Wynette Redington	9	6
	Dr Peter Tiernan	9	8
<b>Support Staff:</b> <i>(elected by such staff)</i>	<sup>2</sup> Ms Grainne O'Connell	6	0
	Michelle Breen	1	1
	Ms Neasa Fahy O' Donnell	9	8
	Mr Pat Rockett	9	7
<b>Elected officers of the Students' Union:</b>	Mr Tommy Bolger	7	7
	<sup>3</sup> Mr Colin Clarke	2	2
	Mr Shane McCormack	7	5
	<sup>4</sup> Ms Ciara Corcoran	2	2
	Mr Seamus Noonan	7	6
	<sup>5</sup> Mr Seán McKillen	2	2
<b>Nominees of Organisations:</b>	Mr Tadhg B Kearney	9	6
	Ms Berni Brady	9	5
	Mr Bobby O' Connor	9	8
<b>Nominees of Minister for Education &amp; Skills:</b>	Ms Breda Deedigan	9	7
	Mr David O' Flynn	9	3
	<sup>6</sup> Mr Martin Hayes	2	2
	Professor Helen O'Neill	1	1
<b>Persons appointed having regard to Artistic/Cultural Interests:</b>	Ms Judith Woodworth	9	6
	Ms Trish Long	9	3
<b>Graduates of the University of Limerick:</b> <i>(elected by such graduates)</i>	Mr Fintan Breen	9	9
	Mr John O' Connell	9	8
<b>Mayor of the City &amp; County of Limerick:</b>	Cllr Michael Sheahan	7	6
	<sup>7</sup> Cllr Liam Galvin	1	1
<b>Mayor of the Metropolitan District of Limerick:</b>	Cllr Jerry O'Dea	9	6
<b>University of Limerick Foundation Nominees:</b>	Ms Kay Doyle	9	7
	Mr Michael Houlihan	9	8
	Mr Richard Leonard	9	8
<b>President, MIC:</b>	Professor Michael Hayes	9	8

## **ANNUAL STATEMENT OF GOVERNANCE AND INTERNAL CONTROL - continued**

<sup>1</sup> Professor Pomeroy was elected in November 2014 to fill a vacancy created by the resignation of Professor Cunnane in Sept 2014.

<sup>2</sup> Ms O'Connell had permission to be absent from meetings as provided for in Section 3(3) of the Third Schedule of the Universities Act, 1997. Ms O'Connell resigned in May 2015. Ms Breen was elected July 2015 to fill the vacancy created by Ms O'Connell.

<sup>3</sup> Mr Clarke replaced Mr Bolger as President, University of Limerick's Students' Union, (ULSU) in June 2015.

<sup>4</sup> Ms Corcoran replaced Mr McCormack as Deputy President, ULSU in June 2015.

<sup>5</sup> Mr McKillen replaced Mr Noonan as President, University of Limerick's Postgraduate Students' Union in June 2015.

<sup>6</sup> Mr Hayes had permission to be absent from meetings as provided for in Section 3(3) of the Third Schedule of the Universities Act 1997. Mr Hayes resigned January 2015. Prof O'Neill was nominated by the Minister for Education & Skills in September 2015 to fill the vacancy.

<sup>7</sup> Cllr Galvin was elected Mayor of the City and County of Limerick in June 2015.

## **Appendix 2**

### **Attendance at Governing Authority Audit & Risk Management Committee meetings 2014-2015**

The Audit & Risk Management Committee met on seven occasions in the period under review 1 October 2014 – 30 September 2015 and their attendance record is detailed below:

Ms Breda Deedigan – attended 5 of 7 meetings;

Mrs Kay Doyle – attended 5 of 7 meetings;

Mr Tim Healy – attended 5 of 7 meetings;

Mr Michael Houlihan – attended 7 of 7 meetings;

Mr Richard Leonard – attended 2 of 3 meetings (appointed by Governing Authority February 2015)

Mr Sean Hayes – attended 3 of 3 meetings (appointed by Governing Authority March 2015).



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

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### University of Limerick

I have audited the consolidated financial statements of the University of Limerick for the year ended 30 September 2015 under the Universities Act 1997. The financial statements comprise the statement of accounting policies, the consolidated income and expenditure account, the statement of total recognised gains and losses, the consolidated and university balance sheets, the consolidated and university cash flow statements and the related notes. The financial statements have been prepared in the form prescribed under the Universities Act 1997, and in accordance with generally accepted accounting practice.

#### Responsibilities of the Governing Authority

The Governing Authority is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view 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 applicable law.

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:

- give a true and fair view of the assets, liabilities and financial position 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; and
- have been properly prepared in accordance with generally accepted accounting practice.

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

#### Relationship with Foundation

Without qualifying my opinion, I draw attention to the statement of accounting policies which discloses that the financial statements of the University of Limerick Foundation have not been consolidated with those of the University group, on the basis that the Foundation is not controlled by the University. The Foundation's main purpose is the furtherance of education and research carried out by the University and other bodies associated with the University. At 31 August 2015, the Foundation had net assets of €15.1 million.



### ***Future pension arrangements***

Without qualifying my opinion on the financial statements, I draw attention to Note 24 and to the recognition as at 30 September 2015 of an asset of €638 million in respect of deferred pension funding.

The defined benefit pension arrangements operated by the University consist of the University of Limerick Superannuation (Amendment) Scheme and the Single Public Service Pension Scheme, both of which are unfunded schemes.

The recognition of the asset in respect of the University of Limerick Superannuation (Amendment) Scheme 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.

The Single Scheme applies to pensionable public servants appointed on or after 1 January 2013. The Scheme is funded by the State on a pay-as-you-go basis. Note 24 discloses that future benefits accruing to Single Scheme members have not been provided for in the financial statements, as the liabilities are not considered to be material at 30 September 2015.

### **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 if I find

- any material instance where money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the statement on 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
- there are other material matters relating to the manner in which public business has been conducted.

### ***Procurement non-compliance***

The statement on governance and internal control discloses that the University procured a material level of goods and services during the year without competitive tendering.



**Seamus McCarthy**  
**Comptroller and Auditor General**

**28** September 2016

## STATEMENT OF ACCOUNTING POLICIES

The significant accounting policies adopted by the University are as follows:

### **Basis of preparation**

The University and consolidated financial statements have been prepared on a going concern basis and in accordance with Generally Accepted Accounting Practice in Ireland (applicable accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland) and the Statement of Recommended Practice - Accounting for Further and Higher Education Institutions.

### **Accounting convention**

The University and consolidated financial statements have been prepared under the historical cost convention.

### **Basis of consolidation**

The consolidated financial statements include the University and its subsidiary undertakings. Subsidiary undertakings represent all undertakings over which the group is able to exercise a dominant influence or control. These undertakings are indicated in note 12. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation.

In accordance with FRS2, the activities of the Students' Unions have not been consolidated because the University does not control those activities. The financial statements of the University of Limerick Foundation are also excluded, as they are not controlled by the University.

### **Recognition of income**

#### Recurrent grants

Recurrent grants from the Higher Education Authority are recognised in the period in which they are receivable.

#### Non-recurrent grants

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

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

#### Income from specific endowments and donations

Income from specific endowments and donations is included to the extent of the relevant expenditure incurred during the year, together with any related contributions toward overhead costs.

#### Rental income and other rental charges

Rental income arising on rent and other charges relating to the student villages and sports facilities is recognised on an accruals basis and as the service is provided.

#### Other income

Other income is recognised in the financial statements on an accruals basis.

#### Academic fees

Academic fees are recognised over the period to which the fee relates. Academic fees received in advance are deferred and credited to the income and expenditure account once the service is deemed to have been performed.

#### Interest income

Interest income is recognised on an accruals basis.



**ACCOUNTING POLICIES - continued****Foreign currency translation**

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into euro either at year-end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

**Tangible fixed assets****(a) Land and buildings**

The University's buildings are valued at cost. Freehold land and buildings are stated in the balance sheet at cost as they are specialised buildings and therefore it is not appropriate to value them on the basis of open market value. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic lives to the University of between 33 and 50 years.

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Finance costs where applicable, which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to the financial year-end. They are not depreciated until they are brought into use.

**(b) Equipment and minor works**

Equipment costing less than €25,000 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	5 years or primary lease period, if shorter
Computer equipment	3 years
Equipment and minor works	Up to 10 years
All weather pitches	20 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. The current value of other donated items, if significant, are reflected in the income and expenditure account as donations and as part of other operating expenses.

## **ACCOUNTING POLICIES - continued**

### **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. 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.

Assets which are held under hire purchase contracts, which have the characteristics of finance leases, are depreciated over their useful lives.

Rental costs under operating leases are charged to expenditure in equal annual amounts over the period of the lease.

### **Financial assets**

Fixed asset investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value.

### **Stocks**

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stock. Expenditure incurred by the University on books and consumable stocks financed from recurrent grants are charged to the income and expenditure account.

### **Taxation**

As an exempt charity, the University is not liable for Corporation Tax or Income Tax on any of its charitable activities. It is registered for Value Added Tax, but since the supply of education is an exempt activity on which no output tax is charged it is unable to recover input tax on the majority of its purchases.

Trading activities undertaken by the University are administered through its subsidiary companies, which as commercial organisations are liable to Corporation Tax where applicable. Where applicable current tax is provided at amounts to be paid (or recovered) under current tax legislation.

### **Deferred taxation**

In subsidiary companies, who do not hold a charitable status, deferred taxation is provided on all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Timing differences are temporary differences between profits as computed for taxation purposes and profits as stated in the financial statements, which arise because certain items of income and expenditure in the financial statements are dealt with in different periods for taxation purposes.

Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not discounted.

### **Cash equivalents**

Cash equivalents include sums on short-term deposits with recognised banks and building societies and government securities.

### **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.

## ACCOUNTING POLICIES - continued

### Pensions

The University operates both defined benefit and defined contribution pension schemes.

#### Defined benefit pension scheme

The University operates an unfunded defined benefit pension scheme, the University of Limerick Superannuation (Amendment) Scheme, which is funded annually on a pay as you go basis from monies provided by the Higher Education Authority and from contributions deducted from staff salaries.

The University recognises an asset, an amount corresponding to the unfunded deferred liability for pensions. Defined benefit pension scheme liabilities are measured on an actuarial basis using the projected unit method. The defined benefit pension charge to operating surplus comprises the current service cost and past service costs. The excess of the matching deferred asset is presented in the income and expenditure account as net deferred funding for pensions. Actuarial gains and losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the Statement of Total Recognised Gains and Losses for the year in which they occur.

#### Defined contribution pension scheme

The pension entitlements of certain employees of Plassey Campus Centre Limited and subsidiary companies arise under a defined contribution scheme and are secured by contributions by the company to a separately administered pension fund. The defined contribution pension charge to operating surplus comprises the contribution payable to the scheme for the financial year.

#### Single public service pension scheme

The University also operates the Single Public Service Pension Scheme "Single Scheme" which is the defined benefit pension scheme for pensionable public servants appointed on or after 1 January 2013. Single Scheme member's contributions are paid over to the Department of Public Expenditure and Reform.

The University is prescribed in S.I. No 581 of 2012 as a relevant authority for the purposes of the Single Scheme. The University had 304 members of the Single Scheme at 31 September 2015. Future benefits accruing to Scheme members have not been provided for in these financial statements, as the amounts are not considered to be material. It is the University's opinion (in accordance with Section 44 of the 2012 Act) that any liability in respect of the Single Scheme would be offset by an equivalent asset in respect of future State funding.

### Heritage assets

The University of Limerick has acquired many assets of unqualified historic and cultural importance to the State. This collection includes a period house (Plassey House), artworks and other paintings and artefacts.

Plassey House is part of the working infrastructure of the University campus and as such is capitalised in the balance sheet in line with FRS 15.

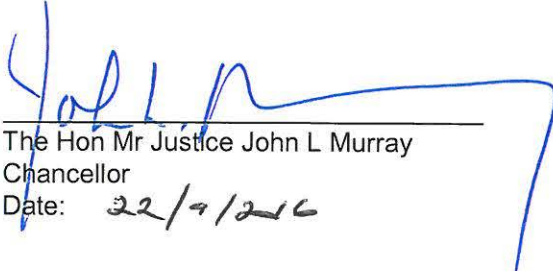
All costs incurred in relation to preservation and conservation are expensed as incurred.


**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**  
**30 September 2015**

		30 September	30 September	30 September	Restated
	Notes	2015	2015	2014	30 September
		€'000	€'000	€'000	2014
					€'000
<b>Income</b>					
State grants	1		34,045		35,769
Academic fees	2		86,218		83,748
Research grants and contracts	3		34,580		30,892
Amortisation of deferred capital grants	17		7,655		7,278
Other operating income	4		44,368		38,827
Interest income	5		1,300		2,810
Net deferred funding for pensions	24		35,097		30,327
<b>Total income</b>			<u>243,263</u>		<u>229,651</u>
<b>Expenditure</b>					
Staff costs	6	119,534		111,685	
FRS17 current service cost net of contributions	24	<u>18,307</u>	137,841	<u>12,038</u>	123,723
Other operating expenses	7		68,632		63,240
Interest payable and similar charges	8	1,442		1,245	
FRS17 - Interest on scheme liabilities	24	<u>16,790</u>	18,232	<u>18,289</u>	19,534
Depreciation	11		<u>13,876</u>		<u>12,774</u>
<b>Total expenditure</b>			<u>238,581</u>		<u>219,271</u>
<b>Surplus for the year after depreciation of assets and before taxation and impairment</b>			4,682		10,380
Taxation	9		<u>(1)</u>		<u>-</u>
<b>Surplus for the year</b>	10		<u>4,681</u>		<u>10,380</u>

Income and surplus for the year arose solely from continuing operations.

The financial statements on pages 19 to 41 were approved by the Governing Authority on 26 May 2016 and were signed on its behalf by:

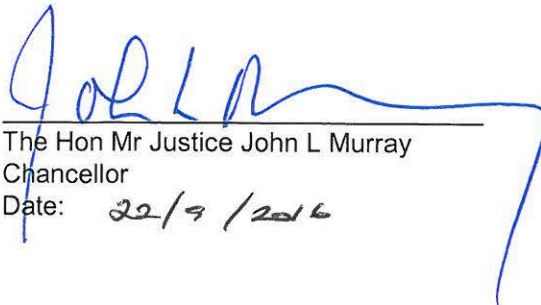
  
 The Hon Mr Justice John L Murray  
 Chancellor  
 Date: 22/5/2016

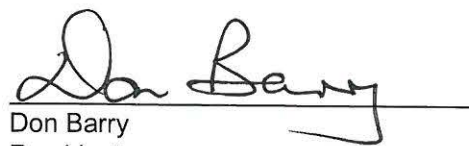
  
 Don Barry  
 President  
 Date: 20/5/2016

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**30 September 2015**

		30 September 2015 €'000	30 September 2014 €'000
	Notes		
<b>Surplus for the financial year</b>		4,681	10,380
Actuarial gain/(loss) in respect of pension scheme	24	18,946	(86,466)
Adjustment to deferred pension funding		<u>(18,946)</u>	<u>86,466</u>
<b>Total recognised gains and losses for the financial year</b>		<u>4,681</u>	<u>10,380</u>

The financial statements on pages 19 to 41 were approved by the Governing Authority on 26 May 2016 and were signed on its behalf by:

  
The Hon Mr Justice John L Murray  
Chancellor  
Date: 22/9/2016

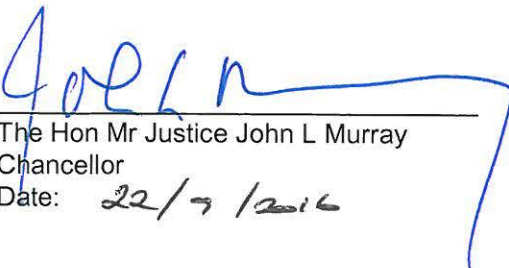
  
Don Barry  
President  
Date: 20/9/2016

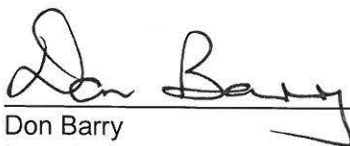


**BALANCE SHEET**  
**30 September 2015**

		Consolidated		University	
	Notes	2015 €'000	2014 €'000	2015 €'000	2014 €'000
<b>Fixed assets</b>					
Tangible assets	11	389,666	373,150	296,398	278,857
Financial assets	12	<u>1,738</u>	<u>1,358</u>	<u>-</u>	<u>-</u>
		<u>391,404</u>	<u>374,508</u>	<u>296,398</u>	<u>278,857</u>
<b>Current assets</b>					
Debtors	13	22,622	21,193	43,048	19,517
Cash and cash equivalents		<u>166,045</u>	<u>160,740</u>	<u>102,527</u>	<u>114,219</u>
		188,667	181,933	145,575	133,736
<b>Creditors:</b> amounts falling due within one year	14	<u>(148,219)</u>	<u>(102,436)</u>	<u>(98,107)</u>	<u>(84,799)</u>
<b>Net current assets</b>		<u>40,448</u>	<u>79,497</u>	<u>47,468</u>	<u>48,937</u>
<b>Total assets less current liabilities</b>		431,852	454,005	343,866	327,794
<b>Creditors:</b> amounts falling due after one year	15	<u>(100,079)</u>	<u>(128,973)</u>	<u>(57,505)</u>	<u>(47,126)</u>
<b>Net assets</b>		331,773	325,032	286,361	280,668
<b>Deferred pension funding</b>	24	638,363	622,212	638,363	622,212
<b>Pension liabilities</b>	24	<u>(638,363)</u>	<u>(622,212)</u>	<u>(638,363)</u>	<u>(622,212)</u>
<b>Net assets including pension liability</b>		<u>331,773</u>	<u>325,032</u>	<u>286,361</u>	<u>280,668</u>
<b>Deferred capital grants</b>	17	229,253	227,193	220,787	216,768
<b>Revenue reserves</b>	18	<u>102,520</u>	<u>97,839</u>	<u>65,574</u>	<u>63,900</u>
<b>Total</b>		<u>331,773</u>	<u>325,032</u>	<u>286,361</u>	<u>280,668</u>

The financial statements on pages 19 to 41 were approved by the Governing Authority on 26 May 2016 and were signed on its behalf by:

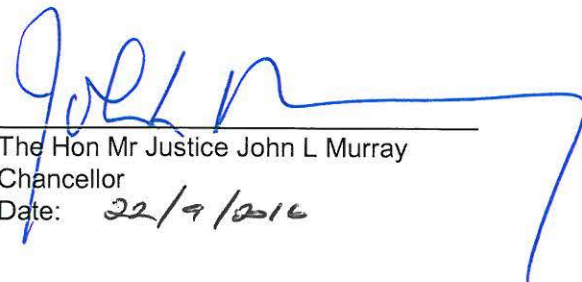
  
The Hon Mr Justice John L Murray  
Chancellor  
Date: 22/7/2016

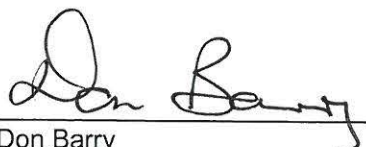
  
Don Barry  
President  
Date: 20/9/2016

**CASH FLOW STATEMENTS**  
**30 September 2015**

		Consolidated		University	
	Notes	2015 €'000	2014 €'000	2015 €'000	2014 €'000
<b>Net cash inflow from operating activities</b>	19	9,571	7,817	(17,839)	776
<b>Returns on investments and servicing of finance</b>					
Interest paid		(1,442)	(1,245)	(899)	(587)
Interest received		<u>1,300</u>	<u>2,810</u>	<u>677</u>	<u>1,472</u>
		(142)	1,565	(222)	885
<b>Taxation</b>					
Taxation paid		(1)	-	-	-
<b>Capital expenditure and financial investment</b>					
Payments to acquire tangible fixed assets		(30,528)	(24,237)	(28,514)	(21,633)
Grants received		<u>9,715</u>	<u>14,544</u>	<u>11,088</u>	<u>15,895</u>
Receipts from sale of tangible fixed assets		-	-	-	-
(Purchase)/disposal of investments		<u>(380)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash (outflow)/inflow before financing		(11,765)	(311)	(35,487)	(4,077)
<b>Financing</b>					
Bank loans received/(repaid)		<u>17,920</u>	<u>21,906</u>	<u>24,013</u>	<u>24,095</u>
<b>Net cash inflow from financing</b>		<u>17,920</u>	<u>21,906</u>	<u>24,013</u>	<u>24,095</u>
<b>Net cash inflow/(outflow) after financing</b>		<u>6,155</u>	<u>21,595</u>	<u>(11,474)</u>	<u>20,018</u>
<b>Increase/(decrease) in cash and cash equivalents</b>	20	<u>6,155</u>	<u>21,595</u>	<u>(11,474)</u>	<u>20,018</u>

The financial statements on pages 19 to 41 were approved by the Governing Authority on 26 May 2016 and were signed on its behalf by:

  
 The Hon Mr Justice John L Murray  
 Chancellor  
 Date: 22/9/2016

  
 Don Barry  
 President  
 Date: 20/9/2016

## NOTES TO THE FINANCIAL STATEMENTS

<b>1 State grants</b>	2015 €'000	2014 €'000
State grants allocated for recurrent purposes	<u>34,045</u>	<u>35,769</u>
All of the above grant income was received from the Higher Education Authority		
State grant received in respect of current year	34,878	36,349
State grant deferred from prior accounting year	4,838	4,258
State grant deferred to subsequent accounting years	<u>(5,671)</u>	<u>(4,838)</u>
	<u>34,045</u>	<u>35,769</u>

State funding is allocated on a calendar year basis. The University 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. In any accounting year, therefore an element of funding will be deferred to subsequent accounting periods in order to match the funding to the related expenditure.

<b>2 Academic fees</b>	2015 €'000	2014 €'000
Academic fee income	85,071	82,569
Miscellaneous fee income	<u>1,147</u>	<u>1,179</u>
Total fees paid by or on behalf of individual students	<u>86,218</u>	<u>83,748</u>

A total of €28,947,833 (2014: €30,291,520) included in academic fee income was paid directly by the Higher Education Authority.

<b>3 Research grants and contracts</b>	2015 €'000	2014 €'000
State and semi-state	26,104	22,336
European Union	3,150	3,661
Industry	2,884	2,561
Other	<u>2,442</u>	<u>2,334</u>
	<u>34,580</u>	<u>30,892</u>



## NOTES TO THE FINANCIAL STATEMENTS - continued

<b>4 Other income</b>	2015 €'000	2014 €'000 Restated
Ancillary services and other self funded programmes	11,868	10,649
Residences	10,864	10,589
Other rental income	1,028	693
Sports facility income	3,715	3,317
Contract labour services	1,320	147
Car park income	258	233
Library income	32	20
Research income	2,540	3,501
Employee pension contributions	3,397	3,432
Funded post income	1,591	1,159
Concert Hall	1,047	1,022
Gain on disposal of undertaking	558	-
Other income	6,150	4,065
	<u>44,368</u>	<u>38,827</u>

Comparative figures in this note have been restated to provide additional information.

<b>5 Interest income</b>	2015 €'000	2014 €'000
Interest income	<u>1,300</u>	<u>2,810</u>

**6 Staff costs**

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

	2015 Number	2014 Number
Teaching and research	774	777
Library & information	50	51
Information technology	52	49
Buildings	44	37
Central administration and other services	452	460
Other	292	206
Total	<u>1,664</u>	<u>1,580</u>

	2015 €'000	2014 €'000
Salaries and wages*	98,239	91,550
Social welfare	7,623	7,481
Pension costs	13,672	12,654
	<u>119,534</u>	<u>111,685</u>

\* Salaries and wages include payments for all full and part time staff and any other costs in respect of their employment relationship with the University.

## NOTES TO THE FINANCIAL STATEMENTS - continued

<b>7 Other operating expenses</b>	<b>2015</b>	<b>2014</b>
	<b>€'000</b>	<b>€'000</b>
		<b>Restated</b>
Consumables	2,266	2,764
Minor equipment	135	61
Heat, light, water and power	2,886	2,859
Books and periodicals	127	223
Repairs and general maintenance	5,953	6,380
Travel	3,690	2,858
Student village management and maintenance	11,090	11,139
Scholarships	480	359
Equipment maintenance	411	621
Security	1,359	1,392
Subventions	684	718
Telephone	467	443
Promotions and publications	856	561
Insurance	459	437
Staff development	325	645
Postage	189	213
Subscriptions	656	476
HEA network	145	162
Advertising	271	330
Software licences	1,315	827
Audit and professional	4,447	2,955
Rent and rates	184	157
Ancillary and other self funded programmes	7,648	6,500
Research expenditure	19,271	17,953
Recruitment	76	26
External examiner fees	238	181
Capitation	1,015	1,053
Waste disposal	215	181
Student awards	5	14
Special achievements	43	28
Course fees	86	374
Contract labour	1,320	147
Other expenses	320	203
	<u>68,632</u>	<u>63,240</u>
Other operating expenses include:		
Auditors' remuneration:		
- External audit - management auditor	113	90
- C&AG	22	21
- Internal audit	80	137
Other services from either external or internal audit service providers	<u>645</u>	<u>104</u>

External audit fee includes the audit fee paid in respect of the audit of Plassey Campus Centre Limited and its subsidiaries and the audit of the University of Limerick.

Comparative figures in this note have been restated to provide additional information.

## NOTES TO THE FINANCIAL STATEMENTS - continued

8 Interest payable	2015 €'000	2014 €'000
On bank loans, overdrafts and other loans:		
Wholly repayable within 5 years, not by instalments	179	377
Wholly repayable within 5 years, by instalments	215	64
Wholly repayable in more than 5 years	<u>1,048</u>	<u>804</u>
Total	<u>1,442</u>	<u>1,245</u>

Interest is payable on loans taken out to build new residential accommodation for students. This activity is carried out by a subsidiary undertaking: Plassey Campus Centre Limited.

9 Taxation	2015 €'000	2014 €'000
(a) Current taxation:		
Irish corporation tax on surplus for the year	1	-
Adjustments in respect of prior years	<u>-</u>	<u>-</u>
Current tax charge/(credit) for the year	1	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Effect of reduction in tax rate on opening liability	<u>-</u>	<u>-</u>
Deferred tax charge/(credit) for the year	<u>-</u>	<u>-</u>

(b) The current tax charge for the year differs from the current charge that would result from applying the standard rate of Irish corporation tax to the surplus for the year. The differences are explained below:

	2015 €'000	2014 €'000
Surplus on continuing operations after depreciation of assets before Taxation	<u>4,682</u>	<u>10,380</u>
Surplus before tax multiplied by the average rate of Irish corporation tax for the year of 12.5%	585	1,298
Effects of:		
Surplus not subject to Irish corporation tax	<u>(584)</u>	<u>(1,298)</u>
Current tax charge/(credit) for the year	<u>1</u>	<u>-</u>

Provision for taxation has not been made in the University or its relevant subsidiary companies as they were established for charitable and educational purposes only. The income of subsidiary companies is exempt from taxation once it is applied in furthering the charitable objectives of the companies. The income of Plassey Campus Arena Limited is exempt from taxation also once it is applied to the sole purposes of promoting athletic or amateur games or sports.

**NOTES TO THE FINANCIAL STATEMENTS - continued****10 Surplus**

	2015	2014
	€'000	€'000

The surplus for the year is made up as follows:

University's surplus for the year	1,674	7,565
Surplus generated by subsidiary undertakings	<u>3,007</u>	<u>2,815</u>
Consolidated surplus for the year	<u>4,681</u>	<u>10,380</u>

## NOTES TO THE FINANCIAL STATEMENTS - continued

11 Tangible fixed assets	Land and buildings	Minor works	Computer equipment	Equipment	Assets in course of construction	Leased assets	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
<b>CONSOLIDATED</b>							
<b>Cost</b>							
At 30 September 2014	447,761	2,193	7,603	59,385	2,721	536	520,199
Additions	24,963	4	317	5,244	-	-	30,528
Transfers	2,259	-	-	-	(2,259)	-	-
Disposals	-	-	(68)	(3,185)	-	-	(3,253)
At 30 September 2015	<u>474,983</u>	<u>2,197</u>	<u>7,852</u>	<u>61,444</u>	<u>462</u>	<u>536</u>	<u>547,474</u>
<b>Depreciation</b>							
At 30 September 2014	100,683	1,119	7,372	37,339	-	536	147,049
Charge for year	9,140	230	106	4,400	-	-	13,876
Disposals	-	-	(68)	(3,049)	-	-	(3,117)
At 30 September 2015	<u>109,823</u>	<u>1,349</u>	<u>7,410</u>	<u>38,690</u>	<u>-</u>	<u>536</u>	<u>157,808</u>
<b>Net book value</b>							
At 30 September 2014	<u>347,078</u>	<u>1,074</u>	<u>231</u>	<u>22,046</u>	<u>2,721</u>	<u>-</u>	<u>373,150</u>
At 30 September 2015	<u>365,160</u>	<u>848</u>	<u>442</u>	<u>22,754</u>	<u>462</u>	<u>-</u>	<u>389,666</u>

**Assets held under finance leases**

Included above are assets held under finance leases as follows:

	2015 Net book value €'000	2015 Depreciation charge €'000	2014 Net book value €'000	2014 Depreciation Charge €'000
Administration assets	3	1	3	2
Equipment and fittings	-	-	-	4

During the years ended 30 September 2005, 2006 and 2007 additional accommodation was provided in Thomond Village and Cappavilla Village respectively by third party investors. A subsidiary company is to manage these facilities for a subsequent ten year period and at the end of the relevant respective period has the option of purchasing Thomond Village for €33.18m (note 15) and Cappavilla Village for €34.06m (note 15). It is anticipated that these options will be exercised and accordingly Financial Reporting Standard 5 ("Reporting

## NOTES TO THE FINANCIAL STATEMENTS - continued

**11 Tangible fixed assets (continued)**

the Substance of Transactions") applies so that the tangible fixed assets, Thomond Village and Cappavilla Village, and the related liabilities of €33.18m (note 14) and €34.06 (note 15) are included in the group's balance sheet. In the event of the options being exercised the principal economic benefits and risks associated with these assets will rest with the group and ultimate legal title will rest with the group also.

	Land and buildings	Minor works	Computer equipment	Equipment	Assets in course of construction	Leased assets	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
<b>UNIVERSITY</b>							
<b>Cost</b>							
At 30 September 2014	334,861	2,193	7,603	47,410	-	536	392,603
Additions	23,673	4	317	4,520	-	-	28,514
Disposals	-	-	(68)	(3,156)	-	-	(3,224)
At 30 September 2015	<u>358,534</u>	<u>2,197</u>	<u>7,852</u>	<u>48,774</u>	<u>-</u>	<u>536</u>	<u>417,893</u>
<b>Depreciation</b>							
At 30 September 2014	77,386	1,119	7,372	27,333	-	536	113,746
Charge for year	7,042	230	106	3,459	-	-	10,837
Disposals	-	-	(68)	(3,020)	-	-	(3,088)
At 30 September 2015	<u>84,428</u>	<u>1,349</u>	<u>7,410</u>	<u>27,772</u>	<u>-</u>	<u>536</u>	<u>121,495</u>
<b>Net book value</b>							
At 30 September 2015	<u>274,106</u>	<u>848</u>	<u>442</u>	<u>21,002</u>	<u>-</u>	<u>-</u>	<u>296,398</u>
At 30 September 2014	<u>257,475</u>	<u>1,074</u>	<u>231</u>	<u>20,077</u>	<u>-</u>	<u>-</u>	<u>278,857</u>

The net book value of tangible fixed assets held under finance leases amounted to €0k. The depreciation charge in relation to these assets amounted to €0k.

**Heritage assets***Period house*

Plassey House is part of the working infrastructure of the University campus and as such is capitalised in the balance sheet in line with FRS 15.

*Artwork and other artefacts*

A number of visual art collections, archives, printed books and other artefacts belonging to the University have not been capitalised as these are, in effect, inalienable, held in perpetuity, and are mostly irreplaceable. They are neither disposed of for financial gain nor encumbered in any manner. They have been valued for insurance purposes at €7.26m.

## NOTES TO THE FINANCIAL STATEMENTS - continued

12 Financial assets	Consolidated		University	
	2015	2014	2015	2014
Investments at the year-end were held as follows:	€'000	€'000	€'000	€'000
Managed funds	1,738	1,358	-	-
	<u>1,738</u>	<u>1,358</u>	<u>-</u>	<u>-</u>

Managed funds represent units in a managed fund operated by State Street Global Advisors and Kleinwort Benson Investors. The market value as at 30 September 2015 of these funds was €1,065,029 (2014: €1,028,424) and €1,536,704 (2014: €1,059,999) respectively.

The University held an interest in the following subsidiary and associate undertakings:

**Subsidiary undertaking**

Name	% Interest	Activity
<b>Incorporated</b>		
Plassey Campus Centre Limited	100%	Property Holding and Rental
Plassey Trust Company Limited	100%	Property Holding and Rental
Plassey Campus Developments Limited	100%	Construction Contracting
Kilmurry Village Limited	100%	Property Rental
Plassey Campus Arena Limited	100%	Operating the University Arena
Mountainridge Company	100%	Providing assistance to new student accommodation initiatives (non trading)
Adaremount Company	100%	Management Company (non trading)
Cariad Limited	100%	Property Holding (non trading)
Marketing Centre for Small Business Limited	100%	Marketing Support
University Concert Hall Limited	100%	Venue for artistic performances and other activities
Unijobs Limited	100%	Recruitment company
University of Limerick Alumni Association Limited	100%	Alumni relationships

All the subsidiary companies are incorporated in the Republic of Ireland and their registered offices are at Plassey House, University of Limerick, Limerick.

**Other undertakings**

ALR Innovations Limited	15%	Manufacture and sale of LED recycling equipment
Bearna Medical Limited	15%	Development of novel bone cements and grafts.
Cauwill Technologies Limited	15%	Providing a single coherent technology to empower the mobile, web and personal navigation experience.
Class Medical Limited	15%	Medical device design and manufacture.
LearnOpt Limited	15%	Feature rich software solutions for CPD organisations to help their members manage their own CPD progress.
IRIS Electronic Information Services Ltd	14%	Providing cross-catalogue searching of catalogues, and facilities and services for the purchasing of online and digital information products.
Poli Pico Limited	8%	Printing high density protein/antibody/DNA microarrays
Crescent Diagnostics Limited	1.7%	Development of new biomarker that uses finger nail structure to assess bone health.
Transgero Limited	1%	Risk management services.

## NOTES TO THE FINANCIAL STATEMENTS - continued

## 12 Financial assets (continued)

*University of Limerick Foundation*

The University of Limerick Foundation is a company limited by guarantee.

The company's principal activity is the furtherance of education and research, in particular the furtherance of education and research carried out by the University of Limerick and other educational, research and development bodies associated with the University of Limerick. The University of Limerick Foundation has 26 directors, two of whom are nominated by the University, namely the University Chancellor and the University President.

The University of Limerick does not have formal control, exercise control or have a dominant influence over the University of Limerick Foundation in accordance with the provisions of FRS2 and the Statement of Recommended Practice (SORP) - Accounting for Further and Higher Education and, accordingly, the financial statements of the University of Limerick Foundation are not included in these consolidated financial statements.

While the terms and conditions associated with any funding provided by University of Limerick Foundation to the University are set entirely at the discretion of either the donors to the Foundation or the University of Limerick Foundation itself, this philanthropic funding is an important resource in assisting the development of the University.

## 13 Debtors

	Consolidated		University	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Trade debtors	6,379	3,645	4,371	2,610
Research grants and contracts receivable	10,070	6,276	10,070	6,276
State grant receivable - HEA	1,357	4,422	1,357	4,422
Academic fees receivable	3,261	3,334	3,261	3,334
Prepayments	877	2,004	877	2,004
Amounts due from subsidiary undertakings	-	-	23,063	653
Other debtors	678	1,512	49	218
	<u>22,622</u>	<u>21,193</u>	<u>43,048</u>	<u>19,517</u>

## 14 Creditors - Amounts falling due within one year

	Consolidated		University	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Trade creditors	2,357	3,831	1,491	2,306
Research grants and contracts in advance	53,774	43,185	53,774	43,185
Academic fees received in advance	16,533	16,781	16,533	16,781
State grant received in advance - HEA	5,671	4,838	5,671	4,838
Accruals	4,795	4,408	4,430	4,408
Bank loans and overdrafts (note 16)	8,395	9,245	6,177	6,395
Amounts owed to subsidiary undertaking	-	-	601	1,090
Other taxation and social security	2,879	3,690	2,574	3,290
Other creditors	20,635	16,458	6,856	2,506
Village buyback option (i)	33,180	-	-	-
	<u>148,219</u>	<u>102,436</u>	<u>98,107</u>	<u>84,799</u>

- (i) A subsidiary company manages the Thomond Village residence complex and the Village buyback option relates to an option to purchase this accommodation in the next 12 months. It is anticipated that this



## NOTES TO THE FINANCIAL STATEMENTS - continued

**14 Creditors** – Amounts falling due within one year (continued)

option will be exercised and on this basis the asset and liability are recognised in the subsidiary company's balance sheet in line with FRS 5 (see note 11).

**15 Creditors** - Amounts falling due after one year

	Consolidated		University	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Bank loans (note 16)	66,016	48,096	57,505	33,492
Long term creditors (i)	34,063	67,243	-	-
Other long term liabilities (ii)	-	13,634	-	13,634
	<u>100,079</u>	<u>128,973</u>	<u>57,505</u>	<u>47,126</u>

(i) A subsidiary company manages the Cappavilla Village residence complex and the long term creditor relates to an option to purchase this accommodation at the end of 10 years. It is anticipated that this option will be exercised and on this basis the asset and liability are recognised in the subsidiary company's balance sheet in line with FRS 5 (see note 11).

(ii) This represents the liability for the land and buildings which have been accounted for in accordance with Financial Reporting Standard 5 ("Reporting the substance of transactions"). (See note 11).

**16 Borrowings**

	Consolidated		University	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
<b>(a) Bank loans and overdrafts</b>				
Bank loans and overdrafts are repayable as follows:				
In one year or less	8,395	9,245	6,177	6,395
Between one and two years	2,827	3,138	1,071	986
Between two and five years	7,952	8,565	3,678	3,497
In five years or more	<u>55,237</u>	<u>36,393</u>	<u>52,756</u>	<u>29,009</u>
Total	<u>74,411</u>	<u>57,341</u>	<u>63,682</u>	<u>39,887</u>

**(b) Security details**

The borrowings of the subsidiary companies are secured as follows:

*Bank of Ireland hold*

- (a) A letter of guarantee from Plassey Trust Company Limited for amounts totalling €6 million.
- (b) A legal charge over land and buildings at Plassey, Co. Limerick, known as Plassey Village, stamped to a total of €4 million.
- (c) A first legal charge over land and buildings at Plassey, Co. Limerick, known as Kilmurry Village (Phase 1), stamped to €4 million.
- (d) A legal charge over Plassey Village Phase 1, Phase 2 and Phase 3.
- (e) A legal charge over Brennan Court Apartments.
- (f) A first legal charge over the leasehold interest in property at the Sports Pavilion and All Weather Pitches.
- (g) A letter of guarantee from University of Limerick.

*KBC Bank Ireland plc hold (in respect of the facility of €2 million)*

- (a) A first fixed charge over land and buildings at Plassey, Co. Limerick, known as Kilmurry Village (Phase 2).
- (b) An assignment over the lease of Kilmurry Village (Phase 2) to Kilmurry Village and a charge over the rental payments.
- (c) A joint and several guarantee from Plassey Campus Developments Limited and Plassey Trust Company Limited.
- (d) An undertaking by the University of Limerick Foundation, in relation to funding received, that the repayment of such funds be subordinated in favour of the bank.

## NOTES TO THE FINANCIAL STATEMENTS - continued

<b>17 Deferred capital grants</b>	HEA	Other grants & benefactors	Total
	€'000	€'000	€'000
<b>Consolidated</b>	Restated	Restated	
<b>At 1 October 2014</b>			
Buildings	107,836	110,752	218,588
Equipment	-	8,605	8,605
Total	<u>107,836</u>	<u>119,357</u>	<u>227,193</u>
<b>Received during the year</b>			
Buildings	1,114	5,221	6,335
Equipment	-	3,380	3,380
Total	<u>1,114</u>	<u>8,601</u>	<u>9,715</u>
<b>Amortised to income and expenditure account</b>			
Buildings	(2,879)	(3,210)	(6,089)
Equipment	-	(1,566)	(1,566)
Total	<u>(2,879)</u>	<u>(4,776)</u>	<u>(7,655)</u>
<b>At 30 September 2015</b>			
Buildings	106,071	112,763	218,834
Equipment	-	10,419	10,419
Total	<u>106,071</u>	<u>123,182</u>	<u>229,253</u>
<b>University</b>			
<b>At 1 October 2014</b>			
Buildings	107,836	100,327	208,163
Equipment	-	8,605	8,605
Total	<u>107,836</u>	<u>108,932</u>	<u>216,768</u>
<b>Received during the year</b>			
Buildings	1,114	6,594	7,708
Equipment	-	3,380	3,380
Total	<u>1,114</u>	<u>9,974</u>	<u>11,088</u>
<b>Amortised to income and expenditure account</b>			
Buildings	(2,879)	(2,624)	(5,503)
Equipment	-	(1,566)	(1,566)
Total	<u>(2,879)</u>	<u>(4,190)</u>	<u>(7,069)</u>
<b>At 30 September 2015</b>			
Buildings	106,071	104,297	210,368
Equipment	-	10,419	10,419
Total	<u>106,071</u>	<u>114,716</u>	<u>220,787</u>

Opening balances in this note have been restated to provide additional information.

## NOTES TO THE FINANCIAL STATEMENTS - continued

18 Reconciliation of movement of revenue reserves	2015 €'000	2014 €'000
<b>Consolidated</b>		
At 1 October 2014	97,839	87,459
Total recognised gains and losses for the financial year	<u>4,681</u>	<u>10,380</u>
At 30 September 2015	<u>102,520</u>	<u>97,839</u>
<b>University</b>		
At 1 October 2014	63,900	56,335
Total recognised gains and losses for the financial year	<u>1,674</u>	<u>7,565</u>
At 30 September 2015	<u>65,574</u>	<u>63,900</u>

19 Net cash inflow from operating activities	Consolidated		University	
	2015 €'000	2014 €'000	2015 €'000	2014 €'000
Surplus for the year	4,682	10,380	1,674	7,565
Interest received	(1,300)	(2,810)	(677)	(1,472)
Interest paid	1,442	1,245	899	587
Depreciation of fixed assets	13,876	12,774	10,837	10,093
Amortisation of deferred capital grants	(7,655)	(7,278)	(7,069)	(6,692)
(Increase)/decrease in debtors and prepayments	(1,429)	(2,606)	(23,531)	(2,400)
Increase)/(decrease) in creditors and accruals	46,633	(3,906)	13,526	(6,923)
(Decrease)/increase in long term liabilities	(46,814)	-	(13,634)	
Profit on sale of assets	136	18	136	18
	<u>9,571</u>	<u>7,817</u>	<u>(17,839)</u>	<u>776</u>

20 Analysis of changes in net funds	At 30 September 2014 €'000	Cash flow €'000	At 30 September 2015 €'000
<b>Consolidated</b>			
Cash	160,740	5,305	166,045
Bank overdraft	<u>(9,245)</u>	<u>850</u>	<u>(8,395)</u>
	151,495	6,155	157,650
Loans	<u>(48,096)</u>	<u>(17,920)</u>	<u>(66,016)</u>
Total	<u>103,399</u>	<u>(11,765)</u>	<u>91,634</u>
<b>University</b>			
Cash	114,219	(11,692)	102,527
Bank overdraft	<u>(6,395)</u>	<u>218</u>	<u>(6,177)</u>
	107,824	(11,474)	96,350
Loans	<u>(33,492)</u>	<u>(24,013)</u>	<u>(57,505)</u>
Total	<u>74,332</u>	<u>(35,487)</u>	<u>38,845</u>

## NOTES TO THE FINANCIAL STATEMENTS - continued

21 Capital commitments	Consolidated		University	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Contracted for but not provided	22,995	34,775	22,995	34,775
Authorised but not contracted out	25,486	6,731	25,486	6,731
	<u>48,481</u>	<u>41,506</u>	<u>48,481</u>	<u>41,506</u>

## 22 Related parties

The University has availed of exemptions permitted under Financial Reporting Standard 8 – Related Party Transactions.

University of Limerick Foundation

During the year the University contributed €340k (2014: €470k) towards the running costs of the Foundation. During the year the University received funding from the University of Limerick Foundation of €9,205k (2014: €11,191k).

## 23 Contingent liability

Following a property transaction (completed in the year ended 2012) a matter arose during 2013, which whilst not relating directly to Plassey Trust Company Limited or the group, may give rise to a potential exposure to Plassey Trust Company Limited if a claim were to be made on foot of an indemnity provided to the vendors under the terms of the original investment. This matter is at an early stage and Plassey Trust Company Limited is working with the vendors to negate any potential issues which may arise. Given that there is uncertainty around the outcome of this matter and the difficulty in assessing the potential quantum of a claim, if any, no provision has been made in the company or group financial statements for this matter in 2015.

## 24 Retirement benefits

The University operates both defined benefit and defined contribution pension schemes.

*Defined contribution pension scheme*

The University operates a defined contribution scheme to cater for the specific circumstances of its employees. This scheme seeks to ensure that both the requirements of the relevant employees and the responsibilities of the University are properly addressed. The pension charge for the period represents contributions payable by the University to the scheme and amounted to €86k (2014: €86k).

*Defined benefit pension scheme*

The University operates a defined benefit pension scheme, the University of Limerick Superannuation (Amendment) Scheme, which is funded annually on a “pay as you go” basis from monies provided by the Higher Education Authority and from contributions deducted from staff salaries.

*Single public service pension scheme*

The Single Public Service Pension Scheme (Single Scheme) is the defined benefit pension scheme for pensionable public servants appointed on or after 1 January 2013 in accordance with the Public Service Pension (Single Scheme and Other Provisions) Act 2012. The scheme provides for a pension and retirement lump sum based on career-average pensionable remuneration, and spouse's and children's pensions. The minimum pension age is 66 years (rising in line with State pension age changes). It includes an actuarially-reduced early retirement facility from age 55. Pensions in payment increase in line with the consumer price index. The financial assumptions used to calculate scheme liabilities under FRS 17 as set out below do not include the SPSPS.

The University is prescribed in S.I. No 581 of 2012 as a relevant authority for the purposes of the Single Scheme. The University had 304 members of the Single Scheme at 31 September 2015. Future benefits accruing to Scheme members have not been provided for in these financial statements, as the amounts are not considered to be material. It is the University's opinion (in accordance with Section 44 of the 2012

## NOTES TO THE FINANCIAL STATEMENTS - continued

## 24 Retirement benefits – continued

Act) that any liability in respect of the Single Scheme would be offset by an equivalent asset in respect of future State funding.

The valuation used for Financial Reporting Standard 17 (Post Retirement Benefits) ("FRS 17") disclosures has been based on an actuarial valuation on 11 February 2016 by a qualified independent actuary to take account of the requirements of FRS 17 in order to assess the scheme liabilities at 30 September 2015 and 2014. The financial assumptions used to calculate scheme liabilities under FRS 17 are:

Valuation method	At 30 September 2015 Projected Unit %	At 30 September 2014 Projected Unit %
Discount rate	2.60	2.60
Inflation rate	2.00	2.00
Salary increases	3.50	3.50
Pension increases	2.50	2.50

On foot of EU Directive, the Protection of Employee Acts 2001 and 2003 extended pension benefits to part-time and fixed term workers. The University immediately entered into negotiations with the University Sector and relevant Government Departments in relation to the funding of these statutory liabilities.

## Unfunded liability for pensions

The University recognises an asset, an amount corresponding to the unfunded deferred liability for pensions on the basis of a set of assumptions described above and a number of past events. Funding is expected to be received from the State for the unfunded liability for pensions. This is due to the statutory backing for the superannuation scheme, and the policy and practice in relation to funding public service pensions, including the annual estimates process. Whilst there is no formal agreement and therefore no guarantee regarding these specific amounts with the Higher Education Authority, there is no evidence that this funding policy will not continue to progressively meet this amount in accordance with current practice.

The following disclosures comply with those required under FRS 17: Retirement Benefits. FRS 17 stipulates the methodology for deriving assumptions to be used in calculating the University's liabilities and requires disclosure of the University's full pension liability including the liability for post-retirement pension increases paid to pensioners.

	2015 €'000	2014 €'000
<b>Analysis of amount charged to operating profit:</b>		
Current service cost	29,597	22,912
Past service cost	-	-
Total operating charge	<u>29,597</u>	<u>22,912</u>
<b>Analysis of the amount credited to other finance income:</b>		
Expected return on scheme assets		
Interest on scheme liabilities	<u>(16,790)</u>	<u>(18,289)</u>
Net return	<u>(16,790)</u>	<u>(18,289)</u>



## NOTES TO THE FINANCIAL STATEMENTS - continued

## 24 Retirement benefits - continued

Analysis of the amount recognised in statement of total recognised gains and losses:	2015 €'000	2014 €'000
Actual less expected return on scheme assets		
Experience gain/(loss)	18,946	15,348
Changes in assumptions	-	(101,814)
Actuarial gain/(loss) recognised in STRGL	<u>18,946</u>	<u>(86,466)</u>

## Movement in pension liability during the financial year

Pension liability at beginning of year	(622,212)	(505,419)
Current service cost	(29,597)	(22,912)
Payments during year	11,290	10,874
Past service costs	-	-
Interest on scheme liabilities	(16,790)	(18,289)
Actuarial gain/(loss)	<u>18,946</u>	<u>(86,466)</u>
Pension liability at end of year	<u>(638,363)</u>	<u>(622,212)</u>

In accordance with the accounting policy on page 22, the total amount required to fund the pension deficit at 30 September 2015 amounts to €638,363,000 (2014: €622,212,000).

History of actuarial gains and losses	2015 €'000	2014 €'000	2013 €'000	2012 €'000	2011 €'000
Difference between expected & actual return on scheme assets	-	-	-	-	-
Expressed as a percentage of scheme assets	0%	0%	0%	0%	0%
Experience gains & (losses) on scheme liabilities	18,946	15,348	(12,554)	10,235	10,577
Expressed as a percentage of scheme liabilities	3.0%	2.5%	(2.5%)	2.3%	3.2%
Total amount recognised in STRGL	18,946	86,466	36,556	88,896	32,241
Expressed as a percentage of scheme liabilities	3.0%	13.9%	7.2%	20.2%	9.7%

## 25 Approval of financial statements

The financial statements were approved by the Governing Authority on 26 May 2016.