

**University of Limerick**

**Consolidated Report and Financial Statements**

**Year Ended 30 September 2017**

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## GOVERNORS AND OTHER INFORMATION

### Members of Governing Authority

See Appendix 1 of Annual Statement  
of Governance and Internal Control

### President

Dr. Des Fitzgerald – appointed 2<sup>nd</sup> May 2017  
Prof. Don Barry – retired 30<sup>th</sup> April 2017

### Chief Operating Officer & Registrar

Gerry O'Brien

### Secretary and Registered Office

Callista Bennis  
University of Limerick  
Limerick

Registered Charity Number:  
CHY5806

### Governing Authority appointed Auditors

PricewaterhouseCoopers  
Chartered Accountants and Statutory Audit Firm  
Bank Place  
Limerick

### Auditor

Comptroller & Auditor General  
3A Mayor Street Upper  
Dublin 1

### Solicitors

Holmes O'Malley Sexton  
Bishopsgate  
Henry Street  
Limerick

### Principal Banker

Bank of Ireland  
125 O'Connell Street  
Limerick

European Investment Bank  
100 boulevard Konrad Adenauer  
Luxembourg  
L-2950 Luxembourg

## FINANCE REPORT

I present the consolidated financial statements of the University of Limerick (“the University”) for the year ended 30<sup>th</sup> September 2017. The Financial Statements are prepared in accordance with the Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (“SORP”) – Accounting for Further and Higher Education (2015), issued in the UK by the Further and Higher Education SORP Board, which the University has adopted. The Consolidated Financial Statements include the University and its subsidiary undertakings as set out in note 17 on page 58. As set on in note 3 (b) subsidiaries are all entities over which the University has the power to exercise control.

The financial statements of the University of Limerick Foundation are excluded from these financial statements as the University of Limerick Foundation is not controlled by the University. Details of the activity with the Foundation are set out in note 26. A copy of the Financial Statements of the University of Limerick Foundation for year ended 31 August 2017 is also included as an appendix.

### Capital Investment and Buybacks

Significant capital expenditure has continued across the entire University in terms of completion of new buildings and refurbishment projects. Total capital expenditure during the year ended 30 September 2017 amounted to € 34.68 m including €14.5 m on equipment.

Capital expenditure on the Glucksman Library extension project during the year was €16.733m. The new 25 metre pool was completed in March 2017 and capital expenditure during the year on this project was €2.914m

Plassey Trust Company, a subsidiary of Plassey Campus Centre CLG, completed phase 2 of the Residences refurbishment plan and capital expenditure during the year was €4.25m. It also exercised an option to purchase Cappavilla Phase 1, a S.50 property at a cost of €23.07m.

The open market value of the Munster Rugby Training Centre was determined by an independent valuation by Cushman Wakefield, at 30 September 2017, at €4.3m net of disposal costs. The valuation gives rise to a loss on the value of the investment of €1.044m.

A transfer of €1.57m was made from tangible assets to investment property to reflect the designation of an element of Park Point which was purchased by Plassey Campus Centre CLG during 2015-16 as an investment property. The open market value of €1.57m was determined by a formal independent valuation by Savills at 30 September 2017, the resulting gain on investment was €0.317m.

### Treasury

The University’s consolidated bank and cash balances increased by €26.3m during the period. Cash flow from operations generated €25.1m and there were capital investments of €34.2m. The University had a net cash inflow from financing activities of €35.4m comprising a loan received from the EIB net of loan repayments offset by the exercising of the option to repurchase Cappavilla Phase 1.

Bank borrowings increased by a net €46.473m to €116.368m as the University drew down the remaining €50m of the EIB €100m 20 year loan facility.

### Research Activity

The level of research activity for the year 2016-17 increased by 18.1% (2015-16:+1.7%) to €42.0m. New research awards during the year were €35.9m.

### Summary Financial Position

A summary of the financial position is set out in table 1.

## FINANCE REPORT - continued

Table 1 – Summary Financial Position

	5 year trend lines	FRS102			Irish GAAP	
		2016-17 €m	2015-16 €m	2014-15 €m	2013-14 €m	2012-13 €m
State Grant		41.0	36.1	34.0	36.0	36.0
Academic Fees		92.8	89.6	86.0	83.7	82.0
Research grants and contracts		42.0	35.5	35.7	31.4	28.5
Other income Includes other self funded		45.8	46.6	44.0	39.0	34.0
Donation - capital			1.0	6.0		
Deferred pension funding		40.6	33.5	35.0	30.0	30.0
<b>Total income</b>		<b>262.2</b>	<b>242.3</b>	<b>240.7</b>	<b>220.1</b>	<b>210.5</b>
Staff costs		131.5	122.0	120.0	112.0	106.0
Other operating expenses		70.4	68.5	68.6	63.4	61.0
FRS17 adjustment		40.6	33.5	35.0	30.0	30.0
<b>Total operating expenses</b>		<b>242.5</b>	<b>224.0</b>	<b>223.6</b>	<b>205.4</b>	<b>197.0</b>
<b>EBITDA - Earnings before interest, tax, depreciation and amortisation</b>		<b>19.7</b>	<b>18.3</b>	<b>17.1</b>	<b>14.7</b>	<b>13.5</b>
Interest Payable/(Received) (net)		1.1	0.4	0.1	(1.5)	(2.3)
Depreciation net of amortisation		11.2	11.6	9.3	5.5	5.5
<b>Surplus for the year before other gains and losses</b>		<b>7.4</b>	<b>6.3</b>	<b>7.7</b>	<b>10.7</b>	<b>10.3</b>
Gain/(Loss) on investment		(0.5)	0.2	0.1		
<b>Surplus for the year</b>		<b>6.9</b>	<b>6.5</b>	<b>7.8</b>	<b>10.7</b>	<b>10.3</b>
Surplus for the year		6.9	6.5	7.8	10.7	10.3
Adjust for non-cash items		12.4	11.6	9.3	5.5	5.5
Movement in receivables and payables		(11.0)	(8.5)	45.7	(6.4)	(3.0)
Capital grant received		16.9	4.8	4.4	14.5	8.5
<b>Cash flow generated from operations</b>		<b>25.2</b>	<b>14.4</b>	<b>67.2</b>	<b>23.9</b>	<b>20.8</b>
Capital investment - additions Fixed Assets		(34.2)	(34.0)	(31.6)	(24.2)	(15.8)
Loan/Buybacks - cash inflow (outflow) from financing activities		35.4	(30.6)	(29.6)	21.9	(0.8)
<b>Movement in cash and cash equivalents</b>		<b>26.4</b>	<b>(50.2)</b>	<b>6.0</b>	<b>21.6</b>	<b>4.2</b>
<b>Treasury (Borrowings and Cash at year end)</b>						
Cash and cash equivalents at start of year		115.6	166.0	160.7	129.9	125.7
Cash and cash equivalents at end of year		142.0	115.6	166.0	151.5	129.9
		<b>26.4</b>	<b>(50.4)</b>	<b>5.3</b>	<b>21.6</b>	<b>4.2</b>
<b>Net assets at year end</b>		<b>251.4</b>	<b>244.5</b>	<b>238.0</b>	<b>325.0</b>	<b>307.4</b>

Total consolidated income increased by €20.641m +8.3% (2016: €0.96m +0.4%) and total expenditure by €19.6m +8.1% (2016: €1.56m 0.65%). The surplus before other gains and losses on investments was €7.351m (2016: €6.325m). There was a net loss on investments of -€0.458m (2016: +€0.226m) and a taxation charge of €1k resulting in an overall surplus of €6.892m (2016: €6.547m).

## FINANCE REPORT - continued

### Procurement

The University undertook a full review of its procurement compliance on all VAT exclusive supplier spend above €25k during the year. In section 9 of the Annual Statement of Governance the results of this review are outlined. The University is working closely with the Office of Government Procurement (OGP) to address the identified areas of non-compliance. It is acknowledged that as the portfolio of OGP frameworks expand and are renewed taking increased account of sector requirements greater compliance will be achieved. However the matching of contract expiry with the OGP framework availability will continue to present challenges for the foreseeable future.

### Pensions

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 HEA and from contributions deducted from staff salaries. Since January 2013 the University also operates the Single Public Service Pension Scheme (the “Single Scheme”). The new Single scheme came in to effect for all new entrants to pensionable public service employment on or after 1 January 2013. The Single Scheme changes the basis of assessing the pension benefits on retirement to assessing on career average earnings and increasing the minimum retirement age. The legislation establishing the Single Scheme provides that pension contributions are deducted from employee pay and these are remitted by the employing organisation directly to the Department of Public Expenditure and Reform. Funding for pension in payment will be provided separately from the Exchequer through the Central Fund or a separate vote.

The University of Limerick regards that under both schemes defined benefits are being provided and accordingly these should be accounted for as defined benefit obligations under FRS 102, Para 28.10(b). The University does not, in substance, bear actuarial risk for the plans and the University’s obligation is, in effect, acting as an agent in paying pension payments to the pensioners based on the amount confirmed and advised to the University and funded to the University by the HEA.

In addition (i) the establishment of newer schemes gives a statutory basis for what in practice was happening on the older schemes, i.e. the new Single scheme provides that pension deductions are to be remitted and separate funding will be provided by the Exchequer for pensions (and lump sums) in payment. (ii) The University is not exposed to the actuarial risk, this is because the structure of the Superannuation Scheme is such that the final pension will be paid from the last employer regardless of the level of service provided by the member. For example if a lecturer provides 39 years of pensionable service to another Irish University and joins UL and later retires, then the entire lump sum and monthly pension payment will be paid by UL. The University of Limerick would not take on this liability without being certain that the State will reimburse all of the expenditure required to settle this employee’s pension entitlements. In practice the University has always received an allocation as part of their funding to cover the cost of pensions and in the event of differences a ‘top-up’ from the HEA is received or the University refund the excess to the HEA. (iii) The University’s role in relation to the pension schemes is administrative in nature.

The University is of the view that under FRS102 it is virtually certain that a reimbursement asset exists and accordingly a reimbursement asset (match asset) is recognised in the accounts. .

## FINANCE REPORT - continued

### Conclusion

The overall financial performance for the year ended 30 September 2017 shows a surplus of €6.892m (2016 €6.547m). This surplus is made up of a University surplus of €2.549m (2016: €3.238m) and a surplus generated by subsidiary undertakings of €4.343m (2016: €3.309m). The surplus in the subsidiary undertakings is required to meet debt commitments associated with subsidiary developments of €58.115m.

In terms of overall financial sustainability the University should be reporting an annual surplus of at least 3% of income before unrealised gains/losses and once-off impairments (OECD recommendation). For 2017 the annual surplus of the University represents 2.7% of income which indicates a sustainability gap of 0.3% of income. The Expert Group on Future Funding for Higher Education reported in March 2016 and its central recommendation is that Ireland needs to substantially increase the level of investment in higher education to ensure that the system is able to deliver fully on its role in supporting our national economic and social development.

As can be seen in Table 1 the level of state grant remained static from 2012-13 to 2015-16 with an increase in 2016-17 of €5m. While it is welcomed that the State Grant is increasing, the increase is required to meet costs of pay restoration and awards. It is likely that any increases in state funding in 2018 and 2019 will be fully consumed by pay restoration costs and student number increases. In terms of sustainability the work of the Expert Group has clarified that there is a considerable funding challenge facing the higher education system and that this challenge cannot be addressed by minor tweaks or easy fixes. The Expert Group believes that wider reform of the funding system is necessary.

The University's objective of delivering on the vision set out in Broadening Horizons, Strategic Plan 2015-19, requires the necessary financial resources. These resources must be a combination of Exchequer and non-Exchequer sources. In order to address the necessary growth in Exchequer income a timely implementation of the recommendations of the Expert Group is required.



Gerry O'Brien  
Chief Operating Officer & Registrar

Date: 14 December 2018

## STATEMENT OF GOVERNING AUTHORITY 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 of money received and expended by it.

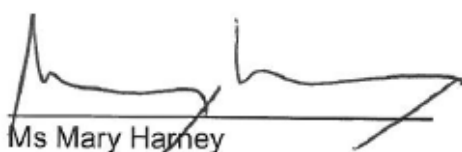
In preparing those accounts, the Governing Authority is required to:

- select suitable accounting policies and 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 statement; 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 statement comply with the Universities Act, 1997, the Statement of Recommended Practice for Further and Higher Education Institutions and are prepared in accordance with FRS102 "*The Financial Reporting Standard applicable in the UK and Republic of Ireland*".

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 Governing Authority



Ms Mary Harney  
Chancellor

Date: 14/12/18



Dr Des Fitzgerald  
President

Date: 14/12/18



## ANNUAL STATEMENT OF GOVERNANCE AND INTERNAL CONTROL

This constitutes the University of Limerick's Annual Governance Statement for year ended 30 September 2017.

### 1. Code of Conduct for Members of Governing Authority

*A statement confirming that a Code of Conduct for Members has been put in place and implemented and includes clear conflict of interest and ethics in public office policies.*

The Governing Authority approved a revised Code of Conduct in February 2016 which is circulated to all members. The Code includes clear requirements as regards conflict of interest and Ethics in Public Office to which members must adhere. The Code will be considered further to bring it into line with the Governance of Irish Universities Code (UC) following its agreement between the Higher Education Authority (HEA) and the Irish Universities Association (IUA) in 2018.

### 2. Code of Conduct for Employees

*A statement confirming that a Code of Conduct for Employees has been put in place and implemented and includes clear conflict of interest and ethics in public office policies.*

The Code of Conduct for Employees was reviewed and updated by Governing Authority in September 2011. The Code contains explicit provisions setting out requirements for conflicts of interest and for adherence to the Ethics in Public Office Act (1995) and the Standards in Public Office to which employees must adhere. 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. The Code will be considered and revised further to bring it into line with the Governance of Irish Universities Code (UC) when the UC has been agreed between the HEA and the IUA in 2018.

### 3. Financially Significant Developments

(i) *Financially significant development in the past financial year including the establishment of subsidiaries or joint ventures and acquisitions and major issues likely to arise in the short to medium term.*

The following is a brief outline of the financially significant developments affecting the University in FY2016-17 together with major issues that are likely to arise in the short to medium term:

- The University achieved a balanced budget for the Financial Year 2016-17 in line with the budget strategy approved by Governing Authority. This has been formally communicated to the HEA.
- Following agreement with the HEA a standardised approach to accounting for, and funding of, model scheme pension costs across the seven universities was agreed and came into effect on 1<sup>st</sup> January 2017. As a result employee pension contributions from January 1 flow through the pension control account and UL received an increase in its CORE grant based on full year figures for 2016.
- Following approval by Governing Authority, through its Finance Committee, the University drew down the final €50m available on the approved EIB Finance Facility of €100m for the funding of the Capital Development Plan.
- In November 2016 the Governing Authority, through its Finance Committee, approved an updated funding plan for a new entrance to the Glucksman Library and an internal reconfiguration plan.
- In March 2015 an approval letter was received from the HEA stating that the DES/HEA was providing an allocation of €10m to commence the Library extension project. The University is seeking a **further** commitment of €14.9m in state funding for the library project.
- The consideration of the report from the Expert Group on Future Funding of Higher Education is ongoing. The implementation of this report could have financially significant impact on the University.

## ANNUAL STATEMENT OF GOVERNANCE AND INTERNAL CONTROL - continued

## 3. Financially Significant Developments - continued

(ii) *Details of the engagement and associated costs of external consultancy firms and investigators contracted to carry out investigations and enquiries on internal matters.*

- Investigations and mediation – staff €11,827;
- Deloitte review termination payments, further study, conflict of interest and correspondence with key stakeholders €84,870.

(iii) *Details of expenditure on external consultancy/adviser fees paid to external parties providing advisory services of any nature (including legal, tax and financial advisory, PR/Marketing, pensions, HR and any other advisory/consultancy services).*

A review has been conducted for the year ended 30 September 2017 of advisory fees paid. Details are:

Category	Recurrent	Research	Total
Audit & Tax	158,006		158,006
Estate planning	136,994		136,994
Governance Review	24,600		24,600
HR	29,742		29,742
Internal Audit	86,809		86,809
Legal	352,493		352,493
Marketing, promotions and PR	61,545	38,991	100,536
Pension	25,680		25,680
Procurement	18,464		18,464
Project management	603,556	4,305	607,861
Quality/Standards	23,500		23,500
Structure Review	33,347		33,347
TTO - Legals, IP & Patents		266,742	266,742
Statutory Audit	35,000		35,000
IT	10,688		10,688
<b>Grand Total</b>	<b>1,600,423</b>	<b>310,038</b>	<b>1,910,461</b>

iv) *Details of significant commercially sensitive developments in the past financial year.*

There were no significant commercially sensitive developments in the past financial year.

(v) *Confirmation of financial position of the University.*

A balanced budget was achieved and a balanced budget for FY2017-18 was approved by Governing Authority.

## ANNUAL STATEMENT OF GOVERNANCE AND INTERNAL CONTROL - continued

### 4. Pay

(i) *A statement affirming that Government policy on pay is being complied with*

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 506 full-time academic and 40.5 part-time academic staff employed by the University at the end of the period under review. The University has permission from the Department of Education & Skills which allows the University to pay overtime to academic staff for work outside of their normal contract hours e.g. evenings and weekends. In the year ended September 2017 the total value of the payments to full time staff was €184,031.

(ii) *Confirmation that no severance payments have been made without the consent of the Department of Education & Skills*

Redundancies processed by HR for year ended September 2017 had Department of Education & Skills approval. HR processed no severance or compromise payments in the period under review.

### 5. Financial Reporting

*A statement affirming that all appropriate procedures for financial reporting are being carried out*

The University is subject to annual audit by both the Office of the Comptroller & Auditor General and by the Governing Authority appointed External Auditors, PricewaterhouseCoopers. 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.

### 6. Off Balance Sheet Transactions

*Summary details of all off-balance sheet financial transactions of the institution that are not disclosed in the annual report and financial statements, including information on the nature, purpose and financial impact of the off-balance sheet financial transactions.*

The University has not entered into any off balance sheet transactions such as leases, letters of credit, guarantees, derivatives, sale of receivables, debit or debt like instruments of non-consolidated equity interests or joint ventures which give rise to or may give rise to an asset or liability in excess of €10m or 2% of the total net assets of the University (€5m).

The University arranged through Bank of Ireland, drawn on Wells Fargo, an irrevocable Letter of Credit in the amount of US\$679,416, which expires on 30 September 2018, to the US Department of Education in respect of commitments under the US Federal Aid Loan programme.

### 7. Trusts and Foundations

*Confirmation that foundations and trusts have been or will be incorporated into the financial statements of the institution or included in an extended accounting policy note summarising the transactions between the university and the foundation and trust or included as an appendix to the financial statements.*

The transactions between the University and the University of Limerick Foundation are included in the notes to the Financial Statements and a copy of the signed audited financial statements of the Foundation will be included as an appendix to the financial statements of the University.

## ANNUAL STATEMENT OF GOVERNANCE AND INTERNAL CONTROL - continued

### 8. Internal audit

*A statement affirming that all appropriate procedures for internal audit are being carried out and a comprehensive internal audit plan is in place.*

The University of Limerick has all appropriate procedures in place for internal audit. The University has outsourced its Internal Audit function. The University's Internal Auditors report to the Governing Authority through its Audit and Risk Committee (ARC). 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 ARC. 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 ARC. The Internal Audit Charter was revised by ARC in September 2016 and approved by GA in October 2016 to incorporate the recommendations arising from an external expert's review of the governance of the Internal Audit function.

The current Governing Authority commenced its term of office on 1 December 2017. It established an Audit & Risk Committee comprising members of Governing Authority who are not employees/students, with the relevant skills sets. In addition, two members with relevant expertise external to the University and the Governing Authority were appointed as members of the Audit & Risk Committee. A number of reviews arising from the Internal Audit Plan as approved by the previous Committee have been submitted and considered by the current Committee. In addition, the current Committee has discussed a new Internal Audit Plan with the Internal Auditors resulting in a number of iterations. A final iteration of the Internal Audit Plan is being submitted to the 21 November meeting of the Committee for approval.

### 9. Procurement

- (i) **Procurement Procedures:** *Confirmation that the University is in compliance with current procurement legislation and rules and all appropriate procedures for procurement have been developed, published to all relevant staff and are being carried out, including confirmation that the University is using the services and frameworks of the OGP, and of the EPS, whenever applicable.*

The University's policy is to always be compliant with national procurement guidelines and EU Public Procurement Regulations and has procedures in place that 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) and the Education Procurement Service (EPS) to ensure that procurement activities are taking place in accordance with requirements of the operating model put in place by the OGP. The implementation of this model is an ongoing process since 2013 and is being managed by the OGP. During the 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 the risk that contracts expire in advance of being retendered 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 2017 amounted to €3.532m. This amount is across nine commodities or services. In value terms through OGP mini-competition, EPS framework and two UL ran tenders 88% of this amount will be subject to new contracts in the very near future as competitions are well progressed. We are awaiting OGP framework for the remaining 12%.

The University's expenditure with suppliers, including both recurrent and research costs and equipment additions during the year amounted to €81.5m.

## ANNUAL STATEMENT OF GOVERNANCE AND INTERNAL CONTROL - continued

- (ii) **Procurement Non-Compliance:** *Confirmation that procedures are in place to detect non-compliance with procurement procedures including confirmation that a contracts database/listing for all contracts/payments in excess of €25,000 with monitoring systems is in place to flag non-compliant procurement.*

The University operates an online purchase requisition system with automated workflow directing the requisition to the appropriate approvers. All purchase requisitions of a value in excess of €5,000 are routed to procurement for approval. Requisitioners are required to electronically attach three quotations where required.

A listing of all contracts that have been procured is maintained and details of contracted suppliers by commodity are available to all staff on the procurement website.

In order to detect any possible non-compliance the University conducts a review annually on aggregate spend on suppliers. Such reviews by their nature can be undertaken only on a retrospective basis. This review will inform whether a revised procurement strategy is required for such suppliers 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. Further the spend may involve a mix of different services and commodities from the same supplier.

The annual retrospective review of aggregate spend on commodities identified total expenditure of €507,812 with thirteen suppliers (average spend of €36,092), that requires evaluation as to whether a revised procurement strategy is required. Had the University been aware of the aggregation impact the procurement process conducted may have been a different one to the one followed for these transactions. Within this expenditure three written quotations were obtained for all transactions exceeding €5,000.

Instances of aggregate spend identified in past years review have been substantially progressed. Two have been resolved since the financial year end, a further three are currently being addressed through appropriate procurement processes. A further four require a tender process and will be progressed. Three cases have been delayed due to negotiations with incumbent suppliers on their rights to renewal.

- (iii) **Details of Non-Compliant Procurement:** *Details of non-compliant procurement (aggregate total).*

Instances of non-compliance with procurement have been identified and total €405,822. Appropriate steps will be taken to ensure these instances do not reoccur. The purchase of goods and services of €3.532m in section 9 (i) are subject to transition to the central OGP model who has sourcing responsibility and is outside the control of the University and the aggregate spend on commodities of €507,812 in Sections 9(ii) are considered compliant.

- (iv) **Corporate Procurement Plan:** *Confirmation that the relevant procurement policy and procedures and the development and implementation of the Corporate Procurement Plan are being adhered to where appropriate.*

The University is working on a Corporate Procurement Plan in conjunction with the EPS.

### 10. Asset disposals

*A statement affirming that all appropriate procedures for asset disposals are being carried out and details of and explanations for the disposals of assets or grants of access to property or infrastructure for commercial arrangements with third parties above the threshold of €150,000 which have not been subject to auction or competitive tendering process.*

The disposal of assets by the University is carried out in accordance with the University's fixed assets disposal process in accordance with its Disposal/Transfer of Assets Policy that is in compliance with the 2012 National Code of Governance. Additionally, the University maintains a Fixed Asset Register which is subject to annual audit by the Office of the Comptroller & Auditor General and the External

## ANNUAL STATEMENT OF GOVERNANCE AND INTERNAL CONTROL - continued

Auditors of the University. To the best of UL's knowledge and belief, the University has been compliant with these processes.

### 11. Guidelines for the Appraisal and Management of Capital Proposals

*Confirmation that the Guidelines for the Appraisal and Management of Capital Proposals are being adhered to where appropriate.*

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.

### 12. Travel policy

*Certification that Government travel policy requirements are being implemented in all respects.*

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 2017 was effective from 1 October 2013 and was updated and approved by Governing Authority in March 2016. Post financial year end in November 2017 Governing Authority approved a new Official Entertainment Policy and also approved an updated Travel and Subsistence Policy.

The University is satisfied that there are robust controls in place in relation to the payment of travel related expenses. To the best of the University's knowledge and belief the requirements of Government travel policy are being implemented throughout the University.

### 13. Guidelines on Achieving Value for Money in Public Expenditure

*Confirmation that the Guidelines on Achieving Value for Money in Public Expenditure as set out in the Department of Public Expenditure and Reform Public Spending Code are being followed.*

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.

### 14. Tax laws

*A statement affirming the university's compliance with tax laws.*

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. Where an error in tax liability is identified the University corrects this error to ensure continued compliance with tax law.

The Department of Social Protection determined that four contractors who are engaged by the University on a contract for service are deemed to be employees for the purpose of insurability. On appeal the determination of the Department was upheld. Following engagement with Revenue they determined 'on balance' that the contractors are employees. The University has made provision for resulting costs.

### 15. Legal Disputes

*Details of all legal disputes involving other State bodies.*

*Please note, details of legal disputes involving other State bodies incurring expenditure of €25,000 or over must be provided to the HEA once a year by the 30<sup>th</sup> of June of each year including an estimate of the legal costs incurred up to the date of such information.*

The University did not engage in any legal disputes involving other State bodies in the period under review.

## ANNUAL STATEMENT OF GOVERNANCE AND INTERNAL CONTROL - continued

### 16. Confidential Disclosure Reporting – Protected Disclosures Act 2014

*In line with legislation, the Governing Authority should put in place procedures for Confidential Disclosure Reporting whereby employees may, in confidence, raise concern about possible irregularities in financial reporting or other matters and for ensuring meaningful follow-up of matters raised in this way.*

- (i) *Confirmation that a Protected Disclosures policy in line with the Protected Disclosures Act 2014 is in place.*

The University of Limerick's Protected Disclosures Policy & Procedures were developed in accordance with Guidelines issued by DPER. The Policy & Procedures were approved by the Governing Authority in April 2016.

- (ii) *Confirmation that the annual report required under section 22(1) of the Act has been published.*

The University's Annual Report as required under section 22(1) of the Act was published in June 2017, thereby meeting the required deadline.

- (iii) *Confirmation of the number of protected disclosures received during the year and the broad nature of these disclosures.*

The University received a submission from an employee under its Protected Disclosures Policy & Procedures in relation to compliance with processes but it has not been adjudicated a protected disclosure by the Protected Disclosures Group as the person who submitted it asked that it be paused.

### 17. Governing Authority meetings

*Confirmation of the number of Governing Authority meetings held during the financial year in question and attendance record of members.*

During the period under review there were eleven meetings of the Governing Authority. The attendance record of members of Governing Authority at those meetings is attached as Appendix 1.

### 18. Audit and/or Risk Management Committee meetings

- (i) *Confirmation of the number of Audit and/or Risk Management Committee meetings held during the financial year in question and attendance record of members.*

The Governing Authority ARC met on six occasions in the period under review and the attendance record of members of the Committee is attached as Appendix 2.

- (ii) *The Audit and/or Risk Management Committee should meet at least four times a year. In the event that four meetings are not considered necessary, please confirm that the Chairperson of the Governing Authority is satisfied that the Audit and/or Risk Management Committee discharged its role with fewer than four meetings in a year.*

Not applicable.

## ANNUAL STATEMENT OF GOVERNANCE AND INTERNAL CONTROL - continued

### 19. Review of Governing Authority performance

- (i) *Confirmation that the Governing Authority reviews its own performance and that it commissions an external review at least once during the Governing Authority's term of office.*

During the period under review the Governing Authority undertook a comprehensive review of its performance that was facilitated by the University's Quality Support Unit.

The President commissioned an extensive external review of the University's governance practices in May 2017. Part 1 of the Review related to the structure of Governing Authority, including the provision of required skills sets of the members of Governing Authority insofar as possible within the provisions of the Universities Act, 1997. The recommendations of this part of the external review were implemented and resulted in a revised Governing Authority with a more diverse membership. The current Governing Authority commenced its term of office on 1 December 2017.

Part 2 of the external review relating to governance practices and recommendations arising from same was presented to the previous Governing Authority in November 2017 and to the new Governing Authority in February 2018. Its recommendations are to be considered further by the Governing Authority in the near future.

- (ii) *Confirmation should also be provided on when both internal and external reviews were last carried out and when both will be carried out again.*

The external review of Governance was considered by the current Governing Authority and it was agreed to establish a specific Governance Working Group to review the recommendation therein and to submit the Working Group's recommendations to the Governing Authority. The Working Group has met on two occasions and a report is being submitted to the December meeting of Governing Authority. A Request for Tender is being finalised at present for submission to the OGP for an external Governance Advisor who, inter alia, would undertake external reviews of the Governing Authority and its sub-committees.

### 20. Salary of President

*Confirmation of salary paid to President for financial year in question.*

The total salary paid to the Presidents for the period from 1 October 2016 to 30 September 2017 was €182,148. The new President Dr Desmond Fitzgerald commenced on 1 May 2017.

### 21. Data provided to HEA

- (i) Confirmation that the university has satisfied itself as to the integrity and robustness of any data on student numbers provided to the HEA for the purpose of calculating and allocating the core grant.

The University is satisfied that it has provided data on student numbers to the HEA in accordance with HEA guidelines.

- (ii) Confirmation that the university has satisfied itself as to the integrity and robustness of staff numbers provided to the HEA as required.

The information provided to the HEA on staff numbers reflects the information available from the UL IT staff/payroll systems.



## ANNUAL STATEMENT OF GOVERNANCE AND INTERNAL CONTROL - continued

## 22. Child protection policy

*Confirmation that an appropriate child protection policy is in place.*

Confirmed - the University of Limerick's Child Protection Guidelines comply with *Children First – National Guidance for the Protection and Welfare of Young Children 2017* are in place and are being implemented. The University's associated organisations have local Child Protection Policies in place that conform to *Children First* and are implemented. The University's Child Protection Officer has received written confirmation from the associated organisations that their policies have been implemented in the period under review. The Governing Authority's Audit and Risk Committee receives an annual report on the implementation of the University's Child Protection Guidelines and verification that the University's associated organisations' policies are being applied. This is subsequently reported to Governing Authority by the Committee.

## 23. Fees and expenses

*Confirmation that fees and/or expenses paid to members of Governing Authority are in accordance with the guidelines from the Department of Finance and are presented in the University's Annual Report. A note on the schedule of fees and aggregate expenses payable to external Governing Authority members should be included.*

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 & Financial Statements. Details of the fees and expenses paid to external members of Governing Authority for year ended 30 September 2017 are as follows:

	External Governing Authority Members
<b>Fees Payable</b>	Nil
<b>Expenses Payable</b>	€16,393.85

## 24. Subsidiaries and interests in external companies

- (i) **Compliance with terms and conditions of consent of establishment:** *Statement confirming that any subsidiary of the University (or subsidiary thereof) continues to operate solely for the purpose as approved by the Governing Authority, remains and continues to remain in full compliance with the terms and conditions of the consent under which it was approved.*

The University confirms that its subsidiary companies operate solely for the purpose as approved by the Governing Authority and continue to operate on that approved basis.

- (ii) **Code of governance for trading subsidiaries:** *Confirmation that an appropriate code of governance is in place in respect of trading subsidiaries (i.e. subsidiaries with annual turnover and employees), with annual statements provided to the Governing Authority and the Governing Authority has received a formal report of compliance from the Board of each subsidiary.*

The University's subsidiaries have codes of governance in place as confirmed by their respective Board's Annual Governance Statement submitted to the Governing Authority Finance Committee and subsequently reported to Governing Authority.

- (iii) *Details of any shareholdings and interests held by the University in external companies.*

The University holds minority shareholdings in a number of Campus Companies listed below. Campus companies are created predominantly from University of Limerick research results and approved in accordance with UL Campus company procedures. The University does not operate any investment fund nor does it invest any University funds into campus companies.

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

The equity holding is a return for the intellectual property arrangements. These arrangements are covered by legal agreement between the University and the campus company including a provision that the University does not provide any warranties or assurance in relation to the use of the intellectual property by the campus company. In addition the University will generally seek an indemnity from the company around its use of the intellectual property. In initial shareholder agreements the University may reserve the right to appoint a director or observer to the board, this option has not been exercised. The right to a board seat is generally impacted by the various funding rounds which result in a dilution of the University shareholding and loss of right to a board appointment.

The carrying value of such investments in the University financial statements is €Nil.

<b>Campus Company Name</b>	<b>Activity</b>	<b>Shareholding</b>
LearnOpt Ltd	Software solutions for CPD organisations	15%
Crescent Diagnostics Ltd	Bio –medical	1.70%
Bearna Medical Ltd	Development of novel bone cements and grafts	~15%
Poly Pico Ltd	Printing high density protein/antibody/ DNA microarrays	<5%
ALR Innovations	Manufacture and sale of LCD recycling equipment	~15%
Class Medical Ltd	Medical device design and manufacture	~15%
Transgero Ltd	Risk management services	~5%
Farmhedge	On-farm weather risk information	~15%
Vanadium Investments	Battery technology	~15%
Ostoform	Pharmaceutical technology and discovery	~15%
Cala Medical	In start-up phase	~15%
Hook Bio	Pharmaceutical technology and discovery	~10%

~ = approximately

**25. General governance and accountability issues**

*Description of other governance and accountability issues that the university may wish to bring to the attention of the HEA.*

The University has had a number of legacy matters that have resulted in various reviews taking place as follows:

- (i) Mazars Review;
- (ii) Deloitte Internal Audit Report on Termination Payments, Further Study, Conflict of Interest and Correspondence with Key Stakeholders;
- (iii) Thorn 1 and Thorn 2 Reports – Independent Review of Certain Matters and Allegations Relating to the University of Limerick;
- (iv) Committee of Public Accounts Report: The Examination of Financial Statements in the Third-Level Education Sector;
- (v) External Corporate Governance Review.

The reviews (i) – (iv) have been provided by UL to the HEA and/or have been performed in conjunction with the HEA. The Governing Authority Audit & Risk Committee will monitor progress on the implementation of recommendations of the various reports until such time as there is satisfaction the recommendations are addressed appropriately. In this regard, the President will submit quarterly progress reports to the Committee. It is planned to keep the HEA informed on progress on a regular basis also.

The External Governance Review recommendations are to be considered by the new Governing Authority and a monitoring process will be put in place to ensure implementation of agreed recommendations.

## ANNUAL STATEMENT OF GOVERNANCE AND INTERNAL CONTROL - continued

### 26. **Governing Authority responsibility for system of internal control**

*Acknowledgment by Chief Officer that the Governing Authority is responsible for the body's system of internal control, which statement requires the formal approval of the Governing Authority.*

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.

### 27. **Reasonable assurance against material error**

*An explanation that such a system can provide only reasonable and not absolute assurance against material error.*

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.

### 28. **Review of the Statement of Internal Control (Governing Authority and Audit and/or Risk Management Committee)**

*Confirmation that the statement on the System of Internal Controls will be reviewed by the Audit and/or Risk Management Committee and the Governing Authority to ensure it accurately reflects the control system in operation during the reporting period.*

It is confirmed that the Statement of Internal Controls, which will accompany the University's Annual Financial Statements, will be reviewed by the Audit & Risk Committee and will be forwarded to Governing Authority by the Committee for formal approval.

### 29. **Review of the Statement of Internal Control (External Auditors)**

*Confirmation that the statement on the System of Internal Controls will be reviewed by the external auditors to confirm that it reflects the University's compliance with the requirements of paragraph 1.9*

*(iv) BFRR and is consistent with the information of which they are aware from their audit work on the financial statements and where this is not the case, the external auditor should report on this in the audit report on the relevant financial statement.*

It is confirmed that the Statement of Internal Controls will be reviewed by the University's External Auditors as part of their consideration of the Financial Statements. The External Auditors will be required to include a statement in the Financial Statements Audit Report indicating whether or not the Statement of Internal Controls is consistent with the information of which they are aware as a result of their audit work.

### 30. **Key procedures put in place designed to provide effective internal control**

- (i) **Appropriate Control Environment:** *The steps taken to ensure an appropriate control environment (such as clearly defined management responsibilities and evidence of reaction to control failures).*

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

## ANNUAL STATEMENT OF GOVERNANCE AND INTERNAL CONTROL - continued

- Vice Presidents, Executive Deans, Divisional Directors and Heads of Academic Departments/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 that operates 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.
- 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 of Limerick is a young, ambitious and responsive organisation with a reputation for being a pioneer and innovator. Our dynamic research ecosystem attracts researchers, academics, entrepreneurs and high performing students. In order to further enhance our activities in this area and to articulate our commitment to industry engagement, we have restructured and renamed the Office to Office of Vice President, Research & Enterprise (VPR&E). The Office comprises Research Support Services, Technology Transfer Office incorporating the Nexus Innovation Centre and Research & Innovations Projects Office. UL has seen great success in recent years with our researchers attracting in excess of €215 million funding awards in the past five years. In the past year, 77 collaborative research agreements were signed with 56 organisations and by year-end 50% of the University's total annual research expenditure involved collaborative research with industry.
- The Technology Transfer Office helps business to benefit from access to the University's expertise and technology by making it simple to connect and engage with the research base at the University. The updated UL Intellectual Property Policy in line with National Codes in place at the time was approved by Governing Authority in September 2015 and governs the activities of the Office. As a result of updating of National Codes it is planned a further review of the University's Policy is anticipated. The IP Policy provides for procedures to be laid down from time to time for the appropriate management of the University's IP arising out of research activities. The Executive Committee has approved Procedures for the formation of UL Campus Companies in place that provide for the Research Commercialisation Committee that is chaired by the Director of Finance. This Committee provides oversight and guidance to the VPR&E on matters pertaining to research commercialisation, campus company formation and management of the Nexus Centre.
- The Academic Council of the University approved a Clinical Research Policy for UL Sponsored Regulated Clinical Trials in May 2017, which was then noted at Governing Authority.

## ANNUAL STATEMENT OF GOVERNANCE AND INTERNAL CONTROL - continued

- The Governing Authority ARC, 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.
  - 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.
  - The University of Limerick Governing Authority operates in accordance with legislation and the 2012 National Code of Governance and the UL Code of Governance. The UL Code is based on the national code. Following its approval it was forwarded to subsidiary companies and appropriate codes of governance based on the University's Code have been adopted by the Board of Directors in each subsidiary.
  - A revised Schedule of Matters Reserved to Governing Authority was approved by Governing Authority in February 2016 taking into account provisions of the Code for the Governance of Irish Universities, the UL Code of Governance and new legislation.
- (ii) **Business Risks:** *Processes used to identify business risks, evaluate their implications and manage them within the University's risk management framework.*
- 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. The University of Limerick, as a member of the IUA, looks forward to engaging with the HEA at sectoral level to finalise the updated Code of Governance for Irish Universities.
  - 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 the Risk Management Policy across various faculties and divisions continues to progress and a total of twenty four risk registers, including the University's Fundamental/Corporate Risk Register, 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 ARC. The Committee in turn reports to the Governing Authority on risk management related matters on a regular basis. The Risk Management Policy and Guide to Risk Management were updated and approved by Governing Authority in February 2016 to incorporate the recommendations arising from an external expert's review of the governance of risk management within the University.
  - There is an agreed process for the review of local risk registers once established that is as follows:
    - o within one month of any internal audit report where a recommendation from the Internal Auditors graded as 'fundamental' is recorded;
    - o following major changes to the structure, funding or strategic direction of the Faculty/Division/Unit;
    - o Following a specific request by the Executive Committee;
    - o At least twice per annum, notwithstanding the above conditions.

## ANNUAL STATEMENT OF GOVERNANCE AND INTERNAL CONTROL - continued

- Following the completion of a review of their local risk register, Vice Presidents/Executive 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) **Information Systems:** *Details of the major information systems in place such as budgets, and means of comparing actual results with budgets during the financial 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.
- (iv) **Financial Implications of Major Business Risks:** *The procedures for addressing the financial implications of major business risks (such as financial instructions and notes of procedures, delegation practices such as authorisation limits, segregation of duties and methods of preventing and detecting fraud).*
- The Governing Authority approved the UL Signing Authority Policy in November 2017. 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 Executive Dean/Divisional Director is accountable to the Governing Authority, through its Finance Committee, for all financial matters of his/her Faculty/Division. 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.
  - 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 Committee
    - Finance, HR and Asset Management Committee
    - Boards of subsidiary companies.
  - Members of the Finance Division/subsidiary companies attend meetings of the Governing Authority ARC 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) **Monitoring the Effectiveness of the Internal Control System:** *The procedures for monitoring the effectiveness of the internal control system which may include: audit committees, management reviews, consultancy, inspection and review studies, the work of internal audit, quality audit reviews and statements from the heads of internal audit.*

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

- 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.
- The University's accounts are audited by external independent auditors who express an Audit Opinion.
- The ARC 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 ARC 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 ARC. The remit is also provided for in the University's Internal Audit Charter. The Review Group reports regularly to both the ARC 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.

**31. *Review of the effectiveness of the system of internal control:*** Confirmation that there has been a review of the effectiveness of the system of internal control and when this was carried out or where such a review was not conducted, a statement that it was not conducted.

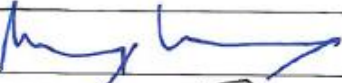
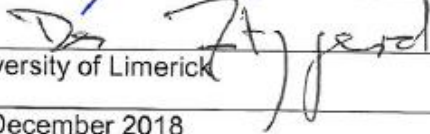
The Governing Authority confirms that there has been a review of the effectiveness of internal controls during the period to which this Statement relates and that such review was completed on 17 October 2017.

**32. *Weaknesses in internal control - Disclosure of details regarding instances where breaches in control occurred:*** Details of material breaches in internal control (e.g. non-compliance with procurement rules, instances where elements of the control system were not operational, information of weaknesses that have resulted in material losses or fraud, contingencies or uncertainties which require disclosure in the financial statements or the auditor's report on the financial statements etc.)

In the period under review no material weaknesses in internal control have been identified that have resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or the auditor's report on the financial statements.

**33. *Description of the action taken to correct weaknesses (Section 3.4.6 Code of Governance of Irish Universities)*** A description of the action taken, or intended to be taken, to correct any non-compliance or weaknesses in internal control identified in sections 1-32 above together with the timeframes within which this will be done, or an explanation of why no action is considered necessary should be reported in the template below to be signed by the Chief Officer and Chairperson.

These have been detailed in the relevant sections.

<b>Chairperson:</b>	
<b>President:</b>	
<b>Name of Institution:</b>	University of Limerick
<b>Date:</b>	14 December 2018

## ANNUAL STATEMENT OF GOVERNANCE AND INTERNAL CONTROL - continued

## Appendix 1: Attendance at Governing Authority meetings 2016-2017

The Governing Authority met 11 times during the period under review 1/10/16-30/9/17

	Governing Authority Member	No. of Meetings Eligible to Attend	No. of Meetings Attended
<b>Chief Officer:</b>	Professor Don Barry	6	6
	Dr Desmond Fitzgerald	5	5
<b>Chancellor:</b>	Mr Justice John L Murray	11	11
<b>Senior Officers of University (2):</b>	Professor Paul McCutcheon	6	6
	Dr Pat Phelan	5	5
	Mr John Field	11	7
<b>Professors/Associate Professors:</b> <i>(elected by such staff)</i>	Professor Sean Arkins	11	11
	Professor Merritt Bucholz	11	6
	Dr Dermot Shinnery-Kennedy	11	7
	Professor Colum Dunne	11	9
	Professor Michael Pomeroy	11	11
<b>Academic &amp; Research Staff:</b> <i>(elected by such staff)</i>	Dr Sean McGrath	11	7
	<sup>iii</sup> Mr Ger Slattery	9	9
	Dr Wynette Redington	11	10
	Dr Peter Tiernan	11	11
<b>Support Staff:</b> <i>(elected by such staff)</i>	Ms Michelle Breen	11	10
	Ms Neasa Fahy O' Donnell	11	8
	Mr Pat Rockett	11	5
<b>Elected officers of the Students' Union:</b>	Ms Sarah Dunphy	8	7
	Mr Jack Shelly	3	3
	Mr Caolan O'Donnell	8	7
	Ms Roberta Harrington	3	3
	Ms Aimee McKenzie	11	11
<b>Nominees of Organisations:</b>	Mr Tadhg B Kearney	11	9
	Mr Bobby O' Connor	11	10
<b>Nominees of Minister for Education &amp; Skills:</b>	Ms Breda Deedigan	11	8
	Mr David O' Flynn	11	3
	Professor Helen O'Neill	11	10
<b>Persons appointed having regard to Artistic/Cultural Interests:</b>	Ms Judith Woodworth	11	8
	Ms Trish Long	11	8
<b>Graduates of the University of Limerick:</b> <i>(elected by such graduates)</i>	Mr Fintan Breen	11	10
	Mr John O' Connell	11	8
<b>Mayor of the City &amp; County of Limerick (Nominee):</b>	<sup>iv</sup> Cllr Jerry O'Dea	8	3
	Cllr Stephen Keary	3	1
<b>Mayor of the Metropolitan District of Limerick:</b>	Cllr Michael Hourigan	8	2
	Cllr Sean Lynch	3	2
<b>University of Limerick Foundation Nominees:</b>	Ms Kay Doyle	11	9
	Mr Michael Houlihan	11	10
	Mr Richard Leonard	11	10
<b>President, MIC:</b>	Professor Michael Hayes	5	1
	<sup>v</sup> Professor Eugene Wall	4	3

<sup>i</sup> Dr Desmond Fitzgerald replaced Don Barry 1 May 2017

<sup>ii</sup> Dr Pat Phelan replaced Paul McCutcheon 1 May 2017

<sup>iii</sup> Mr Ger Slattery was elected in December 2016

<sup>iv</sup> Cllr O'Hanlon was elected Mayor of the City and County of Limerick in June 2016. Cllr O'Dea is his nominee.

<sup>v</sup> Professor Eugene Wall replaced Professor Michael Hayes (deceased)



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

**Appendix 2**

**Attendance at Governing Authority  
Audit & Risk Committee meetings 2016-2017**

The Audit & Risk Committee met on six occasions in the period under review 1 October 2016 – 30 September 2017 and their attendance record is detailed below:

Ms Breda Deedigan – attended 6 of 6 meetings;  
Mrs Kay Doyle – attended 6 of 6 meetings;  
Mr Tim Healy – attended 5 of 6 meetings;  
Mr Michael Houlihan – attended 6 of 6 meetings;  
Mr Richard Leonard – attended 4 of 6 meetings;  
Mr Sean Hayes – attended 6 of 6 meetings.



# Ard Reachtair Cuntas agus Ciste Comptroller and Auditor General

## Report for presentation to the Houses of the Oireachtas

### University of Limerick

#### Opinion on financial statements

I have audited the financial statements of the University of Limerick for the year ending 30 September 2017 as required under the provisions of the Universities Act 1997. The financial statements comprise

- the consolidated and University statement of comprehensive income
- the consolidated and University statement of changes in reserves
- the consolidated and University statement of financial position
- the consolidated statement of cash flows and
- the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the University and the University group at 30 September 2017 and of the income and expenditure of the University group for the year then ended in accordance with Financial Reporting Standard (FRS) 102 — The Financial Reporting Standard applicable in the UK and the Republic of Ireland.

#### *Emphasis of matter – deferred pension funding*

Without qualifying my opinion on the financial statements, I draw attention to Note 27 Retirement Benefits.

The recognition of a deferred pension funding asset in respect of the Single Public Service Pension Scheme (€12 million) reflects statutory provisions relating to the funding of that scheme.

The recognition of an asset of €763 million 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 required to meet future pension liabilities.

#### **Basis of opinion**

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the University and have fulfilled my other ethical responsibilities in accordance with the standards.

In conducting my audit, I seek to rely on evidence from an audit of the financial statements by auditors engaged by the University. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**REPORT OF THE COMPTROLLER AND AUDITOR GENERAL - (continued)**

**Report on information other than the financial statements, and on other matters**

The University has presented certain other information together with the financial statements. This comprises

- a finance report
- a statement of governing authority responsibilities
- a statement on governance and internal control, and
- a copy of the annual report of the University of Limerick Foundation for the financial year ended 31 August 2017.

My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.



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

**18 December 2018**

## APPENDIX TO THE REPORT OF THE COMPTROLLER AND AUDITOR GENERAL

### Responsibilities of Governing Authority members

The members are responsible for

- the preparation of financial statements in the form prescribed under the Universities Act 1997
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Responsibilities of the Comptroller and Auditor General

I am required under the Universities Act 1997 to audit the financial statements of the University and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the University to cease to continue as a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

### Reporting on other matters

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. I report if there are material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if there is any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

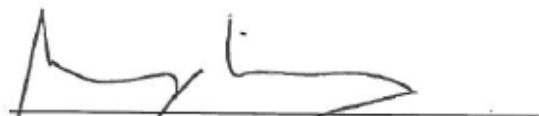
**CONSOLIDATED AND UNIVERSITY STATEMENT OF COMPREHENSIVE INCOME**  
**For the financial year ended 30 September 2017**

		Consolidated		University	
		30 September	30 September	30 September	30 September
	Notes	2017	2016	2017	2016
		€'000	€'000	€'000	€'000
			(as restated note 7 & 28)		(as restated note 7 & 28)
<b>Income</b>					
State grants	5	40,836	36,174	40,836	36,174
Academic fees	6	92,749	89,630	92,749	89,630
Research grants and contracts	7	42,027	35,584	42,027	35,584
Ancillary services and other self-funded income	30	9,700	12,865	9,700	12,865
Amortisation of deferred capital grants	23	5,913	4,113	5,913	4,113
Other operating income	8	36,139	33,713	14,139	14,091
Interest income	9	191	498	117	177
Donation	26	157	1,000	557	1,000
Net deferred funding for retirement benefits	27				
		40,663	34,157	40,663	34,157
<b>Total income</b>		<b>268,375</b>	<b>247,734</b>	<b>246,701</b>	<b>227,791</b>
<b>Expenditure</b>					
Staff costs	10	131,501	122,144	124,819	116,679
Retirement benefit service cost	27	27,601	17,722	27,601	17,722
Other operating expenses	11	70,426	68,519	64,143	61,939
Interest payable and similar charges	12	1,348	842	1,131	564
Retirement benefit interest cost	27	13,062	16,435	13,062	16,435
Depreciation	15	17,086	15,747	12,352	11,214
<b>Total expenditure</b>		<b>261,024</b>	<b>241,409</b>	<b>243,108</b>	<b>224,553</b>
<b>Surplus before other gains and losses</b>					
		<b>7,351</b>	<b>6,325</b>	<b>3,593</b>	<b>3,238</b>
Gain on investments	17	269	226	-	-
Loss on investment property	16	(727)	-	(1,044)	-
<b>Surplus for the year after depreciation of assets and before taxation and impairment</b>					
		<b>6,893</b>	<b>6,551</b>	<b>2,549</b>	<b>3,238</b>
Taxation	13	(1)	(4)	-	-
<b>Surplus for the year</b>	14	<b>6,892</b>	<b>6,547</b>	<b>2,549</b>	<b>3,238</b>
Actuarial gain/(loss) in respect of retirement benefit scheme	27	143,248	(205,257)	143,248	(205,257)
Adjustment to deferred retirement benefit funding	27	(143,248)	205,257	(143,248)	205,257
<b>Total comprehensive income for the financial year</b>		<b>6,892</b>	<b>6,547</b>	<b>2,549</b>	<b>3,238</b>
<b>Represented by:</b>					
Restricted comprehensive income for year		-	-	-	-
Unrestricted comprehensive income for year		6,892	6,547	2,549	3,238
		<b>6,892</b>	<b>6,547</b>	<b>2,549</b>	<b>3,238</b>

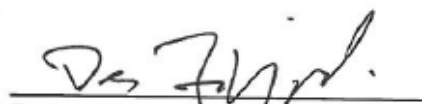
**CONSOLIDATED AND UNIVERSITY STATEMENT OF COMPREHENSIVE INCOME - continued**  
**For the financial year ended 30 September 2017**

All items of income and expenditure relate to continuing activities.

The financial statements on pages 28 to 69 were approved by the Governing Authority on 14 December 2018 and were signed on its behalf by:



Ms Mary Harney  
Chancellor



Dr Des Fitzgerald  
President

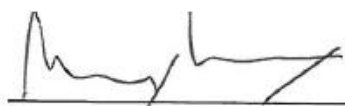
**CONSOLIDATED AND UNIVERSITY STATEMENT OF CHANGES IN RESERVES**  
**For the financial year ended 30 September 2017**

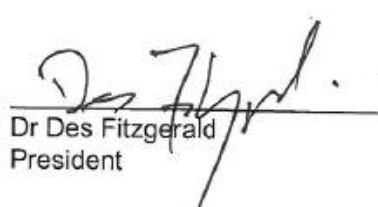
	Total €'000
<b>Consolidated</b>	
<b>Balance at 30 September 2015 as previously stated</b>	234,802
Prior period adjustment (Note 28)	<u>3,176</u>
As restated	237,978
Surplus from income and expenditure statement	6,547
Release of restricted capital funds spend in year	-
<b>Total comprehensive income for the year</b>	<u>6,547</u>
<b>Balance at 30 September 2016</b>	<u>244,525</u>
<b>Balance at 1 October 2016</b>	244,525
Surplus from income and expenditure statement	6,892
Other comprehensive income	-
Release of restricted capital funds spend in year	-
<b>Balance at 30 September 2017</b>	<u>251,417</u>
<b>University</b>	
<b>Balance at 30 September 2015 as previously stated</b>	153,573
Prior period adjustment (Note 28)	<u>3,176</u>
As restated	156,749
Surplus from income and expenditure statement	3,238
Release of restricted capital funds spend in year	-
<b>Total comprehensive income for the year</b>	<u>3,238</u>
<b>Balance at 30 September 2016</b>	<u>159,987</u>
<b>Balance at 1 October 2016</b>	159,987
Surplus from income and expenditure statement	2,549
Other comprehensive income	-
Release of restricted capital funds spend in year	-
<b>Balance at 30 September 2017</b>	<u>162,536</u>

**CONSOLIDATED AND UNIVERSITY STATEMENT OF FINANCIAL POSITION**  
**For the financial year ended 30 September 2017**

	Notes	Consolidated		University	
		2017 €'000	2016 €'000 (as restated note 20 & 28)	2017 €'000	2016 €'000 (as restated note 20 & 28)
<b>Non-current assets</b>					
Tangible assets	15	453,382	437,053	321,532	304,883
Investment property	16	5,870	5,344	4,300	5,344
Financial assets	17	2,157	3,103	-	-
		<u>461,409</u>	<u>445,500</u>	<u>325,832</u>	<u>310,227</u>
<b>Current assets</b>					
Trade and other receivables	18	21,789	25,244	72,532	44,123
Cash and cash equivalents	19	142,025	115,662	107,698	90,057
		<u>163,814</u>	<u>140,906</u>	<u>180,230</u>	<u>134,180</u>
<b>Payables:</b> amounts falling due within one year	20	(125,871)	(139,581)	(101,194)	(100,137)
<b>Net current assets</b>		<u>37,943</u>	<u>1,325</u>	<u>79,036</u>	<u>34,043</u>
<b>Total assets less current liabilities</b>		<u>499,352</u>	<u>446,825</u>	<u>404,868</u>	<u>344,270</u>
<b>Payables:</b> amounts falling due after one year	21	(247,935)	(202,300)	(242,332)	(184,283)
<b>Provisions:</b>					
<b>Retirement benefit receivable</b>	27	775,192	877,777	775,192	877,777
<b>Retirement benefit provisions</b>	27	(775,192)	(877,777)	(775,192)	(877,777)
<b>Total net assets</b>		<u>251,417</u>	<u>244,525</u>	<u>162,536</u>	<u>159,987</u>
<b>Unrestricted reserves:</b>					
Revenue reserves	28	251,417	244,525	162,536	159,987
<b>Total reserves</b>		<u>251,417</u>	<u>244,525</u>	<u>162,536</u>	<u>159,987</u>

The financial statements on pages 28 to 69 were approved by the Governing Authority on 14 December 2018 and were signed on its behalf by:

  
 Ms Mary Harney  
 Chancellor

  
 Dr Des Fitzgerald  
 President



**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the financial year ended 30 September 2017**

	Consolidated	
	2017	2016
	€'000	€'000
<b>Cash flow from operating activities</b>		
Surplus for the year	6,893	6,551
Taxation paid	(1)	(4)
<b>Adjustment for non-cash items</b>		
Depreciation	17,086	15,747
Amortisation of deferred capital grants	(5,913)	(4,113)
Transfer from tangible assets to investment property	1,570	
Revaluation	(317)	
Investment income	(191)	(498)
Interest payable	1,348	842
<b>Operating cashflow before movement in working capital</b>	<u>20,475</u>	<u>18,525</u>
<b>Adjustment for working capital items</b>		
Decrease/(increase) in trade and other receivables	3,455	(2,622)
Decrease in trade payables	(14,560)	(6,213)
<b>Other movements</b>		
Capital grants received (note 23)	16,918	4,827
<b>Adjustment for investing or financing activities</b>		
Investment income	191	498
Interest payable	(1,348)	(842)
<b>Net cash inflow from operating activities</b>	<u>25,131</u>	<u>14,173</u>
<b>Cash flows from investing activities</b>		
Purchase of investments	946	(501)
Purchase of investment property	(526)	(5,344)
Profit on sale of assets	12	543
Purchase of tangible fixed assets	(34,680)	(28,668)
<b>Net cash (outflow) from investing activities</b>	<u>(34,248)</u>	<u>(33,970)</u>
<b>Cash flows from financing activities</b>		
<i>Debt due within one year:</i>		
Increase/(decrease) in short term borrowings	50	(2,333)
<i>Debt due after one year:</i>		
Increase/(decrease) in long term borrowings	46,423	(5,183)
Decrease in long term liabilities	(10,993)	(23,070)
<b>Net cash inflow (outflow) from financing activities</b>	<u>35,480</u>	<u>(30,586)</u>
<b>Increase/(decrease) in cash and cash equivalents in the year</b>	<u>26,363</u>	<u>(50,383)</u>
Cash and cash equivalents at beginning of year	<u>115,662</u>	<u>166,045</u>
Cash and cash equivalents at end of year	<u>142,025</u>	<u>115,662</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2017

### 1 General Information

The mission of the University of Limerick is to be a distinctive, pioneering and connected university that shapes the future through educating and empowering people to meet the real challenges of tomorrow.

Our vision is to be internationally recognised as a distinctively progressive, research led university that provides an engaging student experience, conducts world-class research renowned for its translational impact and is globally and locally connected in terms of its contribution to economic, social and cultural life.

Reinforced by an abiding commitment to the principles of academic freedom, we will be guided by six core values in the realisation of our vision: excellence, creativity, ethics, sustainability, community and global focus.

### 2 Statement of compliance

The entity financial statements have been prepared on a going concern basis and in accordance with Irish GAAP (accounting standards issued by the Financial Reporting Council of the UK and promulgated by the Institute of Chartered Accountants in Ireland and the Companies Act 2014). The entity financial statements comply with Financial Reporting Standard 102, *The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)*, the Companies Act 2014 and the *Statement of Recommended Practice – Accounting for Further and Higher Education*.

### 3 Summary of significant accounting policies

The significant accounting policies used in the preparation of the entity financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated.

#### (a) Basis of preparation

The entity financial statements have been prepared under the historical cost convention, as modified by the measurement of certain financial assets and liabilities at fair value through the statement of comprehensive income, and the measurement of freehold land and buildings at their deemed cost on transition to FRS 102 issued by the Financial Reporting Council, and promulgated for use in Ireland by Chartered Accountants Ireland.

The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year. It also requires the Governing Authority to exercise its judgement in the process of applying the university's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in note 4.

The functional currency the University is considered to be Euro because that is the currency of the primary economic environment in which the University operates. The consolidated financial statements are stated in Euro. Foreign operations are included in accordance with the policies set out below.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

**3 Summary of significant accounting policies - continued**

**(b) Basis of consolidation**

The university's consolidated financial statements include the financial statements of the university and all of its subsidiary undertakings made up to 30 September 2017.

Subsidiaries are all entities over which the group has the power to exercise control.

*University of Limerick Foundation*

The financial statements of the University of Limerick Foundation are excluded from these financial statements as the Foundation is not controlled by the University of Limerick. Details of activity with the University of Limerick Foundation is set out in note 26.

**(c) Going concern**

The university meets its day-to-day working capital requirements through its bank facilities. The university's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the university should be able to operate within the level of its current facilities. After making enquiries, the governors have a reasonable expectation that the university has adequate resources to continue in operational existence for the foreseeable future. Therefore these entity financial statements have been prepared on a going concern basis.

The Governing Authority is satisfied that the University has adequate resources to meet its obligations as they fall due for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**(d) Foreign currency**

*(i) Functional and presentation currency*

The university's functional and presentation currency is the euro, denominated by the symbol "€" and unless otherwise stated, the financial statements have been presented in thousands ('000).

*(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At the end of each financial year foreign currency monetary items are translated to euro using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at exchange rates at the end of the financial year of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'interest receivable and similar income' or 'interest payable and similar charges' as appropriate. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other expensing expenses'.

**(e) Tangible fixed assets**

Tangible fixed assets are carried at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to the location and condition necessary for its intended use, applicable dismantling, removal and restoration costs and borrowing costs capitalised.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

**3 Summary of significant accounting policies - continued**

**(e) Tangible fixed assets - continued**

*(i) Land and buildings*

The University's buildings are valued at cost or deemed cost for land and buildings measured at valuation at the date of transition to FRS102 less accumulated depreciation and accumulated impairment losses on buildings, furniture and fittings. Tangible fixed assets are not depreciated until they are brought into use. Freehold land and buildings are stated in the statement of financial position 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 state grants they are capitalised and depreciated as above. The related state grants are credited to a deferred capital grant account and are released to the Statement of Comprehensive Income 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.

*(ii) 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 state 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.

*(iii) Donations*

The University receives on occasion benefits in kind such as gifts or equipment. Items of significant value donated to the University, which if purchased, the group would treat as tangible fixed assets, are capitalised at their current value and depreciated in accordance with the policy set out above. The recognition of income is accounted for in accordance with the policy set out below.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

**3 Summary of significant accounting policies - continued**

**(f) 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 statement of financial position in line with Section 17 FRS 102. All artwork purchased for the benefit of the University is capitalised in the statement of financial position at original cost and is not depreciated.

Donated archives and printed books are not capitalised in the financial statements. All costs incurred in relation to preservation and conservation are expensed as incurred.

**(g) Investment properties**

Investment properties comprise of properties held by the group for rental, capital appreciation or both, rather than for use in the group's business.

Investment properties are initially measured at cost. Cost comprises the purchase price plus any directly attributable expenditure.

Investment properties are subsequently measured at fair value, with all changes in fair value being recognised in the statement of comprehensive income. Fair value deficits are reflected in the revenue reserve.

**(h) Financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

The university has chosen to apply the provisions of Section 11 and 12 of FRS102 to account for all of its financial instruments.

*(i) Financial assets*

Basic financial assets, including trade and other receivables, cash and cash equivalents, short-term deposits and investments in corporate bonds, are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Trade and other receivables, cash and cash equivalents, investments in corporate bonds and financial assets from arrangements which constitute financing transactions are subsequently measured at amortised cost using the effective interest method.

At the end of each financial year financial assets measured at amortised cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortised cost is impaired an impairment loss is recognised in the statement of comprehensive income. The impairment loss is the difference between the financial asset's carrying amount and the present value of the financial asset's estimated cash inflows discounted at the asset's original effective interest rate.

If, in a subsequent financial year, the amount of an impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment loss not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

**3 Summary of significant accounting policies - continued**

**(h) Financial instruments - continued**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such financial assets are subsequently measured at fair value and the changes in fair value are recognised in the statement of comprehensive income, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are subsequently measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

*(ii) Financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial liability is initially measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Trade and other payables, bank loans, loans from fellow group companies, preference shares and financial liability from arrangements which constitute financing transactions are subsequently carried at amortised cost, using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is treated as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as due within one year if payment is due within one year or less. If not, they are presented as falling due after more than one year. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

*(iii) Offsetting*

FRS102, 11.38A, 12.25A

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**(i) 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.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

**3 Summary of significant accounting policies – continued**

**(i) Taxation - continued**

*(i) 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 statement of financial position 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 statement of financial position date.

Timing differences are temporary differences between surpluses as computed for taxation purposes and surpluses 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 statement of financial position date. Deferred tax is not discounted.

**(j) Revenue Recognition**

*(i) State Grants*

Grants from the Higher Education Authority and other government bodies are recognised based on the accrual model and are measured at fair value of the asset received or receivable. Grants are classified as relating either to revenue or assets. Recurrent and non-recurrent grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants from the Higher Education Authority or other government bodies received in respect of the acquisition or construction of fixed assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

*(ii) Academic Fees*

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

*(iii) Research grants and contracts*

Income from research grants and contracts from government sources is recognised based on the performance/accrual model. Income from research grants and contracts from non-government sources is recognised based on the performance model i.e income is recognised to the extent that performance-related conditions have been met.

*Research grants from non-government sources*

Income from grants from non-government sources is recognised in the Statement of Comprehensive Income when performance related conditions are met. If a restriction in use but no performance related condition exists, the income is recorded in the Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

**3 Summary of significant accounting policies - continued**

**(j) Revenue Recognition - continued**

Grants with unfulfilled performance related conditions are held as deferred income until such time as the conditions are met, at which point the income is recorded in the Statement of Comprehensive Income.

Grants with restrictions are recorded within the Statement of Comprehensive Income on entitlement to the income and subsequently retained within a restricted reserve until such time that the expenditure is incurred in line with the restriction.

*(iv) Donations*

The most common classes of such transactions are:

*1) Donations with no restrictions*

Donations with no restrictions include amounts given to the University by way of cash or asset with no restriction as to how the donation should be used. Such donations are recorded in the Statement of Comprehensive Income on entitlement to the income.

*2) Donations with restrictions*

Donations with restrictions are recorded in the Statement of Comprehensive Income on entitlement to the income. The restricted income received is held in the temporarily restricted reserve until such time that the expenditure is incurred in accordance with the restrictions.

*(v) Income from short-term deposits*

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

*(vi) 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.

*(vii) Other income*

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

**(k) Leasing**

*(i) Finance leases*

Finance leases transfer substantially all the risks and rewards incidental to ownership to the lessor.

At the commencement of the finance lease term the university recognises its right of use and obligation under a finance lease as an asset and a liability at the amount equal to the fair value of the leased asset, or if lower, at the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the university's incremental borrowing rate is used. Incremental and directly attributable costs incurred in negotiating and arranging a finance lease are included in the cost of the asset.

Assets under finance leases are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at the end of each financial year.

The minimum lease payments are apportioned between the outstanding liability and finance charges, using the effective interest method, to produce a constant periodic rate of interest on the remaining balance of the liability.

*(ii) Operating leases*

Operating leases do not transfer substantially all the risks and rewards of ownership to the lessor. Payments under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the period of the lease.



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

**3 Summary of significant accounting policies - continued**

**(l) Investments**

Investments are stated at cost less any permanent diminution in value. Investment income is recognised on an accruals basis. Investments included in current assets have a maturity of 12 months or less.

**(m) Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those qualifying assets, until such time as the qualifying assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the statement of comprehensive income in the financial year in which they are incurred.

**(n) Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities. Cash and cash equivalents are initially measured at transaction price and subsequently measured at amortised cost.

Bank deposits which have original maturities of more than three months are not cash and cash equivalent and are presented as current asset investments.

**(o) Employee benefits**

The university provides a range of benefits to employees, including short term employee benefits such as annual bonus arrangements and paid holiday arrangements and post-employment benefits (in the form of defined benefit or defined contribution retirement benefit plans). A subsidiary company operates a performance related bonus up to an agreed monetary value (see note 10).

*(i) Short term employee benefits*

Short term employee benefits, including paid holiday arrangements and other similar non-monetary benefits, are recognised as an expense in the financial year in which employees render the related service. The university operates an annual bonus plan for employees. An expense is recognised in the statement of comprehensive income when the university has a present legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

*(ii) Post-employment benefits*

*Defined contribution plan*

The university operates a defined contribution plan for certain employees. A defined contribution plan is a retirement benefit plan under which the university pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further contributions or to make direct benefit payments to employees if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The assets of the plan are held separately from the university in independently administered funds. The contributions to the defined contribution plan are recognised as an expense when they are due. Amounts not paid are shown in accruals in the statement of financial position.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

**3 Summary of significant accounting policies - continued**

**(o) Employee benefits - continued**

*Defined benefit pension schemes*

*(i) UL Superannuation scheme*

The pension benefits for employees are governed by the University of Limerick Superannuation (Amendment) Scheme (UL Superannuation 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 believes that it operates as an agent in the operation of the Scheme and does not contribute formally to the Scheme. The University believes that the liability in respect of the benefits payable to employees who are under UL Superannuation Scheme will be repaid in full by the HEA/State.

In accordance with FRS 102 Section 28.28, the University believes that it is virtually certain that the HEA/State will reimburse all of the expenditure required to settle the defined benefit obligation, and it recognises a reimbursable asset (plan 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 other comprehensive income for the year in which they occur.

*(ii) The Single Public Service Pension Scheme*

The Single Public Service Pension Scheme commenced with effect from 1 January 2013. Most new employees after this date in the University will be members of the Single Scheme which is an unfunded defined benefit scheme, funded annually on a pay as you go scheme from monies provided by the HEA. Pension contributions are remitted to the Department of Public Expenditure and Reform. The University is prescribed in S.I. No 584 of 2012 as a relevant authority for the purposes of the single Scheme. Future benefits accruing to Scheme members have been provided for in these financial statements. 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. Accordingly the University recognises an asset, an amount comprising the unfunded deferred liability for pensions as the liabilities are considered to be guaranteed by the State.

**(p) Provisions and contingencies**

*(i) Provisions*

Provisions are liabilities of uncertain timing or amount.

Provisions are recognised when the university has a present legal or constructive obligation as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

**3 Summary of significant accounting policies - continued**

**(p) Provisions and contingencies - continued**

Provisions are measured at the present value of the best estimate of the amount required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at the end of each financial year and adjusted to reflect the current best estimate of the amount required to settle the obligation. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income, presented as part of 'interest payable and similar charges' in the financial year in which it arises.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

In particular:

- (i) Restructuring provisions are recognised when the university has a legal or constructive obligation at the end of the financial year to carry out the restructuring. The university has a constructive obligation to carry out a restructuring when there is a detailed, formal plan for the restructuring and the university has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected; and
- (ii) Provision is not made for future operating losses.

*(ii) Contingencies*

Contingent liabilities, arising as a result of past events, are not recognised as a liability because it is not probable that the university will be required to transfer economic benefits in settlement of the obligation or the amount cannot be reliably measured at the end of the financial year. Possible but uncertain obligations are not recognised as liabilities but are contingent liabilities. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

**(q) Grants**

Capital government grants (other than Land) are treated as deferred income, which is credited to the income and expenditure account on the same basis as the related assets are depreciated.

Non-government Capital Grants are accounted for under the performance model and are recognised in the Statement of Comprehensive Income when the performance related conditions have been met.

**(r) Impairment of non-financial assets**

At the end of each financial year date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash-generating unit) is estimated.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

**3 Summary of significant accounting policies - continued**

**(r) Impairment of non-financial assets - continued**

The recoverable amount of the asset (or cash-generating unit) is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from continuing use of the asset (or cash-generating unit) and from its ultimate disposal. In measuring value-in-use pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the recoverable amount of the asset (or cash-generating unit) is less than the carrying amount of the asset (or cash-generating unit) the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income, unless the asset has been revalued. If the asset has been revalued the impairment loss is recognised in other comprehensive income to the extent of the revaluation gains accumulated in equity in respect of that asset. Thereafter any excess is recognised in the statement of comprehensive income.

If an impairment loss reverses (the reasons for the impairment loss have ceased to apply), the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior financial years. A reversal of an impairment loss is recognised in the statement of comprehensive income, unless the asset is carried at a revalued amount.

**4 Critical accounting judgements and key sources of estimation uncertainty**

Estimates and judgements made in the process of preparing the entity financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**(a) Critical accounting estimates and assumptions**

The governors make estimates and assumptions concerning the future in the process of preparing the University financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

*(i) Useful economic lives of tangible fixed assets*

The annual depreciation on tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reviewed annually. They are amended when necessary to reflect current estimates, based on future refurbishment plans, economic utilisation and the physical condition of the assets. See note 15 for the carrying amount of the tangible fixed assets, and note 3(e) for the useful economic lives for each class of tangible fixed assets.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

**4 Critical accounting judgements and key sources of estimation uncertainty - continued**

**(a) Critical accounting estimates and assumptions - continued**

*(ii) Impairment of receivables*

The governors make an assessment at the end of each financial year of whether there is objective evidence that a trade or other debtor is impaired. When assessing impairment of trade and other receivables, the governors consider factors including the current credit rating of the debtor, the age profile of outstanding invoices, recent correspondence and trading activity, and historical experience of cash collections from the debtor.

*(iii) University of Limerick Foundation*

The financial statements of the University of Limerick Foundation are excluded from these financial statements as the Foundation is not controlled by the University of Limerick. Details of activity with the University of Limerick Foundation is set out in note 26.

*(iv) Employee Benefits*

The accrual for holidays earned but not taken is based on estimates of total holiday leave less leave taken.

*(v) Pension Provisions*

The pension provision is calculated based on actuarial assumptions provided by an actuary annually. The actuarial assumptions include discount rates, salary increases, pension increases and inflation rates.

**5 State Grants**

	Consolidated & University	
	2017	2016
	€'000	€'000
State grant allocated for recurrent purposes	26,925	23,661
State grant pension*	13,911	12,513
	<u>40,836</u>	<u>36,174</u>

All of the above grant income was received from the Higher Education Authority.

\*State grant pension includes members contributions of €4.814m (2016: €nil).

State grant received in respect of current year	35,950	35,614
State grant deferred from prior accounting year	5,111	5,671
State grant deferred to subsequent accounting years	(225)	(5,111)
	<u>40,836</u>	<u>36,174</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.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

<b>6 Academic fees</b>	Consolidated & University	
	2017	2016
	€'000	€'000
Academic fee income	90,868	88,433
Miscellaneous fee income	1,881	1,197
Total fees paid by or on behalf of individual students	<u>92,749</u>	<u>89,630</u>

A total of €29,437,818 (2016: €28,388,849) included in academic fee income was paid directly by the Higher Education Authority.

<b>7 Research grants and contracts</b>	Consolidated & University	
	2017	2016
	€'000	€'000
State and semi-state	33,082	27,672
European Union	3,139	3,071
Industry	3,375	2,472
Other	2,431	2,369
	<u>42,027</u>	<u>35,584</u>

<b>8 Other operating income</b>	Consolidated	Consolidated	University	University
	2017	2016	2017	2016
	€	€	€	€
Residences	13,002	11,707	-	-
Other rental and concession income	2,336	2,747	1,755	2,111
Sports facility income	3,832	3,820	-	-
Contract labour services	2,837	1,768	-	-
Car park income	300	242	300	242
Research overheads	2,997	2,402	2,997	2,402
Employee retirement benefit contributions	802	3,329	802	3,329
Funded post income	1,326	1,776	1,326	1,776
Concert Hall	1,350	1,219	-	-
Other self-funded income	2,438	2,171	2,774	2,171
Other income	4,919	2,532	4,185	2,060
	<u>36,139</u>	<u>33,713</u>	<u>14,139</u>	<u>14,091</u>

<b>9 Interest income</b>	Consolidated	Consolidated	University	University
	2017	2016	2017	2016
	€'000	€'000	€'000	€'000
Interest income	<u>191</u>	<u>498</u>	<u>117</u>	<u>177</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

**10 Staff costs**

- (i) 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:

	Consolidated 2017 Number	Consolidated 2016 Number	University 2017 Number	University 2016 Number
Staff employed (WTE)	1,896	1,745	1,529	1,453
<b>Total</b>	<b>1,896</b>	<b>1,745</b>	<b>1,529</b>	<b>1,453</b>
		Restated		
	Consolidated 2017 €'000	Consolidated 2016 €'000	University 2017 €'000	University 2016 €'000
Short term employee benefits *	108,108	101,557	102,513	96,606
Social welfare	9,314	7,947	8,387	7,560
Defined contribution employers cost	160	127		
Pensions in payment (note 27)	13,919	12,513	13,919	12,513
	<b>131,501</b>	<b>122,144</b>	<b>124,819</b>	<b>116,679</b>

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

The board of a subsidiary, Plassey Campus Centre CLG, following a review of the year ahead and review of performance of current year put in place an annual fund of €56,500 to provide for performance related pay for staff involved in the development of summer business in the residences and visitor centre. This is a highly competitive market. During 2017, €35,700 (2016: €14,000) of this fund was awarded to staff.

The University commissioned a portrait of the Emeritus President for its Library boardroom. A smaller copy of the portrait at a cost of €3,500 was also commissioned with the intention of presenting it to him at a future date. The Emeritus President on his retirement in April 2017 received a gift voucher with a value of €1,000 from the University subsidiary Plassey Campus Centre (PCC) in recognition of his contribution and support to PCC.

**(ii) Governors**

No payments were made in the current or previous year to any governor for work undertaken in their role as governor. However of the 34 members of the Governing Authority, 16 are also members of staff of the University, of whom 3 are key management personnel. Their salaries are therefore included in the key management note below, while the other 13 members' salaries are stated separately below.

**(iii) Key management compensation**

The total remuneration for key management personnel for the year totalled €3.124m (2016 €2.725m). Key management personnel are both Governing Authority and Senior Managers, the compensation of both split out as follows:

	Consolidated		University	
	2017 Number	2016 Number	2017 Number	2016 Number
Governing Authority (staff members)	13	13	12	12
Governing Authority (non-staff members)	18	19	19	20
Senior management (13 employees)	13	9	13	9
	<b>44</b>	<b>41</b>	<b>44</b>	<b>41</b>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

**10 Staff costs - continued**

	Consolidated		University	
	2017 €'000	2016 €'000	2017 €'000	2016 €'000
Governing Authority (staff members)	1,329	1,346	1,190	1,188
Governing Authority (non-staff members)	-	-	-	-
Senior management (13 employees)	1,795	1,379	1,795	1,379
	<u>3,124</u>	<u>2,725</u>	<u>2,985</u>	<u>2,567</u>

The University has adopted a starting value of €60,000 to identify higher paid staff. Staff remuneration, in salary bands of €10,000 using €60,000 as the starting value is as follows.

	Consolidated Number of Employees 30 September 2017	Consolidated Number of Employees 30 September 2016	University Number of Employees 30 September 2017	University Number of Employees 30 September 2016
<b>Salary bands</b>				
€60,000 to €69,999	163	146	163	146
€70,000 to €79,999	136	134	135	133
€80,000 to €89,999	103	98	102	97
€90,000 to €99,999	30	38	29	38
€100,000 to €109,999	38	38	38	38
€110,000 to €119,999	13	12	12	11
€120,000 to €129,999	11	6	9	6
€130,000 to €139,999	42	46	42	46
€140,000 to €149,999	5	2	5	2
€150,000 to €159,999	0	5	0	2
€160,000 to €169,999	1	1	1	1
€170,000 to €179,999	0	1	0	1
€180,000 to €189,999	3	1	3	1
€190,000 to €199,999	0	0	0	0
€200,000 to €209,999	0	0	0	0
€210,000 to €219,999	0	1	0	1
€220,000 to €229,999	1	0	1	0
€300,000 to €309,999	1	0	1	0
€310,000 to €319,999	1	0	1	0
	<u>548</u>	<u>529</u>	<u>542</u>	<u>523</u>
Total				

The academic staff member in the salary band €300,000 to €309,999 benefited during the year from a payment under the University Intellectual Property Policy and would otherwise have been in the salary band €60,000 to €69,999. Similarly the academic staff member in the salary band €310,000 to €319,999 also benefited from a payment under the Intellectual Property Policy and would otherwise have been in the €70,000 - €79,999 salary band.



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

<b>11 Other operating expenses</b>	Consolidated 2017 €'000	Consolidated 2016 €'000	University 2017 €'000	University 2016 €'000
Consumables	2,053	2,305	2,010	2,256
Heat, light, water and power	3,483	3,631	2,926	3,032
Repairs and general maintenance	5,877	5,845	5,570	5,528
Travel	3,292	3,070	3,267	3,068
Student village management and maintenance	1,053	1,155	-	-
Equipment maintenance	747	726	747	726
Security	1,773	1,717	1,482	1,444
Telephone and administration	700	796	374	406
Advertising, promotions and publications	1,944	1,573	1,583	1,272
Subscriptions	668	628	667	627
Software licences	2,116	1,638	1,905	1,456
Audit and professional	4,791	3,798	4,608	3,687
Rent and rates	358	706	389	153
Ancillary and other self-funded programmes	8,770	9,443	8,770	9,443
Research expenditure	19,453	17,058	19,453	17,058
Capitation	1,240	1,197	1,240	1,197
Other expenses	6,781	7,958	5,339	6,663
Books and periodicals	640	676	640	676
Contract cleaning	3,275	2,973	1,924	1,757
Agent commission	684	962	684	962
Insurance	728	664	565	528
	<u>70,426</u>	<u>68,519</u>	<u>64,143</u>	<u>61,939</u>
	Consolidated 2017 €'000	Consolidated 2016 €'000	University 2017 €'000	University 2016 €'000
Other operating expenses include:				
Auditors' remuneration:				
- External audit - management auditor	79	121	67	68
- C&AG	35	31	35	31
- Internal audit	141	95	141	95
Other services from either external or internal audit service providers	<u>165</u>	<u>292</u>	<u>156</u>	<u>271</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.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

<b>12 Interest payable and similar charges</b>	Consolidated 2017 €'000	Consolidated 2016 €'000	University 2017 €'000	University 2016 €'000
On bank loans, overdrafts and other loans:				
Wholly repayable within 5 years, not by instalments	347	278	231	278
Wholly repayable within 5 years, by instalments	101	31	-	-
Wholly repayable in more than 5 years	900	533	900	286
<b>Total</b>	<b>1,348</b>	<b>842</b>	<b>1,131</b>	<b>564</b>

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.

<b>13 Taxation</b>	Consolidated 2017 €'000	Consolidated 2016 €'000	University 2017 €'000	University 2016 €'000
(a) Current taxation:				
Irish corporation tax on surplus for the year	1	4	-	-
Adjustments in respect of prior years	-	-	-	-
Current tax charge/(credit) for the year	1	4	-	-
Deferred tax:				
Origination and reversal of timing differences	-	-	-	-
Effect of reduction in tax rate on opening liability	-	-	-	-
Deferred tax charge/(credit) for the year	-	-	-	-
	<b>1</b>	<b>4</b>	<b>-</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

**13 Taxation - continued**

- (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:

	Consolidated		University	
	2017 €'000	2016 €'000	2017 €'000	2016 €'000
Surplus on continuing operations after depreciation of assets before taxation	<u>6,893</u>	<u>6,551</u>	<u>2,549</u>	<u>3,238</u>
Surplus before tax multiplied by the average rate of Irish corporation tax for the year of 12.5%	862	819	319	405
Effects of:				
Surplus not subject to Irish corporation tax	<u>(861)</u>	<u>(815)</u>	<u>(319)</u>	<u>(405)</u>
Current tax charge/(credit) for the year	<u>1</u>	<u>4</u>	<u>-</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.

**14 Surplus**

	2017 €'000	2016 €'000
The surplus for the year is made up as follows:		
University's surplus for the year	2,549	3,238
Surplus generated by subsidiary undertakings	<u>4,343</u>	<u>3,309</u>
Consolidated surplus for the year	<u>6,892</u>	<u>6,547</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

<b>15 Tangible fixed assets</b>	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 2015 (Restated)	490,562	2,197	7,603	62,072	462	536	563,432
Additions	19,337	214	1,031	7,255	831	-	28,668
Transfers	-	-	-	-	-	-	-
Disposals	-	-	(60)	(2,632)	-	-	(2,692)
At 30 September 2016	<u>509,899</u>	<u>2,411</u>	<u>8,574</u>	<u>66,695</u>	<u>1,293</u>	<u>536</u>	<u>589,408</u>
<b>Depreciation</b>							
At 30 September 2015 (Restated)	90,366	1,349	7,372	39,134	-	536	138,757
Charge for year	11,029	247	555	3,917	-	-	15,748
Disposals	-	-	(60)	(2,090)	-	-	(2,150)
At 30 September 2016	<u>101,395</u>	<u>1,596</u>	<u>7,867</u>	<u>40,961</u>	<u>-</u>	<u>536</u>	<u>152,355</u>
<b>Net book value</b>							
At 30 September 2016	<u>408,504</u>	<u>815</u>	<u>707</u>	<u>25,734</u>	<u>1,293</u>	<u>-</u>	<u>437,053</u>
At 30 September 2015 (Restated)	<u>400,196</u>	<u>848</u>	<u>231</u>	<u>22,938</u>	<u>462</u>	<u>-</u>	<u>424,675</u>
<b>Assets held under finance leases</b>				2016	2016	2015	2015
Included above are assets held under finance leases as follows:				Net book value	Depreciation charge	Net book value	Depreciation charge
				€'000	€'000	€'000	€'000
Administration assets				<u>2</u>	<u>1</u>	<u>3</u>	<u>1</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

<b>15 Tangible fixed assets - continued</b>	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 2016	509,899	2,411	8,574	66,695	1,293	536	589,408
Additions	19,525	122	530	14,503	-	-	34,680
Transfers	1,293	-	-	-	(1,293)	-	-
Revaluation	317	-	-	-	-	-	317
Transfer (note 16)	(1,570)	-	-	-	-	-	(1,570)
Disposals	-	-	(769)	(1,150)	-	-	(1,919)
At 30 September 2017	<u>529,464</u>	<u>2,533</u>	<u>8,335</u>	<u>80,048</u>	<u>-</u>	<u>536</u>	<u>620,916</u>
<b>Depreciation</b>							
At 30 September 2016	101,395	1,596	7,867	40,961	-	536	152,355
Charge for year	11,605	245	231	5,005	-	-	17,086
Disposals	-	-	(768)	(1,139)	-	-	(1,907)
At 30 September 2017	<u>113,000</u>	<u>1,841</u>	<u>7,330</u>	<u>44,827</u>	<u>-</u>	<u>536</u>	<u>167,534</u>
<b>Net book value</b>							
At 30 September 2017	<u>416,464</u>	<u>692</u>	<u>1,005</u>	<u>35,221</u>	<u>-</u>	<u>-</u>	<u>453,382</u>
At 30 September 2016	<u>408,504</u>	<u>815</u>	<u>707</u>	<u>25,734</u>	<u>1,293</u>	<u>-</u>	<u>437,053</u>
<b>Assets held under finance leases</b>				2017	2017	2016	2016
Included above are assets held under finance leases as follows:				Net book value	Depreciation charge	Net book value	Depreciation charge
				€'000	€'000	€'000	€'000
Administration assets				<u>-</u>	<u>-</u>	<u>2</u>	<u>1</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

<b>15 Tangible fixed assets - continued</b>	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 2015	358,534	2,197	7,603	49,023	-	536	417,893
Additions	16,186	214	1,031	2,771	-	-	20,202
Disposals	-	-	(60)	(2,583)	-	-	(2,643)
At 30 September 2016	<u>374,720</u>	<u>2,411</u>	<u>8,574</u>	<u>49,211</u>	<u>-</u>	<u>536</u>	<u>435,452</u>
<b>Depreciation</b>							
At 30 September 2015	84,428	1,349	7,372	27,810	-	536	121,495
Charge for year	7,462	247	555	2,950	-	-	11,214
Disposals	-	-	(60)	(2,080)	-	-	(2,140)
At 30 September 2016	<u>91,890</u>	<u>1,596</u>	<u>7,867</u>	<u>28,680</u>	<u>-</u>	<u>536</u>	<u>130,569</u>
<b>Net book value</b>							
At 30 September 2016	<u>282,830</u>	<u>815</u>	<u>707</u>	<u>20,531</u>	<u>-</u>	<u>-</u>	<u>304,883</u>
At 30 September 2015	<u>274,106</u>	<u>848</u>	<u>231</u>	<u>21,213</u>	<u>-</u>	<u>-</u>	<u>296,398</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.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

<b>15 Tangible fixed assets - continued</b>	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 2016	374,720	2,411	8,574	49,211	-	536	435,452
Additions	20,777	122	530	7,585	-	-	29,014
Disposals	-	-	(769)	(1,137)	-	-	(1,906)
At 30 September 2017	<u>395,497</u>	<u>2,533</u>	<u>8,335</u>	<u>55,659</u>	<u>-</u>	<u>536</u>	<u>462,560</u>
<b>Depreciation</b>							
At 30 September 2016	91,890	1,596	7,867	28,680	-	536	130,569
Charge for year	8,000	245	231	3,876	-	-	12,352
Disposals	-	-	(768)	(1,125)	-	-	(1,893)
At 30 September 2017	<u>99,890</u>	<u>1,841</u>	<u>7,330</u>	<u>31,431</u>	<u>-</u>	<u>536</u>	<u>141,028</u>
<b>Net book value</b>							
At 30 September 2017	<u>295,607</u>	<u>692</u>	<u>1,005</u>	<u>24,228</u>	<u>-</u>	<u>-</u>	<u>321,532</u>
At 30 September 2016	<u>282,830</u>	<u>815</u>	<u>707</u>	<u>20,531</u>	<u>-</u>	<u>-</u>	<u>304,883</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.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

**15 Tangible assets- continued**

During the years ended 30 September 2006 and 2007 additional accommodation was provided in Cappavilla Village by third party investors. This was provided in two phases Cappavilla Village 1 and 2. A subsidiary company managed these facilities for a subsequent ten year period. During the year ended September 2017 Phase 1 of Cappavilla Village was repurchased for €23.070m. During year ended 30 September 2018 the subsidiary has the option of purchasing Cappavilla Village phase 2 for €10.993m (note 20).

It is anticipated that this option will be exercised and in accordance with FRS102, Cappavilla Village Phase 2, and the related liabilities of €10.993m (note 20) are included in the group's statement of financial position. 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.

Plassey Village, Kilmurry Village, Thomond Village, Dromroe Village, Cappavilla Village Residences, Quigley Residences and William Brennan Court were stated at open market value, which was determined following a formal independent valuation by DTZ Sherry Fitzgerald Limited at 30 September 2014. The university applied the transition exemption in Section 35 of FRS102 and used this previous valuation as the deemed cost for certain freehold land and buildings on transition to FRS102. The deemed cost of the freehold land and buildings will be depreciated over the remaining useful lives of the freehold land and buildings. As the assets are depreciated or sold an appropriate transfer is made from the revaluation reserve to the statement of comprehensive income.

The investment element of the Park Point asset of €1.570m was transferred to investment property during the year. The investment property was stated at open market value, which was determined following a formal independent valuation by Savills at 30 September 2017.

**Heritage assets**

*Period house*

Plassey House is part of the working infrastructure of the University campus and as such is capitalised in the statement of financial position in line with FRS 102 section 17.

*Artwork, archives and printed books*

Artwork purchased for the benefit of the University is capitalised in the statement of financial position at original cost and is not depreciated. The value of artwork capitalised in the statement of financial position is €2,092k (2016: €138k). Archives, printed books and other artefacts donated to the University have not been capitalised as these are, in effect, inalienable, held in perpetuity, are mostly irreplaceable and are not readily realisable. They are neither disposed of for financial gain nor encumbered in any manner. Artwork, archives and printed books have been valued for insurance purposes at €8.56m (2016: €7.01m).

*Artwork*

The University is the permanent home of several art collections, including:

- The National Self-Portrait Collection of Ireland
- The Watercolour Society of Ireland Collection
- The O'Malley Sculpture Collection
- The Irish American Cultural Institute's O'Malley Collection
- The Armitage Collection
- The Medical Art Collection

The University's own Arts Collection includes outdoor sculptures by international artists including Michael Warren, Peter Logan, Alexandra Wejchert, James McKenna, Tom Fitzpatrick, Antony Gormley and Sean Scully. These sculptures have added significantly to the artistic and cultural ambience of the University and the region.

The University of Limerick seeks to acquire, preserve and provide access to unique and distinct materials including rare books, manuscripts and other primary sources, as well as strong collections of supporting published materials.



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

**15 Tangible assets- continued**

*Archives*

The University of Limerick houses a range of archival collections of private origin, including estate collections, the papers of noted literary and political figures, as well as collections of local interest. The archives are made available for consultation in the Reading Room.

*Printed Books*

The University of Limerick seeks to acquire, preserve and provide access to unique and distinct materials including rare books, manuscripts and other primary sources, as well as strong collections of supporting published materials.

During 2016, the University of Limerick signed an agreement to assume care of the Bolton Library, a collection of 12,000 early printed books, manuscripts and incunabula of exceptional academic and bibliographic importance.

Four year summary of Consolidated & University heritage assets	2017 €'000	2016 €'000	2015 €'000	2014 €'000
<b>Artwork</b>				
Opening balance - valuation	3,699	3,590	3,564	3,520
Additions – cost	46	109	26	44
Closing balance	<u>3,745</u>	<u>3,699</u>	<u>3,590</u>	<u>3,564</u>
<b>Archives</b>				
Opening balance - valuation	1,338	1,348	1,348	1,295
Additions – valuation	-	-	-	53
Change in valuation	120	(10)	-	-
Closing balance - valuation	<u>1,458</u>	<u>1,338</u>	<u>1,348</u>	<u>1,348</u>
<b>Printed books</b>				
Opening balance - valuation	1,973	2,323	2,323	2,223
Additions – valuation	5,289	-	-	100
Change in valuation	(300)	(350)	-	-
Closing balance - valuation	<u>6,962</u>	<u>1,973</u>	<u>2,323</u>	<u>2,323</u>

**16 Investment property**

	Consolidated		University	
	2017 €'000	2016 €'000	2017 €'000	2016 €'000
Munster training centre	4,300	5,344	4,300	5,344
Park Point	1,570	-	-	-
	<u>5,870</u>	<u>5,344</u>	<u>4,300</u>	<u>5,344</u>

The Munster training centre is leased to Munster Rugby on a 15 year lease, commencing from September 2016. The investment property is stated at open market value, which was determined by a formal valuation by Cushman Wakefield at 30 September 2017. The loss on investment was €1.044m.

The Park Point asset includes an investment property which was transferred to an investment property during the year. The investment property was stated at open market value following a formal independent valuation by Savills at 30 September 2017. The resulting gain on investment was €0.317m.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

**17 Financial instruments**

The carrying values of the Group's and University's financial assets and liabilities are summarised by category below:

	Group		University	
	2017	2016	2017	2016
	€'000	€'000	€'000	€'000
<b>Financial assets</b>				
<i>Measured at fair value through statement of comprehensive income</i>				
- Investments in listed equity instruments	2,157	3,103	-	-
<i>Debt instruments measured at amortised cost</i>				
- Long term loans receivable	-	-	-	-
<i>Measured at undiscounted amount receivable</i>				
- Trade and other receivables	6,843	7,995	5,404	4,497
- Amounts due from subsidiary undertakings	-	-	51,133	20,502
<i>Equity instruments measured at cost less impairment</i>				
- Fixed asset investments in unlisted equity instruments	-	-	-	-
- Current asset unlisted investments	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

17 Financial instruments - continued	Consolidated		University	
	2017 €'000	2016 €'000	2017 €'000	2016 €'000
<b>Financial liabilities</b>				
<i>Measured at amortised cost</i>				
Loans payable	107,256	60,833	101,653	53,809
Obligations under finance leases		-		-
<i>Measured at undiscounted amount payable</i>				
Bank loans and overdraft	6,112	6,062	4,474	4,286
Trade and other payables	10,759	19,382	9,637	3,350
Amounts owed to subsidiary companies	-	-	643	2,244

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	2017 €'000	2016 €'000
<i>Interest income and expense</i>		
Total interest income for financial assets at amortised cost	191	498
Total interest expense for financial liabilities at amortised cost	1,684	1,099
<i>Fair value gains and losses</i>		
On financial assets (including listed investments), measured at fair value through statement of comprehensive income	269	226
<i>Impairment losses</i>		
On financial assets measured at amortised cost	-	-
On unlisted equity instruments measured at cost less impairment	-	-
Investments at the year-end were held as follows:	2017 €'000	2016 €'000
Management funds	<u>2,157</u>	<u>3,103</u>

The market value as at 30 September 2017 of Managed funds represent units in a managed fund was

State Street Global Advisors	n/a	1,141
Kleinworth Benson Investors	2,157	1,961

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

**17 Financial instruments - continued**

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

<b>Subsidiary undertaking name</b>	<b>% Control</b>	<b>Activity</b>
<b>Incorporated</b>		
Plassey Campus Centre CLG	100%	Property Holding and Rental
Plassey Trust Company CLG	100%	Property Holding and Rental
Plassey Campus Developments Limited	100%	Construction Contracting
Kilmurry Village CLG	100%	Property Rental (non-trading)
Plassey Campus Arena CLG	100%	Operating the University Arena
Mountainridge Unlimited Company	100%	Providing assistance to new student accommodation initiatives (non-trading)
Adaremount Unlimited Company	100%	Management Company (non-trading)
Cariad Limited	100%	Property Holding (non-trading)
Marketing Centre for Small Business Limited (dissolved 15 September 2017)	100%	Marketing Support
University Concert Hall CLG	100%	Venue for artistic performances and other activities
Unijobs DAC	100%	Recruitment company
University of Limerick Alumni Association DAC	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.

The University holds minority shareholdings in a number of Campus Companies. Campus companies are created predominately from University of Limerick research results and approved in accordance with UL Campus company procedures. The University does not operate any investment fund nor does it invest any University funds into campus companies. The equity holding is a return for the intellectual property arrangements. These arrangements are covered by legal agreement between the University and the campus company including a provision that the University does not provide any warranties or assurance in relation to the use of the intellectual property by the campus company. In addition the University will generally seek an indemnity from the company around its use of the intellectual property. In initial shareholder agreements the University may reserve the right to appoint a director or observer to the board, this option has not been exercised. The right to a board seat is generally impacted by the various funding rounds which result in a dilution of the University shareholding and loss of right to a board appointment.

The carrying value of such investments in the University financial statements is €Nil.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

<b>18 Trade and other receivables</b>	Consolidated		University	
	2017	2016	2017	2016
	€'000	€'000	€'000	€'000
Trade receivables	5,532	8,799	5,723	6,085
Research grants and contracts receivable (note 30)	12,217	10,589	12,217	10,589
State grant receivable - HEA	425	1,912	425	1,912
Academic fees receivable	2,975	3,096	2,975	3,096
Prepayments	432	-	-	-
Amounts due from subsidiary undertakings	-	-	51,133	22,377
Other receivables	208	848	59	64
	<u>21,789</u>	<u>25,244</u>	<u>72,532</u>	<u>44,123</u>
<b>19 Cash at bank and in hand</b>	Consolidated		University	
	2017	2016	2017	2016
	€'000	€'000	€'000	€'000
Cash at bank including balances held on short term deposit	140,000	97,013	107,698	90,057
Restricted bank balances	2,025	18,649	-	-
	<u>142,025</u>	<u>115,662</u>	<u>107,698</u>	<u>90,057</u>
<b>20 Payables - Amounts falling due within one Year</b>	Consolidated		University	
	2017	2016	2017	2016
	€'000	€'000	€'000	€'000
Trade payables	3,480	2,838	2,658	1,634
Research grants and contracts in advance (note 28 & 30)	49,920	50,241	49,920	50,241
Academic fees received in advance	18,795	16,295	18,795	16,295
State grant received in advance - HEA	225	5,111	225	5,111
Accruals	13,438	7,720	8,349	7,295
Bank loans and overdrafts (note 22)	6,112	6,062	4,474	4,286
Amounts owed to subsidiary undertaking	-	-	643	2,244
Other taxation and social security	4,328	3,165	3,881	2,619
Other payables	12,667	19,966	6,336	5,299
Village buyback option (i)	10,993	23,070	-	-
Deferred capital grants (note 23)	5,913	5,113	5,913	5,113
	<u>125,871</u>	<u>139,581</u>	<u>101,194</u>	<u>100,137</u>

- (i) A subsidiary company manages the Cappavilla Village Phase 2 residence complexes and the other payables relates to an option to purchase the accommodation facilities in the next 12 months. It is anticipated that this option will be exercised and on this basis the asset and liability are recognised in the fellow subsidiary undertaking's statement of financial position in line with FRS102 (see note 15). During 2017 Cappavilla Village Phase 1 the option to repurchase was exercised and completed,

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

**21 Payables** - Amounts falling due after one year

	Consolidated		University	
	2017 €'000	2016 €'000	2017 €'000	2016 €'000
Bank loans (note 22)	107,256	60,833	101,653	53,809
Long term payables (i)	-	10,993	-	-
Deferred capital grants (note 23)	140,679	130,474	140,679	130,474
	<u>247,935</u>	<u>202,300</u>	<u>242,332</u>	<u>184,283</u>

**22 Borrowings**

	Consolidated		University	
	2017 €'000	2016 €'000	2017 €'000	2016 €'000
<b>(a) Bank loans and overdrafts</b>				
Bank loans and overdrafts are repayable as follows:				
Amounts due within one year	6,112	6,062	4,474	4,286
Due between one and two years	9,969	5,741	4,366	4,104
Due between two and five years	19,728	15,453	19,728	12,205
Due after more than five years	77,559	39,639	77,559	37,500
Total	<u>113,368</u>	<u>66,895</u>	<u>106,127</u>	<u>58,095</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 CLG 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.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

**22 Borrowings - continued**

**(b) Security details - continued**

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.

The European Investment Bank provided part of the funding necessary for the University's capital expenditure programme. The facility is repayable over a maximum of 20 years (2033) and currently incurs interest at Euribor plus a margin.

<b>23 Deferred capital grants</b>	State 2017 €'000	State 2016 €'000
<b>Consolidated and University</b>		
<b>At 1 October</b>		
Buildings	124,884	124,454
Equipment	10,703	10,419
Total	<u>135,587</u>	<u>134,873</u>
<b>Received during the year</b>		
Buildings	10,282	2,813
Equipment	6,636	2,014
Total	<u>16,918</u>	<u>4,827</u>
<b>Amortised to income and expenditure account</b>		
Buildings	(3,589)	(2,383)
Equipment	(2,324)	(1,730)
Total	<u>(5,913)</u>	<u>(4,113)</u>
<b>At 30 September</b>		
Buildings	131,577	124,884
Equipment	15,015	10,703
Total	<u>146,592</u>	<u>135,587</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

**24 Analysis of changes in net funds**

	At 30 September 2016 €'000	Cash flow €'000	At 30 September 2017 €'000
<b>Consolidated</b>			
Cash	115,662	26,363	142,025
Bank overdraft	(6,062)	(50)	(6,112)
	<u>109,600</u>	<u>26,313</u>	<u>135,913</u>
Loans	(60,833)	(46,423)	(107,256)
Total	<u>48,767</u>	<u>(20,110)</u>	<u>28,657</u>
<b>University</b>			
Cash	90,057	17,641	107,698
Bank overdraft	(4,286)	(188)	(4,474)
	<u>85,771</u>	<u>17,453</u>	<u>103,224</u>
Loans	(53,809)	(47,844)	(101,653)
Total	<u>31,962</u>	<u>(30,391)</u>	<u>1,571</u>

**25 Capital commitments**

	Consolidated		University	
	2017	2016	2017	2016
	€'000	€'000	€'000	€'000
Contracted for but not provided	13,261	30,180	13,261	30,180
Authorised but not contracted out	1,759	1,825	1,759	1,825
	<u>15,020</u>	<u>32,005</u>	<u>15,020</u>	<u>32,005</u>

Future minimum lease payments under non-cancellable operating leases at the end of the financial year were:

	Consolidated		University	
	2017	2016	2017	2016
	€'000	€'000	€'000	€'000
<b>Payments due</b>				
Not later than one year	264	252	264	252
Later than one year and not later than five years	1,179	1,131	1,179	1,131
Later than five years	<u>2,992</u>	<u>3,304</u>	<u>2,992</u>	<u>3,304</u>



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

**26 Related parties**

The University has availed of exemptions permitted under Section 33.1.A FRS 102.

University of Limerick Foundation

During the year the University contributed €382k (2016: €387k) towards the running costs of the Foundation. During the year the University received funding from the University of Limerick Foundation of €5,039k (2016: €5,858k). This funding was received for the following purposes:

	2017 €'000	2016 €'000
Funding completed capital projects included in other income*	157	1,000
Funded posts	657	903
Research grants and contracts	2,926	2,895
Ancillary projects included in other operating income	548	372
Scholarships included in student fee income	751	688
	<u>5,039</u>	<u>5,858</u>

The net assets of the University of Limerick Foundation at 31 August 2017 were €9.0m (2016: €6.5m).

Plassey Campus Developments

Plassey Campus Developments was the principal contractor associated with ongoing property development contracts totalling €18,019,783 in the year (2016: €13,746,202) on behalf of the University of Limerick. Representatives of the University are members of Plassey Campus Centre Company Limited by Guarantee. At the statement of financial position date €1,620,978 (2016: €1,489,057) was outstanding in respect of such work.

<u>Plassey Campus Arena CLG</u>	2017 €	2016 €
<i>Income:</i>		
University of Limerick	233,192	233,192
<i>Receivable at 30 September:</i>		
University of Limerick	<u>18,522</u>	<u>274,667</u>

University Concert Hall CLG

The University Concert Hall Limited provides lecture facilities to the University of Limerick as part of its normal trading activities.

The value of the facilities provided during the year amounted to €36,974 (2016: €36,989).

The balance due to the University of Limerick at the year-end amounted to €144,604 (2016: €50,375).

The balance due by University of Limerick at the year-end amounted to €2,442 (2016: €154,863).

**Other related parties**

Other related parties include Limerick City Council and Limerick City Corporation. Donations received from these parties were as follows:

	2017 €	2016 €
<b>Donations received</b>		
Limerick County Council (i)	-	17,000
	<u>-</u>	<u>17,000</u>

(i) Limerick Local Authorities have an ex officio member serving on the Board of Directors of University Concert Hall Limited.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

**27 Retirement benefits**

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

*Defined contribution retirement benefit 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 retirement benefit charge for the period represents contributions payable by the University to the scheme and amounted to €160k (2016: €127k) – note 10.

*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. The scheme provides for a retirement benefit and retirement lump sum based on pensionable pay on the date of retirement (average salary used if promoted within the last 3 years of service), and spouse's and children's pensions. Staff employed prior to 1 January 2006 must retire when they reach the age of 65. For staff employed after that date, there is no compulsory retirement age; an employee may retire at any time after reaching age 65. The scheme includes an actuarially reduced early retirement facility from age 55.

*Single public service retirement benefit scheme*

The Single Public Service Pension Scheme (Single Scheme), which the University operates on behalf of the Department of Public Expenditure & Reform, 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 retirement benefit 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 valuation prepared under FRS 102 Section 28 has been based on an actuarial valuation on 18 January 2018 by a qualified independent actuary to take account of the requirements of FRS 102 in order to assess the scheme liabilities at 30 September 2017 and 2016. The financial assumptions used to calculate scheme liabilities are:

	At 30 September 2017 Projected Unit %	At 30 September 2016 Projected Unit %
Valuation method		
Discount rate	2.30	1.50
Inflation rate	1.75	1.75
Salary increases	3.25	3.25
Pension increases	2.25	2.25

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

**27 Retirement benefits - continued**

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 retirement benefits*

The University recognises an asset, an amount corresponding to the unfunded deferred liability for retirement benefits. The University believes that it operates as an agent in the operation of the UL Superannuation Scheme and does not contribute financially to the Scheme. The University believes that it is virtually certain that the State will reimburse all of the expenditure required to settle the defined benefit obligation, and in accordance with FRS 102 recognises a reimbursable amount.

The University also recognises a reimbursable asset value under FRS102 in respect of the Single Scheme as the obligations and liabilities under the Single Scheme are guaranteed by the State.

<b>Consolidated and University</b>	2017 €'000	2016 €'000
<b>Analysis of amount charged to operating profit:</b>		
Current service cost	36,706	25,657
Past service cost	-	-
Total operating charge	<u>36,706</u>	<u>25,657</u>
<b>Analysis of the amount credited to other finance income:</b>		
Expected return on scheme assets	-	-
Interest on scheme liabilities	<u>(13,062)</u>	<u>(16,435)</u>
Net return	<u>(13,062)</u>	<u>(16,435)</u>
<b>Analysis of the amount recognised in statement of total recognised gains and losses:</b>	2017 €'000	2016 €'000
Actual less expected return on scheme assets	-	-
Experience gain/(loss)	(8,276)	(53,463)
Changes in assumptions	<u>151,524</u>	<u>(151,794)</u>
Actuarial gain/(loss) recognised in Statement of comprehensive income	<u>143,248</u>	<u>(205,257)</u>
<i>Movement in present value of defined benefit obligation</i>	2017 €'000	2016 €'000
At 1 October	877,777	638,363
Current service cost	36,706	25,657
Interest cost	13,062	16,435
Plan members - contributions	4,814	4,578
Actuarial loss/(gain)	(143,248)	205,257
Insurance premium for risk benefits	-	-
Benefits paid	<u>(13,919)</u>	<u>(12,513)</u>
At 30 September	<u>775,192</u>	<u>877,777</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

**27 Retirement benefits - continued**

<i>Analysis of movement in pension receivable during the year</i>	Consolidated & University	
	2017 €'000	2016 €'000
Pension receivable at beginning of year	877,777	638,363
Actuarial loss/(gain)	(143,248)	205,257
Incremental pension cost underwritten by the State (note 10)	27,601	17,722
State underwritten finance charge	13,062	16,435
Employer contributions	9,105	7,935
Members contributions	4,814	4,578
Insurance premium for risk benefits	-	-
Benefits paid	(13,919)	(12,513)
At 30 September	<u>775,192</u>	<u>877,777</u>

In accordance with the accounting policy (Note 3(o)), the total amount required to fund the retirement benefit deficit at 30 September 2017 amounts to €775,192,000 (2016: €877,777,000).

Within this figure, €11.6m (2016: €8.6m) relates to the accrued liability for the single Public Service Pension Scheme (Single Scheme).

History of actuarial gains and losses	2017 €'000	2016 €'000	2015 €'000	2014 €'000	2013 €'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	(8,276)	(53,463)	18,946	15,348	(12,554)
Expressed as a percentage of scheme liabilities	(1.1%)	(6.1%)	3.0%	2.5%	(2.5%)
Total amount recognised in statement of comprehensive income	143,248	(205,257)	18,946	86,466	36,556
Expressed as a percentage of scheme liabilities	18.5%	(23.4%)	3.0%	13.9%	7.2%

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

**28 Prior period adjustment to research income**

Under Section 39 of the University Act, the University is required to keep accounts in such form as may be approved by an tÚdarás. Accordingly the University had prepared Financial Statement in accordance with historically agreed harmonised format jointly developed by the Universities, the Higher Education Authority, and the Comptroller & Auditor General. The University also prepares consolidated financial statements under generally accepted accounting principles (GAAP).

The University operates its Agresso ERP system on the basis of the production of harmonised financial statements. This gives rise to a very manual process to arrive at GAAP financial statements. This is particularly complex in the case of research due to both the volume of individual research cost centres and the harmonised accounting policy for research grants and projects. Income in the harmonised accounts from contract research grants is included in the income and expenditure account to the extent that the related expenditure has been incurred. Contract research contribution to the University's direct costs is included in other income. In accordance with the research overheads policy .i.e. approximately 38% of overhead income is recognised as other income and the balance is deferred income, until it is expended on research activities, under the harmonised accounting policy.

A review of all research cost centres during the completion of the 2016-17 financial statements identified €3.606m of research income which had not previously been recognised as income in the GAAP financial statements.

This requires a restatement of prior period revenue reserves. This income has now been released to the Statement of Comprehensive Income 2016 €430K (prior years €3.176m).

**29 Events after the reporting period**

There were no significant events since the reporting period which could have implications for these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the financial year ended 30 September 2017**

**30 Circular 13/2014 - Management of and accountability for grants from exchequer funds**

This information is required by circular 13/2014 issued on 26 September 2014 by the Department of Expenditure and Public Reform. It is not a requirement under FRS 102.

	Grant Deferred/ (Due) 1/10/2016 €'000	Cash Received 2016-17 €'000	Taken to income 2016-17 €'000	Grant Deferred 30/09/2017 €'000	Grant (Due) 30/09/2017 €'000
<b>RESEARCH GRANTS</b>					
<b>Exchequer Funding</b>					
Science Foundation Ireland	11,758	17,131	16,991	14,636	(2,738)
Enterprise Ireland	3,128	8,902	8,052	5,796	(1,818)
Department of Agriculture, Food & Marine	20	540	606	440	(486)
Health Research Board	556	872	1,116	530	(218)
Irish Research Council	1,428	1,877	1,985	1,389	(68)
Higher Education Authority	(1,389)	872	95	324	(936)
State - other	6,942	2,868	3,406	7,292	(887)
Environment Protection Agency	47	620	753	279	(366)
Teagasc	29	61	77	46	(33)
<b>Sub-total Exchequer</b>	<b>22,519</b>	<b>33,743</b>	<b>33,081</b>	<b>30,732</b>	<b>(7,550)</b>
<b>Non Exchequer Funding</b>					
Industry	2,338	4,134	3,195	5,274	(1,997)
European Commission	2,486	5,258	3,321	5,296	(873)
Other	2,247	3,056	2,429	3,245	(372)
<b>Sub-total Non-Exchequer</b>	<b>7,071</b>	<b>12,448</b>	<b>8,945</b>	<b>13,815</b>	<b>(3,242)</b>
Other self-funded and ancillary activities	10,063	3,588	9,700	5,373	(1,424)
<b>Total Research Grants</b>	<b>39,653</b>	<b>49,778</b>	<b>51,726</b>	<b>49,920</b>	<b>(12,216)</b>
				Note 20	Note 18
<b>STATE GRANT RECURRENT</b>					
Higher Education Authority	5,111	35,950	40,836	225	-
<b>Total State Grant Recurrent</b>	<b>5,111</b>	<b>35,950</b>	<b>40,836</b>	<b>225</b>	<b>-</b>
				Note 20	
<b>STATE CAPITAL GRANT BUILDINGS</b>					
Higher Education Authority	0	10,282	10,282	0	0
<b>Total State Capital Grant</b>	<b>0</b>	<b>10,282</b>	<b>10,282</b>	<b>0</b>	<b>0</b>

In order to provide further clarity to users of these financial statements, Other self-funded and ancillary activities which was previously included within Other operating income is now shown separately on the face of the Statement of Comprehensive Income. Other self-funded and ancillary income comes from a variety of sources.

**31 Approval of financial statements**

The financial statements were approved by the Governing Authority on 14 December 2018.

**APPENDIX NOT FORMING PART OF THE UNIVERSITY'S  
FINANCIAL STATEMENTS AND NOT AUDITED BY THE  
COMPTROLLER AND AUDITOR GENERAL**

**The University of Limerick Foundation**

**Annual Report**

**Financial Year Ended 31 August 2017**



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## DIRECTORS AND OTHER INFORMATION

### Board of Directors

Loretta Brennan Glucksman (Chairman) (USA)  
Charles F Feeney  
Harry Fehily  
Kenneth Gorman (USA)  
Rose Hynes  
Paul Kimball (USA)  
Dr James McCarron (USA)  
Michael O'Keefe (USA)  
Michael Houlihan  
Paul O'Connell  
Ralph Parkes  
Dermot Smurfit  
Daniel Tierney  
Michael Tiernan  
Dr Edward Walsh  
Patrick Gerard Boland  
Kathleen O'Toole  
Richard Meaney  
Desmond Fitzgerald  
Mary Harney

### Solicitors

Holmes O'Malley Sexton  
Bishopsgate  
Henry Street  
Limerick

### Bankers

Bank of Ireland  
International Banking Division  
Baggott Street  
Dublin 4

Bank of Ireland  
University Branch  
Plassey  
Limerick

### Chief Executive Officer

David Cronin

### Secretary and Registered Office

Niall Murphy  
Plassey House  
University of Limerick  
Plassey Technological Park  
Limerick

**Registered Number: 147116**

**Charitable Status Number: CHY 9688**

### Independent Auditors

PricewaterhouseCoopers  
Chartered Accountants and Statutory Audit Firm  
Bank Place  
Limerick

## DIRECTORS' REPORT

The directors present their report and the audited financial statements of The University of Limerick Foundation ("the company") for the financial year ended 31 August 2017.

### Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with Irish law.

Irish law requires the directors to prepare financial statements for each financial year giving a true and fair view of the company's assets, liabilities and financial position at the end of the financial year and of the surplus or deficit of the company for the financial year. Under that law the directors have prepared the financial statements in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and promulgated by the Institute of Chartered Accountants in Ireland and Irish law).

Under Irish law, the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year and the surplus or deficit of the company for the financial year.

In preparing these financial statements, the directors are 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the company;
- enable, at any time, the assets, liabilities, financial position and surplus or deficit of the company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Legal status

The University of Limerick Foundation ("the company") is a company limited by guarantee. The liability of the members (of which there are 11) in the event of a winding up is limited to €1.27 each. The guarantee continues for one year after membership of the company ceases.

The company has been granted charitable exemption by the Revenue Commissioners.

### Principal activities and business review

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 directors consider any events that could lead to a substantial reduction in donations and income received as the principal risk faced by the company. The directors are satisfied that there are relationships in place and being developed at present that mitigate this risk.

Income increased by 25%, primarily arising from increased donations and gifts received during the year to €8,910,591 (2016: €7,113,607), however expenditure decreased due to a decrease in research and development grants payment in the year.

## DIRECTORS' REPORT - continued

### Accounting records

The measures taken by the directors to secure compliance with the company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at Plassey House, University of Limerick, National Technological Park, Limerick.

### Results

The company's surplus for the financial year was €2,469,193 (2016: €255,666). The directors recommend that this be added to the reserves brought forward.

### Future developments

The directors foresee no significant changes in the principal activities of the company in the foreseeable future.

### Disclosure of information to auditors

The directors in office at the date of this report have each confirmed that:

- as far as he/she is aware, there is no relevant audit information of which the company's statutory auditor is unaware; and
- he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's statutory auditors are aware of that information.

### Directors and secretary

The Constitution of the Company require the directors to retire by rotation. The names of the persons who were directors at any time during the year ended 31 August 2017 and since the year end are set out below. Unless indicated otherwise they served as directors for the entire year.

#### Directors:

Loretta Brennan Glucksman (Chairman) (USA)  
Daniel Barry (resigned 1 May 2017)  
Charles F Feeney  
Harry Fehily  
Kenneth Gorman (USA)  
Rose Hynes  
Paul Kimball (USA)  
Dr James McCarron (USA)  
John Murray (resigned 4 April 2018)  
Michael O'Keefe (USA)  
Michael Houlihan  
Paul O'Connell  
Ralph Parkes  
John Ryan (USA) (resigned 26 May 2017)  
Dermot Smurfit  
Daniel Tierney  
Michael Tiernan  
Dr Edward Walsh  
William Whelan (resigned 27 October 2016)  
Patrick Gerard Boland  
Kathleen O'Toole  
Richard Meaney (appointed 30 November 2016)  
Desmond Fitzgerald (appointed 1 May 2017)  
Mary Harney (appointed 9 April 2018)

### Events since the balance sheet date

There have been no significant events since the balance sheet date.

**DIRECTORS' REPORT - continued**

**Statutory auditors**

The statutory auditor, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

**On behalf of the board**

Loretta Brennan Glucksman  
Harry Fehily

24 May 2018



# ***Independent auditors' report to the members of The University of Limerick Foundation***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, The University of Limerick Foundation's financial statements:

- give a true and fair view of the company's assets, liabilities and financial position as at 31 August 2017 and of its surplus and cash flows for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and promulgated by the Institute of Chartered Accountants in Ireland and Irish law); and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Annual Report, which comprise:

- the balance sheet as at 31 August 2017;
  - the income and expenditure account for the year then ended;
  - the cash flow statement for the year then ended;
  - the statement of changes in equity for the year then ended; and
  - the notes to the financial statements, which include a description of the significant accounting policies.
- 

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.



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## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 August 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

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## Responsibilities for the financial statements and the audit

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

[https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf)

This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



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## Other required reporting

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### Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
  - In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
  - The financial statements are in agreement with the accounting records.
- 

### Companies Act 2014 exception reporting

#### *Directors' remuneration and transactions*

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

John Daly  
for and on behalf of PricewaterhouseCoopers  
Chartered Accountants and Statutory Audit Firm  
Limerick  
6 June 2018



**INCOME AND EXPENDITURE ACCOUNT**  
**For the financial year ended 31 August 2017**

	Notes	2017 €	2016 €
<b>Income</b>			
Donations and gifts		8,906,434	7,091,869
Bank interest		<u>4,157</u>	<u>21,738</u>
	5	<u>8,910,591</u>	<u>7,113,607</u>
<b>Other operating income</b>			
Gain on market value of investments	8	<u>357,181</u>	<u>346,818</u>
<b>Expenditure</b>			
Fundraising, publicity and administration		824,698	808,958
Research and development grants		<u>5,973,881</u>	<u>6,395,801</u>
		<u>6,798,579</u>	<u>7,204,759</u>
<b>Surplus for the financial year</b>	6	<u>2,469,193</u>	<u>255,666</u>

All amounts above relate to continuing operations.

The company had no comprehensive income apart from that reflected in the income and expenditure account above and, therefore, no separate statement of comprehensive income is presented.

**BALANCE SHEET**  
As at 31 August 2017

	Notes	2017 €	2016 €
<b>Fixed assets</b>			
Financial assets	8	<u>3,762,607</u>	<u>5,927,750</u>
<b>Current assets</b>			
Cash at bank and in hand		18,979,653	20,059,416
Short term investments		-	-
Debtors	9	<u>449,447</u>	<u>48,732</u>
		19,429,100	20,108,148
<b>Creditors</b> - amounts falling due within one year	10	<u>(14,186,487)</u>	<u>(19,499,871)</u>
<b>Net current assets</b>		<u>5,242,613</u>	<u>608,277</u>
<b>Net assets</b>		<u>9,005,220</u>	<u>6,536,027</u>
Permanent endowment fund		5,943,193	5,692,473
Venture capital fund		440,830	420,221
Income and expenditure account		<u>2,621,197</u>	<u>423,333</u>
<b>Total equity</b>	13	<u>9,005,220</u>	<u>6,536,027</u>

**On behalf of the board**

Loretta Brennan Glucksman  
Harry Fehily

**STATEMENT OF CHANGES IN EQUITY**  
**Financial Year Ended 31 August 2017**

	Venture capital fund €	Permanent endowment fund €	Income and expenditure account €	Total equity €
<b>Balance at 1 September 2015</b>	<u>457,985</u>	<u>5,468,305</u>	<u>354,071</u>	<u>6,280,361</u>
Investment (losses)/gains for the financial year	(28,249)	375,067	-	346,818
Endowment payments for the financial year	-	(150,899)	-	(150,899)
Surplus/(deficit) for the financial year	<u>-</u>	<u>-</u>	<u>59,747</u>	<u>59,747</u>
Total comprehensive income for the financial year	<u>(28,249)</u>	<u>224,168</u>	<u>59,747</u>	<u>255,666</u>
Transfers	<u>(9,515)</u>	<u>-</u>	<u>9,515</u>	<u>-</u>
<b>Balance at 31 August 2016</b>	<u>420,221</u>	<u>5,692,473</u>	<u>423,333</u>	<u>6,536,027</u>
Investment (losses)/gains for the financial year	(53,467)	410,648	-	357,181
Endowment payments for the financial year	-	(159,928)	-	(159,928)
Surplus/(deficit) for the financial year	<u>-</u>	<u>-</u>	<u>2,271,940</u>	<u>2,271,940</u>
Total comprehensive income for the financial year	<u>(53,467)</u>	<u>250,720</u>	<u>2,271,940</u>	<u>2,469,193</u>
Transfers	<u>74,076</u>	<u>-</u>	<u>(74,076)</u>	<u>-</u>
<b>Balance at 31 August 2017</b>	<u>440,830</u>	<u>5,943,193</u>	<u>2,621,197</u>	<u>9,005,220</u>

**CASH FLOW STATEMENT**

For the financial year ended 31 August 2017

	Notes	2017 €	2016 €
<b>Cash from operations</b>	11	(3,606,244)	8,433,013
Income taxes paid		-	-
<b>Net cash generated from operating activities</b>		<u>(3,606,244)</u>	<u>8,433,013</u>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of financial asset	8	2,694,199	1,083,899
Interest received	5	4,157	21,738
Purchase of financial asset	8	(171,875)	(74,384)
<b>Net cash used in financing activities</b>		<u>2,526,481</u>	<u>1,031,253</u>
<b>Cash flows from financial activities</b>			
Decrease/(increase) in long term activities		-	-
Net cash used in financing activities		<u>-</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>		(1,079,763)	9,464,266
<b>Cash and cash equivalents at 1 January</b>		<u>20,059,416</u>	<u>10,595,150</u>
<b>Cash and cash equivalents at 31 December</b>		<u>18,979,653</u>	<u>20,059,416</u>
<b>Cash and cash equivalents consist of:</b>			
Cash at bank and in hand		18,979,653	20,059,416
Short term investments		-	-
<b>Cash and cash equivalents</b>		<u>18,979,653</u>	<u>20,059,416</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 General information

The University of Limerick Foundation ("the company") is incorporated as a company limited by guarantee in the Republic of Ireland. 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.

At 31 August 2017 there were 11 guarantors whose guarantee is limited to €1.27 each. The guarantee continues for one year after membership of the company ceases.

### 2 Statement of compliance

The financial statements have been prepared on a going concern basis and in accordance with Irish GAAP (Accounting Standards issued by the Financial Reporting Council of the UK and promulgated by the Institute of Chartered Accountants in Ireland and the Companies Act 2014). The entity financial statements comply with Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2014.

### 3 Summary of significant accounting policies

The significant accounting policies used in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (a) Basis of preparation

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

The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date. It also requires the directors to exercise judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in note 4.

#### (b) Going concern

The company meets its day-to-day working capital requirements from donations received. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore these financial statements have been prepared on a going concern basis.

#### (c) Income

Income comprises donations and income on investments.

Donations received that have performance obligations attached are accounted for on an accruals basis. Donations are deferred to the balance sheet until such time as the performance related criteria have been met. Uncommitted donations are recognised on a cash receipts basis.

The use of income earned by the permanent endowment fund is restricted to certain types of expenditure. The excess of this income over expenditure is transferred to the permanent endowment fund.

#### (d) Receipts in kind

No value is attributed to donations received in kind from the University of Limerick and other third parties.

## NOTES TO THE FINANCIAL STATEMENTS - continued

### 3 Summary of significant accounting policies - continued

#### (e) Taxation

There is no charge to taxation as the company has been granted charitable exemption by the Revenue Commissioners.

#### (f) Financial assets and investments

Financial assets and investments are held at fair value. Changes in fair values are presented in the income and expenditure account.

#### (g) Foreign currencies

Income and expenses arising in foreign currencies are translated into Euro at the exchange rate ruling on the dates of the transactions.

Assets and liabilities in foreign currencies are translated into Euro at the rate ruling at the balance sheet date. All exchange differences arising during the year are dealt within the income and expenditure account.

#### (h) Employee benefits

The company provides a range of benefits to employees, including short term employee benefits such as paid holiday arrangements and post-employment benefits (in the form of defined contribution pension plans).

##### (i) Short term employee benefits

Short term employee benefits, including paid holiday arrangements and other similar non-monetary benefits, are recognised as an expense in the financial year in which employees render the related service.

##### (ii) Post-employment benefits

Pension benefits are funded over each relevant employees' service life by way of contributions to a separately administered fund. Annual contributions are charged to the income and expenditure account in the year to which they relate.

#### (i) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are initially measured at transaction price and subsequently measured at amortised cost.

Bank deposits which have original maturities of more than three months are not cash and cash equivalents and are presented as short term investments.

#### (j) Financial instruments

The company has chosen to apply the provisions of Sections 11 and 12 of FRS 102 to account for all of its financial instruments.

##### (i) Financial assets

Basic financial assets, including trade and other debtors, cash and cash equivalents, short-term deposits and investments, are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

## NOTES TO THE FINANCIAL STATEMENTS - continued

### 3 Summary of significant accounting policies - continued

#### (j) Financial instruments - continued

Trade and other debtors, cash and cash equivalents, investments and financial assets from arrangements which constitute financing transactions are subsequently measured at amortised cost using the effective interest method.

At the end of each financial year financial assets measured at amortised cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortised cost is impaired an impairment loss is recognised in profit or loss. The impairment loss is the difference between the financial asset's carrying amount and the present value of the financial asset's estimated cash inflows discounted at the asset's original effective interest rate.

If, in a subsequent financial year, the amount of an impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment loss not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

#### (ii) *Financial liabilities*

Basic financial liabilities, including trade and other creditors and loans are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial liability is initially measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Trade and other creditors and loans and financial liability from arrangements which constitute financing transactions are subsequently carried at amortised cost, using the effective interest method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as due within one year if payment is due within one year or less. If not, they are presented as falling due after more than one year. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

### 4 Critical accounting judgements and estimation uncertainty

Estimates and judgements made in the process of preparing the entity financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### (a) Critical judgement in applying the entity's accounting policies

The directors make estimates and assumptions that affect the reported amount of assets and liabilities. On an ongoing basis, management re-evaluates these estimates. The most significant estimates relate to the recognition of income and deferred income based on the performance obligations of a donation received. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. The actual amounts may vary from the estimates used in the preparation of the accompanying financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

5 Income	2017	2016
	€	€
Unrestricted	642,832	632,675
Restricted	8,267,759	6,480,932
	<u>8,910,591</u>	<u>7,113,607</u>

6 Surplus for the financial year	2017	2016
	€	€
Surplus for the financial year is stated after charging:		
Wages and salaries	284,283	283,611
Social insurance	30,549	30,488
Pension costs	244,263	238,972
	<u>559,095</u>	<u>553,071</u>
Directors' remuneration	-	-
Auditors' remuneration	<u>9,375</u>	<u>10,533</u>

7 Employer information	2017	2016
<b>(i) The average number of persons employed during the year (including shared employees), was:</b>		
Management and administration	<u>4</u>	<u>4</u>

**(ii) Key management compensation**

Key management includes members of senior management. The compensation paid or payable to key management for employee services is shown below. Compensation paid and payable includes salaries, social insurance costs and post employment benefits.

	2017	2016
	€	€
Senior management	<u>396,656</u>	<u>389,657</u>
Total key management compensation	<u>396,656</u>	<u>389,657</u>



NOTES TO THE FINANCIAL STATEMENTS - continued

8 Financial assets	Managed funds €	BOI seed funds €	Total €
<b>Financial year ended 31 August 2016</b>			
At 1 September 2015	6,132,462	457,985	6,590,447
Invested	-	74,384	74,384
Divested	(1,000,000)	(83,899)	(1,083,899)
Fair value gain/(loss) on investments	375,067	(28,249)	346,818
At 31 August 2016	<u>5,507,529</u>	<u>420,221</u>	<u>5,927,750</u>
<b>Financial year ended 31 August 2017</b>			
At 1 September 2016	5,507,529	420,221	5,927,750
Invested		171,875	171,875
Divested	(2,596,400)	(97,799)	(2,694,199)
Fair value gain/(loss) on investments	410,648	(53,467)	357,181
At 31 August 2017	<u>3,321,777</u>	<u>440,830</u>	<u>3,762,607</u>

Financial assets represent units in managed and equity funds operated by State Street Global Advisors, Kleinwort Benson Investors and an investment in the Bank of Ireland Seed and Early Stage Equity Fund. The carrying values of the investments are as follows:

	2017 €	2016 €
State Street Global Advisors	-	2,402,084
Kleinwort Benson Investor Funds	3,321,777	3,105,445
BOI Seed and Early Stage Equity Fund	440,830	420,221
	<u>3,762,607</u>	<u>5,927,750</u>

The company together with a number of project partners, entered into a Limited Partnership Agreement in respect of the Bank of Ireland Seed and Early Stage Equity Fund in 2009, whereby it committed €1 million to the fund. The fund consists of investments in a number of high potential start-up unlisted entities.

9 Debtors - amounts falling due within one year	2017 €	2016 €
Debtors and other receivables	67,840	48,732
Amounts owed by related parties	381,607	-
	<u>449,447</u>	<u>48,732</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

<b>10 Creditors - amounts falling due within one year</b>	2017	2016
	€	€
Deferred income (performance related donations)	13,949,845	19,230,761
Accruals	64,921	75,609
Trade creditors	4,294	16,473
Amounts owed to related parties	158,386	157,025
Other creditors including tax and social insurance	9,041	20,003
	<u>14,186,487</u>	<u>19,499,871</u>
Other creditors including tax and social insurance comprise:		
Income tax deducted under PAYE	5,545	10,552
Pay related social insurance	3,496	9,451
	<u>9,041</u>	<u>20,003</u>

Trade and other creditors are payable at various dates in the three months after the end of the financial year in accordance with the creditors usual and customary credit terms.

Creditors for tax and social insurance are payable in the timeframe set down in the relevant legislation.

<b>11 Note to the statement of cash flows</b>	2017	2016
	€	€
<b>Surplus for the year</b>	2,469,193	255,666
Tax on profit on ordinary activities	-	-
<b>Surplus for the year</b>	<u>2,469,193</u>	<u>255,666</u>
Working capital movements		
- (decrease)/increase in creditors	(5,313,384)	8,306,630
- (increase)/decrease in debtors	(400,715)	239,273
Interest income	(4,157)	(21,738)
Gain on investments	(357,181)	(346,818)
<b>Cash flow from operating activities</b>	<u>(3,606,244)</u>	<u>8,433,013</u>

**12 Related party transactions**

During the year the company received donations and other income in respect of fundraising events in the amount of €80,891 (2016: €82,226) from directors of the company and related parties. Amounts of €158,506 (2016: €156,894) were recorded as owed to University of Limerick at 31 August 2017 and amounts of €381,607 (2016: €NIL) were recorded as being owed from University of Limerick at 31 August 2017.

## NOTES TO THE FINANCIAL STATEMENTS - continued

### 13 Total equity

A description of the nature of each component of equity is provided below.

The movement in each component of equity in the current and previous financial year is provided in the Statement of Changes in Equity.

#### **Venture capital fund**

This represents funds allocated specifically for investment in domestic start up operations. Movements represent additional amounts invested, gains or losses on market value and/or on disposals of any of these investments.

#### **Permanent endowment fund**

This represents monies received to provide for a permanent endowment to fund scholarships and other activities in the University of Limerick on an annual basis.

#### **Income and expenditure account**

This represents the accumulated unrestricted surplus from the entity's operations.

### 14 Events since balance sheet date

There were no significant events since the balance sheet date.

### 15 Approval of financial statements

The financial statements were approved by the directors on 24 May 2018.

# OVERALL CERTIFICATE FOR FINANCIAL STATEMENTS SECTION 347(2)(b), COMPANIES ACT 2014

Company Name: The University of Limerick Foundation

Company Number: 147116

Financial Year: 31 August 2017

## CERTIFICATE:

**WE HEREBY CERTIFY** that all financial statement documents which are required under Part 6 of the Companies Act 2014 to be annexed to this annual return, have been so annexed, and that they are true copies of the originals, or information extracted from the originals, laid or to be laid before the relevant general meeting, or presented to the member(s).

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_  
(Typed or block capitals)

Name: \_\_\_\_\_  
(Typed or block capitals)

Date: \_\_\_\_\_

Date: \_\_\_\_\_