

**FINANCIAL REPORT  
YEAR ENDED 30 SEPTEMBER 2006**

**REPORT OF VICE PRESIDENT FINANCE**

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**1 INTRODUCTION**

The financial statements for the year to 30 September 2006 have been prepared in accordance with this historically agreed harmonised format jointly developed by the universities, the Higher Education Authority, and the Comptroller & Auditor General.

A consolidated set of financial statements, based on generally accepted accounting principles (GAAP) has also been prepared for the year to September 2006, and incorporates the activities of the University's subsidiary companies, together with the core revenue and expenditure outlined in this set of financial statements.

**2 RECURRENT INCOME**

Income increased to €2.65 million from €2.49 million, representing a satisfactory growth of 12.3% over the previous year.

State grant increased from €0.72 million to €4.4 million representing a growth of 14.0%, while student fee income increased 10% from €3.26 million to €4.12 million.

Income from other sources increased from €3.51 million to €4.12 million, a growth of 17.5%, due mainly to an increase in deposit interest income, and an increase in international students.

**3 RECURRENT EXPENDITURE**

Recurrent expenditure grew from €3.58 million to €4.16 million, an increase of 12.7% reflecting the continuing increase in pay awards, general non pay inflation and strategic development of a number of new academic programmes to enable the University meet market demand and national priorities. Pay costs currently represent 66% of the total expenditure, which limits the ability of the University to respond to opportunities that meet the mid to long-term strategic objectives.

**4 CONTRACT RESEARCH AND OTHER SELF FUNDED PROJECTS**

Contract Research income increased by 13% from €20.67 million to €23.38 million during the year under review. The continued increase in contract research income reflects the commitment and dedication of the research active academic staff in furthering the University's research agenda. Notable research success during the year includes the awarding of €4.3 million to the Mathematics Applications Consortium for Science and Industry by Science Foundation Ireland (SFI), the largest award nationally given to the applied mathematics area to date. It is important to note that the increase in research income has an impact on the recurrent income and expenditure, particularly due to the fact that the overheads associated with Research are not adequately covered by research funding providers

Self funded projects increased by 13.9% from €2.2 million to €2.5 million, and reflects the increasing focus within the University towards increasing income from non State sources.

REPORT OF VICE PRESIDENT FINANCE

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**5 CAPITAL PROGRAMME**

University capital expenditure amounted to just under €1 million during the year, €2.9 million related to equipment, and the balance relating to land and buildings. This investment is a sub set of the 2005 – 2010 physical development programme being implemented on campus. During the year, phase one of the Cappavilla student village was completed and is now fully operational. Projects being actively progressed include phase two of Cappavilla Village, the Living Bridge, Language Building, Library Building Phase 2, the Irish World Academy of Music and Dance building and the Kemmy Business School Building. Funding for the projects approved by the Kelly report continues to be sought from the State.

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

**6 CONCLUSION**

The financial out turn for the year under review is unsatisfactory. Despite continued cutbacks made in the areas of pay and non pay, and a proactive approach to generating non State income, a deficit of €1.51 million was incurred for the financial year to September 2006. This deficit has arisen due to the continued shortfall in State funding to cover the increased operational costs of the University, together with the impact of statutory obligations such as the Fixed Term Workers Act. While the implementation of the revised grant allocation model is welcome, it is clear that the model will not provide additional funds into the educational sector and involves moving the existing funding between the Universities. Initial analysis performed indicates minimal increase for the University of Limerick, which is disappointing, and further highlights the need to find alternate sources of funding if we are to achieve the strategic objectives of the University.

The University finalised its five year Strategic Plan during the year under review and the development of implementation plans is underway. A welcome new funding source, the Strategic Innovation Fund was launched by the Minister for Education and Science in July 2006, and UL competed successfully in the first cycle of this fund.

The continued commitment and dedication of all University personnel in progressing the aims of the University is hereby commended.

**Ailish Quinlivan**  
**Vice President Finance**  
**19th January 2007**

STATEMENT OF RESPONSIBILITIES

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**Statement of Responsibilities**

The University is required to keep in such form as may be required by the Harmonisation of Financial Accounts agreement as adopted by all Irish Universities all proper and usual accounts of money received and expended by it. In preparing those accounts, the University is required to:

- Select Suitable accounting policies that are in accordance with the Harmonisation of Financial Accounts agreement and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on a going concern basis unless that basis is inappropriate;

The University is responsible for keeping proper books of account which disclose at any time the financial position of the University and which enables it to ensure that its financial statements are prepared in accordance with the Harmonisation of Financial Accounts agreement. The University is also responsible for safeguarding all assets under its operational control and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

A separate set of financial statements will be prepared to comply and in accordance with generally accepted accounting principles in Ireland and the UK whereas these financial statements prepared for the Higher Education Authority are prepared in accordance with the Harmonisation of Financial Accounts Agreement.

The financial statements have been prepared in accordance with the terms of the foregoing statement of responsibilities and have been audited by PricewaterhouseCoopers, the management auditors of the University.

It should be noted that the Comptroller and Auditor General is the statutory auditor of the University.

On behalf of the University

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President

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Vice President Finance

STATEMENT OF ACCOUNTING POLICIES

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**1. Financial Statements**

The financial statements reflect the teaching, research and related service activities of the University.

**2. Accounting Convention**

The financial statements are prepared under the historical cost convention, modified to include the revaluation of land and buildings. They are presented in accordance with the existing Harmonisation of Financial Accounts Agreement as adopted by all Irish Universities. The Financial Statements for the year ended 30 September 2006 and subsequent years will also be prepared in the new format on a consolidated basis and in accordance with the generally accepted accounting principles in Ireland and the U.K.

**3. State Grants for Recurrent Expenditure**

Recurrent Grants have been recognised on an accruals basis.

Recurrent Grants, which have been used for the purchase of fixed assets and for the financing of the capital portion of lease charges, are included in the General Reserve.

**4. Grants for Capital Expenditure**

State and Other Grants for capital expenditure are included in the financial statements of the period to the extent of cash received.

**5. Fee Income**

Fee income is accounted for on an accruals basis and reported at EU fee levels. Non-EU fee income is included up to the EU level with any excess (up to the most recent related Unit Cost) being reported under Other Income. Any further excess over the most recent related Unit Cost is included in Restricted Reserves.

**6. Other Income**

Other Income includes a charge levied on certain capital projects in respect of the interest income foregone by the University by the funding of these projects from its own funds. The charge is levied based upon the average rate of interest earned by the University on its deposits and forms part of the overall cost of the relevant project.

**7. Approved Allocations**

The income and expenditure account is prepared on an accruals basis with the following exceptions:

- i) Non-pay expenditure of academic departments and certain service departments.
- ii) Departmental Equipment and Minor Works.

In these cases internal balances are carried forward in the Balance Sheet under Current Assets or Liabilities, as appropriate.

STATEMENT OF ACCOUNTING POLICIES - / Continued

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**8. Fixed Assets and Depreciation**

Land has been valued on the existing use basis on 1 October 1998 at a valuation of €126,974 per acre. All subsequent additions are stated at cost.

Buildings, acquired and constructed prior to 1 October 1998, have been valued on an existing use basis at a standard cost of €2,413 per square metre. Buildings, partially constructed at 1 October 1998, are valued at actual cost. All subsequent additions are stated at cost. All buildings are depreciated as noted below.

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.

Equipment, Fixtures and Fittings are stated at cost less accumulated depreciation. Equipment costing less than €25,000 per individual item is written off to the income and expenditure account in the year of acquisition.

The estimated useful lives of fixed assets by reference to which depreciation has been calculated on a straight-line basis is as follows:

Buildings	50 years
Equipment and Furniture	10 years
Computer Equipment	3 years
Leased Assets	5 years or primary lease period if shorter

The revalued amounts include certain buildings, which were originally funded by the Department of Education and Science.

**9. Capital Expenditure met from Core Teaching Budget**

Capital Expenditure, which is financed from the Core Teaching Budget, is charged against income in the year in which the expenditure is incurred. The expenditure is also credited to General Reserve, shown as a part of Fixed Assets and depreciated in accordance with the Accounting Policy set out above.

**10. Leased Assets**

The cost of Fixed Assets acquired under finance leases is included in Fixed Assets and written-off over the estimated useful lives of the assets at the rates set out in the policy above, or over the lease period if shorter.

**11. General Reserve**

The General Reserve represents the value of funding, after amortisation, applied for capital purposes together with the reserve generated on the revaluation of the buildings and the balance on ancillary service activities.

STATEMENT OF ACCOUNTING POLICIES - / Continued

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**12. Research Grants and Projects**

Contract research expenditure is shown net of contribution to indirect costs. Income 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 indirect costs is included in Other Income.

**13. Stocks**

Stocks are stated at the lower of cost and net realisable value.

**14. Pensions**

Superannuation benefits are conferred by the University of Limerick Superannuation (Amendment) Scheme. The scheme, which provides for defined benefits, is non-funded and benefits are met from current revenue as they arise. Accordingly, the financial statements do not provide for the University's liability in respect of contributions made by members of the scheme or its actuarial superannuation liability to the members of the scheme. The disclosure requirements of the recently issued accounting standard FRS 17 'Retirement Benefits' have not been adopted in these financial statements which are presented in accordance with the 'Harmonisation of Accounts format as adopted by all Irish universities. FRS 17 has implications for the Public Sector generally which are currently being considered.

**15. Foreign Currency**

Costs denominated in foreign currencies are translated at the exchange rates ruling at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated into Euros at the rate of exchange ruling at the Balance Sheet date. The resulting profits or losses are dealt within the Income and Expenditure Account.

**16. Taxation**

No provision has been made for taxation as the University holds tax-exempt status.

**17. Ancillary Services**

Ancillary Services are services provided on campus, on a cost recovery basis, and are planned to break-even in the medium term. The net out-turn on such activities is transferred to the General Reserve.

**18. Restricted Reserves**

Restricted Reserves comprise the unused portion of funds made available to the University for specified purposes.

**19. Mary Immaculate College**

In accordance with the memorandum of understanding between the University and Mary Immaculate College, which sets out the terms of the linkage between both institutions, funds received by the University on behalf of Mary Immaculate College are transferred immediately following receipt.

**UNIVERSITY OF LIMERICK**

**CURRENT INCOME AND EXPENDITURE ACCOUNT**

**YEAR ENDED 30 SEPTEMBER**

<b>INCOM</b>	<b>NOTE</b>	<b>2006 €000</b>	<b>2005 €000</b>
State	1	46,405	40,715
Student Fees	2	42,119	38,264
Other Income	3	<u>4,122</u>	<u>3,508</u>
		92,646	82,487
Contract Research and Other Self-Funded Projects	4	<u>33,873</u>	<u>29,884</u>
		126,519	112,371
Mary Immaculate College			
State		7,849	10,622
Student Fees		6,600	6,000
Less amount transferred to College		<u>(14,449)</u>	<u>(16,622)</u>
<b>Tota</b>		<b><u>126,519</u></b>	<b><u>112,371</u></b>
<b>EXPENDITURE</b>			
Colleges and Departments	5	52,459	47,133
Academic and Other Services	6	9,332	9,134
Premise	7	12,197	10,742
Amount allocated for Capital Purposes	8	1,539	1,549
Central Administration and Services	9	10,060	7,796
General Educational Expenditure	10	1,708	1,678
Student Services	11	2,533	2,336
Miscellaneous Expenditure	12	4,331	3,211
		<u>94,159</u>	<u>83,579</u>
Contract Research and Other Self-Funded Projects	4	<u>33,873</u>	<u>29,884</u>
<b>Tota</b>	13	<b><u>128,032</u></b>	<b><u>113,463</u></b>
<b>Deficit on Activities before Amortisation of Capital Reserves and Grants, Ancillary Services and Depreciation of Fixed Assets</b>		<b>(1,513)</b>	<b>(1,092)</b>
Surplus/(Deficit) on Ancillary Services	14	<b>197</b>	<b>(415)</b>
Depreciation of Fixed Assets	15	<b>(8,255)</b>	<b>(8,132)</b>
General Reserve Movement	16	<b>8,058</b>	<b>8,547</b>
<b>NET DEFICIT for year</b>	24	<b><u>(1,513)</u></b>	<b><u>(1,092)</u></b>

The statement of Accounting Policies, Cash Flow Statement and Notes 1 to 33 form part of these Financial Statements.

Presiden

Vice-President Finance



STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES      YEAR ENDED 30 SEPTEMBER

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	2006 €000	2005 €000
DEFICIT for year	(1,513)	(1,092)
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<b>Total recognised gains and losses relating to year</b>	<b><u>(1,513)</u></b>	<b><u>(1,092)</u></b>

The Statement of Accounting Policies, Cash Flow Statement and Notes 1 to 33 form part of these Financial Statements.

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Presiden

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Vice-President Finance

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**UNIVERSITY OF LIMERICK**

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**BALANCE SHEET****YEAR ENDED 30 SEPTEMBER**

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	NOTES	2006 €000	2005 €000
<b>TANGIBLE FIXED ASSETS</b>	17	<u>272,468</u>	<u>269,901</u>
<b>INVESTMENTS</b>	18	<u>22,855</u>	<u>22,193</u>
<b>CURRENT ASSETS</b>			
Bank Balances and Cash		36,060	39,149
Debtors and Prepayments	19	12,522	9,607
Stocks		<u>43</u>	<u>22</u>
		48,625	48,778
<b>CURRENT LIABILITIES</b>			
Creditors and Accrued Expenditure	21	(52,571)	(60,695)
		<u>          </u>	<u>          </u>
<b>NET CURRENT LIABILITIES</b>		<u>(3,946)</u>	<u>(11,917)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>291,377</b></u>	<u><b>280,177</b></u>
<b>REPRESENTED BY</b>			
		<b>€000</b>	<b>€000</b>
General Reserve	22	270,626	258,376
Restricted Reserves	23	22,764	22,301
Revenue Reserve	24	<u>(2,013)</u>	<u>(500)</u>
		<u><b>291,377</b></u>	<u><b>280,177</b></u>

The Statement of Accounting Policies, Cash Flow Statement and Notes 1 to 33 form part of these Financial Statements.

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President

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Vice President Finance

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**UNIVERSITY OF LIMERICK**

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**CASH FLOW STATEMENT****YEAR ENDED 30 SEPTEMBER**

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	<b>NOTES</b>	<b>2006</b>	<b>2005</b>
		<b>€000</b>	<b>€000</b>
<b>NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b>	<b>25</b>	<b>(13,748)</b>	<b>19,225</b>
<b>RETURN ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest Received (Net)		1,173	664
<b>CAPITAL EXPENDITURE</b>			
Payments to acquire Tangible Fixed Assets		(10,997)	(20,285)
Receipts from Sale of Tangible Fixed Assets		393	496
<b>NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>		<u><b>(23,179)</b></u>	<u><b>100</b></u>
<b>FINANCING</b>			
HEA Capital Grants		10,902	11,881
Non HEA Capital Receipts		9,188	10,892
<b>CASH INFLOW FROM FINANCING</b>		<u><b>20,090</b></u>	<u><b>22,773</b></u>
<b>NET CASH (OUTFLOW)/INFLOW AFTER FINANCING</b>		<u><b>(3,089)</b></u>	<u><b>22,873</b></u>
<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>26</b>	<u><b>(3,089)</b></u>	<u><b>22,873</b></u>

The Statement of Accounting Policies and Notes 1 to 33 form part of these Financial Statements.

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President

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Vice President Finance

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**UNIVERSITY OF LIMERICK**

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**NOTES TO THE FINANCIAL STATEMENTS**

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<b>NOTE 1</b>	<b>2006</b>	<b>2005</b>
	<b>€000</b>	<b>€000</b>
<b>STATE GRANTS</b>		
Recurrent Grant	44,256	38,042
Targeted Funding for Special Initiatives	2,074	2,598
Minor Works	75	75
	<hr/>	<hr/>
<b>Total</b>	<b><u>46,405</u></b>	<b><u>40,715</u></b>
<b>NOTE 2</b>	<b>2006</b>	<b>2005</b>
	<b>€000</b>	<b>€000</b>
<b>STUDENT FEES</b>		
Student Fees	41,385	37,599
Miscellaneous Fee Income	734	665
	<hr/>	<hr/>
<b>Total</b>	<b><u>42,119</u></b>	<b><u>38,264</u></b>
<b>NOTE 3</b>	<b>2006</b>	<b>2005</b>
	<b>€000</b>	<b>€000</b>
<b>OTHER INCOME</b>		
Interest Receivable (Net)	1,172	664
Funded Posts	95	38
Contract Research and Other Self-Funded Projects	905	996
Contributions		
Non-EU Fees	1,950	1,746
Miscellaneous Income	0	64
	<hr/>	<hr/>
<b>Total</b>	<b><u>4,122</u></b>	<b><u>3,508</u></b>
<b>NOTE 4</b>	<b>2006</b>	<b>2005</b>
	<b>€000</b>	<b>€000</b>
<b>CONTRACT RESEARCH AND OTHER SELF-FUNDED PROJECTS</b>		
Contract Research Projects	23,375	20,668
Other Self-Funded Projects	10,498	9,216
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<b>Total</b>	<b><u>33,873</u></b>	<b><u>29,884</u></b>

UNIVERSITY OF LIMERICK

NOTES TO THE FINANCIAL STATEMENTS-/Continued

NOTE 5	Pay Costs €000	Non Pay €000	2006 €000	2005 €000
<b>COLLEGES AND DEPARTMENTS</b>				
Academic	34,919	-	34,919	32,737
Technical	3,349	-	3,349	2,905
Administrative Support	5,218	-	5,218	3,514
Materials and Expenses	-	8,667	8,667	7,844
Miscellaneous	-	306	306	133
<b>Total</b>	<b>43,486</b>	<b>8,973</b>	<b>52,459</b>	<b>47,133</b>
<b>NOTE 6</b>				
	Pay Costs €000	Non Pay €000	2006 €000	2005 €000
<b>ACADEMIC AND OTHER SERVICES</b>				
Library	2,071	1,723	3,794	3,760
Information Technology	2,221	987	3,208	3,154
Cooperative Education and Careers Division	1,049	1,281	2,330	2,220
<b>Total</b>	<b>5,341</b>	<b>3,991</b>	<b>9,332</b>	<b>9,134</b>
<b>NOTE 7</b>				
	Pay Costs €000	Non Pay €000	2006 €000	2005 €000
<b>PREMISES</b>				
Premises Maintenance	1,588	3,966	5,554	4,756
General Services	48	3,625	3,673	3,656
Minor Works	-	92	92	142
Insurance	-	507	507	456
Energy Costs	-	2,371	2,371	1,732
<b>Total</b>	<b>1,636</b>	<b>10,561</b>	<b>12,197</b>	<b>10,742</b>
<b>NOTE 8</b>				
	Pay Costs €000	Non Pay €000	2006 €000	2005 €000
<b>AMOUNT ALLOCATED FOR CAPITAL PURPOSES</b>				
Capital Projects	-	1,509	1,509	1,035
Equipment	-	30	30	514
<b>Total</b>	<b>-</b>	<b>1,539</b>	<b>1,539</b>	<b>1,549</b>

## NOTES TO THE FINANCIAL STATEMENTS-

NOTE 9	Pay €000	Non €000	2006 €000	2005 €000
<b>CENTRAL ADMINISTRATION AND SERVICES</b>				
Staf	5,630	-	5,630	5,055
Materials and	-	3,614	3,614	2,210
Professional Charges	-	25	25	3
Miscellaneous	54	737	791	528
<b>Tota</b>	<b>5,684</b>	<b>4,376</b>	<b>10,060</b>	<b>7,796</b>
<b>NOTE 10</b>	<b>Pay €000</b>	<b>Non €000</b>	<b>2006 €000</b>	<b>2005 €000</b>
<b>GENERAL EDUCATIONAL</b>				
Examination	249	339	588	586
Scholarships/ Grants/	-	498	498	382
Miscellaneous	134	488	622	710
<b>Tota</b>	<b>383</b>	<b>1,325</b>	<b>1,708</b>	<b>1,678</b>
<b>NOTE 11</b>	<b>Pay €000</b>	<b>Non €000</b>	<b>2006 €000</b>	<b>2005 €000</b>
<b>STUDENT SERVICES</b>				
Capitation and Other Grants	-	795	795	730
Sports and Recreation	415	152	567	559
Health and Counselling	522	55	577	534
Student Personnel Services	367	227	594	513
<b>Tota</b>	<b>1,304</b>	<b>1,229</b>	<b>2,533</b>	<b>2,336</b>
<b>NOTE 12</b>	<b>Pay €000</b>	<b>Non €000</b>	<b>2006 €000</b>	<b>2005 €000</b>
<b>MISCELLANEOUS</b>				
Pensions	4,331	-	4,331	3,211
<b>Tota</b>	<b>4,331</b>	<b>-</b>	<b>4,331</b>	<b>3,211</b>
<b>NOTE 13</b>	<b>Pay €000</b>	<b>Non €000</b>	<b>2006 €000</b>	<b>2005 €000</b>
<b>COMPOSITION OF TOTAL</b>				
Academic and Related Services	62,165	31,994	94,159	83,579
Contract Research and Self-funded Projects	15,020	18,853	33,873	29,731
<b>Total</b>	<b>77,185</b>	<b>50,847</b>	<b>128,032</b>	<b>113,310</b>

NOTES TO THE FINANCIAL STATEMENTS-/Continued

NOTE 14	Income	Expenditure	2006 Surplus / (Deficit) €000	2005 Surplus / (Deficit) €000
<b>ANCILLARY SERVICES</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>
Reprographic Services	334	(482)	(148)	(142)
National Coaching and Training Centre	2,077	(1,787)	290	(221)
Killaloe Activity Centre	399	(344)	55	(52)
	<u>2,810</u>	<u>(2,613)</u>	<u>197</u>	<u>(415)</u>
<b>Movement on Ancillary Services</b>	<b><u>2,810</u></b>	<b><u>(2,613)</u></b>	<b><u>197</u></b>	<b><u>(415)</u></b>
<b>NOTE 15</b>			<b>2006</b>	<b>2005</b>
<b>DEPRECIATION OF FIXED ASSETS</b>			<b>€000</b>	<b>€000</b>
Land and Buildings			5,459	5,346
Equipment			2,697	2,643
Leased Assets			99	143
			<u>8,255</u>	<u>8,132</u>
<b>Total</b>			<b><u>8,255</u></b>	<b><u>8,132</u></b>
<b>NOTE 16</b>			<b>2006</b>	<b>2005</b>
<b>GENERAL RESERVE MOVEMENT</b>			<b>€000</b>	<b>€000</b>
Amortisation in line with Depreciation (Surplus)/Deficit of Ancillary Services to General Reserve Account			8,255 (197)	8,132 415
			<u>8,058</u>	<u>8,547</u>
<b>Total</b>			<b><u>8,058</u></b>	<b><u>8,547</u></b>

## NOTES TO THE FINANCIAL STATEMENTS -/Continued

<b>NOTE 17</b>	<b>Land and Buildings €000</b>	<b>Equipment €000</b>	<b>Leased Assets €000</b>	<b>2006 Total €000</b>
<b>Tangible Fixed Assets</b>				
<b>Cost/Valuation At 30 September 2005</b>				
Valuation	190,308	-	-	190,308
Cost	<u>101,332</u>	<u>30,104</u>	<u>1,411</u>	<u>132,847</u>
	<b>291,640</b>	<b>30,104</b>	<b>1,411</b>	<b>323,155</b>
<b>Additions:</b>				
Additions	8,094	2,903	-	10,997
Disposals	<u>-</u>	<u>(1,543)</u>	<u>(98)</u>	<u>(1,641)</u>
	8,094	1,360	(98)	9,356
<b>Cost/Valuation At 30 September 2006</b>				
Valuation	190,308	-	-	190,308
Cost	<u>109,426</u>	<u>31,464</u>	<u>1,313</u>	<u>142,203</u>
<b>Total</b>	<b><u>299,734</u></b>	<b><u>31,464</u></b>	<b><u>1,313</u></b>	<b><u>332,511</u></b>
<b>Depreciation</b>				
<b>At 30 September 2005</b>	(31,591)	(20,505)	(1,158)	(53,254)
Disposals	-	1,368	98	1,466
Depreciation for Year	<u>(5,459)</u>	<u>(2,697)</u>	<u>(99)</u>	<u>(8,255)</u>
<b>At 30 September 2006</b>	<b><u>(37,050)</u></b>	<b><u>(21,834)</u></b>	<b><u>(1,159)</u></b>	<b><u>(60,043)</u></b>
<b>Net Book Value 2005</b>	<b><u>260,049</u></b>	<b><u>9,599</u></b>	<b><u>253</u></b>	<b><u>269,901</u></b>
<b>Net Book Value 2006</b>	<b><u>262,684</u></b>	<b><u>9,630</u></b>	<b><u>154</u></b>	<b><u>272,468</u></b>



NOTES TO THE FINANCIAL STATEMENTS-/Continued

NOTE 18	2006 €000	2005 €000
<b>INVESTMENTS</b>		
Investments	22,855	22,193
<b>Total</b>	<b>22,855</b>	<b>22,193</b>
<p>These amounts primarily include funds deposited on a medium/long-term basis in relation to specific capital projects. These amounts are stated at cost.</p>		
NOTE 19	2006 €000	2005 €000
<b>DEBTORS AND PREPAYMENTS</b>		
Contract Research & Other Self-Funded Projects	(1,069)	(307)
Debtor Balances	1,547	1,084
Other Debtors and Prepayments	12,044	8,830
<b>Total</b>	<b>12,522</b>	<b>9,607</b>
NOTE 20	2006 €000	2005 €000
<b>CAPITAL INCOME AND CAPITAL EXPENDITURE</b>		
<b>INCOME</b>		
Grant from Higher Education Authority	10,902	11,881
Grants from Private Donors	4,028	3,490
Capital Income - Other Sources	3,621	5,853
Transfer from Current Income and Expenditure Account	1,539	1,549
<b>Total</b>	<b>20,090</b>	<b>22,773</b>
<b>EXPENDITURE</b>		
Land/Buildings	8,040	16,254
Equipment	2,957	4,044
<b>Total</b>	<b>10,997</b>	<b>20,298</b>
<b>Surplus for year</b>	<b>9,093</b>	<b>2,475</b>
<b>Deficit at beginning of year</b>	<b>(11,103)</b>	<b>(13,578)</b>
<b>Deficit at end of year</b>	<b>(2,010)</b>	<b>(11,103)</b>

## NOTES TO THE FINANCIAL STATEMENTS-/Continued

NOTE 21	2006 €000	2005 €000
<b>CREDITORS AND ACCRUED EXPENDITURE</b>		
Contract Research & Other Self-Funded Projects	12,830	10,678
State Grants for Recurrent Expenditure received in advance	8,134	13,090
Academic Fees received in advance	7,979	19,037
Other Creditors and Accruals	23,628	17,890
<b>Total</b>	<b>52,571</b>	<b>60,695</b>

Included in Creditors at 30 September 2006 is an amount €3.961m (2005: €1.777m) accrued in respect of commitments for non-pay expenditure in Academic Departments and Library Services.

NOTE 22	2006 Opening Balance €000	Current Year Movement €000	2006 Closing Balance €000
<b>GENERAL RESERVE</b>			
Valuation -Fixed Assets	157,328	-	157,328
Research Equipment	9,053	368	9,421
State Capital Grants	75,294	10,902	86,196
Recurrent Funding Transfer	29,930	1,539	31,468
Capital Donations	55,369	4,422	59,791
Other	(15,343)	1,809	(13,534)
	<b>311,631</b>	<b>19,040</b>	<b>330,670</b>
Amortisation			
Valuation -Fixed Assets	5,221	-	5,221
Research Equipment	(2,881)	-	(2,881)
Amortisation in line with Asset Depreciation	(79,126)	(8,255)	(87,381)
Less Accumulated Amortisation on Disposals	23,531	1,466	24,997
<b>Total</b>	<b>258,376</b>	<b>12,251</b>	<b>270,626</b>

NOTE 23	2006 €000	2005 €000
<b>RESTRICTED RESERVES</b>		
Balance at beginning of year	22,301	22,776
Student Levies Interest and Other Income (Net)	463	(475)
<b>Balance at end of year</b>	<b>22,764</b>	<b>22,301</b>

These funds comprise monies allocated by the University to fund a range of capital developments including a Multi-Purpose Sports Building and a Student Centre.

## NOTES TO THE FINANCIAL STATEMENTS-/Continued

NOTE 24	2006	2005	
	€000	€000	
<b>REVENUE RESERVE</b>			
Balance at beginning of year	(500)	592	
(Deficit) for the year	(1,513)	(1,092)	
	<u>(2,013)</u>	<u>(500)</u>	
<b>Balance at end of year</b>	<b><u>(2,013)</u></b>	<b><u>(500)</u></b>	
NOTE 25	2006	2005	
	€000	€000	
<b>NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b>			
(Deficit) for the year	(1,513)	(1,092)	
Less Interest Received (Net)	(1,173)	(664)	
	<u>8,255</u>	<u>8,132</u>	
Depreciation of Fixed Assets	8,255	8,132	
Amortisation of General Reserves	(8,255)	(8,132)	
Surplus/(Deficit) in Ancillary Services	197	(415)	
	<u>(662)</u>	<u>(630)</u>	
(Increase) in Investments	(662)	(630)	
(Increase) in Debtors and Prepayments	(2,915)	(2,625)	
(Increase)/Decrease in Stock	(21)	17	
(Decrease)/Increase in Creditors and Accruals	(8,124)	25,376	
(Decrease) in Long Term Liabilities	0	(267)	
Increase/(Decrease) in Restricted Reserves	463	(475)	
	<u>(13,748)</u>	<u>19,225</u>	
<b>NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b>	<b><u>(13,748)</u></b>	<b><u>19,225</u></b>	
NOTE 26	At 30 September	Cash Flow	At 30 September
	2005		2006
<b>ANALYSIS OF CHANGES IN NET FUNDS</b>			
	€000	€000	€000
Cash	39,149	(3,089)	36,060
	<u>39,149</u>	<u>(3,089)</u>	<u>36,060</u>
<b>Total</b>	<b><u>39,149</u></b>	<b><u>(3,089)</u></b>	<b><u>36,060</u></b>

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**UNIVERSITY OF LIMERICK**

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**NOTES TO THE FINANCIAL STATEMENTS-/Continued**

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<b>NOTE 27</b>	<b>2006</b>	<b>2005</b>
	<b>€000</b>	<b>€000</b>
<b>ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS</b>		
Balance at beginning of year	39,149	16,276
Net Cash (outflow)/inflow	(3,089)	22,873
	<hr/>	<hr/>
<b>Balance at end of year</b>	<b><u>36,060</u></b>	<b><u>39,149</u></b>

**NOTE 28****PENSION**

Salaries and wages are charged net of employees' pension contributions (the total of such contributions in the period was €2.887m (2005: €2.481m) and benefits are met from current revenue as they arise). Pensions paid in the year and included in miscellaneous expenditure amounted to €4.331m (2005: €3.211m).

<b>NOTE 29</b>	<b>2006</b>	<b>2005</b>
	<b>€000</b>	<b>€000</b>
<b>CAPITAL COMMITMENTS</b>		
Contracted at 30 September	<u>43,965</u>	<u>26,313</u>
Authorised but not contracted at 30 September	<u>-</u>	<u>-</u>

The University has commitments arising on certain buildings financed by tax-based financing in amount of €5.97m within the period of 8-10 years.

**NOTE 30****CONTINGENT LIABILITY**

There were no contingent liabilities in existence at the balance sheet date.

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## UNIVERSITY OF LIMERICK

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### NOTES TO THE FINANCIAL STATEMENTS-/Continued

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#### NOTE 31

##### RELATED PARTIES

Plassey Campus Centre Ltd., a related company limited by guarantee, operates as a holding company and administers a range of facilities on campus.

Plassey Campus Developments Ltd., is a wholly owned subsidiary of Plassey Campus Centre Ltd. Its principal activity is that of contracting and property development at the National Technological Park.

Plassey Trust Company Ltd., and Kilmurray Village Ltd., both wholly owned subsidiaries of Plassey Campus Centre Ltd., are companies limited by guarantee and responsible for the administration of the student village accommodation.

The University of Limerick Foundation is a related company, limited by guarantee. The objectives of the Foundation are, generally 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 in their pursuit of education, teaching and research.

Plassey Campus Arena Ltd., a wholly owned subsidiary of Plassey Campus Centre Ltd., is a company limited by guarantee and responsible for the operation and management of the University Arena.

#### NOTE 32

##### RELATED PARTY TRANSACTIONS

Plassey Campus Developments Ltd. was the principal contractor associated with other ongoing property development contracts totalling €5,184,654 in the year (2005: €14,332,067) on behalf of the University of Limerick. Representatives of the University are members of Plassey Campus Centre Ltd. At the balance sheet date €82,896 (2005: €695,477) was outstanding in respect of such contract work.

To facilitate the operation and management of the University Arena by Plassey Campus Arena Ltd., a portion of the 50m pool asset was transferred to Plassey Campus Arena Ltd. during 2005. At the balance sheet date €2,031,423 (2005: €2,031,423) was outstanding in respect of this transfer.

During 2005, Plassey Campus Centre Ltd. surrendered the leasehold on a building to the University of Limerick. At the balance sheet date €nil (2005: €400,000) was outstanding in respect of this transfer.

#### NOTE 33

##### APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved on 19th January 2007.

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**UNIVERSITY OF LIMERICK**

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**REPORT OF THE INDEPENDENT MANAGEMENT AUDITORS**

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To the members of the Executive Committee of the University of Limerick.

We have audited the Financial Statements on pages 4 to 20.

**Respective responsibilities of the University and the Auditors**

The University, as described on page 3 is responsible for preparing the Financial Statements prepared in accordance with the Harmonisation of Universities Accounts agreement. Our responsibility is to audit those financial statements in accordance with the auditing standards issued by the Auditing Practices Board applicable in Ireland.

This report, including the opinion, has been prepared for and only for the members of the Executive Committee of the University as a body in accordance with our appointment. We do not, in giving this opinion, accept or assume responsibility for any other purposes 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.

We report to you our opinion as to whether the Financial Statements are properly prepared in accordance with the Harmonisation of Universities' Accounts agreement as adopted by all Irish Universities. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the Financial Statements are in agreement with the books of account. We also report to you our opinion as to whether the University has kept proper books of account.

**Basis of opinion**

We conducted our audit of the Financial Statements for the year ended 30 September 2006 in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the University in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the University's circumstances, are consistently applied and adequately disclosed.

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

**Opinion**

In our opinion the Financial Statements of the University in respect of the year ended 30 September 2006 have been properly prepared in accordance with the Harmonisation of Accounts Agreement.

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

**19 January 2007**

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**UNIVERSITY OF LIMERICK**

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**FIVE YEAR SUMMARY - EXPENDITURE**

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	<b>2001/02</b>	<b>%</b>	<b>2002/03</b>	<b>%</b>	<b>2003/04</b>	<b>%</b>	<b>2004/05</b>	<b>%</b>	<b>2005/06</b>	<b>%</b>
	<b>€000</b>		<b>€000</b>		<b>€000</b>		<b>€000</b>		<b>€000</b>	
Colleges and Departments	37,065	44	41,583	44	43,267	42	47,133	42	52,459	41
Contract Research Projects	11,384	13	13,681	14	17,907	17	20,668	18	23,375	18
Other Self-Funded Projects	7,763	9	7,341	8	8,383	8	9,216	8	10,498	8
Academic and Other Services	7,971	10	8,225	9	8,787	9	9,134	8	9,332	7
Premises	8,193	10	9,164	10	9,243	9	10,742	9	12,197	10
Central Administration and Services	6,015	7	6,394	7	6,697	7	7,796	7	10,060	8
General Educational Expenditure	1,037	1	1,315	1	1,561	2	1,678	2	1,708	1
Student Services	2,084	2	2,066	2	2,287	2	2,336	2	2,533	2
Miscellaneous Expenditure	1,861	2	2,749	3	2,562	2	3,211	3	4,331	4
Amount Allocated for Capital Purposes	1,839	2	1,831	2	2,133	2	1,549	1	1,539	1
<b>Total</b>	<b><u>85,211</u></b>	<b><u>100</u></b>	<b><u>94,349</u></b>	<b><u>100</u></b>	<b><u>102,827</u></b>	<b><u>100</u></b>	<b><u>113,463</u></b>	<b><u>100</u></b>	<b><u>128,032</u></b>	<b><u>100</u></b>

The 5 year summary is exclusive of expenditure incurred by Mary Immaculate College of Education and also of the University's annual contribution to depreciation.