

**University College Cork
National University of Ireland, Cork
Consolidated Financial Statements
Year Ended 30 September 2016**

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HONORARY TREASURER'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS – YEAR ENDED 30 SEPTEMBER 2016

Format of Accounts – Explanatory Note

In 2016, the University, in line with the rest of the Higher Education sector adopted Financial Reporting Standard 102 (FRS 102) for the preparation of its statutory financial statements. In addition, the Statement of Recommended Practice (SORP) – Accounting for further and higher education as issued by the Further Education / Higher Education SORP Board has been voluntarily adopted by the sector.

2016 therefore becomes the first year of such reporting, replacing Irish GAAP, with necessary adjustments and differing accounting treatment of certain transactions. The adoption of FRS102 has resulted in a restating of 2015 performance with changes to both the Statement of Comprehensive Income and Statement of Financial Position. A key change with FRS 102 relates to income recognition and the treatment of deferred capital grants, with the potential for future volatility in overall University performance.

In addition, the University continues to prepare a set of financial statements for the Higher Education Authority (HEA) which are prepared on the harmonised basis approved by the HEA. The HEA Funding Statements are appended to the consolidated statutory accounts together with a reconciliation between both formats.

2016 also sees the University consolidate its Trust Fund for the first time. Whilst previous years included the Trust Fund as part of the disclosure notes only, from 2016 onward the Fund will be included as part of the statements themselves.

The net result above will be differences across the statements and these will be explored further below.

Consolidated Statement of Comprehensive Income

Total income before endowments and donations at €345.3m is €16.6 m / 5% higher than the previous year. The movement of €16.6m is primarily driven by increases in Academic Fees (up €8.9m) and Research (up €5.8m) and once off income of €1.6m associated with the successful sale of equity in a former UCC spin out company. In addition, the consolidation of the Trust Fund for the first time in 2015/16 has added €1.4m to the overall performance and has been included in the Consolidated Statement of Comprehensive Income. As a result, the net out-turn for the year is a surplus of €562k.

Income from operations (adjusted for pension deferred income – note 32) at €316.3m records an increase of €18.2m (6.1%) on the previous year – a very creditable performance given the continued decline in State Grant income.

Research income continues to track upward and has increased year on year by €5.8m. Similarly, other operating income grew in the year by €3.3m, with positive contributions from student residences and sporting activities.

Expenditure (adjusted for pension FRS 102 adjustment) at €316.3m is €10.8m greater, reflecting the increased level of research activity and its related cost together with higher pay costs to support increased Student numbers to minimise accreditation and quality exposure.

Non pay costs have grown by €1.4m given the decline in minor capital monies from the exchequer, all of which must now be funded from the Universities own resources.

All of the above means earnings before depreciation, interest, tax and amortisation (EBITDA) recorded a surplus of €14.5m, a significant improvement on the prior year performance, driven by higher academic fee income and spin out equity proceeds.

Capital Expenditure

The growth in the physical estate of the University slowed in 2015/16 reflecting completion of final PRTL I5 investment.

As a result, gross additions in the year were lower by over €23m from the previous year. The change to FRS 102 reporting has resulted in non-exchequer grants, previously deferred, being released to reserves in line with the SORP for the Sector. As a result, opening unrestricted reserves moved to €229.4m

HONORARY TREASURER'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS – YEAR ENDED 30 SEPTEMBER 2016

The University continues to benefit from the fund-raising activities of Cork University Foundation Limited. Once again, I express the University's appreciation for this support which is vital for the continuing essential development of its infrastructure.

State Grant

In the year under review, State Grant contributed €43.3m as against €44.3m in the previous year and a peak of €94m in 2009. Despite recovery to Public finances, there continues to be a decline in overall exchequer support for the sector despite increasing demand and participation levels. In addition, ring fenced exchequer funding for Nursing, Medical Education & Skills Programmes have failed to grow commensurate with increased student numbers. The State Grant decline since 2009, once the main source of University income, now contributes 12.5% of total income, as against 13.5% in the previous year. This trend is expected to continue in the absence on certainty around the future funding model for the sector. To compensate, the University continues to diversify and grow non exchequer income sources.

Fees

Fee income in 2015/16 grew by €8.8m/ 7% over the previous year at €134m and has moved to 38.8% of total income. Under the Government's "free fees initiative", fees in respect of full-time undergraduate students from EU countries are paid for by the State. This grant in lieu of fees, for 2015/16 was €42.2m/31.5% of fee income, with the balance of fee income derived from the student contribution, post graduate fees and increased levels of non EU student fee income. The University continue to heavily rely on this income source to compensate for the on-going decline in state support for the University.

Research Income

Research income increased during the year to €94.5m, up €5.8m/6.5% on prior year levels, primarily due to higher research centre funding. The University continues to diversify its research funding sources, to retain its eminence in this area. Non-exchequer related research income now accounts for €30m/32% of total research income while competitive research awarded by industry also improved on prior year levels. Science Foundation Ireland remains the largest contributor to research across the University.

This outcome is due to the diligence and dedication of large numbers of academic staff who, as principal investigators, generate this income. Such income is now earned on a seriously competitive basis. UCC has been singularly successful in the competitive awards of Science Foundation Ireland's Research Centre funding programme since 2012/13 and will be competing in 2018 in the next round of Research Centre Funding. Success in this round is vital to sustain the investment made to date by the University in these research areas.

Overhead income received from funding agencies remains below international benchmarks and continues to put adverse pressure on overall University finances. In 2015/16 overheads earned from research, was €14.2m/15% of direct research income. Clearly this level of overhead is not sustainable. The national Full Economic Costing (FEC) project is underway to address the overhead deficit. It is co-ordinated by the Irish Universities Association (IUA) and funded by Cycle 2 of Strategic Innovation Funding (SIF). It involves all 7 universities, working together to ensure an effective audit process exists to demonstrate the real cost of hosting research, to ultimately recover overhead from funding agencies that reflects the real cost of research in line with international norms.

Balance Sheet

FRS 102 implementation has resulted in a key change to reserve reporting. Total revenue reserves are now split between restricted and unrestricted, reflecting SORP reporting. The restricted reserves of €10.2m relates to the Trust Fund where the application of the funds are restricted to the original donor intentions.

Unrestricted reserves at €232m include the Comprehensive Income net surplus for the year together with FRS 102 movement on non exchequer capital grants, previously included as part of Deferred Capital Grants.

**HONORARY TREASURER'S REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS – YEAR ENDED 30 SEPTEMBER 2016**

Treasury management continues to be extremely challenging as the timing of exchequer receipts for recurrent fee income continues to lag actual expenditure. In addition, PRTL 5 approved projects have yet to be fully recouped to the University with over €4m owing from the state at the end of 2015/16.

Prudent debtor management means the University's cash position remains at previous year levels. However, the cash position continues to benefit from increased research activity and timing of contract research receipts. Decline in research would adversely impact the University's cash position.

Debtors, year on year remain at last year's levels while creditors are higher as they now include deferred capital grants, previously shown separately.

Total bank loans at €48.8m remain stable but are anticipated to increase in future years given the University's EIB programme of capital expenditure.

Pension

2010 saw the transfer to the State of UCC's pension fund, as set out in the Financial Measures (Miscellaneous Provisions) legislation. Since March 2010, the liability for pension now rests with the State.

Disclosure note 32 sets out in detail the University position in relation to this matter.

Summary

2015/16 was another successful year for the University. Student numbers at Under and Post graduate level continued their growth path, despite the national funding difficulties.

Research income continued to diversify and grow, further enhancing the overall quality of education offered to students.

However, despite the academic and research successes, the failure nationally to agree a model and an appropriate level of funding for the sector University continues to threaten long term sustainability.

Longer term, the decline in capital support, as outlined last year, continues to be of major concern. The existing recurrent funding model, assumes continued exchequer support for ongoing refurbishment, maintenance and infrastructural capacity needs. The absence of capital grants will be a real barrier to meeting future demographic demand, as the level of recurrent funding for students, accepted by all as being wholly inappropriate, will not sustain borrowings to fund essential infrastructural investment.

A new sustainable funding model for the sector is now urgently required to enable UCC play its role in supporting the economic, cultural and social development of the region and of Irish society. We eagerly await the Government's final consideration of the Report of the Expert Group on Higher Education Funding.



Dr. Dermot O'Mahoney,
Honorary Treasurer

Date: 19/09/2017

STATEMENT OF GOVERNING BODY'S RESPONSIBILITIES

The Governing Body 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.

The Governing Body is responsible for ensuring the financial statements for each financial year give a true and fair view of the state of the affairs of the University and the University group and the surplus or deficit of the University group for the period.

In respect of the preparation of these financial statements the Governing Body is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- disclose and explain any material departures from applicable accounting standards; 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 Body is responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the University and which enable it to ensure that its financial statements comply with the Universities Act, 1997, the Statement of Recommended Practice on Accounting for Further and Higher Education Institutions and are prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

The Governing Body 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.

Signed on behalf of the Governing Body:



President



Chairperson UCC Governing Body

Date: 19/09/2017

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF UNIVERSITY COLLEGE CORK

We have audited the financial statements of University College Cork (the "University") for the year ended 30 September 2016, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Balance Sheet, the Consolidated Statement of Cash Flows and the related notes 1 to 36. The relevant financial reporting framework that has been applied in their preparation is the Universities Act 1997, FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and the Statement of Recommended Practice (the "SORP") *Accounting for Further and Higher Education* as voluntarily adopted by the University ('relevant financial reporting framework').

This report is made solely to the members of the Governing Body of University College Cork. Our audit work has been undertaken so that we might state to the members of the Governing Body those matters we are required to state to them in our auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Governing Body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the University, the Governing Body and Auditors

As more fully explained in the Statement of Governing Body's Responsibilities, the Governing Body is responsible for preparation of the financial statements and that they give a true and fair view.

Our responsibility, as independent auditor, is to audit and express an opinion on the financial statements in accordance with International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

We review whether the statement of internal control required by the Code of Governance for Irish Universities made in the Statement of Governance and Internal Control on pages 8 to 14 is consistent with the information of which we are aware from our audit work on the financial statements and we report if it does not. We are not required to consider whether the University's Statement on Internal Control covers all risks and controls, or form an opinion on the effectiveness of the University's corporate governance procedures or its internal control procedures.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the University; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Reports and Consolidated Financial Statements of University College Cork for the year ended 30 September 2016 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. We read the Honorary Treasurer's Report and consider the implications for our report if we become aware of any apparent misstatement within it.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities, and financial position of the Group and University as at 30 September 2016 and of the deficit or surplus of the Group and University for the year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework.

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INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF UNIVERSITY COLLEGE CORK

Emphasis of Matter – Recognition of Pension Scheme Assets

In forming our opinion, which is not modified, we have considered the adequacy of the disclosures made in Note 32 to the financial statements concerning the recognition of an asset equivalent to the University's pension liabilities. The assets of the Closed Scheme have been transferred to the National Pension Reserve Fund and under Section 12(6) of the Financial Measures (Miscellaneous Provisions) Act, 2009, the Oireachtas will make good any deficiency arising if the aggregate of members' and employers' contributions paid to or withheld by the University are insufficient to meet the university's obligations to pay these benefits in accordance with the scheme. The obligations of the '2005 scheme' are met on a 'pay as you go' basis by the State following the transfer of the scheme assets to the National Pension Reserve Fund in 2009, and an asset equivalent to the '2005 scheme' pension liability has been recognised in the financial statements as part of its overall deferred pension funding asset. At 30 September 2016, the pension asset amounted to €1,658.8m, this amount includes €15.7m which is the subject of litigation as set out in note 32. In view of the significance of these matters, we consider that they should be drawn to your attention.

Matter on which we are required to report by exception

We have nothing to report in respect of the provisions of the Code of Governance for Irish Universities which require us to report if, in our opinion, the statement of internal control required by the Code of Governance for Irish Universities made in the Statement of Governance and Internal Control is not consistent with the information of which we are aware from our audit work on the financial statements.



Deloitte
Chartered Accountants and Statutory Audit Firm
Cork

Date: 13 October 2017

Note: An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial statements since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area. Legislation in Ireland governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

STATEMENT OF GOVERNANCE AND INTERNAL CONTROL 2015/16
Year Ended 30 September 2016

Statement from Governing Body in relation to responsibility and compliance

The Governing Body of University College Cork confirms its responsibility for and satisfaction that the University is in compliance with all statutory obligations applicable to the University that may be set out in legislation governing the establishment of the University and to the best of its knowledge and belief with those obligations set out in other relevant legislation.

Code of Governance

In 2006 the HEA developed a Code of Governance for the University sector which set out best practice governance arrangements for Irish Universities. The code envisaged a period of transition of three years for the sector to move from existing practice in 2007 and to the recommended configuration. In February 2007, the Governing Body of University College Cork formally adopted the Code of Governance for Irish Universities and commenced the process of implementing the required processes and procedures to ensure full compliance over the period 2007 to 2010.

A revised code of governance of Irish Universities was issued in December 2012 which updated the code including the amalgamation of the annual governance declaration with the statement of internal control, into one combined Statement of Governance and Internal Control. The revised Code of Governance of Irish Universities was approved by the Governing Body on 19 June, 2012.

Code of Conduct for Members

A Code of Practice and Procedures for the Governing Body which sets out the duties and responsibilities of Governing Body members is in place. A Code of Conduct for Members of the Governing Body and Governing Body Committees was approved by UCC Governing Body on 28 October, 2008 and is now incorporated into a Regulation governing the Conduct of Governing Body Business. This Regulation was further updated in 2016.

Code of Conduct for Employees

A Code of Conduct for Employees has been agreed with Unions and approved by the Governing Body at its meeting in April, 2009. Policies governing the conduct of staff are in place. The conduct of staff is primarily governed by the contract of employment. Employees are also required to comply with a range of policies and details of these policies are included in a starter pack issued to new employees with their contract of employment as well as being part of orientation for all new staff. All UCC HR policies are available on the UCC website and web-link to these policies is included in the contract of employment issued to all new members of staff.

Financially Significant Developments

There were no significant financial developments affecting UCC in the year 2015-2016. As in previous years, UCC continues to recognise a deferred state asset in relation to all pension liabilities, inclusive of added year liabilities of €82.1m. This view is in accordance with senior counsel opinion and reflects Governing Body's understanding in relation to the transfer to the State of the UCC's pension asset and related liabilities as set out in the Financial Measures (Miscellaneous Provisions Act) 2009 of future pension liabilities.

Pay

UCC is complying with government policy on pay and with the departures framework for remuneration agreed with the HEA under s.25 of the Universities Act, 1997.

Financial Reporting

The University affirms that all appropriate procedures for the production of the annual financial statements are in place.

Internal Audit

The University operates an independent Internal Audit function reporting to the University's Audit Committee (a committee of our Governing Body). The Internal Audit Charter has been updated in line with the HEA Code and was approved by the Audit Committee on 7th November 2007 and by Governing Body on 11th December 2007. Internal Audit carries out an annual programme of risk based audits. The UCC Internal Audit Office follows the International Professional Practices Framework (IPPF) as promulgated by the Institute of Internal Auditors (IIA) in the conduct of internal audit projects.

STATEMENT OF GOVERNANCE AND INTERNAL CONTROL 2015/16
Year Ended 30 September 2016

Procurement

The University confirms that procurement procedures in place have been communicated to all staff and that to the best of UCC's knowledge and belief the University continues to strive to ensure compliance with these procedures in all material ways. UCC can confirm that as an organisation it endeavours to comply with national procurement guidelines, appropriate procedures for procurement are being carried out and the development and implementation of the Corporate Procurement Plan are being adhered to where applicable.

Asset Disposal

The disposal of University assets to third parties and employees is governed by University procedures communicated to all staff. All appropriate procedures for the disposal of assets are being carried out.

Guidelines for Appraisal and Management of Capital Proposals

The University confirms that a process is in place to facilitate compliance with the Guidelines for the Appraisal and Management of Capital Projects issued by the Department of Finance in February 2005. The Guidelines for the Appraisal and Management of Capital Proposals are being adhered to where applicable,

Travel Policy

UCC has a travel policy and associated procedure in place. The policy and procedures are made available to all staff on the University website. The policy and procedures have been developed having regard to the requirements of Department of Finance travel circulars and the requirements of the Revenue Commissioners in relations to employee expenses. UCC has its own travel policy based on vouched expenses having regard to Department of Finance rates for mileage.

Guidelines for Achieving VFM

The University, to the best of its knowledge and belief, has followed the Guidelines on Achieving Value for Money in Public Expenditure as set out in the address by the Minister for Finance of 20th October 2005 and communicated to the Universities.

Tax Laws

The University is to the best of its knowledge and belief fully compliant with taxation laws and is committed to ensuring that all tax liabilities are paid on the relevant due dates.

Child Protection Policy

The University has a Child Protection Policy in place which has been approved by the Governing Body.

Fees and Expenses in accordance with DOF Guidelines

Fees are not paid to members of the Governing Body of the University. Expenses are paid where appropriate in accordance with the guidelines from the Department of Finance. A note on the aggregate expenses paid to members of the Governing Body for the period is attached at Appendix 2.

Code of Governance for Trading Subsidiaries

The UCC Code of Governance applies to subsidiary companies. Each subsidiary company produces financial statements which are independently audited and are included in the UCC Consolidated Financial Statements. The subsidiary companies' audited statutory financial statements are presented to the Finance Committee and to the Audit Committee.

Non-Compliance

No matters of non-compliance to be reported for the period 2015/2016.

Good Faith Reporting

The University has a Whistleblowing Policy in place which has been approved by Governing Body and is in compliance with the Protected Disclosures Act, 2014.

STATEMENT OF GOVERNANCE AND INTERNAL CONTROL 2015/16
Year Ended 30 September 2016

Reasonable Assurance against material error

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve aims and objectives or to conduct University affairs in an orderly and legitimate manner. To that extent, such a system can only provide reasonable, but not absolute, assurance that the assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely period.

Key Procedures put in place to provide effective internal control – appropriate control environment

The Governing Body has overall responsibility for the University's system of internal control. The system of internal control covers all material controls including financial, operational and compliance controls, and risk management systems that support the achievement of the University's aims and objectives while safeguarding the public and other funds and assets for which the University is responsible.

The Governing Body of UCC acknowledges its responsibility for developing and maintaining an effective system of internal control. To discharge effectively this responsibility, there are two main standing committees of the Governing Body that provide the assurance to Governing Body around governance, risk and control. The Finance Committee under delegation in statute from Governing Body oversees the financial management of the University while the Audit Committee keeps under review and advises Governing Body on the operation and effectiveness of the University's risk management systems.

While the University's system of internal control remains under constant review, the initial process of review and implementation in line with the Code of Governance is now substantially complete. Notwithstanding this, the University continues to review and enhance its internal control environment as required to ensure relevant risks are mitigated to an acceptable level.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve aims and objectives or to conduct University affairs in an orderly and legitimate manner.

The key elements of the system of internal control include:

- Clearly defined management responsibilities including segregation of duties, formal delegated authorities and sample checking of invoices and payments.
- Policies, procedures and regulations;
- Login, profile, management and password controls for access and use of financial systems;
- Strategic planning processes;
- Planning, resource allocation and budgetary control systems which are monitored through regular management reporting including the issuing of monthly reports to budget-holders and review by senior management throughout the year;
- Information systems to ensure timely management reporting;
- A risk management system which identifies and reports key risks and the management actions taken to address these risks.
- Adherence to national policy as informed by HEA and Departmental circulars and communiques.

Key Procedures put in place designed to provide effective Internal control – business risks

The Audit Committee keeps under review and advises Governing Body on the operation and effectiveness of the University's risk management systems. A Risk Management Committee is in place which reports to the University Management Team and the Audit Committee. A University Risk Register is in place and is subject to review at 6 meetings of the Risk Management Committee and 2 Risk Workshops for the University Management Team each year. Risk Management is on the agenda of every University Management Team [Operations] meeting [c. 26 meetings per year] and on every alternate meeting of the Governing Body. The Risk Management Committee has responsibility for the embedding of risk management across the University. The University has appointed a Risk Management Officer to support

STATEMENT OF GOVERNANCE AND INTERNAL CONTROL 2015/16
Year Ended 30 September 2016

Key Procedures put in place designed to provide effective Internal control – information systems
UCC uses the AGRESSO Finance Management system which provides for variance analysis to be undertaken on regular basis and reports comparing budget versus actual performance are produced during the financial year.

The University annual external audit includes a review of the effectiveness of all information systems. The report is considered by management and the Audit Committee. Any weaknesses identified during that review are addressed during the following financial year.

Key Procedures put in place designed to provide effective Internal control – financial implications of major business risks

All major business risks are considered by the Risk Management Committee and twice annually by the University Management Team [Strategy]. Red [Extreme] risks are brought immediately to the attention of the University Management Team Operations [“UMTO”] for action following consideration by the RMC and are reviewed at each meeting of the UMTO.

The University’s Risk Register is presented at every other meeting to the Governing Body.

All University level risks have a specified owner on the University management team who is responsible for mitigation and monitoring of the risk.

All significant projects initiated in the University or major business decisions require a Risk Assessment and Risk Register to be brought forward to the RMC.

Key Procedures put in place designed to provide effective Internal control – monitoring the effectiveness of the internal control system

Monitoring the effectiveness of the system of internal control is informed by the following processes:

- (i) On-going review by the University Management Team and the provision of annual assurance statements by senior officers
- (ii) The Annual Report of the President to the Governing Body;
- (iii) The President’s Routine Reports presented at each meeting of the Governing Body;
- (iv) Reports from the Finance Committee meetings relating to income, expenditure, research, treasury, debtors, liabilities/borrowings and capital which are placed before meetings of the Governing Body;
- (v) Reports from Academic Council meetings which are placed before meetings of the Governing Body;
- (vi) Risk Management Committee and monitoring of the risk register
- (vii) Risk Management committee minutes forwarded after each meeting to Audit Committee
- (viii) The regular report to Governing Body and the annual report of the Audit Committee to the Governing Body together with the work performed by the Internal Audit function during the year and comments arising from the committee’s review of risk management and corporate governance arrangements;
- (ix) Management letters and reports from the university’s external auditors and the Comptroller and Auditor General which are reviewed by the Audit Committee;
- (x) Quality Assurance reports and
- (xi) Communication of the results of other periodic reviews.

Review of the system of Internal Controls

Controls are continually reviewed to ensure they are effective. The review framework includes;

- * Three-year audit plan cycle covering all financial risks;
- * Various internal audit reviews annually on same;

STATEMENT OF GOVERNANCE AND INTERNAL CONTROL 2015/16
Year Ended 30 September 2016

- * Commercial external auditor review of transactional and ICT controls as part of annual audit;
- * Devolved accountability and sign off by managers of SIC confirming individual managers operating within controls and policies;
- * Testing of this local assurance by Internal Audit review with follow up if appropriate;
- * Benchmarking of our controls *vis a vis* sector for improvements as part of QA reviews
- * Reporting on non-compliance if any.

In addition, the Finance Office risk register includes an assessment of controls – where these are scored as an amber or higher risk, mitigating actions are put in place.

The University comprises of colleges, schools, departments, research centres, administrative and support units. Each year, key university management personnel review the system of internal controls in their area of responsibility and confirm the adequacy of the systems of internal controls applicable in their functional area. This review was completed in 2015/16 ('relevant period') and each material functional area's chief officer confirmed in writing the adequacy of the system of internal controls, following this review. In addition, the UCC Audit Committee reviews all reports of the University provided to it by the executive, as well as the UCC internal audit function reports.

Weaknesses in Internal Control

For the period 2015 -2016 no weaknesses in internal controls were identified which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements.

Audit Committee Meetings – number + attendance

Seven [7] Audit Committee meetings took place during the year 2015-2016. The attendance at Audit Committee meetings is attached at Appendix 1

Review of GB Performance

A review of Governing Body performance was conducted during 2015-2016 and the results considered by the Governing Body. The review was conducted using material developed by the Leadership Foundation for Higher Education, UK.

Salary of President

The gross salary of the President during the year 2015-2016 was €214,286.

General Governance and Accountability Issues

The University operates within a comprehensive legislative and statutory framework, which includes the Universities Act 1997, the Principal Statute of the University, a set of Governing Body Regulations which specifically govern the conduct of Governing Body business, appointment, selection and recruitment to the Governing Body and all recruitment procedures of the University.

Academically the University is managed through four Colleges, each of which has a specific set of College Rules, in compliance with the University's Principal Statute.

The Signing Authority and Approval Policy directs the University's staff and officers in relation to the appropriate sources of approval and ability to bind the University in contracts. The Signing Authority and Approval Policy was reviewed during 2016 and is now before Governing Body for approval.

In short, the University has in place a comprehensive governance framework which is necessary for the governance and management of a large and complex institution.

There are no specific governance or accountability issues which require to be highlighted in this Statement of Governance and Internal Control.

STATEMENT OF GOVERNANCE AND INTERNAL CONTROL 2015/16
Year Ended 30 September 2016

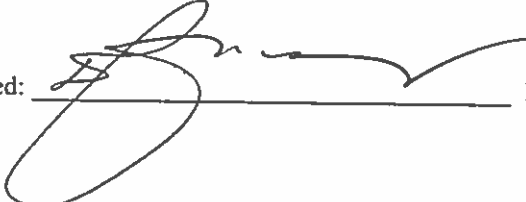
Acknowledgement by the Chief Officer that the Governing Body is responsible for the system of internal Control

I, Patrick O'Shea, President of University College Cork, hereby confirm that the Governing Body of University College Cork is responsible for its system of internal control.

Signed:  _____ Date: 19/09/2017

Approval by Governing Body

I Dermot O'Mahoney, Deputy Chairperson of the Governing Body of University College Cork, and chair of the meeting at which the Statement of Governance and Internal Control was approved, hereby confirm that the Governing Body at its meeting on 7 February, 2017 approved this Statement of Governance and Internal Control and specifically approved the President's Statement above.

Signed:  _____ Date: 19/09/2017

STATEMENT OF GOVERNANCE AND INTERNAL CONTROL 2015/16
Year Ended 30 September 2016

APPENDIX 1

UCC Audit Committee Meetings & Expenses

Audit Committee (2015 – 2019) attendance during 2015-2016:

This Audit Committee met on seven [7] occasions during the year ended 30 September 2016. The Committee reimbursed expenses for the year were €nil.

<i>Committee Member</i>	<i>Number of Meetings Attended</i>
Leen, Colm	7
Moloney, Maurice	7
Keating, Gillian	7
Quin, Suzanne Prof	5
Olden, Niall	3

APPENDIX 2

Expenses

The total expenses paid to Governing Body members in the period 01 October 2015 to 30 September 2016 was: €7,814.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year Ended 30 September 2016

	Notes	Consolidated 2016 €'000	Consolidated 2016 €'000	Consolidated 2015 €'000	Consolidated 2015 €'000
Income					
State grants	3		43,282		44,327
Academic fees	4		133,976		125,125
Research grants and contracts	5		94,525		88,685
Amortisation of state capital grants	24		9,245		8,570
Other operating income	6		34,492		31,197
Interest income	7		156		218
Investment income	8		249		-
Net return on pension schemes	32		335		302
Deferred funding for pensions	32		<u>29,008</u>		<u>30,232</u>
Total income before endowments and donations			<u>345,268</u>		<u>328,656</u>
Donations and endowments	9		781		-
Expenditure					
Staff costs	10	214,063		206,465	
Pension service cost	32	<u>29,343</u>	243,406	<u>30,534</u>	236,999
Other operating expenses	11		79,114		77,693
Interest payable and similar charges	12		2,119		1,302
Depreciation	15		<u>21,041</u>		<u>20,044</u>
Total expenditure			<u>345,680</u>		<u>336,038</u>
Surplus/(deficit) before other gains losses			369		(7,382)
(Loss)/gain on disposal of fixed assets			(426)		2
Gain on investments			619		-
Surplus/(deficit) before taxation	14		<u>562</u>		<u>(7,380)</u>
Taxation	13		-		-
Surplus/(deficit) for the year after depreciation of assets and after taxation	14		<u>562</u>		<u>(7,380)</u>
Actuarial gain in respect of pension schemes			(29,008)		(30,232)
Movement on pension receivable			<u>29,008</u>		<u>30,232</u>
Total comprehensive income for the year			<u>562</u>		<u>(7,380)</u>
Restricted comprehensive income for the year	26		962		-
Unrestricted comprehensive income for the year			<u>(400)</u>		<u>(7,380)</u>

The surplus for the year arose solely from continuing operations.

CONSOLIDATED AND UNIVERSITY STATEMENT OF CHANGES IN RESERVES
Year Ended 30 September 2016

Consolidated

	Income and Expenditure reserve Unrestricted	Income and Expenditure reserve Restricted	Total
Balance at 01 October 2014	236,780	-	236,780
Deficit from income & expenditure statement	<u>(7,380)</u>	=	<u>(7,380)</u>
Balance at 01 October 2015	229,400	-	229,400
Transfer of opening reserves from Trust Fund	3,966	9,253	13,219
Surplus from income & expenditure statement	<u>(400)</u>	<u>962</u>	<u>562</u>
Balance at 30 September 2016	<u>232,966</u>	<u>10,215</u>	<u>243,181</u>

University

	Income and Expenditure reserve Unrestricted	Income and Expenditure reserve Restricted	Total
Balance at 01 October 2014	203,239	-	203,239
Deficit from income & expenditure statement	<u>(8,388)</u>	=	<u>(8,388)</u>
Balance at 01 October 2015	194,851	-	194,851
Deficit from income & expenditure statement	<u>(2,462)</u>	=	<u>(2,462)</u>
Balance at 30 September 2016	<u>192,389</u>	=	<u>192,389</u>

CONSOLIDATED UNIVERSITY STATEMENT OF FINANCIAL POSITION
30 September 2016

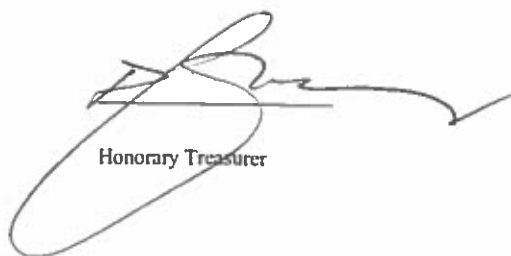
	Notes	Consolidated		University	
		2016 €'000	2015 €'000	2016 €'000	2015 €'000
Non-current assets					
Fixed assets	15	581,907	579,611	486,695	484,989
Heritage assets	16	2,182	2,090	2,182	2,090
Investments in subsidiaries	16	-	-	163	163
Investments	16	<u>14,624</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>598,713</u>	<u>581,701</u>	<u>489,040</u>	<u>487,242</u>
Current assets					
Stocks	17	685	647	409	395
Debtors	18	33,666	33,138	46,590	44,487
Investments	19	10,000	10,000	10,000	10,000
Cash at bank	20	<u>39,119</u>	<u>39,495</u>	<u>26,886</u>	<u>27,667</u>
		<u>83,470</u>	<u>83,280</u>	<u>83,885</u>	<u>82,549</u>
Creditors: Amounts falling due within one year	21	<u>(182,175)</u>	<u>(170,428)</u>	<u>(164,602)</u>	<u>(163,539)</u>
Net current liabilities		<u>(98,705)</u>	<u>(87,148)</u>	<u>(80,717)</u>	<u>(80,990)</u>
Total assets less current liabilities		500,008	494,553	408,323	406,252
Creditors: Amounts falling due after one year	22	(256,827)	(265,153)	(215,934)	(211,401)
Retirement benefit liability	32	(1,658,815)	(1,364,641)	(1,658,815)	(1,364,641)
Retirement benefit receivable	32	<u>1,658,815</u>	<u>1,364,641</u>	<u>1,658,815</u>	<u>1,364,641</u>
Total net assets		<u>243,181</u>	<u>229,400</u>	<u>192,389</u>	<u>194,851</u>
Restricted Reserves					
Income and expenditure-restricted reserve	26	10,215	-	-	-
Unrestricted reserves					
Income and expenditure unrestricted reserve	26	<u>232,966</u>	229,400	192,389	194,851
Total		<u>243,181</u>	<u>229,400</u>	<u>192,389</u>	<u>194,851</u>

The financial statements were approved by the Governing Body on 19/09/2017 and were signed on its behalf by:

Signed:



President



Honorary Treasurer

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
30 September 2016**

	Year ended 30 September 2016 €'000	Year ended 30 September 2015 €'000
Cash flow from operating activities		
Surplus/(deficit) for year	562	(7,380)
Adjustment for non-cash items		
Depreciation	21,041	20,044
Deferred state capital grants released to income	(9,245)	(8,570)
Loss/ (profit) on disposal of fixed assets	426	(2)
Gain on investments	(619)	-
Adjustment for working capital movements		
Increase in stocks	(38)	(161)
Increase in debtors	(528)	(5,749)
Increase in creditors	2,375	10,110
Adjustment for investing or financing activities		
Investment income	(249)	-
Donations received	(781)	-
Movement in opening reserves and closing investments – UCC Trust Fund	(1,405)	-
Interest payable	2,119	1,302
Other interest received	<u>(156)</u>	<u>(218)</u>
Net cash inflow from operating activities	<u>13,502</u>	<u>9,376</u>
Cash flows from investing activities		
Deferred state capital grants received	9,374	8,698
Investment Income	249	-
Purchase of tangible and heritage assets	(23,855)	(46,480)
Proceeds on disposal of fixed assets	-	2
Donations received	781	-
Interest receivable	156	218
Gain on investments	619	-
Net cash outflow from investing activities	<u>(12,676)</u>	<u>(37,562)</u>
Cash flows from financing activities		
<i>Debt due within one year:</i>		
Interest payable	(2,119)	(1,302)
(Decrease)/increase in short term borrowings	(810)	817
Increase in obligations under financing arrangements	9,507	86
<i>Debt due after one year:</i>		
Increase in long term borrowings	2,143	10,411
Decrease in obligations under financing arrangements	<u>(9,923)</u>	<u>(476)</u>
Net cash outflow from financing activities	<u>(1,202)</u>	<u>9,536</u>
Decrease in cash and cash equivalents in the year	(376)	(18,650)
Cash and cash equivalents at beginning of year	<u>49,495</u>	<u>68,145</u>
Cash and cash equivalents at end of year	<u>49,119</u>	<u>49,495</u>

NOTES TO THE FINANCIAL STATEMENTS

1 Statement of accounting policies

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

The accounting policies which are considered material in relation to the financial statements are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General information and basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council, and promulgated for use in Ireland by Chartered Accountants Ireland and the statement of recommended practice ("SORP") – accounting for further education/higher education as voluntarily adopted by University College Cork.

The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. For more information, see note 35. The consolidated financial statements are presented in Euro as this is the functional currency of the University because this is the currency of the primary economic environment in which the University operates.

b. Basis of consolidation

The Group financial statements consolidate the financial statements of the University and its subsidiary undertakings made up to 30 September 2016.

The activities of the Students' Union of University College Cork have not been consolidated because the University does not control those activities. The financial statements of Cork University Foundation DAC are excluded as it is not controlled by the University. Other undertakings in which the University has interests that are not material have not been consolidated.

The financial statements of University College Cork Trust Fund have been included in the consolidated financial statements of University College Cork, for the first time, on the basis that the trust fund is under the management control of University College Cork for the financial year ended 30 September 2016.

c. Going concern

The University's activities and its immediate future development are described in the Honorary Treasurer Report. The financial position of the University, including cash flow, borrowings and liquidity have been assessed as part of future infrastructural funding requirements and in the development of the next strategic plan. The funding model for the sector together with the introduction of semesterisation has resulted in a greater level of academic fees payable in advance. This together with continued increases in research accruals has increased the University net current liabilities position. However, the Governing Body 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. Tangible fixed assets

(i) Land and buildings

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	50 years
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Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

NOTES TO THE FINANCIAL STATEMENTS

1 Statement of accounting policies - continued

The last valuation was carried out on 30 September 1994. The University has fixed the value of the land and buildings as at 30 September 1994 as this was the first year of the implementation of generally accepted accounting principles in respect of fixed assets in presenting the financial statements of the University. Consistent with paragraph 35.10(d) FRS 102, the University has taken the transitional exemption available to a first time adopter to use this previous GAAP valuation for tangible fixed assets as its deemed cost at the date of transition. For more information, see note 35.

(ii) Equipment

All Equipment is capitalised at cost. Capitalised equipment is depreciated over its useful economic life as follows:

Computer equipment	3 years
Equipment	5 years

Where equipment is acquired with the aid of state capital grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

e. Heritage assets

The University has acquired many assets of unqualified historic and cultural importance to the State. The UCC collection includes artworks and other paintings and artefacts. Artwork purchased for the benefit of the University is capitalised in the Statement of Financial Position at original cost and is not depreciated.

f. Investments – Non current

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs). All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

g. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

h. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each Statement of Financial Position date. If there were objective evidence of impairment, an impairment loss would be recognised in the Statement of Comprehensive Income. There are no indicators of asset impairment at 30 September 2016.

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. Certain research and commercial activities within the University fall into the VAT net, any input or output tax relating to these activities is returned to the Revenue by the University.

j. Recognition of income

State Grants

Grants from the Higher Education Authority and other government bodies are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to tangible fixed assets. Recurrent and non-recurrent grants relating to revenue are recognised in income over the period in

NOTES TO THE FINANCIAL STATEMENTS

which the related costs are recognised. Grants from the Higher Education Authority or other state bodies received in respect of the acquisition or construction of fixed assets are recognised over the expected useful life of the asset.

1 Statement of accounting policies - continued

Academic Fees

Academic fees are recognised in the period to which they relate.

Research grants and contracts

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

Income from short-term deposits

All income from short-term deposits is credited to the Statement of Comprehensive Income in the period in which it is earned.

Investment income

All investment income is reflected in the financial statements on a receipts basis, except for dividends and income receivable at the financial year end which is accrued.

Donations with no restrictions

Donations with no restrictions include amounts given to the Trust 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.

Donations with restrictions

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

k. Retirement benefits

The University operated three defined benefit pension schemes during the year, as detailed in note 32.

New entrants to the Public Service on or after 1 January 2013 are members of a new pension scheme, the Single Public Service Pension Scheme (SPSPS). This scheme is administered by the Department of Public Expenditure and Reform. The Single Public Service Pension Scheme (SPSPS) applies to all new staff who joined the public sector as new entrants on or after 01 January 2013. It is a defined benefit retirement scheme. All employment retirement contributions to the (SPSPS) are paid to a state retirement benefit account. The scheme operates on a pay as you go basis.

Pension benefits for certain other employees of certain subsidiary undertakings are met by payments to a defined contribution pension scheme. Contributions are charged to the Consolidated Statement of Comprehensive Income account in the year in which they fall due. Pension costs are accounted for on the basis of charging the cost of providing pensions over the period during which the University benefits from the employees' services. For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to the Consolidate Statement of Comprehensive Income and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Retirement benefit receivable asset

As further detailed in note 32, the University was advised that the State would meet the future retirement benefit liabilities for the University College Cork (closed) scheme as part of the Financial Measures (miscellaneous provisions) Act, 2009. Under FRS 102, if any entity is virtually certain that another party would reimburse some or all of the expenditure required to secure a defined benefit obligation, the entity shall recognise the right to reimbursement as an asset. An entity shall treat those assets in the same way as plan assets. As a result, the financial statements reflect a receivable asset which completely offsets the retirement liability. Movements on this retirement benefit receivable are included in the Consolidate Statement of Comprehensive Income in order to mirror the underlying movement on the retirement liability.

NOTES TO THE FINANCIAL STATEMENTS

1 Statement of accounting policies – continued

l. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are reported at the rates of exchange prevailing at that date.

m. Investments

Investments in subsidiaries are carried at cost less impairment in the University's financial statements. Current asset investments represent monies placed on deposit. Any interest earned thereon is credited to the Statement of Comprehensive Income.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the University's accounting policies, which are described in note 1, the Governing Body are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis.

Critical judgements in applying the University's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Governing Body has made in the process of applying the University's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

1) Pension

As outlined in Note 32 to the financial statements, the University operates defined benefit pension schemes. On the basis that the Oireachtas will make good any deficiency arising to meet the University's obligations to pay pension benefits. The pension liability has been offset by the recognition of an asset equivalent to the University's pension liabilities, as part of the overall deferred pension funding asset. At 30 September 2016, the pension asset amounted to €1,658.8m. This amount includes €15.7m which is the subject of litigation. In view of the significance of these matters, the University considers this a significant area of judgement. Refer to note 32 for additional details.

Key source of estimation and uncertainties

The following estimates have had the most significant effect on the amounts recognised in the financial statements:

1) Useful economic lives

The useful economic lives of tangible assets are key assumptions concerning the future at the reporting date. In determining these estimates, the University has considered: the expected physical wear and tear, technical and commercial obsolescence and any other limits on the use of assets. The University has also considered whether any material items within classes of assets should have a separate depreciation rate to reflect the useful life of such assets and consider no such items to be relevant following review.

2) Provisions

Provisions are recognised when the University has a present obligation (legal or constructive) as a result of a past event, that is probable that the University will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

3) Impairment

The University having considered the carrying value of tangible assets consider that there are no indicators of impairment to the University's assets at 30 September 2016.

NOTES TO THE FINANCIAL STATEMENTS

2 Critical accounting judgements and key sources of estimation uncertainty – continued

4) *Pension benefits – assumptions*

The University operates three defined benefit schemes. The cost of these benefits and the present value of the pension obligations is based on actuarial assumptions including; life expectancy, salary increases, pension increases, discount rates and inflation. The assumptions reflect historical experience and current trends. As outlined above in critical accounting judgements, the University has recognised an asset in respect of the pension liability.

Further details are given in note 32 to the financial statements.

5) *Holiday pay accrual*

FRS 102 requires the University to accrue for all short-term compensated absences as holiday entitlement earned but not taken at the Statement of Financial Position date. The accrual for annual leave not taken at the statement of financial position date is estimated based on total annual leave entitlement by individual less days taken.

3	State grants	2016	2015
		€'000	€'000
	State grants allocated for recurrent purposes	<u>43,282</u>	<u>44,327</u>

The above grant income was received from the Higher Education Authority and the Department of Health.

4	Academic fees	2016	2015
		€'000	€'000
	Academic fee income	<u>133,976</u>	<u>125,125</u>

A total of €42,227,348 (2015: €41,860,820) included in academic fee income was paid directly by the Higher Education Authority.

5	Research grants and contracts	2016	2015
		€'000	€'000
	State and semi-state	64,511	60,606
	European Union	14,657	14,766
	Industry	10,277	6,021
	Other	<u>5,080</u>	<u>7,292</u>
		<u>94,525</u>	<u>88,685</u>

6	Other operating income	2016	2015
		€'000	€'000
	Rental income	1,993	1,717
	Funded post income	947	1,225
	Student residences income	7,718	5,765
	Leisure facilities income	2,732	2,697
	Student Facilities & Services (UCC) DAC income	3,383	3,005
	Art Gallery income	219	281
	Capital grants received	-	377
	Other income	<u>17,500</u>	<u>16,130</u>

NOTES TO THE FINANCIAL STATEMENTS

	<u>34,492</u>	<u>31,197</u>
7 Interest income	2016	2015
	€'000	€'000
Interest income	<u>156</u>	<u>218</u>
8 Investment income	2016	2015
	€'000	€'000
Investment income on restricted reserves	174	-
Other investment income	<u>75</u>	<u>-</u>
	<u>249</u>	<u>-</u>
9 Donations and endowments	2016	2015
	€'000	€'000
Donations with restrictions	547	-
Unrestricted donations	<u>234</u>	<u>-</u>
	<u>781</u>	<u>-</u>

10 Staff costs

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

	2016	2015
	Number	Number
Teaching and research	1,646	1,546
Technical	113	103
Central administration and services	935	852
Other	<u>308</u>	<u>285</u>
	<u>3,002</u>	<u>2,786</u>
	2016	2015
	€'000	€'000
Salaries and wages	180,418	174,550
Social welfare costs	14,636	13,774
Other pension costs	<u>19,009</u>	<u>18,141</u>
	<u>214,063</u>	<u>206,465</u>

Key management compensation

The total remuneration for key management personnel for the year ended 30 September 2016 totalled € 2,139,503 (2015: €2,076,710)

NOTES TO THE FINANCIAL STATEMENTS

10 Staff costs – continued

Higher paid staff

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:

Salary Bands	Year Ended 30 September 2016-Disclosed	Year Ended 30 September 2015
60,000 – 70,000	203	217
70,001 – 80,000	278	266
80,001 – 90,000	187	176
90,001 – 100,000	33	28
100,001 – 110,000	47	46
110,001 – 120,000	20	14
120,001 – 130,000	31	24
130,001 – 140,000	31	32
140,001 – 150,000	4	4
150,001 – 160,000	2	1
160,001 – 170,000	0	0
170,001 – 180,000	1	1
180,001 – 190,000	4	4
190,001 – 200,000	3	4
200,001 – 210,000	3	2
210,001 – 220,000	7	7
220,001 – 230,000	5	5
Grand Total	859	831

**Based on staff numbers at 31 December 2016*

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. The University's key management personnel are members of the senior management team who form the University Management Team, UMT.

NOTES TO THE FINANCIAL STATEMENTS

11 Other operating expenses	2016	2015
	€'000	€'000
Heat, light, water and power	6,134	6,287
Advertising and promotion	769	686
Professional fees	5,767	5,004
Training and development	1,403	1,298
Equipment	3,515	4,269
Laboratory consumables	7,282	7,236
Postage, print and stationary supplies	2,444	2,519
Communications	907	811
Books and periodicals	2,123	2,307
Rent and rates	1,462	1,360
Motor, travel and subsistence	8,143	7,943
Computer supplies	884	752
Insurance	1,434	1,272
Software Costs	1,880	1,852
Repairs and maintenance	10,629	9,880
Costs relating to investment management and scholarships	276	-
Consumables and other expenses	<u>24,062</u>	<u>24,217</u>
	<u>79,114</u>	<u>77,693</u>

Auditor's remuneration for work carried out for the group in respect of the financial year is as follows:

	€'000	€'000
Statutory Audit Fees	37	34
Commercial Audit Fees	<u>123</u>	<u>104</u>

12 Interest Payable and Similar Charges	2016	2015
	€'000	€'000
Interest charges and similar charges		
On bank loans, overdrafts and other loans wholly repayable within 5 years	1,232	280
On bank loans repayable after 5 years	843	956
On obligations arising under financing arrangements	<u>44</u>	<u>66</u>
	<u>2,119</u>	<u>1,302</u>

Interest payable includes interest on loans drawn down to fund residential accommodation for students and other capital investment programmes.

13 Taxation

No taxation charge arises as the University and its principal subsidiary companies are exempt charities and are not liable for corporation tax or income tax on any of its charitable activities.

14 Surplus/(deficit) on continuing operations for the year	2016	2015
	€'000	€'000
Surplus/(deficit) on continuing operations for the year is made up as follows:		
University's deficit for the year	(2,462)	(8,388)
Surplus generated by subsidiary and other undertakings	<u>3,024</u>	<u>1,008</u>
	<u>562</u>	<u>(7,380)</u>

NOTES TO THE FINANCIAL STATEMENTS- continued

15 Tangible fixed assets	Land and buildings* €'000	Computer equipment €'000	Equipment €'000	Assets in course of construction €'000	Total €'000
CONSOLIDATED					
Cost or valuation					
At 1 October 2015	732,978	46,198	156,936	2,097	938,209
Additions	2,578	1,800	6,248	13,137	23,763
Reclassification	4,465	305	-	(4,770)	-
Disposals	(788)	(62)	-	-	(850)
At 30 September 2016	<u>739,233</u>	<u>48,241</u>	<u>163,184</u>	<u>10,464</u>	<u>961,122</u>
Depreciation					
At 1 October 2015	167,554	44,725	146,319	-	358,598
Depreciation for year	14,201	1,065	5,775	-	21,041
Disposals	(362)	(62)	-	-	(424)
At 30 September 2016	<u>181,393</u>	<u>45,728</u>	<u>152,094</u>	<u>-</u>	<u>379,215</u>
Net book value					
At 30 September 2016	<u>557,840</u>	<u>2,513</u>	<u>11,090</u>	<u>10,464</u>	<u>581,907</u>
At 1 October 2015	<u>565,424</u>	<u>1,473</u>	<u>10,617</u>	<u>2,097</u>	<u>579,611</u>

*The opening cost of land and buildings has been restated at 1 October 2015 to exclude, €2,090,000, the value of manuscripts and works of art which the University has determined would be more appropriately presented within heritage assets. Details of capital funding received in respect of tangible fixed assets are detailed in note 24.

Land and buildings and equipment include assets valued in 1994 on a depreciated replacement cost basis by the College Planning Officer of €125,984,000 and €8,219,000 respectively which has been the deemed cost on date of transition. Land and buildings and assets in course of construction includes €35,047,052 (2015: €32,531,052) in respect of freehold land which is not depreciated. Fixed Assets also includes €10,859,252 (2015: €11,124,311) in relation to a building which is legally owned by private investors. The commercial effect of the transaction associated with the sale and ultimate repurchase of this building is that the University continues to bear all the significant benefits and risks relating to this.

NOTES TO THE FINANCIAL STATEMENTS- continued

15 Tangible fixed assets - continued

UNIVERSITY	Land and buildings €'000	Computer equipment €'000	Equipment €'000	Assets in course of construction €'000	Total €'000
Cost					
At 1 October 2015	621,560	45,640	152,965	2,097	822,262
Additions	-	1,700	6,104	13,137	20,941
Reclassifications	4,465	305	-	(4,770)	-
Disposals	(788)	-	-	-	(788)
At 30 September 2016	625,237	47,645	159,069	10,464	842,415
Depreciation					
At 1 October 2015	150,223	44,225	142,825	-	337,273
Charge for year	12,221	1,014	5,574	-	18,809
Disposals	(362)	-	-	-	(362)
At 30 September 2016	162,082	45,239	148,399	-	355,720
Net book value					
At 30 September 2016	463,155	2,406	10,670	10,464	486,695
At 1 October 2015	471,337	1,415	10,140	2,097	484,989

NOTES TO THE FINANCIAL STATEMENTS- continued

15 Tangible fixed assets (continued)

Tax based property schemes

The University has entered into an arrangement with various investors whereby the investors obtain tax relief arising on qualifying construction costs of buildings and share the benefit of this relief with the University. Transactions associated with all relevant tax based property schemes where legal title to the relevant property has not yet passed to the University have been included in the financial statements at historical cost. The principal relief availed of in relation to the University group's properties is as follows: Section 50 relief was availed of in relation to University Hall. Full legal ownership is expected to pass to the University under an option agreement in 2017. This property has been reflected in the balance sheet at 30 September 2016. The relevant liability of €10,049,000 (2015: €10,465,000) relating to the obligations associated with this property is included in note 21 and note 22 to the balance sheet.

16 Non-current assets	Consolidated		University	
	2016 €'000	2015 €'000	2016 €'000	2015 €'000
Investments & Heritage Assets				
Investments	14,624	-	-	-
Heritage assets	<u>2,182</u>	<u>2,090</u>	<u>2,182</u>	<u>2,090</u>
Investments in subsidiaries	<u>-</u>	<u>-</u>	<u>163</u>	<u>163</u>

(a) Investments

The non-current investments represent the investments held by University College Cork Trust Fund.

All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

Investments at fair value comprised

	2016 €'000	2015 €'000
Equities	7,058	-
Bonds	301	-
Property	1,489	-
Infrastructure	1,275	-
Financial	2,434	-
Forestry	952	-
Other	565	-
Private equity	<u>550</u>	-
Total	<u>14,624</u>	-

NOTES TO THE FINANCIAL STATEMENTS- continued

16 Non-current assets (continued)

(b) Heritage assets

Included in the above are assets deemed to be held for heritage purposes. The assets primarily relate to manuscripts, artefacts and art works. In addition to this, the University also owns a considerable number of works of art including paintings, silver, sculptures and priceless manuscripts. These works of art are not included in the Statement of Financial Position because, even though they are insured for substantial amounts, it is considered that no meaningful value can be attributed to them.

	Manuscripts, Artefacts & Art Works €'000		Total €'000		
Cost					
At 1 October 2015		<u>2,090</u>		<u>2,090</u>	
Additions		<u>92</u>		<u>92</u>	
At 30 September 2016		<u>2,182</u>		<u>2,182</u>	
Five year summary of heritage assets	2012	2013	2014	2015	2016
	€'000	€'000	€'000	€'000	€'000
Cost					
At 1 October	1,251	1,251	1,251	1,815	2,090
Additions	-	-	564	275	92
Cost at 30 September	<u>1,251</u>	<u>1,251</u>	<u>1,815</u>	<u>2,090</u>	<u>2,182</u>
Total at 30 September	<u>1,251</u>	<u>1,251</u>	<u>1,815</u>	<u>2,090</u>	<u>2,182</u>

NOTES TO THE FINANCIAL STATEMENTS- continued

16 Non-current assets (continued)

(e) Investments in subsidiaries

The University held an interest in the following subsidiary undertakings:

Subsidiary undertakings	Principal activity	Interest %	Registered office/place of business
Incorporated			
Property Management (UCC) DAC	Property development	100%	University College Cork, Western Road, Cork.
Campus Accommodation (UCC) DAC	Student accommodation	100%	University College Cork, Western Road, Cork.
Art Gallery (UCC) DAC	Art gallery	100%	University College Cork, Western Road, Cork.
Student Facilities & Services (UCC) DAC	Student services	100%	University College Cork, Western Road, Cork.
Mardyke Leisure (UCC) DAC	Leisure facilities	100%	University College Cork, Western Road, Cork.
Biosciences (UCC) DAC	Property holding company	100%	University College Cork, Western Road, Cork.
Tenton DAC	Property holding company	100%	University College Cork, Western Road, Cork.
UCC Academy DAC	Educational	100%	University College Cork, Western Road, Cork.

17 Stocks

	Consolidated		University	
	2016 €'000	2015 €'000	2016 €'000	2015 €'000
Consumables	17	17	17	17
Finished goods for resale	<u>668</u>	<u>630</u>	<u>392</u>	<u>378</u>
	<u>685</u>	<u>647</u>	<u>409</u>	<u>395</u>

There is no material difference between the balance sheet amount of stock and its replacement cost.

18 Debtors

	Consolidated		University	
	2016 €'000	2015 €'000	2016 €'000	2015 €'000
Trade debtors	1,304	795	1,304	795
Research grants and contracts receivable	24,298	21,599	24,298	21,599
Amounts due from subsidiary undertakings	-	-	13,585	11,782
State grant receivable - HEA	716	626	716	626
Other taxation and social insurance	1,820	1,370	1,820	1,370
Other debtors and prepayments	<u>5,528</u>	<u>8,748</u>	<u>4,867</u>	<u>8,315</u>
	<u>33,666</u>	<u>33,138</u>	<u>46,590</u>	<u>44,487</u>

NOTES TO THE FINANCIAL STATEMENTS- continued

19 Current investments	Consolidated		University	
	2016 €'000	2015 €'000	2016 €'000	2015 €'000
Short term deposits	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

Deposits are held with banks operating in the Republic of Ireland and licensed by the Central Bank of Ireland. These deposits have more than three months' maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

20 Cash at bank and in hand	Consolidated		University	
	2016	2015	2016	2015
Cash at bank including balances held on short term deposit	35,869	30,550	23,636	18,722
Restricted bank balances	3,250	8,945	3,250	8,945
	<u>39,119</u>	<u>39,495</u>	<u>26,886</u>	<u>27,667</u>

Restricted cash and bank balances are defined as cash and bank balances that are not available for immediate use by the University. Such cash balances can only be used for certain defined purposes.

21 Creditors: Amounts falling due within one year	Consolidated		University	
	2016 €'000	2015 €'000	2016 €'000	2015 €'000
Trade creditors	5,480	7,044	4,597	6,581
Research grants and contracts in advance	72,007	66,054	72,007	66,054
Academic fees received in advance	37,420	33,900	37,420	33,900
State grant received in advance-HEA	4,841	5,963	4,841	5,963
Obligations arising under financing arrangements	10,049	542	-	-
Bank borrowings (note 23)	3,570	4,380	1,289	2,100
Amounts owed to subsidiary undertakings	-	-	1,304	1,140
Other taxation and social security	5,496	5,841	5,297	5,744
Deferred income	11,958	8,736	8,416	5,557
Deferred capital grants (note 24)	9,245	8,570	8,929	8,362
Other creditors & accruals	<u>22,109</u>	<u>29,398</u>	<u>20,502</u>	<u>28,138</u>
	<u>182,175</u>	<u>170,428</u>	<u>164,602</u>	<u>163,539</u>

NOTES TO THE FINANCIAL STATEMENTS- continued

22 Creditors: Amounts falling due after one year	Consolidated		University	
	2016 €'000	2015 €'000	2016 €'000	2015 €'000
Bank loans (note 23)	45,198	43,055	11,591	6,936
Deferred capital grants (note 24)	211,629	212,175	204,343	204,465
Obligations arising under financing arrangements	-	9,923	-	-
	<u>256,827</u>	<u>265,153</u>	<u>215,934</u>	<u>211,401</u>

Nature and Security of Obligations arising under financing arrangements

As stated in note 15, fixed assets include assets from financing arrangements. The liabilities included in the obligations arising under financing arrangements above represent the ultimate liabilities to repurchase the assets concerned. The borrowings are secured by legal title until the repurchase takes place.

23 Bank Borrowings	Consolidated		University	
	2016 €'000	2015 €'000	2016 €'000	2015 €'000
Bank loans				
Bank loans are repayable as follows:				
In one year or less (note 21)	<u>3,570</u>	<u>4,380</u>	<u>1,289</u>	<u>2,100</u>
Between one and two years	3,713	3,550	898	1,269
Between two and five years	11,620	9,899	2,377	3,057
In five years or more	<u>29,865</u>	<u>29,606</u>	<u>8,316</u>	<u>2,610</u>
Total	<u>45,198</u>	<u>43,055</u>	<u>11,591</u>	<u>6,936</u>
Total bank loans	<u>48,768</u>	<u>47,435</u>	<u>12,880</u>	<u>9,036</u>

Lender	Amount of Loan €000's	Balance 2016 €000's	Loan Term Years	Borrower
Danske Bank	10,000	265	15	UCC
Danske Bank	4,800	1,599	15	UCC
Barclays	10,000	5,008	15	UCC
Barclays	1,000	501	15	Campus Accommodation (UCC) DAC
Barclays	8,000	5,600	15	Mardyke Leisure (UCC) DAC
Barclays	6,000	6,009	10	UCC
Bank of Ireland	18,441	15,558	20	Campus Accommodation (UCC) DAC
Ulster Bank	15,176	<u>14,228</u>	20	Campus Accommodation (UCC) DAC
Total		<u>48,768</u>		

NOTES TO THE FINANCIAL STATEMENTS- continued

24 Deferred capital grants

	Consolidated €'000	University €'000
Consolidated		
At 1 October 2015		
Buildings	213,289	205,371
Equipment	<u>7,456</u>	<u>7,456</u>
Total	<u>220,745</u>	<u>212,827</u>
Cash received		
Buildings	4,185	4,185
Equipment	<u>5,189</u>	<u>5,189</u>
Total	<u>9,374</u>	<u>9,374</u>
Released to income and expenditure		
Buildings	5,393	5,077
Equipment	<u>3,852</u>	<u>3,852</u>
Total	<u>9,245</u>	<u>8,929</u>
At 30 September 2016		
Buildings	212,081	204,479
Equipment	<u>8,793</u>	<u>8,793</u>
Total	<u>220,874</u>	<u>213,272</u>

The Deferred Capital Grants can be analysed as follows:

	2016 €'000	2015 €'000
Consolidated		
Creditors falling due within one year	9,245	8,570
Creditors falling due after one year	<u>211,629</u>	<u>212,175</u>
At 30 September	<u>220,874</u>	<u>220,745</u>
University		
Creditors falling due within one year	8,929	8,362
Creditors falling due after one year	<u>204,343</u>	<u>204,465</u>
At 30 September	<u>213,272</u>	<u>212,827</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

25 Revaluation reserve

The University has opted on transition to FRS 102 to take the transitional provision under Section 35.10(d) to elect to use a previous Irish GAAP revaluation of fixed assets at, or before, the date of transition to FRS 102 as its deemed cost at the revaluation date. Consequently, the revaluation reserve has been released to the income and expenditure unrestricted reserve.

26 Restricted reserve

	Consolidated		University	
	2016 €'000	2015 €'000	2016 €'000	2015 €'000
As noted in the Honorary Treasurer's Report the University is consolidating the trust fund for the first time. As a result, reserves with restrictions are as follows:				
Balances at 1 October 2015	-	-	-	-
Opening Balance University College Cork Trust Fund	9,253	-	-	-
New donations / Funds Invested	546	-	-	-
Investment income	174	-	-	-
Expenditure	(192)	-	-	-
Increase in market value of investments	434	-	-	-
Total restricted comprehensive income for the year	962	-	-	-
At 30 September 2016	10,215	-	-	-

	Consolidated		University	
	2016 €'000	2015 €'000	2016 €'000	2015 €'000
Analysis of other restricted funds /donations by type of purpose:				
Scholarships and bursaries	781	-	-	-
Research support	-	-	-	-
Prize funds	-	-	-	-
General	-	-	-	-

27 Contingencies

The University has no known material contingent liabilities at 30 September 2016.

	Consolidated		University	
	2016 €'000	2015 €'000	2016 €'000	2015 €'000
28 Capital commitments				
Contracted for but not provided	7,021	5,048	7,021	5,048
Authorised but not contracted out	36,539	12,450	36,539	12,450
	43,560	17,498	43,560	17,498

NOTES TO THE FINANCIAL STATEMENTS - continued

29 Financial instruments

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

	Consolidated		University	
	2016 €'000	2015 €000	2016 €'000	2015 €000
Financial assets				
<i>Measured at fair value through profit or loss</i>				
• Investments in listed equity instruments (see note 16)	14,624			
<i>Measured at undiscounted amounts receivable</i>				
• Trade debtors (see note 18)	1,304	7	1,304	7
• Amounts due from subsidiary undertakings			13,585	11,782
Financial liabilities				
<i>Measured at amortised cost</i>				
• Bank loans and other loans (see note 23)	48,268	47,435	12,880	9,000
• Obligations under finance leases (see notes 21 and 22)	10,049	10,465		
<i>Measured at undiscounted amounts payable</i>				
• Trade creditors (see note 21)	5,480	704	4,597	6,581
• Amounts to subsidiary undertakings (see note 21)			1,304	1,140

30 Analysis of changes in net debt

	At 1 October 2015 €'000	Cashflows €'000	At 30 September 2016 €'000
Cash at bank & short term deposits	<u>49,495</u>	<u>(376)</u>	<u>49,119</u>
Bank debt due within 1 year	(4,380)	810	(3,570)
Bank debt due after 1 year	(43,055)	(2,143)	(45,198)
Obligations arising under financing arrangements	<u>(10,465)</u>	<u>416</u>	<u>(10,049)</u>
Total	<u>(8,405)</u>	<u>(1,293)</u>	<u>(9,698)</u>

31 Related parties

Transactions with subsidiaries of the University have been eliminated on consolidation and no disclosure of these transactions has therefore been given. The University considers the following entity to be a related party that requires disclosure:

Cork University Foundation DAC

Cork University Foundation DAC is not consolidated, given the materiality of the balances held and its governance model, where the entity is not controlled by the University. During the period, the University provided the Foundation with office accommodation, use of equipment and administration services. During the same period, the University received from the Foundation an amount of €3.4m for the furtherance of education and research. The amount due to the University from the Foundation at the 30 September 2016 was €264k. The Statement of Financial Position of CUF DAC at 30 September 2016 held reserves of €4.1m.

NOTES TO THE FINANCIAL STATEMENTS - continued

32 Retirement Benefits

During the year the University operated three defined benefit pension schemes.

University College Cork – National University of Ireland Cork (Closed) Scheme – known as the “Closed Scheme”

The main scheme is the University College Cork (Closed) Scheme the “Closed Scheme”. The Closed Scheme applies to pensionable employees appointed prior to 31 December 2004 and is closed to new entrants. Up until 31 March 2010 the University funded the Closed Scheme which operated under Statute, the assets of which were held separately from those of the University.

The Financial Measures (Miscellaneous Provisions) Act, 2009, provided that the Oireachtas will make good any deficiency arising if the aggregate of members’ and employers’ contributions paid to or withheld by the University are insufficient to meet the University’s obligations to pay these benefits in accordance with the scheme. On 31 March 2010, in accordance with S.I. No. 124/2010, Financial Measures (Miscellaneous Provisions) Act 2009, (University College Cork – National University of Ireland, Cork) the assets of the Closed Pension Scheme were transferred to the National Pensions Reserve Fund. The members became members of a statutory unfunded scheme renamed “University College Cork (Closed) Scheme”. There was no effect on the benefits payable to the members, with the underlying basis being that the terms and conditions of entitlement of the members will continue to be no more and no less favourable than existed under the principles of the Scheme established by the UCC Governing Body. Furthermore, the legislation in Section 6(2) sets out the effect the transfer order had on the assets of the Scheme where the relevant body [i.e. UCC] ceases to be liable in relation to the scheme. Following the transfer of assets to the exchequer, all decisions in relation to the Pension Scheme are no longer made by UCC. Within the overall pension liability is an amount of €82.1m related to professional service added years. This €82.1m is inclusive of professional service added years earned directly in the UCC (Closed) Scheme as well as service earned elsewhere in the public sector, but credited to the UCC (Closed) Scheme following service transfer, typically on recruitment by UCC of a staff member from elsewhere in the public sector. Of the total added year’s liability of €82.1m, the professional service added year’s liability relating to the transferred in service is €15.7m. As a result of the transfer and the underpinning legislation affecting same, UCC’s legal opinion is that all liabilities including the accrued obligations of €82.1m in respect of professional service added years, no longer rest with UCC, but with those making pension decisions. UCC has therefore recognised a deferred pension asset to match the full pension liability. This view is not shared by the Department of Education and Skills and Department of Public Expenditure and Reform. As a result, “transferred in” service is not being recognised when approvals are being sought for pension lump sums and payments. As such, the C&AG view is that the pension debtor should be reduced by the amount relating to transferred in service. If UCC were to accept this view, the pension asset would result in UCC having to fund the future liabilities from its own resources. Given the amount of the pension added years’ debtor that is disputed (€15.7m), and the continued legal actions taken by former staff against the University, the University has commenced its’ own litigation against the State with a view to protecting its’ financial position with regard to future pension liabilities.

“University College Cork Pension Scheme 2005” – known as the “2005 Scheme”

The 2005 Scheme applies to all new staff appointed from 1 January 2005. This is an unfunded Scheme which is paid on a pay-as-you-go basis through monies provided to the University by the State for that purpose.

On the basis that the Oireachtas will make good any deficiency arising to meet the university’s obligations to pay pension benefits of the Closed Scheme and that future pension liabilities of the 2005 Scheme are funded on a pay-as-you-go basis through monies provided to the University by the State for that purpose, the pension liability has been offset by the recognition of an asset equivalent to the University’s pension liabilities, as part of the overall deferred pension funding asset.

Single Public Service Pension Scheme

The Single Public Service Pension Scheme (Single Scheme) is the defined benefit pension scheme for pensionable public servants appointed on or after 1 January 2013 in accordance with the Public Service Pensions (Single

NOTES TO THE FINANCIAL STATEMENTS - continued

Scheme and Other Provisions) Act 2012. Deductions made from employees under the Single Scheme are remitted by the University to the Department of Public Expenditure and Reform.

The University is prescribed in S.I. No 581 of 2012 as a relevant authority for the purposes of the Single Scheme. The University had 877 active members of the Single Scheme at 30 September 2016. Future benefits accruing to Scheme members have been provided for in these financial statements, as at 30 September 2016. 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.

The University has reported a net pension liability at 30 September 2016 and 2015 as follows:

	2016 €'000	2015 €'000
Present value of the defined benefit obligations	(1,658,815)	(1,364,641)
Pension liability	<u>(1,658,815)</u>	<u>(1,364,641)</u>

The pension receivable and net deficit at 30 September 2016 and 2015 is as follows:

	2016 €'000	2015 €'000
Pension receivable from the Irish State	<u>1,658,815</u>	<u>1,364,641</u>
Net pension deficit	<u>-</u>	<u>-</u>

Pension benefits for certain other employees of certain subsidiary undertakings are met by payments to a defined contribution pension scheme. Contributions are charged to the income and expenditure account in the year in which they fall due.

The requirements of FRS 102, Section 28 are fully adopted and the following movements are reflected in the financial statements.

Movement in present value of defined benefit obligation

	2016 €'000	2015 €'000
Present value of Defined benefit obligation at beginning of year		
Current service cost	(1,364,641)	(1,267,940)
Interest cost	(49,096)	(46,502)
Benefits paid	(33,808)	(34,542)
Contributions by plan participants	24,627	23,738
Effect of changes in assumptions	(7,046)	(5,964)
Effect of experience adjustments	(250,209)	(68,268)
Value of Defined benefit obligation at end of year	<u>21,358</u>	<u>34,837</u>
	<u>(1,658,815)</u>	<u>(1,364,641)</u>

Analysis of movement in pension receivable during the year

	2016 €'000	2015 €'000
Analysis of deferred pension funding asset		
At beginning of year		
Interest income	1,364,641	1,267,940
Employment contributions	34,143	34,844
Participants contributions	19,753	15,968
	7,046	5,964

NOTES TO THE FINANCIAL STATEMENTS - continued

Employment contributions		
Participants contributions	19,753	15,968
Benefits paid	7,046	5,964
Return on plan assets	(24,627)	(23,738)
	<u>257,859</u>	<u>63,663</u>
At end of year	<u>1,658,815</u>	<u>1,364,641</u>

The valuation of liabilities used for these disclosures has been based on an actuarial valuation carried out by an independent professionally qualified actuary at the balance sheet date. The financial assumptions used to calculate the retirement liabilities in relation to the defined benefit pension schemes under FRS 102, Section 28, are set out as follows:

Financial Assumptions	2016	2015
Valuation method	Projected Unit	Projected Unit
Rate of increase in salaries	3.25%	3.50%
Rate of increase in state pension	1.75%	2.00%
Rate of increase in pensions in payment	2.25%	2.50%
Discount rate for scheme liabilities	1.50%	2.50%
Inflation assumption	1.75%	2.00%

The weighted average mortality rate adopted allows for improvements in life expectancy over time, so that life expectancy at retirement will depend on the year in which a member attains retirement age (age 65). The table below shows the life expectancy for members attaining the average retiring age of 65.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables. The assumptions are equivalent to expecting a 65-year-old to live for a number of years as follows:

	2016 Years M/F	2015 Years M/F
Retiring today (member age 65)	22.9 / 24.9	22.8 / 24.8
Retiring in 25 years (member age 40)	25.7 / 27.8	25.6 / 27.7

Amounts recognised in the Statement of Comprehensive Income in respect of pension liabilities are as follows:

	2016 €'000	2015 €'000
Amount included in staff costs		
Current service costs	49,096	46,502
Less employer contributions	<u>(19,753)</u>	<u>(15,968)</u>
Net return on pension schemes	<u>29,343</u>	<u>30,534</u>
Interest on pension scheme liabilities	33,808	34,542
Interest income on pension receivable	<u>(34,143)</u>	<u>(34,844)</u>
Net deferred funding for pensions	(335)	(302)
Funding recoverable in respect of current year pension costs	<u>(29,008)</u>	<u>(30,232)</u>
Amounts recognised in other comprehensive income		
Effect of changes in assumptions	250,209	68,268
Effect of experience adjustments	(21,358)	(34,837)
Return on Plan assets	<u>(257,859)</u>	<u>(63,663)</u>
	<u>(29,008)</u>	<u>(30,232)</u>
Movement in pension receivable	<u>29,008</u>	<u>30,232</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

33 Deferred Income	2016	2015
	€'000	€'000
State grant received	42,160	40,625
State grant receivable from prior accounting year	5,963	9,665
State grant deferred to subsequent accounting year	<u>(4,841)</u>	<u>(5,963)</u>
State grant per financial statements	<u>43,282</u>	<u>44,327</u>

34 Post Statement of Financial Position Events

The University acquired the Irish Management Institute (IMI) after the Statement of Financial Position date. The acquisition will be accounted for in the financial year ended 30 September 2017.

35 Explanation of Transition to FRS 102

This is the first year that the University has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and the updated FE HE SORP as voluntarily adopted. The following disclosures are required in the year of transition. The last financial statements under previous Irish GAAP were for the year ended 30 September 2015 and the date of transition to FRS 102 was therefore 1 October 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard.

Under previous Irish GAAP, capital grants received from non-government sources were treated as a deferred capital grants. These deferred capital grants were amortised to the Statement of Comprehensive Income over the expected life of the asset. Under FRS 102, capital grants from non-government sources are recognised in the Statement of Comprehensive Income when performance related conditions are met. In addition, capital grants for land and donations are recognised in the Statement of Comprehensive Income when performance related conditions are met. The University has availed of the transitional exemption to reclassify the revaluation reserve to unrestricted reserves which is deemed to be the cost on transition. In addition, the University has included an accrual for holiday pay. Deferred state capital grants have been disclosed within creditors and split between short term and long term. Other disclosure items have been updated throughout the financial statements. The adjustments relevant to 2015 include considering these adjustments for the 2015 additions and reversing previous amortisation recognised for capital grants recognised in reserves on transition.

The impact of the recognition of income, and consequent impact on grant amortisation is set out below:

Reconciliation of reserves

	Consolidated	
	At 30 September 2015 €'000	At 01 October 2014 €'000
Reserves reported under previous Irish GAAP	(2,073)	3,855
Adjustments to reserves on transition to FRS 102		
1. Recognition in reserves from grants and contracts using the performance model (capital grants for land and donations)	-	19,252
2. Recognition in reserves of capital grants and contracts received in prior years where performance obligations have been met (non-governmental sources)	-	82,989
3. Release of revaluation reserve to income and expenditure unrestricted reserves	-	134,203

NOTES TO THE FINANCIAL STATEMENTS - continued

expenditure unrestricted reserves		
4. Recognition of holiday pay accrual	-	(3,519)
<i>Impact on Consolidated Statement of Comprehensive Income</i>		
5. Recognition of income from capital grants received in 2015 using the performance model.	757	-
6. Reduction in grant amortisation that previously arose in 2015. This is as a result of the recognition of income from capital grants using the performance model on transition.	(2,209)	-
Impact of transitional adjustments in 2014	<u>232,925</u>	<u>-</u>
Reserves reported under FRS 102	229,400	236,780
Reconciliation of deficit for the year ended 30 September 2015		€'000
Deficit for the financial year under previous Irish GAAP		(5,928)
1. Recognition of income from capital grants using the performance model		757
2. Reduction in grant amortisation arising from the recognition of income from capital grants using the performance model		<u>(2,209)</u>
		<u>(7,380)</u>

36 Approval of financial statements

The financial statements were approved by the Governing Body on the 19/09/2017.

**University College Cork
National University of Ireland, Cork**

**Additional Financial Information
(Not covered by the Auditors Report)**

Year Ended 30 September 2016

Consolidated Financial Statements Year ended 30 September 2016
Circular 13/2014 – Management of and Accountability for Grants from Exchequer Funds (not covered by the Auditor's Report)
Research Grants

Grantor	Government Funding Department/Office	Grant (Deferred)/ Due 01/10/15	Cash received 2015/16	Taken to Income 2015/16	Deferred Capital Grants	Grant (Deferred)/ Due 30/09/16
Department of Agriculture Food and the Marine	Dept of Agriculture Food and the Marine	(1,424)	(1,599)	3,056		33
Enterprise Ireland	Dept of Jobs, Enterprise and Innovation	(5,166)	(9,459)	9,362		(5,263)
Department of Health	Dept of Health	(1,052)	(1,342)	921		(1,473)
Higher Education authority PRTLI	Dept of Jobs, Enterprise and Innovation	(564)	(413)	708		(269)
Health Research Board	Dept of Health	(1,101)	(5,113)	4,033		(2,181)
Irish Research Council	Dept of Education and Skills	(165)	(4,858)	3,432		(1,591)
Science Foundation of Ireland	Dept of Jobs, Enterprise and Innovation	(18,144)	(39,563)	32,179		(25,528)
Teagasc	Dept of Agriculture Food and the Marine	(25)	(1,244)	1,006		(263)
Sustainable Energy Ireland (SEI)	Dept of Communications, Climate Action & Environment	(538)	(366)	1,057		153
Department of Jobs, Enterprise and Innovation	Dept of Jobs, Enterprise and Innovation	331	(3,907)	4,499		923
Other Irish Government/State Agencies	Various Departments	(14,681)	(5,652)	6,038		(14,295)
Total Exchequer Research Grants		(42,529)	(73,516)	66,291		(49,754)
Total Non-Exchequer Research Grants		(17,538)	(29,076)	30,058		(16,556)
Total per Research Accounts		(60,067)	(102,592)	96,349		(66,310)
Other Adjustments						
GAAP Adjustments		15,612	633	(1,824)	4,180	18,601
Research Grants and Contracts per Financial Statements		(44,455)	(101,959)	94,525	4,180	(47,709)

Capital Grants

The University received grant funding of €4.4m in year ended 30 September 2016, under the programme for research in Third Level Institutions (PRTLI V) and €700k for other capital programmes. Returns are made to the HEA by UCC on a quarterly basis, based upon the actual expenditure incurred on HEA funded capital grants. All such expenditure incurred is in line with the specific terms and conditions of the capital grant. All funding received from the HEA for Capital Grants is treated in line with the specific terms and conditions as set out by the HEA and is also in line with Government policies and guidelines.

**University College Cork
National University of Ireland, Cork**

**HEA funding statement and reconciliation
(Not covered by the auditor's report)**

Year ended 30 September 2016

Reconciliation with funding statement

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STATEMENT OF RESPONSIBILITIES

The University is required to comply with the Universities Act 1997, and to keep in such form as may be approved of by An tÚdarás um Ard-Oideachas 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 and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless that basis is inappropriate.

The University is responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the University and which enables it to ensure that its financial statements comply with the Universities Act 1997. 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.

On behalf of the University



President

STATEMENT OF ACCOUNTING POLICIES

1. Financial Statements

The financial statements reflect the teaching, research and related service activities of the University and its subsidiaries. The financial statements of the University's Trust Fund are presented separately and are not included in these financial statements.

2. Accounting Convention

The financial statements are prepared under the historical cost convention. They are presented in accordance with the existing Harmonisation of Financial Statements agreement as adopted for all Irish Universities, with the exception of Fixed Assets and Depreciation, whereby University College Cork has adopted the transitional provisions and accordingly, the valuations from 30th September 1994 are not being updated. FRS 102 has not been adopted in the preparation of these financial statements.

3. State Grants for Recurrent Expenditure

Recurrent grants have been recognised on an accruals basis. Recurrent grant which has been used for the purchase of fixed assets and for the financing of the capital portion of lease charges is transferred to Fixed Assets and General Reserve.

4. State Grants for Capital Expenditure

State grants approved by the HEA for capital expenditure are included in the financial statements of the year to the extent of cash received.

5. Fee Income

Fee income is accounted for on an accruals basis

6. Fixed Assets and Depreciation

Land, buildings and equipment are valued based on a comprehensive valuation carried out on the 30th September, 1994. This valuation was based on the replacement cost of buildings and equipment, and the market value of the existing use of land at that date. These assets and all subsequent additions are depreciated as noted below.

All fixed asset additions since 1st October, 1994 are stated at cost. 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	5 years
Computer and related Equipment	3 years

Depreciation is not provided on land.

The transitional provisions are being followed, and accordingly, the valuations from 30th September 1994 are not being updated.

7. Heritage Assets

Heritage assets (valuable artefacts held and maintained for their contribution to knowledge and culture) valued at over €10,000 are capitalised and recognised at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable. Heritage Assets are not depreciated.

The University holds a number of heritage assets acquired in past accounting periods which are not capitalised, as reliable cost information is not available and conventional valuation approaches lack sufficient reliability.

8. Stocks

The stocks held in teaching and service departments, with the exception of equipment, furniture and fittings, stationery stocks and stocks of building materials, are not included in the Balance Sheet. The items not included are expensed and not capitalised. The stocks which are included in the Balance Sheet are stated at the lower of cost and net realisable value.

9. General Reserve

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

STATEMENT OF ACCOUNTING POLICIES (Cont.)

10. 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. Fixed Assets financed from contract research grants are capitalised in the Balance Sheet.

11. 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 Euro at the rate of exchange ruling at the Balance Sheet date. The resulting profits or losses are dealt with in the Income and Expenditure Account.

12. Leasing

Operating lease costs are charged to the Income and Expenditure Account as incurred.

13. Pensions

The University operated three defined benefit pension schemes during the year, being the Closed Scheme, Model Scheme and the SPSPS Scheme. Pension costs are accounted for on the basis of charging the cost of providing pensions over the period during which the University benefits from the employees' services.

New entrants to the Public Service on or after 1 January 2013 are members of a new pension scheme, the Single Public Service Pension Scheme (SPSPS). Single scheme members' contributions are paid over to the Department of Public Expenditure and Reform.

Pension benefits for certain other employees of certain subsidiary undertakings are met by payments to a defined contribution pension scheme. Contributions are charged to the income and expenditure account in the year in which they fall due.

14. Taxation

No provision has been made for taxation as the University and the majority of its subsidiary companies hold tax exempt status.

15. Ancillary Services

Ancillary Services are services provided on campus, on a cost recovery basis, and are planned to breakeven in the medium term. The net outturn on such activities (excluding student residences, leisure facilities, art gallery and student facilities & services) is transferred to the General Reserve Account.

16. Financing Arrangements

Assets held under financing arrangements which transfer substantially all of the risks and rewards of ownership to the University are treated as if they had been purchased outright and are included in the balance sheet as tangible assets at cost. The corresponding commitments are shown as liabilities.

INCOME AND EXPENDITURE ACCOUNT

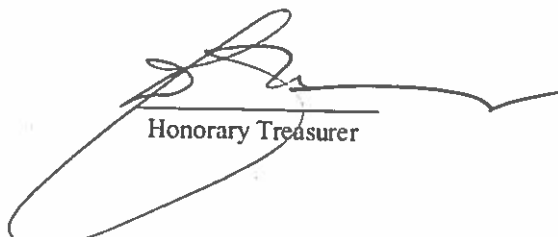
Year to 30th September 2016

	Notes	2015/2016 €'000	2014/2015 €'000
Income			
State Grants	1	43,027	43,811
Student Fees	2	133,305	124,489
Other Income	3	<u>34,538</u>	<u>35,938</u>
Research Grants and Projects	4	210,870 <u>82,169</u>	204,238 <u>77,683</u>
Total		<u>293,039</u>	<u>281,921</u>
Expenditure			
Academic Faculties and Departments	5	127,971	127,237
Academic and Other Services	6	17,661	17,348
Premises	7	20,694	20,302
Amount Allocated for Capital Purposes	8	7,544	7,116
Central Administration and Services	9	19,592	17,544
General Educational Expenditure	10	5,231	4,889
Student Services	11	6,338	6,375
Miscellaneous Expenditure	12	<u>3,501</u>	<u>3,584</u>
Research Grants and Projects		208,532 <u>82,169</u>	204,395 <u>77,683</u>
Total	13	<u>290,701</u>	<u>282,078</u>
Deficit on Activities before Amortisation of Capital Reserves and Grants, Ancillary Services and Depreciation of Fixed Assets		2,338	(157)
Deficit on Ancillary Services	14	(3,147)	(3,842)
Depreciation of Fixed Assets	15	(20,880)	(20,078)
General Reserve Movement	16	<u>22,035</u>	<u>22,859</u>
Surplus/(Deficit) for Year	22	<u>346</u>	<u>(1,218)</u>
Revenue Reserves at Start of Year	21	(4,581)	(3,363)
Revenue Reserves at End of Year	21	<u>(4,235)</u>	<u>(4,581)</u>

The Statement of Accounting Policies, Cash Flow Statement and notes from pages 46 to 60 form part of these Accounts.

Signed:


 Accounting Officer/President


 Honorary Treasurer


BALANCE SHEET

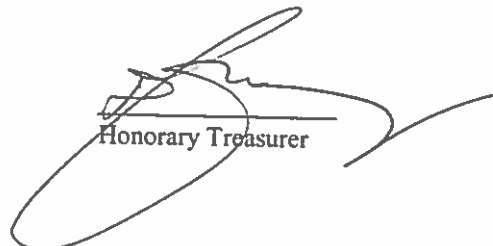
As at 30th September 2016

	Notes	2015/2016 €'000	2014/2015 €'000
Fixed Assets	17	585,180	582,632
Current Assets			
Bank balances and cash		49,116	49,495
Debtors and Prepayments	18	9,402	11,539
Stocks		<u>685</u>	<u>647</u>
		<u>59,203</u>	<u>61,681</u>
Current Liabilities			
Creditors and Accrued Expenditure	19	<u>(150,146)</u>	<u>(147,291)</u>
		<u>(150,146)</u>	<u>(147,291)</u>
Net Current Liabilities		(90,943)	(85,610)
Long Term Loans		<u>(58,818)</u>	<u>(57,901)</u>
		<u>435,419</u>	<u>439,121</u>
Represented by			
General Reserve	20	439,654	443,702
Revenue Reserves	21	<u>(4,235)</u>	<u>(4,581)</u>
		<u>435,419</u>	<u>439,121</u>

The Statement of Accounting Policies, Cash Flow Statement and notes from pages 46 to 60 form part of these Accounts.

Signed:


 Accounting Officer/President


 Honorary Treasurer

CASH FLOW STATEMENT

Year to 30th September 2016

	Notes	2015/2016 €'000	2014/2015 €'000
Net Cash Inflow from Operating Activities	22	6,687	5,242
Return on Investments and Servicing of Finance			
Interest Paid		(379)	(304)
Interest Received		147	193
Capital Expenditure			
Payments to Acquire Tangible Fixed Assets		<u>(23,854)</u>	<u>(46,480)</u>
Net Cash Outflow before Financing		(17,399)	(41,349)
Financing			
HEA Capital Grants		4,501	3,157
Non HEA Capital Grants		11,602	8,701
Increase in Long Term Loans		917	10,838
Proceeds from the Disposal of Tangible Fixed Assets		=	<u>2</u>
Cash Inflow from Financing		<u>17,020</u>	<u>22,698</u>
Net Cash Outflow after Financing		<u>(379)</u>	<u>(18,651)</u>
Decrease in Cash	23	<u>(379)</u>	<u>(18,651)</u>

NOTES TO ACCOUNTS

Year to 30th September 2016

	2015/2016 €'000	2014/2015 €'000
1. State Grants		
Recurrent Grant	32,772	33,489
Nursing Grant	2,355	2,426
Targeted Funding for Special Initiatives	3,535	3,412
Minor Works	146	146
Reforms in Medical Education	1,273	840
Postgraduate Skills Programme	946	1,498
Dental School Funding	<u>2,000</u>	<u>2,000</u>
Total	<u>43,027</u>	<u>43,811</u>
2. Student Fees		
Academic	<u>133,305</u>	<u>124,489</u>
Total	<u>133,305</u>	<u>124,489</u>
3. Other Income		
Interest Income	147	193
Funded Posts & Donations	947	1,247
Rent, Concessions and Other Charges	1,988	1,718
Research Grant and Projects Contributions	14,181	12,137
Miscellaneous Income	<u>17,275</u>	<u>20,643</u>
Total	<u>34,538</u>	<u>35,938</u>
4. Research Grants and Projects		
Research Grants	<u>82,169</u>	<u>77,683</u>
Total	<u>82,169</u>	<u>77,683</u>

NOTES TO ACCOUNTS

Year to 30th September 2016

	Staff Costs €'000	Non Pay €'000	2015/2016 €'000	2014/2015 €'000
5. Academic Faculties and Departments				
Academic	77,357	-	77,357	76,715
Technical	11,637	-	11,637	11,743
Administrative Support	16,356	-	16,356	15,944
Departmental Grants	-	22,485	22,485	22,708
Miscellaneous Expenses	<u>-</u>	<u>136</u>	<u>136</u>	<u>127</u>
Total	<u>105,350</u>	<u>22,621</u>	<u>127,971</u>	<u>127,237</u>
6. Academic and Other Services				
Library Costs	3,955	2,040	5,995	5,817
Computer/Information Technology	3,098	2,109	5,207	5,094
Language Centre	875	266	1,141	1,148
Cork University Press	141	327	468	414
Audio Visual Centre	663	157	820	908
Teaching Development Unit	205	27	232	207
Spoken/Oral Irish	597	1	598	599
Biological Services Unit	459	226	685	711
Teaching and Learning	746	223	969	806
Research Support/Technology Transfer Office	<u>990</u>	<u>556</u>	<u>1,546</u>	<u>1,644</u>
Total	<u>11,729</u>	<u>5,932</u>	<u>17,661</u>	<u>17,348</u>
7. Premises				
Premises Maintenance	3,758	4,751	8,509	8,024
General Services	3,178	3,257	6,435	6,413
Radiation Protection Office	91	5	96	100
Rent and Rates	-	595	595	619
Insurance	-	1,173	1,173	997
Energy Costs	<u>-</u>	<u>3,886</u>	<u>3,886</u>	<u>4,149</u>
Total	<u>7,027</u>	<u>13,667</u>	<u>20,694</u>	<u>20,302</u>
8. Allocated for Capital Purposes				
Capital Projects				
Equipment			6,949	6,282
			<u>595</u>	<u>834</u>
Total			<u>7,544</u>	<u>7,116</u>

NOTES TO ACCOUNTS

Year to 30th September 2016

	Staff Costs €'000	Non Pay €'000	2015/2016 €'000	2014/2015 €'000
9. Central Administration and Services				
Administration Expenses	13,018	-	13,018	12,387
Professional Charges	-	1,311	1,311	1,434
Miscellaneous	-	3,716	3,716	2,444
	=	<u>1,547</u>	<u>1,547</u>	<u>1,279</u>
Total	<u>13,018</u>	<u>6,574</u>	<u>19,592</u>	<u>17,544</u>
10. General Educational Expenditure				
Examination Expenses	853	236	1,089	1,247
Scholarships & Prizes	-	2,842	2,842	2,410
N.U.I. Capitation	-	420	420	415
Miscellaneous Expenses	<u>492</u>	<u>388</u>	<u>880</u>	<u>817</u>
Total	<u>1,345</u>	<u>3,886</u>	<u>5,231</u>	<u>4,889</u>
11. Student Services				
Capitation and Other Grants	-	983	983	1,054
Student Services	465	145	610	746
Careers Office	791	66	857	745
Sports and Recreation	876	176	1,052	970
Health and Counselling	<u>2,245</u>	<u>591</u>	<u>2,836</u>	<u>2,860</u>
Total	<u>4,377</u>	<u>1,961</u>	<u>6,338</u>	<u>6,375</u>
12. Miscellaneous Expenditure				
Pensions	2,770	-	2,770	2,922
Miscellaneous Expenses	-	352	352	358
Bank Interest Payable	=	<u>379</u>	<u>379</u>	<u>304</u>
Total	<u>2,770</u>	<u>731</u>	<u>3,501</u>	<u>3,584</u>
13. Composition of Total Expenditure				
Academic and Related Services	145,616	62,916	208,532	204,395
Research Grants and Projects	<u>61,281</u>	<u>20,888</u>	<u>82,169</u>	<u>77,683</u>
Total Expenditure	<u>206,897</u>	<u>83,804</u>	<u>290,701</u>	<u>282,078</u>

NOTES TO ACCOUNTS

Year to 30th September 2016

	Income €'000	Expenditure €'000	Surplus/(Deficit) 2015/2016 €'000	Surplus/(Deficit) 2014/2015 €'000
14. Ancillary Services - Summary				
Art Gallery	219	504	(285)	(223)
Leisure Facilities	2,734	4,129	(1,395)	(1,448)
Student Residences	7,726	5,310	2,416	2,371
Student Facilities & Services (UCC) Ltd	3,383	4,174	(791)	(573)
UCC Academy	167	2,104	(1,937)	(1,188)
Medical/Dental and Other Facilities				
Development Account	<u>40</u>	<u>1,195</u>	<u>(1,155)</u>	<u>(2,781)</u>
Deficit - Ancillary Services	<u>14,269</u>	<u>17,416</u>	<u>(3,147)</u>	<u>(3,842)</u>
15. Depreciation of Fixed Assets				
Buildings			14,266	14,132
Equipment			<u>6,614</u>	<u>5,946</u>
			<u>20,880</u>	<u>20,078</u>
16. General and Restricted Reserves Movement				
Amortisation of General Reserve in line with Depreciation			20,880	20,078
Income and Expenditure to General Reserve Account			<u>1,155</u>	<u>2,781</u>
			<u>22,035</u>	<u>22,859</u>

NOTES TO ACCOUNTS

Year to 30th September 2016

17. Fixed Assets	Land and Buildings (including heritage assets) €'000	Equipment €'000	2015/2016 €'000	2014/2015 €'000
Cost/Valuation at 1st October				
Valuation	125,984	8,219	134,203	134,203
Cost	<u>612,603</u>	<u>195,031</u>	<u>807,634</u>	<u>761,236</u>
Total	<u>738,587</u>	<u>203,250</u>	<u>941,837</u>	<u>895,439</u>
Additions at Cost	15,807	8,047	23,854	46,480
Disposals	(788)	(62)	(850)	(82)
Cost/Valuation at 30th September				
Valuation	125,196	8,219	133,415	134,203
Cost	<u>628,410</u>	<u>203,016</u>	<u>831,426</u>	<u>807,634</u>
Total	<u>753,606</u>	<u>211,235</u>	<u>964,841</u>	<u>941,837</u>
Depreciation at 1st October	168,114	191,091	359,205	339,209
Less accumulated depreciation on disposals	(362)	(62)	(424)	(82)
Depreciation for Year	<u>14,266</u>	<u>6,614</u>	<u>20,880</u>	<u>20,078</u>
Depreciation at 30th September	<u>182,018</u>	<u>197,643</u>	<u>379,661</u>	<u>359,205</u>
Net book value at beginning of year	<u>570,473</u>	<u>12,159</u>	<u>582,632</u>	<u>556,230</u>
Net book value at end of year	<u>571,588</u>	<u>13,592</u>	<u>585,180</u>	<u>582,632</u>

Fixed assets and related liabilities are included in the University's balance sheet even though legal title to these assets is in the name of investors and not controlled by UCC. The principal economic benefits and risks associated with these assets rest with UCC and ultimate legal title will rest with UCC.

Included in the above are assets deemed to be held for heritage purposes. The assets primarily relate to buildings but also include some manuscripts. The University also owns a considerable number of works of art including paintings, silver, sculptures and priceless manuscripts. These works of art are not included in the balance sheet because, even though they are insured for substantial amounts, it is considered that no meaningful value can be attributed to them. The University acquired heritage assets for €92k in the current financial year.

NOTES TO ACCOUNTS

Year to 30th September 2016

	2015/2016 €'000	2014/2015 €'000		
18. Debtors and Prepayments				
Other Debtors and Prepayments	<u>9,402</u>	<u>11,539</u>		
	<u>9,402</u>	<u>11,539</u>		
19. Creditors and Accrued Expenditure				
Contract Research Grants and Projects unexpended	66,310	60,067		
State Grants for Recurrent Expenditure received in advance	4,400	5,266		
Academic Fees received in advance	37,420	33,900		
Other Creditors and Accruals	<u>42,016</u>	<u>48,058</u>		
	<u>150,146</u>	<u>147,291</u>		
20. General Reserve				
	Opening Balance €'000	Current Year Movement €'000	Closing Balance €'000	Prior Year Movement €'000
Valuation - Fixed Assets	134,203	(788)	133,415	-
State Capital Grants	334,316	5,193	339,509	5,963
Recurrent Funding Transfer	78,600	7,545	86,145	7,116
Capital Donations	151,416	5	151,421	378
Other	<u>104,981</u>	<u>4,515</u>	<u>109,496</u>	<u>1,182</u>
	803,516	16,470	819,986	14,639
Disposals	-	(62)	(62)	(82)
Amortisation				
Amortisation at start of Year	(359,814)			
Less Amortisation on Disposal		424		82
Amortisation to I & E Account for Year		(20,880)		(20,078)
Amortisation at End of Year	<u> </u>	<u> </u>	<u>(380,270)</u>	<u> </u>
	<u>443,702</u>	<u>(4,048)</u>	<u>439,654</u>	<u>(5,439)</u>

NOTES TO ACCOUNTS

Year to 30th September 2016

	2015/2016 €'000	2014/2015 €'000
21. Revenue Reserves		
Opening Balance		
Surplus/(deficit) for the year	(4,581)	(3,363)
	<u>346</u>	<u>(1,218)</u>
Closing Balance	<u>(4,235)</u>	<u>(4,581)</u>
22. Cashflow		
Reconciliation of Income and Expenditure Account Surplus/(deficit) to Net Cash Inflow /(Outflow) from Operating Activities		
Surplus/(deficit) for the Year	346	(1,218)
Interest Received	(147)	(193)
Interest Paid	<u>379</u>	<u>304</u>
	578	(1,107)
Profit on the disposal of Fixed Assets	-	(2)
Depreciation of Fixed Assets	20,880	20,078
Amortisation of General Reserve	(20,880)	(20,078)
Decrease/(increase) in Debtors and Prepayments	2,137	(5,288)
(Increase)/ in Stocks	(38)	(161)
(Increase)/ in Creditors and Accruals	2,855	9,019
Movement in Ancillary Services	<u>1,155</u>	<u>2,781</u>
Net Cash Inflow from Operating Activities	<u>6,687</u>	<u>5,242</u>
	2015/2016	2014/2015
	€'000	€'000
23. Analysis of Change in Cash and Cash Equivalents		
Balance at 1st October	49,495	68,146
Net Cash Outflow	<u>(379)</u>	<u>(18,651)</u>
Balance at 30th September	<u>49,116</u>	<u>49,495</u>
24. Capital Commitments		
Commitments contracted at 30th September	7,021	5,048
Authorised but not contracted at 30th September	<u>36,539</u>	<u>12,450</u>
	<u>43,560</u>	<u>17,498</u>
25. Commitments and Contingencies		

The University, from time to time, is party to various legal proceedings. Provision has been made in the financial statements where it is possible at this time to make a reliable estimate of the financial effects (if any) of these cases.

NOTES TO ACCOUNTS

Year to 30th September 2016

26. Pensions

The University operated three defined benefit pension schemes during the year, being the Closed Scheme, Model Scheme and the SPSPS Scheme. Pension costs are accounted for on the basis of charging the cost of providing pensions over the period during which the University benefits from the employees' services.

New entrants to the Public Service on or after 1 January 2013 are members of a new pension scheme, the Single Public Service Pension Scheme (SPSPS). Single scheme members' contributions are paid over to the Department of Public Expenditure and Reform.

Pension benefits for certain other employees of certain subsidiary undertakings are met by payments to a defined contribution pension scheme. Contributions are charged to the income and expenditure account in the year in which they fall due.

The most recent actuarial valuation was undertaken by consulting actuaries and reported in May 2017.

	2015/16 Closed Scheme €'000	2015/16 Model Scheme €'000	2015/16 Model Scheme* €'000	2015/16 SPSPS Scheme €'000	2015/16 Total €'000
27. Pension Control Account					
Opening balance	(41,102)	30,205	8,252	4,493	1,848
<i>Income</i>					
Employer contributions received	7,515	2,803	1,973	3,693	15,984
Employee contributions received	2,842	1,837	538	1,247	6,464
Pension transfers in (cash received)	2	-	-	-	2
Supplementation income	2,769	-	-	-	2,769
HEA Funding – Additional Pension Costs	1,000	-	-	-	1,000
Income in respect of purchase of added years	<u>494</u>	<u>83</u>	<u>5</u>	-	<u>582</u>
Total Income	14,622	4,723	2,516	4,940	26,801
<i>Expenditure</i>					
Pensions in payment (including supplementation)	21,987	113	13	-	22,113
Lump sum payments on retirement	2,047	163	-	-	2,210
Death in service payments	-	28	-	-	28
Refunds of contributions	-	6	-	272	278
Employee contributions payover	-	-	-	981	981
Administration and other costs	<u>542</u>	<u>292</u>	<u>67</u>	<u>28</u>	<u>929</u>
Total Expenditure	<u>24,576</u>	<u>602</u>	<u>80</u>	<u>1,281</u>	<u>26,539</u>
(Deficit)/Surplus	<u>(51,056)</u>	<u>34,326</u>	<u>10,688</u>	<u>8,152</u>	<u>2,110</u>
Grant receivable/(payable) from/to the HEA	<u>51,056</u>	<u>(34,326)</u>	<u>(10,688)</u>	<u>(8,152)</u>	<u>(2,110)</u>

The net grant payable to the HEA of €2.1m is included in Creditors & Accruals (Note 19).

*New ECF Rate 20%

NOTES TO ACCOUNTS

Year to 30th September 2016

28. Related Party Transactions

The activities of the following 100% owned subsidiaries have been consolidated with the University College Cork Income and Expenditure Account and Balance Sheet:

Property Management (UCC) DAC
Campus Accommodation (UCC) DAC
Student Facilities & Services (UCC) DAC
Biosciences (UCC) DAC
Mardyke Leisure (UCC) DAC
Art Gallery (UCC) DAC
Tenton DAC
UCC Academy DAC

29. Approval of Financial Statements

The financial statements were approved by the Governing Body on 19/09/2017.

RECONCILIATION OF HEA FUNDING STATEMENT WITH CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2016

	Consolidated financial statements €'000	Trust Fund €'000	GAAP adjustments €'000	HEA funding statement €'000
INCOME				
State grants	43,282	-	(255)	43,027
Student fees	133,976	-	(671)	133,305
Research grants and contracts	94,525	-	(12,356)	82,169
Amortisation of state capital grants	9,245	-	11,635	20,880
Other operating income	34,492	-	14,119	48,611
Interest income	156	-	-	156
Investment Income	249	(249)	-	-
Donations	781	(781)	-	-
Gain on Investments	619	(619)	-	-
Net Deferred funding for pensions	29,008	-	(29,008)	-
Net return on pension schemes	<u>335</u>	=	<u>(335)</u>	=
Total income	<u>346,668</u>	<u>(1,649)</u>	<u>(16,871)</u>	<u>328,148</u>
Total expenditure	<u>346,106</u>	<u>(275)</u>	<u>(18,029)</u>	<u>327,802</u>
Surplus for year	<u>562</u>	<u>(1,374)</u>	<u>1,158</u>	<u>346</u>

Elements of both Capital and Recurrent expenditure reported in these Consolidated Financial Statements have been funded under one or more of the following programmes administered by the HEA:



Ireland's EU Structural Funds
Programmes 2007 - 2013

Co-funded by the Irish Government
and the European Union



**EUROPEAN REGIONAL
DEVELOPMENT FUND**

HEA
Higher Education Authority
An tUdarás um Ard-Oideachas



An Roinn Fiontar, Trádála agus Nuálaíochta
Department of Enterprise, Trade and Innovation


**Science
Foundation
Ireland** For what's next

Investing in Your Future

**Programme for Research in Third Level Institutions
(PRTLID)**

The Programme for Research in Third Level Institutions is Co-funded by the Irish Government and the European Union under Ireland's EU Structural Funds Programme 2007– 2013.