

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

Consolidated Financial Statements

Year Ended 30 September 2014

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HONORARY TREASURER'S REPORT

ON CONSOLIDATED FINANCIAL STATEMENTS – YEAR ENDED 30 SEPTEMBER 2014

Format of Accounts

For several years, the University's financial statements have been prepared on a tailor-made basis agreed between the universities and the Higher Education Authority (HEA). Following detailed consultation with the HEA and the Comptroller and Auditor General, it has been agreed that the published financial statements from the year ended 30 September 2003, be prepared on the basis of Generally Accepted Accounting Principles (GAAP). In addition, the previous basis will continue to be used to prepare a HEA Funding Statement, i.e. a financial report which reflects the funding requirements of the universities, along with a reconciliation between both formats. These are the statements that are now appended.

There are significant differences between the two formats of financial statements. Under the Funding Statement arrangement, it was agreed that a proportion of fee income (related to economic fee income from non-EU status and fee levies paid by all students) was treated as capital income to be used for development purposes and not included in the recurrent income of the University. Certain non-recurring income, e.g. profit arising on disposal of fixed assets, is treated as income under GAAP. There are also significant differences in the treatment relating to depreciation and amortisation of capital receipts. A number of other minor differences in treatment also arise.

The net result will be differences across both the income and expenditure account and balance sheet. While the commentary to follow is based on GAAP, it could be argued that the HEA Funding Statements gives a better overview of operational performance, given the impact of depreciation and amortisation on the GAAP accounts.

Income and Expenditure Account

The net out-turn for the year on the income and expenditure account is a deficit of €4.9m, primarily due to greater level of depreciation vis a vis amortisation, the continued delay in resolution of the funding issues in relation to the Dental School & Hospital and the continued decline in state funding in support of Higher Education.

Earnings before depreciation, interest, tax and amortisation (EBITDA) recorded a surplus of €4.4m, similar to prior year performance. Though a surplus, when adjusted for depreciation, amortisation and interest, the net operating position was a deficit of €4.9m.

Income from operations (adjusted for pension deferred income – note 29) at €285.4m shows a decline of €5.2m/1.8% on the previous year, primarily due to continuing reductions in exchequer funding in support of all teaching, learning and research activities. While academic fee income has increased year on year, it has not increased to a level to keep pace with the decline in exchequer funding. Research income has had a welcome increase however, up €1.0m to €79.4m.

Expenditure (adjusted for pension FRS17 adjustment) at €290.3m is lower by €4.7m as the University reduced pay by €1m and operating costs by €1.5m to offset some of the reduced level of exchequer income. Depreciation is also lower by €2.6m, given the continued reductions in exchequer grant support for the University's estate.

Research income increased from €78.4m to €79.4m in 2013/14 reflecting UCC's success in the SFI Research Centre awards.

Capital Expenditure and Balance Sheet

The pace of enhancement to the physical estate of the University again slowed in 2013/14 reflecting the reduced availability of exchequer funding for capital purposes.

Additions totalling €9.6m in the year were lower by €0.5m from the previous year's activity, and significantly lower than the amount required to maintain the University's estate. Depreciation of €19.2m, resulted in a net book value of assets of €555.3m. Capital grants from the HEA have now declined to €2.6m, down 33% from the €3.9m received during the previous year.

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.

HONORARY TREASURER'S REPORT

State Grant

In the year under review, State Grant contributed €47.0m as against €53.6m in the previous year and a peak of €94.8m in 2009. The deterioration in public finances continues to have a disproportionate adverse impact on higher education funding. In addition ring fenced exchequer funding for Nursing, Medical Education & Skills Programmes continues to decline. The State Grant decline, once a key source of University income, now contributes 13.8% of total income, as against 15.7% in the previous year. This trend is expected to continue as exchequer funding falls while the University continues to diversify and grow non exchequer income sources.

Fees

Fee income grew by €3.9m/ 3.3% over the previous year at €116.3m and now represents just over 35% 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 2013/14 was €43.2m/35.9% 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 continues to rely heavily 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 €79.4m, up €1.0m/1.3% on prior year levels, primarily due to higher research centre funding. The University continues to diversify its research funding sources. EU research income now accounts for €13.2m/16.7% 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.

Overhead income received from funding agencies remains below international benchmarks and continues to put adverse pressure on overall University finances. In 2013/14 overheads earned from research, was €10.0m/14.4% 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

Total reserves, following the performance in the year, are €138.1m, comprising revenue reserves of €3.9m and revaluation reserves of €134.2m.

Improved treasury management has improved the University's cash balance from an overdraft in 2008 to a credit balance of €68.1m at 30 September 2014. This cash position is however enhanced by the timing of contract research and tuition fee receipts as well as other positive movements in working capital.

Creditors at €154.2m are lower than previous year levels, primarily due to a reduction in deferred income in relation to research grants and state grant received in advance. Short term borrowings of less than one year associated with S.50 developed student accommodation buy back arrangements, also declined having been discharged during the year.

In turn, long term creditors at €43.0m have increased year on year reflecting the S.50 student accommodation transaction.

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 29 sets out in detail the University position in relation to this matter.

HONORARY TREASURER'S REPORT


Summary

2013/14 was another successful year for the University. Student numbers at Under and Post graduate 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 decline in exchequer income continues to outpace growth in non-exchequer income sources. In addition continued failure nationally to fund the University appropriately for Dentistry programmes, resulted in the University again recording of a net deficit in 2013/14.

Longer term, the decline in capital support for the sector of major concern. The existing recurrent funding model, assumes continued exchequer support for on-going refurbishment, maintenance and infrastructural capacity needs. The absence of same will seriously impact the quality of higher education and only further increases the financial pressure on already reduced operational funding.

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.



Dermot O'Mahoney,
Honorary Treasurer

Date: 8/12/15

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-Údaráis um Ard-Oideachas all proper and usual accounts of money received and expended by it.


In preparing those accounts, 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 adequate accounting records which disclose with reasonable accuracy at any time the financial position of the University and which enable it to ensure that its financial statements comply with the Universities Act, 1997, the Statement of Recommended Practice on Accounting in Higher Education Institutions and are prepared in accordance with accounting standards generally accepted in 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:


Dr. Michael Murphy
President


Dr. Catherine Day
Chairperson UCC Governing Body

Date: 6/12/16

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

We have audited the financial statements of University College Cork for the year ended 30 September 2014, which comprise the Statement of Accounting Policies, the Consolidated Income and Expenditure Account, the Consolidated and University Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes 1 to 32. The relevant financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

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 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 the Governing Body's Responsibilities, the University is responsible for preparation of the financial statements and for being satisfied 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 Irish Law and International Standards on Auditing (UK and Ireland). These 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 Audit on pages 8 to 12 reflects the University's compliance with the relevant provisions of the Code and 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 2014 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 University and the University Group at 30 September 2014 and of the deficit for the year then ended; and
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland.

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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 29 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 recognized in the financial statements as part of its overall deferred pension funding asset. At 30 September 2014, the pension asset amounted to €1,268m. This amount includes €14.3m which is the subject of litigation as set out in note 29. In view of the significance of these matters, we consider that they should be drawn to your attention.

Matters on which we are required to report

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the University were sufficient to permit financial statements to be readily and properly audited.
- The University balance sheet and its income and expenditure account are in agreement with the books of account.
- In our opinion the information given in the Honorary Treasurer's Report is consistent with the financial statements.

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 does not reflect the University's compliance with the relevant provisions of the Code and 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: 21 December 2016

Notes: 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 University College Cork Year End September 2014

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.

Financially Significant Developments

In 2013/14 UCC established UCC Academy Limited (UCCAL), a wholly owned subsidiary of UCC, set up for the purposes of delivering identified and agreed services which could not be provided from existing University resources. Specifically UCCAL allows UCC become more responsive to student and market demands for Project Management, Research and Commercial activities. An initial investment of €350,000 was made to facilitate the set-up of the new subsidiary. As in previous years, UCC continues to recognise a deferred state asset in relation to all pension liabilities, inclusive of added year liabilities of €70.4m. 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

UCC has an in-house Internal Audit Function in place since March 2003. 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.

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. The procedures reflect EU Directives, legislation and Government policy as we understand them. However as part of its audit work in relation to the 2013/14 accounts, the Comptroller and Auditor General identified 8 cases with payments totalling €616,000 which were deemed to be Procurement non-compliant or partially non-compliant. This represents 0.008% of the total value (c.€72m) of non-pay transactions in the 2013/14 financial year. Since the year end the University is looking to develop a contracts database setting out the start date, final date and membership of frameworks including sole supplier frameworks. The Procurement Office has also increased the number of communications it issues to staff regarding the necessity to be Procurement compliant.

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 in place.

Guidelines for Appraisal and Management of Capital Proposals

The University confirms that, where appropriate, UCC has put in place processes to facilitate compliance with the Guidelines for the Appraisal and Management of Capital Projects issued by the Department of Finance in February 2005.

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.

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.

Fees and Expenses in accordance with DOF Guidelines

No fees are 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.

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 2013/14.

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.

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 effectively discharge 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 provide the assurance to Governing Body on risk management and the effectiveness of controls.

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 Governing Body is of the view that there is an ongoing process for identifying, evaluating, and managing the University's significant risks to the achievement of strategy, policies, aims and objectives, that has been in place for the year ended 30th September 2014 and up to the date of approval of the annual accounts, and that it is regularly reviewed by the Governing Body.

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; and
- 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 of the University is charged with assuring the Governing Body on Risk Management. 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. 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 Risk Management and Business Continuity Planning within the University.

Key Procedures put in place designed to provide effective Internal control – information systems

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. Red [Extreme] risks are brought immediately to the attention of the University Management Team for action following consideration by the RMC.

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
- 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.

Weaknesses in Internal Control

For the period 2013/14 no weaknesses in internal controls were identified which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or the Auditors Report on the Financial Statements.

Description of the action taken to correct weaknesses

Nothing arises in the statement.

Audit Committee Meetings – number and attendance

Five Audit Committee meetings took place during the year 2013/14. The attendance at Audit Committee meetings is attached at Appendix 1.

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

I, Michael Murphy, 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: 6/12/16

Approval by Governing Body

I, Dr. Catherine Day, Chairperson of the Governing Body of University College Cork, hereby confirm that the Governing Body at its meeting on 6th December, 2016 approved this Statement of Governance and Internal Control and specifically approved the President's Statement above.

Signed:  Date: 6/12/16

APPENDIX 1

Audit Committee 2013/14

Total number of meetings during the 2013/14 year: 5

Member:	No. of Meetings Attended:	Travel Expenses (IAO)
Linda O'Shea Farren	5	Nil
Larry O'Dwyer	5	Nil
Colm Leen	4	Nil
Maurice Moloney	4	€110
Ann Fitzgerald	3	Nil

STATEMENT OF ACCOUNTING POLICIES

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

Basis of preparation

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and the Statement of Recommended Practice - Accounting for Further and Higher Education Institutions. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

Accounting convention

The financial statements have been prepared under the historical cost convention, modified by the revaluation of certain land and buildings.

Basis of consolidation

The consolidated financial statements include the University and its subsidiary undertakings and other undertakings in which the University has a financial interest, as indicated in note 12. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation.

In accordance with FRS 2, the activities of the Students Union have not been consolidated because the University does not control those activities. The financial statements of Cork University Foundation Limited are also excluded as this company is not controlled by the University. The financial statements of University College Cork Trust Fund are not consolidated at present. The basis of consolidation of these financial statements will be considered as part of transition to FRS102 in 2016.

Recognition of income

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

Non-recurrent grants from the Higher Education Authority or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Academic fees are recognised in the period in which they are receivable.

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year plus income related to any related contributions towards overhead costs as earned.

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

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

Foreign currency translation

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

Tangible fixed assets

(a) Land and buildings

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

STATEMENT OF ACCOUNTING POLICIES - continued

Tangible fixed assets - continued

(a) Land and buildings - continued

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

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

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

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

(b) Equipment

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

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.

Financial assets

Investments that are listed on a recognised stock exchange are carried at market value. Those that are not listed are carried at historical cost less any provision for impairment in their value.

Current asset investments are included in the balance sheet at the lower of their original cost and net realisable value.

Stocks

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

Taxation

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

Trading activities undertaken by the University are administered through its subsidiary companies. The majority of these subsidiary companies are exempt from Corporation Tax as they are exempt charities.

Liquid resources

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

STATEMENT OF ACCOUNTING POLICIES - continued

Provisions

Provisions are recognised when the University has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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.

Retirement Benefits

The University operated two defined benefit pension schemes during the year, as detailed in note 29. 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.

Amounts in respect of current and past service costs, and the interest cost on scheme liabilities, and actuarial gains and losses are calculated in accordance with FRS17, with equivalent amounts recognised on foot of the transfer arrangement in the Consolidated Income and Expenditure Account and Consolidated Statement of Total Recognised Gains and Losses. Contributions to the scheme represent a cost to the University and are charged to the Income and Expenditure Account.

As further detailed in note 29, a deferred pension funding asset has been recognised equivalent to the University's pension liability.

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. Contributions are charged to the Income and Expenditure account in the year in which they fall due.

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.

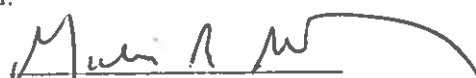
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
Year Ended 30 September 2014


	Notes	Consolidated 2014 €'000	Consolidated 2014 €'000	Consolidated 2013 €'000	Consolidated 2013 €'000
Income					
State grants	1		47,032		53,633
Academic fees	2		120,193		116,321
Research grants and contracts	3		79,417		78,440
Amortisation of deferred capital grants	18		10,672		12,735
Other operating income	4		27,667		28,362
Interest income	5		392		1,107
Net deferred funding for pensions	29		<u>55,200</u>		<u>50,425</u>
Total income			<u>340,573</u>		<u>341,023</u>
Expenditure					
Staff costs	6	197,831		198,755	
FRS 17 Impact	29	<u>16,521</u>	214,352	<u>12,780</u>	211,535
Other operating expenses	7		72,066		73,554
Interest payable and similar charges	8	1,251		858	
FRS 17 Impact	29	<u>38,679</u>	39,930	<u>37,645</u>	38,503
Depreciation	11		<u>19,180</u>		<u>21,832</u>
Total expenditure			<u>345,528</u>		<u>345,424</u>
Deficit for the year after depreciation of assets before taxation			(4,955)		(4,401)
Taxation	9		<u>-</u>		<u>-</u>
Deficit for the year after depreciation of assets and after taxation	10		<u>(4,955)</u>		<u>(4,401)</u>

The deficit for the year arose solely from continuing operations.

The financial statements on pages 13 to 35 were approved by the Governing Body on 6/12/16 and were signed on its behalf by:

Signed:


Dr. Michael Murphy
President

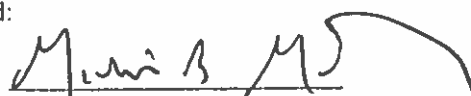

Dermot O'Mahoney
Honorary Treasurer


CONSOLIDATED AND UNIVERSITY BALANCE SHEET
30 September 2014

	Notes	Consolidated		University	
		2014 €'000	2013 €'000	2014 €'000	2013 €'000
Fixed assets					
Tangible assets	11	555,265	564,905	473,788	480,903
Financial assets	12	-	-	163	1,627
		<u>555,265</u>	<u>564,905</u>	<u>473,951</u>	<u>482,530</u>
Current assets					
Stocks	13	486	501	374	397
Debtors	14	34,328	31,008	44,724	41,583
Cash at bank		<u>68,145</u>	<u>85,994</u>	<u>58,094</u>	<u>76,460</u>
		<u>102,959</u>	<u>117,503</u>	<u>103,192</u>	<u>118,440</u>
Creditors: Amounts falling due within one year	15	<u>(154,265)</u>	<u>(182,111)</u>	<u>(148,839)</u>	<u>(159,891)</u>
Net current liabilities		<u>(51,306)</u>	<u>(64,608)</u>	<u>(45,647)</u>	<u>(41,451)</u>
Total assets less current liabilities		503,959	500,297	428,304	441,079
Creditors: Amounts falling due after one year	16	<u>(43,043)</u>	<u>(29,551)</u>	<u>(9,114)</u>	<u>(11,263)</u>
Net assets excluding deferred pension funding asset and liability		460,916	470,746	419,190	429,816
Deferred pension funding asset	29	1,267,940	1,004,899	1,267,940	1,004,899
Pension liability	29	<u>(1,267,940)</u>	<u>(1,004,899)</u>	<u>(1,267,940)</u>	<u>(1,004,899)</u>
Net assets		<u>460,916</u>	<u>470,746</u>	<u>419,190</u>	<u>429,816</u>
Deferred capital grants	18	322,858	327,733	296,254	300,762
Represented by:					
Revenue reserves	20	3,855	8,810	(11,267)	(5,149)
Revaluation reserve	19	<u>134,203</u>	<u>134,203</u>	<u>134,203</u>	<u>134,203</u>
Total reserves		<u>138,058</u>	<u>143,013</u>	<u>122,936</u>	<u>129,054</u>
Total		<u>460,916</u>	<u>470,746</u>	<u>419,190</u>	<u>429,816</u>

The financial statements on pages 13 to 35 were approved by the Governing Body on 6/12/16 and were signed on its behalf by:

Signed:


Dr. Michael Murphy
President


Dermot O'Mahoney
Honorary Treasurer

CONSOLIDATED STATEMENT OF HISTORIC COST SURPLUSES AND DEFICITS
Year Ended 30 September 2014

It is not possible to determine the difference between historical cost depreciation and the actual charge due to the fact that the historical cost information is not available.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year Ended 30 September 2014

	Notes	2014 €'000	2013 €'000
Deficit on continuing operations after depreciation of assets at valuation, disposal of assets and tax		(4,955)	(4,401)
Actuarial loss on pension liabilities	29	(207,841)	(39,393)
Adjustment to deferred pension funding asset	29	<u>207,841</u>	<u>39,393</u>
Total losses recognised since last financial statements		<u>(4,955)</u>	<u>(4,401)</u>
Reconciliation			
Opening reserves		143,013	147,414
Total recognised losses		<u>(4,955)</u>	<u>(4,401)</u>
Closing reserves		<u>138,058</u>	<u>143,013</u>

CONSOLIDATED CASH FLOW STATEMENT
Year Ended 30 September 2014

	Notes	2014 €'000	2013 €'000
Net cash (outflow)/ inflow from operating activities	23	(9,326)	24,859
Returns on investments and servicing of finance	24	(859)	249
Capital expenditure and financial investment	25	<u>(3,746)</u>	<u>(407)</u>
Net cash (outflow)/ inflow before financing		(13,931)	24,701
Financing	26	<u>(3,918)</u>	<u>(4,039)</u>
(Decrease) / increase in cash in the year		<u>(17,849)</u>	<u>20,662</u>
Reconciliation of net cash flow to movement in net debt			
(Decrease) / increase in cash in the year		(17,849)	20,662
Cash flow from decrease in debt and lease financing	26	<u>3,918</u>	<u>4,039</u>
Movement in net (debt)/cash in year		(13,931)	24,701
Net cash at start of year	27	<u>35,014</u>	<u>10,313</u>
Net cash at end of year	27	<u>21,083</u>	<u>35,014</u>

NOTES TO THE ACCOUNTS

1 State grants	2014	2013
	€'000	€'000
State grants allocated for recurrent purposes	<u>47,032</u>	<u>53,633</u>
The above grant income was received from the Higher Education Authority and the Department of Health.		
 2 Academic fees	 2014	 2013
	€'000	€'000
Academic fee income	<u>120,193</u>	<u>116,321</u>
A total of €43,167,904 (2012/2013: €45,674,401) included in academic fee income was paid directly by the Higher Education Authority.		
 3 Research grants and contracts	 2014	 2013
	€'000	€'000
State and semi-state	55,016	55,071
European Union	13,227	11,555
Industry	6,092	4,602
Other	<u>5,082</u>	<u>7,212</u>
	<u>79,417</u>	<u>78,440</u>
 4 Other operating income	 2014	 2013
	€'000	€'000
Rental income	1,819	1,822
Funded post income	1,294	1,516
Student residences income	4,672	4,895
Leisure facilities income	2,602	2,468
Student Facilities & Services (UCC) Limited income	2,461	2,808
Art Gallery income	237	238
Profit on disposal of fixed assets	-	65
Other income	<u>14,582</u>	<u>14,550</u>
	<u>27,667</u>	<u>28,362</u>
 5 Interest income	 2014	 2013
	€'000	€'000
Interest income	<u>392</u>	<u>1,107</u>

NOTES TO THE ACCOUNTS - continued

6 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:

	2014 Number	2013 Number
Teaching and research	1,490	1,408
Technical	105	105
Central administration and services	874	876
Other	<u>246</u>	<u>243</u>
	<u>2,715</u>	<u>2,632</u>
	2014 €'000	2013 €'000
Salaries and wages	167,314	167,244
Social welfare costs	13,027	13,003
Other pension costs	<u>17,490</u>	<u>18,508</u>
	<u>197,831</u>	<u>198,755</u>

7 Other operating expenses

	2014 €'000	2013 €'000
Heat, light, water and power	6,202	6,434
Advertising and promotion	1,022	1,064
Professional fees	5,096	4,446
Training and development	1,053	987
Equipment	3,666	3,549
Laboratory consumables	6,617	6,568
Postage, print and stationary supplies	2,373	2,647
Communications	829	823
Books and periodicals	2,264	2,331
Rent and rates	1,309	1,430
Motor, travel and subsistence	7,420	7,328
Computer supplies	842	752
Insurance	1,296	1,421
Software Costs	1,867	1,976
Repairs and maintenance	9,924	9,692
Loss on disposal of fixed assets	3	-
Consumables and other expenses	<u>20,283</u>	<u>22,106</u>
	<u>72,066</u>	<u>73,554</u>

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

	2014 €'000	2013 €'000
Statutory Audit Fee	21	21
Commercial Audit Fee	98	98
Tax advisory services	124	97
Other assurance services	27	21

NOTES TO THE ACCOUNTS - continued

8 Interest Payable and Similar Charges	2014	2013
	€'000	€'000
Interest charges and similar charges		
On bank loans, overdrafts and other loans wholly repayable within 5 years	296	314
On bank loans repayable after 5 years	867	327
On obligations arising under financing arrangements	<u>88</u>	<u>217</u>
	1,251	858
Pension finance charge (Note 29)	<u>38,679</u>	<u>37,645</u>
	<u>39,930</u>	<u>38,503</u>

9 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.

10 Deficit on continuing operations for the year	2014	2013
	€'000	€'000
The deficit on continuing operations for the year is made up as follows:		
University's deficit for the year	(6,118)	(5,324)
Surplus generated by the subsidiary undertakings	<u>1,163</u>	<u>923</u>
Total	<u>(4,955)</u>	<u>(4,401)</u>

NOTES TO THE ACCOUNTS - continued

11 Tangible fixed assets	Land and buildings (and heritage assets)	Computer equipment	Equipment	Assets in course of construction	Total
	€'000	€'000	€'000	€'000	€'000
CONSOLIDATED					
Cost or valuation					
At 1 October 2013	688,876	45,129	146,377	4,008	884,390
Additions	(1,240)	81	4,580	6,135	9,556
Reclassification	2,405	-	1,639	(4,044)	-
Disposals	-	-	(45)	-	(45)
At 30 September 2014	<u>690,041</u>	<u>45,210</u>	<u>152,551</u>	<u>6,099</u>	<u>893,901</u>
Depreciation					
At 1 October 2013	140,539	43,843	135,103	-	319,485
Depreciation for year	12,937	333	5,910	-	19,180
Disposals	-	-	(29)	-	(29)
At 30 September 2014	<u>153,476</u>	<u>44,176</u>	<u>140,984</u>	<u>-</u>	<u>338,636</u>
Net book value					
At 30 September 2014	<u>536,565</u>	<u>1,034</u>	<u>11,567</u>	<u>6,099</u>	<u>555,265</u>
At 1 October 2013	<u>548,337</u>	<u>1,286</u>	<u>11,274</u>	<u>4,008</u>	<u>564,905</u>

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. Land and buildings and assets in course of construction includes €32,531,052 (2013: €32,530,000) in respect of freehold land which is not depreciated. Fixed Assets also include €13,133,000 (2013: €39,556,000) in relation to land and buildings which have been accounted for in accordance with the Financial Reporting Standard, 5 "Reporting Substance of Transaction", issued by the Accounting Standards Board. These land and buildings are legally owned by special purpose finance companies. The commercial effect of the transactions surrounding the sale and ultimate repurchase of these buildings is that the University continues to bear all significant benefits and risks relating to the land and buildings.

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 did not acquire any heritage assets in the current financial year.

NOTES TO THE ACCOUNTS - continued

11 Tangible fixed assets - continued

UNIVERSITY	Land and buildings (including heritage assets)	Computer equipment	Equipment	Assets in course of construction	Total
	€'000	€'000	€'000	€'000	€'000
Cost or Valuation					
At 1 October 2013	591,870	44,604	142,568	4,008	783,050
Additions	(236)	57	4,424	6,135	10,380
Reclassifications	2,405	-	1,639	(4,044)	-
Disposals	-	-	-	-	-
At 30 September 2014	<u>594,039</u>	<u>44,661</u>	<u>148,631</u>	<u>6,099</u>	<u>793,430</u>
Depreciation					
At 1 October 2013	126,347	43,526	132,274	-	302,147
Charge for year	11,745	241	5,509	-	17,495
Disposals	-	-	-	-	-
At 30 September 2014	<u>138,092</u>	<u>43,767</u>	<u>137,783</u>	<u>-</u>	<u>319,642</u>
Net book value					
At 30 September 2014	<u>455,947</u>	<u>894</u>	<u>10,848</u>	<u>6,099</u>	<u>473,788</u>
At 1 October 2013	<u>465,523</u>	<u>1,078</u>	<u>10,294</u>	<u>4,008</u>	<u>480,903</u>

NOTES TO THE ACCOUNTS - continued

12 Financial assets	Consolidated		University	
	2014 €'000	2013 €'000	2014 €'000	2013 €'000
Investments at the year end were held as follows:				
Subsidiary companies	<u>—</u>	<u>—</u>	<u>163</u>	<u>1,627</u>

The University held an interest in the following subsidiary undertakings:

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

13 Stocks	Consolidated		University	
	2014 €'000	2013 €'000	2014 €'000	2013 €'000
Consumables	16	16	16	17
Finished goods for resale	<u>470</u>	<u>485</u>	<u>358</u>	<u>380</u>
	<u>486</u>	<u>501</u>	<u>374</u>	<u>397</u>

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

14 Debtors	Consolidated		University	
	2014 €'000	2013 €'000	2014 €'000	2013 €'000
Trade debtors	893	522	893	522
Research grants and contracts receivable	27,948	24,892	27,948	24,892
Amounts due from subsidiary undertakings	-	-	10,741	10,894
State grant receivable - HEA	274	545	274	545
State grant receivable - other	-	275	-	275
Other taxation and social insurance	845	1,316	845	1,316
Other debtors and prepayments	<u>4,368</u>	<u>3,458</u>	<u>4,023</u>	<u>3,139</u>
	<u>34,328</u>	<u>31,008</u>	<u>44,724</u>	<u>41,583</u>

NOTES TO THE ACCOUNTS - continued

15 Creditors: Amounts falling due within one year	Consolidated		University	
	2014 €'000	2013 €'000	2014 €'000	2013 €'000
Trade creditors	6,665	5,198	5,952	4,771
Research grants and contracts in advance	75,552	81,609	75,552	81,609
Academic fees received in advance	28,104	26,087	28,104	26,087
State grant received in advance - HEA	9,665	11,034	9,665	11,034
Obligations arising under financing arrangements	456	18,865	-	-
Bank loans & overdrafts (note 17)	3,563	2,564	2,043	1,965
Amounts owed to subsidiary undertakings	-	-	584	480
Other taxation and social security	5,592	4,918	5,442	4,781
Deferred income	7,209	6,990	5,192	4,850
Other creditors & accruals	<u>17,459</u>	<u>24,846</u>	<u>16,305</u>	<u>24,314</u>
	<u>154,265</u>	<u>182,111</u>	<u>148,839</u>	<u>159,891</u>

16 Creditors: Amounts falling due after one year	Consolidated		University	
	2014 €'000	2013 €'000	2014 €'000	2013 €'000
Bank loans (note 17)	32,644	18,565	9,114	11,263
Obligations arising under financing arrangements	<u>10,399</u>	<u>10,986</u>	-	-
	<u>43,043</u>	<u>29,551</u>	<u>9,114</u>	<u>11,263</u>

Nature and Security of Obligations arising under financing arrangements

As stated in note 11, Fixed Assets have been accounted for in accordance with FRS 5. 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.

17 Bank Borrowings	Consolidated		University	
	2014 €'000	2013 €'000	2014 €'000	2013 €'000
Bank loans and overdrafts				
Bank loans and overdrafts are repayable as follows:				
In one year or less (note 15)	<u>3,563</u>	<u>2,564</u>	<u>2,043</u>	<u>1,965</u>
Between one and two years	3,612	2,743	2,090	2,010
Between two and five years	7,850	6,452	3,283	4,416
In five years or more	<u>21,182</u>	<u>9,370</u>	<u>3,741</u>	<u>4,837</u>
Total (note 16)	<u>32,644</u>	<u>18,565</u>	<u>9,114</u>	<u>11,263</u>
Total	<u>36,207</u>	<u>21,129</u>	<u>11,157</u>	<u>13,228</u>

NOTES TO THE ACCOUNTS - continued

18 Deferred capital grants	HEA	Other grants and benefactors	Total
	€'000	€'000	€'000
Consolidated			
At 1 October 2013			
Buildings	176,811	143,685	320,496
Equipment	<u>3,112</u>	<u>4,125</u>	<u>7,237</u>
Total	<u>179,923</u>	<u>147,810</u>	<u>327,733</u>
Cash received			
Buildings	1,461	(689)	772
Equipment	<u>1,115</u>	<u>3,910</u>	<u>5,025</u>
Total	<u>2,576</u>	<u>3,221</u>	<u>5,797</u>
Released to income and expenditure			
Buildings	3,979	2,942	6,921
Equipment	<u>1,256</u>	<u>2,495</u>	<u>3,751</u>
Total	<u>5,235</u>	<u>5,437</u>	<u>10,672</u>
At 30 September 2014			
Buildings	174,293	140,054	314,347
Equipment	<u>2,971</u>	<u>5,540</u>	<u>8,511</u>
Total	<u>177,264</u>	<u>145,594</u>	<u>322,858</u>

NOTES TO THE ACCOUNTS - continued

18 Deferred capital grants – continued	HEA	Other grants and benefactors	Total	
	€'000	€'000	€'000	
University				
At 1 October 2013				
Buildings	156,845	137,478	294,323	
Equipment	<u>2,314</u>	<u>4,125</u>	<u>6,439</u>	
Total	<u>159,159</u>	<u>141,603</u>	<u>300,762</u>	
Cash received				
Buildings	1,461	(689)	772	
Equipment	<u>1,115</u>	<u>3,910</u>	<u>5,025</u>	
Total	<u>2,576</u>	<u>3,221</u>	<u>5,797</u>	
Released to income and expenditure				
Buildings	3,771	2,784	6,555	
Equipment	<u>1,256</u>	<u>2,494</u>	<u>3,750</u>	
Total	<u>5,027</u>	<u>5,278</u>	<u>10,305</u>	
Balance at 30 September 2014				
Buildings	154,535	134,005	288,540	
Equipment	<u>2,173</u>	<u>5,541</u>	<u>7,714</u>	
Total	<u>156,708</u>	<u>139,546</u>	<u>296,254</u>	
19 Revaluation reserve	Consolidated		University	
	2014 €'000	2013 €'000	2014 €'000	2013 €'000
At beginning and end of year	<u>134,203</u>	<u>134,203</u>	<u>134,203</u>	<u>134,203</u>
20 Reconciliation of movement of reserves	Revenue reserves	Revaluation reserve	Total	
	€'000	€'000	€'000	
Consolidated				
At 1 October 2013	8,810	134,203	143,013	
Deficit on continuing operations	<u>(4,955)</u>	-	<u>(4,955)</u>	
At 30 September 2014	<u>3,855</u>	<u>134,203</u>	<u>138,058</u>	

NOTES TO THE ACCOUNTS - continued

20 Reconciliation of movement of reserves - continued	Revenue reserves €'000	Revaluation reserve €'000	Total €'000
University			
At 1 October 2013	(5,149)	134,203	129,054
Deficit on continuing operations	<u>(6,118)</u>	—	<u>(6,118)</u>
At 30 September 2014	<u>(11,267)</u>	<u>134,203</u>	<u>122,936</u>

21 Contingencies

The University has no known material contingent liabilities at 30 September 2014.

22 Capital commitments	Consolidated		University	
	2014 €'000	2013 €'000	2014 €'000	2013 €'000
Contracted for but not provided	15,285	10,694	14,900	10,571
Authorised but not contracted out	<u>10,933</u>	<u>9,467</u>	<u>10,933</u>	<u>9,467</u>
	<u>26,218</u>	<u>20,161</u>	<u>25,833</u>	<u>20,038</u>

23 Reconciliation of consolidated operating deficit to net cash (outflow) /inflow from operating activities

	2014 €'000	2013 €'000
Deficit on continuing operations after depreciation of assets	(4,955)	(4,401)
Depreciation	19,180	21,832
Deferred capital grants released to income	(10,672)	(12,735)
Decrease / (increase) in stocks	15	(13)
(Increase) /decrease in debtors	(3,320)	1,952
(Decrease) / increase in creditors	(10,436)	18,538
Interest receivable	(392)	(1,107)
Interest payable and similar charges	1,251	858
Loss / (profit) on disposal of fixed assets	<u>3</u>	<u>(65)</u>
Net cash (outflow) / inflow from operating activities	<u>(9,326)</u>	<u>24,859</u>

24 Returns on investments and servicing of finance

	2014 €'000	2013 €'000
Other interest received	392	1,107
Interest payable and similar charges	<u>(1,251)</u>	<u>(858)</u>
Net cash (outflow) / inflow from returns on investments and servicing of finance	<u>(859)</u>	<u>249</u>

NOTES TO THE ACCOUNTS - continued

25 Capital expenditure and financial investment	2014 €'000	2013 €'000
Purchase of tangible fixed assets	(9,556)	(10,063)
Proceeds from the disposal of fixed assets	13	81
Deferred capital grants received	<u>5,797</u>	<u>9,575</u>
Net cash outflow from capital expenditure and financial investment	<u>(3,746)</u>	<u>(407)</u>

26 Financing	2014 €'000	2013 €'000
Debt due within one year:		
Increase in short term borrowings	999	121
(Decrease)/increase in obligations under financing arrangements	(18,409)	17,152
Debt due beyond one year:		
Increase / (decrease) in long term borrowings	14,079	(2,765)
Decrease in obligations under financing arrangements	<u>(587)</u>	<u>(18,547)</u>
Net cash outflow from financing	<u>(3,918)</u>	<u>(4,039)</u>

27 Analysis of changes in net debt	At 1 October 2013 €'000	Cashflows €'000	At 30 September 2014 €'000
Cash at bank & overdrafts	<u>85,994</u>	<u>(17,849)</u>	<u>68,145</u>
	85,994	(17,849)	68,145
Debt due within 1 year	(2,564)	(999)	(3,563)
Debt due after 1 year	(18,565)	(14,079)	(32,644)
Liability to investors under FRS 5	<u>(29,851)</u>	<u>18,996</u>	<u>(10,855)</u>
Total	<u>35,014</u>	<u>(13,931)</u>	<u>21,083</u>

28 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 under FRS 8:

Cork University Foundation Limited

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 a net amount of €1.1m for the furtherance of education and research.

NOTES TO THE ACCOUNTS - continued

29 Pensions

During the year the University operated two 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 31st 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 €70.4m related to professional service added years. This €70.4m 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 years liability of €70.4m, the professional added years liability relating to the transferred in service is €14.3m. 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 €70.4m 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 materiality of the amount of the pension added years debtor that is disputed, 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 1st 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.

NOTES TO THE ACCOUNTS - continued

29 Pensions – continued

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 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 412 members of the Single Scheme at 30 September 2014. Future benefits accruing to Scheme members have not been provided for in these financial statements, as the amounts are not considered to be material at 30 September 2014. 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 Department of Public Expenditure and Reform is assessing the current arrangements in respect of the Single Scheme and is considering a number of options in relation to the future payment of benefits and financing of those benefits.

Summary of position at year end

	2014 €'000	2013 €'000
Consolidated and University		
Pension receivable	1,267,940	1,004,899
Net Pension Liability – FRS 17	<u>(1,267,940)</u>	<u>(1,004,899)</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 17 are fully adopted and the following movements are reflected in the financial statements.

The valuation of liabilities used for FRS 17 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 17 as at 30th September 2014, 30th September 2013 and 30th September 2012 were as follows:

	2014	2013	2012
Financial Assumptions			
Rate of increase in salaries	3.50%	3.50%	3.50%
Rate of increase in state pension	2.00%	2.00%	2.00%
Rate of increase in pensions in payment	2.50%	2.50%	2.50%
Discount rate for scheme liabilities	2.75%	3.75%	4.00%
Inflation assumption	2.00%	2.00%	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.

	2014 Years	2013 Years
Retiring today (member age 65)	22.8	22.9
Retiring in 25 years (member age 40)	25.6	25.7

NOTES TO THE ACCOUNTS - continued

29 Pensions – continued

Analysis of the amount charged to the Income and Expenditure Account:

	2014 €'000	2013 €'000
Staff costs		
Current service cost	(32,137)	(30,590)
Less contributions	<u>15,616</u>	<u>17,810</u>
Total charge to operating expenses	<u>(16,521)</u>	<u>(12,780)</u>
Other finance charges		
Interest on pension scheme liabilities	<u>(38,679)</u>	<u>(37,645)</u>
Net finance charge	<u>(38,679)</u>	<u>(37,645)</u>
Net deferred funding for pensions in year		
Funding recoverable in respect of current year pension costs	<u>55,200</u>	<u>50,425</u>

	2014 €'000	2013 €'000
Analysis of the amount charged to Consolidated Statement of Total Recognised Gains and Losses		
Actual return less expected return on scheme assets	1,637	(1,955)
Experience gain	27,725	9,192
Change in actuarial assumptions	<u>(237,203)</u>	<u>(46,630)</u>
Actuarial loss	<u>(207,841)</u>	<u>(39,393)</u>

Analysis of the movement in defined benefit obligation in the year:

	2014 €'000	2013 €'000
Present value of defined benefit obligation at beginning of year	(1,004,899)	(915,081)
Current service cost	(32,137)	(30,590)
Interest cost	(38,679)	(37,645)
Benefits paid	23,296	22,639
Contributions by plan participants	(6,043)	(6,784)
Actuarial loss	<u>(209,478)</u>	<u>(37,438)</u>
Present value of defined benefit obligation at end of year	<u>(1,267,940)</u>	<u>(1,004,899)</u>

NOTES TO THE ACCOUNTS - continued

29 Pensions - continued

Amount recognised in the balance sheet:

	2014 €'000	2013 €'000
Deferred pension funding asset	1,267,940	1,004,899
Pension liability	<u>(1,267,940)</u>	<u>(1,004,899)</u>

History of experience gains and losses is as follows:

	2014 €'000	2013 €'000	2012 €'000
<i>Difference between the expected and actual return on scheme assets</i>			
Amount	-	-	-
Percentage of scheme assets	-	-	-
<i>Experience gains on scheme liabilities</i>			
Amount	27,725	9,192	19,707
Percentage of scheme liabilities	2%	1%	2%

	2014 €'000	2013 €'000
Analysis of deferred pension funding asset		
At beginning of year	1,004,899	915,081
Movement included in staff costs	32,137	30,590
Movement included in finance costs	38,679	37,645
Movement included in STRGL	207,841	39,393
Other movements on defined benefit obligation and assets	<u>(15,616)</u>	<u>(17,810)</u>
At end of year	<u>1,267,940</u>	<u>1,004,899</u>

NOTES TO THE ACCOUNTS - continued

30 Deferred Income

	2014 €'000	2013 €'000
State grant received	45,663	48,382
State grant receivable from prior accounting year	11,034	16,285
State grant deferred to subsequent accounting year	<u>(9,665)</u>	<u>(11,034)</u>
State grant per financial statements (Note 1)	<u>47,032</u>	<u>53,633</u>

State funding is allocated on a calendar year basis. The University financial year is based on the academic year from October to September. In accordance with the University's accounting policies recurrent grants have been recognised on an accruals basis. In any accounting year, therefore an element of funding will be deferred to subsequent accounting periods in order to match the funding to the related expenditure.

31 University College Cork Trust Fund

The University College Cork Trust Fund provides financial support for scholarships, prizes and academic achievement awards to students. In 2013/14, €233k was received from the Trust Fund for these purposes. The Trust Fund reserves at the balance sheet date are €12.03m.

32 Approval of financial statements

The financial statements were approved by the Governing Body on the 6/12/16.

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

**HEA funding statement and reconciliation
(Not covered by the Auditor's Report)**

Year ended 30 September 2014

Reconciliation with funding statement

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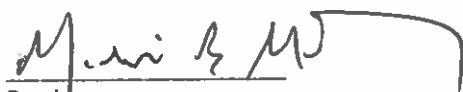
STATEMENT OF RESPONSIBILITIES

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.

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 of FRS 15, and accordingly, the valuations from 30th September 1994 are not being updated.

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

All fixed asset additions since 1st October, 1994 are stated at cost.

Equipment, Fixtures and Fittings are valued at their depreciated cost as at the 30th September, 1994. These assets and all subsequent additions are depreciated as noted below.

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 of FRS 15 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.

STATEMENT OF ACCOUNTING POLICIES (Cont.)

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.

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 two defined benefit pension schemes during the year. 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). This scheme is administered by the Department of Public Expenditure and Reform. Contributions are charged to the income and expenditure account in the year in which they fall due.

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.

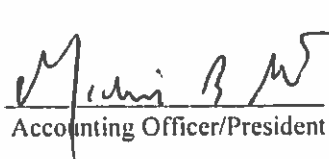
INCOME AND EXPENDITURE ACCOUNT

Year to 30th September 2014

	Notes	2013/2014 €'000	2012/2013 €'000
Income			
State Grants	1	46,642	52,814
Student Fees	2	119,558	116,745
Other Income	3	<u>30,703</u>	<u>29,018</u>
		196,903	198,577
Research Grants and Projects	4	<u>73,909</u>	<u>70,293</u>
Total		<u>270,812</u>	<u>268,870</u>
Expenditure			
Academic Faculties and Departments	5	121,966	122,928
Academic and Other Services	6	17,420	17,469
Premises	7	20,803	21,561
Amount Allocated for Capital Purposes	8	5,537	6,862
Central Administration and Services	9	17,110	17,290
General Educational Expenditure	10	4,366	3,990
Student Services	11	6,495	6,459
Miscellaneous Expenditure	12	<u>3,581</u>	<u>4,040</u>
		197,278	200,599
Research Grants and Projects		<u>73,909</u>	<u>70,293</u>
Total	13	<u>271,187</u>	<u>270,892</u>
Deficit on Activities before Amortisation of Capital Reserves and Grants, Ancillary Services and Depreciation of Fixed Assets			
		(375)	(2,022)
Deficit on Ancillary Services	14	(1,702)	(3,707)
Depreciation of Fixed Assets	15	(19,214)	(21,874)
General and Restricted Reserve Movement	16	<u>19,639</u>	<u>25,497</u>
Deficit for Year	22	<u>(1,652)</u>	<u>(2,106)</u>
Revenue Reserves at Start of Year	22	<u>(1,711)</u>	<u>395</u>
Revenue Reserves at End of Year	22	<u>(3,363)</u>	<u>(1,711)</u>

The Statement of Accounting Policies, Cash Flow Statement and notes from pages 44 to 52 form part of these Accounts.

Signed:


Accounting Officer/President


Honorary Treasurer


BALANCE SHEET

As at 30th September 2014

	Notes	2013/2014 €'000	2012/2013 €'000
Fixed Assets	17	556,230	565,905
Current Assets			
Bank balances and cash		68,146	85,994
Debtors and Prepayments	18	6,251	5,987
Stocks		<u>486</u>	<u>501</u>
		<u>74,883</u>	<u>92,482</u>
Current Liabilities			
Creditors and Accrued Expenditure	19	<u>(138,272)</u>	<u>(152,100)</u>
		<u>(138,272)</u>	<u>(152,100)</u>
Net Current Liabilities		(63,389)	(59,618)
Long Term Loans	20	<u>(47,063)</u>	<u>(50,981)</u>
		<u>445,778</u>	<u>455,306</u>
Represented by			
General Reserve	21	449,141	457,017
Revenue Reserves	22	<u>(3,363)</u>	<u>(1,711)</u>
		<u>445,778</u>	<u>455,306</u>

The Statement of Accounting Policies, Cash Flow Statement and notes from pages 44 to 52 form part of these Accounts.

Signed:


 Accounting Officer/President


 Honorary Treasurer

CASH FLOW STATEMENT

Year to 30th September 2014

	Notes	2013/2014 €'000	2012/2013 €'000
Net Cash (Outflow) / Inflow from Operating Activities	23	(15,299)	15,908
Return on Investments and Servicing of Finance			
Interest Paid		(343)	(360)
Interest Received		341	1,035
Capital Expenditure			
Payments to Acquire Tangible Fixed Assets		<u>(9,555)</u>	<u>(10,101)</u>
Net Cash (Outflow) / Inflow before Financing		(24,856)	6,482
Financing			
HEA Capital Grants		2,576	3,894
Non HEA Capital Grants		8,337	14,324
Decrease in Long Term Loans		(3,918)	(4,039)
Proceeds from the Disposal of Tangible Fixed Assets		<u>13</u>	<u>1</u>
Cash Inflow from Financing		<u>7,008</u>	<u>14,180</u>
Net Cash (Outflow) / Inflow after Financing		<u>(17,848)</u>	<u>20,662</u>
(Decrease)/Increase in Cash	24	<u>(17,848)</u>	<u>20,662</u>

NOTES TO ACCOUNTS

Year to 30th September 2014

	2013/2014	2012/2013
	€'000	€'000
1. State Grants		
Recurrent Grant	35,926	41,554
Nursing Grant	2,489	2,680
Targeted Funding for Special Initiatives	3,912	4,394
Minor Works	148	154
Strategic Innovation Fund	5	81
Reforms in Medical Education	842	1,028
Postgraduate Skills Programme	2,070	2,423
Dental School Funding	<u>1,250</u>	<u>500</u>
Total	<u>46,642</u>	<u>52,814</u>
2. Student Fees		
Academic	<u>119,558</u>	<u>116,745</u>
Total	<u>119,558</u>	<u>116,745</u>
3. Other Income		
Interest Income	341	1,035
Funded Posts & Donations	1,294	1,545
Rent, Concessions and Other Charges	1,819	1,822
Research Grant and Projects Contributions	10,030	8,130
Miscellaneous Income	<u>17,219</u>	<u>16,486</u>
Total	<u>30,703</u>	<u>29,018</u>
4. Research Grants and Projects		
Research Grants	<u>73,909</u>	<u>70,293</u>
Total	<u>73,909</u>	<u>70,293</u>

NOTES TO ACCOUNTS

Year to 30th September 2014

	Staff Costs €'000	Non Pay €'000	2013/2014 €'000	2012/2013 €'000
5. Academic Faculties and Departments				
Academic	75,163	-	75,163	77,713
Technical	11,804	-	11,804	11,764
Administrative Support	15,740	-	15,740	15,814
Departmental Grants	-	19,108	19,108	17,371
Miscellaneous Expenses	<u>-</u>	<u>151</u>	<u>151</u>	<u>266</u>
Total	<u>102,707</u>	<u>19,259</u>	<u>121,966</u>	<u>122,928</u>
6. Academic and Other Services				
Library Costs	4,282	2,030	6,312	6,572
Computer/Information Technology	2,992	2,171	5,163	5,006
Language Centre	811	236	1,047	986
Cork University Press	135	336	471	855
Audio Visual Centre	647	232	879	868
Teaching Development Unit	166	37	203	213
Spoken/Oral Irish	679	(28)	651	632
Biological Services Unit	433	202	635	601
Teaching and Learning	371	60	431	249
Research Support/Technology Transfer Office	<u>1,036</u>	<u>592</u>	<u>1,628</u>	<u>1,487</u>
Total	<u>11,552</u>	<u>5,868</u>	<u>17,420</u>	<u>17,469</u>
7. Premises				
Premises Maintenance	3,629	4,784	8,413	8,569
General Services	2,980	3,407	6,387	6,570
Radiation Protection Office	90	8	98	102
Rent and Rates	-	571	571	616
Insurance	-	1,032	1,032	1,176
Energy Costs	<u>-</u>	<u>4,302</u>	<u>4,302</u>	<u>4,528</u>
Total	<u>6,699</u>	<u>14,104</u>	<u>20,803</u>	<u>21,561</u>
8. Allocated for Capital Purposes				
Capital Projects			5,389	6,570
Equipment			<u>148</u>	<u>292</u>
Total			<u>5,537</u>	<u>6,862</u>

NOTES TO ACCOUNTS

Year to 30th September 2014

	Staff Costs €'000	Non Pay €'000	2013/2014 €'000	2012/2013 €'000
9. Central Administration and Services				
Administration Expenses	12,149	-	12,149	13,045
Professional Charges	-	1,108	1,108	1,030
Miscellaneous	-	<u>1,465</u>	<u>1,465</u>	<u>1,197</u>
Total	<u>12,149</u>	<u>4,961</u>	<u>17,110</u>	<u>17,290</u>
10. General Educational Expenditure				
Examination Expenses	848	298	1,146	1,374
Scholarships & Prizes	-	1,929	1,929	1,374
N.U.I. Capitation	-	421	421	424
Miscellaneous Expenses	<u>436</u>	<u>434</u>	<u>870</u>	<u>818</u>
Total	<u>1,284</u>	<u>3,082</u>	<u>4,366</u>	<u>3,990</u>
11. Student Services				
Capitation and Other Grants	-	1,052	1,052	1,052
Student Services	551	240	791	982
Careers Office	688	51	739	754
Sports and Recreation	850	215	1,065	917
Health and Counselling	<u>2,256</u>	<u>592</u>	<u>2,848</u>	<u>2,754</u>
Total	<u>4,345</u>	<u>2,150</u>	<u>6,495</u>	<u>6,459</u>
12. Miscellaneous Expenditure				
Pensions	2,897	-	2,897	3,417
Miscellaneous Expenses	-	341	341	263
Bank Interest Payable	-	<u>343</u>	<u>343</u>	<u>360</u>
Total	<u>2,897</u>	<u>684</u>	<u>3,581</u>	<u>4,040</u>
13. Composition of Total Expenditure				
Academic and Related Services	141,633	55,645	197,278	200,599
Research Grants and Projects	<u>51,529</u>	<u>22,380</u>	<u>73,909</u>	<u>70,293</u>
Total Expenditure	<u>193,162</u>	<u>78,025</u>	<u>271,187</u>	<u>270,892</u>

NOTES TO ACCOUNTS

Year to 30th September 2014

	Income €'000	Expenditure €'000	Surplus/(Deficit) 2013/2014 €'000	Surplus/(Deficit) 2012/2013 €'000
14. Ancillary Services - Summary				
Art Gallery	237	459	(222)	(223)
Leisure Facilities	2,607	3,960	(1,353)	(1,474)
Student Residences	4,709	3,109	1,600	2,187
Student Facilities & Services (UCC) Ltd	2,471	3,282	(811)	(574)
UCC Academy	-	491	(491)	-
Medical/Dental and Other Facilities				
Development Account	<u>519</u>	<u>944</u>	<u>(425)</u>	<u>(3,623)</u>
Deficit - Ancillary Services	<u>10,543</u>	<u>12,245</u>	<u>(1,702)</u>	<u>(3,707)</u>
15. Depreciation of Fixed Assets				
Buildings			12,972	13,274
Equipment			<u>6,242</u>	<u>8,600</u>
			<u>19,214</u>	<u>21,874</u>
16. General and Restricted Reserves Movement				
Amortisation of General Reserve in line with Depreciation			19,214	21,874
Income and Expenditure to General Reserve Account			<u>425</u>	<u>3,623</u>
			<u>19,639</u>	<u>25,497</u>

NOTES TO ACCOUNTS

Year to 30th September 2014

	Land and Buildings (including heritage assets) €'000	Equipment €'000	2013/2014 €'000	2012/2013 €'000
17. Fixed Assets				
Cost/Valuation at 1st October				
Valuation	125,984	8,219	134,203	134,203
Cost	<u>567,248</u>	<u>184,478</u>	<u>751,726</u>	<u>742,220</u>
Total	<u>693,232</u>	<u>192,697</u>	<u>885,929</u>	<u>876,423</u>
Additions at Cost	4,895	4,660	9,555	10,101
Disposals	-	(45)	(45)	(595)
Cost/Valuation at 30th September				
Valuation	125,984	8,219	134,203	134,203
Cost	<u>572,143</u>	<u>189,093</u>	<u>761,236</u>	<u>751,726</u>
Total	<u>698,127</u>	<u>197,312</u>	<u>895,439</u>	<u>885,929</u>
Depreciation at 1st October	141,010	179,014	320,024	298,718
Less accumulated depreciation on disposals	-	(29)	(29)	(568)
Depreciation for Year	<u>12,972</u>	<u>6,242</u>	<u>19,214</u>	<u>21,874</u>
Depreciation at 30th September	<u>153,982</u>	<u>185,227</u>	<u>339,209</u>	<u>320,024</u>
Net book value at beginning of year	<u>552,222</u>	<u>13,683</u>	<u>565,905</u>	<u>577,705</u>
Net book value at end of year	<u>544,145</u>	<u>12,085</u>	<u>566,230</u>	<u>565,905</u>

In accordance with FRS 5 fixed assets, other assets and related liabilities are included in the University's balance sheet even though legal title to these assets is in the name of companies 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 did not acquire any heritage assets in the current financial year.

NOTES TO ACCOUNTS

Year to 30th September 2014

	2013/2014 €'000	2012/2013 €'000		
18. Debtors and Prepayments				
Other Debtors and Prepayments	<u>6,251</u>	<u>5,987</u>		
	<u>6,251</u>	<u>5,987</u>		
19. Creditors and Accrued Expenditure				
Contract Research Grants and Projects unexpended	61,583	71,035		
State Grants for Recurrent Expenditure received in advance	8,454	9,433		
Academic Fees received in advance	28,104	26,087		
Other Creditors and Accruals	<u>40,131</u>	<u>45,545</u>		
	<u>138,272</u>	<u>152,100</u>		
20. Long Term Loans				
A portion of the long term loans arise from the treatment of liabilities arising under FRS 5. See note 17.				
21. General Reserve	Opening Balance €'000	Current Year Movement €'000	Closing Balance €'000	Prior Year Movement €'000
Valuation - Fixed Assets	134,203	-	134,203	-
State Capital Grants	327,188	1,165	328,353	5,919
Recurrent Funding Transfer	66,058	5,537	71,595	6,862
Capital Donations	147,887	3,151	151,038	2,442
Other	<u>102,314</u>	<u>1,485</u>	<u>103,799</u>	<u>(691)</u>
	777,650	11,338	788,988	14,532
Transfer from Restricted Reserves	-	-	-	10,160
Disposals	-	(29)	(29)	(579)
Amortisation				
Amortisation at Start of Year	(320,633)			
Transfer from Restrictive Reserves		-		(1,643)
Less Amortisation on Disposal		29		568
Amortisation to I & E Account for Year		(19,214)		(21,874)
Amortisation at End of Year	<u> </u>	<u> </u>	<u>(339,818)</u>	<u> </u>
	<u>457,017</u>	<u>(7,876)</u>	<u>449,141</u>	<u>1,164</u>

NOTES TO ACCOUNTS

Year to 30th September 2014

	2013/2014	2012/2013
	€'000	€'000
22. Revenue Reserves		
Opening Balance	(1,711)	395
Deficit for the year	<u>(1,652)</u>	<u>(2,106)</u>
Closing Balance	<u>(3,363)</u>	<u>(1,711)</u>
23. Cashflow		
Reconciliation of Income and Expenditure Account Deficit to Net Cash (Outflow) /Inflow from Operating Activities		
Deficit for the Year	(1,652)	(2,106)
Interest Received	(341)	(1,035)
Interest Paid	<u>343</u>	<u>360</u>
	(1,650)	(2,781)
Loss on the disposal of Fixed Assets	3	15
Depreciation of Fixed Assets	19,214	21,874
Amortisation of General Reserve	(19,214)	(21,874)
(Increase)/Decrease in Debtors and Prepayments	(264)	1,025
Decrease /(Increase) in Stocks	15	(13)
(Decrease) /Increase in Creditors and Accruals	(13,828)	21,285
Movement in Ancillary Services	<u>425</u>	<u>(3,623)</u>
Net Cash (Outflow)/Inflow from Operating Activities	<u>(15,299)</u>	<u>15,908</u>

NOTES TO ACCOUNTS

Year to 30th September 2014

	2013/2014	2012/2013
	€'000	€'000
24. Analysis of Change in Cash and Cash Equivalents		
Balance at 1st October	85,994	65,332
Net Cash (Outflow)/Inflow	<u>(17,848)</u>	<u>20,662</u>
Balance at 30th September	<u>68,146</u>	<u>85,994</u>
25. Capital Commitments		
Commitments contracted at 30th September	15,285	10,694
Authorised but not contracted at 30th September	<u>10,933</u>	<u>9,467</u>
	<u>26,218</u>	<u>20,161</u>

26. 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.

27. Financial Asset – Trust Fund

The Trust Fund is not included in the Balance Sheet because it is a fund with a separate constitution from the general assets and liabilities of the University.

28. Pensions

The University operated two defined benefit pension schemes during the year. 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). This scheme is administered by the Department of Public Expenditure and Reform. Contributions are charged to the income and expenditure account in the year in which they fall due.

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 as at 30th October, 2015 by consulting actuaries.

NOTES TO ACCOUNTS

Year to 30th September 2014

	2013/2014 Closed Scheme €'000	2013/2014 Model Scheme €'000	2013/2014 Model Scheme* €'000
29. Pension Control Account			
Opening balance	(22,110)	21,405	3,235
<i>Income</i>			
Employer contributions received	7,671	2,984	2,064
Employee contributions received	3,329	2,138	494
Pension transfers in (cash received)	43	8	-
Supplementation income	2,897	-	-
Income in respect of purchase of added years	<u>68</u>	<u>14</u>	-
Total Income	14,008	5,144	2,558
<i>Expenditure</i>			
Pensions in payment (including supplementation)	20,462	66	14
Lump sum payments on retirement	2,539	140	-
Death in service payments	-	-	-
Pension transfers out (cash payments)	-	-	-
Refunds of contributions	6	120	-
Administration and other costs	<u>508</u>	<u>298</u>	<u>62</u>
Total Expenditure	<u>23,515</u>	<u>624</u>	<u>76</u>
(Deficit)/Surplus	<u>(31,617)</u>	<u>25,925</u>	<u>5,717</u>
Grant receivable/(payable) from/to the HEA	<u>31,617</u>	<u>(25,925)</u>	<u>(5,717)</u>

The net grant payable to the HEA of €25k is included in Other Creditors & Accruals (Note 19).

*New ECF Rate 20%

30. 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) Limited
- Campus Accommodation (UCC) Limited
- Student Facilities & Services (UCC) Limited
- GMC Holdings Limited
- Biosciences (UCC) Limited
- Mardyke Leisure (UCC) Limited
- Art Gallery (UCC) Limited
- Tenton Limited
- UCC Academy Limited

32. Approval of Financial Statements

The financial statements were approved by the Governing Body on

6/12/16

RECONCILIATION OF HEA FUNDING STATEMENT WITH CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2014

	Consolidated financial statements €'000	Subsidiary companies €'000	Unincorporated ancillary activities €'000	GAAP adjustments €'000	HEA funding statement €'000
INCOME					
State grants	47,032	-	-	(390)	46,642
Student fees	120,193	-	-	(635)	119,558
Research grants and contracts	79,417	-	-	(5,508)	73,909
Amortisation of deferred capital grants	10,672	-	-	8,542	19,214
Other operating income	27,667	-	-	12,668	40,335
Interest income	392	-	-	-	392
Net Deferred funding for pensions	<u>55,200</u>	<u>-</u>	<u>-</u>	<u>(55,200)</u>	<u>-</u>
Total income	<u>340,573</u>	<u>-</u>	<u>-</u>	<u>(40,523)</u>	<u>300,050</u>
Total expenditure	<u>345,528</u>	<u>-</u>	<u>-</u>	<u>(43,826)</u>	<u>301,702</u>
Deficit for year	<u>(4,955)</u>	<u>-</u>	<u>-</u>	<u>3,303</u>	<u>(1,652)</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

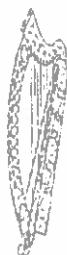
Co-funded by the Irish Government
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**EUROPEAN REGIONAL
DEVELOPMENT FUND**

HEA

Higher Education Authority
An tÚdarás um Ard-Oideachas



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



Investing in Your Future

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

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.