

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

Consolidated Financial Statements

Year Ended 30 September 2015

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HONORARY TREASURER'S REPORT

ON CONSOLIDATED FINANCIAL STATEMENTS – YEAR ENDED 30 SEPTEMBER 2015

Format of Accounts

For many 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.

Further amendments are envisaged for the 2015/16 year end where the statements will be produced under Financial Reporting Standard (FRS 102).

Income and Expenditure Account

The net out-turn for the year on the income and expenditure account is a deficit of €5.9m, primarily due to greater level of depreciation vis a vis amortisation, the ongoing delay in the full resolution of the funding issues in relation to the Dental School & Hospital and the continued decline in state funding in support of Higher Education. This continues the trend from recent years and is unlikely to change given the absence of a proper funding model for the sector.

Earnings before depreciation, interest, tax and amortisation (EBITDA) recorded a surplus of €4.4m, similar to prior year performance. Though a surplus, when adjusting for depreciation, amortisation and interest, the net operating position was a deficit of €5.9m.

Income from operations (adjusted for pension deferred income – note 29) at €299.6m records an increase of €14.2m / 5% on the previous year, despite continued reduction in State Grant income, down €2.7m / 5.8% on the prior year.

The main driver behind the income increase is Research income, up €8.9m and Academic Fee income inclusive of student contributions, up a further €4.9m on 2014/15.

Other operating income grew in the year by €3.2m, with positive contributions from student residences and sporting activities.

Expenditure (adjusted for pension FRS17 adjustment) at €305.5m is €15m greater than previous year, reflecting the increased level of research activity and related cost together with higher pay costs to support increased Student numbers and minimise accreditation and quality exposure.

Non pay costs have grown given the decline in minor capital monies from the exchequer, all of which must now be funded from the University's own resources. Depreciation remain at last years' levels.

HONORARY TREASURER'S REPORT

Capital Expenditure and Balance Sheet

The physical estate of the University grew in 2014/15 reflecting final PRTL15 investment, the ASSERT project and the acquisition of additional student accommodation to meet growing demand for beds.

As a result, gross additions in the year were over €46.5m with the net estate growing by €26.4m. Depreciation was just over €20m, resulting in a net book value of assets of €581.7m.

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

State Grant

In the year under review, State Grant contributed €44.3m as against €47m in the previous year and a peak of €94m 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 continue to decline. The State Grant, once the main source of University income, now contributes 12% of total income, as against 13.8% in the previous year. This trend is expected to continue as exchequer funding falls. In its absence, the University continues to diversify and grow non exchequer income sources.

Fees

Fee income grew by €4.9m/ 4% over the previous year at €125.1m and now represents just over 34% 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 2014/15 was €41.9m/33.5% of fee income, with the balance of fee income derived from the student contribution, post graduate fees and increased levels of non EU student fee income. The University continue to heavily rely on this income source to compensate for the on-going decline in state support for the University.

Research Income

Research income increased during the year to €88.3m, up €8.9m/11.2% on prior year levels, primarily due higher research centre funding. The university continues to diversify its research funding sources, to retain it's eminence in this area. Non-exchequer related research income now accounts for €24.4m/27% of total research income while competitive research awarded by industry also improved on prior year levels. Science Foundation Ireland at €30.3m 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 2014/15 overheads earned from research, was €12.1m/13.7% 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.

HONORARY TREASURER'S REPORT

Balance Sheet

Total revenue reserves, following the performance in the year, have moved to a surplus of €132.1m, comprising negative revenue reserves of €2.1m offset by a revaluation reserve of €134.2m.

Treasury management continues to be extremely challenging as the timing of exchequer receipts for recurrent fee income continues to lag actual expenditure. In addition, PRTL 5 approved projects have yet to be fully recouped by the University with over €12m owing from the State at the end of 2014/15.

As a result, the University's cash position has deteriorated to €49.5m from over €68m in the previous year. The cash position continues to benefit from increased research activity and timing of contract research receipts.

Debtors, year on year are over €5.7m higher while creditors at €158.3m are greater than previous year levels, primarily due higher deferred income relating to academic fees received in advance and other creditors and accruals.

Long term borrowings at €53m have increased year on year reflecting the student accommodation transaction to acquire additional beds.

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.

Summary

2014/15 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 2014/15.

Longer term, the decline in capital support, as outlined last year, continues to be of major concern. The existing recurrent funding model, assumes continued exchequer support for ongoing refurbishment, maintenance and infrastructural capacity needs. The absence of 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. I welcome the publication of the Expert Group on Higher Education Funding and eagerly await its recommendations, implementation of which will be essential to address the long term sustainability issues across the HE sector.



Dermot O'Mahoney,
Honorary Treasurer
11 April 2017

STATEMENT OF GOVERNING BODY'S RESPONSIBILITIES

The Governing Body is required to comply with the Universities Act, 1997, and to keep in such form as may be approved of by an t-Údarás um Ard-Oideachas all proper and usual accounts of money received and expended by it.


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.

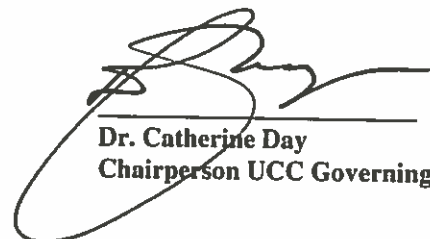
The Governing Body is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the University and which enable it to ensure that its financial statements comply with the Universities Act, 1997, the Statement of Recommended Practice 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:



Professor Patrick O'Shea
President



Dr. Catherine Day
Chairperson UCC Governing Body

Date:

11/4/2017.

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 2015, 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 33. 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 2015 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.

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

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 2015 and of the deficit for the year then ended; and
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland.

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 2015, the pension asset amounted to €1,365m this amount includes €15.9m 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: 25 April 2017

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

Statement of Governance and Internal Control

University College Cork

Year End September 2015

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

There were no significant financial developments affecting UCC in the year 2014-2015. As in previous years, UCC continues to recognise a deferred state asset in relation to all pension liabilities, inclusive of added year liabilities of €79.1m. This view is in accordance with senior counsel opinion and reflects Governing Body's understanding in relation to the transfer to the State of the UCC's pension asset and related liabilities as set out in the Financial Measures (Miscellaneous Provisions Act) 2009 of future pension liabilities.

Pay

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

Financial Reporting

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

Internal Audit

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

Procurement

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

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. The University endeavours to ensure that these procedures are adhered to in relation to all disposals with periodic communication to the University Community,

Guidelines for Appraisal and Management of Capital Proposals

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

Travel Policy

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

Guidelines for Achieving VFM

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

Tax Laws

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

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 2014/2015

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

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

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

The key elements of the system of internal control include:

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

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

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

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

UCC uses the AGRASSO Finance Management system which provides for variance analysis to be undertaken on regular basis and reports comparing budget versus actual performance are produced during the financial year.

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

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

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

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

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

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

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

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

- (i) On-going review by the University Management Team and the provision of annual assurance statements by senior officers
- (ii) The Annual Report of the President to the Governing Body;
- (iii) The President's Routine Reports presented at each meeting of the Governing Body;
- (iv) Reports from the Finance Committee meetings relating to income, expenditure, research, treasury ,debtors, liabilities/borrowings and capital which are placed before meetings of the Governing Body;
- (v) Reports from Academic Council meetings which are placed before meetings of the Governing Body;
- (vi) Risk Management Committee and monitoring of the risk register
- (vii) Risk Management committee minutes forwarded after each meeting to Audit Committee
- (viii) The regular report to Governing Body and the annual report of the Audit Committee to the Governing Body together with the work performed by the Internal Audit function during the year and comments arising from the committee's review of risk management and corporate governance arrangements;
- (ix) Management letters and reports from the university's external auditors and the Comptroller and Auditor General which are reviewed by the Audit Committee;
- (x) Quality Assurance reports;
- (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 relevant 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 2014-2015 no weaknesses in internal controls were identified which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements.

Description of the action taken to correct weaknesses

Nothing arises in the period which is the subject of this Statement

Audit Committee Meetings – number + attendance

Two [2] Audit Committee meetings took place during the year 2014-2015. The attendance at Audit Committee meetings is attached at Appendix 1

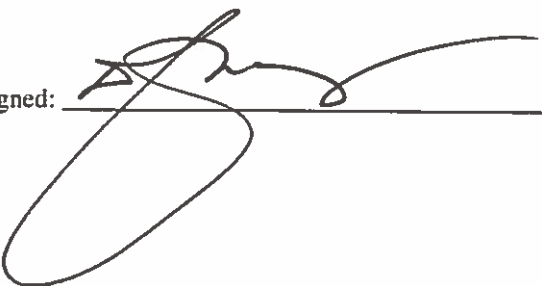
Acknowledgement by the Chief Officer that the Governing Body is responsible for the system of internal control.

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

Signed:  Date: 11/04/2017

Approval by Governing Body

I Catherine Day, Chairperson of the Governing Body of University College Cork, hereby confirm that the Governing Body at its meeting on 12th April 2016 approved this Statement of Internal Control and specifically approved the President's Statement above.

Signed:  Date: 11/04/2017.

APPENDIX 1

Audit Committee 2014/15

Total number of meetings during the 2014/15 year: 2

Member:	No. of Meetings Attended:	Travel Expenses
Linda O'Shea Farren	1	Nil
Larry O'Dwyer	1	Nil
Colm Leen	2	Nil
Maurice Moloney	2	€126
Ann Fitzgerald	1	Nil
Gillian Keating	1	Nil

STATEMENT OF ACCOUNTING POLICIES - continued

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.

The financial statements have been prepared on a going concern basis as the Governing Body is satisfied that the University will have adequate resources to meet its obligations as they fall due for the foreseeable future.

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 the transition to FRS 102 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. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

STATEMENT OF ACCOUNTING POLICIES - continued

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.

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

Equipment is capitalised at cost. Where the cost is equal to or greater than certain thresholds, set by the University and its subsidiaries 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.

STATEMENT OF ACCOUNTING POLICIES - continued

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.

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). Single scheme members' contributions are paid over to the Department of Public Expenditure and Reform.

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


CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
Year Ended 30 September 2015

	Notes	2015 €'000	2015 €'000	2014 €'000	2014 €'000
Income					
State grants	1		44,327		47,032
Academic fees	2		125,125		120,193
Research grants and contracts	3		88,305		79,417
Amortisation of deferred capital grants	18		10,780		10,672
Other operating income	4		30,821		27,667
Interest income	5		218		392
Net deferred funding for pensions	29		<u>65,076</u>		<u>55,200</u>
Total income			<u>364,652</u>		<u>340,573</u>
Expenditure					
Staff costs	6	206,465		197,831	
FRS 17 Impact	29	<u>29,130</u>	235,595	<u>16,521</u>	214,352
Other operating expenses	7		77,693		72,066
Interest payable and similar charges	8	1,302		1,251	
FRS 17 Impact	29	<u>35,946</u>	37,248	<u>38,679</u>	39,930
Depreciation	11		<u>20,044</u>		<u>19,180</u>
Total expenditure			<u>370,580</u>		<u>345,528</u>
Deficit for the year after depreciation of assets before taxation			(5,928)		(4,955)
Taxation	9		—		—
Deficit for the year after depreciation of assets and after taxation	10		<u>(5,928)</u>		<u>(4,955)</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 11/4/2017 and were signed on its behalf by:

Signed:


Professor Patrick O'Shea
President



Dermot O'Mahoney
Honorary Treasurer

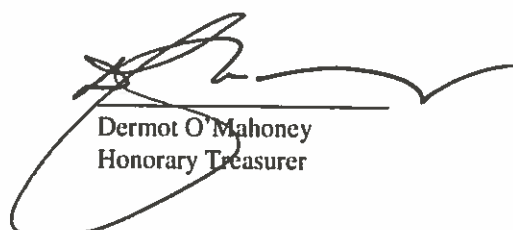
CONSOLIDATED AND UNIVERSITY BALANCE SHEET
30 September 2015

	Notes	Consolidated		University	
		2015 €'000	2014 €'000	2015 €'000	2014 €'000
Fixed assets					
Tangible assets	11	581,701	555,265	487,079	473,788
Financial assets	12	<u>-</u>	<u>-</u>	<u>163</u>	<u>163</u>
		<u>581,701</u>	<u>555,265</u>	<u>487,242</u>	<u>473,951</u>
Current assets					
Stocks	13	647	486	395	374
Debtors	14	33,138	27,389	44,487	37,785
Cash at bank		<u>49,495</u>	<u>68,145</u>	<u>37,667</u>	<u>58,094</u>
		<u>83,280</u>	<u>96,020</u>	<u>82,549</u>	<u>96,253</u>
Creditors: Amounts falling due within one year	15	<u>(158,339)</u>	<u>(147,326)</u>	<u>(151,658)</u>	<u>(141,900)</u>
Net current liabilities		<u>(75,059)</u>	<u>(51,306)</u>	<u>(69,109)</u>	<u>(45,647)</u>
Total assets less current liabilities		506,642	503,959	418,133	428,304
Creditors: Amounts falling due after one year	16	<u>(52,978)</u>	<u>(43,043)</u>	<u>(6,936)</u>	<u>(9,114)</u>
Net assets excluding deferred pension funding asset and liability		453,664	460,916	411,197	419,190
Deferred pension funding asset	29	1,364,641	1,267,940	1,364,641	1,267,940
Pension liability	29	<u>(1,364,641)</u>	<u>(1,267,940)</u>	<u>(1,364,641)</u>	<u>(1,267,940)</u>
Net assets		<u>453,664</u>	<u>460,916</u>	<u>411,197</u>	<u>419,190</u>
Deferred capital grants	18	321,534	322,858	295,355	296,254
Represented by:					
Revenue reserves	20	(2,073)	3,855	(18,361)	(11,267)
Revaluation reserve	19	<u>134,203</u>	<u>134,203</u>	<u>134,203</u>	<u>134,203</u>
Total reserves		<u>132,130</u>	<u>138,058</u>	<u>115,842</u>	<u>122,936</u>
Total		<u>453,664</u>	<u>460,916</u>	<u>411,197</u>	<u>419,190</u>

The financial statements on pages 13 to 35 were approved by the Governing Body on 11/9/2017 and were signed on its behalf by:

Signed:


Professor Patrick O'Shea
President


Dermot O'Mahoney
Honorary Treasurer

CONSOLIDATED STATEMENT OF HISTORIC COST SURPLUSES AND DEFICITS
Year Ended 30 September 2015

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 2015

	Notes	2015 €'000	2014 €'000
Deficit on continuing operations after depreciation of assets at valuation, disposal of assets and tax		(5,928)	(4,955)
Actuarial loss on pension liabilities	29	(31,625)	(207,841)
Adjustment to deferred pension funding asset	29	<u>31,625</u>	<u>207,841</u>
Total losses recognised since last financial statements		<u>(5,928)</u>	<u>(4,955)</u>
Reconciliation			
Opening reserves		138,058	143,013
Total recognised losses		<u>(5,928)</u>	<u>(4,955)</u>
Closing reserves		<u>132,130</u>	<u>138,058</u>

CONSOLIDATED CASH FLOW STATEMENT
Year Ended 30 September 2015

	Notes	2015 €'000	2014 €'000
Net cash inflow/(outflow) from operating activities	23	8,618	(9,326)
Returns on investments and servicing of finance	24	(1,084)	(859)
Capital expenditure and financial investment	25	<u>(37,022)</u>	<u>(3,746)</u>
Net cash outflow before financing		(29,488)	(13,931)
Financing	26	<u>10,838</u>	<u>(3,918)</u>
Decrease in cash in the year		<u>(18,650)</u>	<u>(17,849)</u>
 Reconciliation of net cash flow to movement in net debt			
Decrease in cash in the year		(18,650)	(17,849)
Cash flow from (increase)/decrease in debt and lease financing	26	<u>(10,838)</u>	<u>3,918</u>
Movement in net debt/cash in year		(29,488)	(13,931)
Net cash at start of year	27	<u>21,083</u>	<u>35,014</u>
Net cash at end of year	27	<u>(8,405)</u>	<u>21,083</u>

NOTES TO THE FINANCIAL STATEMENTS

1 State grants **2015**
€'000 **2014**
€'000

State grants allocated for recurrent purposes 44,327 47,032

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

2 Academic fees **2015**
€'000 **2014**
€'000

Academic fee income 125,125 120,193

A total of €41,860,820 (2013/2014: €43,167,904) included in academic fee income was paid directly by the Higher Education Authority.

3 Research grants and contracts **2015** **2014**

	€'000	€'000
State and semi-state	60,606	55,016
European Union	14,766	13,227
Industry	6,021	6,092
Other	<u>6,912</u>	<u>5,082</u>
	<u>88,305</u>	<u>79,417</u>

4 Other operating income **2015**
€'000 **2014**
€'000

Rental income	1,717	1,819
Funded post income	1,225	1,294
Student residences income	5,765	4,672
Leisure facilities income	2,697	2,602
Student Facilities & Services (UCC) Limited income	3,005	2,461
Art Gallery income	281	237
Profit on disposal of fixed assets	2	-
Other income	<u>16,129</u>	<u>14,582</u>
	<u>30,821</u>	<u>27,667</u>

5 Interest income **2015**
€'000 **2014**
€'000

Interest income 218 392

NOTES TO THE FINANCIAL STATEMENTS - 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:

	2015 Number	2014 Number
Teaching and research	1,546	1,490
Technical	103	105
Central administration and services	852	874
Other	<u>285</u>	<u>246</u>
	<u>2,786</u>	<u>2,715</u>
	2015	2014
	€'000	€'000
Salaries and wages	174,550	167,314
Social welfare costs	13,774	13,027
Other pension costs	<u>18,141</u>	<u>17,490</u>
	<u>206,465</u>	<u>197,831</u>

7 Other operating expenses

	2015 €'000	2014 €'000
Heat, light, water and power	6,287	6,202
Advertising and promotion	686	1,022
Professional fees	5,004	5,096
Training and development	1,298	1,053
Equipment	4,269	3,666
Laboratory consumables	7,236	6,617
Postage, print and stationary supplies	2,519	2,373
Communications	811	829
Books and periodicals	2,307	2,264
Rent and rates	1,360	1,309
Motor, travel and subsistence	7,943	7,420
Computer supplies	752	842
Insurance	1,272	1,296
Software Costs	1,852	1,867
Repairs and maintenance	9,880	9,924
Loss on disposal of fixed assets	-	3
Consumables and other expenses	<u>24,217</u>	<u>20,283</u>
	<u>77,693</u>	<u>72,066</u>

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

	2015 €'000	2014 €'000
Statutory Audit Fee	23	21
Commercial Audit Fee	104	98
Tax advisory services	114	124
Other assurance services	34	27
Other non-audit services	32	-

NOTES TO THE FINANCIAL STATEMENTS - continued

8 Interest Payable and Similar Charges	2015	2014
	€'000	€'000
Interest charges and similar charges		
On bank loans, overdrafts and other loans wholly repayable within 5 years	280	296
On bank loans repayable after 5 years	956	867
On obligations arising under financing arrangements	<u>66</u>	<u>88</u>
	1,302	1,251
Pension finance charge (Note 29)	<u>35,946</u>	<u>38,679</u>
	<u>37,248</u>	<u>39,930</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	2015	2014
	€'000	€'000
The deficit on continuing operations for the year is made up as follows:		
University's deficit for the year	(7,094)	(6,118)
Surplus generated by the subsidiary undertakings	<u>1,166</u>	<u>1,163</u>
Total	<u>(5,928)</u>	<u>(4,955)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

11 Tangible fixed assets	Land and buildings (including heritage assets)	Computer equipment	Equipment	Assets in course of construction	Total
	€'000	€'000	€'000	€'000	€'000
CONSOLIDATED					
Cost or valuation					
At 1 October 2014	690,041	45,210	152,551	6,099	893,901
Additions	15,691	1,002	4,713	25,074	46,480
Reclassification	29,076	-	-	(29,076)	-
Disposals	-	(7)	(75)	-	(82)
At 30 September 2015	<u>734,808</u>	<u>46,205</u>	<u>157,189</u>	<u>2,097</u>	<u>940,299</u>
Depreciation					
At 1 October 2014	153,476	44,176	140,984	-	338,636
Depreciation for year	14,098	556	5,390	-	20,044
Disposals	-	(7)	(75)	-	(82)
At 30 September 2015	<u>167,574</u>	<u>44,725</u>	<u>146,299</u>	<u>-</u>	<u>358,598</u>
Net book value					
At 30 September 2015	<u>567,234</u>	<u>1,480</u>	<u>10,890</u>	<u>2,097</u>	<u>581,701</u>
At 1 October 2014	<u>536,565</u>	<u>1,034</u>	<u>11,567</u>	<u>6,099</u>	<u>555,265</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 (2014: €32,531,052) in respect of freehold land which is not depreciated. Fixed Assets Cost or valuation includes €13,133,000 (2014: €13,133,000) 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 acquired heritage assets for €0.275m in the current financial year.

NOTES TO THE FINANCIAL STATEMENTS- continued

11 Tangible fixed assets - continued	Land and buildings (including heritage assets)	Computer equipment	Equipment	Assets in course of construction	Total
	€'000	€'000	€'000	€'000	€'000
UNIVERSITY					
Cost or Valuation					
At 1 October 2014	594,039	44,661	148,631	6,099	793,430
Additions	275	986	4,587	25,074	30,922
Reclassifications	29,076	-	-	(29,076)	-
Disposals	-	-	-	-	-
At 30 September 2015	<u>623,390</u>	<u>45,647</u>	<u>153,218</u>	<u>2,097</u>	<u>824,352</u>
Depreciation					
At 1 October 2014	138,092	43,767	137,783	-	319,642
Charge for year	12,151	458	5,022	-	17,631
Disposals	-	-	-	-	-
At 30 September 2015	<u>150,243</u>	<u>44,225</u>	<u>142,805</u>	<u>-</u>	<u>337,273</u>
Net book value					
At 30 September 2015	<u>473,147</u>	<u>1,422</u>	<u>10,413</u>	<u>2,097</u>	<u>487,079</u>
At 1 October 2014	<u>455,947</u>	<u>894</u>	<u>10,848</u>	<u>6,099</u>	<u>473,788</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

12 Financial assets	Consolidated		University	
	2015 €'000	2014 €'000	2015 €'000	2014 €'000
Investments at the year end were held as follows:				
Subsidiary companies	—	—	<u>163</u>	<u>163</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.
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	
	2015 €'000	2014 €'000	2015 €'000	2014 €'000
Consumables	17	16	17	16
Finished goods for resale	<u>630</u>	<u>470</u>	<u>378</u>	<u>358</u>
	<u>647</u>	<u>486</u>	<u>395</u>	<u>374</u>

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

14 Debtors	Consolidated		University	
	2015 €'000	2014 €'000	2015 €'000	2014 €'000
Trade debtors	795	893	795	893
Research grants and contracts receivable	21,599	21,009	21,599	21,009
Amounts due from subsidiary undertakings	-	-	11,782	10,741
State grant receivable - HEA	626	274	626	274
Other taxation and social insurance	1,370	845	1,370	845
Other debtors and prepayments	<u>8,748</u>	<u>4,368</u>	<u>8,315</u>	<u>4,023</u>
	<u>33,138</u>	<u>27,389</u>	<u>44,487</u>	<u>37,785</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

15 Creditors: Amounts falling due within one year	Consolidated		University	
	2015 €'000	2014 €'000	2015 €'000	2014 €'000
Trade creditors	7,044	6,665	6,581	5,952
Research grants and contracts in advance	66,054	68,613	66,054	68,613
Academic fees received in advance	33,900	28,104	33,900	28,104
State grant received in advance-HEA	5,963	9,665	5,963	9,665
Obligations arising under financing arrangements	542	456	-	-
Bank loans & overdrafts (note 17)	4,380	3,563	2,100	2,043
Amounts owed to subsidiary undertakings	-	-	1,140	584
Other taxation and social security	5,841	5,592	5,744	5,442
Deferred income	8,736	7,209	5,557	5,192
Other creditors & accruals	<u>25,879</u>	<u>17,459</u>	<u>24,619</u>	<u>16,305</u>
	<u>158,339</u>	<u>147,326</u>	<u>151,658</u>	<u>141,900</u>

16 Creditors: Amounts falling due after one year	Consolidated		University	
	2015 €'000	2014 €'000	2015 €'000	2014 €'000
Bank loans (note 17)	43,055	32,644	6,936	9,114
Obligations arising under financing arrangements	<u>9,923</u>	<u>10,399</u>	<u>-</u>	<u>-</u>
	<u>52,978</u>	<u>43,043</u>	<u>6,936</u>	<u>9,114</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	
	2015 €'000	2014 €'000	2015 €'000	2014 €'000
Bank loans and overdrafts				
Bank loans and overdrafts are repayable as follows:				
In one year or less (note 15)	<u>4,380</u>	<u>3,563</u>	<u>2,100</u>	<u>2,043</u>
Between one and two years	3,550	3,612	1,269	2,090
Between two and five years	9,899	7,850	3,057	3,283
In five years or more	<u>29,606</u>	<u>21,182</u>	<u>2,610</u>	<u>3,741</u>
Total (note 16)	<u>43,055</u>	<u>32,644</u>	<u>6,936</u>	<u>9,114</u>
Total	<u>47,435</u>	<u>36,207</u>	<u>9,036</u>	<u>11,157</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

18 Deferred capital grants	HEA	Other grants and benefactors	Total
	€'000	€'000	€'000
Consolidated			
At 1 October 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>
Cash received			
Buildings	2,609	3,184	5,793
Equipment	<u>548</u>	<u>3,115</u>	<u>3,663</u>
Total	<u>3,157</u>	<u>6,299</u>	<u>9,456</u>
Released to income and expenditure			
Buildings	4,032	3,246	7,278
Equipment	<u>1,029</u>	<u>2,473</u>	<u>3,502</u>
Total	<u>5,061</u>	<u>5,719</u>	<u>10,780</u>
At 30 September 2015			
Buildings	172,870	139,992	312,862
Equipment	<u>2,490</u>	<u>6,182</u>	<u>8,672</u>
Total	<u>175,360</u>	<u>146,174</u>	<u>321,534</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

18 Deferred capital grants – continued	HEA	Other grants and benefactors	Total	
	€'000	€'000	€'000	
University				
At 1 October 2014				
Buildings	154,535	134,064	288,599	
Equipment (Including transfer from subsidiary company)	<u>2,173</u>	<u>5,541</u>	<u>7,714</u>	
Total	<u>156,708</u>	<u>139,605</u>	<u>296,313</u>	
Cash received				
Buildings	2,609	3,184	5,793	
Equipment	<u>548</u>	<u>3,115</u>	<u>3,663</u>	
Total	<u>3,157</u>	<u>6,299</u>	<u>9,456</u>	
Released to income and expenditure				
Buildings	3,824	3,088	6,912	
Equipment	<u>1,029</u>	<u>2,473</u>	<u>3,502</u>	
Total	<u>4,853</u>	<u>5,561</u>	<u>10,414</u>	
Balance at 30 September 2015				
Buildings	153,320	134,160	287,480	
Equipment	<u>1,692</u>	<u>6,183</u>	<u>7,875</u>	
Total	<u>155,012</u>	<u>140,343</u>	<u>295,355</u>	
19 Revaluation reserve	Consolidated		University	
	2015 €'000	2014 €'000	2015 €'000	2014 €'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 2014	3,855	134,203	138,058	
Deficit on continuing operations	<u>(5,928)</u>	<u>-</u>	<u>(5,928)</u>	
At 30 September 2015	<u>(2,073)</u>	<u>134,203</u>	<u>132,130</u>	

NOTES TO THE FINANCIAL STATEMENTS - continued

20 Reconciliation of movement of reserves - continued	Revenue reserves €'000	Revaluation reserve €'000	Total €'000
University			
At 1 October 2014	(11,267)	134,203	122,936
Deficit on continuing operations	<u>(7,094)</u>	<u>-</u>	<u>(7,094)</u>
At 30 September 2015	<u>(18,361)</u>	<u>134,203</u>	<u>115,842</u>

21 Contingencies

The University has no known material contingent liabilities at 30 September 2015.

22 Capital commitments	Consolidated		University	
	2015 €'000	2014 €'000	2015 €'000	2014 €'000
Contracted for but not provided	5,048	15,285	5,048	14,900
Authorised but not contracted out	<u>12,450</u>	<u>10,933</u>	<u>12,450</u>	<u>10,933</u>
	<u>17,498</u>	<u>26,218</u>	<u>17,498</u>	<u>25,833</u>

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

	2015 €'000	2014 €'000
Deficit on continuing operations after depreciation of assets	(5,928)	(4,955)
Depreciation	20,044	19,180
Deferred capital grants released to income	(10,780)	(10,672)
(Increase) / decrease in stocks	(161)	15
(Increase)/decrease in debtors	(5,749)	3,619
Increase / (decrease) in creditors	10,110	(17,375)
Interest receivable	(218)	(392)
Interest payable and similar charges	1,302	1,251
(Profit) / loss on disposal of fixed assets	<u>(2)</u>	<u>3</u>
Net cash inflow / (outflow) from operating activities	<u>8,618</u>	<u>(9,326)</u>

24 Returns on investments and servicing of finance

	2015 €'000	2014 €'000
Other interest received	218	392
Interest payable and similar charges	<u>(1,302)</u>	<u>(1,251)</u>
Net cash outflow from returns on investments and servicing of finance	<u>(1,084)</u>	<u>(859)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

25 Capital expenditure and financial investment	2015 €'000	2014 €'000
Purchase of tangible fixed assets	(46,480)	(9,556)
Proceeds from the disposal of fixed assets	2	13
Deferred capital grants received	<u>9,456</u>	<u>5,797</u>
Net cash outflow from capital expenditure and financial investment	<u>(37,022)</u>	<u>(3,746)</u>

26 Financing	2015 €'000	2014 €'000
Debt due within one year:		
Increase in short term borrowings	817	999
Increase/(decrease) in obligations under financing arrangements	86	(18,409)
Debt due beyond one year:		
Increase in long term borrowings	10,411	14,079
Decrease in obligations under financing arrangements	<u>(476)</u>	<u>(587)</u>
Net cash inflow/(outflow) from financing	<u>10,838</u>	<u>(3,918)</u>

27 Analysis of changes in net debt	At 1 October 2014 €'000	Cashflows €'000	At 30 September 2015 €'000
Cash at bank & overdrafts	<u>68,145</u>	<u>(18,650)</u>	<u>49,495</u>
	68,145	(18,650)	49,495
Debt due within 1 year	(3,563)	(817)	(4,380)
Debt due after 1 year	(32,644)	(10,411)	(43,055)
Liability to investors under FRS5	<u>(10,855)</u>	<u>390</u>	<u>(10,465)</u>
Total	<u>21,083</u>	<u>(29,488)</u>	<u>(8,405)</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 €2.4m from the Foundation for the furtherance of education and research. The amount due to the University from the Foundation at the 30th September 2015 was €1,643,147.

NOTES TO THE FINANCIAL STATEMENTS - 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 31 March 2010, in accordance with S.I. No. 124/2010, Financial Measures (Miscellaneous Provisions) Act 2009, (University College Cork – National University of Ireland, Cork) the assets of the Closed Pension Scheme were transferred to the National Pensions Reserve Fund. The members became members of a statutory unfunded scheme renamed “University College Cork (Closed) Scheme”. There was no effect on the benefits payable to the members, with the underlying basis being that the terms and conditions of entitlement of the members will continue to be no more and no less favourable than existed under the principles of the Scheme established by the UCC Governing Body. Furthermore the legislation in Section 6(2) sets out the effect the transfer order had on the assets of the Scheme where the relevant body [i.e. UCC] ceases to be liable in relation to the scheme. Following the transfer of assets to the exchequer, all decisions in relation to the Pension Scheme are no longer made by UCC. Within the overall pension liability is an amount of €79.1m related to professional service added years. This €79.1m is inclusive of professional service added years earned directly in the UCC (Closed) Scheme as well as service earned elsewhere in the public sector, but credited to the UCC (Closed) Scheme following service transfer, typically on recruitment by UCC of a staff member from elsewhere in the public sector. Of the total added years liability of €79.1m, the professional added years liability relating to the transferred in service is €15.9m. 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 €79.1m in respect of professional service added years, no longer rest with UCC, but with those making pension decisions. UCC has therefore recognised a deferred pension asset to match the full pension liability. This view is not shared by the Department of Education and Skills and Department of Public Expenditure and Reform. As a result, “transferred in” service is not being recognised when approvals are being sought for pension lump sums and payments. As such, the C&AG view is that the pension debtor should be reduced by the amount relating to transferred in service. If UCC were to accept this view, the pension asset would result in UCC having to fund the future liabilities from its own resources. Given the 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 1 January 2005. This is an unfunded Scheme which is paid on a pay-as-you-go basis through monies provided to the University by the State for that purpose.

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

NOTES TO THE FINANCIAL STATEMENTS - 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 612 members of the Single Scheme at 30 September 2015. Future benefits accruing to Scheme members have not been provided for in these financial statements, as the amounts are not considered to be material at 30 September 2015. 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

	2015 €'000	2014 €'000
Consolidated and University		
Pension receivable	1,364,641	1,267,940
Net Pension Liability – FRS17	<u>(1,364,641)</u>	<u>(1,267,940)</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 most recent actuarial valuation was undertaken and reported in March 2016. The financial assumptions used to calculate the retirement liabilities in relation to the defined benefit pension schemes under FRS 17 as at 30 September 2015, 30th September 2014 and 30th September 2013 were as follows:

Financial Assumptions	2015	2014	2013
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	2.50%	2.75%	3.75%
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.

	2015 Years M/F	2014 Years M/F
Retiring today (member age 65)	22.8 / 24.8	22.8 / 24.8
Retiring in 25 years (member age 40)	25.6 / 27.7	25.6 / 27.7

NOTES TO THE FINANCIAL STATEMENTS - continued

29 Pensions - continued

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

	2015 €'000	2014 €'000
Staff costs		
Current service cost	(45,098)	(32,137)
Less Contributions	<u>15,968</u>	<u>15,616</u>
Total charge to operating expenses	<u>(29,130)</u>	<u>(16,521)</u>
Other finance charges		
Interest on pension scheme liabilities	<u>(35,946)</u>	<u>(38,679)</u>
Net finance charge	<u>(35,946)</u>	<u>(38,679)</u>
Net deferred funding for pensions in year		
Funding recoverable in respect of current year pension costs	<u>65,076</u>	<u>55,200</u>

	2015 €'000	2014 €'000
Analysis of the amount charged to Consolidated Statement of Total Recognised Gains and Losses		
Actual return less expected return on scheme assets	1,806	1,637
Experience gain	34,837	27,725
Change in actuarial assumptions	<u>(68,268)</u>	<u>(237,203)</u>
Actuarial loss	<u>(31,625)</u>	<u>(207,841)</u>

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

	2015 €'000	2014 €'000
Present value of defined benefit obligation at beginning of year	(1,267,940)	(1,004,899)
Current service cost	(45,098)	(32,137)
Interest cost	(35,946)	(38,679)
Benefits paid	23,738	23,296
Contributions by plan participants	(5,964)	(6,043)
Actuarial loss	<u>(33,431)</u>	<u>(209,478)</u>
Present value of defined benefit obligation at end of year	<u>(1,364,641)</u>	<u>(1,267,940)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

29 Pensions - continued

Amount recognised in the balance sheet:

	2015 €'000	2014 €'000
Deferred pension funding asset	1,364,641	1,267,940
Pension liability	<u>(1,364,641)</u>	<u>(1,267,940)</u>

History of experience gains and losses is as follows:

	2015 €'000	2014 €'000	2013 €'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	34,837	27,725	9,192
Percentage of scheme liabilities	2.6%	2.0%	1.0%

	2015 €'000	2014 €'000
Analysis of deferred pension funding asset		
At beginning of year	1,267,940	1,004,899
Movement included in staff costs	45,098	32,137
Movement included in finance costs	35,946	38,679
Movement included in STRGL	31,625	207,841
Other movements on defined benefit obligation and assets	<u>(15,968)</u>	<u>(15,616)</u>
At end of year	<u>1,364,641</u>	<u>1,267,940</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

30 Deferred Income

	2015	2014
	€'000	€'000
State grant received	40,625	45,663
State grant receivable from prior accounting year	9,665	11,034
State grant deferred to subsequent accounting year	<u>(5,963)</u>	<u>(9,665)</u>
State grant per financial statements (Note 1)	<u>44,327</u>	<u>47,032</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 2014/15, €254k was received from the Trust Fund for these purposes. The Trust Fund reserves at the balance sheet date are €13.2m.

32 Prior Year Comparatives

Certain prior year figures included within the financial statements and related notes are reclassified to ensure comparability with the current year presentation.

33 Approval of financial statements

The financial statements were approved by the Governing Body on the 11/4/2017.

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

**HEA funding statement and reconciliation
(Not covered by the auditors report)**

Year ended 30 September 2015

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



Cathal Ó'Grada
President

STATEMENT OF ACCOUNTING POLICIES

1. Financial Statements

The financial statements reflect the teaching, research and related service activities of the University and its subsidiaries. The financial statements of the University's Trust Fund are presented separately.

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). Single scheme members' contributions are paid over to the Department of Public Expenditure and Reform.

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

14. Taxation

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

15. Ancillary Services

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

16. Financing Arrangements

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


INCOME AND EXPENDITURE ACCOUNT

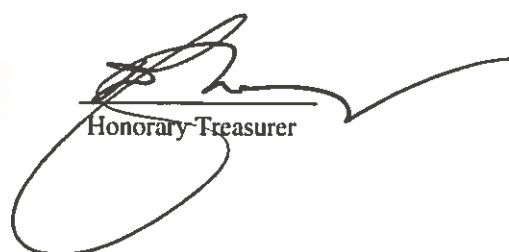
Year to 30th September 2015

	Notes	2014/2015 €'000	2013/2014 €'000
Income			
State Grants	1	43,811	46,642
Student Fees	2	124,489	119,558
Other Income	3	<u>35,938</u>	<u>30,703</u>
		204,238	196,903
Research Grants and Projects	4	<u>77,683</u>	<u>73,909</u>
Total		<u>281,921</u>	<u>270,812</u>
Expenditure			
Academic Faculties and Departments	5	127,237	121,966
Academic and Other Services	6	17,348	17,420
Premises	7	20,302	20,803
Amount Allocated for Capital Purposes	8	7,116	5,537
Central Administration and Services	9	17,544	17,110
General Educational Expenditure	10	4,889	4,366
Student Services	11	6,375	6,495
Miscellaneous Expenditure	12	<u>3,584</u>	<u>3,581</u>
		204,395	197,278
Research Grants and Projects		<u>77,683</u>	<u>73,909</u>
Total	13	<u>282,078</u>	<u>271,187</u>
Deficit on Activities before Amortisation of Capital Reserves and Grants, Ancillary Services and Depreciation of Fixed Assets		(157)	(375)
Deficit on Ancillary Services	14	(3,842)	(1,702)
Depreciation of Fixed Assets	15	(20,078)	(19,214)
General and Restricted Reserve Movement	16	<u>22,859</u>	<u>19,639</u>
Deficit for Year	23	<u>(1,218)</u>	<u>(1,652)</u>
Revenue Reserves at Start of Year	22	<u>(3,363)</u>	<u>(1,711)</u>
Revenue Reserves at End of Year	22	<u>(4,581)</u>	<u>(3,363)</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

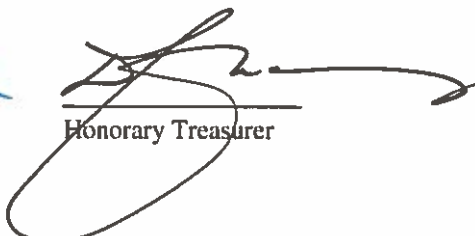
As at 30th September 2015

	Notes	2014/2015 €'000	2013/2014 €'000
Fixed Assets	17	582,632	556,230
Current Assets			
Bank balances and cash		49,495	68,146
Debtors and Prepayments	18	11,539	6,251
Stocks		<u>647</u>	<u>486</u>
		<u>61,681</u>	<u>74,883</u>
Current Liabilities			
Creditors and Accrued Expenditure	19	<u>(147,291)</u>	<u>(138,272)</u>
		<u>(147,291)</u>	<u>(138,272)</u>
Net Current Liabilities		(85,610)	(63,389)
Long Term Loans	20	<u>(57,901)</u>	<u>(47,063)</u>
		<u>439,121</u>	<u>445,778</u>
Represented by			
General Reserve	21	443,702	449,141
Revenue Reserves	22	<u>(4,581)</u>	<u>(3,363)</u>
		<u>439,121</u>	<u>445,778</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 2015

	Notes	2014/2015 €'000	2013/2014 €'000
Net Cash Inflow / (Outflow) from Operating Activities	23	5,242	(15,299)
Return on Investments and Servicing of Finance			
Interest Paid		(304)	(343)
Interest Received		193	341
Capital Expenditure			
Payments to Acquire Tangible Fixed Assets		<u>(46,480)</u>	<u>(9,555)</u>
Net Cash Outflow before Financing		(41,349)	(24,856)
Financing			
HEA Capital Grants		3,157	2,576
Non HEA Capital Grants		8,701	8,337
Increase /(Decrease) in Long Term Loans		10,838	(3,918)
Proceeds from the Disposal of Tangible Fixed Assets		<u>2</u>	<u>13</u>
Cash Inflow from Financing		<u>22,698</u>	<u>7,008</u>
Net Cash Outflow after Financing		<u>(18,651)</u>	<u>(17,848)</u>
Decrease in Cash	24	<u>(18,651)</u>	<u>(17,848)</u>

NOTES TO ACCOUNTS

Year to 30th September 2015

	2014/2015 €'000	2013/2014 €'000
1. State Grants		
Recurrent Grant	33,489	35,926
Nursing Grant	2,426	2,489
Targeted Funding for Special Initiatives	3,412	3,912
Minor Works	146	148
Strategic Innovation Fund	-	5
Reforms in Medical Education	840	842
Postgraduate Skills Programme	1,498	2,070
Dental School Funding	<u>2,000</u>	<u>1,250</u>
Total	<u>43,811</u>	<u>46,642</u>
 2. Student Fees		
Academic	<u>124,489</u>	<u>119,558</u>
Total	<u>124,489</u>	<u>119,558</u>
 3. Other Income		
Interest Income	193	341
Funded Posts & Donations	1,247	1,294
Rent, Concessions and Other Charges	1,718	1,819
Research Grant and Projects Contributions	12,137	10,030
Miscellaneous Income	<u>20,643</u>	<u>17,219</u>
Total	<u>35,938</u>	<u>30,703</u>
 4. Research Grants and Projects		
Research Grants	<u>77,683</u>	<u>73,909</u>
Total	<u>77,683</u>	<u>73,909</u>

NOTES TO ACCOUNTS

Year to 30th September 2015

	Staff Costs €'000	Non Pay €'000	2014/2015 €'000	2013/2014 €'000
5. Academic Faculties and Departments				
Academic	76,715	-	76,715	75,163
Technical	11,743	-	11,743	11,804
Administrative Support	15,944	-	15,944	15,740
Departmental Grants	-	22,708	22,708	19,108
Miscellaneous Expenses	<u>-</u>	<u>127</u>	<u>127</u>	<u>151</u>
Total	<u>104,402</u>	<u>22,835</u>	<u>127,237</u>	<u>121,966</u>
6. Academic and Other Services				
Library Costs	3,773	2,044	5,817	6,312
Computer/Information Technology	2,957	2,137	5,094	5,163
Language Centre	848	300	1,148	1,047
Cork University Press	133	281	414	471
Audio Visual Centre	664	244	908	879
Teaching Development Unit	172	35	207	203
Spoken/Oral Irish	646	(47)	599	651
Biological Services Unit	496	215	711	635
Teaching and Learning	660	146	806	431
Research Support/Technology Transfer Office	<u>1,109</u>	<u>535</u>	<u>1,644</u>	<u>1,628</u>
Total	<u>11,458</u>	<u>5,890</u>	<u>17,348</u>	<u>17,420</u>
7. Premises				
Premises Maintenance	3,643	4,381	8,024	8,413
General Services	3,112	3,301	6,413	6,387
Radiation Protection Office	90	10	100	98
Rent and Rates	-	619	619	571
Insurance	-	997	997	1,032
Energy Costs	<u>-</u>	<u>4,149</u>	<u>4,149</u>	<u>4,302</u>
Total	<u>6,845</u>	<u>13,457</u>	<u>20,302</u>	<u>20,803</u>
8. Allocated for Capital Purposes				
Capital Projects			6,282	5,389
Equipment			<u>834</u>	<u>148</u>
Total			<u>7,116</u>	<u>5,537</u>

NOTES TO ACCOUNTS

Year to 30th September 2015

	Staff Costs €'000	Non Pay €'000	2014/2015 €'000	2013/2014 €'000
9. Central Administration and Services				
Administration Expenses	12,387	-	12,387	12,149
Professional Charges	-	1,434	1,434	1,108
Miscellaneous	-	2,444	2,444	2,388
	-	<u>1,279</u>	<u>1,279</u>	<u>1,465</u>
Total	<u>12,387</u>	<u>5,157</u>	<u>17,544</u>	<u>17,110</u>
10. General Educational Expenditure				
Examination Expenses	990	257	1,247	1,146
Scholarships & Prizes	-	2,410	2,410	1,929
N.U.I. Capitation	-	415	415	421
Miscellaneous Expenses	-	<u>817</u>	<u>817</u>	<u>870</u>
Total	<u>990</u>	<u>3,899</u>	<u>4,889</u>	<u>4,366</u>
11. Student Services				
Capitation and Other Grants	-	1,054	1,054	1,052
Student Services	432	314	746	791
Careers Office	680	65	745	739
Sports and Recreation	854	116	970	1,065
Health and Counselling	<u>2,311</u>	<u>549</u>	<u>2,860</u>	<u>2,848</u>
Total	<u>4,277</u>	<u>2,098</u>	<u>6,375</u>	<u>6,495</u>
12. Miscellaneous Expenditure				
Pensions	2,922	-	2,922	2,897
Miscellaneous Expenses	-	358	358	341
Bank Interest Payable	-	<u>304</u>	<u>304</u>	<u>343</u>
Total	<u>2,922</u>	<u>662</u>	<u>3,584</u>	<u>3,581</u>
13. Composition of Total Expenditure				
Academic and Related Services	143,281	61,114	204,395	197,278
Research Grants and Projects	<u>57,057</u>	<u>20,626</u>	<u>77,683</u>	<u>73,909</u>
Total Expenditure	<u>200,338</u>	<u>81,740</u>	<u>282,078</u>	<u>271,187</u>

NOTES TO ACCOUNTS

Year to 30th September 2015

	Income €'000	Expenditure €'000	Surplus/(Deficit) 2014/2015 €'000	Surplus/(Deficit) 2013/2014 €'000
14. Ancillary Services - Summary				
Art Gallery	281	504	(223)	(222)
Leisure Facilities	2,700	4,148	(1,448)	(1,353)
Student Residences	5,791	3,420	2,371	1,600
Student Facilities & Services (UCC) Ltd	3,008	3,581	(573)	(811)
UCC Academy	84	1,272	(1,188)	(491)
Medical/Dental and Other Facilities				
Development Account	<u>136</u>	<u>2,917</u>	<u>(2,781)</u>	<u>(425)</u>
Deficit - Ancillary Services	<u>12,000</u>	<u>15,842</u>	<u>(3,842)</u>	<u>(1,702)</u>
15. Depreciation of Fixed Assets				
Buildings			14,132	12,972
Equipment			<u>5,946</u>	<u>6,242</u>
			<u>20,078</u>	<u>19,214</u>
16. General and Restricted Reserves Movement				
Amortisation of General Reserve in line with Depreciation			20,078	19,214
Income and Expenditure to General Reserve Account			<u>2,781</u>	<u>425</u>
			<u>22,859</u>	<u>19,639</u>

NOTES TO ACCOUNTS

Year to 30th September 2015

17. Fixed Assets	Land and Buildings (including heritage assets) €'000	Equipment €'000	2014/2015 €'000	2013/2014 €'000
Cost/Valuation at 1st October				
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>
Additions at Cost	40,460	6,020	46,480	9,555
Disposals	-	(82)	(82)	(45)
Cost/Valuation at 30th September				
Valuation	125,984	8,219	134,203	134,203
Cost	<u>612,603</u>	<u>195,031</u>	<u>807,634</u>	<u>761,236</u>
Total	<u>738,587</u>	<u>203,250</u>	<u>941,837</u>	<u>895,439</u>
Depreciation at 1st October	153,982	185,227	339,209	320,024
Less accumulated depreciation on disposals	0	(82)	(82)	(29)
Depreciation for Year	<u>14,132</u>	<u>5,946</u>	<u>20,078</u>	<u>19,214</u>
Depreciation at 30th September	<u>168,114</u>	<u>191,091</u>	<u>359,205</u>	<u>339,209</u>
Net book value at beginning of year	<u>544,145</u>	<u>12,085</u>	<u>566,230</u>	<u>565,905</u>
Net book value at end of year	<u>570,473</u>	<u>12,159</u>	<u>582,632</u>	<u>566,230</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 acquired any heritage assets for €0.275m in the current financial year.

NOTES TO ACCOUNTS

Year to 30th September 2015

	2014/2015 €'000	2013/2014 €'000
18. Debtors and Prepayments		
Other Debtors and Prepayments	<u>11,539</u>	<u>6,251</u>
	<u>11,539</u>	<u>6,251</u>
19. Creditors and Accrued Expenditure		
Contract Research Grants and Projects unexpended	60,067	61,583
State Grants for Recurrent Expenditure received in advance	5,266	8,454
Academic Fees received in advance	33,900	28,104
Other Creditors and Accruals	<u>48,058</u>	<u>40,131</u>
	<u>147,291</u>	<u>138,272</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	328,353	5,963	334,316	1,165
Recurrent Funding Transfer	71,566	7,116	78,682	5,537
Capital Donations	151,038	378	151,416	3,151
Other	<u>103,799</u>	<u>1,182</u>	<u>104,981</u>	<u>1,485</u>
	788,959	14,639	803,598	11,338
Disposals		(82)	(82)	(29)
Amortisation				
Amortisation at start of Year	(339,818)			
Less Amortisation on Disposal		82		29
Amortisation to I & E Account for Year		(20,078)		(19,214)
Amortisation at End of Year	<u> </u>	<u> </u>	<u>(359,814)</u>	<u> </u>
	<u>449,141</u>	<u>(5,439)</u>	<u>443,702</u>	<u>(7,876)</u>

NOTES TO ACCOUNTS

Year to 30th September 2015

	2014/2015 €'000	2013/2014 €'000
22. Revenue Reserves		
Opening Balance	(3,363)	(1,711)
Deficit for the year	<u>(1,218)</u>	<u>(1,652)</u>
Closing Balance	<u>(4,581)</u>	<u>(3,363)</u>
23. Cashflow		
Reconciliation of Income and Expenditure Account Deficit to Net Cash Inflow/(Outflow) from Operating Activities		
Deficit for the Year	(1,218)	(1,652)
Interest Received	(193)	(341)
Interest Paid	<u>304</u>	<u>343</u>
	(1,107)	(1,650)
(Profit)/ Loss on the disposal of Fixed Assets	(2)	3
Depreciation of Fixed Assets	20,078	19,214
Amortisation of General Reserve	(20,078)	(19,214)
Increase in Debtors and Prepayments	(5,288)	(264)
(Increase)/ Decrease in Stocks	(161)	15
(Increase)/ Decrease in Creditors and Accruals	9,019	(13,828)
Movement in Ancillary Services	<u>2,781</u>	<u>425</u>
Net Cash Inflow/(Outflow) from Operating Activities	<u>5,242</u>	<u>(15,299)</u>

NOTES TO ACCOUNTS

Year to 30th September 2015

	2014/2015 €'000	2013/2014 €'000
24. Analysis of Change in Cash and Cash Equivalents		
Balance at 1st October	68,146	85,994
Net Cash Outflow	<u>(18,651)</u>	<u>(17,848)</u>
Balance at 30th September	<u>49,495</u>	<u>68,146</u>
25. Capital Commitments		
Commitments contracted at 30th September	5,048	15,285
Authorised but not contracted at 30th September	<u>12,450</u>	<u>10,933</u>
	<u>17,498</u>	<u>26,218</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). Single scheme members' contributions are paid over to the Department of Public Expenditure and Reform.

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

The most recent actuarial valuation was undertaken by consulting actuaries and reported in March 2016.

NOTES TO ACCOUNTS

Year to 30th September 2015

	2014/2015 Closed Scheme €'000	2014/2015 Model Scheme €'000	2014/2015 Model Scheme* €'000
29. Pension Control Account			
Opening balance	(31,617)	25,925	5,717
<i>Income</i>			
Employer contributions received	7,685	2,775	2,086
Employee contributions received	2,891	1,944	524
Pension transfers in (cash received)	6	-	-
Supplementation income	2,922	-	-
Income in respect of purchase of added years	477	124	4
HEA Funding – Additional Pension Costs	<u>500</u>	<u> </u>	<u> </u>
Total Income	14,481	4,843	2,614
<i>Expenditure</i>			
Pensions in payment (including supplementation)	21,205	76	13
Lump sum payments on retirement	2,247	157	-
Death in service payments	-	-	-
Pension transfers out (cash payments)	3	-	-
Refunds of contributions	-	43	-
Administration and other costs	<u>511</u>	<u>287</u>	<u>66</u>
Total Expenditure	<u>23,966</u>	<u>563</u>	<u>79</u>
(Deficit)/Surplus	<u>(41,102)</u>	<u>30,205</u>	<u>8,252</u>
Grant receivable/(payable) from/to the HEA	<u>41,102</u>	<u>(30,205)</u>	<u>(8,252)</u>

The net grant receivable from the HEA of €2.6m is included in Debtors & prepayment (Note 18).

*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
- Biosciences (UCC) Limited
- Mardyke Leisure (UCC) Limited
- ArtGallery (UCC) Limited
- Tenton Limited
- UCC Academy Limited

32. Approval of Financial Statements

The financial statements were approved by the Governing Body on

11/04/2017.

RECONCILIATION OF HEA FUNDING STATEMENT WITH CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2015

	Consolidated financial statements €'000	Subsidiary companies €'000	Unincorporated ancillary activities €'000	GAAP adjustments €'000	HEA funding statement €'000
INCOME					
State grants	44,327	-	-	(516)	43,811
Student fees	125,125	-	-	(636)	124,489
Research grants and contracts	88,305	-	-	(10,622)	77,683
Amortisation of deferred capital grants	10,780	-	-	9,298	20,078
Other operating income	30,821	-	-	16,765	47,586
Interest income	218	-	-	-	218
Net Deferred funding for pensions	<u>65,076</u>	<u>-</u>	<u>-</u>	<u>(65,076)</u>	<u>-</u>
Total income	<u>364,652</u>	<u>-</u>	<u>-</u>	<u>(50,787)</u>	<u>313,865</u>
Total expenditure	<u>370,580</u>	<u>-</u>	<u>-</u>	<u>(55,497)</u>	<u>315,083</u>
Deficit for year	<u>(5,928)</u>	<u>-</u>	<u>-</u>	<u>4,710</u>	<u>(1,218)</u>

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



Ireland's EU Structural Funds
Programmes 2007 - 2013

Co-funded by the Irish Government
and the European Union



**EUROPEAN REGIONAL
DEVELOPMENT FUND**

HEA

Higher Education Authority
An tÚdarás um Ard-Oideachas



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


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

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.