

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

Consolidated Financial Statements

Year Ended 30 September 2017

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HONORARY TREASURER'S REPORT

ON CONSOLIDATED FINANCIAL STATEMENTS – YEAR ENDED 30 SEPTEMBER 2017

Format of Accounts – Explanatory Note

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

A key change with FRS102 relates to income recognition and the treatment of deferred capital grants, where non-exchequer capital grants are now recognised as Income. As these sources of capital grants are variable, this treatment will result in income movements from one year to the next.

The 2017 consolidated GAAP financial statements of UCC include the activities of the University together with all its subsidiary undertakings, which now include for the first time, the Irish Management Institute Group which was acquired by UCC during the financial period.

These financial statements also incorporate the financial position of the University College Cork Trust Fund.

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

The financial statements continue to be prepared on a going concern basis. Despite acknowledged pressure in exchequer sources of income, the University continues to diversify and grow other non-exchequer income and has again generated sufficient cash to service ongoing operations, creditors (short and long term) and all necessary infrastructural investments.

Highlights of the Financial Year

The key highlights during 2017 were the acquisition of the Irish Management Institute Group (IMI) and the settlement of the long standing pension issue relating to the professional added years – transferred in service.

The IMI acquisition has provided the University with significant opportunities. The IMI's Executive and Custom Education offering together with its FT ranking will play a major role in propelling UCC to the top of the Executive Education ranking in Ireland. The purchase of IMI's 13 acre campus in Sandyford for €20m under a sale and leaseback arrangement has significantly enhanced the University's estate.

The University now also benefits from the inclusion of IMI revenues which for the period from acquisition to 30 September 2017 amounted to €11m. This amount is included in other operating income. Disclosure Note 31 sets out the impact of the fair value assessment of the acquisition.

In prior years the consolidated statement of financial position included a retirement benefit receivable equivalent to the retirement benefit liability. The University's legal opinion was that all pension liabilities (including professional added years – transferred in service) no longer rested with the University was not shared by the State.

During the current calendar year this issue was satisfactorily resolved. The result of the settlement means that the University has accepted that a certain portion of this pension liability is its responsibility and the remaining balance will be made good by the State.

In monetary terms the statement of comprehensive income includes a net charge of €3.4m (this is shown as a reduction in Deferred Funding for Pensions) which represents UCC's share of the retirement benefit liability relating to the professional added years – transferred in service as at 30 September 2017. The retirement benefit receivable in the balance sheet is lower than the related liability by the same amount. An agreed funding plan is in place to fund the deficit.

HONORARY TREASURER'S REPORT

ON CONSOLIDATED FINANCIAL STATEMENTS – YEAR ENDED 30 SEPTEMBER 2017

Consolidated Statement of Comprehensive Income

While net earnings from ongoing operations as represented by the HEA Funding Statements was a surplus of €1.3m., the Statement of Comprehensive Income returned a net deficit of €2.8m.

The main differences are the inclusion in the statement of Comprehensive Income the €3.4m charge associated with the pension – professional added years' resolution together with increased bad debt provision, somewhat offset by the impact of IMI Fair Value assessment.

The table below summarises the position for 2016/17.

	€'m
HEA FS Net Income	1.3
Pension Added Years Resolution	(3.4)
Research Provision	(1.3)
IMI Fair Value	0.7
GAAP Net Income	(2.8)

Exchequer revenue streams continue to decline as a proportion of overall income while state grants remain static at 12% of total income. This trend is expected to continue in the absence of certainty around the future funding model for the sector.

To compensate, the University continues to diversify and grow non exchequer income sources.

Income

Student fees increased in 2016/17 due to a growth in student numbers attending the University and in the amount of fees incurred. Due to the higher student numbers, the amount received in respect of capitation and registration fees increased in 2016/17.

The tuition element of fee income in respect of undergraduates increased by approx. €1.3m, while postgraduate income has increased by approx. €1m. This increase can be again attributed to an increase in student numbers and higher tuition fees charged in 2016/17 by each of the difference colleges. Tuition fee income has also increased in respect of Non-EU students attending UCC.

Research income delivered €93.1m of income in the year, slightly down on prior year levels.

Other income now includes the IMI income from the date of acquisition of €11m. It also includes income from the HEA of €5m to fund the pension control accounts, with a corresponding charge to pay costs (pension costs). The UCC share of the settlement reached with regard to the pension added years liability is reflected in the overall income associated with Deferred funding for Pensions being lower than the corresponding charge.

The University received a significant bequest during 2016/17 which contributed to the increase in Donations & Endowments.

Expenditure

National pay agreements, inclusion of the IMI and the additional pension cost referred to above (matching income) drove the increase in pay costs for the year.

Pay restoration, pay increases, increase in recruitment and the cessation of increment freezes all contributed to the increase in Pay Costs in 2016/17, for both funded and non-funded staff. Pay costs increased by €5m as a result of these measures.

HONORARY TREASURER'S REPORT

ON CONSOLIDATED FINANCIAL STATEMENTS – YEAR ENDED 30 SEPTEMBER 2017

Pension costs include a charge of €5m which relates to monies received from the HEA to fund the pension control accounts. Other operating income includes a credit of the same amount.

Other operating expenses are €9m higher than the previous year. The main contributors are the inclusion of the IMI costs. Core UCC non pay costs rose by 6% (€4m) year on year. This was mainly from increases in research, insurance, legal and general operating costs.

Statement of Financial Position

Fixed assets

The IMI was acquired by UCC during the year which resulted in an increase in the cost/valuation of land and buildings of the group of €25m. Victoria Mills – VC2 student accommodation was also acquired during the period at a cost of €13m.

Costs incurred on on-going capital projects/developments, being undertaken by the University, amounted to €14m.

The majority of the expenditure was incurred on the acquisition of the property at the Young Line Industrial Estate, the Western Gateway Building, the Student Hub and the acquisition of the Lapps Quay Building which will be used for executive training once developed.

The cost of equipment capitalised during the year was €7.5m. The depreciation charge for the year was €22m. There were no significant disposals during the year.

Investments

The investments relate to the investments held by the University College Trust Fund as at 30 September 2017. Note 16 provides further information on the mix of investment. The increase in value is primarily due to a bequest received by UCC during the year.

Debtors

While the debtors total is in line with the previous year the composition has changed significantly.

The research grants and contracts receivable balance is €10m lower than the previous due mainly to the strict management and regular review of the research debtor balances.

State capital grants receivable from the HEA relating to PRTL Cycle 5 amounted to €4.4m compared to €0.7m last year.

The IMI year-end trade debtors and other debtors & prepayments have contributed to the increase in these balances compared with 2016. Other debtors and prepayments include €1.3m held by our solicitors in respect of a property UCC planned to acquire. Included in other debtors and prepayments is €0.71m due from Cork University Foundation DAC (2016: €0.26m).

Current asset investments & Cash at bank

Cash at bank and short term investments are €20m higher than 2016. The principal reason is the drawdown of loans from the EIB and the Bank of Ireland and the timing of the related expenditure.

Creditors Amounts falling due within one year

The introduction of semesterisation in 2014 and changes to the timing of HEA grant receipts has resulted in a significantly greater proportion of fees now being received in advance of commencement of the financial year. As a result, deferred income has again increased from 2016 levels, and, together with research receipts is the main driver of the increase in Creditors.

HONORARY TREASURER'S REPORT

ON CONSOLIDATED FINANCIAL STATEMENTS – YEAR ENDED 30 SEPTEMBER 2017

Trade creditors themselves are flat year on year. The final Section 50 property was bought back in 2016/17 resulting in no obligations arising under financing arrangements at year end.

Short-term bank borrowings have increased by €2m due to the additional loans drawn down by the group in 2016/17.

Creditors Amounts falling due after more than one year

This balance has increased since last year by €57m. This is due in the main to the terms of the additional five loans drawn down by the group during the year.

Details of the new loans and the balances at 30 September 2017 are as follows:

EIB – UCC Tranche 1	€15m	Purpose - Investment in University Infrastructure
Ulster Bank – UCC	€19.5m	Purpose - Acquisition of the IMI campus
Bank of Ireland – UCC	€8.5m	Purpose - Medicine & Health Radiography
Ulster Bank – CAUD	€8.7m	Purpose - Purchase Student Accommodation VC2
Ulster Bank – CAUD	€10m	Purpose - Buyback Student Accommodation UH

Restricted & unrestricted reserves

The restricted and unrestricted reserves at 30 September 2017 of €240.4m are €2.8m lower than 2016 due to the deficit incurred in the year.

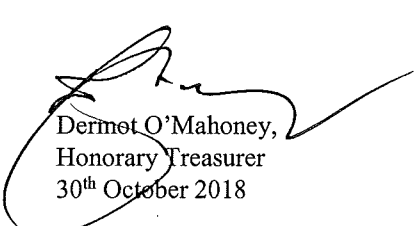
Summary

2016/17 was another successful year for the University. Student numbers at Under and Post graduate level continued their growth path, despite the national funding difficulties. Research income continued to diversify and grow, further enhancing the overall quality of education offered to students.

However, it was the acquisition of IMI that was the key highlight for the year.

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

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



Dermot O'Mahoney,
Honorary Treasurer
30th October 2018

STATEMENT OF GOVERNING BODY'S RESPONSIBILITIES

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

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


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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- disclose and explain any material departures from applicable accounting standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the University will continue in operation.

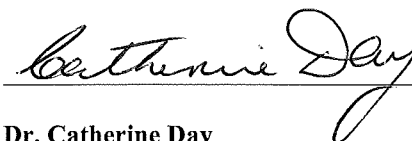
The Governing Body is responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the University and which enable it to ensure that its financial statements comply with the Universities Act, 1997, the Statement of Recommended Practice on Accounting for Further and Higher Education Institutions and are prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by The Financial Reporting Council.

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: 30th October 2018

UNIVERSITY COLLEGE CORK

Report on the audit of the financial statements

Opinion on the financial statements of University College Cork

In our opinion the group and university financial statements:

- give a true and fair view of the assets, liabilities and financial position of the group and university as at 30 September 2017 and of the deficit of the group for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework.

The financial statements we have audited comprise:

the group and university financial statements:

- the Consolidated Statement of Comprehensive Income;
- the Consolidated and University Statement of Changes in Reserves;
- the Consolidated and University Statement of Financial Position;
- the Consolidated Statement of Cashflows; and
- the related notes 1 to 35, including a summary of significant accounting policies as set out in note 1.

The relevant financial reporting framework that has been applied in the preparation of the group and the university financial statements is the Universities Act 1997, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council and the Statement of Recommended Practice (the 'SORP') Accounting for Further and Higher Education as voluntarily adopted by the university ('relevant financial reporting framework').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the group and university in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Recognition of Pension Scheme Assets

In forming our opinion, we have considered the adequacy of the disclosures made in Note 32 to the financial statements concerning the recognition of an asset equivalent to the university's pension liabilities. The assets of the Closed Scheme have been transferred to the National Pension Reserve Fund and under Section 12(6) of the Financial Measures (Miscellaneous Provisions) Act, 2009, the Oireachtas will make good any deficiency arising if the aggregate of members' and employers' contributions paid to or withheld by the university are insufficient to meet the university's obligations to pay these benefits in accordance with the scheme. The obligations of the '2005 scheme' are met on a 'pay as you go' basis by the State following the transfer of the scheme assets to the National Pension Reserve Fund in 2009, and an asset equivalent to the '2005 scheme' pension liability has been recognised in the financial statements as part of its overall deferred pension funding asset. At 30 September 2017, the pension asset amounted to €1,488m. In view of the significance of these matters, we consider that they should be drawn to your attention. Our opinion is not modified in this respect.

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

Conclusions relating to going concern

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

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

Other information

The governing body is responsible for the other information. The other information comprises the information included in the Consolidated Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of governing body.

As explained more fully in the Statement of Governing Body's Responsibilities, the governing body are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the governing body determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and university's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the governing body.
- Conclude on the appropriateness of the governing body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and university's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the group to express an opinion on the consolidated financial statements. The group auditor is responsible for the direction, supervision and performance of the group audit. The group auditor remains solely responsible for the audit opinion.

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

This report is made solely to the governing body of University College Cork. Our audit work has been undertaken so that we might state to the university's members those matters we are required to state to them in an 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 university and the university's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

Matters 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.



Honor Moore
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
No. 6 Lapps Quay, Cork, Ireland.

Date: 21/01/2019

Notes: An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial statements since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in Ireland governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

UNIVERSITY COLLEGE CORK STATEMENT OF GOVERNANCE AND INTERNAL CONTROL 2016/17

Statement from Governing Body in relation to responsibility and compliance

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

Code of Governance

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

A revised code of governance of Irish Universities was issued in December 2012 which updated the code including the amalgamation of the annual governance declaration with the statement of internal control, into one combined Statement of Governance and Internal Control. The revised Code of Governance of Irish Universities was approved by the Governing Body on 19 June, 2012. The University remains compliant with the Governance of Universities code 2012 and is actively engaged through the IUA with the Higher Education Authority in respect of the development of a revised Code of Governance for the Sector.

General Governance and Accountability Issues

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

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

The Signing Authority and Approval Policy directs the University's staff and officers in relation to the appropriate sources of approval and ability to bind the University in contracts. The Signing Authority and Approval Policy was reviewed during 2016 and approved by Governing Body in February 2016. In short, the University has in place a comprehensive governance framework which is necessary for the governance and management of a large and complex institution.

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

Governing Authority Responsibility for System of Internal Control

The President acknowledges that the Governing Authority is responsible for the University's system of internal control, and that this statement requires the formal approval of the Governing Authority which was obtained on 6 February, 2018.

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.

UNIVERSITY COLLEGE CORK STATEMENT OF GOVERNANCE AND INTERNAL CONTROL 2016/17

Code of Conduct for Members

A Code of Conduct for Members of the Governing Body and Governing Body Committees was approved by UCC Governing Body on 28 October, 2008 and is now incorporated into a Regulation governing the Conduct of Governing Body Business. This Regulation was updated in 2016.

Code of Conduct for Employees

A Code of Conduct for Employees was agreed with Unions and approved by the Governing Body in April, 2009. Policies governing the conduct of staff are in place. The conduct of staff is primarily governed by the contract of employment. Employees are required to comply with a range of policies and details of these policies are included in a starter pack issued to new employees with their contract of employment and are part of orientation for new staff. UCC HR policies are available on the UCC website and web-link to these policies is included in the contract of employment. Conflict of interest policies and ethics in public office are also in place.

Financially Significant Developments

There were a number of significant financial developments affecting UCC in the year 2016-17.

- The University acquired the Irish Management Institute in November 2016. The financial aspects of the transaction, including the purchase of the Sandyford campus for €20m, are included in the 2016/17 financial statements.
- Further progress was made in relation to the pension liability associated with Professional Added Years, with resolution coming just after 2016/17-year end, in October 2017.
- The on-going relationship with Breakthrough Cancer was put on a more formal footing, crystallising an assessment of previous income and associated write-down of €1.3m in 2016/17.

Confirmation of financial position of the University.

The University continues to operate in a sustainable manner and has no going concern issues.

Pay

UCC affirms that Government policy on pay is being complied with.

Details of all redundancy payments are returned to the CSO on a quarterly basis. Where a redundancy situation arises, before an ex gratia payment is processed, approval is received from the Department of Education and Skills and the Department of Public Expenditure and Reform.

Financial Reporting

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

Campus Development

The University is in discussions with third parties in relation to the purchase of additional space which may result in future FRS 102 obligations of approximately €10.1m.

Trusts and Foundations

The University's Trust Funds have been consolidated in the financial statements since 2016. In addition, a full disclosure note in relation to the Cork University Foundation is now included in the financial statements.

Internal Audit

The University operates an independent Internal Audit function reporting to the University's Audit Committee (a committee of Governing Body). The Internal Audit Charter has been updated in line with the HEA Code and amended International Professional Practices Framework (IPPF) and was approved by the Audit Committee on 5th May, 2017. Internal Audit carries out an annual programme of risk based audits. This annual plan is approved by the University's Audit Committee. The UCC Internal Audit Office follows the IPPF as promulgated by the Institute of Internal Auditors (IIA) in the conduct of internal audit projects. The 2017 annual plan was approved by the UCC Audit Committee on 27th January, 2017.

UNIVERSITY COLLEGE CORK STATEMENT OF GOVERNANCE AND INTERNAL CONTROL 2016/17

Procurement

The University confirms that procurement procedures in place have been communicated to all staff and that to the best of UCC's knowledge and belief the University continues to strive to ensure compliance with these procedures in all material ways.

UCC can confirm that as an organisation it endeavours to comply with national procurement guidelines, appropriate procedures for procurement are being carried out and implementation of the Corporate Procurement Strategy is being adhered to where appropriate.

Procurement Non-Compliance:

All expenditure in excess of €25k is obliged to be notified to the Procurement Officer, to ensure full compliance with procurement guidelines.

Details of Non-Compliant Procurement:

In the year ended 30 September 2017, there was a population 418 suppliers, each having an individual spend in excess of €25k, amounting to €76.1m in total. The composition of the €76.1m is as follows: €54.0m (336 Suppliers) was tendered for, €19.6m (61 Suppliers) was exempt from tendering and €2.5m (21 Suppliers) was spend that UCC deemed as non-compliant. UCC have self-declared non-compliance in respect of these 21 suppliers. From the listing of 336 suppliers described as tendered for (€54.0m), the Audit selected a sample of 26, with a combined value of €9.3m, of these 26, the audit deemed 7 to be non-compliant. The combined value of these 7 suppliers was €438K. The audit also reviewed 4 suppliers that were labelled as being exempt. One supplier was incorrectly classified as exempt and should be included as being non-compliant. The value of this spend was €44k. In summary the total non-compliant spend for 2017 was 29 suppliers with a value of €2.9m. The University continues to be committed to further reduce non-compliant spend in agreement with national and EU procurement guidelines and legislation.

Corporate Procurement Plan:

UCC has an approved Corporate Procurement Strategy in place which is available on the University's website.

Asset Disposals

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

The disposal of University assets to third parties or grants of access to property or infrastructure for commercial arrangements with third parties above the threshold of €150,000 have been subject to auction or competitive tendering process.

Guidelines for the 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 relation to employee expenses. UCC has its own travel policy based on vouched expenses having regard to Department of Finance rates for mileage.

Guidelines on Achieving Value for Money in Public Expenditure

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.

UNIVERSITY COLLEGE CORK STATEMENT OF GOVERNANCE AND INTERNAL CONTROL 2016/17

Legal Disputes

The University was in Dispute with the Departments of Education and Finance and the HEA re Pension transfer and interpretation of the Added Years liability. The matter has since been satisfactorily resolved post year end 2017.

Audit Committee

There is a Governing Body Audit Committee

Audit committee met on seven [7] occasions during the year ended 30 September, 2017.

Salary of President

The gross salary of the President during the year 2016-17 was €197,437.

Fees and Expenses

Fees and expenses paid to members of Governing Authority are in accordance with the guidelines from the Department of Finance and are presented in the University's Annual Report. The total expenses paid in 2016/17 amounted to €5,832.

Subsidiaries and interests in external companies

(i) Compliance with terms and conditions of consent of establishment:

The University confirms that all subsidiary companies of the University continue to operate solely for the purpose as approved by the Governing Authority, remain and continues to remain in full compliance with the terms and conditions of the consent under which they were approved.

(ii) 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.

Review of the Statement of Governance and Internal Control (Governing Authority and Audit Committee)

The University confirms that the statement on the System of Internal Controls will be reviewed by the Audit Committee and the Governing Authority to ensure it accurately reflects the control system in operation during the reporting period.

Review of the Statement of Governance and Internal Control (Auditors)

The University confirms that the statement on the System of Internal Controls will be reviewed by its auditors to confirm that it reflects the University's compliance with the requirements of paragraph 1.9 (iv) BFRR and is consistent with the information of which they are aware from their audit work on the financial statements and where this is not the case, the statutory auditor should report on this in the audit report on the relevant financial statements.

Key procedures put in place designed to provide effective internal control

Appropriate Control Environment

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 2012 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.

UNIVERSITY COLLEGE CORK STATEMENT OF GOVERNANCE AND INTERNAL CONTROL 2016/17

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.

(i) Business Risks

The Audit Committee keeps under review and advises Governing Body on the operation and effectiveness of the University's risk management systems.

(ii) Information Systems

UCC uses the AGRESSO Finance Management system which provides for variance analysis to be undertaken on a 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.

(iii) Monitoring the Effectiveness of the Internal Control System

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

- On-going review by the University Management Team and the provision of annual assurance statements by senior officers;
- The Annual Report of the President to the Governing Body;
- The President's Routine Reports presented at each meeting of the Governing Body;
- 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;
- Reports from Academic Council meetings which are placed before meetings of the Governing Body;
- Risk Management Committee and monitoring of the risk register;
- Risk Management Committee minutes forwarded after each meeting to Audit Committee;
- 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;
- Management letters and reports from the university's external auditors and the Comptroller and Auditor General which are reviewed by the Audit Committee;
- Quality Assurance reports;
- Communication of the results of other periodic reviews.

UNIVERSITY COLLEGE CORK STATEMENT OF GOVERNANCE AND INTERNAL CONTROL 2016/17

Review of the effectiveness of the system of internal control

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

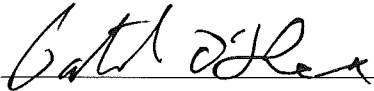
- Five-year audit plan cycle covering all financial risks;
- Various internal audit reviews annually on same;
- External auditors' review of transactional and ICT controls as part of the annual audits;
- Devolved accountability and sign off by managers of SIC confirming individual managers operating within controls and policies;
- Testing of this local assurance by Internal Audit review with follow up if appropriate;
- Benchmarking of our controls vis a vis sector for improvements as part of QA reviews;
- Reporting on non-compliance, if any;
- In addition, the Finance Office risk register includes an assessment of controls – where these are scored as an amber or higher risk, mitigating actions are put in place;
- The University comprises of Colleges, Schools, Departments, research centres, administrative and support units;
- Each year, key University management personnel review the system of internal controls in their area of responsibility and confirm the adequacy of the systems of internal controls applicable in their functional area.

In addition, the UCC Audit Committee reviews all reports of the University provided to it by the executive, as well as the UCC Internal Audit function reports.

The Audit Committee confirmed in their annual report that no significant issues with a material impact on the system of internal control have been identified during the relevant period. The 2016/17 annual report was reviewed by the members of the UCC Audit Committee on 19 January, 2018 and will shortly be presented and laid before the UCC Governing Body for approval.

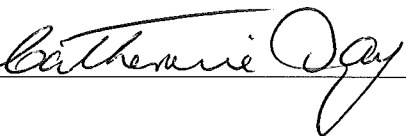
Acknowledgement by the Chief Officer that the Governing Body is responsible for the system of internal Control

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: 30th October 2018

Approval by Governing Body

I Dr Catherine Day, Chairperson of the Governing Body of University College Cork and Chair of the meeting at which the Statement of Governance and Internal Control was approved, hereby confirm that the Governing Body at its meeting on 6th February 2018 approved this Statement of Governance and Internal Control and specifically approved the President's Statement above.

Signed:  Date: 30th October 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year Ended 30 September 2017

		Consolidated	Consolidated	Consolidated	Consolidated
	Notes	2017	2017	2016	2016
		€'000	€'000	€'000	€'000
Income					
State grants	3		44,761		43,282
Academic fees	4		136,859		133,976
Research grants and contracts	5		93,080		94,525
Amortisation of state capital grants	24		11,543		9,245
Other operating income	6		53,684		34,492
Interest income	7		83		156
Investment income	8		156		249
Net return on pension schemes	32		219		335
Deferred funding for pensions	32		<u>31,354</u>		<u>29,008</u>
Total income before endowments and donations			<u>371,739</u>		<u>345,268</u>
Donations and endowments	9		<u>2,738</u>		<u>781</u>
Total Income			<u>374,477</u>		<u>346,049</u>
Expenditure					
Staff costs	10	230,809		214,063	
Pension service cost	32	<u>34,965</u>	265,774	<u>29,343</u>	243,406
Other operating expenses	11		88,152		79,114
Interest payable and similar charges	12		2,175		2,119
Depreciation	15		<u>21,711</u>		<u>21,041</u>
Total expenditure			<u>377,812</u>		<u>345,680</u>
(Deficit) /surplus before other gains/losses			(3,335)		369
(Loss)/ on disposal of fixed assets			(4)		(426)
Gain on investments			<u>562</u>		<u>619</u>
(Deficit)/ surplus before taxation	14		(2,777)		562
Taxation	13		<u>-</u>		<u>-</u>
(Deficit)/ surplus for the year after depreciation of assets and after taxation	14		<u>(2,777)</u>		<u>562</u>
Actuarial gain in respect of pension schemes			(34,746)		(29,008)
Movement on pension receivable			<u>34,746</u>		<u>29,008</u>
Total comprehensive income for the year			<u>(2,777)</u>		<u>562</u>
Represented by:					
Restricted comprehensive income for the year	25		3,066		962
Unrestricted comprehensive income for the year			<u>(5,843)</u>		<u>(400)</u>

The deficit for the year arose solely from continuing operations.

CONSOLIDATED AND UNIVERSITY STATEMENT OF CHANGES IN RESERVES
Year Ended 30 September 2017

Consolidated

	Income and Expenditure reserve Unrestricted	Income and Expenditure reserve Restricted	Total
	€'000	€'000	€'000
Balance at 01 October 2015	229,400	-	229,400
Transfer of opening reserves from Trust Fund	3,966	9,253	13,219
Surplus from income & expenditure statement	<u>(400)</u>	<u>962</u>	<u>562</u>
Balance at 30 September 2016	<u>232,966</u>	<u>10,215</u>	<u>243,181</u>
Balance at 01 October 2016	232,966	10,215	243,181
Deficit from Statement of comprehensive income	<u>(5,843)</u>	<u>3,066</u>	<u>(2,777)</u>
Balance at 30 September 2017	<u>227,123</u>	<u>13,281</u>	<u>240,404</u>

University

	Income and Expenditure reserve Unrestricted	Income and Expenditure reserve Restricted	Total
	€'000	€'000	€'000
Balance at 01 October 2015	194,851	-	194,851
Deficit from income & expenditure statement	<u>(2,462)</u>	-	<u>(2,462)</u>
Balance at 30 September 2016	<u>192,389</u>	<u>-</u>	<u>192,389</u>
Balance at 01 October 2016	192,389	-	192,389
Deficit for the year	<u>(8,960)</u>	-	<u>(8,960)</u>
Balance at 30 September 2017	<u>183,429</u>	<u>-</u>	<u>183,429</u>

CONSOLIDATED AND UNIVERSITY STATEMENT OF FINANCIAL POSITION
30 September 2017

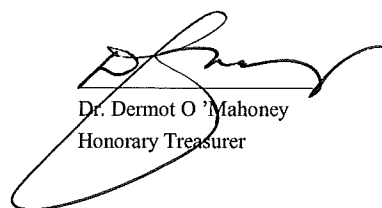
	Notes	Consolidated		University	
		2017	2016	2017	2016
		€'000	€'000	€'000	€'000
Non-current assets					
Fixed assets	15	620,824	581,907	508,940	486,695
Heritage assets	16	2,334	2,182	2,334	2,182
Investments in subsidiaries	16	-	-	163	163
Investments	16	<u>17,908</u>	<u>14,624</u>	<u>-</u>	<u>-</u>
		<u>641,066</u>	<u>598,713</u>	<u>511,437</u>	<u>489,040</u>
Current assets					
Stocks	17	805	685	437	409
Debtors	18	33,044	33,666	44,339	46,590
Investments	19	-	10,000	-	10,000
Cash at bank	20	<u>68,909</u>	<u>39,119</u>	<u>57,577</u>	<u>26,886</u>
		<u>102,758</u>	<u>83,470</u>	<u>102,353</u>	<u>83,885</u>
Creditors: Amounts falling due within one year	21	<u>(185,183)</u>	<u>(181,646)</u>	<u>(169,996)</u>	<u>(164,602)</u>
Net current liabilities		<u>(82,425)</u>	<u>(98,176)</u>	<u>(67,643)</u>	<u>(80,717)</u>
Total assets less current liabilities		558,641	500,537	443,794	408,323
Creditors: Amounts falling due after one year	22	(314,845)	(257,356)	(256,973)	(215,934)
Retirement benefit liability	32	(1,491,584)	(1,658,815)	(1,491,584)	(1,658,815)
Retirement benefit receivable	32	<u>1,488,192</u>	<u>1,658,815</u>	<u>1,488,192</u>	<u>1,658,815</u>
Total net assets		<u>240,404</u>	<u>243,181</u>	<u>183,429</u>	<u>192,389</u>
Restricted reserve					
Income and expenditure-restricted reserve	25	13,281	10,215	-	-
Unrestricted reserve					
Income and expenditure unrestricted reserve		<u>227,123</u>	<u>232,966</u>	<u>183,429</u>	<u>192,389</u>
Total		<u>240,404</u>	<u>243,181</u>	<u>183,429</u>	<u>192,389</u>

The financial statements were approved by the Governing Body on 30th October 2018 and were signed on its behalf by:

Signed



Professor Patrick O'Shea
President



Dr. Dermot O'Mahoney
Honorary Treasurer

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
30 September 2017**

	2017 €'000	2016 €'000
Cash flow from operating activities		
(Deficit)/Surplus for year	(2,777)	562
Adjustment for non-cash items		
Goodwill arising on IMI acquisition	(714)	-
Depreciation	21,711	21,041
Deferred state capital grants released to income	(11,543)	(9,245)
Loss/ (profit) on disposal of fixed assets	4	426
Gain on investments	(562)	(619)
Reduction in deferred funding for pensions	3,392	-
Adjustment for working capital movements		
Increase in stocks	(120)	(38)
(Decrease)/increase in debtors	4,127	(528)
(Decrease)/increase in creditors	(11,486)	2,375
Adjustment for investing or financing activities		
Investment income	(156)	(249)
Donations received	(2,738)	(781)
Increase in Trust Fund Investments	(3,284)	(1,405)
Interest payable	2,175	2,119
Other interest received	<u>(83)</u>	<u>(156)</u>
Net cash (outflow)/ inflow from operating activities	<u>(2,054)</u>	<u>13,502</u>
Cash flows from investing activities		
Deferred state capital grants received	14,125	9,374
Investment Income	156	249
Purchase of tangible and heritage assets	(35,409)	(23,855)
Proceeds on disposal of fixed assets	-	-
Donations received	2,738	781
Interest receivable	83	156
Gain on investments	<u>562</u>	<u>619</u>
Net cash outflow from investing activities	<u>(17,745)</u>	<u>(12,676)</u>
Cash flows from financing activities		
<i>Debt due within one year:</i>		
Interest payable	(2,175)	(2,119)
Decrease in short term borrowings	(4,567)	(810)
Increase in obligations under financing arrangements	-	9,507
<i>Debt due after one year:</i>		
Increase in long term borrowings	55,890	2,143
Decrease in obligations under financing arrangements/other	<u>(10,049)</u>	<u>(9,923)</u>
Net cash inflow/ (outflow) from financing activities	<u>39,099</u>	<u>(1,202)</u>
Increase/ (decrease) in cash and cash equivalents in the year	19,300	(376)
Cash and cash equivalents at beginning of year	49,119	49,495
IMI Cash and Cash Equivalents at Acquisition	490	-
Cash and cash equivalents at end of year	<u>68,909</u>	<u>49,119</u>

NOTES TO THE FINANCIAL STATEMENTS

1 Statement of accounting policies

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

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

a. General information and basis of accounting

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

b. Basis of consolidation

The Group financial statements consolidate the financial statements of the University, the University College Cork Trust Fund and its subsidiary undertakings made up to 30 September 2017.

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

c. Going concern

The University's activities and its immediate future development are described in the Honorary Treasurer's Report. The financial position of the University, including cash flow, borrowings and liquidity have been assessed as part of future infrastructural funding requirements and in the development of the current strategic plan. The net current liabilities of the University have improved since the previous year and the Governing Body is satisfied that the University has adequate resources to meet its obligations as they fall due for the foreseeable future. The net current liability position at 30 September 2017 arises primarily from funds, received in advance of the financial year end, from research, academic and grant funding sources, therefore, the net current liability position does not indicate the need for cash flow funding. These funds, received in advance of year end, are shown as current liabilities at 30 September 2017 and will be utilised by the University in the year to 30 September 2018. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

d. Tangible fixed assets

(i) Land and buildings

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

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

The last valuation was carried out on 30 September 1994. The University has fixed the value of the land and buildings as at 30 September 1994 as this was the first year of the implementation of generally accepted accounting principles in respect of fixed assets in presenting the financial statements of the University. Consistent with paragraph 35.10(d) FRS 102, the University took the transitional exemption available to a first time adopter, in the financial year ended 30 September 2016, to use this previous GAAP valuation for tangible fixed assets as its deemed cost at the date of transition.

(ii) Equipment

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

Computer equipment	3 years
Equipment	5 years

NOTES TO THE FINANCIAL STATEMENTS

1 Statement of accounting policies - continued

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

e. Heritage assets

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

f. Investments – Non current

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

g. Stocks

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

h. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each Statement of Financial Position date. If there were objective evidence of impairment, an impairment loss would be recognised in the Statement of Comprehensive Income. There are no indicators of asset impairment at 30 September 2017.

i. Taxation

No taxation charge arises as the University and the majority of its subsidiary companies are exempt charities and are not liable for corporation tax or income tax on any of their charitable activities. The University is registered for value added tax, but since the supply of education is an exempt activity, on which no output tax is charged, it is unable to recover input tax on the majority of its purchases. Certain research and commercial activities within the University fall into the VAT net, any input or output tax relating to these activities is returned to the Revenue by the University.

j. Recognition of income

State Grants

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

Academic Fees

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

Research grants and contracts

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

Income from short-term deposits

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

NOTES TO THE FINANCIAL STATEMENTS

1 Statement of accounting policies - continued

Investment income

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

Donations with no restrictions

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

Donations with restrictions

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

k. Retirement benefits

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

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

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

Retirement benefit receivable asset

As further detailed in note 32, the University was advised that the State would meet the future retirement benefit liabilities for the University College Cork (closed) scheme as part of the Financial Measures (miscellaneous provisions) Act, 2009. Under FRS 102, if any entity is virtually certain that another party would reimburse some or all of the expenditure required to secure a defined benefit obligation, the entity shall recognise the right to reimbursement as an asset. An entity shall treat those assets in the same way as plan assets. As a result, the financial statements reflect a receivable asset of €1,488.1m which is offset against the expected the retirement liability of €1,491.6m. Movements on this retirement benefit receivable are included in the Consolidated Statement of Comprehensive Income in order to mirror the underlying movement on the retirement liability.

l. Foreign currency

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

m. Investments

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

NOTES TO THE FINANCIAL STATEMENTS

1 Statement of accounting policies - continued

n. Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life. Provision is made for any impairment. Negative goodwill is similarly included in the statement of financial position and is credited to the statement of comprehensive income in the periods in which the acquired non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the statement of comprehensive income in the periods expected to benefit.

2 Critical accounting judgements and key sources of estimation uncertainty

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

Critical judgements in applying the University's accounting policies

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

1) Pension

As outlined in Note 32 to the financial statements, the University operates three defined benefit pension schemes. On the basis that the Oireachtas will make good any deficiency arising to meet the University's obligations to pay pension benefits, the pension liability has been offset by the recognition of a retirement receivable asset. At 30 September 2017, the pension asset amounted to €1,488.1m and the pension liability amounted to €1,491.6m. In view of the significance of these matters, the University considers this a significant area of judgement. Refer to note 32 for additional details.

Key source of estimation and uncertainties

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

1) Useful economic lives

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

2) Provisions

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

3) Impairment

The University having considered the carrying value of tangible assets consider that there are no indicators of impairment to the University's assets at 30 September 2017.

4) Pension benefits – assumptions

The University operates three defined benefit schemes. The cost of these benefits and the present value of the pension obligations is based on actuarial assumptions including: life expectancy, salary increases, pension increases, discount rates and inflation. The assumptions reflect historical experience and current trends. Further details are given in note 32 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

5) *Holiday pay accrual*

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

3	State grants	2017	2016
		€'000	€'000

	State grants allocated for recurrent purposes	<u>44,761</u>	<u>43,282</u>
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The above grant income was received from the Higher Education Authority and the Department of Health.

4	Academic fees	2017	2016
		€'000	€'000

	Academic fee income	<u>136,859</u>	<u>133,976</u>
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A total of €43,705,452 (2016: €42,227,348) included in academic fee income was paid directly by the Higher Education Authority.

5	Research grants and contracts	2017	2016
		€'000	€'000

	State and semi-state	64,728	64,511
	European Union	16,797	14,657
	Industry	9,478	10,277
	Other	<u>2,077</u>	<u>5,080</u>
		<u>93,080</u>	<u>94,525</u>

6	Other operating income	2017	2016
		€'000	€'000

	Rental income	2,494	1,993
	Funded post income	986	947
	Student residences income	7,504	7,718
	Leisure facilities income	2,683	2,732
	Student Facilities & Services (UCC) DAC income	3,485	3,383
	Art Gallery income	318	219
	Irish Management Institute Income	10,905	-
	Goodwill arising on the acquisition of Irish Management Institute	714	-
	Academic income – colleges & departments	10,734	9,299
	Service & support areas	13,474	7,812
	Other income	<u>387</u>	<u>389</u>
		<u>53,684</u>	<u>34,492</u>

7	Interest income	2017	2016
		€'000	€'000

	Interest income	<u>83</u>	<u>156</u>
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NOTES TO THE FINANCIAL STATEMENTS

8 Investment income	2017	2016
	€'000	€'000
Investment income on restricted reserve	109	174
Other investment income	47	75
	<u>156</u>	<u>249</u>

9 Donations and endowments	2017	2016
	€'000	€'000
Donations with restrictions	2,738	547
Unrestricted donations	-	234
	<u>2,738</u>	<u>781</u>

10 Staff costs

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

	2017	2016
	Number	Number
Teaching and research	1,679	1,646
Technical	119	113
Central administration and services	852	935
Other	460	308
	<u>3,110</u>	<u>3,002</u>

	2017	2016
	€'000	€'000
Salaries and wages	192,585	180,418
Social welfare costs	15,814	14,636
Other pension costs	22,410	19,009
	<u>230,809</u>	<u>214,063</u>

Key management compensation

The total remuneration for key management personnel for the year ended 30 September 2017 totalled € 1,951,737. (2016: €2,139,503).

NOTES TO THE FINANCIAL STATEMENTS

Higher paid staff

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

Salary Bands	Year Ended 30 September 2017-Disclosed	Year Ended 30 September 2016-Disclosed
60,000 – 70,000	254	203
70,001 – 80,000	300	278
80,001 – 90,000	157	187
90,001 – 100,000	86	33
100,001 – 110,000	48	47
110,001 – 120,000	24	20
120,001 – 130,000	20	31
130,001 – 140,000	54	31
140,001 – 150,000	5	4
150,001 – 160,000	3	2
160,001 – 170,000	1	0
170,001 – 180,000	1	1
180,001 – 190,000	2	4
190,001 – 200,000	6	3
200,001 – 210,000	3	3
210,001 – 220,000	0	7
220,001 – 230,000	11	5
Grand Total	975	859

**Based on staff numbers at 31 December*

Key Management Personnel

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

11 Other operating expenses	2017	2016
	€'000	€'000
Heat, light, water and power	6,084	6,134
Advertising and promotion	1,214	769
Professional fees	5,900	5,767
Training and development	1,288	1,403
Equipment	3,851	3,515
Laboratory consumables	7,416	7,282
Postage, print and stationary supplies	2,666	2,444
Communications	968	907
Books and periodicals	2,301	2,123
Rent and rates	1,348	1,462
Motor, travel and subsistence	8,943	8,143
Computer supplies	1,233	884
Insurance	1,558	1,434
Software Costs	1,873	1,880
Repairs and maintenance	11,380	10,629
Costs relating to investment management and scholarships	249	276
Consumables and other expenses	<u>29,880</u>	<u>24,062</u>
	<u>88,152</u>	<u>79,114</u>

NOTES TO THE FINANCIAL STATEMENTS

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

	€'000	€'000
C&AG Audit Fees	37	37
Commercial Audit Fees	<u>148</u>	<u>123</u>

12 Interest payable and similar charges

	2017 €'000	2016 €'000
Interest charges and similar charges		
On bank loans, overdrafts and other loans wholly repayable within 5 years	535	1,232
On bank loans repayable after 5 years	1,336	843
On obligations arising under financing arrangements	<u>304</u>	<u>44</u>
	<u>2,175</u>	<u>2,119</u>

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

13 Taxation

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

14 (Deficit)/ surplus on continuing operations for the year

	2017 €'000	2016 €'000
(Deficit)/ surplus on continuing operations for the year is made up as follows:		
University's deficit for the year	(8,960)	(2,462)
Surplus generated by subsidiary and other undertakings	<u>6,183</u>	<u>3,024</u>
	<u>(2,777)</u>	<u>562</u>

NOTES TO THE FINANCIAL STATEMENTS- continued

15 Tangible fixed assets	Land and buildings €'000	Computer equipment €'000	Equipment €'000	Assets in course of construction €'000	Total €'000
CONSOLIDATED					
Cost or valuation					
At 1 October 2016	739,233	48,241	163,184	10,464	961,122
IMI assets acquired	25,000	33	342	-	25,375
Additions	18,560	902	6,636	9,159	35,257
Reclassification	4,498	-	341	(4,839)	-
Disposals	-	(6)	(14)	-	(20)
At 30 September 2017	<u>787,291</u>	<u>49,170</u>	<u>170,489</u>	<u>14,784</u>	<u>1,021,734</u>
Depreciation					
At 1 October 2016	181,393	45,728	152,094	-	379,215
Depreciation for year	14,798	1,384	5,529	-	21,711
Reclassification	(300)	-	300	-	-
Disposals	-	(6)	(10)	-	(16)
At 30 September 2017	<u>195,891</u>	<u>47,106</u>	<u>157,913</u>	<u>-</u>	<u>400,910</u>
Net book value					
At 30 September 2017	<u>591,400</u>	<u>2,064</u>	<u>12,576</u>	<u>14,784</u>	<u>620,824</u>
At 1 October 2016	<u>557,840</u>	<u>2,513</u>	<u>11,090</u>	<u>10,464</u>	<u>581,907</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 which has been the deemed cost on date of transition. Land and buildings and assets in course of construction includes €50,082,593 (2016: €33,817,593) in respect of freehold land which is not depreciated. Fixed Assets also includes € NIL (2016: €10,859,252) in relation to a building which is legally owned by private investors. Full legal ownership passed to the University under an option agreement exercised in 2017.

NOTES TO THE FINANCIAL STATEMENTS- continued

15 Tangible fixed assets - continued

UNIVERSITY	Land and buildings €'000	Computer equipment €'000	Equipment €'000	Assets in course of construction €'000	Total €'000
Cost					
At 1 October 2016	624,974	47,638	159,339	10,464	842,415
Additions	25,440	880	6,167	9,159	41,646
Reclassifications	4,839	-	-	(4,839)	-
At 30 September 2017	<u>655,253</u>	<u>48,518</u>	<u>165,506</u>	<u>14,784</u>	<u>884,061</u>
Depreciation					
At 1 October 2016	162,082	45,239	148,399	-	355,720
Charge for year	<u>12,791</u>	<u>1,291</u>	<u>5,319</u>	=	<u>19,401</u>
At 30 September 2017	<u>174,873</u>	<u>46,530</u>	<u>153,718</u>	=	<u>375,121</u>
Net book value					
At 30 September 2017	<u>480,380</u>	<u>1,988</u>	<u>11,788</u>	<u>14,784</u>	<u>508,940</u>
At 1 October 2016	<u>462,892</u>	<u>2,399</u>	<u>10,940</u>	<u>10,464</u>	<u>486,695</u>

NOTES TO THE FINANCIAL STATEMENTS- continued

15 Tangible fixed assets (continued)

Tax based property schemes

The University entered into an arrangement with various investors whereby the investors obtain tax relief arising on qualifying construction costs of buildings and shared the benefit of this relief with the University. Transactions associated with all relevant tax based property schemes where legal title to the relevant property had not yet passed to the University have been included in the financial statements at historical cost. The principal relief availed of in relation to the University group's properties was: Section 50 relief availed of in relation to University Hall. Full legal ownership passed to the University under an option agreement in 2017. This property has been reflected in the statement of financial position at 30 September 2017 and consequently there is no obligation under financing arrangements at 30 September 2017 (2016: €10,049,000).

16 Non-current assets	Consolidated		University	
	2017 €'000	2016 €'000	2017 €'000	2016 €'000
Investments & Heritage Assets				
Investments	17,908	14,624	-	-
Heritage assets	<u>2,334</u>	<u>2,182</u>	<u>2,334</u>	<u>2,182</u>
Investments in subsidiaries	-	-	<u>163</u>	<u>163</u>

(a) Investments

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

Investments at fair value comprised

	2017 €'000	2016 €'000
Equities	7,934	7,058
Bonds	288	301
Property	3,795	1,489
Infrastructure	1,397	1,275
Financial	2,317	2,434
Forestry	946	952
Other	566	565
Private equity	<u>665</u>	<u>550</u>
Total	<u>17,908</u>	<u>14,624</u>

NOTES TO THE FINANCIAL STATEMENTS- continued

16 Non-current assets (continued)

(b) Heritage assets

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

	Manuscripts, Artefacts & Art Works €'000				Total €'000
Cost					
At 1 October 2016				<u>2,182</u>	<u>2,182</u>
Additions				<u>152</u>	<u>152</u>
At 30 September 2017				<u>2,334</u>	<u>2,334</u>
Five year summary of heritage assets	2013	2014	2015	2016	2017
	€'000	€'000	€'000	€'000	€'000
Cost					
At 1 October	1,251	1,251	1,815	2,090	2,182
Additions	<u>-</u>	<u>564</u>	<u>275</u>	<u>92</u>	<u>152</u>
Cost 30 September	<u>1,251</u>	<u>1,815</u>	<u>2,090</u>	<u>2,182</u>	<u>2,334</u>

(c) Investments in subsidiaries

The University held an interest in the following subsidiary undertakings:

Subsidiary undertakings	Principal activity	Interest %	Registered office/place of business
Incorporated			
Property Management (UCC) DAC	Property development	100%	University College Cork, Western Road, Cork.
Campus Accommodation (UCC) DAC	Student accommodation	100%	University College Cork, Western Road, Cork.
Art Gallery (UCC) DAC	Art gallery	100%	University College Cork, Western Road, Cork.
Student Facilities & Services (UCC) DAC	Student services	100%	University College Cork, Western Road, Cork.
Mardyke Leisure (UCC) DAC	Leisure facilities	100%	University College Cork, Western Road, Cork.
Biosciences (UCC) DAC	Property holding company	100%	University College Cork, Western Road, Cork.
Tenton DAC	Property holding company	100%	University College Cork, Western Road, Cork
UCC Academy DAC	Educational	100%	University College Cork, Western Road, Cork
Irish Management Institute	Educational	100%	Sandyford Road, Dublin 6

NOTES TO THE FINANCIAL STATEMENTS- continued

17 Stocks	Consolidated		University	
	2017 €'000	2016 €'000	2017 €'000	2016 €'000
Consumables	7	17	7	17
Finished goods for resale	<u>798</u>	<u>668</u>	<u>430</u>	<u>392</u>
	<u>805</u>	<u>685</u>	<u>437</u>	<u>409</u>

There is no material difference between the statement of financial position amount of stock and its replacement cost.

18 Debtors	Consolidated		University	
	2017 €'000	2016 €'000	2017 €'000	2016 €'000
Trade debtors	4,153	1,304	1,476	1,304
Research grants and contracts receivable	14,576	24,298	14,576	24,298
Amounts due from subsidiary undertakings	-	-	16,097	13,585
State grant receivable - HEA	4,355	716	4,355	716
Other taxation and social insurance	1,317	1,820	1,050	1,820
Other debtors and prepayments	<u>8,643</u>	<u>5,528</u>	<u>6,785</u>	<u>4,867</u>
	<u>33,044</u>	<u>33,666</u>	<u>44,339</u>	<u>46,590</u>

19 Current investments	Consolidated		University	
	2017 €'000	2016 €'000	2017 €'000	2016 €'000
Short term deposits	-	<u>10,000</u>	-	<u>10,000</u>

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

20 Cash at bank and in hand	Consolidated		University	
	2017	2016	2017	2016
Cash at bank including balances held on short term deposit	63,208	35,869	51,878	23,638
Restricted bank balances	5,701	3,250	5,699	3,248
	<u>68,909</u>	<u>39,119</u>	<u>57,577</u>	<u>26,886</u>

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

NOTES TO THE FINANCIAL STATEMENTS- continued

21 Creditors: Amounts falling due within one year	Consolidated		University	
	2017 €'000	2016 €'000	2017 €'000	2016 €'000
Trade creditors	5,547	5,480	4,104	4,597
Research grants and contracts in advance	67,962	72,007	67,962	72,007
Academic fees received in advance	42,886	37,420	42,886	37,420
State grant received in advance-HEA	3,124	4,841	3,124	4,841
Obligations arising under financing arrangements	-	10,049	-	-
Bank borrowings (note 23)	5,606	3,570	2,355	1,289
Amounts owed to subsidiary undertakings	-	-	710	1,304
Other taxation and social insurance	5,921	5,496	5,480	5,297
Deferred income	15,339	11,958	8,167	8,416
Deferred capital grants (note 24)	11,543	9,245	11,326	8,929
Other creditors & accruals	<u>27,255</u>	<u>21,580</u>	<u>23,882</u>	<u>20,502</u>
	<u>185,183</u>	<u>181,646</u>	<u>169,996</u>	<u>164,602</u>

22 Creditors: Amounts falling due after one year	Consolidated		University	
	2017 €'000	2016 €'000	2017 €'000	2016 €'000
Bank loans (note 23)	101,088	45,198	52,228	11,591
Deferred capital grants (note 24)	211,913	211,629	204,745	204,343
Other creditors	<u>1,844</u>	<u>529</u>	=	=
	<u>314,845</u>	<u>257,356</u>	<u>256,973</u>	<u>215,934</u>

23 Bank Borrowings	Consolidated		University	
	2017 €'000	2016 €'000	2017 €'000	2016 €'000
Bank loans				
Bank loans are repayable as follows:				
In one year or less (note 21)	<u>5,606</u>	<u>3,570</u>	<u>2,355</u>	<u>1,289</u>
Between one and two years	5,851	3,713	2,334	898
Between two and five years	18,055	11,620	8,607	2,377
In five years or more	<u>77,182</u>	<u>29,865</u>	<u>41,287</u>	<u>8,316</u>
Total	<u>101,088</u>	<u>45,198</u>	<u>52,228</u>	<u>11,591</u>
Total bank loans	<u>106,694</u>	<u>48,768</u>	<u>54,583</u>	<u>12,880</u>

NOTES TO THE FINANCIAL STATEMENTS- continued

Lender	Amount of Loan €000's	Balance 2017 €000's	Loan Term Years	Borrower
Danske Bank	4,500	1,213	15	UCC
Barclays	10,000	4,340	15	UCC
Barclays	1,000	434	15	Campus Accommodation (UCC) DAC
Barclays	8,000	5,067	15	Mardyke Leisure (UCC) DAC
Barclays	6,000	6,009	10	UCC
Bank of Ireland	8,450	8,450	20	UCC
Bank of Ireland	18,441	14,407	20	Campus Accommodation (UCC) DAC
Ulster Bank	15,176	13,467	20	Campus Accommodation (UCC) DAC
Ulster Bank	10,000	10,000	20	Campus Accommodation (UCC) DAC
Ulster Bank	8,736	8,736	20	Campus Accommodation (UCC) DAC
Ulster Bank	20,000	19,531	20	UCC
European Investment Bank	15,000	15,040	23	UCC
Total	125,303	106,694		

The overall consolidated cost of capital for University borrowings in 2017 was 2%.

The University provides a negative pledge for its borrowings.

It has also guaranteed the liabilities in respect of the loans of its subsidiary, Campus Accommodation (UCC) DAC.

24 Deferred capital grants

	Consolidated €'000	University €'000
Consolidated		
At 1 October 2016		
Buildings	212,081	204,479
Equipment	<u>8,793</u>	<u>8,793</u>
Total	<u>220,874</u>	<u>213,272</u>
Cash received		
Buildings	6,097	6,097
Equipment	<u>8,028</u>	<u>8,028</u>
Total	<u>14,125</u>	<u>14,125</u>
Released to income and expenditure		
Buildings	5,426	5,209
Equipment	<u>6,117</u>	<u>6,117</u>
Total	<u>11,543</u>	<u>11,326</u>
At 30 September 2017		
Buildings	212,752	205,367
Equipment	<u>10,704</u>	<u>10,704</u>
Total	<u>223,456</u>	<u>216,071</u>

NOTES TO THE FINANCIAL STATEMENTS- continued

The Deferred Capital Grants can be analysed as follows:

	2017 €'000	2016 €'000
Consolidated		
Creditors falling due within one year	11,543	9,245
Creditors falling due after one year	<u>211,913</u>	<u>211,629</u>
At 30 September	<u>223,456</u>	<u>220,874</u>
	2017 €'000	2016 €'000
University		
Creditors falling due within one year	11,326	8,929
Creditors falling due after one year	<u>204,745</u>	<u>204,343</u>
At 30 September	<u>216,071</u>	<u>213,272</u>

25 Restricted reserve

	Consolidated		University	
	2017 €'000	2016 €'000	2017 €'000	2016 €'000
The restricted reserve is as a result of the consolidation of the University College Cork Trust Fund and is as follows:				
Opening balance	10,215	-	-	-
Opening balance University College Cork Trust Fund	-	9,253	-	-
New donations / funds invested	2,738	546	-	-
Investment income	109	174	-	-
Expenditure	(175)	(192)	-	-
Increase in market value of investments	<u>394</u>	<u>434</u>	-	-
Total restricted comprehensive income for the year	<u>3,066</u>	<u>962</u>	-	-
Closing Balance	<u>13,281</u>	<u>10,215</u>	-	-

	Consolidated		University	
	2017 €'000	2016 €'000	2017 €'000	2016 €'000
Analysis of other restricted funds /donations by type of purpose:				
Scholarships, bursaries and prizes	2,738	546	-	-

26 Contingencies

The University has no known material contingent liabilities at 30 September 2017.

NOTES TO THE FINANCIAL STATEMENTS - continued

27 Capital commitments	Consolidated		University	
	2017 €'000	2016 €'000	2017 €'000	2016 €'000
Contracted for but not provided	15,703	7,021	15,658	7,021
Authorised but not contracted out	<u>25,936</u>	<u>36,539</u>	<u>25,936</u>	<u>36,539</u>
	<u>41,639</u>	<u>43,560</u>	<u>41,594</u>	<u>43,560</u>

28 Financial instruments

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

	Consolidated		University	
	2017 €'000	1 €	1 €	1 €
Financial assets				
<i>Measured at fair value through the statement of comprehensive income</i>				
• Investments in listed equity instruments (see note 16)	17,908	142		
<i>Measured at undiscounted amounts receivable</i>				
• Trade debtors (see note 18)	4,153	€	€	€
• Amounts due from subsidiary undertakings			100	138
Financial liabilities				
<i>Measured at amortised cost</i>				
Bank loans and other loans (see note 23)	106,694	431	538	128
Obligations under finance leases (see notes 21 and 22)	.	104		
<i>Measured at undiscounted amounts payable</i>				
Trade creditors (see note 21)	5,547	58	4	4
Amounts due to subsidiary undertakings (see note 21)	.			€

29 Analysis of changes in net debt

	At 1 October 2016 €'000	Cashflows €'000	At 30 September 2017 €'000
Cash at bank & short term deposits	<u>49,119</u>	<u>19,790</u>	<u>68,909</u>
Bank debt due within 1 year	<u>(3,570)</u>	(2,036)	(5,606)
Bank debt due after 1 year	(45,198)	(55,890)	(101,088)
Obligations arising under financing arrangements	<u>(10,049)</u>	<u>10,049</u>	-
Total	<u>(9,698)</u>	<u>(28,087)</u>	<u>(37,785)</u>

30 Related parties

Transactions with subsidiaries and other undertakings 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:

NOTES TO THE FINANCIAL STATEMENTS - continued

Cork University Foundation DAC (CUF DAC)

Cork University Foundation DAC is not consolidated, given the materiality of the balances held and its governance model, where the entity is not controlled by the University. During the period, the University provided the Foundation with office accommodation, use of equipment and administration services. During the same period, the University received from the Foundation an amount of €1.45m for the furtherance of education and research. The amount due to the University from the Foundation at the 30 September 2017 was €713k. The Statement of Financial Position of CUF DAC at 30 September 2017 includes reserves totalling €4.8m.

31 Acquisition of subsidiary undertaking

On 21 November 2016, UCC acquired the executive educational company, The Irish Management Institute (Foras Bainistíochta na hÉireann), (The IMI). This acquisition was made to strengthen UCC's offering in the area of executive education.

The acquisition has been accounted for under the acquisition method. The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the University.

	Book value €'000	Revaluation €'000	Fair value €'000
Fixed assets			
Tangible assets	22,917	2,458	25,375
Current assets			
Debtors	3,505	-	3,505
Cash and cash equivalents	<u>490</u>	<u>-</u>	<u>490</u>
Total assets	<u>26,912</u>	<u>2,458</u>	<u>29,370</u>
Creditors			
Creditors falling due within one year	(13,557)	-	(13,557)
Creditors falling due after one year	<u>(15,099)</u>	<u>-</u>	<u>(15,099)</u>
Total liabilities	<u>(28,656)</u>	<u>-</u>	<u>(28,656)</u>
Net (liabilities)/assets	<u>(1,744)</u>	<u>2,458</u>	<u>714</u>
Negative goodwill			<u>(714)</u>
			<u>-</u>
Purchase consideration			<u>-</u>

The acquisition gave rise to a negative goodwill amount of €714k which has been credited, in full, to the statement of comprehensive income in 2017. Immediately following the acquisition, UCC purchased the IMI campus for €20m, which the IMI used to discharge certain liabilities which existed at the date of acquisition. At the same time lease agreements were put in place for the lease back of the campus by the IMI.

These financial statements include the income earned by the IMI, €10.9m and the profit after tax, €74k (adjusted for group transactions), for the period from the date of acquisition to 30 September 2017.

NOTES TO THE FINANCIAL STATEMENTS - continued

32 Retirement Benefits

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

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

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

The Financial Measures (Miscellaneous Provisions) Act, 2009, provided that the Oireachtas will make good any deficiency arising if the aggregate of members’ and employers’ contributions paid to or withheld by the University are insufficient to meet the University’s obligations to pay these benefits in accordance with the scheme. On 31 March 2010, in accordance with S.I. No. 124/2010, Financial Measures (Miscellaneous Provisions) Act 2009, (University College Cork – National University of Ireland, Cork) the assets of the Closed Pension Scheme were transferred to the National Pensions Reserve Fund. The members became members of a statutory unfunded scheme renamed “University College Cork (Closed) Scheme”. There was no effect on the benefits payable to the members, with the underlying basis being that the terms and conditions of entitlement of the members will continue to be no more and no less favourable than existed under the principles of the Scheme established by the UCC Governing Body. Furthermore, the legislation in Section 6(2) sets out the effect the transfer order had on the assets of the Scheme where the relevant body [i.e. UCC] ceases to be liable in relation to the scheme. Following the transfer of assets to the exchequer, all decisions in relation to the Pension Scheme are no longer made by UCC. Within the overall pension liability is an amount of €76.1m relating to professional service added years. This €76.1m 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 €76.1m, the professional service added years liability relating to the transferred in service is €14.3m.

In previous years financial statements, it was explained that the Department of Education and Skills and the Department of Public Expenditure and Reform did not share UCC’s view regarding the funding of the €14.3m liability related to the professional added years transferred in service. This matter led to the commencement of legal proceedings between the departments involved and UCC. In October 2017, the University reached full and final agreement with the HEA, representing the State, on the future funding of the €14.3m liability referenced above. As a result, the legal action, taken by UCC was withdrawn. The agreement provides for the full entitlement regarding transferred in service to be paid to relevant staff and pensioners. An actuarial assessment of the impact of the agreement calculated UCC’s portion of the liability to be €3.4m. This amount is shown as a decrease in the deferred funding for pensions with a similar reduction in the retirement benefit receivable. UCC and the departments involved have agreed, in line with actuarial advice, a funding plan in respect of this liability. This funding plan will be reviewed annually as part of the actuarial review undertaken during the preparation of the financial statements of the University.

“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 2005 Scheme and that future pension liabilities of the 2005 Scheme are funded on a pay-as-you-go basis through monies provided to the University by the State for that purpose, the pension liability has been offset by the recognition of an asset equivalent to the University’s pension liabilities, as part of the overall deferred pension funding asset.

Single Public Service Pension Scheme

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

NOTES TO THE FINANCIAL STATEMENTS - continued

The University is prescribed in S.I. No 581 of 2012 as a relevant authority for the purposes of the Single Scheme. The University had 877 active members of the Single Scheme at 30 September 2017. Future benefits accruing to Scheme members have been provided for in these financial statements, as at 30 September 2017. It is the University's opinion (in accordance with Section 44 of the 2012 Act) that any liability in respect of the Single Scheme would be offset by an equivalent asset in respect of future State funding.

The University has reported a net pension liability at 30 September 2017 and 2016 as follows:

	2017 €'000	2016 €'000
Present value of the defined benefit obligations	(1,491,584)	(1,658,815)
Pension liability	<u>(1,491,584)</u>	<u>(1,658,815)</u>

The pension receivable and net deficit at 30 September 2017 and 2016 is as follows:

	2017 €'000	2016 €'000
Pension receivable from the Irish State	<u>1,488,192</u>	<u>1,658,815</u>
Net pension deficit	<u>(3,392)</u>	<u>-</u>

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

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

Movement in present value of defined benefit obligation

	2017 €'000	2016 €'000
Present value of defined benefit obligation at beginning of year	(1,658,815)	(1,364,641)
Current service cost	(56,787)	(49,096)
Interest cost	(24,678)	(33,808)
Benefits paid	27,257	24,627
Contributions by plan participants	(7,408)	(7,046)
Effect of changes in assumptions	246,277	(250,209)
Effect of experience adjustments	<u>(17,430)</u>	<u>21,358</u>
Value of Defined benefit obligation at end of year	<u>(1,491,584)</u>	<u>(1,658,815)</u>

Analysis of movement in pension receivable during the year

	2017 €'000	2016 €'000
Analysis of deferred pension funding asset		
At beginning of year	1,658,815	1,364,641
Interest income	24,897	34,143
Employment contributions	21,822	19,753
Participants contributions	7,408	7,046
Benefits paid	(27,257)	(24,627)
Decrease in deferred funding for pensions	(3,392)	=
Notional return on plan assets	<u>(194,101)</u>	<u>257,859</u>
At end of year	<u>1,488,192</u>	<u>1,658,815</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

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

	2017	2016
Financial Assumptions		
Valuation method	Projected Unit	Projected Unit
Rate of increase in salaries	3.25%	3.25%
Rate of increase in state pension	1.75%	1.75%
Rate of increase in pensions in payment	2.25%	2.25%
Discount rate for scheme liabilities	2.25%	1.50%
Inflation assumption	1.75%	1.75%

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

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

	2017 Years M/F	2016 Years M/F
Retiring today (member age 65)	23.0/25.0	22.9 / 24.9
Retiring in 25 years (member age 40)	25.8/27.9	25.7 / 27.8

Amounts recognised in the statement of comprehensive income in respect of pension liabilities are as follows:

	2017 €'000	2016 €'000
Amount included in staff costs		
Current service costs	56,787	49,096
Less employer contributions	<u>(21,822)</u>	<u>(19,753)</u>
	34,965	29,343
Net return on pension schemes		
Interest on pension scheme liabilities	24,678	33,808
Interest income on pension receivable	<u>(24,897)</u>	<u>(34,143)</u>
	(219)	(335)
Net deferred funding for pensions		
Funding recoverable in respect of current year pension costs	<u>(34,746)</u>	<u>(29,008)</u>
Amounts recognised in other comprehensive income		
Effect of changes in assumptions	(246,277)	250,209
Effect of experience adjustments	17,430	(21,358)
Notional return on plan assets	<u>194,101</u>	<u>(257,859)</u>
	<u>(34,746)</u>	<u>(29,008)</u>
Movement in pension receivable	34,746	29,008
Reduction in deferred funding for pensions	<u>(3,392)</u>	-
Pension receivable	<u>31,354</u>	<u>29,008</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

33 Deferred Income	2017	2016
	€'000	€'000
State grant received	43,044	42,160
State grant receivable from prior accounting year	4,841	5,963
State grant deferred to subsequent accounting year	<u>(3,124)</u>	<u>(4,841)</u>
State grant per financial statements	<u>44,761</u>	<u>43,282</u>

34 Post Statement of Financial Position Events

There have been no significant events affecting the University since the year end other than as disclosed in Note 32 – Retirement Benefits.

35 Prior Year Comparatives

Prior year comparative values have been restated in the 2017 financial statements, where necessary.

36 Approval of financial statements

The financial statements were approved by the Governing Body on the 30th October 2018.

University College Cork
National University of Ireland, Cork

Additional Financial Information
(Not covered by the Auditors Report)

Year Ended 30 September 2017

Consolidated Financial Statements Year ended 30 September 2017

Circular 13/2014 – Management of and Accountability for Grants from Exchequer Funds (not covered by the Auditor’s Report)
Research Grants

Grantor	Government Funding Department/Office	Grant (Deferred)/ Due 01/10/16	Cash received 2016/17	Taken to Income 2016/17	Deferred Capital Grants	Grant (Deferred)/ Due 30/09/17
Department of Agriculture Food and the Marine	Dept of Agriculture Food and the Marine	33	(2,756)	2,787		65
Enterprise Ireland	Dept of Jobs, Enterprise and Innovation	(5,264)	(8,375)	8,270		(5,369)
Department of Health	Dept of Health	(1,473)	(771)	946		(1,298)
Higher Education authority PRTL	Dept of Jobs, Enterprise and Innovation	(269)	(100)	(53)		(422)
Health Research Board	Dept of Health	(2,181)	(3,690)	4,760		(1,111)
Irish Research Council	Dept of Education and Skills	(1,591)	(3,955)	3,990		(1,556)
Science Foundation of Ireland	Dept of Jobs, Enterprise and Innovation	(25,527)	(39,787)	37,629		(27,685)
Teagasc	Dept of Agriculture Food and the Marine	(263)	(1,115)	1,216		(162)
Sustainable Energy Ireland (SEI)	Dept of Communications, Climate Action & Environment	153	(547)	481		87
Department of Jobs, Enterprise and Innovation	Dept of Jobs, Enterprise and Innovation	923	(3,668)	2,842		97
Other Irish Government/State Agencies	Various Departments	(14,295)	(7,169)	7,471		(13,994)
Total Exchequer Research Grants		(49,754)	(71,933)	70,339		(51,348)
Total Non-Exchequer Research Grants		(16,556)	(33,654)	29,582		(20,628)
Total per Research Accounts		(66,310)	(105,587)	99,921		(71,976)
Other Adjustments						
GAAP Adjustments		18,601	844	(6,841)	5,986	18,590
Research Grants and Contracts per Financial Statements		(47,709)	(104,743)	93,080	5,986	(53,386)

Capital Grants

The University received grant funding of €4.5m in year ended 30 September 2017, under the programme for research in Third Level Institutions (PRTL I V) and €0.00 (nil) for other capital programmes. Returns are made to the HEA by UCC on a quarterly basis, based upon the actual expenditure incurred on HEA funded capital grants. All such expenditure incurred is in line with the specific terms and conditions of the capital grant. All funding received from the HEA for Capital Grants is treated in line with the specific terms and conditions as set out by the HEA and is also in line with Government policies and guidelines.

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

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

Year ended 30 September 2017

Reconciliation with funding statement

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STATEMENT OF RESPONSIBILITIES

The University is required to comply with the Universities Act 1997, and to keep in such form as may be approved of by An tÚdarás um Ard-Oideachas all proper and usual accounts of money received and expended by it. In preparing those accounts, the University is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless that basis is inappropriate.

The University is responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the University and which enables it to ensure that its financial statements comply with the Universities Act 1997. The University is also responsible for safeguarding all assets under its operational control and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the University


President

Date: 30th October 2018

STATEMENT OF ACCOUNTING POLICIES

1. Financial Statements

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

2. Accounting Convention

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

3. State Grants for Recurrent Expenditure

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

4. State Grants for Capital Expenditure

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

5. Fee Income

Fee income is accounted for on an accruals basis.

6. Fixed Assets and Depreciation

Land 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 at that date. These assets and all subsequent additions are depreciated as noted below.

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

Depreciation is not provided on land.

7. Heritage Assets

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

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

8. Stocks

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

9. General Reserve

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

STATEMENT OF ACCOUNTING POLICIES (Cont.)

10. Research Grants and Projects

Contract research expenditure is shown net of contribution to indirect costs. Income from contract research grants is included in the Income and Expenditure Account to the extent that the related expenditure has been incurred. Contract research contribution to the University's indirect costs is included in Other Income. Fixed Assets financed from contract research grants are capitalised in the Balance Sheet.

11. Foreign Currency

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

12. Leasing

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

13. Pensions

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

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

Pension benefits for certain other employees of certain subsidiary undertakings are met by payments to defined contribution pension schemes. 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

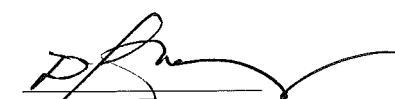
Year to 30th September 2017

	Notes	2016/2017 €'000	2015/2016 €'000
Income			
State Grants	1	44,918	43,027
Student Fees	2	136,180	133,305
Other Income	3	<u>42,061</u>	<u>34,538</u>
		223,159	210,870
Research Grants and Projects	4	<u>85,441</u>	<u>82,169</u>
Total		<u>308,600</u>	<u>293,039</u>
 Expenditure			
Academic Faculties and Departments	5	134,846	127,971
Academic and Other Services	6	18,585	17,661
Premises	7	<u>20,947</u>	<u>20,694</u>
Amount Allocated for Capital Purposes	8	5,112	7,544
Central Administration and Services	9	20,227	19,592
General Educational Expenditure	10	5,490	5,231
Student Services	11	6,604	6,338
Miscellaneous Expenditure	12	<u>9,222</u>	<u>3,501</u>
		221,033	208,532
Research Grants and Projects		<u>85,441</u>	<u>82,169</u>
Total	13	<u>306,474</u>	<u>290,701</u>
 Surplus on Activities before Amortisation of Capital Reserves and Grants, Ancillary Services and Depreciation of Fixed Assets			
		2,126	2,338
Deficit on Ancillary Services	14	(922)	(3,147)
Depreciation of Fixed Assets	15	(21,746)	(20,880)
General Reserve Movement	16	<u>21,890</u>	<u>22,035</u>
Surplus for Year	22	<u>1,348</u>	<u>346</u>
Revenue Reserves at Start of Year	21	<u>(4,235)</u>	<u>(4,581)</u>
Revenue Reserves at End of Year	21	<u>(2,887)</u>	<u>(4,235)</u>

The Statement of Accounting Policies, Cash Flow Statement and notes from pages 48 to 61 form part of these Accounts.

Signed:


Accounting Officer/President


Honorary Treasurer

Date: 30th October 2018

BALANCE SHEET

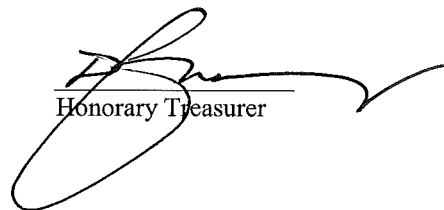
As at 30th September 2017

	Notes	2016/2017 €'000	2015/2016 €'000
Fixed Assets	17	624,214	585,180
Current Assets			
Bank balances and cash		68,880	49,116
Debtors and Prepayments	18	18,606	9,402
Stocks		<u>805</u>	<u>685</u>
		<u>88,291</u>	<u>59,203</u>
Current Liabilities			
Creditors and Accrued Expenditure	19	<u>(169,919)</u>	<u>(150,146)</u>
		<u>(169,919)</u>	<u>(150,146)</u>
Net Current Liabilities		(81,628)	(90,943)
Long Term Loans		<u>(106,695)</u>	<u>(58,818)</u>
		<u>435,891</u>	<u>435,419</u>
Represented by			
General Reserve	20	438,778	439,654
Revenue Reserves	21	<u>(2,887)</u>	<u>(4,235)</u>
		<u>435,891</u>	<u>435,419</u>

The Statement of Accounting Policies, Cash Flow Statement and notes from pages 48 to 61 form part of these Accounts.

Signed:


 Accounting Officer/President


 Honorary Treasurer

Date: 30th October 2018

CASH FLOW STATEMENT

Year to 30th September 2017

	Notes	2016/2017 €'000	2015/2016 €'000
Net Cash (outflow) / inflow from Operating Activities	22	(6,578)	6,687
Return on Investments and Servicing of Finance			
Interest Paid		(819)	(379)
Interest Received		80	147
Capital Expenditure			
Payments to Acquire Tangible Fixed Assets		(35,409)	(23,854)
Net Cash Outflow before Financing		(42,726)	(17,399)
Financing			
HEA Capital Grants		8,139	4,501
Non HEA Capital Grants		12,587	11,602
Increase in Long Term Loans		41,274	917
Proceeds from the Disposal of Tangible Fixed Assets		=	=
Cash Inflow from Financing		<u>62,000</u>	<u>17,020</u>
Net Cash Inflow/ (Outflow) after Financing		<u>19,274</u>	<u>(379)</u>
Increase/ (Decrease) in Cash	23	<u>19,274</u>	<u>(379)</u>

NOTES TO ACCOUNTS

Year to 30th September 2017

	2016/2017 €'000	2015/2016 €'000
1. State Grants		
Recurrent Grant	35,524	32,772
Nursing Grant	2,482	2,355
Targeted Funding for Special Initiatives	3,713	3,535
Minor Works	146	146
Reforms in Medical Education	953	1,273
Postgraduate Skills Programme	-	946
Dental School Funding	<u>2,100</u>	<u>2,000</u>
Total	<u>44,918</u>	<u>43,027</u>
2. Student Fees		
Academic	<u>136,180</u>	<u>133,305</u>
Total	<u>136,180</u>	<u>133,305</u>
3. Other Income		
Interest Income	80	147
Funded Posts & Donations	987	947
Rent, Concessions and Other Charges	2,494	1,988
Research Grant and Projects Contributions	14,480	14,181
Miscellaneous Income	<u>24,020</u>	<u>17,275</u>
Total	<u>42,061</u>	<u>34,538</u>
4. Research Grants and Projects		
Research Grants	<u>85,441</u>	<u>82,169</u>
Total	<u>85,441</u>	<u>82,169</u>

NOTES TO ACCOUNTS

Year to 30th September 2017

	Staff Costs €'000	Non Pay €'000	2016/2017 €'000	2015/2016 €'000
5. Academic Faculties and Departments				
Academic	78,945	-	78,945	77,357
Technical	11,399	-	11,399	11,637
Administrative Support	16,763	-	16,763	16,356
Departmental Grants	-	27,475	27,475	22,485
Miscellaneous Expenses	-	<u>264</u>	<u>264</u>	<u>136</u>
Total	<u>107,107</u>	<u>27,739</u>	<u>134,846</u>	<u>127,971</u>
 6. Academic and Other Services				
Library Costs	3,767	2,206	5,973	5,995
Computer/Information Technology	3,058	2,401	5,459	5,207
Language Centre	859	281	1,140	1,141
Cork University Press	146	512	658	468
Audio Visual Centre	614	144	758	820
Teaching Development Unit	261	80	341	232
Spoken/Oral Irish	600	51	651	598
Biological Services Unit	536	221	757	685
Teaching and Learning	853	214	1,067	969
Research Support/Technology Transfer Office	<u>1,276</u>	<u>505</u>	<u>1,781</u>	<u>1,546</u>
Total	<u>11,970</u>	<u>6,615</u>	<u>18,585</u>	<u>17,661</u>
 7. Premises				
Premises Maintenance	4,034	4,511	8,545	8,509
General Services	3,305	3,511	6,816	6,435
Radiation Protection Office	107	12	119	96
Rent and Rates	-	279	279	595
Insurance	-	1,258	1,258	1,173
Energy Costs	-	<u>3,930</u>	<u>3,930</u>	<u>3,886</u>
Total	<u>7,446</u>	<u>13,501</u>	<u>20,947</u>	<u>20,694</u>
 8. Allocated for Capital Purposes				
Capital Projects			4,342	6,949
Equipment			<u>770</u>	<u>595</u>
Total			<u>5,112</u>	<u>7,544</u>

NOTES TO ACCOUNTS

Year to 30th September 2017

	Staff Costs €'000	Non Pay €'000	2016/2017 €'000	2015/2016 €'000
9. Central Administration and Services				
Administration Expenses	14,016	-	14,016	13,018
Professional Charges	-	1,564	1,564	1,311
Miscellaneous	-	2,424	2,424	3,716
	-	<u>2,223</u>	<u>2,223</u>	<u>1,547</u>
Total	<u>14,016</u>	<u>6,211</u>	<u>20,227</u>	<u>19,592</u>
10. General Educational Expenditure				
Examination Expenses	891	220	1,111	1,089
Scholarships & Prizes	-	3,009	3,009	2,842
N.U.I. Capitation	-	433	433	420
Miscellaneous Expenses	<u>522</u>	<u>415</u>	<u>937</u>	<u>880</u>
Total	<u>1,413</u>	<u>4,077</u>	<u>5,490</u>	<u>5,231</u>
11. Student Services				
Capitation and Other Grants	-	1,093	1,093	983
Student Services	538	171	709	610
Careers Office	722	79	801	857
Sports and Recreation	888	179	1,067	1,052
Health and Counselling	<u>2,293</u>	<u>641</u>	<u>2,934</u>	<u>2,836</u>
Total	<u>4,441</u>	<u>2,163</u>	<u>6,604</u>	<u>6,338</u>
12. Miscellaneous Expenditure				
Pensions	8,081	-	8,081	2,770
Miscellaneous Expenses	-	322	322	352
Bank Interest Payable	-	<u>819</u>	<u>819</u>	<u>379</u>
Total	<u>8,081</u>	<u>1,141</u>	<u>9,222</u>	<u>3,501</u>
13. Composition of Total Expenditure				
Academic and Related Services	154,474	66,559	221,033	208,532
Research Grants and Projects	<u>65,184</u>	<u>20,257</u>	<u>85,441</u>	<u>82,169</u>
Total Expenditure	<u>219,658</u>	<u>86,816</u>	<u>306,474</u>	<u>290,701</u>

NOTES TO ACCOUNTS

Year to 30th September 2017

	Income €'000	Expenditure €'000	Surplus/(Deficit) 2016/2017 €'000	Surplus/(Deficit) 2015/2016 €'000
14. Ancillary Services - Summary				
Art Gallery	318	582	(264)	(285)
Leisure Facilities	2,685	4,175	(1,490)	(1,395)
Student Residences	7,505	4,525	2,980	2,416
Student Facilities & Services (UCC) DAC	3,485	4,165	(680)	(791)
UCC Academy	56	2,260	(2,204)	(1,937)
Irish Management Institute	10,905	10,025	880	-
Development Account	<u>3</u>	<u>147</u>	<u>(144)</u>	<u>(1,155)</u>
Deficit - Ancillary Services	<u>24,957</u>	<u>25,879</u>	<u>(922)</u>	<u>(3,147)</u>
15. Depreciation of Fixed Assets				
Buildings			14,833	14,266
Equipment			<u>6,913</u>	<u>6,614</u>
			<u>21,746</u>	<u>20,880</u>
16. General Reserve Movement				
Amortisation of General Reserve in line with Depreciation			21,746	20,880
Income and Expenditure to General Reserve Account			<u>144</u>	<u>1,155</u>
			<u>21,890</u>	<u>22,035</u>

NOTES TO ACCOUNTS

Year to 30th September 2017

	Land and Buildings (including heritage assets) €'000	Equipment €'000	2016/2017 €'000	2015/2016 €'000
17. Fixed Assets				
Cost/Valuation at 1st October				
Valuation	125,196	8,219	133,415	134,203
Cost	<u>628,410</u>	<u>203,016</u>	<u>831,426</u>	<u>807,634</u>
	753,606	211,235	964,841	941,837
Reclassification	(341)	341	-	-
IMI Assets Acquired	22,542	3,503	26,045	-
Additions at Cost	30,329	7,538	37,867	23,854
Disposals	-	(20)	(20)	(850)
Cost/Valuation at 30th September				
Valuation	125,196	8,219	133,415	133,415
Cost	<u>680,940</u>	<u>214,378</u>	<u>895,318</u>	<u>831,426</u>
Total	<u>806,136</u>	<u>222,597</u>	<u>1,028,733</u>	<u>964,841</u>
Depreciation at 1st October	182,018	197,643	379,661	359,205
Reclassification	(300)	300	-	-
IMI Assets Acquired	-	3,128	3,128	-
Less accumulated depreciation on disposals	-	(16)	(16)	(424)
Depreciation for Year	<u>14,833</u>	<u>6,913</u>	<u>21,746</u>	<u>20,880</u>
Depreciation at 30th September	<u>196,551</u>	<u>207,968</u>	<u>404,519</u>	<u>379,661</u>
Net book value at beginning of year	<u>571,588</u>	<u>13,592</u>	<u>585,180</u>	<u>582,632</u>
Net book value at end of year	<u>609,585</u>	<u>14,629</u>	<u>624,214</u>	<u>585,180</u>

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

Included in the above are assets deemed to be held for heritage purposes. The assets primarily relate to buildings but also include some manuscripts. The University also owns a considerable number of works of art including paintings, silver, sculptures and priceless manuscripts. These works of art are not included in the balance sheet because, even though they are insured for substantial amounts, it is considered that no meaningful value can be attributed to them. The University acquired heritage assets for €152k in the current financial year.

NOTES TO ACCOUNTS

Year to 30th September 2017

	2016/2017 €'000	2015/2016 €'000
18. Debtors and Prepayments		
Other Debtors and Prepayments	<u>18,606</u>	<u>9,402</u>
	<u>18,606</u>	<u>9,402</u>
19. Creditors and Accrued Expenditure		
Contract Research Grants and Projects unexpended	71,976	66,310
State Grants for Recurrent Expenditure received in advance	2,525	4,400
Academic Fees received in advance	42,886	37,420
Other Creditors and Accruals	<u>52,532</u>	<u>42,016</u>
	<u>169,919</u>	<u>150,146</u>

20. General Reserve	Opening	Current Year	Closing	Prior Year
	Balance	Movement	Balance	Movement
	€'000	€'000	€'000	€'000
Valuation - Fixed Assets	133,415	-	133,415	(788)
State Capital Grants	339,509	8,139	347,648	5,193
Recurrent Funding Transfer	86,145	5,112	91,257	7,545
Capital Donations	151,421	551	151,972	5
Other	<u>109,434</u>	<u>7,068</u>	<u>116,502</u>	<u>4,515</u>
	819,924	20,870	840,794	16,470
Disposals	-	(20)	(20)	(62)
Amortisation				
Amortisation at start of Year	(380,270)			
Less Amortisation on Disposal		20		424
Amortisation to I & E Account for Year		(21,746)		(20,880)
Amortisation at End of Year	<u> </u>	<u> </u>	<u>(401,996)</u>	<u> </u>
	<u>439,654</u>	<u>(876)</u>	<u>438,778</u>	<u>(4,048)</u>

NOTES TO ACCOUNTS

Year to 30th September 2017

	2016/2017	2015/2016
	€'000	€'000
21. Revenue Reserves		
Opening Balance	(4,235)	(4,581)
Surplus for the year	<u>1,348</u>	<u>346</u>
Closing Balance	<u>(2,887)</u>	<u>(4,235)</u>
22. Cashflow		
Reconciliation of Income and Expenditure Account Surplus to Net Cash (outflow)/ inflow from Operating Activities		
Surplus for the Year	1,348	346
Interest Received	(80)	(147)
Interest Paid	<u>819</u>	<u>379</u>
	2,087	578
Loss on the disposal of Fixed Assets	4	-
Depreciation of Fixed Assets	21,746	20,880
Amortisation of General Reserve	<u>(21,746)</u>	<u>(20,880)</u>
Goodwill	(714)	-
(Increase)/Decrease in Debtors and Prepayments	(5,699)	2,137
Increase in Stocks	(120)	(38)
(Decrease)/Increase in Creditors and Accruals	(2,280)	2,855
Movement in Ancillary Services	<u>144</u>	<u>1,155</u>
Net Cash (Outflow)/ Inflow from Operating Activities	<u>(6,578)</u>	<u>6,687</u>
	2016/2017	2015/2016
	€'000	€'000
23. Analysis of Change in Cash and Cash Equivalents		
Balance at 1st October	49,116	49,495
IMI Cash and Cash Equivalents at Acquisition	490	-
Net Cash Inflow/(Outflow)	<u>19,274</u>	<u>(379)</u>
Balance at 30th September	<u>68,880</u>	<u>49,116</u>
24. Capital Commitments		
Commitments contracted at 30th September	15,703	7,021
Authorised but not contracted at 30th September	<u>25,936</u>	<u>36,539</u>
	<u>41,639</u>	<u>43,560</u>
25. Commitments and Contingencies		

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

NOTES TO ACCOUNTS

Year to 30th September 2017

26. Pensions

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

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

Pension benefits for certain other employees of certain subsidiary undertakings are met by payments to defined contribution pension schemes. 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 January 2018.

	2016/17 Closed Scheme €'000	2016/17 Model Scheme €'000	2016/17 Model Scheme* €'000	2016/17 SPSPS Scheme €'000	2016/17 Total €'000
27. Pension Control Account					
Opening balance	(51,056)	34,326	10,688	8,152	2,110
<i>Income</i>					
Employer contributions received	7,120	460	1,784	4,377	13,741
Employee contributions received	2,804	1,880	528	1,641	6,853
Pension transfers in (cash received)	-	4	-	-	4
Supplementation income	3,131	-	-	-	3,131
HEA Funding – Additional Pension Costs	4,950	-	-	-	4,950
Income in respect of purchase of added years	<u>443</u>	<u>107</u>	<u>5</u>	-	<u>555</u>
Total Income	18,448	2,451	2,317	6,018	29,234
<i>Expenditure</i>					
Pensions in payment (including supplementation)	22,990	168	30	-	23,188
Lump sum payments on retirement	3,722	105	-	-	3,827
Death in service payments	-	103	-	-	103
Refunds of contributions	-	10	-	133	143
Employee contributions payover	-	-	-	1,431	1,431
Administration and other costs	<u>460</u>	<u>298</u>	<u>66</u>	<u>247</u>	<u>1,071</u>
Total Expenditure	<u>27,172</u>	<u>684</u>	<u>96</u>	<u>1,811</u>	<u>29,763</u>
(Deficit)/Surplus	<u>(59,780)</u>	<u>36,093</u>	<u>12,909</u>	<u>12,359</u>	<u>1,581</u>
Grant receivable/(payable) from/to the HEA	<u>59,780</u>	<u>(36,093)</u>	<u>(12,909)</u>	<u>(12,359)</u>	<u>(1,581)</u>

The net grant payable to the HEA of €1.6m is included in Creditors & Accruals (Note 19).

*New ECF rate 20%

NOTES TO ACCOUNTS

Year to 30th September 2017

28. Related Party Transactions

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

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

29. Approval of Financial Statements

The financial statements were approved by the Governing Body on 30/10/2018

RECONCILIATION OF HEA FUNDING STATEMENT WITH CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2017

	Consolidated financial statements €'000	Trust Fund €'000	GAAP adjustments €'000	HEA funding statement €'000
INCOME				
State grants	44,761	-	157	44,918
Academic fees	136,859	-	(679)	136,180
Research grants and contracts	93,080	-	(7,639)	85,441
Amortisation of state capital grants	11,543	-	10,203	21,746
Other operating income	53,684	-	13,248	66,932
Interest income	83	-	-	83
Investment income	156	(156)	-	-
Donations and endowments	2,738	(2,738)	-	-
Gain on investments	562	(562)	-	-
Net deferred funding for pensions	31,354	-	(31,354)	-
Net return on pension schemes	<u>219</u>	-	<u>(219)</u>	-
Total income	<u>375,039</u>	<u>(3,456)</u>	<u>(16,283)</u>	<u>355,300</u>
Total expenditure	<u>377,816</u>	<u>(249)</u>	<u>(23,615)</u>	<u>353,952</u>
(Deficit)/ surplus for year	<u>(2,777)</u>	<u>(3,207)</u>	<u>7,332</u>	<u>1,348</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:



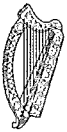
Ireland's EU Structural Funds
Programmes 2007 - 2013

Co-funded by the Irish Government
and the European Union



**EUROPEAN REGIONAL
DEVELOPMENT FUND**

HEA
Higher Education Authority
An tArdáire na hÉireann



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.

APPENDIX 1

CORK UNIVERSITY FOUNDATION DAC FINANCIAL STATEMENTS 2017

Cork University Foundation

(A company limited by guarantee, without a share capital)

Directors' Report and Financial Statements

for the year ended 30 September 2017

Cork University Foundation
(A company limited by guarantee, without a share capital)
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Cork University Foundation

(A company limited by guarantee, without a share capital)

DIRECTORS AND OTHER INFORMATION

Directors	Cornelius Killian Hurley (Appointed 9 May 2017) Patrick O'Shea (Appointed 7 February 2017) Michael Dowling Neil O'Leary Michael Murphy (Resigned 4 April 2017) William M. Murphy Mary Noelle Sheppard (Appointed 20 April 2018)
Company Secretary	Cal Healy
Company Number	243605
Charity Number	11831
Registered Office and Business Address	Development and Alumni Office University College Cork 5 Brighton Villas Western Road Cork

Auditors	Mazars Chartered Accountants & Statutory Audit Firm Mayoralty House Flood Street Galway
Bankers	Allied Irish Bank 66 South Mall Cork
Solicitors	McCann Fitzgerald Solicitors, Riverside One, Sir John Rogerson's Quay, Dublin 2.

Cork University Foundation
(A company limited by guarantee, without a share capital)
DIRECTORS' REPORT
for the year ended 30 September 2017

The directors present their report and the audited financial statements for the year ended 30 September 2017.

Principal Activity and Review of the Business

The main objective for which the company is established is engaging in fundraising activities for the purposes of the furtherance of education and research carried out by University College Cork, in its pursuit of education, teaching and research.

The Company is limited by guarantee not having a share capital and has charitable tax status.

There has been no significant change in these activities during the year ended 30 September 2017.

Principal Risks and Uncertainties

The directors consider that the principal risks and uncertainties faced by the company are in the following categories:

Economic risk: The risk of the current economic environment having an adverse impact on the ability of current and potential donors to contribute to the Foundation into the future.

Financial risks: These include investment, liquidity and other financial risks. The company has budgetary and financial reporting procedures to manage these risks. The Board's audit and investment committees monitor compliance with these procedures on an ongoing basis.

Financial Results

The surplus/(deficit) for the year amounted to €657,630 (2016 - €(2,075,530)).

At the end of the year, the company has assets of €5,499,078 (2016 - €4,347,470) and liabilities of €713,188 (2016 - €219,210). The net assets of the company have increased by €657,630.

The directors' are satisfied with the results for the year.

Directors and Secretary

The directors who served throughout the year, except as noted, were as follows:

Cornelius Killian Hurley (Appointed 9 May 2017)
Patrick O'Shea (Appointed 7 February 2017)
Michael Dowling
Neil O'Leary
Michael Murphy (Resigned 4 April 2017)
William M. Murphy

The secretary who served throughout the year was Cal Healy.

In accordance with the Constitution, the directors retire by rotation and, being eligible, offer themselves for re-election.

Future Developments

The Foundation will continue to work closely with a range of organisations and individuals to secure philanthropic funding for University priority projects. A number of specific initiatives are planned in order to strengthen the linkages between the University and its alumni. The Foundation is committed to full compliance with the Charities Act 2009. The directors propose to implement the Charities SORP for the year ended 30 September 2018.

Post Statement of Financial Position Events

There have been no significant events affecting the company since the year-end.

Auditors

Mark Kehoe & Co. resigned as auditors during the year and following a public procurement process the directors appointed Mazars, (Chartered Accountants & Statutory Audit Firm), to fill the vacancy.

Cork University Foundation

(A company limited by guarantee, without a share capital)

DIRECTORS' REPORT

for the year ended 30 September 2017

Statement of relevant audit information

In the case of each of the persons who are directors at the time this report is approved in accordance with section 332 of Companies Act 2014:

(a) so far as each director is aware, there is no relevant audit information of which the company's statutory auditors are unaware, and

(b) each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's statutory auditors are aware of that information.

Accounting Records

To ensure that adequate accounting records are kept in accordance with sections 281 to 285 of the Companies Act 2014, the directors have employed appropriately qualified accounting personnel and have maintained appropriate computerised accounting systems. The accounting records are located at the company's office at Development and Alumni Office, University College Cork, 5 Brighton Villas, Western Road Cork.

Signed on behalf of the board

NEIL O'LEARY

PATRICK O'SHEA

Neil O'Leary
Director

Patrick O'Shea
Director

Date: 13 June 2018

Date: 13 June 2018

Cork University Foundation

(A company limited by guarantee, without a share capital)

DIRECTORS' RESPONSIBILITIES STATEMENT

for the year ended 30 September 2017

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable Irish law and regulations.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with the Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council and promulgated by Chartered Accountants Ireland. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date and of the surplus or deficit of the company for the financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and surplus or deficit of the company to be determined with reasonable accuracy and enable them to ensure that the financial statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the board

NEIL O'LEARY

Neil O'Leary
Director

Date: 13 June 2018

PATRICK O'SHEA

Patrick O'Shea
Director

Date: 13 June 2018

INDEPENDENT AUDITOR'S REPORT

to the Members of Cork University Foundation

(A company limited by guarantee, without a share capital)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Cork University Foundation ('the company') for the year ended 30 September 2017 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes to the financial statements, including a summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 30 September 2017 and of its surplus for the year then ended;
- have been properly prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- in our opinion, the Directors' Report has been prepared in accordance with the Companies Act 2014.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited. The financial statements are in agreement with the accounting records.

INDEPENDENT AUDITOR'S REPORT

to the Members of Cork University Foundation

(A company limited by guarantee, without a share capital)

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report. The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is contained in the appendix to this report, located at page 9, which is to be read as an integral part of our report.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Austin Sammon
for and on behalf of
MAZARS
Chartered Accountants & Statutory Audit Firm
Mayoralty House
Flood Street
Galway

Date: 13 June 2018

Cork University Foundation
(A company limited by guarantee, without a share capital)
INCOME STATEMENT
for the year ended 30 September 2017

	Notes	2017 €	2016 € as restated
Income		2,634,968	1,580,553
Administration expenses		(107,302)	(373,670)
Disbursements		(1,893,551)	(3,297,649)
Surplus/(deficit) on ordinary activities before interest		634,115	(2,090,766)
Other gains and losses	5	22,301	10,219
Interest receivable and similar income	6	2,812	6,597
Interest payable and similar charges	7	(1,598)	(1,580)
Surplus/(deficit) for the year		657,630	(2,075,530)

The company's income and expenses all relate to continuing operations.

Approved by the board on 13 June 2018 and signed on its behalf by:

NEIL O'LEARY

Neil O'Leary
Director

PATRICK O'SHEA

Patrick O'Shea
Director

Cork University Foundation

(A company limited by guarantee, without a share capital)

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September 2017

	Notes	2017 €	2016 € as restated
Surplus/(deficit) on ordinary activities after taxation		657,630	(2,075,530)
Total comprehensive income relating to the year		<u>657,630</u>	<u>(2,075,530)</u>
Prior year adjustment	8	<u>4,567</u>	<u>213,558</u>
Total comprehensive income since last annual report		<u>662,197</u>	<u>(1,861,972)</u>

Cork University Foundation

(A company limited by guarantee, without a share capital)

STATEMENT OF FINANCIAL POSITION

as at 30 September 2017

	Notes	2017 €	2016 € as restated
Non-Current Assets			
Investments	9	<u>779,766</u>	<u>757,465</u>
Current Assets			
Debtors	10	1,067	1,961
Cash and cash equivalents		<u>4,718,245</u>	<u>3,588,044</u>
		<u>4,719,312</u>	<u>3,590,005</u>
Creditors: Amounts falling due within one year	11	<u>(713,188)</u>	<u>(219,210)</u>
Net Current Assets		<u>4,006,124</u>	<u>3,370,795</u>
Total Assets less Current Liabilities		<u>4,785,890</u>	<u>4,128,260</u>
Reserves			
Unrestricted Funds	20		
- Designated Funds		246,078	223,777
- Undesignated Funds		<u>423,832</u>	<u>456,873</u>
Restricted Funds	19	<u>4,115,980</u>	<u>3,447,610</u>
Equity attributable to owners of the company		<u>4,785,890</u>	<u>4,128,260</u>

Approved by the board on 13 June 2018 and signed on its behalf by:

NEIL O'LEARY

PATRICK O'SHEA

Neil O'Leary
Director

Patrick O'Shea
Director

Cork University Foundation
(A company limited by guarantee, without a share capital)
STATEMENT OF CHANGES IN EQUITY
as at 30 September 2017

	Unrestricted Funds	Restricted Funds	Total
	€	€	€
At 30 September 2015 as previously stated	880,626	5,109,606	5,990,232
Prior year error correction (Note 8)	213,558	-	213,558
	<u>1,094,184</u>	<u>5,109,606</u>	<u>6,203,790</u>
At 30 September 2015			
Deficit for the year	(413,534)	(1,661,996)	(2,075,530)
	<u>676,083</u>	<u>3,447,610</u>	<u>4,123,693</u>
At 30 September 2016 as previously stated			
Prior year error correction (Note 8)	59,567	(55,000)	4,567
	<u>735,650</u>	<u>3,392,610</u>	<u>4,128,260</u>
At 30 September 2016			
Surplus for the period	(65,740)	723,370	657,630
	<u>669,910</u>	<u>4,115,980</u>	<u>4,785,890</u>
At 30 September 2017			

Cork University Foundation
(A company limited by guarantee, without a share capital)
STATEMENT OF CASH FLOWS
for the year ended 30 September 2017

	Notes	2017 €	2016 € as restated
Cash flows from operating activities			
Surplus/(deficit) for the year		657,630	(2,075,530)
Adjustments for:			
Fair value gains and losses		(22,301)	(10,219)
Interest receivable and similar income		(2,812)	(6,597)
Interest payable and similar charges		1,598	1,580
		<u>634,115</u>	<u>(2,090,766)</u>
Movements in working capital:			
Movement in debtors		894	9,220
Movement in creditors		493,978	219,210
		<u>1,128,987</u>	<u>(1,862,336)</u>
Cash generated from operations		1,128,987	(1,862,336)
Interest paid		(1,598)	(1,580)
		<u>1,127,389</u>	<u>(1,863,916)</u>
Cash flows from investing activities			
Interest received		2,812	6,597
<hr/>			
Net increase in cash and cash equivalents		1,130,201	(1,857,319)
Cash and cash equivalents at beginning of financial year		3,588,044	5,445,363
		<u>3,588,044</u>	<u>5,445,363</u>
Cash and cash equivalents at end of financial year	17	<u>4,718,245</u>	<u>3,588,044</u>

Cork University Foundation

(A company limited by guarantee, without a share capital)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

1. GENERAL INFORMATION

Cork University Foundation is a company limited by guarantee and does not have a share capital. The company was incorporated in Republic of Ireland Development and Alumni Office, University College Cork, 5 Brighton Villas, Western Road Cork, is the registered office, which is also the principal place of business of the company. The primary activity for which the company is established is engaging in fundraising activities for the purposes of the furtherance of education and research carried out by the University College Cork in its pursuit of education, teaching and research.

The financial statements comprising the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes constitute the individual financial statements of Cork University Foundation Limited for the financial year ended 30 September 2017.

The financial statements have been presented in Euro (€) which is also the functional currency of the company and rounded to the nearest Euro.

2. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Statement of compliance

The financial statements of the company for the year ended 30 September 2017 have been prepared on the going concern basis and in accordance with generally accepted accounting principles in Ireland and Irish statute comprising the companies Act 2014 and in accordance with the Financial Reporting Standards applicable in the United Kingdom and the Republic of Ireland (FRS 102) issued by the Financial Reporting Council.

Basis of preparation

The financial statements have been prepared on the going concern basis and in accordance with the historical cost convention except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council and promulgated by Chartered Accountants Ireland.

Income

Income consists of donations and gifts received. These are included in the financial statements as income in the period to which they relate.

Share Capital of the Company

The Foundation is a company limited by Guarantee not having a share capital

Reserves

Donations and gifts are transferred to restricted funds as agreed with the donor. Other income less expenses is transferred to unrestricted funds. Both funds may be used when making awards in compliance with the objects of the company.

Investments

Investments held as fixed assets are stated at initially recognised at fair value which is normally the transaction price excluding transaction costs. At the end of the reporting period, if the fair value can be measured reliably, the investments are measured at fair value through the income statement.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases the receivables are stated at cost less impairment losses for bad and doubtful debts.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the Statement of Financial Position bank overdrafts are shown within Creditors.

Cork University Foundation

(A company limited by guarantee, without a share capital)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

continued

Trade and other creditors

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest rate method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

Taxation

Cork University Foundation CLG is a registered charity and is exempt from Corporation tax.

Foreign currencies

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the Statement of Financial Position date are translated using the closing rate. The resulting exchange differences are dealt with in the Income Statement.

3. CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATES

Management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The directors consider that apart from the accounting policies above, there are no other accounting estimates and assumptions which are required to be disclosed.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements relates to the stating of financial assets at market value, which is based on independent valuations obtained.

4. INCOME

The income for the year has been derived from:-

	2017	2016
	€	€
Geographical market		
Republic of Ireland	2,234,528	1,221,863
Europe	252,617	244,473
Rest of the World	147,823	114,217
	<u>2,634,968</u>	<u>1,580,553</u>

Income attributable to geographical markets outside the Republic of Ireland amounted to 15% for the year. Income from Irish domiciled donors is included in the Ireland figures above.

Cork University Foundation
(A company limited by guarantee, without a share capital)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2017

continued

5. OTHER GAINS AND LOSSES	2017	2016
	€	€
Fair value gains and losses		
	<u>22,301</u>	<u>10,219</u>
6. INTEREST RECEIVABLE AND SIMILAR INCOME	2017	2016
	€	€
Bank interest	<u>2,812</u>	<u>6,597</u>
7. INTEREST PAYABLE AND SIMILAR CHARGES	2017	2016
	€	€
On bank loans and overdrafts	<u>1,598</u>	<u>1,580</u>

8. PRIOR YEAR ADJUSTMENT

On review of the financial statements in respect of the year ended 30 September 2017, the following prior year adjustment has been noted and made in the current year financial statements:

During the preparation of the financial statements, it was identified that the company held an investment which was valued at cost. Under FRS 102 this should be valued at fair value. This resulted in the unrestricted funds account being understated by €223,777 as at 30 September 2016. Consequently, the fair value gain in the prior year was not recorded in the income statement which was understated by €10,219 in the prior year financial statements. This has been corrected through opening retained earnings.

During the preparation of the financial statements, it was noted that there was no prior year creditor balance included in the financial statements despite a balance of €219,210 being due to UCC as at 30 September 2016. Consequently, opening reserves were overstated by €219,210. This has been corrected in the current year.

9. INVESTMENTS

	Listed investments	Total
	€	€
Investments		
Cost or Valuation		
At 1 October 2016	757,465	757,465
Revaluations	<u>22,301</u>	<u>22,301</u>
At 30 September 2017	<u>779,766</u>	<u>779,766</u>
Net book value		
At 30 September 2017	<u>779,766</u>	<u>779,766</u>
At 30 September 2016	<u>757,465</u>	<u>757,465</u>

Unlisted investments are measured at market value with gains or losses recognised in the income statement. In the opinion of the directors, the company's investments are worth at least the amount at which they are stated in the Statement of Financial Position.

Cork University Foundation
(A company limited by guarantee, without a share capital)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2017

continued

9. INVESTMENTS PRIOR YEAR

	Listed investments	Total
	€	€
Investments Cost or Valuation		
At 1 October 2015	747,246	747,246
Revaluations	10,219	10,219
	<u>757,465</u>	<u>757,465</u>
At 30 September 2016	<u>757,465</u>	<u>757,465</u>
Net book value		
At 30 September 2016	<u>757,465</u>	<u>757,465</u>
At 30 September 2015	<u>747,246</u>	<u>747,246</u>

10. DEBTORS

	2017 €	2016 €
Prepayments and accrued income	<u>1,067</u>	<u>1,961</u>

**11. CREDITORS
Amounts falling due within one year**

	2017 €	2016 €
Amounts owed to connected parties (Note 14)	<u>713,188</u>	<u>219,210</u>

12. STATUS

The liability of the members is limited.

Every member of the company undertakes to contribute to the assets of the company in the event of its being wound up while they are members, or within one year thereafter, for the payment of the debts and liabilities of the company contracted before they ceased to be members, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributors among themselves, such amount as may be required, not exceeding € 1.27.

13. CAPITAL COMMITMENTS

The company had no material capital commitments at the year-ended 30 September 2017.

14. RELATED PARTY TRANSACTIONS

	2017 €	2016 €
The following amounts are due to other connected parties:	<u>713,188</u>	<u>219,210</u>

The Foundation is engaged in fundraising activities in support of University College Cork. Cork University Foundation is an independent body which is not controlled by UCC. During the year ended 30 September 2017, the Foundation made disbursements to UCC amounting to €1,893,551 (2016: €3,297,649). UCC also pay operating costs on behalf of the Foundation which the Foundation makes a contribution towards amounting to €76,000 in 2017 (2016: €164,210). At 31 September 2017, Cork University Foundation have a creditor balance of €713,188 (2016: €219,210) payable to UCC. €76,000 of this creditor relates to the overhead expenses with the remainder due in respect of disbursements to projects. As has been the practice, no remuneration has been paid to any staff member of UCC.

15. CONTROLLING INTEREST

In the opinion of the directors, there is no one identifiable controlling party of the company.

Cork University Foundation

(A company limited by guarantee, without a share capital)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

continued

16. EVENTS AFTER END OF REPORTING PERIOD

There have been no significant events affecting the company since the year-end.

17. CASH AND CASH EQUIVALENTS	2017 €	2016 €
Cash and bank balances	<u>4,718,245</u>	<u>3,588,044</u>

18. KEY MANAGEMENT PERSONNEL

The directors and key management have the authority and responsibility for planning, directing and controlling the activities of the company. They are considered to be the key personnel. The directors and key management do not receive any remuneration.

19. RESTRICTED FUNDS

The income funds of the charity include the following restricted funds which have been set aside by the trustees for specific purposes:

	2017 €	2016 €
Restricted funds at beginning of the year	3,447,610	5,109,606
Transfer to/(from) income statement	668,370	(1,661,996)
	<u>4,115,980</u>	<u>3,447,610</u>

The Foundation and University have an agreed policy in respect of the drawdown of funds by the University. Following the receipt of an authorised drawdown request from the University, the requested amount is transferred from Restricted Funds to Creditors.

20. UNRESTRICTED FUNDS

The unrestricted fund consists of unrestricted donor funds which may be designated to University related projects at the discretion of the directors.

21. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 13 June 2018.

CORK UNIVERSITY FOUNDATION
(A company limited by guarantee, without a share capital)

SUPPLEMENTARY INFORMATION

RELATING TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

NOT COVERED BY THE REPORT OF THE AUDITORS

THE FOLLOWING PAGES DO NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS

Cork University Foundation

(A company limited by guarantee, without a share capital)

SUPPLEMENTARY INFORMATION RELATING TO THE FINANCIAL STATEMENTS

TRADING STATEMENT

for the year ended 30 September 2017

	Schedule	2017 €	2016 €
Income		<u>2,634,968</u>	<u>1,580,553</u>
Gross Percentage		<u>100.0%</u>	<u>100.0%</u>
Overhead expenses	1	(108,900)	(375,250)
Disbursements		<u>(1,893,551)</u>	<u>(3,297,649)</u>
		632,517	(2,092,346)
Miscellaneous income	2	<u>25,113</u>	<u>16,816</u>
Net surplus/(deficit)		<u><u>657,630</u></u>	<u><u>(2,075,530)</u></u>

Cork University Foundation

(A company limited by guarantee, without a share capital)

SUPPLEMENTARY INFORMATION RELATING TO THE FINANCIAL STATEMENTS**SCHEDULE 1: OVERHEAD EXPENSES**

for the year ended 30 September 2017

	2017 €	2016 €
Administration Expenses		
Consultancy fees	31,333	-
Overhead Charges	75,969	373,670
	<u>107,302</u>	<u>373,670</u>
Finance		
Bank interest paid	1,598	1,580
	<u>108,900</u>	<u>375,250</u>

Cork University Foundation

(A company limited by guarantee, without a share capital)

SUPPLEMENTARY INFORMATION RELATING TO THE FINANCIAL STATEMENTS

SCHEDULE 2 : MISCELLANEOUS INCOME

for the year ended 30 September 2017

	2017	2016
	€	€
Miscellaneous Income		
Bank Interest	2,812	6,597
Other gains and losses	22,301	10,219
	<u>25,113</u>	<u>16,816</u>