

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

**Consolidated Financial Statements**

**Year Ended 30 September 2012**

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## HONORARY TREASURER'S REPORT

### ON CONSOLIDATED FINANCIAL STATEMENTS – YEAR ENDED 30 SEPTEMBER 2012

#### Format of Accounts

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

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

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

#### Income and Expenditure Account

The net out-turn for the year on the income and expenditure account is a surplus of €0.9m. Earnings before depreciation, interest, tax and amortisation (EBITDA) recorded a surplus of €11.1m

Income from operations (adjusted for pension deferred income – note 29) at €300.4m shows a decline of €2.7m/0.9% on the previous year, primarily due to continuing reductions in exchequer funding in support of all teaching, learning and research activities. This reduction was somewhat offset by academic fee income, which out-turned slightly higher than last year's level, at €116.3m as well as higher research and associated research overhead income.

Expenditure (adjusted for pension FRS17 adjustment) at €299.5m has increased by €0.4m/0.1%, and reflects the costs associated by increased research activity and corresponding higher research income. Expenditure in relation to academic and related services remains flat year on year.

Research income increased to €79.9m from €76.7m in 2010/11 with higher competitive EU research funding offsetting the reduction in exchequer related research support.

#### Capital Expenditure and Balance Sheet

The pace of enhancement to the physical estate of the University again slowed in 2011/12 reflecting the reduced availability of exchequer funding for capital purposes. Additions totalling €26.2m in the year were offset by depreciation of €23.7m, leaving the net book value of assets relatively unchanged at €577m. A total of €10.9m (down 25%) was received during the year in the form of capital grants. The HEA contributed €7.6m with the balance being provided by other funding agencies and benefactors.

The main fixed asset additions during the year were the Mardyke Arena extension and the purchase of 50 acres of lands for sporting facilities at Curraheen.

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

## HONORARY TREASURER'S REPORT

### State Grant

In the year under review, State Grant contributed €58.7m as against €65.9m in the previous year. This reflects the deterioration in public finances and is a reduction of €7.2m on the previous year. In addition ring fenced exchequer funding for Nursing, Strategic Innovation Fund and Devolved Grant continues to decline. The State Grant continues to decline and now contributes 17% of total income, as against 19% in the previous year. This trend is expected to continue as exchequer funding falls while the University continues to diversify and grow non exchequer income sources.

2011/12 also saw the conclusion of devolved grant funding for minor capital works. An amount of €0.9m is included in the overall grant for 2011/12.

### Fees

Fee income improved during the year to €116.3m and represents just over 34% of total income. Under the Government's "free fees initiative", fees in respect of full-time undergraduate students from EU countries are paid for by the State. This grant in lieu of fees, for 2011/12 was €51.9m/45%, with the balance of fee income derived from the student contribution, post graduate fees and non EU student fee income.

### Research Income

Research income increased during the year to €79.9m, up €3.2m/4.2% on prior year levels. Of note is the continued diversification of research income funders. EU research income now accounts for €10.4m/13% of total research income while competitive research awarded by industry remains close to prior year levels at €4.4m/6%. Science Foundation Ireland remains the largest contributor to research across the University.

This outcome is due to the diligence and dedication of large numbers of academic staff who, as principal investigators, generate this income. Such income is now earned on a seriously competitive basis. UCC has been singularly successful in the competitive awards of Science Foundation Ireland's Research Centre funding programme during 2012.

Overhead income received from funding agencies remains below international benchmarks and continues to put pressure on overall University finances. In 2011/12 overheads earned from research, was €9.2m/12% of direct research income. A national project Full Economic Costing (FEC), is underway to address the overhead deficit. It is co-ordinated by the Irish Universities Association (IUA) and funded by Cycle 2 of Strategic Innovation Funding (SIF). It involves all 7 universities, working together to ensure an effective audit process exists to demonstrate the real cost of hosting research, to ultimately recover overhead from funding agencies that reflects the real cost of research in line with international norms.

### Balance Sheet

Revenue reserves, following the performance in the year, have moved to €13.2m from €12.4m in the previous year.

Tighter treasury management has improved the UCC's cash balance from an overdraft in 2008 to a credit balance of €65.3m at September 2012. This cash position is however enhanced by the timing of contract research and tuition fee receipts as well as a reduction in debtors.

Creditors at €146.3m are €8m lower than 2010/11 levels, primarily due to lower deferred income in relation to research grants and state grant received in advance. Long term borrowings at €50.9m have increased year on year by €3.3m reflecting additional borrowing associated with the Mardyke Arena, and include future liabilities of €29.5m to purchase assets under FRS5 accounting disclosures.

Debtors, year on year have improved by €9m, primarily due to a reduction in cash outstanding from exchequer related sources and a reduction in student related debtors.

## HONORARY TREASURER'S REPORT

### Pension

2010 saw the transfer to the State of UCC's pension fund, as set out in the Financial Measures (Miscellaneous Provisions) legislation. Since March 2010, the liability for pension now rests with the State. In turn the University transferred a pension asset of €313m to the National Pension Reserve Fund, which is reflected in the substantial movement in the deferred pension asset between 2009 and 2010. A disclosure note has been agreed with the Higher Education Authority (HEA) on the analysis of the movement in pension costs. This is set out in Note 31 of the accompanying HEA Funding Statement and will now be a regular feature of those statements going forward.

### Summary

2011/12 was another successful year for the University. Student numbers continued their growth path, despite the national funding difficulties. Research income continued to diversify, further enhancing the overall quality of education offered to students. The space deficit, as recognised under Kelly, continued to be addressed, particularly with the development of the IT Building, while UCC's subsidiary companies continued to contribute financially and to the overall financial performance and student experience offered by the University.

However, despite the academic and research successes, the decline in exchequer income continues to outpace growth in non-exchequer income sources. In addition failure nationally to fund the University appropriately for Dentistry programmes and essential maintenance continues to adversely impact the long term financial sustainability of the University.

These issues, together with an appropriate funding model for the sector must be addressed to enable UCC play its role in supporting the economic, cultural and social development of the region and of Irish society.



Dermot O'Mahoney, *Honorary Treasurer*  
June 2013

## STATEMENT OF GOVERNING BODY'S RESPONSIBILITIES

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


In preparing those accounts, the Governing Body is required to:

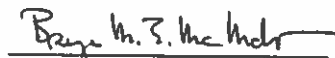
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- disclose and explain any material departures from applicable accounting standards; and
- prepare the financial statements on the going concern basis unless it is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

The Governing Body is responsible for keeping 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 in Higher Education Institutions and are prepared in accordance with accounting standards generally accepted in Ireland.

The Governing Body is responsible for ensuring that the business of the University is conducted in a proper and regular manner and for safeguarding all assets under its operational control and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Governing Body:

  
\_\_\_\_\_  
Dr. Michael Murphy  
President

  
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Dr. B. M.E. McMahon  
Chairman UCC Governing Body

Date: 23/9/14

## INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF UNIVERSITY COLLEGE CORK

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We have audited the financial statements of University College Cork for the year ended 30 September 2012, which comprise the Statement of Accounting Policies, the Consolidated Income and Expenditure Account, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement Of Total Recognised Gains and Losses and the related notes 1 to 32. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

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

### **Respective responsibilities of the University, the Governing Body and Auditors**

As more fully explained in the Statement of the Governing Body's Responsibilities, the University is responsible for preparation of the financial statements. The Governing Body is responsible for developing and maintaining an effective system of internal control. It also acknowledges that the system of internal control can only provide reasonable and 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.

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

We review whether the statement of internal control required by the Code of Governance for Irish Universities made in the Statement of Corporate Governance on pages 8 to 11 reflects the University's compliance with the relevant provisions of the Code and is consistent with the information of which we are aware from our audit work on the financial statements and we report if it does not. We are not required to consider whether the University's statement on internal control covers all risks and controls, or form an opinion on the effectiveness of the University's corporate governance procedures or its internal control procedures.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the University; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Reports and Consolidated Financial Statements of University College Cork for the year ended 30 September 2012 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. We read the Honorary Treasurer's Report and consider the implications for our report if we become aware of any apparent misstatement within it.

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

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**Opinion on financial statements**

In our opinion the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the affairs of the University and the University Group at 30 September 2012 and of the surplus for the year then ended.

*Emphasis of Matter – Recognition of Pension Scheme Assets*

In forming our opinion, which is not modified, we have considered the adequacy of the disclosures made in Note 29 to the financial statements concerning the recognition of an asset equivalent to the University's pension liabilities. The assets of the Closed Scheme have been transferred to the National Pension Reserve Fund and under Section 12(6) of the Financial Measures (Miscellaneous Provisions) Act, 2009, the Oireachtas will make good any deficiency arising if the aggregate of members' and employers' contributions paid to or withheld by the University are insufficient to meet the university's obligations to pay these benefits in accordance with the scheme. The obligations of the '2005 scheme' are met on a 'pay as you go' basis by the State following the transfer of the scheme assets to the National Pension Reserve Fund in 2009, and an asset equivalent to the '2005 scheme' pension liability has been recognized in the financial statements as part of its overall deferred pension funding asset. In view of the significance of this matter, we consider that it should be drawn to your attention.

**Matters on which we are required to report**

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion proper books of account have been kept by the University.
- The University balance sheet and its income and expenditure account are in agreement with the books of account.
- In our opinion the information given in the Honorary Treasurer's Report is consistent with the financial statements.

**Matter on which we are required to report by exception**

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

*Deloitte & Touche*

Deloitte & Touche  
Chartered Accountants and Statutory Audit Firm  
Cork

Date: 1 October 2014



**Statement of Governance and Internal Control**  
**University College Cork**  
**Year End September 2012**

**Code of Governance for Irish Universities**

In 2006 the HEA developed a Code of Governance for the 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.

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.

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.

**University College Cork – Governance Code**

The subsequent 2012 revised “Governance of Irish Universities” was adopted by the Governing Body of UCC in December 2012.

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

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

The Governing Body is the principle university governance and decision-making body in accordance with the Universities Act, 1997. The Governing Body is responsible for guiding the strategic direction of the University with particular emphasis on overseeing policy, monitoring the performance of the University and working with the President and senior management to set the University’s strategic aims.

On academic matters, Academic Council is responsible, subject to the financial constraints determined by the Governing Body and to review by the Governing Body, and subject to the traditional principles of academic freedom, for controlling the academic affairs of the University including the curriculum, instruction and education provided by the University.

The President is the Chief Officer of the University and is appointed by the Governing Body. The President is responsible for managing and directing the academic, administrative, financial, personnel and other activities of the University.

The University Management Team comprises the President and other officers and senior managers of the University. The University Management Team structure includes two groups (Strategy and Operations).

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

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

### **Internal Control Environment**

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

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

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 communiqués.

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

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

- (ix) Management letters and reports from the university's external auditors and the Comptroller and Auditor General which are reviewed by the Audit Committee;
- (x) Quality Assurance reports;
- (xi) Communication of the results of other periodic reviews.

Work continues in relation to Fraud and Good Faith reporting as well as in relation to the development of a Heritage Asset register.

Specifically in relation to the Code of Governance:

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

**Internal Audit** – UCC has an in-house Internal Audit Function in place since March 2003. The Internal Audit Charter has been updated in line with the HEA Code and was approved by the Audit Committee on 7<sup>th</sup> November 2007 and by Governing Body on 11<sup>th</sup> December 2007. Internal Audit carries out an annual programme of risk based audits.

**Risk Management:** - The Audit Committee of the University is charged with assuring the Governing Body on Risk Management. A Risk Management Committee is in place which reports to the University Management Team and the Audit Committee. A University Risk Register is in place and is subject to review at 6 meetings of the Risk Management Committee and 2 Risk Workshops for the University Management Team each year. The Risk Management Committee has responsibility for the embedding of risk management across the University. The University has appointed a Risk Management Officer to support Risk Management and Business Continuity Planning within the University

**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.

**Asset Disposal** - The disposal of University assets to third parties and employees is governed by University procedures communicated to all staff. To the best of UCC's knowledge and belief the University has been compliant with these procedures.

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

**Value For Money** - 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 20<sup>th</sup> October 2005 and communicated to the Universities.

**Tax Compliance** - 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.

**Statutory Obligations** - UCC management has processes in place to enable compliance with the statutory obligations applicable to the University.

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

**Travel Policy** - UCC has a travel policy and associated procedure in place. The policy and procedures are made available to all staff on the university website. The policy and procedures have been developed having regard to the requirements of Department of Finance travel circulars and the requirements of the Revenue Commissioners in relations to employee expenses.


**Child Protection** - UCC has procedures and guidelines in place in relation to child protection. These procedures and guidelines have been consolidated in a Child Protection Policy.

**Governing Body Fees** - No fees are paid to members of the Governing Body.

**Subsidiary Companies** - 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.

**Financially Significant Developments** - There were no significant financial developments affecting UCC in the past year. As in previous years, UCC continues to recognise a deferred state asset in relation to all pension liabilities, inclusive of added year liabilities of €42m. This view is in accordance with senior counsel opinion and the view of external auditors and reflects Governing Body's understanding in relation to the transfer to the State of UCC's pension asset and related liabilities as set out in the Financial Measures (Miscellaneous Provisions Act) 2009 of future pension liabilities.

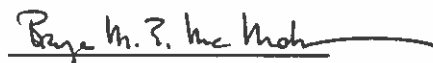
Signed

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**Dr. Michael Murphy**  
*President*

I wish to confirm that the Governing Body of University College Cork at its meeting on 23/9/14 approved the Statement of Governance and Internal Control for the year ended 30<sup>th</sup> September 2012

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**Dr. B. M.E. McMahon,**  
*Chairman UCC Governing Body*

## STATEMENT OF ACCOUNTING POLICIES

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

### **Basis of preparation**

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

### **Accounting convention**

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

### **Basis of consolidation**

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

In accordance with FRS2, the activities of the Students Union have not been consolidated because the University does not control those activities. The financial statements of Cork University Foundation Limited and University College Cork Trust Fund are also excluded as they are not controlled by the University.

### **Recognition of income**

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

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

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

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

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

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

### **Foreign currency translation**

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

### **Tangible fixed assets**

#### **(a) Land and buildings**

The University's buildings are valued at depreciated replacement cost. Land and buildings are stated in the balance sheet at valuation on the basis of depreciated replacement cost as they are specialised buildings and therefore it is not appropriate to value them on the basis of open market value. The last valuation was carried out on 30 September 1994. The University has fixed the value of the land and buildings as at 30 September 1994 as this was the first year of the implementation of generally accepted accounting principles in respect of Fixed Assets in presenting the financial statements of the University. Land and buildings acquired since the valuation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the University of 50 years.

## STATEMENT OF ACCOUNTING POLICIES - continued

### Tangible fixed assets - continued

#### (a) Land and buildings - continued

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

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

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

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

#### (b) Equipment

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

Computer equipment	3 years
Equipment	5 years

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

### Heritage assets

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

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

### Financial assets

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

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

### Stocks

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

### Taxation

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

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

### Liquid resources

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

## STATEMENT OF ACCOUNTING POLICIES - continued

### Provisions

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

### Financing Arrangements

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

### Retirement Benefits

The University operated two defined benefit pension schemes during the year, as detailed in note 29. Pension costs are accounted for on the basis of charging the cost of providing pensions over the period during which the University benefits from the employees' services.

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

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

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


**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**  
Year Ended 30 September 2012


	Notes	Consolidated 2012 €'000	Consolidated 2012 €'000	Consolidated 2011 (as restated) €'000	Consolidated 2011 (as restated) €'000
<b>Income</b>					
State grants	1		58,735		65,931
Academic fees	2		116,268		115,344
Research grants and contracts	3		79,916		76,686
Amortisation of deferred capital grants	18		14,708		16,354
Other operating income	4		29,070		26,973
Interest income	5		1,704		1,791
Net deferred funding for pensions	29		<u>41,658</u>		<u>45,149</u>
<b>Total income</b>			<b><u>342,059</u></b>		<b><u>348,228</u></b>
<b>Expenditure</b>					
Staff costs	6	198,139		198,042	
FRS 17 Impact	29	<u>3,395</u>	201,534	<u>7,684</u>	205,726
Other operating expenses	7		76,417		75,503
Interest payable and similar charges	8	1,247		1,233	
FRS 17 Impact	29	<u>38,263</u>	39,510	<u>37,465</u>	38,698
Depreciation	11		<u>23,744</u>		<u>24,343</u>
<b>Total expenditure</b>			<b><u>341,205</u></b>		<b><u>344,270</u></b>
<b>Surplus for the year after depreciation of assets before taxation</b>			854		3,958
Taxation	9		—		—
<b>Surplus for the year after depreciation of assets and after taxation</b>	10		<b><u>854</u></b>		<b><u>3,958</u></b>

The deficit for the year arose solely from continuing operations.

The financial statements on pages 12 to 34 were approved by the Governing Body on 23/9/14 and were signed on its behalf by:

Signed:

  
Dr. Michael Murphy  
President

  
Dermot O'Mahoney  
Honorary Treasurer





**CONSOLIDATED AND UNIVERSITY BALANCE SHEET**  
30 September 2012

	Notes	Consolidated		University	
		2012 €'000	2011 (as restated) €'000	2012 €'000	2011 (as restated) €'000
<b>Fixed assets</b>					
Tangible assets	11	576,701	574,233	491,654	494,339
Financial assets	12	-	-	1,627	1,627
		<u>576,701</u>	<u>574,233</u>	<u>493,281</u>	<u>495,966</u>
<b>Current assets</b>					
Stocks	13	488	447	392	344
Debtors	14	32,960	41,715	42,966	50,213
Cash at bank		<u>65,332</u>	<u>66,711</u>	<u>56,202</u>	<u>63,801</u>
		<u>98,780</u>	<u>108,873</u>	<u>99,560</u>	<u>114,358</u>
<b>Creditors: Amounts falling due within one year</b>	15	<u>(146,300)</u>	<u>(154,259)</u>	<u>(141,470)</u>	<u>(152,891)</u>
<b>Net current liabilities</b>		<u>(47,520)</u>	<u>(45,386)</u>	<u>(41,910)</u>	<u>(38,533)</u>
<b>Total assets less current liabilities</b>		529,181	528,847	451,371	457,433
<b>Creditors: Amounts falling due after one year</b>	16	<u>(50,863)</u>	<u>(47,558)</u>	<u>(13,427)</u>	<u>(15,539)</u>
<b>Net assets excluding deferred pension funding asset and liability</b>		478,318	481,289	437,944	441,894
<b>Deferred pension funding asset</b>	29	915,081	707,497	915,081	707,497
<b>Pension liability</b>	29	<u>(915,081)</u>	<u>(707,497)</u>	<u>(915,081)</u>	<u>(707,497)</u>
<b>Net assets</b>		<u>478,318</u>	<u>481,289</u>	<u>437,944</u>	<u>441,894</u>
<b>Deferred capital grants</b>	18	330,904	334,729	303,566	307,023
<b>Represented by:</b>					
Revenue reserves	20	13,211	12,357	175	668
Revaluation reserve	19	<u>134,203</u>	<u>134,203</u>	<u>134,203</u>	<u>134,203</u>
<b>Total reserves</b>		<u>147,414</u>	<u>146,560</u>	<u>134,378</u>	<u>134,871</u>
<b>Total</b>		<u>478,318</u>	<u>481,289</u>	<u>437,944</u>	<u>441,894</u>

The financial statements on pages 12 to 34 were approved by the Governing Body on 23/9/14 and were signed on its behalf by:

Signed:

  
Dr. Michael Murphy  
President

  
Dermot O'Mahoney  
Honorary Treasurer

**CONSOLIDATED STATEMENT OF HISTORIC COST SURPLUSES AND DEFICITS**  
**Year Ended 30 September 2012**

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

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**Year Ended 30 September 2012**

	Notes	2012 €'000	2011 (as restated) €'000
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax		854	3,958
Prior year adjustment (Note 31)		9,894	-
Actuarial (loss) / gain on pension liabilities	29	(165,926)	107,287
Adjustment to deferred pension funding asset	29	<u>165,926</u>	<u>(107,287)</u>
Total gains recognised since last financial statements		<u>10,748</u>	<u>3,958</u>
<b>Reconciliation</b>			
Opening reserves as previously stated		136,666	133,057
Prior year adjustment (Note 31)		<u>9,894</u>	<u>9,545</u>
Opening reserves as restated		146,560	142,602
Total recognised gains		<u>854</u>	<u>3,958</u>
Closing reserves		<u>147,414</u>	<u>146,560</u>

**CONSOLIDATED CASH FLOW STATEMENT**  
**Year Ended 30 September 2012**

	Notes	2012 €'000	2011 €'000
<b>Net cash inflow from operating activities</b>	23	7,703	32,859
Returns on investments and servicing of finance	24	457	558
Capital expenditure and financial investment	25	<u>(15,250)</u>	<u>(9,275)</u>
<b>Net cash (outflow)/ inflow before financing</b>		(7,090)	24,142
Financing	26	<u>5,711</u>	<u>(2,210)</u>
<b>(Decrease) / increase in cash in the year</b>		<u>(1,379)</u>	<u>21,932</u>
 <b>Reconciliation of net cash flow to movement in net debt</b>			
(Decrease) / increase in cash in the year		(1,379)	21,932
Cash flow from (increase)/decrease in debt and lease financing	26	<u>(5,711)</u>	<u>2,210</u>
Change in net debt resulting from cash flows		(7,090)	24,142
Non cash changes	27	<u>1,261</u>	<u>1,131</u>
Movement in net debt in year		(5,829)	25,273
Net debt at start of year	27	<u>16,142</u>	<u>(9,131)</u>
Net cash at end of year	27	<u>10,313</u>	<u>16,142</u>

NOTES TO THE ACCOUNTS

<b>1 State grants</b>	<b>2012</b>	<b>2011</b>
	<b>€'000</b>	<b>€'000</b>
State grants allocated for recurrent purposes	<u>58,735</u>	<u>65,931</u>
The above grant income was received from the Higher Education Authority and the Department of Health.		
<b>2 Academic fees</b>	<b>2012</b>	<b>2011</b>
	<b>€'000</b>	<b>€'000</b>
Academic fee income	<u>116,268</u>	<u>115,344</u>
A total of €48,912,552 (2010/2011: €53,809,384) included in academic fee income was paid directly by the Higher Education Authority.		
<b>3 Research grants and contracts</b>	<b>2012</b>	<b>2011</b>
	<b>€'000</b>	<b>(as restated)</b> <b>€'000</b>
State and semi-state	58,742	59,026
European Union	10,373	8,089
Industry	4,407	4,960
Other	<u>6,394</u>	<u>4,611</u>
	<u>79,916</u>	<u>76,686</u>
<b>4 Other operating income</b>	<b>2012</b>	<b>2011</b>
	<b>€'000</b>	<b>€'000</b>
Rental income	1,805	624
Funded post income	1,383	1,825
Student residences income	5,233	5,285
Leisure facilities income	2,141	2,801
Student Facilities & Services (UCC) Limited income	2,831	3,087
Art Gallery income	281	379
Profit on disposal of fixed assets	79	49
Other income	<u>15,317</u>	<u>12,923</u>
	<u>29,070</u>	<u>26,973</u>
<b>5 Interest income</b>	<b>2012</b>	<b>2011</b>
	<b>€'000</b>	<b>€'000</b>
Interest income	<u>1,704</u>	<u>1,791</u>

NOTES TO THE ACCOUNTS - continued

6 Staff costs

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

	2012 Number	2011 Number
Teaching and research	1,467	1,466
Technical	103	113
Central administration and services	892	899
Other	<u>227</u>	<u>217</u>
	<u>2,689</u>	<u>2,695</u>

	2012 €'000	2011 €'000
Salaries and wages	167,927	169,779
Social welfare costs	13,006	12,207
Other pension costs	<u>17,206</u>	<u>16,056</u>
	<u>198,139</u>	<u>198,042</u>

7 Other operating expenses

	2012 €'000	2011 €'000
Heat, light, water and power	6,149	4,522
Advertising and promotion	912	720
Professional fees	4,591	4,322
Training and development	853	546
Equipment	4,671	5,575
Laboratory consumables	7,187	7,997
Postage, print and stationary supplies	2,558	2,527
Communications	991	816
Books and periodicals	2,165	2,455
Rent and rates	1,411	1,520
Motor, travel and subsistence	6,789	6,053
Computer supplies	936	660
Insurance	1,395	1,336
Software Costs	1,820	1,532
Repairs and maintenance	11,856	10,973
Consumables and other expenses	<u>22,133</u>	<u>23,949</u>
	<u>76,417</u>	<u>75,503</u>

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

	2012 €'000	2011 €'000
Audit	99	100
Other assurance services	35	29
Tax advisory services	74	69
Any non audit services	-	9

NOTES TO THE ACCOUNTS - continued

<b>8 Interest Payable and Similar Charges</b>	<b>2012</b>	<b>2011</b>
	<b>€'000</b>	<b>€'000</b>
Interest charges and similar charges		
On bank loans, overdrafts and other loans wholly repayable within 5 years	404	463
On bank loans repayable after 5 years	493	287
On obligations arising under financing arrangements	<u>350</u>	<u>483</u>
	1,247	1,233
Pension finance charge (note 29)	<u>38,263</u>	<u>37,465</u>
	<u>39,510</u>	<u>38,698</u>

**9 Taxation**

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

<b>10 Surplus on continuing operations for the year</b>	<b>2012</b>	<b>2011</b>
	<b>€'000</b>	<b>(as restated)</b>
		<b>€'000</b>
The surplus on continuing operations for the year is made up as follows:		
University's (deficit) / surplus for the year	(493)	1,033
Surplus generated by the subsidiary undertakings	<u>1,347</u>	<u>2,925</u>
Total	<u>854</u>	<u>3,958</u>

NOTES TO THE ACCOUNTS - continued

11 Tangible fixed assets	Land and buildings (including heritage assets)	Computer equipment	Equipment	Assets in course of construction	Total
	€'000	€'000	€'000	€'000	€'000
<b>CONSOLIDATED</b>					
<b>Cost or valuation</b>					
At 1 October 2011	649,192	44,121	136,613	19,404	849,330
Additions	5,232	675	7,263	13,049	26,219
Reclassification	25,204	-	-	(25,204)	-
Disposals	-	-	(627)	-	(627)
At 30 September 2012	<u>679,628</u>	<u>44,796</u>	<u>143,249</u>	<u>7,249</u>	<u>874,922</u>
<b>Depreciation</b>					
At 1 October 2011	114,281	42,221	118,595	-	275,097
Depreciation for year	12,984	870	9,890	-	23,744
Disposals	-	-	(620)	-	(620)
At 30 September 2012	<u>127,265</u>	<u>43,091</u>	<u>127,865</u>	<u>-</u>	<u>298,221</u>
<b>Net book value</b>					
At 1 October 2011	<u>534,911</u>	<u>1,900</u>	<u>18,018</u>	<u>19,404</u>	<u>574,233</u>
At 30 September 2012	<u>552,363</u>	<u>1,705</u>	<u>15,384</u>	<u>7,249</u>	<u>576,701</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 (2011: €125,984,000) and €8,219,000 (2011: €8,219,000) respectively. Land and buildings and assets in course of construction includes €32,530,000 (2011: €30,920,000) in respect of freehold land which is not depreciated. Fixed Assets also includes €51,282,000 (2011: €61,782,000) in relation to land and buildings which have been accounted for in accordance with the Financial Reporting Standard, 5 "Reporting Substance of Transaction", issued by the Accounting Standards Board. These land and buildings are legally owned by special purpose finance companies. The commercial effect of the transactions surrounding the sale and ultimate repurchase of these buildings is that the University continues to bear all significant benefits and risks relating to the land and buildings.

Included in the above are assets deemed to be held for heritage purposes. The assets primarily relate to buildings but also include some manuscripts. The University also owns a considerable number of works of art including paintings, silver, sculptures and priceless manuscripts. These works of art are not included in the balance sheet because, even though they are insured for substantial amounts, it is considered that no meaningful value can be attributed to them. The University acquired a heritage asset for €0.5m in the current financial year.

NOTES TO THE ACCOUNTS - continued

11 Tangible fixed assets – continued	Land and buildings (including heritage assets)	Computer equipment	Equipment	Assets in course of construction	Total
	€'000	€'000	€'000	€'000	€'000
<b>UNIVERSITY</b>					
<b>Cost or Valuation</b>					
At 1 October 2011	575,383	43,938	133,363	3,155	755,839
Additions	5,137	342	6,194	7,270	18,943
Reclassifications	3,176	-	-	(3,176)	-
At 30 September 2012	<u>583,696</u>	<u>44,280</u>	<u>139,557</u>	<u>7,249</u>	<u>774,782</u>
<b>Depreciation</b>					
At 1 October 2011	103,424	42,074	116,002	-	261,500
Charge for year	<u>11,361</u>	<u>798</u>	<u>9,469</u>	<u>-</u>	<u>21,628</u>
At 30 September 2012	<u>114,785</u>	<u>42,872</u>	<u>125,471</u>	<u>-</u>	<u>283,128</u>
<b>Net book value</b>					
At 1 October 2011	<u>471,959</u>	<u>1,864</u>	<u>17,361</u>	<u>3,155</u>	<u>494,339</u>
At 30 September 2012	<u>468,911</u>	<u>1,408</u>	<u>14,086</u>	<u>7,249</u>	<u>491,654</u>



NOTES TO THE ACCOUNTS - continued

12 Financial assets	Consolidated		University	
	2012 €'000	2011 €'000	2012 €'000	2011 €'000
Investments at the year end were held as follows:				
Subsidiary companies	<u>—</u>	<u>—</u>	<u>1,627</u>	<u>1,627</u>

The University held an interest in the following subsidiary undertakings:

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

13 Stocks	Consolidated		University	
	2012 €'000	2011 €'000	2012 €'000	2011 €'000
Consumables	17	16	17	16
Finished goods for resale	<u>471</u>	<u>431</u>	<u>375</u>	<u>328</u>
	<u>488</u>	<u>447</u>	<u>392</u>	<u>344</u>

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

14 Debtors	Consolidated		University	
	2012 €'000	2011 €'000	2012 €'000	2011 €'000
Trade debtors	993	1,137	993	1,137
Research grants and contracts receivable	25,043	27,800	25,043	27,800
Amounts due from subsidiary undertakings	-	-	8,961	7,418
State grant receivable-HEA	698	6,881	698	6,881
Other taxation and social insurance	939	752	939	752
Other debtors	<u>5,287</u>	<u>5,145</u>	<u>6,332</u>	<u>6,225</u>
	<u>32,960</u>	<u>41,715</u>	<u>42,966</u>	<u>50,213</u>

NOTES TO THE ACCOUNTS - continued

15 Creditors: Amounts falling due within one year	Consolidated		University	
	2012	2011 (as restated)	2012	2011 (as restated)
	€'000	€'000	€'000	€'000
Trade creditors	7,472	6,686	7,069	6,114
Research grants and contracts in advance	59,192	67,210	59,192	67,210
Academic fees received in advance	24,509	21,605	24,509	21,605
State grant received in advance-HEA	16,285	17,972	16,285	17,972
Obligations arising under financing arrangements	1,713	1,260	-	-
Bank loans & overdrafts (note 17)	2,443	1,751	1,843	1,685
Amounts owed to subsidiary undertakings	-	-	405	3,234
Other taxation and social security	5,455	5,444	5,407	5,366
Deferred income	7,007	5,258	4,441	2,396
Other creditors & accruals	<u>22,224</u>	<u>27,073</u>	<u>22,319</u>	<u>27,309</u>
	<u>146,300</u>	<u>154,259</u>	<u>141,470</u>	<u>152,891</u>

16 Creditors: Amounts falling due after one year	Consolidated		University	
	2012	2011	2012	2011
	€'000	€'000	€'000	€'000
Bank loans (note 17)	21,330	16,311	13,427	15,539
Obligations arising under financing arrangements	<u>29,533</u>	<u>31,247</u>	<u>-</u>	<u>-</u>
	<u>50,863</u>	<u>47,558</u>	<u>13,427</u>	<u>15,539</u>

**Nature and Security of Obligations arising under financing arrangements**

As stated in note 11, Fixed Assets have been accounted for in accordance with FRS 5. The liabilities included in the obligations arising under financing arrangements above represent the ultimate liabilities to repurchase the assets concerned. The borrowings are secured by legal title until the repurchase takes place.

17 Bank Borrowings	Consolidated		University	
	2012	2011	2012	2011
	€'000	€'000	€'000	€'000
<b>Bank loans and overdrafts</b>				
Bank loans and overdrafts are repayable as follows:				
In one year or less (note 15)	<u>2,443</u>	<u>1,751</u>	<u>1,843</u>	<u>1,685</u>
Between one and two years	2,636	1,817	1,903	1,750
Between two and five years	7,404	5,797	5,301	5,663
In five years or more	<u>11,290</u>	<u>8,697</u>	<u>6,223</u>	<u>8,126</u>
Total (note 16)	<u>21,330</u>	<u>16,311</u>	<u>13,427</u>	<u>15,539</u>
Total	<u>23,773</u>	<u>18,062</u>	<u>15,270</u>	<u>17,224</u>

NOTES TO THE ACCOUNTS - continued

18 Deferred capital grants	HEA	Other grants and benefactors	Total
	€'000	€'000	€'000
<b>Consolidated</b>			
<b>At 1 October 2011</b>			
Buildings	176,164	144,900	321,064
Equipment	<u>7,291</u>	<u>6,374</u>	<u>13,665</u>
Total	<u>183,455</u>	<u>151,274</u>	<u>334,729</u>
<b>Cash received</b>			
Buildings	5,780	1,745	7,525
Equipment	<u>1,783</u>	<u>1,575</u>	<u>3,358</u>
Total	<u>7,563</u>	<u>3,320</u>	<u>10,883</u>
<b>Released to income and expenditure</b>			
Buildings	3,889	3,110	6,999
Equipment	<u>4,131</u>	<u>3,578</u>	<u>7,709</u>
Total	<u>8,020</u>	<u>6,688</u>	<u>14,708</u>
<b>At 30 September 2012</b>			
Buildings	178,055	143,535	321,590
Equipment	<u>4,943</u>	<u>4,371</u>	<u>9,314</u>
Total	<u>182,998</u>	<u>147,906</u>	<u>330,904</u>

NOTES TO THE ACCOUNTS - continued

18 Deferred capital grants – continued	HEA €'000	Other grants and benefactors €'000	Total €'000	
<b>University</b>				
<b>At 1 October 2011</b>				
Buildings	155,782	138,374	294,156	
Equipment	<u>6,383</u>	<u>6,484</u>	<u>12,867</u>	
Total	<u>162,165</u>	<u>144,858</u>	<u>307,023</u>	
<b>Cash received</b>				
Buildings	5,780	1,745	7,525	
Equipment	<u>1,783</u>	<u>1,575</u>	<u>3,358</u>	
Total	<u>7,563</u>	<u>3,320</u>	<u>10,883</u>	
<b>Released to income and expenditure</b>				
Buildings	3,681	2,950	6,631	
Equipment	<u>4,131</u>	<u>3,578</u>	<u>7,709</u>	
Total	<u>7,812</u>	<u>6,528</u>	<u>14,340</u>	
<b>Balance at 30 September 2012</b>				
Buildings	157,881	137,169	295,050	
Equipment	<u>4,035</u>	<u>4,481</u>	<u>8,516</u>	
Total	<u>161,916</u>	<u>141,650</u>	<u>303,566</u>	
<b>19 Revaluation reserve</b>				
	<b>Consolidated</b>		<b>University</b>	
	2012	2011	2012	2011
	€'000	€'000	€'000	€'000
At beginning and end of year	<u>134,203</u>	<u>134,203</u>	<u>134,203</u>	<u>134,203</u>
<b>20 Reconciliation of movement of reserves</b>				
	Revenue Reserves (as restated) €'000	Revaluation reserves €'000	Total €'000	
<b>Consolidated</b>				
At 1 October 2011 as previously stated	2,463	134,203	136,666	
Prior year adjustment	<u>9,894</u>	-	<u>9,894</u>	
Opening reserves as restated	12,357	134,203	146,560	
Surplus on continuing operations	<u>854</u>	-	<u>854</u>	
At 30 September 2012	<u>13,211</u>	<u>134,203</u>	<u>147,414</u>	

NOTES TO THE ACCOUNTS - continued

20 Reconciliation of movement of reserves - continued	Revenue Reserves (as restated) €'000	Revaluation reserves €'000	Total €'000
<b>University</b>			
At 1 October 2011	(9,226)	134,203	124,977
Prior year adjustment	<u>9,894</u>	-	<u>9,894</u>
Opening reserves as restated	668	134,203	134,871
Deficit on continuing operations	<u>(493)</u>	-	<u>(493)</u>
At 30 September 2012	<u>175</u>	<u>134,203</u>	<u>134,378</u>

21 Contingencies

The University, has no known material contingent liabilities at 30<sup>th</sup> September 2012.

22 Capital commitments	Consolidated		University	
	2012 €'000	2011 €'000	2012 €'000	2011 €'000
Contracted for but not provided	4,933	15,573	4,753	13,030
Authorised but not contracted out	<u>14,490</u>	<u>6,804</u>	<u>14,490</u>	<u>3,957</u>
	<u>19,423</u>	<u>22,377</u>	<u>19,243</u>	<u>16,987</u>

23 Reconciliation of consolidated operating surplus to net cash inflow from operating activities

	2012 €'000	2011 (as restated) €'000
Surplus on continuing operations after depreciation of assets	854	3,958
Depreciation	23,744	24,343
Deferred capital grants released to income	(14,708)	(16,354)
(Increase) / decrease in stocks	(41)	36
Decrease in debtors	8,755	15,057
(Decrease) / increase in creditors	(9,104)	7,512
Non cash changes	(1,261)	(1,131)
Interest receivable	(1,704)	(1,791)
Interest payable and similar charges	1,247	1,233
Decrease in investment valuation	-	45
Profit on disposal of fixed assets	<u>(79)</u>	<u>(49)</u>
Net cash inflow from operating activities	<u>7,703</u>	<u>32,859</u>

24 Returns on investments and servicing of finance	2012 €'000	2011 €'000
Other interest received	1,704	1,791
Interest payable and similar charges	<u>(1,247)</u>	<u>(1,233)</u>
Net cash inflow from returns on investments and servicing of finance	<u>457</u>	<u>558</u>

NOTES TO THE ACCOUNTS - continued

<b>25 Capital expenditure and financial investment</b>	<b>2012</b>	<b>2011</b>
	<b>€'000</b>	<b>€'000</b>
Purchase of tangible fixed assets	(26,219)	(23,818)
Proceeds from the disposal of fixed assets	86	49
Deferred capital grants received	<u>10,883</u>	<u>14,494</u>
Net cash outflow from capital expenditure and financial investment	<u>(15,250)</u>	<u>(9,275)</u>

<b>26 Financing</b>	<b>2012</b>	<b>2011</b>
	<b>€'000</b>	<b>€'000</b>
Debt due within one year:		
Increase / (decrease) in short term borrowings	692	(306)
Debt due beyond one year:		
Increase / (decrease) in long term borrowings	<u>5,019</u>	<u>(1,904)</u>
Net cash inflow / (outflow) from financing	<u>5,711</u>	<u>(2,210)</u>

<b>27 Analysis of changes in net debt</b>	<b>At</b>	<b>Cashflows</b>	<b>Other</b>	<b>At</b>
	<b>1 October</b>		<b>Non cash</b>	<b>30 September</b>
	<b>2011</b>		<b>changes</b>	<b>2012</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Cash at bank & overdrafts	<u>66,711</u>	<u>(1,379)</u>	-	<u>65,332</u>
	66,711	(1,379)	-	65,332
Debt due within 1 year	(1,751)	(692)	-	(2,443)
Debt due after 1 year	(16,311)	(5,019)	-	(21,330)
Liability to investors under FRS5	<u>(32,507)</u>	-	<u>1,261</u>	<u>(31,246)</u>
Total	<u>16,142</u>	<u>(7,090)</u>	<u>1,261</u>	<u>10,313</u>

**28 Related parties**

Transactions with subsidiaries of the University have been eliminated on consolidation and no disclosure of these transactions has therefore been given. The University has no other related party transactions that required disclosure under FRS 8.

NOTES TO THE ACCOUNTS - continued

29 Pensions

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

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

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

The Financial Measures (Miscellaneous Provisions) Act, 2009, provided that the Oireachtas will make good any deficiency arising if the aggregate of members’ and employers’ contributions paid to or withheld by the University are insufficient to meet the University’s obligations to pay these benefits in accordance with the scheme. On 31st March 2010, in accordance with S.I. No. 124/2010, Financial Measures (Miscellaneous Provisions) Act 2009, (University College Cork – National University of Ireland, Cork) the assets of the Closed Pension Scheme were transferred to the National Pensions Reserve Fund. The members became members of a statutory unfunded scheme renamed “University College Cork (Closed) Scheme”. There was no effect on the benefits payable to the members, with the underlying basis being that the terms and conditions of entitlement of the members will continue to be no more and no less favourable than existed under the principles of the Scheme established by the UCC Governing Body. Furthermore the legislation in Section 6(2) sets out the effect the transfer order had on the assets of the Scheme where the relevant body [i.e. UCC] ceases to be liable in relation to the scheme. Following the transfer of assets to the exchequer, all decisions in relation to the Pension Scheme are no longer made by UCC. Within the overall pension liability is an amount of €42.4m related to professional service added years. This €42.4m is inclusive of professional service added years earned directly in the UCC (Closed) Scheme as well as service earned elsewhere in the public sector, but credited to the UCC (Closed) Scheme following service transfer, typically on recruitment by UCC of a staff member from elsewhere in the public sector. Of the total added years liability of €42.4m, the professional added years liability relating to the transferred in service is €8.3m. As a result of the transfer and the underpinning legislation affecting same, UCC’s legal opinion is that all liabilities including the accrued obligations of €42.4m in respect of professional service added years, no longer rest with UCC, but with those making pension decisions. UCC has therefore recognised a deferred pension asset to match the full pension liability.

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

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

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

Summary of position at year end

	2012	2011
	€’000	€’000
<b>Consolidated and University</b>		
Pension receivable	915,081	707,497
Net Pension Liability – FRS17	<u>(915,081)</u>	<u>(707,497)</u>

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

NOTES TO THE ACCOUNTS - continued

29 Pensions -continued

The requirements of FRS 17 are fully adopted and the following movements are reflected in the financial statements.

The valuation of liabilities used for FRS 17 disclosures has been based on an actuarial valuation carried out by an independent professionally qualified actuary at the balance sheet date. The financial assumptions used to calculate the retirement liabilities in relation to the defined benefit pension schemes under FRS 17 as at 30<sup>th</sup> September 2012, 30<sup>th</sup> September 2011 and 30<sup>th</sup> September 2010 were as follows:

	2012	2011	2010
<b>Financial Assumptions</b>			
Rate of increase in salaries	3.50%	3.50%	3.50%
Rate of increase in state pension	2.00%	2.00%	2.00%
Rate of increase in pensions in payment	2.50%	2.50%	2.50%
Discount rate for scheme liabilities	4.00%	5.30%	4.75%
Inflation assumption	2.00%	2.00%	2.00%

The weighted average mortality rate adopted allows for improvements in life expectancy over time, so that life expectancy at retirement will depend on the year in which a member attains retirement age (age 65). The table below shows the life expectancy for members attaining the average retiring age of 62.

	2012 Years	2011 Years
Member age 62 (current life expectancy)	25.3	25.2
Member age 40 (life expectancy at age 62)	28.1	28.0

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

	2012 €'000	2011 €'000
<b>Staff costs</b>		
Current service cost	(20,360)	(23,413)
Less Contributions	<u>16,965</u>	<u>15,729</u>
Total charge to operating expenses	<u>(3,395)</u>	<u>(7,684)</u>
<b>Other finance charges</b>		
Interest on pension scheme liabilities	<u>(38,263)</u>	<u>(37,465)</u>
Net finance charge	<u>(38,263)</u>	<u>(37,465)</u>
<b>Net deferred funding for pensions in year</b>		
Funding recoverable in respect of current year pension costs	<u>41,658</u>	<u>45,149</u>



NOTES TO THE ACCOUNTS - continued

29 Pensions-continued

	2012 €'000	2011 €'000
<b>Analysis of the amount charged to Statement of Total Recognised Gains and Losses</b>		
Actual return less expected return on scheme assets	1,403	(378)
Experience gain	19,707	35,601
Change in actuarial assumptions	<u>(187,036)</u>	<u>72,064</u>
Actuarial (loss) / gain	<u>(165,926)</u>	<u>107,287</u>
<b>Analysis of the movement in defined benefit obligation in the year:</b>		
	2012 €'000	2011 €'000
<b>Present value of defined benefit obligation at beginning of year</b>	(707,497)	(769,635)
Current service cost	(20,360)	(23,413)
Interest cost	(38,263)	(37,465)
Benefits paid	24,923	22,084
Contributions by plan participants	(6,555)	(6,733)
Actuarial (loss) / gain	<u>(167,329)</u>	<u>107,665</u>
Present value of defined benefit obligation at end of year	<u>(915,081)</u>	<u>(707,497)</u>

NOTES TO THE ACCOUNTS - continued

29 Pensions-continued

Amount recognised in the balance sheet:

	2012 €'000	2011 €'000
Deferred pension funding asset	915,081	707,497
Pension liability	<u>(915,081)</u>	<u>(707,497)</u>

History of experience gains and losses is as follows:

	2012 €'000	2011 €'000	2010 €'000
<i>Difference between the expected and actual return on scheme assets</i>			
Amount	-	-	8,139
Percentage of scheme assets	-	-	2.8%*
<i>Experience gains/(losses) on scheme liabilities</i>			
Amount	19,707	35,601	78,962
Percentage of scheme liabilities	2.0%	5.0%	10.3%

\* Percentage of market value of transferred assets

	2012 €'000	2011 €'000
<b>Analysis of deferred pension funding asset</b>		
At beginning of year	707,497	769,635
Movement included in staff costs	20,360	23,413
Movement included in finance costs	38,263	37,465
Movement included in STRGL	165,926	(107,287)
Other movements on defined benefit obligation and assets	<u>(16,965)</u>	<u>(15,729)</u>
At end of year	<u>915,081</u>	<u>707,497</u>

NOTES TO THE ACCOUNTS - continued

**30 Deferred Income**

	2012 €'000	2011 €'000
State grant received	57,048	70,634
State grant receivable from prior accounting year	17,972	13,269
State grant deferred to subsequent accounting year	<u>(16,285)</u>	<u>(17,972)</u>
State grant per financial statements (Note 1)	<u>58,735</u>	<u>65,931</u>

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

**31 Prior Year Adjustment – Research Grant Income**

Following a detailed review of the accounting policy applied to research grant income earned, the university decided to change its policy on the treatment of research grant income earned to cover overheads. Previously, a portion of research grant income was deferred to future years on the basis that this deferred income was available to fund future research project costs. From 1 October 2011, all research grant income including income related to overheads, is fully accounted for in the Income and Expenditure Account when earned. As a result of this change in accounting policy, research grant income and the net surplus for the year ended 30 September 2011 increased by €349,000 and the opening reserves at 1 October 2010 and 1 October 2011 increased by €9,545,000 and €9,894,000 respectively.

**32 Approval of financial statements**

The financial statements were approved by the Governing Body on the 23/9/14.

**University College Cork  
National University of Ireland, Cork  
HEA funding statement and reconciliation**

**Year ended 30 September 2012**

**Reconciliation with funding statement**

## CONTENTS

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## STATEMENT OF RESPONSIBILITIES

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

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

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

On behalf of the University



President

## STATEMENT OF ACCOUNTING POLICIES

### 1. Financial Statements

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

### 2. Accounting Convention

The financial statements are prepared under the historical cost convention. They are presented in accordance with the existing Harmonisation of Financial Statements agreement as adopted for all Irish Universities, with the exception of Fixed Assets and Depreciation, whereby University College Cork has adopted the transitional provisions of FRS 15, and accordingly, the valuations from 30th September 1994 are not being updated.

### 3. State Grants for Recurrent Expenditure

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

### 4. State Grants for Capital Expenditure

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

### 5. Fee Income

Fee income is accounted for on an accruals basis and reported at EU fee levels. Non-EU fee income is included up to the EU level with any excess (up to the most recent, related Unit Cost) being reported under Other Income. A portion of the excess over the most recent, related Unit Cost is included in Ancillary Activities Reserves (Medical/Dental and Other Facilities Development Account).

### 6. Fixed Assets and Depreciation

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

All fixed asset additions since 1<sup>st</sup> 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.

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

### 7. Heritage Assets

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

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

## STATEMENT OF ACCOUNTING POLICIES (Cont.)

### 8. Stocks

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

### 9. General Reserve

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

### 10. Research Grants and Projects

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

### 11. Foreign Currency

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

### 12. Leasing

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

### 13. Pensions

The University operated two defined benefit pension schemes during the year. Pension costs are accounted for on the basis of charging the cost of providing pensions over the period during which the University benefits from the employees' services.

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

### 14. Taxation

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

### 15. Ancillary Services

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

### 16. Restricted Reserves

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

### 17. 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. Payments in respect of these obligations are treated as consisting of capital and interest elements, with interest charged to the related Restricted Reserve.




## INCOME AND EXPENDITURE ACCOUNT

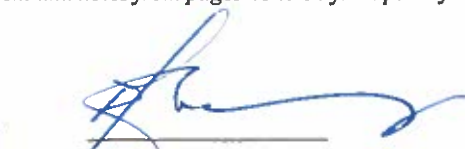
Year to 30th September 2012

	Notes	2011/2012 €'000	2010/2011 €'000
<b>Income</b>			
State Grants	1	58,700	66,018
Student Fees	2	109,890	105,171
Other Income	3	<u>34,709</u>	<u>30,675</u>
		203,299	201,864
Research Grants and Projects	4	<u>70,539</u>	<u>68,681</u>
<b>Total</b>		<b><u>273,838</u></b>	<b><u>270,545</u></b>
<b>Expenditure</b>			
Academic Faculties and Departments	5	120,542	123,317
Academic and Other Services	6	17,366	18,320
Premises	7	23,221	22,886
Amount Allocated for Capital Purposes	8	7,869	4,988
Central Administration and Services	9	18,167	17,575
General Educational Expenditure	10	4,381	4,440
Student Services	11	6,730	6,577
Miscellaneous Expenditure	12	<u>4,599</u>	<u>5,086</u>
		202,875	203,189
Research Grants and Projects		<u>70,539</u>	<u>68,684</u>
<b>Total</b>	13	<b><u>273,414</u></b>	<b><u>271,873</u></b>
<b>Surplus/(Deficit) on Activities before Amortisation of Capital Reserves and Grants, Ancillary Services and Depreciation of Fixed Assets</b>			
		424	(1,328)
Surplus on Ancillary Services	14	(4,373)	6,842
Depreciation of Fixed Assets	15	(23,771)	(24,378)
General and Restricted Reserve Movement	16	<u>28,468</u>	<u>19,188</u>
<b>Surplus for Year</b>	24	<b><u>748</u></b>	<b><u>324</u></b>
Revenue Reserves at Start of Year	24	<u>(353)</u>	<u>(677)</u>
Revenue Reserves at End of Year	24	<u>395</u>	<u>(353)</u>

*The Statement of Accounting Policies, Cash Flow Statement and notes from pages 43 to 51 form part of these Accounts.*

Signed:

  
 Accounting Officer/President

  
 Honorary Treasurer

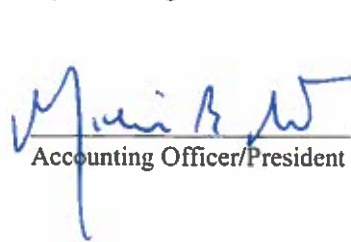
## BALANCE SHEET

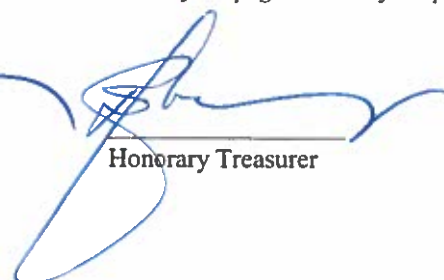
As at 30th September 2012

	Notes	2011/2012 €'000	2010/2011 €'000
<b>Fixed Assets</b>	17	577,705	575,302
<b>Investments</b>	18	-	-
<b>Current Assets</b>			
Bank balances and cash		65,332	66,711
Debtors and Prepayments	19	7,012	13,787
Stocks		<u>488</u>	<u>447</u>
		<u>72,832</u>	<u>80,945</u>
<b>Current Liabilities</b>			
Creditors and Accrued Expenditure	20	<u>(130,815)</u>	<u>(135,996)</u>
		<u>(130,815)</u>	<u>(135,996)</u>
<b>Net Current Liabilities</b>		(57,983)	(55,051)
<b>Long Term Loans</b>	21	<u>(55,020)</u>	<u>(50,570)</u>
		<u>464,702</u>	<u>469,681</u>
<b>Represented by</b>			
General Reserve	22	455,853	452,498
Restricted Reserves	23	8,454	17,536
Revenue Reserves	24	<u>395</u>	<u>(353)</u>
		<u>464,702</u>	<u>469,681</u>

*The Statement of Accounting Policies, Cash Flow Statement and notes from pages 43 to 51 form part of these Accounts.*

Signed:

  
Accounting Officer/President

  
Honorary Treasurer

## CASH FLOW STATEMENT

Year to 30th September 2012

	Notes	2011/2012 €'000	2010/2011 €'000
<b>Net Cash (Outflow)/Inflow from Operating Activities</b>	25	(3,498)	29,856
<b>Return on Investments and Servicing of Finance</b>			
Interest Paid		(561)	(648)
Interest Received		1,584	1,713
<b>Capital Expenditure</b>			
Payments to Acquire Tangible Fixed Assets		<u>(26,181)</u>	<u>(23,818)</u>
<b>Net Cash (Outflow) /Inflow before Financing</b>		(28,656)	7,103
<b>Financing</b>			
HEA Capital Grants		7,562	10,771
Non HEA Capital Grants		15,179	7,355
Cash Distribution from Investments		-	43
Increase/(decrease) in Long Term Loans		4,450	(3,340)
Proceeds from the Disposal of Tangible Fixed Assets		<u>86</u>	<u>-</u>
<b>Cash Inflow from Financing</b>		<u>27,277</u>	<u>14,829</u>
<b>Net Cash (Outflow)/Inflow after Financing</b>		<u>(1,379)</u>	<u>21,932</u>
<b>(Decrease)/Increase in Cash</b>	26	<u>(1,379)</u>	<u>21,932</u>

## NOTES TO ACCOUNTS

Year to 30th September 2012

	2011/2012 €'000	2010/2011 €'000
<b>1. State Grants</b>		
Recurrent Grant	44,845	51,753
Nursing Grant	3,018	4,000
Targeted Funding for Special Initiatives	4,844	4,621
Minor Works	160	170
Strategic Innovation Fund	474	836
Reforms in Medical Education	1,589	1,205
Postgraduate Skills Programme	2,352	1,977
Dental School Funding	500	500
Devolved Grant	<u>918</u>	<u>956</u>
<b>Total</b>	<b><u>58,700</u></b>	<b><u>66,018</u></b>
<b>2. Student Fees</b>		
Academic	<u>109,890</u>	<u>105,171</u>
<b>Total</b>	<b><u>109,890</u></b>	<b><u>105,171</u></b>
<b>3. Other Income</b>		
Interest Income	1,584	1,713
Funded Posts & Donations	1,406	1,825
Rent, Concessions and Other Charges	1,805	624
Research Grant and Projects Contributions	9,236	9,949
Non EU Fees (Excess over Irish Fee Equivalent)	4,310	3,882
Miscellaneous Income	<u>16,368</u>	<u>12,682</u>
<b>Total</b>	<b><u>34,709</u></b>	<b><u>30,675</u></b>
<b>4. Research Grants and Projects</b>		
Research Grants	<u>70,539</u>	<u>68,681</u>
<b>Total</b>	<b><u>70,539</u></b>	<b><u>68,681</u></b>

**NOTES TO ACCOUNTS**

**Year to 30th September 2012**

	Staff Costs €'000	Non Pay €'000	2011/2012 €'000	2010/2011 €'000
<b>5. Academic Faculties and Departments</b>				
Academic	76,350	-	76,350	76,567
Technical	11,573	-	11,573	11,297
Administrative Support	15,767	-	15,767	15,925
Departmental Grants	-	16,628	16,628	19,307
Miscellaneous Expenses	<u>-</u>	<u>224</u>	<u>224</u>	<u>221</u>
<b>Total</b>	<b><u>103,690</u></b>	<b><u>16,852</u></b>	<b><u>120,542</u></b>	<b><u>123,317</u></b>
<b>6. Academic and Other Services</b>				
Library Costs	4,333	2,168	6,501	7,008
Computer/Information Technology	3,098	1,981	5,079	5,600
Language Centre	794	127	921	927
Cork University Press	157	587	744	497
Audio Visual Centre	637	346	983	1,254
Teaching Development Unit	149	11	160	55
Spoken/Oral Irish	763	28	791	785
Biological Services Unit	430	173	603	587
NAIRTL	190	110	300	262
Research Support/Technology Transfer Office	<u>898</u>	<u>386</u>	<u>1,284</u>	<u>1,345</u>
<b>Total</b>	<b><u>11,449</u></b>	<b><u>5,917</u></b>	<b><u>17,366</u></b>	<b><u>18,320</u></b>
<b>7. Premises</b>				
Premises Maintenance	3,764	6,188	9,952	10,599
General Services	3,448	3,549	6,997	6,584
Radiation Protection Office	94	13	107	175
Rent and Rates	-	750	750	958
Insurance	-	1,179	1,179	1,259
Energy Costs	<u>-</u>	<u>4,236</u>	<u>4,236</u>	<u>3,311</u>
<b>Total</b>	<b><u>7,306</u></b>	<b><u>15,915</u></b>	<b><u>23,221</u></b>	<b><u>22,886</u></b>
<b>8. Allocated for Capital Purposes</b>				
Capital Projects			5,657	3,783
Equipment			<u>2,212</u>	<u>1,205</u>
<b>Total</b>			<b><u>7,869</u></b>	<b><u>4,988</u></b>

**NOTES TO ACCOUNTS**

**Year to 30th September 2012**

	Staff Costs €'000	Non Pay €'000	2011/2012 €'000	2010/2011 €'000
<b>9. Central Administration and Services</b>				
Administration Expenses	12,805	-	12,805	12,914
Professional Charges	-	1,150	1,150	1,136
Miscellaneous	-	2,525	2,525	2,203
	<u>-</u>	<u>1,687</u>	<u>1,687</u>	<u>1,322</u>
<b>Total</b>	<b><u>12,805</u></b>	<b><u>5,362</u></b>	<b><u>18,167</u></b>	<b><u>17,575</u></b>
<b>10. General Educational Expenditure</b>				
Examination Expenses	978	372	1,350	1,340
Scholarships & Prizes	-	1,702	1,702	1,830
N.U.I. Capitation	-	415	415	415
Miscellaneous Expenses	<u>393</u>	<u>521</u>	<u>914</u>	<u>855</u>
<b>Total</b>	<b><u>1,371</u></b>	<b><u>3,010</u></b>	<b><u>4,381</u></b>	<b><u>4,440</u></b>
<b>11. Student Services</b>				
Capitation and Other Grants	-	1,084	1,084	927
Student Services	548	387	935	873
Careers Office	670	64	734	785
Sports and Recreation	816	306	1,122	958
Health and Counselling	<u>2,309</u>	<u>546</u>	<u>2,855</u>	<u>3,034</u>
<b>Total</b>	<b><u>4,343</u></b>	<b><u>2,387</u></b>	<b><u>6,730</u></b>	<b><u>6,577</u></b>
<b>12. Miscellaneous Expenditure</b>				
Pensions	3,751	-	3,751	4,139
Miscellaneous Expenses	-	287	287	299
Bank Interest Payable	<u>-</u>	<u>561</u>	<u>561</u>	<u>648</u>
<b>Total</b>	<b><u>3,751</u></b>	<b><u>848</u></b>	<b><u>4,599</u></b>	<b><u>5,086</u></b>
<b>13. Composition of Total Expenditure</b>				
Academic and Related Services	144,715	58,160	202,875	203,189
Research Grants and Projects	<u>50,672</u>	<u>19,867</u>	<u>70,539</u>	<u>68,684</u>
<b>Total Expenditure</b>	<b><u>195,387</u></b>	<b><u>78,027</u></b>	<b><u>273,414</u></b>	<b><u>271,873</u></b>

## NOTES TO ACCOUNTS

Year to 30th September 2012

	Income €'000	Expenditure €'000	Surplus/(Deficit) 2011/2012 €'000	Surplus/(Deficit) 2010/2011 €'000
<b>14. Ancillary Services - Summary</b>				
Art Gallery	280	500	(220)	(218)
Leisure Facilities	2,189	3,516	(1,327)	(152)
Student Residences	5,302	2,829	2,473	2,536
Student Facilities & Services (UCC) Ltd	2,834	3,436	(602)	(514)
Medical/Dental and Other Facilities				
Development Account	<u>10,362</u>	<u>15,059</u>	<u>(4,697)</u>	<u>5,190</u>
(Deficit)/Surplus - Ancillary Services	<u>20,967</u>	<u>25,340</u>	<u>(4,373)</u>	<u>6,842</u>
<b>15. Depreciation of Fixed Assets</b>				
Buildings			13,019	12,660
Equipment			<u>10,752</u>	<u>11,718</u>
			<u>23,771</u>	<u>24,378</u>
<b>16. General and Restricted Reserves Movement</b>				
Amortisation of General Reserve in line with Depreciation			23,536	23,910
Amortisation of Restricted Reserve in line with Depreciation			235	468
Income and Expenditure to General Reserve Account			<u>4,697</u>	<u>(5,190)</u>
			<u>28,468</u>	<u>19,188</u>

NOTES TO ACCOUNTS

Year to 30th September 2012

	Land and Buildings (including heritage assets) €'000	Equipment €'000	2011/2012 €'000	2010/2011 €'000
<b>17. Fixed Assets</b>				
<b>Cost/Valuation at 1st October</b>				
Valuation	125,984	8,219	134,203	134,203
Cost	<u>544,600</u>	<u>172,066</u>	<u>716,666</u>	<u>693,176</u>
<b>Total</b>	<u>670,584</u>	<u>180,285</u>	<u>850,869</u>	<u>827,379</u>
<b>Additions at Cost</b>	17,527	8,654	26,181	23,818
<b>Disposals</b>	-	(627)	(627)	(328)
<b>Cost/Valuation at 30th September</b>				
Valuation	125,984	8,219	134,203	134,203
Cost	<u>562,127</u>	<u>180,093</u>	<u>742,220</u>	<u>716,666</u>
<b>Total</b>	<u>688,111</u>	<u>188,312</u>	<u>876,423</u>	<u>850,869</u>
<b>Depreciation at 1st October</b>				
Opening consolidated accumulated depreciation	114,717	160,850	275,567	251,517
<b>Less accumulated depreciation on disposals</b>	-	(620)	(620)	(328)
<b>Depreciation for Year</b>	<u>13,019</u>	<u>10,752</u>	<u>23,771</u>	<u>24,378</u>
<b>Depreciation at 30th September</b>	<u>127,736</u>	<u>170,982</u>	<u>298,718</u>	<u>275,567</u>
<b>Net book value at beginning of year</b>	<u>555,867</u>	<u>19,435</u>	<u>575,302</u>	<u>575,862</u>
<b>Net book value at end of year</b>	<u>560,375</u>	<u>17,330</u>	<u>577,705</u>	<u>575,302</u>

*In accordance with FRS 5 fixed assets, other assets and related liabilities are included in the University's balance sheet even though legal title to these assets is in the name of companies not controlled by UCC. The principal economic benefits and risks associated with these assets rest with UCC and ultimate legal title will rest with UCC.*

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

<b>18. Investments</b>				
Opening balance			-	45
Cash distribution			-	(43)
Decrease in value of other investments			-	(2)
			-	-



NOTES TO ACCOUNTS

Year to 30th September 2012

	2011/2012 €'000	2010/2011 €'000
<b>19. Debtors and Prepayments</b>		
Other Debtors and Prepayments	<u>7,012</u>	<u>13,787</u>
	<u>7,012</u>	<u>13,787</u>
<b>20. Creditors and Accrued Expenditure</b>		
Contract Research Grants and Projects unexpended	45,761	49,305
State Grants for Recurrent Expenditure received in advance	13,864	15,516
Academic Fees received in advance	24,509	21,605
Other Creditors and Accruals	<u>46,681</u>	<u>49,570</u>
	<u>130,815</u>	<u>135,996</u>

**21. Long Term Loans**

The majority of the long term loans arise from the treatment of liabilities arising under FRS 5. See note 17.

22. General Reserve	Opening Balance €'000	Current Year Movement €'000	Closing Balance €'000	Prior Year Movement €'000
Valuation - Fixed Assets	134,203	-	134,203	-
State Capital Grants	307,055	8,561	315,616	11,185
Recurrent Funding Transfer	51,383	7,869	59,252	4,988
Capital Donations	127,876	2,563	130,439	7
Other	<u>104,590</u>	<u>(1,137)</u>	<u>103,453</u>	<u>7,110</u>
	725,107	17,856	742,963	23,290
Transfer from Restricted Reserves	-	10,574	10,574	-
Disposals	-	-	-	-
<b>Amortisation</b>				
Amortisation at Start of Year	(272,609)			
Transfer from Restrictive Reserves		(1,539)		
Amortisation to I & E Account for Year		(23,536)		(23,910)
Amortisation at End of Year	_____	_____	<u>(297,684)</u>	_____
	<u>452,498</u>	<u>3,355</u>	<u>455,853</u>	<u>(620)</u>

## NOTES TO ACCOUNTS

Year to 30th September 2012

	2011/2012	2010/2011
	€'000	€'000
<b>23. Restricted Reserves</b>		
At beginning of year	20,483	20,457
Additions during the year	188	26
Transfer to General Reserves	<u>(10,574)</u>	<u>-</u>
At end of year	<u>10,097</u>	<u>20,483</u>
<b>Amortisation</b>		
At beginning of year	(2,947)	(2,479)
Transfer to General Reserve	1,539	-
Amortisation to I & E Account for year	<u>(235)</u>	<u>(468)</u>
Amortisation at end of year	<u>(1,643)</u>	<u>(2,947)</u>
<b>Net Value at 30 September</b>	<u>8,454</u>	<u>17,536</u>
The majority of the reserves balance relates to capital projects which are subject to separate financing arrangements.		
<b>24. Revenue Reserves</b>		
Opening Balance	(353)	(677)
Surplus for the year	<u>748</u>	<u>324</u>
Closing Balance	<u>395</u>	<u>(353)</u>
<b>25. Cashflow</b>		
<b>Reconciliation of Income and Expenditure Account Surplus to Net Cash (Outflow)/Inflow from Operating Activities</b>		
Surplus for the Year	748	324
Interest Received	(1,584)	(1,713)
Interest Paid	<u>561</u>	<u>648</u>
	(275)	(741)
Profit on the disposal of Fixed Assets	(79)	-
Depreciation of Fixed Assets	23,771	24,378
Amortisation of General Reserve	(23,536)	(23,910)
Amortisation of Restricted Reserves	(235)	(468)
Decrease in Investments	-	2
Decrease in Debtors and Prepayments	6,775	16,581
(Increase)/ decrease in Stocks	(41)	36
(Decrease)/ Increase in Creditors and Accruals	(5,181)	8,788
Movement in Ancillary Services	<u>(4,697)</u>	<u>5,190</u>
<b>Net Cash (Outflow)/ Inflow from Operating Activities</b>	<u>(3,498)</u>	<u>29,856</u>

## NOTES TO ACCOUNTS

Year to 30th September 2012

	2011/2012 €'000	2010/2011 €'000
<b>26. Analysis of Change in Cash and Cash Equivalents</b>		
Balance at 1st October	66,711	44,779
Net Cash (Outflow)/ Inflow	<u>(1,379)</u>	<u>21,932</u>
Balance at 30th September	<u>65,332</u>	<u>66,711</u>
<b>27. Capital Commitments</b>		
Commitments contracted at 30th September	4,933	15,573
Authorised but not contracted at 30th September	<u>14,490</u>	<u>6,804</u>
	<u>19,423</u>	<u>22,377</u>

### 28. Commitment and Contingency

The University, from time to time, is party to various legal proceedings. The Officers of the University have been informed by their legal advisers that it is not possible at this time to make a reliable estimate of the financial effects (if any) of these cases.

### 29. Financial Asset – Trust Fund

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

### 30. Pensions

The University operated two defined benefit pension schemes during the year. Pension costs are accounted for on the basis of charging the cost of providing pensions over the period during which the University benefits from the employees' services.

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

The most recent actuarial valuation was undertaken as at 11th April, 2013 by consulting actuaries.

NOTES TO ACCOUNTS

Year to 30<sup>th</sup> September 2012

	2011/2012 Close Scheme €'000	2011/2012 Model Scheme €'000	2011/2012 Model Scheme* €'000
<b>31. Pension Control Account</b>			
Opening balance	(5,571)	10,548	11
<i>Income</i>			
Employer contributions received	9,318	2,995	901
Employee contributions received	3,423	2,572	197
Pension transfers in (cash received)	163	119	-
Supplementation income	3,751	-	-
Income in respect of purchase of added years	<u>305</u>	<u>58</u>	<u>-</u>
<b>Total Income</b>	<b>16,960</b>	<b>5,744</b>	<b>1,098</b>
<i>Expenditure</i>			
Pensions in payment (including supplementation)	19,302	59	-
Lump sum payments on retirement	5,432	189	-
Death in service payments	92	-	-
Pension transfers out (cash payments)	3	-	-
Refunds of contributions	17	111	-
HEA Pension Adjustment Fixed Term Workers	1,750	-	-
Administration and other costs	<u>220</u>	<u>157</u>	<u>-</u>
<b>Total Expenditure</b>	<b><u>26,816</u></b>	<b><u>516</u></b>	<b><u>-</u></b>
(Deficit)/Surplus	<u>(15,427)</u>	<u>15,776</u>	<u>1,109</u>
Grant receivable/(payable) from/to the HEA	<u>15,427</u>	<u>(15,776)</u>	<u>(1,109)</u>

The net grant payable to the HEA of €1.458 m is included in Other Creditors & Accruals (Note 20).

\*New ECF Rate 20%

**32. Related Party Transactions**

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

Property Management (UCC) Limited  
 Campus Accommodation (UCC) Limited  
 Student Facilities & Services (UCC) Limited  
 GMC Holdings Limited  
 Biosciences (UCC) Limited  
 Mardyke Leisure (UCC) Limited  
 ArtGallery (UCC) Limited  
 Tenton

**33. Approval of Financial Statements**

The financial statements were approved by the Governing Body on 23/9/14

RECONCILIATION OF HEA FUNDING STATEMENT WITH CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2012

	Consolidated financial statements €'000	Subsidiary companies €'000	Unincorporated ancillary activities €'000	GAAP adjustments €'000	HEA funding statement €'000
<b>INCOME</b>					
State grants	58,735	-	-	(35)	58,700
Student fees	116,268	-	-	(6,378)	109,890
Research grants and contracts	79,916	-	-	(9,377)	70,539
Amortisation of deferred capital grants	14,708	-	-	9,063	23,771
Other operating income	29,070	-	-	14,619	43,689
Interest income	1,704	-	-	-	1,704
Net Deferred funding for pensions	<u>41,658</u>	=	=	<u>(41,658)</u>	<u>-</u>
Total income	<u>342,059</u>	=	=	<u>(33,766)</u>	<u>308,293</u>
Total expenditure	<u>(341,205)</u>	=	=	<u>33,660</u>	<u>(307,545)</u>
Surplus for year	<u>854</u>	=	=	<u>(106)</u>	<u>748</u>

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



Ireland's EU Structural Funds  
Programmes 2007 - 2013

Co-funded by the Irish Government  
and the European Union



**EUROPEAN REGIONAL  
DEVELOPMENT FUND**

**HEA**

Higher Education Authority  
An tÚdarás um Ard-Oideachas



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

*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.