

**University College Dublin
National University of Ireland,
Dublin**

**Annual report, consolidated financial statements
and funding statement**

Year ended 30 September 2016

University College Dublin National University of Ireland, Dublin

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University College Dublin National University of Ireland, Dublin

President's Report

Scope of the Financial Statements

The financial statements consolidate the results of University College Dublin National University of Ireland, Dublin (the "University" or "UCD") and its wholly owned subsidiary companies.

The financial statements of UCD Foundation and Student's Union are prepared and audited separately and are not included in the consolidated results for the year as they are not controlled by the University.

The financial statements as set out on pages 17 to 60 have been prepared in accordance with FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". This is the first year in which the financial statements have been prepared under FRS 102.

The funding statement as set out on pages 62 to 78 is prepared in a format as agreed with the Higher Education Authority (HEA) arising from a "Harmonisation of Accounts" agreement as adopted by all Irish Universities. The Funding Statement permits continued comparison across the university sector.

A reconciliation of the outturn in the funding statement to the outturn in the consolidated financial statements is shown on page 79.

Results for the Year

The University's consolidated statement of comprehensive income and net surplus for the year to 30 September 2016 are shown on page 17 of the financial statements. Total income increased by 3.1% during the year from €465.8m to €480.2m. Academic fees showed an increase of €12.7m to €211.7m. State grant funding decreased during the year by 2.3% to €62.0m as a result of continuing cuts in funding made available to the University by the HEA.

Total expenditure increased by €12.5m to €459.7m (2.8%) in comparison to the expenditure in 2015. The overall result reported is a surplus after taxation of €20.9m for the year compared to a surplus position in the previous year of €18.8m.

Treasury Management

The University's bank and cash balances increased during the year from €130.7m to €138.0m. In accordance with the University's treasury management policy, the University's investment objective is to achieve the best possible return while minimising risk. Borrowings decreased from €81.3m to €73.9m during the year.

Principal risks and uncertainties

UCD implements a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate these risks. Some of the principal risks and uncertainties are:

- The risk that Government funding will diminish further;
- The risk that the University fails to deliver a balanced portfolio of excellent programmes attracting the best students and
- The risk that campus development will occur in an unbalanced and unstructured format or will not be completed due to funding issues.

University College Dublin National University of Ireland, Dublin

President's Report(*continued*)

Strategic Plan

We are a year into the operation of the *UCD Strategy 2015-2020* which sets out a vision for 2020. Workstreams are underway around the University in response to the strategic planning process and outcomes continue to shape our decision-making as we work towards achieving our stated objectives.

Global UCD

Globalisation is one of UCD's key strategic initiatives with five key objectives.

This ambitious strategy will further enhance our international culture, grow our global reputation and increase the impact of our excellence in scholarship, research and innovation on key global issues.

Capital Expenditure

The University including its subsidiary companies incurred expenditure of €23.2m on land and buildings and a further €7.7m on equipment and fittings, bringing total capital expenditure to €30.9m for 2015/16.

The *UCD Strategic Campus Development Plan 2016-2021-2026* was launched during a recent visit by Ministers Richard Bruton TD, Simon Coveney TD and Damien English TD. The purpose of this plan is to communicate the broad direction of future physical developments of the Belfield campus in terms of facilities required to support the vision of being a global top 100 university.

Recent and planned capital developments include the successful launch of the new 354 bedroom Ashfield residences in August 2016 which increases campus accommodation to 3,170 bedrooms and forms part of an ambitious Student Residence Masterplan designed to increase UCD capacity to circa 6,000 bedrooms.

In addition, construction began in April 2016 of the new UCD Confucius Institute for Ireland, while there was phased refurbishment of the 1970's buildings to extend their useful life and an initial phase of development was completed at the UCD Lyons research farm.

Education

UCD launched and completed the first stage of a comprehensive curriculum review and enhancement project that has examined over 550 programmes at undergraduate and taught graduate level.

We continue to be the *University of First Choice* for almost 9,000 students and we now welcome over 7,000 international students, adding enormously to the diversity of campus life.

We continue to strive to diversify the student population to reflect general society and actively seek to widen participation among non-traditional groups and communities.

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President's Report(*continued*)

Research, Innovation and Impact

UCD researchers continue to demonstrate their calibre registering externally funded contracts to the value of €93.7 million. European funding is a particular priority for UCD, and accounted for almost 17% of UCD's overall awards in 2015/16.

UCD is also a leader in innovation and entrepreneurship with fifty companies on campus, between NovaUCD, the University's centre for New Ventures and Entrepreneurs, and NexusUCD, the industry Partnership Centre.

The past year saw the publication of *Innovation 2020: Excellence, Talent, Impact*, Ireland's national strategy for research and development, science and technology. Key to the strategy is a commitment to increase public and private investment in research, with a target of 2.5% of GNP by 2020.

We share the ambition articulated by the national strategy, and look forward to working with government and other partners to deliver on it.

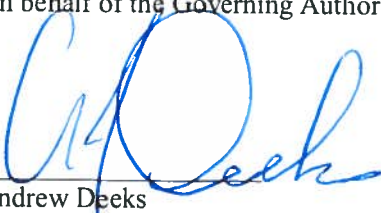
Staffing Initiatives and HR Policy Developments

UCD Human Resources continues to focus on how we can best deliver a people strategy that is directly aligned with the University's 2020 strategy. In this last year, in addition to the delivery of many successful initiatives designed to develop the potential of our people, we have, after extensive consultation, developed a new UCD HR Strategy. This has led to the extensive reconfiguration of the function in order to best deliver this ambitious strategy over the next three years

Conclusion

I am happy to record that University College Dublin continues to exceed all expectations in our contribution to the flourishing of society nationally and globally.

On behalf of the Governing Authority,



Andrew Deeks
President

Date: 16/05/2017

University College Dublin National University of Ireland, Dublin

Statement of Governance and Internal Control

for the year ended 30 September 2016

(1) Responsibility for the System of Internal Control

The Governing Authority 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.

(2) Reasonable Assurance Against Material Error

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve aims and objectives or to conduct University affairs in an orderly and legitimate manner. To that extent, such a system can only provide reasonable, but not absolute, assurance against material error or loss.

(3) Governance and Internal Control Environment

The Governing Authority is the principal University governance and decision-making body in accordance with the Universities Act, 1997, and is responsible for guiding the strategic direction of the University with particular emphasis on overseeing policy and working with the President to set the University's strategic aims. The Governing Authority is chaired by an independent Chairman appointed in accordance with s.17(3), Universities Act, 1997.

There are two permanently constituted standing committees of the Governing Authority: the Finance, Remuneration and Asset Management Committee (FRAMC) and the Audit and Risk Management Committee (ARMC). Both standing committees are chaired by external members of the Governing Authority who are not employees and are not members of the student body.

The Finance, Remuneration and Asset Management Committee (FRAMC) is responsible for supervising the financial affairs of the University and for advising the Governing Authority on matters relating to the financial management of the University. Membership of the committee comprises a number of members of the Governing Authority.

The Audit and Risk Management Committee (ARMC) is responsible for advising the Governing Authority on audit and risk management matters in the University. Membership of the committee comprises a number of members of the Governing Authority and additional external members.

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

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

The University Management Team (UMT) comprises the President and other officers and senior managers in the University. A number of UMT sub-groups support the work of the University Management Team (Research, Innovation and Impact Group; Education Group; Student Experience Group; Global Engagement Group; Capital Projects Group; Communications and Brand Group; Equality, Diversity and Inclusion Group; and University Business Planning Group).

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Statement of Governance and Internal Control *(continued)* *for the financial year ended 30 September 2016*

(3) Governance and Internal Control Environment *(continued)*

Within a devolved management structure, Senior Officers, College Principals and Heads of Schools/Units are responsible for ensuring that internal controls are operating effectively for their respective areas of responsibility. Formal policies, procedures, regulations and guidelines are in place for all of the principal activities and major systems within the University.

(4) Processes used to identify business risks and to evaluate their financial implications

The University has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate these risks. A high-level University Risk Register is in place which is reviewed and updated by the University Management Team. Risk Registers are also in place for each College and the principal support units in the University. Updated risk registers are presented to the Audit and Risk Management Committee at each committee meeting. Risks relating to projects and major initiatives are considered as part of the planning and implementation processes relating to each project and major initiative.

(5) Details of the major information systems in place such as budgets and means of comparing actual results with budgets during the year

The University has a system in place for agreeing annual budgets as part of an annual budget process. Budgets are approved by the Finance, Remuneration and Asset Management Committee and by the Governing Authority. Following the adoption of the University Strategy 2015-2020 in late 2014, the University is moving to a Multi-Annual Budgeting model. Real-time management information is available throughout the year and monthly reports are issued to budget-holders. Quarterly management accounts / out-turns and updated estimates are reviewed by the Finance, Remuneration and Asset Management Committee.

(6) Best practice procedures for addressing the financial implications of major business risks

The University operates a system of delegated authorities for the approval of expenditure by budget-holders within agreed budgets. Detailed financial policies and procedures have been produced and are updated as required. Finance training sessions are available for Heads of Schools/Units and other budget-holders. The Finance Office and a network of Finance Managers across Colleges and Support Units provide ongoing support to senior managers and budget-holders.

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Statement of Governance and Internal Control *(continued)* *for the financial year ended 30 September 2016*

(7) Procedures for Monitoring the Effectiveness of the Internal Control System

Monitoring and review of the system of internal control is conducted through the following processes:

- (i) Ongoing review by the University Management Team and the provision of annual assurance statements by senior managers;
- (ii) The Annual Report of the President to the Governing Authority;
- (iii) The President's Reports presented at each meeting of the Governing Authority;
- (iv) Reports from the Finance, Remuneration and Asset Management Committee meetings relating to personnel, finance and capital matters which are placed before meetings of the Governing Authority;
- (v) Reports from Academic Council meetings which are placed before meetings of the Governing Authority;
- (vi) Reports from the Audit and Risk Management Committee which are placed before meetings of the Governing Authority and the annual report of the Audit and Risk Management Committee which includes a summary of 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;
- (vii) Management letters and reports from the University's external auditors and the Comptroller and Auditor General which are reviewed by the Audit and Risk Management Committee;
- (viii) Quality Assurance reports; and
- (ix) Communication of the results of other periodic reviews.

(8) Confirmation of Review of the Effectiveness of the System of Internal Control

UCD confirms that the above monitoring and review processes (in Section (7)) have been in place throughout the financial year ended 30 September 2016 and that no issues relating to the effectiveness of the system of internal control have been identified which require disclosure in this statement.

(9) Statutory Obligations

The Governing Authority acknowledges its responsibility to ensure compliance with statutory obligations and is satisfied that UCD management has processes in place to enable compliance with all statutory obligations applicable to the University.

(10) Code of Governance and Codes of Conduct

UCD adopted a Code of Governance in June 2007 based on the HEA/IUA Report "Governance of Irish Universities". The 2012 revised "Governance of Irish Universities" was adopted by the Governing Authority in December 2012.

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Statement of Governance and Internal Control *(continued)*

for the financial year ended 30 September 2016

(10) Code of Governance and Codes of Conduct *(continued)*

A Manual of the Structure, Code of Practice and Procedures of the Governing Authority which sets out the duties and responsibilities of Governing Authority members is in place. This Manual was most recently updated in October 2015.

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.

All UCD HR policies are available on the UCD website and a web-link to these policies is included in the contract of employment issued to all new members of staff.

(11) Financially Significant Developments

Financially significant developments affecting UCD in the past year include:

(a) The Funding Statement showed a surplus for the year ended 30 September 2016. The accumulated surplus at year end was €1,346,000.

(b) A number of capital development projects which were at various stages of progress during the year to 30 September 2016; in particular:

- Construction of the new 354-bedroom Ashfield Student Residence was completed;
- Construction of the UCD Confucius Institute was ongoing.

(12) Government Policy on Pay

UCD 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.

(13) Financial Reporting, Internal Audit, Procurement and Asset Disposals

All appropriate procedures for financial reporting, internal audit, procurement and asset disposals are being carried out.

Financial Reporting: Systems are in place to enable the production of the annual Consolidated Financial Statements for the University along with statutory financial statements for each of the subsidiary companies.

Internal Audit: An independent Internal Audit function is in place which reports to the Audit and Risk Management Committee (functionally) and to the President (administratively).

Procurement: The University has put in place procurement policies and procedures and all non-pay expenditure is required to be procured in accordance with these policies and procedures. These policies and procedures have been communicated to the faculty and staff of the University. The University endeavours to ensure full compliance with procurement procedures and guidelines. The University is actively working with the Office of Government Procurement (OGP) and with the Education Procurement Services (EPS) to ensure that procurement activities are taking place in accordance with the operating model put in place by the OGP. The implementation of this model is an ongoing process since 2013 and is being managed by the OGP. The University has no control over the process of OGP implementation. There has been ongoing delay in finalising a memorandum of understanding between the OGP and the Department of Education setting out the fundamentals of the revised procurement model.

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Statement of Governance and Internal Control *(continued)* *for the financial year ended 30 September 2016*

(13) Financial Reporting, Internal Audit, Procurement and Asset Disposals *(continued)*

Under the OGP model the University is responsible for compliance with procurement guidelines while being required to use suppliers selected by the OGP. During the ongoing implementation phase of the OGP model and primarily due to resourcing and timing issues it is not always possible to match the output of the OGP process to the procurement requirements of the University. This leads to a risk that contracts will expire in advance of being retendered or that contracts will be extended temporarily beyond their original duration without going through the appropriate procurement processes.

There is also a risk that where the OGP cannot deliver a procurement request that the University does not have the necessary resources available to it to complete the necessary process. The University continues to deploy its minimal procurement resources (following the loss of most of its staff to the OGP in the expectation that the OGP model would encompass the full procurement requirements of the sector) to minimise this risk but, due to the slower transitioning of contracts to the OGP and the reduction in UCD Procurement staffing levels, UCD does not have adequate resources to handle the current volume of expenditure that needs to be procured on an open tender basis.

The UCD Procurement Office runs tenders on behalf of the University and provides support and training to staff across the University. UCD has also implemented a centralised online purchasing system with trained buyers with the aim of enhancing the co-ordination of buyer activity across the University and of improving levels of compliance generally. During the year ended 30 September 2016 the allocation of buyer resources was prioritised to procurement competitions with the best opportunities to deliver additional savings.

Instances of non-compliance with procurement policies that have been identified mostly relate to facilities management contracts. UCD is actively working with the OGP to address the outstanding contracts. On occasions where the OGP frameworks are found not to be suitable, UCD intends to run separate tenders in consultation with the OGP.

Asset Disposals: as advised in last year's Statement of Governance and Internal Control, UCD agreed the sale of a small strip of land on Avoca Avenue, Blackrock, Co. Dublin to Dún Laoghaire – Rathdown County Council for the local national school. This sale was finalised during the year ended 30 September 2016. There were no further disposals of land/buildings during the year.

(14) Guidelines for the Appraisal and Management of Capital Proposals

UCD is adhering to the Guidelines for the Appraisal and Management of Capital Proposals where appropriate. The UMT Capital Projects Group oversees the implementation of these guidelines.

(15) Travel Policy

UCD has a travel policy and associated procedures in place. The policy and procedures are made available to all staff on the University website. The policy and procedures have been developed having regard to the requirements of Department of Finance travel circulars and the requirements of the Revenue Commissioners in relation to employee expenses.

(16) Value for Money

UCD is following the guidelines on Achieving Value for Money in Public Expenditure.

University College Dublin National University of Ireland, Dublin

Statement of Governance and Internal Control *(continued)* *for the financial year ended 30 September 2016*

(17) Tax Compliance

UCD is complying with tax laws and has processes in place to identify tax liabilities and ensure these liabilities are paid as they fall due.

(18) Child Protection

UCD has put in place a Child Protection Policy.

(19) Governing Authority Fees and Expenses

No fees are paid to members of the Governing Authority. The aggregate expenses payable to external members of the Governing Authority in the year ended 30 September 2016 was €23,626 and these were paid in accordance with Department of Finance guidelines. This figure includes €1,653 in respect of arrears relating to the prior financial year.

(20) Subsidiary Companies

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

(21) Good Faith Reporting – Protected Disclosures Act 2014

University College Dublin has put in place a Protected Disclosures Policy in line with the Protected Disclosures Act, 2014.

(22) Governing Authority Meetings

The Governing Authority held six meetings during the financial year ended 30 September 2016 and the attendance records for these meetings of the Governing Authority is set out below. The attendance records detail both the number of meetings attended by each member and the number of meetings each member was eligible to attend. Where there was a change in membership during the period, the end date for outgoing members and the commencement date for incoming members is noted.

	<u>Meetings attended</u>
<i>Chairman</i> Mr Eugene McCague	6/6
<i>The President</i> Professor Andrew J. Deeks	6/6
<i>Senior Academic Officer (The Registrar)</i> Professor Mark Rogers	5/6

**University College Dublin
National University of Ireland, Dublin**

Statement of Governance and Internal Control *(continued)*
for the financial year ended 30 September 2016

(22) Governing Authority Meetings *(continued)*

Elected by the Professorial Academic Staff

Professor Alan Baird	4/6
Professor Joe Carthy	5/6
Professor Orla Feely	5/6
Professor Pat Guiry	6/6
Professor Imelda Maher	6/6
Professor Dermot Moran	6/6

Elected by the Non-Professorial Academic Staff

Dr Joseph Brady	6/6
Dr Marie Clarke	6/6
Mr John Dunnion	5/6
Dr Russell Higgs	6/6
Dr Wolfgang Marx	6/6

Elected by the Non-Academic Staff

Ms Margaret Brindley	5/6
Mr Paul Harkin	6/6
Mr Hugo O'Donnell	5/6

Elected Officers of the Student's Union

Mr Marcus O'Halloran	(until 14 June 2016)	4/5
Ms Dannii Curtis	(until 14 June 2016)	4/5
Ms Clare O'Connor	(until 14 June 2016)	5/5
Mr Conor Viscardi	(from 15 June 2016)	1/1
Ms Lexi Kilmartin	(from 15 June 2016)	1/1
Ms Róisín Ní Mhara	(from 15 June 2016)	0/1

Elected by the Postgraduate Students

Ms Hazel Beattie	(from 20 November 2015 until 14 June 2016)	2/4
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Nominations from Organisations

Mr Charles Coase	5/6
Mr Michael Feeney	5/6

Nominated by the Minister for Education

Cllr Dermot Lacey	6/6
Dr Vincent McHale	6/6
Cllr Pat Nugent	5/6

Elected by the UCD Graduates of NUI

Dr Michael Clark	3/6
Ms Cliona de Bháldraithe Marsh	2/6
Dr Maurice Treacy	3/6

**University College Dublin
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Statement of Governance and Internal Control *(continued)*
for the financial year ended 30 September 2016

(22) Governing Authority Meetings *(continued)*

<i>The Lord Mayor of the City of Dublin</i>	0/6
<i>Nominated by the National University of Ireland</i>	
Mr Adrian Burke	5/6
Professor Emma Teeling	5/6
<i>Elected by the Association of County and City Councils</i>	
Ms Mary Barrett	6/6
Mr Gary Carville	4/6
Ms Mary Hilda Cavanagh	4/6
Mr Christy Curtin	6/6
Mr David Daniels	6/6
Mr John Paul Feeley	6/6
Mr Luie McEntire	5/6
Mr Barry Ward	1/6

(23) Audit and Risk Management Committee Meetings

The Audit and Risk Management Committee held six meetings during the financial year ended 30 September 2016 and the attendance records for these meetings is set out below. The attendance records detail both the number of meetings attended by each member and the number of meetings each member was eligible to attend.

	<u>Meetings attended</u>
Mr Adrian Burke (Chair)	6/6
Ms Mary Barrett	5/6
Mr David Bergin (until 23 May 2016)	1/3
Mr Martin Cosgrove	5/6
Dr Russell Higgs	6/6
Mr Hugo O'Donnell	6/6

(24) Review of Governing Authority Performance

The Governing Authority reviews its performance and working arrangements on an ongoing basis and makes relevant changes as required. These changes include amendments to University Statutes and delegation to subcommittees of certain tasks. The Governing Authority concluded an internal self-evaluation review of the Governing Authority and its two standing committees during the year ended 30 September 2016. The Governing Authority also agreed a process for the conduct of an external review.

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National University of Ireland, Dublin

Statement of Governance and Internal Control *(continued)*
for the financial year ended 30 September 2016

(25) Salary of President

The salary paid to the President, Professor Andrew J. Deeks, for the year ended 30 September 2016 was €185,350 per annum.

(26) General Governance and Accountability Issues

University College Dublin has no further general governance and accountability issues to report in respect of the financial year ended 30 September 2016.



Andrew Deeks,
President

Date : 16/05/2017

University College Dublin National University of Ireland, Dublin

STATEMENT OF GOVERNING AUTHORITY'S RESPONSIBILITIES

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

The Governing Authority is also responsible for preparing the President's Report and the financial statements for each financial year that give a true and fair view of the state of the affairs of the University and the University group and the surplus or deficit of the University group for the period. The Governing Authority is also responsible for preparing the HEA Funding Statement in accordance with the most recent Harmonisation of Accounts Agreement.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 Authority is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and surplus or deficit of the University and which enable it to ensure that its financial statements comply with the Universities Act, 1997, the Statement of Recommended Practice on Accounting for Further and Higher Education Institutions and are prepared in accordance with FRS102 "*The Financial Reporting Standard applicable in the UK and Republic of Ireland*".

The Governing Authority 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.

On behalf of Governing Authority


Andrew Deeks
President

Date: 16/05/2017



KPMG
Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

Independent auditor's report to the Governing Authority of University College Dublin, National University of Ireland, Dublin

We have audited the consolidated and University financial statements ("financial statements") of University College Dublin, National University of Ireland, Dublin for the year ended 30 September 2016 which comprise the consolidated statement of comprehensive income, consolidated and University statement of changes in reserves, consolidated and University statement of financial position, consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. Our audit was conducted in accordance with International Standards on Auditing (ISAs) (UK & Ireland).

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is qualified

In our opinion, except for the financial effect of the recognition of the receivable from the State referred to in the Basis for qualified opinion paragraph, the financial statements on pages 17 to 60:

- give a true and fair view of the assets, liabilities and financial position of the group and University as at 30 September 2016 and of its surplus for the year then ended; and
- have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Basis for qualified opinion on financial statements

As more fully explained in Note 28 to the financial statements, an asset representing a receivable from the State, equivalent to the value of the University's net pension obligations in relation to its defined benefit pension schemes, has been recognised in the University's financial statements (and an equivalent amount recognised in revenue reserves) on the basis that the Governing Authority consider these pension liabilities to have always been guaranteed by the State. In addition, gains matching the increase in these pension liabilities during the year have been recorded in the consolidated statement of comprehensive income.

In our opinion, while the enactment in June 2009 of the Financial Measures (Miscellaneous Provisions) Act, 2009 and the resulting Transfer Order dated 31 March 2010, and the enactment of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012, caused the State to assume responsibility for any shortfall in funding arising in the University College Dublin, National University of Ireland, Dublin (Closed) Pension Scheme 2010 (formerly the UCD 1995 Contributory Pension Scheme) operated by the University and in the Single Public Service Pension Scheme, such legislation does not specifically cover other defined benefit pension arrangements operated by the University. In the absence of the State's formal acceptance of the obligation to fund deficits associated with the University's other defined benefit pension arrangements, it is not, in our view, appropriate to recognise the pension receivable pertaining to these deficits on the consolidated and University's balance sheets at 30 September 2016.



Independent auditor's report to the Governing Authority of University College Dublin, National University of Ireland, Dublin *(continued)*

Basis for qualified opinion on financial statements *(continued)*

In our opinion, the treatment adopted for the deficits associated with the University's other defined benefit arrangements is not in accordance with the requirements of FRS 102 Section 21 "Provisions and Contingencies" as the receivable remains contingent in nature until the State formally accepts the obligation.

Accordingly: in respect of the consolidated and University balance sheets, (i) the pension receivable asset, net assets and income and expenditure reserves at 30 September 2016 should be reduced by €614 million (ii) the pension receivable asset, net assets and income and expenditure reserves at 30 September 2015 should be reduced by €619 million (iii) the pension receivable asset, net assets and income and expenditure reserves at 30 September 2014 should be reduced by €654 million and (iv) the opening net assets as at 30 September 2013 should be reduced by €530 million. In addition, the consolidated total comprehensive income for the year ended 30 September 2016 should be increased to €21.625 million and the consolidated total comprehensive income for the year ended 30 September 2015 should be increased to €42.351 million.

2 Our conclusions on other matters on which we are required to report under the terms of our engagement are set out below

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

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

In our opinion the information given in the President's Report is consistent with the financial statements.

In our opinion the HEA Funding Statement on pages 62 to 78 which has been prepared in accordance with the accounting policies set out on pages 62 to 64, has been properly extracted from the books and records of the University.

3 We have nothing to report in respect of matters on which we are required to report by exception

ISAs (UK & Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

Under the Code of Governance for Irish Universities, we are required to report to you if the statement regarding governance and the system of internal financial control, as included in the Statement of Governance and Internal Control on pages 4 to 12, is not consistent with the information of which we are aware from our audit work on the financial statements, and we report if it does not.



Independent auditor's report to the Governing Authority of University College Dublin, National University of Ireland, Dublin (*continued*)

Basis of our report, responsibilities and restrictions on use

As explained more fully in the Statement of Governing Authority's Responsibilities set out on page 13, the Governing Authority is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. They are also responsible for the preparation of the HEA funding statement in accordance with the most recent Harmonisation of Accounts Agreement. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) 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 group's and University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governing Authority; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report 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.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

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

Eamonn Russell

**for and on behalf of
KPMG**

Chartered Accountants, Statutory Audit Firm

*1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland*

29 May 2017

University College Dublin
National University of Ireland, Dublin

Consolidated Statement of Comprehensive Income
Year ended 30 September 2016

	Note	2016 €'000	2015 €'000
Income			
Academic fees	4	211,682	198,986
State grants	3	61,952	63,421
Research grants and contracts	5	81,303	84,791
Other income	6	88,416	81,036
Interest income	7	24	168
Amortisation of state capital grants	21	10,287	10,759
Deferred funding for pensions	28	26,489	26,673
Total income		480,153	465,834
Expenditure			
Staff costs	8	278,927	271,104
Pension service cost	28	26,968	25,552
Other operating expenses	9	123,949	120,912
Depreciation	13	28,227	25,998
Interest payable	10	2,091	2,522
Pension interest cost/(income), net	28	(479)	1,121
Total expenditure		459,683	447,209
Surplus before other gains/losses and share of surplus in joint ventures and associates		20,470	18,625
Share of operating surplus in joint venture	14	570	378
Surplus before tax		21,040	19,003
Taxation	11	(124)	(167)
Surplus for the year	12	20,916	18,836
Actuarial gain in respect of pension schemes	28	26,489	26,673
Movement on pension receivable from the State	28	(26,489)	(26,673)
Total comprehensive income for the year		20,916	18,836
Represented by:			
Endowment comprehensive income for the year		-	-
Restricted comprehensive income for the year		-	-
Unrestricted comprehensive income for the year		20,916	18,836
		20,916	18,836

All items of income and expenditure relate to continuing activities.

University College Dublin
National University of Ireland, Dublin

Consolidated and University Statement of Changes in Reserves
For the year ended 30 September 2016

Consolidated	Income and expenditure reserve			Total
	Endowment €'000	Restricted €'000	Unrestricted €'000	€'000
Balance at 1 October 2014	-	-	361,177	361,177
Surplus from the income and expenditure statement	-	-	18,836	18,836
Balance at 30 September 2015	-	-	380,013	380,013
Surplus from the income and expenditure statement	-	-	20,916	20,916
Total comprehensive income for the year	-	-	20,916	20,916
Balance at 30 September 2016	-	-	400,929	400,929

University	Income and expenditure reserve			Total
	Endowment €'000	Restricted €'000	Unrestricted €'000	€'000
Balance at 1 October 2014	-	-	365,812	365,812
Surplus from the income and expenditure statement	-	-	19,276	19,276
Balance at 30 September 2015	-	-	385,088	385,088
Surplus from the income and expenditure statement	-	-	21,224	21,224
Total comprehensive income for the year	-	-	21,224	21,224
Balance at 30 September 2016	-	-	406,312	406,312

University College Dublin
National University of Ireland, Dublin

Consolidated and University Statement of Financial Position
For the year ended 30 September 2016

	Note	Consolidated		University	
		2016 €'000	2015 €'000 (as restated Note 16 & 18)	2016 €'000	2015 €'000 (as restated Note 16 & 18)
Non-current assets					
Fixed assets	13	742,238	739,573	737,368	734,148
Heritage assets	14	13,224	13,135	13,224	13,135
Investments	14	53	837	7,053	7,837
Investments in joint ventures	14	2,432	1,987	2,608	2,608
Pension receivable	28	2,194,846	1,814,347	2,194,846	1,814,347
		<u>2,952,793</u>	<u>2,569,879</u>	<u>2,955,099</u>	<u>2,572,075</u>
Current assets					
Stocks	15	3,159	2,751	3,159	2,751
Debtors	16	76,610	71,621	78,164	71,609
Cash at bank and in hand	17	137,970	130,680	135,304	129,856
		<u>217,739</u>	<u>205,052</u>	<u>216,627</u>	<u>204,216</u>
Creditors: amounts falling due within one year	18	<u>(246,558)</u>	<u>(221,149)</u>	<u>(242,393)</u>	<u>(217,434)</u>
Net current (liabilities)		<u>(28,819)</u>	<u>(16,097)</u>	<u>(25,766)</u>	<u>(13,218)</u>
Total assets less current liabilities		<u>2,923,974</u>	<u>2,553,782</u>	<u>2,929,333</u>	<u>2,558,857</u>
Creditors: amounts falling due after more than one year					
Provisions for liabilities	22	(3,739)	(4,722)	(3,739)	(4,722)
Pension liability	28	(2,194,846)	(1,814,347)	(2,194,846)	(1,814,347)
Total net assets		<u>400,929</u>	<u>380,013</u>	<u>406,312</u>	<u>385,088</u>
Unrestricted reserves					
Income and expenditure reserve – unrestricted		400,929	380,013	406,312	385,088
Total Reserves		<u>400,929</u>	<u>380,013</u>	<u>406,312</u>	<u>385,088</u>

The financial statements were approved by the Governing Body on 16 May 2017 and were signed on its behalf on that date by:

Andrew Deeks
President

Gerry O'Brien
Vice-President for Finance

University College Dublin
National University of Ireland, Dublin

Consolidated Statement of Cash Flows
For the year ended 30 September 2016

	2016 €'000	2015 €'000
Cash flow from operating activities		
Surplus for year	20,916	18,836
Adjustment for non-cash items		
Depreciation	28,227	25,998
Amortisation of State capital grants	(10,287)	(10,759)
Interest income	(24)	(168)
Interest payable	2,091	2,522
Operating cashflow before movement in working capital	<u>40,923</u>	<u>36,429</u>
Increase in stock	(408)	(73)
(Increase)/decrease in debtors	(4,990)	2,876
Increase in creditors	4,724	4,600
(Decrease)/increase in provisions	(983)	276
Other movements		
Capital grants recognised using performance model	302	(1,221)
Net cash inflow from operating activities	<u>39,568</u>	<u>42,887</u>
Cash flows from investing activities		
Capital grants received	9,159	2,681
Purchase of investments	251	201
Purchase of tangible fixed assets	(30,892)	(28,464)
Investment income	24	168
	<u>(21,458)</u>	<u>(25,414)</u>
Cash flows from financing activities		
<i>Debt due within one year:</i>		
Decrease in short term borrowings	(422)	(229)
Increase/(decrease) in short term lease liabilities	21,965	(8,512)
<i>Debt due after one year:</i>		
Decrease in long term borrowings	(6,529)	(6,647)
Decrease in long term liabilities	(23,357)	(1,391)
Interest payable	(2,091)	(2,522)
	<u>(10,434)</u>	<u>(19,301)</u>
Increase/(decrease) in cash and cash equivalents in the year	<u>7,676</u>	<u>(1,828)</u>
Cash and cash equivalents at beginning of year	129,758	131,586
Cash and cash equivalents at end of year	<u>137,434</u>	<u>129,758</u>

University College Dublin National University of Ireland, Dublin

Notes to the financial statements For the year ended 30 September 2016

1. Significant accounting policies

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

a. General information and basis of accounting

University College Dublin was originally constituted in 1908 by a Charter under the Irish Universities Act, 1908 as a constituent college of the National University of Ireland. It was reconstituted as a University under the Universities Act, 1997 with the name National University of Ireland, Dublin. The name was then changed to University College Dublin, National University of Ireland, Dublin by Statutory Instrument number 447 of 1998, National University of Ireland, Dublin (Change of Name of University) Order, 1998.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council, and promulgated for use in Ireland by Chartered Accountants Ireland and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education, issued by the Higher Education Further Education SORP Board in the UK, which has been voluntarily adopted by the University.

This is the first year in which the financial statements have been prepared under FRS 102. The prior year financial statements were restated for material adjustments. For more information see note 30.

The consolidated financial statements are presented in Euro because that is the currency of the primary economic environment in which the University operates. Foreign operations are included in accordance with the policies set out below.

b. Basis of consolidation

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

The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

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

c. Going concern

The University's activities, together with the factors likely to affect its future development, performance and position are set out in the President's report. The President's report also describes the financial position of the University; its cash flows, liquidity position and borrowing facilities and the University's strategic plan.

The Governing Authority is satisfied that the University has adequate resources to meet its obligations as they fall due for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

University College Dublin National University of Ireland, Dublin

Notes to the financial statements – (continued)

For the year ended 30 September 2016

1. Significant accounting policies (continued)

d. Tangible fixed assets

(i) Land and buildings

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

Freehold buildings	50 years
Leasehold land and buildings	term of lease

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

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 as follows:

- (1) State capital grants are released over the expected useful economic life of the related asset on a basis consistent with the depreciation policy and
- (2) Non-government grants are released when the University is entitled to the income subject to any performance related conditions being met.

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.

(ii) Equipment and minor works

Equipment costing less than €5,000 per individual item is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its useful economic life as follows:

Leased assets	20 years or primary lease period, if shorter
Computer equipment	3 years
Equipment, fixtures and fittings	5 years
Minor works	10 years

Where equipment is acquired with the aid of specific State grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment. Where the related grant is from non-government sources it is released when the University is entitled to the income subject to any performance related conditions being met.

(iii) Donations

The University receives on occasion benefits in kind such as gifts of equipment. Items of a significant value donated to the University, which if purchased, the group would treat as tangible fixed assets, are capitalised at their current value and depreciated in accordance with the policy set out above. The recognition of income is accounted for in accordance with the accounting policy set out below (see note 1(k)).

**University College Dublin
National University of Ireland, Dublin**

Notes to the financial statements – (continued)
For the year ended 30 September 2016

1. Significant accounting policies (continued)

c. Heritage assets

The University has acquired many assets of unqualified historic and cultural importance to the State. The UCD collection includes period houses, artworks and other paintings and artefacts.

The period houses are part of the working infrastructure of the University Campus and as such are capitalised in the balance sheet in line with FRS 102. Artwork purchased for the benefit of the University is capitalised in the balance sheet at original cost and is not depreciated.

f. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. Subsequent to initial recognition, these are measured at amortised cost using the effective interest method. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Non-current debt instruments which meet the following conditions, are subsequently measured at amortised cost using the effective interest method:

- (a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.
- (b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.
- (d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

University College Dublin
National University of Ireland, Dublin

Notes to the financial statements – (continued)
For the year ended 30 September 2016

- 1. Significant accounting policies (continued)**
- f. Financial instruments (continued)**
- (i) Financial assets and liabilities (continued)**

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique.

g. Joint venture undertakings

Joint venture undertakings are those undertakings over which the University exercises control jointly with another party.

Group

In the Group financial statements, joint venture undertakings are accounted for using the equity method. Investments in joint venture undertakings are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the Group's share of the profit or loss and other comprehensive income of the associate.

University

In the University financial statements, investments in joint venture undertakings are accounted for at cost less impairment.

Goodwill

Goodwill arising on the acquisition of joint venture undertakings, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is determined to be five years. Any unamortised balance of goodwill is included in the carrying value of the investment in joint venture undertakings.

**University College Dublin
National University of Ireland, Dublin**

Notes to the financial statements – (continued)
For the year ended 30 September 2016

1. Significant accounting policies (continued)

h. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost is calculated using the FIFO (first-in, first-out) method.

Provision is made for obsolete, slow-moving or defective items where appropriate.

Expenditure incurred by the University on books and consumable stocks financed from recurrent grants is charged to the consolidated statement of comprehensive income.

i. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, because of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units (“CGU”) of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset’s carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

**University College Dublin
National University of Ireland, Dublin**

Notes to the financial statements – (continued)
For the year ended 30 September 2016

1. Significant accounting policies (continued)

j. Taxation

(i) Corporation tax and Value Added Tax

As an exempt charity, the University is not liable for corporation tax or income tax on any of its charitable activities. It is registered for value added tax, but since the supply of education is an exempt activity on which no output tax is charged it is unable to recover input tax on the majority of its purchases. Certain research and commercial activities within the University falls into the VAT net, any input or output tax relating to these activities is returned to the Revenue by the University.

Certain trading activities undertaken by the University are administered through a number of its subsidiary companies and joint ventures, which as commercial organisations are liable to corporation tax.

(ii) Deferred taxation

In subsidiary companies, who do not hold a charitable status and are therefore liable to corporation tax, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between taxable profits and results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and, therefore, recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

k. Recognition of income

State Grants

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

Academic Fees

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

Research grants and contracts

Income from research grants and contracts from non-government sources is recognised based on the performance model i.e. income is recognised to the extent that performance-related conditions have been met. The most common classes of such transactions are:

(i) Donations with no restrictions

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

University College Dublin
National University of Ireland, Dublin

Notes to the financial statements – (continued)

For the year ended 30 September 2016

1. Significant accounting policies (continued)

k. Recognition of income (continued)

(ii) Research grants from non-government sources

Income from grants from non-government sources is recognised in the Statement of Comprehensive Income when performance related conditions are met. If a restriction in use but no performance related condition exists, the income is recorded in the Statement of Comprehensive Income when the University becomes entitled to the income.

Grants with unfulfilled performance related conditions are held as deferred income until such time as the conditions are met, at which point the income is recorded in the Statement of Comprehensive Income.

Income from short-term deposits

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

Rental income

Rental income from licence fees is recognised on a straight line basis over the lease term.

l. Retirement benefits

For defined benefit schemes the amounts charged to operating surplus are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

Pension Asset Receivable

As more fully referred to in note 28, the University considers that its pension liabilities are guaranteed by the State. As a consequence, the liability of the pension schemes is matched by an equivalent amount receivable by the University from the State.

Movements on this pension receivable are included in the statement of comprehensive income in order to equal the underlying movement in the pension liability. The financial statements reflect the actual pension costs to the University.

University College Dublin
National University of Ireland, Dublin

Notes to the financial statements – (continued)
For the year ended 30 September 2016

1. Significant accounting policies (continued)

m. Foreign currency

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

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Other exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks (see above);
- exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income; and
- in the case of the consolidated financial statements, exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reported under equity.

n. Leases

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the statement of comprehensive income over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

**University College Dublin
National University of Ireland, Dublin**

Notes to the financial statements – (continued)
For the year ended 30 September 2016

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the members of the Governing Authority are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Group's accounting policies

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

- (1) An analysis performed by the University indicates that there is no strict legal obligation to meet performance criteria with private donors and that capital funding received meets the definition of donations with no terms and conditions imposed by the donor in relation to the funds provided. Once a building is in use, the performance criteria can be deemed to be met.
- (2) As more fully referred to in note 28, the University considers that its pension liabilities are guaranteed by the State. As a consequence, the liability of the pension schemes is matched by an equivalent amount receivable by the University from the State.
- (3) The University recognises research income, only to the extent that relevant fully qualifying expenditure is incurred, which is fully refundable by the research funding agency. This accounting methodology is based on historical practice and has always fairly reflected the performance obligations required under the contract and is the agreed funding mechanism with the research funding bodies.
- (4) The Governing Authority has considered the application of reporting the substance of transactions with regard to certain assets used by the University where the legal form of all transactions would indicate that all or part of the assets are not owned by the group. The financial substance of all transactions has been reflected in the consolidated financial statements and as such the full value of these assets is included in fixed assets.

Key sources of estimation uncertainty

The pension liability is calculated annually, based on actuarial assumptions provided by a qualified independent actuary. The actuarial assumptions include discount rates, salary increases, pension increases and inflation rates.

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Notes to the financial statements – (continued)
For the year ended 30 September 2016

3. State grants

	2016 €'000	2015 €'000
State grants allocated for recurrent purposes	<u>61,952</u>	<u>63,421</u>

Grant income of €2,897,812 (2015: €2,762,767) was received from the Health Service Executive (HSE) in 2016. All other grant income was received from the Higher Education Authority (HEA).

4. Academic fees

	2016 €'000	2015 €'000
Academic fee income	<u>211,682</u>	<u>198,986</u>

A total of €43,409,790 (2015: €46,221,837) included in academic fee income was received directly from the HEA.

5. Research grants and contracts

	2016 €'000	2015 €'000
State and semi-state	47,151	50,826
European Union	14,511	14,010
Industry	4,050	3,027
Science Foundation Ireland Overheads grant	5,828	6,473
Other	9,763	10,455
	<u>81,303</u>	<u>84,791</u>

6. Other income

	2016 €'000	2015 €'000
Catering and conferences	2,420	2,164
Rental income from residences on campus	22,360	20,153
Other rental income	1,532	2,840
Medical testing income	16,797	14,926
Academic facilities and departments	33,939	27,475
Other operating income	11,368	13,478
	<u>88,416</u>	<u>81,036</u>

University College Dublin
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Notes to the financial statements – (continued)
For the year ended 30 September 2016

7. Interest income

	2016	2015
	€'000	€'000
Interest income	<u>24</u>	<u>168</u>

8. Staff costs

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

	2016	2015
	No. of	No. of
	Employees	employees
Teaching and research	3,428	3,383
Technical	240	236
Central administration and services	1,238	1,077
	<u>4,906</u>	<u>4,696</u>
	2016	2015
	€'000	€'000
Salaries and wages	232,627	225,223
Social welfare costs	18,326	17,574
Employer pension costs	27,974	28,307
	<u>278,927</u>	<u>271,104</u>

Pension related costs

	2016	2015
	€'000	€'000
Employer pension costs	27,974	28,307
Incremental pension costs underwritten by the State	26,968	25,552
	<u>54,942</u>	<u>53,859</u>

Key management compensation

Key management personnel are represented by those persons on the University Management Team (UMT). The UMT comprises of the President, the six College Principals and the Vice-presidents (Bursar, Registrar, VP Research, Global Engagement and the director of Human Resources). The compensation consists of salary and benefits including employer's pension contribution and social costs.

The total compensation for key management personnel for the year totalled €1,939,181 (2015: €1,884,715).

**University College Dublin
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Notes to the financial statements – (continued)
For the year ended 30 September 2016

8. Staff costs (continued)

Salaries above €60,000

The University is required by Circular 13/2014 issued by the Department of Public Expenditure and Reform to disclose the number of staff whose remuneration fell within each band of €10,000 from €60,000 upwards. Staff numbers, whose remuneration is in salary bands of €10,000 are as follows:

Salary Bands	2016	2015
€		
60,000 – 70,000	293	226
70,001 – 80,000	355	368
80,001 – 90,000	282	292
90,001 – 100,000	97	107
100,001 – 110,000	70	59
110,001 – 120,000	21	23
120,001 – 130,000	47	51
130,001 – 140,000	67	68
140,001 – 150,000	8	6
150,001 – 160,000	3	0
160,001 – 170,000	4	5
170,001 – 180,000	1	3
180,001 - 190,000	5	5
190,001 – 200,000	4	3
200,001 – 210,000	0	2
210,001 - 220,000	1	1
220,001 – 230,000	4	4
230,001 – 240,000	0	0
240,001 - 250,000	1	1
250,001 – 320,000	0	0
320,001 - 330,000	1	1
	<hr/>	<hr/>
Grand Total	1,264	1,225
	<hr/>	<hr/>

Total employer pension contributions in respect of the above numbered employees amounted to €10,349,289 in the year ended 30 September 2016 (2015: €10,353,093).

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Notes to the financial statements – (continued)
For the year ended 30 September 2016

9. Other operating expenses

	2016	2015
	€'000	€'000
Research (non-pay)	17,792	18,760
Maintenance and security	16,730	17,567
Lab supplies	8,766	8,210
Professional fees	6,002	5,295
External contract costs	7,437	6,162
Travel and hospitality	10,450	9,564
Computer supplies	3,748	4,717
Printing, stationery and audio visual	3,386	3,340
Books and periodicals	3,536	3,101
Light and heat	5,937	6,863
Student facilities	4,121	3,389
Rates and insurance	6,688	4,017
Equipment	2,525	4,337
Training, development and scholarships	15,252	12,068
Communications	910	952
Advertising and promotions	2,321	2,078
Other expenses	8,348	10,492
	<u>123,949</u>	<u>120,912</u>

	2016	2015
	€'000	€'000
Other operating expenses include:		
Auditors' remuneration:		
- External audit of University Group	187	222
- External audit of Pension Funds	7	7
- Taxation and secretarial	10	19
- Other services	4	10
	<u>208</u>	<u>258</u>

Auditor's remuneration disclosed above excludes VAT. The University has an Internal Audit function and the associated payroll costs have been included as part of staff costs for the year.

10. Interest payable

	2016	2013
	€'000	€'000
On bank loans, overdrafts and other loans repayable wholly or partly in more than 5 years	2,091	2,522
	<u>2,091</u>	<u>2,522</u>

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

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Notes to the financial statements – (continued)
For the year ended 30 September 2016

11. Taxation

The tax charge comprises:

	2016	2015
	€'000	€'000
Current tax on profit on ordinary activities		
Irish corporation tax on profits of subsidiaries for the year	15	62
Total current tax	<u>15</u>	<u>62</u>
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Share of joint venture tax	109	105
Total tax on profit on ordinary activities	<u><u>124</u></u>	<u><u>167</u></u>

Corporation tax arises in the current year on profits earned by a number of the University's subsidiaries.

The current tax charge for the year is lower than the current charge that would result from applying the standard rate of Irish corporation tax to the surplus for the year. The differences are explained below:

	2016	2015
	€'000	€'000
Surplus for year before taxation	<u>21,040</u>	<u>19,003</u>
Surplus for the year before taxation at standard Irish corporation tax rate of 12½%	2,630	2,375
Effects of:		
- Amounts not subject to Irish Corporation Tax	(2,615)	(2,313)
Total current tax charge for the year	<u><u>15</u></u>	<u><u>62</u></u>

12. Surplus for the year

	2016	2015
	€'000	€'000
The surplus for the year on continuing operations is made up as follows:		
University surplus for the year	21,224	19,276
Deficit generated by subsidiaries and other undertakings	(308)	(440)
Surplus on continuing operations for the year	<u><u>20,916</u></u>	<u><u>18,836</u></u>

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**Notes to the financial statements – (continued)
For the year ended 30 September 2016**

13. Tangible fixed assets	Land and Buildings €'000	Assets in course of construction €'000	Minor works €'000	Computer equipment €'000	Equipment €'000	Fixtures & fittings €'000	Total €'000
Consolidated							
Cost							
At 1 October 2015	918,252	15,079	5,680	16,192	158,461	1,384	1,115,048
Additions in year	3,425	19,732	-	629	6,317	789	30,892
Transfers from assets in course of construction	28,016	(28,016)	-	-	-	-	-
Disposals in year	-	-	-	(33)	(616)	-	(649)
At 30 September 2016	949,693	6,795	5,680	16,788	164,162	2,173	1,145,291
Depreciation							
At 1 October 2015	210,789	-	5,680	15,638	142,112	1,256	375,475
Charge for year	18,914	-	-	647	7,776	890	28,227
Eliminated on disposals	-	-	-	(33)	(616)	-	(649)
At 30 September 2016	229,703	-	5,680	16,252	149,272	2,146	403,053
Net book value							
At 30 September 2016	719,990	6,795	-	536	14,890	27	742,238
At 1 October 2015	707,463	15,079	-	554	16,349	128	739,573

Details of capital grant funding received in respect of tangible fixed assets are detailed in note 21.

Land and buildings includes €12.5 million (2015: €11.6 million) in respect of freehold land which is not depreciated. This category also includes €37 million (2015: €37 million) in relation to land and buildings which are legally owned by special purpose finance companies/private investors. The commercial effect of the transactions associated with the sale and ultimate repurchase of these buildings is that the University continues to bear all significant benefits and risk relating to these land and buildings. Further details of these arrangements are provided below.

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**Notes to the financial statements – (continued)
For the year ended 30 September 2016**

13. Tangible fixed assets – in respect of prior year												
Consolidated												
Cost												
At 1 October 2014	908,046	4,791	5,680	16,367	152,304	1,251	1,088,439					
Additions in year	8,587	11,907	-	584	7,253	133	28,464					
Transfers from assets in course of construction	1,619	(1,619)	-	-	-	-	-					
Disposals in year	-	-	-	(759)	(1,096)	-	(1,855)					
At 30 September 2015	918,252	15,079	5,680	16,192	158,461	1,384	1,115,048					
Depreciation												
At 1 October 2014	192,520	-	5,680	15,960	135,967	1,205	351,332					
Charge for year	18,269	-	-	437	7,241	51	25,998					
Eliminated on disposals	-	-	-	(759)	(1,096)	-	(1,855)					
At 30 September 2015	210,789	-	5,680	15,638	142,112	1,256	375,475					
Net book value												
At 30 September 2015	707,463	15,079	-	554	16,349	128	739,573					
At 1 October 2014	715,526	4,791	-	407	16,337	46	737,107					

Details of capital grant funding received in respect of tangible fixed assets are detailed in note 21.

**University College Dublin
National University of Ireland, Dublin**

**Notes to the financial statements – (continued)
For the year ended 30 September 2016**

13. Tangible fixed assets	Land and Buildings €'000	Assets in course of construction €'000	Minor works €'000	Computer equipment €'000	Equipment €'000	Total €'000
University						
Cost						
At 1 October 2015	914,812	12,300	5,680	16,198	157,314	1,106,304
Additions in year	3,425	19,839	-	629	6,953	30,846
Transfers from assets in course of construction	28,016	(28,016)	-	-	-	-
Disposals in year	-	-	-	(33)	(616)	(649)
At 30 September 2016	946,253	4,123	5,680	16,794	163,651	1,136,501
Depreciation						
At 1 October 2015	209,155	-	5,680	15,611	141,710	372,156
Charge for year	18,766	-	-	647	8,213	27,626
Eliminated on disposals	-	-	-	(33)	(616)	(649)
At 30 September 2016	227,921	-	5,680	16,225	149,307	399,133
Net book value						
At 30 September 2016	718,332	4,123	-	569	14,344	737,368
At 1 October 2015	705,657	12,300	-	587	15,604	734,148

**University College Dublin
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**Notes to the financial statements – (continued)
For the year ended 30 September 2016**

13. Tangible fixed assets – in respect of prior year									
University	Land and Buildings €'000	Assets in course of construction €'000	Minor works €'000	Computer equipment €'000	Equipment €'000	Total €'000			
Cost									
At 1 October 2014	904,606	2,383	5,680	16,373	151,214	1,080,256			
Additions in year	8,587	11,536	-	584	7,196	27,903			
Transfers from assets in course of construction	1,619	(1,619)	-	-	-	-			
Disposals in year	-	-	-	(759)	(1,096)	(1,855)			
At 30 September 2015	914,812	12,300	5,680	16,198	157,314	1,106,304			
Depreciation									
At 1 October 2014	191,026	-	5,680	15,933	135,983	348,622			
Charge for year	18,129	-	-	437	6,823	25,389			
Eliminated on disposals	-	-	-	(759)	(1,096)	(1,855)			
At 30 September 2015	209,155	-	5,680	15,611	141,710	372,156			
Net book value									
At 30 September 2015	705,657	12,300	-	587	15,604	734,148			
At 1 October 2014	713,580	2,383	-	440	15,231	731,634			

University College Dublin
National University of Ireland, Dublin

Notes to the financial statements – (continued)

For the year ended 30 September 2016

13. Tangible fixed assets (continued)

Tax based property schemes

The University has entered into arrangements with various investors whereby the investors obtain tax relief arising on qualifying construction costs of buildings and share the benefit of this relief with the University.

Transactions associated with all relevant tax based property schemes where legal title to the relevant property has not yet passed to the University have been included in the financial statements at historical cost.

The principal reliefs availed of in relation to the University group's properties are as follows:

- a) "Section 50" relief which was availed of in relation to the Roebuck Hall and Glenomena 3 properties. Full legal ownership of Roebuck Hall and Glenomena 3 is expected to pass to the University under option agreements in 2017. These properties have been reflected in the balance sheet at 30 September 2016, reflecting the commercial substance of the arrangement rather than the legal form, as the risks and rewards of ownership accrue to the University over these periods. The relevant liability of €21.965m (2015: €23.357m) included in the balance sheet relating to the obligations associated with these residences is included in note 18 to the financial statements.

14. Financial and heritage assets

	Consolidated		University	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
<i>Investments held are as follows:</i>				
Investments in subsidiaries	-	-	7,000	7,000
Other investments (a)	53	837	53	837
	<u>53</u>	<u>837</u>	<u>7,053</u>	<u>7,837</u>
Heritage assets (b)	13,224	13,135	13,224	13,135
Investment in joint venture (c)	2,432**	1,987	2,608*	2,608
	<u>15,709</u>	<u>15,959</u>	<u>22,885</u>	<u>23,580</u>

*The University has accounted for its investment in joint ventures at cost less impairment in accordance with FRS102.

**The joint venture has been accounted for in accordance with FRS102 at cost adjusted for the group's share of profits or losses, other comprehensive income and goodwill amortisation.

**University College Dublin
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Notes to the financial statements – (continued)
For the year ended 30 September 2016

14. Financial and heritage assets – (Continued)

The University holds an interest in the following subsidiary, associate undertakings and joint ventures:

Subsidiary undertakings	Principal activity	Interest	Retained surplus at 30 September 2016
UCD O'Reilly Hall Ltd	Management of O'Reilly Hall	100%	€650
UCD Student Centre Ltd	Dormant	100%	-
UCD Property Development Company Ltd	Property development	100%	€81,004
UCD Nova Ltd	Development of Nova Building	100%	€255,000
Foster Residences Ltd	Accommodation rental	100%	€232,666
Campus Trust Ltd	Dormant	100%	-
UCD Global Limited	Education	100%	€24,984
UCD Campus Sport and Leisure Ltd	Leisure and Educational Facilities	100%	€534,782

All of the above listed subsidiary undertakings have their registered offices and place of business in Belfield, Dublin 4.

Subsidiary undertakings	Principal activity	Interest	Retained surplus at 30 September 2016
NUI Dublin PTE Ltd	Education	100%	€32,000
IGU North America Ltd	Education	100%	€21,000

NUI Dublin PTE Ltd has its registered office and place of business in Singapore and IGU North America Ltd has its registered office and place of business in New York.

Joint ventures	Principal activity	Interest	Place of business
Penang Medical College	Education	50%	Penang, Malaysia
Associated undertakings	Principal activity	Interest	Place of business
Molecular Medicine Ireland	Research	20%	Belfield, Dublin 4
National Institute of Bioprocessing Research and Training Limited	Research and training	25%	Belfield, Dublin 4
National Digital Research Centre	Research Centre	20%	Crane St. Dublin 8
Belfield Emergency Veterinary Hospital Ltd	Veterinary Services	49%	Belfield, Dublin 4

The University holds minority shareholdings in a number of campus companies. The carrying value of such investments in the University financial statements are € Nil.

(a) Other Investments

	€'000
Cost	
At 1 October 2015	837
Disposals	(784)
	<hr/>
At 30 September 2016	53
	<hr/> <hr/>

**University College Dublin
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Notes to the financial statements – (continued)

For the year ended 30 September 2016

14. Financial and heritage assets – (Continued)

(b) Heritage assets

As an educational institution since 1854 University College Dublin has acquired many assets of unqualified historic and cultural importance to the State, The UCD collections include Georgian houses complete with outstanding artistic stucco plasterwork; print material from the 1830's stored in specific library conditions and multiple examples of historic and contemporary artworks. UCD has a clear duty of care for these assets and aims to make them available for the enjoyment and education of the public as far as is possible, commensurate with their long term care and preservation. The highest possible standards of collection management are applied, and the assets are made available as widely as possible to facilitate all enquiries and requests for information, subject to appropriate security and data protection guidelines. For example, appointments can be made to view printed and archival library materials held under specialist conditions and guided tours are available in limited circumstances of heritage buildings such as Newman House.

Period houses

The most significant element of these assets comprises the University's period houses which date from the 1730's onwards. UCD has acquired these houses over a significant period of time, and throughout various stages of development of the University. It is the policy of UCD to capitalise those heritage assets which constitute capital assets and are part of the working infrastructure of the university campus. As such, the period houses and subsequent refurbishments are included in the balance sheet. The University's buildings are stated at cost less accumulated depreciation. Freehold buildings are depreciated over their expected useful economic life to the University of 50 years.

Detailed refurbishment costs associated with many of the heritage buildings are included in UCD's balance sheet but separately identifying the original purchase costs has not been practicable due to the timeframes involved since acquisition.

As at 30 September 2016 costs associated with heritage buildings captured and capitalised on balance sheet since 1997 were €11.5 million (2015: €11.5 million).

Artworks

Since 2006 UCD's policy has been to capitalise all artworks purchased for the benefit of the University. Invoices are coded to one specific account which is then reported under heritage assets in the balance sheet. As at 30 September 2016 the historic costs of artworks amounted to €1.7 million (2015: €1.6 million).

Other paintings and artefacts

Additional assets and collections belonging to the University have not been capitalised as these are, in effect, inalienable, held in perpetuity, and are most irreplaceable. They are neither disposed of for financial gain nor encumbered in any manner. A valuation from Adam's Auctioneers and Valuers in 2013 valued these assets along with the artworks, as noted above, purchased since 2006 at €5.3 million.

	Buildings €'000	Other paintings €'000	Art works €'000	Total €'000
Cost				
At 1 October 2015	11,523	-	1,612	13,135
Additions	-	-	89	89
At 30 September 2016	11,523	- *	1,701 *	13,224

**Other paintings and artworks are valued at €5.324 million, as per a 2013 valuation provided by Adam's Valuers & Auctioneers. As previously stated, €3.984 million of this valuation is not capitalised on the balance sheet.*

**University College Dublin
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Notes to the financial statements – (continued)

For the year ended 30 September 2016

14. Financial and heritage assets – (Continued)

Five year summary of heritage assets

	2012	2013	2014	2015	2016
	€'000	€'000	€'000	€'000	€'000
Cost					
At 1 October	12,225	12,721	12,863	13,054	13,135
Additions					
- Purchases	177	142	191	81	89
- Refurbishment	319	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Cost at 30 September	12,721	12,863	13,054	13,135	13,224
Valuation of other paintings and artefacts	2,724	2,724	3,984	3,984	3,984
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total at 30 September	15,445	15,587	17,038	17,119	17,208
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(c) Joint venture undertakings

UCD holds a 50% interest in Penang Medical College, with the Royal College of Surgeons in Ireland holding the remaining 50% interest. The carrying value of this joint venture of €2.4 million is included on UCD's consolidated balance sheet and consists of the purchase cost incurred, UCD's share of the entity's profits and losses and a goodwill amortisation charge for the relevant periods.

Name	Country of Incorporation	Details of investment	Proportion held	Principal activity
Penang Medical College	Malaysia	1,700,000 Ordinary share of RMI	50%	Education
			2016	2015
			€'000	€'000
Share of net assets at fair value:				
At beginning of year			1,821	1,925
Share in JV profit in year (profit before tax €570,000 (2015: €378,000))			461	273
Movement on currency translation			150	(377)
			<hr/>	<hr/>
			2,432	1,821
			<hr/> <hr/>	<hr/> <hr/>

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Notes to the financial statements – (continued)

For the year ended 30 September 2016

14. Financial and heritage assets – (Continued)

The group's share of the investment in net assets of this joint venture comprises:

	2016	2015
	€'000	€'000
Share of fixed assets	2,035	1,916
Share of current assets	2,043	1,294
Share of current liabilities	(966)	(710)
Share of non-current liabilities	(680)	(679)
	<hr/>	<hr/>
Share of net assets at end of year	2,432	1,821
	<hr/> <hr/>	<hr/> <hr/>
Goodwill		
At beginning of year	166	333
Amortisation in year	(166)	(167)
	<hr/>	<hr/>
At end of year	-	166
	<hr/> <hr/>	<hr/> <hr/>
Total investment in joint venture	2,432	1,987
	<hr/> <hr/>	<hr/> <hr/>

15. Stocks	Consolidated		University	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
Raw materials and consumables	1,460	1,255	1,460	1,255
Finished goods for resale	1,699	1,496	1,699	1,496
	<hr/>	<hr/>	<hr/>	<hr/>
	3,159	2,751	3,159	2,751
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

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**Notes to the financial statements – (continued)
For the year ended 30 September 2016**

16. Debtors	Consolidated		University	
	2016	2015 (as restated)	2016	2015 (as restated)
	€'000	€'000	€'000	€'000
Trade debtors	11,456	7,918	9,594	6,133
Research grants and contracts receivable	15,045	11,711	15,045	11,711
State grant receivable	14,113	16,393	14,113	16,393
Other capital funding receivable	3,307	7,521	3,307	7,521
Academic fees receivable	9,326	8,611	9,326	8,611
Prepayments	212	196	138	151
Amounts due from subsidiary undertakings	-	-	3,752	2,079
Other debtors	23,151	19,271*	22,889	19,010*
	<u>76,610</u>	<u>71,621</u>	<u>78,164</u>	<u>71,609</u>

* Other debtors as at 30 September 2015 have been restated by reducing the balance by €54.1 million so as to ensure a consistent presentation with the current year. The amount represents pensions payable to the State (note 18) in respect of the Pay-as-you-go Model Pension Scheme which is now offset against pensions receivable from the State in respect of the University College Dublin, National University of Ireland, Dublin (Closed) Pension Scheme 2010.

17. Cash at bank and in hand	Consolidated		University	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
Cash at bank including balances held on short term deposit	137,970	130,680	135,304	129,856
	<u>137,970</u>	<u>130,680</u>	<u>135,304</u>	<u>129,856</u>

18. Creditors: amounts falling due within one year	Consolidated		University	
	2016	2015 (as restated)	2016	2015 (as restated)
	€'000	€'000	€'000	€'000
Trade creditors	846	1,436	794	1,316
Research grants and contracts in advance	46,643	40,224	46,643	40,224
Academic fees received in advance	55,428	52,669	55,428	52,669
State grant received in advance	4,156	8,898	4,156	8,897
Other capital funding received in advance	13,240	14,217	13,240	14,217
Accruals	17,155	16,804	16,979	16,645
Bank overdrafts (note 20)	536	922	536	922
Bank loans (note 20)	6,331	6,753	6,331	6,753
Amounts owed to subsidiary undertakings	-	-	4,161	4,130
Other tax and social security	7,802	7,874	7,756	7,838
Other creditors	23,157	21,792*	23,157	21,681*
Other lease obligations (note 13)	21,965	-	21,965	-
Other amounts received in advance	27,185	27,747	19,141	20,329
Deferred income from Trust Funds	11,827	11,054	11,827	11,054
Deferred capital grants (note 21)	10,287	10,759	10,279	10,759
	<u>246,558</u>	<u>221,149</u>	<u>242,393</u>	<u>217,434</u>

*As set out in note 16, other creditors at 30 September 2015 have been restated by reducing the balance by €54.1 million.

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For the year ended 30 September 2016

19. Creditors: amounts falling due after more than one year	Consolidated		University	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
Bank loans (note 20)	67,069	73,598	67,069	73,598
Other lease obligations (note 13)	-	23,357	-	23,357
Deferred capital grants (note 21)	257,391	257,745	257,367	257,745
	<hr/> 324,460 <hr/>	<hr/> 354,700 <hr/>	<hr/> 324,436 <hr/>	<hr/> 354,700 <hr/>
20. Borrowings	Consolidated		University	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
Bank loans and overdrafts				
Bank loans and overdrafts are repayable as follows:				
In one year or less - Bank overdraft	536	922	536	922
- Bank loans	6,331	6,753	6,331	6,753
	<hr/> 6,867 <hr/>	<hr/> 7,675 <hr/>	<hr/> 6,867 <hr/>	<hr/> 7,675 <hr/>
Amounts falling due after more than one year				
Between one and two years – bank loans	5,018	6,457	5,018	6,457
Between two and five years – bank loans	13,676	14,267	13,676	14,267
In five years or more – bank loans	48,375	52,874	48,375	52,874
	<hr/> 67,069 <hr/>	<hr/> 73,598 <hr/>	<hr/> 67,069 <hr/>	<hr/> 73,598 <hr/>
Total	<hr/> 73,936 <hr/>	<hr/> 81,273 <hr/>	<hr/> 73,936 <hr/>	<hr/> 81,273 <hr/>

The European Investment Bank (“EIB”) has provided part of the funding necessary for the University’s capital expenditure programme. This funding is secured against two of UCD’s student residences, Merville Student Residences and Belgrove Student residences, together with the UCD Sports and Leisure building. Security over certain bank accounts attaching to these properties were also granted in favour of the bank. The facility is repayable over a maximum of 20 years (2032) and currently incurs interest at Euribor plus a margin.

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Notes to the financial statements – (continued)
For the year ended 30 September 2016

21. Deferred Capital Grants	Consolidated €'000	University €'000
At 1 October 2015		
Buildings	255,686	255,686
Equipment	12,818	12,818
Total	268,504	268,504
Cash received in year		
Buildings	4,541	4,541
Equipment	4,920	4,880
Total	9,461	9,421
Amortised to income and expenditure in year		
Buildings	6,211	6,211
Equipment	4,076	4,068
Total	10,287	10,279
At 30 September 2016		
Buildings	254,016	254,016
Equipment	13,662	13,630
Total	267,678	267,646

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**Notes to the financial statements – (continued)
For the year ended 30 September 2016**

21. Deferred Capital Grants (continued)		
- in respect of prior year	Consolidated	University
	€'000	€'000
At 1 October 2014		
Buildings	266,727	266,727
Equipment	11,076	11,076
Total	277,803	277,803
Cash received in year		
Buildings	(4,921)	(4,921)
Equipment	6,381	6,381
Total	1,460	1,460
Amortised to income and expenditure in year		
Buildings	6,120	6,120
Equipment	4,639	4,639
Total	10,759	10,759
At 30 September 2015		
Buildings	255,686	255,686
Equipment	12,818	12,818
Total	268,504	268,504
 The deferred capital grants can be analysed as follows:		
	2016	2015
	€'000	€'000
Consolidated		
Creditors falling due within one year	10,287	10,759
Creditors falling due after one year	257,391	257,745
At 30 September	267,678	268,504
	2016	2015
	€'000	€'000
University		
Creditors falling due within one year	10,279	10,759
Creditors falling due after one year	257,367	257,745
At 30 September	267,646	268,504

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Notes to the financial statements – (continued)
For the year ended 30 September 2016

21. Deferred Capital Grants (continued)

In addition, amounts received in advance and not yet spent are included in creditors (note 18). These balances represent monies received in advance of the commencement of construction works and have not been amortised. Amounts received in advance, not amortised at 30 September 2016, are as follows:

	State €'000	Other grants & benefactors €'000	Total €'000
Buildings	522	13,240	13,762

22. Provisions for Liabilities	2016	2015
	€'000	€'000
Consolidated and University		
At 1 October 2015	4,722	4,446
(Released)/provided during year	(983)	276
	<u>3,739</u>	<u>4,722</u>
At 30 September 2016	<u>3,739</u>	<u>4,722</u>

The provision of €3.7 million at 30 September 2016 relates to amounts owed by the University in respect of pension contributions associated with employees on fixed term contracts where the University has received funding for these additional pensions costs from external funding sources.

23. Capital Commitments	Consolidated		University	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
Contracted for but not provided	22,731	31,000	22,753	33,434
Authorised but not contracted	33,033	37,336	33,011	32,369
	<u>55,764</u>	<u>68,336</u>	<u>55,764</u>	<u>65,803</u>
	<u>55,764</u>	<u>68,336</u>	<u>55,764</u>	<u>65,803</u>

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Notes to the financial statements – (continued)
For the year ended 30 September 2016

24. Financial Instruments

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

	Group		University	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
Financial assets				
<i>Measured at fair value through profit and loss</i>				
- Investments in listed equity instruments	-	784	-	784
<i>Measured at amortised cost</i>				
- Trade and other debtors	76,610	71,621	74,412	69,530
- Amounts due from subsidiary undertakings	-	-	3,752	2,079
<i>Equity instruments measured at cost less impairment</i>				
- Current asset unlisted investments	2,485	2,040	2,661	2,661
Financial liabilities				
<i>Measured at amortised cost</i>				
Loans payable	73,400	80,351	73,400	80,351
Obligations under finance leases	21,965	23,357	21,965	23,357
<i>Measured at undiscounted amount payable</i>				
Bank overdraft	536	922	536	922
Trade and other creditors	217,726	213,474	209,400	205,629
Amounts owed to subsidiary companies	-	-	4,161	4,130

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	2016	2015
	€'000	€'000
<i>Interest income and expense</i>		
Total interest income for financial assets at amortised cost	24	168
Total interest expense for financial liabilities at amortised cost	2,091	2,522

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Notes to the financial statements – (continued)
For the year ended 30 September 2016

25. Analysis of changes in net funds	At 1 October 2015 €'000	Cashflows €'000	At 30 September 2016 €'000
Cash at bank	130,680	7,290	137,970
Bank overdrafts	(922)	386	(536)
	<hr/> 129,758	<hr/> 7,676	<hr/> 137,434
Bank debt due within 1 year	(6,753)	422	(6,331)
Bank debt due after 1 year	(73,598)	6,529	(67,069)
Lease liabilities due within 1 year	-	(21,965)	(21,965)
Lease liabilities due after 1 year	(23,357)	23,357	-
Net funds	<hr/> <hr/> 26,050	<hr/> <hr/> 16,019	<hr/> <hr/> 42,069

26. Related Parties

Transactions with subsidiaries of the University have been eliminated on consolidation and no disclosure of these transactions has therefore been given.

UCD has identified the parties outlined below as related parties under the definition in Section 33 of FRS 102, by virtue of UCD employees being representatives on the governing boards of these entities.

The following entities are considered to be related parties:

Molecular Medicine Ireland (MMI) (formerly DMMC)

During the period, €90,000 (2015: €80,000) was contributed by UCD for research projects undertaken by MMI and €30,848 (2015: €92,547) was received by the University from MMI for rental of premises. At 30 September 2016, €90,000 (2015: €80,000) was payable to MMI by the University and € nil (2015: €46,273) was due from MMI to the University.

Belfield Emergency Veterinary Hospital Ltd (BEVH)

There were no related party transactions identified between the University and BEVH during the year. At 30 September 2016, there were € nil (2015: €14,490) due to the University from BEVH.

National Institute for Bioprocessing Research and Training (NIBRT)

During the period, sales of €962 (2015: € nil) were made by the University to NIBRT. At 30 September 2016, €460 (2015: € nil) was due to the University from NIBRT.

National Digital Research Centre (NDRC)

There were no related party transactions identified between the University and NDRC during the year. At 30 September 2016, €5,111 (2015: €5,111) was owed by the University to NDRC and € nil (2015: €1,176) was due to the University by NDRC.

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Notes to the financial statements – (continued)
For the year ended 30 September 2016

27. Contingent Liabilities

The University is involved in a number of legal actions arising in the ordinary course of business. No material adverse impact on the financial position of the University is expected to arise from the ultimate resolution of these actions.

28. Retirement Benefits

Background

The University operates two defined benefit pension schemes, the University College Dublin, National University of Ireland, Dublin (Closed) Pension Scheme 2010, formerly the UCD 1995 Contributory Pension Scheme and the Pay-as-you-go UCD Model Pension Scheme (February 2005). The Single Public Service Pension Scheme is also in operation and applies to new public sector entrants from 1 January 2013 (see below for further information).

The University's 1995 scheme was a separately administered defined benefit pension scheme which was established under Statute XCVI and amended by Statute 4, and was administered as an Exempt Approved Scheme in the terms of Chapter II of Part I of the Finance Act 1972.

Ongoing discussions over a number of years between the University sector, the HEA and the government in relation to a long term permanent revision to the pension arrangements in the sector concluded in 2009 with significant legislative changes being introduced in the form of the Financial Measures (Miscellaneous Provisions) Act, 2009. This act came into force on 26 June 2009 and covers only the UCD 1995 Contributory Pension Scheme (and not other defined benefit related obligations that the University has). It makes legal provision for the State to underwrite the net pension liability of the University's Pension Scheme and enabled the scheme's assets to be transferred to the State (National Pension Reserve Fund). It also includes provision for the continued payment of benefits formerly payable by the UCD 1995 Contributory Pension Scheme. Following the passing of a Transfer Order, Statute 123/2010, on 31 March 2010, the scheme's assets were transferred to the State.

The Transfer Order for the UCD 1995 Contributory Scheme was executed on 31 March 2010, and as provided for in the enabling legislation:

- The pension assets were transferred to the National Pension Reserve Fund on that date;
- The pension scheme ceased to exist and was replaced by the University College Dublin, National University of Ireland, Dublin (Closed) Pension Scheme 2010;
- The University and each member continues to contribute at the same rate as previously, and these contributions are made for the benefit of the Exchequer;
- The obligations to pay benefits in accordance with the pension scheme rules remains an obligation of the University in relation to the scheme; and
- If the aggregate of the members and employer's contributions paid or withheld are insufficient to meet the University's obligations to pay these benefits in accordance with the scheme, the Minister for Finance shall make good the deficiency by payments to the University from funds provided by the Oireachtas for this purpose. Hence the payments of pension obligations of the UCD 1995 Contributory Pension Scheme are guaranteed by the State and they will be paid on a pay-as-you-go basis.

Further to the above, the Governing Authority is of the opinion that the discussions between the sector, the HEA and the government in advance of the enabling legislation being introduced represented assurances that the State would guarantee all pension liabilities of the University (those liabilities associated with the former UCD 1995 Contributory Pension Scheme and other defined benefit pension arrangements that the University has in place), and accordingly the University has booked a pension receivable in the financial statements for the year ended 30 September 2016, and years prior to that, matching the pension liability reported.

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Notes to the financial statements – (continued)

For the year ended 30 September 2016

28. Retirement Benefits - Continued

Although the legislation relates specifically to the UCD 1995 Contributory Pension Scheme, the University has been advised by the Department of Finance and the HEA that the State would be meeting all future pension liabilities of all defined benefit schemes and arrangement on a pay-as-you-go basis for all categories of staff. Accordingly, the University has recognised a matching pension receivable referred to above in the balance sheet at an amount equivalent to the full pension liability associated with all its defined benefit pension arrangements for each reporting period. The University is continuing its discussions with the Department of Finance and the HEA in relation to formalising guarantee arrangements associated with its remaining defined benefit pension arrangements.

The University's other defined benefit pension arrangements comprise the obligations associated with pension supplementation and obligations arising from the pay-as-you-go UCD Model Pension Scheme. The liability associated with these pension benefits, and calculated on the basis of the requirements of FRS 102 is estimated by the University to be €614 million (2015: €619 million).

The UCD Model Pension Scheme was set up in the 2005, following approval from the Department of Finance and the Department of Education and Skills. Although the scheme operates under an agreed set of rules, its establishment was never formalised under statute or under the Terms of a Trust Deed, however the University is obliged by the HEA to provide pension benefits under the rules of the scheme to new staff appointed from 1 January 2005. This scheme is an unfunded deficit benefit pension arrangement which operates on a pay-as-you-go basis from the University's core funding.

Single Public Service Pension Scheme

The Single Public Service Pension Scheme ("SPSPS") is effective for new public sector entrants from 1 January 2013. The University is responsible for the collection of pension contributions and the remittance of these to the Exchequer for those employees who are members of the scheme. This scheme falls to be accounted for as a defined-benefit scheme as the legislation places the liability to pay the pension benefits with the employer. The legislation also notes that the funds required under this scheme to service the pension accrual will be provided to the employer by the Government and accordingly a pension asset receivable has been recorded by the University to match the pension liability arising under this scheme.

Retirement benefit scheme valuation – UCD Dublin (Closed) Pension Scheme 2010, UCD Model Pension Scheme and Single Public Service Pension Scheme

As noted above, the University operates two pension schemes providing benefits based on final pensionable pay and also the Single Public Service Pension Scheme. The schemes valuations were prepared by a qualified independent actuary in order to assess the liabilities as at 30 September 2016 for all the schemes, details of which are provided below.

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

	2016 €'000	2015 €'000
Present value of the schemes liabilities	(2,194,846)	(1,814,347)
Total market value of assets	-	-
Pension liability	(2,194,846)	(1,814,347)

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Notes to the financial statements – (continued)
For the year ended 30 September 2016

28. Retirement Benefits - Continued

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

	2016 €'000	2015 €'000
Pension receivable	2,194,846	1,814,347
Net pension deficit	-	-

Movement in present value of defined benefit obligation

	2016 €'000	2015 €'000
At 1 October	1,814,347	1,823,687
Current service cost	54,942	53,859
Interest cost	46,595	48,472
Plan members- contributions	8,912	9,688
Actuarial loss/(gain)	314,549	(83,491)
Benefits paid	(44,499)	(43,016)
Transfers in – SPSPS liability	-	5,148
At 30 September	2,194,846	1,814,347

The total loss recognised in the consolidated statement of comprehensive income in respect of actuarial gains and losses is €314.5 million (2015: gain €83.5 million). This has been offset by a movement in the matching pension scheme asset.

The scheme assets were transferred to the National Pension Reserve Fund on 31 March 2010. However, under FRS 102, UCD recognises its right to reimbursement from the State and thus has recognised a return on plan's assets and interest income. These are shown in the analysis of movement in the pension receivable during the year noted below.

Analysis of movement in pension receivable during the year

	2016 €'000	2015 €'000
Pension receivable at beginning of year	1,814,347	1,823,687
Return on plan's assets	341,038	(56,818)
Interest income	47,074	47,351
Employer contributions	27,974	28,307
Members contributions	8,912	9,688
Benefits paid	(44,499)	(43,016)
Transfers in – SPSPS liability	-	5,148
Pension receivable at end of year	2,194,846	1,814,347

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Notes to the financial statements – (continued)
For the year ended 30 September 2016

28. Retirement Benefits - Continued

Classification of income and expenditure pension presentation

The University discloses the finance expense and additional service cost as line items in the consolidated statement of comprehensive income within the expenditure caption, with the matching funding presented within the income caption.

	2016 €'000	2015 €'000
Current service cost	54,942	53,859
Less: employer contributions	(27,974)	(28,307)
	<hr/>	<hr/>
Incremental pension cost underwritten by the State	26,968	25,552
	<hr/>	<hr/>
Interest cost	46,595	48,472
Less: Interest income	(47,074)	(47,351)
	<hr/>	<hr/>
Pension interest cost (income) underwritten by the State	(479)	1,121
	<hr/>	<hr/>
Deferred funding for pensions	26,489	26,673
	<hr/> <hr/>	<hr/> <hr/>

The principal actuarial assumptions at the year end were as follows:

	2016 %	2015 %
Discount rate	1.50	2.60
Rate of compensation increase	3.00	3.10
Pension increases	2.00	2.10
Inflation	1.50	1.60
Expected return on plan assets	-	-

In valuing the liabilities of the pension funds at 30 September 2016, mortality assumptions have been made as indicated below.

The main demographic assumption impacting on the scheme liabilities and resulting accounting disclosures is the mortality assumption applied.

The number of members in the plan and the numbers of deaths have been too small to analyse and generate any meaningful scheme specific estimates of future levels of mortality. Accordingly, standard tables have been used.

Following Irish demographic studies, the best estimate assumption for mortality is:

- 100% of S2PMA (men)/S''PFA (women) CMI 2013 [1.5%]

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Notes to the financial statements – (continued)
For the year ended 30 September 2016

28. Retirement Benefits - Continued

This is changed from the mortality assumption used in last year's disclosures, which were as follows:

- 108% of PNML00 (men)/PNFL00 (women) and with a 1 year offset applied and allowance for mortality improvements from 2006 at the rates specified in the CSO's population and Labour Force Projections 2011-2041.

All other demographic assumptions are unchanged from last year's accounting disclosures.

History of plan

The history of the plan for the current and prior years is as follows:

	2016 €'000	2015 €'000	2014 €'000	2013 €'000	2012 €'000
Defined benefit obligation	(2,194,846)	(1,814,347)	(1,823,687)	(1,499,599)	(1,482,774)
Fair value of plan assets	-	-	-	-	-
Deficit	(2,194,846)	(1,814,347)	(1,823,687)	(1,499,599)	(1,482,774)

Difference between expected and actual return on plan assets:

	2016 €'000	2015 €'000	2014 €'000	2013 €'000	2012 €'000
Amount	-	-	-	-	-
% of plan assets	N/A*	N/A*	N/A*	N/A*	N/A*

* Scheme assets were transferred to the National Pension Reserve Fund at 31 March 2010.

Experience (gains)/losses on plan liabilities:

	2016 €'000	2015 €'000	2014 €'000	2013 €'000	2012 €'000
Amount	(43,864)	(30,642)	(36,466)	(119,665)	(36,849)
% of plan liabilities	2%	2%	2%	8%	2%

Losses/ (gains) resulting from changes in actuarial assumptions:

	2016 €'000	2015 €'000	2014 €'000	2013 €'000	2012 €'000
Amount	358,413	(52,849)	293,261	65,847	301,744
% of plan liabilities	16%	3%	16%	4%	20%

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Notes to the financial statements – (continued)

For the year ended 30 September 2016

29. Post Balance Sheet Events

There were no significant events since the balance sheet date which could have implications for these financial statements.

30. Explanation of Transition to FRS 102

This is the first year that the University has presented its financial statements under Financial Reporting Standard 102 (FRS102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous Irish GAAP were for the year ended 30 September 2015 and the date of transition to FRS 102 was therefore 1 October 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard.

Under previous Irish GAAP, where tangible fixed assets were acquired with the aid of specific grants, they were capitalised and the value of the grant was treated as a deferred capital grant. The tangible fixed asset was depreciated in accordance with the group's accounting policies and the capital grant amortised over the expected life of the asset. Under FRS102, income from grants from non-government sources is recognised in the Statement of Comprehensive Income when performance related conditions are met. The impact of the recognition of income, and consequent impact on grant amortisation is set out below:

Reconciliation of Reserves

	Consolidated		University	
	At 1 October 2014 €'000	At 30 September 2015 €'000	At 1 October 2014 €'000	At 30 September 2015 €'000
Reserves reported under previous Irish GAAP	229,188	249,913	214,007	233,387
Adjustments to reserves on transition to FRS 102				
1. Recognition of income from grants from non-government sources using the performance model	-	1,221	-	3,520
2. Recognition in reserves of grants from non-government sources received in prior years where performance obligations have been met	131,989	131,989	151,805	151,805
3. Reduction in grant amortisation arising from the recognition of income on grants from non-government sources using the performance model	-	(3,110)	-	(3,624)
Reserves reported under FRS 102	361,177	380,013	365,812	385,088

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Notes to the financial statements – (continued)
For the year ended 30 September 2016

30. Explanation of Transition to FRS 102 - Continued

Reconciliation of consolidated fixed assets/non-current assets as at 30 September 2015	€'000
Total fixed assets under previous Irish GAAP	755,532
1. Reclassify pension receivable as non-current asset from amount netted off against pension liability	1,814,347
	<hr/>
Consolidated non-current assets as reported under FRS 102	2,569,879
	<hr/> <hr/>
Reconciliation of consolidated deferred capital grants as at 30 September 2015	€'000
Total deferred capital grants as disclosed under previous Irish GAAP	398,604
1. Recognition of income from grants from non-government sources using the performance model	(1,221)
2. Reduction in grant amortisation arising from the recognition of income on grants from non-government sources using the performance model	3,110
2. Recognition in revenue reserves of grants from non-government sources received in prior years where performance obligations have been met	(131,989)
	<hr/>
Total disclosed under FRS 102	268,504
	<hr/> <hr/>
<i>Disclosed within:</i>	
Creditors: Amounts falling due within one year (note 18)	10,759
Creditors: Amounts falling due after more than one year (note 19)	257,745
	<hr/>
	268,504
	<hr/> <hr/>

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Notes to the financial statements – (continued)
For the year ended 30 September 2016

30. Explanation of Transition to FRS 102 - Continued

Reconciliation of consolidated surplus for the year ended 30 September 2015	€'000
Surplus for the financial year under previous Irish GAAP	20,725
1. Recognition of income from grants from non-government sources using the performance model	1,221
2. Reduction in grant amortisation arising from the recognition of income on grants from non-government sources using the performance model	(3,110)
	<hr/>
Consolidated surplus reported under FRS 102	18,836
	<hr/> <hr/>
Reconciliation of cash flow disclosures for the year ended 30 September 2015	€'000
<i>Cash flow from operating activities</i>	
Surplus for the year as disclosed under previous Irish GAAP	20,892
1. Recognition of income from grants from non-government sources using the performance model	1,221
2. Reduction in grant amortisation arising from the recognition of income on grants from non-government sources using the performance model	(3,110)
3. Tax paid now within working capital movement	(167)
	<hr/>
As disclosed under FRS 102	18,836
	<hr/> <hr/>
<i>Amortisation of State capital grants</i>	
As disclosed under previous Irish GAAP	(13,869)
1. Reduction in grant amortisation arising from the recognition of income on grants from non-government sources using the performance model	3,110
	<hr/>
As disclosed under FRS 102	(10,759)
	<hr/> <hr/>
<i>Other movement re capital grants recognised</i>	
As disclosed under previous Irish GAAP	-
1. Recognition of income from grants from non-government sources using the performance model	(1,221)
	<hr/>
As disclosed under FRS 102	(1,221)
	<hr/> <hr/>

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Notes to the financial statements – (continued)
For the year ended 30 September 2016

31. Grants from Exchequer Funds

All amounts noted are in respect of the group.

(a) Fee Income and Recurrent Grants (accruals basis) for period 1 October 2015 to 30 September 2016:

Funding Agency	HEA €'000	HSE €'000	Total €'000
Fee income received (excluding student contribution)	43,410	3,232	46,642
Recurrent grant received	51,515	-	51,515
Recurrent minor works received	146	-	146
Supplementary grant received	7,393	2,898	10,291
Total	102,464	6,130	108,594

(b) Capital Grants (accruals basis) for period 1 October 2015 to 30 September 2016:

Funding Agency	HEA €'000
Amount of grant recognised as income in period	7,920
Cash received in period	5,323
Grant amount deferred at period end	263,415
Grant amount due at period end	14,023

**University College Dublin
National University of Ireland, Dublin**

Notes to the financial statements – (continued)
For the year ended 30 September 2016

31. Grants from Exchequer Funds (continued)

(c) Exchequer and Non Exchequer Funded Research (cash receipts basis):

Analysis of Cash Receipts

	Total	Exchequer	Non Exchequer
	€'000	€'000	€'000
Funding Agency			
Science Foundation Ireland	29,704	29,704	-
European Commission	10,621	-	10,621
State Non Commercial	12,244	12,244	-
HEA	1,355	1,355	-
State - other	5,728	5,728	-
Irish Foundation	8,247	-	8,247
Enterprise Ireland	5,215	5,215	-
HRB	4,353	4,353	-
Foreign foundation	3,259	-	3,259
Teagasc	2,859	2,859	-
Foreign Business	1,229	-	1,229
Irish Business	3,797	-	3,797
Wellcome Trust	1,305	-	1,305
Miscellaneous Research	19	-	19
TOTAL	89,935	61,458	28,477

Note

Research income in the consolidated statement of comprehensive income is calculated on a full accruals basis. Cash receipts include amounts received in respect of the funding of overhead cost (indirect cost), some of which may be deferred (along with other cash receipts during the year), and taken to income at a future date. These are included in research grants and contracts in advance on note 18 to the financial statements.

32. Approval of financial statements

The financial statements were approved by the Governing Authority on 16 May 2017.

University College Dublin
National University of Ireland, Dublin

Additional information not forming part
of the consolidated financial statements

Year ended 30 September 2016

University College Dublin

National University of Ireland, Dublin

Additional information not forming part of the consolidated financial statements

1 Deferred income

	2016	2015
	€'000	€'000
State recurrent grant:		
- received in respect of current year	61,698	61,032
- deferred in prior accounting year	3,799	6,188
- deferred to subsequent accounting years	(3,545)	(3,799)
	<hr/>	<hr/>
State recurrent grant per financial statements (Note 3)	61,952	63,421
	<hr/> <hr/>	<hr/> <hr/>

State funding is received 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.

University College Dublin
National University of Ireland, Dublin

HEA Funding Statement and Reconciliation

(not forming part of the financial statements)

Year ended 30 September 2016

University College Dublin
National University of Ireland, Dublin

Funding statement

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Revenue account	65 - 66
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Cash flow statement	68
Notes to the funding statement	69 – 78

University College Dublin

National University of Ireland, Dublin

Funding statement

Statement of accounting policies

Scope of funding statement

The funding statement reflects the teaching, research and related service activities of the University. The net results of ancillary services (as defined below) are included in the Revenue account and shown as a movement on the General reserve, reflecting the most recent “Harmonisation of Accounts” agreement as adopted by all Irish universities. The financial statements of the University’s Trust Funds, Foundations and of financially independent ancillary activities (incorporated subsidiary undertakings) are prepared and audited separately.

Accounting convention

The funding statements are prepared under the historical cost convention. They are presented in accordance with the existing Harmonisation of Accounts Agreement as adopted for all Irish universities, except for capital grants, which are recognised on an accruals basis rather than on a cash receipts basis.

Ancillary services

The ancillary services are activities which do not receive direct HEA funding. Such activities support core services on a cost recovery basis or are operated on a commercial basis. The net results for such activities are shown in the Revenue account with a matching amount shown in debtors and creditors.

State grants for recurrent expenditure

The recurrent grant has been recognised on an accruals basis. The recurrent grant, which has been used for the purchase of fixed assets, is transferred to the General reserve.

State grants for capital expenditure

State grants approved by the HEA for capital expenditure are included in the funding statement in the period on an accruals basis.

Approved allocations and departmental funds

The revenue account is charged with approved allocations within particular headings. The amounts unspent at the year end are recorded as departmental funds within creditors. Departmental fund debit balances are recorded within debtors.

General reserve

The General reserve represents the value of funding, after amortisation, applied for capital purposes together with the results from 1 October 1996 on ancillary services.

Amortisation of capital funding and reserves

Capital funding and reserves included in the General reserve are amortised at the same level as the related fixed assets are depreciated.

University College Dublin National University of Ireland, Dublin

Funding statement

Statement of accounting policies *(continued)*

Fee income

Fee income is accounted for on an accruals basis.

Stocks

Expenditure on books and consumable stocks financed by recurrent grants are charged in full to the Revenue account as incurred. Farm, horticulture and restaurant stocks are shown in the balance sheet and are valued as follows:

Livestock - Cattle	Market value less 40%
- Other	Market value less 25%
Farm and horticulture stock	Lower of cost or market value
Restaurant stock	Lower of cost or market value

Investments

Quoted and unquoted investments are shown in the balance sheet using the following valuation basis: lower of cost and net realisable value.

Foreign currency

Income and expenditure 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 revenue account.

Fixed assets and depreciation

All fixed assets are stated at cost and depreciation is charged on all fixed assets excluding land. The estimated useful lives of fixed assets by reference to which depreciation has been calculated on a straight-line basis are as follows:

Buildings	50 years
Minor works	10 years
Equipment	5 years
Computer equipment	3 years
Leased assets	20 years or primary lease period, if shorter

University College Dublin National University of Ireland, Dublin

Funding statement

Statement of accounting policies *(continued)*

Research grants

Income from contract research grants is included in the revenue account to the extent that the related expenditure has been incurred in the period. Expenditure is shown net of the contribution to indirect costs which is included in other income.

From 1 October 1997 fixed assets financed from research grants are capitalised in the balance sheet.

Finance leases

Assets held under finance leases are capitalised in the balance sheet and depreciated over the life of the primary lease. Finance lease payments are met from recurrent income.

Pensions

The basic retirement benefits of staff are funded by contributions from the University to the Pension Fund at a pre-determined rate of pensionable pay and are included under the various salary and wage headings of the revenue account.

Increases to the initial pension of staff are charged as pension supplementation in the revenue account as incurred.

Taxation

No provision has been made for taxation as the University holds tax-exempt status.

Restricted reserves

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

University residences

University residences and the related financing are accounted for in accordance with the legal form rather than the commercial substance of these transactions.

University College Dublin
National University of Ireland, Dublin

Funding statement

Revenue account

Year ended 30 September 2016

	Notes	2016 €'000	2015 €'000
Income			
State grants	1	61,952	63,421
Academic fees	2	205,348	197,478
Other income	3	22,049	22,991
		<hr/>	<hr/>
Contract research	4	289,349 70,126	283,890 70,890
		<hr/>	<hr/>
Total income		359,475	354,780
Expenditure			
Academic faculties and departments	5	178,617	179,481
Academic and other services	6	18,404	18,078
Premises	7	22,477	21,170
Amount allocated for capital purposes	8	3,997	4,163
Central administration and services	9	38,659	35,747
General educational expenditure	10	12,788	10,758
Student services	11	5,094	4,696
Pension supplementation		7,234	7,532
Term loan interest		1,529	1,800
		<hr/>	<hr/>
Contract research	4	288,799 70,126	283,425 70,890
		<hr/>	<hr/>
Total expenditure	12	358,925	354,315
		<hr/> <hr/>	<hr/> <hr/>

University College Dublin
National University of Ireland, Dublin

Funding statement

Revenue account *(continued)*

Year ended 30 September 2016

	Notes	2016 €'000	2015 €'000
Surplus for year before amortisation of capital reserves and grants, ancillary services and depreciation of fixed assets (after transfer to strategic initiative)		550	465
Surplus on ancillary services	13	2,765	881
Depreciation of fixed assets	15	(27,709)	(24,320)
General reserve movement	14	24,944	23,439
Net surplus for the year		550	465
Revenue reserves at start of year	20	796	331
Revenue reserves at end of year	20	1,346	796

The statement of accounting policies on pages 62 to 64 and the cash flow statement and notes from page 68 to page 78 form part of the funding statement.



Andrew Deeks
President



Gerry O'Brien
Vice-President for Finance

16/05/2017

University College Dublin
National University of Ireland, Dublin

Funding statement

Balance sheet

as at 30 September 2016

	Notes	2016 €'000	2015 €'000 (as restated note 16 & 18)
Fixed assets	15	754,905	754,295
Investments		8,787	9,970
Current assets			
Bank balances and cash		127,397	123,161
Debtors and prepayments	16	108,391	93,763
Stocks	17	450	582
		236,238	217,506
Current liabilities			
Creditors and accrued expenditure	18	(267,163)	(249,503)
Net current liabilities		(30,925)	(31,997)
Total assets less net current liabilities		732,767	732,268
Long term liabilities			
Long term loans		(67,069)	(73,598)
		665,698	658,670
Represented by:			
General reserve	19	664,352	657,874
Revenue reserves	20	1,346	796
		665,698	658,670

The statement of accounting policies, on pages 62 to 64 and the cash flow statement and notes from page 68 to page 78 form part of the funding statement.


Andrew Deeks
President


Gerry O'Brien
Vice-President for Finance

16/05/2017

University College Dublin
National University of Ireland, Dublin

Funding statement

Cash flow statement

Year ended 30 September 2016

	<i>Notes</i>	2016 €'000	2015 €'000
Net cash Inflow/(outflow) from operating activities	<i>21</i>	3,511	(22,545)
Returns on investments and services of finance			
Interest received		601	571
Interest paid		(1,529)	(1,800)
Capital expenditure			
Payments to acquire tangible fixed assets		(28,319)	(26,127)
Payments to acquire investments		1,183	440
		<hr/>	<hr/>
Net cash Outflow before financing		(24,553)	(49,461)
		<hr/>	<hr/>
Financing			
HEA capital grants		1,439	(3,334)
Non HEA capital funding		26,392	46,331
Recurrent funding transfer		7,909	6,997
Decrease in long term loans		(6,951)	(6,875)
		<hr/>	<hr/>
Net cash Inflow from financing		28,789	43,119
		<hr/>	<hr/>
Net cash Inflow/(outflow) after financing		4,236	(6,342)
		<hr/> <hr/>	<hr/> <hr/>
Increase/(outflow) in cash and cash equivalents	<i>22</i>	4,236	(6,342)
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 69 to 78 form part of the funding statement.

University College Dublin
National University of Ireland, Dublin

Funding statement

Notes

1 State grants	2016	2015
	€'000	€'000
Recurrent grant	61,806	63,276
Minor works grant	146	145
	<hr/>	<hr/>
Total	61,952	63,421
	<hr/> <hr/>	<hr/> <hr/>
2 Academic fees	2016	2015
	€'000	€'000
Academic fees	205,308	197,431
Miscellaneous fee income	40	47
	<hr/>	<hr/>
Total	205,348	197,478
	<hr/> <hr/>	<hr/> <hr/>

A total of €43.41m (2015: €46.222m) included in academic fee income was paid directly by the Higher Education Authority.

3 Other income	2016	2015
	€'000	€'000
Interest receivable (net)	601	571
Funded posts	8,201	9,349
Rent, concessions and other charges	4,467	3,511
Contribution from subsidiary companies	88	131
Contract research contribution	8,692	9,429
	<hr/>	<hr/>
Total	22,049	22,991
	<hr/> <hr/>	<hr/> <hr/>

University College Dublin
National University of Ireland, Dublin

Funding statement

Notes (continued)

4 Contract research

	2016 €'000	2015 €'000
Research grants income	70,126	70,890
Research grant expenditure	(70,126)	(70,890)
Deficit	<u>-</u>	<u>-</u>

Income from contract research grants is included in the Revenue Account to the extent that the related expenditure has been incurred in the period.

Expenditure is shown net of University contribution. Contract research contribution to the University's indirect costs is included in other income.

5 Academic faculties and departments

	2016 Staff Costs €'000	2016 Non Pay €'000	2016 Total €'000	2015 Total €'000
Academic staff	120,142	-	120,142	116,352
Technical staff	9,178	-	9,178	9,373
Administration support staff	33,812	-	33,812	30,226
Departmental materials, equipment and travel	-	15,485	15,485	23,530
Total	<u>163,132</u>	<u>15,485</u>	<u>178,617</u>	<u>179,481</u>

University College Dublin
National University of Ireland, Dublin

Funding statement

Notes (continued)

6 Academic and other services

	2016 Staff Costs €'000	2016 Non Pay €'000	2016 Total €'000	2015 Total €'000
Computer services incl Audio Visual	5,543	3,033	8,576	8,410
Library	4,899	3,286	8,185	7,971
Electron microscopy unit	214	(21)	193	202
Biomedical facility	567	(42)	525	510
Archives	172	26	198	319
University industry programme	-	-	-	-
Lyons Estate field station	831	(104)	727	666
	<hr/>	<hr/>	<hr/>	<hr/>
Total	12,226	6,178	18,404	18,078
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

7 Premises

	2016 Staff Costs €'000	2016 Non Pay €'000	2016 Total €'000	2015 Total €'000
Premises maintenance	2,260	7,218	9,478	8,354
General services	1,416	5,801	7,217	7,053
Devolved Grant & Minor works	-	146	146	145
Insurance	-	952	952	767
Energy costs	-	4,684	4,684	4,851
	<hr/>	<hr/>	<hr/>	<hr/>
Total	3,676	18,801	22,477	21,170
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

8 Amount allocated for capital purposes

	2016 Staff Costs €'000	2016 Non Pay €'000	2016 Total €'000	2015 Total €'000
Capital projects	-	2,709	2,709	2,586
Equipment	-	1,288	1,288	1,577
	<hr/>	<hr/>	<hr/>	<hr/>
Total	-	3,997	3,997	4,163
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

University College Dublin
National University of Ireland, Dublin

Funding statement

Notes (continued)

9 Central administration and services

	2016 Staff Costs €'000	2016 Non Pay €'000	2016 Total €'000	2015 Total €'000
Administration staff	22,367	-	22,367	19,819
Expenses	-	13,169	13,169	13,363
Professional charges	-	2,298	2,298	1,676
Miscellaneous	695	130	825	889
	<hr/>	<hr/>	<hr/>	<hr/>
Total	23,062	15,597	38,659	35,747
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

10 General educational expenditure

	2016 Staff Costs €'000	2016 Non Pay €'000	2016 Total €'000	2015 Total €'000
Examination expenses	2,028	986	3,014	3,114
Scholarships/prizes/fellowships	-	4,933	4,933	4,472
NUI capitation	-	540	540	550
Miscellaneous expenses	1,385	2,916	4,301	2,622
	<hr/>	<hr/>	<hr/>	<hr/>
Total	3,413	9,375	12,788	10,758
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

11 Student services

	2016 Staff Costs €'000	2016 Non Pay €'000	2016 Total €'000	2015 Total €'000
Capitation and other grants	-	2,138	2,138	1,688
Student services	1,156	(126)	1,029	1,262
Careers office	973	(32)	941	814
Health and counselling	974	(222)	752	716
Sports facilities and recreation	736	(502)	234	216
	<hr/>	<hr/>	<hr/>	<hr/>
Total	3,839	1,255	5,094	4,696
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

University College Dublin
National University of Ireland, Dublin

Funding Statement

Notes (continued)

12 Composition of total expenditure

	2016 Staff Costs €'000	2016 Non Pay €'000	2016 Total €'000	2015 Total €'000
Academic and related services	216,581	72,218	288,799	283,425
Research grants	52,405	17,721	70,126	70,890
	<hr/>	<hr/>	<hr/>	<hr/>
Total	268,986	89,939	358,925	354,315
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

A contribution from subsidiary companies of €88,234 (2015: €130,589) is included in other income (note 3) to cover interest arising on term loans of €1,528,803 (2015: €1,799,960) included above. Included above are pension supplementation costs of €7,234,468 (2015: €7,531,945).

13 Ancillary services summary

	2016 Income €'000	2016 Expenditure €'000	2016 Surplus/ (Deficit) €'000	2015 Surplus (Deficit) €'000
Student residences	19,770	16,369	3,401	(41)
Other activities (including property development)	44,447	45,083	(636)	922
	<hr/>	<hr/>	<hr/>	<hr/>
	64,217	61,452	2,765	881
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Surplus – ancillary services for the year			2,765	881
			<hr/> <hr/>	<hr/> <hr/>

14 General reserve movement

	2016 €'000	2015 €'000
Amortisation in line with depreciation	27,709	24,320
Surplus on ancillary services from revenue account to general revenue account	(2,765)	(881)
	<hr/>	<hr/>
Movement in general reserves in year	24,944	23,439
	<hr/> <hr/>	<hr/> <hr/>

University College Dublin
National University of Ireland, Dublin

Funding statement

Notes (continued)

15 Fixed assets

	Land and Buildings €'000	Assets under construction €'000	Minor works €'000	Computer equipment €'000	Equipment €'000	Total €'000
Cost						
At beginning of year	933,682	12,321	5,325	16,191	158,901	1,126,420
Additions in year	30,289	(8,198)	-	596	5,632	28,319
At end of year	963,971	4,123	5,325	16,787	164,533	1,154,739
Depreciation						
At beginning of year	207,907	-	5,325	15,606	143,287	372,125
Charge for year	19,498	-	-	614	7,597	27,709
At end of year	227,405	-	5,325	16,220	150,884	399,834
Net book value						
At 30 September 2016	736,566	4,123	-	567	13,649	754,905
At 30 September 2015	725,775	12,321	-	585	15,614	754,295

Fixed assets have been stated at historical cost.

University College Dublin
National University of Ireland, Dublin

Funding statement

Notes (continued)

16 Debtors and prepayments

	2016	2015
	€'000	€'000
		(as restated)
Contract research grants and projects recoverable	38,754	31,081
State capital grant receivable	14,023	15,393
Academic fees receivable	14,767	13,403
Other debtors and prepayments	28,253	24,981
Internal balances:		
- Funded/Model Pension Scheme	12,594	8,905*
	<hr/>	<hr/>
	108,391	93,763
	<hr/> <hr/>	<hr/> <hr/>

* The Funded pension scheme at 30 September 2015 has been restated by reducing the balance by €54.1 million so as to ensure a consistent presentation with the current year. The restated amount represents pensions payable to the HEA in respect of the Model pension scheme which is now offset against pensions receivable from the HEA in respect of the Funded pension scheme.

17 Stocks

	2016	2015
	€'000	€'000
Livestock	167	264
Horticulture and farm stock	80	80
Restaurant stock	25	25
Sundry stock	50	65
Chemistry Laboratory	65	70
Gift Shop	63	78
	<hr/>	<hr/>
	450	582
	<hr/> <hr/>	<hr/> <hr/>

University College Dublin

National University of Ireland, Dublin

Funding statement

Notes (continued)

18 Creditors and accrued expenditure

	2016 €'000	2015 €'000 (as restated)
Contract research grants and projects unexpended	73,818	64,934
State grant for recurrent expenditure received in advance	3,750	5,179
State capital grant received and accruals	15,063	19,585
Academic fees received in advance	56,925	50,051
Other creditors and accruals	102,621	94,999
Bank loans	6,331	6,753
Internal balances:		
- Unexpended approved allocations	-	206
- Departmental Funds	8,655	7,796
	<u>267,163</u>	<u>249,503</u>

Bank loans due in less than one year together with long term loans of €67.1 million (2015: €73.6 million) are secured on certain properties and bank accounts held by the University.

As set out in note 16, the Model pension scheme creditor at 30 September 2015 has been offset against the Funded pension scheme debtor thereby reducing total creditors and accrued expenditure by €54.1 million.

19 General reserve

	Opening balance €'000	Current year movement €'000	Closing balance €'000
State capital grants	434,928	1,439	436,367
Recurrent funding transfer from October 1996	120,992	7,909	128,901
Capital reserves	425,009	20,366	445,375
Student centre levy	28,865	6,026	34,891
Ancillary services	20,207	(1,553)	18,654
	<u>1,030,001</u>	<u>34,187</u>	<u>1,064,188</u>
Amortisation			
Amortisation	(372,843)	-	(372,843)
Amortisation to revenue account for year	-	(27,709)	(27,709)
Amortisation - leased assets	716	-	716
	<u>657,874</u>	<u>6,478</u>	<u>664,352</u>

Capital reserves represent capital donations, surpluses on disposal of property, recurrent grants allocated to capital expenditure up to 1 October 1996 and funding from research grants after 1 October 1997 for the purchase of equipment.

University College Dublin
National University of Ireland, Dublin

Funding statement

Notes (continued)

20 Revenue reserves

	2016 €'000	2015 €'000
At start of year	796	331
Surplus for year	550	465
	<hr/>	<hr/>
At end of year	1,346	796
	<hr/> <hr/>	<hr/> <hr/>

21 Reconciliation of revenue account surplus to net cash inflow from operating activities

	2016 €'000	2015 €'000
Net surplus for the year	550	465
Interest received	(601)	(571)
Interest paid	1,529	1,800
Depreciation of fixed assets	27,709	24,320
Amortisation of general reserve	(27,709)	(24,320)
Surplus on ancillary services	2,765	881
Transfer (to)/from Ancillary reserve to General reserve	(4,318)	953
Increase in debtors	(14,628)	(9,528)
Decrease/(increase) in stocks	132	(138)
Increase/(decrease) in creditors and accruals	18,082	(16,407)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	3,511	(22,545)
	<hr/> <hr/>	<hr/> <hr/>

22 Analysis of net funds

	At 1 Oct 2015 €'000	Cashflow €'000	At 30 Sept 2016 €'000
Cash at bank and in hand	123,161	4,236	127,397
Debt due within one year	(6,753)	422	(6,331)
Debt due after one year	(73,598)	6,529	(67,069)
	<hr/>	<hr/>	<hr/>
Net funds	42,810	11,187	53,997
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

University College Dublin
National University of Ireland, Dublin

Funding statement

Notes (continued)

23 Pensions Control Account

	Funded Scheme €'000	Model Scheme €'000	SPS Scheme €'000
Opening Balance	(62,977)	54,072	2,237
Employer Contributions	9,433	1,735	(1,625)
Employee Contributions	3,415	3,036	1,834
Employer Contributions 20%	-	7,234	3,961
Supplementation income	7,234	-	-
Purchase of added years	606	20	-
Other	77	-	-
Reimbursement from HEA	9,000	-	-
Payments to DPER	-	-	(348)
	<hr/>	<hr/>	<hr/>
Total income	29,765	12,025	3,822
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Expenditure</i>			
Pension payments (including supplementation)	39,066	464	-
Lump sum payments on retirement	4,886	79	-
Administration and other costs	548	436	257
	<hr/>	<hr/>	<hr/>
Total expenditure	44,500	979	257
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Closing Balance	(77,712)	65,118	5,802

Grant payable to the HEA relating to the Model Scheme amounting to €65.1m is netted off against the grant receivable from the HEA relating to the Funded Scheme amounting to €77.7m. The net figure is included in debtors and prepayments (see note 16).

Grant payable to the Department of Public Expenditure and Reform (DPER) relating to the SPS Scheme amounting to €5.8m is included within other creditors and accruals (see note 18)

University College Dublin
National University of Ireland, Dublin

Reconciliation of HEA Funding Statement
with Consolidated Financial Statements

Year ended 30 September 2016

University College Dublin
National University of Ireland, Dublin

Reconciliation of HEA Funding Statement with Consolidated Financial Statements
for the year ended 30 September 2016

	Consolidated financial statements €'000	Subsidiary companies* €'000	Unincorporated ancillary activities* €'000	GAAP adjustments** €'000	HEA funding statement €'000
Income					
State grants	61,952	-	-	-	61,952
Academic fees	211,682	-	-	(6,334)	205,348
Research grants and contracts	81,303	-	-	(11,177)	70,126
Amortisation of deferred capital grants	10,287	-	-	(10,287)	-
Other operating income	88,416	(10,097)	(35,982)	(20,889)	21,448
Interest income	24	-	-	577	601
Deferred funding for pensions	26,489	-	-	(26,489)	-
Total income	480,153	(10,097)	(35,982)	(74,599)	359,475
Expenditure					
Staff costs	278,927	(3,236)	(6,167)	(538)	268,986
Other operating expenses	123,949	(3,823)	(18,726)	(40,699)	60,701
Interest payable	2,091	-	(10)	(552)	1,529
Depreciation	28,227	(601)	-	83	27,709
Additional pension service cost	26,968	-	-	(26,968)	-
Pension interest cost	(479)	-	-	479	-
Total expenditure	459,683	(7,660)	(24,903)	(68,195)	358,925
Share of operating profit in Joint Venture	570	-	-	(570)	-
Surplus/(deficit) for the year before taxation and disposal	21,040	(2,437)	(11,079)	(6,974)	550

*Results of subsidiaries and ancillaries not included in the HEA funding statement.

**Adjustments required to reconcile the consolidated financial statements to the HEA funding statement as this is not prepared in accordance with Irish GAAP (FRS 102).