

University of Limerick

Annual Report and Consolidated Financial Statements

Financial Year Ended 30 September 2019

CONTENTS

	Page
GOVERNORS AND OTHER INFORMATION	2
PRESIDENT'S REPORT	3 - 7
STATEMENT OF GOVERNING AUTHORITY RESPONSIBILITIES	8
ANNUAL STATEMENT OF GOVERNANCE	9 - 25
STATEMENT ON THE SYSTEMS OF INTERNAL CONTROL	26 - 32
AUDITORS' REPORT	33 - 35
CONSOLIDATED AND UNIVERSITY STATEMENT OF COMPREHENSIVE INCOME	36 - 37
CONSOLIDATED AND UNIVERSITY STATEMENT OF CHANGES IN RESERVES	38
CONSOLIDATED AND UNIVERSITY STATEMENTS OF FINANCIAL POSITION	39
CONSOLIDATED STATEMENT OF CASH FLOWS	40
NOTES TO THE FINANCIAL STATEMENTS	41 – 79
APPENDIX NOT FORMING PART OF THE UNIVERSITY'S FINANCIAL STATEMENTS AND NOT AUDITED BY THE COMPTROLLER AND AUDITOR GENERAL	
1. UNIVERSITY OF LIMERICK FOUNDATION FINANCIAL STATEMENTS	

GOVERNORS AND OTHER INFORMATION

Members of Governing Authority

See Appendix 1 of Annual Statement of Governance

Chancellor

Ms. Mary Harney

Deputy Chairperson

Mr. John O'Connell

President

Dr. Des Fitzgerald

Deputy President, Chief Operating Officer and Registrar

Gerry O'Brien

Governing Authority appointed Auditors

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Bank Place
Limerick

Auditor

Comptroller & Auditor General
3A Mayor Street Upper
Dublin 1

Secretary and Registered Office

Callista Bennis
University of Limerick
Limerick

Registered Charity Number:
CHY5806

Solicitors

Holmes O'Malley Sexton
Bishopsgate
Henry Street
Limerick

Principal Banker

Bank of Ireland
125 O'Connell Street
Limerick

European Investment Bank
100 boulevard Konrad Adenauer
Luxembourg
L-2950 Luxembourg

PRESIDENT'S REPORT

Introduction

I am pleased to introduce the 2018-2019 edition of the University of Limerick Annual Report incorporating the consolidated financial statements for the year ended 30 September 2019.

In 2018-2019 we saw continuation of delivery towards the strategic plan Broadening Horizons, building on our achievements to ensure excellence in research and provide a highly engaged learning experience for students, accentuating our distinctiveness as a research-led university and raising our international profile, improving the global currency of our degrees, attracting more international students and staff and accessing leading international research networks.

UL Strategy 2019-2024 UL at Fifty

On 30th October 2019, UL launched our new strategic plan for the University of Limerick, setting out our path for the next five years of development at UL.

Education

University of Limerick has been announced by the Sunday Times Good University Guide as Irish University of the Year 2019. Our leading position in graduate employability, Cooperative Education and internship programmes, research in partnership with industry and the opening of the €31 million new Glucksman Library were among the many reasons cited for the award.

UL also showed excellent results in the annual Irish Survey of Student Engagement reflecting our students' appreciation of studying at an institution with both an excellent academic reputation and an eye firmly on the working world.

In 2019 University of Limerick has ranked within the top 75 universities in Europe for excellence in teaching and learning, according to the latest Times Higher Education Europe Teaching rankings. UL was the 3rd highest ranked higher education institution in Ireland as well as 1st in Ireland for the Engagement metric, measuring how well the institution engages with the student body.

According to the I-Graduate International Student Barometer (ISB), a global benchmark for the international student experience, in 2019 UL has scored the top mark out of every participating institution worldwide for social activities and clubs and societies. 94.5% of international students who studied at UL responded that they were happy with their study experience placing UL 2nd out of 199 institutions across the globe. The UL International Office was ranked number 1 out of 51 UK and Ireland universities and UL also scored highest for pre-arrival information for international students.

In 2018/2019 Kemmy Business School was awarded Association to Advance Collegiate Schools of Business (AACSB) accreditation, joining the leading 5% of international business schools recognised by AACSB International. AACSB has been synonymous with the highest standards of excellence since 1916. These standards require excellence in areas relating to strategic management and innovation; student, faculty and staff as active participants; learning and teaching; and academic and professional engagement.

The Cooperative Education and Careers Division was announced as the winner of the Best University & Employer Engagement Strategy Award at the 2019 Institute of Student Employers (ISE) awards. The ISE awards benchmark outstanding performance and recognise excellence across a number of categories. They are judged independently by industry professionals.

PRESIDENT'S REPORT - Continued

Internationalisation

Erasmus + programme has been the key driver for internationalisation at UL since 1988, through increased staff and student mobility. UL continues to hold the record as Irelands leading Erasmus University and was, once again, awarded Best Erasmus programme in 2019. Throughout 2018/19 we managed a total of 1446 mobilities, Erasmus+ and non-EU.

In 2018/19, we saw significant growth in student enrolments from Nigeria and Ghana and strong increases in undergraduate enrolments from China and postgraduate enrolments from India.

2018/19 also saw the much-anticipated development of a new MSc in Business Analytics and a new Data Analytics stream as part of the MSc Software Engineering. Despite being launched towards the end of the recruitment cycle, these programmes were amongst the most popular that year.

In a globally interconnected world, UL will continue to be at forefront of promoting internationalisation for the common good.

Research Excellence

Success in major funding programmes and increased output of excellent research are features of the research performance of the University of Limerick during the period.

In 2019, University of Limerick researchers have authored over a thousand (1,022) scholarly publications in Web of Science with 60% of them co-authors with researchers from 146 countries around the world. UL was awarded research grants of €68.3 million. University of Limerick leads three SFI funded Research Centres and is a partner institution in three others. In 2019, the University of Limerick led the establishment of the Centre for Research training in Foundations in Data Science. SFI have awarded over €17 million in what represents the largest ever investment in mathematical sciences research in Ireland. The Centre for Research Training (CRT) will train 139 PhD students towards a world-class foundational understanding of Applied Mathematics, Statistics, and Machine Learning.

In 2018/19 UL joined eight international universities as signatories to an MOU to establish the Global Applied Education Network (GAEN). GAEN will apply practices aimed at fostering knowledge partnerships, boost employability, innovation, and entrepreneurship.

City and Region

In 2018/2019 the University has signed the contracts to purchase the Dunnes Stores site on Sarsfield Street in Limerick City. This decision represents the beginning of what will become the largest ever development in Higher Education in Limerick City Centre. The 5,500 sq.m building on a one-acre site will become the location for the University's City Campus which will bring UL directly to Limerick city and contribute in a major way to the city's rejuvenation. The UL City Campus will aim to bring together Law, Business, and Entrepreneurship in Technology and create a hub for developing and supporting enterprises in the city.

Equality and Human Rights

The University of Limerick first achieved an Athena SWAN Bronze award in 2016 and renewed this with an Extended Charter award in 2019. This award recognises work undertaken to address gender equality more broadly, in arts, humanities, social sciences, business and law, and in professional and support roles, and for transstaff and students.

In 2019 the University of Limerick has ranked 35th globally in the first ever Times Higher Education University Impact Rankings and first in Ireland for gender equality.

Staff and students continually participate in many community, diversity, equality and human rights events through programmes such as UL Campus Engage and the President's Volunteer Award.

In 2018/2019 the university had been progressing the work to develop our Equality and Human Rights (EHR) Strategy, which was launched in November 2019.

PRESIDENT'S REPORT - Continued

Healthy UL – Healthy Campus Initiative

It is the ambition of UL to be a leading university in the promotion of Health and Wellbeing, supporting our 16,000 students and staff.

Our 'Healthy UL' Framework 2019-2022 is designed to support and enhance the health and wellbeing of our students, staff, alumni and campus visitors through six core themes; Physical Activity, Healthy Eating, Mental Health and Wellbeing, Addictive Behaviours, Sexual Health and Wellbeing and Healthy Environment. The framework is aligned with Healthy Ireland, Government initiatives and policies to promote healthy lifestyles and positive health outcomes for the campus community.

Operating Model

In 2018/2019 the UL embarked on a number of reviews of internal structures to ensure they are aligned with strategic imperatives. Key areas that have undergone significant examination were IT infrastructure, HR policy implementation, Finance Department structures, President's Office structures, operational support for the Deans, structures for Academic Affairs portfolio, the Executive Committee and its subcommittees and various aspects of how we support our people.

Risk Management

University of Limerick implements Risk Management Policy which provides a framework for management to identify, assess and rate risks, and to develop strategies to deal with risks to provide assurance that the University's strategic objectives will be achieved. The Risk Management Framework is an iterative process consisting of steps when taken in sequence, enable continual improvement in decision making. It constitutes a logical and systematic method of identifying, analysing, evaluating, treating, monitoring and communicating risks associated with any activity, function or process in a way that will enable the University to minimise losses.

Scope of the Financial Statements

I present the consolidated financial statements of the University of Limerick ("the University") for the year ended 30th September 2019. The Financial Statements are prepared in accordance with the Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice ("SORP") – Accounting for Further and Higher Education (2015), issued in the UK by the Further and Higher Education SORP Board, which the University has adopted. The Consolidated Financial Statements include the University and its subsidiary undertakings as set out in note 17 on page 65. As set out in note 3 (b) subsidiaries are all entities over which the University has the power to exercise control.

The financial statements of the University of Limerick Foundation are excluded from these financial statements as the University of Limerick Foundation is not controlled by the University. Details of the activity with the Foundation are set out in note 26. A copy of the Financial Statements of the University of Limerick Foundation for year ended 31 August 2019 is also included as an appendix.

Results for the Year

The consolidated and University's statement of comprehensive income and net loss for the year to 30 September 2019 are shown on page 36 of the financial statements.

Total consolidated income increased by €2.809m +1.02% (2018: €7.722m +2.9%) and total expenditure increased by €7.717m +2.82% (2018: €12.621m +4.8%). The loss (2018: surplus) before other gains and losses on investments was €2.456m (2018: €2.452m surplus). There was a net gain on investments of €0.093m (2018: €0.171m), net gain on investment property of €0.228m (2018: €nil) and a taxation charge of €0.003m resulting in an overall loss of €2.138m (2018: €2.620m surplus).

This loss (2018: surplus) is made up of a University loss €4.019m (2018: €0.636m surplus), which is inclusive of €2.845m (2018: €1.75m) donations from the subsidiaries, and a surplus generated by subsidiary undertakings of €1.572m (2018: €1.9843m). The surplus in the subsidiary undertakings is required to meet debt commitments associated with subsidiary developments of €51.909m (2018: €54.921m).

PRESIDENT'S REPORT - Continued

Treasury Management

The consolidated bank and cash balances increased during the year from €115.9m to €126.7m, an increase of €10.8m.

The net cash inflow from operating activities was €39.495m (2018: €19.6m) and there were capital investments of €25.149m (2018: €41.1m). The University reduced its borrowing during the year by €5.3m (2018: €4.62m). Bank borrowings decreased from €108.744m to €103.444m.

Capital Investment

The University including its subsidiary companies incurred expenditure of €18.019m on land and buildings and €7.13m on equipment bringing total capital expenditure to €25.149m.

Recent and completed capital developments include:

- the completion of the Glucksman Library extension, these 6,602 square metre extensions incorporates 830 study stations, study rooms, seminar rooms and open access shelving,
- on the south campus, the completion of two full size GAA / four soccer 3G playing fields, which are fully floodlit, along with hurling walls and a full size GAA grass pitch,
- completion of the Clinical Education and Research Centre, which is located on the University Hospital Limerick campus in Dooradoyle developed with the Health Services Executive and the University of Limerick, and
- upgrading of the Concert Hall including its technical, backstage and front of house facilities, including a revamped entrance, foyer, box office, restaurant and dressing rooms.

Current Capital Developments

The University is developing a new Capital Masterplan that will cover the next ten years. The following projects are due to commence construction in 2019/2020:

- Student Centre: As articulated by the students, "The Centre for Student Life" will support the student life journey in the University of Limerick. It will be a space where students can relax, chill, party, play, be informed, be advised, supported, network and live life. The Centre will add significant value to the student experience. The project is proceeding through the planning and design phase.
- Climbing Wall: The Climbing Wall will be an extension to the UL Sport Arena. The facility will be circa. 210m² with a maximum height of 21m² and will include wall and boulder climbing courses for the novice to the experienced.
- Confirm smart manufacturing: A state of the art facility is being developed at Park Point.

Research Activity

The level of research expenditure for the year 2018-19 decreased by 14.64% (2018: -4.5%) to €34.3m. However, the success of new awards of €68.3m (2018: €52.1m) predicts a healthy research turnover in the years to come.

Procurement

The University undertook a full review of its procurement compliance on all VAT exclusive supplier spend above €25k during the year. In section 9 of the Annual Statement of Governance the results of this review are outlined. The University is working closely with the Office of Government Procurement (OGP) to address the identified areas of non-compliance. It is acknowledged that as the portfolio of OGP frameworks expand and are renewed taking increased account of sector requirements greater compliance will be achieved. However, the matching of contract expiry with the OGP framework availability will continue to present challenges for the foreseeable future.

In November 2018 the University submitted its Corporate Procurement Plan including 3-year multi annual planning to the Education Procurement Service, the education hub of the OGP.

PRESIDENT'S REPORT - Continued

Pensions

The University operates a defined benefit pension scheme, the University of Limerick Superannuation (Amendment) Scheme, which is funded annually on a "pay as you go" basis from monies provided by the HEA and from contributions deducted from staff salaries. Since January 2013 the University also operates the Single Public Service Pension Scheme (the "Single Scheme"). The new Single scheme came into effect for all new entrants to pensionable public service employment on or after 1 January 2013. The Single Scheme changes the basis of assessing the pension benefits on retirement to assessing on career average earnings and increasing the minimum retirement age. The legislation establishing the Single Scheme provides that pension contributions are deducted from employee pay and these are remitted by the employing organisation directly to the Department of Public Expenditure and Reform. Funding for pension in payment will be provided separately from the Exchequer through the Central Fund or a separate vote.

The University of Limerick regards that under both schemes defined benefits are being provided and accordingly these should be accounted for as defined benefit obligations under FRS 102, Para 28.10(b). The University does not, in substance, bear actuarial risk for the plans and the University's obligation is, in effect, acting as an agent in paying pension payments to the pensioners based on the amount confirmed and advised to the University and funded to the University by the HEA.

In addition (i) the establishment of newer schemes gives a statutory basis for what in practice was happening on the older schemes, i.e. the new Single scheme provides that pension deductions are to be remitted and separate funding will be provided by the Exchequer for pensions (and lump sums) in payment. (ii) The University is not exposed to the actuarial risk; this is because the structure of the Superannuation Scheme is such that the final pension will be paid from the last employer regardless of the level of service provided by the member. For example, if a lecturer provides 39 years of pensionable service to another Irish University and joins UL and later retires, then the entire lump sum and monthly pension payment will be paid by UL. The University of Limerick would not take on this liability without being certain that the State will reimburse all of the expenditure required to settle this employee's pension entitlements. In practice the University has always received an allocation as part of their funding to cover the cost of pensions and in the event of differences a 'top-up' from the HEA is received or the University refund the excess to the HEA. (iii) The University's role in relation to the pension schemes is administrative in nature.

The University is of the view that under FRS102 it is virtually certain that a reimbursement asset exists and accordingly a reimbursement asset (match asset) is recognised in the accounts.

Conclusions

Looking back over the 2018-2019, we have been highly successful in helping UL secure our international and academic profile. This reflects our commitment to graduate employability, our dedication to the student experience, our industry-relevant, award-winning research, our stunning campus and our deep commitment to community engagement. But it is our staff who are truly responsible for the success of UL. They work every day to make UL a thriving centre of excellence in scholarship, teaching and research and just a great place to be for students from Ireland and abroad.

Dr Des Fitzgerald
President



Date: 19 June 2020

STATEMENT OF GOVERNING AUTHORITY 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 expanded by it.

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


- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statement; 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 financial position of the University and which enable it to ensure that its financial statement comply with the Universities Act, 1997, the Statement of Recommended Practice 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.

The Governing Authority considers that the financial statements of the University to be a true and fair view of the University’s financial performance and its financial position at the end of the year.

On behalf of Governing Authority



Ms Mary Harney
Chancellor

Date: 19 June 2020



Dr Des Fitzgerald
President

Date: 19 June 2020

ANNUAL STATEMENT OF GOVERNANCE

This constitutes the University of Limerick's Annual Governance Statement for year ended 30 September 2019.

1. Code of Conduct for Members of Governing Authority

The Governing Authority approved a revised Code of Conduct for its members in December 2018 that has been circulated to all members. The Code includes clear requirements on conflict of interest and Ethics in Public Office Act (1995) and the Standards in Public Office provisions to which members must adhere. The Code of Conduct will be reviewed again in 2020 to ensure it is in compliance with the 2019 Code of Governance for Irish Universities.

2. Code of Conduct for Employees

The Code of Conduct for Employees was last reviewed and updated by Governing Authority in September 2011. The Code contains explicit provisions setting out requirements for conflicts of interest and for adherence to the Ethics in Public Office Act (1995) and the Standards in Public Office to which employees must adhere. The Code is available to all employees via the UL website and is brought to the attention of all new employees as part of the University's Induction Process. The Code will be considered and revised further to ensure it is in line with the 2019 Code of Governance for Irish Universities.

3. Financially Significant Developments

- (i) The following is a brief outline of the financially significant developments affecting the University in FY2018-19 together with major issues that are likely to arise in the short to medium term (excluding the impact of Covid-19):
- The University achieved a balanced budget for the Financial Year 2018-19 in line with the budget strategy approved by Governing Authority. This has been formally communicated to the HEA.
 - In November 2018 the Finance, HR & Asset Management Committee (FHRAMC) approved the acquisition and refurbishment of Groody Village apartments by PCC (a wholly owned subsidiary of the University) at a cost of €6.9m to address student accommodation shortages.
 - The FHRAMC approved a conciliation payment in the order of €1.1m (excl VAT) in full and final settlement of a contractor claim in relation to the Library Phase 2 building in February 2019. A revised funding plan for the Phase 2 Building was also agreed by the Committee in order to address the contractor claims and conciliation process.
 - In April 2019 The Governing Authority approved expenditure of €8m for the purchase of a site in Limerick City from Dunnes Stores and to bring plans to planning permission stage for the University's Limerick City Campus. This expenditure was increased by €343,000 by the FHRAMC at its meeting in May 2019.
 - In May 2019 the FHRAMC approved a revised funding strategy for the new Student Centre in the amount of €19.9m (previously €17.95m) arising due to construction cost inflation, changes in project scope and reduced competition in the market.
 - In May 2019 the FHRAMC also approved a revised funding plan in the order of €3.4m and concept design modifications to accommodate the first phase of the CONFIRM SFI Smart Manufacturing Research Centre at Park Point.
 - In November 2019 the Governing Authority noted that the University had purchased lands that comprised a domestic dwelling on approximately 1.1 acres contiguous to the University's main entrance. The funding of this purchase was through the sale of the previous residence for UL Presidents in Killaloe as approved by the FHRAMC.

ANNUAL STATEMENT OF GOVERNANCE – continued

3. Financially Significant Developments - continued

- (ii) *Details of the engagement and associated costs of external consultancy firms and investigators contracted to carry out investigations and enquiries on internal matters.*

Mediation Services of €19,680.

- (iii) *Details of expenditure on external consultancy/adviser fees paid to external parties providing advisory services of any nature (including legal, tax and financial advisory, PR/Marketing, pensions, HR and any other advisory/consultancy services).*

A review has been conducted for the year ended 30 September 2019 of advisory fees paid. Details are set out below:

Category	Total €
Strategic project change management and advisory services	496,362
Legal employment advices	390,556
Estate Planning	390,342
Legal	360,207
TTO - Legal, IP, Patents	293,760
Audit and taxation	194,759
Strategic planning	164,265
GDPR	159,258
Student health services review	134,685
Brand refresh	85,453
Internal audit	82,810
Health & Safety assessments	81,309
Public Relations	49,756
Governance advice legal	35,436
HR - Gender equality	34,807
Pension	34,203
Procurement EPS	19,816
Procurement	15,616
Policy Development consultancy	13,791
Environmental advice	5,535
IT Security Scans	5,428
HR	2,952
Valuation services	2,952
Grand Total	3,054,058

ANNUAL STATEMENT OF GOVERNANCE – continued

3. Financially Significant Developments - continued

- (iv) *Details of significant commercially sensitive developments in the past financial year.*

There were no significant commercially sensitive developments in the past financial year or for the remainder of the current year other than those set out in Section 3(i) above.

- (v) *Details on financing arrangements attaching to any joint venture including details of loans, dividends or other forms of funding the point of establishment and on an on-going basis.*

None.

- (vi) *The aggregate cost to the Exchequer of the arrangements outlined in Section (v)*

Not applicable.

- (vii) *Confirmation of financial position of the University.*

A balanced budget was achieved in AY 2018/19 and was noted by the Governing Authority.

4. Pay

- (i) *A statement affirming that Government policy on pay is being complied with.*

The University of Limerick is complying with Government Policy on Pay and the Framework for Departure from Approved Levels of Remuneration as agreed with the HEA under Section 25 of the Universities Act, 1997.

There was a total of 609.05 (FTE) full-time academic and 43.64 (FTE) part-time academic staff employed by the University at the end of the period under review. The University has permission from the Department of Education & Skills which allows the University to pay overtime to academic staff for work outside of their normal contract hours e.g. evenings and weekends. In the year ended September 2019 the total value of the payments to full time staff was €299,674.

- (ii) *Confirmation that no severance payments have been made without the consent of the Department of Education & Skills.*

No severance payments were processed by the University without the consent of the Department of Education & Skills in the period under review.

- (iii) Confirmation that the University has in place arrangements for ensuring that external work undertaken by employees does not impact on the performance of core contracted duties. External work undertaken by members of Academic Staff is governed by their contract of employment and also by the University's Policy for Private Consultancy and External Commercial Work approved by the Governing Authority in September 2009. This Policy stipulates that academic staff are appointed on the understanding that they may engage in outside paid work only with the permission of the President, or his/her nominees. The University is confident that these arrangements ensure that external work undertaken by employees does not impact on the performance of core contracted duties.

External work undertaken by non-academic staff is addressed in their contracts of employment which prohibit other additional work for which remuneration is to be paid without the prior approval of their line manager.

ANNUAL STATEMENT OF GOVERNANCE – continued

5. Financial Reporting

- (i) *A statement affirming that all appropriate procedures for financial reporting are being carried out.*

The University is subject to annual audit by both the Office of the Comptroller & Auditor General and by the Governing Authority appointed External Auditors, PricewaterhouseCoopers. All appropriate procedures for the production of the University's annual financial statements are in place.

The University has not made any payment of interest and penalties under the Prompt Payments Act.

- (ii) *A statement confirming that the institution is reporting through the medium of the annual financial statements, the specific disclosures required by the Code of Governance for Irish Universities with reference to the State Code.*

The production of the University's Consolidated Financial Statements for Y/E 30 September 2019 will be in compliance with the 2019 Code of Governance for Irish Universities as set out above.

6. Off Balance Sheet Transactions

Summary details of all off-balance sheet financial transactions of the institution that are not disclosed in the annual report and financial statements, including information on the nature, purpose and financial impact of the off-balance sheet financial transactions.

The University has not entered into any off balance sheet transactions such as leases, letters of credit, guarantees, derivatives, sale of receivables, debit or debt like instruments of non-consolidated equity interests or joint ventures which give rise to or may give rise to an asset or liability in excess of €10m or 2% of the total net assets of the University (€5m).

The University arranged through Bank of Ireland, drawn on Wells Fargo, an irrevocable Letter of Credit in the amount of US\$167,476, which expires on 30 September 2020, to the US Department of Education in respect of commitments under the US Federal Aid Loan programme.

7. Trusts and Foundations

Confirmation that foundations and trusts have been or will be incorporated into the financial statements of the institution or included in an extended accounting policy note summarising the transactions between the University and the Foundation or Trust or included as an appendix to the financial statements.

The transactions between the University and the University of Limerick Foundation are included in the notes to the Financial Statements and a copy of the signed audited Financial Statements of the Foundation are included as an appendix to the Financial Statements of the University.

ANNUAL STATEMENT OF GOVERNANCE – continued

8. Internal Audit

A statement affirming that all appropriate procedures for internal audit are being carried out and a full internal audit plan is in place.

The University of Limerick has all appropriate procedures in place for internal audit. The University had outsourced its Internal Audit function up to the end of 2019 but has changed this approach by appointing an in-house Internal Auditor in January 2020. This appointment is at an appropriately senior level and is for an initial two-year period. The job description of the Internal Auditor provides for independence in the role and reporting on a functional basis to the Chairperson of the Audit & Risk Committee and administratively to the Corporate Secretary.

There is a robust system of Internal Audit in place through the Internal Auditor carrying out an annual programme of risk-based audits that is approved by the Audit & Risk Committee. A risk based internal audit plan for 2019 was agreed by the Audit & Risk Committee in November 2018. The Governing Authority Audit & Risk Committee approved the University's Internal Audit Plan for 2020 in March 2020. In addition, the Internal Audit Charter is in place and the implementation of its provisions ensures that a review of the status of implementation of Internal Audit recommendations is undertaken on a regular basis and reported upon to the Audit & Risk Committee. The Internal Audit Charter was revised by the Committee in February 2019 and approved by Governing Authority in April 2019. There will be further consideration of the Internal Audit Charter in Q2 2020 to ensure it is in line with the provisions of the 2019 Code of Governance for Irish Universities. The terms of reference of the Audit & Risk Committee, which were updated in 2018, will be considered further in 2020 to ensure they meet the requirements of the 2019 Code.

In accordance with recommended best practice, the composition of the Audit & Risk Committee provides for two members external to the University who are not members of Governing Authority who bring additional expertise to the Committee.

In the period October 2018 to September 2019 the Audit & Risk Committee held five meetings and reported to the Governing Authority on the outcome of each meeting.

The Audit & Risk Committee meets annually with the External Auditors appointed by Governing Authority, the Internal Auditor, and with representatives of the Office of the Comptroller & Auditor General (C&AG) without members of the Executive present.

9. Procurement

- (i) **Procurement Procedures:** *Confirmation that the University is in compliance with current procurement legislation and rules and all appropriate procedures for procurement have been developed, published to all relevant staff and are being carried out including confirmation that the University is using the services and frameworks of the OGP, and of the EPS, whenever applicable.*

The University's policy is to always be compliant with national procurement guidelines and EU Public Procurement Regulations and has procedures in place that have been communicated to the staff of the University. The University is actively working with the Office of Government Procurement (OGP) and the Education Procurement Service (EPS) to ensure that procurement activities are taking place in accordance with requirements of the operating model put in place by the OGP. During the 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 the risk that contracts expire in advance of being retendered or that contracts are extended temporarily beyond their original duration without going through the appropriate procurement process. There is also a risk that where the OGP cannot deliver a procurement request that the University does not have the resources available to it to complete the necessary process. The University continues to deploy its procurement resources to minimise this risk.

ANNUAL STATEMENT OF GOVERNANCE – continued

9. Procurement – continued

The purchase of goods and services that form part of this transition process to the OGP model during the year ended 30 September 2019 amounted to €3.259m (2018 €4.519m). This amount is across seven commodities or services. We have now completed procurement and contracts on 78% of this spend. We are awaiting EPS framework which is underway for most of the remaining 22%.

The University's expenditure with suppliers, including both recurrent and research costs and equipment additions during the year amounted to €82m.

Other than to the extent referred to in 9 (ii) below, the University is compliant with current procurement rules and guidelines as set out by the OGP and the EPS.

- (ii) **Procurement Non-Compliance:** *Confirmation that procedures are in place to detect non-compliance with procurement procedures including confirmation that a contracts database/listing for all contracts/payments in excess of €25,000 with monitoring systems is in place to flag non-compliant procurement.*

The University operates an online purchase requisition system with automated workflow directing the requisition to the appropriate approvers. All purchase requisitions of a value in excess of €5,000 are routed to procurement for approval. Requisitioners are required to electronically attach three quotations where required.

A listing of all contracts that have been procured is maintained and details of contracted suppliers by commodity are available to all staff on the Procurement website.

In order to detect any possible non-compliance, the University conducts a post factum review annually on aggregate spend on suppliers. This review informs whether a revised procurement strategy is required for such suppliers as aggregate annual spend has exceeded the €25,000 threshold for tendering.

A review of all suppliers with spend greater than €25,000 identified an aggregate total spend of €650,953 that was not compliant with procurement guidelines.

- (iii) **Details of Non-Competitive Procurement:** *Details of non-competitive procurement (aggregate total).*

During FY18-19 the University spent €3.631m on a number of non-competitive procurements these include maintenance/support contracts on previously tendered competitions for systems and equipment, exclusive rights for library journals, water charges, repairs and parts for specialist research equipment etc. These are single source compliant procurements where the University's purchase approval process requires a completed supplier selection justification setting out details of the circumstances such as exclusive rights, replacement parts or accessories, technical services etc.

- (iv) **Corporate Procurement Plan:** *Confirmation that the relevant procurement policy and procedures and the development and implementation of the Corporate Procurement Plan are being adhered to where appropriate.*

The University submitted its completed Corporate Procurement Plan (CPP) to the EPS in November 2019 following its approval by the FHRAMC on 26 November 2019.

ANNUAL STATEMENT OF GOVERNANCE – continued

9. Procurement – continued

- (v) **Office of Government Procurement:** *Confirmation that the University is using the services and frameworks of the OGP, and of the EPS, whenever applicable.*

The University is actively working with the OGP and the EPS to ensure that procurement activities are taking place in accordance with requirements of the operating model put in place by the OGP.

10. Asset disposals

A statement affirming that all appropriate procedures for asset disposals are being carried out and details of and explanations for the disposals of assets or grants of access to property or infrastructure for commercial arrangements with third parties above the threshold of €150,000 which have not been subject to auction or competitive tendering process.

The disposal of assets by the University is carried out in accordance with the University's fixed assets disposal process in accordance with its Disposal/Transfer of Assets Policy. This Policy will be reviewed in 2020 to ensure it is in compliance with the 2019 Code of Governance for Irish Universities.

Additionally, the University maintains a Fixed Asset Register which is subject to annual audit by the Office of the C&AG and the External Auditors of the University.

11. Guidelines for the Appraisal and Management of Capital Proposals

Confirmation that the Guidelines for the Appraisal and Management of Capital Proposals are being adhered to where appropriate.

The University's practices in the development of capital projects are consistent with the Department of Public Expenditure and Reform Circular 13/13: the Public Spending Code: Expenditure Planning, Appraisal & Evaluation in the Public Service – Standard Rules & Procedures.

12. Travel policy

Certification that Government travel policy requirements are being implemented in all respects.

The University implements Government travel policy requirements through its Travel & Subsistence Policy approved by Governing Authority, which was reviewed by the FHRAMC in November 2019.

The University is satisfied that there are robust controls in place in relation to the payment of travel related expenses. The requirements of Government travel policy are being implemented throughout the University.

13. Guidelines on Achieving Value for Money in Public Expenditure

Confirmation that the Guidelines on Achieving Value for Money in Public Expenditure as set out in the address by the Minister for Finance of 20 October 2005 and communicated to the universities are being followed.

The University has followed the Guidelines on Achieving Value for Money in Public Expenditure as set out in the address by the Minister for Finance on 20 October 2005.

ANNUAL STATEMENT OF GOVERNANCE – continued

14. Tax laws

A statement affirming the university's compliance with tax laws.

The University seeks to be compliant with taxation laws and is committed to ensuring that all known tax liabilities are paid at the relevant due dates. Where an error in tax liability is identified the University corrects this error to ensure continued compliance with tax law.

The University is engaged in a profile interview process with Revenue as part of Revenue's compliance intervention options and a response is awaited from Revenue.

15. Legal Disputes

Details of all legal disputes involving other State bodies.

Please note, details of legal disputes involving other State bodies incurring expenditure of €25,000 or over must be provided to the HEA and to the relevant Vote section of the Department of Public Expenditure and Reform, once a year by the 30th of June of each year including an estimate of the legal costs incurred up to the date of such information.

The University did not engage in any legal disputes involving other State bodies in the period under review.

16. Good Faith Reporting – Protected Disclosures Act 2014

In line with legislation, the Governing Authority should put in place procedures for Confidential Disclosure Reporting whereby employees may, in confidence, raise concern about possible irregularities in financial reporting or other matters and for ensuring meaningful follow-up of matters raised in this way.

- (i) *Confirmation that a Protected Disclosures policy in line with the Protected Disclosures Act 2014 is in place.*

The University's Protected Disclosures Policy & Procedures were developed in accordance with Guidelines issued by DPER and approved by the Governing Authority in April 2016. It was revised by the Governing Authority in October 2018. A further update to the Policy was approved by the FHRAMC in February 2020 for consideration by Governing Authority at its April 2020 meeting.

- (ii) *Confirmation that the annual report required under section 22(1) of the Act has been published.*

The University's Annual Report as required under section 22(1) of the Act was published in June 2019, thereby meeting the required deadline.

- (iii) *Confirmation of the number of protected disclosures received during the year and the broad nature of these disclosures.*

The University received a submission in October 2019 from two employees of the University alleging unfair treatment. A Governing Authority appointed Protected Disclosures Group is reviewing the submission at present.

ANNUAL STATEMENT OF GOVERNANCE – continued

17. Governing Authority meetings

Confirmation of the number of Governing Authority meetings held during the financial year in question and attendance record of members. The Governing Authority should meet at least twice a year without executive Board members or management present to discuss any matters deemed relevant. Cognisant of the legislation in this regard, the HEA would encourage that Governing Bodies consider this.

During the period under review there were seven meetings of the Governing Authority. The attendance records of members of Governing Authority at these meetings are attached as Appendix 1.

The Governing Authority met without Executive members present in January 2020 and it is planned that in the future these meetings will take place on a bi-annual basis.

18. Audit and/or Risk Management Committee meetings

(i) *Confirmation of the number of Audit and/or Risk Management Committee meetings held during the financial year in question and attendance record of members.*

The Audit & Risk Committee met on five occasions in the period under review and the attendance record of members of the Committee is attached as Appendix 2.

(ii) *The Audit and/or Risk Management Committee should meet at least four times a year. In the event that four meetings are not considered necessary, please confirm that the Chairperson of the Governing Authority is satisfied that the Audit and/or Risk Management Committee discharged its role with fewer than four meetings in a year.*

Not applicable.

19. Review of Governing Authority performance

(i) *Confirmation that the Governing Authority reviews its own performance and that it commissions an external review at least once during the Governing Authority's term of office.*

The Governing Authority is in the middle of its term of office and ran a tender process for its external evaluation in accordance with this requirement. The evaluation commenced in March 2020 with a scheduled completion date of Summer 2020.

The implementation of recommendations arising from Stage 1 of an external review of governance practices completed in late 2017 at the end of the term of office of the previous Governing Authority were implemented in establishing the current Governing Authority. Further recommendations arising from Stage 2 of that external review are considered on an on-going basis by a Governance Working Group established by the current Governing Authority. Of the 27 recommendations in Stage 2 of the Evaluation, 22 are implemented and 5 are in progress at the time of writing this report. The timeframe for the implementation of the remaining recommendations has been set out and conveyed to the Governance Working Group. The Governing Authority is updated on the status of the implementation of the recommendations after each meeting of the Governance Working Group.

(ii) *Confirmation should also be provided on when both internal and external reviews were last carried out and when both will be carried out again.*

The term of office of the Governing Authority commenced on 1 December 2017. As indicated above, the outcomes of a governance review were presented to the Governing Authority and relevant recommendations accepted by Governing Authority in December 2019. External evaluation is planned to commence in March 2020. Internal evaluation took place at the end of the previous Governing Authority's term of office and is scheduled to recommence in 2021 for the current Governing Authority.

ANNUAL STATEMENT OF GOVERNANCE – continued

20. Salary of President

The total salary paid to the President for the period from 1 October 2018 to 30 September 2019 was €195,669.

21. Data provided to HEA

- (i) *Confirmation that the university has satisfied itself as to the integrity and robustness of any data on student numbers provided to the HEA for the purpose of calculating and allocating the core grant.*

The University is satisfied that it has provided data on student numbers to the HEA in accordance with HEA guidelines.

- (ii) *Confirmation that the university has satisfied itself as to the integrity and robustness of staff numbers provided to the HEA as required.*

The University is satisfied that it has provided data on staff numbers to the HEA in accordance with HEA guidelines.

22. Child protection policy

Confirmation that an appropriate child protection policy is in place in compliance with the requirements of the Children First legislation and guidelines.

The University of Limerick's Child Protection Guidelines comply with the Children First Act 2015 and are being implemented. In addition, the University has developed a Child Safeguarding Statement in accordance with the Act. The University's associated organisations have local Child Protection Policies in place that conform to *Children First* and are being implemented as confirmed in writing to the University's Child Protection Officer. The Audit and Risk Committee receives an annual report on the implementation of the University's Child Protection Guidelines and verification that the University's associated organisations' policies are being applied. This is subsequently reported to Governing Authority by the Committee.

No garda vetting issues arose that impacted on the appointment of individuals to the University during the period under review.

ANNUAL STATEMENT OF GOVERNANCE – continued

23. Fees and expenses

Confirmation that fees and/or expenses paid to members of Governing Authority are in accordance with the guidelines from the Department of Finance and are presented in the University's Annual Report. A note on the schedule of fees and aggregate expenses payable to external Governing Authority members should be included.

Expenses paid to external members of Governing Authority are in accordance with the Guidelines from the Department of Finance. These are included in the University's Annual Reports in the form of the Financial Statements. Details of the fees and expenses paid to external members of Governing Authority for year ended 30 September 2019 are as follows:

	External Governing Authority Members
Fees Payable	Nil
Expenses Payable	€24,889

In the period under review a total of €999 in expenses was paid to internal members of Governing Authority. These were paid in accordance with Guidelines from the Department of Finance.

24. Subsidiaries and interests in external companies

- (i) **Compliance with terms and conditions of consent of establishment:** *Statement confirming that any subsidiary of the University (or subsidiary thereof) continues to operate solely for the purpose as approved by Governing Authority, remains and continues to remain in full compliance with the terms and conditions of the consent under which it was approved.*

The University confirms that its subsidiary companies operate solely for the purpose as approved by the Governing Authority and continue to operate on that approved basis.

- (ii) **Code of governance for trading subsidiaries:** *Confirmation that an appropriate code of governance is in place in respect of trading subsidiaries (i.e. subsidiaries with annual turnover and employees), with annual statements provided to the Governing Authority and the Governing Authority has received a formal report of compliance from the Chairperson of the Board of each subsidiary.*

The University's subsidiaries have codes of governance in place as confirmed by their respective Board's Annual Governance Statement signed by their respective Chairpersons. These are submitted to the FHRAMC Committee and subsequently reported to Governing Authority. These Codes of Governance will be reviewed following the issuing of a sectoral level code of governance for subsidiary companies that is being finalised at present.

ANNUAL STATEMENT OF GOVERNANCE – continued

24. Subsidiaries and interests in external companies - continued

(iii) *Details of any shareholdings and interests held by the University in external companies.*

The University holds minority shareholdings in a number of Campus Companies listed below. Campus companies are created predominantly from University of Limerick research results and approved in accordance with UL Campus Company Procedures. The University does not operate any investment fund, nor does it invest any University funds into campus companies. The equity holding is a return for the intellectual property arrangements. These arrangements are covered by legal agreement between the University and the campus company including a provision that the University does not provide any warranties or assurance in relation to the use of the intellectual property by the campus company. In addition, the University will generally seek an indemnity from the company around its use of the intellectual property. In initial shareholder agreements the University may reserve the right to appoint a director or observer to the board, this option has not been exercised. The right to a board seat is generally impacted by the various funding rounds which result in a dilution of the University shareholding and loss of right to a board appointment.

The carrying value of such investments in the University financial statements is €Nil.

Campus Company Name	Activity	Share-holding
LearnOpt Ltd	Software solutions for CPD organisations	15%
Crescent Diagnostics Ltd	Bio –medical	1.70%
Bearna Medical Ltd	Development of novel bone cements and grafts	~15%
Poly Pico Ltd	Printing high density protein/antibody/ DNA microarrays	~ 4%
ALR Innovations	Manufacture and sale of LCD recycling equipment	~15%
Class Medical Ltd	Medical device design and manufacture	~10%
Transgero Ltd	Risk management services	~5%
Farmhedge	On-farm weather risk information	~10%
Vanadium Investments	Battery technology	~15%
Ostoform	Pharmaceutical technology and discovery	~7%
Cala Medical	In start-up phase	~9%
Hook Bio	Pharmaceutical technology and discovery	~10%
MicaNanotech	Novel materials	~10%
Solopep	Respiratory Medical devices	~15%

~ = approximately

ANNUAL STATEMENT OF GOVERNANCE – continued

25. Intellectual Property (IP) and Conflict of Interest

- (i) *A statement confirming that the University has in place a single IP policy, published on its website, which:*
- *Reflects the requirements of the national IP Protocol*
 - *Clearly sets out all IP processes and researcher obligations*
 - *Includes a clear description of IP commercialisation decision-making processes*
 - *Includes a clear dispute resolution process*
 - *Describes revenue share mechanisms*
 - *Describes potential for conflicts of interest and directs researchers to the relevant sections of the HEI's Conflict of Interest Policy*

The University has a single IP Policy that is published on its website. The IP Policy is currently being updated to reference the new National IP Protocol published in 2019.

It should be noted that the current IP Policy:

- Reflects the requirements of the 2019 National IP Protocol except for the new areas on campus companies. These requirements are currently reflected in UL Campus Company procedures and the procedures are being incorporated into an updated UL IP Policy to bring the Policy in line with the National Protocol.
- Provides that the procedures and processes for commercialisation shall be set out by the Technology Transfer Office. These procedures and processes are currently published on the Research Office website. These procedures are being incorporated into an updated UL IP Policy.
- Provides that Vice President Research has overall decision-making responsibility for commercialisation of UL intellectual property and describes broad principles on how this will be undertaken.
- Sets out how disputes between IP creators and UL shall be handled.
- Describes how income from commercialisation is distributed.
- Does not currently reference an institutional Conflicts of Interest Policy. An UL institutional Conflict of Interest Policy has been finalised and commenced the approval process in March 2020. The UL IP Policy will be updated to describe potential for conflicts of interest and will direct researchers to the relevant sections of the new UL Conflict of Interest Policy.

- (ii) *A statement confirming that the University has in place a Conflict of Interest Policy, published on its website.*

The Code of Conduct for Employees, University's Research Integrity Policy and Conflicts of Interest: Protocol and Procedures related to Research Activities at University of Limerick address these matters.

A University-wide Conflicts of Interest Policy has been completed and its approval process commenced in March 2020. Following its approval by Governing Authority it will be brought to the attention of all staff, published on the University's website and included in the University's Induction Process.

- (iii) *Confirmation that the Governing Authority is made aware of all IP commercialisation and IP conflicts of interest on an annual basis.*

During the period in question, there were no disclosures of interest made by staff advised to the Office of Vice President Research in relation to any potential conflicts of interest relating to IP.

The Governing Authority is made aware of all IP commercialisation through consideration of this Annual Governance Statement and regular reports by the Vice President Research.

ANNUAL STATEMENT OF GOVERNANCE – continued**25. Intellectual Property (IP) and Conflict of Interest - continued**

- (iv) Provide the names of any spin-out companies from which you have received revenue in the relevant financial year from (i) equity sale (ii) dividends (iii) any milestone related (or similar) event not covered in (i) or (ii).

During the financial year, UL received payments from spin-out Company called Cala Medical Ltd. The payments related to reimbursement of patent costs incurred by UL and amounted to €11,334.

26. General governance and accountability issues

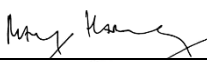

Description of other governance and accountability issues that the university may wish to bring to the attention of the HEA.

The University had a number of legacy matters that resulted in various reviews as follows:

- (i) Mazars Review commissioned by the HEA – all recommendations implemented;
- (ii) Deloitte Internal Audit Report on Termination Payments, Further Study, Conflict of Interest and Correspondence with Key Stakeholders commissioned by the President of the University: of the 42 recommendations made, 41 are implemented and 1 is in progress;
- (iii) Thorn 1 and Thorn 2 Reports – Independent Review of Certain Matters and Allegations Relating to the University of Limerick commissioned by the HEA: All 10 recommendations are implemented;
- (iv) Committee of Public Accounts Report: The Examination of Financial Statements in the Third-Level Education Sector: of the 10 recommendations included in that Report, 9 are implemented and 1 is in progress;
- (v) C&AG Special Report Handling of remuneration for certain senior staff in the University of Limerick and Sligo Institute of Technology – the 2 recommendations arising from that Report are implemented;
- (vi) External Corporate Governance Review – Stage 2 commissioned by the President of the University and as indicated in 19(i) above: of 27 recommendations 22 are implemented and 5 are in progress at the time of writing this report.

The University established a clear reporting mechanism to the Audit & Risk Committee that informs them on progress in the implementation of recommendations arising from the reviews set out in (i) to (vi) above. The Audit & Risk Committee reports on these updates to the Governing Authority. The Committee will continue to monitor the implementation of the recommendations arising from these reviews until such time as they are satisfied that they have all been addressed appropriately by the University.

The University has reported quarterly to the HEA on the implementation of recommendations arising from the Thorn 1 Report, the recommendations of which are implemented.

Chairperson:	
President:	
Name of Institution:	University of Limerick
Date:	19 June 2020

ANNUAL STATEMENT OF GOVERNANCE – continued

Appendix 1 (Attendance at Governing Authority meetings)

1 October 2018 - 30 September 2019

The Governing Authority met 7 times during the period under review.

	Governing Authority Member	No. of Meetings Attended	No. of Meetings Eligible to Attend
Chief Officer:	Dr Desmond Fitzgerald	7	7
Chancellor:	Ms Mary Harney	7	7
Senior Officer of University:	Mr Gerry O'Brien	6	7
Professors/Associate Professors: <i>(elected by such staff)</i>	Professor Sean Arkins	7	7
	Professor Eoin Devereux	6	7
	Professor Kevin M Ryan	5	7
Academic & Research Staff: <i>(elected by such staff)</i>	Dr Seamus Gordon	5	7
	Dr Amanda Haynes	6	7
	Mr Gerard Slattery	7	7
	Dr Peter Tiernan	7	7
Support Staff: <i>(elected by such staff)</i>	Ms Michelle Breen	5	7
	Ms Kim O'Mahony	5	7
Elected officers of the Students' Union:	Mr Jack Scanlan	2	2
	Ms Ciara Jo Hanlon	3	5
	Ms Serena Hare	2	2
	Mr Lorcan O'Donnell	5	5
	Mr Abraham Agboola	2	2
	Mr Dean Lillis	2	5
Nominees of Organisations:	Ms Joan Aherne	6	7
	Mr John O'Connell	5	7
Nominees of Minister for Education & Skills:	Ms Grainne Barron	6	7
	Dr Garrett A FitzGerald	4	7
Persons appointed having regard to Artistic/Cultural Interests:	Professor Julian Crampton*	2	5
	Ms Trish Long	5	7
	Ms Judith Woodworth	5	7
Graduates of the University of Limerick: <i>(elected by such graduates)</i>	Mr Liam Carroll	5	7
	M Colin Clarke	7	7
Cathaoirleach of the City & County of Limerick:	Cllr James Collins	5	7
Mayor of the Metropolitan District of Limerick:	Cllr Daniel Butler	4	5
	Cllr Michael Sheahan	1	2
University of Limerick Foundation Nominees:	Ms Rose Hynes	4	7
	Mr Eddie Sullivan	4	5
	Mr Tom Considine**	1	1
President, MIC:	Professor Eugene Wall	5	7

* Deceased, replaced by Ms Aibhlín McCrann, February 2020

**Deceased replaced by Mr Eddie Sullivan, December 2018

ANNUAL STATEMENT OF GOVERNANCE – continued

Appendix 2

Sub-Committee meeting attendance period 1 October 2018- 30 September 2019)

Audit & Risk Committee

The Audit & Risk Committee met on five occasions and the attendance record is detailed below:

Members of Governing Authority and FHRAMC members

Mr John O'Connell – attended 3 of 5 meetings

Mr Tom Considine (Chair) – attended 1 of 1 meeting

*Mr Eddie Sullivan (Chair) – attended 4 of 4 meetings

External Committee members who not members of Governing Authority

Mr Chris Cullen – attended 5 of 5 meetings

Ms Imelda Hurley – attended 5 of 5 meetings.

Finance, Human Resources & Asset Management Committee

The Finance, Human Resources & Asset Management Committee met on four occasions and the attendance record is detailed below:

Members of Governing Authority and FHRAMC members

Mr Liam Carroll – attended no meetings

Ms Ciara Jo Hanlon – attended 4 of 4 meetings

Ms Rose Hynes (Chair) – attended 4 of 4 meetings

Ms Kim O'Mahony – attended 4 of 4 meetings

Professor Kevin M Ryan – attended 2 of 4 meetings

Dr Peter Tiernan – attended 3 of 4 meetings

Ms Judith Woodworth – attended 4 of 4 meetings

Members of Governing Authority in attendance

Dr Des Fitzgerald – attending 4 of 4 meetings

Mr Gerry O'Brien - attended 4 of 4 meetings

External Committee members who not members of Governing Authority

Mr Ambrose Loughlin – attended 2 of 2 meetings

Mr Mark Kennelly – attended 4 of 4 meetings

Mr Eddie Sullivan* – attended 1 of 1 meeting

*Mr Sullivan was an external member of FHRAMC. He was appointed as a member of the Governing Authority in December 2018 and also as Chair of the Audit & Risk Committee (replacing Mr Tom Considine, deceased)

ANNUAL STATEMENT OF GOVERNANCE – continued

Access, Equality & Student Affairs Committee

The Access, Equality & Student Affairs Committee met on six occasions and the attendance record is detailed below:

Members of Governing Authority and AE&SA members

Mr Abraham Agboola - attended 0 of 1 meetings
Ms Joan Aherne – attended 5 of 6 meetings
Ms Michelle Breen – attended 5 of 6 meetings
Professor Eoin Devereux – attended 4 of 6 meetings
Ms Ciara Jo Hanlon – attended 4 of 5 meetings
Ms Serena Hare – attended 1 of 1 meetings (also *in attendance* in June 2019)
Dr Amanda Haynes - attended 2 of 3 meetings
Ms Dean Lillis – attended 3 of 5 meetings
Ms Trish Long (Chair) - attended 6 of 6 meetings
Mr Lorcan O'Donnell - attended 4 of 5 meetings
Mr John O'Connell - attended 3 of 6 meetings
Mr Jack Scanlan - attended 1 of 1 meetings (also *in attendance* in June 2019)

Access, Equality & Student Affairs Committee

Member of AE&SA but not Governing Authority

Professor Kerstin Mey - attended 5 of 6 meetings

Not member of AE&SA but in attendance

Dr Lucy Smith - attended 1 of 6 meetings
Dr Bernadette Walsh - attended 4 of 6 meetings

Governance Working Group

Members of Governing Authority and GWG members

Professor Seán Arkins – attended 4 of 4 meetings
Mr John O'Connell (Chair) – attended 3 of 4 meetings
Mr Liam Carroll – attended 3 of 4 meetings
Ms Trish Long – attended 4 of 4 meetings
Ms Kim O'Mahony – attended 4 of 4 meetings
Mr Ger Slattery – attended 3 of 4 meetings

Not member of GWG but in attendance

Professor Mary O'Sullivan – attended 1 of 1 meeting (retired)

STATEMENT ON THE SYSTEMS OF INTERNAL CONTROL

1. **Governing Authority responsibility for the System of Internal Controls**

The President acknowledges that Governing Authority has overall responsibility for the University's system of internal control, including that of its subsidiary companies. The system covers all material controls including financial, operational and compliance controls and risk management systems that support the achievement of the University's Strategic Plan, the achievement of the Strategic Plans/objectives of its subsidiary companies and the implementation of University policies and procedures while safeguarding the public and other funds and assets for which the University has responsibility

2. **Reasonable assurance against material error**

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the aims and objectives of the Strategic Plan or the implementation of University policies and procedures, or to conduct its affairs in an orderly and legitimate manner. To that extent it can, therefore, only provide reasonable and not absolute assurances of effectiveness.

3. **Key control procedures**

(i) Annual review of the effectiveness of control

The Governing Authority confirms that there has been a review of the effectiveness of internal controls during the period to which this Statement relates and that such review was completed on 14 November 2019.

(ii) Disclosure of details regarding instances where breaches in control occurred – such breaches might include non-compliance with procurement rules or instances where other elements of the control system (e.g. internal audit, Audit and/or Risk Management Committee or other committees) were not operational.

Details of procurement non-compliance are set out in section 9 of the Governance Statement on page 13 - 15.

(iii) Disclosure of details of any material losses or frauds.

In the period under review no material weaknesses in internal control have been identified that have resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or the auditor's report on the financial statements.

(iv) Review of the Statement on System of Internal Controls (Governing Authority and Audit and Risk Management Committee)

It is confirmed that the Statement on the System of Internal Controls, which accompanies the University's Annual Financial Statement, is reviewed by the Audit & Risk Committee and forwarded to Governing Authority by the Committee for formal approval.

(v) Statement on System of Internal Controls is to be reviewed by the Comptroller and Auditor General to confirm that it reflects the university's compliance with the requirements of paragraph 6.6 and is consistent with the information of which they are aware from their audit work on the financial statements and where this is not the case, the Comptroller and Auditor General should report on this in the audit report on the relevant financial statement.

It is confirmed that the Statement of Internal Controls is reviewed by the University's External Auditors and the Comptroller and Auditor General (the Auditors) as part of their consideration of the Financial Statements. The Auditors are required to include a statement in the Financial Statements Audit Report indicating whether or not the Statement of Internal Controls is consistent with the information of which they are aware as a result of their audit work.

STATEMENT ON THE SYSTEMS OF INTERNAL CONTROL - continued

3. Key control procedures - continued

(vi) The steps taken to ensure an appropriate control environment (such as clearly defined management responsibilities);

The following ensure that there is an appropriate and effective control environment in place in the University:

- Since the appointment of its current President in May 2017, the University has put in place a revised senior management structure designed to ensure best governance practice throughout the University.
- In the period under review written terms of reference were developed for and approved by the Executive Committee. The Executive Committee also established a number of sub-committees with written terms of reference that provide for clear levels of authority and reporting structures to Executive Committee. A review of remaining University committees to ensure clarity regarding retention of committee, delegation of authority and reporting structures is to commence in April 2020.
- An annual strategic budgeting process involving key individuals within the University takes place that informs the development of the University's budget.
- Vice Presidents, Executive Deans, Divisional Directors and Heads of Academic Departments/Administrative Units, in fulfilling their functions, operate with clear staff structures and appropriate assignment of duties within their respective areas of responsibility. In addition, their respective units have appropriate committee/group structures in place to support the development and work of the units. These units operate in accordance with internal policies and procedures as well as corporate-level policies approved by the Governing Authority on the recommendation of its sub-committees.
- Senior executives of the University are appointed as directors on all subsidiary company boards and they, along with the management of these subsidiaries, ensure they operate in accordance with University policies and procedures where appropriate and also in accordance with policies and procedures approved by their boards of directors.
- The University has established a Policy Management Framework that was approved by Governing Authority in September 2019. The Policy Management Framework will ensure consistency in the development and implementation of corporate level policies. The implementation of the requirements of the Policy Management Framework is supported by an online system that will be live in Q2 of 2020.
- Procedural manuals and guidelines on academic, financial, IT, research and HR management are available to all managers.
- The University's Academic Council, composed in accordance with the Universities Act, 1997, meets regularly and has a range of sub-committees in place to ensure the development, review and implementation of academic related policies, regulations and procedures. These sub-committees report regularly to the Academic Council.
- There is a robust Quality Review process in place that operates in accordance with statutory requirements that ensures regular quality reviews of the academic and functional units across the University and the implementation of agreed recommendations arising from such reviews where practicable. The outcomes of these reviews, the respective quality implementation plan where practicable and follow-up reviews are reported to the Executive Committee for approval. As a result of restructuring of the Governing Authority sub-committees, a revised process whereby the outcome of the quality reviews are presented to Governing Authority has been implemented.
- The University of Limerick is focused on providing the optimum student experience and in this regard, conducts institutional module satisfaction and student exit surveys and participates in ISSE to elicit where the University can improve its offerings to the students. The outcomes of these surveys are considered in detail and acted upon where practicable. Additionally, the University's Centre for Teaching & Learning works to enhance teaching and learning processes through supporting students' transition into university (First Seven Weeks), offering staff development programmes in learning, teaching and scholarship, heightening the profile and value of teaching activities including through Teaching Excellence Awards, collaboratively engaging in related research nationally and internationally and enabling key teaching innovations including technology assisted learning.

STATEMENT ON THE SYSTEMS OF INTERNAL CONTROL - continued

3. Key control procedures - continued

- The Intellectual Property Policy provides for procedures to be laid down from time to time for the appropriate management of the University's IP arising out of research activities. Procedures are in place for management of intellectual property and for the formation of UL Campus Companies. The Research Commercialisation Committee (RCC) provides oversight and guidance to the VPR on matters pertaining to research commercialisation, campus company formation and management of the Nexus Centre.
- The University Research Strategy Board, reporting to the University Executive Committee, advises and reports on University research priorities, strategy, and policy.
- The Research Ethics Governance committee (ULREG), supported by the Research Governance Officer, reports to Academic Council and in turn is reported to by five standing Research Ethics Committees: one each from the University's four faculties, and a separate Animal REC. ULREG is responsible for research ethics governance, setting standards for research ethics scrutiny, defining mechanisms to deliver these standards and overseeing associated monitoring and assessment arrangements. ULREG is supported in this role by research ethics committees (RECs). All research ethics applications are submitted to and considered by the relevant REC, whose decisions are reported to and ratified by ULREG.
- The Governing Authority has a sub-committee structure with clear terms of reference that are reviewed regularly. Membership of these committees provides for additional external expertise relevant to the sub-committee.
- The Audit & Risk Committee, supported by the Internal Auditor, reviews the scope and effectiveness of the University's internal controls and those of its subsidiaries, including financial, operational and compliance controls and reports regularly to the Governing Authority.
- Regular reporting to the relevant Governing Authority sub-committees and the Governing Authority on the financial aspects of major projects being proposed and/or completed.
- Regular reporting to the relevant Governing Authority sub-committee on the physical design of capital projects to ensure they complement surrounding buildings on the Campus.
- The terms of reference of the Governing Authority sub-committees include the oversight of major initiatives within their remit and they report regularly to Governing Authority on such matters.
- The University of Limerick Governing Authority operates in accordance with legislation. A compliance analysis between the University's Code of Governance and the 2019 Code of Governance for Irish Universities is near completion and will be presented to the Governance Working Group in March 2020. The UL Code of Governance based on the 2019 Code for the Governance of Irish Universities will be developed immediately thereafter.
- Subsidiary companies have Codes of Governance in place. These will be reviewed following the issuing of a sectoral level code of governance for subsidiary companies that is being finalised at present.
- A revised Schedule of Matters Reserved to Governing Authority was approved by Governing Authority in October 2018 to reflect its revised sub-committee structure. The Schedule will be considered further in 2020 in light of the 2019 Code of Governance for Irish Universities.
- The work of the GDPR Project Steering Group is nearing completion. The Steering Group comprises members from across the University's functional areas to manage the implementation of GDPR requirements. The Steering Group reports to the Operations Sub-Committee and the Executive Committee. A final report to the Audit & Risk Committee is to be scheduled for Q2 2020. Data Protection training continues to be rolled out both face-to-face and online. In addition, IT Security related policies have been approved by Governing Authority and related IT procedures introduced. Online IT Security Training is made available to all staff. In the period under review, ten data breaches were reported to the Data Protection Commissioner.

STATEMENT ON THE SYSTEMS OF INTERNAL CONTROL - continued

3. Key control procedures - continued

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

- The Governing Authority operates in accordance with legislation and the University of Limerick's Code of Governance which is based on the 2012 National Code. As indicated above a compliance analysis is near completion between the UL Code of Governance and the 2019 Code of Governance for Irish Universities. Once completed work will commence on the implementation of action plans outlined in the Gap Analysis and developing a revised UL Code of Governance.
- A Risk Management Policy adopted by the Governing Authority is in place. This Policy is implemented by way of a formal risk management process which involves all areas of the University, academic and administrative, in assessing and managing the risks, including the financial implications thereof, in a structured manner. This Policy is also implemented in relation to the work of University subsidiaries. This Policy is due for review in Q2 of 2020.
- The roll-out of the Risk Management Policy across various faculties and divisions continues to progress and a total of thirty-two risk registers, including the University's Fundamental/Corporate Risk Register, were in place by the end of the period under review. Given its importance within the University, progress relating to Risk Management is a standing agenda item at meetings of the Audit & Risk Committee. The Committee in turn reports to the Governing Authority on risk management related matters after each meeting and includes updates in its annual report to the Governing Authority. The Fundamental Risk Registrar was reviewed and updated by Executive Committee in April 2019, approved by the Audit & Risk Committee in June 2019 and by Governing Authority in September 2019. Since year end the Fundamental Risk Register was approved by Executive Committee in December 2020 and by the Audit & Risk Committee in February 2020. It will be considered by Governing Authority in April 2020.
- The University has developed and rolled out a Risk Management online system. The application enables users to add/edit risks on their Local Risk Register (LRR). A feature of the system is the automatic colour coding related to the inputted risk score in line with the University's Risk Management Policy. This highlights to users which risks pose the highest risk and facilitates their decision in relation to the escalation process. There are currently thirty-two local risks registers approved online.
- There is an agreed process for the review of local risk registers once established that is as follows:
 - Within one month of any internal audit report where a recommendation from the Internal Auditors graded as 'fundamental' is recorded;
 - Following major changes to the structure, funding or strategic direction of the Faculty/Division/Unit;
 - Following a specific request by the Executive Committee;
 - At least annually, notwithstanding the above conditions.
- Following the completion of a review of their local risk register, Vice Presidents/Executive Deans/Head of Administrative Units and the senior University executives appointed to subsidiary company boards will prepare a report using the standard risk & control template and risk register template set out in the Risk Management Policy. In the case of the University, it is planned the report will be submitted to the Operations Committee and then to Executive Committee, for consideration and discussion on a bi-annual basis or immediately depending on the level of the risk. In the case of subsidiary companies, this report is submitted to the board of directors in the first instance.

STATEMENT ON THE SYSTEMS OF INTERNAL CONTROL - continued

3. Key control procedures - continued

(viii) 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 established a resource allocation and budgeting system. It carries out an annual strategic budgeting process and the resulting Annual Budget is approved by the FHRAMC and then the Governing Authority. Budgets are reviewed against actual expenditure during the year. Monthly reports are issued to budget-holders and financial reports are reviewed by the FHRAMC on a quarterly basis.
- Subsidiary companies carry out an annual budgeting process and the budget is approved by the board of directors. Budgets are reviewed against actual during the year and quarterly reports are reviewed by the board. The subsidiary companies report on their performance to the Governing Authority.

(ix) The procedures for addressing the financial implications of major business risks (such as financial instructions and notes of procedures, delegation practices such as authorisation limits, segregation of duties and methods of preventing and detecting fraud); and

- The Governing Authority approved the UL Signing Authority Policy in November 2017. This has been updated and a revised Contract Signing Policy was approved by Executive Committee and considered by the Audit & Risk Committee in February 2020. The revised Policy is to be submitted to the next meeting of the FHRAMC in April 2020. The University has a structured authorisation process matching the monetary limits for the signing authority on financial transactions, within specified accounts, to the appropriate grade within each area. The Head of Department/Function has overall responsibility for the delegation of signing authority within his/her area. In a devolved financial structure, the Executive Dean/Divisional Director is accountable to the Governing Authority, through its FHRAMC, for all financial matters of his/her Faculty/Division. The Finance Division works in partnership with and advises areas of the University in relation to compliance with legislative and other obligations on the University. A devolved financial structure also operates within subsidiary companies and the executive management are accountable to the board of directors for all financial matters
- Detailed procedures on handling financial transactions are published on the University website by the Finance Division. This Division also provides training to staff on a regular basis. Policies and procedures are regularly reviewed and updated as appropriate. Staff in subsidiary companies are trained as required and policies and procedures specific to the subsidiary are reviewed on a regular basis and updated where needed.
- Finance professionals are members of the following Governing Authority Sub-Committees:
 - Audit & Risk Committee
 - Finance, HR and Asset Management Committee
 - Boards of subsidiary companies.
- Members of the Finance Division/subsidiary companies attend meetings of the Audit & Risk Committee as and when required by the Committee.
- Finance Division staff and finance staff of subsidiary companies provide direct advice and support to the campus communities in relation to financial matters.
- The University's Anti-Fraud Policy was approved by Governing Authority in April 2016. It is being reviewed at present to ensure its provisions remain in accordance with best practice. Any required revisions will be submitted to Governing Authority for approval in 2020.

STATEMENT ON THE SYSTEMS OF INTERNAL CONTROL - continued

3. Key control procedures - continued

(x) The procedures for monitoring the effectiveness of the internal control system which may include: Audit and/or Risk Management Committees, management reviews, consultancy, inspection and review studies, the work of internal audit, quality audit reviews and statements from the heads of internal audit.

- A programme of external quality reviews of academic and support areas, the results of which feed into the risk registers of the individual areas.
- A compliance/gap analysis is near completion between the 2012 UL Code of Governance and the 2019 Code of Governance for Irish Universities. Once noted by the relevant Executive and Governing Authority committees, a revised UL Code of Governance will be developed. An Internal Audit review of the implementation of the provisions of the 2019 Code will be included in the Audit Plan in due course.
- The University's accounts are audited by external independent auditors who express an Audit Opinion.
- The University has in place an Internal Audit Charter which was revised and updated in the period under review. The Charter is considered on a regular basis to ensure it continues to reflect best practice in the area of Internal Audit. A further review is scheduled in Q2 2020 to ensure compliance with the 2019 National Code of Governance. The Internal Audit process is carried out in accordance with the Charter.
- The Audit & Risk Committee approves an internal audit plan on an annual basis. This plan provides for internal audit review of a range of functional areas throughout the University, including its subsidiary companies. The subsequent Internal Audit Reports are submitted to the Executive Operations Committee and then the Executive Committee for consideration and approval in the first instance. Subsequently, the reports are submitted to the Audit & Risk Committee for information and reporting to Governing Authority. These Internal Audit Reports are based on the status of internal controls within the respective functional areas and the Internal Auditor meets with the head of the functional area/subsidiary to which the reports relate to ensure the accuracy of the report and to secure the management responses to recommendations for inclusion in the report.
- The Audit & Risk Committee reports to the Governing Authority on a regular basis on the outcome of such reviews. As part of its internal audit process, the University has established an Internal Audit Review Group comprising senior executives of the University whose remit is to monitor the implementation of recommendations arising from any Internal Auditor review of controls in the various functional areas. The Review Group operates in accordance with a remit set down by the Governing Authority through its Audit & Risk Committee. The remit is also provided for in the University's Internal Audit Charter.
- The Review Group reports regularly to the Audit & Risk Committee and interacts with the Internal Auditor on the status of implementation of recommendations arising from the Internal Audit reviews. In turn the Internal Auditor undertakes a follow-up review of a sample of recommendations deemed implemented and reports to the Audit & Risk Committee to provide assurances on the implementation of recommendations.

4. Confirmation of the review of effectiveness of the system of internal control

The Governing Authority confirms that there has been a review of the effectiveness of internal controls during the period to which this Statement relates and that such review was completed on 14 November 2019.

STATEMENT ON THE SYSTEMS OF INTERNAL CONTROL - continued

5. Weaknesses requiring disclosure

In the period under review no material weaknesses in internal control have been identified that have resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or the auditor's report on the financial statements.

6. Weaknesses in internal control

These have been detailed in the relevant proceeding sections.

7. Compliance with Procurement Legislation

Procurement procedures are in place and have been communicated to all budget holders. The procedures reflect EU directives, legislation and government policy as we understand them. The Governing Authority confirms that the University is using the services and frameworks of the Office of Government Procurement, and of the Education Procurement Service, whenever applicable. Full details of procurement compliance are set out in section 9 of the governance statement.



Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

University of Limerick

Opinion on the financial statements

I have audited the financial statements of the University of Limerick for the year ending 30 September 2019 as required under the provisions of the Universities Act 1997. The financial statements comprise

- the consolidated and University statement of comprehensive income
- the consolidated and University statement of changes in reserves
- the consolidated and University statement of financial position
- the consolidated statement of cash flows and
- the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the University and the University group at 30 September 2019 and of the income and expenditure of the University and the University group for the year then ended in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

Emphasis of matter — deferred pension funding asset

Without qualifying my opinion on the financial statements, I draw attention to Note 27 Retirement Benefits and to the recognition as at 30 September 2019 of an asset of €917.4 million in respect of deferred pension funding.

The recognition of a deferred pension funding asset of €24.7 million in respect of the Single Public Service Pension Scheme reflects statutory provisions relating to the funding of that scheme.

The recognition of an asset of €892.7 million in respect of the University of Limerick Superannuation (Amendment) Scheme anticipates that funding will be provided by the State to meet pension liabilities as they fall due. Inherent in this accounting treatment is an assumption that any income generated by the University will in the first instance be applied towards current expenses and that State funding will meet any shortfall in resources required to meet future pension liabilities.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the University and have fulfilled my other ethical responsibilities in accordance with the standards.

In conducting my audit, I seek to rely on evidence from an audit of the financial statements by independent auditors engaged by the University.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report of the C&AG (continued)

Report on information other than the financial statements, and on other matters

The University has presented certain other information together with the financial statements. This comprises the President's report, a statement of governing authority responsibilities, an annual statement of governance, a statement on the systems of internal control and the financial statements of the University of Limerick Foundation for the year ended 31 August 2019.

My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

Procurement non-compliance

The annual statement of governance discloses that in 2018/2019 the University incurred significant expenditure on goods and services the procurement of which was not compliant with the relevant national procedures. The statement also sets out the steps being taken by the University to enhance procurement procedures and address non-compliance.



Seamus McCarthy
Comptroller and Auditor General

25 September 2020

Appendix to the report

Responsibilities of governing authority members

The members are responsible for

- the preparation of financial statements in the form prescribed under the Universities Act 1997
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under the Universities Act 1997 to audit the financial statements of the University and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the IGAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the IGAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If I conclude that a material uncertainty

exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the University to cease to continue as a going concern.

- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the IGAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to bodies in receipt of substantial funding from the State in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them. I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

CONSOLIDATED AND UNIVERSITY STATEMENT OF COMPREHENSIVE INCOME
Financial Year Ended 30 September 2019

	Notes	Consolidated		University	
		30 September 2019 €'000	30 September 2018 €'000	30 September 2019 €'000	30 September 2018 €'000
Income					
State grants	5	47,278	45,152	47,278	45,152
Academic fees	6	102,743	98,020	102,743	98,020
Research grants and contracts	7	34,248	40,121	34,248	40,121
Ancillary services and other self-funded income	29	10,034	7,227	10,034	7,227
Amortisation of deferred capital grants	23	6,902	6,417	6,902	6,417
Other operating income	8	42,690	38,486	13,614	13,444
Interest income	9	22	83	22	63
Donation		232	267	3,045	2,850
Net deferred funding for retirement benefits	27	34,757	40,324	34,757	40,324
Total income		278,906	276,097	252,643	253,618
Expenditure					
Staff costs	10	151,008	137,575	141,238	130,189
Retirement benefit service cost	27	17,202	22,647	17,202	22,647
Other operating expenses	11	74,849	75,570	65,770	67,612
Interest payable and similar charges	12	1,173	1,271	1,060	1,141
Retirement benefit interest cost	27	17,555	17,677	17,555	17,677
Depreciation	15	19,575	18,905	13,837	13,716
Total expenditure		281,362	273,645	256,662	252,982
(Loss)/surplus before other gains and losses		(2,456)	2,452	(4,019)	636
Gain on investments	17	93	171	-	-
Gain on investment property	16	228	-	-	-
(Loss)/surplus for the year after depreciation of assets and before taxation and impairment		(2,135)	2,623	(4,019)	636
Taxation	13	(3)	(3)	-	-
(Loss)/surplus for the year	14	(2,138)	2,620	(4,019)	636
Actuarial (loss)/gain in respect of retirement benefit scheme	27	(127,428)	61,758	(127,428)	61,758
Adjustment to deferred retirement benefit funding	27	127,428	(61,758)	127,428	(61,758)
Total comprehensive (expense)/income for the financial year		(2,138)	2,620	(4,019)	636
Represented by:					
Restricted comprehensive income for year		-	-	-	-
Unrestricted comprehensive (expense)/income for year		(2,138)	2,620	(4,019)	636
		(2,138)	2,620	(4,019)	636

CONSOLIDATED AND UNIVERSITY STATEMENT OF COMPREHENSIVE INCOME - continued
Financial Year Ended 30 September 2019

All items of income and expenditure relate to continuing activities.

The financial statements on pages 36 to 79 were approved by the Governing Authority on 19 June 2020 and were signed on its behalf by:

On behalf of Governing Authority



Ms Mary Harney
Chancellor

Date: 19 June 2020



Dr Des Fitzgerald
President

Date: 19 June 2020

CONSOLIDATED AND UNIVERSITY STATEMENT OF CHANGES IN RESERVES
Financial Year Ended 30 September 2019

€'000

Consolidated

Balance at 1 October 2017	251,417
Surplus from income and expenditure statement	2,620
Other comprehensive income	-
Release of restricted capital funds spend in year	-
Balance at 30 September 2018	254,037

Balance at 1 October 2018	254,037
Deficit from income and expenditure statement	(2,138)
Other comprehensive income	-
Release of restricted capital funds spend in year	-
Balance at 30 September 2019	251,899

University

Balance at 1 October 2017	162,536
Surplus from income and expenditure statement	636
Other comprehensive income	-
Release of restricted capital funds spend in year	-
Balance at 30 September 2018	163,172

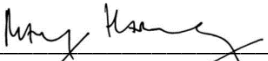
Balance at 1 October 2018	163,172
Deficit from income and expenditure statement	(4,019)
Other comprehensive income	-
Release of restricted capital funds spend in year	-
Balance at 30 September 2019	159,153

CONSOLIDATED AND UNIVERSITY STATEMENTS OF FINANCIAL POSITION
As at 30 September 2019

		Consolidated		University	
		30 September	30 September	30 September	30 September
		2019	2018	2019	2018
Notes		€'000	€'000	€'000	€'000
Non-current assets					
Tangible assets	15	480,488	475,405	343,695	343,263
Investment property	16	6,705	5,870	4,300	4,300
Financial assets	17	-	2,327	-	-
		<u>487,193</u>	<u>483,602</u>	<u>347,995</u>	<u>347,563</u>
Current assets					
Trade and other receivables	18	24,197	24,170	70,752	73,281
Cash and cash equivalents	19	126,707	115,905	109,525	94,509
		<u>150,904</u>	<u>140,075</u>	<u>180,277</u>	<u>167,790</u>
Payables: amounts falling due within one year	20	(149,238)	(123,943)	(135,747)	(110,970)
Net current assets		<u>1,666</u>	<u>16,132</u>	<u>44,530</u>	<u>56,820</u>
Total assets less current liabilities		<u>488,859</u>	<u>499,734</u>	<u>392,525</u>	<u>404,383</u>
Payables: amounts falling due after one year	21	(236,960)	(245,697)	(233,372)	(241,211)
Provisions:					
Retirement benefit receivable	27	917,414	753,758	917,414	753,758
Retirement benefit provisions	27	<u>(917,414)</u>	<u>(753,758)</u>	<u>(917,414)</u>	<u>(753,758)</u>
Total net assets		<u>251,899</u>	<u>254,037</u>	<u>159,153</u>	<u>163,172</u>
Unrestricted reserves:					
Revenue reserves		<u>251,899</u>	<u>254,037</u>	<u>159,153</u>	<u>163,172</u>
Total reserves		<u>251,899</u>	<u>254,037</u>	<u>159,153</u>	<u>163,172</u>

The financial statements on pages 36 to 79 were approved by the Governing Authority on 19 June 2020 and were signed on its behalf by:

On behalf of Governing Authority


 Ms Mary Harney
 Chancellor

Date: 19 June 2020


 Dr Des Fitzgerald
 President

Date: 19 June 2020

CONSOLIDATED STATEMENT OF CASH FLOWS
Financial Year Ended 30 September 2019

	Notes	Consolidated	
		2019 €'000	2018 €'000
Cash flow from operating activities			
(Deficit)/surplus for the year		(2,135)	2,623
Taxation paid		(3)	(3)
Adjustment for non-cash items			
Depreciation	15	19,575	18,905
Amortisation of deferred capital grants	23	(6,902)	(6,417)
Transfer from tangible assets to investment property		455	-
Revaluation		(228)	-
Investment income		(22)	(83)
Interest payable		1,173	1,271
Operating cashflow before movement in working capital		11,913	16,296
Adjustment for working capital items			
(Increase)/decrease in trade and other receivables		(27)	(2,381)
Increase/(decrease) in trade payables		22,545	(3,292)
Other movements			
Capital grants received (note 23)		6,215	10,167
Adjustment for investing or financing activities			
Investment income		22	83
Interest payable		(1,173)	(1,271)
Net cash inflow from operating activities		39,495	19,602
Cash flows from investing activities			
Purchase of investments	17	2,327	(170)
Purchase of investment property		(607)	-
Profit on sale of assets		36	72
Purchase of tangible fixed assets	15	(25,149)	(41,000)
Net cash (outflow) from investing activities		(23,393)	(41,098)
Cash flows from financing activities			
<i>Debt due within one year:</i>			
Increase in short term borrowings		2,290	860
<i>Debt due after one year:</i>			
Decrease in long term borrowings		(7,590)	(5,484)
Decrease in long term liabilities		-	-
Net cash outflow from financing activities		(5,300)	(4,624)
Increase/(decrease) in cash and cash equivalents in the year			
Cash and cash equivalents at beginning of year		115,905	142,025
Cash and cash equivalents at end of year	19	126,707	115,905

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 30 September 2019

1 General information

The mission of the University of Limerick is to be a distinctive, pioneering and connected university that shapes the future through educating and empowering people to meet the real challenges of tomorrow.

Our vision is to be internationally recognised as a distinctively progressive, research led university that provides an engaging student experience, conducts world-class research renowned for its translational impact and is globally and locally connected in terms of its contribution to economic, social and cultural life.

Reinforced by an abiding commitment to the principles of academic freedom, we will be guided by six core values in the realisation of our vision: excellence, creativity, ethics, sustainability, community and global focus.

2 Statement of compliance

The entity financial statements have been prepared on a going concern basis and in accordance with Irish GAAP (accounting standards issued by the Financial Reporting Council of the UK and promulgated by the Institute of Chartered Accountants in Ireland and the Companies Act 2014). The entity financial statements comply with Financial Reporting Standard 102, *The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)*, the Companies Act 2014 and the *Statement of Recommended Practice – Accounting for Further and Higher Education*.

3 Summary of significant accounting policies

The significant accounting policies used in the preparation of the entity financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated.

(a) Basis of preparation

The entity financial statements have been prepared under the historical cost convention, as modified by the measurement of certain financial assets and liabilities at fair value through the statement of comprehensive income, and the measurement of freehold land and buildings at their deemed cost on transition to FRS 102 issued by the Financial Reporting Council, and promulgated for use in Ireland by Chartered Accountants Ireland.

The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year. It also requires the Governing Authority to exercise its judgement in the process of applying the university's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in note 4.

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

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

3 Summary of significant accounting policies - continued

(b) Basis of consolidation

The university's consolidated financial statements include the financial statements of the university and all of its subsidiary undertakings made up to 30 September 2019. Subsidiaries are all entities over which the group has the power to exercise control.

University of Limerick Foundation

The financial statements of the University of Limerick Foundation are excluded from these financial statements as the Foundation is not controlled by the University of Limerick. Details of activity with the University of Limerick Foundation is set out in note 26.

(c) Going concern

The University and its subsidiaries incurred a deficit of €2.14m for the year and is in a net asset position of €251.89m at 30 September 2019. The consolidated cash and cash equivalents balance at 30 September 2019 is €126.71m.

The University meets its day-to-day working capital requirements through its bank facilities. As further outlined in Note 28 to the financial statements, the Covid-19 virus is having a significant adverse impact on the University's ability to generate non-Exchequer sourced income. Furthermore, adopting to current public health guidelines will result in significant costs. However, the University and its subsidiaries are taking cost reduction and other mitigating measures to reduce this financial impact.

The University and its subsidiaries have prepared forecasts under various scenarios. Based on these forecasts and after making further enquiries, the governors have a reasonable expectation that the University and its subsidiaries have adequate resources to continue in operational existence and meet their obligations as they fall due for the 12 month period following the approval of these financial statements based on its current cash balances and existing facilities. Thus, the Governing Authority continues to adopt the going concern basis of accounting in preparing the annual financial statements.

(d) Foreign currency

(i) Functional and presentation currency

The university's functional and presentation currency is the euro, denominated by the symbol "€" and unless otherwise stated, the financial statements have been presented in thousands ('000).

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At the end of each financial year foreign currency monetary items are translated to euro using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at exchange rates at the end of the financial year of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'interest receivable and similar income' or 'interest payable and similar charges' as appropriate. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other expensing expenses'.

(e) Tangible fixed assets

Tangible fixed assets are carried at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to the location and condition necessary for its intended use, applicable dismantling, removal and restoration costs and borrowing costs capitalised.

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

3 Summary of significant accounting policies - continued

(e) Tangible fixed assets - continued

(i) Land and buildings

The University's buildings are valued at cost or deemed cost for land and buildings measured at valuation at the date of transition to FRS102 less accumulated depreciation and accumulated impairment losses on buildings, furniture and fittings. Tangible fixed assets are not depreciated until they are brought into use. Freehold land and buildings are stated in the statement of financial position at cost as they are specialised buildings and therefore it is not appropriate to value them on the basis of open market value. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic lives to the University of between 33 and 50 years.

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

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

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

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

(ii) Equipment and minor works

Equipment costing less than €25,000 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	5 years or primary lease period, if shorter
Computer equipment	3 years
Equipment and minor works	Up to 10 years
All weather pitches	20 years

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related state 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.

(iii) Donations

The University receives on occasion benefits in kind such as gifts or equipment. Items of 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 policy set out below.

(f) Heritage assets

The University of Limerick has acquired many assets of unqualified historic and cultural importance to the State. This collection includes a period house (Plassey House), artworks and other paintings and artefacts.

Plassey House is part of the working infrastructure of the University campus and as such is capitalised in the statement of financial position in line with Section 17 FRS 102. All artwork purchased for the benefit of the University is capitalised in the statement of financial position at original cost and is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

3 Summary of significant accounting policies - continued

(f) Heritage assets - continued

Donated archives and printed books are not capitalised in the financial statements. All costs incurred in relation to preservation and conservation are expensed as incurred.

(g) Investment properties

Investment properties comprise of properties held by the group for rental, capital appreciation or both, rather than for use in the group's business.

Investment properties are initially measured at cost. Cost comprises the purchase price plus any directly attributable expenditure.

Investment properties are subsequently measured at fair value, with all changes in fair value being recognised in the statement of comprehensive income. Fair value deficits are reflected in the revenue reserve.

(h) Financial instruments

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

The university has chosen to apply the provisions of Section 11 and 12 of FRS102 to account for all of its financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and cash equivalents, short-term deposits and investments in corporate bonds, are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Trade and other receivables, cash and cash equivalents, investments in corporate bonds and financial assets from arrangements which constitute financing transactions are subsequently measured at amortised cost using the effective interest method.

At the end of each financial year financial assets measured at amortised cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortised cost is impaired an impairment loss is recognised in the statement of comprehensive income. The impairment loss is the difference between the financial asset's carrying amount and the present value of the financial asset's estimated cash inflows discounted at the asset's original effective interest rate.

If, in a subsequent financial year, the amount of an impairment loss decreases, and the decrease can be objectively related to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment loss not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such financial assets are subsequently measured at fair value and the changes in fair value are recognised in the statement of comprehensive income, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are subsequently measured at cost less impairment.

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

3 Summary of significant accounting policies - continued

(h) Financial instruments - continued

(i) Financial assets - continued

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial liability is initially measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Trade and other payables, bank loans, loans from fellow group companies, preference shares and financial liability from arrangements which constitute financing transactions are subsequently carried at amortised cost, using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is treated as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as due within one year if payment is due within one year or less. If not, they are presented as falling due after more than one year. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

FRS102, 11.38A, 12.25A

Financial assets and liabilities are offset, and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(i) Taxation

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

Trading activities undertaken by the University are administered through its subsidiary companies, which as commercial organisations are liable to Corporation Tax where applicable. Where applicable current tax is provided at amounts to be paid (or recovered) under current tax legislation.

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

3 Summary of significant accounting policies – continued

(i) Taxation - continued

(i) Deferred taxation

In subsidiary companies, who do not hold a charitable status, deferred taxation is provided on all timing differences that have originated but not reversed at the statement of financial position date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the statement of financial position date.

Timing differences are temporary differences between surpluses as computed for taxation purposes and surpluses as stated in the financial statements, which arise because certain items of income and expenditure in the financial statements are dealt with in different periods for taxation purposes.

Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not discounted.

(j) Revenue recognition

(i) State grants

Grant from the Higher Education Authority and other government bodies are recognised based on the accrual model and are measured at fair value of the asset received or receivable. Grants are classified as relating either to revenue or 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.

(ii) Academic fees

Academic fees are recognised in the period to which they relate. Academic fees received in advance are deferred and credited to the income and expenditure account once the service is deemed to have been performed.

(iii) Research grants and contracts

Income from research grants and contracts from government sources is recognised based on the performance/accrual model. 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.

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.

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.

Grants with restrictions are recorded within the Statement of Comprehensive Income on entitlement of the income and subsequently retained within a restricted reserve until such time that the expenditure is incurred in line with the restriction.

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

3 Summary of significant accounting policies - continued

(j) Revenue recognition - continued

(iv) Donations

The most common classes of such transactions are:

1) 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.

2) Donations with restrictions

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

(v) 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.

(vi) Rental income and other rental charges

Rental income arising on rent and other charges relating to the student villages and sports facilities is recognised on an accruals basis and as the service is provided.

(vii) Other income

Other income is recognised in the financial statements on an accrual's basis.

(k) Leasing

(i) Finance leases

Finance leases transfer substantially all the risks and rewards incidental to ownership to the lessor.

At the commencement of the finance lease term the university recognises its right of use and obligation under a finance lease as an asset and a liability at the amount equal to the fair value of the leased asset, or if lower, at the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the university's incremental borrowing rate is used. Incremental and directly attributable costs incurred in negotiating and arranging a finance lease are included in the cost of the asset.

Assets under finance leases are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at the end of each financial year.

The minimum lease payments are apportioned between the outstanding liability and finance charges, using the effective interest method, to produce a constant periodic rate of interest on the remaining balance of the liability.

(ii) Operating leases

Operating leases do not transfer substantially all the risks and rewards of ownership to the lessor. Payments under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the period of the lease.

(l) Investments

Investments are stated at cost less any permanent diminution in value. Investment income is recognised on an accrual's basis. Investments included in current assets have a maturity of 12 months or less.

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

3 Summary of significant accounting policies - continued

(m) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those qualifying assets, until such time as the qualifying assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the statement of comprehensive income in the financial year in which they are incurred.

(n) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities. Cash and cash equivalents are initially measured at transaction price and subsequently measured at amortised cost.

Bank deposits which have original maturities of more than three months are not cash and cash equivalent and are presented as current asset investments.

(o) Employee benefits

The university provides a range of benefits to employees, including short term employee benefits such as annual bonus arrangements and paid holiday arrangements and post-employment benefits (in the form of defined benefit or defined contribution retirement benefit plans). A subsidiary company operates a performance related bonus up to an agreed monetary value (see note 10).

(i) Short term employee benefits

Short term employee benefits, including paid holiday arrangements and other similar non-monetary benefits, are recognised as an expense in the financial year in which employees render the related service. The university operates an annual bonus plan for employees. An expense is recognised in the statement of comprehensive income when the university has a present legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

(ii) Post-employment benefits
Defined contribution plan

The university operates a defined contribution plan for certain employees. A defined contribution plan is a retirement benefit plan under which the university pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further contributions or to make direct benefit payments to employees if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The assets of the plan are held separately from the university in independently administered funds. The contributions to the defined contribution plan are recognised as an expense when they are due. Amounts not paid are shown in accruals in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

3 Summary of significant accounting policies - continued

(o) Employee benefits - continued

Defined benefit pension schemes

(i) UL Superannuation scheme

The pension benefits for employees are governed by the University of Limerick Superannuation (Amendment) Scheme (UL Superannuation Scheme).

The University operates an unfunded defined benefit pension scheme, the University of Limerick Superannuation (Amendment) Scheme, which is funded annually on a pay as you go basis from monies provided by the Higher Education Authority and from contributions deducted from staff salaries.

The University believes that it operates as an agent in the operation of the Scheme and does not contribute formally to the Scheme. The University believes that the liability in respect of the benefits payable to employees who are under UL Superannuation Scheme will be repaid in full by the HEA/State.

In accordance with FRS 102 Section 28.28, the University believes that it is virtually certain that the HEA/State will reimburse all of the expenditure required to settle the defined benefit obligation, and it recognises a reimbursable asset (plan asset), an amount corresponding to the unfunded deferred liability for pensions. Defined benefit pension scheme liabilities are measured on an actuarial basis using the projected unit method. The defined benefit pension charge to operating surplus comprises the current service cost and past service costs. The excess of the matching deferred asset is presented in the income and expenditure account as net deferred funding for pensions. Actuarial gains and losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the other comprehensive income for the year in which they occur.

(ii) The Single Public Service Pension Scheme

The Single Public Service Pension Scheme commenced with effect from 1 January 2013. Most new employees after this date in the University will be members of the Single Scheme, which is an unfunded defined benefit scheme, funded annually on a pay as you go scheme from monies provided by the HEA. Pension contributions are remitted to the Department of Public Expenditure and Reform. The University is prescribed in S.I. No 584 of 2012 as a relevant authority for the purposes of the single Scheme. Future benefits accruing to Scheme members have been provided for in these financial statements. It is the University's opinion (in accordance with Section 44 of the 2012 Act) that any liability in respect of the Single Scheme would be offset by an equivalent asset in respect of future State funding. Accordingly, the University recognises an asset, an amount comprising the unfunded deferred liability for pensions as the liabilities are considered to be guaranteed by the State.

(p) Provisions and contingencies

(i) Provisions

Provisions are liabilities of uncertain timing or amount.

Provisions are recognised when the university has a present legal or constructive obligation as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the best estimate of the amount required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at the end of each financial year and adjusted to reflect the current best estimate of the amount required to settle the obligation. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income, presented as part of 'interest payable and similar charges' in the financial year in which it arises.

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

3 Summary of significant accounting policies - continued

(p) Provisions and contingencies - continued

(i) Provisions - continued

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

In particular:

- (i) Restructuring provisions are recognised when the university has a legal or constructive obligation at the end of the financial year to carry out the restructuring. The university has a constructive obligation to carry out a restructuring when there is a detailed, formal plan for the restructuring and the university has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected; and
- (ii) Provision is not made for future operating losses.

(ii) Contingencies

Contingent liabilities, arising as a result of past events, are not recognised as a liability because it is not probable that the university will be required to transfer economic benefits in settlement of the obligation, or the amount cannot be reliably measured at the end of the financial year. Possible but uncertain obligations are not recognised as liabilities but are contingent liabilities. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

(q) Grants

Capital government grants (other than Land) are treated as deferred income, which is credited to the income and expenditure account on the same basis as the related assets are depreciated.

Non-government Capital Grants are accounted for under the performance model and are recognised in the Statement of Comprehensive Income when the performance related conditions have been met.

(r) Impairment of non-financial assets

At the end of each financial year date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash-generating unit) is estimated.

The recoverable amount of the asset (or cash-generating unit) is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from continuing use of the asset (or cash-generating unit) and from its ultimate disposal. In measuring value-in-use pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the recoverable amount of the asset (or cash-generating unit) is less than the carrying amount of the asset (or cash-generating unit) the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income, unless the asset has been revalued. If the asset has been revalued the impairment loss is recognised in other comprehensive income to the extent of the revaluation gains accumulated in equity in respect of that asset. Thereafter any excess is recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

3 Summary of significant accounting policies - continued

(r) Impairment of non-financial assets - continued

If an impairment loss reverses (the reasons for the impairment loss have ceased to apply), the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior financial years. A reversal of an impairment loss is recognised in the statement of comprehensive income, unless the asset is carried at a revalued amount.

4 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements made in the process of preparing the entity financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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 accounting estimates and assumptions

The governors make estimates and assumptions concerning the future in the process of preparing the University financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible fixed assets

The annual depreciation on tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reviewed annually. They are amended when necessary to reflect current estimates, based on future refurbishment plans, economic utilisation and the physical condition of the assets. See note 15 for the carrying amount of the tangible fixed assets and note 3(e) for the useful economic lives for each class of tangible fixed assets.

(ii) Impairment of receivables

The governors make an assessment at the end of each financial year of whether there is objective evidence that a trade or other debtor is impaired. When assessing impairment of trade and other receivables, the directors consider factors including the current credit rating of the debtor, the age profile of outstanding invoices, recent correspondence and trading activity, and historical experience of cash collections from the debtor.

(iii) University of Limerick Foundation

The financial statements of the University of Limerick Foundation are excluded from these financial statements as the Foundation is not controlled by the University of Limerick. Details of activity with the University of Limerick Foundation is set out in note 26.

(iv) Employee benefits

The accrual for holidays earned but not taken is based on estimates of total holiday leave less leave taken.

(v) Pension provisions

The pension provision is calculated based on actuarial assumptions provided by an actuary annually. The actuarial assumptions include discount rates, salary increases, pension increases and inflation rates.

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

5 State grants	Consolidated and University	
	2019 €'000	2018 €'000
State grant allocated for recurrent purposes	33,764	31,913
State grant pension*	13,514	13,239
	<u>47,278</u>	<u>45,152</u>

All of the above grant income was received from the Higher Education Authority.

- State grant pension includes members' contributions of €5.575m (2018: €5.212m).

	2019 €'000	2018 €'000
State grant received in respect of current year	51,454	44,862
State grant deferred from prior accounting year	(65)	225
State grant deferred to subsequent accounting years	(4,111)	65
	<u>47,278</u>	<u>45,152</u>

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

6 Academic fees	Consolidated and University	
	2019 €'000	2018 €'000
Academic fee income	100,171	96,040
Miscellaneous fee income	2,572	1,980
Total fees paid by or on behalf of individual students	<u>102,743</u>	<u>98,020</u>

A total of €32,694,271 (2018: €31,806,354) included in academic fee income was paid directly by the Higher Education Authority.

7 Research grants and contracts	Consolidated and University	
	2019 €'000	2018 €'000
State and semi-state	25,890	32,657
European Union	3,286	3,996
Industry	2,550	1,783
Other	2,522	1,685
	<u>34,248</u>	<u>40,121</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

8 Other operating income	Consolidated		University	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Residences	17,444	15,607	-	-
Other rental and concession income	3,850	2,394	3,275	1,790
Sports facility income	3,538	4,005	-	-
Retail and visitor centre	297	299	-	-
Contract labour services	5,215	3,149	-	-
Car park income	327	303	327	303
Research overheads	2,319	2,504	2,319	2,504
Funded post income	2,220	1,502	2,220	1,502
Concert Hall	1,879	1,531	-	-
Other self-funded income	3,088	4,393	3,571	4,914
Other income	2,513	2,799	1,902	2,431
	<u>42,690</u>	<u>38,486</u>	<u>13,614</u>	<u>13,444</u>

9 Interest income	Consolidated		University	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Interest income	<u>22</u>	<u>83</u>	<u>22</u>	<u>63</u>

10 Staff costs

- (i) The average weekly number of persons (including senior post-holders) employed by the University (including its subsidiaries) during the year, expressed as full-time equivalents was:

	Consolidated		University	
	2019 Number	2018 Number	2019 Number	2018 Number
Staff employed (WTE)	<u>2,098</u>	<u>1,957</u>	<u>1,823</u>	<u>1,739</u>

	Consolidated		University	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Short term employee benefits	126,008	114,210	117,659	107,972
Social welfare	11,239	9,960	10,074	8,978
Defined contribution employers' cost	256	166	-	-
Pensions in payment (note 27)	13,505	13,239	13,505	13,239
	<u>151,008</u>	<u>137,575</u>	<u>141,238</u>	<u>130,189</u>

Total staff costs include payments for all full and part time staff and any other costs in respect of their employment relationship with the University, including employer pension contributions cost of €9.401m (2018: €8.027m) (note 27).

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

10 Staff costs - continued

(i) continued

Termination and severance payments (including statutory redundancy) amounted to €148,468 (2018 €82,792). In respect of severance payments there were no professional added year agreements entered into in current or prior year.

The board of a subsidiary, Plassey Campus Centre CLG, following a review of the year ahead and review of performance of current year put in place an annual fund of €56,500 to provide for performance related pay for staff involved in the development of summer business in the residences and visitor centre. This is a highly competitive market. During 2019, €36,872 (2018: €40,355) of this fund was awarded to staff.

(ii) Governors

No payments were made in the current or previous year to any Governor for work undertaken in their role as Governor. Of the 29 members of the current Governing Authority, whose term commenced on 1 December 2017, 11 are members of University Staff two of whom are key management personnel. Their salaries are therefore included in the key management note below, while the other 9 (Previous GA 13) members' salaries are stated separately below. There was one vacancy on the Governing Authority at 30 September 2019.

(iii) Key management compensation

The total remuneration for key management personnel for the year totalled €2.807m (2018 €2.958m). Membership of the University Senior Management changed during the year with a new post of Chief Operating Officer in November 2017 and during the period July to September 2018 the University Executive Management team was reduced by 3. The costs below reflect the salaries for the period which staff served on Executive while the number for senior management reflects the number on Executive at the end of the year.

Key management personnel are both the Governing Authority and Senior Managers, the compensation of both split out as follows:

	Consolidated		University	
	2019 Number	2018 Number	2019 Number	2018 Number
Governing Authority (staff members)	9	11	9	11
Governing Authority (non-staff members)	17	16	17	16
Senior management	12	11	12	11
	<u>38</u>	<u>38</u>	<u>38</u>	<u>38</u>
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Governing Authority (staff members)	925	933	925	933
Governing Authority (non-staff members)	-	-	-	-
Senior management	1,882	2,025	1,882	2,025
	<u>2,807</u>	<u>2,958</u>	<u>2,807</u>	<u>2,958</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

10 Staff costs - continued

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

	Consolidated		University	
	Number of employees 30 September 2019	Number of employees 30 September 2018	Number of employees 30 September 2019	Number of employees 30 September 2018
Salary bands				
€60,000 to €69,999	149	147	147	146
€70,000 to €79,999	127	96	126	95
€80,000 to €89,999	166	148	164	147
€90,000 to €99,999	72	66	71	66
€100,000 to €109,999	29	29	29	28
€110,000 to €119,999	55	52	54	51
€120,000 to €129,999	19	9	17	7
€130,000 to €139,999	7	8	7	8
€140,000 to €149,999	54	45	54	45
€150,000 to €159,999	2	2	2	2
€160,000 to €169,999	0	0	0	0
€170,000 to €179,999	0	1	0	1
€180,000 to €189,999	1	2	1	2
€190,000 to €199,999	3	4	3	4
€200,000 to €209,999	1	0	1	0
€210,000 to €219,999	1	0	1	0
€220,000 to €229,999	1	0	1	0
€230,000 to €239,999	1	0	1	0
€240,000 to €249,999	1	0	1	0
Total	<u>689</u>	<u>609</u>	<u>680</u>	<u>602</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

11 Other operating expenses	Consolidated		University	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Consumables	2,296	2,602	2,204	2,574
Heat, light, water and power	4,227	4,054	2,969	2,916
Repairs and general maintenance	5,731	5,924	5,731	5,883
Travel and entertainment	3,910	3,689	3,887	3,668
Student village management and maintenance	2,265	2,324	-	-
Equipment maintenance	2,099	1,535	1,753	1,087
Security	1,893	1,739	1,629	1,474
Telephone and administration	593	716	273	376
Advertising, promotions and publications	1,749	1,715	1,329	1,258
Subscriptions	816	941	815	941
Software licences	2,228	1,614	2,006	1,476
Audit and professional	5,732	4,799	5,478	4,490
Rent and rates	712	250	766	379
Ancillary and other self-funded programmes	7,028	5,869	7,028	5,869
Research expenditure	16,089	21,897	16,089	21,897
Capitation	1,379	1,303	1,379	1,303
Other expenses	5,116	5,419	2,759	3,931
Books and periodicals	1,046	639	1,046	639
Contract cleaning	3,429	2,956	2,297	2,032
Agent commission	959	799	959	799
Low value equipment	1,707	1,339	1,707	1,339
Scholarships and financial aid	1,628	1,539	1,628	1,539
Staff development and course fees	1,328	1,111	1,328	1,111
Insurance	889	797	710	631
	74,849	75,570	65,770	67,612
Other operating expenses include:				
Auditors' remuneration:				
- External audit - management auditor	136	134	80	73
- C&AG	38	37	38	37
- Internal audit	103	105	103	105
Other services from either external or internal audit service providers	168	177	112	168

External audit fee includes the audit fee paid in respect of the audit of Plassey Campus Centre Limited and its subsidiaries and the audit of the University of Limerick.

Travel and entertainment costs, including these costs included in research expenditure and ancillary and other self-funded programmes are Travel €5.213M (2018 €4.895M) and Entertainment €1.725m (2018 €1.773M).

Details of advisory fees paid by the University are set out in the annual governance statement on page 10.

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019
12 Interest payable and similar charges

	Consolidated		University	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
On bank loans, overdrafts and other loans:				
Wholly repayable within 5 years, not by instalments	314	446	270	403
Wholly repayable within 5 years, by instalments	111	127	42	40
Wholly repayable in more than 5 years	748	698	748	698
Total	1,173	1,271	1,060	1,141

Interest is payable on loans taken out to build new residential accommodation for students. This activity is carried out by a subsidiary undertaking: Plassey Campus Centre Limited.

13 Taxation

	Consolidated		University	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
(a) Current taxation:				
Irish corporation tax on (deficit)/surplus for the year	3	3	-	-
Adjustments in respect of prior years	-	-	-	-
Current tax charge for the year	<u>3</u>	<u>3</u>	<u>-</u>	<u>-</u>
Deferred tax:				
Origination and reversal of timing differences	-	-	-	-
Effect of reduction in tax rate on opening liability	-	-	-	-
Deferred tax charge for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	3	3	-	-

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

13 Taxation - continued

- (b) The total tax charge for the year differs from the charge that would result from applying the standard rate of Irish corporation tax to the surplus for the year. The differences are explained below:

	Consolidated		University	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
(Deficit)/surplus after depreciation of assets before taxation and impairment	<u>(2,135)</u>	<u>2,623</u>	<u>(4,019)</u>	<u>636</u>
(Deficit)/surplus before tax multiplied by the average rate of Irish corporation tax for the year of 12.5%	(267)	328	(502)	80
<i>Effects of:</i>				
Surplus/(deficit) not subject to Irish corporation tax	<u>270</u>	<u>(325)</u>	<u>502</u>	<u>(80)</u>
Total tax charge for the year	<u><u>3</u></u>	<u><u>3</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Provision for taxation has not been made in the University or its relevant subsidiary companies as they were established for charitable and educational purposes only. The income of subsidiary companies is exempt from taxation once it is applied in furthering the charitable objectives of the companies. The income of Plassey Campus Arena Limited is exempt from taxation also once it is applied to the sole purposes of promoting athletic or amateur games or sports.

14 (Deficit)/surplus

2019 €'000	2018 €'000
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The (deficit)/surplus for the year is made up as follows:

University's (deficit)/surplus for the year	(4,019)	636
Surplus generated by subsidiary undertakings	<u>1,881</u>	<u>1,984</u>
Consolidated (deficit)/surplus for the year	<u><u>(2,138)</u></u>	<u><u>2,620</u></u>

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

15 Tangible assets	Land and buildings	Minor works	Computer equipment	Equipment	Assets in course of construction	Leased assets	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Consolidated Cost							
At 1 October 2017	529,464	2,533	8,335	80,048	-	536	620,916
Additions	24,609	105	626	15,660	-	-	41,000
Disposals	-	-	(2,236)	(1,444)	-	-	(3,680)
At 30 September 2018	<u>554,073</u>	<u>2,638</u>	<u>6,725</u>	<u>94,264</u>	<u>-</u>	<u>536</u>	<u>658,236</u>
Accumulated depreciation							
At 1 October 2017	113,000	1,841	7,330	44,827	-	536	167,534
Charge for year	12,443	195	404	5,863	-	-	18,905
Disposals	-	-	(2,171)	(1,437)	-	-	(3,608)
At 30 September 2018	<u>125,443</u>	<u>2,036</u>	<u>5,563</u>	<u>49,253</u>	<u>-</u>	<u>536</u>	<u>182,831</u>
Net book value							
At 30 September 2018	<u>428,630</u>	<u>602</u>	<u>1,162</u>	<u>45,011</u>	<u>-</u>	<u>-</u>	<u>475,405</u>
At 30 September 2017	<u>416,464</u>	<u>692</u>	<u>1,005</u>	<u>35,221</u>	<u>-</u>	<u>-</u>	<u>453,382</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

15 Tangible assets - continued	Land and buildings	Minor works	Computer equipment	Equipment	Assets in course of construction	Leased assets	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Consolidated - continued							
Cost							
At 1 October 2018	554,073	2,638	6,725	94,264	-	536	658,236
Additions	17,737	282	1,332	5,798	-	-	25,149
Disposals	-	-	(139)	(532)	-	-	(671)
Transfer	(455)	-	-	-	-	-	(455)
At 30 September 2019	<u>571,355</u>	<u>2,920</u>	<u>7,918</u>	<u>99,530</u>	<u>-</u>	<u>536</u>	<u>682,259</u>
Accumulated depreciation							
At 1 October 2018	125,443	2,036	5,563	49,253	-	536	182,831
Charge for year	12,377	175	663	6,360	-	-	19,575
Disposals	-	-	(139)	(496)	-	-	(635)
At 30 September 2019	<u>137,820</u>	<u>2,211</u>	<u>6,087</u>	<u>55,117</u>	<u>-</u>	<u>536</u>	<u>201,771</u>
Net book value							
At 30 September 2019	<u>433,535</u>	<u>709</u>	<u>1,831</u>	<u>44,413</u>	<u>-</u>	<u>-</u>	<u>480,488</u>
At 30 September 2018	<u>428,630</u>	<u>602</u>	<u>1,162</u>	<u>45,011</u>	<u>-</u>	<u>-</u>	<u>475,405</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

15 Tangible assets - continued

	Land and buildings	Minor works	Computer equipment	Equipment	Assets in course of construction	Leased assets	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
University							
Cost							
At 1 October 2017	395,497	2,533	8,335	55,659	-	536	462,560
Additions	24,607	105	626	10,181	-	-	35,519
Disposals	-	-	(2,236)	(1,435)	-	-	(3,671)
At 30 September 2018	<u>420,104</u>	<u>2,638</u>	<u>6,725</u>	<u>64,405</u>	<u>-</u>	<u>536</u>	<u>494,408</u>
Accumulated depreciation							
At 1 October 2017	99,890	1,841	7,330	31,431	-	536	141,028
Charge for year	8,878	195	404	4,239	-	-	13,716
Disposals	-	-	(2,171)	(1,428)	-	-	(3,599)
At 30 September 2018	<u>108,768</u>	<u>2,036</u>	<u>5,563</u>	<u>34,242</u>	<u>-</u>	<u>536</u>	<u>151,145</u>
Net book value							
At 30 September 2018	<u>311,336</u>	<u>602</u>	<u>1,162</u>	<u>30,163</u>	<u>-</u>	<u>-</u>	<u>343,263</u>
At 30 September 2017	<u>295,607</u>	<u>692</u>	<u>1,005</u>	<u>24,228</u>	<u>-</u>	<u>-</u>	<u>321,532</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

15 Tangible assets - continued

	Land and buildings	Minor works	Computer equipment	Equipment	Assets in course of construction	Leased assets	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
University - continued							
Cost							
At 1 October 2018	420,104	2,638	6,725	64,405	-	536	494,408
Additions	11,045	282	1,332	1,646	-	-	14,305
Disposals	-	-	(139)	(503)	-	-	(642)
At 30 September 2019	<u>431,149</u>	<u>2,920</u>	<u>7,918</u>	<u>65,548</u>	<u>-</u>	<u>536</u>	<u>508,071</u>
Accumulated depreciation							
At 1 October 2018	108,768	2,036	5,563	34,242	-	536	151,145
Charge for year	8,743	175	663	4,256	-	-	13,837
Disposals	-	-	(139)	(467)	-	-	(606)
At 30 September 2019	<u>117,511</u>	<u>2,211</u>	<u>6,087</u>	<u>38,031</u>	<u>-</u>	<u>536</u>	<u>164,376</u>
Net book value							
At 30 September 2019	<u>313,638</u>	<u>709</u>	<u>1,831</u>	<u>27,517</u>	<u>-</u>	<u>-</u>	<u>343,695</u>
At 30 September 2018	<u>311,336</u>	<u>602</u>	<u>1,162</u>	<u>30,163</u>	<u>-</u>	<u>-</u>	<u>343,263</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For the financial year ended 30 September 2019

15 Tangible assets - continued

Plassey Village, Kilmurry Village, Thomond Village, Dromroe Village, Cappavilla Village Residences, Quigley Residences and William Brennan Court were stated at open market value, which was determined following a formal independent valuation by DTZ Sherry Fitzgerald Limited at 30 September 2014. The university applied the transition exemption in Section 35 of FRS102 and used this previous valuation as the deemed cost for certain freehold land and buildings on transition to FRS102. The deemed cost of the freehold land and buildings will be depreciated over the remaining useful lives of the freehold land and buildings. As the assets are depreciated or sold an appropriate transfer is made from the revaluation reserve to the statement of comprehensive income.

Investment elements of the Park Point asset of €455k (2018: €1.570m) were transferred to investment property during the current and prior year. The investment property was stated at open market value, which was determined following a formal independent valuation by Savills at 30 September 2019. Management are satisfied that there has been no material change in value since that date.

Heritage assets

Period house

Plassey House is part of the working infrastructure of the University campus and as such is capitalised in the statement of financial position in line with FRS 102 section 17.

Artwork, archives and printed books

Artwork purchased for the benefit of the University is capitalised in the statement of financial position at original cost and is not depreciated. The value of artwork capitalised in the statement of financial position is €2,161k (2018: €2,123k). Archives, printed books and other artefacts donated to the University have not been capitalised as these are, in effect, inalienable, held in perpetuity, are mostly irreplaceable and are not readily realisable. They are neither disposed of for financial gain nor encumbered in any manner. Artwork, archives and printed books have been valued for insurance purposes at €12.25m (2018: €12.18m).

Artwork

The University is the permanent home of several art collections, including:

- The National Self-Portrait Collection of Ireland
- The Watercolour Society of Ireland Collection
- The O'Malley Sculpture Collection
- The Irish American Cultural Institute's O'Malley Collection
- The Armitage Collection
- The Medical Art Collection

The University's own Arts Collection includes outdoor sculptures by international artists including Michael Warren, Peter Logan, Alexandra Wejchert, James McKenna, Tom Fitzpatrick, Antony Gormley and Sean Scully. These sculptures have added significantly to the artistic and cultural ambience of the University and the region.

The University of Limerick seeks to acquire, preserve and provide access to unique and distinct materials including rare books, manuscripts and other primary sources, as well as strong collections of supporting published materials.

Archives

The University of Limerick houses a range of archival collections of private origin, including estate collections, the papers of noted literary and political figures, as well as collections of local interest. The archives are made available for consultation in the Reading Room.

Printed Books

The University of Limerick seeks to acquire, preserve and provide access to unique and distinct materials including rare books, manuscripts and other primary sources, as well as strong collections of supporting published materials.

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

15 Tangible assets- continued	2019 €'000	2018 €'000	2017 €'000	2016 €'000
Four-year summary of Consolidated and University heritage assets				
Artwork				
Opening balance - valuation	3,784	3,745	3,699	3,590
Additions – cost	52	39	46	109
Closing balance	<u>3,836</u>	<u>3,784</u>	<u>3,745</u>	<u>3,699</u>
Archives				
Opening balance - valuation	1,529	1,458	1,338	1,348
Additions – valuation	7	-	-	-
Change in valuation	11	71	120	(10)
Closing balance - valuation	<u>1,547</u>	<u>1,529</u>	<u>1,458</u>	<u>1,338</u>
Printed books				
Opening balance - valuation	6,863	6,962	1,973	2,323
Additions – valuation	-	-	5,289	-
Change in valuation	4	(99)	(300)	(350)
Closing balance - valuation	<u>6,867</u>	<u>6,863</u>	<u>6,962</u>	<u>1,973</u>

16 Investment property	Consolidated		University	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Munster training centre	4,300	4,300	4,300	4,300
Park Point	2,405	1,570	-	-
	<u>6,705</u>	<u>5,870</u>	<u>4,300</u>	<u>4,300</u>

The Munster training centre is leased to Munster Rugby on a 15-year lease, commencing from September 2016. The investment property is stated at open market value, which was determined by a formal valuation by Cushman Wakefield at 30 September 2017.

The Park Point investment property was stated at open market value following a formal independent valuation by Savills at 30 September 2019.

	2019 €'000	2018 €'000
At 1 October	1,570	1,570
Transfer from tangible assets (note 15)	455	-
Gain on revaluation	228	-
Additions	152	-
At 30 September	<u>2,405</u>	<u>1,570</u>

All other units in Park Point are included in consolidated fixed assets land and buildings at their original cost.

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019
17 Financial instruments

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

	Consolidated		University	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Financial assets				
<i>Measured at fair value through statement of comprehensive income</i>				
- Investments in listed equity instruments	-	2,327	-	-
<i>Debt instruments measured at amortised cost</i>				
- Long term loans receivable	-	-	-	-
<i>Measured at undiscounted amount receivable</i>				
- Trade and other receivables	8,487	6,777	6,812	5,137
- Amounts due from subsidiary undertakings	-	-	49,267	51,250
<i>Equity instruments measured at cost less impairment</i>				
- Fixed asset investments in unlisted equity instruments	-	-	-	-
- Current asset unlisted investments	-	-	-	-
Financial liabilities				
<i>Measured at amortised cost</i>				
Loans payable	94,182	101,772	90,594	97,286
Obligations under finance leases				
<i>Measured at undiscounted amount payable</i>				
Bank loans and overdraft	9,262	6,972	8,036	5,509
Trade and other payables	11,219	8,728	10,276	7,421
Amounts owed to subsidiary companies	-	-	2,937	6,714

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

17 Financial instruments - continued	2019 €'000	2018 €'000
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The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

Interest income and expense

Total interest income for financial assets at amortised cost	22	83
Total interest expense for financial liabilities at amortised cost	1,656	1,792

Fair value gains and losses

On financial assets (including listed investments), measured at fair value through statement of comprehensive income	-	-
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Impairment losses

On financial assets measured at amortised cost	-	-
On unlisted equity instruments measured at cost less impairment	-	-

Investments at the year-end were held as follows:

Management funds	-	<u>2,327</u>
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Managed funds represent units in a managed fund operated by Kleinworth Benson Investors. The market value as at 30 September 2019 of these funds was €nil (2018: €2,327,493), as the fund was closed.

The University held an interest in the following subsidiary and associate undertakings:

Subsidiary undertaking name	% Control	Activity
Incorporated		
Plassey Campus Centre CLG	100%	Property holding and rental
Plassey Trust Company CLG	100%	Property holding and rental
Plassey Campus Developments Limited	100%	Construction contracting
Kilmurry Village CLG (dissolved 15 January 2020)	100%	Property rental (non-trading)
Plassey Campus Arena CLG	100%	Operating the university arena
Mountainridge Unlimited Company (dissolved 09 January 2019)	100%	Providing assistance to new student accommodation initiatives (non-trading)
Adaremount Unlimited Company (dissolved 07 November 2018)	100%	Management company (non-trading)
Cariad Limited (dissolved 14 November 2018)	100%	Property holding (non-trading)
University Concert Hall CLG	100%	Venue for artistic performances and other activities
Unijobs DAC	100%	Recruitment company
University of Limerick Alumni Association DAC	100%	Alumni relationships

All the subsidiary companies are incorporated in the Republic of Ireland and their registered offices are at Plassey House, University of Limerick, Limerick.

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

17 Financial instruments - continued

The University holds minority shareholdings in a number of Campus Companies. Campus companies are created predominantly from University of Limerick research results and approved in accordance with UL Campus company procedures. The University does not operate any investment fund, nor does it invest any University funds into campus companies. The equity holding is a return for the intellectual property arrangements. These arrangements are covered by legal agreement between the University and the campus company including a provision that the University does not provide any warranties or assurance in relation to the use of the intellectual property by the campus company. In addition, the University will generally seek an indemnity from the company around its use of the intellectual property. In initial shareholder agreements the University may reserve the right to appoint a director or observer to the board, this option has not been exercised. The right to a board seat is generally impacted by the various funding rounds which result in a dilution of the University shareholding and loss of right to a board appointment.

The carrying value of such investments in the University financial statements is €Nil.

18 Trade and other receivables	Consolidated		University	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Trade receivables	8,125	6,289	6,487	4,708
Research grants and contracts receivable (note 29)	11,687	12,277	11,687	12,277
Ancillary and other self-funded receivable (note 29)	414	1,076	414	1,076
State grant receivable - HEA	-	490	-	490
Academic fees receivable	2,572	3,051	2,572	3,051
Prepayments	880	357	-	-
Amounts due from subsidiary undertakings	-	-	49,267	51,250
Other receivables	519	630	325	429
	<u>24,197</u>	<u>24,170</u>	<u>70,752</u>	<u>73,281</u>

19 Cash and cash equivalents	Consolidated		University	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Cash at bank including balances held on short term deposit	126,707	115,905	109,525	94,509
Restricted bank balances	-	-	-	-
	<u>126,707</u>	<u>115,905</u>	<u>109,525</u>	<u>94,509</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019
20 Payables: Amounts falling due
 within one year

	Consolidated		University	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Trade payables	6,198	4,408	5,255	3,135
Research grants and contracts in advance (note 29)	55,188	43,396	55,188	43,396
Ancillary and other self-funded in advance (note 29)	5,994	5,291	5,994	5,291
Academic fees received in advance	27,358	20,552	27,358	20,552
State grant received in advance - HEA	4,111	-	4,111	-
Accruals	17,430	22,382	11,171	12,579
Deferred income	7,449	6,528	-	-
Bank loans and overdrafts (note 22)	9,262	6,972	8,036	5,509
Amounts owed to subsidiary undertaking	-	-	2,937	6,714
Other taxation and social security	4,350	3,677	3,799	3,091
Other payables	5,021	4,320	5,021	4,286
Deferred capital grants (note 23)	6,877	6,417	6,877	6,417
	<u>149,238</u>	<u>123,943</u>	<u>135,747</u>	<u>110,970</u>

21 Payables: Amounts falling due
 after one year

	Consolidated		University	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Bank loans (note 22)	94,182	101,772	90,594	97,286
Deferred capital grants (note 23)	142,778	143,925	142,778	143,925
	<u>236,960</u>	<u>245,697</u>	<u>233,372</u>	<u>241,211</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

22 Borrowings	Consolidated		University	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
(a) Bank loans and overdrafts				
Bank loans and overdrafts are repayable as follows:				
Amounts due within one year	9,262	6,972	8,036	5,509
Due between one and two years	10,337	11,181	6,749	6,695
Due between two and five years	18,625	19,229	18,625	19,229
Due after more than five years	65,220	71,362	65,220	71,362
Total	103,444	108,744	98,630	102,795

(b) Security details

The borrowings of the subsidiary companies are secured as follows:

Bank of Ireland hold:

- (a) A letter of guarantee from Plassey Trust Company CLG for amounts totalling €6 million.
- (b) A legal charge over land and buildings at Plassey, Co. Limerick, known as Plassey Village, stamped to a total of €4 million.
- (c) A first legal charge over land and buildings at Plassey, Co. Limerick, known as Kilmurry Village (Phase 1), stamped to €4 million.
- (d) A legal charge over Plassey Village Phase 1, Phase 2 and Phase 3.
- (e) A legal charge over Brennan Court Apartments.
- (f) A first legal charge over the leasehold interest in property at the Sports Pavilion and All-Weather Pitches.
- (g) A letter of guarantee from University of Limerick.

KBC Bank Ireland plc hold (in respect of the facility of €2 million which has been repaid in full and the University is seeking to have charges vacated and security released)

- (a) A first fixed charge over land and buildings at Plassey, Co. Limerick, known as Kilmurry Village (Phase 2).
- (b) An assignment over the lease of Kilmurry Village (Phase 2) to Kilmurry Village and a charge over the rental payments.
- (c) A joint and several guarantee from Plassey Campus Developments Limited and Plassey Trust Company Limited.
- (d) An undertaking by the University of Limerick Foundation, in relation to funding received, that the repayment of such funds be subordinated in favour of the bank.

The European Investment Bank provided part of the funding necessary for the University's capital expenditure programme. The facility is repayable over a maximum of 20 years (2033) and currently incurs interest at Euribor plus a margin.

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

23 Deferred capital grants	State 2019 €'000	State 2018 €'000	
Consolidated and University			
At 1 October			
Buildings	129,554	131,577	
Equipment	20,788	15,015	
Total	150,342	146,592	
Received during the year			
Buildings	4,893	1,598	
Equipment	1,322	8,569	
Total	6,215	10,167	
Amortised to income and expenditure account			
Buildings	(3,704)	(3,621)	
Equipment	(3,198)	(2,796)	
Total	(6,902)	(6,417)	
At 30 September			
Buildings	130,743	129,554	
Equipment	18,912	20,788	
Total	149,655	150,342	
24 Analysis of changes in net funds			
	At 1 October 2018 €'000	Cash flow	At 30 September 2019 €'000
Consolidated			
Cash	115,905	10,802	126,707
Bank overdraft	(6,972)	(2,290)	(9,262)
	108,933	8,512	117,445
Loans	(101,772)	7,590	(94,182)
Total	7,161	16,102	23,263
University			
Cash	94,509	15,016	109,525
Bank overdraft	(5,509)	(2,527)	(8,036)
	89,000	12,489	101,489
Loans	(97,286)	6,692	(90,594)
Total	(8,286)	19,181	10,895

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

25 Capital commitments	Consolidated		University	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Contracted for but not provided	26,998	6,781	26,998	6,781
Authorised but not contracted out	806	21,068	806	21,068
	<u>27,804</u>	<u>27,849</u>	<u>27,804</u>	<u>27,849</u>

Future minimum lease payments under non-cancellable operating leases at the end of the financial year were:

	Consolidated		University	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Payments due				
Not later than one year	289	278	289	278
Later than one year and not later than five years	1,275	1,226	1,275	1,226
Later than five years	<u>2,329</u>	<u>2,667</u>	<u>2,329</u>	<u>2,667</u>

26 Related parties

The University has availed of exemptions permitted under Section 33.1.A FRS 102.

University of Limerick Foundation

During the year the University contributed €350k (2018: €384k) towards the running costs of the Foundation. During the year the University received funding from the University of Limerick Foundation of €2,558k (2018: €1,498k). This funding was received for the following purposes:

	2019 €'000	2018 €'000
Funding completed capital projects included in other income	200	-
Funded posts	-	435
Research grants and contracts	1,490	28
Ancillary projects included in other operating income	442	422
Scholarships included in student fee income	426	613
	<u>2,558</u>	<u>1,498</u>

The net assets of the University of Limerick Foundation at 31 August 2019 were €8.062m (2018: €8.288m).

Plassey Campus Developments

Plassey Campus Developments was the principal contractor associated with ongoing property development contracts totalling €6,071,203 in the year (2018: €16,199,284) on behalf of the University of Limerick. Representatives of the University are members of Plassey Campus Centre Company Limited by Guarantee. At the statement of financial position date €1,790,772 (2018: €5,609,177) was outstanding in respect of such work.

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

26 Related parties - continued	2019 €'000	2018 €'000
<u>Plassey Campus Arena CLG</u>		
<i>Income:</i>		
University of Limerick	236,736	233,192
<i>Receivable at 30 September:</i>		
University of Limerick	<u>421,484</u>	<u>256,857</u>

University Concert Hall CLG

The University Concert Hall Limited provides lecture facilities to the University of Limerick as part of its normal trading activities.

The value of the facilities provided during the year amounted to €36,987 (2018: €36,974).

The balance due to the University of Limerick at the year-end amounted to €91,550 (2018: €163,611).

The balance due by University of Limerick at the year-end amounted to €53,971 (2018: €103,526).

27 Retirement benefits

The University operates both defined benefit and defined contribution retirement benefit schemes.

Defined contribution retirement benefit scheme

The University operates a defined contribution scheme to cater for the specific circumstances of its employees. This scheme seeks to ensure that both the requirements of the relevant employees and the responsibilities of the University are properly addressed. The retirement benefit charge for the period represents contributions payable by the University to the scheme and amounted to €256k (2018: €166k) – note 10.

Defined benefit pension scheme

The University operates a defined benefit pension scheme, the University of Limerick Superannuation (Amendment) Scheme, which is funded annually on a “pay as you go” basis from monies provided by the Higher Education Authority and from contributions deducted from staff salaries. The scheme provides for a retirement benefit and retirement lump sum based on pensionable pay on the date of retirement (average salary used if promoted within the last 3 years of service), and spouse's and children's pensions. Staff employed prior to 1 January 2006 must retire when they reach the age of 65. For staff employed after that date, there is no compulsory retirement age; an employee may retire at any time after reaching age 65. The scheme includes an actuarially reduced early retirement facility from age 55.

Single public service retirement benefit scheme

The Single Public Service Pension Scheme (Single Scheme), which the University operates on behalf of the Department of Public Expenditure & Reform, is the defined benefit pension scheme for pensionable public servants appointed on or after 1 January 2013 in accordance with the Public Service Pension (Single Scheme and Other Provisions) Act 2012. The scheme provides for a retirement benefit and retirement lump sum based on career-average pensionable remuneration, and spouse's and children's pensions. The minimum pension age is 66 years (rising in line with State pension age changes). It includes an actuarially reduced early retirement facility from age 55. Pensions in payment increase in line with the consumer price index.

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

27 Retirement benefits - continued

The valuation prepared under FRS 102 Section 28 has been based on an actuarial valuation on 17 December 2019 by a qualified independent actuary to take account of the requirements of FRS 102 in order to assess the scheme liabilities at 30 September 2019 and 2018. The financial assumptions used to calculate scheme liabilities are:

	At 30 September 2019 Projected unit %	At 30 September 2018 Projected unit %
Valuation method:		
Discount rate	1.15	2.35
Inflation rate	1.25	1.75
Salary increases	2.75	3.25
Pension increases	<u>1.75</u>	<u>2.25</u>

On foot of EU Directive, the Protection of Employee Acts 2001 and 2003 extended pension benefits to part-time and fixed term workers. The University immediately entered into negotiations with the University Sector and relevant Government Departments in relation to the funding of these statutory liabilities.

Unfunded liability for retirement benefits

The University recognises an asset, an amount corresponding to the unfunded deferred liability for retirement benefits. The University believes that it operates as an agent in the operation of the UL Superannuation Scheme and does not contribute financially to the Scheme. The University believes that it is virtually certain that the State will reimburse all of the expenditure required to settle the defined benefit obligation, and in accordance with FRS 102 recognises a reimbursable amount.

The University also recognises a reimbursable asset value under FRS102 in respect of the Single Scheme as the obligations and liabilities under the Single Scheme are guaranteed by the State.

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

27 Retirement benefits - continued	2019	2018
	€'000	€'000
Consolidated and University		
Analysis of amount charged to operating profit:		
Current service cost *	26,603	30,674
Past service cost	-	-
Total operating charge	<u>26,603</u>	<u>30,674</u>
Analysis of the amount credited to other finance income:		
Expected return on scheme assets	-	-
Interest on scheme liabilities	<u>(17,555)</u>	<u>(17,677)</u>
Net return	<u>(17,555)</u>	<u>(17,677)</u>
Analysis of the amount recognised in statement of total recognised gains and losses:		
Actual less expected return on scheme assets	-	-
Experience (loss)/gain	(2,903)	21,603
Changes in assumptions	<u>(124,525)</u>	<u>40,155</u>
Actuarial (loss)/gain recognised in Statement of comprehensive income	<u>(127,428)</u>	<u>61,758</u>
<i>Movement in present value of defined benefit obligation</i>		
At 1 October	753,758	775,192
Current service cost	26,603	30,674
Interest cost	17,555	17,677
Plan members - contributions	5,575	5,212
Actuarial loss/(gain)	127,428	(61,758)
Insurance premium for risk benefits		
Benefits paid	<u>(13,505)</u>	<u>(13,239)</u>
At 30 September	<u>917,414</u>	<u>753,758</u>
	Consolidated and University	
	2019	2018
	€'000	€'000
<i>Analysis of movement in pension receivable during the year:</i>		
Pension receivable at beginning of year	753,758	775,192
Actuarial loss/(gain)	127,428	(61,758)
Incremental pension cost underwritten by the State *	17,202	22,647
State underwritten finance charge	17,555	17,677
Employer contributions *	9,401	8,027
Members contributions	5,575	5,212
Insurance premium for risk benefits	-	-
Benefits paid (note 10)	<u>(13,505)</u>	<u>(13,239)</u>
At 30 September	<u>917,414</u>	<u>753,758</u>

In accordance with the accounting policy (Note 3(o)), the total amount required to fund the retirement benefit deficit at 30 September 2019 amounts to €917,414,000 (2018: €753,758,000).

Within this figure, €24.7m (2018: €13.8m) relates to the accrued liability for the single Public Service Pension Scheme (Single Scheme).

* Current service cost comprises employer contributions and incremental pension cost underwritten by the State.

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

27 Retirement benefits - continued	2019 €'000	2018 €'000	2017 €'000	2016 €'000	2015 €'000
History of actuarial gains and losses:					
Difference between expected and actual return on scheme assets	-	-	-	-	-
Expressed as a percentage of scheme assets	0%	0%	0%	0%	0%
Experience gains and losses on scheme liabilities	(2,903)	21,603	(8,276)	(53,463)	18,946
Expressed as a percentage of scheme liabilities	(0.03%)	2.9%	(1.1%)	(6.1%)	3.0%
Total amount recognised in statement of comprehensive income	(127,428)	61,758	143,248	(205,257)	18,946
Expressed as a percentage of scheme liabilities	(13.9%)	8.2%	18.5%	(23.4%)	3.0%

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

28 Events after the reporting period

The Coronavirus disease (COVID-19) pandemic since the year end is a rapidly evolving situation resulting in a high level of uncertainty, nationally and globally, and is having a significant negative impact on the University and its subsidiaries. The World Health Organization (WHO) declared the coronavirus outbreak a pandemic on 11 March 2020. This was followed by an announcement from Government on 12 March 2019 of the closure of higher education settings. Further restrictions and measures are being put in place by the Government, and by health and education authorities.

This crisis is unprecedented both in Ireland and at a global level. Up to March 2020, the University and its subsidiaries had been performing in line with budget. However, the closure of the campus resulted in academic programmes for the 2019/2020 academic year having to be concluded online. This measure, in addition to measures which are now required in order to reopen the campus in a safe manner that complies with public health guidelines, has resulted in the University incurring significant costs. The income associated with the provision of accommodation provided by a subsidiary of the University has also been adversely impacted since the closure of the campus and will be further impacted by the implementation of public health measures for the foreseeable future.

Travel restrictions currently in place in many regions are having a negative impact on the recruitment of non-EU students for the forthcoming academic year. The University has observed a significant reduction in the interest from non-EU prospective students for programmes commencing in the 2020/2021 academic year. The continuance of public health measures, including social distancing, may also restrict the level of research activities which can be undertaken at the University for some time.

The Governing Authority recognise that in the current environment it is difficult to predict the duration of the COVID-19 pandemic or its impact. There are significant uncertainties associated with the pandemic and to prepare financial forecasts is challenging in this environment. The University and its subsidiaries have prepared forecasts under various scenarios and in evaluating the cashflow needs for the academic year 2020/2021 the Governing Authority have considered that restrictions on international travel and social distancing measures are still likely to be in place for this period.

The Governing Authority are satisfied that with the current level of reserves, and tight cost control measures for the duration of the pandemic, the University can sustain its operations in the current volatile environment for the academic year 2020/21. On that basis the Governing Authority continues to adopt the going concern basis of accounting in preparing the annual financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

29 Circular 13/2014 - Management of and accountability for grants from exchequer funds

This information is required by circular 13/2014 issued on 26 September 2014 by the Department of Expenditure and Public Reform. It is not a requirement under FRS 102.

	Grant deferred/(due) 1/10/2018 €'000	Cash received 2018-19 €'000	Taken to income 2018-19 €'000	Grant deferred 30/09/19 €'000	Grant due 30/09/19 €'000
RESEARCH GRANTS					
Exchequer Funding					
Science Foundation Ireland	7,554	14,790	13,081	12,483	(3,220)
Enterprise Ireland	2,145	7,203	6,423	4,822	(1,896)
Department of Agriculture, Food and Marine	55	445	516	563	(579)
Health Research Board	327	2,028	1,110	1,639	(394)
Irish Research Council	916	1,624	1,955	766	(182)
Higher Education Authority	(145)	326	113	194	(126)
State - other	7,008	1,978	1,900	7,742	(656)
Environment Protection Agency	(508)	789	704	146	(569)
Teagasc	(11)	88	87	22	(32)
Sub-total Exchequer	17,341	29,271	25,889	28,377	(7,654)

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

29 Circular 13/2014 - Management of and accountability for grants from exchequer funds - continued	Grant deferred/(due) 1/10/2018 €'000	Cash received 2018-19 €'000	Taken to income 2018-19 €'000	Grant deferred 30/09/19 €'000	Grant due 30/09/19 €'000
Non-Exchequer Funding					
Industry	6,653	5,304	2,550	11,596	(2,189)
European Commission	4,464	8,834	3,286	11,074	(1,063)
Other	2,661	3,220	2,522	4,141	(782)
Sub-total Non-Exchequer	<u>13,778</u>	<u>17,358</u>	<u>8,358</u>	<u>26,811</u>	<u>(4,034)</u>
Total Research Grants	<u>31,119</u>	<u>46,630</u>	<u>34,248</u>	<u>55,188</u>	<u>(11,688)</u>
Other self-funded and ancillary activities	4,215	11,399	10,034	5,994	(414)
Total other self-funded and Ancillary Grants	<u>4,215</u>	<u>11,399</u>	<u>10,034</u>	<u>5,994</u>	<u>(414)</u>
STATE GRANT RECURRENT					
Higher Education Authority	(65)	51,454	47,278	4,111	-
Total State Grant Recurrent	<u>(65)</u>	<u>51,454</u>	<u>47,278</u>	<u>4,111</u>	<u>-</u>
STATE CAPITAL GRANT BUILDINGS					
Higher Education Authority	-	4,893	4,893	-	-
Total State Capital Grant	<u>-</u>	<u>4,893</u>	<u>4,893</u>	<u>-</u>	<u>-</u>

In order to provide further clarity to users of these financial statements, other self-funded and ancillary activities which was previously included within other operating income is now shown separately on the face of the Statement of Comprehensive Income. Other self-funded and ancillary income comes from a variety of sources.

NOTES TO THE FINANCIAL STATEMENTS - continued
Financial Year Ended 30 September 2019

30 Approval of financial statements

The financial statements were approved by the Governing Authority on 19 June 2020.

APPENDIX 1

The University of Limerick Foundation

Annual Report

Financial Year Ended 31 August 2019

CONTENTS

	Page
DIRECTORS AND OTHER INFORMATION	2
DIRECTORS' REPORT	3 - 5
INDEPENDENT AUDITORS' REPORT	6 - 8
INCOME AND EXPENDITURE ACCOUNT	9
BALANCE SHEET	10
STATEMENT OF CHANGES IN EQUITY	11
CASH FLOW STATEMENT	12
NOTES TO THE FINANCIAL STATEMENTS	13 - 19

DIRECTORS AND OTHER INFORMATION

Board of Directors

Loretta Brennan Glucksman (Chairman) (USA)
Charles F Feeney (USA)
Harry Fehily
Rose Hynes
Paul Kimball (USA)
Dr James McCarron (USA)
Michael O'Keefe (USA)
Michael Houlihan
Paul O'Connell
Ralph Parkes
Dermot Smurfit
Daniel Tierney
Michael Tiernan
Dr Edward Walsh
Patrick Gerard Boland
Kathleen O'Toole (USA)
Richard Meaney
Desmond Fitzgerald
Mary Harney
James Normile (USA)
Michael Noonan
John Moran
Conor Gilligan
Mark Kennelly
Daniel Geary

Solicitors

Holmes O'Malley Sexton
Bishopsgate
Henry Street
Limerick

Bankers

Bank of Ireland
International Banking Division
Baggott Street
Dublin 4

Bank of Ireland
University Branch
Plassey
Limerick

Chief Executive Officer

Harvey Duthie

Secretary and Registered Office

Niall Murphy
Plassey House
University of Limerick
Plassey Technological Park
Limerick

Registered Number: 147116

Charitable Status Number: CHY 9688

Registered Charity Number: 20024260

Independent Auditors

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Bank Place
Limerick

DIRECTORS' REPORT

The directors present their report and the audited financial statements of The University of Limerick Foundation ("the company") for the financial year ended 31 August 2019.

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with Irish law.

Irish law requires the directors to prepare financial statements for each financial year giving a true and fair view of the company's assets, liabilities and financial position at the end of the financial year and of the profit or loss of the company for the financial year. Under that law the directors have prepared the financial statements in accordance with Irish Generally Accepted Accounting Practice (accounting standards issued by the UK Financial Reporting Council, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and Irish law).

Under Irish law, the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year and the profit or loss of the company for the financial year.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legal status

The University of Limerick Foundation ("the company") is a company limited by guarantee. The liability of the members (of which there are 10) in the event of a winding up is limited to €1.27 each. The guarantee continues for one year after membership of the company ceases.

The company has been granted charitable exemption by the Revenue Commissioners.

Principal activities and business review

The company's principal activity is the furtherance of education and research, in particular the furtherance of education and research carried out by the University of Limerick and other educational, research and development bodies associated with the University of Limerick. The directors consider any events that could lead to a substantial reduction in donations and income received as the principal risk faced by the company. The directors are satisfied that there are relationships in place and being developed at present that mitigate this risk.

The Foundation continued to support the University throughout the year in its missions of education, and research and this included supporting professorships in the Bernal Institute and the awarding of scholarships and bursaries. It also continued to collaborate with the University on a number of development projects including the Inner City Technology & Innovation Campus and Academic Health Centre, and is supportive of the University's Strategic Plan 'UL@50'. During the year we said good bye to David Cronin who successfully led the Foundation for many years and is now President and CEO of the Ireland Funds. Since year end we were very pleased to welcome Harvey Duthie on board as the Foundation's new CEO.

DIRECTORS' REPORT - continued

Principal activities and business review (continued)

Income is derived from grants received for the year is €4,017,128 (2018: €1,957,512).

In addition to the principal risks outlined above, the directors have recently considered the risks on the company's liquidity and viability in connection with the Coronavirus pandemic (COVID-19). The Company has a resilient and proven business model, as well as robust structures in place for governance and oversight which is well placed to respond to this challenge. The Company enters this uncertain period in a robust financial position, with a strong balance sheet and liquidity. Although the full extent of the potential impact on the business, operations and the global economy as a whole is not yet clear, executive management continue to communicate with company donors and potential donors and to manage the response to the COVID-19 pandemic as effectively as possible. The COVID-19 pandemic has not materially impacted the company's financial position or its performance at the date of approval of these financial statements.

Governance

The Board comprises of 25 directors and brings a range of relevant experience and expertise to the company. Board members do not receive any remuneration for their services and are supported by the following sub-committees:

Audit, Finance and Risk Committee

The Audit, Finance and Risk Committee monitors risk, conducts an overview of the company's annual budgets, management financial statements and internal financial control systems. It liaises with the company's external auditors and conducts a review of the company's annual financial statements and directors report.

Remuneration and Benefits Committee

The Remuneration and Benefits Committee is charged with monitoring the appropriateness and relevance of remuneration for senior management and its application.

Accounting records

The measures taken by the directors to secure compliance with the company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at Plassey House, University of Limerick, National Technological Park, Limerick.

Results

The company's deficit for the financial year was €226,384 (2018: deficit €716,879). The directors recommend that this be deducted from the reserves brought forward.

Future developments

The directors foresee no significant changes in the principal activities of the company in the foreseeable future.

Disclosure of information to auditors

The directors in office at the date of this report have each confirmed that:

- as far as he/she is aware, there is no relevant audit information of which the company's statutory auditor is unaware; and
- he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's statutory auditors are aware of that information.

Directors and secretary

The Constitution of the Company require the directors to retire by rotation. The names of the persons who were directors at any time during the year ended 31 August 2019 and since the year end are set out below. Unless indicated otherwise they served as directors for the entire year.

Directors:

Loretta Brennan Glucksman (Chairman) (USA)
Charles F Feeney (USA)
Harry Fehily
Kenneth Gorman (USA) (resigned 2 April 2020)
Rose Hynes
Paul Kimball (USA)

DIRECTORS' REPORT - continued

Dr James McCarron (USA)
Michael O'Keefe (USA)
Michael Houlihan
Paul O'Connell
Ralph Parkes
Dermot Smurfit
Daniel Tierney
Michael Tiernan
Dr Edward Walsh
Patrick Gerard Boland
Kathleen O'Toole (USA)
Richard Meaney
Desmond Fitzgerald
Mary Harney
James Normile (USA)
Michael Noonan
John Moran (appointed 22 May 2019)
Conor Gilligan (appointed 22 May 2019)
Mark Kennelly (appointed 22 May 2019)
Daniel Geary (appointed 15 May 2019)

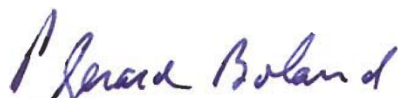
Events since the balance sheet date

There have been no significant events since the balance sheet date. As outlined on page 4 and in Note 15 the Directors have considered the impact of the evolving COVID-19 pandemic. The directors are ensuring that appropriate arrangements are in place to ensure business continuity.

Statutory auditors

The statutory auditor, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

On behalf of the board



Gerard Boland
Director



Harry Fehily
Director



Independent auditors' report to the members of The University of Limerick Foundation

Report on the audit of the financial statements

Opinion

In our opinion, The University of Limerick Foundation's financial statements:

- give a true and fair view of the company's assets, liabilities and financial position as at 31 August 2019 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Irish law); and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Annual Report, which comprise:

- the Balance Sheet as at 31 August 2019;
 - the Income and Expenditure Account for the year then ended;
 - the Cash Flow Statement for the year then ended;
 - the Statement of Changes in Equity for the year then ended; and
 - the notes to the financial statements, which include a description of the significant accounting policies.
-

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 August 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

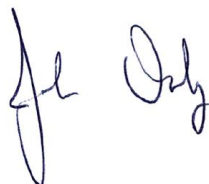
Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
 - In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
 - The financial statements are in agreement with the accounting records.
-

Companies Act 2014 exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.



John Daly
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Limerick
14 May 2020

INCOME AND EXPENDITURE ACCOUNT
For the financial year ended 31 August 2019

	Notes	2019 €	2018 €
Income			
Donations and gifts	5	<u>4,017,128</u>	<u>1,957,512</u>
Other operating income			
Gain on market value of investments	8	<u>142,833</u>	<u>403,246</u>
Expenditure			
Fundraising, publicity and administration		811,129	854,200
Research and development grants		<u>3,575,216</u>	<u>2,223,437</u>
		<u>4,386,345</u>	<u>3,077,637</u>
Deficit for the financial year	6	<u>(226,384)</u>	<u>(716,879)</u>

All amounts above relate to continuing operations.

The company had no comprehensive income apart from that reflected in the income and expenditure account above and, therefore, no separate statement of comprehensive income is presented.


BALANCE SHEET
As at 31 August 2019

	Notes	2019 €	2018 €
Fixed assets			
Financial assets	8	<u>514,281</u>	<u>4,149,449</u>
Current assets			
Cash at bank and in hand		20,004,470	18,117,055
Debtors	9	<u>29,361</u>	<u>66,328</u>
		20,033,831	18,183,383
Creditors - amounts falling due within one year	10	<u>(12,486,155)</u>	<u>(14,044,491)</u>
Net current assets		<u>7,547,676</u>	<u>4,138,892</u>
Net assets		<u>8,061,957</u>	<u>8,288,341</u>
Permanent endowment fund		6,089,810	6,093,877
Venture capital fund		505,059	525,149
Income and expenditure account		<u>1,467,088</u>	<u>1,669,315</u>
Total equity	14	<u>8,061,957</u>	<u>8,288,341</u>

On behalf of the board



 Gerard Boland
 Director



 Harry Fehily
 Director

STATEMENT OF CHANGES IN EQUITY
Financial Year Ended 31 August 2019

	Venture capital fund €	Permanent endowment fund €	Income and expenditure account €	Total equity €
Balance at 1 September 2017	440,830	5,943,193	2,621,197	9,005,220
Investment gains for the financial year	84,319	318,927	-	403,246
Endowment payments for the financial year	-	(168,243)	-	(168,243)
Deficit for the financial year	-	-	(951,882)	(951,882)
Total comprehensive loss for the financial year	<u>84,319</u>	<u>150,684</u>	<u>(951,882)</u>	<u>(716,879)</u>
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 August 2018	<u>525,149</u>	<u>6,093,877</u>	<u>1,669,315</u>	<u>8,288,341</u>
Investment (losses)/gains for the financial year	(20,090)	162,923	-	142,833
Endowment payments for the financial year	-	(166,990)	-	(166,990)
Deficit for the financial year	-	-	(202,227)	(202,227)
Total comprehensive loss for the financial year	<u>(20,090)</u>	<u>(4,067)</u>	<u>(202,227)</u>	<u>(226,384)</u>
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 August 2019	<u>505,059</u>	<u>6,089,810</u>	<u>1,467,088</u>	<u>8,061,957</u>

CASH FLOW STATEMENT

For the financial year ended 31 August 2019

	Notes	2019 €	2018 €
Cash from operations	12	(1,890,586)	(879,002)
Income taxes paid		-	-
Net cash used in operating activities		<u>(1,890,586)</u>	<u>(879,002)</u>
Cash flows from investing activities			
Proceeds from disposal of financial asset	8	3,803,627	16,404
Purchase of financial asset	8	(25,626)	-
Net cash generated from investing activities		<u>3,778,001</u>	<u>16,404</u>
Cash flows from financial activities			
Decrease in long term activities		-	-
Net cash used in financing activities		-	-
Net decrease / (increase) in cash and cash equivalents		1,887,415	(862,598)
Cash and cash equivalents at 1 September		<u>18,117,055</u>	<u>18,979,653</u>
Cash and cash equivalents at 31 August		<u>20,004,470</u>	<u>18,117,055</u>
Cash and cash equivalents consist of:			
Cash at bank and in hand		20,004,470	18,117,055
Short term investments		-	-
Cash and cash equivalents		<u>20,004,470</u>	<u>18,117,055</u>

NOTES TO THE FINANCIAL STATEMENTS

1 General information

The University of Limerick Foundation ("the company") is incorporated as a company limited by guarantee in the Republic of Ireland under the registered number 147116. The address of its registered office is Plassey House, University of Limerick, National Technological Park, Limerick. The company's principal activity is the furtherance of education and research, in particular the furtherance of education and research carried out by the University of Limerick and other educational, research and development bodies associated with the University of Limerick.

At 31 August 2019 there were 10 guarantors whose guarantee is limited to €1.27 each. The guarantee continues for one year after membership of the company ceases.

2 Statement of compliance

The financial statements have been prepared on a going concern basis and in accordance with accounting standards issued by the UK Financial Reporting Council and the Companies Act 2014. The financial statements comply with Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102").

3 Summary of significant accounting policies

The significant accounting policies used in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year. It also requires the directors to exercise judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in note 4.

(b) Going concern

The company meets its day-to-day working capital requirements from donations received. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore these financial statements have been prepared on a going concern basis.

(c) Income

Income comprises donations and income on investments.

Donations received that have performance obligations attached are accounted for on an accruals basis. Donations are deferred to the balance sheet until such time as the performance related criteria have been met. Uncommitted donations are recognised on a cash receipts basis.

The use of income earned by the permanent endowment fund is restricted to certain types of expenditure. The excess of this income over expenditure is transferred to the permanent endowment fund.

(d) Receipts in kind

No value is attributed to donations received in kind from the University of Limerick and other third parties.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(e) Taxation

There is no charge to taxation as the company has been granted charitable exemption by the Revenue Commissioners.

(f) Financial assets and investments

Financial assets and investments are held at fair value. Changes in fair values are presented in the income and expenditure account.

(g) Foreign currencies

Income and expenses arising in foreign currencies are translated into Euro at the exchange rate ruling on the dates of the transactions.

Assets and liabilities in foreign currencies are translated into Euro at the rate ruling at the balance sheet date. All exchange differences arising during the year are dealt within the income and expenditure account.

(h) Employee benefits

The company provides a range of benefits to employees, including short term employee benefits such as paid holiday arrangements and post-employment benefits (in the form of defined contribution pension plans).

(i) Short term employee benefits

Short term employee benefits, including paid holiday arrangements and other similar non-monetary benefits, are recognised as an expense in the financial year in which employees render the related service.

(ii) Post-employment benefits

Pension benefits are funded over each relevant employees' service life by way of contributions to a separately administered fund. Annual contributions are charged to the income and expenditure account in the year to which they relate.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are initially measured at transaction price and subsequently measured at amortised cost.

Bank deposits which have original maturities of more than three months are not cash and cash equivalents and are presented as short term investments.

(j) Financial instruments

The company has chosen to apply the provisions of Sections 11 and 12 of FRS 102 to account for all of its financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors, cash and cash equivalents, short-term deposits and investments, are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(j) Financial instruments - continued

Trade and other debtors, cash and cash equivalents, investments and financial assets from arrangements which constitute financing transactions are subsequently measured at amortised cost using the effective interest method.

At the end of each financial year financial assets measured at amortised cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortised cost is impaired an impairment loss is recognised in profit or loss. The impairment loss is the difference between the financial asset's carrying amount and the present value of the financial asset's estimated cash inflows discounted at the asset's original effective interest rate.

If, in a subsequent financial year, the amount of an impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment loss not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

(ii) *Financial liabilities*

Basic financial liabilities, including trade and other creditors and loans are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial liability is initially measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Trade and other creditors and loans and financial liability from arrangements which constitute financing transactions are subsequently carried at amortised cost, using the effective interest method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as due within one year if payment is due within one year or less. If not, they are presented as falling due after more than one year. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements made in the process of preparing the entity financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgement in applying the entity's accounting policies

The directors make estimates and assumptions that affect the reported amount of assets and liabilities. On an ongoing basis, management re-evaluates these estimates. The most significant estimates relate to the recognition of income and deferred income based on the performance obligations of a donation received. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. The actual amounts may vary from the estimates used in the preparation of the accompanying financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

5 Income	2019	2018
	€	€
Unrestricted	608,900	815,073
Restricted	3,408,228	1,142,439
	<u>4,017,128</u>	<u>1,957,512</u>
Income analysis::		
Grants received	1,975,901	1,173,141
Grants deferred	1,432,327	178,298
Related party contributions & Other income (note 13)	608,900	606,073
	<u>4,017,128</u>	<u>1,957,512</u>
6 Deficit for the financial year	2019	2018
	€	€
Deficit for the financial year is stated after charging:		
Wages and salaries	298,955	284,278
Social insurance	32,138	30,560
Pension costs	88,417	246,180
	<u>419,510</u>	<u>561,018</u>
Directors' remuneration	-	-
Auditors' remuneration	9,375	9,375
	<u>9,375</u>	<u>9,375</u>
7 Employer information	2019	2018
	Number	Number
(i) The average number of persons employed during the year (including shared employees), was:		
Management and administration	<u>4</u>	<u>4</u>
 (ii) Key management compensation		
Key management includes members of senior management. The compensation paid or payable to key management for employee services is shown below. Compensation paid and payable includes salaries, social insurance costs and post employment benefits.		
	2019	2018
	€	€
Senior management	<u>226,372</u>	<u>396,656</u>
Total key management compensation	<u>226,372</u>	<u>396,656</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

8 Financial assets	Managed funds €	BOI seed funds €	Total €
Financial year ended 31 August 2018			
At 1 September 2017	3,321,777	440,830	3,762,607
Divested	-	(16,404)	(16,404)
Fair value gain/(loss) on investments	318,927	84,319	403,246
At 31 August 2018	<u>3,640,704</u>	<u>508,745</u>	<u>4,149,449</u>
Financial year ended 31 August 2019			
At 1 September 2018	3,640,704	508,745	4,149,449
Divested	(3,803,627)	-	(3,803,627)
Invested	-	25,626	25,626
Fair value gain/(loss) on investments	162,923	(20,090)	142,833
At 31 August 2019	<u>-</u>	<u>514,281</u>	<u>514,281</u>

Financial assets represent an investment in the Bank of Ireland Seed and Early Stage Equity Fund. The carrying values of the investments are as follows:

	2019 €	2018 €
Kleinwort Benson Investor Funds	-	3,640,704
BOI Seed and Early Stage Equity Fund	514,281	508,745
	<u>514,281</u>	<u>4,149,449</u>

The company together with a number of project partners, entered into a Limited Partnership Agreement in respect of the Bank of Ireland Seed and Early Stage Equity Fund in 2009, whereby it committed €1 million to the fund. The fund consists of investments in a number of high potential start-up unlisted entities.

9 Debtors - amounts falling due within one year	2019 €	2018 €
Debtors and other receivables	29,361	66,328
Amounts owed by related parties (note 13)	-	-
	<u>29,361</u>	<u>66,328</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

10 Creditors - amounts falling due within one year	2019	2018
	€	€
Deferred income (note 11)	12,339,222	13,771,549
Accruals	44,640	67,271
Trade creditors	71,902	31,428
Amounts owed to related parties (note 13)	25,820	164,144
Other creditors including tax and social insurance	4,571	10,099
	<u>12,486,155</u>	<u>14,044,491</u>
Other creditors including tax and social insurance comprise:		
Income tax deducted under PAYE	2,678	6,564
Pay related social insurance	1,893	3,535
	<u>4,571</u>	<u>10,099</u>

Trade and other creditors are payable at various dates in the three months after the end of the financial year in accordance with the creditors usual and customary credit terms.

Creditors for tax and social insurance are payable in the timeframe set down in the relevant legislation.

11 Deferred income	2019	2018
	€	€
Opening balance	13,771,549	14,653,603
Additions during the year	1,974,288	1,171,491
Released during the year	(3,406,615)	(2,053,545)
	<u>12,339,222</u>	<u>13,771,549</u>

Deferred income represents performance related donations received and paid during the year.

12 Note to the statement of cash flows	2019	2018
	€	€
Deficit for the financial year	(226,384)	(716,879)
Tax	-	-
Deficit for the year	<u>(226,384)</u>	<u>(716,879)</u>
Working capital movements		
- decrease in creditors	(1,558,336)	(141,996)
- decrease in debtors	36,967	383,119
Interest income	-	-
Gain on investments	(142,833)	(403,246)
Cash flow from operating activities	<u>(1,890,586)</u>	<u>(879,002)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

13 Related party transactions

During the year the company received donations and other income in respect of fundraising events in the amount of €445,100 (2018: €432,273) from directors of the company and related parties. Amounts of €25,820 (2018: €164,298) were recorded as owed to University of Limerick at 31 August 2019 and amounts of €Nil (2018: €Nil) were recorded as being owed from University of Limerick at 31 August 2019.

14 Total equity

A description of the nature of each component of equity is provided below.

The movement in each component of equity in the current and previous financial year is provided in the Statement of Changes in Equity.

Venture capital fund

This represents funds allocated specifically for investment in domestic start up operations. Movements represent additional amounts invested, gains or losses on market value and/or on disposals of any of these investments.

Permanent endowment fund

This represents monies received to provide for a permanent endowment to fund scholarships and other activities in the University of Limerick on an annual basis.

Income and expenditure account

This represents the accumulated unrestricted surplus from the entity's operations.

15 Events since balance sheet date

On 31 August 2019 the Company had net assets of €8.061m (2018: €8.288m). The directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors have assessed the relevant factors and in particular the risks on the Company's business model potentially impacted by the COVID-19 pandemic. It is a rapidly evolving situation resulting in a high level of uncertainty nationally and globally and has the potential to have a significant impact on the level of the Company's future donations and income.

Whilst the ultimate extent of the effect of this matter on the Company cannot be precisely determined at present, the directors are satisfied it does not impact the Company's going concern. Accordingly, the financial statements have been prepared on a going concern basis.

There have no other significant events since the balance sheet date.

16 Approval of financial statements

The financial statements were approved by the directors on 7th May 2020.

THE FOLLOWING PAGES DO NOT FORM PART OF THE FINANCIAL STATEMENTS

APPENDIX I
For the financial year ended 31 August 2019

	2019 €	2,018 €
Income		
Grants received	1,975,901	1,173,141
Deferred grants	1,432,327	178,298
Grant income	<u>3,408,228</u>	<u>1,351,439</u>
University of Limerick	385,000	384,000
Director funds & other donations	90,100	98,273
Event income	133,800	123,800
Operational income	<u>608,900</u>	<u>606,073</u>
Investment gain	<u>142,833</u>	<u>403,246</u>
Total income	<u>4,159,961</u>	<u>2,360,758</u>
Expenditure		
Grant payments	3,575,216	2,223,437
Fundraising, promotion and events	284,198	251,806
Staff costs & training	486,545	562,416
Administration	40,386	39,978
Total expenditure	<u>4,386,345</u>	<u>3,077,637</u>
Surplus/deficit	<u>(226,384)</u>	<u>(716,879)</u>