

**FINANCIAL REPORT
YEAR ENDED 30 SEPTEMBER 2005**

1 INTRODUCTION

The financial statements for the year to 30 September 2005 have been prepared in accordance with this historically agreed harmonised format jointly developed by the universities, the Higher Education Authority, and the Comptroller & Auditor General.

A consolidated set of financial statements, based on generally accepted accounting principles (GAAP) will also be prepared for the year to September 2005, which incorporates the activities of the University's subsidiary companies, together with the core revenue and expenditure outlined in this set of financial statements.

2 RECURRENT INCOME

Income increased from €6.53 million to €8.24 million, representing a growth of 7.7% over the previous year.

State grant increased from €7.78 million to €40.72 million representing a growth of 7.7%, while student fee income increased 7.1% from €35.7 million to €38.26 million. Both student fee and State grant represent 70% of the income for the year under review, a drop of 1.5% over 2004 which reflects the continuing reduction of State funding in University activities.

Income from other sources increased from €3.01 million to €3.51 million, a growth of 16.5%, due mainly to an increase in international students and an increase in research overhead contribution arising from the increase in research income.

3 RECURRENT EXPENDITURE

Recurrent expenditure grew from €7.54 million to €83.58 million, an increase of 9.2% reflecting the continuing increase in pay awards, general non pay inflation and strategic development of a number of new academic programmes to enable the University meet market demand and national priorities. Pay now represents 67% of the total expenditure, which further limits the ability of the University to respond to opportunities that meet the mid to long-term strategic objectives.

4 CONTRACT RESEARCH AND OTHER SELF FUNDED PROJECTS

Contract Research income increased by 15% from €17.91 million to €20.67 million during the year under review. This is a satisfactory result and builds on the dedication of the research active academic staff in successfully pursuing the University's research agenda. Notable research success during the year includes the awarding of the Irish Software Engineering Research Centre by Science Foundation Ireland (SFI), valued at €19 million.

Self funded projects increased by 10% from €3.4 million to €9.2 million, and reflects the focus within the University towards increasing income from non State sources.

REPORT OF VICE PRESIDENT FINANCE

5 CAPITAL PROGRAMME

University capital expenditure amounted to €20.3 million during the year, €4.04 million related to equipment, and the balance relating to land and buildings. This investment is a sub set of the 2005 – 2010 physical development programme being implemented on campus. During the year, a number of buildings were completed, and are now fully operational including the Health Sciences Building, Engineering Research Building, Millstream Courtyard Complex and Thomond Village. Projects being actively progressed include Cappavilla Village, the Pedestrian Bridge, Language Building, Library Building Phase 2 and the Kemmy Business School Building. Funding for the projects approved by the Kelly report continues to be sought from the State.

The successful implementation of the University's physical development programme is being made possible by the very significant funds being provided to the University from private sources in partnership with State funding. The University is particularly indebted in this regard to the funding support it receives from generous donors through its Foundation.

6 CONCLUSION

The financial out turn for the year under review is unsatisfactory. Despite cutbacks made in the areas of pay and non pay, and a proactive approach to generating non State income, a deficit of €1.07 million was incurred for the financial year to September 2005. This has arisen due to the continual shortfall in State funding to cover the increased operational costs of the University and as a result limits the continual advancement of the University and its ability to achieve its strategic objectives. While the 6% increase in core State grant in 2006 is welcomed, it will not fully cover the increase in University costs. As a result further cutbacks will have to be made which may have a detrimental effect on the long term future of the University.

The University is planning to review and reform its administrative and academic structures and supporting processes with a view to maximising value for money and minimise the impact of under funding on its activities.

The continued commitment and dedication of all University personnel in progressing the aims of the University is hereby commended.

Ailish Quinlivan
Vice President Finance
19th January 2006

STATEMENT OF RESPONSIBILITIES

Statement of Responsibilities

The University is required to keep in such form as may be required by the Harmonisation of Financial Accounts agreement as adopted by all Irish Universities all proper and usual accounts of money received and expended by it. In preparing those accounts, the University is required to:

- Select Suitable accounting policies that are in accordance with the Harmonisation of Financial Accounts agreement and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on a going concern basis unless that basis is inappropriate;

The University is responsible for keeping proper books of account which disclose at any time the financial position of the University and which enables it to ensure that its financial statements are prepared in accordance with the Harmonisation of Financial Accounts agreement. The University is also responsible for safeguarding all assets under its operational control and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

A separate set of financial statements will be prepared to comply and in accordance with generally accepted accounting principles in Ireland and the UK whereas these financial statements prepared for the Higher Education Authority are prepared in accordance with the Harmonisation of Financial Accounts Agreement.

The financial statements have been prepared in accordance with the terms of the foregoing statement of responsibilities and have been audited by PricewaterhouseCoopers, the management auditors of the University.

It should be noted that the Comptroller and Auditor General is the statutory auditor of the University.

On behalf of the University

President

Vice President Finance

STATEMENT OF ACCOUNTING POLICIES

1. Financial Statements

The financial statements reflect the teaching, research and related service activities of the University.

2. Accounting Convention

The financial statements are prepared under the historical cost convention, modified to include the revaluation of land and buildings. They are presented in accordance with the existing Harmonisation of Financial Accounts Agreement as adopted by all Irish Universities. A review of the Harmonisation Agreement by the universities in consultation with the Higher Education Authority and the Comptroller and Auditor General, is nearing completion and will result in a new agreed harmonisation format. The Financial Statements for the year ended 30 September 2005 and subsequent years will also be prepared in the new format on a consolidated basis and in accordance with the generally accepted accounting principles in Ireland and the U.K.

3. State Grants for Recurrent Expenditure

Recurrent Grants have been recognised on an accruals basis. Recurrent Grants, which have been used for the purchase of fixed assets and for the financing of the capital portion of lease charges, are included in the General Reserve.

4. Grants for Capital Expenditure

State and Other Grants for capital expenditure are included in the financial statements of the period to the extent of cash received.

5. Fee Income

Fee income is accounted for on an accruals basis and reported at EU fee levels. Non-EU fee income is included up to the EU level with any excess (up to the most recent related Unit Cost) being reported under Other Income. Any further excess over the most recent related Unit Cost is included in Restricted Reserves.

6. Other Income

Other Income includes a charge levied on certain capital projects in respect of the interest income foregone by the University by the funding of these projects from its own funds. The charge is levied based upon the average rate of interest earned by the University on its deposits and forms part of the overall cost of the relevant project.

7. Approved Allocations

The income and expenditure account is prepared on an accruals basis with the following exceptions:

- i) Non-pay expenditure of academic departments and certain service departments.
- ii) Departmental Equipment and Minor Works.

In these cases internal balances are carried forward in the Balance Sheet under Current Assets or Liabilities, as appropriate.

STATEMENT OF ACCOUNTING POLICIES - / Continued

8. Fixed Assets and Depreciation

Land has been valued on the existing use basis on 1 October 1998 at a valuation of €126,974 per acre. All subsequent additions are stated at cost.

Buildings, acquired and constructed prior to 1 October 1998, have been valued on an existing use basis at a standard cost of €2,413 per square metre. Buildings, partially constructed at 1 October 1998, are valued at actual cost. All subsequent additions are stated at cost. All buildings are depreciated as noted below.

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.

Equipment, Fixtures and Fittings are stated at cost less accumulated depreciation. Equipment costing less than €10,000 per individual item is written off to the income and expenditure account in the year of acquisition.

The estimated useful lives of fixed assets by reference to which depreciation has been calculated on a straight-line basis is as follows:

Buildings	50 years
Equipment and Furniture	10 years
Computer Equipment	3 years
Leased Assets	5 years or primary lease period if shorter

The revalued amounts include certain buildings, which were originally funded by the Department of Education and Science.

9. Capital Expenditure met from Core Teaching Budget

Capital Expenditure, which is financed from the Core Teaching Budget, is charged against income in the year in which the expenditure is incurred. The expenditure is also credited to General Reserve, shown as a part of Fixed Assets and depreciated in accordance with the Accounting Policy set out above.

10. Leased Assets

The cost of Fixed Assets acquired under finance leases is included in Fixed Assets and written-off over the estimated useful lives of the assets at the rates set out in the policy above, or over the lease period if shorter.

11. General Reserve

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

STATEMENT OF ACCOUNTING POLICIES - / Continued

12. Research Grants and Projects

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

13. Stocks

Stocks are stated at the lower of cost and net realisable value.

14. Pensions

Superannuation benefits are conferred by the University of Limerick Superannuation (Amendment) Scheme. The scheme, which provides for defined benefits, is non-funded and benefits are met from current revenue as they arise. Accordingly, the financial statements do not provide for the University's liability in respect of contributions made by members of the scheme or its actuarial superannuation liability to the members of the scheme. The disclosure requirements of the recently issued accounting standard FRS 17 'Retirement Benefits' have not been adopted in these financial statements which are presented in accordance with the 'Harmonisation of Accounts format as adopted by all Irish universities. FRS 17 has implications for the Public Sector generally which are currently being considered.

15. Foreign Currency

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

16. Taxation

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

17. Ancillary Services

Ancillary Services are services provided on campus, on a cost recovery basis, and are planned to break-even in the medium term. The net out-turn on such activities is transferred to the General Reserve.

18. Restricted Reserves

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

19. Mary Immaculate College

In accordance with the memorandum of understanding between the University and Mary Immaculate College, which sets out the terms of the linkage between both institutions, funds received by the University on behalf of Mary Immaculate College are transferred immediately following receipt.

CURRENT INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 30 SEPTEMBER

INCOME	NOTES	2005 €000	2004 €000
State Grants	1	40,715	37,784
Student Fees	2	38,264	35,736
Other Income	3	<u>3,508</u>	<u>3,012</u>
		82,487	76,532
Contract Research and Other Self-Funded Projects	4	29,884	26,290
		<u>112,371</u>	<u>102,822</u>
Mary Immaculate College			
State Grants		10,622	9,109
Student Fees		6,000	5,646
Less amount transferred to College		<u>(16,622)</u>	<u>(14,755)</u>
Total		<u>112,371</u>	<u>102,822</u>
EXPENDITURE			
Colleges and Departments	5	47,133	43,267
Academic and Other Services	6	9,134	8,787
Premises	7	10,742	9,243
Amount allocated for Capital Purposes	8	1,549	2,133
Central Administration and Services	9	7,796	6,697
General Educational Expenditure	10	1,678	1,561
Student Services	11	2,336	2,287
Miscellaneous Expenditure	12	3,211	2,562
		<u>83,579</u>	<u>76,537</u>
Contract Research and Other Self-Funded Projects	4	29,884	26,290
Total	13	<u>113,463</u>	<u>102,827</u>
Deficit on Activities before Amortisation of Capital Reserves and Grants, Ancillary Services and Depreciation of Fixed Assets		(1,092)	(5)
(Deficit)/Surplus on Ancillary Services	14	(415)	251
Depreciation of Fixed Assets	15	(8,132)	(7,756)
General Reserve Movement	16	8,547	7,505
NET DEFICIT for year	24	<u>(1,092)</u>	<u>(5)</u>

The statement of Accounting Policies, Cash Flow Statement and Notes 1 to 34 form part of these Financial Statements.

President

Vice President Finance

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES YEAR ENDED 30 SEPTEMBER

	2005 €000	2004 €000
DEFICIT for year	(1,092)	(5)
	<hr/>	<hr/>
Total recognised gains and losses relating to year	<u>(1,092)</u>	<u>(5)</u>

The Statement of Accounting Policies, Cash Flow Statement and Notes 1 to 34 form part of these Financial Statements

President

Vice President Finance

UNIVERSITY OF LIMERICK

BALANCE SHEET**YEAR ENDED 30 SEPTEMBER**

	NOTES	2005 €000	2004 €000
TANGIBLE FIXED ASSETS	17	<u>269,901</u>	<u>259,918</u>
INVESTMENTS	18	<u>22,193</u>	<u>21,563</u>
CURRENT ASSETS			
Bank Balances and Cash		39,149	16,276
Debtors and Prepayments	19	9,607	6,982
Stocks		<u>22</u>	<u>39</u>
		48,778	23,297
CURRENT LIABILITIES			
Creditors and Accrued Expenditure	21	(60,695)	(35,319)
		<u> </u>	<u> </u>
NET CURRENT LIABILITIES		<u>(11,917)</u>	<u>(12,022)</u>
LONG TERM LIABILITIES			
Creditors due after one year	27	<u>0</u>	<u>(267)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>280,177</u></u>	<u><u>269,192</u></u>
REPRESENTED BY			
		€000	€000
General Reserve	22	258,376	245,824
Restricted Reserves	23	22,301	22,776
Revenue Reserve	24	<u>(500)</u>	<u>592</u>
		<u><u>280,177</u></u>	<u><u>269,192</u></u>

The Statement of Accounting Policies, Cash Flow Statement and Notes 1 to 34 form part of these Financial Statements.

President

Vice President Finance

UNIVERSITY OF LIMERICK

CASH FLOW STATEMENT**YEAR ENDED 30 SEPTEMBER**

	NOTES	2005	2004
		€000	€000
NET CASH INFLOW FROM OPERATING ACTIVITIES	25	19,225	2,988
RETURN ON INVESTMENTS AND SERVICING OF FINANCE			
Interest Received (Net)		664	685
CAPITAL EXPENDITURE			
Payments to acquire Tangible Fixed Assets		(20,285)	(23,778)
Receipts from Sale of Tangible Fixed Assets		496	5
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		<u>100</u>	<u>(20,100)</u>
FINANCING			
HEA Capital Grants		11,881	5,589
Non HEA Capital Receipts		10,892	13,420
CASH INFLOW FROM FINANCING		<u>22,773</u>	<u>19,009</u>
NET CASH INFLOW/(OUTFLOW) AFTER FINANCING		<u>22,873</u>	<u>(1,091)</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	26	<u>22,873</u>	<u>(1,092)</u>

The Statement of Accounting Policies and Notes 1 to 34 form part of these Financial Statements.

President

Vice President Finance

UNIVERSITY OF LIMERICK

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1	2005	2004
	€000	€000
STATE GRANTS		
Recurrent Grant	38,042	34,897
Targeted Funding for Special Initiatives	2,598	2,792
Minor Works	75	95
	<hr/>	<hr/>
Total	<u>40,715</u>	<u>37,784</u>
NOTE 2	2005	2004
	€000	€000
STUDENT FEES		
Student Fees	37,599	35,085
Miscellaneous Fee Income	665	651
	<hr/>	<hr/>
Total	<u>38,264</u>	<u>35,736</u>
NOTE 3	2005	2004
	€000	€000
OTHER INCOME		
Interest Receivable (Net)	664	685
Funded Posts	38	141
Contract Research and Other Self-Funded Projects	996	661
Contributions		
Non-EU Fees	1,746	1,466
Miscellaneous Income	64	59
	<hr/>	<hr/>
Total	<u>3,508</u>	<u>3,012</u>
NOTE 4	2005	2004
	€000	€000
CONTRACT RESEARCH AND OTHER SELF-FUNDED PROJECTS		
Contract Research Projects	20,668	17,907
Other Self-Funded Projects	9,216	8,383
	<hr/>	<hr/>
Total	<u>29,884</u>	<u>26,290</u>

UNIVERSITY OF LIMERICK

NOTES TO THE FINANCIAL STATEMENTS-/Continued

NOTE 5	Pay Costs €000	Non Pay €000	2005 €000	2004 €000
COLLEGES AND DEPARTMENTS				
Academic	32,737	-	32,737	30,491
Technical	2,905	-	2,905	2,855
Administrative Support	3,514	-	3,514	3,054
Materials and Expenses	5	7,839	7,844	6,787
Miscellaneous	-	133	133	80
Total	39,161	7,972	47,133	43,267
NOTE 6				
	Pay Costs €000	Non Pay €000	2005 €000	2004 €000
ACADEMIC AND OTHER SERVICES				
Library	2,084	1,676	3,760	3,711
Information Technology	2,162	992	3,154	3,077
Cooperative Education and Careers Division	985	1,235	2,220	1,999
Total	5,231	3,903	9,134	8,787
NOTE 7				
	Pay Costs €000	Non Pay €000	2005 €000	2004 €000
PREMISES				
Premises Maintenance	1,505	3,251	4,756	4,126
General Services	70	3,586	3,656	2,962
Minor Works	-	142	142	173
Insurance	-	456	456	561
Energy Costs	-	1,732	1,732	1,421
Total	1,575	9,167	10,742	9,243
NOTE 8				
	Pay Costs €000	Non Pay €000	2005 €000	2004 €000
AMOUNT ALLOCATED FOR CAPITAL PURPOSES				
Capital Projects	-	1,035	1,035	1,491
Equipment	-	514	514	642
Total	-	1,549	1,549	2,133

NOTES TO THE FINANCIAL STATEMENTS-/Continued

NOTE 9	Pay Costs €000	Non Pay €000	2005 €000	2004 €000
CENTRAL ADMINISTRATION AND SERVICES				
Staff	5,055	-	5,055	4,505
Materials and Services	-	2,210	2,210	1,858
Professional Charges	-	3	3	12
Miscellaneous	50	478	528	322
Total	5,105	2,691	7,796	6,697
NOTE 10				
	Pay Costs €000	Non Pay €000	2005 €000	2004 €000
GENERAL EDUCATIONAL EXPENDITURE				
Examination Expenses	290	296	586	523
Scholarships/ Grants/ Waivers	-	382	382	359
Miscellaneous Expenses	131	579	710	679
Total	421	1,257	1,678	1,561
NOTE 11				
	Pay Costs €000	Non Pay €000	2005 €000	2004 €000
STUDENT SERVICES				
Capitation and Other Grants	-	730	730	705
Sports and Recreation	410	149	559	540
Health and Counselling	501	33	534	558
Student Personnel Services	286	227	513	484
Total	1,197	1,139	2,336	2,287
NOTE 12				
	Pay Costs €000	Non Pay €000	2005 €000	2004 €000
MISCELLANEOUS EXPENDITURE				
Pensions	3,211	-	3,211	2,562
Total	3,211	-	3,211	2,562
NOTE 13				
	Pay Costs €000	Non Pay €000	2005 €000	2004 €000
COMPOSITION OF TOTAL EXPENDITURE				
Academic and Related Services	55,901	27,678	83,579	76,537
Contract Research and Other	11,755	18,129	29,884	26,290
Self-funded Projects	-	-	-	-
Total Expenditure	67,656	45,807	113,463	102,827

NOTES TO THE FINANCIAL STATEMENTS-/Continued

NOTE 14	Income	Expenditure	2005 Surplus / (Deficit) €000	2004 Surplus / (Deficit) €000
ANCILLARY SERVICES	€000	€000		
Reprographic Services	347	(489)	(142)	(82)
National Coaching and Training Centre	1,072	(1,293)	(221)	349
Killaloe Activity Centre	415	(467)	(52)	(16)
	<u>1,834</u>	<u>(2,249)</u>	<u>(415)</u>	<u>251</u>
Movement on Ancillary Services	<u>1,834</u>	<u>(2,249)</u>	<u>(415)</u>	<u>251</u>
NOTE 15			2005	2004
DEPRECIATION OF FIXED ASSETS			€000	€000
Land and Buildings			5,346	5,058
Equipment			2,643	2,540
Leased Assets			143	158
			<u>8,132</u>	<u>7,756</u>
Total			<u>8,132</u>	<u>7,756</u>
NOTE 16			2005	2004
GENERAL RESERVE MOVEMENT			€000	€000
Amortisation in line with Depreciation			8,132	7,756
Deficit/(Surplus) of Ancillary Services to General Reserve Account			415	(251)
			<u>8,547</u>	<u>7,505</u>
Total			<u>8,547</u>	<u>7,505</u>

NOTES TO THE FINANCIAL STATEMENTS -/Continued

NOTE 17	Land and Buildings €000	Equipment €000	Leased Assets €000	2005 Total €000
Tangible Fixed Assets				
Cost/Valuation At 30 September 2004				
Valuation	190,308	-	-	190,308
Cost	87,109	26,666	1,481	115,256
	<u>277,417</u>	<u>26,666</u>	<u>1,481</u>	<u>305,564</u>
Additions:				
Additions	16,254	4,044	(13)	20,285
Disposals	(2,031)	(606)	(57)	(2,694)
	<u>14,223</u>	<u>3,438</u>	<u>(70)</u>	<u>17,591</u>
Cost/Valuation At 30 September 2005				
Valuation	190,308	-	-	190,308
Cost	101,332	30,104	1,411	132,847
	<u>291,640</u>	<u>30,104</u>	<u>1,411</u>	<u>323,155</u>
Total	<u>291,640</u>	<u>30,104</u>	<u>1,411</u>	<u>323,155</u>
Depreciation				
At 30 September 2004	(26,245)	(18,329)	(1,072)	(45,646)
Disposals	-	467	57	524
Depreciation for Year	(5,346)	(2,643)	(143)	(8,132)
	<u>(31,591)</u>	<u>(20,505)</u>	<u>(1,158)</u>	<u>(53,254)</u>
At 30 September 2005	<u>(31,591)</u>	<u>(20,505)</u>	<u>(1,158)</u>	<u>(53,254)</u>
Net Book Value 2004	<u>251,172</u>	<u>8,337</u>	<u>409</u>	<u>259,918</u>
Net Book Value 2005	<u>260,049</u>	<u>9,599</u>	<u>253</u>	<u>269,901</u>

NOTES TO THE FINANCIAL STATEMENTS-/Continued

NOTE 18	2005	2004
	€000	€000
INVESTMENTS		
Investments	22,193	21,563
Total	22,193	21,563
<p>These amounts primarily include funds deposited on a medium/long-term basis in relation to specific capital projects. These amounts are stated at cost.</p>		
NOTE 19		
	2005	2004
	€000	€000
DEBTORS AND PREPAYMENTS		
Contract Research & Other Self-Funded Projects	(307)	(940)
Debtor Balances	1,084	1,600
Other Debtors and Prepayments	8,830	6,322
Total	9,607	6,982
NOTE 20		
	2005	2004
	€000	€000
CAPITAL INCOME AND CAPITAL EXPENDITURE		
INCOME		
Grant from Higher Education Authority	11,881	5,589
Grants from Private Donors	3,490	6,928
Capital Income - Other Sources	5,853	4,359
Transfer from Current Income and Expenditure Account	1,549	2,133
Total	22,773	19,009
EXPENDITURE		
Land/Buildings	16,254	20,721
Equipment	4,044	2,614
Capital Value of Lease Payments	0	173
Total	20,298	23,508
Surplus/(Deficit) for year	2,475	(4,499)
Deficit at beginning of year	(13,578)	(9,079)
Deficit at end of year	(11,103)	(13,578)

NOTES TO THE FINANCIAL STATEMENTS-/Continued

NOTE 21	2005 €000	2004 €000
CREDITORS AND ACCRUED EXPENDITURE		
Contract Research & Other Self-Funded Projects	10,678	9,582
State Grants for Recurrent Expenditure received in advance	13,090	9,126
Academic Fees received in advance	19,037	7,047
Lease Obligations	0	148
Other Creditors and Accruals	17,890	9,416
	<u>60,695</u>	<u>35,319</u>
Total	<u>60,695</u>	<u>35,319</u>

Included in Creditors at 30 September 2005 is an amount €1.777m (2004: €1.091m) accrued in respect of commitments for non-pay expenditure in Academic Departments and Library Services.

NOTE 22	2005 Opening Balance €000	Current Year Movement €000	2005 Closing Balance €000
GENERAL RESERVE			
Valuation -Fixed Assets	157,328	-	157,328
Research Equipment	7,893	1,160	9,053
State Capital Grants	63,413	11,881	75,294
Recurrent Funding Transfer	28,381	1,549	29,930
Capital Donations	51,785	3,584	55,369
Other	(17,329)	1,986	(15,343)
	<u>291,471</u>	<u>20,160</u>	<u>311,631</u>
Amortisation			
Valuation -Fixed Assets	5,221	-	5,221
Research Equipment	(2,881)	-	(2,881)
Amortisation in line with Asset Depreciation	(70,994)	(8,132)	(79,126)
Less Accumulated Amortisation on Disposals	23,007	524	23,531
	<u>245,824</u>	<u>12,552</u>	<u>258,376</u>
Total	<u>245,824</u>	<u>12,552</u>	<u>258,376</u>

NOTE 23	2005 €000	2004 €000
RESTRICTED RESERVES		
Balance at beginning of year	22,776	23,865
Student Levies Interest and Other Income (Net)	(475)	(1,089)
	<u>22,301</u>	<u>22,776</u>
Balance at end of year	<u>22,301</u>	<u>22,776</u>

These funds comprise monies allocated by the University to fund a range of capital developments including a Multi-Purpose Sports Building and a Student Centre.

NOTES TO THE FINANCIAL STATEMENTS-/Continued

NOTE 24	2005	2004
	€000	€000
REVENUE RESERVE		
Balance at beginning of year	592	597
(Deficit)/Surplus for the year	(1,092)	(5)
	<hr/>	<hr/>
Balance at end of year	(500)	592

NOTE 25	2005	2004
	€000	€000
NET CASH INFLOW FROM OPERATING ACTIVITIES		
(Deficit) for the year	(1,092)	(5)
Less Interest Received (Net)	(664)	(685)
	<hr/>	<hr/>
Depreciation of Fixed Assets	8,132	7,756
Amortisation of General Reserves	(8,132)	(7,755)
(Deficit)/Surplus in Ancillary Services	(415)	251
	<hr/>	<hr/>
(Increase) in Investments	(630)	(601)
(Increase) in Debtors and Prepayments	(2,625)	(2,111)
Decrease in Stock	17	15
Increase in Creditors and Accruals	25,376	7,010
(Decrease)/Increase in Long Term Liabilities	(267)	202
(Decrease) in Restricted Reserves	(475)	(1,089)
	<hr/>	<hr/>
NET CASH INFLOW FROM OPERATING ACTIVITIES	19,225	2,988

NOTE 26	At 30 September 2004	Cash Flow	At 30 September 2005
	€000	€000	€000
ANALYSIS OF CHANGES IN NET FUNDS			
Cash	16,276	22,873	39,149
Finance Leases	415	(415)	0
	<hr/>	<hr/>	<hr/>
Total	16,691	22,458	39,149

NOTE 27	2005	2004
	€000	€000
FINANCE LEASES		
Amounts due within one year (Note 21)	0	148
Amounts due after more than one year	0	267
	<hr/>	<hr/>
Total	0	415

NOTES TO THE FINANCIAL STATEMENTS-/Continued

NOTE 28	2005	2004
	€000	€000
ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS		
Balance at beginning of year	16,276	17,368
Net Cash inflow/(outflow)	22,873	(1,092)
	<u> </u>	<u> </u>
Balance at end of year	<u>39,149</u>	<u>16,276</u>

NOTE 29

PENSION

Salaries and wages are charged net of employees' pension contributions (the total of such contributions in the period was €2.481m (2004: €2.232m) and benefits are met from current revenue as they arise). Pensions paid in the year and included in miscellaneous expenditure amounted to €3.211m (2004: €2.562m).

NOTE 30	2005	2004
	€000	€000
CAPITAL COMMITMENTS		
Contracted at 30 September	<u>26,313</u>	<u>28,918</u>
Authorised but not contracted at 30 September	<u>-</u>	<u>-</u>

The University has commitments arising on certain buildings financed by tax-based financing in amount of

NOTE 31

CONTINGENT LIABILITY

There were no contingent liabilities in existence at the balance sheet date.

NOTE 32

RELATED PARTIES

Plassey Campus Centre Ltd., a related company limited by guarantee, operates as a holding company and administers a range of facilities on campus.

Plassey Campus Developments Ltd., is a wholly owned subsidiary of Plassey Campus Centre Ltd. Its principal activity is that of contracting and property development at the National Technological Park.

Plassey Trust Company Ltd., and Kilmurray Village Ltd., both wholly owned subsidiaries of Plassey Campus Centre Ltd., are companies limited by guarantee and responsible for the administration of the student village accommodation.

The University of Limerick Foundation is a related company, limited by guarantee. The objectives of the Foundation are, generally 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 in their pursuit of education, teaching and research.

Plassey Campus Arena Ltd., a wholly owned subsidiary of Plassey Campus Centre Ltd., is a company limited by guarantee and responsible for the operation and management of the University Arena.

NOTE 33

RELATED PARTY TRANSACTIONS

Plassey Campus Developments Ltd. was the principal contractor associated with other ongoing property development contracts totalling €4,332,067 in the year (2004: €17,268,248) on behalf of the University of Limerick. Representatives of the University are members of Plassey Campus Centre are members of Plassey Campus Centre Ltd. At the balance sheet date €695,477 (2004: €1,706,667) was outstanding in respect of such contract work.

To facilitate the operation and management of the University Arena by Plassey Campus Arena Ltd., a portion of the 50m pool asset was transferred to Plassey Campus Arena Ltd. during the year. At the balance sheet date €2,031,423 (2004: €nil) was outstanding in respect of this transfer.

During the year, Plassey Campus Centre Ltd. surrendered the leasehold on a building to the University of Limerick. At the balance sheet date €400,000 (2004: €nil) was outstanding in respect of this transfer.

NOTE 34

APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved on 19th January 2006.

REPORT OF THE INDEPENDENT MANAGEMENT AUDITORS

To the members of the Executive Committee of the University of Limerick.

We have audited the Financial Statements on pages 4 to 20.

Respective responsibilities of the University and the Auditors

The University, as described on page 3 is responsible for preparing the Financial Statements prepared in accordance with the Harmonisation of Universities Accounts agreement. Our responsibility is to audit those financial statements in accordance with the auditing standards issued by the Auditing Practices Board applicable in Ireland.

This report, including the opinion, has been prepared for and only for the members of the Executive Committee of the University as a body in accordance with our appointment. We do not, in giving this opinion, accept or assume responsibility for any other purposes 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.

We report to you our opinion as to whether the Financial Statements are properly prepared in accordance with the Harmonisation of Universities' Accounts agreement as adopted by all Irish Universities. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the Financial Statements are in agreement with the books of account. We also report to you our opinion as to whether the University has kept proper books of account.

Basis of opinion

We conducted our audit of the Financial Statements for the year ended 30 September 2005 in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the University in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the University's circumstances, are consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of presentation on information in the Financial Statements.

Opinion

In our opinion the Financial Statements of the University in respect of the year ended 30 September 2005 have been properly prepared in accordance with the Harmonisation of Accounts Agreement.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the University. The Financial Statements are in agreement with the books of account.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Limerick

19 January 2006

UNIVERSITY OF LIMERICK

FIVE YEAR SUMMARY - EXPENDITURE

	2000/01	%	2001/02	%	2002/03	%	2003/04	%	2004/05	%
	€000		€000		€000		€000		€000	
Colleges and Departments	32,332	45	37,065	44	41,583	44	43,267	42	47,133	42
Contract Research Projects	8,082	11	11,384	13	13,681	14	17,907	17	20,668	18
Other Self-Funded Projects	5,183	7	7,763	9	7,341	8	8,383	8	9,216	8
Academic and Other Services	7,284	10	7,971	10	8,225	9	8,787	9	9,134	8
Premises	7,452	10	8,193	10	9,164	10	9,243	9	10,742	9
Central Administration and Services	5,255	8	6,015	7	6,394	7	6,697	7	7,796	7
General Educational Expenditure	990	1	1,037	1	1,315	1	1,561	2	1,678	2
Student Services	1,901	3	2,084	2	2,066	2	2,287	2	2,336	2
Miscellaneous Expenditure	1,234	2	1,861	2	2,749	3	2,562	2	3,211	3
Amount Allocated for Capital Purposes	2,428	3	1,839	2	1,831	2	2,133	2	1,549	1
Total	<u>72,141</u>	<u>100</u>	<u>85,211</u>	<u>100</u>	<u>94,349</u>	<u>100</u>	<u>102,827</u>	<u>100</u>	<u>113,463</u>	<u>100</u>

The 5 year summary is exclusive of expenditure incurred by Mary Immaculate College of Education and also of the University's annual contribution to depreciation.