

*Ollscoil na hÉireann, Gaillimh*

**Annual Report and Consolidated Financial Statements**

**Year Ended 30 September 2015**

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## Bursar's Report on Consolidated Financial Statements

These financial statements are prepared under Generally Accepted Accounting Practice (GAAP). In addition to the core pedagogic and research activities of the University, they include the results of those entities in which the University holds a controlling interest.

### Overview

The University continues to grapple with decreased levels of funding associated with government cut backs and decreasing student numbers, especially at post graduate level. The University's ambitious capital programme continues apace with additions this year costing €30m (2014: €26m). As measured under GAAP, recurrent income exceeded recurrent expenditure by €0.5m. The balance sheet impact of this is to increase cumulative Revenue Reserves from €159.8m to €160.3m.

### Operating Results

A recurrent surplus of €0.5m is recorded notwithstanding increased pay costs of €1.3m of which €1.9m relates to increased researchers pay. A corresponding reduction in non-research pay of €0.6m is due to a combination of retirements and the impact of the aforementioned government cutbacks.

Research I&E spending at €47m is relatively stable and credit is due to our research active academics for attracting this important income source which also contributes to the University's profile, as well as national and international rankings.

Other income is reduced by comparison to the prior year with a combined interest and investment income drop of €1.5m due to decreasing deposit interest rates and bond yields. A reduction of €1m in 'Science Without Borders' funding for non-pedagogic costs of overseas (Brazilian) students is also reflected in the decrease.

Non-pay costs increased by some €4m comprising an extra €1m in depreciation, fee abatements and write offs of €0.8m, and the impact of a once off pensions credit in the prior year of €1.6m.

### Balance Sheet

The University's balance sheet continues to display a healthy financial state with the value of investments and bank balances having increased by some €13m since September 2014.

The funding model of the University is such that most of its cash receipts are 'front loaded', e.g. it typically receives more than one-twelfth of its annual total recurrent grant in each of the months January to October, with lesser amounts paid by the HEA in November and December. Tuition fees are collected early in the academic year by-and-large and contract research grants are also front-loaded. Our capital funding position has also improved by €34m reflecting the receipt or accrual of capital grants on construction and equipping projects.

The single biggest number on the balance sheet is the estimated pension liability at almost €1 billion. While the University is permitted to rely on state funding of this liability, its magnitude is of cause for concern, not only for NUI Galway but for the sector as a whole as all universities carry similar (material) debts.

### Strategic Plan 2015 - 2020

The University's commendable ambitions and aspirations for change and development are reflected in its strategic plan for the five year period to 2020, published in December 2014. The plan is focused on four broad themes of Teaching/Learning, Research/Innovation, Internationalisation, and interaction with its Communities.

The financial strategy underpinning the plan is based on a combination of governance, cost control, asset protection, and expansion of income sources. This strategy will deliver on the operational and structural changes contained in the plan in terms of its impact on recurrent and capital funding & expenditure.

  
**Mary C Dooley, FCA., MBA.**  
Sparánai / Bursar.

30 June 2017

**STATEMENT OF RESPONSIBILITIES OF ÚDARÁS NA hOLLSCOILE**

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

Údarás na hOllscoile is also responsible for preparing financial statements for each financial year that give a true and fair view of the state of the affairs of the University and the University group and the results of the University group for the year. Údarás na hOllscoile is also responsible for preparing the HEA Funding Statement in accordance with the most recent Harmonisation of Accounts Agreement.

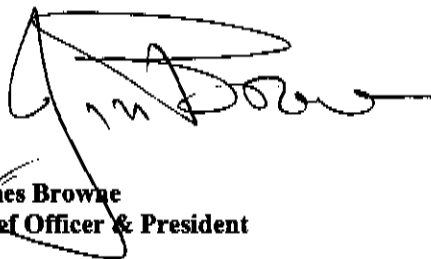
In preparing those accounts, Údarás na hOllscoile is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the University will continue in operation.

Údarás na hOllscoile 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 statements comply with the Universities Act, 1997, the Statement of Recommended Practice on Accounting for Further and Higher Education Institutions and are prepared in accordance with accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

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

*On behalf of Údarás na hOllscoile*



**James Browne**  
**Chief Officer & President**

30 June 2017

**Annual Statement of Governance and Internal Control**  
for the year ended 30 September 2015

1. **General:** The Governing Authority (Údarás na hOllscoile) of NUI Galway is responsible for and is satisfied that the University is materially compliant with all statutory obligations applicable to the University that may be set out in legislation governing the establishment of the University or in other relevant legislation.
2. Údarás na hOllscoile approved the revised sectoral Code of Governance for Universities in late 2012. This was developed in consultation with the HEA, the IUA and the Department of Education and Skills.

Údarás na hOllscoile also adopted in Nollaig 2009, a Code of Conduct for members of the Údarás.

A formal Code of Conduct for Employees was confirmed/approved by Údarás na hOllscoile in October, 2011. The final version of the Code added specific provisions dealing with conflict of interest and ethical considerations in relation to gifts and hospitality offered to staff members.

Údarás na hOllscoile has also approved, in October 2014, a protected disclosures or whistleblowing policy in line with the Protected Disclosures Act 2014.

Employee conduct is required to comply with a range of University policies (such as Principles of Natural Justice, Computer Access Policy, Equal Opportunity Policy, Disciplinary and Grievance Procedures, Anti-Bullying Policy, Substance Abuse Policy and Consultancy work, etc.). These policies are available electronically to all staff.

3. **Finance:** The most significant financial developments affecting NUI Galway in the past year to Meán Fómhair 2015 include:
  - a. Poor national economic environment over the last few years has resulted in significant and ongoing reductions in State funding. The University has put plans in place to meet these funding restrictions through cost reductions and efficiency programmes and is monitoring the situation closely.
  - b. The University operates three defined benefit pension schemes: The Joint Pension Scheme and Model Pension Scheme and the SPS Scheme. The Joint Pension Scheme and Model Pension Scheme are PAYG (Pay As You Go) schemes. Financial Reporting Standard (FRS17) requires valuation and inclusion of a related pension liability in the University's Annual GAAP (Generally Accepted Accounting Principles) Financial Statements. It is University Sector practice to include a balancing asset value in their Accounts on the basis that the pension liabilities are guaranteed by the State. Whilst this accounting treatment is acceptable to the Comptroller & Auditor General on the basis of his drawing attention to it in his audit report, the external management auditors (KPMG) have qualified their Audit Report on an 'Except For' basis in respect of the recognition of the asset relating to the Model Pension Scheme and pension supplementation for all three schemes.
  - c. Staffing restrictions imposed by the implementation of the Employment Control Framework continue to have an adverse impact on the University's ability to meet its obligations in a timely manner; this situation is being monitored on an ongoing basis.
  - d. The level of uncollected student fees remains high, although lower than prior years, resulting in loss of income
4. **Pay:** The University remains compliant with pay policy and the requirements of section 25 of the Universities Act.
5. Appropriate procedures for financial reporting, internal audit, procurement and disposal of assets are being carried out.  
The University has adopted a formal procurement policy in 2012 and a Corporate Procurement Plan in 2013. The policy mandates compliance with procurement policy obligations as a single public authority bound by EU directives and national policy. The University endeavours to ensure full compliance with procurement procedures and guidelines. Internal monitoring is in place to ensure and promote adherence to these obligations. The 2015 annual procurement compliance review highlighted some instances of non-compliance with procurement guidelines and directives and these are being addressed by management.

The University is actively working with the Office of Government Procurement (OGP) and with the Education Procurement Services (EPS) to ensure that procurement activities are taking place in accordance with the operating model put in place by the OGP.

The University is also tracking the development of policy and procedure by the Office of Government Procurement, with the aim of maintaining full compliance with OGP requirements.

**Annual Statement of Governance and Internal Control (continued)**

6. **Capital Projects:** The appropriate Guidelines for the Appraisal and Management of Capital Proposals are adhered to.
7. **Travel:** The NUI Galway Travel & Subsistence Policy and Procedures are made available to all staff on the University website. Government travel policy requirements are being implemented in all material respects. The Internal Audit Report on Travel and Subsistence found that, in some instances, although claims had been properly approved and authorised by the relevant Manager, individual receipts supporting such claims had not been initialled. This matter is being addressed.
8. **Value for Money:** The Guidelines on Achieving Value for Money in Public Expenditure as set out in the address by the Minister for Finance of 20 Deireadh Fómhair 2005 and communicated to the Universities, are being followed.
9. **Taxation:** The University believes it is compliant with tax laws.
10. **Child Protection:** The University has a Child Protection Policy in place, approved in June 2010. Responsibilities relating to the role of University Child Protection Officer and Deputy Child Protection Officer have been assigned.
11. **Fees and expenses:** Fees are not paid to members of Udarás na hOllscoile. The aggregate expenses of external members of Udarás have been included in the University annual report submitted to Udarás by the President. A note on the aggregate expenses paid to external members of Udarás na hOllscoile has not been included heretofore in the statement of Governance and Internal Control but has been furnished separately to the HEA. It will be included henceforth in the statement.
12. **Trading Subsidiaries:** A detailed code of governance in respect of trading subsidiaries was adopted by Udarás na hOllscoile in May 2016. Each subsidiary company produces financial statements which are independently audited and are consolidated with NUI Galway's core pedagogic Financial Statements. The subsidiary companies' audited statutory financial statements are presented annually to the Finance/Resource Committee and to the Audit Committee for review.
13. On behalf of Udarás na hOllscoile, I acknowledge that Udarás has overall responsibility for the University's system of internal control, covering all material controls, including financial, operational, compliance controls and risk management systems that support the achievement of the University's policies, aims and objectives, while safeguarding the wider public interest.
14. The system of internal control, established by Udarás na hOllscoile, is designed to manage risk and to provide reasonable and not absolute assurances against material error.
15. (i) Udarás na hOllscoile (Udarás) has established an appropriate control environment through:
- the allocation of defined management responsibilities through the University Management Team members; the establishment of appropriate delegated authority; the documentation of policies, procedures and regulations; the implementation of robust planning, performance monitoring and information systems to ensure timely reporting to Management and Udarás. Vision 2020, NUI, Galway's Strategic Plan for 2015-2020 was launched in March 2015.
  - Udarás provides direction on the development and implementation of key University strategy and policy.
  - Udarás provides governance oversight to ensure that the processes put in place by management provide an adequate level of assurance.
  - Udarás is supported in this role by its four standing Committees –
    1. Standing and Strategic Planning,
    2. Finance and Resource,
    3. Academic Planning and Resource,
    4. Support Services.
  - The four Committees operate to written terms of reference and include a significant number of external members with appropriate expertise.
  - Udarás itself and two of its four standing Committees (Finance/Resource and Academic Planning and Resource) are chaired by independent external Chairpersons.

**Annual Statement of Governance and Internal Control (continued)**

- (ii) The University's risk management is undertaken within a governance framework comprising of a defined risk policy, assurance processes and an underlying policy and control environment. The University has in place a comprehensive set of processes for the identification, evaluation and management of significant risks that threaten the achievement of its strategic objectives.

The risk management framework established in the University includes:

- a) a Risk Management Group, comprising all members of the University Management team (UMT). An experienced external member was appointed in 2014. This Group carries overall executive responsibility for risk management. Responsibility at the detailed operational level is held by the Risk Advisory Group, whose reports are provided to the Risk Management Group. In terms of the overall governance structure, the Risk Management Group is a sub-committee of Finance/Resource Committee, which oversees, on behalf of Údarás, implementation of the Risk Management Strategy.
- b) the University-wide Risk Strategy including the risk appetite. The University Strategic Risk Register focuses primarily on risks related to the attainment of the University's objectives, and identifies responsibility for the overall management of each risk together with the agreed actions. It aligns with the University's Strategic Plan.  
At operational level, risk registers for each College, each of the various Support Units and all major building projects, ensure that key operational risks are identified and managed by the relevant operational manager.  
Risk awareness is promoted through the management structure. Arrangements are being made to ensure that risk is at least an annual agenda item on the four standing committees of the Údarás.  
At year-end each member of the Risk Management Group provides formal assurances on the adequacy of the management of key risks and documents the sources of assurances for each major risk. Each individual Annual Risk Management Return is reviewed by the Risk Management Group. This cycle was duly completed in 2015 and aligns with Vision 2020, the University's Strategic Plan 2015-2020.
- (iii) Information systems are in place to ensure that appropriate information is available in relation to
- operational, strategic, financial and academic affairs, and
  - planning and monitoring including a comparison of actual and planned results.
  - the implementation of an ICT investment programme is ongoing
- (iv) A comprehensive set of financial policies and procedures has been formally adopted to address *inter alia* the financial implications of major business risk, including financial instructions and notes of procedures, delegation practices such as authorisation limits, segregation of duties, budget monitoring, risk assessments and management and multiple internal and external audit routines.
- (v) The procedures for monitoring the effectiveness of the system of internal control include the following:
- The monitoring role of the Internal Audit and Risk Management, Procurement, and Health and Safety Functions in relation to the adequacy and effectiveness of systems of internal control including risk management.
  - The Audit Committee's role in providing independent oversight of the University's control environment.
  - The Risk Management Group Annual Report.
  - The oversight role of Údarás Committees in respect of their areas of responsibility.
  - The role of unit managers within the University, who have responsibility for the development and maintenance of the internal control environment within their area.
  - Consideration by management and the Audit Committee of comments made by the External Auditors in their management letters and other reports.
  - A programme of Quality reviews of all areas.

These procedures are augmented by annual declarations from Chairs, on behalf of the four standing committees and by individual managers.

**Annual Statement of Governance and Internal Control (continued)**

16. The effectiveness of the systems of internal controls has been informed by the procedures and groups outlined at 15 above.

The reviews of internal controls did not identify any weaknesses that have resulted in material losses, contingencies or uncertainties, such as those which require disclosure in the financial statements or the auditor's report on the financial statements.

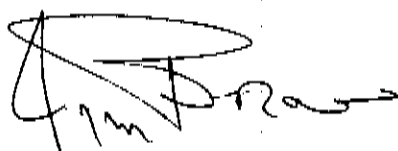
Although Internal Audit Reviews had provided reasonable assurance on the administration of payroll, a need was identified for better segregation of duties in relation to occasional payments. This matter will be addressed by Management.

17. There were 6 meetings of Údarás na hOllscoile during the 2014/15 financial year (See Appendix 1).
18. There were 5 meetings of Audit Committee during the 2014/15 financial year and attendance at convened meetings by the members is noted below:

Mr. Noel Daly (Chair)	5/5
Clr Domnick Connolly	3/5
Mr Jim McGarry	5/5
Clr P.J. Kelly	5/5
Mr Conor Fottrell	3/5
Mr Niall O'Donnellan	0/5
Mr Joe Meade	5/5
Ms Sylva Langford	3/3

Ms Sylva Langford was appointed in March, 2015.

19. While Údarás na hOllscoile does not have a specific formal mechanism whereby it reviews its own performance internally or externally, An Rúnai maintains ongoing dialogue with Údarás members, particularly Chairs of Údarás Committees on matter of governance, internal control and the implementation of Údarás decisions. A formal mechanism will be put in place for the incoming Údarás whereby its performance can be appraised with external assistance. In December 2015 the outgoing Údarás undertook a review of its performance over its term in office.



**James Browne**  
**Chief Officer & President**

30 June 2017





## Comptroller and Auditor General Report for presentation to the Houses of the Oireachtas

### **Ollscoil na hÉireann, Gaillimh**

I have audited the consolidated financial statements of Ollscoil na hÉireann, Gaillimh for the year ended 30 September 2015 under the Universities Act 1997. The financial statements comprise the statement of accounting policies, the consolidated income and expenditure account, the consolidated and university balance sheets, the consolidated cash flow statement, the consolidated statement of historic cost surpluses and deficits, the consolidated statement of total recognised gains and losses and the related notes. The financial reporting framework that has been applied in their preparation is that specified in the Universities Act 1997 and generally accepted accounting practice.

#### **Responsibilities of the Governing Body**

The Governing Body is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view and for ensuring the regularity of transactions.

#### **Responsibilities of the Comptroller and Auditor General**

My responsibility is to audit the financial statements and report on them in accordance with applicable law.

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.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the University's circumstances, and have been consistently applied and adequately disclosed,

- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I seek to rely on evidence from an audit of the financial statements by auditors engaged by the Governing Body of the University. I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

In addition, I assess the consistency of the other information presented with the financial statements. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

#### **Opinion on the financial statements**

In my opinion, the financial statements

- give a true and fair view of the assets, liabilities and financial position of the University and of the University group as at 30 September 2015 and of the income and expenditure of the University group for the year then ended; and
- have been properly prepared in accordance with generally accepted accounting practice.

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

#### **Relationship with Foundation**

Without qualifying my opinion on the financial statements, I draw attention to the statement of accounting policies which discloses that the financial statements of Galway University Foundation Limited have not been consolidated with those of the University group, on the basis that the Foundation is not controlled by the University.

The Foundation's main purpose is to engage in fundraising activities for the purposes of the furtherance of education and research carried out by the University, and it cooperates with the

University in respect of specific development projects. At 30 June 2015, the Foundation had reserves of €56.1 million. The University's financial statements recognise €37.7 million as being due from the Foundation at 30 September 2015 in relation to completed capital projects.

#### **Future pension arrangements**

Without qualifying my opinion on the financial statements, I draw attention to Note 19 and to the recognition as at 30 September 2015 of an asset of €998 million in respect of deferred pension funding.

The defined benefit pension arrangements operated by the University consist of the National University of Ireland Galway (Closed) Pension Scheme 2010, the Model Pension Scheme and the Single Public Service Pension Scheme (Single Scheme).

The Single Public Service Pension Scheme applies to all staff that have joined the public sector as new entrants on or after 1 January 2013. All employee contributions for this scheme are paid into a State pension account. The Public Service Pensions (Single Scheme and Other Provisions) Act 2012 provides for all pension payments for the scheme to be made by the University from funds provided by the Oireachtas for that purpose.

The Financial Measures (Miscellaneous Provisions) Act 2009 provided for the transfer of the assets of the National University of Ireland Galway (Closed) Pension Scheme 2010 to the National Pensions Reserve Fund. This transfer was effected on 31 March 2010. Any annual deficiency between superannuation contributions withheld or retained and benefits payable under the closed scheme are made good by payments to the University from funds provided by the Oireachtas for that purpose.

The recognition of the asset in respect of the Model Pension 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 to fund future pension liabilities.

#### **Matters on which I report by exception**

I report by exception if I have not received all of the information and explanations I required for my audit, or if I find

- any material instance where money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the statement on the system of governance and internal control does not reflect the University's compliance with the governance arrangements set out in the Code of Governance of Irish Universities, or
- there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters upon which reporting is by exception.



**Seamus McCarthy**  
Comptroller and Auditor General

11 July 2017

## STATEMENT OF ACCOUNTING POLICIES

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

### Basis of preparation

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland. Accounting standards (generally accepted in Ireland in preparing financial statements giving a true and fair view) are those issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland and the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions.

### Accounting convention

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

### Basis of consolidation

The consolidated financial statements include the University and its subsidiary undertakings. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group income and profits are eliminated fully on consolidation.

Associates are those undertakings in which the University has a participating interest in the equity share capital and over which it is able to exercise significant influence. Associates are accounted for using the equity method and the University's share of results is included in the consolidated income and expenditure account. The University's interest in their net assets or liabilities is included as a fixed asset investment in the consolidated balance sheet at an amount representing the University's share of the fair values of the net assets at acquisition plus the University's share of post-acquisition profits or losses.

Investments in associates are shown in the University's own balance sheet at cost less provisions for impairments in value.

In accordance with FRS2, the activities of the Students Unions have not been consolidated because the University does not control those activities. The financial statements of Galway University Foundation Limited are also excluded as that entity is not controlled by the University.

### Recognition of income

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

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

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

Income from research grants, contracts, non-capital government grants and other services rendered is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs. All income from short-term bank deposits is credited to the income and expenditure account in the period in which it is earned.

### Foreign currency translation

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

### Tangible fixed assets

#### (a) Land and buildings

Freehold land is not depreciated. Freehold buildings (including fixtures and fittings) are depreciated over their expected useful economic life to the University – normally fifty years. Leasehold buildings are included in the balance sheet at cost and depreciated over the term of the lease.

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

## STATEMENT OF ACCOUNTING POLICIES

### Tangible fixed assets (continued)

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

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.

The University has considered the application of FRS5 "Reporting the Substance of Transactions" with regard to certain assets used by the University where the legal form of these transactions would indicate that all or part of the assets are not owned by the University. The financial substance of all transactions has been reflected in the financial statements and, as such, the full value of these assets is included in tangible fixed assets.

#### (b) Equipment

Equipment costing less than €10,000 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:

Computer equipment	3 years
Other equipment	5 years

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

#### (c) Heritage assets

The University has acquired a number of assets of unqualified historical and cultural importance to the State. These assets include archives relating to literature and other arts, such as drama, as well as period houses, artworks and other paintings and artefacts.

Period houses, such as the Quadrangle, are part of the working infrastructure of the University Campus and, as such, are capitalised in the balance sheet at original cost. Further, archives purchased for the benefit of the University's academic mission are also capitalised in the balance sheet at original cost and not depreciated.

Given the historical and cultural importance of these assets, it is policy to have rigorous procedures built around the acquisition, preservation, management and disposal (using the various committees and accounting system) to separately identify and manage these important assets.

### Leased assets

Leasing agreements that transfer to the University substantially all the benefits and risks of ownership of the assets are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are capitalised and depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

Rental costs under operating leases are charged to expenditure in equal annual amounts over the period of the lease.

### Financial assets

Fixed asset investments are carried at historical cost less any provision for impairment in their value.

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

### Stocks

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

## STATEMENT OF ACCOUNTING POLICIES

### 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.

The University does carry out some commercial activity – most notably in the research area. VAT is charged on income from this activity where appropriate.

Trading activities undertaken by the University are administered through its subsidiary companies, which as commercial organisations are liable to Corporation Tax.

### Deferred taxation

In subsidiary companies, which do not hold a charitable status, deferred taxation is provided on all timing differences that have originated but not reversed at the balance sheet 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 balance sheet date.

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

Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to be reversed, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not discounted.

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

### Provisions

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

### Retirement Benefits

The University operates the following defined-benefit pension schemes:

- **Joint Pension Scheme (JPS)** – this is a ‘Pay As You Go’ (PAYG) scheme providing pension benefits at retirement on a defined benefit basis, covering entrants to 31 December 2004.
- **Model Pension Schemes (MPS)** – this is a ‘Pay As You Go’ (PAYG) scheme providing pension benefits at retirement on a defined benefit basis, covering entrants from 1 January 2005.
- **The Single Public Service Pension Scheme (“Single Scheme”)**, – this multi-employer scheme commenced, with effect from 1 January 2013. From the commencement date onward new public servants will be members of the Single Scheme, which will provide CPI-linked defined-benefit pensions based on career-average pay.

### Defined Benefit Pension Schemes

In relation to the above schemes, the actuarially-assessed present value of the various schemes’ liabilities (calculated using the projected unit credit method) is disclosed as a liability on the balance sheet.

**Current service costs:** These are the costs of additional benefits that scheme members accrue during the year, based on projected salaries at retirement or earlier cessation of employment. The expense for the year is recognised in the Income & Expenditure account.

**Interest cost:** This is interest on the defined benefit obligation, which is the total present value of the members’ attributed benefits for valuation purposes at the year-end. The expense for the year is recognised in the Income & Expenditure account.

**Actuarial gains or losses:** These relate to changes in the liabilities due to changes in assumptions or because actual experience during the year was different to that assumed. These are recognised in the statement of total recognised gains and losses (STRGL).

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**STATEMENT OF ACCOUNTING POLICIES****Defined Benefit Pension Schemes (continued)**

The University considers that its pension liabilities are guaranteed by the State. As a consequence, a pension receivable asset, corresponding to the net actuarially-computed liability for pensions, is recognised on the balance sheet.

Movements on this pension receivable are included in the Income & Expenditure account (i.e. current service costs and interest cost) or in the statement of total recognised gains and losses (i.e. actuarial gains or losses) in order to mirror the underlying movement on the pension liability.

This asset is recognised on foot of:

- a) guarantees enshrined in the Financial Measures (Miscellaneous Provisions) Act, 2009 in respect of JPS pension benefits at retirement;
- b) the "PAYG" basis of the MPS. Údarás na hOllscoile is of the opinion that the discussions between the sector, the HEA and Government Departments represented assurances that the State will fund any cash-flow deficiencies arising from pension payment obligations; and
- c) guarantees enshrined in the Public Service Pensions (Single Scheme and Other Provisions) Act 2012.

In 2014, on the basis that it was not material, the Single Public Service Pension Scheme was treated, for accounting purposes, as if it were a defined contribution scheme. Consequently, the amounts charged to the income and expenditure account in 2014 represented the contributions payable to the scheme in respect of the accounting period.

**Personal Retirement Savings Accounts (PRSA) pension facility**

A PRSA pension facility is also available for staff not eligible for enrolment in the defined-benefits schemes. It is administered by a third party insurance company.

**Cash/liquid resources**

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

**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**  
**Year Ended 30 September 2015**

	Notes	Consolidated 2015 €'000	Consolidated 2014 €'000
<b>Income</b>			
State grants	1	43,702	46,056
Academic fees	2	103,743	101,333
Research grants and contracts	3	59,459	53,157
Amortisation of deferred capital grants	15	8,906	9,316
Other income	4	11,919	13,571
Interest income	5	419	1,071
Net deferred Government funding for pensions	19	49,700	44,485
<b>Total income</b>		<b>277,848</b>	<b>268,989</b>
<b>Expenditure</b>			
Staff costs before impact of accounting standard for defined-benefit pensions	6	139,258	137,901
Impact of accounting standard for defined-benefit pensions	19	23,752	13,863
<b>Staff costs</b>		<b>163,010</b>	<b>151,764</b>
<b>Other operating expenses</b>	7	<b>72,766</b>	<b>69,501</b>
<b>Depreciation</b>		<b>15,510</b>	<b>14,259</b>
<b>Interest on pension scheme liabilities</b>	19	<b>25,948</b>	<b>30,622</b>
<b>Total expenditure</b>		<b>277,234</b>	<b>266,146</b>
<b>Surplus for the year after depreciation of assets before taxation</b>		<b>614</b>	<b>2,843</b>
Taxation	8	(69)	(59)
<b>Surplus for the year after depreciation of assets and after taxation</b>	9	<b>545</b>	<b>2,784</b>

The surplus for the year arose solely from continuing operations.

The financial statements on pages 10 to 33 were approved by Údarás na hOllscoile on 30 June 2017 and were signed on its behalf by:

  
**James Browne**  
**Chief Officer & President**

  
**Pól Ó Dochartaigh**  
**Registrar**

**BALANCE SHEET**  
**30 September 2015**

	Notes	Consolidated		University	
		2015 €'000	2014 €'000	2015 €'000	2014 €'000
<b>Fixed assets</b>					
Tangible assets	10	347,401	332,773	346,682	331,990
Financial assets	11	21,571	14,485	21,571	14,485
		<b>368,972</b>	<b>347,258</b>	<b>368,253</b>	<b>346,475</b>
<b>Current assets</b>					
Stocks	12	99	97	90	90
Debtors	13	66,216	47,446	66,463	47,537
Cash and bank		59,028	53,329	54,213	48,677
		<b>125,343</b>	<b>100,872</b>	<b>120,766</b>	<b>96,304</b>
<b>Creditors: amounts falling due within one year</b>	14	<b>(90,244)</b>	<b>(78,838)</b>	<b>(86,617)</b>	<b>(74,658)</b>
<b>Net current assets</b>		<b>35,099</b>	<b>22,034</b>	<b>34,149</b>	<b>21,646</b>
<b>Total assets less current liabilities</b>		<b>404,071</b>	<b>369,292</b>	<b>402,402</b>	<b>368,121</b>
<b>Net assets excluding pension</b>		<b>404,071</b>	<b>369,292</b>	<b>402,402</b>	<b>368,121</b>
Pension receivable	19	997,902	987,970	997,902	987,970
Pension liability	19	(997,902)	(987,970)	(997,902)	(987,970)
<b>Net assets including pension</b>		<b>404,071</b>	<b>369,292</b>	<b>402,402</b>	<b>368,121</b>
<b>Represented by:</b>					
Deferred capital grants	15	243,744	209,510	243,744	209,510
Revenue surplus	16	160,327	159,782	158,658	158,611
<b>Total</b>		<b>404,071</b>	<b>369,292</b>	<b>402,402</b>	<b>368,121</b>

The financial statements on pages 10 to 33 were approved by Údarás na hOllscoile on 30 June 2017 and were signed on its behalf by:



**James Browne**  
Chief Officer & President



**Pól Ó Dochartaigh**  
Registrar



**CONSOLIDATED CASH FLOW STATEMENT**  
**For the year ended 30 September 2015**

	Notes	Consolidated 2015 €'000	Consolidated 2014 €'000
<b>Net cash inflow from operating activities</b>	<b>20</b>	<b>19,665</b>	<b>1,745</b>
<b>Returns on investment and servicing of finance</b>			
Net interest received		419	1,071
<b>Net cash inflow from returns on investment and servicing of finance</b>		<b>419</b>	<b>1,071</b>
<b>Taxation paid</b>		<b>(69)</b>	<b>(59)</b>
<b>Investment activities</b>			
Expenditure on capital projects		(30,138)	(26,453)
Investment movements		(7,086)	7,262
<b>Net cash outflow from investment activities</b>		<b>(37,224)</b>	<b>(19,191)</b>
<b>Net cash outflow before financing</b>		<b>(17,209)</b>	<b>(16,434)</b>
<b>Financing</b>			
Capital grants received		22,908	17,966
<b>Net cash inflow from financing</b>		<b>22,908</b>	<b>17,966</b>
<b>Net cash inflow after financing</b>		<b>5,699</b>	<b>1,532</b>
<b>Increase in cash and cash equivalents</b>	<b>21</b>	<b>5,699</b>	<b>1,532</b>

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**CONSOLIDATED STATEMENT OF HISTORIC COST SURPLUSES AND DEFICITS**  
**Year Ended 30 September 2015**

There are no material differences between the historical cost profit and the reported profit in 2014 or 2015.

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**Year Ended 30 September 2015**

		<b>2015</b>	<b>2014</b>
		<b>€'000</b>	<b>€'000</b>
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax		545	2,784
Actuarial gains/(losses) in respect of pension schemes	19	38,472	(77,320)
Movement on pension receivable	19	(38,472)	77,320
		<hr/>	<hr/>
Total recognised gains and losses relating to the year		545	2,784
		<hr/>	<hr/>

## NOTES TO THE FINANCIAL STATEMENTS

<b>1 State grants</b>	<b>2015</b>	<b>2014</b>
	<b>€'000</b>	<b>€'000</b>
State grants allocated for recurrent purposes	43,702	46,056
The above grant income was received predominantly from the Higher Education Authority (€41.828m (2014: €44.276m)).		
<i>Ia. Deferred Income</i>	<b>2015</b>	<b>2014</b>
	<b>€'000</b>	<b>€'000</b>
<i>State grant receivable in respect of current year</i>	41,654	43,634
<i>State grant deferred from prior accounting year</i>	10,696	13,118
<i>State grant deferred to subsequent accounting years</i>	(8,648)	(10,696)
<i>State grant per financial statements</i>	43,702	46,056
<i>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.</i>		
<b>2 Academic fees</b>	<b>2015</b>	<b>2014</b>
	<b>€'000</b>	<b>€'000</b>
Academic fee income	103,519	101,112
Miscellaneous fee income	224	221
<b>Total fees paid by or on behalf of individual students</b>	<b>103,743</b>	<b>101,333</b>
Academic fee income totalling €34.327m was received from the HEA (2014: €36.651m).		
<b>3 Research grants and contracts</b>	<b>2015</b>	<b>2014</b>
	<b>€'000</b>	<b>€'000</b>
State and semi-state	37,874	34,832
European Union	9,507	9,592
Industry	4,261	3,015
Other	7,817	5,718
	59,459	53,157
<b>4 Other income</b>	<b>2015</b>	<b>2014</b>
	<b>€'000</b>	<b>€'000</b>
Other rental and licence income	1,173	1,175
Investment income	296	1,130
Funded post income	1,071	1,167
Catering	382	209
Student accommodation	4,848	4,079
Other income	4,149	5,811
	11,919	13,571

## NOTES TO THE FINANCIAL STATEMENTS

<b>5 Interest income</b>	<b>2015</b>	<b>2014</b>
	<b>€'000</b>	<b>€'000</b>
Interest income on bank deposits	419	1,071
	<u>419</u>	<u>1,071</u>
<b>6 Staff costs</b>		
The average weekly number of persons (including senior post-holders) employed by the University during the period, expressed as full-time equivalents was:		
	<b>2015</b>	<b>2014</b>
	<b>Number</b>	<b>Number</b>
Teaching and research	1,262	1,239
Technical	102	100
Central administration and services	706	692
Other	7	8
	<u>2,077</u>	<u>2,039</u>
	<b>2015</b>	<b>2014</b>
	<b>€'000</b>	<b>€'000</b>
Salaries and wages*	116,465	114,987
Social welfare costs	9,768	9,664
Other pension costs	13,025	13,250
	<u>139,258</u>	<u>137,901</u>
	<b>2015</b>	<b>2014</b>
	<b>€'000</b>	<b>€'000</b>
* <i>President's salary</i>	187	187
	<u>187</u>	<u>187</u>
<b>7 Other operating expenses</b>	<b>2015</b>	<b>2014</b>
	<b>€'000</b>	<b>€'000</b>
Prizes, scholarships and fellowships	3,679	3,568
Repairs and maintenance (including information technology)	10,097	10,182
Travel, subsistence and relocation costs	3,403	3,269
Non-pay recurrent costs for research projects	18,855	19,843
Consumables (laboratories, etc)	1,345	892
Books, periodicals and journals	1,876	1,723
Professional, audit and legal (incl. consultancy and recruitment)	7,097	6,251
Printing and stationery	1,833	1,740
Light and heat	4,390	4,284
Rent and rates	892	1,069
Cleaning and waste disposal	1,806	1,863
Insurance	644	710
Marketing and promotion	971	995
Other	13,363	10,784
Other non-pay costs for subsidiaries	2,349	2,165
Bank fees and charges	163	153
Bank interest	3	10
	<u>72,766</u>	<u>69,501</u>

## NOTES TO THE FINANCIAL STATEMENTS

<b>7 Other operating expenses – continued</b>	<b>2015</b>	<b>2014</b>
	<b>€'000</b>	<b>€'000</b>

Other operating expenses include:

**Auditors remuneration**

- External audit	105	106
- Statutory audit	30	27

**8 Taxation**

The majority of the University's activities are not liable to corporation taxation. The corporation taxation charge in the year in respect of trading activities administered through subsidiary companies amounted to €69,000 (2014: €59,000).

Deferred taxation in the period amounted to €nil (2014: €nil).

<b>9 Surplus after taxation on continuing operations for the year</b>	<b>2015</b>	<b>2014</b>
	<b>€'000</b>	<b>€'000</b>

The surplus after tax on continuing operations for the year is made up as follows:

University's surplus for the year	47	2,376
Surplus generated by subsidiary and associate undertakings	498	408
	<hr/>	<hr/>
Total	545	2,784

## NOTES TO THE FINANCIAL STATEMENTS

## 10. Tangible fixed assets

<b>GROUP</b>	<b>Land and Buildings €'000</b>	<b>Heritage Assets €'000</b>	<b>Equipment €'000</b>	<b>Assets in course of construction €'000</b>	<b>Subsidiaries equipment €'000</b>	<b>Total €'000</b>
<b>Cost</b>						
At 1 October 2014	354,386	11,580	130,741	32,148	2,897	531,752
Additions in year	2,835	698	4,746	21,561	298	30,138
Transfers from assets in course of construction	31,773	-	1,068	(32,841)	-	-
<b>At 30 September 2015</b>	<b>388,994</b>	<b>12,278</b>	<b>136,555</b>	<b>20,868</b>	<b>3,195</b>	<b>561,890</b>
<b>Depreciation</b>						
At 1 October 2014	76,476	2,580	117,809	-	2,114	198,979
Charge for year	8,582	476	6,090	-	362	15,510
<b>At 30 September 2015</b>	<b>85,058</b>	<b>3,056</b>	<b>123,899</b>	<b>-</b>	<b>2,476</b>	<b>214,489</b>
<b>Net book value</b>						
At 30 September 2015	303,936	9,222	12,656	20,868	719	347,401
At 30 September 2014	277,910	9,000	12,932	32,148	783	332,773

Land and buildings include €1.261m (historical cost) (2014: €1.261m) in respect of freehold land that is not depreciated. It also includes buildings of historical and cultural importance to the State, most notably the Quadrangle, which was the original University building when first built. Also included are other library archives, collections, artworks or artefacts. As disclosed in the accounting policies, these are carried at cost.

## NOTES TO THE FINANCIAL STATEMENTS

## 10. Tangible fixed assets

University

	Land and Buildings €'000	Heritage Assets €'000	Equipment €'000	Assets in course of construction €'000	Total €'000
<b>Cost</b>					
At 1 October 2014	354,386	11,580	130,741	32,148	528,855
Additions in year	2,835	698	4,746	21,561	29,840
Transfers from assets in course of construction	31,773	-	1,068	(32,841)	-
<b>At 30 September 2015</b>	<b>388,994</b>	<b>12,278</b>	<b>136,555</b>	<b>20,868</b>	<b>558,695</b>
<b>Depreciation</b>					
At 1 October 2014	76,476	2,580	117,809	-	196,865
Charge for year	8,582	476	6,090	-	15,148
<b>At 30 September 2015</b>	<b>85,058</b>	<b>3,056</b>	<b>123,899</b>	<b>-</b>	<b>212,013</b>
<b>Net book value</b>					
At 30 September 2015	303,936	9,222	12,656	20,868	346,682
At 30 September 2014	277,910	9,000	12,932	32,148	331,990

Land and buildings include €1.261m (historical cost) (2014: €1.261m) in respect of freehold land that is not depreciated. It also includes buildings of historical and cultural importance to the State, most notably the Quadrangle, which was the original University building when first built. Also included are other library archives, collections, artworks or artefacts. As disclosed in the accounting policies, these are carried at cost.

## NOTES TO THE FINANCIAL STATEMENTS

## 10. Tangible fixed assets (continued)

The tables below illustrate those heritage assets for which costs and valuations have been obtained.

## 10a. Heritage assets capitalised

Cost	Buildings €'000	Archives €'000	Art works €'000	Total €'000
At 1 October 2014	8,386	3,083	111	11,580
Additions	514	184	-	698
At 30 September 2015	8,900	3,267	111	12,278

Other paintings and artefacts that were otherwise acquired, and not capitalised in the balance sheet (in accordance with the University's accounting policy), were valued at €2.367m in a 2010 valuation by Whyte's Fine Art Auctioneers and Valuers.

## 10b. Five year financial summary of heritage asset transactions

Cost	2011 €'000	2012 €'000	2013 €'000	2014 €'000	2015 €'000
At 1 October	8,602	9,725	10,840	11,285	11,580
Additions	1,123	1,115	445	295	698
Cost at 30 September	9,725	10,840	11,285	11,580	12,278
Valuation of other paintings and artefacts	2,367	2,367	2,367	2,367	2,367
Total at 30 September	12,092	13,207	13,652	13,947	14,645



## NOTES TO THE FINANCIAL STATEMENTS

## 11 Financial assets

Investments at the year end were held as follows:

	Consolidated		University	
	2015 €'000	2014 €'000	2015 €'000	2014 €'000
University – other investments	21,571	14,485	21,571	14,485

Other investments principally consist of portfolios of shares and other assets managed by third-party investment managers.

The University held a direct interest in the following subsidiary and associate undertakings, except where noted:

Subsidiary undertakings	Principal activity	Interest %
Tionól Teo.	Conferences	100%
UCG Research Applications Ltd.	Holding company	100%
Maoin Champais Teo.	Leasing	100%
Atalia Student Residences Limited	Operation of student residences	100%
College Campus Radio Ltd.	Radio programming	100%
CCG. Aonad Slainte do Mhicleinn Teo.	University health unit	100%
<b>Associated undertakings</b>		
Bimini Ltd. ( <i>shares held by UCG Research Applications Ltd.</i> )	IP rights	28%

The registered office and place of work for each of the subsidiary and associated undertakings is NUI, Galway. These investments were carried at €nil (2014: €nil).

The University also holds an interest (through its Technology Transfer Office) in a number of companies, as outlined hereunder.

Other investments	Principal activity	Interest %
Theta Chemicals Ltd.	Development of chemicals	18.57%
Analyse IQ Ltd.	Software consultancy/supply	10.00%
Qpercom Ltd.	Consultancy	15.00%
Peracton Ltd.	Software consultancy/supply	10.00%
Seevl Ltd.	Entertainment activities	10.00%
MDG Web Ltd.	Database activities	8.63%
Orbsen Therapeutics Ltd.	Medical practice activities	10.60%
Sláinte Beoga Teoranta	Manufacture of pharmaceutical products	10.00%
NVP Energy Ltd.	Software supply	10.00%
ePlantech Ltd.	Mobile technology	10.00%
Embo Medical Limited	Medical technology and device developer	3.00%

## NOTES TO THE FINANCIAL STATEMENTS

**12 Stocks** Stocks principally consist of books and consumables.

	2015 €'000	2014 €'000
University	90	90
Subsidiaries	9	7
	99	97

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

13 Debtors	Consolidated		University	
	2015 €'000	2014 €'000	2015 €'000	2014 €'000
Research balances	24,923	24,928	24,923	24,928
Other debtors	2,215	3,474	1,439	3,519
Accounts receivable	1,360	1,547	1,360	1,547
Staff housing loans	6	17	6	17
Capital Grant receivable from GUF	37,712	17,480	37,712	17,480
Intercompany balances	-	-	1,023	46
	66,216	47,446	66,463	47,537

*Galway University Foundation (GUF) is a company limited by guarantee and a registered charity. Its primary function is to generate financial and other supports for the University. The Foundation is not controlled by NUI Galway and does not receive any funding from either NUI Galway or the State for its fundraising activities.*

*GUF funds its operating expenses through the application of a discretionary levy on donor income and through investment income. GUF is a major contributor to the University's capital and recurrent activities and its annual report and audited accounts are available on its website. GUF policy is to make funds available to the University following the completion of capital projects and expenditure on recurrent projects. Funds are transferred to the University in accordance with agreed formal procedures.*

14 Creditors: amounts falling due within one year	Consolidated		University	
	2015 €'000	2014 €'000	2015 €'000	2014 €'000
Trade creditors and accruals	28,929	26,566	25,176	22,272
Pension accruals	1,010	1,022	1,010	1,022
Research grants and contracts in advance	40,078	29,664	40,078	29,664
Retention monies	1,153	1,106	1,153	1,106
Fees received in advance	18,494	16,372	18,494	16,372
Intercompany balances	-	-	126	114
State grants received in advance	580	4,108	580	4,108
	90,244	78,838	86,617	74,658

## NOTES TO THE FINANCIAL STATEMENTS

15 Deferred capital grants	HEA	Other grants/ benefactors	Total	
	€'000	€'000	€'000	
<b>Consolidated and University At 1 October 2014</b>				
Buildings	108,180	96,197	204,377	
Equipment	203	4,930	5,133	
<b>Total</b>	<b>108,383</b>	<b>101,127</b>	<b>209,510</b>	
<b>Received and receivable</b>				
Buildings	6,018	35,769	41,787	
Equipment	168	1,185	1,353	
<b>Total</b>	<b>6,186</b>	<b>36,954</b>	<b>43,140</b>	
<b>Released to income and expenditure</b>				
Buildings	(3,258)	(3,750)	(7,008)	
Equipment	(357)	(1,541)	(1,898)	
<b>Total</b>	<b>(3,615)</b>	<b>(5,291)</b>	<b>(8,906)</b>	
<b>At 30 September 2015</b>				
Buildings	110,940	128,216	239,156	
Equipment	14	4,574	4,588	
<b>Total</b>	<b>110,954</b>	<b>132,790</b>	<b>243,744</b>	
<b>16 Reconciliation of movement of reserves</b>	<b>Consolidated 2015 €'000</b>	<b>Consolidated 2014 €'000</b>	<b>University 2015 €'000</b>	<b>University 2014 €'000</b>
Opening reserves at 1 October	159,782	156,998	158,611	156,235
Total recognised gains and losses relating to the year	545	2,784	47	2,376
<b>Closing reserves at 30 September</b>	<b>160,327</b>	<b>159,782</b>	<b>158,658</b>	<b>158,611</b>
<b>17 Capital commitments</b>	<b>Consolidated</b>		<b>University</b>	
	<b>2015 €'000</b>	<b>2014 €'000</b>	<b>2015 €'000</b>	<b>2014 €'000</b>
Contracted for but not provided	39,679	52,469	39,679	52,469
Authorised but not contracted out	7,565	10,283	7,565	10,283

## NOTES TO THE FINANCIAL STATEMENTS

## 18 Related parties

**Maoin Champais Teo** is a wholly-owned subsidiary company that provides property under lease terms for the provision of education to students. NUI Galway continues to support the working capital requirements of the company and as at 30 September 2015 was owed €157 (2014: €24,319).

**Tionól Teo** is a wholly-owned subsidiary company and its principal function is to operate the University conferencing activities. The University has loaned €62,775 to it, which is fully provided for. There has been no change to this loan balance as at 30 September 2015 and 2014. In addition, the University owed €19,028 to the company as at 30 September 2015 (2014: €nil).

**UCG Research Applications Limited** is a wholly-owned subsidiary company incorporated as a holding entity for the University's investments in, predominantly, intellectual property (IP) companies in which it has some active involvement. The University owed €88,999 to the company as at 30 September 2015 (2014: €89,757).

**Atalia Student Residences Limited** is a wholly-owned subsidiary company incorporated to operate the student residences of Galway Student Residences and Corrib Village on behalf of the University. The University continues to support the working capital requirements of the company and as at 30 September 2015 was owed €1,022,570 (2014: €33,499).

**CCG Aonad Sláinte do MhicLéinn Teoranta** is a company limited by guarantee and not having a share capital. Its principal activity is the operation of the health centre in NUI Galway. The University owed €14,500 to the company as at 30 September 2015 (2014: NUI Galway was owed €41,512).

**College Campus Radio Limited** is a wholly-owned subsidiary company incorporated to meet, primarily, the radio entertainment needs of third-level students in the Galway City area. The University owed €3,352 to the company as at 30 September 2015 (2014: NUI Galway was owed €13,560).

**Bimini Limited** is an associate company of the University (as UCG Research Applications Limited has a 28% holding). The company holds a patent. It accounts for the income and related expenses of this patent through the company. The University as at 30 September 2015 was owed €nil by the company (2014: €2,119).

**Galway University Foundation Limited:** This entity, which is not controlled by the University, is engaged in generating financial support for University capital, academic and academic support programmes. These financial statements include the impact of any funding received and receivable from this company.

The University also holds a minority shareholding in other entities; these are summarised in note 11.

In accordance with FRS2, the activities of the Students Unions have not been consolidated because the University does not control those activities. The financial statements of Galway University Foundation Limited are also excluded as that entity is not controlled by the University.

**Galway University Press Limited** was a University subsidiary in prior years and, due to be being essentially dormant for a number of years, has been made inactive through the VSO procedure in the year. The company owed the University €14,381 at 30 September 2014.

**Athrutech Limited** was also a University subsidiary in prior years and has been dissolved through the Voluntary Strike Off procedure in the year. The company owed the University €30,000 at 30 September 2014.

## NOTES TO THE FINANCIAL STATEMENTS

**19 Retirement benefits**

The University operates the following defined-benefit pension schemes:

- **Joint Pension Scheme (JPS)** – this is a ‘Pay As You Go’ (PAYG) scheme providing pension benefits at retirement on a defined benefit basis, covering entrants to 31 December 2004.
- **Model Pension Schemes (MPS)** – this is a ‘Pay As You Go’ (PAYG) scheme providing pension benefits at retirement on a defined benefit basis, covering entrants from 1 January 2005.
- **The Single Public Service Pension Scheme (“Single Scheme”)**, – this scheme commenced, with effect from 1 January 2013. From the commencement date onward new public servants will be members of the Single Scheme, which will provide CPI-linked defined-benefit pensions based on career-average pay. It is the responsibility of all relevant authorities (employer) to collect and remit Single Scheme member contributions for the benefit of the Exchequer.

**Joint and Model Pension Schemes**

Funded assets of the Joint Pension Scheme (JPS) had been managed for many years by State Street Global Advisors (previously Bank of Ireland Asset Management).

On foot of an EU Directive, the Protection of Employee Acts 2001 and 2003 extended pension benefits to part-time and fixed term workers. This resulted in significant increased membership of the JPS and significantly increased employer liabilities for provision of pension benefits. The University immediately entered into negotiations with the University Sector and relevant Government Departments in relation to the funding of these statutory liabilities.

Following these negotiations, the Higher Education Authority wrote to the University conveying its consent for the operation of the Model Pension Scheme (MPS) on an administrative basis in accordance with the terms of the model schemes for non-commercial State Bodies. The scheme provides both pension benefits at retirement and post-retirement pension increases to relevant staff appointed from 1 January 2005 on a pay as you go (PAYG) basis.

Further discussions over a number of years between the University sector, the HEA and Government Departments in relation to a long term provision for pension arrangements in the sector concluded in 2009 with significant legislative changes being introduced in the form of the Financial Measures (Miscellaneous Provisions) Act 2009. This Act came into force on 26 June 2009. It makes legal provision for (a) the State to underwrite the net pension liabilities of the JPS and (b) the transfer of the scheme’s assets to the State (National Pension Reserve Fund).

Under this Act, a Transfer Order for the JPS was executed on 31 March 2010, and as provided for in the enabling legislation:

- the pension assets were transferred to the National Pension Reserve Fund
- JPS became National University of Ireland, Galway (Closed) Pension Scheme 2010
- the University and each member continues to contribute at the same rate as previously
- the obligation to pay benefits in accordance with the pension scheme rules remains an obligation of the University in relation to the scheme
- if the aggregate of the members and employer’s contributions paid or withheld are insufficient to meet the University’s obligations to pay these benefits in accordance with the scheme, the Minister for Finance shall make good the deficiency by payments to the University from funds provided by the Oireachtas for this purpose.

On foot of this legislation, the University has recognised a pension receivable from the State of €865m (2014: €620m) in respect of the Joint Pension Scheme.

Although the legislation relates specifically to the JPS the University believes that the discussions between the University sector, HEA and Government Departments represent assurances that the State will meet all future pension liabilities of defined benefit schemes (i.e. JPS and MPS, including supplementation, in NUI Galway’s case) on a “Pay As You Go” basis for all categories of staff. Accordingly the University has recognised a matching pension receivable in the balance sheet at an amount equivalent to the full pension liability for these defined benefit schemes for each reported period. The associated receivable from the State is €133m (2014: €367m).

## NOTES TO THE FINANCIAL STATEMENTS

## 19 Retirement benefits (continued)

**The Single Public Service Pension Scheme ("Single Scheme")**

The Single Public Service Pension Scheme ("Single Scheme"), as provided for in the Public Service Pensions (Single Scheme and Other Provisions) Act 2012 commenced, with effect from 1 January 2013. From the commencement date onward new public servants will be members of the Single Scheme, which will provide CPI-linked defined-benefit pensions based on career-average pay. The Scheme's minimum pension age will be linked to the State Pension age (66 years initially, rising to 67 in 2021 and 68 in 2028). Retirement for most members will be compulsory on reaching age 70.

The Single Scheme is a multi-employer defined benefit scheme (i.e. one scheme for all "relevant authorities" within the public sector). On the basis that the relevant figures and disclosures were not material in 2014, it was treated, for accounting purposes, as if it were a defined contribution scheme. Consequently, the amounts charged to the income and expenditure account in 2014 represented the contributions payable to the scheme in respect of the accounting period. It is included in the FRS17 calculation for 2015.

It is the responsibility of the employer to collect and remit **Single Scheme** member contributions for the benefit of the Exchequer.

The following disclosures comply with those required under FRS17: Retirement Benefits. FRS17 stipulates the methodology for deriving assumptions to be used in calculating the University's pension liabilities and requires disclosure of the University's full pension liability including the liability for post-retirement pension increases payable to pensioners.

The last full actuarial valuation was at 30 September 2005. The actuarial valuation report of the pension liabilities for the purposes of FRS17 disclosures has been based on actuarial data as at 30 September 2015. While this report is not publically available, the more salient points are reproduced in this note. The valuation assumptions have been amended to take account of the requirements of FRS17.

The following tables elaborate further on the basis/calculation of the pension liability.

	At year-end 30 September 2015 (€'000)	At year-end 30 September 2014 (€'000)
<b>Assumed annual rate</b>		
Discount rate	2.20%	2.60%
Rate of increase in CPI	1.60%	1.90%
Rate of increase in pensionable salaries	2.85%	3.15%
Rate of increase in social welfare offset	2.10%	1.90%
Rate of increase in pensions	2.10%/1.60%	2.40%
<b>Average expected future life at age 65 for</b>		
Male	22.0	22.9
Female	23.7	24.6

## NOTES TO THE FINANCIAL STATEMENTS

## 19 Retirement benefits (continued)

	At year-end 30 September 2015 (€'000)	At year-end 30 September 2014 (€'000)
<i>Change in benefit obligation</i>		
<b>Opening value of schemes liabilities</b>	987,970	869,822
Current service cost	35,960	26,279
Past service costs	817	-
Interest cost on schemes' liabilities	25,948	30,622
Member contributions	4,668	3,996
Actuarial (gains)/losses	(38,472)	77,320
Benefits paid	(18,989)	(20,069)
<b>Gross University pension liability at end of year</b>	<b>997,902</b>	<b>987,970</b>
<b>Pension receivable from State</b>	<b>997,902</b>	<b>987,970</b>
<b>Total asset value at end of year</b>	<b>997,902</b>	<b>987,970</b>
<b>Net pension deficit at year end</b>	<b>-</b>	<b>-</b>
<i>Change in pension receivable from State</i>		
<b>Opening receivable</b>	<b>987,970</b>	<b>869,822</b>
Movement included in STGRL	(38,472)	77,320
State-funded interest expense	25,948	30,622
Movement relating to staff costs	23,752	13,863
Member contributions	4,668	3,996
Benefits paid	(18,989)	(20,069)
Employer contributions	13,025	12,416
<b>Closing pension receivable</b>	<b>997,902</b>	<b>987,970</b>
<i>Amounts recognised in balance sheet</i>		
Net pension liability	997,902	987,970
Pension receivable and net deficit	(997,902)	(987,970)
<b>Net pension deficit</b>	<b>-</b>	<b>-</b>
<i>Analysed as:</i>		
Joint Pension Scheme	865,099	834,318
Other	132,803	153,652
	<b>997,902</b>	<b>987,970</b>
<i>Components of pension income (FRS17)</i>		
<i>Net deferred Government funding (to cover)</i>		
Staff costs	23,752	13,863
Interest expense	25,948	30,622
<b>Amount recognised in I&amp;E account</b>	<b>49,700</b>	<b>44,485</b>
<i>Analysed as:</i>		
Joint Pension Scheme	36,810	24,585
Other	12,890	19,900
	<b>49,700</b>	<b>44,485</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 19 Retirement benefits (continued)

	At year-end 30 September 2015 (€'000)	At year-end 30 September 2014 (€'000)
<i>Components of pension expense</i>		
<i>Staff costs</i>		
Employer contributions	13,025	12,416
<i>Impact of accounting standard for defined-benefit pensions:</i>		
- current service cost	22,935	13,863
- past service cost	817	-
Total impact of accounting standard for defined-benefit pensions	23,752	13,863
<b>Current and past service costs</b>	<b>36,777</b>	<b>26,279</b>
<i>Analysed as:</i>		
Joint Pension Scheme	22,371	12,482
Other	14,406	13,797
	<b>36,777</b>	<b>26,279</b>
<i>Interest expense</i>		
<b>Interest cost on schemes' liabilities</b>	<b>25,948</b>	<b>30,622</b>
<i>Analysed as:</i>		
Joint Pension Scheme	21,768	18,629
Other	4,180	11,993
	<b>25,948</b>	<b>30,622</b>
<i>Statement of total recognised gains and losses</i>		
Experience gains arising on scheme liabilities	(24,870)	(97,881)
Change in assumptions underlying the present value of pension scheme liabilities	(13,602)	175,201
Movement in pension receivable	38,472	(77,320)
<b>Total pension cost recognised in STRGL</b>	<b>-</b>	<b>-</b>
<i>Analysed as:</i>		
Joint Pension Scheme	3,189	71,407
Other	(41,661)	5,913
	<b>(38,472)</b>	<b>77,320</b>



## NOTES TO THE FINANCIAL STATEMENTS

## 19 Retirement benefits (continued)

## History of defined benefit obligations, assets and experience gains and losses

Financial year ending 30 September	2015	2014	2013	2012	2011
	€'000	€'000	€'000	€'000	€'000
Defined benefit obligation	997,902	987,970	869,822	771,433	677,640
Fair value of plan assets	-	-	-	-	-
Pension receivable from State	997,902	987,970	869,822	771,433	677,640
Deficit	-	-	-	-	-
Experience gains on plan liabilities	(24,870)	(97,881)	(55,285)	(35,723)	(14,805)
% of plan liabilities	(2.49%)	(9.91%)	(6.36%)	(4.63%)	(2.18%)
Experience adjustment on assets	N/A	N/A	N/A	N/A	N/A
% of closing assets	N/A	N/A	N/A	N/A	N/A

**Other points**

Contributions (both employer and employee) to pension schemes for the year ended 30 September 2016 are estimated to be €18.759m.

A PRSA pension facility is also available for staff not eligible for enrolment in the defined-benefits schemes. It is administered by a third party insurance company. There are no employees contributing to this scheme currently.

## 20 Reconciliation of consolidated operating surplus to net cash inflow from operating activities

	2015	2014
	€'000	€'000
Surplus on continuing operations before tax and after depreciation of assets	614	2,843
Net interest received	(419)	(1,071)
Depreciation	15,510	14,259
Decrease in debtors	1,462	2,856
(Increase)/decrease in stock	(2)	2
Increase/(decrease) in creditors	11,406	(7,828)
Deferred capital grants released to income	(8,906)	(9,316)
<b>Net cash inflow from operating activities</b>	<b>19,665</b>	<b>1,745</b>

## NOTES TO THE FINANCIAL STATEMENTS

**21 Analysis of changes in cash and cash equivalents**

	<b>2015</b>	<b>2014</b>
	<b>€'000</b>	<b>€'000</b>
<b>Balance at 1 October</b>	53,329	51,797
Net cash inflow in year	5,699	1,532
	<hr/>	<hr/>
<b>Balance at 30 September</b>	59,028	53,329
	<hr/>	<hr/>

**22 Contingent liabilities**

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

**23 Approval of financial statements**

Údarás na hOllscoile approved these consolidated financial statements on 30 June 2017.

**RECONCILIATION OF HEA DEFICIT TO GAAP SURPLUS**

	<b>2015</b>	<b>2014</b>
	<b>€'000</b>	<b>€'000</b>
<b>Deficit as per HEA financial statements</b>	<b>(1,512)</b>	<b>(1,742)</b>
Capital grant amortisation (including subsidiaries)	8,906	9,316
Reversal of capital project funding from I&E account	5,362	11,347
Adjustment to income from research activity	(179)	(7,498)
Net impact from miscellaneous subsidiaries activity	860	693
Refurbishment recategorised	-	233
Capital expenditure aligned	2,334	3,675
Net impact of accrued sundry expenditure for post-year end entries	(533)	193
Net internal balances reversal	831	907
Intercompany provisions aligned	(14)	(22)
Depreciation (including subsidiaries)	(15,510)	(14,259)
	<hr/>	<hr/>
<b>Surplus as per consolidated GAAP financial statements</b>	<b>545</b>	<b>2,843</b>
	<hr/>	<hr/>

*The above reconciliation is additional information not forming part of the consolidated financial statements.*

## Appendix 1

Údarás na hOllscoile MeetingsAttendance**Cathaoirleach:**

Mrs Justice Catherine McGuinness 6/6

**President:**

Dr James Browne 6/6

**Registrar and Deputy-President:**

An tOll. Pól Ó Dochartaigh 5/6

**Profs/Associate Professors (5):**

Professor Kathy Murphy 5/6

Professor Antony Wheatley 4/6

Professor Vincent O'Flaherty 4/6

An tOll. Dáibhí Ó Cróinín 1/6

Professor Terry Smith 4/6

**Other Academic Staff (5):**

Dr Lucy Byrnes 5/6

Ms Ursula Connolly 5/6

Dr Pat Morgan 6/6

Dr Anthony Grehan 4/6

Dr Emer Mulligan 1/6

**Other Employees (3):**

Dr Eric Mortimer 3/6

Mr Brendan O'Looney 6/6

Ms Elizabeth Kerrigan 2/6

**Elected Officers of Comhaltas na Mac Léinn (2):**

Mr Declan Higgins (President) 5/6

Mr Phelim Kelly (VP/Education) 6/6

**Postgraduate Student:**

Mr Yinka Somorin (01/02/14-31/01/15) 3/3

Ms Máire Bell 2/3

**Nominations of External Organisations (3):**

Mr Donagh O'Donoghue 6/6

Ms Máire Ní Chuinneagáin 5/6

Mr Niall O'Donnellan 2/6

**Graduates (4):**

Ms Sandra Butler 4/6

Mr Conor Fottrell 5/6

Mr John Loftus 5/6

Prof Hubert McDermott 5/6

**Local Authority Nominees (7):**

Cllr Peter Keane (Galway City Council) 2/6

Cllr Eileen Mannion (Galway County Council) 5/6

Cllr P.J. Kelly (Clare County Council) 6/6

Cllr Margaret Adams (Mayo County Council) 1/6

Cllr John McCartin (Leitrim County Council) 5/6

Cllr Jim McGarry (Sligo County Council) 4/6

Cllr Domnick Connolly (Roscommon County Council) 5/6

**NUI Noms**

Dr Catherine Caulfield 2/6

Mr Noel Daly 4/6

**President of St Angela's College, Sligo:**

Dr Anne Taheny 4/6

**Artistic/Cultural Category (1):**

Dr Jane O'Leary 5/6

**Minister's Nominees (3):**

Mr Harry McGee 1/6

Dr John Grealley 5/6

Ms Madelcine Taylor-Quinn 3/6