

**FINANCIAL REPORT  
YEAR ENDED 30 SEPTEMBER 2007**

## **1 INTRODUCTION**

The financial statements for the year to 30 September 2007 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) is also being prepared for the year to September 2007, 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 to €101.40 million from €92.65million, representing a satisfactory growth of 9.4% over the previous year.

State grant increased from €46.41 million to €50.42 million representing a growth of 8.7%, while student fee income increased 8.3% from €42.12 million to €45.62 million, facilitated by the continued increase in student numbers attending the University.

Income from other sources increased from €4.12 million to €5.36 million, a growth of 30.1%, predominantly due to an increase in international students and an increase in interest income.

## **3 RECURRENT EXPENDITURE**

Recurrent expenditure grew from €94.16 million to €102.82 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 is a limiting factor in the University's ability to proactively respond to opportunities that meet the University's mid to long-term strategic objectives. It is a concern that despite implementing cost cutting and cost reduction actions, the unavoidable cost increases continue to be greater than the increase in state grant and fees provided to the University.

## **4 CONTRACT RESEARCH AND OTHER SELF FUNDED PROJECTS**

Contract Research income increased by 4% from €23.38 million to €24.34 million during the year under review. The continued increase in contract research income reflects the commitment and dedication of the research active academic staff in furthering the University's research agenda. It is important to note that the increase in research income has an impact on the recurrent income and expenditure, particularly due to the fact that the overheads associated with Research are not adequately covered by research funding providers

Self funded projects increased by 14% from €10.49 million to €12.01 million, and reflects the continued focus within the University to increasing non State income.

**5 CAPITAL PROGRAMME**

University capital expenditure amounted to €34.03 million during the year, €3.84 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. One of the key capital projects completed during the year under review was the University Boat House, which contains an indoor rowing tank, the first of its kind in Europe, and will be utilised extensively by the members of the UL Rowing, Kayak, Scuba Diving and Mountain Biking Clubs.

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 to the support provided by the students in enabling the University Boat House to become a reality in 2007.

**6 CONCLUSION**

The financial out turn for the year under review continues to be a cause for concern. Despite cutbacks made in the areas of pay and non pay, and a proactive approach to generating non State income, a deficit of €1.41 million was incurred for the financial year to September 2007. This deficit has arisen due to the continual shortfall in State funding to cover the increased operational costs of the University, together with the impact of statutory obligations such as the Fixed Term Workers Act. While the implementation of the revised grant allocation model is welcome, it is clear that the model will not provide additional funds into the educational sector and involves moving the existing funding between the Universities. Initial analysis performed indicates minimal increase for the University of Limerick, which is disappointing and further highlights the need to find alternate sources of funding if we are to achieve the strategic objectives of the University.

**Ailish Quinlivan**  
**Vice President Finance**  
**20th February 2008**

STATEMENT OF RESPONSIBILITIES

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**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

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President

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Vice President Finance

STATEMENT OF ACCOUNTING POLICIES

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**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 2007 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

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**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 €25,000 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

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**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	2007 €'000	2006 €'000
State Grants	1	50,421	46,405
Student Fees	2	45,618	42,119
Other Income	3	5,363	4,122
		<u>101,402</u>	<u>92,646</u>
Contract Research and Other Self-Funded Projects	4	36,353	33,873
		<u>137,755</u>	<u>126,519</u>
Mary Immaculate College			
State Grants		14,718	7,849
Student Fees		8,246	6,600
Less amount transferred to College		<u>(22,964)</u>	<u>(14,449)</u>
<b>Total</b>		<b><u>137,755</u></b>	<b><u>126,519</u></b>
<b>EXPENDITURE</b>			
Colleges and Departments	5	56,938	52,459
Academic and Other Services	6	10,238	9,332
Premises	7	12,065	12,197
Amount allocated for Capital Purposes	8	1,881	1,539
Central Administration and Services	9	11,273	10,060
General Educational Expenditure	10	1,892	1,708
Student Services	11	2,844	2,533
Miscellaneous Expenditure	12	5,685	4,331
		<u>102,816</u>	<u>94,159</u>
Contract Research and Other Self-Funded Projects	4	36,353	33,873
<b>Total</b>	13	<b><u>139,169</u></b>	<b><u>128,032</u></b>
<b>Deficit on Activities before Amortisation of Capital Reserves and Grants, Ancillary Services and Depreciation of Fixed Assets</b>		<b>(1,414)</b>	<b>(1,513)</b>
Surplus on Ancillary Services	14	338	198
Depreciation of Fixed Assets	15	(8,866)	(8,255)
General Reserve Movement	16	8,528	8,057
<b>NET DEFICIT for year</b>	24	<b><u>(1,414)</u></b>	<b><u>(1,513)</u></b>

The statement of Accounting Policies, Cash Flow Statement and Notes 1 to 33 form part of these Financial Statements.

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President

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Vice President Finance



STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES      YEAR ENDED 30 SEPTEMBER

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	2007 €'000	2006 €'000
DEFICIT for year	(1,414)	(1,513)
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<b>Total recognised gains and losses relating to year</b>	<b><u>(1,414)</u></b>	<b><u>(1,513)</u></b>

The Statement of Accounting Policies, Cash Flow Statement and Notes 1 to 33 form part of these Financial Statements

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President

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Vice President Finance

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**UNIVERSITY OF LIMERICK**

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**BALANCE SHEET****YEAR ENDED 30 SEPTEMBER**

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	NOTES	2007 €'000	2006 €'000
<b>TANGIBLE FIXED ASSETS</b>	17	<u>297,620</u>	<u>272,468</u>
<b>INVESTMENTS</b>	18	<u>12,007</u>	<u>22,855</u>
<b>CURRENT ASSETS</b>			
Bank Balances and Cash		22,432	36,060
Debtors and Prepayments	19	<u>28,629</u>	<u>12,522</u>
		51,061	48,582
<b>CURRENT LIABILITIES</b>			
Creditors and Accrued Expenditure	21	(61,049)	(52,571)
		<u>          </u>	<u>          </u>
<b>NET CURRENT LIABILITIES</b>		<u>(9,988)</u>	<u>(3,989)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>299,639</b></u>	<u><b>291,334</b></u>
<b>REPRESENTED BY</b>			
		<b>€'000</b>	<b>€'000</b>
General Reserve	22	279,586	270,626
Restricted Reserves	23	23,480	22,721
Revenue Reserve	24	<u>(3,427)</u>	<u>(2,013)</u>
		<u><b>299,639</b></u>	<u><b>291,334</b></u>

The Statement of Accounting Policies, Cash Flow Statement and Notes 1 to 33 form part of these Financial Statements.

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President

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Vice President Finance

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**UNIVERSITY OF LIMERICK**

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**CASH FLOW STATEMENT****YEAR ENDED 30 SEPTEMBER**

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	<b>NOTES</b>	<b>2007 €'000</b>	<b>2006 €'000</b>
<b>NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b>	<b>25</b>	1,194	(13,748)
<b>RETURN ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest Received (Net)		1,708	1,173
<b>CAPITAL EXPENDITURE</b>			
Payments to acquire Tangible Fixed Assets		(34,031)	(10,997)
Receipts from Sale of Tangible Fixed Assets		29	393
<b>NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>		<u>(31,100)</u>	<u>(23,179)</u>
<b>FINANCING</b>			
HEA Capital Grants		2,335	10,902
Non HEA Capital Receipts		15,137	9,188
<b>CASH INFLOW FROM FINANCING</b>		<u>17,472</u>	<u>20,090</u>
<b>NET CASH (OUTFLOW)/INFLOW AFTER FINANCING</b>		<u>(13,628)</u>	<u>(3,089)</u>
<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>26</b>	<u>(13,628)</u>	<u>(3,089)</u>

The Statement of Accounting Policies and Notes 1 to 33 form part of these Financial Statements.

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President

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Vice President Finance

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1	2007 €'000	2006 €'000
<b>STATE GRANTS</b>		
Recurrent Grant	43,268	39,859
Pension Grant	5,686	4,397
Targeted Funding for Special Initiatives	1,392	2,074
Minor Works	75	75
	<hr/>	<hr/>
<b>Total</b>	<b><u>50,421</u></b>	<b><u>46,405</u></b>
NOTE 2	2007 €'000	2006 €'000
<b>STUDENT FEES</b>		
Student Fees	44,824	41,385
Miscellaneous Fee Income	794	734
	<hr/>	<hr/>
<b>Total</b>	<b><u>45,618</u></b>	<b><u>42,119</u></b>
NOTE 3	2007 €'000	2006 €'000
<b>OTHER INCOME</b>		
Interest Receivable (Net)	1,707	1,172
Funded Posts	97	95
Contract Research and Other Self-Funded Projects	1,054	905
Contributions		
Non-EU Fees	2,404	1,950
Miscellaneous Income	101	0
	<hr/>	<hr/>
<b>Total</b>	<b><u>5,363</u></b>	<b><u>4,122</u></b>
NOTE 4	2007 €'000	2006 €'000
<b>CONTRACT RESEARCH AND OTHER SELF-FUNDED PROJECTS</b>		
Contract Research Projects	24,340	23,375
Other Self-Funded Projects	12,013	10,498
	<hr/>	<hr/>
<b>Total</b>	<b><u>36,353</u></b>	<b><u>33,873</u></b>

UNIVERSITY OF LIMERICK

NOTES TO THE FINANCIAL STATEMENTS-/Continued

NOTE 5	Pay Costs €'000	Non Pay €'000	2007 €'000	2006 €'000
<b>COLLEGES AND DEPARTMENTS</b>				
Academic	38,776	-	38,776	34,919
Technical	3,255	-	3,255	3,349
Administrative Support	5,105	-	5,105	5,218
Materials and Expenses	9	9,532	9,541	8,667
Miscellaneous	-	261	261	306
<b>Total</b>	<b>47,145</b>	<b>9,793</b>	<b>56,938</b>	<b>52,459</b>
<b>NOTE 6</b>				
	Pay Costs €'000	Non Pay €'000	2007 €'000	2006 €'000
<b>ACADEMIC AND OTHER SERVICES</b>				
Library	2,387	2,119	4,506	3,794
Information Technology	2,396	949	3,345	3,208
Cooperative Education and Careers Division	1,077	1,310	2,387	2,330
<b>Total</b>	<b>5,860</b>	<b>4,378</b>	<b>10,238</b>	<b>9,332</b>
<b>NOTE 7</b>				
	Pay Costs €'000	Non Pay €'000	2007 €'000	2006 €'000
<b>PREMISES</b>				
Premises Maintenance	1,703	3,317	5,020	5,554
General Services	92	4,044	4,136	3,673
Minor Works	-	150	150	92
Insurance	-	475	475	507
Energy Costs	-	2,284	2,284	2,371
<b>Total</b>	<b>1,795</b>	<b>10,270</b>	<b>12,065</b>	<b>12,197</b>
<b>NOTE 8</b>				
	Pay Costs €'000	Non Pay €'000	2007 €'000	2006 €'000
<b>AMOUNT ALLOCATED FOR CAPITAL PURPOSES</b>				
Capital Projects	-	1,484	1,484	1,509
Equipment	-	397	397	30
<b>Total</b>	<b>-</b>	<b>1,881</b>	<b>1,881</b>	<b>1,539</b>

## NOTES TO THE FINANCIAL STATEMENTS-/Continued

NOTE 9	Pay Costs €'000	Non Pay €'000	2007 €'000	2006 €'000
<b>CENTRAL ADMINISTRATION AND SERVICES</b>				
Staff	6,300	-	6,300	5,630
Materials and Services	-	4,412	4,412	3,614
Professional Charges	-	29	29	25
Miscellaneous	-	532	532	791
<b>Total</b>	<b>6,300</b>	<b>4,973</b>	<b>11,273</b>	<b>10,060</b>
NOTE 10	Pay Costs €'000	Non Pay €'000	2007 €'000	2006 €'000
<b>GENERAL EDUCATIONAL EXPENDITURE</b>				
Examination Expenses	283	336	619	588
Scholarships/ Grants/ Waivers	-	517	517	498
Miscellaneous Expenses	183	573	756	622
<b>Total</b>	<b>466</b>	<b>1,426</b>	<b>1,892</b>	<b>1,708</b>
NOTE 11	Pay Costs €'000	Non Pay €'000	2007 €'000	2006 €'000
<b>STUDENT SERVICES</b>				
Capitation and Other Grants	-	854	854	795
Sports and Recreation	442	121	563	567
Health and Counselling	549	43	592	577
Student Personnel Services	535	300	835	594
<b>Total</b>	<b>1,526</b>	<b>1,318</b>	<b>2,844</b>	<b>2,533</b>
NOTE 12	Pay Costs €'000	Non Pay €'000	2007 €'000	2006 €'000
<b>MISCELLANEOUS EXPENDITURE</b>				
Pensions	5,698	(13)	5,685	4,331
<b>Total</b>	<b>5,698</b>	<b>(13)</b>	<b>5,685</b>	<b>4,331</b>
NOTE 13	Pay Costs €'000	Non Pay €'000	2007 €'000	2006 €'000
<b>COMPOSITION OF TOTAL EXPENDITURE</b>				
Academic and Related Services	68,790	34,026	102,816	94,159
Contract Research and Other	16,206	20,147	36,353	33,873
Self-funded Projects	-	-	-	-
<b>Total Expenditure</b>	<b>84,996</b>	<b>54,173</b>	<b>139,169</b>	<b>128,032</b>

## NOTES TO THE FINANCIAL STATEMENTS-/Continued

NOTE 14	Income	Expenditure	2007 Surplus / (Deficit) €'000	2006 Surplus / (Deficit) €'000
<b>ANCILLARY SERVICES</b>	<b>€'000</b>	<b>€'000</b>		
Reprographic Services	346	(248)	98	(148)
National Coaching and Training Centre	2,012	(1,791)	221	290
Killaloe Activity Centre	429	(410)	19	56
	<u>2,787</u>	<u>(2,449)</u>	<u>338</u>	<u>198</u>
<b>Movement on Ancillary Services</b>	<b><u>2,787</u></b>	<b><u>(2,449)</u></b>	<b><u>338</u></b>	<b><u>198</u></b>
<b>NOTE 15</b>			<b>2007</b>	<b>2006</b>
<b>DEPRECIATION OF FIXED ASSETS</b>			<b>€'000</b>	<b>€'000</b>
Land and Buildings			5,889	5,459
Equipment			2,888	2,697
Leased Assets			89	99
			<u>8,866</u>	<u>8,255</u>
<b>Total</b>			<b><u>8,866</u></b>	<b><u>8,255</u></b>
<b>NOTE 16</b>			<b>2007</b>	<b>2006</b>
<b>GENERAL RESERVE MOVEMENT</b>			<b>€'000</b>	<b>€'000</b>
Amortisation in line with Depreciation (Surplus) of Ancillary Services to General Reserve Account			8,866 (338)	8,255 (198)
			<u>8,528</u>	<u>8,057</u>
<b>Total</b>			<b><u>8,528</u></b>	<b><u>8,057</u></b>

## NOTES TO THE FINANCIAL STATEMENTS -/Continued

NOTE 17	Land and Buildings €'000	Equipment €'000	Lease d Assets €'000	2007 Total €'000
<b>Tangible Fixed Assets</b>				
<b>Cost/Valuation At 30 September 2006</b>				
Valuation	190,308	-	-	190,308
Cost	109,426	31,464	1,313	142,203
	<b>299,734</b>	<b>31,464</b>	<b>1,313</b>	<b>332,511</b>
<b>Additions:</b>				
Additions	30,188	3,843	-	34,031
Disposals	-	(1,001)	(128)	(1,129)
	30,188	2,842	(128)	32,902
<b>Cost/Valuation At 30 September 2007</b>				
Valuation	190,308	-	-	190,308
Cost	139,614	34,306	1,185	175,105
<b>Total</b>	<b>329,922</b>	<b>34,306</b>	<b>1,185</b>	<b>365,413</b>
<b>Depreciation</b>				
<b>At 30 September 2006</b>	(37,050)	(21,834)	(1,159)	(60,043)
Disposals	-	988	128	1,116
Depreciation for Year	(5,889)	(2,888)	(89)	(8,866)
<b>At 30 September 2007</b>	<b>(42,939)</b>	<b>(23,734)</b>	<b>(1,120)</b>	<b>(67,793)</b>
<b>Net Book Value 2006</b>	<b>262,684</b>	<b>9,630</b>	<b>154</b>	<b>272,468</b>
<b>Net Book Value 2007</b>	<b>286,983</b>	<b>10,572</b>	<b>65</b>	<b>297,620</b>



NOTES TO THE FINANCIAL STATEMENTS-/Continued

NOTE 18	2007 €'000	2006 €'000
<b>INVESTMENTS</b>		
Investments	12,007	22,855
<b>Total</b>	<b>12,007</b>	<b>22,855</b>

These amounts primarily include funds deposited on a medium/long-term basis in relation to specific capital projects. These amounts are stated at cost.

NOTE 19	2007 €'000	2006 €'000
<b>DEBTORS AND PREPAYMENTS</b>		
Contract Research & Other Self-Funded Projects	(735)	(1,069)
Debtor Balances	1,675	1,547
Other Debtors and Prepayments	27,689	12,044
<b>Total</b>	<b>28,629</b>	<b>12,522</b>

NOTE 20	2007 €'000	2006 €'000
<b>CAPITAL INCOME AND CAPITAL EXPENDITURE</b>		
<b>INCOME</b>		
Grant from Higher Education Authority	2,335	10,902
Grants from Private Donors	657	4,028
Capital Income - Other Sources	12,599	3,621
Transfer from Current Income and Expenditure Account	1,881	1,539
<b>Total</b>	<b>17,472</b>	<b>20,090</b>

<b>EXPENDITURE</b>		
Land/Buildings	30,188	8,040
Equipment	3,843	2,957
<b>Total</b>	<b>34,031</b>	<b>10,997</b>
<b>(Deficit)/Surplus for year</b>	<b>(16,559)</b>	<b>9,093</b>
<b>Deficit at beginning of year</b>	<b>(2,010)</b>	<b>(11,103)</b>
<b>Deficit at end of year</b>	<b>(18,569)</b>	<b>(2,010)</b>

## NOTES TO THE FINANCIAL STATEMENTS-/Continued

NOTE 21	2007 €'000	2006 €'000
<b>CREDITORS AND ACCRUED EXPENDITURE</b>		
Contract Research & Other Self-Funded Projects	20,696	12,830
State Grants for Recurrent Expenditure received in advance	7,670	8,134
Academic Fees received in advance	9,386	7,979
Other Creditors and Accruals	23,297	23,628
<b>Total</b>	<b>61,049</b>	<b>52,571</b>

Included in Creditors at 30 September 2007 is an amount €4.183m (2006: €3.961m) accrued in respect of commitments for non-pay expenditure in Academic Departments and Library Services.

NOTE 22	2006 Opening Balance €'000	Current Year Movement €'000	2007 Closing Balance €'000
<b>GENERAL RESERVE</b>			
Valuation -Fixed Assets	157,328	-	157,328
Research Equipment	9,421	699	10,120
State Capital Grants	86,196	2,335	88,531
Recurrent Funding Transfer	31,468	1,881	33,349
Capital Donations	59,791	685	60,476
Other	(13,534)	11,110	(2,424)
	<b>330,670</b>	<b>16,710</b>	<b>347,380</b>
Amortisation			
Valuation -Fixed Assets	5,221	-	5,221
Research Equipment	(2,881)	-	(2,881)
Amortisation in line with Asset Depreciation	(87,381)	(8,866)	(96,247)
Less Accumulated Amortisation on Disposals	24,997	1,116	26,113
<b>Total</b>	<b>270,626</b>	<b>8,960</b>	<b>279,586</b>

NOTE 23	2007 €'000	2006 €'000
<b>RESTRICTED RESERVES</b>		
Balance at beginning of year	22,721	22,301
Student Levies Interest and Other Income (Net)	759	420
<b>Balance at end of year</b>	<b>23,480</b>	<b>22,721</b>

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	2007	2006
	€'000	€'000
<b>REVENUE RESERVE</b>		
Balance at beginning of year	(2,013)	(500)
(Deficit) for the year	(1,414)	(1,513)
	<u>          </u>	<u>          </u>
<b>Balance at end of year</b>	<b><u>(3,427)</u></b>	<b><u>(2,013)</u></b>

NOTE 25	2007	2006
	€'000	€'000
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>		
(Deficit) for the year	(1,414)	(1,513)
Less Interest Received (Net)	(1,708)	(1,173)
	<u>          </u>	<u>          </u>
Depreciation of Fixed Assets	8,866	8,255
Amortisation of General Reserves	(8,866)	(8,256)
Surplus in Ancillary Services	338	198
	<u>          </u>	<u>          </u>
Decrease/(Increase) in Investments	10,848	(662)
(Increase) in Debtors and Prepayments	(16,107)	(2,915)
(Increase) in Stock	0	(21)
Increase/(Decrease) in Creditors and Accruals	8,478	(8,124)
Increase in Restricted Reserves	759	463
	<u>          </u>	<u>          </u>
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b><u>1,194</u></b>	<b><u>(13,748)</u></b>

NOTE 26	At 30 September 2006	Cash Flow	At 30 September 2007
	€'000	€'000	€'000
<b>ANALYSIS OF CHANGES IN NET FUNDS</b>			
Cash	36,060	(13,628)	22,432
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total</b>	<b><u>36,060</u></b>	<b><u>(13,628)</u></b>	<b><u>22,432</u></b>

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**UNIVERSITY OF LIMERICK**

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**NOTES TO THE FINANCIAL STATEMENTS-/Continued**

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<b>NOTE 27</b>	<b>2007</b>	<b>2006</b>
	<b>€'000</b>	<b>€'000</b>
<b>ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS</b>		
Balance at beginning of year	36,060	39,149
Net Cash (outflow)	(13,628)	(3,089)
	<hr/>	<hr/>
<b>Balance at end of year</b>	<b><u>22,432</u></b>	<b><u>36,060</u></b>

**NOTE 28****PENSION**

Salaries and wages are charged net of employees' pension contributions (the total of such contributions in the period was €3.704m (2006: €2.887m) and benefits are met from pension revenue provided on a recurrent basis by the State). Pensions paid in the year and included in miscellaneous expenditure amounted to €5.698m (2006: €4.331m).

<b>NOTE 29</b>	<b>2007</b>	<b>2006</b>
	<b>€'000</b>	<b>€'000</b>
<b>CAPITAL COMMITMENTS</b>		
Contracted at 30 September	<u>26,837</u>	<u>43,965</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 €560k within the period of 1-2 years.

**NOTE 30****CONTINGENT LIABILITY**

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

**NOTES TO THE FINANCIAL STATEMENTS-/Continued**

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**NOTE 31**

**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 32**

**RELATED PARTY TRANSACTIONS**

Plassey Campus Developments Ltd. was the principal contractor associated with other ongoing property development contracts totalling €19,069,350 in the year (2006: €5,184,654) on behalf of the University of Limerick. Representatives of the University are members of Plassey Campus Centre Ltd. At the balance sheet date €1,946,044 (2006: €582,896) 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 2005. At the balance sheet date €2,031,423 (2006: €2,031,423) was outstanding in respect of this transfer.

**NOTE 33**

**APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved on 20th February 2008.

**REPORT OF THE INDEPENDENT MANAGEMENT AUDITORS**

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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 2007 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 2007 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**

**20 February 2008**

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**UNIVERSITY OF LIMERICK**

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**FIVE YEAR SUMMARY - EXPENDITURE**

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	<b>2002/03</b>	<b>%</b>	<b>2003/04</b>	<b>%</b>	<b>2004/05</b>	<b>%</b>	<b>2005/06</b>	<b>%</b>	<b>2006/07</b>	<b>%</b>
	<b>€'000</b>		<b>€'000</b>		<b>€'000</b>		<b>€'000</b>		<b>€'000</b>	
Colleges and Departments	41,583	44	43,267	42	47,133	42	52,459	41	56,938	41
Contract Research Projects	13,681	14	17,907	17	20,668	18	23,375	18	24,340	18
Other Self-Funded Projects	7,341	8	8,383	8	9,216	8	10,498	8	12,013	9
Academic and Other Services	8,225	9	8,787	9	9,134	8	9,332	7	10,238	7
Premises	9,164	10	9,243	9	10,742	9	12,197	10	12,065	9
Central Administration and Services	6,394	7	6,697	7	7,796	7	10,060	8	11,273	8
General Educational Expenditure	1,315	1	1,561	2	1,678	2	1,708	1	1,892	1
Student Services	2,066	2	2,287	2	2,336	2	2,533	2	2,844	2
Miscellaneous Expenditure	2,749	3	2,562	2	3,211	3	4,331	4	5,685	4
Amount Allocated for Capital Purposes	1,831	2	2,133	2	1,549	1	1,539	1	1,881	1
Total	<u>94,349</u>	<u>100</u>	<u>102,827</u>	<u>100</u>	<u>113,463</u>	<u>100</u>	<u>128,032</u>	<u>100</u>	<u>139,169</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.