

INSTITUTE OF TECHNOLOGY, SLIGO

FINANCIAL STATEMENTS FOR YEAR ENDED 31st AUGUST 2017

INSTITUTE OF TECHNOLOGY, SLIGO

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INSTITUTE OF TECHNOLOGY, SLIGO

Statement of Responsibility of the Institute

The Institutes of Technology Acts 1992 to 2006 require the Institute to prepare Financial Statements in such form as may be approved by the Higher Education Authority and to submit them for audit to the Comptroller and Auditor General. In preparing these financial statements, the Institute is required to:

- * Select suitable accounting policies and apply them consistently.
- * Make judgements and estimates that are reasonable and prudent.
- * Prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Institute will continue in operation.
- * Disclose and explain any material departures from applicable accounting standards.

The Institute is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Institute and which enable it to ensure that the Consolidated Financial Statements comply with the Institutes of Technology Acts 1992 to 2006.

The Institute is also responsible for safeguarding its assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Chairman Niall O'Donnellan
Niall O'Donnellan

Date: 12/12/18

President Dr Brendan McCormack
Dr Brendan McCormack

Date: 12/12/18

INSTITUTE OF TECHNOLOGY, SLIGO

Statement on Internal Control

Responsibility for the System of Internal Control

On behalf of the Governing Body of the Institute of Technology, Sligo, we acknowledge our responsibility for ensuring that an effective system of Internal Control is maintained and operated. The system of internal controls consists of those processes used to identify, evaluate and manage the significant risks faced by the Institute in the management of its affairs.

A sound system of internal control contributes to safeguarding the interests of all relevant parties and the Institute's assets. Internal control facilitates the effectiveness and efficiency of operations, helps ensure the reliability of internal and external reporting and assists compliance with laws and regulations.

A sound system of internal control therefore provides reasonable, but not absolute, assurance that the Institute will not be hindered in achieving its objectives, or in the orderly and legitimate conduct of its business, by circumstances which may be reasonably foreseen.

Effective financial controls, including clear delineation and separation of functions and the maintenance of proper accounting records, are an important element of internal control. They help ensure that the Institute is not unnecessarily exposed to avoidable financial risks and that financial information used and published is reliable. They also contribute to the safeguarding of assets, including the prevention and detection of fraud.

Review of the Statement on Internal Control

The Institute confirms that this statement on the System of Internal Controls has been reviewed by the Audit & Risk Committee and the Governing Body to ensure it accurately reflects the control system in operation during the reporting period.

The Institute also confirms that this statement on the System of Internal Controls has been reviewed by the external auditors.

To reflect the Code of Practice for the Governance of State Bodies (2016) a revised Code of Governance for Institutes of Technology was published by THEA, which is effective from 1st January, 2018; this code was approved by the Governing Body of Institute of Technology, Sligo on the 13th June 2018.

The Governing Body have commitment to fully implementing the new code by 31st August 2019. During the period being reported the Governing Body considers that it has complied with the requirements of the 2012 Code or in the case of non-compliance provided adequate explanation.

Key Control Procedures

The Governing Body has taken steps to ensure an appropriate control environment including:

- Clearly defined organisational and management structure with associated policies and procedures.

INSTITUTE OF TECHNOLOGY, SLIGO

Statement on Internal Control (continued)

- An Institute Risk Management Committee which regularly reviews the risk register. The Audit & Risk Committee receive regular updates and the Governing Body receive updates and approve the risk register.
- A Finance Committee which regularly reviews financial information including actual versus budgets with updates provided to the Governing Body.
- The Institute has in place appropriate financial procedures addressing authorisation limits and segregation of duties.
- Capital works management framework (CWMF) is followed by the Institute.
- An Audit & Risk Committee with defined audit charter and clear terms of reference. The committee met six times during the academic year, to approve the audit strategy, annual audit plan and the outcome of audits undertaken. The minutes of the meetings are formally presented to the Governing Body. An annual report to the Governing Body covering the period from 1/9/2016 to 31/8/2017 was approved by the Audit & Risk Committee on 14th November 2017 and was presented to the Governing Body on the 6th December 2017 and approved by it.
- The Institute operates under a national procurement agreement for Internal Audit services for the sector. In addition there is an in-house Internal Audit and Compliance resource. The function reports directly to the Audit & Risk Committee. The annual internal audit plan is informed by discussion with management and the Audit & Risk Committee together with an analysis of risk to which the Institute is exposed. The plan is approved by the Committee and all findings of audits carried out during the year are formally reported on and presented to the Committee.
- Regular updates are provided to the Governing Body on the performance of the Institute against the Strategic Plan.
- Academic quality processes are in place for all aspects of the academic programs. These include a range of processes which include external examiners, external validation panels and both internal and external review panels at the relevant stages of the academic quality cycle.

Internal Control Assurance Review 2016/17

The Governing Body's monitoring and review of the effectiveness of the system of internal control is informed by:

- the work of the Audit & Risk Committee which oversees the work of internal audit,
- executive managers who have responsibility for the development and maintenance of the internal control framework, and

INSTITUTE OF TECHNOLOGY, SLIGO

Statement on Internal Control (continued)

- the recommendations made by the Comptroller and Auditor General in management letter(s) or other reports.

The internal controls framework provides a structured and methodical approach to the review of, and testing of controls in place across IT Sligo. The internal audit plan ensures that all areas of the framework are reviewed on a cyclical basis over a number of years.

At least once annually the internal auditors Price Waterhouse Coopers provide the Audit & Risk Committee with a verbal report of internal audit activity.

Annual Review of the effectiveness of the system of Internal Controls

The Governing Body carried out a review of the effectiveness of the system of internal control for the year-ended 31 August 2017 at its meeting on the 6th December 2017. This review included assurances from a range of sources across the Institute including the work carried out by the Internal Audit function.

2016/17 Internal Audit Reports

In the year 2016/17, the following Internal Audit reports were formally approved by the Audit & Risk Committee:

- IT Systems Security & Controls
- Compliance with Financial Aspects of the Internal Control Framework
- Review of Risk Management Activities
- Staff Utilisation & Timetabling Review
- Findings Follow-up Review.

Weaknesses in Internal control

Weaknesses identified by external audit, internal audit or internal reviews are documented with actions to address same and responsible individuals identified. Follow up reviews are carried out and reported to the Audit & Risk Committee and Governing Body.

Matters of non-compliance and weaknesses in internal control

The Governing Body believes it is in compliance with the HEA requirements regarding the Annual Governance Statement and the Statement of Internal Control as per the Reporting Template received from the HEA on 4th October 2017 and no material breaches of internal control have occurred during the year.

The Institute appointed a full time Fixed Asset Management Officer to address recurring weaknesses in the Fixed Asset Register in June 2017. The Institute carried out an exercise on fixed assets to reconcile the fixed asset register to the nominal ledger balances for fixed assets. This exercise included a physical count.

As a result of this exercise €5,482,000 was removed from the cost of assets in year ended 31st August 2017 for assets previously disposed but not recorded as such (nbv €15,000),

INSTITUTE OF TECHNOLOGY, SLIGO

Statement on Internal Control (continued)

€2,299,000 was removed from the cost of fixed assets for assets not found (nbv €nil) and €3,800,000 was removed from the cost of fixed assets as the individual assets cost < €3,000, were purchased after 31st August 2007 and did not comply with the policy on capitalisation of assets (nbv €326,000).

€7,446,000 was also removed from the cost of fixed assets in the year for Retired Assets where the individual assets cost < €3K but they were purchased before 1st September 2007, on which date the policy on capitalisation of fixed assets changed when the limit was increased from €1,200 to €3,000 (nbv €nil).

A further adjustment was made to accumulated depreciation (€808,000) to reflect increased depreciation to take account of depreciation on assets which had been incorrectly classified when capitalised. The increase in depreciation was offset by a corresponding increase in amortisation of state grant income.

The total adjustment to nbv of fixed assets in the period was €1,149,000 while the net adjustment to surplus in the year as a result of this was €15,000.

The Institute now has an up to date fixed asset register.

The Institute acknowledges that in the period ended 31 August 2017 expenditures of €658,000 (10 suppliers) were not compliant with procurement rules.

Of this expenditure €267,000 (2 suppliers) relates to contracts which have since terminated and €125,000 (3 suppliers) have since been sourced through a combination of tendering (1 contract) and OGP frameworks (2 contracts).

While all goods and services procured were found to be for valid business purposes, the Institute recognises the need to comply with Public Procurement Guidelines.

The Institute is committed to continuously reducing this non-compliant spend in compliance with national and EU procurement guidelines. The Institute is also in the process of recruiting for a dedicated procurement role, to be appointed in October 2018 to implement tighter controls over this area.

Outsourced IT work in 2016-17.

The President of IT Sligo commissioned an independent external review in respect of Procurement and Payments to service providers. The external review disclosed that in three instances there was evidence of procurement non-compliance and short comings in governance oversight and control of project costs. The outsourced IT work in 2016-2017 for development of a management reporting tool amounted to €129,187. The review concluded that there was value in the work carried out, but questioned the rates of pay used and the possible overpayment of holiday pay. It identified the need for more rigorous governance, oversight and control of the costs and procurement of projects by the Executive Committee in future including, as good practice, oversight of such contracts carried out by at least two managers. The attention of the Audit and Risk Committee were drawn to the review and its findings in January 2018, and the findings are in the process of being reviewed by Management of IT Sligo. The attention of the Governing Body were drawn to these matters in March 2018.

INSTITUTE OF TECHNOLOGY, SLIGO

Statement on Internal Control (continued)

The Institute undertakes to respond to the findings of the review and will immediately discontinue the hybrid recruitment /tendering practice for existing and any new projects. In particular, when procuring goods and services including consultancy services IT Sligo will follow its procurement procedures.

Signed on behalf of the Governing Body of the Institute of Technology, Sligo:

Chairman Niall O'Donnellan
Niall O'Donnellan

Date: 12/12/18

President Dr Brendan McCormack
Dr Brendan McCormack

Date: 12/12/18



Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Institute of Technology Sligo

Opinion on financial statements

I have audited the financial statements of the Institute of Technology Sligo for the year ending 31 August 2017 as required under the provisions of the Institutes of Technology Acts 1992 to 2006. The financial statements comprise

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

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Institute at 31 August 2017 and of its income and expenditure for the year then ended in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

Basis of opinion

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

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

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

The Institute has presented certain other information together with the financial statements. This comprises the statement of responsibility of the Institute and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

Compromise agreement with senior staff member

A special report on the handling of remuneration for certain senior staff in the University of Limerick and the Institute of Technology Sligo was presented to Dáil Éireann on 27 November 2018, under Section 11 of the Comptroller and Auditor General (Amendment) Act 1993. Chapter 5 of that report examines a compromise agreement, signed by the Institute, relating to the termination of employment of a staff member with effect from 28 February 2017. The special report concluded, inter alia, that payments made by the Institute under the agreement exceeded the sanction it had obtained from the Department of Education and Skills, principally due to an amount of nearly €108,000 paid in respect of a period of non-attendance incorrectly categorised in the agreement as sabbatical leave.



Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

Independent review of strategic IT project and procurement non-compliance

The statement on internal control includes a disclosure in relation to an independent review, commissioned by the Institute President, of a strategic IT project. The cost of outsourced IT work relating to the project was €129,000 in the 2016/2017 year of account. The independent review examined the process applied by the Institute for the procurement of a key contractor, the arrangements for supervision of the contractor's work and the adequacy of overall project governance and oversight. The reviewer made a number of critical findings, including that

- appropriate procedures were not applied for the procurement of the contractor
- sufficient priority was not given to cost control and financial governance, and
- in terms of governance and oversight, the nature, scale and risks associated with the project were not fully appreciated at the outset.

The statement on internal control separately discloses that the Institute made payments totalling €658,000 to ten suppliers in the year under review in respect of goods and services for which the procurement arrangements did not comply with public procurement rules. The figure disclosed for the value of non-compliant procurement includes payments in respect of the outsourced IT work referred to above.

Seamus McCarthy
Comptroller and Auditor General

18 December 2018

Appendix to the report

Responsibilities of Governing Body members

The statement of responsibility of the Institute sets out the Governing Body members' responsibilities. The Governing Body members are responsible for

- the preparation of financial statements in the form prescribed under the Institutes of Technology Acts 1992 to 2006
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under the Institutes of Technology Acts 1992 to 2006 to audit the financial statements of the Institute and to report thereon to the Houses of the Oireachtas.

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

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

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

exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Institute to cease to continue as a going concern.

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

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

Information other than the financial statements

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

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

Reporting on other matters

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

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

I also report by exception if, in my opinion,

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

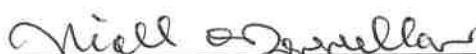
INSTITUTE OF TECHNOLOGY, SLIGO

Consolidated and Institute Statement of Comprehensive Income
Year ended 31 August 2017

| | Note | Consolidated 31/08/17 €000's | Institute 31/08/17 €000's | Consolidated 31/08/16 €000's | Institute 31/08/16 €000's |
|---------------------------------------------------------------------------------------|------|------------------------------------|---------------------------------|------------------------------------|---------------------------------|
| Income | | | | | |
| State Grants | 3 | 20,335 | 20,335 | 18,034 | 18,034 |
| Tuition Fees and Student Contribution | 4 | 19,212 | 19,212 | 18,865 | 18,865 |
| Research Grants & Contracts | 5 | 2,793 | 2,793 | 1,648 | 1,648 |
| Student Support Funding | 7 | 268 | 268 | 260 | 260 |
| Other Income | 8 | 2,239 | 2,078 | 1,915 | 2,009 |
| Amortisation of Deferred Capital Grants | 18 | 3,070 | 3,070 | 2,901 | 2,901 |
| Interest Income | | 18 | 18 | 55 | 55 |
| Deferred Pension Funding | 25 | 11,791 | 11,791 | - | - |
| Total Income | | 59,726 | 59,565 | 43,678 | 43,772 |
| Expenditure | | | | | |
| Staff costs | 9 | 30,957 | 30,957 | 29,038 | 29,047 |
| Retirement Benefit Cost | 25 | 11,791 | 11,791 | - | - |
| Other Operating Expenses | 10 | 12,417 | 12,331 | 10,447 | 10,609 |
| Depreciation | 13 | 3,075 | 3,071 | 2,909 | 2,902 |
| Total Expenditure | | 58,240 | 58,150 | 42,394 | 42,558 |
| Surplus before tax | | 1,486 | 1,415 | 1,284 | 1,214 |
| Taxation | 11 | - | - | - | - |
| Surplus for the year before other gains and losses | 12 | 1,486 | 1,415 | 1,284 | 1,214 |
| Changes in assumptions underlying the present value of retirement benefit obligations | 25 | 4,716 | 4,716 | - | - |
| Total actuarial gains / (losses) in the year | | 4,716 | 4,716 | - | - |
| Adjustment to deferred retirement benefits funding | 25 | (4,716) | (4,716) | - | - |
| Total Comprehensive Income for the year | | 1,486 | 1,415 | 1,284 | 1,214 |

The Consolidated Statement of Income and Expenditure includes all gains and losses recognised in the year.
Notes 1 to 26 form part of these financial statements.

Signed on behalf of the Governing Body:


Chairman, Niall O'Donnellan

12/12/18
Date


President, Dr Brendan McCormack

12/12/18
Date

INSTITUTE OF TECHNOLOGY, SLIGO

**Consolidated and Institute Statement of Changes in Reserves and Capital Account
Year ended 31 August 2017**

| | Consolidated | | | Institute only | | | Total |
|----------------------------------------------------------------------|---------------|--------------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------|----------------|
| | Note 18 | Note 19 Restated Capital Development Reserve €000's | I&E Restated Revenue Reserves €000's | Note 18 Restated Deferred Capital Grants €000's | Note 19 Restated Capital Development Reserve €000's | I&E Restated Revenue Reserves €000's | |
| Opening Balance at 1 September 2015 | 76,072 | 8,738 | 8,789 | 76,072 | 8,738 | 8,627 | 93,437 |
| Surplus for the year before appropriations | - | - | 1,214 | - | - | 1,214 | 1,214 |
| Deficit for the year - Subsidiary Co | - | - | 70 | - | - | - | 70 |
| Amortisation of Deferred Capital Grants | (2,901) | - | - | (2,901) | - | - | (2,901) |
| Restatement of Fixed Assets | - | - | - | 450 | - | - | 450 |
| State Grant Allocated to Capital | 450 | - | - | 2,191 | - | - | 450 |
| State Capital Grants | 2,191 | - | - | 306 | - | - | 2,191 |
| Other Capital Grants | 306 | - | - | - | - | - | 306 |
| Transfer to Capital Development Reserve | - | - | - | - | - | - | - |
| Transfer from Capital Development Reserve to Deferred Capital Grants | 144 | (144) | - | 144 | (144) | - | - |
| Movement for the Period | 190 | (144) | 1,284 | 190 | (144) | 1,214 | 1,260 |
| Balance at 31 August 2016 | 76,262 | 8,594 | 10,073 | 76,262 | 8,594 | 9,841 | 94,697 |
| Surplus for the year before appropriations | - | - | 1,415 | - | - | 1,415 | 1,415 |
| Surplus for the year - Subsidiary Co | - | - | 71 | - | - | - | 71 |
| Amortisation of Deferred Capital Grants | (3,070) | - | - | (3,070) | - | - | (3,070) |
| Adjustment to accumulated depreciation | (808) | - | - | (808) | - | - | (808) |
| Restatement of Fixed Assets | - | - | - | - | - | - | - |
| Subsidiary Co Depreciation | - | - | - | - | - | - | - |
| State Grant Allocated to Capital | (251) | - | - | (251) | - | - | (251) |
| State Capital Grants | 750 | - | - | 750 | - | - | 750 |
| Other Capital Grants | (36) | - | (578) | (36) | - | (578) | (36) |
| Transfer to Capital Development Reserve | - | 578 | - | - | 578 | - | 578 |
| Transfer from Capital Development Reserve to Deferred Capital Grants | 5,277 | (5,277) | - | 5,277 | (5,277) | - | - |
| Movement for the Period | 1,862 | (4,699) | 908 | 1,862 | (4,699) | 837 | (2,000) |
| Balance at 31 August 2017 | 78,124 | 3,895 | 10,981 | 78,124 | 3,895 | 10,678 | 92,697 |

Notes 1 to 26 form part of these financial statements.

Signed on behalf of the Governing Body:

Niall O'Donnellan

Chairman, Niall O'Donnellan

Brendan McCormack

President, Dr Brendan McCormack

12/12/18
Date

12/12/18
Date

INSTITUTE OF TECHNOLOGY, SLIGO

Consolidated and Institute Statement of Financial Position Year ended 31 August 2017

| | Note | Consolidated 31/08/17 €000's | Institute 31/08/17 €000's | Consolidated 31/08/16 €000's | Institute 31/08/16 €000's |
|----------------------------------------------|------|------------------------------------|---------------------------------|------------------------------------|---------------------------------|
| Fixed Assets | | | | | |
| Property, Plant & Equipment | 13 | 78,161 | 78,127 | 76,304 | 76,266 |
| Investments | 14 | - | - | - | - |
| | | <u>78,161</u> | <u>78,127</u> | <u>76,304</u> | <u>76,266</u> |
| Current Assets | | | | | |
| Receivables | 15 | 900 | 1,867 | 2,584 | 3,431 |
| Cash and Cash Equivalents | 16 | 21,161 | 20,235 | 23,150 | 22,394 |
| | | <u>22,061</u> | <u>22,102</u> | <u>25,734</u> | <u>25,825</u> |
| Less Payables ; Amounts due within 1 year | 17 | (7,222) | (7,532) | (7,109) | (7,394) |
| Net Current Assets | | <u>14,839</u> | <u>14,570</u> | <u>18,625</u> | <u>18,431</u> |
| Total Assets less Current Liabilities | | <u>93,000</u> | <u>92,697</u> | <u>94,929</u> | <u>94,697</u> |
| Retirement Benefits | | | | | |
| Retirement benefits obligations | 25 | (180,440) | (180,440) | (171,837) | (171,837) |
| Deferred retirement benefit funding asset | 25 | 180,440 | 180,440 | 171,837 | 171,837 |
| Total Net Assets | | <u>93,000</u> | <u>92,697</u> | <u>94,929</u> | <u>94,697</u> |
| Deferred Capital Grants | 18 | 78,124 | 78,124 | 76,262 | 76,262 |
| Capital Development Reserve | 19 | 3,895 | 3,895 | 8,594 | 8,594 |
| | | 3,895 | 3,895 | 8,594 | 8,594 |
| Unrestricted Reserves | | | | | |
| Income & Expenditure Reserve | | 10,981 | 10,678 | 10,073 | 9,841 |
| | | 10,981 | 10,678 | 10,073 | 9,841 |
| Total | | <u>93,000</u> | <u>92,697</u> | <u>94,929</u> | <u>94,697</u> |

Notes 1 to 26 form part of these financial statements.

Signed on behalf of the Governing Body:


Chairman, Niall O'Donnellan


President, Dr Brendan McCormack

12/12/18
Date

12/12/18
Date

INSTITUTE OF TECHNOLOGY, SLIGO

Consolidated Statement of Cash Flows Year ended 31 August 2017


| | Year Ended 31/08/17 €000's | Year Ended 31/08/16 €000's |
|----------------------------------------------------------------|----------------------------------|----------------------------------|
| Net Cash flow from operating activities | | |
| Excess income over expenditure | 1,486 | 1,284 |
| Depreciation of fixed assets | 3,075 | 2,909 |
| Amortisation of deferred capital grants | (3,070) | (2,901) |
| Decrease/(Increase) in receivables | 1,683 | (1,171) |
| Increase in payables | 28 | 1,723 |
| Interest Income | (18) | (55) |
| State funds allocated to capital | 790 | 2,641 |
| Research funds allocated to capital | 14 | 306 |
| Net Cash Inflow from Operating Activities | 3,988 | 4,736 |
| Cash Flows from Investing Activities | | |
| Payments to acquire property, plant & equipment | (5,996) | (3,201) |
| Net Cash Flows from Investing Activities | (5,996) | (3,201) |
| Cash Flows from Financing activities | | |
| Interest Received | 19 | 59 |
| Net Cash Flows from Financing Activities | 19 | 59 |
| Net (Decrease)/Increase in cash equivalents in the year | (1,989) | 1,594 |
| Cash & Cash Equivalents at beginning of year | 23,150 | 21,556 |
| Cash & Cash Equivalents at end of year | 21,161 | 23,150 |

Notes 1 to 26 form part of these financial statements.

Signed on behalf of the Governing Body:


Chairman, Niall O'Donnellan

12/12/18
Date


President, Dr Brendan McCormack

12/12/18
Date

Institute of Technology, Sligo

Notes to the Financial Statements For the year ended 31 August 2017

1. Significant accounting policies

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

a. General information

The primary objectives of the institute are to provide third level education and other associated services.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council, and promulgated for use in Ireland by Chartered Accountants Ireland and with the requirements of the Higher Education Authority.

The functional currency of Institute of Technology, Sligo under FRS102 is considered to be Euro because that is the currency of the primary economic environment in which the Institute operates. The consolidated financial statements are also presented in Euro.

b. Basis of consolidation

The Group financial statements consolidate the financial statements of the Institute and its subsidiary undertakings made up to 31 August 2017. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

In the current year the Institute has begun proceedings to liquidate the subsidiaries and transfer their activities directly into the Institute (as of 30th June 2017).

c. Property, plant & equipment

(i) Land and buildings

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

| | |
|-------------------------|----------------------------|
| Freehold buildings | 50 years |
| Leased Land & Buildings | Over the term of the lease |

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

Notes to the Financial Statements – (continued)
For the year ended 31 August 2017

1. Significant accounting policies (continued)

(ii) Equipment

From 1 September 2008, equipment costing less than €3,000 per individual item is written off to the statement of comprehensive income in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its useful economic life as follows:

| | |
|---------------------------------------|----------|
| Fixtures & Fittings including Prefabs | 10 years |
| Computer equipment | 3 years |
| Plant & Machinery | 10 years |
| Equipment | 5 years |
| Motor Vehicles | 5 years |

All equipment funded from Research Grants and Contracts is depreciated over the life of the assets in line with the policy for all other Fixed Assets.

d. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each statement of financial position date. If there is objective evidence of impairment, an impairment loss is recognised in surplus or deficit as described below.

Financial assets

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

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

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

1. Significant accounting policies (continued)

e. Taxation

(i) Corporation tax

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

(ii) Deferred taxation

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

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

f. Recognition of income

State Grants

Recurrent state grants from the Higher Education Authority and other bodies are recognised in the period in which they are receivable. Non Recurrent Grants from the Higher Education Authority or other bodies received in respect of the acquisition or construction of Fixed Assets are treated as deferred Capital Grants and amortised in line with the depreciation over the life of the assets.

Fee Income

Fee income is accounted for on an accruals basis.

Research grants and contracts

Income from research grants and contracts is matched to expenditure and is included in the income of the year in which the related expenditure has been incurred. The most common classes of such transactions are:

1. Significant accounting policies (continued)

(i) Donations with no restrictions

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

(ii) Donations with restrictions

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

(iii) Research grants from non-government sources

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

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

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

Minor Capital Works

The Minister for Education and Skills introduced a scheme to devolve responsibility to the Institute for Summer and other Capital Works.

In all cases Minor Capital Works funding is recognised in the period received.

Income from short-term deposits

All income from short-term deposits is credited to the Consolidated and Institute Statement of Comprehensive Income in the period in which it is earned.

g. Employee benefits

(i) Retirement Benefits

Pension entitlements of staff recruited prior to 1 January 2013 are conferred under a defined benefit pension scheme established under the Education Sector Superannuation Scheme 2015. The scheme is operated on a Pay-as-You-Go basis, with superannuation deductions made from employees being retained by the Institute as an agreed part of its funding.

1. Significant accounting policies (continued)

The Institute also operates the Single Public Services Pension Scheme ("Single Scheme"), which is the defined benefit scheme for pensionable public servants appointed on or after 1 January 2013 in accordance with the Public Service Pensions (Single Scheme and Other Provisions) Act 2012. Single Scheme members' contributions are paid over by the Institute to the Department of Public Expenditure and Reform (DPER).

Pension costs charged to expenditure in the year reflect the benefits earned by current employees during the year and are shown net of staff pension contributions which, in respect of (i) the Education Sector Superannuation Scheme 2015, are retained by the Institute and (ii) the Single Scheme, are remitted to DPER. An amount corresponding to the pension cost is recognised as income to the extent that it is recoverable.

Actuarial gains or losses arising on scheme liabilities are reflected in the Statement of Comprehensive Income and a corresponding adjustment is recognised in the amount recoverable by the Institute from the Higher Education Authority.

The financial statements reflect, at fair value, the assets and liabilities arising from the Institute's pension obligations in respect of its current staff only and any related funding. The costs of providing pension benefits are recognised in the accounting periods in which they are earned by employees. Pension liabilities in respect of former employees who are in receipt of pension are excluded. Retirement benefit scheme liabilities are measured on an actuarial basis using the projected unit credit method.

Subsidiary staff are not part of the public sector schemes and each company operates its own private scheme.

(ii) Short-Term Benefits

Short-term benefits such as holiday pay are recognised as an expense in the year, and benefits that are accrued at year-end are included in the Payables figure in the Consolidated and Institute Statement of Financial Position. There is no accrual for holiday pay for Academic staff at year-end due to the nature of their contracts.

Retirement Benefit Obligation

The assumptions underlying the actuarial valuations for which the amounts recognised in the financial statements are determined (including discount rates, rates of increase in future compensation levels, mortality rates and healthcare cost trend rates) are updated annually based on current economic conditions, and for any relevant changes to the terms and conditions of the pension and post-retirement plans.

1. Significant accounting policies (continued)

The assumptions can be affected by:

- (i) the discount rate, changes in the rate of return on high-quality corporate bonds
- (ii) future compensation levels, future labour market conditions
- (iii) health-care cost trend rates, the rate of medical cost inflation in the relevant regions

h. Foreign Currency

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

i. Leases

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

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

j. Deferred Capital Grants

Deferred capital grants represent un-amortised value of accumulated funds allocated for fixed assets.

k. Capital Development Reserve

The capital development reserve represents funds set aside by the Institute for specified capital development purposes. Such funds arise from Student Registration Fees, non-state capital donations, banking facility fees and transfers from Revenue Reserves, in the latter case, which have had the prior approval of the Higher Education Authority, together with bank interest earned on these monies. Such funds shall be retained in the Capital Development Reserve Account provided the defined projects to which they are committed are in line with the Institute's Capital Development plan, have been approved by the Governing Body and are time phased and with estimates of costs.

2. Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical judgements in applying the Institute's accounting policies

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

a) Going concern

There is no material uncertainty regarding the Institute's ability to meet its liabilities as they fall due, and to continue as a going concern. On this basis, the Institute considers it appropriate to prepare financial statements on a going concern basis. Accordingly, these financial statements do not include any judgements to the carrying amounts and classification of assets and liabilities that may arise if the Institute was unable to continue as a going concern.

b) Property, plant and equipment

Depreciation is calculated based on estimates and assumptions on the useful economic life and expected residual value of the asset.

c) Provision for doubtful debts

The Institute makes an estimate of the recoverable value of trade debtors and other debtors. The Institute uses estimates based on historical experience in determining the level of debts, which may not be collected. These estimates include such factors as the current rating of the debtor, the ageing profile of debtors and historical experience. The level of provision required is reviewed on an on-going basis.

d) Holiday pay accrual

The holiday pay accrual is calculated by reference to the days holidays outstanding at the year end. Academic staff do not require an accrual at year end due to the nature of their contract.

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the Financial statements - (continued)
Year ended 31 August 2017

3 State Grants

| | Allocated for Recurrent Expenditure €000's | Allocated for Capital Expenditure €000's | 2017 Total €000's | 2016 Total €000's |
|-------------------------------------------------------------|-----------------------------------------------------|---------------------------------------------------|-------------------------|-------------------------|
| Recurrent Expenditure - Higher Education Authority (note 6) | 20,335 | (251) | 20,084 | 18,492 |
| Devolved Grant | - | 750 | 750 | 750 |
| Capital Expenditure - Higher Education Authority | - | - | - | 1,433 |
| Total 2017 | 20,335 | 499 | 20,834 | 20,675 |
| Total 2016 | 18,034 | 2,641 | 20,675 | |

4 Tuition Fees and Student Contribution

| | 2017 Students WTE | 2017 State Funded | 2017 Non State Funded | 2017 Total €000's | 2016 Students WTE | 2016 State Funded | 2016 Non State Funded | 2016 Total €000's |
|------------------------------------------------|-------------------------|-------------------------|-----------------------------|-------------------------|-------------------------|-------------------------|-----------------------------|-------------------------|
| Fees paid by State | 3,225 | 1,754 | - | 1,754 | 3,325 | 1,743 | - | 1,743 |
| Non EU Fees | 119 | | 624 | 624 | 121 | - | 721 | 721 |
| Fees paid by students or on behalf of Students | 207 | | 341 | 341 | 284 | - | 132 | 132 |
| Life Long Learning and other fees | 1,013 | 722 | 5,112 | 5,834 | 963 | 1,066 | 4,289 | 5,355 |
| Student Contribution inc repeat exam fees | | 6,472 | 4,187 | 10,659 | | 6,844 | 4,070 | 10,914 |
| Student Numbers / Net Fee Income | 4,564 | 8,948 | 10,264 | 19,212 | 4,693 | 9,653 | 9,212 | 18,865 |

The Higher Education Authority paid tuition fees in the year of €1,350,738 for full-time Degree courses, and €403,250 for Higher Certificate and Ordinary Degree courses, the total costs of which are part funded by the European Social Fund.

Student numbers are stated as wholetime equivalents, based on enrolled credits.

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the Financial statements - (continued)
Year ended 31 August 2017

| 5 Research Grants & Contracts | 2017 Total €000's | 2016 Total €000's |
|----------------------------------|-------------------------|-------------------------|
| Income | | |
| State & semi state (Note 6) | 2,190 | 1,260 |
| European Union | 206 | 414 |
| Industry | 150 | 149 |
| Institutes of Technology Ireland | 162 | 128 |
| Other | 87 | 3 |
| Capital Expenditure | (2) | (306) |
| Total Income | 2,793 | 1,648 |
| Expenditure | | |
| Pay Costs | 1,522 | 1,190 |
| Non Pay Costs | 1,541 | 721 |
| Capital Expenditure | - | - |
| Total Costs | 3,063 | 1,911 |
| Net Outcome | (270) | (263) |

6 Analysis of State Derived Income

| Name of Grantor | Op Debtor 01/09/16 | Grant received | CL Deferral 31/08/17 | I&E 2017 |
|-----------------------------------|-----------------------|-------------------|-------------------------|---------------|
| Note 3 - State Grant | | | | |
| Higher Education Authority | (217) | 20,383 | (82) | 20,084 |
| Allocated for Capital Expenditure | - | 251 | - | 251 |
| Total State Income | (217) | 20,634 | (82) | 20,335 |

Note 4 - Tuition Fees & Student Contribution

| | | | | |
|-----------------------------------|----------|--------------|----------|--------------|
| Higher Education Authority | - | 2,224 | - | 2,224 |
| Student Universal Support Ireland | - | 6,472 | - | 6,472 |
| Mayo Sligo Leitrim ETB | - | 252 | - | 252 |
| Total State Income | - | 8,948 | - | 8,948 |

Note 5 - Research & Contracts

| | | | | |
|-----------------------------------------------------|------------|--------------|--------------|--------------|
| Dept of Agriculture & Marine | 8 | 66 | (6) | 68 |
| Dublin City University | 2 | (2) | - | - |
| Enterprise Ireland | 671 | 413 | (359) | 725 |
| Environmental Protection Agency | 17 | 8 | 4 | 29 |
| Higher Education Authority | 88 | 1,145 | (114) | 1,119 |
| Heritage Council | (3) | 5 | - | 2 |
| Irish Research Council | 1 | 17 | 4 | 22 |
| Marine Institute | 4 | - | 12 | 16 |
| Science Foundation Ireland | 2 | (11) | 72 | 63 |
| Solas | - | 30 | - | 30 |
| Teagasc | 4 | 38 | (5) | 37 |
| University of Limerick | 1 | 9 | (8) | 2 |
| Western Development Commission | - | 6 | (6) | - |
| National Forum | - | 10 | (3) | 7 |
| Sustainable Energy Ireland | - | 60 | - | 60 |
| National University of Ireland Galway | - | 12 | (3) | 9 |
| National University of Ireland | - | 1 | - | 1 |
| Dept of Arts, Heritage, Regional, Rural & Gaeltacht | - | 1 | (1) | - |
| Research Grants & Contracts | 795 | 1,808 | (413) | 2,190 |
| HEA | 194 | 308 | (234) | 268 |
| Student Support Funding (Note 7) | 194 | 308 | (234) | 268 |

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the Financial statements - (continued)
Year ended 31 August 2017

7 Student Support Funding

| | 2017 | 2017 | 2017 | 2016 |
|----------------------------------|------------------|-------------------|-------------------|-------------------|
| | Disabilities | Student | Total | Total |
| | €000's | Assistance | €000's | €000's |
| | €000's | €000's | €000's | €000's |
| Balance at 1 September 2016 | 32 | 162 | 194 | 168 |
| Receipts | | | | |
| Higher Education Authority | 79 | 229 | 308 | 286 |
| Amounts Applied | | | | |
| Pay Costs | - | - | - | - |
| Non Pay Costs | (80) | (188) | (268) | (260) |
| Net Fee Income (Note 6) | <u>31</u> | <u>203</u> | <u>234</u> | <u>194</u> |
| Equipment | - | - | - | - |
| Balance at 31 August 2017 | <u><u>31</u></u> | <u><u>203</u></u> | <u><u>234</u></u> | <u><u>194</u></u> |

Funding is provided by the Higher Education Authority under the National Development Plan and is part funded by the European Social Fund.

8 Other Income

| | 2017 | 2016 |
|------------------------------------|---------------------|---------------------|
| | Total | Total |
| | €000's | €000's |
| Superannuation deductions retained | 1,391 | 1,282 |
| Bank Concession Fee | 150 | 150 |
| Rental of Facilities | 224 | 201 |
| Sundry Income | 240 | 228 |
| Subsidiary Company Income | 234 | 54 |
| | <u><u>2,239</u></u> | <u><u>1,915</u></u> |

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued)

For the year ended 31 August 2017

9 Staff Costs

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

| | 2017 No. of employees | 2016 No. of employees |
|-------------------------------------|-----------------------------|-----------------------------|
| Teaching and research | 314 | 303 |
| Technical | 43 | 40 |
| Central administration and services | 130 | 124 |
| | <u>487</u> | <u>467</u> |
| | 2017 €'000 | 2016 €'000 |
| Salaries and wages | 28,395 | 26,717 |
| Social welfare costs | 2,387 | 2,223 |
| Employer welfare costs | 175 | 98 |
| Campus Co | - | - |
| | <u>30,957</u> | <u>29,038</u> |

Key management compensation

The total remuneration for key management personnel for the year 2017 totalled €168,780 (2016: €159,354).

Key management personnel in the Institute consist of the President and members of the Governing Body.

Higher paid staff

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

| Salary Bands | Year Ended 31 August 2017 | Year Ended 31 August 2016 |
|--------------------|------------------------------|------------------------------|
| 60,000 - 70,000 | 54 | 74 |
| 70,001 - 80,000 | 70 | 83 |
| 80,001 - 90,000 | 77 | 27 |
| 90,001 - 100,000 | 6 | 10 |
| 100,001 -110,000 | 2 | 2 |
| 110,001 - 120,000 | 1 | - |
| 120,001 - 130,000 | - | - |
| 130,001 - 140,000 | - | - |
| 140,001 - 150,000 | 1 | 1 |
| 150,001 + | - | - |
| Grand Total | <u>211</u> | <u>197</u> |

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the Financial statements - (continued)
Year ended 31 August 2017

10 Other Operating Expenses

| | 2017 | 2017 | 2017 | 2017 | 2016 |
|-----------------------------|---------------|--------------|-----------------|---------------|---------------|
| | Pay Costs | Depreciation | Other Operating | Total | Total |
| | €000's | €000's | Expenses | €000's | €000's |
| | | | €000's | | |
| Academic Departments | 22,538 | | 2,443 | 24,981 | 23,057 |
| Academic Services | 1,327 | | 1,141 | 2,468 | 2,617 |
| Facilities | 709 | | 2,258 | 2,967 | 3,031 |
| Central Administration | 3,685 | | 2,831 | 6,516 | 5,519 |
| General Education | 448 | | 658 | 1,106 | 1,074 |
| Student Services | 664 | | 1,080 | 1,744 | 1,725 |
| Student Support Funding | - | | 268 | 268 | 260 |
| Research Grants & Contracts | 1,522 | | 1,541 | 3,063 | 1,911 |
| Other | 64 | | 197 | 261 | 291 |
| Depreciation | - | 3,075 | - | 3,075 | 2,909 |
| Total Expenditure | 30,957 | 3,075 | 12,417 | 46,449 | 42,394 |
| Total 2016 | 29,038 | 2,909 | 10,447 | 42,394 | |

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the Financial statements - (continued) Year ended 31 August 2017

10. Other Operating Expenses - continued

| | Consolidated 2017 €000's | Consolidated 2016 €000's |
|---------------------------------------------------|--------------------------------|--------------------------------|
| Classroom materials | 593 | 554 |
| Fees payable to educational partners | 908 | 610 |
| Library materials | 233 | 261 |
| IT licencing/upgrade and maintenance | 629 | 575 |
| General Education | 446 | 409 |
| Student Services | 629 | 780 |
| Students Union and Clubs and Societies subvention | 532 | 545 |
| Grants to students funded by external bodies | 105 | 112 |
| Research costs | 1,229 | 562 |
| Equipment | 872 | 723 |
| Equipment disposed | 15 | - |
| Light and Heat | 628 | 582 |
| Security | 235 | 218 |
| Cleaning and waste disposal | 483 | 503 |
| Services and repairs | 721 | 594 |
| Rent and Rates | 81 | 53 |
| Water rates | 46 | 49 |
| Travel, subsistence, etc | 626 | 550 |
| Training and development | 194 | 169 |
| Audit Fee- Internal Audit | 22 | (23) |
| Audit Fee- C&AG | 47 | 28 |
| Audit Fee- Subsidiary Company | 15 | 11 |
| Legal Fees | 145 | 142 |
| Professional fees | 449 | 398 |
| Outsourced Services | 158 | 152 |
| Subscriptions to Sectoral Bodies | 175 | 164 |
| Communication costs | 174 | 153 |
| Office stationery and supplies | 274 | 273 |
| Advertising of courses | 556 | 482 |
| Staff recruitment costs | 103 | 101 |
| Insurance costs | 198 | 177 |
| Bad debt costs - Student Fees | 886 | 506 |
| Bad debt costs - Trade Debtors | 10 | 9 |
| Bad debt costs- Subsidiaries | - | 25 |
| Total Other Operating Expenses | 12,417 | 10,447 |
| | 2017 | 2016 |
| | €000's | €000's |

Other Operating Expenses include,

| | | |
|-----------------------------------|----|----|
| Auditors Remuneration; | | |
| External Audit of Institute Group | 62 | 39 |
| Other Services | - | - |

Auditors Remuneration disclosed above excludes VAT.

The Institute has an Internal Audit function and the associated payroll costs have been included as part of staff costs for the year.

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued)
For the year ended 31 August 2017

11 Taxation

The Institute of Technology, Sligo is exempt from Corporation Tax under a charitable status order.

12 Surplus for the year

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

| | 2017 €'000 | 2016 €'000 |
|----------------------------------------------------------|---------------|---------------|
| Institute Surplus for the year | 1,415 | 1,214 |
| Surplus generated by subsidiaries and other undertakings | 71 | 70 |
| | <u>1,486</u> | <u>1,284</u> |

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued) For the year ended 31 August 2017

13. Property, Plant & Equipment Consolidated

| | Land & Buildings €'000 | Assets in course of construction €'000 | Fixtures & fittings incl. Prefabs €'000 | Computer equipment €'000 | Plant & machinery €'000 | Equipment €'000 | Motor Vehicles €'000 | Total €'000 |
|------------------------------|---------------------------|----------------------------------------------|--------------------------------------------------|--------------------------------|-------------------------------|--------------------|-------------------------|----------------|
| Cost | | | | | | | | |
| At 1 September 2016 | 95,004 | - | 5,178 | 10,994 | 1,927 | 13,440 | 50 | 126,593 |
| Assets removed from register | - | - | (1,433) | (4,918) | (533) | (4,697) | - | (11,581) |
| Retired Assets | - | - | (831) | (4,261) | (17) | (2,337) | - | (7,446) |
| Other adjustments | 1,396 | - | (916) | 183 | (152) | (511) | - | - |
| Additions in year | 437 | 4,236 | 17 | 411 | 714 | 266 | - | 6,081 |
| Disposals in year | - | - | (23) | (6) | - | (93) | - | (122) |
| At 31 August 2017 | 96,837 | 4,236 | 1,992 | 2,403 | 1,939 | 6,068 | 50 | 113,525 |
| Depreciation | | | | | | | | |
| At 1 September 2016 | 23,056 | - | 3,905 | 9,303 | 1,631 | 12,344 | 50 | 50,289 |
| Assets removed from register | - | - | (1,165) | (4,912) | (525) | (4,638) | - | (11,240) |
| Retired Assets | - | - | (831) | (4,261) | (17) | (2,337) | - | (7,446) |
| Other adjustments | 282 | - | (789) | 1,603 | 226 | (514) | - | 808 |
| Charge for year | 1,943 | - | 220 | 338 | 122 | 452 | - | 3,075 |
| Eliminated on disposals | - | - | (23) | (6) | - | (93) | - | (122) |
| At 31 August 2017 | 25,281 | - | 1,317 | 2,065 | 1,437 | 5,214 | 50 | 35,364 |
| Net book value | | | | | | | | |
| At 31 August 2017 | 71,556 | 4,236 | 675 | 338 | 502 | 854 | - | 78,161 |
| At 1 September 2016 | 71,948 | - | 1,273 | 1,691 | 296 | 1,096 | - | 76,304 |

Between November 2016 and May 2018 the Institute carried out an exercise on fixed assets to reconcile the fixed asset register to the nominal ledger balances for fixed assets. This exercise included a physical count.

As a result of this exercise €5,482,000 was removed from the cost of assets in year ended 31st August 2017 for assets previously disposed but not recorded as such (nbv €15,000), €2,299,000 was removed from the cost of fixed assets for assets not found (nbv €nil) and €3,800,000 was removed from the cost of fixed assets as the individual assets cost < €3,000, were purchased after 31st August 2007 and did not comply with the policy on capitalisation of assets (nbv €326,000).

€7,446,000 was also removed from the cost of fixed assets in the year for Retired Assets where the individual assets cost < €3K but they were purchased before 1st September 2007, on which date the policy on capitalisation of fixed assets changed when the limit was increased from €1,200 to €3,000 (nbv €nil).

A further adjustment was made to accumulated depreciation (€808,000) to reflect increased depreciation to take account of depreciation on assets which had been incorrectly classified when capitalised.

The increase in depreciation was offset by a corresponding increase in amortisation of state grant income.

The total adjustment to nbv of fixed assets in the period was €1,149,000.

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued) For the year ended 31 August 2017

13. Property, Plant & Equipment - in respect of prior year Consolidated

| | Land & buildings €'000 | Assets in course of construction €'000 | Fixtures & fittings incl. Prefabs €'000 | Computer equipment €'000 | Plant & machinery €'000 | Equipment €'000 | Motor Vehicles €'000 | Total €'000 |
|----------------------------|---------------------------|-------------------------------------------|--------------------------------------------|-----------------------------|----------------------------|--------------------|-------------------------|----------------|
| Cost | | | | | | | | |
| At 1 September 2015 | 92,665 | - | 5,138 | 10,647 | 1,984 | 13,098 | 50 | 123,582 |
| Additions in year | 2,339 | - | 40 | 368 | - | 351 | - | 3,098 |
| Disposals in year | | - | - | (21) | (57) | (9) | - | (87) |
| At 31 August 2016 | 95,004 | - | 5,178 | 10,994 | 1,927 | 13,440 | 50 | 126,593 |
| Depreciation | | | | | | | | |
| At 1 September 2015 | 21,206 | - | 3,666 | 9,021 | 1,634 | 11,892 | 48 | 47,467 |
| Charge for year | 1,850 | - | 239 | 303 | 54 | 461 | 2 | 2,909 |
| Eliminated on disposals | | | - | (21) | (57) | (9) | | (87) |
| At 31 August 2016 | 23,056 | - | 3,905 | 9,303 | 1,631 | 12,344 | 50 | 50,289 |
| Net book value | | | | | | | | |
| At 31 August 2016 | 71,948 | - | 1,273 | 1,691 | 296 | 1,096 | - | 76,304 |
| At 1 September 2015 | 71,459 | - | 1,472 | 1,626 | 350 | 1,206 | 2 | 76,115 |

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued) For the year ended 31 August 2017

13. Property, Plant & Equipment Institute Only

| | Land and buildings | Assets in course of construction | Fixtures & fittings | Computer equipment | Plant & machinery | Equipment | Motor Vehicles | Total |
|------------------------------|--------------------|-------------------------------------|------------------------|-----------------------|----------------------|--------------|-------------------|----------------|
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| Cost | | | | | | | | |
| At 1 September 2016 | 94,974 | - | 5,162 | 10,974 | 1,883 | 13,398 | 50 | 126,441 |
| Assets removed from register | - | - | (1,433) | (4,918) | (533) | (4,697) | - | (11,581) |
| Retired Assets | - | - | (831) | (4,261) | (17) | (2,337) | - | (7,446) |
| Other adjustments | 1,396 | - | (916) | 183 | (152) | (511) | - | - |
| Additions in year | 437 | 4,236 | 17 | 411 | 714 | 266 | - | 6,081 |
| Disposals in year | - | - | (23) | (6) | 0 | (93) | - | (122) |
| At 31 August 2017 | 96,807 | 4,236 | 1,976 | 2,383 | 1,895 | 6,026 | 50 | 113,373 |
| Depreciation | | | | | | | | |
| At 1 September 2016 | 23,049 | - | 3,881 | 9,284 | 1,597 | 12,314 | 50 | 50,175 |
| Assets removed from register | - | - | (1,165) | (4,912) | (525) | (4,638) | - | (11,240) |
| Retired Assets | - | - | (831) | (4,261) | (17) | (2,337) | - | (7,446) |
| Other adjustments | 282 | - | (789) | 1,603 | 226 | (514) | - | 808 |
| Charge for year | 1,943 | - | 218 | 338 | 120 | 452 | - | 3,071 |
| Eliminated on disposals | - | - | (23) | (6) | 0 | (93) | - | (122) |
| At 31 August 2017 | 25,274 | - | 1,291 | 2,046 | 1,401 | 5,184 | 50 | 35,246 |
| Net book value | | | | | | | | |
| At 31 August 2017 | 71,533 | 4,236 | 685 | 337 | 494 | 842 | - | 78,127 |
| At 1 September 2016 | 71,925 | - | 1,281 | 1,690 | 286 | 1,084 | - | 76,266 |

Between November 2016 and May 2018 the Institute carried out an exercise on fixed assets to reconcile the fixed asset register to the nominal ledger balances for fixed assets. This exercise included a physical count.

As a result of this exercise €5,482,000 was removed from the cost of assets in year ended 31st August 2017 for assets previously disposed but not recorded as such (nbv €15,000), €2,299,000 was removed from the cost of fixed assets for assets not found (nbv €nil) and €3,800,000 was removed from the cost of fixed assets as the individual assets cost < €3,000, were purchased after 31st August 2007 and did not comply with the policy on capitalisation of assets (nbv €326,000).

€7,446,000 was also removed from the cost of fixed assets in the year for Retired Assets where the individual assets cost < €3K but they were purchased before 1st September 2007, on which date the policy on capitalisation of fixed assets changed when the limit was increased from €1,200 to €3,000 (nbv €nil).

A further adjustment was made to accumulated depreciation (€808,000) to reflect increased depreciation to take account of depreciation on assets which had been incorrectly classified when capitalised.

The increase in depreciation was offset by a corresponding increase in amortisation of state grant income.

The total adjustment to nbv of fixed assets in the period was €1,149,000.

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued) For the year ended 31 August 2017

13. Property, Plant & Equipment - in respect of prior year Institute Only

| | Land and buildings €'000 | Assets in course of construction €'000 | Fixtures & fittings incl Prefabs €'000 | Computer equipment €'000 | Plant & machinery €'000 | Equipment €'000 | Motor Vehicles €'000 | Total €'000 |
|--------------------------|--------------------------------|-------------------------------------------------|-------------------------------------------------|--------------------------------|-------------------------------|--------------------|----------------------------|----------------|
| Cost | | | | | | | | |
| At 1 September 2015 | 92,635 | - | 5,122 | 10,627 | 1,940 | 13,062 | 50 | 123,436 |
| Additions in year | 2,339 | - | 40 | 368 | - | 345 | - | 3,092 |
| Disposals in year | - | - | - | (21) | (57) | (9) | - | (87) |
| At 31 August 2016 | 94,974 | - | 5,162 | 10,974 | 1,883 | 13,398 | 50 | 126,441 |
| Depreciation | | | | | | | | |
| At 1 September 2015 | 21,199 | - | 3,646 | 9,002 | 1,603 | 11,862 | 48 | 47,360 |
| Charge for year | 1,850 | - | 235 | 303 | 51 | 461 | 2 | 2,902 |
| Eliminated on disposals | - | - | - | (21) | (57) | (9) | - | (87) |
| At 31 August 2016 | 23,049 | - | 3,881 | 9,284 | 1,597 | 12,314 | 50 | 50,175 |
| Net book value | | | | | | | | |
| At 31 August 2016 | 71,925 | - | 1,281 | 1,690 | 286 | 1,084 | - | 76,266 |
| At 1 September 2015 | 71,436 | - | 1,476 | 1,625 | 337 | 1,200 | 2 | 76,076 |

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued)
For the year ended 31 August 2017

14. Investments

The Institute holds an interest in the following subsidiaries:

Subsidiary undertakings

Ballinode Catering and Services (Limited by guarantee)
Credco (Limited by guarantee)

Principal Activity

Ballinode Catering provides various services within the Institute of Technology, Sligo. These services include recreational facilities, hall hire, and the provision of graduate services.

Credco is involved mainly in consultancy, research, the furtherance of education and provision of incubation space.

| Interest | % |
|-------------------------|--------------|
| Ballinode Catering | 100% |
| Credco | 100% |
| Retained Surplus | €'000 |
| Ballinode Catering | 248 |
| Credco | 55 |

Both of the above subsidiary undertakings have their registered office and place of business at the Institute of Technology, Sligo

In the current year the Institute has begun proceedings to liquidate the subsidiaries and transfer their activities to the institute (as of the 30.06.2017)

15. Receivables

| | Consolidated | | Institute | |
|------------------------------------------|---------------|---------------|---------------|---------------|
| | 2017 €'000 | 2016 €'000 | 2017 €'000 | 2016 €'000 |
| Academic fees receivable | 902 | 680 | 902 | 680 |
| Provision for Academic fees | (886) | (613) | (886) | (613) |
| Other Capital funding receivable | - | 1,433 | - | 1,433 |
| Research Grants and Contracts Receivable | 300 | 83 | 300 | 83 |
| Prepayments and Accrued Income | 300 | 342 | 300 | 342 |
| Trade Debtors | 289 | 265 | 1,183 | 1,112 |
| Provision for Trade Receivables | (13) | (3) | (13) | (3) |
| Other receivables | 8 | 397 | 81 | 397 |
| | 900 | 2,584 | 1,867 | 3,431 |

16. Cash & cash equivalents

| | Consolidated | | Institute | |
|------------------------------------------------------------|---------------|---------------|---------------|---------------|
| | 2017 €'000 | 2016 €'000 | 2017 €'000 | 2016 €'000 |
| Cash at bank including balances held on short term deposit | 21,161 | 23,150 | 20,235 | 22,394 |

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued)
For the year ended 31 August 2017

| 17. Payables: amounts falling due within one year | Consolidated | | Institute | |
|-------------------------------------------------------------------|----------------|----------------|----------------|----------------|
| | 2017 €000's | 2016 €000's | 2017 €000's | 2016 €000's |
| State grant received in advance | 82 | 217 | 82 | 217 |
| Research Grants and Contracts in advance | 770 | 1,113 | 770 | 1,113 |
| Deferred Income Student Support Funding | 234 | 194 | 234 | 194 |
| Tuition fees and Student Registration Charges received in advance | 1,740 | 1,046 | 1,740 | 1,046 |
| Trade Payables and Accruals | 4,230 | 4,750 | 3,201 | 3,768 |
| Elimination of inter company balances | (1,339) | (1,272) | - | - |
| PAYE | 480 | 474 | 480 | 474 |
| PRSI | 275 | 263 | 275 | 263 |
| Other payables | 101 | 115 | 101 | 111 |
| Accruals and Deferred Income | 649 | 209 | 649 | 208 |
| Total Creditors | 7,222 | 7,109 | 7,532 | 7,394 |

| 18. Deferred Capital Grants | Consolidated | | Institute | |
|----------------------------------------------------|----------------|----------------|----------------|----------------|
| | 2017 €000's | 2016 €000's | 2017 €000's | 2016 €000's |
| At 1 September 2016 | | | | |
| Opening Balance | 76,262 | 76,072 | 76,262 | 76,072 |
| Cash received in year | | | | |
| Allocated from State recurrent grant | (251) | 450 | (251) | 450 |
| State Capital Grants | 750 | 2,191 | 750 | 2,191 |
| Other | (36) | 306 | (36) | 306 |
| Funded from reserves | 5,277 | 144 | 5,277 | 144 |
| Total | 5,740 | 3,091 | 5,740 | 3,091 |
| Amortised to Income and expenditure in year | | | | |
| Amortised in line with depreciation | (3,070) | (2,901) | (3,070) | (2,901) |
| Adjustment for Non State Assets | - | - | - | - |
| Total | (3,070) | (2,901) | (3,070) | (2,901) |
| Adjustment to accumulated depreciation (Note 13) | (808) | - | (808) | - |
| At 31 August 2017 | | | | |
| Closing Balance | 78,124 | 76,262 | 78,124 | 76,262 |

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued)
For the year ended 31 August 2017

19. Capital Development Reserve

| | Consolidated | | Institute | |
|---------------------------------|----------------|----------------|----------------|----------------|
| | 2017 €000's | 2016 €000's | 2017 €000's | 2016 €000's |
| Opening Balance | 8,594 | 8,738 | 8,594 | 8,738 |
| Interest earned | - | - | - | - |
| Transfer from Revenue Reserves | 578 | - | 578 | - |
| Capital Projects | (5,277) | (144) | (5,277) | (144) |
| Subsidiary company fixed assets | | - | | - |
| Closing Balance | <u>3,895</u> | <u>8,594</u> | <u>3,895</u> | <u>8,594</u> |

The Capital Development Reserve balance is made up of monies set aside to fund projects approved by the Governing Body. Project 1 is the refurbishment and extension of the Science Block. The budget approved for this project is €16,700,000, and €603,000 of the balance relates to this project.

Project 2 is the updating of IT Equipment and the IT network across the Institute. The budget for this is €1,515,000 and €471,000 of the balance relates to this project.

Project 3 is the refurbishment of Block C&D and the Foundation Lab. The budget for this is €7,078,000 and €2,550,000 of the balance relates to this project.

Project 4 is the upgrading of equipment and facilities in the area of Tool Making (Precision Engineering and Manufacturing). The budget for this is €1,000,000 and €271,000 of the balance relates to this project.

20. Capital Commitments

The Institute had no capital commitments at 31 August 2017.

21. Related Parties

In the normal course of business the Institute may enter into contractual arrangements with undertakings in which the Institute's Governing Body members are employed or otherwise interested. The Institute has adopted procedures in accordance with the Code of Governance of Irish Institute's of Technology in relation to the disclosure of interests by members of the Board and the Institute has complied with these procedures during the year.

22. Contingent Liabilities

There were no contingent liabilities existing at 31 August 2017.

23. Post Balance Sheet Events

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

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued) For the year ended 31 August 2017

24. CONNACHT-ULSTER ALLIANCE AND TECHNOLOGICAL UNIVERSITY APPLICATION

By collaborating together Institute of Technology Sligo, Galway-Mayo Institute of Technology and Letterkenny Institute of Technology will achieve the criteria required to become a technological university (TU) and thereby enhance the ability of the higher education system in the region to support economic, social and cultural developments across a geographically dispersed, mostly rural community. In 2017, IT Sligo approved its Strategic Plan 2017-2022 in which it stated that it will be a TU in 2022. During 2017, the CUA, at the request of the Dept of Educaion and Skills, met with Dundalk IT, Athlone IT, and Limerick IT to explore the level of interest from these three IoTs in joining the CUA. In all cases, the final decision was not to join the CUA at this point in time. Cumulative cost projections for the three institutions up to 2019 is €11.8m as outlined in the 2016 funding submission to the HEA. To date, the HEA have committed funding of €922,000 to the project.

In the current year IT Sligo received €857,000 from the HEA. GMIT received €230,000 and Letterkenny IT and IT Sligo received €216,500 each. The balance of €194,000 was allocated to salaries and other expenses directly related to the running of the CUA office.

25 Retirement Benefit Costs

(i) Staffing

New entrant staff, employed by the Institute after 1 January 2013 are members of the Single Public Service Pension Scheme in accordance with Public Sector Pensions (Single Scheme and Other Provisions) Acts 2012. Deductions from staff salaries under the Single Scheme are transferred to the Department of Public Expenditure and Reform on a monthly basis in accordance with the act.

(ii) Description of Scheme

Retirement benefit obligations are accounted for the first time in the 2016/2017 financial statements. The opening position at 1 September 2016 has been estimated by the actuary, based on market conditions at that time.

Institute Scheme

The pension scheme is a defined benefit final salary pension arrangement with benefits and contributions defined by reference to current "model" public sector scheme regulations. The scheme provides a pension (one eightieth per year of service), a gratuity or lump sum (three eightieths per year of service) and spouse's and children's pensions. Normal Retirement Age is a member's 65th birthday, and pre 2004 members have an entitlement to retire without actuarial reduction from age 60. Pensions in payment (and deferment) normally increase in line with general public sector salary inflation.

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued) For the year ended 31 August 2017

25 Retirement Benefit Costs (cont'd)

Single Scheme

The Single Scheme is the occupational pension scheme for new entrant public servants hired since 1 January 2013. It is a defined benefit scheme, with retirement benefits based on career-average pay. The scheme generates pension credits and retirement lump sum credits for each scheme member. These money credits, known as "referable amounts" accrue as percentages of pay on an ongoing basis. The referable amounts accrued each year are revalued annually until retirement in line with inflation increases (Consumer Price Index). The annual pension awarded on retirement is the cumulative total of a scheme member's pension referable amounts, and the retirement lump sum awarded is, similarly, the total of the scheme member's lump sum referable amounts.

Valuation

The valuation used for FRS 102 disclosures has been based on a full actuarial valuation by a qualified independent actuary taking account of the requirements of the FRS in order to assess the scheme liabilities at 31 August 2017. Former employees of the Institute who are in receipt of pension have been excluded from the valuation.

The principal actuarial assumptions used to calculate the components of the defined benefit cost for the year ended 31 August 2017 were as follows:

| | 31 August 2017 | 31 August 2016 |
|-------------------|----------------|----------------|
| Discount rate | 2.15% | 1.85% |
| Inflation rate | 1.75% | 1.55% |
| Salary increases | 3.25% | 3.05% |
| Pension increases | 2.75% | 2.55% |

The mortality basis adopted allows for improvements in life expectancy over time, so that life expectancy at retirement will depend on the year in which a member attains retirement age (age 65). The number of members in the Scheme and the number of deaths are too small to analyse and produce any meaningful Scheme-specific estimates of future levels of mortality. Average future life expectancy according to the mortality tables used to determine the pension liabilities are:

| | 31 August 2017 | 31 August 2016 |
|----------------|----------------|----------------|
| | Years | Years |
| Male aged 65 | 21.4 | - |
| Female aged 65 | 23.9 | - |

(iii) Analysis of total retirement benefit costs charged to the Consolidated and Institute Statement of Comprehensive Income

| | 31 August 2017 | 31 August 2016 |
|---------------------------------------------------|----------------|----------------|
| | €'000 | €'000 |
| Net Current service cost | 10,047 | - |
| Interest on retirement benefit scheme liabilities | 3,272 | - |
| Employee contributions / (benefits paid) | (1,528) | - |
| | <u>11,791</u> | <u>-</u> |

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued) For the year ended 31 August 2017

25 Retirement Benefit Costs (cont'd)

(iv) Movement in net retirement benefit obligations during the financial year

| | 31 August 2017 €'000 | 31 August 2016 €'000 |
|--------------------------------------------------|-------------------------|-------------------------|
| Net retirement benefit obligation at 1 September | (171,837) | - |
| Net Current service costs | (8,519) | - |
| Interest costs | (3,272) | - |
| Employee contributions | (1,528) | - |
| Benefits paid in period | - | - |
| Experience (loss)/gain on liabilities | - | - |
| Changes in actuarial assumptions | 4,716 | - |
| Net retirement benefit obligations at 31 August | <u>(180,440)</u> | <u>-</u> |
| Split between: | | |
| SPSPS | (2,243) | - |
| ESS | <u>(178,197)</u> | <u>-</u> |
| | <u>(180,440)</u> | <u>-</u> |

(v) Deferred funding asset for retirement benefits

The Institute is prescribed in S.I. No 581 of 2012 as a relevant authority for the purposes of the single scheme. It is the Institute's opinion (in accordance with Section 44 of the 2012 Act) that any liability in respect of the Single Scheme would be offset by an equivalent asset in respect of future state funding.

The Institute recognises amounts owing from the State for the unfunded deferred liability for retirement benefits relating to the Education Sector Superannuation Scheme 2015 on the basis of the set of assumptions described above and a number of past events. These events include the statutory basis for the establishment of the retirement benefit scheme, and the policy and practice currently in place in relation to funding public service pensions including contributions by employees and the annual estimates process. The Institute has no evidence that this funding policy will not continue to meet such sums in accordance with current practice.

The net deferred funding for retirement benefits recognised in the Consolidated and Institute Statement of Comprehensive Income was as follows:

| | 31 August 2017 €'000 | 31 August 2016 €'000 |
|-----------------------------------------------------------|-------------------------|-------------------------|
| Funding recoverable in respect of current year retirement | | |
| Benefit costs | 11,791 | - |
| Benefits paid in year | - | - |
| | <u>11,791</u> | <u>-</u> |

The deferred funding liabilities for retirement benefit as at 31 August 2017 amounted to €180,440,000

| (vi) History of defined benefits obligations | 2017 €'000 | 2016 €'000 |
|-----------------------------------------------------------------|---------------|---------------|
| Defined benefit obligations | 180,440 | - |
| Experience losses/(gains) on defined benefit scheme liabilities | - | - |
| Employee contributions | 1,528 | - |

26 Approval of Financial Statements

The financial statements were approved by the Governing Body on the 12th December 2018,