

**FINANCIAL REPORT
YEAR ENDED 30 SEPTEMBER 2003**

1 INTRODUCTION

The financial statements are prepared under the historical cost convention, modified to include the revaluation of land and buildings. They are presented to the executive committee in accordance with the Harmonisation of Financial Accounts Agreement as adopted by all Irish Universities.

A separate set of financial statements for the year ended 30 September 2003 and subsequent years will be prepared in accordance with generally accepted accounting principles in Ireland and the UK. These principles vary in certain significant respects from the accounting basis applied in preparing the financial statements in accordance with the Harmonisation of Financial Accounts Agreement.

2 RECURRENT INCOME

For the financial year ended 30 September (excluding revenue in respect of research and self funding programmes) income increased from €65.97 million to €73.42 million representing a growth of 11.3%.

State grant increased from €34.19 million to €37.40 million representing a growth of 9.4% while student fee income increased from €28.81 million to €33.13 million representing a growth of 15.0%.

State grant funding now represents 50.9% of total recurrent income compared to 51.8% in the previous year while funding from student fees represents 45.1% of recurrent income compared to 43.7% in the previous year. This adjustment in the proportion of funding being generated from the two main sources of recurrent income has arisen due to the rate of increase in State grant funding not keeping pace with the rate of general cost increase in AY2002/03 and as a consequence the student fee having to fund a higher share of total recurrent expenditure.

Revenue generated from sundry other sources decreased from €2.97 million to €2.89 million, a decrease of 2.7%. This reduction is due in the main to decrease in deposit interest earned on University cash balances arising from lower levels of interest rates.

3 RECURRENT EXPENDITURE

Recurrent expenditure increased from €66.10 million to €73.33 million during the year representing an increase of 10.9%. Pay as a proportion of total expenditure increased further during the year and now is at 65.3%. This trend is of concern and reflects the increase in financial inflexibility being experienced by the University.

4 CONTRACT RESEARCH AND OTHER SELF-FUNDED PROGRAMMES

Contract Research Income increased from €11.38 million to €13.68 million representing a growth of 20.21%. This is a very satisfactory outcome and reflects the University's success in implementing its research strategy. The research funding provided in the National Development Plan 2000-2006 has made a major contribution in the University's achievement in research funding during the year.

5 CAPITAL PROGRAMME

University capital expenditure amounted to €9.7 million during the year. This investment is a subset of the 2002-2008 development programme presently being implemented on the campus. During the year a range of the projects provided for in this development programme and of particular significance to the advancement of the University were progressed. These include, acquisition of key section of land on the north bank of the river Shannon, Health Science Building, Engineering Research Building, Millstream Courtyard Complex, University Bridge over the Shannon and Thomond Village.

The University Arena and the National 50m Swimming Pool was brought into full operation during the year. This allowed the 33m Pool in the Physical Education & Sports Science Building to be closed down and reconfigured to provide additional teaching and research facilities in Physical Education and in Sports Science.

The dramatic sculpture “An Crann Soilse” by the internationally renowned artist Sean Scully was completed during the year. This sculpture is an integral part of the winning design for the University’s main entrance.

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

6 CONCLUSION

The financial out-turn for the year under review has been satisfactory and in line with the preset budgetary targets. The continued advancement in the University’s academic strategy and physical development infrastructure has been maintained despite some funding difficulties and challenges.

These achievements would not have been possible without the commitment and dedication of University personnel, both faculty and support staff, and their contributions should be widely acknowledged and applauded.

The future financial outlook is not quite as bright as the satisfactory outcome reported for AY2002/03 might suggest. In particular the approach adopted by the Government in relation to State grant funding for 2004 has caused unprecedented financial turmoil in the University system. The University of Limerick has suffered a revenue shortfall of €3 million in 2004 as a direct result of under funding in the Core State grant. Consequently stringent expenditure reductions have been implemented to offset this shortfall which if continued will impact on the ability of the University to fulfil its strategic and operational ambitions.

John O’Connor
Vice President Administration & Secretary
30 April 2004

STATEMENT OF RESPONSIBILITIES

Statement of Responsibilities

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

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

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

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

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

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

On behalf of the University

President

Vice-President, Administration & Secretary

STATEMENT OF ACCOUNTING POLICIES

1. Financial Statements

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

2. Accounting Convention

The financial statements are prepared under the historical cost convention, modified to include the revaluation of land and buildings. They are presented in accordance with the existing Harmonisation of Financial Accounts Agreement as adopted by all Irish Universities. A review of the Harmonisation Agreement by the universities in consultation with the Higher Education Authority and the Comptroller and Auditor General, is nearing completion and will result in a new agreed harmonisation format. The Financial Statements for the year ended 30 September 2003 and subsequent years will be prepared in the new format on a consolidated basis and in accordance with the generally accepted accounting principles in Ireland and the U.K.

3. State Grants for Recurrent Expenditure

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

4. Grants for Capital Expenditure

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

5. Fee Income

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

6. Other Income

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

7. Approved Allocations

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

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

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

STATEMENT OF ACCOUNTING POLICIES - / Continued

8. Fixed Assets and Depreciation

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

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

Equipment, Fixtures and Fittings are stated at cost less accumulated depreciation.

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	20 years or 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.

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.

STATEMENT OF ACCOUNTING POLICIES - / Continued

13. Stocks

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

14. Pensions

Superannuation benefits are conferred by The National Institute for Higher Education, Limerick Superannuation Scheme 1982 and the Spouses' and Children's Pension Scheme 1986 which are approved under the University of Limerick Acts, 1980 and 1989. The schemes, which provide for defined benefits, are 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. The implications of FRS 17 in relation to Irish universities will be addressed in the forthcoming review of the 'Harmonisation of Accounts' format.

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.

UNIVERSITY OF LIMERICK

CURRENT INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 30 SEPTEMBER

INCOME	NOTES	2003 €'000	2002 €'000
State Grants	1	37,395	34,194
Student Fees	2	33,133	28,808
Other Income	3	2,893	2,969
		<u>73,421</u>	<u>65,972</u>
Contract Research and Other Self-Funded Programmes	4	21,022	19,147
		<u>94,443</u>	<u>85,119</u>
Mary Immaculate College			
State Grants		8,015	8,502
Student Fees		4,968	4,627
		<u>12,983</u>	<u>13,129</u>
Less amount transferred to College		(12,983)	(13,129)
		<u>94,443</u>	<u>85,119</u>
Total		<u>94,443</u>	<u>85,119</u>
EXPENDITURE			
Colleges and Departments	5	41,583	37,065
Academic and Other Services	6	8,225	7,971
Premises	7	9,164	8,193
Amount allocated for Capital Purposes	8	1,831	1,839
Central Administration and Services	9	6,394	6,015
General Educational Expenditure	10	1,315	1,037
Student Services	11	2,066	2,084
Miscellaneous Expenditure	12	2,749	1,861
		<u>73,326</u>	<u>66,064</u>
Contract Research and Other Self-Funded Programmes	4	21,022	19,147
		<u>94,349</u>	<u>85,211</u>
Total	13	<u>94,349</u>	<u>85,211</u>
Surplus/(Deficit) on Activities before Amortisation of Capital Reserves and Grants, Ancillary Services and Depreciation of Fixed Assets		95	(92)
(Deficit)/Surplus on Ancillary Services	14	(51)	349
Depreciation of Fixed Assets	15	(7,452)	(7,697)
General Reserve Movement	16	7,503	7,348
		<u>95</u>	<u>(92)</u>
NET SURPLUS/(DEFICIT) for year	24	<u>95</u>	<u>(92)</u>

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

President
Secretary

Vice-President, Administration &

UNIVERSITY OF LIMERICK

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES YEAR ENDED 30 SEPTEMBER

	2003	2002
	€'000	€'000
SURPLUS/(DEFICIT) for year	95	(92)
Unrealised surplus on revaluation of Land and Buildings	-	-
	<hr/>	<hr/>
Total recognised gains and losses relating to year	<u>95</u>	<u>(92)</u>

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

President
Secretary

Vice-President, Administration &

UNIVERSITY OF LIMERICK

BALANCE SHEET

YEAR ENDED 30 SEPTEMBER

	NOTES	2003 €'000	2002 €'000
TANGIBLE FIXED ASSETS	17	<u>244,041</u>	<u>241,691</u>
INVESTMENTS	18	<u>20,962</u>	<u>20,438</u>
CURRENT ASSETS			
Bank Balances and Cash		17,368	15,309
Debtors and Prepayments	19	4,871	5,189
Stocks		<u>54</u>	<u>39</u>
		22,293	20,537
CURRENT LIABILITIES			
Creditors and Accrued Expenditure	21	(28,309)	(27,401)
		<u>(28,309)</u>	<u>(27,401)</u>
NET CURRENT LIABILITIES		<u>(6,016)</u>	<u>(6,864)</u>
LONG TERM LIABILITIES			
Creditors due after one year	27	<u>(65)</u>	<u>(44)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>258,922</u>	<u>255,221</u>
REPRESENTED BY		€'000	€'000
General Reserve	22	234,460	232,617
Restricted Reserves	23	23,865	22,102
Revenue Reserve	24	<u>597</u>	<u>502</u>
		<u>258,922</u>	<u>255,221</u>

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

President

Vice-President, Administration & Secretary

UNIVERSITY OF LIMERICK

CASH FLOW STATEMENT**YEAR ENDED 30 SEPTEMBER**

	NOTES	2003	2002
		€'000	€'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	25	1,723	2,860
RETURN ON INVESTMENTS AND SERVICING OF FINANCE			
Interest Received (Net)		792	851
CAPITAL EXPENDITURE			
Payments to acquire Tangible Fixed Assets		(9,860)	(16,598)
Receipts from Sale of Tangible Fixed Assets		6	1
NET CASH (OUTFLOW) BEFORE FINANCING		<u>(7,339)</u>	<u>(12,886)</u>
FINANCING			
HEA Capital Grants		2,241	2,472
Non HEA Capital Receipts		7,157	12,623
CASH INFLOW FROM FINANCING		<u>9,398</u>	<u>15,095</u>
NET CASH INFLOW AFTER FINANCING		<u>2,059</u>	<u>2,209</u>
INCREASE IN CASH AND CASH EQUIVALENTS	26	<u>2,059</u>	<u>2,209</u>

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

President

Vice-President, Administration & Secretary

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1	2003 €'000	2002 €'000
STATE GRANTS		
Recurrent Grant	35,002	31,336
Targeted Funding for Special Initiatives	2,298	2,762
Minor Works	95	95
Total	37,395	34,194
NOTE 2		
	2003 €'000	2002 €'000
STUDENT FEES		
Student Fees	32,520	28,598
Miscellaneous Fee Income	613	210
Total	33,133	28,808
NOTE 3		
	2003 €'000	2002 €'000
OTHER INCOME		
Interest Receivable (Net)	792	851
Funded Posts	374	533
Contract Research and Other Self-Funded Programmes	613	608
Contributions		
Non-EU Fees	1,042	892
Miscellaneous Income	72	85
Total	2,893	2,969
NOTE 4		
	2003 €'000	2002 €'000
CONTRACT RESEARCH AND OTHER SELF-FUNDED PROGRAMMES		
Contract Research Programmes	13,681	11,384
Other Self-Funded Programmes	7,341	7,763
Total	21,022	19,147

NOTES TO THE FINANCIAL STATEMENTS - /Continued

NOTE 5	Pay Costs €'000	Non Pay €'000	2003 €'000	2002 €'000
COLLEGES AND DEPARTMENTS				
Academic	28,740	-	28,740	25,470
Technical	2,934	-	2,934	2,436
Administrative Support	2,992	-	2,992	2,565
Materials and Expenses	(4)	6,880	6,876	6,562
Miscellaneous	-	41	41	32
Total	34,662	6,921	41,583	37,065
NOTE 6				
	Pay Costs €'000	Non Pay €'000	2003 €'000	2002 €'000
ACADEMIC AND OTHER SERVICES				
Library	1,809	1,724	3,533	3,312
Information Technology	1,793	1,078	2,871	2,908
Cooperative Education and Careers Division	877	944	1,821	1,751
Total	4,479	3,746	8,225	7,971
NOTE 7				
	Pay Costs €'000	Non Pay €'000	2003 €'000	2002 €'000
PREMISES				
Premises Maintenance	1,221	2,812	4,033	3,624
General Services	72	2,879	2,951	2,836
Minor Works	-	233	233	126
Insurance	-	502	502	257
Energy Costs	-	1,444	1,444	1,349
Total	1,293	7,871	9,164	8,193
NOTE 8				
	Pay Costs €'000	Non Pay €'000	2003 €'000	2002 €'000
AMOUNT ALLOCATED FOR CAPITAL PURPOSES				
Capital Projects	-	1,351	1,351	1,527
Equipment	-	479	479	312
Total	-	1,831	1,831	1,839

NOTES TO THE FINANCIAL STATEMENTS - /Continued

NOTE 9	Pay Costs €'000	Non Pay €'000	2003 €'000	2002 €'000
CENTRAL ADMINISTRATION AND SERVICES				
Staff	4,137	-	4,137	3,820
Materials and Services	(7)	1,820	1,813	1,942
Professional Charges	-	19	19	10
Miscellaneous	69	357	426	244
Total	4,198	2,196	6,394	6,015
NOTE 10				
	Pay Costs €'000	Non Pay €'000	2003 €'000	2002 €'000
GENERAL EDUCATIONAL EXPENDITURE				
Examination Expenses	235	258	494	420
Scholarships/ Grants/ Waivers	-	226	226	185
Miscellaneous Expenses	110	485	595	431
Total	345	970	1,315	1,037
NOTE 11				
	Pay Costs €'000	Non Pay €'000	2003 €'000	2002 €'000
STUDENT SERVICES				
Capitation and Other Grants	-	681	681	627
Sports and Recreation	277	216	493	590
Health and Counselling	433	56	489	455
Student Personnel Services	273	131	403	412
Total	982	1,083	2,066	2,084
NOTE 12				
	Pay Costs €'000	Non Pay €'000	2003 €'000	2002 €'000
MISCELLANEOUS EXPENDITURE				
Pensions	2,749	-	2,749	1,861
Total	2,749	-	2,749	1,861
NOTE 13				
	Pay Costs €'000	Non Pay €'000	2003 €'000	2002 €'000
COMPOSITION OF TOTAL EXPENDITURE				
Academic and Related Services	48,710	24,617	73,327	66,024
Contract Research and Other	8,614	12,408	21,022	19,147
Self-funded Programmes				
Total Expenditure	57,323	37,026	94,349	85,170

NOTES TO THE FINANCIAL STATEMENTS - / Continued

NOTE 14	Income	Expenditure	2003 Surplus / (Deficit) €'000	2002 Surplus / (Deficit) €'000
ANCILLARY SERVICES	€'000	€'000	€'000	€'000
Reprographic Services	257	(92)	165	82
National Coaching and Training Centre	1,401	(1,606)	(205)	270
Killaloe Activity Centre	343	(354)	(11)	(3)
	<u>2,001</u>	<u>(2,052)</u>	<u>(51)</u>	<u>349</u>
Movement on Ancillary Services	<u>2,001</u>	<u>(2,052)</u>	<u>(51)</u>	<u>349</u>
NOTE 15			2003	2002
DEPRECIATION OF FIXED ASSETS			€'000	€'000
Land and Buildings			4,639	4,489
Equipment			2,719	3,158
Leased Assets			94	50
			<u>7,452</u>	<u>7,697</u>
Total			<u>7,452</u>	<u>7,697</u>
NOTE 16			2003	2002
GENERAL RESERVE MOVEMENT			€'000	€'000
Amortisation in line with Depreciation			7,452	7,697
Deficit/(Surplus) of Ancillary Services to General Reserve Account			51	(349)
			<u>7,503</u>	<u>7,348</u>
Total			<u>7,503</u>	<u>7,348</u>

NOTES TO THE FINANCIAL STATEMENTS - / Continued

NOTE 17

Tangible Fixed Assets	Land and Buildings €'000	Equipment €'000	Leased Assets €'000	2003 Total €'000
Valuation	190,308	-	-	190,308
Cost	<u>59,049</u>	<u>28,177</u>	<u>1,436</u>	<u>88,662</u>
	249,357	28,177	1,436	278,970
Additions:				
Additions	7,339	2,367	154	9,860
Disposals	<u>-</u>	<u>(1,669)</u>	<u>(257)</u>	<u>(1,926)</u>
	7,339	698	(103)	7,934
Cost/Valuation At 30 September 2003				
Valuation	190,308	-	-	190,308
Cost	<u>66,388</u>	<u>28,875</u>	<u>1,333</u>	<u>96,596</u>
Total	<u>256,696</u>	<u>28,875</u>	<u>1,333</u>	<u>286,904</u>
Depreciation				
At 30 September 2002	(16,548)	(19,359)	(1,372)	(37,279)
Disposals	-	1,611	257	1,868
Depreciation for Year	<u>(4,639)</u>	<u>(2,719)</u>	<u>(94)</u>	<u>(7,452)</u>
At 30 September 2003	<u>(21,187)</u>	<u>(20,467)</u>	<u>(1,209)</u>	<u>(42,863)</u>
Net Book Value 2002	<u>232,809</u>	<u>8,818</u>	<u>64</u>	<u>241,691</u>
Net Book Value 2003	<u>235,509</u>	<u>8,408</u>	<u>124</u>	<u>244,041</u>

NOTES TO THE FINANCIAL STATEMENTS - / Continued

NOTE 18	2003 €'000	2002 €'000
INVESTMENTS		
	20,962	20,438
Total	20,962	20,438

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	2003 €'000	2002 €'000
DEBTORS AND PREPAYMENTS		
Contract Research & Other Self-Funded Programmes	(951)	(801)
Debtor Balances	1,871	1,644
Other Debtors and Prepayments	3,951	4,346
Total	4,871	5,189

NOTE 20	2003 €'000	2002 €'000
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CAPITAL INCOME AND CAPITAL EXPENDITURE

INCOME

Grant from Higher Education Authority	2,241	2,472
Grants from Private Donors	2,750	8,481
Capital Income - Other Sources	2,576	2,303
Transfer from Current Income and Expenditure Account	1,831	1,839
Total	9,398	15,095

EXPENDITURE

Land/Buildings	7,339	13,316
Equipment	2,367	3,218
Capital Value of Lease Payments	83	62

Total	9,789	16,596
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Deficit for year	(391)	(1,501)
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Deficit at beginning of year	(8,688)	(7,187)
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Deficit at end of year	(9,079)	(8,688)
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NOTES TO THE FINANCIAL STATEMENTS - / Continued

NOTE 21	2003 €'000	2002 €'000
CREDITORS AND ACCRUED EXPENDITURE		
Contract Research & Other Self-Funded Programmes	7,620	6,374
State Grants for Recurrent Expenditure received in advance	5,645	4,303
Academic Fees received in advance	6,233	5,817
Lease Obligations	80	46
Other Creditors and Accruals	8,731	10,861
	<u>28,309</u>	<u>27,401</u>
Total	<u>28,309</u>	<u>27,401</u>

Included in Creditors at 30 September 2003 is an amount €1.232m (2002: €1.425m) accrued in respect of commitments for non-pay expenditure in Academic Departments and Library Services.

NOTE 22	2002 Opening Balance €'000	Current Year Movement €'000	2003 Closing Balance €'000
GENERAL RESERVE			
Valuation -Fixed Assets	157,328	-	157,328
Research Equipment	6,670	485	7,155
State Capital Grants	55,583	2,241	57,824
Recurrent Funding Transfer	24,416	1,831	26,248
Capital Donations	41,729	3,128	44,857
Other	(15,829)	(259)	(16,088)
	<u>269,897</u>	<u>7,426</u>	<u>277,324</u>
Amortisation			
Valuation -Fixed Assets	5,221	-	5,221
Research Equipment	(2,881)	-	(2,881)
Amortisation in line with Asset Depreciation	(55,786)	(7,452)	(63,238)
Less Accumulated Amortisation on Disposals	16,166	1,868	18,034
	<u>232,617</u>	<u>1,842</u>	<u>234,460</u>
Total	<u>232,617</u>	<u>1,842</u>	<u>234,460</u>

NOTE 23	2003 €'000	2002 €'000
RESTRICTED RESERVES		
Balance at beginning of year	22,102	16,605
Student Levies Interest and Other Income (Net)	1,763	5,497
	<u>23,865</u>	<u>22,102</u>
Balance at end of year	<u>23,865</u>	<u>22,102</u>

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

UNIVERSITY OF LIMERICK

NOTES TO THE FINANCIAL STATEMENTS - / Continued

NOTE 24	2003	2002
	€'000	€'000
REVENUE RESERVE		
Balance at beginning of year	502	594
Surplus/(Deficit) for the year	95	(92)
	<u>597</u>	<u>502</u>

NOTE 25	2003	2002
	€'000	€'000
NET CASH INFLOW FROM OPERATING ACTIVITIES		
Surplus/(Deficit) for the year	95	(92)
Less Interest Received (Net)	(792)	(851)
	<u>7,452</u>	<u>7,697</u>
Depreciation of Fixed Assets	7,452	7,697
Amortisation of General Reserves	(7,452)	(7,697)
(Deficit)/Surplus in Ancillary Services	(51)	349
	<u>(524)</u>	<u>(7,165)</u>
Increase in Investments	(524)	(7,165)
Decrease/(Increase) in Debtors and Prepayments	318	(1,797)
(Increase)/Decrease in Stock	(15)	4
Increase in Creditors and Accruals	908	6,911
Increase in Long Term Liabilities	21	4
Increase in Restricted Reserves	1,763	5,497
	<u>1,723</u>	<u>2,860</u>
NET CASH INFLOW FROM OPERATING ACTIVITIES	1,723	2,860

NOTE 26	At 30 September 2002	Cash Flow	At 30 September 2003
	€'000	€'000	€'000
ANALYSIS OF CHANGES IN NET FUNDS			
Cash	15,309	2,059	17,368
Finance Leases	90	55	145
	<u>15,399</u>	<u>2,114</u>	<u>17,513</u>
Total	15,399	2,114	17,513

NOTE 27	2003	2002
	€'000	€'000
FINANCE LEASES		
Amounts due within one year (Note 21)	80	46
Amounts due after more than one year	65	44
	<u>145</u>	<u>90</u>
Total	145	90

NOTE 28	2003	2002
	€'000	€'000
ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS		
Balance at beginning of year	15,309	13,100
Net Cash Inflow	2,059	2,209
	<u> </u>	<u> </u>
Balance at end of year	<u>17,368</u>	<u>15,309</u>

NOTE 29**PENSION**

Salaries and wages are charged net of employees' pension contributions (the total of such contributions in the period was €2.110m (2002: €1.911m) and benefits are met from current revenue as they arise). Pensions paid in the year and included in miscellaneous expenditure amounted to €2.748m (2002: €1.861m).

NOTE 30	2003	2002
	€'000	€'000
CAPITAL COMMITMENTS		
Contracted at 30 September	<u>39,432</u>	<u>44,615</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 €8.71m within the period of 8-10 years.

NOTE 31**CONTINGENT LIABILITY**

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

NOTE 32**RELATED PARTIES**

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

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

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

NOTE 32 - / Continued

The University of Limerick Foundation is a related company, limited by guarantee. The objectives of the Foundation are, generally the furtherance of education and research, in particular the furtherance of education and research carried out by the University of Limerick and other educational, research and development bodies, associated with the University of Limerick in their pursuit of education, teaching and research.

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

NOTE 33

RELATED PARTY TRANSACTIONS

- (a) Plassey Campus Developments Ltd. was the principal contractor associated with other ongoing property development contracts totalling €6,818,318 in the year (2002: €5,141,650) on behalf of the University of Limerick. Representatives of the University are members of Plassey Campus Centre Ltd. At the balance sheet date €1,145,848 (2002: €258,853) was outstanding in respect of such contract work.
- (b) Plassey Campus Developments Ltd. was the principal contractor associated with a property development contract totalling €Nil in the year (2002: €6,598) jointly on behalf of Plassey Trust Company Ltd. and the University of Limerick. Representatives of the University are members of Plassey Campus Centre Ltd., the parent company. At the balance sheet date €Nil (2002: €Nil) was outstanding in respect of such contract work.

NOTE 34

APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved on 30 April 2004.

UNIVERSITY OF LIMERICK

REPORT OF THE INDEPENDENT MANAGEMENT AUDITORS

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

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

Respective responsibilities of the University and the Auditors

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

This report, including the opinion, has been prepared for and only for the members of the Executive Committee of the University as a body in accordance with our appointment. We do not, in giving this opinion, accept or assume responsibility for any other purposes or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

Basis of opinion

We conducted our audit of the Financial Statements for the year ended 30 September 2003 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 of information in the Financial Statements.

Opinion

In our opinion the Financial Statements of the University in respect of the year ended 30 September 2003 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**

30 April 2004

UNIVERSITY OF LIMERICK

FIVE YEAR SUMMARY - EXPENDITURE

	1998/99	%	1999/00	%	2000/01	%	2001/02	%	2002/03	%
	€'000		€'000		€'000		€'000		€'000	
Colleges and Departments	26,682	44	28,175	43	32,332	45	37,065	44	41,583	44
Contract Research Programmes	8,350	14	8,176	12	8,082	11	11,384	13	13,681	14
Other Self-Funded Programmes	4,150	7	5,393	8	5,183	7	7,763	9	7,341	8
Academic and Other Services	6,046	10	6,726	10	7,284	10	7,971	10	8,225	9
Premises	6,532	11	6,998	11	7,452	10	8,193	10	9,164	10
Central Administration and Services	3,987	6	4,055	6	5,255	8	6,015	7	6,394	7
General Educational Expenditure	663	1	736	1	990	1	1,037	1	1,315	1
Student Services	1,611	3	1,812	3	1,901	3	2,084	2	2,066	2
Miscellaneous Expenditure	825	1	1,328	2	1,234	2	1,861	2	2,749	3
Amount Allocated for Capital Purposes	1,969	3	2,343	4	2,428	3	1,839	2	1,831	2
Total	<u>60,815</u>	<u>100</u>	<u>65,742</u>	<u>100</u>	<u>72,141</u>	<u>100</u>	<u>85,211</u>	<u>100</u>	<u>94,349</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.