

**Institute of Technology Carlow**  
**Financial Statements**  
**For the year ended 31 August 2016**

# **Institute of Technology Carlow**

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# **Institute of Technology Carlow**

## **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 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 enables it to ensure that the 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:**

  
Mr. John Moore

**President:**

  
Dr. Patricia Mulcahy

**Date:**

31/08/17

# **Institute of Technology Carlow**

## **Statement on Internal Control**

### **Responsibility for the System of Internal Control**

The Governing Body acknowledges its responsibilities for ensuring that an effective system of internal control is maintained and operated in the Institute. The system of internal control consists of those processes used to identify, evaluate and manage the significant risks faced by the Institute in the management of its affairs.

The system is designed to manage rather than eliminate risk, recognising that only reasonable and not absolute assurance can be provided that assets are safeguarded, transactions are authorised and properly recorded and that material errors or irregularities are either prevented or would be detected on a timely basis.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks, and to manage them efficiently, effectively and economically.

### **Key Control Procedures**

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

- Financial procedures and regulations are currently documented, implemented and up to date.
- Regular reviews by the Governing Body of periodic and annual financial reports which include financial performance against budgets.
- Clearly defined capital investment control guidelines.
- The establishment of an Audit Committee with a defined audit charter and with clear terms of reference which deal with significant control issues. The Audit committee receives reports from the internal auditors.

The Institute has an internal audit function, which operates in accordance with the Code of Governance in Irish Institutes of Technology. An internal audit strategy has been developed based on a risk assessment, carried out by the Institute's Executive Board. The Institute's Audit Committee has approved this audit strategy.

At least once annually the Internal Auditors provide the Audit Committee with a report of internal audit activity.

### **Risk Management**

Within our risk management strategy the Institute has:

- Assigned the responsibility of risk management to Senior Management
- Held a risk management workshop
- Developed an Institute wide risk register
- Requested that internal audit planning considers the risk register
- Incorporated risk management as an agenda item on a regular basis for meetings of relevant committees
- Received confirmation of compliance to policies and procedures
- Drafted the risk management policy

In addition to the actions mentioned above, in the coming year the Institute plans to:

- Adopt the risk management policy.
- Update the risk register.

# Institute of Technology Carlow

## Statement on Internal Control (cont'd)

### Annual Review of Controls

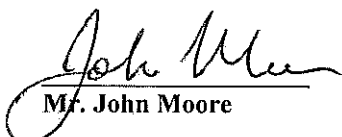
The Governing Body's monitoring and review of the effectiveness of the system of internal controls is informed by;

- the work of the Internal Auditors. The Auditors submit reports which include an independent opinion on the adequacy and effectiveness of the Institute's system of internal controls, with recommendations for improvement. These reports are provided to the Institute's Audit Committee who reports directly to the Governing Body.
- the Audit Committee which oversees the work of the Internal Auditors. The Audit Committee meets the Internal Auditors to review the work of Internal Audit.
- Senior officers within the Institute, who have responsibility for the development and maintenance of the financial control framework.
- the comments made by the Comptroller and Auditor General's annual external audit in their management letter.

In June 2017 the Institute identified a suspected theft / fraud. The matter has been referred to the Gardaí and an investigation is ongoing. The Institute has informed the HEA Higher Education Authority, the Office of the Comptroller and Auditor General, the Institute's internal auditors and the Audit Committee of the Governing Body and the Governing Body. The Institute has calculated the extent of its loss as €26,601. The Institute has reviewed and strengthened its control procedures around cash and cheque handling as a result of this incident.

We confirm that for the year ended 31 August 2016, the Governing Body conducted a review in December 2016 of the effectiveness of the system of Internal Controls.

Chairman:

  
Mr. John Moore

President:

  
Dr. Patricia Mulcahy

Date:

31/08/17



## Comptroller and Auditor General

### Report for presentation to the Houses of the Oireachtas

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#### Institute of Technology Carlow

I have audited the financial statements of the Institute of Technology Carlow for the year ended 31 August 2016 under the Institutes of Technology Acts 1992 to 2006. The financial statements comprise the statement of income and expenditure, the statement of changes in reserves and capital account, the statement of financial position, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is the Institutes of Technology Acts 1992 to 2006 and generally accepted accounting practice.

#### Responsibilities of the Institute

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

#### Responsibilities of the Comptroller and Auditor General

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

My audit is conducted by reference to the special considerations which attach to bodies in receipt of substantial funding from the State in relation to their management and operation.

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

#### Scope of audit of the financial statements

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

- whether the accounting policies are appropriate to the Institute's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

#### Opinion on the financial statements

In my opinion, the financial statements

- give a true and fair view of the assets, liabilities and financial position of the Institute as at 31 August 2016 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with generally accepted accounting practice.

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

#### Emphasis of matter – Future pension arrangements

Without qualifying my opinion on the financial statements, I draw attention to Note 11 Employee Benefits.

Employees of the Institute are members of two defined benefit pension schemes: the Single Public Service Pension Scheme and the Education Sector Superannuation Scheme 2015. The Institute has not provided in these financial statements for the cost of future benefits that have accrued to staff members under the schemes.

The Single Scheme applies to Institute staff that joined the public sector as new entrants on or after 1 January 2013. The Institute is prescribed in legislation as a relevant authority for the purposes of the Scheme, and is liable to meet future pension payments. The Scheme states that Oireachtas funding will be provided to meet such obligations.

Employees recruited to the Institute before 1 January 2013 became members of the Education Sector Superannuation Scheme 2015. This provides that the payment of Scheme benefits is a function of the Institute. In reality, however, the payment and funding mechanisms have remained unchanged since the introduction of the Scheme i.e. pension payments continue to be funded directly under Vote 26 Education and Skills and are paid on the Department's behalf by the Payroll Shared Services Centre, on an agency basis.

The Department of Education and Skills is seeking legal advice in relation to where the responsibility lies for pension liabilities under the 2015 Scheme.

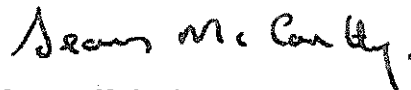
**Matters on which I report by exception**

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

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

***Fraud incident***

The Institute refers in its statement on internal control to an instance of suspected fraud that was discovered in June 2017. Following an investigation, the loss incurred by the Institute is estimated at €26,600.



**Seamus McCarthy**  
**Comptroller and Auditor General**

**13 September 2017**

# Institute of Technology, Carlow

## Statement of Income and Expenditure Year ended 31 August 2016

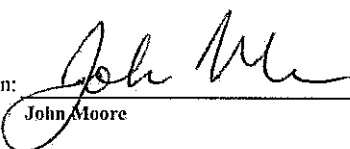
	Note	31/08/16 €000's	Restated 31/08/15 €000's
<b>Income</b>			
Tuition Fees and Student Contribution	4	19,675	18,190
State Grants	3	16,171	15,746
Research Grants & Contracts	5	996	904
Amortisation of Deferred Capital Grants	17	2,203	2,336
Student Support Funding Income Recognised	7	299	243
Other Income	8	2,015	2,056
Interest Income		119	245
<b>Total Income</b>		<b>41,478</b>	<b>39,720</b>
<b>Expenditure</b>			
Staff costs	9	26,054	25,200
Other Operating Expenses	10	8,462	8,259
Depreciation	12	2,304	2,434
<b>Total Expenditure</b>		<b>36,820</b>	<b>35,893</b>
<b>Surplus / (Deficit) for the year before appropriations</b>		<b>4,658</b>	<b>3,827</b>
<b>Transfer to Capital Development Reserve</b>	19	<b>(3,922)</b>	<b>(3,618)</b>
<b>Release from Capital Development Reserve</b>		<b>(1)</b>	<b>137</b>
<b>Surplus / (Deficit) after appropriations</b>		<b>735</b>	<b>346</b>

All items of Income & Expenditure relate to continuing activities.

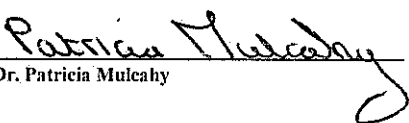
The statement of income and expenditure includes all gains and losses recognised in the year.

Notes 1 to 27 form part of these financial statements.

Signed on behalf of the Governing Body

Chairman:   
John Moore

Date: 31/08/17

President:   
Dr. Patricia Mulcahy

Date: 31/08/17



# Institute of Technology, Carlow

## Statement of Changes in Reserves and Capital Account Year ended 31 August 2016

	Note 17 Restated Def Cap Grants €000's	Note 19 Restated CDR €000's	Restated Revenue Reserves €000's	Total €000's
<b>Opening Balance at 1 September 2014</b>	<b>42,541</b>	<b>10,437</b>	<b>6,789</b>	<b>59,767</b>
Surplus for the year before appropriations			3,827	3,827
Amortisation of Deferred Capital Grants	(2,336)			(2,336)
State Grant Allocated to Capital	1,012			1,012
<b>Transfers to CDR</b>				
State Grant Allocated to CDR		1,200	(1,200)	-
Transfer to CDR		2,418	(2,418)	-
Total Transfer to CDR		3,618	(3,618)	-
<b>Transfers from CDR</b>				
Transfer from CDR to DCG	259	(259)		-
Transfer from CDR to Rev Reserves - Non State Assets		(137)	137	-
Total Transfer from CDR		(396)		-
<b>Movement for the Period</b>	<b>(1,065)</b>	<b>3,222</b>	<b>346</b>	<b>2,503</b>
<b>Balance at 31 August 2015</b>	<b>41,476</b>	<b>13,659</b>	<b>7,135</b>	<b>62,270</b>
Surplus for the year before appropriations			4,658	4,658
Amortisation of Deferred Capital Grants	(2,203)			(2,203)
State Grant Allocated to Capital	992			992
<b>Transfers to CDR</b>				
State Grant Allocated to CDR		1,500	(1,500)	-
Transfer to CDR		2,422	(2,422)	-
Total Transfer to CDR		3,922	(3,922)	-
<b>Transfers from CDR</b>				
Transfer from CDR to DCG	6,159	(6,159)		-
Transfer from CDR to Rev Reserves - Non State Assets		1	(1)	-
Total Transfer from CDR		(6,158)		-
<b>Movement for the Period</b>	<b>4,948</b>	<b>(2,236)</b>	<b>735</b>	<b>3,447</b>
<b>Balance at 31 August 2016</b>	<b>46,424</b>	<b>11,423</b>	<b>7,870</b>	<b>65,717</b>

Notes 1 to 27 form part of these financial statements.

Signed on behalf of the Governing Body

Chairman:

John Moore

Date:

31/08/17

President:

Dr. Patricia Mulcahy

Date:

31/08/17

# Institute of Technology, Carlow

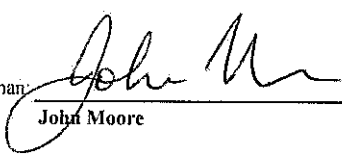
## Statement of Financial Position Year ended 31 August 2016

	Note	31/08/16 €000's	Restated 31/08/15 €000's
<b>Fixed Assets</b>			
Property, plant and equipment	12	51,188	46,342
		<u>51,188</u>	<u>46,342</u>
<b>Current Assets</b>			
Receivables	14	1,768	1,523
Cash and Cash Equivalents	15	20,813	19,773
		<u>22,581</u>	<u>21,296</u>
<b>Less Payables: Amounts due within 1 year</b>	16	(8,052)	(5,368)
<b>Net Current Assets</b>		<u>14,529</u>	<u>15,928</u>
<b>Total Net Assets</b>		<u><u>65,717</u></u>	<u><u>62,270</u></u>
<b>Deferred Capital Grants</b>	17	46,424	41,476
Capital Development Reserve	19	11,423	13,659
<b>Unrestricted Reserves</b>			
Income & Expenditure Reserve		7,870	7,135
<b>Total</b>		<u><u>65,717</u></u>	<u><u>62,270</u></u>

Notes 1 to 27 form part of these financial statements.

Signed on behalf of the Governing Body

Chairman:

  
John Moore

Date:

31/08/17

President:

  
Dr. Patricia Mulcahy

Date:

31/08/17


# Institute of Technology, Carlow

## Statement of Cash Flows Year ended 31 August 2016

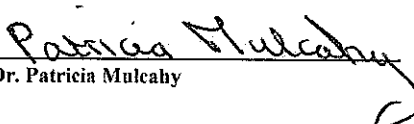
	Year Ended 31/08/16 €000's	Year Ended 31/08/15 €000's
<b>Cash flows from operating activities</b>		
Excess income over expenditure	735	346
Depreciation of fixed assets	2,304	2,434
Amortisation of deferred capital grants	(2,203)	(2,336)
Decrease / (Increase) in Receivables	(245)	504
(Decrease) / Increase in Payables	1,723	(632)
Interest Income	(119)	(245)
Transfer to Capital Development Reserve	3,922	3,618
Release from Capital Development Reserve	1	(137)
<b>Net Cash Inflow from Operating Activities</b>	<b>6,118</b>	<b>3,552</b>
<b>Cash flows from Investing Activities</b>		
Payments to acquire property, plant & equipment	(6,189)	(1,424)
<b>Net Cash Outflow from Investing Activities</b>	<b>(6,189)</b>	<b>(1,424)</b>
<b>Cash flows from Financing activities</b>		
Interest Received	119	245
State Recurrent Grants spent on Fixed Assets	31	541
Other funds spent on Fixed Assets	961	471
<b>Net Cash Inflow from Financing Activities</b>	<b>1,111</b>	<b>1,257</b>
<b>Increase / (Decrease) in cash and Cash Equivalents in the year</b>	<b>1,040</b>	<b>3,385</b>
Cash & Cash Equivalents at 1 September	19,773	16,388
<b>Cash &amp; Cash Equivalents at 31 August</b>	<b>20,813</b>	<b>19,773</b>

Notes 1 to 27 form part of these financial statements.

Signed on behalf of the Governing Body

Chairman:   
John Moore

Date: 31/08/17

President:   
Dr. Patricia Mulcahy

Date: 31/08/17

# **Institute of Technology Carlow**

## **Notes to the financial statements**

**Year ended 31 August 2016**

### **INTRODUCTION**

Carlow Regional Technical College was established in 1971 and until 31 December 1992 operated under the control of Carlow Vocational Educational Committee (VEC) in accordance with the provisions of the Vocational Education Acts. Following the enactment of the Regional Technical Colleges Act, 1992, the College was made a statutory body with effect from 1 January 1993. The Act provides for the transfer from the VEC to the College of all assets and liabilities associated with the College.

The name Carlow Regional Technical College was changed to Institute of Technology Carlow by order of the Minister for Education and Skills on 28 January, 1998.

#### **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 and statement of compliance**

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

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 prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 25.

The functional currency of FRS 102 Institute of Technology Carlow is considered to be Euro because that is the currency of the primary economic environment in which the Institute operates. The financial statements are also presented in Euro. Foreign operations are included in accordance with the policies set out below.

The date of transition to FRS 102 is 1 September 2014.

##### **b. Going concern**

The Governing Body is satisfied that the Institute has adequate resources to meet its obligations as they fall due for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

# Institute of Technology Carlow

## Notes to the financial statements – (continued) Year ended 31 August 2016

### 1. Significant accounting policies (continued)

#### 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. Tangible assets in existence on 1<sup>st</sup> January 1993 (date of commencement order) are stated at valuation. The basis of valuation is set out at Note 12. Depreciation is provided on all tangible fixed assets, excluding 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
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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.

Buildings under construction are accounted for at cost based on the value of the architect's certificates and other direct costs incurred to the financial year end. They are not depreciated until they are brought into use.

##### *(ii) Equipment*

From 1 September 2008, equipment costing less than €3,000 per individual item is written off to the income and expenditure account in the year of acquisition. Where individual items of equipment purchased are below the capitalisation limit (€3,000) and the total purchase invoice is in excess of the limit, these items are individually capitalised in the normal way. 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

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.

# **Institute of Technology Carlow**

## **Notes to the financial statements – (continued) Year ended 31 August 2016**

### **1. Significant accounting policies (continued)**

#### **d. Financial instruments**

Financial assets and financial liabilities are recognised when the Institute becomes a party to the contractual provisions of the instrument.

##### **(i) Financial assets**

###### *Trade Receivables*

Receivables with no stated interest rate and receivable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

###### *Cash and Cash Equivalents*

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short term deposits with an original maturity date up to twelve months or less.

##### **(ii) Financial liabilities**

###### *Trade Payables*

Payables, including trade and other payables and deferred income are initially recognised at transaction price.

#### **e. Inventory**

Expenditure on books and consumable stocks is charged to the Income and Expenditure Account as incurred.

#### **f. Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each year end date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

# **Institute of Technology Carlow**

## **Notes to the financial statements – (continued)** **Year ended 31 August 2016**

### **1. Significant accounting policies (continued)**

#### **g. Taxation**

##### *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 falls into the VAT net, any input or output tax relating to these activities is returned to the Revenue by the Institute.

#### **h. 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. Full provision is made for foreseeable losses.

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

##### *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 income and expenditure account in the period in which it is earned.

# **Institute of Technology Carlow**

## **Notes to the financial statements – (continued)** **Year ended 31 August 2016**

### **1. Significant accounting policies (continued)**

#### **i. Employee benefits**

##### *(i) Retirement Benefits*

The Single Public Service Pension Scheme (Single Scheme) is the defined benefit pension 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. Deductions made from employees under the Single Scheme are remitted by the Institute to the Department of Public Expenditure and Reform.

The Institute is prescribed in S.I. No 581 of 2012 as a relevant authority for the purposes of the Single Scheme. The Institute had 48 members of the Single Scheme as at 31 August 2016, (38 members as at 31 August 2015). Future benefits accruing to Scheme members have not been provided for in these financial statements. The Public Service Pensions (Single Scheme and Other Provisions) Act 2012 states that funding for such benefits will be made from funds provided by the Oireachtas for that purpose.

The Department of Public Expenditure and Reform is assessing the current arrangements in respect of the Single Scheme and is considering a number of options in relation to the future payment of benefits and financing of those benefits.

All other pension entitlements of staff are conferred under the Education Sector Superannuation 2015 and pension obligations are met by the Exchequer as they arise.

The superannuation scheme is operated on a Pay As You Go basis and therefore superannuation deductions made from employees are retained by the Institute, as an agreed part of its funding. The Institute does not make contributions towards the scheme and has no obligations in respect of entitlements.

##### *(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 Statement of Financial Position. There is no accrual for holiday pay for Academic staff at year end due to the nature of their contracts.

#### **j. 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 year end date are reported at the rates of exchange prevailing at that date.

#### **k. Deferred Capital Grants**

Deferred capital grants represent unamortised value of accumulated funds allocated for fixed assets.

#### **l. 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, time phased and with estimates of costs.



# **Institute of Technology Carlow**

## **Notes to the financial statements – (continued) Year ended 31 August 2016**

### **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.

#### **Accounting estimates and judgements**

In the preparation of the financial statements various estimates, judgements and assumptions have been made that impact on amounts reported on assets, liabilities, income and expenditure.

The principal estimates, judgements and assumptions used in the financial statements for the year ended 31 August 2016 are as follows:

##### *1. Property, plant and equipment*

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

##### *2. 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.

##### *3. Impairments*

Judgement is used to determine whether there has been any indication of impairment to the Institutes' assets.

### 3. State Grants

	Allocated for Recurrent Expenditure €000's	Allocated for Capital Expenditure €000's	2016 Total €000's	Restated 2015 Total €000's
Recurrent Expenditure - HEA	16,371	31	16,402	15,966
State Grant for Capital Expenditure - Department of Education and Skills	57	(56)	1	0
Minor Capital Works - Department of Education and Skills	(257)	1,007	750	750
<b>Total 2016</b>	<b>16,171</b>	<b>982</b>	<b>17,153</b>	<b>16,716</b>
<b>Total 2015</b>	<b>15,746</b>	<b>970</b>	<b>16,716</b>	

An amount of €57k, funded by the State Grant for Capital Expenditure, has previously been reflected as capital. This amount has been reclassified in the year to recurrent expenditure as the capital project did not proceed. In addition a new capital project from this funding has commenced and capital spend on this project at year end stands at €1k, resulting in a net negative adjustment to capital from this source during the year.

Funding for Minor capital works is reflected in the period received. During the year the Institute received €750k in Minor Capital Works funding. The Institute spent €1,007k on capital items from this fund during the year resulting in a shortfall of €257k. This shortfall was funded by Minor Capital Works funding from prior years that were held in reserves at the start of the year.

### 4. Tuition Fees and Student Contribution

	Students WTE 2016	State Funded 2016 €000's	Non State Funded 2016 €000's	Total €000's 2016	Students WTE 2015	State Funded 2015 €000's	Non State Funded 2015 €000's	Total €000's 2015
Fees paid by State	3,277	2,277		2,277	3,246	2,630		2,630
Fees paid by other State agencies	20	35		35	5	4		4
Non EU Fees	229		1,333	1,333	221		1,300	1,300
Fees paid by students or on behalf of Students	707		759	759	649		705	705
Life Long Learning and other fees	2,201	1,470	2,550	4,020	1,795	566	2,758	3,324
Student Contribution inc. repeat exam fees		6,920	4,336	11,256		6,261	3,989	10,250
	<b>6,434</b>	<b>10,702</b>	<b>8,978</b>	<b>19,680</b>	<b>5,916</b>	<b>9,461</b>	<b>8,752</b>	<b>18,213</b>
Less allocation to capital expenditure				(5)				(23)
<b>Net fee income/student numbers</b>	<b>6,434</b>	<b>10,702</b>	<b>8,978</b>	<b>19,675</b>	<b>5,916</b>	<b>9,461</b>	<b>8,752</b>	<b>18,190</b>

The Higher Education Authority paid tuition fees in the year of €1,916,265 for full-time Degree courses, and €278,171 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 whole time equivalents based on enrolled credits.

Annual contribution fees are payable by students, the full time rate being set at €3,000 (2015/2016), €2,750 (2014/2015).

### 5. Research Grants & Contracts

	2016 Total €000's	2015 Total €000's
<b>Income</b>		
State & semi state	900	680
European Union	4	95
Less State capital grants received included above	(4)	(20)
Total State derived income	900	755
Industry	92	147
Other	4	2
	<b>996</b>	<b>904</b>
<b>Expenditure</b>		
Pay Costs	1,152	1,071
Non Pay Costs	1,137	1,004
	<b>2,289</b>	<b>2,075</b>
<b>Net Outcome</b>	<b>(1,293)</b>	<b>(1,171)</b>

Included in the Research Grant and Contract Income is an amount of €209,287 (14/15 €124,386) in respect of overhead recovery. The balance represents direct costs recovered for research work undertaken as outlined under Expenditure headings above.

# Institute of Technology, Carlow

## Notes to the Financial statements - (Continued) Year ended 31 August 2016

### 6 Analysis of State Derived Income.

Name of Grantor	Op Deferral 01/09/15	Grant received 2015/16	CL Deferral 31/08/16	Amount taken to income	Reason for deferral
<b>Note 3 - State Grant</b>					
Higher Education Authority	689	16,821	(1,108)	16,402	Accruals basis
Department of Education & Skills	-	751	-	751	
Allocated for Capital Expenditure	-	-	-	(982)	
<b>Total State Income</b>	<b>689</b>	<b>17,572</b>	<b>(1,108)</b>	<b>16,171</b>	
<b>Note 4 - Tuition fees &amp; student contribution</b>					
Higher Education Authority	-	3,747	-	3,747	
Student Universal Support Ireland	-	6,842	-	6,842	
Education and Training Boards	-	24	-	24	
European Globalisation Fund	-	3	-	3	
Defence Forces	-	83	-	83	
Student Loan Company - Northern Ireland	-	3	-	3	
<b>Total State Income</b>	<b>-</b>	<b>10,702</b>	<b>-</b>	<b>10,702</b>	
<b>Note 5 - Research Grants &amp; Contracts</b>					
Teagasc	11	22	(8)	25	Project in progress
European Union	(20)	28	(4)	4	Project in progress
Enterprise Ireland	(28)	1,309	(485)	796	Project in progress
Institute of Technology, Tralee	1	8	(8)	1	Project in progress
Higher Education Authority	24	27	(5)	46	Project in progress
Health Service Executive	90	17	(106)	1	Project in progress
Science Foundation Ireland	23	1	-	24	
Institutes of Technology Ireland	(23)	-	29	6	Project in progress
Trinity College Dublin	-	1	-	1	
Allocated for Capital Expenditure	-	-	-	(4)	
<b>Total State Income</b>	<b>78</b>	<b>1,413</b>	<b>(587)</b>	<b>900</b>	
<b>Note 7 - Student Support Funding</b>					
HEA	79	252	(32)	299	Ongoing programme
<b>Total State Income</b>	<b>79</b>	<b>252</b>	<b>(32)</b>	<b>299</b>	
<b>Note 8 - Other Income</b>					
Higher Education Authority IT Investment Fund	-	54	-	54	
EU Office	-	57	-	57	
National Digital Learning Repository Service	-	6	-	6	
National Forum Project	-	8	-	8	
South East Regional Skills Forum	-	29	-	29	
National Forum for the Enhancement of Teaching & Learning	-	4	-	4	
<b>Total State Income</b>	<b>-</b>	<b>158</b>	<b>-</b>	<b>158</b>	

# Institute of Technology, Carlow

## Notes to the Financial statements - (Continued) Year ended 31 August 2016

### 7. Student Support Funding

	2016 Disabilities €000's	2016 Assistance €000's	2016 Total €000's	2015 Total €000's
Balance at 1 September	38	41	79	111
<b>Receipts;</b>				
Higher Education Authority	66	186	252	211
<b>Amounts Applied;</b>				
Pay Costs	22		22	22
Non Pay Costs	65	212	277	221
Total Expenditure	87	212	299	243
Balance at 31 August	17	15	32	79

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

	2016 Total €000's	2015 Total €000's
State derived income	158	143
Superannuation deductions retained	1,106	1,081
Rental of Facilities	175	163
Sundry Income	576	669
	<b>2,015</b>	<b>2,056</b>

## Institute of Technology, Carlow

### Notes to the Financial statements - (Continued) Year ended 31 August 2016

#### 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:

	2016 No. of employees	2015 No. of employees
Teaching and research	271	255
Technical	35	37
Central administration and services	113	111
	<b>419</b>	<b>403</b>
	2016 €'000	2015 €'000
Salaries and wages	24,092	23,322
Social welfare costs	-	-
Employer welfare costs	1,962	1,878
	<b>26,054</b>	<b>25,200</b>

#### Key management compensation

The total remuneration for key management personnel for the year 2016 totalled €167,455 (2015: €165,515). Key management personnel in the Institute consist of the President and non-staff 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 2016	Year Ended 31 August 2015
60,000 - 70,000	41	43
70,001 - 80,000	75	68
80,001 - 90,000	38	42
90,001 - 100,000	8	6
100,001 - 110,000	3	3
110,001 - 120,000	-	-
120,001 - 130,000	-	-
130,001 - 140,000	-	-
140,001 - 150,000	1	1
> 150,000	-	-
<b>Grand Total</b>	<b>166</b>	<b>163</b>

# Institute of Technology, Carlow

## Notes to the Financial statements - (Continued) Year ended 31 August 2016

### 10 Other Operating Expenses

	2016	2016	2016	2016	2015
	Pay Costs	Depreciation	Other Operating	Total	Total
	€000's	€000's	Expenses	€000's	€000's
			€000's		
Research Grants & Contracts	1,152		1,137	2,289	2,075
Academic Department	19,370		1,619	20,989	20,538
Academic Services	765		803	1,568	1,476
Facilities Costs	475		2,042	2,517	2,653
Central Administration and Services	3,243		1,191	4,434	4,271
General Education Expenses	378		330	708	614
Student Services & Amenities	671		1,340	2,011	1,832
Depreciation		2,304		2,304	2,434
<b>Total Expenditure</b>	<b>26,054</b>	<b>2,304</b>	<b>8,462</b>	<b>36,820</b>	<b>35,893</b>
<b>Total 2015</b>	<b>25,200</b>	<b>2,434</b>	<b>8,259</b>	<b>35,893</b>	

### 10. Other Operating Expenses - Continued

	2016	2015
	€000's	€000's
Materials and Other Consumables	381	346
Light, Heat and Power	623	700
Repairs and Maintenance Costs	439	621
Library Subscriptions, Periodicals, Books and Printed material	365	296
Travel & Subsistence	547	451
Printing, Stationery, Postage and other Office Expenses	401	414
Rent, Rates and Insurance Costs	498	483
Recruitment, training etc.	404	328
Audit Fee	29	33
Consultancy Costs	126	126
Equipment (non capitalised) purchases and maintenance	147	144
Premises costs	732	722
Services to Students	824	739
Professional Fees	763	769
General Education	901	737
Computer Costs	395	444
General Advertising & Publicity	452	450
Other Expenses	435	456
<b>Total Other Operating Expenses</b>	<b>8,462</b>	<b>8,259</b>

# Institute of Technology, Carlow

## Notes to the financial statements - (continued) Year ended 31 August 2016

### 11. Taxation

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

### 12. Property, plant and equipment

	Land and buildings €'000	Assets in course of construction €'000	Fixtures & fittings €'000	Computer equipment €'000	Plant & machinery €'000	Equipment €'000	Total €'000
<b>Cost</b>							
At 1 September 2015	61,832	565	3,351	11,845	506	11,414	89,513
Reclassification of asset in year	(5)		5				-
Additions in year	23	6,161	46	425	46	506	7,207
Transfers from assets in course of construction	69	(168)				42	(57)
Disposals in year			(5)	(184)		(283)	(472)
<b>At 31 August 2016</b>	<b>61,919</b>	<b>6,558</b>	<b>3,397</b>	<b>12,086</b>	<b>552</b>	<b>11,679</b>	<b>96,191</b>
<b>Depreciation</b>							
At 1 September 2015	18,487	-	2,307	11,406	435	10,536	43,171
Reclassification of asset in year	(2)		2				-
Charge for year	1,312		197	364	36	396	2,304
Eliminated on disposals			(5)	(184)		(283)	(472)
<b>At 31 August 2016</b>	<b>19,797</b>	<b>-</b>	<b>2,501</b>	<b>11,586</b>	<b>471</b>	<b>10,649</b>	<b>45,003</b>
<b>Net book value</b>							
<b>At 31 August 2016</b>	<b>42,122</b>	<b>6,558</b>	<b>896</b>	<b>500</b>	<b>81</b>	<b>1,030</b>	<b>51,188</b>
<b>At 1 September 2015</b>	<b>43,345</b>	<b>565</b>	<b>1,044</b>	<b>439</b>	<b>71</b>	<b>878</b>	<b>46,342</b>

Lease commitments at 31 August 2016 amounted to €nil.

# Institute of Technology, Carlow

## Notes to the financial statements - (continued) Year ended 31 August 2016

### 13. Property, plant and equipment - in respect of prior year

	Land and buildings €'000	Assets in course of construction €'000	Fixtures & fittings €'000	Computer equipment €'000	Plant & machinery €'000	Equipment €'000	Total €'000
<b>Cost</b>							
At 1 September 2014	61,260	272	3,203	11,695	486	11,222	88,138
Additions in year	554	313	173	156	20	192	1,408
Transfers from assets in course of construction	18	(20)	0	2			-
Disposals in year			(25)	(8)			(33)
<b>At 31 August 2015</b>	<b>61,832</b>	<b>565</b>	<b>3,351</b>	<b>11,845</b>	<b>506</b>	<b>11,414</b>	<b>89,513</b>
<b>Depreciation</b>							
At 1 September 2014	17,180		2,146	10,980	392	10,072	40,770
Transfers							-
Charge for year	1,307		186	434	43	464	2,434
Eliminated on disposals			(25)	(8)			(33)
<b>At 31 August 2015</b>	<b>18,487</b>	<b>-</b>	<b>2,307</b>	<b>11,406</b>	<b>435</b>	<b>10,536</b>	<b>43,171</b>
<b>Net book value</b>							
At 31 August 2015	43,345	565	1,044	439	71	878	46,342
At 1 September 2014	44,080	272	1,057	715	94	1,150	47,368

Lease commitments at 31 August 2015 amounted to €nil.



# **Institute of Technology, Carlow**

## **Notes to the financial statements - (continued)** **Year ended 31 August 2016**

### **14 Receivables**

	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
Trade Receivables	881	587
Research grants and contracts receivable	129	246
Academic fees receivable	13	22
Prepayments	467	296
Other receivables	278	372
	<b>1,768</b>	<b>1,523</b>

### **15. Cash & cash equivalents**

	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
Cash at bank including balances held on short term deposit	20,813	19,773
	<b>20,813</b>	<b>19,773</b>

### **16. Payables: amounts falling due within one year**

	<b>2016</b>	<b>2015</b>
	<b>€000's</b>	<b>€000's</b>
Trade payables	2,228	807
Research grants and contracts in advance	734	335
Tuition fees received in advance	1,617	1,504
State grants received in advance	1,108	689
Accruals	427	157
Other tax and social security	655	644
Other payables	253	275
Deferred Income Student Support Funding	32	79
Other amounts received in advance	998	878
<b>Total Creditors</b>	<b>8,052</b>	<b>5,368</b>

# Institute of Technology, Carlow

## Notes to the financial statements - (continued) Year ended 31 August 2016

### 17. Deferred Capital Grants

	2016 €000's	2015 €000's
<b>At 1 September</b>		
<b>Opening Balance</b>	<b>41,476</b>	<b>42,541</b>
<b>Capital Grants Receivable</b>		
Allocated from State recurrent grant	31	541
State grant for Minor Capital Works - DOES	1,007	429
State Grant for Capital Expenditure - Department of Education and Skills	(56)	-
Funded from capital development reserve	6,159	259
Other capital grants/funding	10	42
<b>Total</b>	<b>7,151</b>	<b>1,271</b>
<b>Amortised to Income and expenditure in year</b>		
Amortised in line with deferred capital grants	(2,203)	(2,336)
<b>Total</b>	<b>(2,203)</b>	<b>(2,336)</b>
<b>At 31 August</b>		
<b>Closing Balance</b>	<b>46,424</b>	<b>41,476</b>

In addition, amounts received in advance and not yet spent are included in payables (note 16). These balances represent monies received in advance of the commencement of construction works and have not been amortised. Amounts received in advance, not amortised at 31 August 2016, are as follows:

	State €000's	Other Grants & benefactors €000's	Total €000's
Buildings	-	-	-

## Institute of Technology, Carlow

### Notes to the financial statements - (continued) Year ended 31 August 2016

	2016 €000's	2015 €000's
<b>18. Provisions for liabilities and charges</b>		
At 1 September	-	-
Provided during year	-	-
<b>At 31 August</b>	<u>-</u>	<u>-</u>

### 19. Capital Development Reserve

	2016 €000's	2015 €000's
Opening Balance	13,659	10,437
Donations, Bank Rental Income and Interest	194	173
Transfer from Student development	549	750
Recurrent Grant	1,500	1,200
Self financing Activities	<u>1,679</u>	<u>1,495</u>
	3,922	3,618
Capital Projects - State Funded	(6,159)	(259)
Capital Projects - Non-State Funded	<u>1</u>	<u>(137)</u>
Total Capital Projects	(6,158)	(396)
Closing Balance	<u>11,423</u>	<u>13,659</u>

### 20. Capital Commitments

	2016 €000's	2015 €000's
Contracted for but not provided	1,428	6,316
Authorised but not contracted	-	-
	<u>1,428</u>	<u>6,316</u>

### 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 2016.

### 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, Carlow

## Notes to the financial statements - (continued) Year ended 31 August 2016

### 24. Financial Instruments

The carrying values of the Institutes financial assets and liabilities are summarised by category below:

	2016 €000's	2015 €000's
<b>Financial assets</b>		
<i>Measured at undiscounted amount receivable</i>		
- Trade and other debtors	1,768	1,523
- Cash and cash equivalents	20,813	19,773
<b>Financial liabilities</b>		
<i>Measured at undiscounted amount payable</i>		
- Trade and other creditors	8,052	5,368

### 25. Explanation of Transition to FRS 102

This is the first year that the Institute has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous Irish GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 was therefore 1 September 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard.

The Institute has elected to use the transition provisions in Section 35 of FRS 102 in relation to property, plant and equipment, whereby the previous GAAP valuation may be used as "deemed cost" going forward.

	Deferred Capital Grants €000's	CDR €000's	Revenue Reserves €000's	Total €000's
Reserves reported under previous Irish GAAP at 1 September 2014	47,368	10,437	1,962	59,767
Adjustments to reserves on transition to FRS 102				
1. Restatement of non State funded assets - Dargan Centre NBV adjustment from deferred capital grants account to revenue reserves	(4,827)		4,827	-
Reserves reported under FRS 102 at 1 September 2014	<u>42,541</u>	<u>10,437</u>	<u>6,789</u>	<u>59,767</u>
Reserves reported under previous Irish GAAP at 1 September 2015	46,342	13,659	2,269	62,270
Adjustments to reserves on transition to FRS 102				
1 (a). Restatement of non state funded assets - Dargan Centre NBV adjustment from deferred capital grants account to revenue reserves	(4,964)	-	4,964	-
1 (b). Restatement of non state funded assets - Dargan Centre reduction in amortisation released to reserves from deferred capital grants	98		(98)	-
Reserves reported under FRS 102 at 1 September 2015	<u>41,476</u>	<u>13,659</u>	<u>7,135</u>	<u>62,270</u>

1). Upon purchase of fixed assets, the Institute of Technology Carlow recognised the capital funding and the amortisation of the assets through the deferred capital grants reserves. The asset and corresponding funding were depreciated and amortised in line with each other. Under FRS102, only state funded assets are recognised and amortised through deferred capital grants reserves. The Dargan Centre was constructed by the Institute of Technology Carlow from accumulated self-generated funds and is therefore, not state funded. The Net Book Value of the Dargan Centre as at 31 August 2014 was €4.827m. The impact of this change is an increase of €4.827m to the Institutes Retained Revenue Reserves and a reduction of €4.827m to the Institutes deferred capital grants reserves.

## **Institute of Technology, Carlow**

### **Notes to the financial statements - (continued)**

**Year ended 31 August 2016**

#### **25. Explanation of Transition to FRS 102 - Continued**

##### **Reconciliation of surplus for the year ended 31 August 2015**

	€000's
Surplus for the financial year under previous Irish GAAP	307
1 (a). Restatement of non state funded assets - Dargan Centre additions adjustment from deferred capital grants account to revenue reserves	137
1 (b). Restatement of non state funded assets - Dargan Centre reduction in amortisation released to I&E from deferred capital grants	(98)
Surplus for the financial year under FRS 102	<u>346</u>

#### **26. Technological University Project**

As at the end of August 2016 the facilitation process noted in last year's accounts between Institute of Technology Carlow and Waterford Institute of Technology had been undertaken. Discussions are ongoing between senior representatives from both Institutions.

#### **27. Approval of Financial Statements**

The financial statements were approved by the Governing Body on 31 August 2017.