

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

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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),

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

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

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

Date _____

Date _____

INSTITUTE OF TECHNOLOGY, SLIGO

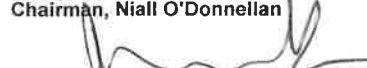
Consolidated and Institute Statement of Financial Position Year ended 31 August 2017

	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


President, Dr Brendan McCormack

12/12/18
Date

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.

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

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:

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

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.

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

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.

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

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
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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 Disabilities €000's	2017 Student Assistance €000's	2017 Total €000's	2016 Total €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)	31	203	234	194
Equipment	-	-	-	-
Balance at 31 August 2017	31	203	234	194

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 Total €000's	2016 Total €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
	2,239	1,915

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
	487	467
	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	-	-
	30,957	29,038

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	211	197

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
	1,486	1,284

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	2016	2017	2016
	€'000	€'000	€'000	€'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	2016	2017	2016
	€'000	€'000	€'000	€'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 €7,078,000,000 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 Education 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 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 Years	31 August 2016 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 €'000	31 August 2016 €'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>-</u>	<u>-</u>
	<u>11,791</u>	<u>-</u>

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

	2017 €'000	2016 €'000
(vi) History of defined benefits obligations		
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,