National College of Ireland
(A company limited by guarantee and not having a share capital)

Directors' report and financial statements

Year ended 30 June 2016

Registered number: 134303

National College of Ireland

Directors' report and financial statements

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Directors and other information

Directors	Denis O'Brien (Chairman) Gina Quin (President) William Attley Michael Brady Áine Casey Stephen Cleary Professor Áine Hyland Brendan McGinty Peter McLoone Liam O'Donoghue Fr. Kevin O'Higgins S.J. Frances Sheridan Eddie Sullivan Dr Tony White
President Emeritus	Professor Joyce O'Connor
Secretary	John McGarrigle
Registered office	Mayor Street International Financial Services Centre Dublin 1
Auditor	KPMG Chartered Accountants 1 Stokes Place St. Stephen's Green Dublin 2
Bankers	Bank of Ireland Ranelagh Dublin 6 Allied Irish Banks International Financial Services Centre Dublin 1
Solicitors	Arthur Cox Earlsfort Centre Earlsfort Terrace Dublin 2 Ivor Fitzpatrick & Company Solicitors 44 - 45 St. Stephen's Green Dublin 2
Registered number	134303
CHY number	9928

National College of Ireland

Directors' report

The directors present their report and audited financial statements of National College of Ireland ("the company" or "the college") for the year ended 30 June 2016.

Principal activities

The principal activities of the company are the provision of educational services; there has been no significant change to these activities during the year.

Business Review

The college continues to perform well in a competitive market. In the past financial year, income grew by 9%, and the underlying surplus from operations was €1,295,533 *(2015: €917,598)*.

	2016	2015
	€	€
Income	**22,343,081**	20,445,571
Operating surplus before pension accounting adjustments	**1,295,533**	917,598
Non-cash / non-trading pension accounting adjustments*	**(568,588)**	(592,608)
Operating surplus after pension accounting adjustments	**726,945**	324,990
Bank Interest payable net	**(122,670)**	(148,455)
Pension accounting interest adjustments*	**(62,549)**	29,434
Surplus for the year retained	**541,726**	205,969

* Adjustments required by the accounting standard FRS102 s28 (formerly FRS17) are non-trading, and have no cash affect.

The college has grown revenues through widening programme provision and attracting increasing numbers of EU and international students to its courses. In particular, the development of new postgraduate programmes such as new MSc's in Marketing, Finance, Cloud Computing and Data Analytics have contributed to growth. New undergraduate programmes, such as the very successful BA in Psychology and fast track degree programmes in business management and human resources, have also enhanced NCI's offering to a growing number of full and part-time students. The college has also been very successful in securing funding for the Higher Education Authority's Springboard Plus and ICT Skills labour market initiatives, particularly for computing programmes.

The directors are satisfied with the financial position as at 30 June 2016 as stated in the balance sheet on page 10.

Principal risks and uncertainties

The college derives a major part (77%) of its revenues from private sources, including student fees, commercial income, donations, and sponsorship. The balance of the funding (23%) is provided by the State through the "Free Fees" Initiative and a core grant from the Department of Education and Skills.

Principal risks and uncertainties *(continued)*

The limitation (by the Department) on the number of students (925) funded through the Free Fees initiative, and the relatively low level of the core grant income as a percentage of total income, puts the college at a considerable financial disadvantage compared to institutions who are fully funded by the HEA. Notwithstanding this lower level of funding, any material reduction would represent a significant risk to the college.

The college continues to derive significant student fee revenues through the HEA's Springboard and ICT Skills funding initiatives. If these were to decline in future years, as the State reduces labour market activation funding due to economic recovery and increasing employment rates, these revenues would have to be 'replaced' with fees from fee-paying students. The primary drivers of this 'replacement' revenue are likely to be the continued growth of international student registrations and professional education and training.

Given the steady growth in student registrations in recent years, the college's IFSC Campus is now at capacity with some, but limited, capacity for expansion within the existing footprint. The most significant risk to the college's continued growth is the lack of additional capacity.

Future developments

In order to continue the enhancement of its reputation and its position within the sector, the college continues to update its curriculum and delivery modes so that it meets the current and emerging needs of its learners and its industry partners.

The college will continue its commitment to increasing revenues through driving growth in student numbers on existing programmes from both domestic and international markets, and through the development of partnerships with industry for the development of career-oriented educational programmes.

NCI has recently been selected by the Department of Social Protection (Ireland's largest government department) as its education partner for a four year period to design, develop, seek accreditation for and co-deliver programmes on the National Framework of Qualifications for all of its customer facing employees.

In addition to continuing to be a significant provider of Springboard and ICT Skills programmes, the college has recently been selected by the Apprenticeship Council to be the co-ordinating national provider for the International Financial Services suite of Apprenticeships. Located in the heart of the IFSC, the college is well positioned to be a key player in this long term government initiative.

To address capacity constraints, the college is actively working to identify additional capacity within the Docklands in order to provide much needed additional facilities and to continue its work to address educational disadvantage within the local community.

Accounting records

The directors believe that they have complied with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to maintaining adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the company are maintained at the company's premises at Mayor Street, International Financial Services Centre, Dublin 1.

Directors' report *(continued)*

Results

The surplus for the year is set out in the income and expenditure and other comprehensive income account on page 9.

Post balance sheet events

There have been no significant events affecting the company since the year end.

Political donations

There were no political donations made during the year that would require disclosure under the Electoral Act, 1997.

Retirement benefits

The college operates a defined benefit pension scheme and a defined contribution pension scheme.

Defined benefit scheme
The defined benefit pension scheme continues to operate for staff who were members of that scheme as at 1 April 2014. The scheme has been closed to new members since that date. The contribution rates for the financial year, based on pensionable salaries, were 8% by members and 9.6% by the college.

Defined contribution scheme
A defined contribution pension scheme was put in place in April 2014. The college makes contributions to this scheme on a matching basis to those made by participating staff at rates of 4%, 6% or 8% as elected by each individual employee.

Legal status

National College of Ireland is a company incorporated under the Companies Act 2014 limited by guarantee and not having a share capital. The company is exempt from corporation tax. The company has been granted charitable status by the Revenue Commissioners. CHY number 9928.

Directors and secretary

The directors and the secretary serving during and subsequent to year end are as follows:

Denis O'Brien (Chairman)
Gina Quin (President) (appointed 22 August)
William Attley
Fr Noel Barber (retired 27 January)
Michael Brady (appointed 11 March)
Áine Casey
Stephen Cleary (appointed 1 July)
Professor Áine Hyland
Phillip Matthews (retired 1 July)
Brendan McGinty
Peter McLoone
Liam O'Donoghue
Fr Kevin O'Higgins S.J. (appointed 27 January)
Robert Rodrigues (retired 1 July)
Frances Sheridan (appointed 1 January)
Dr Paul Stynes (retired 1 January)
Eddie Sullivan
Dr Tony White
John McGarrigle (secretary)

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Directors' report *(continued)*

Transactions involving directors

There were no contracts or arrangements of any significance in relation to the business of the company in which the directors had any interest, as defined in the Companies Act 2014, at any time during the year ended 30 June 2016.

Related party transactions

Details of related party transactions are disclosed in note 20 to the financial statements.

Auditor

In accordance with Section 383(2) of the Companies Act 2014, the auditor, KPMG, Chartered Accountants, will continue in office.

On behalf of the board

Denis O'Brien *Director*	Brendan McGinty *Director*	2016

National College of Ireland

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company and of its surplus or deficit for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and surplus or deficit of the company and enable them to ensure that the financial statements comply with the Companies Act 2014. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the board

Denis O'Brien
Director

Brendan McGinty
Director

KPMG
Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

Independent auditor's report to the members of National College of Ireland

We have audited the financial statements of National College of Ireland for the year ended 30 June 2016 which comprise the income and expenditure account and other comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.* Our audit was conducted in accordance with International Standards on Auditing (ISAs) (UK & Ireland).

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 30 June 2016 and of its surplus for the year then ended;
- have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

2 Our conclusions on other matters on which we are required to report by the Companies Act 2014 are set out below

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

In our opinion the information given in the directors' report is consistent with the financial statements.

3 We have nothing to report in respect of matters on which we are required to report by exception

ISAs (UK & Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In addition, the Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made.

KPMG

Independent auditor's report to the members of National College of Ireland
(continued)

Basis of our report, responsibilities and restrictions on use

As explained more fully in the statement of directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

Our report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Meagher
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2

21 October 2016

National College of Ireland

Income and expenditure account
for the year ended 30 June 2016

	Note	Educational activities €	Enterprise €	**2016** **€**	2015 €
Gross income	2	21,136,181	1,206,900	**22,343,081**	20,445,571
Operating expenses	3	(20,862,292)	(753,844)	**(21,616,136)**	(20,120,581)
Operating surplus		273,889	453,056	**726,945**	324,990
Interest receivable and similar income		4,836	-	**4,836**	44,837
Interest payable and similar charges	5	(190,055)	-	**(190,055)**	(163,858)
Surplus for the year retained	6	88,670	453,056	**541,726**	205,969

Gross income and operating surplus arose solely from continuing activities.

Other comprehensive income
for the year ended 30 June 2016

	2016 **€**	2015 €
Profit for the financial year	**541,726**	205,969
Other comprehensive income		
Remeasurement of the defined benefit pension scheme liability	**(3,354,198)**	660,647
Total comprehensive income for the year	**(2,812,472)**	866,616

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Balance sheet
as at 30 June 2016

	Note	2016 €	2015 €
Fixed assets			
Tangible assets	*7*	**32,140,711**	32,693,284
Financial asset	*8*	**230**	230
		32,140,941	32,693,514
Current assets			
Debtors	*9*	**2,789,134**	1,851,673
Cash at bank and in hand	*10*	**5,109,161**	4,027,183
		7,898,295	5,878,856
Creditors: amounts falling due within one year	*11*	**(7,502,901)**	(6,057,848)
Net current assets/(liabilities)		**395,394**	(178,992)
Total assets less current liabilities		**32,536,335**	32,514,522
Creditors: amounts falling due after more than one year	*12*	**(9,200,177)**	(9,935,693)
Net assets excluding net pension liability		**23,336,158**	22,578,829
Provisions			
Pension scheme net deficit	*15*	**(6,674,993)**	(2,689,658)
Net assets including net pension liability		**16,661,165**	19,889,171
Reserves			
Development reserve		**15,741,890**	16,157,426
Accumulated surplus		**919,275**	3,731,745
Total reserves		**16,661,165**	19,889,171

On behalf of the board

Denis O'Brien
Director

Brendan McGinty
Director

National College of Ireland

Statement of changes in equity
for the year ended 30 June 2016

	Development reserve €	Profit and loss account €	Total equity €
Balance at 1 July 2014	16,572,962	2,951,458	19,524,420
Effect of change in accounting policy	-	(86,329)	(86,329)
Balance at 1 July 2014 (restated)	16,572,962	2,865,129	19,438,091
Total comprehensive income for the year			
Surplus for the year	-	205,969	205,969
Transfer to income and expenditure account	(415,536)	-	(415,536)
Other comprehensive income (see page 9)	-	660,647	660,647
Total comprehensive income for the year	16,157,426	3,731,745	19,889,171
Balance at 30 June 2015	**16,157,426**	**3,731,745**	**19,889,171**

	Development reserve €	Profit and loss account €	Total equity €
Balance at 1 July 2015	16,157,426	3,731,745	19,889,171
Total comprehensive income for the year			
Surplus for the year	-	541,726	541,726
Transfer to income and expenditure account	(415,534)	-	(415,534)
Other comprehensive income (see page 9)	-	(3,354,198)	(3,354,198)
Total comprehensive income for the year	15,741,892	919,273	16,661,165
Balance at 30 June 2016	**15,741,892**	**919,273**	**16,661,165**

Total reserves at 30 June 2016, excluding the amount relating to the net pension liability of €6,674,993 *(2015: €2,689,658)*, amount to €23,336,158 *(2015: €22,578,829).*

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Cash flow statement
for the year ended 30 June 2016

	2016	2015
	€	€
Cash flows from operating activities		
Operating surplus	**726,945**	324,990
Adjustments for:		
Depreciation	**1,503,445**	1,210,611
Amortisation of capital grants	**(229,008)**	(229,012)
Amortisation of development reserve	**(415,534)**	(415,536)
Increase in trade and other debtors	**(937,461)**	(21,186)
Increase in trade and other creditors	**1,445,058**	1,144,352
Movement increase for defined benefit pension scheme	**631,135**	592,608
Net cash from operating activities	**2,624,580**	2,606,827
Cash flows from investing activities		
Interest paid	**(190,055)**	(150,026)
Interest received	**4,836**	44,837
Finance lease interest paid	**-**	(13,832)
Acquisition of tangible fixed assets	**(850,872)**	(537,089)
Net cash from investing activities	**(1,036,091)**	(656,110)
Cash flows from financing activities		
Decrease in finance leases	**-**	(69,216)
Decrease in principal loan	**(506,511)**	(408,480)
Net cash from financing activities	**(560,511)**	(477,696)
Net increase in cash and cash equivalents	**1,081,978**	1,473,021
Cash and cash equivalents at 1 July	**4,027,183**	2,554,162
Cash and cash equivalents at 30 June	**5,109,161**	4,027,183

National College of Ireland

Notes
forming part of the financial statements

1 Accounting policies

National College of Ireland (the "company" or the "college") is a company limited by guarantee and not having a share capital and incorporated and domiciled in Ireland.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102")* as issued in August 2014. The presentation currency of these financial statements is euro.

In the transition to FRS 102 from old Irish GAAP, the company has made measurement and recognition adjustments in relation to the annual leave accrual. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the company is provided in note 21.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 22.

Change in accounting policy/prior period adjustment

In these financial statements the company has changed its accounting policy in respect of the recognition of a liability for accrued annual leave for employees. The company previously maintained an accrual in respect of a prudent proportion of annual leave carried forward at the start of the calendar year. Under section 28.6 of FRS102, the company is now required to recognise a liability based on the full amount of all accrued outstanding leave as at the balance sheet date. This has resulted in a restatement of prior year amounts by the reduction of Accumulated Surplus by €86,329 and recognition of current liability for that amount.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The financial statements have been prepared on a going concern basis.

1.3 Basic financial instruments

Trade and other debtors/creditors
Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

National College of Ireland

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Basic financial instruments (continued)

Interest-bearing borrowings classified as basic financial instruments
Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in ordinary shares in subsidiaries
Investments in ordinary shares are measured initially at transaction price less attributable transaction costs. Subsequent to initial recognition investments are measured at cost less impairment.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.10 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

1 Accounting policies *(continued)*

1.4 Tangible fixed assets (continued)

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

• Buildings	2%
• Artworks	2%
• Car park	2%
• Equipment, furniture and fittings	20%
• Computer equipment	33.3%
• Motor vehicles	25%

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.5 Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

1.6 Impairment of assets

Financial assets (including trade and other debtors)
A financial asset not carried at fair value through the income and expenditure statement is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in the income and expenditure statement. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income and expenditure statement.

Notes *(continued)*

1 Accounting policies *(continued)*

1.7 Employee benefits

Defined contribution plans and other long term employee benefits
A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the company's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in the income and expenditure statement.

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

Termination benefits
Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probably that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

1.8 Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9 Turnover

All income other than donations is accounted for on an accruals basis, and is recognised in the income and expenditure account as the relevant services are performed. Donations are accounted for when received or when their receipt is considered certain, and are recognised in the income and expenditure account as the related costs are incurred or when specific donor imposed conditions (if any) have been satisfied.

1.10 Operating leaseholds

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

1.11 Interest

Interest income and interest payable are recognised in the income and expenditure statement as they accrue, using the effective interest rate method. Foreign currency gains and losses are reported on a net basis.

2 Gross income

	2016	2015
	€	€
Student fees	**17,563,480**	15,826,150
Department of Education and Skills	**1,941,500**	1,951,499
Other income	**2,838,101**	2,667,922
	22,343,081	20,445,571
Educational activities	**21,136,181**	19,279,681
Enterprise	**1,206,900**	1,165,890
	22,343,081	20,445,571

Notes *(continued)*

1 Accounting policies *(continued)*

3 Operating expenses

	2016	2015
	€	€
Property expenses	**1,238,409**	1,161,947
Enterprise expenses	**753,844**	727,517
Academic overheads	**13,070,375**	11,760,765
Central administration	**2,057,125**	1,855,226
Library	**898,990**	863,287
IT expenses	**1,771,777**	1,809,424
Student services	**685,738**	897,242
Accreditation bodies and miscellaneous costs	**380,977**	479,106
Depreciation	**1,403,445**	1,210,611
Amortisation of capital grants	**(229,008)**	(229,008)
Amortisation of development reserve	**(415,536)**	(415,536)
	21,616,136	20,120,581
Educational activities	**20,862,292**	19,393,064
Enterprise	**753,844**	727,517
	21,616,136	20,120,581

4 Employees and remuneration

The average number of persons (excluding associate lecturers) employed by the college in the financial year was 199 *(2015: 186)*. In addition, 112 *(2015: 103)* associate lecturers were employed by the college. All were engaged in either the provision of educational services, research or administration.

	2016	2015
	€	€
Staff costs are comprised of:		
Wages and salaries	**11,579,266**	10,924,069
Social welfare	**1,164,605**	1,102,230
Pension costs	**1,160,854**	1,226,830
	13,904,725	13,253,129

Notes *(continued)*

5 Interest payable and other charges

	2016	2015
	€	€
Finance lease interest	**-**	13,832
Bank interest and charges on bank loans	**190,055**	150,026
	190,055	163,858

6 Surplus for the year

	2016	2015
	€	€
(a) The surplus for the year is stated after charging/(crediting):		
Depreciation (note 7)	**1,403,445**	1,210,611
Amortisation of capital grants (note 14)	**(229,008)**	(229,012)
Amortisation of development reserve	**(415,536)**	(415,536)
Directors' remuneration – for management and academic services	**425,686**	358,482

Directors' remuneration

Number of directors	**4**	3
Directors' emoluments	**403,586**	332,808
Employer contributions to benefit schemes	**22,096**	25,674
Total directors' remuneration	**425,682**	**358,482**

Members of the Board of Directors do not receive any remuneration for their services as directors. Directors' remuneration includes the remuneration of employees of the college who also serve on the Board of Directors.

(b) Auditor's remuneration

Remuneration for the statutory audit and other services carried out by the college's statutory auditor exclusive of VAT:

	2016	2015
	€	€
Statutory audit, including outlay	**55,000**	55,000
Other non-audit services	**7,200**	7,200
	62,200	62,200

(c) Taxation

The college has been granted charitable status by the Revenue Commissioners and is exempt from corporation tax.

Notes *(continued)*

7 Fixed assets

	Leasehold buildings €	Research building €	Car park €	Computer equipment €	Artwork €	Equipment fixtures/ fittings €	Motor vehicles €	Total €
Cost								
At 30 June 2015	24,395,998	12,170,721	4,427,243	5,795,875	757,158	1,594,624	83,754	49,225,373
Additions	-	-	-	573,887	-	276,985	-	850,872
Disposals	-	-	-	(759,733)	-	(52,143)	-	(811,876)
At 30 June 2016	**24,395,998**	**12,170,721**	**4,427,243**	**5,610,029**	**757,158**	**1,819,466**	**83,754**	**49,264,369**
Depreciation								
At 30 June 2015	6,167,239	2,588,294	973,995	5,135,866	200,770	1,382,171	83,754	16,532,089
Charge for the year	487,920	244,968	88,545	456,181	13,629	112,204	-	1,403,445
Disposals	-	-	-	(759,733)	-	(52,143)	-	(811,876)
At 30 June 2016	**6,655,158**	**2,833,264**	**1,062,538**	**4,832,313**	**214,399**	**1,442,232**	**83,754**	**17,123,658**
Net book value								
At 30 June 2016	**17,740,840**	**9,337,457**	**3,364,705**	**777,716**	**542,759**	**377,234**	**-**	**32,140,711**
At 30 June 2015	18,228,759	9,582,427	3,453,248	660,009	556,388	212,453	-	32,693,284

Notes *(continued)*

7 Fixed assets *(continued)*

The Department of Education and Skills holds a charge on the leasehold buildings for 40 years from March 2003 as security for grants of €8,888,166 given by the department which would become payable in the event of the disposal of the building or change of use.

8 Financial assets

	2016	2015
	€	€
Shares in North Wall Quay/Mayor Street Management	**130**	130
Shares in Campus Crèche Limited (note 20)	**100**	100
	230	230

Name of undertaking	Country of incorporation	Principal activity	Company's interest	Profit for year	Net liabilities
Campus Crèche Limited	Ireland	Lease of Crèche	100%	€3,540	€40,534

The registered office of Campus Crèche Limited is Mayor Street, IFSC, Dublin 1.

The company is not required to prepare consolidated financial statements as it has availed of the small group exemption under the Companies Act 2014.

9 Debtors: amounts falling due within one year

	2016	2015
	€	€
Department of Education and Skills grant	**161,792**	161,792
Prepaid expenses	**653,178**	549,230
Other debtors	**1,974,164**	1,140,651
	2,789,134	1,851,673

Trade debtors are stated net of a provision of impairment of €32,543 *(2015: €39,548)*.

Notes *(continued)*

10 Cash and cash equivalents

	2016	2015
	€	€
Cash at bank and in hand	**5,109,161**	4,027,183
Cash and cash equivalents per cash flow statement	**5,109,161**	4,027,183

There were no significant non-cash transactions in the year. Restrictions on cash and cash equivalents held include any funds donated towards the running of the Early Learning Initiative.

Included in the year end balance is €491,773 *(2015: €508,966)* which is cash held on behalf of Adastra Limited, a company which owns the student residences on the college's campus.

11 **Creditors**: amounts falling due within one year

	2016	2015
	€	€
Bank loan (Note 13)	**450,000**	450,000
Academic fees received in advance	**2,490,317**	1,427,537
Other income received in advance	**622,275**	285,631
PAYE/PRSI	**551,495**	483,895
Other creditors and accruals	**2,724,147**	2,746,118
Amounts owed to Origin 8 Partnership relating to the purchase of the Research Building and car park (note 17)	**435,655**	435,655
Deferred income - capital grants (note 14)	**229,012**	229,012
	7,502,901	6,057,848

12 **Creditors**: amounts falling due after more than one year

	2016	2015
	€	€
Bank loans (note 13)	**1,036,448**	1,542,958
Deferred income - capital grants (note 14)	**8,163,729**	8,392,735
	9,200,177	9,935,693

Notes *(continued)*

13 Interest-bearing loans and borrowings

The college has a term loan facility with Bank of Ireland. As security for this facility, Bank of Ireland holds a first legal mortgage over the college's Research Building and car park. The loan is repayable by 31 October 2019. Monthly interest payments apply with lump sum capital repayments being made each October, January and June.

The maturity profile of the loan and its balance sheet classification at 30 June was as follows:

	2016	2015
	€	€
Creditors: amounts falling due within less than one year	**450,000**	450,000
Creditors: amounts falling due after more than one year		
- but not more than two years	**450,000**	450,000
- but not more than five years	**586,447**	1,092,958
	1,036,447	1,542,958
	1,486,447	1,992,958

14 Deferred income – capital grants

	2016	2015
	€	€
At beginning of year	**8,621,747**	8,850,759
Amortised during the year	**(229,008)**	(229,012)
At end of year	**8,392,739**	8,621,747
Included on the balance sheet as:		
Creditors – amounts falling due within one year	**229,012**	229,012
Creditors – amounts falling due after more than one year	**8,163,731**	8,392,735
	8,392,743	8,621,747

Capital grants are in respect of the college's IFSC campus and are taken to income over the expected useful lives of the related assets.

15 Pension scheme

(a) Defined benefit scheme

During the year the college operated a defined benefit pension scheme with assets held in an externally administered fund. The scheme is externally funded and is contributory. The scheme was closed to new members with effect from 1 April 2014, and has been amended to align retirement ages with the State Pension. The fund is valued at least every three years by a professionally qualified independent actuary on both discontinuance and going concern basis. The rates of contribution are calculated by the actuary using the projected unit method. The actuary reviews the rates for continued appropriateness in the intervening years.

The employer contributions payable to the scheme at the year-end date were €32,493 *(2015: €32,544)*.

In addition to making contributions for retirement benefits, the college also pays insurance premiums for the death in service and disability benefits associated with each member in the pension scheme.

A full actuarial valuation of the scheme, on which the amounts recognised in the financial statements are based, was carried out at 30 June 2016, by a qualified independent actuary.

The following amounts recognised in the balance sheet were measured in accordance with the requirements of Financial Reporting Standard 102 Section 28:

	2016	2015
	€	€
Total market value of assets	**10,825,121**	9,971,007
Present value of scheme's liabilities	**(17,500,114)**	(12,660,665)
Net pension liability	**(6,674,993)**	(2,689,658)

National College of Ireland

Notes *(continued)*

15 Pension scheme *(continued)*

The following amounts have been recognised in the performance statements for the year ended 30 June 2016 and 30 June 2015 under the requirements of FRS102.

	2016	2015
	€	€
Charged to operating result		
Current service cost	**(994,190)**	(977,212)
Past service cost	**-**	(18,564)
	(994,190)	(995,776)
(Charged)/credited to other financial income/(charges)		
Expected return on pension scheme assets	**276,249**	365,333
Interest on pension scheme liabilities	**(338,798)**	(335,899)
Net (charge)/credit	**(62,549)**	29,434
Analysis of amount recognised in the statement of total recognised gains and losses		
Actual return less expected return on pension scheme assets	**87,590**	1,272,971
Experience gains and losses arising on the scheme liabilities	**(255,636)**	272,341
Changes in assumptions underlying the present value of the scheme liabilities	**(3,186,151)**	(884,665)
Actuarial (loss)/gain recognised in the statement of total recognised gains and losses	**(3,354,197)**	660,647

Notes *(continued)*

15 Pension scheme *(continued)*

The cumulative actuarial loss recognised in the statement of total recognised gains and losses up to and including the financial year ended 30 June 2016 is €6,280,507 *(2015: €2,926,309)*.

The fair value of assets in the scheme were:

	Market value at 30 June 2016 €	Market value at 30 June 2015 €
Equities	**7,739,962**	7,478,255
Bonds	**3,085,159**	1,994,201
Other	**-**	498,550
	10,825,121	9,971,006

Basis of expected return on scheme assets

The expected return on scheme assets was determined by considering the expected returns available on each of the assets underlying the current investment policy. Expected returns on fixed interest investments are based on gross redemption yields at the reporting date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

The main financial assumptions used in the valuation were:

	2016 €	2015
Annual		
Rate of increase in salaries	**2.4%**	2.8%
Rate of increase in pensions in payment	**1.4%**	1.8%
Discount rate	**1.5%**	2.7%
Inflation rate	**1.4%**	1.8%

Assumptions regarding future mortality are set based on advice from published statistics and experience. The average life expectancy in years for a pensioner retiring aged 65 is as follows:

	2016 €	2015
Male – currently aged 65	**21.1**	21
Female – currently aged 65	**23.6**	23.5
Male – currently aged 45	**23.6**	23.5
Female – currently aged 45	**25.8**	25.7

Notes *(continued)*

15 Pension scheme *(continued)*

	Pension assets €000	Pension liabilities €000	Pension deficit €000
Movement in scheme assets and liabilities - 2016			
At 30 June 2015	9,971	(12,661)	(2,690)
Current service cost	-	(994)	(994)
Interest on scheme liabilities	-	(339)	(339)
Expected return on scheme assets	276	-	276
Actual less expected return on scheme assets	88	-	88
Experience gains on liabilities	-	(256)	(256)
Change in actuarial assumptions	-	(3,186)	(3,186)
Past service losses/gains	-	-	-
Contributions by plan participants	320	(320)	-
Risk premium	(31)	31	-
Payments out	(225)	225	-
Employer contributions paid (including risk premium)	426	-	426
At 30 June 2016	**10,825**	**(17,500)**	**(6,675)**

Employer contributions expected to be paid to the scheme in the next financial year total €400,000.
The actual return on pension scheme assets for the year was €363,839 *(2015: €1,638,304)*.

	Pension assets €000	Pension liabilities €000	Pension deficit €000
Movement in scheme assets and liabilities - 2015			
At 30 June 2014	7,813	(10,571)	(2,758)
Current service cost	-	(977)	(977)
Interest on scheme liabilities	-	(336)	(336)
Expected return on scheme assets	365	-	365
Actual less expected return on scheme assets	1,273	-	1,273
Experience gains on liabilities	-	272	272
Change in actuarial assumptions	-	(885)	(885)
Past service losses/gains	-	(18)	(18)
Contributions by plan participants	328	(328)	-
Risk premium	(34)	34	-
Payments out	(148)	148	-
Employer contributions paid (including risk premium)	374	-	374
At 30 June 2015	**9,971**	**(12,661)**	**(2,690)**

Notes *(continued)*

15 Pension scheme *(continued)*

	2016 €'000	2015 €'000	2014 €'000	2013 €'000	2012 €'000
Present value of the scheme liabilities	**(17,500)**	(12,661)	(10,571)	(9,480)	(7,992)
Fair value of plan assets	**10,825**	9,971	7,813	6,462	5,713
Net pension deficit	**(6,675)**	(2,690)	(2,758)	(3,018)	(2,279)
Difference between expected and actual return on plan assets	**88**	1,273	582	409	(26)
Percentage of plan assets	**0.8%**	12.8%	7.6%	(6.3%)	(0.4%)
Experience gains and losses on scheme liabilities	**(256)**	272	71	(67)	260
Percentage of scheme liabilities	**(1.46%)**	2.1%	0.7%	(0.7%)	3.3%
Total recognised in statement of total recognised gains/(losses)	**(3,354)**	661	(531)	(804)	(558)
Percentage of the present value of the scheme liabilities	**(19.2%)**	5.2%	(5.0%)	(8.5%)	(7.0%)

(b) Defined contribution scheme

The college operates a defined contribution scheme to provide benefits to new employees and existing employees who were not already members of the defined benefit scheme. The college pays contributions to this scheme on a matching basis to those made by participating staff at rates of 4%, 6% or 8% as elected by each individual employee. The defined contribution pension charge is based on contributions made to the defined contribution scheme during the year which amounted to €89,640 *(2015: €46,373)*. Contributions payable at the year-end amounted to €7,745 *(2015: €4,344)*.

16 Student numbers

During the year there were 1,938 *(2015: 1,781)* full time day students in the college. The total number of students attending courses was 4,860 *(2015: 4,097)*.

Notes *(continued)*

17 IFSC Campus

In 1997, the college entered into a number of agreements for the construction and financing of a new college campus in the Dublin Docklands area on lands provided by the Dublin Docklands Development Authority ("DDDA"). DDDA transferred the site to the college under two leases:

- one lease is for the original site which DDDA agreed to grant to the college, free of charge, subject to the rental referred to below and,
- the second lease is for an additional adjoining site, which DDDA agreed to grant to the college for €2.86m (IR£2.25m).

Both leases commenced in 1997 and are for 200 year terms ending in 2196.

The rent for the original site is a nominal amount for the first twenty years from 1 January 1997, provided the college continues to provide educational and related services on the site. After 20 years, the annual rent will be permanently reduced to a nominal amount. In the event that educational and related services are not provided the rent of the site will be €761,843 per annum, subject to five yearly upward reviews. The annual rent for the additional site is a nominal amount.

The college sub-contracted its obligations under the development agreement with DDDA to Origin 8 Partnership and Origin 8 Development Limited ("Origin 8"). The college granted one lease of the entire site to Origin 8 for 200 years less 3 days on the same terms and conditions as the college agreed with the DDDA. Origin 8 constructed a new college campus for the college on the site, including a research building, student residence, car park and crèche.

Origin 8 sub-leased the college element of the development to the college on a lease which expires in 2196 at a premium of €25.39 million and a nominal annual rent.

The college agreed to loan €29.20m to Origin 8 free of interest with repayment no later than 30 September 2013. This loan was fully drawn down by Origin 8. €3.8m of this loan was written off in the audited financial statements of 30 June 2010. The remainder of the loan (€25.39m) was offset against the amount of the lease premium on the college element of the development as provided for in the terms of the loan agreement.

The college purchased the research building and car park for €15.2m in the year to June 2005. Up to 30 June 2007, the college paid €14.8m in part payment for these assets. The balance of the purchase price is €0.4m and will be paid from donations as they are received.

The college had a call option to purchase the remainder of the campus, being the student residence and crèche, 10 years after completion of the development works (being no later than 30 September 2013), for €26.2m (or €24.9m if the crèche was not included). The college did not exercise the option to purchase the remainder of the campus. In March 2015 the outstanding loans on the student residences were purchased from the Special Liquidator to Irish Bank Resolution Corporation (IBRC) by a third party.

As a consequence of all of the above transactions, the college holds the lands under a lease expiring in 2196 at a nominal rent.

Notes *(continued)*

18 Capital commitments

The college had the following capital commitments as at 30 June 2016:

	2016	2015
	€	€
Contracted for	**-**	-
Authorised but not contracted for	**26,069**	329,377
	26,069	329,377

Notes *(continued)*

19 Grants and grants-in-aid

Name of grant making	Name of grant programme	Total grant allowed €	Term of grant	Grant accounted for in the current financial statements €	Whether and how the use of the grant is restricted
Department of Education and Skills	Grant in lieu of tuition fees	3,184,693	Sept 15 - Jun 16	3,184,693	Restricted to recoupment of undergraduate fees for academic year 2015/2016 in respect of eligible students attending full time undergraduate courses
Department of Education and Skills	Core Grant	1,941,500	Jan 15 - Dec 15	970,750	Educational activities
Department of Education and Skills	Core Grant	1,941,500	Jan 16 - Dec 16	970,750	Educational activities
Pobal	Area Based Childhood Programme	1,200,000	Sept 14 - Sept 17	471,650	Restricted solely to the ABC Programme
Department of Education	HEA Tutor Support	40,500	Jan 15 - Dec 15	13,500	Restricted solely to tutor support service
Department of Education and Skills	HEA Tutor Support	40,500	Jan 16 - Dec 16	27,000	Restricted solely to tutor support service
HEA, Department of Education and Skills, European Social Fund	HEA Student Assistance Fund	52,012	Sept 14 - Aug 15	1,403	Restricted to provision of financial aid to students experiencing financial hardship

Notes *(continued)*

19 Grants and grants-in-aid *(continued)*

Name of grant making	Name of grant programme	Total grant allowed €	Term of grant	Grant accounted for in the current financial statements €	Whether and how the use of the grant is restricted
HEA, Department of Education and Skills, European Social Fund	HEA Student Assistance Fund	105,744	Sept 15 - Aug 16	101,682	Restricted to provision of financial aid to students experiencing financial hardship
HEA, Department of Education and Skills, European Social Fund	HEA Fund for Students with Disabilities	159,339	Sept 15 - Aug 16	143,601	Restricted to provision of learning aids to students with disabilities
HEA, Department of Education and Skills	Springboard (including ICT)	2,043,523	May 15 - Aug 16	1,818,873	Provision of training and education programmes to the unemployed and other suitably qualified applicants
HEA, Department of Education and Skills	Springboard (including ICT)	1,472,247	Jan 16 - Jan 17	782,512	Provision of training and education programmes to the unemployed and other suitably qualified applicants.
HEA, Department of Education and Skills	Springboard (including ICT)	2,801,000	May 14 - Jan 16	231,125	Provision of training and education programmes to the unemployed and other suitably qualified applicants.
European Commission	Horizon 2020	555,885	Mar 15 - Mar 18	7,568	Funding of Newton Project

20 Related party transactions

Included in creditors is €18,071 *(2015: (€10,477))* being the excess of expenditure over receipts from Campus Crèche Limited, a wholly owned subsidiary of the college. During the year, the college paid annual rent of €95,000 *(2015: €95,000)* and other administrative costs totalling €2,314 *(2015: €11,769)* on behalf of Campus Crèche Limited.

Transactions between the college and NCI Foundation Limited are classified as related party transactions, as a result of both entities being subject to common influence. During the year, the college did not receive any funds from NCI Foundation Limited. There was no balance payable to or receivable from NCI Foundation Limited at 30 June 2016 *(2015: €Nil)*.

The total remuneration in respect of key management personnel was €1,394,401 *(2015: €1,489,041)*. Key management personnel includes the executive management team of the college and other employees of the college serving on the Board of Directors.

21 Accounting estimates and judgements

Pension assumptions
The assumptions underpinning the valuations for the defined benefit pension scheme liability, which are subject to significant risk and related income statement charges are as set out in Note 15.

22 Explanation of transition to FRS 102 from old Irish GAAP

As stated in note 1, these are the company's first financial statements prepared in accordance with FRS 102. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented in these financial statements for the year ended 30 June 2015. In preparing its FRS 102 balance sheet, the company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (Irish GAAP). An explanation of how the transition from Irish GAAP to FRS 102 has affected the company's financial position and financial performance is set out in the following table.

	Note	**Profit for the year ended 30 June 2015 €**	**Equity as at 30 June 2015 €**	**Equity as at 1 July 2014 €**
Amount under old GAAP		**205,969**	19,975,500	19,524,420
Holiday pay accrual (1)		-	(86,329)	(86,329)
Amount under FRS 102		**205,969**	**19,889,171**	**19,438,091**

(1) The college has recognised an additional net provision on transition to FRS 102 of €86,329 in line with Section 28 of FRS 102.

In addition, certain comparatives have been re-grouped and re-stated where necessary for classification and comparative purposes.

Notes *(continued)*

24 Approval of financial statements

The financial statements were approved by the Governing Body on [21 October 2016].

24 Approval of financial statements

The financial statements were approved by the Governing Body on 21 October 2016.