

National College of Ireland

*(A company limited by guarantee
and not having a share capital)*

Directors' report and
financial statements

Year ended 30 June 2015

Registered number: 134303

National College of Ireland

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors and other information	1
Directors' report	2
Statement of directors' responsibilities	6
Independent auditor's report	7
Income and expenditure account	9
Statement of total recognised gains and losses	10
Statement of movement in accumulated surplus	10
Balance sheet	11
Cash flow statement	12
Notes forming part of the financial statements	13

National College of Ireland

Directors and other information

Directors

Denis O'Brien (Chairman)
William Attley
Fr Noel Barber S.J.
Áine Casey
Professor Áine Hyland
Dr Phillip Matthews
Brendan McGinty
Peter McLoone
Liam O'Donohue
Robert Rodrigues
Paul Stynes
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

National College of Ireland

Directors' report

The directors present their annual report and audited financial statements of National College of Ireland ("the company" or "the college") for the year ended 30 June 2015.

Principal activities

The principal activity of the company is the provision of educational services.

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.

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 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.

Results

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

Fair review of development and performance of the business and of its position

The college continues to operate in an increasingly competitive environment. Notwithstanding this, the college has been successful in growing revenues through widening programme provision and attracting new EU and international students to its courses. In particular, the development of new postgraduate programmes such as an MBA, new MSc's in Marketing, Finance, Cloud Computing and Data Analytics; and new undergraduate programmes such as BA Psychology, have contributed to this growth. The College has also been very successful in securing funding for the Higher Education Authority's ("HEA") Springboard and ICT Skills labour market initiatives, particularly for computing programmes.

The directors are satisfied with the financial position as at 30 June 2015 as stated in the balance sheet on page 11.

Description of the principal risks and uncertainties

The college derives a major part (75%) of its revenues from private sources, including student fees, commercial income, donations, and sponsorship. The balance of the funding (25%) is provided by the State through the "Free Fees" Initiative and a core grant from the Department of Education and Skills. The limitation (unique to this institution) on the number of students funded through the Free Fees initiative to 925 students 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 fully funded institutions who are funded directly by the HEA. Notwithstanding this lower level of funding, any material reduction would represent a significant risk to the college.

National College of Ireland

Directors' report *(continued)*

Description of the principal risks and uncertainties *(continued)*

The significant student fee revenues secured by the college over the last five years through the HEA's Springboard and ICT funding initiatives are expected to decline as the State reduces labour market activation funding with economic recovery and increasing employment rates. These revenues will have to be 'replaced' with fees from fee-paying students. The primary drivers of this 'replacement' revenue will be international student registrations and professional education and training.

Given the last five years of steady growth in student registrations, 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.

The college does not own all of the buildings on the IFSC campus. It had a call option under which it could acquire the remaining elements (student residences) of the campus at a predetermined price prior to 30 September 2013 (see note 25). As that call option was not commercially attractive it was not exercised. The college is actively working to identify additional capacity within the Docklands in order to provide much needed additional facilities and also to continue its work to address educational disadvantage within the local community.

Subsequent events

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

Political and charitable donations

The college made no political or charitable donations or incurred any political expenditure during the year (2014: €nil).

National College of Ireland

Directors' report *(continued)*

Retirement benefits

The college operates both a defined benefit pension scheme and, with effect from April 2014, a defined contribution pension scheme for staff.

Defined benefit scheme

A number of cost saving measures were implemented within the college in 2011, one of which was to freeze the accrual of service in the NCI Pension Scheme (defined benefit scheme) with effect from 1 August 2011 for a period of two years.

The significant increase in contributions required to fund the resumption of the service accrual under the existing pension scheme was considered by the directors to be unsustainable. In July 2013 the Trustees of the NCI Pension Scheme were asked by the college to consider a number of proposals for pension arrangements that were considered by the directors to be financially sustainable. After consideration of legal and actuarial advice, and following consultation with scheme members, the Trustees decided to apply to the Pensions Authority for permission to amend the scheme to align the retirement age with the State Pension. The application was approved by the Pensions Authority in July 2014. This change to the scheme resulted in an actuarial past service gain of €1.0 million which was reflected in the income & expenditure account for the year to 30 June 2014 and resulted in a reduction in the scheme liabilities. Contributions to this scheme resumed with effect from 1 August 2013.

A decision was made by the directors to close the NCI Pension Scheme (defined benefit scheme) to new members with effect from 1 April 2014.

Defined contribution scheme

A defined contribution pension scheme was put in place with Bank of Ireland Life 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.

National College of Ireland

Directors' report *(continued)*

Directors and secretary

The directors and the secretary at 30 June 2015 and in the subsequent period to date are as follows:

Denis O'Brien (Chairman)
William Attley
Fr Noel Barber S.J.
Áine Casey
Professor Áine Hyland
Dr Phillip Matthews
Brendan McGinty
Peter McLoone
Liam O'Donohue
Robert Rodrigues
Paul Stynes
Eddie Sullivan
Dr Tony White
John McGarrigle (secretary)

On 1 July 2015 James Duffy retired and was replaced by Robert Rodrigues. Liam O'Donohue was appointed as director on 22 May 2015.

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 2015.

Related party transactions

Details of related party transactions are disclosed in note 28 to the financial statements.

Auditor

During the year, KPMG, Chartered Accountants were appointed auditors in accordance with Section 384 of the Companies Act 2014 and, in accordance with Section 383 (2) of that Act, will continue in office.

On behalf of the board


Brendan McGinty
Director


Philip Matthews
Director

9/06/2015

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 annual 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 accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in 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 profit or loss for that year. In preparing these financial statements, the directors are required to:

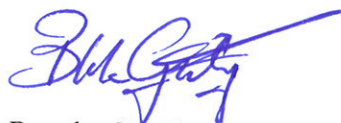
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare 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 financial position 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



Brendan McGinty
Director



Philip Matthews
Director



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

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

We have audited the financial statements ("financial statements") of National College of Ireland for the year ended 30 June 2015 which comprise the income and expenditure account, the balance sheet, the cashflow statement and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

Opinions and conclusions arising from our audit

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 2015 and of its surplus for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

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.

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.

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

Basis of our report, responsibilities and restrictions on use

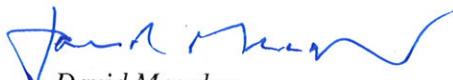
As explained more fully in the statement of directors' responsibilities in respect of the directors' report and the financial statements as set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and 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 directors' 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

9 October 2015

National College of Ireland

Income and expenditure account for the year ended 30 June 2015


	Note	Educational activities €	Enterprise €	2015 €	2014 €
Gross income	2	19,279,681	1,165,890	20,445,571	18,971,332
Operating expenses	3	(19,393,064)	(727,517)	(20,120,581)	(18,448,635)
Operating (loss)/surplus		(113,383)	438,373	324,990	522,697
Exceptional past service gain on pension scheme	6	-	-	-	1,000,216
Operating (loss)/surplus		(113,383)	438,373	324,990	1,522,913
Interest receivable and similar income		44,837	-	44,837	23,379
Interest payable and similar charges	5	(163,858)	-	(163,858)	(205,525)
(Loss)/surplus for the year retained	6	(232,404)	438,373	205,969	1,340,767

Gross income and operating surplus arose solely from continuing activities.

There is no difference between the operating surplus for the year and the surplus retained for the year stated above, and their historical cost equivalents.

On behalf of the board


Brendan McGinty
Director


Phillip Matthews
Director

National College of Ireland

Statement of total recognised gains and losses for the year ended 30 June 2015

	<i>Note</i>	2015 €	2014 €
Surplus for the year		205,969	1,340,767
Actuarial gain/(loss) in respect of pension scheme	23	660,647	(531,167)
Total recognised gains since last financial statements		866,616	809,600

Statement of movement in accumulated surplus year ended 30 June 2015

	2015 €	2014 €
Accumulated surplus at beginning of year	2,951,458	2,141,858
Total recognised gains for the year	866,616	809,600
Accumulated surplus at end of year	3,818,074	2,951,458

National College of Ireland

Balance sheet as at 30 June 2015

	<i>Note</i>	2015 €	2014 €
Fixed assets			
Tangible assets	7	32,693,284	33,366,806
Financial asset	8	230	230
		<hr/>	<hr/>
		32,693,514	33,367,036
Current assets			
Debtors	9	1,851,673	1,830,487
Cash at bank and in hand	10	4,027,183	2,554,162
		<hr/>	<hr/>
		5,878,856	4,384,649
Creditors: amounts falling due within one year	11	(5,971,519)	(4,821,383)
		<hr/>	<hr/>
Net current liabilities		(92,663)	(436,734)
		<hr/>	<hr/>
Total assets less current liabilities		32,600,851	32,930,302
Creditors: amounts falling due after more than one year	12	(9,935,693)	(10,648,185)
		<hr/>	<hr/>
Net assets excluding net pension liability		22,665,158	22,282,117
Provisions			
Pension scheme net deficit	23	(2,689,658)	(2,757,697)
		<hr/>	<hr/>
Net assets including net pension liability		19,975,500	19,524,420
		<hr/>	<hr/>
Reserves			
Development reserve	15	16,157,426	16,572,962
Accumulated surplus		3,818,074	2,951,458
		<hr/>	<hr/>
Total reserves	16	19,975,500	19,524,420
		<hr/>	<hr/>

On behalf of the board

Brendan McGinty
Director




Phillip Matthews
Director

National College of Ireland

Cash flow statement

For the year ended 30 June 2015

	<i>Note</i>	2015 €	2014 €
Net cash inflow from operating activities	<i>17</i>	2,606,827	1,105,177
Returns on investments and servicing of finance	<i>18</i>	(119,021)	(182,146)
Net cash outflow from capital transactions	<i>19</i>	(537,089)	(464,108)
Financing	<i>20</i>	(477,696)	(594,762)
Increase/(decrease) in cash in year	<i>22</i>	1,473,021	(135,839)

National College of Ireland

Notes

forming part of the financial statements

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Act 2014. Accounting standards generally accepted in Ireland and in preparing financial statements giving a true and fair view are those issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland. The financial statements have been prepared on a going concern basis.

The significant accounting policies and estimation techniques adopted by the college are as follows:

Accounting convention

The financial statements have been prepared under the historical cost convention. The currency which is used in these financial statements is the Euro which is denoted by the symbol €.

Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided to write off the cost of fixed assets on a straight line basis over their expected useful lives at the following annual rates.

Buildings and sculpture	2%
Paintings	2%
Car park	2%
Equipment, fixtures and fittings	20%
Computer equipment	33.3%
Motor vehicles	25%

Development reserve

The development reserve, which represents funds donated in respect of the college's IFSC campus is amortised to the income and expenditure account over the estimated useful life of the leasehold building.

Financial assets

Financial assets are held at cost less provision for impairment.

Income

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.

National College of Ireland

Notes *(continued)*

1 Accounting policies *(continued)*

Library books

No value has been placed on the books in the library. Expenditure on books is written off in the year in which it is incurred.

Leased assets

Assets held under finance leases are capitalised and included with similar owned assets in the balance sheet. Obligations under finance leases are included with creditors, analysed between amounts falling due within one year and amounts due after more than one year.

Fixed assets which are held under finance leases are depreciated over the shorter of the lease term or their useful lives.

Costs in respect of operating leases are charged to the income and expenditure account over the lease term.

Retirement benefits

The college operates both a defined benefit pension scheme and a defined contribution pension scheme for staff.

Defined benefit scheme

Pension benefits under the defined benefit scheme are funded over the employees' period of service by way of contributions to a managed fund. The college's annual contributions are based on actuarial advice. Defined benefit pension scheme assets are measured at fair value. Defined benefit pension scheme liabilities are measured on an actuarial basis using the projected unit method. The excess of scheme liabilities over scheme assets is presented on the balance sheet as a liability. The defined benefit pension charge to operating result comprises the current service cost and past service costs/(gains) and any termination charge. The excess of the expected return on scheme assets over the interest cost on the scheme liabilities is presented in the income and expenditure account as other finance income. Actuarial gains and losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the statement of total recognised gains and losses for the year in which they occur.

Defined contribution scheme

Contributions in respect of the college's defined contribution pension scheme are charged to the income and expenditure account in the period to which they relate.

National College of Ireland

Notes *(continued)*

1 Accounting policies *(continued)*

Grants

Capital grants relating to fixed assets are treated as deferred credits and are amortised to the income and expenditure account annually over the related fixed assets' useful lives.

Revenue grants are credited to the income and expenditure account on an accruals basis.

Changes in accounting policies

The financial statements have been prepared using the same accounting policies as set out in the financial statements for the year ended 30 June 2014.

2 Gross income	2015 €	2014 €
Student fees	15,826,150	14,060,349
Department of Education and Skills	1,951,499	1,957,918
Other income	2,667,922	2,953,065
	<hr/>	<hr/>
	20,445,571	18,971,332
	<hr/>	<hr/>
Educational activities	19,279,681	17,896,076
Enterprise	1,165,890	1,075,256
	<hr/>	<hr/>
	20,445,571	18,971,332
	<hr/>	<hr/>

National College of Ireland

Notes (continued)

3 Operating expenses	2015	2014
	€	€
Property expenses	1,161,947	1,098,637
Enterprise expenses	727,517	696,768
Academic overheads	11,760,765	10,400,198
Central administration	1,855,226	1,512,352
Library	863,287	863,394
IT expenses	1,809,424	1,743,993
Student services	897,242	1,181,860
Accreditation bodies and miscellaneous costs	479,106	294,866
Depreciation	1,210,611	1,301,111
Amortisation of capital grants	(229,008)	(229,008)
Amortisation of development reserve	(415,536)	(415,536)
	<hr/>	<hr/>
	20,120,581	18,448,635
	<hr/>	<hr/>
Educational activities	19,393,064	17,751,867
Enterprise	727,517	696,768
	<hr/>	<hr/>
	20,120,581	18,448,635
	<hr/>	<hr/>

4 Employees and remuneration

The average number of persons (excluding associate lecturers) employed by the college in the financial year was 186 (2014: 172). There were 103 (2014: 105) associate lecturers employed by the college. All were engaged in either the provision of educational services, research or administration.

	2015	2014
	€	€
Staff costs are comprised of:		
Wages and salaries	10,924,069	9,838,927
Social welfare	1,102,230	995,075
Pension costs	1,226,830	603,525
	<hr/>	<hr/>
	13,523,129	11,437,527
	<hr/>	<hr/>

National College of Ireland

Notes (continued)

5 Interest payable and other charges	2015	2014
	€	€
Finance lease interest	13,832	24,241
Bank interest and charges on bank loans	150,026	181,284
	<hr/>	<hr/>
	163,858	205,525
	<hr/>	<hr/>

6 Surplus for the year	2015	2014
	€	€

(a) The surplus for the year is stated after charging/(crediting):

Exceptional past service gain on pension scheme	-	(1,000,216)
Depreciation (note 7)	1,210,611	1,301,111
Amortisation of capital grants (note 13)	(229,012)	(229,008)
Amortisation of development reserve (note 15)	(415,536)	(415,536)
Directors' remuneration - management and academic services	358,482	349,344
Finance lease interest (note 5)	13,832	24,241
	<hr/>	<hr/>

Directors' remuneration

- Number of directors	3	4
- Directors' emoluments	358,482	349,344
- Employer contributions to benefit schemes	25,674	33,448
	<hr/>	<hr/>

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

National College of Ireland

Notes *(continued)*

6 Surplus for the year *(continued)*

(b) Auditor's remuneration

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

	2015	2014
	€	€
- statutory audit	55,000	71,500
- other non-audit services	7,200	-
	<hr/>	<hr/>
	62,200	71,500
	<hr/>	<hr/>

Taxation

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

National College of Ireland

Notes (continued)

7 Fixed assets

	Paintings €	Leasehold buildings €	Computer equipment €	Equipment fixtures/ fittings €	Motor vehicles €	Research building €	Car park €	Sculpture €	Total €
Cost									
At 30 June 2014	15,825	24,395,998	6,002,627	2,151,048	83,754	12,170,721	4,427,243	741,333	49,988,549
Additions	-	-	454,786	82,303	-	-	-	-	537,089
Disposals	-	-	(661,538)	(638,727)	-	-	-	-	(1,300,265)
At 30 June 2015	15,825	24,395,998	5,795,875	1,594,624	83,754	12,170,721	4,427,243	741,333	49,225,373
Depreciation									
At 30 June 2014	2,704	5,679,319	5,466,902	1,913,538	83,754	2,406,378	885,450	183,698	16,621,743
Charge for the year	317	487,920	330,502	107,360	-	181,916	88,545	14,051	1,210,611
Disposals	-	-	(661,538)	(638,727)	-	-	-	-	(1,300,265)
At 30 June 2015	3,021	6,167,239	5,135,866	1,382,171	83,754	2,588,294	973,995	197,749	16,532,089
Net book value									
At 30 June 2015	12,804	18,228,759	660,009	212,453	-	9,582,427	3,453,248	543,584	32,693,284
At 30 June 2014	13,121	18,716,679	535,725	237,510	-	9,764,343	3,541,793	557,635	33,366,806

National College of Ireland

Notes (continued)

7 Fixed assets (continued)

The Department of Education and skills holds a charge on the leasehold buildings for 40 years 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/amount due to Origin 8 Partnership	2015 €	2014 €
Shares in North Wall Quay/Mayor Street Management Limited	130	130
Shares in Campus Crèche Limited (note 28)	100	100
	<hr/> 230	<hr/> 230

Name of undertaking	Country of incorporation	Principal activity	Company's interest	Loss for year	Net liabilities
Campus Crèche Limited	Ireland	Lease of Crèche	100%	€1,268	€44,074

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 Companies Act 2014.

9 Debtors: amounts falling due within one year	2015 €	2014 €
Department of Education and Skills grant	161,792	146,583
Prepaid expenses	549,230	721,432
Other debtors	1,140,651	962,472
	<hr/> 1,851,673	<hr/> 1,830,487

10 Cash at bank and in hand	2015 €	2014 €
Cash at bank and in hand	4,027,183	2,554,162

Included in the year end balance is €508,966 (2014: €109,967) which is cash held on behalf of Adastra Limited, a company which owns the student residences on the college's campus.

National College of Ireland

Notes (continued)

11 Creditors: amounts falling due within one year	2015	2014
	€	€
Bank loan (i)	450,000	375,000
Obligations under finance leases	-	69,216
Academic fees received in advance	1,427,537	874,357
Other income received in advance	285,631	232,752
PAYE/PRSI	483,895	570,152
Other creditors and accruals	2,659,789	2,035,239
Amounts owed to Origin 8 Partnership relating to the purchase of the Research Building and car park (note 25)	435,655	435,655
Deferred income capital grants (note 13)	229,012	229,012
	<hr/>	<hr/>
	5,971,519	4,821,383
	<hr/>	<hr/>

(i)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.

12 Creditors: amounts falling due after more than one year	2015	2014
	€	€
Bank loans (note 11)	1,542,958	2,026,438
Deferred income - capital grants (note 13)	8,392,735	8,621,747
	<hr/>	<hr/>
	9,935,693	10,648,185
	<hr/>	<hr/>

National College of Ireland

Notes (continued)

13 Deferred income – capital grants	2015	2014
	€	€
At beginning of year	8,850,759	9,079,767
Received during the year	-	-
Amortised during the year	(229,012)	(229,008)
	<hr/>	<hr/>
At end of year	8,621,747	8,850,759
	<hr/>	<hr/>
Shown as:		
Creditors: amounts falling due within one year	229,012	229,012
Creditors: amounts falling due after more than one year	8,392,735	8,621,747
	<hr/>	<hr/>
	8,621,747	8,850,759
	<hr/>	<hr/>

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.

14 Maturity of debt

The maturity profile of the debt comprising bank loans and obligations under finance leases at 30 June was as follows:

	2015	2014
	€	€
In one year or less, or on demand	450,000	444,216
In more than one year but not more than two years	450,000	450,000
In more than two years but not more than five years	1,092,958	1,400,000
In more than five years	-	176,438
	<hr/>	<hr/>
	1,992,958	2,470,654
	<hr/>	<hr/>

National College of Ireland

Notes (continued)

15 Development reserve

	2015 €	2014 €
Balance at beginning of year	16,572,962	16,988,498
Transfer to income and expenditure account	(415,536)	(415,536)
Balance at end of year	16,157,426	16,572,962

16 Reconciliation of movement in total reserves

	2015 €	2014 €
Balance at beginning of year	19,524,420	19,130,356
Transfer from development reserve to income and expenditure account (note 15)	(415,536)	(415,536)
Total recognised gains relating to the year	866,616	809,600
Balance at 30 June	19,975,500	19,524,420

Total reserves at 30 June 2015, excluding the amount relating to the net pension liability of €2,689,658 (2014: €2,757,697) are €22,665,158 (2014: €22,282,117).

17 Reconciliation of operating surplus to net cash flow from operating activities

	2015 €	2014 €
Operating surplus for year	324,990	1,522,913
Depreciation charge	1,210,611	1,301,111
Amortisation of capital grants	(229,012)	(229,008)
Amortisation of development reserve	(415,536)	(415,536)
Pension movement in creditors	592,608	(791,480)
Increase in debtors	(21,186)	(195,894)
Increase/(decrease) in creditors	1,144,352	(86,929)
Net cash inflow from operating activities	2,606,827	1,105,177

National College of Ireland

Notes *(continued)*

18 Returns on investment and servicing of finance	2015	2014
	€	€
Interest received	44,837	23,379
Interest paid	(150,026)	(181,284)
Finance lease interest	(13,832)	(24,241)
	<hr/>	<hr/>
Net cash outflow from returns on investment and servicing of finance	(119,021)	(182,146)
	<hr/>	<hr/>
19 Capital transactions	2015	2014
	€	€
Payments to acquire tangible fixed assets	(537,089)	(464,108)
	<hr/>	<hr/>
20 Financing	2015	2014
	€	€
Decrease in finance leases	(69,216)	(285,675)
Decrease in loan principal	(408,480)	(309,087)
	<hr/>	<hr/>
Net cash outflow from financing	(477,696)	(594,762)
	<hr/>	<hr/>
21 Reconciliation of net cash flow to movement in net funds	2015	2014
	€	€
Increase/(decrease) in cash in year	1,473,021	(135,839)
Cash outflow from debt and lease financing	477,696	594,762
	<hr/>	<hr/>
Change in net funds resulting from cash flows	1,950,717	458,923
Net funds/(debt) at beginning of year	83,508	(375,415)
	<hr/>	<hr/>
Net funds at end of year	2,034,225	83,508
	<hr/>	<hr/>

National College of Ireland

Notes (continued)

22 Analysis of changes in net funds/(debt)	30 June 2014 €	Cash flow €	30 June 2015 €
Net cash			
Cash at bank and in hand	2,554,162	1,473,021	4,027,183
	<hr/>	<hr/>	<hr/>
Net cash	2,554,162	1,473,021	4,027,183
	<hr/>	<hr/>	<hr/>
Debt			
Finance leases	(69,216)	69,216	-
Term loan	(2,401,438)	408,480	(1,992,958)
	<hr/>	<hr/>	<hr/>
	(2,470,654)	477,696	(1,992,958)
	<hr/>	<hr/>	<hr/>
Net funds	83,508	1,950,717	2,034,225
	<hr/>	<hr/>	<hr/>

23 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 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.

As a result of cost saving measures implemented by the college it was agreed to freeze the accrual of service in the NCI Pension Scheme with effect from 1 August 2011 for a period of two years. Minimum employer contributions to fund the past service deficit continued to be made during this time based on recommendations from the plan actuary. No employee contributions related to current service were made during this time. Full employer and employee contributions resumed with effect from August 2013. The employer contributions payable to the scheme at the year-end date were €32,544 (2014: €44,423).

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 - see the directors' report for further details.

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 2014, by a qualified independent actuary.

National College of Ireland

Notes (continued)

23 Pension scheme (continued)

The following amounts recognised in the balance sheet were measured in accordance with the requirements of Financial Reporting Standard 17:

	2015 €	2014
Total market value of assets	9,971,007	7,813,172
Present value of schemes' liabilities	(12,660,665)	(10,570,869)
	<hr/>	<hr/>
Net pension liability	(2,689,658)	(2,757,697)
	<hr/>	<hr/>

The following amounts have been recognised in the performance statements for the year ended 30 June 2015 and 30 June 2014 under the requirements of FRS17.

	2015 €	2014
Charged to operating result		
Current service cost	(977,212)	(572,781)
Past service (cost)/gain	(18,564)	1,000,216
	<hr/>	<hr/>
	(995,776)	427,435
	<hr/>	<hr/>
Credited/(charged) to other financial income/(charges)		
Expected return on pension scheme assets	365,333	359,114
Interest on pension scheme liabilities	(335,899)	(366,623)
	<hr/>	<hr/>
Net credit/(charge)	29,434	(7,509)
	<hr/>	<hr/>
Analysis of amount recognised in the statement of total recognised gains and losses		
Actual return less expected return on pension scheme assets	1,272,971	581,790
Experience gains and losses arising on the scheme liabilities	272,341	71,079
Changes in assumptions underlying the present value of the scheme liabilities	(884,665)	(1,184,036)
	<hr/>	<hr/>
Actuarial gain/(loss) recognised in the statement of total recognised gains and losses	660,647	(531,167)
	<hr/>	<hr/>

National College of Ireland

Notes (continued)

23 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 2015 is €2,926,309 (2014: €3,586,956).

The fair value of assets in the scheme were:

	Market value at 30 June 2015 €	Market value at 30 June 2014 €
Equities	7,478,255	5,938,011
Bonds	1,994,201	1,171,976
Other	498,550	703,185
	<hr/>	<hr/>
	9,971,006	7,813,172
	<hr/>	<hr/>

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:

	2015 €	2014
Annual		
Rate of increase in salaries	2.8%	3.0%
Rate of increase in pensions in payment	1.8%	2.0%
Discount rate	2.7%	3.2%
Inflation rate	1.8%	2.0%

National College of Ireland

Notes (continued)

23 Pension scheme (continued)

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:

	2015 €	2014
Male – currently aged 65	21	20.6
Female – currently aged 65	23.5	22.3
Male – currently aged 45	23.5	24.8
Female – currently aged 45	25.7	26.5

	Pension assets €000	Pension liabilities €000	Pension deficit €000
Movement in scheme assets and liabilities			
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)

Employer contributions expected to be paid to the scheme in the next financial year total €390,000. The actual return on pension scheme assets for the year was €1,638,304 (2014: €940,904).

National College of Ireland

Notes (continued)

23 Pension scheme (continued)

	Pension assets €000	Pension liabilities €000	Pension deficit €000		
Movement in scheme assets and liabilities 2014					
At 30 June 2013	6,462	(9,480)	(3,018)		
Current service cost	-	(573)	(573)		
Interest on scheme liabilities	-	(366)	(366)		
Expected return on scheme assets	359	-	359		
Actual less expected return on scheme assets	582	-	582		
Experience gains on liabilities	-	71	71		
Change in actuarial assumptions	-	(1,184)	(1,184)		
Past service losses/gains	-	1,000	1,000		
Contributions by plan participants	226	(226)	-		
Risk premium	(29)	29	-		
Payments out	(158)	158	-		
Employer contributions paid (including risk premium)	371	-	371		
	7,813	(10,571)	(2,758)		
	2015	2014	2013	2012	2011
	€'000	€'000	€'000	€'000	€'000
Present value of the scheme liabilities	(12,661)	(10,571)	(9,480)	(7,992)	(7,218)
Fair value of plan assets	9,971	7,813	6,462	5,713	5,355
Net pension deficit	(2,690)	(2,758)	(3,018)	(2,279)	(1,863)
Difference between expected and actual return on plan assets	1,273	582	409	(26)	(38)
Percentage of plan assets	12.8%	7.6%	(6.3%)	(0.4%)	(0.7%)
Experience gains and losses on scheme liabilities	272	71	(67)	260	220
Percentage of scheme liabilities	2.1%	0.7%	(0.7%)	3.3%	3.05%
Total recognised in statement of total recognised gains/(losses)	661	(531)	(804)	(558)	181
Percentage of the present value of the scheme liabilities	5.2%	(5.0%)	(8.5%)	(7.0%)	2.52%

National College of Ireland

Notes *(continued)*

23 Pension scheme *(continued)*

(b) Defined contribution scheme

On 1 April 2014, the defined benefit scheme was closed to new entrants. Since the scheme closed, the college established 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 €46,373 (2014: €8,580). Contributions payable at the year end amounted to €4,344 (2014: €3,317).

24 Student numbers

During the year there were 1,781 (2014: 1,665) full time day students in the college. The total number of students attending courses was 4,097 (2014: 3,585).

25 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 which 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.

National College of Ireland

Notes (continued)

25 IFSC Campus (continued)

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 2014 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.

26 Capital commitments

The college had the following capital commitments as at 30 June 2015:

	2015 €	2014 €
Contracted for	-	-
Authorised but not contracted for	329,377	18,450
	<hr/>	<hr/>
	329,377	18,450
	<hr/>	<hr/>

National College of Ireland

Notes (continued)

27 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	3,358,438	Sept 14 to Jun 15	3,358,438	Restricted to recoupment of undergraduate fees for academic year 2014/2015 in respect of eligible students attending full time undergraduate courses
Department of Education and Skills	Core Grant	1,961,500	Jan 14 to Dec 14	980,750	Educational activities
Department of Education and Skills	Core Grant	1,941,500	Jan 15 to Dec 15	970,750	Educational activities
Pobal	N.E.Y.A.I.	344,907	Jun 11 to Jul 14	32,808	Restricted solely to the NEYAI Project
Pobal	Area Based Childhood Programme	1,200,000	Sept 14 to Sept 17	195,271	Restricted solely to the ABC Programme
Department of Education	HEA Tutor Support	40,500	Jan 14 to Dec 14	13,500	Restricted solely to tutor support service
Department of Education and Skills	HEA Tutor Support	40,500	Jan 15 to Dec 15	27,000	Restricted solely to tutor support service
HEA, Department of Education and Skills, European Social Fund	HEA Student Assistance Fund	52,827	Sept 13 to Aug 14	27,292	Restricted to provision of financial aid to students experiencing financial hardship

National College of Ireland

Notes (continued)

27 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	52,012	Sept 14 to Aug 15	50,609	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	175,158	Sept 14 to Aug 15	175,158	Restricted to provision of learning aids to students with disabilities
HEA, Department of Education and Skills	Springboard	1,157,658	May 13 to Aug 14	79,747	Provision of training and education programmes to the unemployed
HEA, Department of Education and Skills	Springboard	349,375	Jan 14 to Jan 15	150,700	Provision of training and education programmes to the unemployed
HEA, Department of Education and Skills	ICT Skills	153,000	Feb 14 to Jan 15	78,450	An initiative under which suitably qualified applicants can pursue a course of higher education in ICT
HEA, Department of Education and Skills	Springboard (including ICT)	2,801,000	May 14 to Jan 16	2,330,745	Provision of training and education programmes to the unemployed
European Commission Research: The Seventh Framework Programme	FP7	203,245	Oct 12 to Mar 15	91,856	Funding of Paraphrase Project

National College of Ireland

Notes *(continued)*

28 Related party transactions

Included in debtors is €10,477 (2014: €4,568) being the excess of receipts over expenditure from Campus Crèche Limited, a wholly owned subsidiary of the college. During the year, the college paid annual rent of €95,000 (2014: €95,000) and other administrative costs totalling €11,769 (2014: €12,106) 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 2015 (2014: €Nil).

29 Comparatives

Certain comparatives have been re-grouped and re-stated where necessary for classification and comparative purposes.

30 Approval of financial statements

The financial statements were approved by the Governing Body on 9 October 2015.