

LETTERKENNY INSTITUTE OF TECHNOLOGY

FINANCIAL STATEMENTS FOR YEAR ENDED 31ST AUGUST 2013

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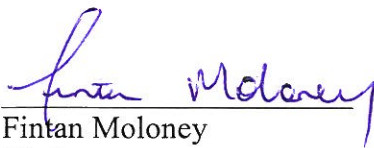
LETTERKENNY INSTITUTE OF TECHNOLOGY

STATEMENT OF INSTITUTE RESPONSIBILITIES

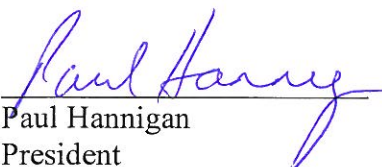
The Institutes of Technology Acts 1992 to 2006 require the Institute to prepare financial statements in such form as may be approved by the Higher Education Authority and to submit them for audit to the Comptroller and Auditor General. In preparing these financial statements, the Institute is required to:-

- select suitable accounting policies and apply them consistently
- make judgments and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless that basis is inappropriate
- disclose and explain any material departures from applicable accounting standards.

The Institute is responsible for keeping proper books of account, which disclose with reasonable accuracy at any time the financial position of the Institute and which enable it to ensure that the financial statements comply with the Institutes of Technologies Acts 1992 to 2006. The Institute is also responsible for safeguarding its assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.


Fintan Moloney
Chairperson

3rd July 2014
Date


Paul Hannigan
President

3rd July 2014
Date

LETTERKENNY INSTITUTE OF TECHNOLOGY

STATEMENT ON INTERNAL CONTROL

For the year ended 31 August 2013

Responsibility for the System of Internal Control

The Governing Body of Letterkenny Institute of Technology acknowledges its responsibility for ensuring that an effective system of internal control, based on compliance with the Code of Governance of Irish Institutes of Technology, is maintained and operated. The system of internal control consists of those processes used to identify, evaluate, prioritise and manage the significant risks faced by Letterkenny Institute of Technology in the management of its affairs. The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected on a timely basis.

Key Control Procedures

The Governing Body has taken steps to ensure an appropriate control environment, including the following:

- Procedures and regulations are documented, implemented and up to date. The Institute is engaged in an ongoing process to update existing procedures and to introduce new policies and procedures where appropriate.
- Regular reviews of periodic and annual reports, including financial performance against budgets, are performed by the Governing Body. Timeliness of preparation of draft statutory accounts has improved in recent years; draft statutory accounts for year ended 31 August 2013 were completed in December 2013, two months earlier than the previous year.
- An Audit Committee operates with clear terms of reference, dealing with significant control issues and receiving the reports of the internal and external auditors.
- Clearly defined capital investment control guidelines are in place.

Letterkenny Institute of Technology has an outsourced internal audit function, which operates in accordance with the Code of Governance of Irish Institutes of Technology. Annual internal audit plans take account of areas of potential risk identified by management and the Audit Committee. The Internal Audit Plan for 2012/2013 was approved by the Audit Committee in November 2012. The Internal Audit Plan for 2013/2014 was approved by the Audit Committee in September 2013.

Risk Management

In December 2012, the Governing Body reviewed and approved the Institute's Risk Management Policy. An Institute-wide risk register has been developed and is subject to bi-annual review by the Institute's Executive Board. The Institute is at a relatively early stage in embedding formalised risk management practices across its activities, and management acknowledges that this is an area for ongoing development. The Institute's Executive Board reviews the risk register twice each year.

Annual Review of Controls

The Governing Body's review of the effectiveness of the system of internal control is informed by:

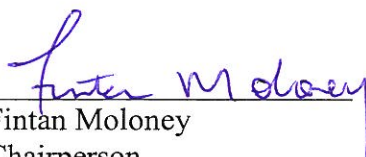
- Senior officers within the Institute, who have responsibility for the development and maintenance of an internal control framework.
 - Work processes and procedures across key Institute activities are designed to ensure adequate and appropriate segregation of duties.
 - The Executive Board reviews the Institute's financial performance during the year, including comparisons against budget. Prior to 2013, these reports contained expenditure data only. Since early 2013, the finance reports have reflected a more comprehensive analysis of income and expenditure.
- The Audit Committee which assists the Governing Body in fulfilling its oversight responsibilities.
 - The Audit Committee oversees the work of the Internal Auditors and, at a minimum of once each year, meets the Internal Auditors to review their plans and activities.
 - Deliberations of the Audit Committee and any issues of concern are reported to the Governing Body.
 - The Audit Committee's Annual Report for year ended 31 August 2013 was presented to the Governing Body in December 2013.
- The Institute's Internal Auditors.
 - The Internal Audit plan considers risk when identifying areas for review.
 - The Internal Auditors perform their work in accordance with the Internal Audit plan. Where the work relates to the Institute's system of internal control, the Internal Auditors submit reports which provide independent assurance on the adequacy and effectiveness of the Institute's system of internal control, with recommendations for improvement. These reports are provided to the Institute's Audit Committee which reports directly to the Governing Body.
 - During the year ended 31 August 2013, the Internal Auditors reviewed controls in processes for examination papers, State Grant income, Tuition Fee income, Student Registration Charge, Accounts Receivable and Travel and Subsistence. These reviews resulted in one high-risk finding which has been addressed, eight medium-risk findings and two low-risk findings. The Institute's progress in addressing Internal Audit findings is monitored by the Audit Committee.
- The comments made by the Comptroller and Auditor General in his Report on the audit to the Audit Committee, management letter and other reports.

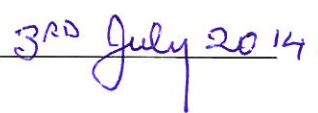
We confirm that the Governing Body conducted a review of the effectiveness of the system of internal controls for the year ended 31 August 2013 in February 2014.

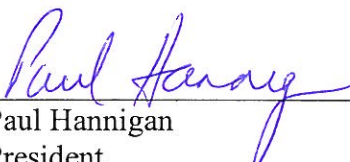
We also confirm that the Governing Body approved the latest Code of Governance of Irish Institutes of Technology in September 2013. The Governing Body is committed to fully implementing the latest Code.

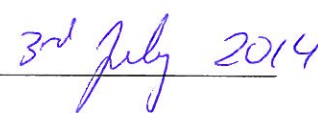
Activities in progress

- The Institute has incurred operating deficits for each of the three years ending 31 August 2011, 31 August 2012 and 31 August 2013, and has identified initiatives aimed at returning the Institute to a balanced budget position in the medium term.
- The Institute is working towards the introduction or revision of policies and procedures in the following areas in 2014 and 2015: Code of Conduct for Employees, Data Protection, Critical Incidents / Business Continuity, Fraud, Procurement, Travel and Subsistence.
- The Institute's Risk Management Policy was approved by Governing Body in December 2012. The Institute is working towards full implementation of the policy across all activities.
- The Institute is working towards full implementation of the Internal Controls Framework.
- The Institute is working towards broader compliance with the Code of Governance of Irish Institutes of Technology.


Fintan Moloney
Chairperson


Date


Paul Hannigan
President


Date



Comptroller and Auditor General Report for presentation to the Houses of the Oireachtas

Letterkenny Institute of Technology

I have audited the financial statements of the Letterkenny Institute of Technology for the year ended 31 August 2013 under the Institutes of Technology Acts 1992 to 2006. The financial statements, which have been prepared under the accounting policies set out therein, comprise the statement of accounting policies, the income and expenditure account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is the Institutes of Technology Acts 1992 to 2006 and generally accepted accounting practice in Ireland.

Responsibilities of the Institute

The Institute is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view of the state of the Institute's affairs and of its income and expenditure, and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and report on them in accordance with the Institutes of Technology Acts 1992 to 2006.

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

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

Scope of audit of the financial statements

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

- whether the accounting policies are appropriate to the Institute's circumstances, and have been consistently applied and adequately disclosed

- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

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

Opinion on the financial statements

In my opinion, the financial statements, which have been properly prepared in accordance with generally accepted accounting practice in Ireland, give a true and fair view of the state of the Institute's affairs at 31 August 2013 and of its income and expenditure for the year then ended.

In my opinion, proper books of account have been kept by the Institute. The financial statements are in agreement with the books of account.

Matters on which I report by exception

I report by exception if

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

Internal control review

The statement on internal control discloses that the Governing Body carried out a review of the effectiveness of the Institute's system of internal control for the year ended 31 August 2013 in February 2014.

Seamus McCarthy
Seamus McCarthy
Comptroller and Auditor General

9 July 2014

Statement of Accounting Policies for year ended 31 August 2013

The significant accounting policies adopted by Letterkenny Institute of Technology are as follows:

1. BASIS OF PREPARATION

The financial statements are prepared in accordance with generally accepted accounting principles in Ireland and the United Kingdom under the historical cost convention (except for certain assets which are included at valuation) and with the requirements of the Higher Education Authority.

Under the Institutes of Technology Act 2006 which came into operation on 1 February 2007 certain functions and funding which were previously exercised and provided by the Minister for Education and Skills were transferred to the Higher Education Authority.

2. RECOGNITION OF INCOME

State Grants:

Recurrent grants from the Higher Education Authority and other bodies are recognised in the period in which they are receivable.

Non-recurrent grants from the Higher Education Authority or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Minor Capital Works:

The Minister for Education and Skills introduced a scheme to devolve responsibility to the Institute for Summer and other Capital Works. Where devolved grant monies, in respect of this scheme, have not been expended they are treated as deferred income, provided the projects to which they are committed have been approved by the Governing Body, are fully defined, time phased and with estimates of costs.

In all other cases devolved grant funding is recognised in the period received.

Research Grants and Contracts:

Income from Research Grants and Contracts is matched to expenditure and is included in the income of the year in which the related expenditure has been incurred. Full provision is made for foreseeable losses.

All research income and expenditure is shown under the headings 'Research Grants and Contracts'. Full provision is made for foreseeable losses.

Fee Income:

Fee Income is accounted for on an accruals basis. All fee income is included under this heading including Life Long Learning and Other Fees. Where the Institute concludes fee income recognised is not collectable the Institute makes an appropriate provision for the amount not considered collectable and discloses this as a separate expense.

Interest Income:

All income from short term deposits is credited to the income and expenditure account in the period in which it is earned.

3. STOCKS

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

4. FIXED ASSETS and DEPRECIATION

Fixed assets, with the exception of land, are stated at historical cost or valuation less accumulated depreciation. Land is stated at historical cost or valuation.

(a) COST OR VALUATION

Fixed assets in existence on 1 January 1993 (date of commencement order) are stated at valuation. The basis of valuation of land and buildings is set out at note 14. Subsequent additions are stated at cost.

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

(b) EQUIPMENT

From 1 September 2009, equipment costing less than €3,000 per individual item is written off to the income and expenditure account in the year of acquisition. Where individual items of equipment purchased are below the capitalisation limit, €3,000, and the total purchase invoice is in excess of the limit, these items are individually capitalised in the normal way.

(c) DEPRECIATION

All assets purchased before 1 September 2008 and capitalised will continue to be treated as fixed assets and depreciated to the end of their useful life.

Depreciation is provided on fixed assets, excluding land, on a straight line basis so as to write off their historical costs or valuations over their estimated useful lives as follows:

	Years
Buildings	50
Fixtures and Fittings including Prefabs	10
Computer equipment	3
Plant and Machinery	10
Equipment	5
Motor Vehicles	5

All equipment funded from Research Grants and Contracts is depreciated over the life of the asset in line with the policy for all other Fixed Assets.

Leased Land and Buildings are depreciated over the life of the lease.

5. FOREIGN CURRENCIES

Transactions denominated in foreign currencies are translated into Euro and recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Euro at the rates of exchange ruling at the balance sheet date.

6. PENSIONS

From 1 January 2013 all new employees are members of the single public sector pension scheme. All other pension entitlements of staff are conferred under a defined benefit scheme established under the Local Government (Superannuation) Act, 1980, and pension obligations are met by the Exchequer as they arise.

The superannuation scheme is operated on a Pay As You Go basis and therefore superannuation deductions made from employees are retained by the Institute, as an agreed part of its funding.

The Institute does not make contributions towards the scheme and has no obligations in respect of entitlements.

7. DEFERRED CAPITAL GRANTS

Deferred Capital Grants represent the amortised value of accumulated funds allocated for fixed assets.

8. CAPITAL DEVELOPMENT RESERVE

The Capital Development Reserve represents funds set aside by the Institute for specified capital development purposes. Such funds arise from Student contributions, non-State capital donations, banking facility fees and transfers from Revenue Reserves, in the latter case which have had the prior approval of the Higher Education Authority, together with bank interest earned on these monies. Such funds shall be retained in the Capital Development Reserve Account provided the defined projects to which they are committed are in line with the Institute's Capital Development Plan, have been approved by the Governing Body, time phased and with estimates of costs.

9. LEASED ASSETS

Rentals under operating leases are charged to the Income and Expenditure account in the period in which the expenditure is incurred.

Income and Expenditure Account for the Year Ended 31 August 2013

INCOME	NOTE	2013 €'000	2012 €'000
State Grant	1	12,496	12,860
Tuition Fees	2	9,303	8,931
Amortisation of Deferred Capital Grants	17	2,250	2,273
Research Grants and Contracts	3	1,160	1,049
Other Income Generating Activities	21	440	325
Other Income	5	2,276	2,254
Student Support Funding Income recognised	4	510	391
Interest Income		222	299
		28,657	28,382
EXPENDITURE			
Academic Departments	6	17,395	17,456
Academic Services	7	786	786
Facilities Costs	8	1,558	1,643
Central Administration and Services	9	3,800	4,119
General Educational Expenses	10	903	925
Student Services	11	914	868
Research Grants and Contracts	3	1,160	1,049
Other Income Generating Activities	21	433	384
Student Support Funding Income applied	4	490	473
Depreciation	14	2,250	2,273
		29,689	29,976
OPERATING DEFICIT		(1,032)	(1,594)
TRANSFER TO CAPITAL DEVELOPMENT RESERVE	20	0	0
ACCUMULATED SURPLUS AT 1st SEPTEMBER		5,279	6,873
ACCUMULATED SURPLUS AT 31st August		4,247	5,279

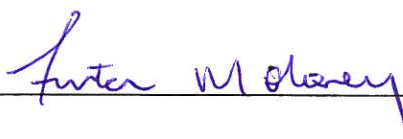
There are no gains or losses other than those recognised above.

The Statement of Accounting Policies, Cash Flow Statement and Notes 1 to 27 form part of the financial statements.

Signed on behalf of the Governing Body :

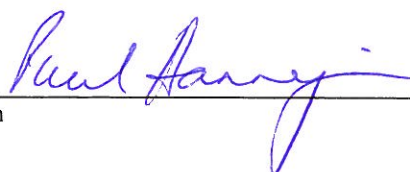
Chairperson

Fintan Moloney



President

Paul Hannigan



Balance Sheet As At 31 August 2013

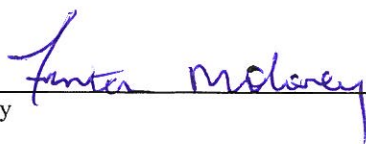
	NOTE	2013 €'000	2012 €'000
FIXED ASSETS	14	72,761	73,545
		72,761	73,545
CURRENT ASSETS			
Debtors and Prepayments	15	1,912	2,804
Cash at bank and in hand		6,787	7,681
		8,699	10,485
CURRENT LIABILITIES			
Creditors and Accrued Expenses - Amounts falling due within one year	16	2,793	2,846
NET CURRENT ASSETS		5,906	7,639
NET ASSETS		78,667	81,184
Represented by :			
Deferred Capital Grants	17	72,761	73,545
Income and Expenditure Account		4,247	5,279
Capital Development Reserve	20	1,659	2,360
		78,667	81,184

The Statement of Accounting Policies, Cash Flow Statement and Notes 1 to 27 form part of the financial statements.

Signed on behalf of the Governing Body :

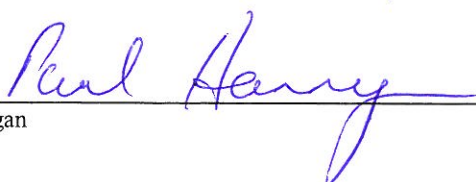
Chairperson

Fintan Moloney



President

Paul Hannigan



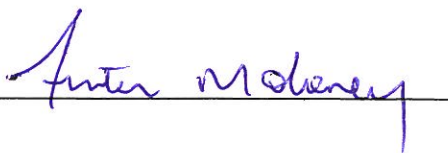
Cash Flow Statement for the year ended 31 August 2013	2013	2012
	€'000	€'000
Reconciliation of operating deficit to net cash outflow from operating activities		
Operating deficit	(1,032)	(1,594)
Interest income	(222)	(299)
Depreciation	2,250	2,273
Amortisation in line with asset depreciation	(2,250)	(2,273)
Decrease in Debtors	892	830
(Decrease)/ Increase in Creditors	(53)	439
Net Cash Outflow from Operating Activities	(415)	(624)
Cash Flow Statement		
Net Cash Outflow from Operating Activities	(415)	(624)
Interest Received	222	299
Capital Expenditure		
Payments to acquire Fixed Assets	(1,466)	(4,542)
Proceeds from the Disposal of Fixed Assets	-	-
Net Cash Outflow for capital expenditure	(1,466)	(4,542)
Financing		
State Capital Grants Spent on Fixed Assets	192	3,053
State Recurrent Grants Spent on Fixed Assets	497	1,314
Other funds spent on Fixed Assets	76	175
Net Cash Inflow from Financing	765	4,542
Decrease in Cash	(894)	(325)
Reconciliation of net cash flow to movement in net funds		
Decrease in cash	(894)	(325)
Opening net funds	7,681	8,006
Net Funds at 31 August	6,787	7,681

The Statement of Accounting Policies, Cash Flow Statement and Notes 1 to 27 form part of the financial statements.

Signed on behalf of the Governing Body:

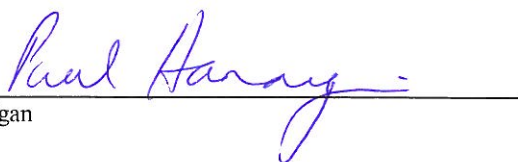
Chairperson

Fintan Moloney



President

Paul Hannigan



Notes To The Financial Statements

1. STATE GRANTS

	Allocated for Recurrent Expenditure €'000	Allocated for Capital Expenditure €'000	Total 2013 €'000	Total 2012 €'000
State Grant for Recurrent Expenditure - HEA	11,911	497	12,408	13,506
State Grant for Recurrent Expenditure - HEA (Nursing)	585	-	585	668
State Grant for Minor Capital Works - Department of Education and Skills	-	-	-	162
State Grant for Capital Expenditure - Department of Education and Skills	-	192	192	2,891
State Grant for Capital Expenditure - Enterprise Ireland	-	-	-	(46)
Total - 2013	12,496	689	13,185	17,181
Total - 2012	12,860	4,321	-	17,181

The total cost of certain Higher Certificate and Ordinary Degree courses is subvented by the European Social Fund (ESF) at national level. State Grants for Recurrent Expenditure are partly funded from this EU assistance. With effect from the 1st February 2007 the Higher Education Authority took over responsibility from the Department of Education and Skills for the funding of non-nursing recurrent expenditure.

2. TUITION FEES

	2013 Student No. (WTE)	2013 €'000	2012 Student No. (WTE)	2012 €'000
Fees Paid by State	2,647	3,231	2,374	3,658
Non-EU Fees	2	13	1	1
Fees paid by students or on behalf of students	154	374	478	407
Life Long Learning and Other Fees	77	51	39	51
Student Contribution	-	5,634	-	4,814
	2,880	9,303	2,892	8,931

The Department of Education and Skills paid tuition fees in the year of €2,072,971 (2012: €2,050,653) for full time degree courses and €1,069,588 (2012: €1,497,231) for higher certificate and ordinary degree courses, the total costs of which are part funded by the ESF. In addition the Institute earned other fees of €88,000 from Failte Ireland, Educational Training Boards, Student Universal Support Ireland and other miscellaneous fees earned.

Student numbers are stated as wholetime equivalents, based on enrolled credits.

3. RESEARCH GRANTS AND CONTRACTS

	2013 €'000	2012 €'000
Income		
Research Grants and Contracts	1,171	1,090
Less: Research Grants and Contract Income allocated to capital	(11)	(41)
Net Income	<u>1,160</u>	<u>1,049</u>
Expenditure		
Pay Costs	699	577
Non-Pay Costs	461	472
Total Costs	<u>1,160</u>	<u>1,049</u>
Net Outcome	<u>0</u>	<u>0</u>

Included in the Research Grant and Contract Income is an amount of €9,481 (€23,875 in 2012) in respect of overhead recovery. The balance represents direct costs recovered for research work undertaken as outlined under Expenditure headings above.

4. STUDENT SUPPORT FUNDING

	Disabilities €'000	Student Assistance €'000	2013 €'000	2012 €'000
Balance at 1 September 2012	(5)	(3)	(8)	74
Receipts:				
Higher Education Authority	297	237	534	410
Less: Receipts Allocated to Capital	(24)	-	(24)	(19)
Net Receipts	<u>273</u>	<u>237</u>	<u>510</u>	<u>391</u>
Amounts Applied:				
Pay Costs	184	-	184	164
Non Pay Costs	69	237	306	309
	<u>253</u>	<u>237</u>	<u>490</u>	<u>473</u>
Balance at 31 August 2013	<u>15</u>	<u>(3)</u>	<u>12</u>	<u>(8)</u>

Funding is provided by the Higher Education Authority under the National Development Plan and is part funded by the European Social Fund.

5. OTHER INCOME

	2013	2012
	€'000	€'000
Superannuation Deductions Retained	1,202	1,167
Rental of Facilities	95	99
Central Research Overhead	159	178
Sundry Income	820	810
TOTAL	2,276	2,254

6. ACADEMIC DEPARTMENTS

	2013	2012
	€'000	€'000
Pay Costs	16,390	16,459
Non-Pay Costs:	1,005	997
TOTAL	17,395	17,456

7. ACADEMIC SERVICES

	2013	2012
	€'000	€'000
Pay Costs	608	585
Non-Pay Costs	178	201
TOTAL	786	786

8. FACILITIES COSTS

	2013	2012
	€'000	€'000
Pay Costs	482	601
Non-Pay Costs:	1,076	1,042
TOTAL	<u>1,558</u>	<u>1,643</u>

9. CENTRAL ADMINISTRATION AND SERVICES

	2013	2012
	€'000	€'000
Pay Costs	2,873	3,028
Non-Pay Costs:	927	1,091
TOTAL	<u>3,800</u>	<u>4,119</u>

10. GENERAL EDUCATIONAL EXPENSES

	2013	2012
	€'000	€'000
Pay Costs	523	584
Non-Pay Costs:	380	341
TOTAL	<u>903</u>	<u>925</u>

11. STUDENT SERVICES

	2013	2013	2013	2012
	€'000	€'000	€'000	€'000
	Staff Costs	Non Pay	Total	Total
Subvention to Clubs, Societies and Students Union	132	332	464	420
Student Services	41	337	378	359
Careers Advisory Services	-	6	6	6
Health and Counselling	-	66	66	83
TOTAL	<u>173</u>	<u>741</u>	<u>914</u>	<u>868</u>

12. ANALYSIS OF EXPENDITURE

	Staff Costs €'000	Depreciation €'000	Other operating expenses €'000	2013 €'000	2012 €'000
Research Grants and Contracts	699	112	461	1,272	1,182
Academic Departments	16,390	397	1,005	17,792	17,816
Academic Services	608	7	178	793	796
Facilities Costs	482	1,583	1,076	3,141	3,209
Central Administration and Services	2,873	128	927	3,928	4,299
General Education Expenses	523	-	380	903	925
Other Income Generating Activities	255	4	178	437	391
Student Support Funding	184	19	306	509	490
Student Registration Charges	173	-	741	914	868
2013 Total	22,187	2,250	5,252	29,689	29,976
2012 Total	22,411	2,273	5,292	-	29,976
Analysis of Other Operating Expenditure				2013 €'000	2012 €'000
Transfer to Capital Development Reserve for Student Facilities etc.				-	-
Materials and Other Consumables				380	437
Light, Heat & Power				514	477
Repairs and Maintenance Costs				460	363
Printed material, books and periodicals				170	206
Travel & Subsistence				386	399
Printing, Stationary, Postage and other Office Expenses				164	227
Rent, Rates and Insurance costs				196	225
Recruitment, training etc.				394	421
Audit fee				28	28
Consultancy Costs				187	196
Equipment (non capitalised) purchases				117	103
Computer maintenance, software and licences				333	261
Security and Grounds Maintenance				101	173
Medical service				66	83
Communications				82	84
Advertising and Marketing				145	197
Institute Management Service				75	69
Waste Disposal				15	18
Health and safety				19	29
Student Support Funding				306	309
Student Registration Charges				675	709
Course development and validation				19	71
Bad Debts				200	41
Other expenses				220	166
Total				5,252	5,292

13. TAXATION

Letterkenny Institute of Technology is exempt from Corporation Tax under a charitable status order.

14. FIXED ASSETS

	Total	Land and Buildings	Buildings in course of construction	Fixtures and Fittings	Computer Equipment	Equipment	Plant and Machinery	Motor Vehicles
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Cost or Valuation								
At 1 September 2012	109,760	88,103	51	147	11,464	9,501	454	40
Additions	1,466	1,092	37	10	149	178	-	-
Transfer of Assets in Course of Construction	0	51	(51)	-	-	-	-	-
Disposal	(83)	-	-	-	(80)	(3)	-	-
	<u>111,143</u>	<u>89,246</u>	<u>37</u>	<u>157</u>	<u>11,533</u>	<u>9,676</u>	<u>454</u>	<u>40</u>
Depreciation								
At 1 September 2012	36,215	16,028	-	35	11,182	8,912	18	40
Charge for year	2,250	1,559	-	17	224	333	117	-
Disposal	(83)	-	-	-	(80)	(3)	-	-
	<u>38,382</u>	<u>17,587</u>	<u>-</u>	<u>52</u>	<u>11,326</u>	<u>9,242</u>	<u>135</u>	<u>40</u>
Net Book Value								
At 31 August 2013	<u>72,761</u>	<u>71,659</u>	<u>37</u>	<u>105</u>	<u>207</u>	<u>434</u>	<u>319</u>	<u>-</u>
Net Book Value								
At 31 August 2012	<u>73,545</u>	<u>72,075</u>	<u>51</u>	<u>112</u>	<u>282</u>	<u>589</u>	<u>436</u>	<u>-</u>

Cost or Valuation:

Land and buildings were valued at 1 January, 1993 on the basis of guidelines advised by the Department of Education and Skills.

The Institute's computer system in relation to student registration etc. was developed by a consortium acting on behalf of the Department of Education and Skills. The system was provided to the Institute through this consortium. Only the capital costs borne by the Institute itself for this computer system have been included in the Balance Sheet.

15. DEBTORS AND PREPAYMENTS

	2013 €'000	2013 €'000	2012 €'000	2012 €'000
Tuition and Other Fees	349		662	
Less Provision for Bad debts	(349)	-	(356)	306
State Recurrent Grant - Higher Education Authority		676		767
State Recurrent Grant - Health Service Executive		-		116
State & Other Capital Grant		169		343
Research Grants and Contracts		228		258
Self Funded Activities		57		64
Student Support Funding		3		8
Prepayments and Accrued Income		447		291
Other Debtors	411		644	
Less Provision for Bad debts	(79)	332	(72)	572
Maintenance Grants		-		79
Total		<u>1,912</u>		<u>2,804</u>

16. CREDITORS AND ACCRUED EXPENSES

	2013	2012
	€'000	€'000
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Payments Received in Advance :		
Research Grants and Contracts	853	832
Self Funded Activities	508	605
Deferred Income Student Support Funding	15	-
Tuition and Other Fees in Advance	198	186
Maintenance Grants	5	-
	<u>1,579</u>	<u>1,623</u>
Trade Creditors and Accruals	55	77
PAYE /PRSI	539	547
VAT	122	109
Withholding Tax	4	4
Relevant Contracts Tax	4	1
Other Creditors	150	156
Accruals and Deferred Income	340	329
	<u>1,214</u>	<u>1,223</u>
	<u>2,793</u>	<u>2,846</u>

17. DEFERRED CAPITAL GRANTS

	2013	2012
	€'000	€'000
Opening Balance	73,545	71,276
Capital Grants Receivable		
State Capital Grants - Department of Education and Skills	192	2,891
Minor Capital Works - Department of Education and Skills	-	162
Allocated from State Recurrent Grant - HEA	497	1,314
State Capital Grants - Enterprise Ireland	-	(46)
Allocated from Student Support Funding	24	19
Allocated from Capital Development Reserve	701	-
Other Capital Grants/Funding	52	202
	<u>75,011</u>	<u>75,818</u>
Disposals	(83)	(65)
Release to Income		
Amortisation in Line with Asset Depreciation	(2,250)	(2,273)
Disposals	83	65
Closing Balance	<u>72,761</u>	<u>73,545</u>

18. CAPITAL COMMITMENTS CONTRACTED FOR BUT NOT PROVIDED

Estimated capital commitments of €246,576 existed at the end of the period.

19. Student Maintenance Grants	2013	2012
	€'000	€'000
Receipts from Department of Education and Skills (Colleges Section)	993	1,944
Receipts from Department of Education and Skills (Student Support Unit)	436	859
Payments to students	(917)	(1,975)
Payments to students (top ups)	(428)	(859)
Net Cash Inflow / (Outflow)	84	(31)
Opening Balance	(79)	(48)
Closing Balance	5	(79)

The Institute processes payments to students in respect of ESF maintenance grants which are notified by the relevant VEC or Local Authority. Funding for these payments is provided by the Department of Education and Skills with co funding provided by the European Social Fund (ESF). These transactions are not included separately in the Income and Expenditure Account.

20. Capital Development Reserve	2013	2012
	€'000	€'000
Balance as at 1st September 2012	2,360	2,360
Student Contribution	-	-
Interest	-	-
Contribution to Capital (Used in Year)	(701)	-
Closing Balance as at 31st August 2013	1,659	2,360

21. Other Income Generating Activities	2013	2012
Income	€'000	€'000
New Business Development Centre	230	140
An Danlann Student Centre	214	185
Total Income	444	325
Less: Income Allocated to Capital	(4)	-
Net Income	440	325
Expenditure		
Pay Costs	255	254
Non-Pay Costs	178	130
	433	384
Net Outcome	7	(59)

22. Commitments under Property Leases

At the year end the Institute had commitments under property leases expiring as follows:

	2013 €'000	2012 €'000
Within 1 year	70	77
Between 1 and 5 years	272	305
More than 5 years	-	-
	<u>342</u>	<u>382</u>

23. Contingencies

There were no contingencies existing at 31 August 2013.

24. Disclosure of Transactions - Governing Body Members

In the normal course of business the Institute may enter into contractual arrangements with undertakings in which the Institute's Governing Body members are employed or otherwise interested. The Institute has adopted procedures in accordance with the Code of Practice for the Governance of State Bodies in relation to the disclosure of interests by members of the Board and the Institute has complied with these procedures during the year.

25. Employees

The average number of employees (whole-time equivalents) during the year was 356 (370 in 2012).

26. Financial Position

Letterkenny Institute of Technology has incurred operating deficits in each of the three years ended 31 August 2011, 31 August 2012 and 31 August 2013. The Institute is aware that further deficits of similar magnitude will result in depletion of reserves that could call into question the going concern status of the Institute in the near to medium term. Factors contributing to these deficits include the following:

1. Decreases in State Grant for funding of recurrent activities.
2. Suspension of State grants for funding of capital investments, such as equipment, computer equipment, fixtures and fittings. The need to allocate recurrent funding for capital purposes decreases income available to fund recurrent activities.
3. Amalgamation of Tourism College Killybegs into the Institute with effect from February 2007.

The Institute is engaged in ongoing discussions with the Higher Education Authority and with the Department of Education and Skills, with a view to ensuring that the Institute can sustain educational and related activities for the foreseeable future. The going concern basis has been adopted in preparing the financial statements, as the Institute has sufficient reserves to meet projected expenditures as they fall due for a period exceeding 12 months from the expected approval of the financial statements.

27. Approval of Financial Statements

The financial statements were approved by the Governing Body on 3 July 2014.