

UNIVERSITY OF MALTA

Annual Report and Consolidated Financial
Statements

30 September 2015

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LETTER OF TRANSMITTAL

The Hon Evarist Bartolo
Minister of Education and Employment
Great Siege Road
Floriana VLT 2000

Dear Minister

In accordance with section 73(7) of the Education Act, Cap 327, I have the honour to transmit the Annual Report and Consolidated Financial Statements of the University of Malta for the year ended 30 September 2015.

Yours sincerely



Rector
University of Malta
Tal-Qroqq
Msida

12 February 2016

Governing body of the University

Council

The Council is the supreme governing body of the University. Its functions are defined in the Education Act, Section 77.

Council consists of twenty-six members, including the President. The members of Council are listed hereunder:

PRO-CHANCELLOR – PRESIDENT (ex officio)
Dr Michael Sciriha

RECTOR – VICE PRESIDENT (ex officio)
Professor Juanito Camilleri

REPRESENTATIVES OF SENATE
Professor Dominic Fenech
Professor Richard Muscat – Pro-Rector
Professor Alfred J. Vella – Pro-Rector
Professor Alex Torpiano

MEMBERS ELECTED BY THE ACADEMIC STAFF	
Prof Frank Camillieri	from 24.07.2015
Prof. Liberto Camilleri	
Professor Robert Ghirlando	up to 23.07.2015
Professor Irene Sciriha Aquilina	

MEMBERS ELECTED BY THE NON-ACADEMIC STAFF
Ms Stephanie Abood
Mr Elton J Baldacchino
Mr Noel Caruana

STUDENT REPRESENTATIVES	
Mr Ryan Falzon	from 13.11.2015
Mr Ryan Mercieca	up to 12.11.2015
Mr Gayle Lynn Callus	
Ms Yanica Sant	up to 12.11.2015
Mr Manuel Xuereb	from 13.11.2015

MEMBER APPOINTED BY THE MINISTER OF EDUCATION, YOUTH AND EMPLOYMENT
Mr Joseph Caruana

MEMBER APPOINTED BY THE CHAIRMAN OF THE FOUNDATION FOR THEOLOGICAL STUDIES	
Rev. Can. Anthony Gouder	up to 15.04.2015
Rev. Professor George Grima	from 16.06.2015

Governing body of the University - continued

Council - continued

MEMBERS APPOINTED BY THE PRIME MINISTER TO REPRESENT THE GENERAL INTEREST OF THE COUNTRY

Mr Carmel Cachia	
Mr Reno Calleja	
Ms Antonia Formosa	up to 12.01.2016
Mr Joe Cauchi	from 13.01.2016
Mr Reginald Fava	
Ms Josanne Ghirxi	
Mr Mario Grech	from 13.01.2016
Mr Godfrey Grima	
Mr Charles Micallef	
Mr Malcolm Miller	up to 12.01.2016
Mr Maurice Mizzi	
Dr Nadine Lia	
Ms Elisabeth Pisani	from 13.01.2016
Mr Anthony J. Tabone	up to 12.01.2016
Mr Godfrey Vella	
Dr Michael Vella Haber	up to 12.01.2016
Mr Winston Zahra	up to 12.01.2016
Dr Jonathan Zammit	up to 12.01.2016
Mr Charles Zammit	from 13.01.2016
Ms Maria Micallef	from 13.01.2016
Ms Marika Tonna	from 13.01.2016

A Statement of responsibilities of the Council in respect of the financial statements is set out on page 10.

The Council has established a number of Committees with specific responsibilities as follows:

Student Affairs Committee (including Travel Grants, Bursaries, Scholarships)
 Staff Scholarship and Bursaries Committee
 Staff Affairs Committee
 Academic Resources Funds Committee
 Further Training and Work Resources Fund Committee for Support Staff
 Committee to consider extension of appointments of Academic Staff
 Finance Committee
 Board of the IT Services Centre
 ICT Strategy Work Group
 University Community Welfare Committee
 Safety Committee
 Committee for Gender Issues
 University House Liaison Committee

Senate

The Senate is responsible for the general direction of the academic matters of the University and deals with any matter of an academic nature arising in the administration of the University. Senate regulates studies and research in the University; it establishes by regulations the conditions for admission into the University; makes regulations governing all courses leading to University awards, and approves programmes of studies constituting such courses. It advises the Council on matters of an academic nature even if of such a nature only in part.

Governing body of the University - continued

Senate - continued

A number of Joint Committees of Senate and Council have been established with specific responsibilities as follows:

Honoris Causa, Fellowships and Honours Committee

Research Fund Committee

ACCESS: Disability Support Committee

Visiting Staff and External Examiners Committee

The Chairman of all Joint Committees of Senate and Council is the Rector or one of the Pro-Rector or a delegate specifically nominated by the Rector.

Faculty board

The Faculty Board directs the academic tasks of the Faculty. The Board determines the studies, teaching and research and distributes tasks within the Faculty. It makes bye-laws concerning its courses and presents them for the approval of Senate. It prepares plans for the development of the Faculty and presents them to the Senate and the Council.

Financial and Operating Review

The mission our *Alma Mater* embarked upon a decade ago was to transform the University of Malta into an international Third Generation University built on three pillars:

Teaching and Learning:

- to promote a humanism based on scholarship and understanding; and
- to educate graduates for today's jobs.

Research and Innovation:

- to promote excellence and discovery; and
- to help create tomorrow's jobs for graduates.

Outreach Services to industry and civil society:

- to stimulate economic development and resilience; and
- to promote sustainable living, entrepreneurship and social solidarity.

We have witnessed unprecedented growth and success on all three fronts, to mention but a few:

- ✓ the birth of four new faculties and the radical transformation of a number of others;
- ✓ the creation of a broad array of Centres and Institutes principally focused on interdisciplinary research and outreach, ranging from Biomedical Cybernetics to English Language Proficiency, from the Liberal Arts and Sciences to Space Science and Astronomy;
- ✓ the setting up of the School of Performing Arts;
- ✓ the construction and upgrade of laboratories, and lecturing facilities;
- ✓ the refurbishing of the library and the significant investment in its holdings;
- ✓ the construction of a state-of-the-art IT Services Centre backed by a secondary Data Centre;
- ✓ the creation of new administrative structures to sustain new lines of activity or to strengthen internal academic support services and outreach functions;
- ✓ the upgrade and development of an impressive portfolio of no less than 700 certificate, diploma, and degree programmes at undergraduate and postgraduate level;
- ✓ the setting up of a number of collaborative degree programmes with international counterparts at masters and doctoral levels;
- ✓ the repossession of the Valletta campus and its reinstatement as the University's original seat of learning; and
- ✓ the radical reconceptualization of the collective agreement for academic staff which has been the key that has reenergized the University and opened its doors wide for both day as well as evening programmes, and has spurred our academics on with their research and outreach.

The change instilled has been radical, extensive and far-reaching. The pipe-line of projects that are underway or planned is equally impressive.

In this academic/financial year the University has continued to build on past success to fulfill its mission, and this, whilst managing its operational expenditure carefully to maximize its output. For example, the University has just finished implementing an extensive energy-saving project, installing PV panels on most of the roofs of its buildings wherever possible, installing energy saving light sources, and making sure that the load is distributed in an energy-efficient manner. This project alone has been instrumental in keeping the University's carbon footprint and the recurrent expenditure on electricity in check despite the significant increase in building footprint, plant, and equipment on campus.

One must also point out that apart from the annual financial subvention provided by Government, and despite the statutory constraints, the University has continued to generate significant funds from external sources to sustain its growth and to ensure that its goals are achieved.

Financial and Operating Review - continued

Teaching and Learning

Apart from the normal cycle of upgrade and renewal of its certificate, diploma and degree programmes, in consultation with the respective stakeholders and in response to national needs, the University has launched a broad range of new programmes, such as for example: the Master of Arts in Educational Leadership and Management, the Master of Science in Radiography, the Master of Science in Petroleum Studies, the Bachelor of Commerce (Hons) and Master of Arts in Insurance and Risk Management, the Bachelor of Arts (Hons) in Public Administration, and the Masters in Cognitive Science.

We continued to strengthen and extend our international collaborative masters and doctoral programmes with prestigious US and European Universities such as James Madison University, George Mason University, University of Illinois at Chicago, King's College University of London, the International Ocean Institute amongst others, and recently we have launched a Masters in Traditional Chinese Medicine and Culture in partnership with Shanghai University of Traditional Chinese Medicine.

The University is delighted that thirty (30) Ph.D. students have graduated this year and that a few hundred more are in the pipeline to ensure an increasing and steady flow going forward. This indicates that a healthy research capacity is solidly in place.

From an academic administration perspective, as a result of the constructive feedback received from the recent external academic quality audit overseen by the National Commission for Further and Higher Education, the University has seen it fit to take up various measures such as the setting up of a Professional Development Office and a Quality Assurance Unit to ensure that a quality assurance culture is actively promoted at University, and that academic performance is actively monitored and improved.

Research and Innovation

Albeit constrained by limited funds, research and innovation have been top on the University's agenda during the past decade and the results of the efforts undertaken are now coming to fruition through active participation in world class projects and publications in highly acclaimed academic journals.

According to the ISI Web of Science, the number of internationally peer reviewed publications attributed to the University of Malta has more than doubled in the period 2011-2015, when compared with the previous five-year period, and this after it had already doubled in the period 2006-2010 as compared to the five year period before that. The University, through its academic and support staff, continues to attract funding for various research projects whilst bringing to completion existing ones.

This financial year saw the implementation of the Mobile Atmospheric Monitoring Station project as well as extensive works on the University's new Solar Research Laboratories at Marsaxlokk, both funded through European Regional Development Funds (ERDF). Moreover, work on the extension to the Biomedical Sciences building to house the Centre for Molecular Medicine and Biobanking is now in its final stages and will soon provide the research infrastructure and research activity that will complement the commercial activity at the Life Sciences Park.

There are several other projects underway intended to strengthen the University's research infrastructure. Work on the Library Archives and interdisciplinary Postdoctoral Research Centre is underway, as is the construction of the new Metallurgy and Materials Laboratories. The designs for the construction of a Sustainable Living Complex and the extension of the Research Incubator which will house amongst others, new Engineering laboratories, are complete and the necessary extensive groundwork is in place to allow the University to apply for ERDF funding in the coming months.

Financial and Operating Review - continued

Research and Innovation - continued

The year also saw the conclusion of a number of externally-funded projects, especially those funded through the "Italia-Malta" EU programme, whilst a healthy pipeline of fresh projects has been secured, thus augmenting our research output. The prospects for the coming year are very bright with a number of post-doctoral scholars joining the University's ranks, having secured funding under the newly launched Reach High Scholars Programme. These will have the capacity to create research clusters of excellence in areas of national interest.

Finally, the University of Malta is proud to have secured through one of its resident academics, a prestigious European Research Council funded project in the field of Marine Geomorphology, the first of its kind for Malta, with a budget of €1.5 million over three years.

The University has set up a Research Support Services Directorate to continue to support the growth of externally funded research projects.

Outreach and Entrepreneurship

The University has spared no effort in its quest to strengthen its outreach and to promote entrepreneurship both amongst the University scholarly community and at large.

It is impossible to capture the extent of the University's outreach as it is pervasive in all sectors of the economy and of society. Many of our resident academics are engaged serving on governing or advisory boards, or as consultants, working with the public as well as the private sector. The Knowledge Transfer Office actively promotes and supports University/Industry collaboration and technology transfer. The engagement of a significant number of visiting academics who are experts in their field working in industry and within the public sector, keeps the University, and its teaching and research programmes, in tune with the challenges and opportunities of the community and economy it serves and supports.

What follows are a few highlights amongst many others which provide a backdrop of how the University engaged with the community, the public sector, and civil society at large, this year:

Under the auspices and with the help of the University's Research Innovation and Development Trust, the Faculty of Dental Surgery launched the first fully-equipped mobile dental clinic in Malta. This new facility is being used to visit schools and communities in various locations in Malta to provide free dental services and education about dental hygiene to the community, while collecting precious data for statistical research which is necessary for policy-making at the national level. Moreover, the University invested in the setting up and running of a state-of-the-art Dental Clinic at St. Vincent de Paul, providing the resident elderly community with the service they require whilst using the cases they encounter as a basis for ongoing research.

Once on the topic of our growing ageing population, the University: has opened a new venue for the University of the Third Age in Mosta to extend its services to that, and neighbouring communities; and collaborates with various stakeholders to promote Active Ageing.

This year the Cottonera Resource Centre has extended its activity by providing additional classes and mentorship after hours to support the schooling of students in the Cottonera and neighbouring areas, thus bringing the University closer to that community.

In partnership with the Malta Business Bureau, the University and Malta University Holding Company (MUHC) have set up a company and a foundation to promote entrepreneurship, and have launched a crowd-funding platform ZAAR to support startups and social and cultural initiatives in the community. Yet again, this is another first for Malta.

Financial and Operating Review - continued

Outreach and Entrepreneurship - continued

The University is working with the Chamber of Commerce to set up a National Academia-Industry knowledge transfer platform to facilitate collaborative research and the dissemination of know how.

Finally, the Centre for Entrepreneurship and Business Incubation, and TAKEOFF its business incubator, has continued to produce a steady stream of graduates from its Masters programme in Knowledge-based Entrepreneurship and today supports sixteen start-ups at the incubator, and actively promotes entrepreneurship both within the University and in the local community.

Infrastructural Work and General Administration

Apart from the projects mentioned earlier, the much needed infrastructural works to increase operational space, research facilities, and to embellish the campuses of the University continued during this financial year.

The extension of the building housing the Faculty of Media and Knowledge Sciences is now fully functional and is being used by both the Faculty and other members of staff across the University.

In summer, the Arts Lecture Theatre was transformed into a state-of-the-art lecture theatre with new seating and lecturing technologies.

The Junior College has also seen some refurbishment with one of the floors being modernised, including a number of laboratories.

The Valletta Campus was not left without its share of refurbishment with restoration works carried out on another wing at the ground floor of the campus, and moreover a major overhaul of the MITP theatre is underway.

A request for proposals has also been issued to seek a private partner to develop the recently acquired land between the Msida Campus and Mater Dei Hospital into a University Residence and Community Complex, this being envisaged to be completed and fully functional by the end of 2018.

The Companies

For the second year running, MUHC, the commercial arm of the University has registered a healthy profit allowing the University to benefit from a notable dividend of €500,000.

Much of this success is attributed to the fact that the School of Languages, the Lija Residence, and the Kappara Hotel increased revenue generation over the previous year, whilst costs were kept at a minimum thanks to streamlined operations.

Efforts are also underway to create new lines of business and to support the activities of the University's Business Incubator and the Knowledge Transfer Office.

Key Financial Highlights

As in the previous year, the working capital situation of the University has improved even further from €457,255 in 2013/14 to €1,598,843 in the current financial year. The same situation is mirrored at group level with an increase in working capital of more than €800,000 (2014/15: €1,784,629; 2013/14: €978,944). For the third consecutive year, the University managed to end up with a modest surplus of €284,580 (2013/14: €206,703) and as a group the surplus increased substantially at €241,957 as against last year's €47,537.

Financial and Operating Review - continued

Financial Highlights - continued

As always Government support is crucial as without it the University would not be able to meet its increasing costs, let alone the pensions liability imposed by law. However, as in previous years, the University of its own accord managed to generate healthy revenue, to augment the budget allocated by the Government, which amounts to circa €16m or 17% of its total income. If one had to also include the €3.3m secured from EU Regional Development Funds then the total revenue generated over and above the Government subvention amounts to €19.3m or 20.5% of all revenue.

Without the generation of additional funds the University would not be able to meet its expenditure and carry out the research projects that it is currently engaged in.

Way Forward

Whilst the University is committed to secure external funds to augment Government subventions, it is imperative that Government continues to provide its financial support in order to ensure that the University improves the quality and range of services offered, improves its standing in the higher education market, and covers its liability for pensions. Meanwhile, the University Group has embarked on new ventures and business opportunities, and will continue to explore others, with a view to improving its financial situation. The University, moreover, will continue to tap into EU funds for research activities as well as embark on collaborative initiatives with other EU institutions.

Whilst the University awaits the election of a new Rector, the achievements registered this year build on those registered in the past decade, and leave the University and its companies in a healthy financial situation and in good shape to herald in a new team at its helm.

Statement of responsibilities of the Council

The Council is responsible through the Finance Office for the preparation of financial statements which give a true and fair view of the state of affairs of the University and the Group as at the end of each financial period and of the surplus or deficit for that period.

In preparing these financial statements, the Council is responsible for:

- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- stating which comprehensive basis of accounting has been followed, subject to any material departures disclosed and explained in the accounts;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University and the Group will continue their activities as a going concern.

The Council is also responsible for designing, implementing and maintaining internal control as the Council determines is necessary to enable the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the relevant provisions of Statute 6.2.4 of the Education Act, Cap. 327. The Council is also responsible for safeguarding the assets of the University and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Independent auditor's report
Issued under section 73(6) of the Education Act, Cap. 327

To the Council of the University

Report on the Financial Statements for the year ended 30 September 2015

We have audited the financial statements of the University on pages 13 to 49 which comprise the statements of financial position as at 30 September 2015 and the income and expenditure accounts, the statements of changes in equity and statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Council's Responsibility for the Financial Statements

The Council of the University through the Finance Officer, is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting policies described on pages 19 to 28. As described in the statement of responsibilities of the Council on page 10, this responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. These financial statements have been prepared broadly taking into account International Financial Reporting Standards (IFRSs) as adopted by the EU and the UK SORP effective as from 1 August 2007 except for certain departures as disclosed in accounting policy A – "Basis of accounting".

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Independent auditor's report

Issued under section 73(6) of the Education Act, Cap. 327 - continued

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the University and the Group as at 30 September 2015 and of their financial performance and of their cash flows for the year then ended in accordance with the accounting policies and notes described on pages 19 to 49.

PricewaterhouseCoopers

78 Mill Street,
Qormi QRM 3101
Malta

A handwritten signature in black ink, appearing to read 'Simon Flynn'.

Simon Flynn
Partner

12 February 2016

Income and expenditure accounts

		Year ended 30 September			
	Notes	Group		University	
		2015 €	2014 €	2015 €	2014 €
Income	3	95,579,930	90,626,335	94,034,544	89,123,743
Expenditure					
Staff costs	4	69,271,344	65,205,387	68,403,403	64,463,783
Pension costs	4	68,266	44,922	68,266	44,922
Other operating expenses	5	25,186,426	24,778,524	24,648,233	23,997,699
		94,526,036	90,028,833	93,119,902	88,506,404
Surplus before allocation to funds		1,053,894	597,502	914,642	617,339
Net allocation to funds	13	(630,062)	(410,636)	(630,062)	(410,636)
Surplus before tax		423,832	186,866	284,580	206,703
Tax expense	6	(181,875)	(139,329)	-	-
Surplus for the year		241,957	47,537	284,580	206,703

Statements of financial position

As at 30 September					
	Notes	Group 2015 €	2014 €	University 2015 €	2014 €
ASSETS					
Non-current assets					
Property, plant and equipment	7	56,609,393	53,456,660	54,733,256	51,569,980
Investments in subsidiaries	9	-	-	748,313	748,313
Deferred tax	18	25,494	28,671	-	-
Investments	8	480,934	441,583	455,184	441,583
Trade and other receivables	11	9,713,446	9,581,273	9,713,446	9,581,273
Total non-current assets		66,829,267	63,508,187	65,650,199	62,341,149
Current assets					
Inventories	10	79,981	67,144	20,056	20,056
Capital projects funding	14	3,988,510	2,154,288	3,988,510	2,154,288
Trade and other receivables	11	14,014,021	18,154,658	14,780,788	18,456,420
Current tax assets		-	34,761	-	-
Short term deposits	12	300,000	430,000	-	-
Cash and cash equivalents	23	17,197,725	17,990,180	15,782,734	16,773,078
Total current assets		35,580,237	38,831,031	34,572,088	37,403,842
Total assets		102,409,504	102,339,218	100,222,287	99,744,991

Statements of financial position - continued

As at 30 September					
	Notes	Group		University	
		2015	2014	2015	2014
		€	€	€	€
FUNDS AND LIABILITIES					
Funds and equity					
Specific endowment funds	19	361,564	361,564	361,564	361,564
Other funds					
Capital fund	20	138,598	138,598	138,598	138,598
Special reserve	21	4,800,000	4,800,000	4,800,000	4,800,000
Accumulated net surplus		1,950,001	1,708,044	585,147	300,567
		7,250,163	7,008,206	5,885,309	5,600,729
Deferred grants	16	51,650,287	47,616,402	51,650,287	47,616,402
Total funds		58,900,450	54,624,608	57,535,596	53,217,131
Total funds and equity		59,262,014	54,986,172	57,897,160	53,578,695
Non-current liabilities					
Provision for liabilities and charges	17	9,713,446	9,581,273	9,713,446	9,581,273
Trade and other payables	15	-	281,250	-	-
Total non-current liabilities		9,713,446	9,862,523	9,713,446	9,581,273
Current liabilities					
Funds designated for specific purposes:					
Academic	13	7,016,004	6,611,850	7,167,850	6,772,696
Operational resources	13	246,348	246,348	246,348	246,348
Other	13	984,547	969,558	984,547	969,558
Trade and other payables	15	24,138,627	29,170,722	23,337,161	28,233,256
Provision for liabilities and charges	17	1,237,339	724,729	1,237,339	724,729
Current tax liabilities		172,743	128,880	-	-
Total current liabilities		33,795,608	37,852,087	32,973,245	36,946,587
Total liabilities		43,509,054	47,714,610	42,686,691	46,527,860
Total funds and liabilities		102,409,504	102,339,218	100,222,287	99,744,991

The financial statements on pages 13 to 49 were authorised for issue by the Council on 12 February 2016 and were signed on its behalf by:



Prof Juanito Camilleri
Rector



Mr Mark Debono
Director of Finance

Statements of changes in equity

Group	Capital Fund €	Specific endowment fund €	Special reserve €	Accumulated net surplus €	Non- controlling interest €	Total €
Balance at 30 September 2013	138,598	361,564	4,800,000	1,660,507	14,589	6,975,258
Remeasurement of defined benefit obligations	-	-	-	928,256	-	928,256
Remeasurement of grant receivable against defined benefit obligations	-	-	-	(928,256)	-	(928,256)
Acquisition of non- controlling interest's by group company	-	-	-	-	(14,589)	(14,589)
Surplus for the year	-	-	-	47,537	-	47,537
Balance at 30 September 2014	138,598	361,564	4,800,000	1,708,044	-	7,008,206
Acquisition of non- controlling interest's by group company	-	-	-	-	-	-
Surplus for the year	-	-	-	241,957	-	241,957
Balance at 30 September 2015	138,598	361,564	4,800,000	1,950,001	-	7,250,163

Statements of changes in equity - continued

University	Capital fund €	Specific endowment fund €	Special reserve €	Accumulated net surplus €	Total €
Balance at 30 September 2013	138,598	361,564	4,800,000	93,864	5,394,026
Remeasurement of defined benefit obligations	-	-	-	928,256	928,256
Remeasurement of grant receivable against defined benefit obligations	-	-	-	(928,256)	(928,256)
Surplus for the year	-	-	-	206,703	206,703
Balance at 30 September 2014	138,598	361,564	4,800,000	300,567	5,600,729
Surplus for the year	-	-	-	284,580	284,580
Balance at 30 September 2015	138,598	361,564	4,800,000	585,147	5,885,309

Statements of cash flows

		Year ended 30 September			
Note	Group		University		
	2015 €	2014 €	2015 €	2014 €	
Cash flows from operating activities					
	76,907,212	69,401,946	76,907,212	69,901,946	
Government recurrent vote					
Receipts from all other sources of income	11,816,647	9,767,275	11,072,632	10,497,759	
Receipts from externally funded projects	3,473,973	3,436,051	3,473,973	3,436,051	
Payments to employees and suppliers	(90,804,640)	(81,303,004)	(90,182,733)	(82,750,458)	
Receipts from related parties	-	-	52,637	38,400	
Payments on behalf of related parties	-	-	(248,329)	(226,780)	
Income tax refunded	(250,064)	(173,999)	-	-	
Net cash generated from operating activities	1,143,128	1,128,269	1,075,392	896,918	
Cash flows from investing activities					
	2,478,661	6,399,049	2,478,661	6,399,049	
Government capital vote					
Government ERDF/ESF vote	14,193	(81,989)	14,193	(81,989)	
EU ERDF/ESF vote	301,864	706,531	301,864	706,531	
Interest received from investments held-to-maturity	44,050	44,347	44,050	44,347	
Proceeds from sale of assets	1,610,102	1,600,000	1,599,650	1,600,000	
Redemption of investment	-	(23,425)	10,452	-	
Receipts/(payments) for government stock	(13,600)	8,000	(13,600)	8,000	
Payments for capital expenditure	(6,500,853)	(9,355,480)	(6,500,856)	(9,214,956)	
Payments in investing activities	-	-	(150)	-	
Net cash used in investing activities	(2,065,583)	(702,967)	(2,065,736)	(539,018)	
Net movement in cash and cash equivalents	(922,455)	425,302	(990,344)	357,900	
Cash and cash equivalents at beginning of year	18,420,180	17,994,878	16,773,078	16,415,178	
Cash and cash equivalents at end of year	17,497,725	18,420,180	15,782,734	16,773,078	
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Accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

A. Basis of accounting

These consolidated financial statements have been prepared under the historical cost convention and broadly take into account International Financial Reporting Standards (IFRSs) as adopted by the EU and the Statement of Recommended Practice ("SORP") for Accounting for Further and Higher Education, effective as from 1 August 2007 and followed in the United Kingdom, except for the capitalisation of certain fixed assets. The Council has considered any additional requirements from the SORP and IFRSs as adopted by the EU as well as their relevance to the operating environment of the University. In 2009, the University started capitalising fixed assets (refer to Accounting policy G).

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires the Council to exercise its judgement in the process of applying the University's accounting policies (see Note 1 – Critical accounting estimates and judgements).

Standards, interpretations and amendments to published standards effective during the year

During the year, the Group adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group's accounting period beginning on 1 October 2014. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Group's accounting policies.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements, that are mandatory for the Group's accounting periods beginning after 1 October 2014. The SORP for Accounting and Higher Education was updated with provisions for SMEs. These are applicable for accounting periods beginning on or after 1 January 2015. The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and SORPs. The Council is currently assessing any impacts of such SORP on the financial statements of the University in the period of initial application.

B. Consolidation

Subsidiary undertakings

Subsidiary undertakings are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Group undertakings are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income and expenditure account.

Intra-group transactions, balances and unrealised gains on transactions between subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A listing of the subsidiaries is set out in Note 9 to the financial statements.

In the University's financial statements, investments in subsidiary undertakings are accounted for by the cost method of accounting i.e. cost less impairment. The dividend income from such investments is included in the income and expenditure account in the accounting year in which the University's rights to receive payment of any dividend is established. Provisions are recorded where, in the opinion of the directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of subsidiaries are reflected in the University's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income and expenditure account.

C. Income and expenditure

In the University's financial statements, income mainly comprises allocations from the Government's national budget, other grants and subsidies, registration and tuition fees, examination fees and other sundry income. All such income is taken into account as it accrues over the academic year.

In addition, the net surplus/deficit arising from the difference between certain income and the related expenditure is allocated to the funds that meet the criteria set out in Accounting policy M (funds designated for specific purposes). The income referred to above includes income from courses and conferences, a percentage of fees from courses to foreign students (that are allocated to individual faculties), and receipts from various other sources.

Income and expenditure transactions are recognised as follows:

- expenditure is recognised in the year to which it relates on an accrual basis;
- income is recognised in the year to which it relates on an accrual basis, unless collectability is in doubt.

Other sources of income for the Group are recognised in the income and expenditure accounts as follows:

(i) Sales of services in the hospitality activity

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Sales arising on hospitality activities are recognised when the service is performed and goods are supplied. Revenue is usually in cash, credit card or on credit. The recorded revenue includes credit card fees payable for the transaction.

(ii) Rental income

Rental income is charged to the income and expenditure account over the period of the lease to which it relates.

(iii) Sales of goods and services

Such revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the subsidiary's activities. Revenue is shown net of value-added tax or other sales taxes, returns, rebates and discounts.

(iv) Income arising on educational courses, projects and other services

Income arising on educational courses, projects and other services is recognised on the completion of individual contracts, or earlier if in an advanced state of completion.

(v) Consultancy fees

Consultancy fees are recognised upon performance of services, net of sales taxes and discounts.

(vi) Interest income

Interest income is recognised as it accrues, unless collectability is in doubt.

D. Externally funded projects policy

As from 1 October 2009, the University started accounting for externally funded projects through the income and expenditure account rather than through the statement of financial position.

For the duration of the project, income is matched to expenditure. Any unutilised pre financing funds during the financial period are recognised as deferred income while an accrual for income is accounted for in the case of a shortfall of funds as long as it is expected that no losses will be experienced by the end of the project. Any expected losses are provided for during the execution of the project. At the end of the project, if any surplus remains due to any overhead allocation not being fully utilised, such surplus is recognised as income.

E. Government and EU grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the University will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income and expenditure account over the period necessary to match them with the costs that they are intended to compensate.

Government and EU grants relating to property, plant and equipment are included as deferred grants and treated as a component of total funds and equity. Grants are credited to the income and expenditure account on a straight-line basis over the expected useful lives of the related assets.

Government grants relating to pensions are accounted for either in equity or in surplus for the year based on treatment of movements in provisions as per accounting policy R.

F. Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Euro, which is the Group's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income and expenditure account.

G. Property, plant and equipment

As from financial year-end 30 September 2009, the University started recognising expenditure on property, plant and equipment as fixed assets. In order to build the fixed asset figures the University used records dating back to 2000 depending on the useful life of the asset as per the Fixed Asset policy issued by the University on the 1 October 2008. This excludes books, the costs at which have been recognised as from April 2009. Fixed assets do not include the valuation of buildings, works of art and rare collections. As from the current year, new acquired works of art are being categorised.

Government recurrent and capital grants and EU grants financing fixed assets are recognised in accordance with the deferred income method as per IAS 20: Accounting for Government Grants and Disclosure of Government Assistance, that is, the related income to acquire the asset is deferred until the depreciation on the asset is recognised (see Accounting policy E). The depreciation on assets used on externally funded projects is expensed against the respective project. The comparative figures have been restated to reflect the change in treatment of fixed assets.

Property, plant and equipment is stated at historical cost less depreciation.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount and are included in the income and expenditure account.

In case of assets acquired prior to the change in policy referred to above, any profits arising from disposal of assets which were not previously capitalised are treated as profit for the particular year. Any gains are subsequently transferred to a special reserve.

Depreciation is calculated on the straight line method to write off the cost of the assets to their residual values over their estimated useful life as follows:

	%
Building improvements	4
Computer hardware, software and network infrastructure	5 - 25
Furniture, fixtures and fittings, and office equipment	10 - 20
Plant, machinery, and laboratory equipment	17 - 20
Other assets – Motor vehicles	20
Other assets – Books and periodicals	33 1/3

Improvements to leasehold premises are being depreciated over the life of the lease. No depreciation is charged on assets in the course of construction.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each end of reporting date.

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

H. Financial assets

(i) Classification

The Group classifies its financial assets in the following categories: held-to-maturity and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. The Council determines the classification of its financial assets at initial recognition.

(a) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than twelve months from the end of the reporting period, which are classified as current assets.

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices are classified as available-for-sale assets. They are included in non-current assets unless the asset matures or management intends to dispose of it within twelve months from the end of the reporting period.

(ii) Recognition and measurement

The Group recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on settlement date, which is the date on which an asset is delivered to or by the Group. Any change in fair value for the asset to be received is recognised between the trade date and settlement date in respect of assets which are carried at fair value in accordance with the measurement rules applicable to the respective financial assets.

Financial assets are initially recognised at fair value plus transaction costs. Available-for-sale financial assets are subsequently carried at fair value. Held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method. Amortised cost is the initial measurement amount adjusted for the amortisation of any difference between the initial and maturity amounts using the effective interest method.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership or has not retained control of the asset.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised directly in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in income and expenditure account within 'other income'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in income and expenditure account within 'other income'. Dividends on available-for-sale equity instruments are recognised in the income and expenditure account when the Group's right to receive payments is established.

H. Financial assets - continued

(ii) Recognition and measurement

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analyses, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

(iii) Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The Group first assesses whether objective evidence of impairment exists. The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation.

(a) Assets carried at amortised cost

For financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in income and expenditure account. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in income and expenditure account.

(b) Assets classified as available-for-sale

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in income and expenditure account - is reclassified from equity to income and expenditure account as a reclassification adjustment. Impairment losses recognised in income and expenditure account on equity instruments are not reversed through the income and expenditure account.

I. Operating leases

Leases of assets where a significant portion of the risk and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income and expenditure account on a straight-line basis over the period of the lease.

J. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of inventories comprises the invoiced value of goods and, in general, includes transport and handling costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

K. Trade and other receivables

Trade receivables comprise amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment (accounting policy H). The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income and expenditure account. When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against the income and expenditure account.

L. Short term deposits

Short term deposits held with banks or credit institutions are stated at face value.

M. Funds designated for specific purposes

The Council of the University exercises its discretion in the creation and utilisation of research grants, academic initiatives and projects, scholarships, fellowships, studentships, bursaries, equipment replacement, and discretionary funds. Normally, such funds are in respect of projects that last more than twelve months. Any under or over-spending against such funds, after taking into account balances brought forward from the previous year, are carried forward to the following year.

The annual surplus or deficit in the income and expenditure account is stated after making transfers to meet expenditure already approved by the Council. As from financial year ended 30 September 2010, external funded projects are treated separately.

N. Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks, short term deposits and overdrawn bank balances.

O. Trade and other payables

Trade payables comprise obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

P. Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income and expenditure account, except to the extent that it relates to items recognised directly in equity.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the tax losses and unabsorbed capital allowances can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Q. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

R. Provision for liabilities and charges

With effect from the year ended 30 September 2010, the University provided for the obligation arising in terms of Article 8A of the Pensions Ordinance, Cap 93 of the laws of Malta, covering those ex-Government employees who opted to become full-time employees of the University, and who continued to be entitled to pension rights which go beyond the National Insurance Scheme.

A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement. In the University's case, this amount is dependent upon an employee's final compensation upon retirement, as well as completed months of service. Eligibility to the scheme is also dependent on a minimum of 10 years' service and employment having commenced prior to 1979. The benefit vests only if at retirement date the employee is still in employment with University.

The liability recognised in the statement of financial position in respect of a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rate yields of Government and that have terms to maturity approximating to the terms of the related pension liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the period in which they arise.

Past-service costs are recognised immediately in the surplus for the year.

S. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Notes to the financial statements

1. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the Council, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

2. Financing of the University

At 30 September 2015, the University is showing net current assets of €1,598,843 (2014: €457,255). Whilst the University is committed to acquire more external funds (apart from Government grants), it remains imperative that Government continues to provide its financial support. This will ensure that the University improves the quality of the services offered and its standing in the higher education market, continues to improve the net assets situation and to maintain a situation of net current assets. In this respect, the University will continue discussions with Government to obtain the necessary funds in order to be able to meet all its liabilities as they fall due and to continue supporting the intended appropriation of its designated funds as the need arises. The University's ability to sustain its operations is dependent on the successful outcome of these discussions and of its ability to acquire more external funds.

3. Income

	Year ended 30 September			
	Group		University	
	2015 €	2014 €	2015 €	2014 €
Government budget allocation:				
Recurrent vote:				
- University	62,069,493	58,027,333	62,069,493	58,027,333
- Junior College	9,041,257	8,647,503	9,041,257	8,647,503
Government capital grant	2,442,023	2,272,233	2,442,023	2,272,233
Other grants and subsidies	576,280	649,485	576,280	649,485
Government ERDF/ESF grant	577,280	685,629	577,280	685,629
European Union ERDF/ESF grant	3,320,597	3,881,490	3,320,597	3,881,490
Government grant to cover pension cost	68,266	44,922	68,266	44,922
	78,095,196	74,208,595	78,095,196	74,208,595
Externally funded projects	4,444,356	4,217,043	4,444,356	4,217,043
Registration and tuition fees	7,492,075	6,872,957	6,899,568	6,406,801
Matsec fees	1,471,375	959,933	1,471,375	959,933
Courses and seminars	701,344	847,288	701,344	847,288
Consultancy services	39,737	60,365	37,737	58,365
Accommodation and other ancillary services	1,377,733	1,284,324	-	-
Sale of books and publications	96,807	68,745	-	-
Other income	1,861,307	2,107,085	2,384,968	2,425,718
	17,484,734	16,417,740	15,939,348	14,915,148
Total income	95,579,930	90,626,335	94,034,544	89,123,743

4. Staff costs and pension costs

Staff costs comprising salaries, wages and national insurance contributions are as follows:

	Year ended 30 September			
	Group		University	
	2015 €	2014 €	2015 €	2014 €
Academic:				
- University	38,078,161	35,613,347	38,078,161	35,613,347
- Junior College	7,139,862	6,872,220	7,139,862	6,872,220
- Externally funded	401,698	373,489	401,698	373,489
Non-academic:				
- University	20,062,094	19,614,219	20,062,094	19,614,219
- Junior College	983,268	918,974	983,268	918,974
- Externally funded	1,738,320	1,071,534	1,738,320	1,071,534
- Other	867,941	741,604	-	-
	69,271,344	65,205,387	68,403,403	64,463,783
Pension costs	68,266	44,922	68,266	44,922
	69,339,610	65,250,309	68,471,669	64,508,705

Average number of persons employed during the year:

	Group		University	
	2015	2014	2015	2014
Academic	928	912	928	912
Non-academic	1,014	981	978	944
	1,942	1,893	1,906	1,856

During the year ended 2014, salaries amounting to €124,888 were recharged from a subsidiary undertaking.

5. Other operating expenses

Other operating expenses are classified by their nature as follows:

	Year ended 30 September			
	Group 2015 €	2014 €	University 2015 €	2014 €
Capital expenditure	560,591	432,590	560,591	432,590
Library books and periodicals	2,129,545	1,931,886	2,129,545	1,931,886
Repairs and maintenance related costs	2,054,292	2,303,607	2,026,396	2,282,853
Allocation to work resources and research projects funds	3,145,434	2,490,027	3,145,434	2,490,027
Laboratory and office supplies	1,436,123	1,317,876	1,436,123	1,317,876
Energy and communications	1,782,943	1,863,861	1,595,263	1,669,898
Depreciation of property, plant and equipment	7,204,622	6,834,945	7,045,373	6,710,194
Other expenses	6,872,876	7,603,732	6,709,508	7,162,375
Total direct and other operating expenses	25,186,426	24,778,524	24,648,233	23,997,699

Included above are costs amounting to €797,523 (2014: €649,411) relating to the Junior College.

Auditor's remuneration for the current financial year amounted to €17,000 (2014: €17,700) for the University and €36,000 (2014: €36,000) for the Group.

6. Tax expense

Under the terms of section 12(1)(a) of the Income Tax Act, Cap. 123, the income of the University of Malta is exempt from tax. The tax expense in the Group's financial statements relates to the tax charge incurred by the subsidiaries.

	Year ended 30 September	
	Group 2015 €	2014 €
Current tax expense	178,698	137,989
Deferred tax expense	3,177	1,340
	181,875	139,329

6. Tax expense - continued

The tax on the Group's surplus before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	Year ended 30 September	
	Group 2015 €	2014 €
Surplus before tax	422,894	186,866
Tax at 35%	148,013	65,403
Tax effect of:		
Income subject to tax at 15%	(1,291)	(4,764)
Expenses not deductible for tax purposes	89,875	117,837
Temporary differences not recognised	(33,141)	(30,995)
Investments tax credits	(22,784)	-
Over provision of current tax in previous years	229	-
Other differences	974	(8,152)
Tax expense	181,875	139,329

7. Property, plant and equipment

Group	Building improvements €	Plant, machinery & laboratory equipment €	Furniture, fixtures & fittings & office equipment €	Computer hardware, software & network infrastructure €	Other assets €	Assets in the course of construction €	Total €
At 1 October 2013							
Cost	42,067,164	19,824,562	7,881,551	8,527,687	1,927,550	181,285	80,409,799
Accumulated depreciation	(4,338,812)	(11,330,240)	(4,336,341)	(6,702,714)	(1,820,117)	-	(28,528,224)
Net book amount	37,728,352	8,494,322	3,545,210	1,824,973	107,433	181,285	51,881,575
Year ended 30 September 2014							
Opening net book amount	37,728,352	8,494,322	3,545,210	1,824,973	107,433	181,285	51,881,575
Additions	4,360,775	1,527,038	1,005,418	684,513	95,845	736,441	8,410,030
Assets capitalised	-	-	-	-	96,859	(96,859)	-
Depreciation charge	(1,605,991)	(3,285,395)	(677,224)	(1,221,646)	(44,689)	-	(6,834,945)
Closing net book Amount	40,483,136	6,735,965	3,873,404	1,287,840	255,448	820,867	53,456,660
At 30 September 2014							
Cost	46,427,939	21,351,600	8,886,969	9,212,200	2,120,254	820,867	88,819,829
Accumulated depreciation	(5,944,803)	(14,615,635)	(5,013,565)	(7,924,360)	(1,864,806)	-	(35,363,169)
Net book amount	40,483,136	6,735,965	3,873,404	1,287,840	255,448	820,867	53,456,660
Year ended 30 September 2015							
Opening net book amount	40,483,136	6,735,965	3,873,404	1,287,840	255,448	820,867	53,456,660
Additions	2,380,927	1,084,712	1,208,470	477,864	37,579	5,167,803	10,357,355
Assets capitalised	21,513	3,323,394	-	-	-	(3,344,907)	-
Depreciation charge	(1,696,656)	(3,992,746)	(766,764)	(702,448)	(46,008)	-	(7,204,622)
Closing net book amount	41,188,920	7,151,325	4,315,110	1,063,256	247,019	2,643,763	56,609,393
At 30 September 2015							
Cost	48,830,379	25,759,706	10,095,439	9,690,064	2,157,833	2,643,763	99,177,184
Accumulated depreciation	(7,641,459)	(18,608,381)	(5,780,329)	(8,626,808)	(1,910,814)	-	(42,567,791)
Net book amount	41,188,920	7,151,325	4,315,110	1,063,256	247,019	2,643,763	56,609,393

7. Property, plant and equipment - continued

	Building improvements €	Plant, machinery & laboratory equipment €	Furniture, fixtures & fittings & office equipment €	Computer hardware, software & network infrastructure €	Other assets €	Assets in the course of Construction €	Total €
University							
At 1 October 2013							
Cost	40,015,459	19,027,390	7,176,764	8,512,027	1,800,563	84,427	76,616,630
Accumulated depreciation	(3,797,368)	(10,620,814)	(3,760,163)	(6,659,849)	(1,767,770)	-	(26,605,964)
Net book amount	36,218,091	8,406,576	3,416,601	1,852,178	32,793	84,427	50,010,666
Year ended 30 September 2014							
Opening net book amount	36,218,091	8,406,576	3,416,601	1,852,178	32,793	84,427	50,010,666
Additions	4,360,775	1,525,742	975,627	679,074	15,283	713,005	8,269,506
Depreciation charge	(1,538,778)	(3,275,889)	(650,143)	(1,216,559)	(28,823)	-	(6,710,192)
Closing net book amount	39,040,088	6,656,429	3,742,085	1,314,693	19,253	797,432	51,569,980
At 30 September 2014							
Cost	44,376,234	20,553,132	8,152,391	9,191,101	1,815,846	797,432	84,886,136
Accumulated depreciation	(5,336,146)	(13,896,703)	(4,410,306)	(7,876,408)	(1,796,593)	-	(33,316,156)
Net book amount	39,040,088	6,656,429	3,742,085	1,314,693	19,253	797,432	51,569,980
Year ended 30 September 2015							
Opening net book amount	39,040,088	6,656,429	3,742,085	1,314,693	19,253	797,432	51,569,980
Additions	2,241,694	1,084,712	1,205,936	473,304	36,564	5,166,439	10,208,649
Assets Capitalised	-	3,323,394	-	-	-	(3,323,394)	-
Depreciation charge	(1,628,447)	(3,959,743)	(742,417)	(696,494)	(18,272)	-	(7,045,373)
Closing net book amount	39,653,335	7,104,792	4,205,604	1,091,503	37,545	2,640,477	54,733,256
At 30 September 2015							
Cost	46,617,928	24,961,238	9,358,327	9,664,405	1,852,410	2,640,477	95,094,785
Accumulated depreciation	(6,964,593)	(17,856,446)	(5,152,723)	(8,572,902)	(1,814,865)	-	(40,361,529)
Net book amount	39,653,335	7,104,792	4,205,604	1,091,503	37,545	2,640,477	54,733,256

8. Investments

As at the year end, the group held total investments amounting to €480,934. These are classified into Investments held to maturity of €455,184 and Available for sale and other investments of €25,750:

a) Investments held to maturity

	Group and University	
	2015	2014
	€	€
3.00% Malta Government Stock 2040	13,600	-
5.00% Malta Government Stock 2021	136,469	136,468
6.60% Malta Government Stock 2019	93,175	93,175
7.80% Malta Government Stock 2018	98,765	98,765
6.65% Malta Government Stock 2016	93,175	93,175
5.10% Malta Government Stock 2029	20,000	20,000
	455,184	441,583

The investments are quoted on the Malta Stock Exchange. The market value of these investments at 30 September 2015 was €541,528 (2014: €536,709).

b) Available for sale and other investments

Available-for-sale financial assets represent investments in a local unquoted entity carried at cost. In the opinion of the Council members the fair value as at the year-end is not significantly different from the carrying amount. As at the year end, the Group also held shares in another unquoted entity, for which no consideration was paid.

9. Investments in subsidiaries

	University	
	2015	2014
	€	€
Year ended 30 September		
Opening net book amount	748,313	772,073
Disposals	-	(23,760)
Net book amount	748,313	748,313
At 30 September		
Cost and net book amount	748,313	748,313

9. Investments in subsidiaries - continued

The principal subsidiaries, all of which are unlisted at 30 September are shown below:

	Held directly by subsidiaries		Effective holding	
	2015 %	2014 %	2015 %	2014 %
Malta University Consulting Limited	100	100	100	100
Malta University Broadcasting Limited	100	100	100	100
Malta University Residence Limited	100	100	100	100
Malta University Holding Company Limited	-	-	100	100

The registered office of all the mentioned subsidiaries is 'The University of Malta, Msida, Malta'.

The objectives of the companies are as follows:

Malta University Consulting Limited

To initiate and monitor technology transfer, to strengthen education and industry relationships in Malta as well as between Malta and other countries by providing related consultancy, management and educational services and projects.

Malta University Broadcasting Limited

To carry on the operation of a radio broadcasting station covering the Maltese Islands on behalf of the University of Malta.

Malta University Residence Limited

To run the University Residence in Lija.

Malta University Holding Company Limited

To act as a financial holding company and invest in the equity of limited liability companies set up by the University of Malta and is also involved in the operation of hotel accommodation.

On 4 December 2013, Malta University Holding Company Limited entered into share transfer agreements with University of Malta and a related party for the acquisition of 100% holding in Malta University Sports Complex Limited.

In terms of resolution dated 4 December 2013, Malta University Sports Complex Limited was merged into Malta University Holding Company Limited. All the assets and liabilities were delivered to Malta University Holding Company Limited and the company was dissolved in accordance with sections 344 and 358 of the Companies Act, 1995. For accounting purposes, as from 1 January 2014, the transactions of Malta University Sports Complex Limited were treated as transactions of Malta University Holding Company Limited.

During the year, the University entered into an agreement with the Malta Business Foundation to setup the Foundation for the Promotion of Entrepreneurial Initiatives. As founder member the University has a 50% interest in this entity.

10. Inventories

	Group		University	
	2015 €	2014 €	2015 €	2014 €
Finished goods and goods for resale	79,981	67,144	20,056	20,056

During the year, inventory write-downs amounted to €12,890 (2014: €26,415). These write-downs have been included in 'Other operating expenses' in the income and expenditure account.

11. Trade and other receivables

	Group		University	
	2015 €	2014 €	2015 €	2014 €
Current				
Trade receivables	1,616,703	1,511,626	1,374,969	1,244,009
Amounts owed by subsidiaries	-	-	1,109,755	681,919
Amounts owed by related parties	39,508	34,941	34,941	34,941
Indirect taxation recoverable	2,048	25,446	-	-
Advance payment to acquire investments	42,159	-	-	-
Amount receivable from disposal of property	-	1,600,000	-	1,600,000
Other receivables	1,451,193	875,247	1,451,193	875,247
Prepayments and deferred expenditure	854,024	871,719	801,544	784,625
Accrued grant receivable on pension costs	745,941	724,729	745,941	724,729
Accrued income on externally funded projects	7,153,983	4,870,265	7,153,983	4,870,265
Other accrued income	2,108,462	7,640,685	2,108,462	7,640,685
	14,014,021	18,154,658	14,780,788	18,456,420
Non-current				
Accrued grant receivable on pension costs (Note 17)	9,713,446	9,581,273	9,713,446	9,581,273
	23,727,467	27,735,931	24,494,234	28,037,693

Amounts owed by subsidiaries (Note 25) are unsecured, interest free and repayable on demand.

University of Malta has provided an undertaking to one of its subsidiaries not to demand repayment of €1,080,083 unless the company has sufficient funds to repay all other liabilities.

12. Short term deposits

	Group		University	
	2015	2014	2015	2014
	€	€	€	€
Current				
Deposits held with bank	300,000	430,000	-	-

Short term deposits had a weighted average interest rate of 1.45% as at 30 September 2015 (2014: 2.05%) and had a maturity date not exceeding one year from the end of the reporting period.

13. Funds designated for specific purposes

The movement in these funds during the year was as follows:

	University				Group	
	Balance at 1 October 2014	Reclassifications and transfers	Receipts/ (payments)	Deferred income on fixed assets	Balance at 30 September 2015	Balance at 30 September 2015
	€	€	€	€	€	€
Academic						
Research	484,201	(1,870)	-	6,581	488,912	488,912
Departmental funds	6,288,495	631,932	69,488	(310,976)	6,678,938	6,527,092
	6,772,696	630,062	69,488	(304,395)	7,167,850	7,016,004
Operational resources						
Purchase of equipment	25,731	-	-	-	25,731	25,731
Campus network development	220,617	-	-	-	220,617	220,617
	246,348	-	-	-	246,348	246,348
Other						
Prizes, scholarships and bursaries	408,297	-	10,792	-	419,089	419,089
Publications	12,827	-	-	-	12,827	12,827
Bench fees	479,160	-	-	-	479,160	479,160
Other	69,274	-	4,197	-	73,471	73,471
	969,558	-	14,989	-	984,547	984,547
Total funds	7,988,602	630,062	84,477	(304,395)	8,398,745	8,246,899

These funds include an aggregate amount of €8,989,190 (increase of €630,062 over the 2014 amount of €8,359,128) representing net amounts allocated in accordance with Accounting policy M. These funds will be used for the specific needs of faculties and departments, and for other specific needs.

14. Capital projects funding

	Group and University	
	2015	2014
	€	€
Current		
At beginning of year	(2,154,288)	(1,804,941)
Capital projects payments effected by the University during the year	(4,038,385)	(6,918,922)
	(6,192,673)	(8,723,863)
Remittances received from Government	2,204,163	6,569,575
At end of year	(3,988,510)	(2,154,288)

15. Trade and other payables

	Group		University	
	2015	2014	2015	2014
	€	€	€	€
Current				
Trade payables	1,181,850	2,406,622	1,167,454	2,346,106
Amounts owed to subsidiaries	-	-	153,247	114,454
Amounts owed to related parties	-	22,828	-	-
Indirect taxes and social security contributions	1,559,936	6,720,364	1,526,351	6,698,663
Other payables	4,061,920	3,265,801	3,905,694	3,148,331
Capital creditors	281,250	1,700,000	-	1,400,000
Accruals and deferred income	7,787,413	7,270,926	7,318,157	6,741,521
Deferred income on externally funded projects	9,266,258	7,784,181	9,266,258	7,784,181
	24,138,627	29,170,722	23,337,161	28,233,256
Non-current				
Capital creditors	-	281,250	-	-

Amounts owed to subsidiaries (Note 25) are unsecured, interest free and repayable on demand.

16. Deferred grants

	Government Funding €	Group and University ERDF Funding €	Total €
Opening balance as at 1 October 2013	21,949,557	22,429,379	44,378,936
Increase due to asset additions	8,000,210	2,076,608	10,076,818
Release to the income statement	(2,272,233)	(4,567,119)	(6,839,352)
Closing balance as at 30 September 2014	27,677,534	19,938,868	47,616,402
Opening balance as at 1 October 2014	27,677,534	19,938,868	47,616,402
Increase due to asset additions	5,101,673	5,272,112	10,373,785
Release to the income statement	(2,442,023)	(3,897,877)	(6,339,900)
Closing balance as at 30 September 2015	30,337,184	21,313,103	51,650,287

Deferred grants are credited to the Income and Expenditure Account over the remaining useful life of the assets. It is expected that €5,036,622 (2014: €5,977,231) will be released to income in the next twelve months.

17. Provision for liabilities and charges

	Group and University 2015 €	2014 €
Pensions and other post-employment benefit plans		
Present value of unfunded obligation	21,065,762	20,184,683
Crystallised obligation	(10,114,977)	(9,878,681)
At end of year	10,950,785	10,306,002
Disclosed as follows:		
	2015 €	2014 €
Current	1,237,339	724,729
Non current	9,713,446	9,581,273
At end of year	10,950,785	10,306,002

The pension provision mainly reflects past service costs. Included in the provision of €10,950,785 (2014: €10,306,002) is an amount of €1,237,339 (2014: €724,729) which is expected to crystallise in the next 12 months.

This pension scheme, which is set up in accordance with the Pensions Ordinance, 1937, falls under the category of 'Defined Benefit Plan' within the scope of IAS 19, Employee Benefits.

17. Provision for liabilities and charges - continued

A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement. As originally provided for in the Pensions Ordinance, 1937, this amount is dependent upon an employee's final compensation upon retirement, as well as completed months of service. Furthermore, qualifying employees, must have worked for Government for a minimum of 10 years, been employed by Government prior to 1979 and must have remained in service with the University of Malta until retirement (the vesting period), in order to be unconditionally eligible to receive a pension under the scheme.

The University provides for the obligation arising in terms of Article 8A of the Pensions Ordinance, Cap 93 of the laws of Malta, covering those ex-Government employees who opted to become full-time employees of the University, and who continued to be entitled to pension rights which go beyond the National Insurance Scheme. The scheme is a final salary defined benefit plan and is unfunded.

Discount rates

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rate yields for Malta Government Stocks that have terms to maturity approximating to the terms of the related pension liability. As at 30 September 2015, the weighted average discount rate used was 1.59% (2014: 2.26%).

Mortality assumptions

Assumptions regarding future mortality experience are set based on published mortality tables in the UK and in Malta, which translate into an average life expectancy ranging between 82 and 96 years (2014: 82 and 95 years) depending on the age and gender of the beneficiaries.

The movement in the pension and other post-employment benefit plan over the year is as follows:

	2015 €	2014 €
At the beginning of year	10,306,002	10,054,779
Actuarial losses	799,650	1,148,286
Interest costs	13,163	(220,030)
Past and current service costs	68,266	44,922
Crystallised obligation	(236,296)	(721,955)
At end of year	<u>10,950,785</u>	<u>10,306,002</u>

18. Deferred tax

	Group 2015 €	2014 €
At 31 December	<u>25,494</u>	28,671

Deferred taxes are calculated on all temporary differences under the liability method using a principal tax rate of 35% (2014: 35%).

18. Deferred Tax - continued

The balance at the year-end represents:

	Group	
	2015	2014
	€	€
Temporary differences on property, plant and equipment	24,609	20,908
Temporary differences arising on provisions	885	7,763
	25,494	28,671

At 30 September, the Group had the following potential deferred tax asset which has not been recognised in the financial statements:

	Group	
	2015	2014
	€	€
Unabsorbed tax losses and capital allowances carried forward	67,114	105,216
Temporary differences on property, plant and equipment	82,742	(17,790)
	149,856	87,426

19. Specific Endowments

	Group and University	
	2015	2014
	€	€
A. Cachia Zammit Prize	669	669
Prof. J.J. Mangion Prize	932	932
Colombos Scholarships	1,928	1,928
Prof. Griffiths Prize	233	233
University Students' Bursaries	2,329	2,329
Corinthia Paediatric Fund	4,659	4,659
Anna Muscat Azzopardi Prize	2,165	2,165
Hugh Muscat Azzopardi Prize	1,571	1,571
BMA-UM Travelling Fellowship	3,704	3,704
Fund Karmen Micallef Buhagiar	3,436	3,436
Paul and Elvira Saliba Attard Fund	1,073	1,073
Prof. John Borg Fund	9,317	9,317
Prof. Craig Memorial Fund	26,087	26,087
Prof. Keith Richardson Fund	232,937	232,937
NACAD Welfare Fund	69,929	69,929
Prof. G.Chamberlain Prize	595	595
	361,564	361,564

Endowment funds are derived from gifts and donations to the University and can only be used for specific purposes. The individual funds' income and expenditure is included within the University's main income and expenditure account. In most cases the University contributes from its own funds to achieve the objectives of the funds' specific purposes, particularly with respect to funds set up many years ago.

20. Capital Fund

This represents the equivalent of the total cost of investments made by the University in subsidiary and associated companies as at 31 December 1993 amounting to €80,364, which were previously expensed, together with a loan to Malta University Broadcasting Limited amounting to €58,234 which was also previously expensed.

21. Special Reserve

During the year ending 30 September 2012, The University of Malta sold the Medical School for an amount of €4,800,000, on condition that funds are used to buy another property.

22. Non-controlling interest

	Group 2015 €	2014 €
At beginning of year	-	14,589
Share of results for the year	-	-
Acquisition of non-controlling interest's by group company	-	(14,589)
At end of year	-	-

23. Cash and cash equivalents

For the purposes of the statement of cash flows, the year-end cash and cash equivalents comprise the following:

	Group 2015 €	2014 €	University 2015 €	2014 €
Cash at bank and in hand	17,754,728	19,462,241	16,250,513	18,197,059
Overdrawn bank balance	(557,003)	(1,472,061)	(467,779)	(1,423,981)
Short term deposits (Note 12)	300,000	430,000	-	-
	17,497,725	18,420,180	15,782,734	16,773,078

As at the end of the reporting period, the University of Malta held bank balances in custody amounting to €47,291 (2014: €37,879) relating to the Confucius Institute. The University of Xiamen has transferred such funds to the University of Malta to finance the opening and the operation of the Confucius Institute.

At 30 September 2015, the Group had an amount of €1,800 (2014: €1,800) which was pledged by the bank on its behalf in favour of third parties in the ordinary course of business.

24. Financial risk management

24.1 Financial risk factors

The Group's activities potentially expose it to a variety of financial risks: market risk (including price risk and fair value and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group did not make use of derivative financial instruments to hedge certain risk exposures during the current and preceding financial years. The Council provides principles for overall risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity.

(a) Market risk

The Group's financial assets are susceptible to market price risk arising from uncertainties about future prices of these instruments. The Council manages this risk by reviewing on a regular basis market value fluctuations arising on the Group's investments.

(i) Fair value and cash flow interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Financial assets issued at fixed rates, consisting primarily of listed debt securities which are carried at amortised cost (refer to Note 8). Note 8 incorporates interest rate and maturity information with respect to the Group's assets.

The Group's interest-bearing instruments comprise cash at bank and short term deposits. Short term deposits at fixed interest rates, expose the group to fair value interest rate risk. Note 12 incorporates interest rates and maturity information with respect to these instruments. The Council considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the reporting date to be immaterial.

Cash at bank at variable interest rates expose the Group to cash flow interest rate risk. The Council considers the Group's exposure to risks associated with the effects of fluctuations in the prevailing interest rates on this financial position and cash flow to be immaterial.

(b) Credit risk

Credit risk arises from investments (held-to-maturity), trade and other receivables, cash and cash equivalents, short term deposits with banks as well as receivables. The Group's exposures to credit risk are analysed as follows:

	2015 €	2014 €
Investments	455,184	441,583
Trade and other receivables	23,727,467	27,735,931
Short term deposits	300,000	430,000
Cash and cash equivalents	16,250,513	19,462,241
	40,733,164	48,069,755

24. Financial risk management

24.1 Financial risk factors

(b) Credit risk - continued

The maximum exposure to credit risk at the reporting date in respect of the financial assets mentioned above is disclosed above and in Notes 8, 11, 12 and 23 to these financial statements. The Group does not hold any collateral as security in this respect.

The Group banks only with local financial institutions with high quality standing or rating.

The Group assesses the credit quality of customers taking into account financial position, past experience and other factors. It has policies in place to ensure that sales of services are effected to customers with an appropriate credit history. The Group monitors the performance of these financial assets on a regular basis to identify incurred collection losses which are inherent in the Group's receivables taking into account historical experience in collection of accounts receivable.

Trade and other receivables include amounts relating to accrued grants and accrued income totalling €23,710,342. Such amounts are principally receivables from related parties and accordingly credit risk is not considered significant.

The Group manages credit limits and exposures actively in a practicable manner such that past due amounts receivable from customers as at the reporting date are within controlled parameters. The Group's receivables, which are not impaired financial assets, except as referred to below are principally in respect of transactions with customers for whom there is no recent history of default. The Council does not expect any material losses from non-performance by these customers.

As of 30 September 2015, receivables of €806,314 (2014: €834,381) were impaired. The Group does not hold any collateral as security for the impaired assets.

As at 30 September 2015, amounts due from trade and other receivables of €1,278,362 (2014: €1,204,388) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing analysis of these trade and other receivables is as follows:

	2015 €	2014 €
Between 1 and 2 months overdue	248,932	108,102
Between 2 and 3 months overdue	128,459	113,876
Over 3 months overdue	900,971	982,410
	1,278,362	1,204,388

The credit risk for University arising from loans to subsidiaries as disclosed in Note 11 is not considered significant as such amounts are deemed to be recoverable. The total amounts owed by subsidiaries as at the year-end amounted to €1,109,755 (2014: €681,919).

24. Financial risk management

24.1 Financial risk factors

(c) Liquidity risk

The Group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally funds designated for specific purposes and trade and other payables (refer to Notes 13 and 15). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Group's obligations.

The Council monitors expected cash flows over a twelve month period and ensures that no additional financing facilities are expected to be required over the coming year. The Group's liquidity risk is not deemed to be material in view of the matching of cash inflows and outflows. The carrying amounts of the Group's assets are analysed into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date in the respective notes to the financial statements.

24.2 Fair values of financial instruments

At 30 September 2015 and 2014, the carrying amounts of cash at bank, short term deposits with banks, receivables, payables and accrued expenses in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation. The carrying amounts of the Group's other assets and liabilities approximated their fair values.

25. Related party transactions

The Council considers the Government of Malta and the University companies disclosed in Note 9 to be related parties. The University and its subsidiaries conduct transactions in the normal course of business with the Government of Malta and with other state-controlled enterprises. Disclosures in relation to government grants are included in Notes 3 and 16. The following transactions were carried out by the University with its subsidiaries:

	University 2015 €	2014 €
Income		
Subcontracting income	64,022	20,373
Other income	9,611	8,547
Expenses		
Registration and tuition fees	64,022	37,122
University radio running costs	161,798	161,848
Other expenses	77,467	89,085

During the year ended 2014, salaries amounting to €124,888 were recharged from a subsidiary undertaking.

Year-end balances with subsidiaries are disclosed separately in Notes 11 and 15.

26. Pensions

The University has received claims from the Government of Malta amounting to €10.1 million in respect of the cost of pensions and gratuities paid to employees who had accepted permanent employment with the University. These claims arising in terms of Article 8A of the Pensions Ordinance Cap. 93 of the Laws of Malta, relate to the cost of the pensions and gratuities accruing from the date of acceptance of employment till 30 June 2014. In addition, pension costs will continue to accrue until such time that the retirees are receiving their service pension.

As from 2010, the University has recognised in the statement of financial position a provision representing the present value of the obligation (Note 17), based on assumptions on life expectancy of the retirees. The University has obtained a written undertaking from the Government that it will be fully compensated for any outlay made in settling the amount due in respect of pensions. Accordingly, accounting for this obligation has no impact on the University's income and expenditure.

27. Commitments

At 30 September the Group and the University had commitments not provided for in these financial statements as follows:

	Group		University	
	2015	2014	2015	2014
	€	€	€	€
Capital commitments authorised and Contracted	8,683,274	1,527,141	8,683,274	1,389,369
Capital commitments authorised but not contracted for	-	27,327	-	27,327
Commitments under non-cancellable operating leases	660,750	792,000	-	-
Commitments to invest in other entities	32,000	-	-	-
	9,376,024	2,346,468	8,683,274	1,416,696

Future minimum lease payments due by the Group under non-cancellable operating leases are as follows:

	Group	
	2015	2014
	€	€
Falling due within 1 year	180,000	131,250
Falling due between 2 and 5 years	480,750	660,750
	660,750	792,000

28. Contingent liabilities

As at the year-end, the University had pending claims filed by third parties in the ordinary course of activities. The University is defending these claims and at this stage it is premature to determine the financial impact, if any, on the financial position of the University.

The Group has filed objections with the Commissioner of Inland Revenue concerning disputed tax amounting to €39,853 relating to year of assessment 1995, 1996 and 1997 in respect of which no provision has been made in the financial statements.

29. Comparative information

Comparative figures disclosed in certain notes to the financial statements have been reclassified to conform with the current year's presentation format for the purpose of fairer presentation.

Detailed accounts

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Detailed analysis of other operating expenses

	Year ended 30 September	
	University 2015	2014
	€	€
Equipment and furniture	560,591	432,590
Repairs and maintenance	1,025,014	1,510,227
Sub-contracted services		
- academic	1,356,604	1,394,915
- other	1,001,382	772,626
Office supplies and stationery	667,301	703,370
Allocation to work resources funds	3,145,434	2,490,027
Allocation to research projects funds	11,790	2,734
Laboratory supplies	768,822	614,506
Library books and periodicals	2,129,545	1,931,886
Scholarships	257,826	255,720
University radio running costs	163,611	161,748
Communications	287,203	268,248
Water and electricity	1,308,060	1,401,650
Travelling and accommodation	378,273	391,856
Provision for bad debts	(8,414)	425,411
Other expenditure	4,549,818	4,529,991
Depreciation charge	7,045,373	6,710,194
Total other operating expenses	24,648,233	23,997,699

