

**University College Dublin
National University of Ireland,
Dublin**

Annual report and consolidated financial statements

Year ended 30 September 2019

University College Dublin National University of Ireland, Dublin

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President's Report

Scope of the Financial Statements

The financial statements consolidate the results of University College Dublin, National University of Ireland, Dublin (the "University" or "UCD") and its wholly owned subsidiary companies.

The financial statements of UCD Foundation and UCD Students' Union are prepared and audited separately and are not included in the consolidated results for the year as they are not controlled by the University.

The financial statements as set out on pages 20 to 60 have been prepared in accordance with FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Results for the Year

The University's consolidated statement of comprehensive income and net surplus for the year to 30 September 2019 are shown on page 20 of the financial statements. Total income increased by 1% during the year from €587.1m to €591.6m including deferred funding for pensions of €73.6m (2018: €79.9m). Academic fees showed an increase of €1.6m to €232.4m. State grant funding increased from the previous year by €4.0m to €72.7 m.

Total expenditure increased by €20.1m to €572.1m (4%) in comparison to the expenditure in 2018 including pension service and interest costs of €73.6m (2018: €79.9m). The overall result reported is a surplus after taxation of €19.5m for the year compared to a surplus position in the previous year of €35.2m.

Treasury Management

The University's bank and cash balances decreased during the year from €139.5m to €89.5m largely due to the temporary bridging of the capital construction costs of several projects including Phase 1 of the Residential Masterplan. In accordance with the University's treasury management policy, the University's investment objective is to achieve the best possible return while minimising risk. Borrowings decreased from €62.9m to €58.7m during the year.

Principal Risks and Uncertainties

UCD implements a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate these risks. Some of the principal risks and uncertainties are:

- The risk that inadequate levels of Government funding will impact on the medium to long-term finances of the University and on the delivery of the University's strategy;
- The risk that the University fails to deliver a balanced portfolio of excellent programmes attracting the best students;
- The risk that the University is unable to provide and maintain high quality research infrastructure and equipment, or is unable to grow research funding and expertise;
- The risk that campus development will occur in an unbalanced and unstructured format or will not be completed due to funding issues;
- The risk that a failure in technology infrastructure could cause significant disruption to the University's operations; and
- The risk that volatility in the global environment will impact negatively on international student recruitment, international partnerships, and staff and student mobility.

Strategic Plan

An extensive consultation process has been undertaken with key stakeholders to review the University's achievements over the past five years against our Strategy 2015-2020 and to work together to develop our new Strategy for 2020-2024 which was launched in December 2019.

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President's Report (*continued*)

Global UCD

A key element this year has been the design and launch of a Global Partnerships Framework, which will support UCD to identify and nurture key institutional partnerships around the world.

International student numbers increased further to 8,428 representing almost 29% of all students on UCD's Dublin campuses and bringing diversity to our community with students from 136 different countries.

To further its engagement with international networks and consortia, UCD hosted the Worldwide Universities Network conference and annual general meeting in May 2019.

Equality, Diversity and Inclusion

Advancing equality, diversity and inclusion (EDI) in a university setting requires constant attention to the challenges faced. Key innovations this year included the appointment of College Vice-Principals for EDI who provide a key point of engagement between University polices and committees and Schools.

Six UCD Schools and one College successfully achieved Athena SWAN bronze awards since November 2018.

Capital Expenditure

The University including its subsidiary companies incurred expenditure of €89.6m on land and buildings and a further €9.9m on equipment and fittings, bringing total capital expenditure to €99.5m for 2018/19. This capital expenditure was largely funded by internal cash reserves of €82.7m because of the temporary bridging of the capital construction costs of several projects and €16.8m in capital grants received from State and non-state sources.

The *UCD Strategic Campus Development Plan 2016-2021-2026* guides the development of the physical estate and the University progressed several campus plans including the following:

- (1) The University continues to implement the Residential Masterplan with Phase 1 currently under development with a due completion in Summer 2020 which will deliver 924 bed spaces as well as a student amenity building. In parallel, UCD Estate Services and the design team have been preparing to progress Stage 2, which will deliver an additional 1,254 beds as well as 600 car parking spaces which will replace those displaced by the development;
- (2) Under the Sports and Student amenities masterplan, planning permission has been received for the International Association of Athletics Federations (IAAF) certified running track, with construction due to commence during Trimester 1, 2019/2020;
- (3) The University continues to invest in the existing building portfolio. Refurbishment works to the Newman and Tierney buildings have continued over the last year;
- (4) The restoration of Ardmore House has commenced with plans to restore period features and formalise the building's function for reception, meeting and office space;
- (5) The refurbishment project in Newman House, home to the Museum of Literature Ireland (MoLI), is complete and opened in September 2019;
- (6) The expansion of Merville House, home to Nova UCD, is complete ensuring UCD can meet the demand for high-quality incubation facilities, providing flexible office, laboratory and informal meeting areas;
- (7) The UCD Moore Centre for Business was completed and opened in September 2019;
- (8) The University Club opened in May 2019; and
- (9) During the year, a renowned international design team was appointed to oversee the delivery of Phase 1 of the Future Campus Masterplan. This transformational project will feature a Centre for Creativity and a Centre for Future Learning.

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President's Report (*continued*)

Education

This year was a period of both reflection and preparation. New academic regulations were approved which will significantly change the governance that underpins our education. In addition, there was a review of the “student feedback on modules” system to better understand how feedback from students can be used more effectively.

UCD continues to attract the highest calibre students from Ireland and globally and UCD retains its position as university-of-first-choice among CAO applicants and as the most popular Irish university among international students coming to Ireland.

Research, Innovation and Impact

For the second year in a row, UCD has secured a record total in external research grants amounting to €151.0 million. This represents an increase of 24% on last year, and an increase of €28.7 million over the previous peak. A number of large grants in particular contributed to this success.

Strategic Partnerships

Building Partnerships, one of the University's six Major Strategic Initiatives, continues to be an integral part of the vision for the growth and development of the University. Over the last year, we have made further significant progress in building partnerships with organisations based here in Ireland and internationally in areas such as talent development, research and innovation and corporate responsibility.

Philanthropic Giving

Philanthropic support from friends and alumni across Ireland and overseas has been instrumental in enabling UCD to invest in our talented students through scholarship support, helping develop our leading faculty, invigorating our research and galvanising our capital development ambitions.

Events after the reporting period

In November 2019, the University signed a loan financing facility of €123 million with the Housing Finance Agency PLC (HFA). €60 million of this facility was drawn down on 29 November 2019.

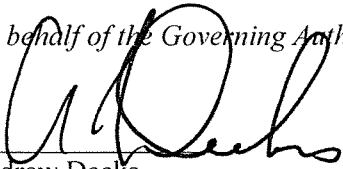
Impact of COVID-19 on University Operations

The rapid spread of the COVID-19 virus means that we are all living in extraordinary times and the health and safety of our students and staff are of primary concern for the University.

I am asking everyone to protect themselves from infection and to follow the guidelines issued by the HSE and to take the advice of the medical professionals to slow down the spread of the virus in order to protect at-risk vulnerable people.

Since the start of February 2020, the University's ability to generate non-Exchequer sources of income has been adversely impacted by the outbreak of the COVID-19 virus but the University is taking mitigating steps by reducing non-essential expenditure and safeguarding its other income streams. Further details of the impact of the COVID-19 virus on the University's operations are set out in note 28 to the financial statements.

On behalf of the Governing Authority,


Andrew Deeks
President

Date: 30/3/2020

University College Dublin

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Statement of Governance and Internal Control *for year ended 30 September 2019*

(1) Responsibility for the System of Internal Control

The Governing Authority has overall responsibility for the University's system of internal control. The system of internal control covers all material controls including financial, operational and compliance controls, and risk management systems that support the achievement of the University's aims and objectives while safeguarding the public and other funds and assets for which the University is responsible.

(2) Reasonable Assurance Against Material Error

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve aims and objectives or to conduct University affairs in an orderly and legitimate manner. To that extent, such a system can only provide reasonable, but not absolute, assurance against material error or loss.

(3) Review of the Statement of Internal Control

The Statement on the System of Internal Control was reviewed at the Audit and Risk Management Committee Meeting in February 2020 and Governing Authority Meeting in March 2020. The Statement on the System of Internal Control is published with the University's consolidated financial statements which were approved by the Governing Authority in March 2020 and the external auditors have included comments on the scope and results of their reading of the Statement in their auditors' report on the financial statements.

(4) Governance and Internal Control Environment

The Governing Authority is the principal University governance and decision-making body in accordance with the Universities Act, 1997. The Governing Authority is chaired by an independent Chair appointed in accordance with s.17(3), Universities Act, 1997.

There are two permanently constituted standing committees of the Governing Authority: the Finance, Remuneration and Asset Management Committee (FRAMC) and the Audit and Risk Management Committee (ARMC). Both standing committees are chaired by external members of the Governing Authority who are not employees and are not members of the student body.

The Finance, Remuneration and Asset Management Committee (FRAMC) is responsible for supervising the financial affairs of the University and for advising the Governing Authority on matters relating to the financial management of the University. Membership of the committee comprises a number of members of the Governing Authority.

The Audit and Risk Management Committee (ARMC) is responsible for advising the Governing Authority on audit and risk management matters in the University. Membership of the committee comprises a number of members of the Governing Authority and additional external members.

The Academic Council is responsible, subject to the financial constraints determined by the Governing Authority and to review by the Governing Authority, and subject to the traditional principles of academic freedom, for controlling the academic affairs of the University including the curriculum of, and instruction and education provided by, the University.

The President is the Chief Officer of the University and is appointed by the Governing Authority. The President is responsible for managing and directing the academic, administrative, financial, personnel and other activities of the University.

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Statement of Governance and Internal Control *(continued)* *for year ended 30 September 2019*

(4) Governance and Internal Control Environment *(continued)*

The University Management Team (UMT) comprises the President and other officers and senior managers in the University. A number of UMT sub-groups support the work of the University Management Team (Research, Innovation and Impact Group; Education Group; Student Experience Group; Global Engagement Group; Capital Projects Group; and Equality, Diversity and Inclusion Group).

Within a devolved management structure, Senior Officers, College Principals and Heads of Schools/Units are responsible for ensuring that internal controls are operating effectively for their respective areas of responsibility. Formal policies, procedures, regulations and guidelines are in place for all of the principal activities and major systems within the University.

(5) Processes used to identify business risks and to evaluate their financial implications

The University has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate these risks. A high-level University Risk Register is in place which is reviewed and updated by the University Management Team. Risk registers are also in place for each College and the principal support units in the University. Updated risk registers are presented to the Audit and Risk Management Committee at each committee meeting. Risks relating to projects and major initiatives are considered as part of the planning and implementation processes relating to each project and major initiative.

(6) Details of the major information systems in place such as budgets and means of comparing actual results with budgets during the year

The University has a system in place for agreeing annual budgets as part of an annual budget process. Budgets are approved by the Finance, Remuneration and Asset Management Committee and by the Governing Authority. Timely management information is available throughout the year and monthly reports are issued to budget-holders. Quarterly management accounts / out-turns and updated estimates are reviewed by the Finance, Remuneration and Asset Management Committee.

(7) Best practice procedures for addressing the financial implications of major business risks

The University operates a system of delegated authorities for the approval of expenditure by budget-holders within agreed budgets. Detailed financial policies and procedures have been produced and are updated as required. Finance training sessions are available for Heads of Schools/Units and other budget-holders. The Finance Office and a network of Finance Managers across Colleges and Support Units provide ongoing support to senior managers and budget-holders.

The Risk Management Framework was reviewed with the Audit and Risk Management Committee during the year and a revised Risk Management Framework was approved by the Governing Authority on 12 December 2019.

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Statement of Governance and Internal Control *(continued)* *for year ended 30 September 2019*

(8) Procedures for Monitoring the Effectiveness of the Internal Control System

Monitoring and review of the system of internal control is conducted through the following processes:

- (i) Ongoing review by the University Management Team and the provision of annual assurance statements by senior managers;
- (ii) The Annual Report of the President to the Governing Authority;
- (iii) The President's Reports presented at each meeting of the Governing Authority;
- (iv) Reports from the Finance, Remuneration and Asset Management Committee meetings relating to personnel, finance and capital matters which are placed before meetings of the Governing Authority;
- (v) Reports from Academic Council meetings which are placed before meetings of the Governing Authority;
- (vi) Reports from the Audit and Risk Management Committee which are placed before meetings of the Governing Authority and the annual report of the Audit and Risk Management Committee which includes a summary of the work performed by the Internal Audit function during the year and comments arising from the committee's review of risk management and corporate governance arrangements;
- (vii) Management letters and reports from the University's external auditors and the Comptroller and Auditor General which are reviewed by the Audit and Risk Management Committee;
- (viii) Quality Assurance reports; and
- (ix) Communication of the results of other periodic reviews.

(9) Confirmation of Review of the Effectiveness of the System of Internal Control

UCD confirms that the above monitoring and review processes (in Section (8)) have been in place throughout the financial year ended 30 September 2019 and that no issues relating to the effectiveness of the system of internal control have been identified which require disclosure in this statement.

(10) Weaknesses in Internal Control

There are no matters to report, other than the instances of non-compliant procurement as described in Sections 11 and 16 of this Statement of Governance and Internal Control.

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Statement of Governance and Internal Control *(continued)*
for year ended 30 September 2019

(11) Description of Action Taken to Correct Weakness

Area of non-compliance or weaknesses in internal control	Actions to be taken to attain compliance or correct weaknesses	Due date
Non-adherence to public sector procurement guidelines	A multi-annual procurement plan detailing expected major procurement competitions has been completed and was submitted to the Education Procurement Services (EPS) and the Higher Education Authority in November 2019. The Corporate Procurement Plan was completed and also submitted to the EPS in May 2019.	UCD is aiming to achieve full compliance with public sector procurement requirements over the next 2 years.

(12) Statutory Obligations

The Governing Authority acknowledges its responsibility to ensure compliance with statutory obligations and is satisfied that UCD management has processes in place to enable compliance with all statutory obligations applicable to the University.

(13) Code of Governance and Codes of Conduct

UCD adopted the Code of Governance for Irish Universities in December 2019 and has developed an implementation plan to ensure compliance with all aspects of the code. The Audit and Risk Management Committee is actively overseeing this programme of work and full compliance with the Code should be achieved by June 2020.

Policies governing the conduct of staff are in place. The conduct of staff is primarily governed by the contract of employment. Employees are also required to comply with a range of policies and details of these policies are included in a starter pack issued to new employees with their contract of employment.

All UCD HR policies are available on the UCD website and a web-link to these policies is included in the contract of employment issued to all new members of staff.

The Governing Authority approved a Code of Conduct for all Governing Authority members in March 2020. This Code of Conduct, as well as the Conflict of Interest Policy will be circulated to all Governing Authority members as part of the implementation of the Code.

(14) Financially Significant Developments

Financially significant developments affecting UCD in the past year include:

- (a) A new subsidiary company, UCD Global SDN BHD, was incorporated as a subsidiary of UCD Global Limited in Malaysia, on 18 March 2019. The activities of the company relate to the operation of the UCD Global Centre in Kuala Lumpur as part of the University's recruitment of international students in the Asia Pacific region.
- (b) A number of capital development projects were in progress during the year including the construction of Phase 1 of the new Student Residential Master Plan, the extension to the UCD Quinn School of Business, the University Club, the NovaUCD East Courtyard and the Ardmore House Refurbishment.

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Statement of Governance and Internal Control *(continued)* *for year ended 30 September 2019*

(15) Government Policy on Pay

UCD is complying with government policy on pay and with the departures framework for remuneration agreed with the HEA under s.25 of the Universities Act, 1997.

(16) Financial Reporting, Internal Audit, Procurement and Asset Disposals

Appropriate procedures for financial reporting, internal audit, procurement and asset disposals are being carried out.

Financial Reporting: Systems are in place to enable the production of the annual Consolidated Financial Statements for the University along with statutory financial statements for each of the legal entities under the control of the University.

Internal Audit: An independent Internal Audit function is in place which reports to the Audit and Risk Management Committee (functionally) and to the President (administratively).

Procurement: The University has put in place procurement policies and procedures and all non-pay expenditure is required to be procured in accordance with these policies and procedures. These policies and procedures have been communicated to the faculty and staff of the University and are published on the University website.

The University endeavours to ensure full compliance with procurement procedures and guidelines. The University is actively working with the Office of Government Procurement (OGP) and with the Education Procurement Services (EPS) to ensure that procurement activities are taking place in accordance with the operating model put in place by the OGP. The implementation of this model is an ongoing process since 2013 and is being managed by the OGP. The University has no control over the process of OGP implementation. A memorandum of understanding between the OGP and the Department of Education and Skills setting out the fundamentals of the revised procurement model was signed in July 2018.

Under the OGP model, the University is responsible for compliance with procurement guidelines while being required to use suppliers selected by the OGP. During the ongoing implementation phase of the OGP model and primarily due to resourcing and timing issues it is not always possible to match the output of the OGP process to the procurement requirements of the University. This leads to a risk that contracts will expire in advance of being retendered or that contracts will be extended temporarily beyond their original duration without going through the appropriate procurement processes.

UCD is using the services and frameworks of the OGP, and of the EPS, whenever applicable. Each procurement need for suppliers and services is initially recorded in a Procurement Support Request (PSR) which is submitted to the OGP who advise as to whether an existing framework or contract is in place. In the event of there being no existing framework or contract in place, or if the framework or contract is not suitable to meet the particular requirement, a tender process is undertaken by either the OGP, the EPS or UCD depending on the availability of resources in each body and the required timeline for completion of the procurement. There is also a risk that where the OGP cannot deliver a procurement request that the University does not have the necessary resources available to it to complete the necessary process.

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Statement of Governance and Internal Control *(continued)* *for year ended 30 September 2019*

(16) Financial Reporting, Internal Audit, Procurement and Asset Disposals *(continued)*

During 2019, the University recruited a Director of Procurement and Buying who has put in place a tendering strategy to address all non-pay addressable spend over the next two years and ensure full compliance with University, national and EU procurement regulations. The function will also be organised during 2020 in order that it is better able to service the changing needs of the University and handle the volume of expenditure that is required to be procured on an open tender basis.

The UCD Procurement Office runs tenders on behalf of the University and provides support and training to staff across the University. UCD has a centralised online purchasing system with trained buyers with the aim of enhancing the co-ordination of buyer activity across the University and of improving levels of compliance generally. Under the new Director of Procurement and Buying, the buyers structure is being reviewed with a view to having a core group of full-time buyers strategically located throughout the University and who can focus on both compliance and also identify opportunities to deliver additional savings.

The University reviews cumulative non-pay expenditure during the financial year and follows up in instances where non-compliance with procurement procedures is identified. To further minimise non-compliant spend the Procurement function plans to replace the current manual contract database with an online tool which will generate notifications in a timely manner of contracts due to expire allowing sufficient time for tender processes to be run. It is envisaged that the new contract database will be live in Q2 2020. The Function is also finalising the recruitment of a Compliance Manager who will devise and implement a compliance framework.

The level of expenditure that has been assessed by the Finance Office as non-compliant with public sector procurement requirements for the financial year ended 30 September 2019 amounts to €8 million and this represents 3.9% of UCD's overall non-pay spend of €205 million in that year. This figure is subject to audit by the Comptroller & Auditor General as part of the 2019 annual audit process. A multi-annual procurement plan detailing expected major procurement competitions has been completed and submitted to the EPS and the Higher Education Authority in November 2019. The Corporate Procurement Plan was completed and also submitted to the EPS in May 2019.

Asset Disposals: There were no asset disposals during the financial year ended 30 September 2019 other than obsolete equipment which was fully depreciated and had reached the end of its useful life. The Governing Authority approved the disposal of a site during the financial year ended 30 September 2019 but the disposal is not yet complete.

(17) Guidelines for the Appraisal and Management of Capital Proposals

UCD is adhering to the Guidelines for the Appraisal and Management of Capital Proposals. The UMT Capital Projects Group oversees the implementation of these guidelines.

(18) Travel Policy

UCD has a travel policy and associated procedures in place. The policy and procedures are made available to all staff on the University website. The policy and procedures have been developed having regard to the requirements of Department of Finance / Department of Public Expenditure and Reform travel circulars and the requirements of the Revenue Commissioners in relation to employee expenses.

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Statement of Governance and Internal Control *(continued)* *for year ended 30 September 2019*

(19) Value for Money

UCD is following the guidelines on Achieving Value for Money in Public Expenditure.

(20) Tax Compliance

UCD is complying with tax laws and has processes in place to identify tax liabilities and ensure these liabilities are paid as they fall due. The University is also working with the Irish Universities Association (IUA) to address taxation issues relevant to the university sector.

(21) Child Protection

UCD has a Child Protection Policy and a Child Safeguarding Statement in place as required by Children First legislation.

(22) Governing Authority Fees and Expenses

No fees are paid to members of the Governing Authority. The aggregate expenses payable to external members of the Governing Authority in the year ended 30 September 2019 was €33,603 and these were paid in accordance with Department of Finance guidelines. This figure includes €16,075 in respect of arrears relating to prior financial years.

(23) Subsidiary Companies

Subsidiaries of the University continue to operate at the financial year end for the purpose approved by the Governing Authority and continue to remain in full compliance with the terms and conditions of the consent under which they were approved. UCD Global Limited assumed responsibility for O'Reilly Hall and the University Club during the financial year.

The UCD Code of Governance applies to subsidiary companies. Each subsidiary company produces financial statements which are independently audited and are included in the UCD Consolidated Financial Statements. The subsidiary companies' audited statutory financial statements are presented to the Finance, Remuneration and Asset Management Committee and to the Audit and Risk Management Committee.

(24) Confidential Disclosure Reporting – Protected Disclosures Act 2014

University College Dublin has put in place a Protected Disclosures Policy in line with the Protected Disclosures Act, 2014 and the annual report has been published in accordance with section 22 of the Act. There has been one protected disclosure made during the year.

(25) Governing Authority Meetings

The Governing Authority held eight meetings during the financial year ended 30 September 2019 and the attendance record for these meetings of the Governing Authority is set out below. The attendance record details both the number of meetings attended by each member and the number of meetings each member was eligible to attend. Where there was a change in membership during the period, the end date for outgoing members and the commencement date for incoming members is noted.

		<u>Meetings attended</u>
<i>Chairperson</i>		
Eugene McCague	(until 31 Jan 2019)	2/2
Marie O'Connor	(from March 2019)	5/5
<i>The President</i>		
Professor Andrew J. Deeks		8/8

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Statement of Governance and Internal Control *(continued)*
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(25) Governing Authority Meetings *(continued)*

	<u>Meetings attended</u>
<i>Senior Academic Officer (The Registrar)</i>	
Professor Mark Rogers	7/8
<i>Elected by the Professorial Academic Staff</i>	
Professor Pat Guiry	8/8
Professor Alan Baird (until 31 Jan 2019)	2/2
Professor Joe Carthy (until 31 Jan 2019)	2/2
Professor Orla Feely (until 31 Jan 2019)	2/2
Professor Imelda Maher (until 31 Jan 2019)	2/2
Professor Dermot Moran (until 31 Jan 2019)	1/2
Professor Geraldine Butler (from 1 Feb 2019)	5/6
Professor Dympna Devine (from 1 Feb 2019)	6/6
Professor Alex Evans (from 1 Feb 2019)	5/6
Professor Emma Teeling (from 1 Feb 2019)	5/6
Professor Patrick Paul Walsh (from 1 Feb 2019)	5/6
<i>Elected by the Non-Professorial Academic Staff</i>	
Associate Professor John Dunnion	8/8
Associate Professor Wolfgang Marx	7/8
Associate Professor Joseph Brady (until 31 Jan 2019)	2/2
Associate Professor Russell Higgs (until 31 Jan 2019)	2/2
Associate Professor Marie Clarke (until 31 Jan 2019)	2/2
Dr Kelly Fitzgerald (from 1 Feb 2019)	6/6
Dr Regina Joye (from 1 Feb 2019)	5/6
Associate Professor Emma Sokell (from 1 Feb 2019)	5/6
<i>Elected by the Non-Academic Staff</i>	
Hugo O'Donnell	7/8
Margaret Brindley (until 31 Jan 2019)	2/2
Paul Harkin (until 31 Jan 2019)	0/2
Helen Kenny (from 1 Feb 2019)	5/6
Claire Nolan (from 1 Feb 2019)	6/6
<i>Elected Officers of the UCD Student's Union</i>	
Barry Murphy (until 19 June 2019)	5/5
Melissa Plunkett (until 19 June 2019)	2/5
Stephen Crosby (until 19 June 2019)	4/5
Joanna Siewierska (from 20 June 2019)	3/3
Una Carroll (from 20 June 2019)	3/3
Brian Treacy (from 20 June 2019)	3/3

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Statement of Governance and Internal Control *(continued)*
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(25) Governing Authority Meetings *(continued)*

		<u>Meetings attended</u>
<i>Elected by the Postgraduate Students</i>		
Niall Torris	(until 19 June 2019)	5/5
Conor Anderson	(from 20 June 2019)	3/3
<i>Nominations from Organisations</i>		
Charles Coase	(until 31 Jan 2019 & reappointed 21 Feb 2019)	6/7
Mary O’Dea	(until 31 Jan 2019 & reappointed 21 Feb 2019)	6/7
Isabel Foley	(from 21 Feb 2019)	4/5
<i>Nominated by the Minister for Education</i>		
Cllr Dermot Lacey	(until 31 Jan 2019)	2/2
Dr Vincent McHale	(until 31 Jan 2019)	1/2
Cllr Pat Nugent	(until 31 Jan 2019)	2/2
The Minister for Education has not yet made any appointments in this category for the period 1 Feb 2019 – 31 Jan 2024.		
<i>Elected by the UCD Graduates of NUI</i>		
Cliona de Bháldraithe Marsh		7/8
Dr Michael Clark	(until 31 Jan 2019)	0/2
Dr Maurice Treacy	(until 31 Jan 2019)	0/2
Eoghan Murphy	(from 1 Feb 2019)	4/6
<i>The Lord Mayor of the City of Dublin</i>		0/8
<i>Nominated by the National University of Ireland</i>		
Adrian Burke	(until 31 Jan 2019)	2/2
Professor Emma Teeling	(until 31 Jan 2019)	2/2
Liam McLoughlin	(from 9 May 2019)	4/4
Julie O’Neill	(from 9 May 2019)	3/4
<i>Elected by the Association of Irish Local Government</i>		
John Paul Feeley		6/8
Christy Curtin		7/8
Mary Barrett	(until 31 Jan 2019)	2/2
Gary Carville	(until 31 Jan 2019)	2/2
Mary Hilda Cavanagh	(until 31 Jan 2019)	2/2
David Daniels	(until 31 Jan 2019)	2/2
Luie McEntire	(until 31 Jan 2019)	0/2
Barry Ward	(until 31 Jan 2019)	1/2
Padraig Conneely	(from 1 Feb 2019)	6/6
Pat Daly	(from 1 Feb 2019)	5/6
Sinead Guckian	(from 1 Feb 2019)	5/6
Emer Higgins	(from 1 Feb 2019)	3/6
Peggy Nolan	(from 1 Feb 2019)	4/6
Rosaleen O’Grady	(from 1 Feb 2019)	5/6

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Statement of Governance and Internal Control *(continued)*
for year ended 30 September 2019

(26) Audit and Risk Management Committee Meetings

The Audit and Risk Management Committee held five meetings during the financial year ended 30 September 2019 and the attendance record for these meetings is set out below. The attendance record details both the number of meetings attended by each member and the number of meetings each member was eligible to attend.

			<u>Meetings attended</u>
Isabel Foley	(Chair)	(appointed Chairperson 21 Feb 2019)	5/5
Adrian Burke	(Chair)	(until 31 Jan 2019)	2/2
Mary Barrett		(until 31 Jan 2019)	2/2
Martin Cosgrove		(until 31 Jan 2019)	2/2
Associate Professor Russell Higgs		(until 31 Jan 2019)	1/2
Hugo O'Donnell		(until 31 Jan 2019)	2/2
Padraig Conneely		(from 28 March 2019)	3/3
Catherine Ghose		(from 28 March 2019)	3/3
Liam McLoughlin		(from 28 March 2019)	3/3
Eoghan Murphy		(from 28 March 2019)	2/3
Noreen O'Kelly		(from 28 March 2019)	2/3

(27) Finance, Remuneration and Asset Management Committee Meetings

The Finance, Remuneration and Asset Management Committee held six meetings during the financial year ended 30 September 2019 and the attendance record for these meetings is set out below. The attendance record details both the number of meetings attended by each member and the number of meetings each member was eligible to attend.

			<u>Meetings attended</u>
Mr Charles Coase	(Chair)		6/6
Professor Andrew Deeks	President		6/6
Professor Mark Rogers	Registrar		4/6
David Kelly	Bursar		6/6
John Paul Feeley			4/6
Cliona de Bháldraithe	Marsh		6/6
Professor Pat Guiry			5/6
Michael Feeney		(until 31 Jan 2019)	1/2
Paul Harkin		(until 31 Jan 2019)	1/2
Associate Professor Marie Clarke		(until 31 Jan 2019)	1/2
Associate Professor Emma Sokell		(from 28 March 2019)	4/4
Mary O'Dea		(from 28 March 2019)	2/4
Barry Murphy		(from 28 March until 19 June 2019)	2/2
Joanna Siewierska		(from 20 June 2019)	1/2

**University College Dublin
National University of Ireland, Dublin**

Statement of Governance and Internal Control *(continued)*
for year ended 30 September 2019

(28) Review of Governing Authority Performance

The Governing Authority reviews its performance and working arrangements on an ongoing basis and makes relevant changes as required.

An External Effectiveness Review conducted by an external provider, Advance HE, was conducted during the previous financial year. An internal self-assessment of the Governing Authority and its committees is scheduled to be commenced before the end of the current financial year.

(29) Salary of President

Confirmation of salary paid to President for financial year in question.

-1/10/18 salary increased to €199,137 per annum – 1% increase under PSSA (Public Service Stability Agreement).

-1/4/19 salary increased to €204,020 per annum – third and final phase of pay restoration plus the two 1% increases i.e. Jan and Oct 18.

-1/9/19 salary increased to €207,590 per annum – 1.75% increase under PSSA.

(30) General Governance and Accountability Issues

University College Dublin has no further general governance and accountability issues to report in respect of the financial year ended 30 September 2019.



Andrew Deeks
President

Date: 30/3/2020

University College Dublin National University of Ireland, Dublin

STATEMENT OF GOVERNING AUTHORITY'S RESPONSIBILITIES

The Governing Authority is required to comply with the Universities Act, 1997, and to keep in such form as may be approved of by An t-Údarás um Ard-Oideachas all proper and usual accounts of money received and expended by it.

The Governing Authority is also responsible for preparing the President's Report and the financial statements for each financial year that give a true and fair view of the state of the affairs of the University and the University group and for the surplus or deficit of the University group for the year.

In preparing those accounts, the Governing Authority is required to:

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

The Governing Authority is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and surplus or deficit for the University and which enable it to ensure that its financial statements comply with the Universities Act, 1997, the Statement of Recommended Practice on Accounting for Further and Higher Education Institutions and are prepared in accordance with FRS102 "*The Financial Reporting standard applicable in the UK and Republic of Ireland*".

The Governing Authority is responsible for ensuring that the business of the University is conducted in a proper and regular manner and for safeguarding all assets under its operational control and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Governing Authority,



Andrew Deeks
President

Date: 30/3/2020



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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSITY COLLEGE DUBLIN, NATIONAL UNIVERSITY OF IRELAND, DUBLIN

Report on the audit of the financial statements

Qualified opinion

We have audited the consolidated and University financial statements ("financial statements") of University College Dublin, National University of Ireland, Dublin ("the Group") for the year ended 30 September 2019, which comprise the consolidated statement of comprehensive income, consolidated and University statement of changes in reserves, consolidated and University statement of financial position, consolidated statement of cash flows and the related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is Irish law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and the Statement of Recommended Practice ("SORP") - Accounting for Further and Higher Education (2015), issued by the HE/FE SORP Board in the UK.

In our opinion, except for the effects of the matters described in the Basis for qualified opinion section of our report, the accompanying financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Group and University as at 30 September 2019 and of the Group's surplus for the year then ended; and
- have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and the Statement of Recommended Practice ("SORP") - Accounting for Further and Higher Education (2015), issued by the HE/FE SORP Board in the UK.

Basis for qualified opinion

As more fully explained in Note 26 to the financial statements, an asset representing a receivable from the State, equivalent to the value of the University's net pension obligations in relation to its defined benefit pension schemes, has been recognised in the financial statements (and an equivalent amount recognised in revenue reserves) on the basis that the Governing Authority considers these pension liabilities to have always been guaranteed by the State. In addition, gains matching the increase in these pension liabilities during the year have been recorded in the consolidated statement of comprehensive income.

While the enactment in June 2009 of the Financial Measures (Miscellaneous Provisions) Act, 2009 and the resulting Transfer Order dated 31 March 2010, and the enactment of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012, caused the State to assume responsibility for any shortfall in funding arising in the University College Dublin, National University of Ireland, Dublin (Closed) Pension Scheme 2010 (formerly the UCD 1995 Contributory Pension Scheme) operated by the University and in the Single Public Service Pension Scheme, such legislation does not specifically cover other defined benefit pension arrangements operated by the University. In the absence of the State's formal acceptance of the obligation to fund deficits associated with the University's other defined benefit pension arrangements, it is not, in our view, appropriate to recognise the pension receivable pertaining to these deficits on the consolidated and University's balance sheet at 30 September 2019.

The treatment adopted for the deficits associated with the University's other defined benefit arrangements is not in accordance with the requirements of FRS 102 Section 21 "Provisions and Contingencies" as the receivable remains contingent in nature until the State formally accepts the obligation.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSITY COLLEGE DUBLIN, NATIONAL UNIVERSITY OF IRELAND, DUBLIN (continued)

Accordingly: in respect of the consolidated and University balance sheets, (i) the pension receivable asset, net assets and income and expenditure reserves at 30 September 2019 should be reduced by €80 million and (ii) the pension receivable asset, net assets and income and expenditure reserves at 30 September 2018 should be reduced by €37 million. In addition, the consolidated total comprehensive income for the year ended 30 September 2019 should be increased to €100.399 million and the consolidated total comprehensive income for the year ended 30 September 2018 should be increased to €9.609 million.

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the University in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The members of the Governing Authority are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the President's Report, the Statement of Governance and Internal Control and Statement of Governing Authority's Responsibilities. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work on the other information:

- in our opinion the information given in the President's Report, the Statement of Governance and Internal Control and Statement of Governing Authority's Responsibilities is consistent with the financial statements;
- except for the matter described in the basis for qualified opinion paragraph, we have not identified material misstatements in the other information.

Opinions on other matters on which we are required to report under the terms of our engagement are set out below:

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

In our opinion the accounting records of the University were sufficient to permit the financial statements to be readily and properly audited and except for the matters described in the basis for qualified opinion, the financial statements are in agreement with the accounting records.

Under the Code of Governance for Irish Universities, we are required to report to you if the statement regarding governance and the system of internal financial control, as included in the Statement of Governance and Internal Control on pages 4 to 14, is not consistent with the information of which we are aware from our audit work on the financial statements, and we report if it does not.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSITY COLLEGE DUBLIN, NATIONAL UNIVERSITY OF IRELAND, DUBLIN (continued)

Matters on which we are required to report by exception

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

Respective responsibilities and restrictions on use

Responsibilities of the Governing Authority for the financial statements

As explained more fully in the Statement of Governing Authority's responsibilities set out on page 15, the members of the Governing Authority are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governing Authority is responsible for assessing the Group's and University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless the Governing Authority either intend to liquidate the Group and the University or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSITY COLLEGE DUBLIN,
NATIONAL UNIVERSITY OF IRELAND, DUBLIN** *(continued)*

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the members of the Governing Authority of University College Dublin, National University of Ireland, Dublin, as a body. Our audit work has been undertaken so that we might state to the Governing Authority those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Governing Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Eamonn Russell
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place,
St. Stephens Green,
Dublin 2

30 March 2020

University College Dublin
National University of Ireland, Dublin

Consolidated Statement of Comprehensive Income
Year ended 30 September 2019

	Note	2019 €'000	2018 €'000
Income			
State grants	3	72,723	68,685
Academic fees	4	232,400	230,788
Research grants and contracts	5	89,221	89,438
Other income	6	112,221	107,263
Amortisation of deferred capital grants	20	11,397	11,054
Deferred funding for pensions	26	73,640	79,913
Total income		591,602	587,141
Expenditure			
Staff costs	7	322,085	306,536
Pension service costs	7, 26	31,229	36,652
Other operating expenses	8	146,338	136,387
Depreciation	12	28,356	27,674
Interest payable	9	1,723	1,554
Pension interest cost	26	42,411	43,261
Total expenditure		572,142	552,064
Surplus before share of surplus in joint ventures		19,460	35,077
Share of operating surplus in joint venture	13	116	234
Surplus before tax		19,576	35,311
Taxation	10	(109)	(65)
Surplus for the year	11	19,467	35,246
Actuarial gain in respect of pension schemes	26	73,640	79,913
Movement on pension receivable from the State	26	(73,640)	(79,913)
Total comprehensive income for the year		19,467	35,246
Represented by:			
Endowment comprehensive income for the year		-	-
Restricted comprehensive income for the year		-	-
Unrestricted comprehensive income for the year		19,467	35,246
		19,467	35,246

All items of income and expenditure relate to continuing activities.

University College Dublin
National University of Ireland, Dublin

Consolidated and University Statement of Changes in Reserves
Year ended 30 September 2019

Consolidated	Income and expenditure reserve			Total €'000
	Endowment €'000	Restricted €'000	Unrestricted €'000	
Balance at 1 October 2017	-	-	441,585	441,585
Surplus from income and expenditure	-	-	35,246	35,246
Balance at 30 September 2018	-	-	476,831	476,831
Surplus from income and expenditure	-	-	19,467	19,467
Total comprehensive income for the year	-	-	19,467	19,467
Balance at 30 September 2019	-	-	496,298	496,298

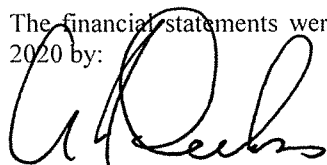
University	Income and expenditure reserve			Total €'000
	Endowment €'000	Restricted €'000	Unrestricted €'000	
Balance at 1 October 2017	-	-	445,340	445,340
Surplus from income and expenditure	-	-	34,445	34,445
Balance at 30 September 2018	-	-	479,785	479,785
Surplus from income and expenditure	-	-	20,125	20,125
Total comprehensive income for the year	-	-	20,125	20,125
Balance at 30 September 2019	-	-	499,910	499,910

University College Dublin
National University of Ireland, Dublin

Consolidated and University Statement of Financial Position
As at 30 September 2019

	Note	Consolidated		University	
		2019 €'000	2018 €'000 (as restated note 17)	2019 €'000	2018 €'000 (as restated note 17)
Non-current assets					
Fixed assets	12	829,113	757,964	806,660	746,023
Heritage assets	13	21,451	16,452	21,451	16,452
Investments	13	53	53	7,053	7,053
Investments in joint ventures	13	3,120	2,893	2,608	2,608
		<u>853,737</u>	<u>777,362</u>	<u>837,772</u>	<u>772,136</u>
Current assets					
Stocks	14	3,720	2,977	3,720	2,977
Debtors	15	93,928	77,512	141,390	88,159
Cash at bank and in hand	16	89,453	139,463	53,536	133,771
		<u>187,101</u>	<u>219,952</u>	<u>198,646</u>	<u>224,907</u>
Creditors:					
amounts falling due within one year	17	(253,542)	(219,918)	(245,511)	(216,703)
Net current (liabilities)/assets		<u>(66,441)</u>	<u>34</u>	<u>(46,865)</u>	<u>8,204</u>
Total assets less current liabilities		<u>787,296</u>	<u>777,396</u>	<u>790,907</u>	<u>780,340</u>
Creditors:					
amounts falling due after more than one year	18	(290,998)	(300,565)	(290,997)	(300,555)
Net assets excl. pension (liability)/receivable		<u>496,298</u>	<u>476,831</u>	<u>499,910</u>	<u>479,785</u>
Pension liability	26	(2,137,310)	(1,843,967)	(2,137,310)	(1,843,967)
Pension receivable	26	2,137,310	1,843,967	2,137,310	1,843,967
Net assets incl. pension (liability)/receivable		<u>496,298</u>	<u>476,831</u>	<u>499,910</u>	<u>479,785</u>
Unrestricted reserves					
Income and expenditure reserve – unrestricted		496,298	476,831	499,910	479,785
Total reserves		<u>496,298</u>	<u>476,831</u>	<u>499,910</u>	<u>479,785</u>

The financial statements were approved by the Governing Authority and signed on its behalf on 30 March 2020 by:



Andrew Deeks
 President



David Kelly
 Chief Financial Officer / Bursar

University College Dublin
National University of Ireland, Dublin

Consolidated Statement of Cash Flows

Year ended 30 September 2019

	2019	2018
	€'000	€'000
Cash flow from operating activities		
Surplus for year	19,467	35,246
Adjustment for non-cash items		
Depreciation	28,356	27,674
Amortisation of deferred capital grants	(11,397)	(11,054)
Interest payable	1,723	1,554
Operating cashflow before movement in working capital	<u>38,149</u>	<u>53,420</u>
(Increase)/decrease in stock	(743)	25
Increase in debtors	(16,416)	(8,094)
Increase in creditors	32,969	1,498
Other movements		
Non-government capital grants recognised	(10,089)	(10,078)
Net cash inflow from operating activities	<u>43,870</u>	<u>36,771</u>
Cash flows from investing activities		
Capital grants received	16,762	16,416
Movement in investments	(227)	(295)
Additions to heritage assets	(4,999)	(3,159)
Additions to fixed assets	(99,505)	(38,254)
Net cash outflow from investing activities	<u>(87,969)</u>	<u>(25,292)</u>
Cash flows from financing activities		
<i>Debt due within one year:</i>		
Increase/(decrease) in short term borrowings	2	(21)
<i>Debt due after one year:</i>		
Capital repayments	(4,500)	(4,500)
Interest paid	(1,723)	(1,554)
Net cash outflow from financing activities	<u>(6,221)</u>	<u>(6,075)</u>
(Decrease)/increase in cash and cash equivalents in the year	(50,320)	5,404
Cash and cash equivalents at beginning of year	<u>138,636</u>	<u>133,232</u>
Cash and cash equivalents at end of year	<u>88,316</u>	<u>138,636</u>

Note 23

University College Dublin

National University of Ireland, Dublin

Notes to the financial statements

For the year ended 30 September 2019

1. Significant accounting policies

The accounting policies which are considered material in relation to the financial statements are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General information and basis of accounting

University College Dublin was originally constituted in 1908 by a Charter under the Irish Universities Act, 1908 as a constituent college of the National University of Ireland. It was reconstituted as a University under the Universities Act, 1997 with the name National University of Ireland, Dublin. The name was then changed to University College Dublin, National University of Ireland, Dublin by Statutory Instrument number 447 of 1998, National University of Ireland, Dublin (Change of Name of University) Order, 1998.

The consolidated and University financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education, issued by the Higher Education Further Education SORP Board in the UK, which has been voluntarily adopted by the University.

The financial statements are presented in Euro because that is the currency of the primary economic environment in which the University operated. Foreign operations are included in accordance with the policies set out below.

b. Basis of consolidation

The Group financial statements consolidate the financial statements of the University and its subsidiary undertakings made up to 30 September 2019.

The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The activities of the UCD Students' Union have not been consolidated because the University does not control those activities. The financial statements of UCD Foundation (the "Foundation") are also excluded as it is not controlled by the University. Other undertakings in which the University has interests that are not material have not been consolidated.

The financial statements of the University have recognised all the financial transactions that have taken place with the Foundation during the year. The University will continue to review on an annual basis its relationship with the Foundation and the provisions of FRS 102.

During the period, the University provided the Foundation with office accommodation, use of office equipment and administration services. In addition, the University incurred expenditure of €2.3 million payable to the Foundation in respect of other administration expenses incurred by the Foundation from third parties. At 30 September 2019, an amount of €1.1 million was due to the Foundation in this regard.

During the same period, the University received €12.2 million for the furtherance of education and research from the Foundation. Furthermore, the University has recognised under "Other capital funding receivable" within Debtors an amount of €1.0 million in respect of capital projects. In addition, the University has recognised under "Other capital funding received in advance" within Creditors an amount of €0.5 million also in respect of capital projects.

A set of the 2019 financial statements for the UCD Foundation can be found at their website at <https://ucdfoundation.ie/annual-reports/>

University College Dublin National University of Ireland, Dublin

Notes to the financial statements *(continued)* For the year ended 30 September 2019

1. Significant accounting policies *(continued)*

c. Going concern

The Governing Authority is satisfied that the University group has adequate resources to meet its obligations as they fall due for the foreseeable future. Thus, the Governing Authority continues to adopt the going concern basis of accounting in preparing the annual financial statements.

As outlined in note 28 to the financial statements, the outbreak of the COVID-19 virus is having a significant adverse impact on the University's ability to generate non-Exchequer sourced income but the University is taking cost reduction and other mitigating measures to reduce the financial impact arising from the loss of non-Exchequer sourced income and is satisfied that it can sustain its operations for the foreseeable future based on its current cash balances and its existing term loan facility.

The University has prepared cash flow forecasts under various scenarios for its Governing Authority and based on these forecasts, the Governing Authority is satisfied that the financial statements should be prepared on a going concern basis.

d. Tangible fixed assets

(i) Land and buildings

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	50 years
Leasehold land and buildings	term of lease

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account as follows:

- (1) State capital grants are released over the expected useful economic life of the related asset on a basis consistent with the depreciation policy and
- (2) Non-government grants are released when the University is entitled to the income subject to any performance related conditions being met.

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

(ii) Equipment and minor works

Equipment costing less than €5,000 per individual item is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its useful economic life as follows:

Leased assets	20 years or primary lease period, if shorter
Computer equipment	3 years
Equipment, fixtures and fittings	5 years
Minor works	10 years

Where equipment is acquired with the aid of specific State grants it is capitalised and depreciated in accordance with the above policy, with the related grants being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment. Where the related grant is from non-government sources it is released when the University is entitled to the income subject to any performance related conditions being met.

University College Dublin

National University of Ireland, Dublin

Notes to the financial statements *(continued)*

For the year ended 30 September 2019

1. Significant accounting policies *(continued)*

d. Tangible fixed assets *(continued)*

(iii) Donations

The University receives on occasion benefits in kind such as gifts of equipment. Items of a significant value donated to the University, which if purchased, the group would treat as tangible fixed assets, are capitalised at their current value and depreciated in accordance with the policy set out above. The recognition of income is accounted for in accordance with the accounting policy set out below (see note 1(k)).

e. Heritage assets

The University has acquired many assets of unqualified historic and cultural importance to the State. The UCD collection includes period houses, artworks and other paintings and artefacts.

The period houses are part of the working infrastructure of the University Campus and as such are capitalised in the statement of financial position in line with FRS 102. Artwork purchased for the benefit of the University is capitalised in the statement of financial position at original cost and is not depreciated.

f. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. Subsequent to initial recognition, these are measured at amortised cost using the effective interest method. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Non-current debt instruments which meet the following conditions, are subsequently measured at amortised cost using the effective interest method:

- (a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.
- (b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.
- (d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

University College Dublin National University of Ireland, Dublin

Notes to the financial statements *(continued)*

For the year ended 30 September 2019

1. Significant accounting policies *(continued)*

f. Financial instruments *(continued)*

(i) Financial assets and liabilities *(continues)*

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique.

g. Joint venture undertakings

Joint venture undertakings are those undertakings over which the University exercises control jointly with another party.

Group

In the Group financial statements, joint venture undertakings are accounted for using the equity method. Investments in joint venture undertakings are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the Group's share of the profit or loss and other comprehensive income of the associate.

University

In the University financial statements, investments in joint venture undertakings are accounted for at cost less impairment.

Goodwill

Goodwill arising on the acquisition of joint venture undertakings, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is determined to be five years. Any unamortised balance of goodwill is included in the carrying value of the investment in joint venture undertakings.

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Notes to the financial statements *(continued)*

For the year ended 30 September 2019

1. Significant accounting policies *(continued)*

h. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost is calculated using the FIFO (first-in, first-out) method.

Provision is made for obsolete, slow-moving or defective items where appropriate.

Expenditure incurred by the University on books and consumable stocks financed from recurrent grants is charged to the consolidated statements of comprehensive income.

i. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each statement of financial position date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, because of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units ("CGU") of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

University College Dublin

National University of Ireland, Dublin

Notes to the financial statements *(continued)*

For the year ended 30 September 2019

1. Significant accounting policies *(continued)*

j. Taxation

(i) Corporate tax and Value Added Tax

As an exempt charity, the University is not liable for corporation tax on any of its charitable activities. It is registered for value added tax, but since the supply of education is an exempt activity on which no output tax is charged it is unable to recover input tax on the majority of its purchases. Certain research and commercial activities within the University fall into the VAT net. Any input or output VAT relating to these activities is returned to the Revenue Commissioners by the University.

Certain trading activities undertaken by the University are administered through a number of its subsidiary companies and joint ventures, which as commercial organisations are liable to corporation tax.

(ii) Deferred taxation

In subsidiary companies, which do not hold a charitable status and are therefore liable to corporation tax, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between taxable profits and results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and, therefore, recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

k. Recognition of income

State grants

Grants from the Higher Education Authority and other government bodies are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Recurrent and non-recurrent grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants from the Higher Education Authority or other government bodies received in respect of the acquisition or construction of fixed assets are recognised over the useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Academic fees

Academic fees are recognised in the period to which they relate.

Research grants and contracts

Income from research grants and contracts from non-government sources is recognised based on the performance model i.e. income is recognised to the extent that performance-related conditions have been met. The most common classes of such transactions are:

(i) Donations with no restrictions

Donations with no restrictions include amounts given to the University by way of cash or asset with no restriction as to how the donation should be used. Such donations are recorded in the Statement of Comprehensive Income on entitlement to the income.

University College Dublin National University of Ireland, Dublin

Notes to the financial statements *(continued)* For the year ended 30 September 2019

1. Significant accounting policies *(continued)*

k. Recognition of income *(continued)*

(ii) Research grants from non-government sources

Income from grants from non-government sources is recognised in the Statement of Comprehensive Income when performance related conditions are met. If a restriction in use exists but no performance related conditions apply, the income is recorded in the Statement of Comprehensive Income when the University becomes entitled to the income.

Grants with unfulfilled performance related conditions are held as deferred income until such time as the conditions are met, at which point the income is recorded in the Statement of Comprehensive Income.

Income from short-term deposits

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

Rental income

Rental income from licence fees is recognised on a straight-line basis over the lease term.

l. Retirement benefits

For defined benefit schemes the amounts charged to operating surplus are the costs arising from employee services rendered during the period and the cost of plan instructions, benefit changes, settlements and curtailments. They are included as part of staff costs. The interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Re-measurement comprising actuarial gains and losses are recognised immediately in other comprehensive income.

For defined benefit schemes, the difference between the market value of the scheme's assets (if any) and the actuarially assessed present value of the scheme's liabilities, is calculated using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each statement of financial position date.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

Pension Asset Receivable

As more fully referred to in note 26, the University considers that its pension liabilities are guaranteed by the State. As a consequence, the liability of the pension schemes is matched by an equivalent amount receivable by the University from the State.

Movements on this pension receivable are included in the statement of comprehensive income in order to equal the underlying movement in the pension liability. The financial statements reflect the actual pension costs to the University.

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Notes to the financial statements *(continued)*

For the year ended 30 September 2019

1. Significant accounting policies *(continued)*

m. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their statement of financial positions at the rates ruling at the statement of financial position date. Exchange differences arising on retranslation at the closing rate of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Other exchange differences are recognised in profit and loss in the period in which they arise except for:

- Exchange differences on transactions entered into to hedge certain foreign currency risks;
- Exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income; and
- In the case of the consolidated financial statements, exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reported under equity.

n. Leases

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the statement of comprehensive income over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rental payments under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

University College Dublin National University of Ireland, Dublin

Notes to the financial statements *(continued)*

For the year ended 30 September 2019

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the members of the Governing Authority are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future financial periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Governing Authority has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

- (1) As more fully referred to in note 26, the University considers that its pension liabilities are guaranteed by the State. As a consequence, the liability of the pension schemes is matched by an equivalent amount receivable by the University from the State.
- (2) An analysis performed by the University indicates that there is no legal obligation to meet performance criteria with private donors and that capital funding received meets the definition of donations with no terms and conditions imposed by the donor in relation to the funds provided. Once a building is in use, the performance criteria can be deemed to be met.
- (3) The University recognises research income only to the extent that relevant qualifying expenditure, which is fully refundable by the research funding agency, is incurred. This accounting methodology is based on historical practice and has always fairly reflected the performance obligations required under the contract and is the agreed funding mechanism with the research funding bodies.
- (4) The University calculates a provision for doubtful student accounts based on an ongoing review of individual student accounts, analysis of the ageing of the student debt, as well as other factors including current economic conditions.

Key sources of estimation uncertainty

The pension liability is calculated annually, based on actuarial assumptions provided by a qualified independent actuary. The actuarial assumptions include discount rates, salary increases, pension increases, inflation rates and mortality.

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Notes to the financial statements (continued)
For the year ended 30 September 2019

3. State grants	2019	2018
	€'000	€'000
State grants allocated for recurrent purposes	<u>72,723</u>	<u>68,685</u>
Reconciliation of grant received to income recognised		
Received in respect of calendar year	79,948	66,560
(Recognised in)/deferred from prior accounting year	(360)	1,765
(Deferred to)/recognised from subsequent accounting years	<u>(6,865)</u>	<u>360</u>
Total	<u>72,723</u>	<u>68,685</u>

State funding is received from the Higher Education Authority (HEA), funded by the Department of Education and Skills, on a calendar year basis. The University financial year is based on the academic year from October to September. In accordance with the University's accounting policies, recurrent grants have been recognised on an accruals basis. In any accounting year, therefore, an element of funding will be deferred to subsequent accounting periods in order to match the funding to the related expenditure.

4. Academic fees	2019	2018
	€'000	€'000
Academic fee income	<u>232,400</u>	<u>230,788</u>

A total of €44,106,000 (2018: €44,119,000) recognised in academic fee income was received directly from the HEA in the financial year.

5. Research grants and contracts	2019	2018
	€'000	€'000
State and semi-state	51,235	52,929
European Union	17,433	15,064
Industry	2,962	3,002
Science Foundation Ireland overheads grant	7,306	7,254
Other	10,285	11,189
	<u>89,221</u>	<u>89,438</u>

6. Other income	2019	2018
	€'000	€'000
Catering and conferences	2,934	2,309
Rental income from residences on campus	28,577	28,649
Other rental income	1,712	1,564
Medical testing income	18,959	18,324
Academic facilities and departments	35,809	34,071
Other operating income	14,141	12,268
Non-government capital grants recognised	10,089	10,078
	<u>112,221</u>	<u>107,263</u>

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Notes to the financial statements (continued)
For the year ended 30 September 2019

7. Staff costs

The average weekly number of persons (including senior post-holders) employed by the University during the year, expressed in full-time equivalents is:

	2019	2018
	No. of	No. of
	Employees	Employees
Teaching and research	3,502	3,273
Technical	261	256
Central administration and services	1,549	1,332
	5,312	4,861

	2019	2018
	€'000	€'000
Salaries and wages	276,415	260,722
Social welfare costs	23,333	21,447
Retirement benefit costs-Employer contributions	22,337	24,367
	322,085	306,536

Pension related costs

	2019	2018
	€'000	€'000
Retirement benefit costs-Employer contributions	22,337	24,367
Incremental pension costs underwritten by the State	31,229	36,652
Current service cost (note 26)	53,566	61,019

Key management compensation

Key management personnel are represented by those persons on the University Management Team (UMT). The UMT comprises of the President, the six College Principals and the Vice-presidents (Bursar, Registrar, VP Research, VP Global Engagement and the Director of Human Resources). The compensation consists of salary and benefits including employer's pension contribution and social costs.

The total compensation for key management personnel for the year totalled €1,989,000 (2018: €1,903,000).

University College Dublin National University of Ireland, Dublin

Notes to the financial statements *(continued)*

For the year ended 30 September 2019

7. Staff costs *(continued)*

Salaries above €60,000

The University is required by Circular 13/2014 issued by the Department of Public Expenditure and Reform to disclose the number of staff whose remuneration fell within each band of €10,000 from €60,000 upwards. Staff numbers, whose remuneration is in salary bands of €10,000 are as follows:

Salary Bands		
€	2019	2018
60,000 – 70,000	317	284
70,001 – 80,000	181	208
80,001 – 90,000	357	428
90,001 – 100,000	286	169
100,001 – 110,000	64	63
110,001 – 120,000	61	73
120,001 – 130,000	21	40
130,001 – 140,000	35	41
140,001 – 150,000	117	73
150,001 – 160,000	3	9
160,001 – 170,000	0	5
170,001 – 180,000	3	2
180,001 – 190,000	1	2
190,001 – 200,000	1	6
200,001 – 210,000	3	3
210,001 – 220,000	1	0
220,001 – 230,000	3	2
230,001 – 240,000	1	3
250,001 – 260,000	0	1
260,001 – 270,000	3	0
270,001 – 280,000	1	0
340,001 – 350,000	0	1
Grand Total	1,459	1,413

Total employer pension contributions in respect of the above numbered employees amounted to €9,440,000 in the year ended 30 September 2019 (2018: €9,613,000).

University College Dublin
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Notes to the financial statements (continued)
For the year ended 30 September 2019

8. Other operating expenses

	2019	2018
	€'000	€'000
Research (non-pay)	20,087	19,634
Maintenance and security	20,865	19,537
Laboratory supplies	10,968	10,476
Professional fees	8,182	6,429
External contract costs	6,661	6,822
Travel and hospitality	11,222	10,314
Computer supplies	6,558	5,427
Printing, stationery and audio visual	3,884	3,372
Books and periodicals	3,838	3,573
Light and heat	6,108	6,578
Student facilities	4,751	4,390
Rates and insurance	2,111	1,899
Equipment	2,393	2,916
Training, development and scholarships	24,492	21,287
Communications	966	929
Advertising and promotions	3,301	2,930
Other expenses	9,951	9,874
	<u>146,338</u>	<u>136,387</u>

2019	2018
€'000	€'000

Other operating expenses include:

Auditor's remuneration:

- External audit of University Group	191	191
- External audit of Pension funds	7	7
- Taxation and secretarial	19	13
- Other services	4	9
	<u>221</u>	<u>220</u>

Auditor's remuneration disclosed above excludes VAT. The University has an Internal Audit function and the associated payroll costs have been included as part of staff costs for the year.

9. Interest payable

	2019	2018
	€'000	€'000
On bank loans, overdrafts and other loans	<u>1,723</u>	<u>1,554</u>

Interest is payable on loans drawn down to fund residential accommodation for students and other capital investment programmes.

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Notes to the financial statements (continued)
For the year ended 30 September 2019

10. Taxation	2019	2018
	€'000	€'000
The tax charge comprises:		
Current tax on profit on ordinary activities		
Foreign tax charge	20	27
Irish corporation tax on profits of subsidiaries for the year	59	-
Total current tax	<u>79</u>	<u>27</u>
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Share of joint venture tax	30	38
Total current tax charge on ordinary activities	<u><u>109</u></u>	<u><u>65</u></u>

Corporation tax arises in the current year on profits earned by a number of the University's subsidiaries.

The current tax charge for the year is lower than the current charge that would result from applying the standard rate of Irish corporation tax to the surplus for the year. The differences are explained below:

	2019	2018
	€'000	€'000
Surplus for year before taxation	19,576	35,311
Surplus for the year before taxation at standard Irish corporation tax rate of 12.5%	<u>2,447</u>	<u>4,414</u>
Effects of:		
- Amounts not subject to Irish Corporation Tax	(2,368)	(4,387)
Total current tax charge for the year	<u><u>79</u></u>	<u><u>27</u></u>

11. Surplus for the year	2019	2018
	€'000	€'000
The surplus for the year on continuing operations is made up as follows:		
University surplus for the year	20,125	34,445
(Deficit)/surplus generated by subsidiaries and other undertakings	(658)	801
Surplus on continuing operations for the year	<u><u>19,467</u></u>	<u><u>35,246</u></u>

University College Dublin National University of Ireland, Dublin

Notes to the financial statements (continued) For the year ended 30 September 2019

12. Tangible fixed assets

2019 Consolidated	Land and Buildings €'000	Assets in course of construction €'000	Minor works €'000	Computer equipment €'000	Equipment €'000	Fixtures & Fittings €'000	Total €'000
Cost							
At 1 October 2018	976,807	34,377	5,680	17,589	172,015	2,650	1,209,118
Additions in year	7,778	81,794	58	1,466	7,437	972	99,505
Transfer from assets in course of construction	25,989	(25,989)	-	-	-	-	-
Disposals in year	-	-	-	(67)	(230)	(282)	(579)
At 30 September 2019	1,010,574	90,182	5,738	18,988	179,222	3,340	1,308,044
Depreciation							
At 1 October 2018	268,353	-	5,680	17,127	157,731	2,263	451,154
Charge for year	20,086	-	36	799	7,208	227	28,356
Elimination on disposals	-	-	-	(67)	(230)	(282)	(579)
At 30 September 2019	288,439	-	5,716	17,859	164,709	2,208	478,931
Net book value							
At 30 September 2019	722,135	90,182	22	1,129	14,513	1,132	829,113
At 1 October 2018	708,454	34,377	-	462	14,284	387	757,964

Details of capital grant funding received in respect of tangible fixed assets are provided in note 20.

Land and buildings include €12.5 million (2018: €12.5 million) in respect of freehold land which is not depreciated.

University College Dublin National University of Ireland, Dublin

Notes to the financial statements (continued) For the year ended 30 September 2019

12. Tangible fixed assets (continued)

2018 Consolidated	Land and Buildings €'000	Assets in course of construction €'000	Minor works €'000	Computer equipment €'000	Equipment €'000	Fixtures & Fittings €'000	Total €'000
Cost							
At 1 October 2017	964,023	17,166	5,680	17,167	169,243	2,619	1,175,898
Additions in year	2,581	27,414	-	548	7,680	35	38,258
Transfer from assets in course of construction	10,203	(10,203)	-	-	-	-	-
Disposals in year	-	-	-	(126)	(4,908)	(4)	(5,038)
At 30 September 2018	976,807	34,377	5,680	17,589	172,015	2,650	1,209,118
Depreciation							
At 1 October 2017	248,941	-	5,680	16,734	155,075	2,084	428,514
Charge for year	19,412	-	-	519	7,564	179	27,674
Elimination on disposals	-	-	-	(126)	(4,908)	-	(5,034)
At 30 September 2018	268,353	-	5,680	17,127	157,731	2,263	451,154
Net book value							
At 30 September 2018	708,454	34,377	-	462	14,284	387	757,964
At 1 October 2017	715,082	17,166	-	433	14,168	535	747,384

Details of capital grant funding received in respect of tangible fixed assets are provided in note 20.

**University College Dublin
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Notes to the financial statements (continued)
For the year ended 30 September 2019

12. Tangible fixed assets (continued)

2019 University	Land and Buildings €'000	Assets in course of Construction €'000	Minor works €'000	Computer equipment €'000	Equipment €'000	Total €'000
Cost						
At 1 October 2018	973,360	24,033	5,680	17,592	171,830	1,192,495
Additions in year	7,778	71,963	-	1,413	7,399	88,553
Transfer from assets in course of construction	25,989	(25,989)	-	-	-	-
Disposals in year	-	-	-	(67)	(230)	(297)
At 30 September 2019	1,007,127	70,007	5,680	18,938	178,999	1,280,751
Depreciation						
At 1 October 2018	266,275	-	5,680	17,100	157,417	446,472
Charge for year	19,937	-	-	781	7,198	27,916
Elimination on disposals	-	-	-	(67)	(230)	(297)
At 30 September 2019	286,212	-	5,680	17,814	164,385	474,091
Net book value						
At 30 September 2019	720,915	70,007	-	1,124	14,614	806,660
At 1 October 2018	707,085	24,033	-	492	14,413	746,023

University College Dublin National University of Ireland, Dublin

Notes to the financial statements (continued) For the year ended 30 September 2019

12. Tangible fixed assets (continued)

2018 University	Land and Buildings €'000	Assets in course of construction €'000	Minor works €'000	Computer equipment €'000	Equipment €'000	Total €'000
Cost						
At 1 October 2017	960,583	17,178	5,680	17,173	169,058	1,169,672
Additions in year	2,574	17,058	-	545	7,680	27,857
Transfer from assets in course of construction	10,203	(10,203)	-	-	-	-
Disposals in year	-	-	-	(126)	(4,908)	(5,034)
At 30 September 2018	973,360	24,033	5,680	17,592	171,830	1,192,495
Depreciation						
At 1 October 2017	247,012	-	5,680	16,707	154,761	424,160
Charge for year	19,263	-	-	519	7,564	27,346
Elimination on disposals	-	-	-	(126)	(4,908)	(5,034)
At 30 September 2018	266,275	-	5,680	17,100	157,417	446,472
Net book value						
At 30 September 2018	707,085	24,033	-	492	14,413	746,023
At 1 October 2017	713,571	17,178	-	466	14,297	745,512

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Notes to the financial statements (continued)
For the year ended 30 September 2019

13. Financial and heritage assets	Consolidated		University	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
<i>Investments held as follows:</i>				
Investments in subsidiaries	-	-	7,000	7,000
Other investments	53	53	53	53
	<u>53</u>	<u>53</u>	<u>7,053</u>	<u>7,053</u>
Heritage assets (a)	21,451	16,452	21,451	16,452
Investment in joint venture undertaking (b)	3,120 **	2,893	2,608 *	2,608
	<u>24,624</u>	<u>19,398</u>	<u>31,112</u>	<u>26,113</u>

*The University has accounted for its investment in joint ventures at cost less impairment in accordance with FRS102.

**The joint venture undertaking has been accounted for in accordance with FRS102 at cost adjusted for the group's share of profits or losses, other comprehensive income and goodwill amortisation.

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Notes to the financial statements (continued)
For the year ended 30 September 2019

13. Financial and heritage assets – (Continued)

The University holds an interest in the following subsidiary undertakings, joint ventures and associated undertakings:

Subsidiary undertakings	Principal activity	Interest	Retained surplus/(deficit) at 30 September 2019 €'000
UCD Property Development Company Limited	Property development	100%	93
UCD Nova DAC	Development of Nova Building	100%	836
Foster Residences Limited	Accommodation rental	100%	-
UCD Global Limited	Education	100%	(20)
UCD Campus Sport and Leisure Limited	Leisure and Educational Facilities	100%	1,574
UCD English Language Academy CLG	Education	100%	(621)

All of the above listed subsidiary undertakings have their offices and place of business in Belfield, Dublin 4.

Subsidiary undertakings	Principal activity	Interest	Retained surplus/(deficit) at 30 September 2019 €'000
NUI Dublin PTE Limited	Education	100%	180
IGU North America Limited	Education	100%	116
Newman House Literary Centre CLG	Education and tourism	100%	(894)

NUI Dublin PTE Limited has its registered office and place of business in Singapore and IGU North America Limited has its registered office and place of business in New York. Newman House Literary Centre Company Limited by Guarantee has its registered office and place of business in Newman House, St. Stephen's Green, Dublin 2.

UCD Global FZ-LLC incorporated in Dubai, United Arab Emirates and UCD Global SDN.BHD incorporated in Kuala Lumpur, Malaysia, are wholly owned subsidiaries of UCD Global Limited.

Joint Ventures	Principal activity	Interest	Place of business
RCSI & UCD Malaysia Campus (formerly Penang Medical College)	Education	50%	Penang, Malaysia
Associated undertakings	Principal activity	Interest	Place of business
Clinical Research Development Ireland (formerly Molecular Medicine Ireland)	Research	20%	Belfield, Dublin 4
National Institute of Bioprocessing Research and Training Limited	Research and training	25%	Belfield, Dublin 4
National Digital Research Centre	Research Centre	20%	Crane St. Dublin 8
Belfield Emergency Veterinary Hospital Limited	Veterinary Services	49%	Belfield, Dublin 4

The University holds minority shareholdings in a number of campus companies. The carrying value of such investments in the University financial statements is € Nil.

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Notes to the financial statements (continued)
For the year ended 30 September 2019

13. Financial and heritage assets – (Continued)

(a) Heritage assets

As an educational institute since 1854 University College Dublin has acquired many assets of unqualified historic and cultural importance to the State, The UCD collections include Georgian houses complete with outstanding artistic stucco plasterwork; print material from the 1830's stored in specific library conditions and multiple examples of historic and contemporary artworks. UCD has a clear duty of care for these assets and aims to make them available for the enjoyment and education of the public as far as possible, commensurate with their long-term care and preservation. The highest possible standards of collection management are applied, and the assets are made available as widely as possible to facilitate all enquiries and requests for information, subject to appropriate security and data protection guidelines. For example, appointments can be made to view printed and archival library materials held under specialist conditions and guided tours are available in limited circumstances of heritage buildings such as Newman House.

Cost	Buildings €'000	Other paintings €'000	Art works €'000	Total €'000
At 1 October 2018	14,674	-	1,778	16,452
Additions	-	-	5	5
Refurbishment	4,994	-	-	4,994
At 30 September 2019	<u>19,668</u>	<u>- *</u>	<u>1,783 *</u>	<u>21,451</u>

**Other paintings and artworks are valued as €5.3 million, as per a 2019 valuation provided by Adam's Valuers & Auctioneers. €3.5 million of this valuation is not capitalised on the statement of financial position.*

Period houses

The most significant element of these assets comprises the University's period houses which date from the 1730's onwards. UCD has acquired these houses over a significant period of time, and throughout various stages of development of the University. It is the policy of UCD to capitalise those heritage assets which constitute capital assets and are part of the working infrastructure of the university campus. As such, the period houses and subsequent refurbishments are included in the statement of financial position.

Detailed refurbishment costs associated with many of the heritage buildings are included in UCD's statement of financial position but separately identifying the original purchase costs has not been practicable due to the timeframes involved since acquisition.

As at 30 September 2019, costs associated with heritage buildings captured and capitalised on the statement of financial position since 1997 were €19.7 million (2018: €14.7 million).

Artworks

Since 2006, UCD's policy has been to capitalise all artworks purchased for the benefit of the University. As at 30 September 2019 the historic costs of artworks amounted to €1.8 million (2018: €1.8 million).

Other paintings and artefacts

Additional assets and collections belonging to the University have not been capitalised as these are, in effect, inalienable, held in perpetuity, and are mostly irreplaceable. They are neither disposed of for financial gain nor encumbered in any manner. A valuation from Adam's Auctioneers and Valuers in 2019 valued these assets along with the artworks, as noted above, purchased since 2006 at €5.3 million.

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Notes to the financial statements (continued)
For the year ended 30 September 2019

13. Financial and heritage assets – (Continued)

Five year summary of heritage assets

	2015	2016	2017	2018	2019
	€'000	€'000	€'000	€'000	€'000
Cost					
At 1 October	13,054	13,135	13,224	13,293	16,452
Additions					
-Purchases	81	89	69	8	5
-Refurbishment	-	-	-	3,151	4,994
Cost at 30 September	<u>13,135</u>	<u>13,224</u>	<u>13,293</u>	<u>16,452</u>	<u>21,451</u>
Valuation of other paintings and artefacts	3,984	3,984	3,984	3,984	3,517
Total at 30 September	<u>17,119</u>	<u>17,208</u>	<u>17,277</u>	<u>20,436</u>	<u>24,968</u>

(b) Joint venture undertaking

UCD holds a 50% interest in RCSI & UCD Malaysia Campus (formerly known as Penang Medical College), with the Royal College of Surgeons in Ireland holding the remaining 50% interest. The carrying value of this joint venture of €3.1 million at 30 September 2019 is included on UCD's consolidated statement of financial position and consists of the purchase cost incurred, UCD's share of the entity's profits and losses and a goodwill amortisation charge for the relevant periods.

Name	Country of Incorporation	Details of investment	Proportion held	Principal activity
RCSI & UCD Malaysia Campus (formerly Penang Medical College)	Malaysia	1,700,000 Ordinary shares	50%	Education
			2019	2018
			€'000	€'000
Share of net assets at fair value:				
At beginning of year			2,893	2,598
Share in joint venture profit in year (profit before tax €116,000 (2018: €234,000))			86	196
Movement on currency translation			141	99
			<u>3,120</u>	<u>2,893</u>

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For the year ended 30 September 2019

13. Financial and heritage assets – (Continued)

The group's share of the investment in net assets of this joint venture comprises:

	2019 €'000	2018 €'000
Share of fixed assets	1,889	1,901
Share of current assets	2,739	2,581
Share of current liabilities	(856)	(949)
Share of non-current liabilities	(652)	(640)
Share of net assets at end of year	3,120	2,893
Goodwill		
At beginning of year	-	-
Amortisation in year	-	-
At end of year	-	-
Total investment in joint venture	3,120	2,893

14. Stocks

	Consolidated		University	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Raw materials and consumables	1,428	1,461	1,428	1,461
Finished goods for resale	2,292	1,516	2,292	1,516
	3,720	2,977	3,720	2,977

There is no material difference between the carrying value of stock in the statement of financial position and its replacement cost.

15. Debtors

	Consolidated		University	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Trade debtors	13,038	10,934	10,670	8,919
Research grants and contracts receivable	22,787	14,519	22,787	14,519
State grant receivable	4,664	3,903	4,664	3,903
Other capital funding receivable	961	3,121	961	3,121
Academic fees receivable	11,619	15,840	11,619	15,840
Prepayments	737	782	584	727
Amounts due from subsidiary undertakings	-	-	50,431	12,848
Other debtors	40,122	28,413	39,674	28,282
	93,928	77,512	141,390	88,159

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Notes to the financial statements (continued)
For the year ended 30 September 2019

16. Cash at bank and in hand

	Consolidated		University	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Cash at bank including balances held on short term deposit	89,453	139,463	53,536	133,771
	<u>89,453</u>	<u>139,463</u>	<u>53,536</u>	<u>133,771</u>

The University has provided an irrevocable standby letter of credit in favour of the U.S. Department of Education in compliance with the rules and regulations of the Federal Student Aid programme. The University has secured the letter of credit facility with a first legal charge over deposits in the amount of US\$1,329,000 held in the name of the University with the Bank of Ireland.

17. Creditors: amounts falling due within one year

	Consolidated		University	
	2019 €'000	2018 €'000 (restated)	2019 €'000	2018 €'000 (restated)
Trade creditors	1,709	1,046	1,339	1,014
Research grants and contracts in advance	54,086	44,263	54,086	44,263
Academic fees received in advance	67,291	61,590	67,291	61,590
State grant received in advance	8,384	1,386	8,384	1,386
Other capital funding received in advance	7,469	11,782	7,469	11,782
Accruals	22,335	20,111	12,666	15,074
Bank overdrafts (note 19)	1,137	827	1,137	827
Bank loans (note 19)	4,667	4,665	4,667	4,665
Amounts owed to subsidiary undertakings	-	-	5,052	4,741
Other tax and social security	9,628	8,992	9,589	8,977
Other creditors	30,604	*17,513	30,509	*17,464
Other amounts received in advance	27,057	27,838	24,155	25,022
Deferred income from Trust Funds	7,778	8,851	7,778	8,851
Deferred capital grants (note 20)	11,397	11,054	11,389	11,047
	<u>253,542</u>	<u>219,918</u>	<u>245,511</u>	<u>216,703</u>

* An amount of €3.7 million, previously disclosed under Provisions for liabilities, has been reclassified to other creditors at 30 September 2019 as it relates to amounts owed by the Group and University in respect of pension contributions associated with employees on fixed term contracts where the University has received funding for these additional pension costs from external funding sources. The 2018 comparatives have been increased by €3.7 million to reflect this.

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Notes to the financial statements *(continued)*
For the year ended 30 September 2019

18. Creditors: amounts falling due after more than one year

	Consolidated		University	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Bank loans (note 19)	52,874	57,374	52,874	57,374
Deferred capital grants (note 20)	238,124	243,191	238,123	243,181
	<u>290,998</u>	<u>300,565</u>	<u>290,997</u>	<u>300,555</u>

19. Borrowings

	Consolidated		University	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Bank loans and overdrafts				
Bank loans and overdrafts are repayable as follows:				
In one year or less - Bank overdraft	1,137	827	1,137	827
- Bank loans	4,667	4,665	4,667	4,665
	<u>5,804</u>	<u>5,492</u>	<u>5,804</u>	<u>5,492</u>
Amounts falling due after more than one year:				
Between one and two years – bank loans	4,500	4,500	4,500	4,500
Between two and five years – bank loans	13,500	13,500	13,500	13,500
In five years or more – bank loans	34,874	39,374	34,875	39,374
	<u>52,874</u>	<u>57,374</u>	<u>52,875</u>	<u>57,374</u>
Total	<u>58,678</u>	<u>62,866</u>	<u>58,679</u>	<u>62,866</u>

The European Investment Bank (EIB) has provided part of the funding necessary for the University's capital expenditure programme. The amount outstanding to the EIB at the end of the financial year is €57.5 million. This funding is secured against two of UCD's student residences, Merville Student Residences and Belgrove Student Residences, together with the UCD Sport and Leisure buildings. Security over certain bank accounts attaching to these properties has been also granted in favour of the bank. The facility is repayable over a maximum of 20 years from first drawdown (2032) and incurs interest at a fixed rate of 1.535%.

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Notes to the financial statements (continued) For the year ended 30 September 2019

20.	Deferred capital grants	2019			2018		
		Buildings €'000	Equipment €'000	Total €'000	Buildings €'000	Equipment €'000	Total €'000
	Consolidated						
	At 1 October	242,055	12,190	254,245	247,989	10,972	258,961
	Cash receivable in year	3,206	3,467	6,673	286	6,052	6,338
	Amortised to income and expenditure	(6,284)	(5,113)	(11,397)	(6,220)	(4,834)	(11,054)
	At 30 September	<u>238,977</u>	<u>10,544</u>	<u>249,521</u>	<u>242,055</u>	<u>12,190</u>	<u>254,245</u>
	University						
	At 1 October	242,055	12,173	254,228	247,989	10,948	258,937
	Cash receivable in year	3,206	3,467	6,673	286	6,052	6,338
	Amortised to income and expenditure	(6,284)	(5,105)	(11,389)	(6,220)	(4,827)	(11,047)
	At 30 September	<u>238,977</u>	<u>10,535</u>	<u>249,512</u>	<u>242,055</u>	<u>12,173</u>	<u>254,228</u>
	The deferred capital grants can be analysed as follows:						
				2019			2018
				€'000			€'000
	Consolidated						
	Creditors falling due within one year (Note 17)			11,397			11,054
	Creditors falling due after one year (Note 18)			238,124			243,191
	At 30 September			<u>249,521</u>			<u>254,245</u>
	University						
	Creditors falling due within one year (Note 17)			11,389			11,047
	Creditors falling due after one year (Note 18)			238,123			243,181
	At 30 September			<u>249,512</u>			<u>254,228</u>

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Notes to the financial statements *(continued)*
For the year ended 30 September 2019

20. Deferred capital grants *(continued)*

In addition, amounts received in advance and not yet spent are included in creditors (note 17). These balances represent monies received in advance of the commencement of construction works and have not been amortised. Amounts received in advance, not amortised at 30 September 2019, are as follows:

	Total
	€'000
State (included in State grant received in advance)	108
Other grants and benefactors (included in Other capital funding received in advance)	7,469
	<u>7,577</u>

21. Capital commitments

	Consolidated		University	
	2019	2018	2019	2018
	€'000	€'000	€'000	€'000
Contracted for but not provided	61,162	127,170	61,162	127,170
Authorised but not contracted	50,897	69,151	50,897	69,151
	<u>112,059</u>	<u>196,321</u>	<u>112,059</u>	<u>196,321</u>

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Notes to the financial statements (continued)
For the year ended 30 September 2019

22. Financial instruments

The carrying values of the Group's and University's financial assets and liabilities are summarised by category below:

	Consolidated		University	
	2019 €'000	2018 €'000 (restated)	2019 €'000	2018 €'000 (restated)
Financial assets				
<i>Measured at amortised cost</i>				
Trade and other debtors	93,928	77,512	90,959	75,311
Amounts due from subsidiary undertakings	-	-	50,431	12,848
<i>Equity instruments measured at cost less impairment</i>				
Current asset unlisted investments	3,173	2,946	3,173	2,661
Financial liabilities				
<i>Measured at amortised cost</i>				
Loans payable	57,541	62,039	57,541	62,039
Obligations under finance leases	-	-	-	-
<i>Measured at cost less impairment</i>				
Bank overdraft	1,137	827	1,137	827
Trade and other creditors	247,738	214,426	234,655	206,470
Amounts owed to subsidiary companies	-	-	5,052	4,741

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	2019 €'000	2018 €'000
<i>Interest income and expense</i>		
Total interest income for financial assets at amortised cost	-	-
Total interest expense for financial liabilities at amortised cost	1,723	1,544

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Notes to the financial statements (continued)
For the year ended 30 September 2019

23. Analysis of changes in net funds	At 1 October	At 30 September	
	2018 €'000	Cashflows €'000	2019 €'000
Cash at bank	139,463	(50,010)	89,453
Bank overdrafts	(827)	(310)	(1,137)
	<hr/>	<hr/>	<hr/>
	138,636	(50,320)	88,316
	<hr/>	<hr/>	<hr/>
Bank debt due within 1 year	(4,665)	(2)	(4,667)
Bank debt due after 1 year	(57,374)	4,500	(52,874)
	<hr/>	<hr/>	<hr/>
Net funds	76,597	(45,822)	30,775
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

24. Related parties

Transactions with subsidiaries of the University have been eliminated on consolidation and no disclosure of these transactions has therefore been given.

UCD has identified the parties outlined below as related parties under the definition in Section 33 of FRS 102, by virtue of UCD employees being representatives on the governing boards of these entities.

The following entities are considered to be related parties:

Clinical Research Development Ireland (CRDI) (formerly MMI)

During the period, €100,000 (2018: €119,815) was UCD's contribution for research projects undertaken by CRDI. In addition, UCD paid CRDI an advance of €167,000 in respect of future annual subscriptions. At 30 September 2019, €2,377 (2018: €nil) was payable by the University to CRDI.

Belfield Emergency Veterinary Hospital Ltd (BEVH)

There were no related party transactions between the University and the BEVH during the year.

National Institute for Bioprocessing Research and Training (NIBRT)

During the period, total sales of €468 (2018: €350) were made by the University to NIBRT. At 30 September 2019, there was no amount due (2018: €675) to the University from NIBRT.

National Digital Research Centre (NDRC)

There were no related party transactions between the University and NDRC during the year (2018: €nil). At 30 September 2019, there were no amounts payable (2018: € nil) by the University to the NDRC.

University College Dublin Foundation CLG ("the Foundation")

For further information on transactions and balances with Foundation see note 1b.

University College Dublin National University of Ireland, Dublin

Notes to the financial statements *(continued)* For the year ended 30 September 2019

25. Contingent liabilities

The University is involved in a number of legal actions arising in the ordinary course of business. No material adverse impact on the financial position of the University is expected to arise from the ultimate resolution of these actions.

26. Retirement benefits

Background

The University operates two defined benefit pension schemes, the University College Dublin, National University of Ireland, Dublin (Closed) Pension Scheme 2010, formerly the UCD 1995 Contributory Pension Scheme and Pay-as-you-go UCD Model Pension Scheme (February 2005). The Single Public Service Pension Scheme is also in operation and applies to new public service entrants from 1 January 2013 (see below for further information).

The University's 1995 scheme was a separately administered defined pension scheme which was established under Statute XCVI and amended by Statute 4 and administered as an Exempt Approved Scheme in the terms of Chapter II of Part I of the Finance Act 1972.

Ongoing discussions over a number of years between the University sector, the HEA and the government in relation to a long term permanent revision to the pension arrangements in the sector concluded in 2009 with significant legislative changes being introduced in the form of the Financial Measures (Miscellaneous Provisions) Act, 2009. This act came into force on 26 June 2009 and covers only the UCD 1995 Contributory Pension Scheme (and not other defined benefit related obligations that the University has). It makes legal provision for the State to underwrite the net pension liability of the University's Pension Scheme and enabled the scheme's assets to be transferred to the State (National Pension Reserve Fund). It also includes provision for the continued payment of benefits formerly payable by the UCD 1995 Contributory Pension Scheme. Following the passing of a Transfer Order, Statute 123/2010, on 31 March 2010, the scheme's assets were transferred to the State.

The Transfer Order for the UCD 1995 Contributory Scheme was executed on the 31 March 2010, and as provided for in the enabling legislation:

- The pension assets were transferred to the National Pension Reserve Fund on that date;
- The pension scheme ceased to exist and was replaced by the University College Dublin, National University of Ireland, Dublin (Closed) Pension Scheme 2010;
- The University and each member continues to contribute at the same rate as previously, and these contributions are made for the benefit of the Exchequer;
- The obligations to pay benefits in accordance with the pension scheme rules remains an obligation of the University in relation to the scheme; and
- If the aggregate of the members and employer's contributions paid or withheld are insufficient to meet the University's obligations to pay these benefits in accordance with the scheme, the Minister for Finance shall make good the deficiency by payments to the University from funds provided by the Oireachtas for this purpose. Hence the payments of pension obligations of the UCD 1995 Contributory Pension Scheme are guaranteed by the State and they will be paid on a pay-as-you-go-basis.

Further to the above, the Governing Authority is of the opinion that the discussions between the sector, the HEA and the government in advance of the enabling legislation being introduced represented assurances that the State would guarantee all pension liabilities of the University (those liabilities associated with the former UCD 1995 Contributory Pension Scheme and other defined benefit pension arrangements that the University has in place), and accordingly the University has recognised a pension receivable in the financial statements for the year ended 30 September 2019, and years prior to that, matching the pension liability reported.

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Notes to the financial statements *(continued)*

For the year ended 30 September 2019

26. Retirement benefits – *(continued)*

Although the legislation relates specifically to the UCD 1995 Contributory Pension Scheme, the University has been advised by the Department of Finance and the HEA that the State would be meeting all future pension liabilities of all defined benefit schemes and arrangement on a pay-as-you-go basis for all categories of staff. Accordingly, the University has recognised a matching pension receivable referred to above in the statement of financial position at an amount equivalent to the full pension liability associated with all its defined benefit pension arrangements for each reporting period. The University is continuing its discussions with the Department of Finance and the HEA in relation to formalising guarantee arrangements associated with its remaining defined benefit pension arrangements.

The University's other defined benefit pension arrangements comprise the obligations associated with pension supplementation and obligations arising from the pay-as-you-go UCD Model Pension Scheme. The liability associated with these pension benefits and calculated on the basis of the requirements of FRS102 is estimated by the University to be €580 million (2018: €637 million).

The UCD Model Pension Scheme was set up in the 2005, following approval from the Department of Finance and the Department of Education and Skills. Although the scheme operates under an agreed set of rules, its establishment was never formalised under statute or under the terms of a Trust Deed, however the University is obliged by the HEA to provide pension benefits under the rules of the scheme to new staff appointed from 1 January 2005. This scheme is an unfunded pension arrangement which operates on a pay-as-you-go basis from the University's core funding.

Single Public Service Pension Scheme

The Single Public Service Pension Scheme ("SPSPS") is effective for new public sector entrants from 1 January 2013. The University is responsible for the collection of pension contributions and the remittance of these to the Exchequer for those employees who are members of the scheme. This scheme falls to be accounted for as a defined benefit scheme as the legislation places the liability to pay the pension benefits with the employer. The legislation also notes that the funds required under this scheme to service the pension accrual will be provided to the employer by the Government and accordingly a pension asset receivable has been recorded by the University to match the pension liability arising under this scheme.

Retirement benefit scheme valuation – UCD Dublin (Closed) Pension Scheme 2010, UCD Model Pension Scheme and Single Public Service Pension Scheme

As noted above, the University operates two pension schemes providing benefits based on final pensionable pay and also the Single Public Services Pension Scheme. The schemes valuations were prepared by a qualified independent actuary in order to assess the liabilities as at 30 September 2019 for all the schemes, details of which are provided below.

The University has reported a net pension liability at 30 September 2019 and 2018 as follows:

	2019 €'000	2018 €'000
Present value of the schemes liabilities	(2,137,310)	(1,843,967)
Total market value of assets	-	-
Pension liability	(2,137,310)	(1,843,967)

The pension liability of €2,137 million (2018: €1,843 million) is attributed as follows: the UCD 1995 Contributory Pension Scheme €1,514 million (2018: €1,180 million), the UCD Model Pension Scheme €580 million (2018: €637 million) and the Single Public Service Pension Scheme €43 million (2018: €27 million).

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Notes to the financial statements *(continued)*
For the year ended 30 September 2019

26. Retirement benefits – (continued)

The pension receivable and net deficit at 30 September 2019 and 2018 is as follows:

	2019 €'000	2018 €'000
Pension receivable from the State	2,137,310	1,843,967
Net pension deficit	-	-

Movement in present value of defined benefit obligation

	2019 €'000	2018 €'000
At 1 October	1,843,967	1,966,431
Current service cost	53,566	61,019
Interest cost	42,411	43,261
Plan members – contributions	10,913	10,352
Actuarial loss/(gain)	233,479	(190,962)
Benefits paid	(47,026)	(46,134)
At 30 September	2,137,310	1,843,967

The total loss recognised in the consolidated statement of comprehensive income in respect of actuarial gains is €233.5 million (2018: gain €191.0 million). This has been offset by a movement in the matching pension scheme asset.

The assets of the 1995 scheme were transferred to the National Pension Reserve Fund on 31 March 2010.

Analysis of movement in pension receivable during the year

	2019 €'000	2018 €'000
Pension receivable at beginning of year	1,843,967	1,966,431
Actuarial loss/(gain)	233,479	(190,962)
Employer contributions	22,337	24,367
State funded underwritten pension service cost (note 7)	31,229	36,652
State funded underwritten finance charge	42,411	43,261
Plan members contributions	10,913	10,352
Benefits paid	(47,026)	(46,134)
Pension receivable at end of year	2,137,310	1,843,967

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Notes to the financial statements (continued)
For the year ended 30 September 2019

26. Retirement benefits – (continued)

Classification of income and expenditure pension presentation

The University discloses the finance expense and additional service cost as line items in the consolidated statement of comprehensive income within the expenditure caption, with the matching funding presented within the income caption.

	2019 €'000	2018 €'000
Current service cost	53,566	61,019
Less: employer contributions	(22,337)	(24,367)
Incremental pension service cost underwritten by the State	<u>31,229</u>	<u>36,652</u>
Add: Pension interest cost underwritten by the State	42,411	43,261
Deferred funding for pensions	<u><u>73,640</u></u>	<u><u>79,913</u></u>

The principal actuarial assumptions at the year-end were as follows:

	2019 %	2018 %
Discount rate	1.05	2.30
Rate of compensation increase	2.75	3.25
Pension increases	1.75	2.25
Inflation	1.25	1.75
Expected return on plan assets	-	-

The number of members in the plan and the number of deaths has been too small to analyse and produce any meaningful plan-specific estimates of future levels of mortality. Accordingly, standard tables have been used.

The main demographic assumption impacting on the scheme liabilities and resulting accounting disclosures is the mortality assumption applied. The current best practice for mortality is the two-dimensional table S2PMA/S2PFA CMI 2016 [1.5%]. This is a two-dimensional table based on a year of birth. A proxy to this table is used in the valuation of the SPS liabilities. This is unchanged from last year's accounting disclosures.

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26. Retirement benefits – (continued)

History of plan

The history of the plan for the current and prior years is as follows:

	2019 €'000	2018 €'000	2017 €'000	2016 €'000	2015 €'000
Defined benefit obligation	(2,137,310)	(1,843,967)	(1,966,431)	(2,194,846)	(1,814,347)
Fair value of plan assets	-	-	-	-	-
Deficit	<u>(2,137,310)</u>	<u>(1,843,967)</u>	<u>(1,966,431)</u>	<u>(2,194,846)</u>	<u>(1,814,347)</u>

Difference between expected and actual return on plan assets

	2019 €'000	2018 €'000	2017 €'000	2016 €'000	2015 €'000
Amount	-	-	-	-	-
% of plan assets	N/A*	N/A*	N/A*	N/A*	N/A*

*Scheme assets were transferred to the National Pension Reserve Fund at 31 March 2010.

Experience (gains)/losses on plan liabilities:

	2019 €'000	2018 €'000	2017 €'000	2016 €'000	2015 €'000
Amount	(58,319)	(89,007)	(106,674)	(43,864)	(30,642)
% of plan liabilities	3%	5%	5%	2%	2%

Losses/(gains) resulting from changes in actuarial assumptions:

	2019 €'000	2018 €'000	2017 €'000	2016 €'000	2015 €'000
Amount	291,798	(101,955)	(188,919)	358,413	(52,849)
% of plan liabilities	14%	10%	10%	16%	3%

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Notes to the financial statements (continued) For the year ended 30 September 2019

27. Grants from Exchequer Funds

All amounts noted are in respect of the group. The University is required by Circular 13/2014 issued by the Department of Public Expenditure and Reform to disclose information about Exchequer funding.

(a) Fee Income and Recurrent Grants for period 1 October 2018 to 30 September 2019:

See note 3 and 4 to the financial statements.

(b) Capital Grants for period 1 October 2018 to 30 September 2019:

Grantor	Government Funding Department or Office	Grant debtor / (creditor) 1 Oct 2018 €'000	Grant received 2019 €'000	Grant debtor / (creditor) 30 Sept 2019 €'000	Taken to deferred capital grants as grants receivable 2019 €'000	Taken to Income as amortisation 2019 €'000	Balance of grant deferred to future years 2019 €'000
HEA other – 3 rd level capital programme	Dept of Education and Skills	(108)	-	(108)	-	-	-
HEA – PRTLI cycle 5	Dept of Jobs, Enterprise and Innovation	2,268	1,667	1,286	685	137	548
Fáilte Ireland	Dept of Transport, Tourism and Sport	-	1,351	870	2,221	44	2,177
Sustainable Energy Authority of Ireland	Dept of Communications, Climate Action and Environment	-	177	-	177	4	173
		2,160	3,195	2,048	3,083	185	2,898

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For the year ended 30 September 2019

27. Grants from Exchequer Funds (continued)

(c) Exchequer and Non-Exchequer Funded Research:

Grantor	Government Funding Department/Office	Grant deferred/ (due) 1 Oct 2018	Cash Received 2018/19	Taken to Income 2018/19	Grant deferred/ (due) 30 Sept 2019
		€'000	€'000	€'000	€'000
Science Foundation Ireland	Dept of Business, Enterprise and Innovation	11,215	35,277	33,241	13,251
Enterprise Ireland	Dept of Business, Enterprise and Innovation	(1,201)	5,335	5,532	(1,398)
Health Research Board	Dept of Health	2,312	3,976	4,024	2,264
Teagasc	Dept of Agriculture, Food and the Marine	(11)	2,431	2,366	54
Environmental Protection Agency	Dept of Communications, Climate Action and Environment	(582)	1,314	904	(172)
Higher Education Authority	Dept of Education and Skills	484	248	82	650
Irish Research Council	Dept of Education and Skills	1,867	9,059	8,157	2,769
Dept of Agriculture, Food and the Marine	Dept of Agriculture, Food and the Marine	(3,158)	3,683	4,813	(4,288)
Dept of Communication, Climate Action and Environment	Dept of Communications, Climate Action and Environment	269	19	35	253
Geological Survey of Ireland	Dept of Communications, Climate Action and Environment	(128)	204	162	(86)
Marine Institute	Dept of Agriculture, Food and the Marine	(72)	163	146	(55)
Other Irish Govt/State Agencies	Various Depts	(354)	2,239	1,409	476
Total Exchequer Research Grants		10,641	63,948	60,871	13,718
Total Non-Exchequer Research Grants		19,103	30,417	31,939	17,581
Total per Research accounts		29,744	94,365	92,810	31,299
Other adjustments		-	(3,589)	(3,589)	-
Research Grants and Contracts per Financial Statements		29,744	90,776	89,221	31,299

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Notes to the financial statements *(continued)*

For the year ended 30 September 2019

28. Events after the reporting period

In November 2019, the University signed a loan financing facility of €123 million with the Housing Finance Agency PLC (HFA). €60 million of this facility was drawn down 29 November 2019.

Since the start of February 2020, the University's ability to generate non-Exchequer sources of income has been challenged by the outbreak of the COVID-19 virus which is having a significant impact on the recruitment of non-EU students for the academic year 2020/21 and on its summer business for 2020.

The University has observed a material reduction in fee booking deposits from non-EU students for the 2020/21 academic year and it has also observed a large reduction in advance income for its summer 2020 business. While there are significant uncertainties associated with the Coronavirus outbreak, the University maintains that with its healthy cash balances and continued tight cost control and its ability to generate income from other sources that it can sustain its operations in the current volatile environment.

The University has prepared cash flow forecasts under various scenarios for its Governing Authority and based on these forecasts the Governing Authority is satisfied that the financial statements should be prepared on a going concern basis.

29. Approval of financial statements

The financial statements were approved by the Governing Authority and signed on its behalf on 30 March 2020.