

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

**Annual report, consolidated financial statements
and funding statement**

Year ended 30 September 2018

University College Dublin National University of Ireland, Dublin

Contents

	Page
President's Report	1-3
Statement of Governance and Internal Control	4-12
Statement of Governing Authority's responsibilities	13
Independent auditor's report to the Governing Authority	14-17
Consolidated statement of comprehensive income	18
Consolidated and University statement of changes in reserves	19
Consolidated and University statement of financial position	20
Consolidated statement of cash flows	21
Notes to the financial statements	22-59
Additional information	60
HEA funding statement	61-77
Reconciliation with HEA funding statement	78

University College Dublin National University of Ireland, Dublin

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 18 to 59 have been prepared in accordance with FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

The Funding Statement as set out on pages 61 to 77 is prepared in a format as agreed with the Higher Education Authority (HEA) arising from a "Harmonisation of Accounts" agreement as adopted by all Irish Universities. The Funding Statement permits continued comparison across the university sector.

A reconciliation of the outturn in the Funding Statement to the surplus for the year in the consolidated financial statements is shown on page 78.

Results for the Year

The University's consolidated statement of comprehensive income and net surplus for the year to 30 September 2018 are shown on page 18 of the financial statements. Total income increased by 6% during the year from €553.7m (restated) to €587.1m including deferred funding for pensions of €79.9m (2017: €77.1m). Academic fees showed an increase of €11.3m to €230.8m. State grant funding increased from the previous year by €6.7m to €68.7m.

Total expenditure increased by €30.2m to €552.1m (5.8%) in comparison to the expenditure in 2017 including pension service and interest costs of €79.9m (2017: €77.1m). The overall result reported is a surplus after taxation of €35.2m for the year compared to a surplus position in the previous year of €32.1m.

Treasury Management

The University's bank and cash balances increased during the year from €133.8m to €139.5m. 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 €67.1m to €62.9m 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 Government funding will diminish;
- The risk that the University fails to deliver a balanced portfolio of excellent programmes attracting the best students and
- The risk that campus development will occur in an unbalanced and unstructured format or will not be completed due to funding issues.

Strategic Plan

The University continues to build its reputation as Ireland's leading and most global university in line with our Strategy 2015-2020.

University College Dublin National University of Ireland, Dublin

President's Report (*continued*)

Global UCD

The UCD Global Engagement Strategy has seen significant support during the past year, including the opening of a new Global Centre in Dubai, bringing the total number of centres supporting UCD's engagement overseas to five.

This year, international student numbers increased further to 7,923, representing over a quarter of all students on our Dublin campuses and bringing diversity to our community with students from close to 140 different countries.

Equality, Diversity and Inclusion

UCD's vision is to be a leader and role model in equality and diversity in the higher education sector nationally and internationally with EDI at the heart of all we do. This statement of mission and vision was adopted by the University Management Team as part of the UCD Equality, Diversity and Inclusion Policy in May 2018.

Capital Expenditure

The University including its subsidiary companies incurred expenditure of €30.0m on land and buildings and a further €8.3m on equipment and fittings, bringing total capital expenditure to €38.3m for 2017/18.

The *UCD Strategic Campus Development Plan 2016-2021-2026* guides the development of the physical estate and the University made significant progress towards delivering a number of key pieces of infrastructure in 2017/18.

Recent and planned capital developments include the following:

- (1) The University was granted planning permission for the first two of three phases of the UCD Residential Masterplan, enabling a residential population of 6,000 people over the lifetime of the plan. Phase 1 is well underway which will provide 924 beds with a target delivery date to coincide with the beginning of academic year 2020/21;
- (2) Work is ongoing on the extension to the UCD Quinn School of Business, which will provide a leading-edge resource with additional teaching space as well as a 320-seater lecture theatre;
- (3) The UCD Confucius Institute for Ireland opened its doors for the beginning of the academic year 2018/19;
- (4) The renovation of Newman House, which will be home to the Museum of Literature Ireland (MoLI), is progressing well;
- (5) Work has commenced on the expansion of Merville House, home to Nova UCD, ensuring UCD can meet the demand for high-quality incubation facilities, providing flexible office, laboratory and informal meeting areas; and
- (6) The new University Club was completed and opened in May 2019.

Education

UCD has continued to invest in delivering our Education Strategy, with a commitment to strengthening and enhancing our academic programmes. This year "University for All" was launched, which will offer a real change in the way the University approaches widening participation, requiring faculty and staff across the University to take ownership of the Access agenda and to ensure that barriers to inclusion are identified and removed.

This year the QS Graduate Employability rankings placed UCD as number 1 in Ireland, a demonstration of our commitment to ensuring our students are prepared for life after university and future success.

University College Dublin National University of Ireland, Dublin

President's Report (*continued*)

Research, Innovation and Impact

The past year has seen considerable success for UCD in research, innovation and impact. It was our most successful year ever for research grants, with external awards totalling €122.4 million. This represents an increase of more than 25% on last year, and an increase of €5.5 million over our previous peak. Building our capacity to deliver impact from research continues to be an area of focus.

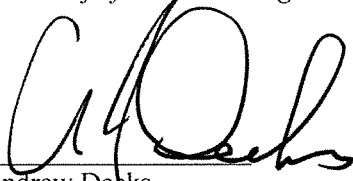
Strategic Partnerships

Building Partnerships, one of the University's six Major Strategic Initiatives, is 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. Building partnerships with industry and other organisations in a structured way is crucial to enable UCD to maximise our relevance and impact on society, while at the same time augmenting our student experience and research engagement.

Philanthropic Giving

Philanthropic support from friends across Ireland and overseas has been instrumental in enabling UCD to develop its research capabilities, establish new innovative programmes and support our campus development plans. This support will continue to enhance the student experience, build capacity, increase research output and enhance the standing of UCD and our graduates both here in Ireland and around the world.

On behalf of the Governing Authority,



Andrew Deeks
President

Date: 21/6/19

University College Dublin National University of Ireland, Dublin

Statement of Governance and Internal Control *for year ended 30 September 2018*

(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 April 2019 and Governing Authority Meeting in June 2019. The Statement on the System of Internal Control published with the University's consolidated financial statements was reviewed by the external auditors.

(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, and is responsible for guiding the strategic direction of the University with particular emphasis on overseeing policy, monitoring the performance of senior management and working with the President to set the University's strategic aims. 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.

University College Dublin

National University of Ireland, Dublin

Statement of Governance and Internal Control *(continued)* *for year ended 30 September 2018*

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

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.

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; Communications and Brand Group; Equality, Diversity and Inclusion Group; and University Business Planning 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. Real-time 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.

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

Statement of Governance and Internal Control *(continued)*
for year ended 30 September 2018

(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 2018 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.

(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	UCD is using the Office of Government Procurement supplier panels to achieve a greater level of compliance.	UCD is aiming to achieve full compliance with public sector procurement requirements over the next 3 years.

University College Dublin

National University of Ireland, Dublin

Statement of Governance and Internal Control *(continued)* *for year ended 30 September 2018*

(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 a Code of Governance in June 2007 based on the HEA/IUA Report “Governance of Irish Universities”. The 2012 revised “Governance of Irish Universities” was adopted by the Governing Authority in December 2012. The University remains compliant with the Governance of Universities Code 2012 and is actively engaged through the IUA with the Higher Education Authority in respect of the development of a revised Code of Governance for the sector. This Code has since been updated and is going through the approvals process at a sectoral level.

A Manual of the Structure, Code of Practice and Procedures of the Governing Authority which sets out the duties and responsibilities of Governing Authority members is in place. This Manual was most recently updated in October 2015 and will be updated again once the 2019 Code is fully operational.

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.

(14) Financially Significant Developments

Financially significant developments affecting UCD in the past year include:

- (a) The Funding Statement (as set out on pages 61 to 77) showed a surplus for the year ended 30 September 2018. The accumulated surplus at year end was €2,414,000.
- (b) A number of capital development projects were in progress during the year to 30 September 2018 including the construction of Phase 1 of the new Student Residential Master Plan, the extension to the UCD Quinn School of Business and the University Club.
- (c) A new subsidiary company, *UCD English Language Academy Company Limited by Guarantee*, was incorporated on 28 May 2018. The activities of the company relate to the provision of English language courses.
- (d) A new subsidiary company, *UCD Global FZ-LLC*, was incorporated as a subsidiary of UCD Global Limited in Dubai, United Arab Emirates, on 21 June 2018. The activities of the company relate to the operation of the UCD Global Centre in Dubai as part of the University’s recruitment of international students in the Middle East and North Africa region.

(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.

University College Dublin

National University of Ireland, Dublin

Statement of Governance and Internal Control *(continued)* for year ended 30 September 2018

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

All 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). A comprehensive internal audit plan is in place and has been approved by the Audit and Risk Management Committee.

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. There was ongoing delay in finalising a memorandum of understanding between the OGP and the Department of Education and Skills setting out the fundamentals of the revised procurement model and this memorandum of understanding was recently 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. The University continues to deploy its minimal procurement resources (following the loss of most of its staff to the OGP in the expectation that the OGP model would encompass the full procurement requirements of the sector) to minimize this risk but, due to the slower transitioning of contracts to the OGP and the reduction in UCD Procurement staffing levels, UCD does not have adequate resources to handle the current volume of expenditure that needs to be procured on an open tender basis.

University College Dublin

National University of Ireland, Dublin

Statement of Governance and Internal Control *(continued)* for year ended 30 September 2018

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

The UCD Procurement Office runs tenders on behalf of the University and provides support and training to staff across the University. UCD has also implemented 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. During the year ended 30 September 2018, the allocation of buyer resources was prioritised to procurement competitions with the best 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.

The level of expenditure that has been assessed by the Finance Office as non-compliant with public sector procurement requirements for the financial year ending 30 September 2018 amounts to €3.9 million and this represents 2.2% of UCD's overall non-pay spend of €175 million in that year. 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 2018. The Corporate Procurement Plan will be completed during 2019.

Asset Disposals: There were no asset disposals during the financial year ended 30 September 2018 other than obsolete equipment which was fully depreciated and had reached the end of its useful life.

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

The University is adhering to the Guidelines for the Appraisal and Management of Capital Proposals where appropriate.

(18) Travel Policy

UCD has a travel policy and associated procedures in place. The policy and procedures are 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.

(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 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 2018 was €13,588 and these were paid in accordance with Department of Finance guidelines. This figure includes €2,671 in respect of arrears relating to the prior financial year.

University College Dublin
National University of Ireland, Dublin

Statement of Governance and Internal Control *(continued)*
for year ended 30 September 2018

(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.

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 have been no protected disclosures during the year.

(25) Governing Authority Meetings

The Governing Authority held seven meetings during the financial year ended 30 September 2018 with the executive members or management present. 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>Chairman</i>	
Mr Eugene McCague	7/7
<i>The President</i>	
Professor Andrew J. Deeks	7/7
<i>Senior Academic Officer (The Registrar)</i>	
Professor Mark Rogers	6/7
<i>Elected by the Professorial Academic Staff</i>	
Professor Alan Baird	7/7
Professor Joe Carthy	4/7
Professor Orla Feely	6/7
Professor Pat Guiry	7/7
Professor Imelda Maher	7/7
Professor Dermot Moran	3/7
<i>Elected by the Non-Professorial Academic Staff</i>	
Associate Professor Joseph Brady	7/7
Associate Professor John Dunnion	7/7
Associate Professor Russell Higgs	6/7
Associate Professor Wolfgang Marx	5/7
Professor Marie Clarke	3/7
<i>Elected by the Non-Academic Staff</i>	
Ms Margaret Brindley	6/7
Mr Paul Harkin	6/7
Mr Hugo O'Donnell	7/7

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

**Statement of Governance and Internal Control (continued)
for year ended 30 September 2018**

(25) Governing Authority Meetings (continued)

Elected Officers of the UCD Student's Union

Ms Katie Ascough (to October 2017)	1/1
Mr Eoin MacDomhnaill (to June 2018)	5/6
Mr Robert Sweeney (to June 2018)	5/6
Barry Murphy (from October 2017)	5/6
Melissa Plunkett (from June 2018)	1/1
Stephen Crosby (from June 2018)	1/1
Niall Torris (from December 2017)	6/6

Nominations from Organisations

Mr Charles Coase	6/7
Mr Michael Feeney (to March 2018)	4/5
Mary O'Dea (from March 2018)	1/2

Nominated by the Minister for Education

Cllr Dermot Lacey	7/7
Dr Vincent McHale	6/7
Cllr Pat Nugent	5/7

Elected by the UCD Graduates of NUI

Dr Michael Clark	2/7
Ms Clíona de Bháldraithe Marsh	7/7
Dr Maurice Treacy	1/7

The Lord Mayor of the City of Dublin

1/7

Nominated by the National University of Ireland

Mr Adrian Burke	7/7
Professor Emma Teeling	5/7

Elected by the Association of Irish Local Government

Ms Mary Barrett	7/7
Mr Gary Carville	5/7
Ms Mary Hilda Cavanagh	6/7
Mr Christy Curtin	7/7
Mr David Daniels	6/7
Mr John Paul Feeley	6/7
Mr Luie McEntire	4/7
Mr Barry Ward	1/7

(26) Audit and Risk Management Committee Meetings

The Audit and Risk Management Committee held six meetings during the financial year ended 30 September 2018 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.

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

**Statement of Governance and Internal Control (continued)
for year ended 30 September 2018**

(26) Audit and Risk Management Committee Meetings (continued)

	<u>Meetings attended</u>
Mr Adrian Burke (Chair)	6/6
Ms Mary Barrett	5/6
Mr Martin Cosgrove	5/6
Ms Isabel Foley	6/6
Associate Professor Russell Higgs	5/6
Mr Hugo O'Donnell	6/6

(27) Finance, Remuneration and Asset Management Committee Meetings

The Finance, Remuneration and Asset Management Committee held eight meetings during the financial year ended 30 September 2018 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)	8/8
Professor Marie Clarke	7/8
Professor Andrew Deeks, President	7/8
Mr John Paul Feeley	5/8
Mr Michael Feeney	6/8
Professor Pat Guiry	7/8
Mr Paul Harkin	7/8
Ms Clíona de Bháldraithe Marsh	8/8
Professor Mark Rogers, Registrar	7/8
Mr David Kelly, Bursar (from May 2018)	2/2

(28) Review of Governing Authority Performance

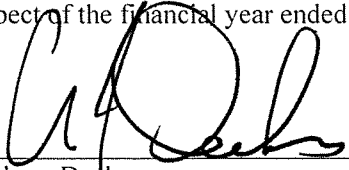
The Governing Authority reviews its performance and working arrangements on an ongoing basis and makes relevant changes as required. It commissions an external review at least once during the Governing Authority's term of office. The most recent internal review was 2016, the most recent external review was 2018 during the life of the 5th Governing Authority. This was reported on at the June 2018 Governing Authority meeting and actions were referred on to the 6th Governing Authority. The next internal review is to be confirmed but likely to be in 2020.

(29) Salary of President

The salary of the President, Professor Andrew J. Deeks, for the year ended 30 September 2018 was €194,175 (based on a salary of €190,233 per annum up to 31 December 2017, €192,233 per annum from 1 January 2018 to 31 March 2018 and €197,117 per annum from 1 April 2018).

(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 2018.



Andrew Deeks
President

Date: 21/6/19

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 period. The Governing Authority is also responsible for preparing the HEA Funding Statements in accordance with the most recent Harmonisation of Accounts Agreement.

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: 21/6/19



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 2018, 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*.

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 2018 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*.

Basis for qualified opinion

As more fully explained in Note 27 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 University's 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.

In our opinion, 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 2018.



In our opinion, 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.

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 2018 should be reduced by €637 million and (ii) the pension receivable asset, net assets and income and expenditure reserves at 30 September 2017 should be reduced by €604 million. In addition, the consolidated total comprehensive income for the year ended 30 September 2018 should be increased to €69.609 million and the consolidated total comprehensive income for the year ended 30 September 2017 should be increased to €38.986 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 HEA Funding Statement and the Reconciliation of Consolidated Statement of Comprehensive Income to HEA Funding Statement. 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, 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.

In our opinion the HEA Funding Statement on pages 61 to 77 which has been prepared in accordance with the accounting policies set out on pages 61 to 63, has been properly extracted from the books and records of the University.

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 12, 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.

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 13, 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. They are also responsible for the preparation of the HEA Funding Statement in accordance with the most recent Harmonisation of Accounts Agreement.

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

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 University and 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

28 June 2019

University College Dublin
National University of Ireland, Dublin

Consolidated Statement of Comprehensive Income
Year ended 30 September 2018

	Note	2018 €'000	2017 €'000 (as restated note 27)
Income			
Academic fees	4	230,788	219,454
State grants	3	68,685	62,028
Research grants and contracts	5	89,438	84,087
Other income	6	107,263	100,967
Amortisation of state capital grants	20	11,054	10,019
Deferred funding for pensions	27	79,913	77,142
Total income		587,141	553,697
Expenditure			
Staff costs	7	306,536	286,629
Pension service costs	7, 27	36,652	44,556
Other operating expenses	8	136,387	129,526
Depreciation	12	27,674	26,948
Interest payable	9	1,554	1,626
Pension interest cost	27	43,261	32,586
Total expenditure		552,064	521,871
Surplus before other gains/losses and share of surplus in joint ventures and associates		35,077	31,826
Share of operating surplus in joint venture	13	234	466
Surplus before tax		35,311	32,292
Taxation	10	(65)	(226)
Surplus for the year	11	35,246	32,066
Actuarial gain in respect of pension schemes	27	79,913	77,142
Movement on pension receivable from the State	27	(79,913)	(77,142)
Total comprehensive income for the year		35,246	32,066
Represented by:			
Endowment comprehensive income for the year		-	-
Restricted comprehensive income for the year		-	-
Unrestricted comprehensive income for the year		35,246	32,066
		35,246	32,066

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 2018**

Consolidated	Income and expenditure reserve			Total
	Endowment €'000	Restricted €'000	Unrestricted €'000	€'000
Balance at 1 October 2016	-	-	409,519	409,519
Surplus from income and expenditure	-	-	32,066	32,066
Balance at 30 September 2017	-	-	441,585	441,585
Surplus from income and expenditure	-	-	35,246	35,246
Total comprehensive income for the year	-	-	35,246	35,246
Balance at 30 September 2018	-	-	476,831	476,831

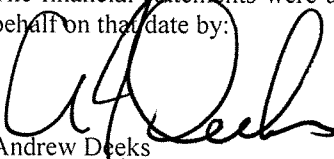
University	Income and expenditure reserve			Total
	Endowment €'000	Restricted €'000	Unrestricted €'000	€'000
Balance at 1 October 2016	-	-	414,902	414,902
Surplus from income and expenditure	-	-	30,438	30,438
Balance at 30 September 2017	-	-	445,340	445,340
Surplus from income and expenditure	-	-	34,445	34,445
Total comprehensive income for the year	-	-	34,445	34,445
Balance at 30 September 2018	-	-	479,785	479,785

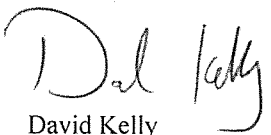
University College Dublin
National University of Ireland, Dublin

Consolidated and University Statement of Financial Position
Year ended 30 September 2018

	Note	Consolidated		University	
		2018 €'000	2017 €'000 (as restated note 27)	2018 €'000	2017 €'000 (as restated note 27)
Non-current assets					
Fixed assets	12	757,964	747,384	746,023	745,512
Heritage assets	13	16,452	13,293	16,452	13,293
Investments	13	53	53	7,053	7,053
Investments in joint ventures	13	2,893	2,598	2,608	2,608
		<u>777,362</u>	<u>763,328</u>	<u>772,136</u>	<u>768,466</u>
Current assets					
Stocks	14	2,977	3,002	2,977	3,002
Debtors	15	77,512	69,418	88,159	70,089
Cash at bank and in hand	16	139,463	133,821	133,771	129,201
		<u>219,952</u>	<u>206,241</u>	<u>224,907</u>	<u>202,292</u>
Creditors:					
amounts falling due within one year	17	(216,182)	(213,432)	(212,967)	(210,882)
Net current assets/(liabilities)		<u>3,770</u>	<u>(7,191)</u>	<u>11,940</u>	<u>(8,590)</u>
Total assets less current liabilities		<u>781,132</u>	<u>756,137</u>	<u>784,076</u>	<u>759,876</u>
Creditors:					
amounts falling due after more than one year	18	(300,565)	(310,816)	(300,555)	(310,800)
Provisions for liabilities	21	(3,736)	(3,736)	(3,736)	(3,736)
Net assets excl. pension (liability)/receivable		<u>476,831</u>	<u>441,585</u>	<u>479,785</u>	<u>445,340</u>
Pension liability	27	(1,843,967)	(1,966,431)	(1,843,967)	(1,966,431)
Pension receivable	27	1,843,967	1,966,431	1,843,967	1,966,431
Net assets incl. pension (liability)/receivable		<u>476,831</u>	<u>441,585</u>	<u>479,785</u>	<u>445,340</u>
Unrestricted reserves					
Income and expenditure reserve – unrestricted		476,831	441,585	479,785	445,340
Total reserves		<u>476,831</u>	<u>441,585</u>	<u>479,785</u>	<u>445,340</u>

The financial statements were approved by the Governing Authority on 21 June 2019 and were signed on its behalf on that date by:


Andrew Deeks
President


David Kelly
Vice-President for Finance

University College Dublin
National University of Ireland, Dublin

Consolidated Statement of Cash Flows
Year ended 30 September 2018

	2018 €'000	2017 €'000
Cash flow from operating activities		
Surplus for year	35,246	32,066
Adjustment for non-cash items		
Depreciation	27,674	26,948
Amortisation of State capital grants	(11,054)	(10,019)
Interest payable	1,554	1,626
Operating cashflow before movement in working capital	<u>53,420</u>	<u>50,621</u>
Decrease in stock	25	157
Decrease/(increase) in debtors	(8,094)	6,176
Increase in creditors	1,498	306
Decrease in provision	-	(3)
Other movements		
Non-government capital grants recognised	(10,078)	(4,230)
Net cash inflow from operating activities	<u>36,771</u>	<u>53,027</u>
Cash flows from investing activities		
Capital grants received	16,416	5,532
Purchase of investments	(3,454)	(235)
Purchase of tangible fixed assets	(38,254)	(32,095)
Net cash outflow from investing activities	<u>(25,292)</u>	<u>(26,798)</u>
Cash flows from financing activities		
<i>Debt due within one year:</i>		
Decrease in short term borrowings	(21)	(1,645)
Decrease in short term lease liabilities	-	(21,965)
<i>Debt due after one year:</i>		
Decrease in long term borrowings	(4,500)	(5,195)
Interest payable	(1,554)	(1,626)
Net cash outflow from financing activities	<u>(6,075)</u>	<u>(30,431)</u>
Increase/(decrease) in cash and cash equivalents in the year	<u>5,404</u>	<u>(4,202)</u>
Cash and cash equivalents at beginning of year	133,232	137,434
Cash and cash equivalents at end of year	<u>138,636</u>	<u>133,232</u>

Note 24

University College Dublin National University of Ireland, Dublin

Notes to the financial statements

For the year ended 30 September 2018

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 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 consolidated 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 2018.

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 are also excluded as they are not controlled by the University. Other undertakings in which the University has interests that are not material have not been consolidated.

The net assets of the UCD Foundation (the "Foundation") at 30 September 2018 amounted to €0.3 million and are therefore not considered material to the University. 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 €2.0 million payable to the Foundation in respect of other administration expenses incurred by the Foundation from third parties. At 30 September 2018, an amount of €0.3 million was due to the Foundation in this regard.

During the same period, the University received €5.5 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 €3.1 million in respect of capital projects. In addition, the University has recognised under Other capital funding received in advance within Creditors an amount of €4.8 million also in respect of capital projects.

A set of financial statements for the UCD Foundation can be found at their website at https://issuu.com/ucdfoundation/docs/ucdf08001_foundation_annual_report_

University College Dublin National University of Ireland, Dublin

Notes to the financial statements *(continued)* For the year ended 30 September 2018

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, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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 2018

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 2018

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 the 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

University College Dublin

National University of Ireland, Dublin

Notes to the financial statements *(continued)*

For the year ended 30 September 2018

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 2018

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 falls into the VAT net. Any input or output 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, who 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 2018

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 27, 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.

University College Dublin National University of Ireland, Dublin

Notes to the financial statements *(continued)* For the year ended 30 September 2018

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 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 2018

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) 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.
- (2) As more fully referred to in note 27, 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.
- (3) The University recognises research income, only to the extent that relevant fully qualifying expenditure is incurred, which is fully refundable by the research funding agency. 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.

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.

University College Dublin
National University of Ireland, Dublin

Notes to the financial statements (continued)
For the year ended 30 September 2018

3. State grants

	2018 €'000	2017 €'000
State grants allocated for recurrent purposes	68,685	62,028

Grant income of €3,247,150 (2017: €2,893,250) was received from the Health Service Executive (HSE) in 2018. All other grant income was received from the Higher Education Authority (HEA).

4. Academic fees

	2018 €'000	2017 €'000
Academic fee income	230,788	219,454

A total of €44,118,866 (2017: €43,820,874) included in academic fee income was received directly from the HEA.

5. Research grants and contracts

	2018 €'000	2017 €'000
State and semi-state	52,929	49,556
European Union	15,064	13,937
Industry	3,002	2,371
Science Foundation Ireland overheads grant	7,254	6,074
Other	11,189	12,149
	<u>89,438</u>	<u>84,087</u>

6. Other income

	2018 €'000	2017 €'000
Catering and conferences	2,309	2,708
Rental income from residences on campus	28,649	27,581
Other rental income	1,564	1,439
Medical testing income	18,324	16,905
Academic facilities and departments	34,071	35,296
Other operating income	12,268	12,808
Non-government capital grants recognised	10,078	4,230
	<u>107,263</u>	<u>100,967</u>

University College Dublin
National University of Ireland, Dublin

Notes to the financial statements *(continued)*
For the year ended 30 September 2018

7. Staff costs

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

	2018	2017
	No. of	No. of
	Employees	Employees
Teaching and research	3,273	3,412
Technical	256	234
Central administration and services	1,332	1,232
	<hr/>	<hr/>
	4,861	4,878
	<hr/> <hr/>	<hr/> <hr/>
	2018	2017
	€'000	€'000
Salaries and wages	260,722	241,697
Social welfare costs	21,447	19,669
Retirement benefit costs	24,367	25,263
	<hr/>	<hr/>
	306,536	286,629
	<hr/> <hr/>	<hr/> <hr/>
Pension related costs		
	2018	2017
	€'000	€'000
Retirement benefit costs	24,367	25,263
Incremental pension costs underwritten by the State	36,652	44,556
	<hr/>	<hr/>
Current service cost (note 27)	61,019	69,819
	<hr/> <hr/>	<hr/> <hr/>

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 €1,902,976 (2017: €1,988,480).

University College Dublin
National University of Ireland, Dublin

Notes to the financial statements (continued)
For the year ended 30 September 2018

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		
€	2018	2017
60,000 – 70,000	284	284
70,001 – 80,000	208	340
80,001 – 90,000	428	286
90,001 – 100,000	169	140
100,001 – 110,000	63	70
110,001 – 120,000	73	45
120,001 – 130,000	40	17
130,001 – 140,000	41	106
140,001 – 150,000	73	4
150,001 – 160,000	9	6
160,001 – 170,000	5	4
170,001 – 180,000	2	1
180,001 – 190,000	2	8
190,001 – 200,000	6	3
200,001 – 210,000	3	1
210,001 – 220,000	0	0
220,001 – 230,000	2	3
230,001 – 240,000	3	0
240,001 – 250,000	0	0
250,001 – 260,000	1	1
260,001 – 270,000	0	1
320,001 – 330,000	0	0
330,001 – 340,000	0	1
340,001 – 350,000	1	0
Grand Total	1,413	1,321

Total employer pension contributions in respect of the above numbered employees amounted to €9,612,619 in the year ended 30 September 2018 (2017: €10,810,034).

University College Dublin
National University of Ireland, Dublin

Notes to the financial statements (continued)
For the year ended 30 September 2018

8. Other operating expenses

	2018 €'000	2017 €'000
Research (non-pay)	19,634	18,108
Maintenance and security	19,537	17,996
Laboratory supplies	10,476	9,889
Professional fees	6,429	5,418
External contract costs	6,822	7,636
Travel and hospitality	10,314	11,414
Computer supplies	5,427	3,984
Printing, stationary and audio visual	3,372	2,850
Books and periodicals	3,573	3,356
Light and heat	6,578	5,682
Student facilities	4,390	4,334
Rates and insurance	1,899	4,953
Equipment	2,916	2,838
Training, development and scholarships	21,287	18,952
Communications	929	886
Advertising and promotions	2,930	2,635
Other expenses	9,874	8,595
	<u>136,387</u>	<u>129,526</u>

	2018 €'000	2017 €'000
Other operating expenses include:		
Auditor's remuneration:		
- External audit of University Group	191	187
- External audit of Pension funds	7	7
- Taxation and secretarial	13	19
- Other services	9	2
	<u>212</u>	<u>215</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

	2018 €'000	2017 €'000
On bank loans, overdrafts and other loans	1,554	1,626
	<u>1,554</u>	<u>1,626</u>

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

University College Dublin
National University of Ireland, Dublin

Notes to the financial statements (continued)
For the year ended 30 September 2018

10. Taxation

The tax charge comprises:	2018	2017
	€'000	€'000
Current tax on profit on ordinary activities		
Irish corporation tax on profits of subsidiaries for the year	27	118
Total current tax	<u>27</u>	<u>118</u>
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Share of joint venture tax	38	108
Total current tax charge on ordinary activities	<u>65</u>	<u>226</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:

	2018	2017
	€'000	€'000
Surplus for year before taxation	35,311	32,292
Surplus for the year before taxation at standard Irish corporation tax rate of 12.5%	<u>4,414</u>	<u>4,037</u>
Effects of:		
- Amounts not subject to Irish Corporation Tax	(4,387)	(3,919)
Total current tax charge for the year	<u>27</u>	<u>118</u>

11. Surplus for the year

The surplus for the year on continuing operations is made up as follows:

	2018	2017
	€'000	€'000
University surplus for the year	34,445	30,438
Surplus generated by subsidiaries and other undertakings	801	1,628
Surplus on continuing operations for the year	<u>35,246</u>	<u>32,066</u>

University College Dublin National University of Ireland, Dublin

Notes to the financial statements (*continued*) For the year ended 30 September 2018

12. Tangible fixed assets

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 detailed in note 20.

Land and buildings includes €12.5 million (2017: €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 2018**

12. Tangible fixed assets – in respect of prior year

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 2016	949,693	6,795	5,680	16,788	164,162	2,173	1,145,291
Additions in year	9,792	14,909	-	384	6,437	594	32,116
Transfer from assets in course of construction	4,538	(4,538)	-	-	-	-	-
Disposals in year	-	-	-	(5)	(1,356)	(148)	(1,509)
At 30 September 2017	964,023	17,166	5,680	17,167	169,243	2,619	1,175,898
Depreciation							
At 1 October 2016	229,703	-	5,680	16,252	149,272	2,146	403,053
Charge for year	19,238	-	-	487	7,148	75	26,948
Elimination on disposals	-	-	-	(5)	(1,345)	(137)	(1,487)
At 30 September 2017	248,941	-	5,680	16,734	155,075	2,084	428,514
Net book value							
At 30 September 2017	715,082	17,166	-	433	14,168	535	747,384
At 1 October 2016	719,990	6,795	-	536	14,890	27	742,238

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

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

Notes to the financial statements (continued)

For the year ended 30 September 2018

12. Tangible fixed assets

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

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

**Notes to the financial statements (continued)
For the year ended 30 September 2018**

12. Tangible fixed assets – in respect of prior year

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 2016	946,253	4,123	5,680	16,794	163,651	1,136,501
Additions in year	9,792	17,593	-	384	6,763	34,532
Transfer from assets in course of construction	4,538	(4,538)	-	-	-	-
Disposals in year	-	-	-	(5)	(1,356)	(1,361)
At 30 September 2017	960,583	17,178	5,680	17,173	169,058	1,169,672
Depreciation						
At 1 October 2016	227,921	-	5,680	16,225	149,307	399,133
Charge for year	19,091	-	-	487	6,800	26,378
Elimination on disposals	-	-	-	(5)	(1,346)	(1,351)
At 30 September 2016	247,012	-	5,680	16,707	154,761	424,160
Net book value						
At 30 September 2017	713,571	17,178	-	466	14,297	745,512
At 1 October 2016	718,332	4,123	-	569	14,344	737,368

University College Dublin
National University of Ireland, Dublin

Notes to the financial statements (continued)
For the year ended 30 September 2018

13. Financial and heritage assets	Consolidated		University	
	2018 €'000	2017 €'000	2018 €'000	2017 €'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)	16,452	13,293	16,452	13,293
Investment in joint venture undertaking (b)	2,893**	2,598	2,608*	2,608
	<u>19,398</u>	<u>15,944</u>	<u>26,113</u>	<u>22,954</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.

University College Dublin
National University of Ireland, Dublin

Notes to the financial statements (continued)
For the year ended 30 September 2018

13. Financial and heritage assets – (Continued)

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

Subsidiary undertakings	Principal activity	Interest	Retained surplus/(deficit) at 30 September 2018
UCD Property Development Company Limited	Property development	100%	€85,845
UCD Nova DAC	Development of Nova Building	100%	€575,625
Foster Residences Limited	Accommodation rental	100%	€150
UCD Global Limited	Education	100%	€127,804
UCD Campus Sport and Leisure Limited	Leisure and Educational Facilities	100%	€1,424,597
UCD English Language Academy CLG	Education	100%	-

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

UCD Global FZ-LLC incorporated in Dubai, United Arab Emirates has as its single member UCD Global Limited, which is a wholly owned subsidiary of the University.

Subsidiary undertakings	Principal activity	Interest	Retained surplus/(deficit) at 30 September 2018
NUI Dublin PTE Limited	Education	100%	€124,608
IGU North America Limited	Education	100%	€78,316
Newman House Literary Centre CLG	Education and tourism	100%	€(272,610)

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 is a company limited by guarantee and has its registered office and place of business in Newman House, St. Stephen's Green, Dublin 2.

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 Belfield Emergency Veterinary Hospital Limited	Research Centre	20%	Crane St. Dublin 8
	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.

University College Dublin National University of Ireland, Dublin

Notes to the financial statements (continued) For the year ended 30 September 2018

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.

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. The University's buildings are stated at cost less accumulated depreciation. Freehold buildings are depreciated over their expected useful economic life to the University of 50 years.

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 2018 costs associated with heritage buildings captured and capitalised on the statement of financial position since 1997 were €14.7 million (2017: €11.5 million).

Artworks

Since 2006 UCD's policy has been to capitalise all artworks purchased for the benefit of the University. Invoices are coded to one specific account which is then reported under heritage assets in the statement of financial position. As at 30 September 2018 the historic costs of artworks amounted to €1.8 million (2017: €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 2013 valued these assets along with the artworks, as noted above, purchased since 2006 at €5.3 million.

	Buildings €'000	Other paintings €'000	Art works €'000	Total €'000
Cost				
At 1 October 2017	11,523	-	1,770	13,293
Additions	-	-	8	8
Refurbishment	3,151	-	-	3,151
At 30 September 2018	14,674	- *	1,778*	16,452

*Other paintings and artworks are valued as €5.324 million, as per a 2013 valuation provided by Adam's Valuers & Auctioneers. As previously stated, €3.984 million of this valuation is not capitalised on the statement of financial position.

University College Dublin
National University of Ireland, Dublin

Notes to the financial statements (continued)
For the year ended 30 September 2018

13. Financial and heritage assets – (Continued)

Five year summary of heritage assets

	2014	2015	2016	2017	2018
	€'000	€'000	€'000	€'000	€'000
Cost					
At 1 October	12,863	13,054	13,135	13,224	13,293
Additions					
-Purchases	191	81	89	69	8
-Refurbishment	-	-	-	-	3,151
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Cost at 30 September	13,054	13,135	13,224	13,293	16,452
Valuation of other paintings and artefacts	3,984	3,984	3,984	3,984	3,984
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total at 30 September	17,038	17,119	17,208	17,277	20,436
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(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 €2.9 million at 30 September 2018 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
			2018	2017
			€'000	€'000
Share of net assets at fair value:				
At beginning of year			2,598	2,432
Share in joint venture profit in year (profit before tax €234,000 (2017: €466,000))			196	358
Movement on currency translation			99	(192)
			<hr/>	<hr/>
			2,893	2,598
			<hr/> <hr/>	<hr/> <hr/>

University College Dublin
National University of Ireland, Dublin

Notes to the financial statements (continued)
For the year ended 30 September 2018

13. Financial and heritage assets – (Continued)

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

	2018 €'000	2017 €'000
Share of fixed assets	1,901	1,882
Share of current assets	2,581	2,280
Share of current liabilities	(949)	(914)
Share of non-current liabilities	(640)	(650)
Share of net assets at end of year	2,893	2,598
Goodwill		
At beginning of year	-	-
Amortisation in year	-	-
At end of year	-	-
Total investment in joint venture	2,893	2,598

14. Stocks	Consolidated		University	
	2018 €'000	2017 €'000	2018 €'000	2017 €'000
Raw materials and consumables	1,461	1,448	1,461	1,448
Finished goods for resale	1,516	1,554	1,516	1,554
	2,977	3,002	2,977	3,002

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

University College Dublin
National University of Ireland, Dublin

Notes to the financial statements (continued)

For the year ended 30 September 2018

15. Debtors	Consolidated		University	
	2018 €'000	2017 €'000	2018 €'000	2017 €'000
Trade debtors	10,934	13,659	8,919	11,397
Research grants and contracts receivable	14,519	13,501	14,519	13,501
State grant receivable	3,903	8,712	3,903	8,712
Other capital funding receivable	3,121	2,705	3,121	2,705
Academic fees receivable	15,840	10,214	15,840	10,214
Prepayments	782	330	727	219
Amounts due from subsidiary undertakings	-	-	12,848	3,091
Other debtors	28,413	20,297	28,282	20,250
	<u>77,512</u>	<u>69,418</u>	<u>88,159</u>	<u>70,089</u>

16. Cash at bank and in hand	Consolidated		University	
	2018 €'000	2017 €'000	2018 €'000	2017 €'000
Cash at bank including balances held on short term deposit	139,463	133,821	133,771	129,201
	<u>139,463</u>	<u>133,821</u>	<u>133,771</u>	<u>129,201</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 \$1,038,881 held in the name of the University with the Bank of Ireland.

17. Creditors: amounts falling due within one year	Consolidated		University	
	2018 €'000	2017 €'000	2018 €'000	2017 €'000
Trade creditors	1,046	639	1,014	614
Research grants and contracts in advance	44,263	37,020	44,263	37,020
Academic fees received in advance	61,590	57,402	61,590	57,402
State grant received in advance	1,386	3,636	1,386	3,636
Other capital funding received in advance	11,782	21,267	11,782	21,267
Accruals	20,111	19,152	15,074	17,251
Bank overdrafts (note 19)	827	589	827	589
Bank loans (note 19)	4,665	4,686	4,665	4,686
Amounts owed to subsidiary undertakings	-	-	4,741	2,463
Other tax and social security	8,992	8,644	8,977	8,492
Other creditors	13,777	13,926	13,728	13,791
Other amounts received in advance	27,838	25,150	25,022	22,358
Deferred income from Trust Funds	8,851	11,302	8,851	11,302
Deferred capital grants (note 20)	11,054	10,019	11,047	10,011
	<u>216,182</u>	<u>213,432</u>	<u>212,967</u>	<u>210,882</u>

University College Dublin
National University of Ireland, Dublin

Notes to the financial statements (continued)
For the year ended 30 September 2018

18. Creditors: amounts falling due after more than one year	Consolidated		University	
	2018 €'000	2017 €'000	2018 €'000	2017 €'000
Bank loans (note 19)	57,374	61,874	57,374	61,874
Deferred capital grants (note 20)	243,191	248,942	243,181	248,926
	<u>300,565</u>	<u>310,816</u>	<u>300,555</u>	<u>310,800</u>

19. Borrowings	Consolidated		University	
	2018 €'000	2017 €'000	2018 €'000	2017 €'000
Bank loans and overdrafts				
Bank loans and overdrafts are repayable as follows:				
In one year or less - Bank overdraft	827	589	827	589
- Bank loans	4,665	4,686	4,665	4,686
	<u>5,492</u>	<u>5,275</u>	<u>5,492</u>	<u>5,275</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	39,374	43,874	39,374	43,874
	<u>57,374</u>	<u>61,874</u>	<u>57,374</u>	<u>61,874</u>
Total	<u>62,866</u>	<u>67,149</u>	<u>62,866</u>	<u>67,149</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 €62.0 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 currently incurs interest at Euribor plus a margin.

University College Dublin
National University of Ireland, Dublin

Notes to the financial statements (continued)
For the year ended 30 September 2018

20. Deferred capital grants	Consolidated €'000	University €'000
At 1 October 2017		
Buildings	247,989	247,989
Equipment	10,972	10,948
Total	258,961	258,937
Cash receivable in year		
Buildings	286	286
Equipment	6,052	6,052
Total	6,338	6,338
Amortised to income and expenditure in year		
Buildings	6,220	6,220
Equipment	4,834	4,827
Total	11,054	11,047
At 30 September 2018		
Buildings	242,055	242,055
Equipment	12,190	12,173
Total	254,245	254,228

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

Notes to the financial statements (continued)
For the year ended 30 September 2018

20. Deferred capital grants (continued)		
In respect of prior year	Consolidated	University
	€'000	€'000
At 1 October 2016		
Buildings	254,016	254,016
Equipment	13,662	13,630
	<hr/>	<hr/>
Total	267,678	267,646
	<hr/>	<hr/>
Cash receivable in year		
Buildings	187	187
Equipment	1,115	1,115
	<hr/>	<hr/>
Total	1,302	1,302
	<hr/>	<hr/>
Amortised to income and expenditure in year		
Buildings	6,214	6,214
Equipment	3,805	3,797
	<hr/>	<hr/>
Total	10,019	10,011
	<hr/>	<hr/>
At 30 September 2017		
Buildings	247,989	247,989
Equipment	10,972	10,948
	<hr/>	<hr/>
Total	258,961	258,937
	<hr/>	<hr/>
The deferred capital grants can be analysed as follows:	2018	2017
	€'000	€'000
Consolidated		
Creditors falling due within one year (Note 17)	11,054	10,019
Creditors falling due after one year (Note 18)	243,191	248,942
	<hr/>	<hr/>
At 30 September	254,245	258,961
	<hr/>	<hr/>
	2018	2017
	€'000	€'000
University		
Creditors falling due within one year (Note 17)	11,047	10,011
Creditors falling due after one year (Note 18)	243,181	248,926
	<hr/>	<hr/>
At 30 September	254,228	258,937
	<hr/>	<hr/>

University College Dublin
National University of Ireland, Dublin

Notes to the financial statements (continued)
For the year ended 30 September 2018

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 2018, are as follows:

	State €'000	Other grants & Benefactors €'000	Total €'000
Buildings	108	11,782	11,890

21. Provisions for liabilities

	2018 €'000	2017 €'000
Consolidated and University		
At 1 October 2017	3,736	3,739
Released during year	-	(3)
At 30 September 2018	3,736	3,736

The provision of €3.7 million at 30 September 2018 relates to amounts owed by the 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.

	Consolidated		University	
	2018 €'000	2017 €'000	2018 €'000	2017 €'000
22. Capital commitments				
Contracted for but not provided	127,170	8,316	127,170	8,316
Authorised but not contracted	62,551	33,335	62,551	33,335
	189,721	41,651	189,721	41,651

University College Dublin
National University of Ireland, Dublin

Notes to the financial statements (continued)
For the year ended 30 September 2018

23. Financial instruments

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

	Consolidated		University	
	2018 €'000	2017 €'000	2018 €'000	2017 €'000
Financial assets				
<i>Measured at fair value through profit and loss</i>				
- Investments in listed equity instruments	-	-	-	-
<i>Measured at amortised cost</i>				
- Trade and other debtors	77,512	69,418	75,311	66,998
- Amounts due from subsidiary undertakings	-	-	12,848	3,091
<i>Equity instruments measured at cost less impairment</i>				
- Current asset unlisted investments	2,946	2,651	2,661	2,661
Financial liabilities				
<i>Measured at amortised cost</i>				
Loans payable	62,039	66,560	62,039	66,560
Obligations under finance leases	-	-	-	-
<i>Measured at cost less impairment</i>				
Bank overdraft	827	589	827	589
Trade and other creditors	210,690	208,157	202,734	203,144
Amounts owed to subsidiary companies	-	-	4,741	2,463

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

	2018 €'000	2017 €'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	1,544	1,626

University College Dublin
National University of Ireland, Dublin

Notes to the financial statements (continued)
For the year ended 30 September 2018

24. Analysis of changes in net funds	At 1 October	Cashflows	At 30 September
	2017		2018
	€'000	€'000	€'000
Cash at bank	133,821	5,642	139,463
Bank overdrafts	(589)	(238)	(827)
	<u>133,232</u>	<u>5,404</u>	<u>138,636</u>
Bank debt due within 1 year	(4,686)	21	(4,665)
Bank debt due after 1 year	(61,874)	4,500	(57,374)
Net funds	<u>66,672</u>	<u>9,925</u>	<u>76,597</u>

25. 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, €119,815 (2017: €90,000) was UCD's contribution for research projects undertaken by CRDI. In addition, UCD paid CRDI an advance of €91,730 in respect of a contribution for research projects in 2019. At 30 September 2018, there were no amounts due to the University from CRDI and no amounts payable by the University to CRDI.

Belfield Emergency Veterinary Hospital Ltd (BEVH)

During the year BEVH paid the University a dividend of €88,200. At 30 September 2018, €nil (2017: €16,982) was due to the University from BEVH.

National Institute for Bioprocessing Research and Training (NIBRT)

During the period, total sales of €350 (2017: €487) were made by the University to NIBRT. At 30 September 2018 €675 (2017: €325) was due to the University from NIBRT.

National Digital Research Centre (NDRC)

There were no related party transactions between the University and NDRC during the year. At 30 September 2018, there were no amounts payable (2017: € nil) by the University to the NDRC.

University College Dublin Foundation CLG

For further information on transactions 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 2018

26. 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.

27. 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 was 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 booked a pension receivable in the financial statements for the year ended 30 September 2018, and years prior to that, matching the pension liability reported.

University College Dublin
National University of Ireland, Dublin

Notes to the financial statements (continued)
For the year ended 30 September 2018

27. 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 €637 million (2017: €604 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 deficit 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 2018 for all the schemes, details of which are provided below.

The University has reported a net pension liability at 30 September 2018 and 2017 as follows:

	2018 €’000	2017 €’000
Present value of the schemes liabilities	(1,843,967)	(1,966,431)
Total market value of assets	-	-
Pension liability	(1,843,967)	(1,966,431)

University College Dublin
National University of Ireland, Dublin

Notes to the financial statements (continued)
For the year ended 30 September 2018

27. Retirement benefits – (continued)

The pension receivable and net deficit at 30 September 2018 and 2017 is as follows:

	2018 €'000	2017 €'000
Pension receivable from the State	1,843,967	1,966,431
Net pension deficit	<u>-</u>	<u>-</u>
<i>Movement in present value of defined benefit obligation</i>		
	2018 €'000	2017 €'000
At 1 October	1,966,431	2,194,846
Current service cost	61,019	69,819
Interest cost	43,261	32,586
Plan members – contributions	10,352	9,730
Actuarial (gain)	(190,962)	(295,593)
Benefits paid	(46,134)	(44,957)
At 30 September	<u>1,843,967</u>	<u>1,966,431</u>

The total gain recognised in the consolidated statement of comprehensive income in respect of actuarial gains is €191.0 million (2017: gain €295.6 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.

Prior year restatement

Previously in the 2017 financial statements, under FRS102, UCD recognised its right to reimbursement from the State and thus recognised a return on plan's assets and interest income which was netted against the pension interest cost in the consolidated statement of comprehensive income. These were shown in the analysis of movement in the pension receivable during the year.

In addition, the pension receivable was reclassified as a non-current asset with the pension liability disclosed within creditors: amounts falling due after more than one year, on the face of the consolidated and university statement of financial position.

In these financial statements for 2018, UCD has amended its presentation in order to be consistent with other Irish universities on foot of a request received from the Higher Education Authority.

The University has reverted to a previous GAAP format, whereby in the consolidated and University statement of financial position, the pension receivable and the pension liability are netted off against each other, and the gross pension interest cost is disclosed in the consolidated statement of comprehensive income.

The comparatives for 2017 have been restated and there is no adjustment required for the surplus for the year or the net assets as at 30 September 2017 in respect of the pension disclosure.

University College Dublin
National University of Ireland, Dublin

Notes to the financial statements (continued)
For the year ended 30 September 2018

27. Retirement benefits – (continued)

The 2017 financial statements have been impacted as follows:

	Reported previously in 2017 financial statements €'000	Adjustment to previous reported figures €'000	Reported as per current comparatives €'000
<i>Consolidated statement of comprehensive income:</i>			
Deferred funding for pensions	44,294	32,848	77,142
Pension interest cost	(262)	32,848	32,586
Actuarial gain in respect of pension schemes	44,294	32,848	77,142
Movement on pension receivable from the State	(44,294)	(32,858)	(77,142)
<i>Analysis of movement in pension receivable during the year:</i>			
Return on plan's assets	(251,299)	(44,294)	(295,593)
Interest income	32,848	(32,848)	-
State funded underwritten pension cost	-	44,556	44,556
State funded underwritten interest cost	-	32,586	32,586

Analysis of movement in pension receivable during the year

	2018 €'000	2017 €'000 (as restated)
Pension receivable at beginning of year	1,966,431	2,194,846
Actuarial (gain)	(190,962)	(295,593)*
Employer contributions	24,367	25,263
State funded underwritten pension cost (note 7)	36,652	44,556*
State funded underwritten interest cost	43,261	32,586*
Plan members contributions	10,352	9,730
Benefits paid	(46,134)	(44,957)
Pension receivable at end of year	<u>1,843,967</u>	<u>1,966,431</u>

* As noted above there is no net change to the pension receivable at year end but previous references to return on plan's assets and interest income have been replaced with actuarial (gain)/loss and State funded underwritten pension and interest costs.

University College Dublin
National University of Ireland, Dublin

Notes to the financial statements (continued)

For the year ended 30 September 2018

27. 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.

	2018	2017
	€'000	€'000
		(as restated)
Current service cost	61,019	69,819
Less: employer contributions	(24,367)	(25,263)
Incremental pension service cost underwritten by the State	36,652	44,556
Add: Pension interest cost underwritten by the State	43,261	32,586
Deferred funding for pensions	79,913	77,142*

* The deferred funding for pensions for 2017 has been increased by €32.8 million to reflect the omission of interest income on the pension receivable. As previously noted, UCD has amended its presentation in the current year in order to be consistent with other Irish universities. There is no effect on the consolidated statement of comprehensive income as the gross interest cost is now shown.

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

	2018	2017
	%	%
Discount rate	2.30	2.20
Rate of compensation increase	3.25	3.25
Pension increases	2.25	2.25
Inflation	1.75	1.75
Expected return on plan assets	-	-

The number of members in the plan and the number of deaths have been too small to analyse and generate any meaningful scheme 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. Last year, the best estimate assumption for mortality was S2PMA/S2PFA CMI 2013 [1.5%], which is a two dimensional table based on a year of birth.

Recent mortality studies have shown that mortality improvements in the general population since 2011 have not been as great as previously anticipated. Increasing evidence suggests that the low level of recent mortality improvements may be due to medium or long term influences, rather than short term events. Given the updated evidence, it is appropriate to adopt the latest mortality improvement tables into best practice. Therefore, the best practice assumption used for all plans has been amended to S2PMA/S2PFA with 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.

All other demographic assumptions are unchanged from last year's accounting disclosures.

University College Dublin
National University of Ireland, Dublin

Notes to the financial statements (continued)
For the year ended 30 September 2018

27. Retirement benefits – (continued)

History of plan

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

	2018	2017	2016	2015	2014
	€'000	€'000	€'000	€'000	€'000
Defined benefit obligation	(1,843,967)	(1,966,431)	(2,194,846)	(1,814,347)	(1,823,687)
Fair value of plan assets	-	-	-	-	-
Deficit	<u>(1,843,967)</u>	<u>(1,966,431)</u>	<u>(2,194,846)</u>	<u>(1,814,347)</u>	<u>(1,823,687)</u>

Difference between expected and actual return on plan assets

	2018	2017	2016	2015	2014
	€'000	€'000	€'000	€'000	€'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:

	2018	2017	2016	2015	2014
	€'000	€'000	€'000	€'000	€'000
Amount	(89,007)	(106,674)	(43,864)	(30,642)	(36,466)
% of plan liabilities	5%	5%	2%	2%	2%

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

	2018	2017	2016	2015	2014
	€'000	€'000	€'000	€'000	€'000
Amount	(101,955)	(188,919)	358,413	(52,849)	293,261
% of plan liabilities	10%	10%	16%	3%	16%

28. Events after the reporting period

There were no significant events since the statement of financial position date which could have implications for these financial statements.

University College Dublin
National University of Ireland, Dublin

Notes to the financial statements (continued)
For the year ended 30 September 2018

29. Grants from Exchequer Funds

All amounts noted are in respect of the group.

(a) Fee Income and Recurrent Grants (accruals basis) for period 1 October 2017 to 30 September 2018:

Funding Agency	Higher Education Authority €'000	Health Service Executive €'000	Total €'000
Academic fee income received (excluding student contribution)	44,119	3,343	47,462
State grants:			
-Recurrent grant received	56,094	-	56,094
-Recurrent minor works received	146	-	146
-Supplementary grant received	9,198	3,247	12,445
Total	109,557	6,590	116,147

(b) Capital Grants (accrual basis) for period 1 October 2017 to 30 September 2018:

Funding Agency	Higher Education Authority €'000
Amount of grant recognised as income in period	8,216
Cash received in period	6,960
Grant amount deferred at period end	248,276
Grant amount due at period end	2,268

University College Dublin
National University of Ireland, Dublin

Notes to the financial statements (continued)
For the year ended 30 September 2018

29. Grants from Exchequer Funds (continued)

(c) Exchequer and Non Exchequer Funded Research (cash receipts basis):

Analysis of Cash Receipts

	Total	Exchequer	Non Exchequer
	€'000	€'000	€'000
Funding Agency			
Science Foundation Ireland	34,234	34,234	-
European Commission	15,488	-	15,488
State non-commercial	9,725	9,725	-
Other State agencies	6,515	6,515	-
Irish foundations	6,327	-	6,327
Enterprise Ireland	9,375	9,375	-
Health Research Board	5,396	5,396	-
Foreign foundations	3,722	-	3,722
Teagasc	2,131	2,131	-
Foreign business	2,811	-	2,811
Irish business	3,456	-	3,456
Wellcome Trust	1,250	-	1,250
Higher Education Authority	71	71	-
TOTAL	100,501	67,447	33,054

Note

Research income in the consolidated statement of comprehensive income is calculated on a full accruals basis.

Cash receipts include amounts received in respect of the funding of overhead cost (indirect cost), some of which may be deferred (along with other cash receipts during the year) and taken to income at a future date. These are included in research grants and contracts in advance in note 17 to the financial statements.

30. Approval of financial statements

The financial statements were approved by the Governing Authority on 21 June 2019.

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

**Additional information not forming part
of the consolidated financial statements**

Year ended 30 September 2018

University College Dublin

National University of Ireland, Dublin

Additional information not forming part of the consolidated financial statements

1 Deferred income

	2018	2017
	€'000	€'000
State recurrent grant:		
Received in respect of current year	66,560	60,248
Deferred in prior accounting year	1,765	3,545
Deferred to subsequent accounting years	360	(1,765)
State recurrent grant per financial statements (Note 3)	<u>68,685</u>	<u>62,028</u>

State funding is received 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.

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

HEA Funding Statement and Reconciliation

(not forming part of the financial statements)

Year ended 30 September 2018

University College Dublin
National University of Ireland, Dublin

Funding Statement

<i>Contents</i>	<i>Page</i>
Statement of funding statement accounting policies	61 – 63
Revenue account	64 – 65
Balance sheet	66
Cash flow statement	67
Notes to the funding statement	68 - 77

University College Dublin National University of Ireland, Dublin

Funding Statement

Statement of accounting policies

Scope of finding statement

The funding statement reflects the teaching, research and related service activities of the University. The net results of ancillary services (as defined below) are included in the Revenue account and shown as a movement on the General reserve, reflecting the most recent “Harmonisation of Accounts” agreement as adopted by all Irish universities. The financial statements of the University’s Trust Funds, Foundations and of financially independent ancillary activities (incorporated subsidiary undertakings) are prepared and audited separately.

Accounting convention

The funding statements are prepared under the historical cost convention. They are presented in accordance with the existing Harmonisation of Accounts Agreement as adopted for all Irish universities, except for capital grants, which are recognised on an accruals basis rather than on a cash receipts basis.

Ancillary services

The ancillary services are activities which do not receive direct HEA funding. Such activities support core services on a cost recovery basis or are operated on a commercial basis. The net results for such activities are shown in the Revenue account with a matching amount shown in debtors and creditors.

State grants for recurrent expenditure

The recurrent grant has been recognised on an accruals basis. The recurrent grant, which has been used for the purchase of fixed assets, is transferred to the General reserve.

State grants for capital expenditure

State grants approved by the HEA for capital expenditure are included in the funding statement in the period on an accruals basis.

Approved allocations and departmental funds

The revenue account is charged with approved allocations within particular headings. The amounts unspent at the year end are recorded as departmental funds within creditors. Departmental fund debit balances are recorded within debtors.

General reserve

The General reserve represents the value of funding, after amortisation, applied for capital purposes together with the results from 1 October 1996 on ancillary services.

Amortisation of capital funding and reserves

Capital funding and reserves included in the general reserve are amortised at the same level as the related fixed assets are depreciated.

University College Dublin National University of Ireland, Dublin

Funding Statement

Statement of accounting policies *(continued)*

Fee income

Fee income is accounted for on an accruals basis.

Stocks

Expenditure on books and consumables stocks financed by recurrent grants is charged in full to the Revenue account as incurred. Farm, horticulture and restaurant stocks are shown in the balance sheet and are valued as follows;

Livestock - Cattle	Market value less 40%
- Other	Market value less 25%
Farm and horticultural stock	Lower of cost or market value
Restaurant stock	Lower of cost or market value

Investments

Quoted and unquoted investments are shown in the balance sheet using the following valuation basis: lower of cost and net realisable value.

Foreign currency

Income and expenditure denominated in foreign currencies are translated at the exchange rates ruling at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated into Euro at the rate of exchange ruling at the balance sheet date. The resulting profits or losses are dealt with in the revenue account.

Fixed assets and depreciation

All fixed assets are stated at cost and depreciation is charged on all fixed assets excluding land. The estimated useful lives of fixed assets by reference to which depreciation has been calculated on a straight-line basis are as follows:

Buildings	50 years
Minor works	10 years
Equipment	5 years
Computer equipment	3 years
Leased assets	20 years or primary lease period, if shorter

University College Dublin
National University of Ireland, Dublin

Funding Statement

Statement of accounting policies *(continued)*

Research grants

Income from contract research grants is included in the revenue account to the extent that the related expenditure has been incurred in the period. Expenditure is shown net of the contribution to indirect costs which is included in other income.

From 1 October 1997 fixed assets financed from research grants are capitalised in the balance sheet.

Finance leases

Assets held under finance leases are capitalised in the balance sheet and depreciated over the life of the primary lease. Finance lease payments are met from recurrent income.

Pensions

The basic retirement benefits of staff are funded by contributions from the University to the Pension Fund at a pre-determined rate of pensionable pay and are included under the various salary and wage headings of the revenue account.

Increases to the initial pension of staff are changed as pension supplementation in the revenue account as incurred.

Taxation

No provision has been made for taxation as the University holds tax-exempt status.

Restricted reserves

Restricted reserves comprise the unused portion of funds made available to the University for specified purposes.

University residences

University residences and the related financing are accounted for in accordance with the legal form rather than the commercial substance of these transactions.

University College Dublin
National University of Ireland, Dublin

Funding Statement

Revenue account

Year ended 30 September 2018

	Notes	2018 €'000	2017 €'000
Income			
State grants	1	68,685	62,028
Academic fees	2	223,134	214,981
Other income	3	21,411	19,364
		<u>313,230</u>	<u>296,373</u>
Contract research	4	78,643	71,510
Total income		<u>391,873</u>	<u>367,883</u>
Expenditure			
Academic faculties and departments	5	196,389	187,662
Academic and other services	6	19,130	18,596
Premises	7	24,180	23,921
Amount allocated for capital purposes	8	3,921	2,962
Central administration and services	9	41,752	36,922
General educational expenditure	10	12,369	12,176
Student services	11	6,620	5,546
Pension supplementation		6,524	6,913
Term loan interest		1,791	1,161
		<u>312,676</u>	<u>295,859</u>
Contract research	4	78,643	71,510
Total expenditure	12	<u>391,319</u>	<u>367,369</u>

University College Dublin
National University of Ireland, Dublin

Funding Statement

Revenue account *(continued)*
Year ended 30 September 2018

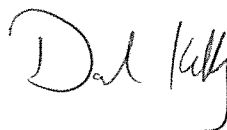
	Notes	2018 €'000	2017 €'000
Surplus for year before amortisation of capital reserves and grants, ancillary services and depreciation of fixed assets		554	514
Surplus/(deficit) on ancillary services	13	1,184	(2,919)
Depreciation of fixed assets	15	(23,125)	(25,879)
General reserve movement	14	21,941	28,798
Net surplus for the year		554	514
Revenue reserves at start of year	20	1,860	1,346
Revenue reserves at end of year	20	2,414	1,860

The statement of accounting policies on pages 61 to 63 and the cash flow statement and notes from page 67 to page 77 form part of the Funding Statement.



Andrew Deeks

President



David Kelly

Vice-President for Finance

University College Dublin
National University of Ireland, Dublin

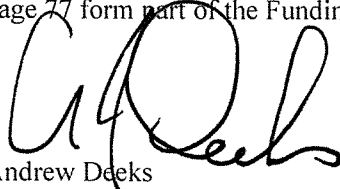
Funding Statement

Balance sheet

As at 30 September 2018

	Notes	2018 €'000	2017 €'000
Fixed assets	15	766,063	762,893
Investments		9,173	8,823
Current assets			
Bank balances and cash		124,794	124,661
Debtors and prepayments	16	103,518	111,510
Stocks	17	485	504
		228,797	236,675
Current liabilities			
Creditors and accrued expenditure	18	(266,457)	(284,210)
Net current liabilities		(37,660)	(47,535)
Total assets less net current liabilities		737,576	724,181
Long term liabilities			
Long term loans		(57,374)	(61,874)
		680,202	662,307
Represented by:			
General reserve	19	677,788	660,447
Revenue reserve	20	2,414	1,860
		680,202	662,307

The statement of accounting policies, on pages 61 to 63 and the cash flow statement and notes from page 67 to page 77 form part of the Funding Statement.



Andrew Deeks

President



David Kelly

Vice-President for Finance

University College Dublin
National University of Ireland, Dublin

Funding Statement

Cash flow statement

Year ended 30 September 2018

	Notes	2018 €'000	2017 €'000
Net cash (outflow)/inflow from operating activities	21	(11,565)	19,779
Returns on investments and services of finance			
Interest received		462	532
Interest paid		(1,791)	(1,161)
Capital expenditure			
Payments to acquire tangible fixed assets		(26,295)	(33,867)
Payments to acquire investments		(350)	(36)
Net cash outflow before financing		(39,539)	(14,753)
Financing			
HEA capital grants		2,309	(938)
Non HEA capital funding		37,040	10,603
Recurrent funding transfer		4,844	9,193
Decrease in term loans		(4,521)	(6,841)
Net cash inflow from financing		39,672	12,017
Net cash inflow/(outflow) after financing		133	(2,736)
Increase/(decrease) in cash and cash equivalents	22	133	(2,736)

The notes on pages 68 to 77 form part of the Funding Statement.

University College Dublin
National University of Ireland, Dublin

Funding Statement

Notes

1 State grants	2018	2017
	€'000	€'000
Recurrent grant	68,539	61,882
Minor works grant	146	146
Total	68,685	62,028
2 Academic fees	2018	2017
	€'000	€'000
Academic fees	223,118	214,964
Miscellaneous fee income	16	17
Total	223,134	214,981
<p>A total of €44.119m (2017: €43.821m) included in academic fee income was paid directly by the Higher Education Authority.</p>		
3 Other income	2018	2017
	€'000	€'000
Interest receivable (net)	461	532
Funded posts	8,026	6,263
Rent, concessions and other charges	4,702	3,842
Contract research contribution	8,222	8,727
Total	21,411	19,364

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

Funding Statement

Notes *(continued)*

4 Contract research

	2018	2017
	€'000	€'000
Research grants income	78,643	71,510
Research grant expenditure	(78,643)	(71,510)
Deficit	<u>-</u>	<u>-</u>

Income from contract research grants is included in the Revenue Account to the extent that the related expenditure has been incurred in the period.

Expenditure is shown net of University contribution. Contract research contribution to the University's indirect costs are included in other income.

5 Academic faculties and departments

	2018	2018	2018	2017
	Staff Costs	Non Pay	Total	Total
	€'000	€'000	€'000	€'000
Academic staff	137,164	-	137,164	127,417
Technical staff	8,985	-	8,985	9,042
Administration support staff	35,444	-	35,444	33,476
Departmental materials, equipment and travel	-	14,796	14,796	17,727
Total	<u>181,593</u>	<u>14,796</u>	<u>196,389</u>	<u>187,662</u>

University College Dublin
National University of Ireland, Dublin

Funding Statement

Notes (continued)

6 Academic and other services

	2018 Staff Costs €'000	2018 Non Pay €'000	2018 Total €'000	2017 Total €'000
Computer services incl. Audio Visual	5,977	3,097	9,074	8,886
Library	5,072	3,511	8,583	8,215
Electron microscopy unit	239	(15)	224	227
Biomedical facility	503	(85)	418	459
Archives	236	42	278	231
Lyons Estate field station	798	(245)	553	578
Total	<u>12,825</u>	<u>6,305</u>	<u>19,130</u>	<u>18,596</u>

7 Premises

	2018 Staff Costs €'000	2018 Non Pay €'000	2018 Total €'000	2017 Total €'000
Premises maintenance	2,613	5,633	8,246	9,414
General services	1,560	6,155	7,715	7,444
Devolved grant and minor works	-	146	146	146
Insurance	-	1,096	1,096	1,036
Energy costs	-	6,977	6,977	5,881
Total	<u>4,173</u>	<u>20,007</u>	<u>24,180</u>	<u>23,921</u>

8 Amount allocated for capital purposes

	2018 Staff Costs €'000	2018 Non Pay €'000	2018 Total €'000	2017 Total €'000
Capital projects	-	2,450	2,450	2,022
Equipment	-	1,471	1,471	940
Total	<u>-</u>	<u>3,921</u>	<u>3,921</u>	<u>2,962</u>

University College Dublin
National University of Ireland, Dublin

Funding Statement

Notes (continued)

9 Central administration and services

	2018 Staff Costs €'000	2018 Non Pay €'000	2018 Total €'000	2017 Total €'000
Administration staff	24,450	-	24,450	23,950
Expenses	-	14,308	14,308	10,769
Professional charges	-	2,076	2,076	1,340
Miscellaneous	891	27	918	863
Total	25,341	16,411	41,752	36,922

10 General educational expenditure

	2018 Staff Costs €'000	2018 Non Pay €'000	2018 Total €'000	2017 Total €'000
Examination expenses	2,202	1,070	3,272	2,885
Scholarships/prizes/fellowships	-	5,576	5,576	5,292
NUI capitation	-	553	553	549
Miscellaneous	1,462	1,506	2,968	3,450
Total	3,664	8,705	12,369	12,176

11 Student services

	2018 Staff Costs €'000	2018 Non Pay €'000	2018 Total €'000	2017 Total €'000
Capitation and other grants	-	1,942	1,942	1,953
Student services	2,548	(52)	2,496	1,421
Careers office	1,168	(205)	963	1,074
Health and counselling	1,143	(192)	951	880
Sports facilities and recreation	586	(318)	268	218
Total	5,445	1,175	6,620	5,546

University College Dublin
National University of Ireland, Dublin

Funding Statement

Notes *(continued)*

12 Composition of total expenditure

	2018 Staff Costs €'000	2018 Non Pay €'000	2018 Total €'000	2017 Total €'000
Academic and related services	239,565	73,111	312,676	295,859
Research grants	58,108	20,535	78,643	71,510
Total	<u>297,673</u>	<u>93,646</u>	<u>391,319</u>	<u>367,369</u>

Interest arising on term loans of €1,791,000 (2017: €1,161,000) is included above under non pay while pension supplementation costs of €6,524,000 (2017: €6,913,000) are included under staff costs.

13 Ancillary services summary

	2018 Income €'000	2018 Expenditure €'000	2018 Surplus €'000	2017 Surplus/ (deficit) €'000
Student residences	26,341	25,814	527	(4,653)
Other activities (including property development)	49,179	48,522	657	1,734
Total	<u>75,520</u>	<u>74,336</u>	<u>1,184</u>	<u>(2,919)</u>

14 General reserve movement

	2018 Total €'000	2017 Total €'000
Amortisation in line with depreciation	23,125	25,879
(Surplus)/deficit on ancillary services from revenue account to general revenue account	(1,184)	2,919
Movement in general reserves in year	<u>21,941</u>	<u>28,798</u>

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

Funding Statement

Notes (continued)

15 Fixed Assets

	Land and Buildings €'000	Assets under construction €'000	Minor works €'000	Computer equipment €'000	Equipment €'000	Total €'000
Cost						
At beginning of year	978,294	17,178	5,325	17,166	170,643	1,188,606
Additions in year	13,690	9,414	-	419	2,772	26,295
At end of year	991,984	26,592	5,325	17,585	173,415	1,214,901
Depreciation						
At beginning of year	247,207	-	5,325	16,702	156,479	425,713
Charge for year	20,075	-	-	393	2,657	23,125
At end of year	267,282	-	5,325	17,095	159,136	448,838
Net book value						
At 30 September 2018	724,702	26,592	-	490	14,279	766,063
At 30 September 2017	731,087	17,178	-	464	14,164	762,893

Fixed assets have been stated at historical cost.

University College Dublin
National University of Ireland, Dublin

Funding Statement

Notes *(continued)*

16 Debtors and prepayments

	2018	2017
	€'000	€'000
Contract research grants and projects recoverable	20,004	44,732
State capital grant receivable	2,268	7,555
Academic fees receivable	26,380	15,656
Other debtors and prepayments	26,591	25,903
Internal balance:		
- Funded/Model Pension Scheme (Note 23)	28,275	17,664
	103,518	111,510

17 Stocks

	2018	2017
	€'000	€'000
Livestock	205	200
Horticulture and farm stock	80	80
Restaurant stock	25	25
Sundry stock	69	69
Chemistry Laboratory	60	63
Gift Shop	46	67
	485	504

University College Dublin
National University of Ireland, Dublin

Funding Statement

Notes (continued)

18 Creditors and accrued expenditure

	2018	2017
	€'000	€'000
Contract research grants and projects unexpected	65,578	82,424
State grant for recurrent expenditure received in advance	1,296	2,686
State capital grant received and accruals	13,192	23,282
Academic fees received in advance	61,456	57,438
Other creditors and accruals	110,578	104,304
Bank loans	4,665	4,686
Internal balances:		
- Unexpected approved allocation	-	-
- Departmental Funds	9,692	9,390
	<u>266,457</u>	<u>284,210</u>

Bank loans due in less than one year together with long term loans of €57.4 million (2017: €61.9 million) are secured on certain properties and bank accounts held by the University.

19 General reserve	Opening balance	Current year movement	Closing Balance
	€'000	€'000	€'000
State capital grants	435,429	2,309	437,738
Recurrent funding transfer from October 1996	138,094	4,844	142,938
Capital reserves	449,815	30,474	480,289
Student centre levy	41,054	6,566	47,620
Ancillary services	21,770	(3,727)	18,043
	<u>1,086,162</u>	<u>40,466</u>	<u>1,126,628</u>
Amortisation			
Amortisation	(425,715)	-	(425,715)
Amortisation to revenue account for year	-	(23,125)	(23,125)
	<u>660,447</u>	<u>17,341</u>	<u>677,788</u>

Capital reserves represent capital donations, surpluses on disposal of property, recurrent grants allocated to capital expenditure up to 1 October 1996 and funding from research grants after 1 October 1997 for the purchase of equipment.

University College Dublin
National University of Ireland, Dublin

Funding Statement

Notes *(continued)*

20 Revenue reserves

	2018	2017
	€'000	€'000
At start of year	1,860	1,346
Surplus for year	554	514
	<hr/>	<hr/>
At end of year	2,414	1,860
	<hr/> <hr/>	<hr/> <hr/>

21 Reconciliation of revenue account surplus to net cash inflow from operating activities

	2018	2017
	€'000	€'000
Net surplus for the year	554	514
Interest received	(462)	(532)
Interest paid	1,791	1,161
Depreciation of fixed assets	23,125	25,878
Amortisation of general reserve	(23,125)	(25,878)
Surplus/(deficit) on ancillary services	1,184	(2,919)
Transfer (to)/from ancillary reserve to general reserve	(4,911)	6,034
Decrease/(increase) in debtors	7,992	(3,118)
Decrease/(increase) in stocks	19	(54)
(Decrease)/increase in creditors and accruals	(17,732)	18,693
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(11,565)	19,779
	<hr/> <hr/>	<hr/> <hr/>

22 Analysis of net funds

	At 1 Oct	Cashflow	At 30 Sept
	2017		2018
	€'000	€'000	€'000
Cash at bank and in hand	124,661	133	124,794
Debt due within one year	(4,686)	21	(4,665)
Debt due after one year	(61,874)	4,500	(57,374)
	<hr/>	<hr/>	<hr/>
Net funds	58,101	4,654	62,755
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

University College Dublin
National University of Ireland, Dublin

Funding Statement

Notes *(continued)*

23 Pension control account

	Funded Scheme €'000	Model Scheme €'000	SPS Scheme €'000
Opening Balance	(90,536)	72,872	11,432
<i>Income</i>			
Employer Contributions	9,675	-	-
Employee Contributions	3,972	3,079	5,651
Employer Contributions 20%	-	2,517	3,245
Supplementary income	6,524	-	-
Purchase of added years	844	341	4
Other	28	-	-
Reimbursement from HEA	9,506	-	-
Payments to DPER	-	-	(5,765)
Total income	30,549	5,937	3,135
<i>Expenditure</i>			
Pension payments (including supplementation)	40,816	520	-
Lump sum payments on retirement	4,418	134	-
Administration and other costs	563	400	(114)
Death in service	246	-	-
Total expenditure	46,043	1,054	(114)
Closing balance	(106,030)	77,755	14,681

Grant payable to the HEA relating to the Model Scheme amounting to €77.8m is netted off against the grant receivable from the HEA relating to the Funded Scheme amounting to €106m. The net figure is included in debtors and prepayments (see note 16).

Grant payable to the Department of Public Expenditure and Reform (DPER) relating to the SPS Scheme amounting to €14.7m is included within other creditors and accruals (see note 18).

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

Reconciliation of HEA Funding Statement
with Consolidated Financial Statements

Year ended 30 September 2018

University College Dublin
National University of Ireland, Dublin

Reconciliation of HEA Funding Statement with Consolidated Financial Statements
For the year ended 30 September 2018

	HEA Funding statement €'000	Subsidiary companies* €'000	Unincorporated ancillary activities* €'000	GAAP Adjustments** €'000	Consolidated Financial statements €'000
Income					
State grants	68,685	-	-	-	68,685
Academic fees	223,134	-	-	7,654	230,788
Research grants and contracts	78,643	-	-	10,795	89,438
Amortisation of deferred Capital grants	-	-	-	11,054	11,054
Other operating income	20,950	7,337	48,887	30,089	107,263
Interest income	461	-	-	(461)	-
Deferred funding for pensions	-	-	-	79,913	79,913
Total income	391,873	7,337	48,887	139,044	587,141
Expenditure					
Staff costs	297,673	4,190	6,460	(1,787)	306,536
Other operating expenses	68,730	3,785	19,277	44,595	136,387
Interest payable	1,791	-	8	(245)	1,554
Depreciation	23,125	328	-	4,221	27,674
Additional pension service cost	-	-	-	36,652	36,652
Pension interest cost	-	-	-	43,261	43,261
Total expenditure	391,319	8,303	25,745	126,697	552,064
Share of operating profit in In Joint Venture	-	-	-	234	234
Surplus/(deficit) for the year before taxation	554	(966)	23,142	12,581	35,311

*Results of subsidiaries and ancillaries not included in the HEA Funding Statement

**Adjustments required to reconcile the consolidated financial statements to the HEA Funding Statements as this is not prepared in accordance with Irish GAAP (FRS 102).