

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

Annual report and consolidated financial statements

Year ended 30 September 2020

University College Dublin National University of Ireland, Dublin

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President's Report (*continued*)

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 23 to 64 have been prepared in accordance with FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Results for the Year

The University's consolidated statement of comprehensive income and net surplus for the year to 30 September 2020 are shown on page 23 of the financial statements. Total income decreased by 2% during the year from €591.6m to €579.5m including deferred funding for pensions of €62.7m (2019: €73.6m). Academic fees showed an increase of €7.5m to €239.9m. State grant funding increased from the previous year by €9.5m to €82.3m. Other income decreased by €14.2m to €98.0m on foot of a difficult year arising from the outbreak of the COVID-19 pandemic.

Total expenditure remained constant at €572.1m in comparison to the expenditure in 2019 including pension service and interest costs of €62.7m (2019: €73.6m). The overall result reported is a surplus after taxation of €7.8m for the year compared to a surplus position in the previous year of €19.5m.

Impact of COVID-19 on University Operations

The University's ability to generate non-Exchequer sources of income has been challenged by the continued outbreak of the COVID-19 pandemic which is having a significant adverse impact on the University's ability to earn income from its student residences and from its on-campus commercial operations. Early on in the pandemic the University moved to have teaching and learning online.

While there are significant uncertainties associated with the COVID-19 outbreak, the University can sustain its operations in the current volatile environment for the foreseeable future.

Further details of the impact of the COVID-19 pandemic on the University's operations are set out in note 1(c) to the financial statements.

Treasury Management

The University's bank and cash balances increased during the year from €89.5m to €107.1m largely due to the drawdown of €90m in funds from the Housing Finance Agency under a loan facility agreement successfully concluded for a 25-year term loan for €123m. 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 increased from €58.7m to €143.1m 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:

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President's Report (*continued*)

Principal Risks and Uncertainties (*continued*)

- The risk that inadequate levels of Government funding will impact on the medium to long-term finances of the University and on the delivery of the University's strategy;
- The risk that the University fails to deliver a balanced portfolio of excellent programmes attracting the best students;
- The risk that the University is unable to provide and maintain high quality research infrastructure and equipment, or is unable to grow research funding and expertise;
- The risk that campus development will occur in an unbalanced and unstructured format or will not be completed due to funding issues;
- The risk that a failure in technology infrastructure could cause significant disruption to the University's operations;
- The risk that volatility in the global environment will impact negatively on international student recruitment, international partnerships, and staff and student mobility; and
- The risk that a continuation of the COVID-19 pandemic will have on the University's ability to generate non-Exchequer income.

These risks are being actively managed and addressed by the University's Management Team, which has been meeting on a regular basis throughout the COVID-19 pandemic period

Strategic Plan

Following the extensive collaborative process undertaken to devise UCD's Strategy for 2020-2024, UCD launched *Rising to the Future* in December 2019. This far-reaching, thought-provoking strategy has the potential to transform the experience of all members of our community. Our strategic vision for UCD propels us onwards towards a post-pandemic future, guided by the four themes of *Rising to the Future*: Creating a Sustainable Global Society; Transforming through Digital Technology; Building a Healthy World; and Empowering Humanity. There will be a steering group for each theme, representative of all sectors of the University community: faculty, staff, students and alumni.

Global UCD

A global engagement highlight for this year was UCD's establishment of two new joint international colleges in China - Chang'an-Dublin International College of Transportation (CDIC) and the Guangzhou-Dublin International College of Life Sciences and Technology (GDIC) South.

UCD's three international colleges in China, including Beijing-Dublin International College (BDIC), CDIC and GDIC now enrol over 1,500 students in addition to a further 2,200 students in other transnational programmes.

International student numbers increased further to 8,574 representing 29% of all students on UCD's Dublin campuses and bringing diversity to our community with students from 145 different countries.

Equality, Diversity and Inclusion

This year, we have worked collaboratively with the other higher education institutions and the HEA to identify the ways in which the pandemic has a disproportionate effect on both employees and students who already experience inequalities.

This work has included recognition of the impacts of closure of schools and childcare facilities on those with caring responsibilities and putting the relevant supports in place.

Supporting mental health and well-being was a particular priority and a new webpage providing resources and information was developed to support employees. In addition, the Mental Health First Aid Peer Support scheme was launched in April 2020 which is a confidential peer support group for employees.

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President's Report (*continued*)

Education

This was another year in which we remained the university of first choice for domestic undergraduate students, with a 7% increase in first preferences and an 11% increase in domestic taught graduate recruitment.

In 2020, for the third year in a row, UCD was ranked number one in Ireland and in the top 1% of universities globally in the QS Graduate Employability Rankings. In awarding this ranking, QS commented that this is by virtue of the work that has been done to forge work-placement and research partnerships with employers.

New academic regulations came into effect in September 2020 which is a significant enhancement to our programmes. The regulations will encourage greater flexibility in programmes, and for internships and international exchange within programmes, as well as in assessment and provision of feedback for students.

Capital Expenditure

The University including its subsidiary companies incurred expenditure of €61.6m on land and buildings and a further €11.8m on equipment and fittings, bringing total capital expenditure to €73.4m for 2019/20. This capital expenditure was largely funded by drawdowns from existing loan facilities and €5.4m in capital grants received from State and non-state sources.

Significant progress was made in academic year 2019/20 to deliver on the vision for the University estate set out in the UCD Strategic Campus Development Plan (SCDP) 2016-2021-2026:

- (1) Detailed planning for delivery of Phase 1 of the Future Campus Masterplan progressed significantly in 2020 and the Governing Authority at its meeting in December 2020 granted approval to the University to proceed with the issue of the tender to appoint the main contractor. This will be a transformational project for the Belfield Campus and includes the delivery of two new buildings, the Centre for Creativity and the Centre for Future Learning, as well as significant landscaping, commuting infrastructure and public realm improvements;
- (2) Work commenced on UCD's new International Association of Athletics Federations (IAAF) certified running track in December 2019. Since December 2020, the project program has been adversely impacted by the site closure until at least the 5th April 2021 due to the COVID-19 pandemic. The contractor for the site clearance works is due to submit a new works completion program in April 2021;
- (3) Future developments will include a new multi-purpose sports hall as well as an expanded Student Centre to facilitate an enhanced Astra Hall and additional performance space. The Quantity Surveyors have been selected for the project and the appointment of the design team is planned for Summer 2021;
- (4) Phase 1 of the Residential Masterplan which will deliver an additional 924 beds is currently expected to be completed in Summer 2021. As part of Phase 1, the new 'Village' building will also be completed, which will provide additional support facilities needed by this growing residential community;
- (5) Preparations for the start of Phase 2 of the Residential Masterplan, which will deliver an additional 1,254 beds constructed over a single level underground car park (providing replacement car parking for circa 600 car spaces) have continued over the academic year 2019/20. Detailed designs were completed during the year and the Governing Authority at its meeting on the 10th December 2020 approved the awarding of the main contract;

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President's Report (*continued*)

Capital Expenditure (*continued*)

- (6) Completion of the refurbishment of the historic Ardmore House was achieved in Autumn 2020. This project has continued UCD's commitment to restore the period houses and incorporate them into the modern campus. The 1,074m² restoration project brings Ardmore House into compliance with modern fire safety and disability access standards, providing a new entrance and lift connecting all floors of the protected structure, restoring the original layout of the building, renewing the building services throughout and providing the University with much needed office and meeting space;
- (7) During the year, initial design work commenced for Science Phase 3, with the objective of completing the refurbishment of the UCD O'Brien Centre for Science and facilitating continued growth in science teaching and research. Science Phase 3 will involve the refurbishment of Science North and Science West. A firm of architects and the design team have been appointed and the planning application for the project is due in Summer 2021 and
- (8) Refurbishment of the Newman Building, one of the buildings from the original campus masterplan developed in the early 1970s, has continued over the last year. The project has resulted in a much-improved working and teaching environment, and the sustainable reuse of the building structure will prolong the life of this much-loved building.

Research, Innovation and Impact

UCD researchers secured over €122 million in external research grants in 2019/20. A particular highlight of 2019/20 in research funding was EU funding, which was more than double the figure for the previous year, with a number of European Research Council awards and major collaborative projects in important topics such as trust in expertise, obesity and diabetes. This is an important time for EU research funding, with the arrival of the next funding programme Horizon Europe and with changes post-Brexit, and it is important for UCD to establish a strong position.

Strategic Partnerships

Building Major Strategic Partnerships is a core objective of our Rising to the Future Strategy and forms an integral part of our vision for growth and development. 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 social 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 researcher engagement.

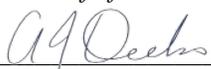
Philanthropic Giving

In challenging times we rely more than ever on the generosity and commitment of our alumni, friends and partners. Philanthropic support is fundamental to UCD's success as a leading, global university. It fuels our ambition as we continue to advance our strategic objectives and shape the future of our society through outstanding education and research.

Events after the reporting period

In October 2020, the University signed a loan financing facility for €350 million with the European Investment Bank and to date none of this loan facility has been drawn down.

On behalf of the Governing Authority,



Andrew Deeks
President

Date: 30 March 2021

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Statement of Governance and Internal Control *for year ended 30 September 2020*

(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 and Governing Authority Meetings in March 2021 to ensure it accurately reflects the control system in operation during the reporting period.

The Statement on the System of Internal Control is published with the University's consolidated financial statements which were approved by the Governing Authority in March 2021. The external auditors reviewed this Statement on the System of Internal Control to ensure that it is consistent with the information of which they are aware from their audit work on the financial statements.

(4) Governance and Internal Control Environment

The Governing Authority is the principal University governance and decision-making body in accordance with the Universities Act, 1997. The Governing Authority is chaired by an independent Chair appointed in accordance with s.17(3), Universities Act, 1997. The Sixth Governing Authority of UCD took office on 1 February 2019 representing a gender balanced Authority. The first female Chair of the University was appointed on 21 February 2019. The composition of the Sixth Governing Authority was finalised with the appointment of the Minister's Nominees in September 2020.

The Governing Authority has determined schedules of matters reserved for decision by the Governing Authority and those matters which are delegated. Reserved matters for Governing Authority decision include certain financial matters such as the approval of annual reports and budgets; the establishment of subsidiaries and joint ventures; capital expenditure in excess of delegated thresholds; the disposal of assets including land; the granting of access to property or infrastructure for commercial arrangements; the making of statutes, policies and regulations; the approval of senior appointments; the approval and monitoring of the strategic plan; the establishment of committees; certain matters relating to staff and students of the University; the approval of quality assurance procedures; and the receipt of an annual report relating to equality matters. Authority for certain matters relating to finance, capital expenditure, academic decisions, staff, students, appointments to committees and the Irish Language is delegated to committees, the Academic Council or officers of the University. The full schedules were updated on 10 September 2020 and are published on the University's website at www.ucd.ie/governance/t4media/ga_schedules_reserved_decision.pdf.

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.

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Statement of Governance and Internal Control *(continued)* *for year ended 30 September 2020*

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

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 and the Bursar.

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

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

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

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 Branding Group; Equality, Diversity and Inclusion Group; IT Strategy Group; Library Strategy Group; and GDPR and Data 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.

The internal control environment includes the following elements:

- Formal policies, procedures, regulations and guidelines which are in place for the principal activities and major systems within the University;
- Segregation of duties in financial, operational and compliance processes;
- Delegated authorities for the approval of expenditure;
- Planning and budgeting processes including the approval of the annual budget by the Governing Authority;
- Regular monitoring and reporting against budget during the financial year;
- Financial reporting processes including the preparation of audited financial statements for all legal entities under the control of the University;
- A risk management framework which was updated during the year;
- Professional staff employed in specialist areas;
- Review of internal controls by Internal Audit whose reports are provided to management and the Audit and Risk Management Committee and include recommendations for improvements to the system of internal control where necessary.

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Statement of Governance and Internal Control *(continued)* *for year ended 30 September 2020*

(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.

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

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

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

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

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

(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 summarises the work of the committee in the areas of risk management, governance, internal audit and external audit during the year;
- (vii) Reports and other work performed by the Internal Audit function during the year;

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Statement of Governance and Internal Control *(continued)* *for year ended 30 September 2020*

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

- (viii) 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;
- (ix) Quality Assurance reports; and
- (x) 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 2020. Internal Audit prepared a report on the effectiveness of the system of internal control which was considered by the Audit and Risk Management Committee on 16 March 2021 as part of its review of the Annual Governance Statement and the Statement of Governance and Internal Control. The Audit and Risk Management Committee communicated the results of this process to the Governing Authority meeting on 25 March 2021.

Due to the public health measures implemented since March 2020 in response to the COVID-19 pandemic, UCD has continued to operate with most staff working remotely from home with only essential personnel being present on campus. This has necessitated some changes to operating procedures although most online processes have been uninterrupted as most electronic business systems can be accessed remotely. Updated advice has been provided to staff by relevant units within the University (Finance, HR, IT Services, Safety Insurance Operational Risk & Compliance, Data Protection Office). The Audit and Risk Management Committee agreed that Internal Audit would conduct an audit of the University's COVID-19 Response and Governance and this audit will be completed as part of Internal Audit's 2020/21 work programme.

(10) Weaknesses in Internal Control

(i) Procurement Compliance

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 2020 amounts to €4,038,790. Further detail is provided in Section 18 and the action to be taken to address this is detailed in Section 11.

(ii) Data Breaches

During the period 8 August 2018 to 21 January 2019, the Data Protection Commission (DPC) received 7 breach notifications from UCD. Each of the breach notifications detailed incidents where UCD email accounts had been identified as being potentially compromised. UCD noted that, in general, the breaches occurred from a combination of system and process issues and user weaknesses.

The DPC issued a Commencement Letter to UCD in July 2019 notifying UCD that an Inquiry under GDPR regulations would be commenced and further wrote to inform UCD that the scope of the Inquiry would include an on-site inspection in November 2019. UCD was found to be in breach in the areas of Technical and Organisational Security, Delayed Reporting and Data Retention/Data, Minimization and Storage arising out of the 7 data breaches notified to the DPC Office. The DPC acknowledged that since the breaches occurred UCD has been in the process of addressing many of these issues but the point of reference for the DPC is the date the breaches occurred. The action to be taken to address this is detailed in Section 11.

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Statement of Governance and Internal Control *(continued)*
for year ended 30 September 2020

(11) Description of Action Taken to Correct Weaknesses in Internal Control

Area of non-compliance or weaknesses in internal control	Actions to be taken to attain compliance or correct weaknesses	Due date
<p>Procurement compliance</p> <p>As noted in Section 10(i) and detailed more fully in Section 18, UCD has assessed expenditure of €4,038,790 as having been non-compliant with public procurement regulations during the financial year ended 30 September 2020.</p>	<p>Procurement is implementing a contract management system which will ensure contracts are retendered in a timely manner and mitigate against expired contracts being utilised. The Procurement Compliance Manager is currently designing a compliance framework which will reduce the volume of non-compliant spend.</p>	<p>31 March 2022</p>
<p><u>Data Breaches</u></p> <p>As noted in Section 10 (ii) a number of data breaches reported by UCD were investigated by the Data Protection Commission. The decision of the Data Protection Commission was finalised in December 2020. The Data Protection Commission (1) issued UCD with a reprimand, (2) imposed an administrative fine of €70,000 and (3) ordered UCD to bring its data processing activities into line with GDPR and directed a number of specific remedial measures to be implemented in this regard.</p>	<p>UCD was directed to implement a number of remedial measures. Some of these have already been implemented by UCD and the remaining measures are to be implemented by 30 June 2021.</p>	<p>30 June 2021</p>

(12) Statutory Obligations

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

(13) Code of Governance and Codes of Conduct

UCD adopted the Code of Governance for Irish Universities in December 2019 and has developed an implementation plan to ensure compliance with all aspects of the code.

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Statement of Governance and Internal Control *(continued)* for year ended 30 September 2020

(13) Code of Governance and Codes of Conduct *(continued)*

The Governing Authority approved a Code of Conduct for members of the Governing Authority and its committees in March 2020. This Code of Conduct takes account of the implications of the Ethics in Public Office Act, 1995 and the Standards in Public Office Act, 2001 as well as the Universities Act, 1997. The Code of Conduct requires members to comply with the University's Conflict of Interest Policy.

The Director of Human Resources is developing a Code of Conduct for Employees ensuring appropriate consultation with staff and relevant trade unions. The conduct of staff is primarily governed by the contract of employment. Existing policies governing the conduct of staff are in place and are available on the UCD website.

(14) Financially Significant Developments

1. The COVID-19 pandemic has adversely affected the University's ability to generate non-Exchequer sources of income since February 2020. UCD has taken mitigating steps by reducing non-essential expenditure and by safeguarding other income streams in so far as is possible.
2. A number of capital development projects were in progress during the year. The largest project was Phase 1 of the Residential Master Plan which was approved by the Governing Authority in February 2018. Due to the COVID-19 pandemic and the resulting campus closures, this project has been delayed and is not expected to be completed until Summer 2021 but the project is expected to be completed within budget. The Ardmore House Refurbishment project which was approved by the Governing Authority in December 2018 was completed during the year within its approved budget. Further details of capital development projects are provided in the President's Report on Pages 3 and 4.
3. The University negotiated a new loan financing facility of €350m with the European Investment Bank (EIB) to fund future capital developments. The loan agreement was signed in October 2020 and none of this facility has been drawn down to date.

Total borrowings at 30 September 2020 amounted to €143.1m (compared to €58.7m at 30 September 2019). As disclosed in Note 21 to the financial statements, these borrowings are primarily comprised of an existing EIB loan facility and a loan facility with the Housing Finance Agency. The amounts outstanding at 30 September 2020 were €53.0m for the EIB loan facility and €89.4m for the Housing Finance Agency loan facility.

4. A full triennial valuation of the defined benefit pension schemes was undertaken by the actuaries at 30 September 2020. The movements on pensions valuations are detailed in Note 28 (Retirement Benefits) to the financial statements.

(15) Government Policy on Pay

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

(16) Financial Reporting

All appropriate procedures for financial reporting are being carried out. Audited financial statements are prepared for all legal entities under the control of the University.

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Statement of Governance and Internal Control *(continued)* *for year ended 30 September 2020*

(17) 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 approved annually by the Audit and Risk Management Committee. The Audit and Risk Management Committee also receives reports at each meeting on the progress of the Internal Audit plan.

(18) Procurement

(i) Procurement Procedures

UCD 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 UCD and are published on the UCD website. UCD endeavours to ensure full compliance with procurement procedures and guidelines. UCD is actively working with the Office of Government Procurement (OGP) and with the Education Procurement Service (EPS) to ensure that procurement activities are taking place in accordance with the operating model put in place by the OGP.

In Q3 2020 the Procurement Policy was reviewed to further drive compliance of the new public procurement landscape. A draft of the new policy is currently under review.

The UCD Procurement Office runs tenders on behalf of UCD and provides support and training to staff across the University. UCD has a centralised online purchasing system with trained buyers with the aim of enhancing the co-ordination of buyer activity across UCD and of improving levels of compliance generally.

Under the new Director of Procurement and Buying, the buyers' structure is being reviewed with a view to having a core group of full-time buyers strategically located throughout the University who can focus on both compliance and also identify opportunities for aggregating spend thereby maximising the buying power of UCD and increasing savings.

(ii) Procurement Non-Compliance

UCD reviews cumulative non-pay expenditure during the financial year and follows up in instances where non-compliance with procurement procedures is identified. To further minimize non-compliant spend the Procurement function plans to replace the current manual contract database with an online tool which will generate notifications, in a timely manner, of contracts due to expire; allowing sufficient time for tender processes to be run. The selection of an appropriate contract management system is being undertaken in the context of a wider review of systems as part of a digital transformation project and it is envisaged that the new contract database will be live by March 2022. Procurement has also engaged a Compliance Manager who is in the process of completing a compliance framework which is planned to be rolled out during 2021/22.

(iii) Details of Non-Compliant Procurement

A multi-annual procurement plan detailing expected major procurement tenders has been completed and was submitted to the EPS and the Higher Education Authority in November 2020. The Corporate Procurement Plan was completed and also submitted to the EPS in May 2019.

(iv) Details of Non-Compliant Procurement

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 30th September 2020 amounts to €4,038,790. This figure is subject to audit by the Comptroller & Auditor General as part of the 2019/20 annual audit process. The figure excludes expenditure incurred due to reasons of extreme urgency arising from the COVID-19 pandemic and which is permitted under Regulation 32(2) of the European Union (Award of Public Authority Contracts) Regulations 2016.

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Statement of Governance and Internal Control *(continued)* *for year ended 30 September 2020*

(18) Procurement *(continued)*

(iv) Details of Non-Compliant Procurement (continued)

The total of €4,038,790 is around 2.2% of the total spend of €184m with suppliers over the €25,000 tendering threshold for this year. Much of this non-compliant expenditure was due to the extension of contracts that were originally awarded competitively, while other non-compliant procurement occurred through the use of competitive quoting rather than through a full tender process. €875,889 of the identified non-compliant expenditure relates to two contracts where the conduct of procurement processes has been delayed due to legal challenges. UCD is committed to addressing the remaining instances of non-compliance with public procurement regulations and to ensure that compliant contracts will be in place for all expenditure.

UCD continues to take active steps in order to minimise the level of non-compliant expenditure in the University. In March 2019 it appointed a Director of Procurement and Buying who is responsible for bringing a strategic focus to the whole area of procurement. Furthermore, a Procurement Compliance Manager was appointed in March 2020 who is responsible for the design and implementation of a procurement compliance framework utilising and enhancing the systems in use within UCD to ensure procurement best practice, which includes the implementation and roll out of a contract management database which will allow for improved tendering of contracts in a timely manner.

(19) Asset Disposals

There were no asset disposals during the financial year ended 30 September 2020 other than obsolete equipment which was fully depreciated and had reached the end of its useful life. The Governing Authority approved the disposal of a site during the previous financial year ended 30 September 2019 but the disposal is not yet complete.

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

UCD is adhering to the relevant principles, requirements and guidelines of the Public Spending Code and the Capital Works Management Framework, and is updating procedures in light of the revised Public Spending Code published in December 2019.

(21) Travel Policy

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

(22) Value for Money

UCD is following the guidelines on Achieving Value for Money in Public Expenditure as set out in the Public Spending Code.

(23) Tax Compliance

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

(24) Child Protection

UCD has a Child Protection Policy and a Child Safeguarding Statement in place in compliance with the requirements of the Children First legislation.

University College Dublin

National University of Ireland, Dublin

Statement of Governance and Internal Control *(continued)* *for year ended 30 September 2020*

(25) 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 2020 was €16,448 and these were paid in accordance with Department of Finance / Department of Public Expenditure and Reform guidelines. This figure includes €7,816 in respect of arrears relating to prior financial years.

(26) 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 activities of UCD English Language Academy CLG were expanded during the year to include the UCD Professional Academy.

Each subsidiary company produces financial statements which are independently audited and are included in the UCD Consolidated Financial Statements. Audited statutory financial statements for each of the subsidiary companies are presented to the Finance, Remuneration and Asset Management Committee and to the Audit and Risk Management Committee, both of which are standing committees of the Governing Authority. A code of governance in respect of trading subsidiaries is currently being developed at a sectoral level.

(27) 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 required under section 22(1) of the Act has been published. No protected disclosures were received during the reporting period.

(28) Governing Authority Meetings

The Governing Authority held seven meetings during the financial year ended 30 September 2020 and the attendance record for these meetings of the Governing Authority is set out below. The attendance record details both the number of meetings attended by each member and the number of meetings each member was eligible to attend. Where there was a change in membership during the period, the end date for outgoing members and the commencement date for incoming members is noted.

	<u>Meetings attended</u>
<i>Chairperson</i>	
Marie O'Connor	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 Emma Teeling	7/7
Professor Alex Evans	7/7
Professor Dympna Devine	7/7
Professor Patrick Paul Walsh	7/7
Professor Geraldine Butler	7/7
Professor Pat Guiry	7/7

University College Dublin
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Statement of Governance and Internal Control *(continued)*
for year ended 30 September 2020

(28) Governing Authority Meetings *(continued)*

	<u>Meetings attended</u>
<i>Elected by the Non-Professorial Academic Staff</i>	
Associate Professor Emma Sokell	6/7
Associate Professor Wolfgang Marx	6/7
Associate Professor John Dunnion	6/7
Dr Kelly Fitzgerald	7/7
Dr Regina Joye	7/7
<i>Elected by the Non-Academic Staff</i>	
Claire Nolan	7/7
Helen Kenny	7/7
Hugo O'Donnell	7/7
<i>Elected Officers of the UCD Student's Union</i>	
Una Carroll (until 20 June 2020)	5/5
Joanna Siewierska (until 20 June 2020)	4/5
Brian Treacy (until 20 June 2020)	5/5
Conor Anderson * (from 20 June 2019)	7/7
Hannah Bryson (from 20 June 2020)	2/2
Ruairi Power (from 20 June 2020)	2/2
*Membership represented separate constituencies during the year	
<i>Elected by the Postgraduate Students</i>	
Carla Gummerson (from 20 June 2020)	2/2
<i>Nominations from Organisations</i>	
Charles Coase	7/7
Isabel Foley	7/7
Mary O'Dea	7/7
<i>Nominated by the Minister for Education</i>	
Noeline Blackwell (from 10 September 2020)	0/0
Cllr Dermot Lacey (from 10 September 2020)	0/0
Anne Marie Taylor (from 10 September 2020)	0/0
<i>Elected by the UCD Graduates of NUI</i>	
Cliona de Bháldraithe Marsh	6/7
Eoghan Murphy	7/7
<i>The Lord Mayor of the City of Dublin</i>	
Paul Mc Auliffe	0/6
Hazel Chu	1/1
<i>Nominated by the National University of Ireland</i>	
Julie O'Neill	7/7
Liam McLoughlin	7/7

University College Dublin
National University of Ireland, Dublin

Statement of Governance and Internal Control *(continued)*
for year ended 30 September 2020

(28) Governing Authority Meetings *(continued)*

	<u>Meetings attended</u>
<i>Elected by the Association of Irish Local Government</i>	
John Paul Feeley	7/7
Christy Curtin	7/7
Rosaleen O’Grady	2/7
Sinead Guckian	7/7
Emer Higgins	3/7
Peggy Nolan	4/7
Pat Daly	5/7
Padraig Conneely	6/7

(29) Audit and Risk Management Committee Meetings

The Audit and Risk Management Committee held six meetings during the financial year ended 30 September 2020 and the attendance record for these meetings is set out below. The attendance record details both the number of meetings attended by each member and the number of meetings each member was eligible to attend.

	<u>Meetings attended</u>
Isabel Foley (Chair)	6/6
Padraig Conneely	4/6
Catherine Ghose	6/6
Liam McLoughlin	6/6
Eoghan Murphy	6/6
Noreen O’Kelly	5/6

(30) Finance, Remuneration and Asset Management Committee Meetings

The Finance, Remuneration and Asset Management Committee held six meetings during the financial year ended 30 September 2020 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>
Charles Coase (Chair)	6/6
Professor Andrew Deeks	6/6
Professor Mark Rogers	6/6
Mr David Kelly	6/6
Assoc. Prof. Emma Sokell	6/6
Professor Patrick Guiry	6/6
Mary O’Dea	6/6
John Paul Feeley	3/6
Clíona de Bháldraithe Marsh	6/6
Ms Julie O’Neill	5/5
Joanna Siewierska	(until 20 June 2020) 5/5
Mr Conor Anderson	(from 20 June 2020) 2/2

University College Dublin

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Statement of Governance and Internal Control *(continued)* *for year ended 30 September 2020*

(31) Review of Governing Authority Performance

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

An internal self-assessment review was conducted in June 2020 with a report of findings submitted to Governing Authority members in September 2020. An external review was conducted in 2018. An implementation update was provided to the Governing Authority on 10 December 2020 noting progress on the internal and external review recommendations.

The next internal self-assessment review will take place in May 2021 and an external review is proposed to be commissioned in 2022 in compliance with the requirement for an external review at least once during the term of office of the Governing Authority.

(32) Salary of President

The salary of the President, Professor Andrew J. Deeks, was €207,590 per annum during the reporting period.

(33) General Governance and Accountability Issues

(i) Director of University Governance

The post of Director of University Governance - who assumed the responsibilities of the Secretary of the Governing Authority – became vacant on 30 April 2020. A recruitment process to identify a permanent Secretary and Director of University Governance was commenced in Autumn 2020. An interim Secretary and Director of University Governance was appointed in December 2020 and a five-year appointment was made in March 2021. The Governing Authority approved his appointment as Secretary to the Governing Authority at its meeting of 25 March 2021.

(ii) Implementation of Code of Governance for Irish Universities 2019

The Code of Governance for Irish Universities (2019) has been substantially implemented. Any gaps identified will be prioritised with the intention of completing implementation in 2021.

(iii) Extension of Appointed External Auditor Contract

The Governing Authority approved an extension of one year to KPMG's term as the appointed external auditor, in which role it also undertakes the statutory audits of the financial statements of the University's subsidiary companies and of the US GAAP financial statements which the University is obliged to submit to the US Department of Education as part of its participation in the Federal Student Aid programme. The extension was agreed to mitigate the risks associated with entering a new tendering process during the COVID-19 pandemic period and while still implementing changes to the timetable for the annual audit to ensure that both Irish and US GAAP financial statements were available for approval by the Governing Authority by 31 March 2021. A public procurement process has since been completed and Mazars has been appointed from the OGP framework as external auditors for a period of four years to commence with the audit for the financial year ended 30 September 2021. The Comptroller and Auditor General is the statutory auditor and in conducting his audit relies on evidence from the audit completed by the appointed external auditors.

(34) Termination/Severance Payments and Agreements

All voluntary redundancy and severance payments received sanction from the Department of Education and Skills. UCD adheres to the notice dated 7 November 2018 from the Department of Education and Skills in relation to the Consolidation of Arrangement for the Offer of Severance Terms in the Civil and Public Service.

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

Statement of Governance and Internal Control *(continued)*
for year ended 30 September 2020

(35) External Consultancy / Advisory Fees

The external advisory fees, including external consultancy fees for the financial year ended 30 September 2020 amounted to €4,194,359 (excluding VAT). Of this total, a figure of €2,053,638 relates to professional fees (mainly architect fees and quantity surveyor fees) for the construction of new buildings, which have been capitalised and included in UCD's financial statements as part of fixed asset additions. The balance of the external advisory fees, including external consultancy fees, amounting to €2,140,721 has been charged against revenue in the financial statements as part of total recurrent operating costs.

(36) Overtime and Allowances included in Employee Compensation

Details of staff costs are disclosed in Note 7 to the financial statements. Included in these staff costs are amounts of €347,050 in respect of overtime and €1,309,211 in respect of allowances.

(37) Nature of post-employment benefits for key management personnel

Details of the total compensation for key management personnel are disclosed in the note on Staff Costs (Note 7) in the financial statements. All key management personnel are members of one of the standard UCD pension schemes and their entitlements in that regard do not extend beyond the terms of those schemes.

(38) Expenditure on Travel & Subsistence and Hospitality

Expenditure on Travel and Hospitality is disclosed in Note 8 (Other operating expenses) in the financial statements. Of this figure, €5.199m relates to travel and €489,000 relates to hospitality.

(39) Legal Costs / Settlements

The University made one legal settlement in excess of €50,000 during the reporting period. The settlement was for €60,000 and the related legal costs amounted to €7,520 ex VAT. The legal costs are included in the external consultancy /advisory fees reported under Section 35 above.



Andrew Deeks
President

Date: 30 March 2021

University College Dublin National University of Ireland, Dublin

STATEMENT OF GOVERNING AUTHORITY'S RESPONSIBILITIES

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

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

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

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

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

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

On behalf of the Governing Authority,



Andrew Deeks
President

Date: 30 March 2021



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 financial statements of University College Dublin, National University of Ireland, Dublin ("the University") and its consolidated undertakings ("the Group") for the year ended 30 September 2020, which comprise the consolidated statement of comprehensive income, consolidated and University statement of changes in reserves, consolidated and University statement of financial position, consolidated statement of cash flows and the related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is Irish law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and the Statement of Recommended Practice ("SORP") - Accounting for Further and Higher Education (2019), issued by the HE/FE SORP Board in the UK.

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

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and University as at 30 September 2020 and of the Group's surplus for the year then ended; and
- the financial statements have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and the Statement of Recommended Practice ("SORP") - Accounting for Further and Higher Education (2019), issued by the HE/FE SORP Board in the UK.

Basis for qualified opinion

As more fully explained in Note 28 to the financial statements, an asset representing a receivable from the State, equivalent to the value of the University's net pension obligations in relation to its defined benefit pension schemes, has been recognised in the financial statements (and an equivalent amount recognised in revenue reserves) on the basis that the Governing Authority considers these pension liabilities to have always been guaranteed by the State. In addition, gains matching the increase in these pension liabilities during the year have been recorded in the consolidated statement of comprehensive income.

While the enactment in June 2009 of the Financial Measures (Miscellaneous Provisions) Act, 2009 and the resulting Transfer Order dated 31 March 2010, and the enactment of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012, caused the State to assume responsibility for any shortfall in funding arising in the University College Dublin, National University of Ireland, Dublin (Closed) Pension Scheme 2010 (formerly the UCD 1995 Contributory Pension Scheme) operated by the University and in the Single Public Service Pension Scheme, such legislation does not specifically cover other defined benefit pension arrangements operated by the University. In the absence of the State's formal acceptance of the obligation to fund deficits associated with the University's other defined benefit pension arrangements, it is not, in our view, appropriate to recognise the pension receivable pertaining to these deficits on the consolidated and University's balance sheet at 30 September 2020.



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

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 2020 should be reduced by €716 million and (ii) the pension receivable asset, net assets and income and expenditure reserves at 30 September 2019 should be reduced by €580 million. In addition, the consolidated total comprehensive income for the year ended 30 September 2020 should be reduced to a consolidated total comprehensive loss of €128.175 million and the consolidated total comprehensive income for the year ended 30 September 2019 should be increased to €100.399 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 Group in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

We have nothing to report on going concern

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

Other information

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

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

Based solely on that work, except for the matter described in the basis for qualified opinion paragraph, we have not identified material misstatements in the other information.

Based solely on our work on the other information:

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



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

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

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

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

Under the Code of Governance for Irish Universities, we are required to report to you if the statement regarding governance and the system of internal financial control, as included in the Statement of Governance and Internal Control on pages 5 to 17, 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 18 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; assessing the Group's and University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless the Governing Authority either intend to liquidate the Group and the University or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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



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

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

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

A handwritten signature in blue ink, appearing to read 'Eamonn Russell', written in a cursive style.

31 March 2021

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

University College Dublin
National University of Ireland, Dublin

Consolidated Statement of Comprehensive Income
Year ended 30 September 2020

	Note	2020 €'000	2019 €'000
Income			
State grants	3	82,266	72,723
Academic fees	4	239,923	232,400
Research grants and contracts	5	86,328	89,221
Other income	6	98,043	112,221
Amortisation of deferred capital grants	22	10,303	11,397
Deferred funding for pensions	28	62,675	73,640
Total income		579,538	591,602
Expenditure			
Staff costs	7	337,901	322,085
Pension service costs	7, 28	40,233	31,229
Other operating expenses	8	139,150	146,338
Depreciation	12	29,718	28,356
Interest payable	9	2,618	1,723
Pension interest cost	28	22,442	42,411
Total expenditure		572,062	572,142
Surplus before share of surplus in joint venture		7,476	19,460
Share of operating surplus in joint venture	13	458	116
Surplus before tax		7,934	19,576
Taxation	10	(120)	(109)
Surplus for the year	11	7,814	19,467
Actuarial loss in respect of pension schemes	28	(43,611)	(233,479)
Increase in movement on pension receivable from the State	28	43,611	233,479
Total comprehensive income for the year		7,814	19,467
Represented by:			
Endowment comprehensive income for the year		-	-
Restricted comprehensive income for the year		-	-
Unrestricted comprehensive income for the year		7,814	19,467
		7,814	19,467

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 2020**

Consolidated	Income and expenditure reserve			Total €'000
	Endowment €'000	Restricted €'000	Unrestricted €'000	
Balance at 1 October 2018	-	-	476,831	476,831
Surplus from income and expenditure	-	-	19,467	19,467
Balance at 30 September 2019	-	-	496,298	496,298
Surplus from income and expenditure	-	-	7,814	7,814
Total comprehensive income for the year	-	-	7,814	7,814
Balance at 30 September 2020	-	-	504,112	504,112

University	Income and expenditure reserve			Total €'000
	Endowment €'000	Restricted €'000	Unrestricted €'000	
Balance at 1 October 2018	-	-	479,785	479,785
Surplus from income and expenditure	-	-	20,125	20,125
Balance at 30 September 2019	-	-	499,910	499,910
Surplus from income and expenditure	-	-	9,701	9,701
Total comprehensive income for the year	-	-	9,701	9,701
Balance at 30 September 2020	-	-	509,611	509,611

University College Dublin
National University of Ireland, Dublin

Consolidated and University Statement of Financial Position

As at 30 September 2020

	Note	Consolidated		University	
		2020 €'000	2019 €'000	2020 €'000	2019 €'000
Non-current assets					
Fixed assets	12	872,065	829,113	861,581	806,660
Heritage assets	13	27,832	21,451	27,832	21,451
Investments	14	53	53	7,053	7,053
Investments in joint venture	15	3,299	3,120	2,608	2,608
		<u>903,249</u>	<u>853,737</u>	<u>899,074</u>	<u>837,772</u>
Current assets					
Stocks	16	5,850	3,720	5,850	3,720
Debtors	17	124,971	93,928	134,117	141,390
Cash at bank and in hand	18	107,098	89,453	103,520	53,536
		<u>237,919</u>	<u>187,101</u>	<u>243,487</u>	<u>198,646</u>
Creditors:					
amounts falling due within one year	19	(268,698)	(253,542)	(264,585)	(245,511)
		<u>(30,779)</u>	<u>(66,441)</u>	<u>(21,098)</u>	<u>(46,865)</u>
Net current (liabilities)/assets					
		<u>872,470</u>	<u>787,296</u>	<u>877,976</u>	<u>790,907</u>
Creditors:					
amounts falling due after more than one year	20	(368,358)	(290,998)	(368,365)	(290,997)
Net assets excl. pension (liability)/receivable		<u>504,112</u>	<u>496,298</u>	<u>509,611</u>	<u>499,910</u>
Pension liability	28	(2,233,067)	(2,137,310)	(2,233,067)	(2,137,310)
Pension receivable	28	2,233,067	2,137,310	2,233,067	2,137,310
Net assets incl. pension (liability)/receivable		<u>504,112</u>	<u>496,298</u>	<u>509,611</u>	<u>499,910</u>
Unrestricted reserves					
Income and expenditure reserve – unrestricted		<u>504,112</u>	<u>496,298</u>	<u>509,611</u>	<u>499,910</u>
Total reserves		<u>504,112</u>	<u>496,298</u>	<u>509,611</u>	<u>499,910</u>

The financial statements were approved by the Governing Authority and signed on its behalf on 30 March 2021 by:


 Andrew Deeks
 President


 David Kelly
 Chief Financial Officer / Bursar

University College Dublin
National University of Ireland, Dublin

Consolidated Statement of Cash Flows
Year ended 30 September 2020

	2020	2019
	€'000	€'000
Cash flow from operating activities		
Surplus for year	7,814	19,467
Adjustment for non-cash items		
Depreciation	29,718	28,356
Amortisation of deferred capital grants	(10,303)	(11,397)
Interest payable	2,618	1,723
Operating cashflow before movement in working capital	29,847	38,149
Increase in stock	(2,130)	(743)
Increase in debtors	(31,043)	(16,416)
Increase in creditors	13,745	32,969
Other movements		
Non-government capital grants recognised	(801)	(10,089)
Net cash inflow from operating activities	9,618	43,870
Cash flows from investing activities		
Capital grants received	5,412	16,762
Movement in investments	(179)	(227)
Additions to heritage assets	(5,722)	(4,999)
Additions to fixed assets	(73,329)	(99,505)
Net cash outflow from investing activities	(73,818)	(87,969)
Cash flows from financing activities		
New loans drawn down	90,000	-
Capital repayments	(5,153)	(4,498)
Interest paid	(2,618)	(1,723)
Net cash inflow/(outflow) from financing activities	82,229	(6,221)
(Decrease)/increase in cash and cash equivalents in the year	18,029	(50,320)
Cash and cash equivalents at beginning of year	88,316	138,636
Cash and cash equivalents at end of year	106,345	88,316

Note 25

University College Dublin

National University of Ireland, Dublin

Notes to the financial statements

For the year ended 30 September 2020

1. Significant accounting policies

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

a. General information and basis of accounting

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

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

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

b. Basis of consolidation

The Group financial statements consolidate the financial statements of the University and its subsidiary undertakings made up to 30 September 2020.

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

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

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

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

During the period, the University provided the Foundation with office accommodation, use of office equipment and administration services. In addition, the University incurred expenditure of €2.3 million payable to the Foundation in respect of other administration expenses incurred by the Foundation from third parties. At 30 September 2020, there were no amounts due to the Foundation in this regard.

During the same period, the University received €5.0 million for the furtherance of education and research from the Foundation. Furthermore, the University has recognised under "Other capital funding receivable" within Debtors an amount of €1.2 million in respect of capital projects.

A set of the 2020 financial statements for the UCD Foundation can be found at their website at <https://ucdfoundation.ie/annual-reports/>

University College Dublin

National University of Ireland, Dublin

Notes to the financial statements (*continued*)

For the year ended 30 September 2020

1. Significant accounting policies (*continued*)

c. Going concern

The University's ability to generate non-Exchequer sources of income has been challenged by the continued outbreak of the COVID-19 pandemic which is having a significant adverse impact on the University's ability to earn income. In 2021, the University has observed a material reduction in student residences income, income from on-campus commercial operations and advance income for its Summer 2021 business but the University is taking cost reduction and other mitigating measures, in addition to increased State funding, to reduce the financial impact arising from the loss of non-Exchequer sourced income. While there are significant uncertainties associated with the COVID-19 pandemic, the University considers that with its strong cash balances, continued tight cost control, the existing term loan facilities and its ability to continue to generate EU and Non-EU student fee income, that it can sustain its operations in the current volatile environment for the foreseeable future.

The University has prepared cash flow forecasts based on its anticipated capital expenditure and annual recurrent budget outturns for the financial years 2020/21 and 2021/22 and based on these forecasts, the Governing Authority is satisfied that the University group has adequate resources to meet its obligations as they fall due for the foreseeable future. Thus, the Governing Authority continues to adopt the going concern basis of accounting in preparing the annual financial statements.

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

University College Dublin

National University of Ireland, Dublin

Notes to the financial statements (*continued*)

For the year ended 30 September 2020

1. Significant accounting policies (*continued*)

d. Tangible fixed assets (*continued*)

(ii) Equipment and minor works (*continued*)

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.

(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).

University College Dublin

National University of Ireland, Dublin

Notes to the financial statements (*continued*)

For the year ended 30 September 2020

1. Significant accounting policies (*continued*)

f. Financial instruments (*continued*)

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

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.

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

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

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

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

(ii) Fair value measurement

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

g. Joint venture undertakings

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

Group

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

University

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

Goodwill

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

University College Dublin

National University of Ireland, Dublin

Notes to the financial statements (*continued*)

For the year ended 30 September 2020

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

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Notes to the financial statements (*continued*)

For the year ended 30 September 2020

1. Significant accounting policies (*continued*)

j. Taxation

(i) Corporate tax and Value Added Tax

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

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

(ii) Deferred taxation

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

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

k. Recognition of income

State grants

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

Academic fees

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

Research grants and contracts

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

(i) Donations with no restrictions

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

University College Dublin

National University of Ireland, Dublin

Notes to the financial statements (*continued*)

For the year ended 30 September 2020

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. There are three distinct elements charged to the operating surplus. The employer contributions, included as part of staff costs, and separate line items showing the pension service cost underwritten by the State and the pension interest cost on the net defined benefit liability underwritten by the State. 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 28, 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 2020

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 the operating surplus in the period in which they arise except for:

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

n. Leases

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

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

University College Dublin

National University of Ireland, Dublin

Notes to the financial statements (*continued*)

For the year ended 30 September 2020

2. Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical judgements in applying the Group's accounting policies

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

- (1) As more fully referred to in note 28, the University considers that its pension liabilities of €2.2 billion are guaranteed by the State. As a consequence, the liability of the pension schemes is matched by an equivalent amount receivable by the University from the State.
- (2) An analysis performed by the University indicates that there is no legal obligation to meet performance criteria with private donors and that capital funding received meets the definition of donations with no terms and conditions imposed by the donor in relation to the funds provided. Once a building is in use, the performance criteria can be deemed to be met.
- (3) The University recognises research income only to the extent that relevant qualifying expenditure, which is fully refundable by the research funding agency, is incurred. This accounting methodology is based on historical practice and has always fairly reflected the performance obligations required under the contract and is the agreed funding mechanism with the research funding bodies.
- (4) The University calculates a provision for doubtful student accounts based on an ongoing review of individual student accounts, analysis of the ageing of the student debt, as well as other factors including current economic conditions.

Key sources of estimation uncertainty

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

University College Dublin
National University of Ireland, Dublin

Notes to the financial statements (continued)
For the year ended 30 September 2020

3. State grants

	2020	2019
	€'000	€'000
State grants allocated for recurrent purposes	82,266	72,723
Reconciliation of grant received to income recognised		
Received in respect of calendar year	82,681	78,851
Deferred/(recognised) from prior accounting year	5,768	(360)
Deferred to subsequent accounting years	(6,183)	(5,768)
Total	82,266	72,723

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

UCD received €7.8m from the HEA in December 2020 in respect of COVID-19 funding. The University has accrued income of €5.1m to match the expenditure incurred up to 30 September 2020.

4. Academic fees

	2020	2019
	€'000	€'000
Academic fee income	239,923	232,400

A total of €44,134,000 (2019: €44,106,000) recognised in academic fee income was received directly from the HEA in the financial year.

5. Research grants and contracts

	2020	2019
	€'000	€'000
State and semi-state	50,443	51,235
European Union	11,709	17,433
Industry	5,201	2,962
Science Foundation Ireland overheads grant	8,083	7,306
Other	10,892	10,285
	86,328	89,221

6. Other income

	2020	2019
	€'000	€'000
Catering and conferences	2,905	2,934
Rental income from residences on campus	20,098	28,577
Other rental income	1,473	1,712
Medical testing income	26,723	18,959
Academic facilities and departments	27,448	35,809
Other operating income	18,569	14,141
Non-government capital grants recognised	801	10,089
	98,017	112,221

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Notes to the financial statements *(continued)*

For the year ended 30 September 2020

7. Staff costs

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

	2020	2019
	No. of	No. of
	Employees	Employees
Teaching and research	3,617	3,502
Technical	262	261
Central administration and services	1,399	1,549
	5,278	5,312
	2020	2019
	€'000	€'000
Salaries and wages	288,928	276,415
Social welfare costs	25,212	23,333
Retirement benefit costs-Employer contributions	23,762	22,337
	337,901	322,085

Pension related costs

	2020	2019
	€'000	€'000
Retirement benefit costs-Employer contributions	23,762	22,337
Incremental pension costs underwritten by the State	40,233	31,229
Current service cost (note 28)	63,995	53,566

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 €2,037,000 (2019: €1,989,000).

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 2020 was €16,448 and these were paid in accordance with Department of Finance / Department of Public Expenditure and Reform guidelines. This figure includes €7,816 in respect of arrears relating to prior financial years.

University College Dublin
National University of Ireland, Dublin

Notes to the financial statements (continued)
For the year ended 30 September 2020

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		
€	2020	2019
60,000 – 70,000	337	317
70,001 – 80,000	196	181
80,001 – 90,000	409	357
90,001 – 100,000	307	286
100,001 – 110,000	69	64
110,001 – 120,000	69	61
120,001 – 130,000	23	21
130,001 – 140,000	19	35
140,001 – 150,000	67	117
150,001 – 160,000	80	3
160,001 – 170,000	3	0
170,001 – 180,000	1	3
180,001 – 190,000	4	1
190,001 – 200,000	0	1
200,001 – 210,000	4	3
210,001 – 220,000	1	1
220,001 – 230,000	2	3
230,001 – 240,000	1	1
250,001 – 260,000	0	0
260,001 – 270,000	3	3
270,001 – 280,000	1	1
Grand Total	1,596	1,459

Total employer pension contributions in respect of the above numbered employees amounted to €10,037,000 in the year ended 30 September 2020 (2019: €9,440,000).

University College Dublin
National University of Ireland, Dublin

Notes to the financial statements (continued)
For the year ended 30 September 2020

8. Other operating expenses

	2020	2019
	€'000	€'000
Research (non-pay)	16,533	20,087
Maintenance and security	19,095	20,865
Laboratory supplies	15,254	10,968
Professional fees	6,063	8,182
External contract costs	6,122	6,661
Travel and hospitality	5,688	11,222
Computer supplies	8,008	6,558
Printing, stationery and audio visual	2,934	3,884
Books and periodicals	3,646	3,838
Light and heat	5,014	6,108
Student facilities	4,909	4,751
Rates and insurance	2,164	2,111
Equipment	3,062	2,393
Training, development and scholarships	28,217	24,492
Communications	761	966
Advertising and promotions	3,729	3,301
Other expenses	7,951	9,951
	139,150	146,338

2020	2019
€'000	€'000

Other operating expenses include:

Auditor's remuneration:

- External audit of University Group	218	191
- External audit of Pension funds	7	7
- Taxation and secretarial	31	19
- Other services	1	4

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

	2020	2019
	€'000	€'000
On bank loans, overdrafts and other loans	2,618	1,723

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 2020

10. Taxation

	2020	2019
	€'000	€'000
The tax charge comprises:		
Current tax on profit on ordinary activities		
Foreign tax charge	33	20
Irish corporation tax on profits of subsidiaries for the year	2	59
Total current tax	<u>35</u>	<u>79</u>
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Share of joint venture tax	85	30
Total current tax charge on ordinary activities	<u>120</u>	<u>109</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:

	2020	2019
	€'000	€'000
Surplus for year before taxation	7,934	19,576
Surplus for the year before taxation at standard Irish corporation tax rate of 12.5%	<u>992</u>	<u>2,447</u>
Effects of:		
- Amounts not subject to Irish Corporation Tax	(957)	(2,368)
Total current tax charge for the year	<u>35</u>	<u>79</u>

11. Surplus for the year

	2020	2019
	€'000	€'000
The surplus for the year on continuing operations is made up as follows:		
University surplus for the year	9,701	20,125
Deficit generated by subsidiaries and other undertakings	(1,887)	(658)
Surplus on continuing operations for the year	<u>7,814</u>	<u>19,467</u>

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Notes to the financial statements (continued)
For the year ended 30 September 2020

12. Tangible fixed assets

2020	Land and	Assets in	Minor	Computer	Equipment	Fixtures &	Total
Consolidated	Buildings	course of	works	equipment		Fittings	€'000
	€'000	€'000	€'000	€'000	€'000	€'000	
Cost							
At 1 October 2019	1,010,574	90,182	5,738	18,988	179,222	3,340	1,308,044
Additions in year	9,941	51,615	-	1,343	10,402	28	73,329
Transfer from assets in course of construction	9,962	(9,962)	-	-	-	-	-
Transfer to heritage assets (note 13)	-	(659)	-	-	-	-	(659)
Disposals in year	-	-	-	(92)	(726)	-	(818)
At 30 September 2020	1,030,477	131,176	5,738	20,239	188,898	3,368	1,379,896
Depreciation							
At 1 October 2019	288,439	-	5,716	17,859	164,709	2,208	478,931
Charge for year	20,484	-	-	1,106	8,049	79	29,718
Elimination on disposals	-	-	-	(92)	(726)	-	(818)
At 30 September 2020	308,923	-	5,716	18,873	172,032	2,287	507,831
Net book value							
At 30 September 2020	721,554	131,176	22	1,366	16,866	1,081	872,065
At 1 October 2019	722,135	90,182	22	1,129	14,513	1,132	829,113

Details of capital grant funding received in respect of tangible fixed assets are provided in note 22.

Land and buildings include €12.5 million (2019: €12.5 million) in respect of freehold land which is not depreciated.

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Notes to the financial statements (continued)
For the year ended 30 September 2020

12. Tangible fixed assets (continued)

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

Details of capital grant funding received in respect of tangible fixed assets are provided in note 22.

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Notes to the financial statements *(continued)*
For the year ended 30 September 2020

12. Tangible fixed assets *(continued)*

2020 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 2019	1,007,127	70,007	5,680	18,938	178,999	1,280,751
Additions in year	9,890	63,325	-	1,341	10,271	84,827
Transfer from assets in course of construction	9,962	(9,962)	-	-	-	-
Transfer to heritage assets (note 13)	-	(659)	-	-	-	(659)
Disposals in year	-	-	-	(92)	(726)	(818)
At 30 September 2020	<u>1,026,979</u>	<u>122,711</u>	<u>5,680</u>	<u>20,187</u>	<u>188,544</u>	<u>1,364,101</u>
Depreciation						
At 1 October 2019	286,212	-	5,680	17,814	164,385	474,091
Charge for year	20,334	-	-	1,100	7,813	29,247
Elimination on disposals	-	-	-	(92)	(726)	(818)
At 30 September 2020	<u>306,546</u>	<u>-</u>	<u>5,680</u>	<u>18,822</u>	<u>171,472</u>	<u>502,520</u>
Net book value						
At 30 September 2020	<u>720,433</u>	<u>122,711</u>	<u>-</u>	<u>1,365</u>	<u>17,072</u>	<u>861,581</u>
At 1 October 2019	<u>720,915</u>	<u>70,007</u>	<u>-</u>	<u>1,124</u>	<u>14,614</u>	<u>806,660</u>

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Notes to the financial statements *(continued)*
For the year ended 30 September 2020

12. Tangible fixed assets *(continued)*

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

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Notes to the financial statements *(continued)*

For the year ended 30 September 2020

13. Heritage assets

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

Cost	Buildings	Other	Art	Total
	€'000	paintings €'000	works €'000	
At 1 October 2019	19,668	-	1,783	21,451
Additions	-	-	-	-
Transfer from fixed assets (note 12)	659	-	-	659
Refurbishment	5,722	-	-	5,722
At 30 September 2020	26,049	- *	1,783 *	27,832

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

Period houses

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

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

As at 30 September 2020, costs associated with heritage buildings captured and capitalised on the statement of financial position since 1997 were €26.1 million (2019: €19.7 million).

Artworks

Since 2006, UCD's policy has been to capitalise all artworks purchased for the benefit of the University. As at 30 September 2020 the historic costs of artworks amounted to €1.8 million (2019: €1.8 million).

Other paintings and artefacts

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

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Notes to the financial statements (continued)
For the year ended 30 September 2020

13. Heritage assets – (continued)

Five year summary of heritage assets

	2016	2017	2018	2019	2020
	€'000	€'000	€'000	€'000	€'000
Cost					
At 1 October	13,135	13,224	13,293	16,452	21,451
Transfers from fixed assets					659
Additions:					
-Purchases	89	69	8	5	-
-Refurbishment	-	-	3,151	4,994	5,722
Cost at 30 September	<u>13,224</u>	<u>13,293</u>	<u>16,452</u>	<u>21,451</u>	<u>27,832</u>
Valuation of other paintings and artefacts	3,984	3,984	3,984	3,517	3,517
Total at 30 September	<u>17,208</u>	<u>17,277</u>	<u>20,436</u>	<u>24,968</u>	<u>31,349</u>

14. Investments

	Consolidated		University	
	2020	2019	2020	2019
	€'000	€'000	€'000	€'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>

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

Subsidiary undertakings	Principal activity	Interest	Retained surplus/(deficit) at 30 September 2020
			€'000
UCD Property Development Company Limited	Property development	100%	97
UCD Nova DAC	Property management	100%	909
Foster Residences Limited	Dormant	100%	-
UCD Global Limited	Education	100%	(196)
UCD Campus Sport and Leisure Limited	Leisure and Educational Facilities	100%	1,682
UCD English Language Academy CLG	Education	100%	(1,934)

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

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Notes to the financial statements *(continued)* For the year ended 30 September 2020

14. Investments – *(continued)*

Subsidiary undertakings	Principal activity	Interest	Retained surplus/(deficit) at 30 September 2020 €'000
NUI Dublin PTE Limited	Education	100%	234
IGU North America Limited	Education	100%	138
Newman House Literary Centre CLG	Education and tourism	100%	(1,361)
UCD Global FZ-LLC	Education and research	100%	58
UCD Global SDN.BHD	Education and research	100%	18

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

UCD Global FZ-LLC has its registered office and place of business in Dubai, United Arab Emirates and UCD Global SDN.BHD in Kuala Lumpur, Malaysia. Both are wholly owned subsidiaries of UCD Global Limited.

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

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

University College Dublin National University of Ireland, Dublin

Notes to the financial statements (continued) For the year ended 30 September 2020

15. Investment in joint venture

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 interest comprises 1,700,000 ordinary shares of the company incorporated in Malaysia.

The University has accounted for its €2.6 million investment in the joint ventures at cost less impairment in accordance with FRS102. The carrying value of this joint venture of €3.3 million at 30 September 2020 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.

	2020 €'000	2019 €'000
Share of net assets at fair value:		
At beginning of year	3,120	2,893
Share in joint venture profit in year (profit before tax €458,000 (2019: €116,000))	373	86
Movement on currency translation	(194)	141
	<u>3,299</u>	<u>3,120</u>

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

	2020 €'000	2019 €'000
Share of fixed assets	1,690	1,889
Share of current assets	3,113	2,739
Share of current liabilities	(943)	(856)
Share of non-current liabilities	(561)	(652)
Share of net assets at end of year	<u>3,299</u>	<u>3,120</u>
Goodwill		
At beginning of year	-	-
Amortisation in year	-	-
At end of year	<u>-</u>	<u>-</u>
Total investment in joint venture	<u>3,299</u>	<u>3,120</u>

16. Stocks

	Consolidated		University	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Raw materials and consumables	2,371	1,428	2,371	1,428
Finished goods for resale	3,479	2,292	3,479	2,292
	<u>5,850</u>	<u>3,720</u>	<u>5,850</u>	<u>3,720</u>

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

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Notes to the financial statements (continued)

For the year ended 30 September 2020

17. Debtors

	Consolidated		University	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Trade debtors	16,116	13,038	13,847	10,670
Research grants and contracts receivable	26,024	22,787	26,024	22,787
State grant receivable	9,683	4,664	9,683	4,664
Other capital funding receivable	1,214	961	1,214	961
Academic fees receivable	9,811	11,619	9,811	11,619
Prepayments	1,013	737	600	584
Amounts due from subsidiary undertakings	-	-	11,974	50,431
Other debtors*	61,110	40,122	60,964	39,674
	124,971	93,928	134,117	141,390

* Included in Other debtors is an amount of €53.2 million (2020:€30.0 million) receivable from the State to fund pension contributions for pension scheme members.

18. Cash at bank and in hand

	Consolidated		University	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Cash at bank including balances held on short term deposit	107,098	89,453	103,520	53,536

The University has provided an irrevocable standby letter of credit in favour of the U.S. Department of Education in compliance with the rules and regulations of the Federal Student Aid programme. The University has secured the letter of credit facility with a first legal charge over deposits in the amount of US\$1,301,000 held in the name of the University with the Bank of Ireland.

19. Creditors: amounts falling due within one year

	Consolidated		University	
	2020 €'000	2019 €'000	2019 €'000	2018 €'000
Trade creditors	286	1,709	190	1,339
Research grants and contracts in advance	74,064	54,086	74,064	54,086
Academic fees received in advance	66,871	67,291	66,871	67,291
State grant received in advance	17,231	8,384	17,231	8,384
Other capital funding received in advance	7,021	7,469	7,021	7,469
Accruals	20,757	22,335	15,216	12,666
Bank overdrafts (note 21)	753	1,137	753	1,137
Bank loans (note 21)	7,556	4,667	7,556	4,667
Amounts owed to subsidiary undertakings	-	-	5,224	5,052
Other tax and social security	9,658	9,628	9,626	9,589
Other creditors	25,260	30,604	25,043	30,509
Other amounts received in advance	22,186	27,057	18,743	24,155
Deferred income from Trust Funds	6,752	7,778	6,752	7,778
Deferred capital grants (note 22)	10,303	11,397	10,295	11,389
	268,698	253,542	264,585	245,511

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Notes to the financial statements (continued)
For the year ended 30 September 2020

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

	Consolidated		University	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Bank loans (note 21)	134,832	52,874	134,832	52,874
Deferred capital grants (note 22)	233,526	238,124	233,533	238,123
	368,358	290,998	368,365	290,997

21. Borrowings

	Consolidated		University	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Bank loans and overdrafts				
Bank loans and overdrafts are repayable as follows:				
In one year or less - Bank overdraft	753	1,137	753	1,137
- Bank loans	7,556	4,667	7,556	4,667
	8,309	5,804	8,309	5,804
Amounts falling due after more than one year:				
Between one and two years – bank loans	7,460	4,500	7,460	4,500
Between two and five years – bank loans	22,696	13,500	22,696	13,500
In five years or more – bank loans	104,676	34,874	104,676	34,874
	134,832	52,874	134,832	52,874
Total	143,141	58,678	143,141	58,678

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 €53.0 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 (2012) and incurs interest at a fixed rate of 1.535%.

The Housing Finance Agency (HFA) has provided part of the funding necessary for the Residential Masterplan. The funding is secured against these new residences. The full facility is €123 million of which €90 million was drawn down during the year and repayment is over 25 years with a fixed interest rate of 1.75%. The amount outstanding to the HFA at the end of the financial year is €89.4 million.

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Notes to the financial statements (continued)
For the year ended 30 September 2020

22. Deferred capital grants

	2020			2019		
	Buildings €'000	Equipment €'000	Total €'000	Buildings €'000	Equipment €'000	Total €'000
Consolidated						
At 1 October	238,977	10,544	249,521	242,055	12,190	254,245
Cash receivable in year	78	4,533	4,611	3,206	3,467	6,673
Amortised to income and expenditure	(6,286)	(4,017)	(10,303)	(6,284)	(5,113)	(11,397)
At 30 September	232,769	11,060	243,829	238,977	10,544	249,521
University						
At 1 October	238,977	10,535	249,512	242,055	12,173	254,228
Cash receivable in year	78	4,533	4,611	3,206	3,467	6,673
Amortised to income and expenditure	(6,286)	(4,009)	(10,295)	(6,284)	(5,105)	(11,389)
At 30 September	232,769	11,059	243,828	238,977	10,535	249,512

The deferred capital grants can be analysed as follows:

	2020 €'000	2019 €'000
Consolidated		
Creditors falling due within one year (Note 19)	10,303	11,397
Creditors falling due after one year (Note 20)	233,526	238,124
At 30 September	243,829	249,521
University		
Creditors falling due within one year (Note 19)	10,295	11,389
Creditors falling due after one year (Note 20)	233,533	238,123
At 30 September	243,828	249,512

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Notes to the financial statements *(continued)*
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22. Deferred capital grants *(continued)*

In addition, amounts received in advance and not yet spent are included in creditors (note 19). 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 2020, are as follows:

	Total €'000
State (included in State grant received in advance)	2,613
Other grants and benefactors (included in Other capital funding received in advance)	7,021
	<u><u>9,634</u></u>

23. Capital commitments

	Consolidated		University	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Contracted for but not provided	6,287	61,162	6,287	61,162
Authorised but not contracted	50,392	50,897	50,392	50,897
	<u><u>56,679</u></u>	<u><u>112,059</u></u>	<u><u>56,679</u></u>	<u><u>112,059</u></u>

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Notes to the financial statements (continued)
For the year ended 30 September 2020

24. Financial instruments

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

	Consolidated		University	
	2020	2019	2020	2019
	€'000	€'000	€'000	€'000
Financial assets				
<i>Measured at amortised cost</i>				
Trade and other debtors	124,971	93,928	122,143	90,959
Amounts due from subsidiary undertakings	-	-	11,974	50,431
<i>Equity instruments measured at cost less impairment</i>				
Current asset unlisted investments	3,352	3,173	2,661	2,661
Financial liabilities				
<i>Measured at amortised cost</i>				
Loans payable	142,388	57,541	142,388	57,541
Obligations under finance leases	-	-	-	-
<i>Measured at cost less impairment</i>				
Bank overdraft	753	1,137	753	1,137
Trade and other creditors	260,389	247,738	251,052	234,655
Amounts owed to subsidiary companies	-	-	5,224	5,052

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

	2020	2019
	€'000	€'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	2,618	1,723

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Notes to the financial statements *(continued)*

For the year ended 30 September 2020

25. Analysis of changes in net funds	At 1 October	Cashflows	At 30 September
	2019		2020
	€'000	€'000	€'000
Cash at bank	89,453	17,645	107,098
Bank overdrafts	(1,137)	384	(753)
	<u>88,316</u>	<u>18,029</u>	<u>106,345</u>
Bank debt due within 1 year	(4,667)	(2,889)	(7,556)
Bank debt due after 1 year	(52,874)	(81,958)	(134,832)
Net funds/(debt)	<u>30,775</u>	<u>(66,818)</u>	<u>(36,043)</u>

26. 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 the parties being associated undertakings or joint ventures and/or UCD having significant influence over 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, €364,002 (2019: €100,000) was UCD's contribution to CRDI. UCD paid CRDI an advance of €167,000 in 2019 in respect of future annual subscriptions and this has now been fully recognized in 2020. At 30 September 2020, € nil (2019: €2,377) was payable by the University to CRDI.

Belfield Emergency Veterinary Hospital Ltd (BEVH)

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

National Institute for Bioprocessing Research and Training (NIBRT)

During the period, total revenue of €44,879 (2019: €468) was earned by the University from NIBRT. In addition, UCD paid NIBRT €11,700 for their share of research income earned on a joint project. At 30 September 2020, there were no amounts due (2019:€nil) to or from NIBRT for the University.

National Digital Research Centre (NDRC)

There were no related party transactions between the University and NDRC during the year (2019: €nil). At 30 September 2020, there were no amounts payable (2019: € nil) by the University to the NDRC.

University College Dublin Foundation CLG ("the Foundation")

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

RCSI & UCD Malaysia Campus

For further information on transactions and balances with the RCSI & Malaysia Campus see note 15.

Key management personnel are represented by those persons on the University Management Team. See note 7 for details of the key management compensation.

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Notes to the financial statements (*continued*) For the year ended 30 September 2020

27. 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.

28. Retirement benefits

Background

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

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

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

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

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

Further to the above, the Governing Authority is of the opinion that the discussions between the sector, the HEA and the government in advance of the enabling legislation being introduced represented assurances that the State would guarantee all pension liabilities of the University (those liabilities associated with the former UCD 1995 Contributory Pension Scheme and other defined benefit pension arrangements that the University has in place), and accordingly the University has recognised a pension receivable in the financial statements for the year ended 30 September 2020, and years prior to that, matching the pension liability reported.

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Notes to the financial statements *(continued)*

For the year ended 30 September 2020

28. 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 €716 million (2019: €580 million).

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

Single Public Service Pension Scheme

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

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

As noted above, the University operates two pension schemes providing benefits based on final pensionable pay and also the Single Public Services Pension Scheme. The schemes valuations were prepared by a qualified independent actuary in order to assess the liabilities as at 30 September 2020 for all the schemes, details of which are provided below.

The University has reported a net pension liability at 30 September 2020 and 2019 as follows:

	2020 €'000	2019 €'000
Present value of the schemes liabilities	(2,233,067)	(2,137,310)
Total market value of assets	-	-
Pension liability	(2,233,067)	(2,137,310)

The pension liability of €2,233 million (2019: €2,137 million) is attributed as follows: the UCD 1995 Contributory Pension Scheme €1,446 million (2019: €1,514 million), the UCD Model Pension Scheme €716 million (2019: €580 million) and the Single Public Service Pension Scheme €71 million (2019: €43 million).

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Notes to the financial statements (continued)
For the year ended 30 September 2020

28. Retirement benefits – (continued)

The pension receivable and net deficit at 30 September 2020 and 2019 is as follows:

	2020 €'000	2019 €'000
Pension receivable from the State	2,233,067	2,137,310
Net pension deficit	-	-

Movement in present value of defined benefit obligation

	2020 €'000	2019 €'000
At 1 October	2,137,310	1,843,967
Current service cost	63,995	53,566
Interest cost	22,442	42,411
Plan members – contributions	12,696	10,913
Actuarial loss	43,611	233,479
Benefits paid	(46,987)	(47,026)
At 30 September	2,233,067	2,137,310

The total loss recognised in the consolidated statement of comprehensive income in respect of actuarial losses is €43.6 million (2019: loss €233.5 million). This has been offset by a movement in the matching pension scheme asset.

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

Analysis of movement in pension receivable during the year

	2020 €'000	2019 €'000
Pension receivable at beginning of year	2,137,310	1,843,967
Increase in movement included in Statement of Comprehensive Income	43,611	233,479
Employer contributions	23,762	22,337
State funded underwritten pension service cost (note 7)	40,233	31,229
State funded underwritten finance charge	22,442	42,411
Plan members contributions	12,696	10,913
Benefits paid	(46,987)	(47,026)
Pension receivable at end of year	2,233,067	2,137,310

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Notes to the financial statements *(continued)*

For the year ended 30 September 2020

28. Retirement benefits – *(continued)*

Classification of pension presentation in the Consolidated statement of comprehensive income

The University discloses the pension interest cost and the pension 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 as deferred funding for pensions.

	2020 €'000	2019 €'000
Current service cost	63,995	53,566
Less: employer contributions included in staff costs	(23,762)	(22,337)
Incremental pension service cost underwritten by the State	40,233	31,229
Add: Pension interest cost underwritten by the State	22,442	42,411
Deferred funding for pensions	62,675	73,640
<i>Included in comprehensive income for the year:</i>		
Effect of experience on plan liabilities	163,820	(58,319)
Changes in actuarial assumptions	(120,209)	291,798
Actuarial loss in respect of pension schemes	43,611	233,479
Increase in movement on pension receivable from the State	43,611	233,479

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

	2020 %	2019 %
Discount rate	1.30	1.05
Rate of compensation increase	2.75	2.75
Pension increases	1.75	1.75
Inflation	1.25	1.25
Expected return on plan assets	-	-

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

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

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Notes to the financial statements *(continued)*
For the year ended 30 September 2020

28. Retirement benefits – (continued)

History of plan

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

	2020 €'000	2019 €'000	2018 €'000	2017 €'000	2016 €'000
Defined benefit obligation	(2,233,067)	(2,137,310)	(1,843,967)	(1,966,431)	(2,194,846)
Fair value of plan assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deficit	<u>(2,233,067)</u>	<u>(2,137,310)</u>	<u>(1,843,967)</u>	<u>(1,966,431)</u>	<u>(2,194,846)</u>

Difference between expected and actual return on plan assets

	2020 €'000	2019 €'000	2018 €'000	2017 €'000	2016 €'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 losses/(gains) on plan liabilities:

	2020 €'000	2019 €'000	2018 €'000	2017 €'000	2016 €'000
Amount	163,820	(58,319)	(89,007)	(106,674)	(43,864)
% of plan liabilities	7%	3%	5%	5%	2%

(Gains)/losses resulting from changes in actuarial assumptions:

	2020 €'000	2019 €'000	2018 €'000	2017 €'000	2016 €'000
Amount	(120,209)	291,798	(101,955)	(188,919)	358,413
% of plan liabilities	5%	14%	6%	10%	16%

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Notes to the financial statements (continued)
For the year ended 30 September 2020

29. Grants from Exchequer Funds

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

(a) Fee Income and Recurrent Grants for period 1 October 2019 to 30 September 2020:

See notes 3 and 4 to the financial statements.

(b) Capital Grants for period 1 October 2019 to 30 September 2020:

Grantor	Government Funding Department or Office	Grant debtor /(creditor) 1 Oct 2019 €'000	Grant received 2020 €'000	Taken to deferred capital grants as grants receivable 2020 €'000	Grant debtor /(creditor) 30 Sept 2020 €'000	Taken to Income as amortisation 2020 €'000	Balance of grant deferred to future years 2020 €'000
HEA other – 3 rd level capital programme	Dept of Education and Skills	(108)	(2,505)	-	(2,613)	-	-
HEA – PRTLTI cycle 5	Dept of Jobs, Enterprise and Innovation	1,286	(968)	318	318	-	-
Fáilte Ireland	Dept of Transport, Tourism and Sport	870	-	62	932	1	61
Sustainable Energy Authority of Ireland	Dept of Communications, Climate Action and Environment	-	(16)	16	-	-	16
		2,048	(3,489)	78	(1,363)	1	77

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Notes to the financial statements (continued)
For the year ended 30 September 2020

29. Grants from Exchequer Funds (continued)

(c) Exchequer and Non-Exchequer Funded Research:

Grantor	Government Funding Department/Office	Grant deferred/ (due) 1 Oct 2019 €'000	Cash Received 2019/20 €'000	Taken to Income 2019/20 €'000	Grant deferred/ (due) 30 Sept 2020 €'000
Science Foundation Ireland	Dept of Business, Enterprise and Innovation	13,251	41,602	30,118	24,735
Enterprise Ireland	Dept of Business, Enterprise and Innovation	(1,398)	6,029	8,155	(3,524)
Irish Research Council	Dept of Education and Skills	2,769	8,626	7,263	4,132
Dept of Agriculture, Food and the Marine	Dept of Agriculture, Food and the Marine	(4,394)	5,760	4,309	(2,943)
Health Research Board	Dept of Health	2,264	4,605	3,813	3,056
Teagasc	Dept of Agriculture, Food and the Marine	54	1,978	2,042	(10)
Sustainable Energy Authority of Ireland	Dept of Communications, Climate Action and Environment	272	458	1,021	(291)
Environmental Protection Agency	Dept of Communications, Climate Action and Environment	(172)	1,213	618	423
Higher Education Authority	Dept of Education and Skills	650	(604)	410	(364)
Dept of Communication, Climate Action and Environment	Dept of Communications, Climate Action and Environment	253	379	241	391
Ireland East Hospital Group	Dept of Health	-	-	193	(193)
Marine Institute	Dept of Agriculture, Food and the Marine	(55)	156	170	(69)
Geological Survey of Ireland	Dept of Communications, Climate Action and Environment	(85)	234	169	(20)
Health Service Executive	Dept of Health	106	455	124	437
Food Safety Promotion Board	Dept of Agriculture, Food and the Marine	(25)	55	77	(47)
Dept of Justice	Dept of Justice	86	(2)	51	33
Office of Public Works	Dept of Public Expenditure and Reform	4	72	50	26
National Roads Authority	Dept of Transport	91	(11)	47	33
Fingal County Council	Dept of Housing, Local Government and Heritage	(22)	70	36	12

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Notes to the financial statements *(continued)*
For the year ended 30 September 2020

29. Grants from Exchequer Funds *(continued)*

(c) Exchequer and Non-Exchequer Funded Research: *(continued)*

Grantor	Government Funding Department/Office	Grant deferred/ (due) 1 Oct 2019 €'000	Cash Received 2019/20 €'000	Taken to Income 2019/20 €'000	Grant deferred/ (due) 30 Sept 2020 €'000
Dept of Housing, Local Government and Heritage	Dept of Housing, Local Government and Heritage	-	32	25	7
Irish Prison Service	Dept of Justice	(40)	46	21	(15)
Dept of Tourism, Culture, Arts, Gaelic Sport and Media	Dept of Tourism, Culture, Arts, Gaeltacht, Sport and Media	2	9	22	(11)
National Parks and Wildlife Service	Dept of Housing, Local Government and Heritage	(19)	41	17	5
The Housing Agency	Dept of Housing, Local Government and Heritage	-	24	14	10
Dept of Public Expenditure and Reform	Dept of Public Expenditure and Reform	58	56	12	102
Transport Infrastructure Ireland	Dept of Transport	-	26	11	15
Wicklow County Council	Dept of Housing, Local Government and Heritage	-	13	8	5
Dept of Children, Equality, Disability, Integration and Youth	Dept of Children, Equality, Disability, Integration and Youth	-	10	8	2
Dublin Corporation	Dept of Housing, Local Government and Heritage	38	-	2	36
Dun Laoghaire Rathdown County Council	Dept of Housing, Local Government and Heritage	(1)	10	2	7
Dept of Business, Enterprise and Innovation	Dept of Business, Enterprise and Innovation	58	-	1	57
Irish Dairy Board	Dept of Agriculture, Food and the Marine	140	(105)	-	35
Eirgrid	Dept of Communications, Climate Action and Environment	100	100	-	200
Dept of Foreign Affairs	Dept of Foreign Affairs	-	15	-	15
Total Exchequer Research Grants		13,985	71,352	59,050	26,287

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Notes to the financial statements *(continued)*
For the year ended 30 September 2020

29. Grants from Exchequer Funds *(continued)*

(c) Exchequer and Non-Exchequer Funded Research: *(continued)*

	Grant deferred/ (due) 1 Oct 2019 €'000	Cash Received 2019/20 €'000	Taken to Income 2019/20 €'000	Grant deferred/ (due) 30 Sept 2020 €'000
Total Exchequer Research Grants (from previous page)	13,985	71,352	59,050	26,287
Total Non-Exchequer Research Grants	17,314	36,306	31,867	21,753
Total per Research accounts	31,299	107,657	90,917	48,040
Other adjustments	-	(4,589)	(4,589)	-
Research Grants and Contracts per Financial Statements	31,299	103,069	86,328	48,040

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Notes to the financial statements *(continued)*

For the year ended 30 September 2020

30. Events after the reporting period

In October 2020, the University signed a loan financing facility for €350 million with the European Investment Bank and to date none of this loan facility has been drawn down.

In December 2020, the Governing Authority approved a development budget of €220 million in respect of Phase 2 of the Residential Masterplan.

31. Approval of financial statements

The financial statements were approved by the Governing Authority and signed on its behalf on 30 March 2021.