

**University College Cork  
National University of Ireland, Cork**

**Consolidated Financial Statements**

**Year Ended 30 September 2018**

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## HONORARY TREASURER'S REPORT

ON CONSOLIDATED FINANCIAL STATEMENTS – YEAR ENDED 30 SEPTEMBER 2018

### Format of Accounts – Explanatory Note

In 2016, the University, in line with the rest of the Higher Education sector adopted Financial Reporting Standard 102 (FRS 102) for the preparation of its statutory financial statements. In addition, the Statement of Recommended Practice (SORP) – Accounting for further and higher education as issued by the Further Education / Higher Education SORP Board in the UK has been adopted by the sector.

A key change with FRS102 relates to income recognition and the treatment of deferred capital grants, with the potential for future volatility in overall University performance.

In addition, the University continues to prepare a set of financial statements for the Higher Education Authority (HEA) which are prepared on the harmonised basis approved by the HEA. The HEA Funding Statements are appended to the consolidated statutory accounts together with a reconciliation between both formats

The 2018 consolidated GAAP financial statements of UCC include the activities of the University and all its subsidiary undertakings. These financial statements also include the statement of comprehensive income and statement of financial position of the University College Cork Trust Fund, which is also fully consolidated. The University continues to receive much welcome philanthropic support from Cork University Foundation DAC. Whilst all transactions that took place between UCC and CUF are reflected in the financial statements, the financial statements for CUF itself, are not consolidated. They are however appended to the formal UCC financial statements.

### Highlight of the Financial Year - SFI Research Centre Renewal

The key highlight during 2018 was the renewal of four of the UCC's SFI Research Centre Awards as part of the SFI Centre Programme. This support will provide continuity of research and ensure UCC's remains a leading edge contributor to national and international research.

### Statement of Comprehensive Income

Total Income for the year increased by €17.3m to €417.6m. This generated an Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA) of €13.98m, an increase of €4.5m on 2017 performance. Post EBITDA, the net outturn for the year was a deficit of €1.2m.

Exchequer revenue streams continue to decline as a proportion of overall income while state grants remain static at 12% of total income. This trend is expected to continue in the absence on certainty around the future funding model for the sector.

To compensate, the University continues to diversify and grow non exchequer income sources. The University continues to focus on improving this position to ensure it generates sufficient resources for long term sustainability.

### Income

Student fees increased in 2017/18 due to the continued growth in student numbers attending the University and consequent increase in the amount of fees received.

Of the €142.3m of academic fees, a total of €45.3m was paid by the Higher Education Authority on behalf of EU Under-Graduate students, up €1.6m on the previous year reflecting increased EU student numbers. The remaining €97m was generated by the University from higher International student numbers at both Under Graduate and Post Graduate levels.

A further €0.7m of non -exchequer generated income was transferred to the Pension Control account as UCC's 2017/18 contribution, reflecting the Pension Added Years agreement of October 2016.

## **HONORARY TREASURER'S REPORT**

### **ON CONSOLIDATED FINANCIAL STATEMENTS – YEAR ENDED 30 SEPTEMBER 2018**

These self-generated fees were €3.8m/4% higher than the prior year outturn, reflecting the University's continued priority to generate its own resources to secure financial sustainability.

Research income delivered €94.8m of income in the year, a welcome increase of €1.7m from 2016/17.

Other income at €56.2m now includes for the first time, a full year of the IMI income, since acquisition back in 2016. This added €15.6m to overall University income, with the remaining subsidiaries generating turnover of €14m.

#### **Expenditure**

Pay restoration, pay increases, increase in recruitment and the cessation of increment freezes all contributed to the increase in Pay Costs in 2017/18, for both funded and non-funded staff. Pay costs increased by €9.6m as a result of these measures.

Pension costs include a charge of €3.8m which relates to monies received from the HEA to fund the pension control accounts. Other operating income includes a credit of the same amount.

Other operating expenses are €3.5m/3.9% higher than the previous year. This was mainly from increases in research activity with a corresponding lift in research income. Other factors were ICT investment supported by the EIB and general operating costs.

#### **Statement of Financial Position**

##### **Fixed assets**

The increase in assets during 2017/18 reflects the University's interest in the Western Apex at Nano Nagle Place, where the University, jointly with CIT, hosts its Under Graduate Architecture programme as well as the ongoing development of the Hub Building, funded by the EIB.

The cost of equipment, primarily research related, capitalised during the year was €10.2m. The depreciation charge for the year was €23.3m. There were no significant disposals during the year.

##### **Investments**

The investments relate to the investments held by the University College Trust Fund as at 30 September 2018. The fund provides a valuable source of income to fund prizes and scholarships across a wide range of programmes. The fund has increased in value over the past 5 years by €4.5m, generating an average investment return per annum of 7.8%.

##### **Debtors**

Year on year debtors have increased by €3m. Despite increased fee income, student related fee debt continues to remain static due to the continued engagement by the Students Union in supporting collection of tuition fees.

The research grants and contracts receivable balance is €7.1m greater than the previous year due mainly to the increase in research income and offset by a similar increase in research income received in advance.

State capital grants receivable from the HEA relating to PRTL Cycle 5 amounted to €1.1m compared to €4.4m last year.

##### **Current asset investments & Cash at bank**

Cash at bank and short term investments are at €61.7m. The principal driver is the second tranche drawdown of loans from the EIB, research funding received in advance and the timing of the related expenditure.



## HONORARY TREASURER'S REPORT

ON CONSOLIDATED FINANCIAL STATEMENTS – YEAR ENDED 30 SEPTEMBER 2018

### Creditors Amounts falling due within one year

Creditors falling due within one year have increased from €185.2m to €208.8m. The main reason for the increase is that short-term bank borrowings have increased by €13.6m as existing bank borrowings moved from long term to short term during the year.

Trade creditors have increased during the year from €5.5m to €6.7m.

The increase of €9.9m in research grants and contracts in advance and academic fees received in advance depends very much on timing of those receipts and the associate spend.

### Creditors Amounts falling due after more than one year

This balance has increased since last year by €25.5m. This is due in the main to an increase in the long term element of the second tranche of the University's EIB loan facility (€35m), funding its capital programme, offset by ongoing repayment of existing loans.

Total borrowings remain within the Borrowing Framework limits as set by the HEA and are fully compliant with banking covenants. Full details of all bank loans and the balances at 30 September 2018 are set out in Note 23.

### Restricted & unrestricted reserves

The restricted and unrestricted reserves at 30 September 2018 of €239.2m are €1.2m lower than 2017 due to the deficit incurred in the year.

### Summary

2017/18 was another successful year for the University. Student numbers at Under-Graduate and Post graduate levels continued their growth path, despite the national funding difficulties.


Research income, in particular those areas funded by SFI, continued to diversify and grow, further enhancing the overall quality of education offered to students.

The University continued also to successfully integrate the IMI into UCC's business related activities following its acquisition in 2016, with IMI's financial performance continuing to contribute to the Group performance.

Disappointingly, three years on from the publication of the Expert Group on Higher Education Funding (Cassells Report), the government has not outlined its plans for the future funding model for Higher Education in Ireland. Such inaction, continues to threaten long term sustainability.

Similarly, the decline in capital support, as outlined last year, continues to be of major concern. The existing recurrent funding model, assumes continued exchequer support for ongoing refurbishment, maintenance and infrastructural capacity needs. The absence of capital grants will be a real barrier to meeting future demographic demand, as the level of recurrent funding provided for students, will not sustain borrowings to fund essential infrastructural investment.

A new sustainable funding model for the sector is now urgently required to enable UCC play its role in supporting the economic, cultural and social development of the region and of Irish society.



Dr. Dermot O'Mahoney,  
Honorary Treasurer  
29<sup>th</sup> October 2019.

## STATEMENT OF GOVERNING BODY'S RESPONSIBILITIES

The Governing Body 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 Body is responsible for ensuring the financial statements for each financial year give a true and fair view of the state of the affairs of the University and the University group and the surplus or deficit of the University group for the period.

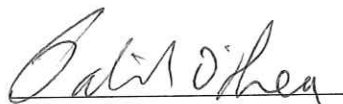
In respect of the preparation of these financial statements the Governing Body is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- disclose and explain any material departures from applicable accounting standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the University will continue in operation.

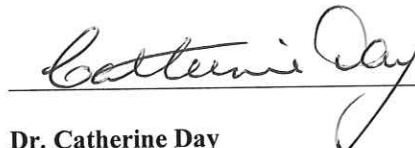
The Governing Body is responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the University and which enable it to ensure that its financial statements comply with the Universities Act, 1997, the Statement of Recommended Practice on Accounting for Further and Higher Education Institutions and are prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by The Financial Reporting Council.

The Governing Body 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.

Signed on behalf of the Governing Body:



**Professor Patrick O'Shea**  
**President**



**Dr. Catherine Day**  
**Chairperson UCC Governing Body**

Date: 29<sup>th</sup> October 2019.



## INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF UNIVERSITY COLLEGE CORK

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### Report on the audit of the financial statements

#### Opinion on the financial statements of University College Cork

In our opinion the group and university financial statements:

- give a true and fair view of the assets, liabilities and financial position of the group and university as at 30 September 2018 and of the deficit of the group for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework.

The financial statements we have audited comprise:

the group and university financial statements:

- the Consolidated Statement of Comprehensive Income;
- the Consolidated and University Statement of Changes in Reserves;
- the Consolidated and University Statement of Financial Position;
- the Consolidated Statement of Cashflows; and
- the related notes 1 to 36, including a summary of significant accounting policies as set out in note 1.

The relevant financial reporting framework that has been applied in the preparation of the group and the university financial statements is the Universities Act 1997, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council and the Statement of Recommended Practice (the 'SORP') Accounting for Further and Higher Education as voluntarily adopted by the university ('relevant financial reporting framework').

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "*Auditor's responsibilities for the audit of the financial statements*" section of our report.

We are independent of the group and university in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, 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 opinion.

#### **Emphasis of Matter – Recognition of Pension Scheme Assets**

In forming our opinion, we have considered the adequacy of the disclosures made in Note 32 to the financial statements concerning the recognition of an asset equivalent to the university's pension liabilities. The assets of the Closed Scheme have been transferred to the National Pension Reserve Fund and under Section 12(6) of the Financial Measures (Miscellaneous Provisions) Act, 2009, the Oireachtas will make good any deficiency arising if the aggregate of members' and employers' contributions paid to or withheld by the university are insufficient to meet the university's obligations to pay these benefits in accordance with the scheme. The obligations of the '2005 scheme' are met on a 'pay as you go' basis by the State following the transfer of the scheme assets to the National Pension Reserve Fund in 2009, and an asset equivalent to the '2005 scheme' pension liability has been recognised in the financial statements as part of its overall deferred pension funding asset. At 30 September 2018, the pension asset amounted to €1,478m. In view of the significance of these matters, we consider that they should be drawn to your attention. Our opinion is not modified in this respect.

## INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF UNIVERSITY COLLEGE CORK

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### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the governing body's use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the governing body have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group or university's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The governing body is responsible for the other information. The other information comprises the information included in the Consolidated Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Responsibilities of governing body.

As explained more fully in the Statement of Governing Body's Responsibilities, the governing body are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the governing body determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the governing body are responsible for assessing the group 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 body either intend to liquidate the group and university or to cease operations, or have no realistic alternative but to do so.



**INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF  
UNIVERSITY COLLEGE CORK**

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**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.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and university's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the governing body.
- Conclude on the appropriateness of the governing body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and university's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the group to express an opinion on the consolidated financial statements. The group auditor is responsible for the direction, supervision and performance of the group audit. The group auditor remains solely responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

- This report is made solely to the governing body of University College Cork in accordance with our engagement letter. Our audit work has been undertaken so that we might state to the university's governors 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 university's governors as a body, for our audit work, for this report, or for the opinions we have formed.

## INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF UNIVERSITY COLLEGE CORK

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### Report on other legal and regulatory requirements

#### Matters on which we are required to report by exception

We have nothing to report in respect of the provisions of the Code of Governance for Irish Universities which require us to report if, in our opinion, the statement of internal control required by the Code of Governance for Irish Universities made in the Statement of Governance and Internal Control does not reflect the university's compliance with the relevant provisions of the Code and is not consistent with the information of which we are aware from our audit work on the financial statements.



Honor Moore  
For and on behalf of Deloitte Ireland LLP  
Chartered Accountants and Statutory Audit Firm  
No. 6 Lapps Quay, Cork, Ireland.

Date: 9 January 2020

Notes: An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial statements since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in Ireland governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.



## STATEMENT ON GOVERNANCE AND INTERNAL CONTROL

### Statement from Governing Body in relation to responsibility and compliance

The Governing Body of University College Cork confirms its responsibility for and satisfaction that the University is in compliance with all statutory obligations applicable to the University that may be set out in legislation governing the establishment of the University and to the best of its knowledge and belief with those obligations set out in other relevant legislation.

### Code of Governance

In 2006 the HEA developed a Code of Governance for the University sector which set out best practice governance arrangements for Irish Universities. The code envisaged a period of transition of three years for the sector to move from existing practice in 2007 and to the recommended configuration. In February 2007, the Governing Body of University College Cork formally adopted the Code of Governance for Irish Universities and commenced the process of implementing the required processes and procedures to ensure full compliance over the period 2007 to 2010.

A revised code of governance of Irish Universities was issued in December 2012 which updated the code including the amalgamation of the annual governance declaration with the statement of internal control, into one combined Statement of Governance and Internal Control. The revised Code of Governance of Irish Universities was approved by the Governing Body on 19 June, 2012. The University remains compliant with the Governance of Universities code 2012 and is actively engaged through the IUA with the Higher Education Authority in respect of the development of a revised Code of Governance for the Sector.

### General Governance and Accountability Issues

The University operates within a comprehensive legislative and statutory framework, which includes the Universities Act 1997, the Principal Statute of the University, a set of Governing Body Regulations which specifically govern the conduct of Governing Body business, appointment, selection and recruitment to the Governing Body and all recruitment procedures of the University.

Academically the University is managed through four Colleges, each of which has a specific set of College Rules, in compliance with the University's Principal Statute.

The Signing Authority and Approval Policy directs the University's staff and officers in relation to the appropriate sources of approval and ability to bind the University in contracts. The Signing Authority and Approval Policy was reviewed during 2016 and approved by Governing Body in February 2016. In short, the University has in place a comprehensive governance framework which is necessary for the governance and management of a large and complex institution.

There are no specific governance or accountability issues which require to be highlighted in this Statement of Governance and Internal Control.

### Governing Authority Responsibility for System of Internal Control

The President acknowledges that the Governing Authority is responsible for the University's system of internal control, and that this statement requires the formal approval of the Governing Authority which was obtained on 5 February, 2019.

### 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 that the assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely period.

### Code of Conduct for Members

A Code of Conduct for Members of the Governing Body and Governing Body Committees was approved by UCC Governing Body on 28 October 2008 and is now incorporated into a Regulation governing the Conduct of Governing Body Business. This Regulation was updated in 2016.

## STATEMENT ON GOVERNANCE AND INTERNAL CONTROL

### Code of Conduct for Employees

A Code of Conduct for Employees was agreed with Unions and approved by the Governing Body in April 2009. Policies governing the conduct of staff are in place. The conduct of staff is primarily governed by the contract of employment. Employees are required to comply with a range of policies and details of these policies are included in a starter pack issued to new employees with their contract of employment and are part of orientation for new staff. UCC HR policies are available on the UCC website and a web-link to these policies is included in the contract of employment. Conflict of interest policies and ethics in public office are also in place. The Conflict of Interest policy is currently being updated.

### Financially Significant Developments –

There were no significant financial developments affecting UCC in the year 2017-2018.

### *Confirmation of financial position of the University.*

The University continues to operate in a sustainable manner.

### Pay

UCC affirms that Government policy on pay is being complied with.

Details of all redundancy payments are returned to the CSO on a quarterly basis. Where a redundancy situation arises, before an ex gratia payment is processed, approval is received from the Department of Education and Skills and the Department of Public Expenditure and Reform.

### Financial Reporting

The University affirms that all appropriate procedures for the production of the annual financial statements are in place.

### Campus Development

The University has completed discussions with third parties in relation to the purchase of additional space which will result in future finance lease obligations of approximately €13m.

### Trusts and Foundations

The University's Trust Funds have been consolidated in the financial statements since 2016. In addition, a full disclosure note in relation to the Cork University Foundation is now included in the financial statements.

### Internal Audit

The University operates an independent Internal Audit function reporting to the University's Audit Committee (a committee of Governing Body). The Internal Audit Charter has been updated in line with the HEA Code and amended International Professional Practices Framework (IPPF) and was approved by the Audit Committee on 5th May, 2017.

Internal Audit carries out an annual programme of risk-based audits. This annual plan is approved by the University's Audit Committee. The UCC Internal Audit Office follows the IPPF as promulgated by the Institute of Internal Auditors (IIA) in the conduct of internal audit projects. The 2018 annual plan was approved by the UCC Audit Committee on 19th January, 2018.

### Procurement

The University confirms that procurement procedures in place have been communicated to all staff and that to the best of UCC's knowledge and belief the University continues to strive to ensure compliance with these procedures in all material ways.

UCC can confirm that as an organisation it endeavours to comply with national Procurement guidelines, appropriate procedures for procurement are being carried out and implementation of the Corporate Procurement Strategy is being adhered to where appropriate.

#### (i) Procurement Non-Compliance:

All expenditure in excess of €25k is obliged to be notified to the Procurement Officer, to ensure full compliance with procurement guidelines

#### (ii) Details of Non-Compliant Procurement:

Procurement is a standard item on the Finance Committee agenda.

The University makes every effort to comply fully with national procurement guidelines through devolved authority and reporting structures. Total self-declared non-compliant expenditure was €1.67m in 2017/18. Plans are in place to address this spend in the coming year.



## STATEMENT ON GOVERNANCE AND INTERNAL CONTROL

### (ii) **Corporate Procurement Plan:**

UCC confirms it has all relevant procurement policies and procedures in place as well as a Procurement Strategy (Corporate Procurement Plan) all of which are available on UCC's website. UCC also submitted their Multi Annual Procurement Plan (MAPP) to the Education Procurement Service (EPS) in November 2018.

### (iii) **Office of Government Procurement (OGP):**

UCC fully complies with use of OGP/EPS services wherever applicable and has adopted the use of all OGP/EPS frameworks when needed and where they appropriately meet UCC's requirements.

### **Asset Disposals**

The disposal of University assets to third parties and employees is governed by University procedures communicated to all staff. All appropriate procedures for the disposal of assets are being carried out.

The disposal of University assets to third parties or grants of access to property or infrastructure for commercial arrangements with third parties above the threshold of €150,000 have been subject to auction or competitive tendering process.

### **Guidelines for the Appraisal and Management of Capital Proposals**

The University confirms that a process is in place to facilitate compliance with the Guidelines for the Appraisal and Management of Capital Projects issued by the Department of Finance in February 2005. The Guidelines for the Appraisal and Management of Capital Proposals are being adhered to where appropriate.

### **Travel Policy**

UCC 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 travel circulars and the requirements of the Revenue Commissioners in relation to employee expenses. UCC has its own travel policy based on vouched expenses having regard to Department of Finance rates for mileage.

### **Guidelines on Achieving Value for Money in Public Expenditure**

The University, to the best of its knowledge and belief, has followed the Guidelines on Achieving Value for Money in Public Expenditure as set out in the address by the Minister for Finance of 20th October, 2005 and communicated to the universities.

### **Tax Laws**

The University is to the best of its knowledge and belief fully compliant with taxation laws and is committed to ensuring that all tax liabilities are paid on the relevant due dates.

### **Legal Disputes**

The University appealed a decision of the Information Commissioner in relation to the release of the details of the EIB banking loan and all of the University banking arrangements to an external party. A High Court hearing in February 2019 ruled in the University's favour.

### **Good Faith Reporting – Protected Disclosures Act 2014**

The University can confirm that a Whistleblowing Policy that is in line with the Protected Disclosures Act 2014 is in place.

An annual report will be published in 2019 when the current President is in the third year of his term or in 2020 when 3 years of the Strategic Plan have been completed.

There was one protected disclosure ongoing from the previous year and a second protected disclosure received.

### **Governing Authority meetings**

Seven [7] Governing Body meetings took place during the academic year 2017-2018.

### **Audit Committee meetings**

There is a Governing Body Audit Committee. The Audit committee met on seven [7] occasions during the financial year ended 30 September 2018.

## STATEMENT ON GOVERNANCE AND INTERNAL CONTROL

### Review of Governing Authority performance

In September 2018, the Institute of Public Administration (IPA) were appointed, following a tender process, to carry out an External Board Evaluation of the Governing Body. This Evaluation was presented to the new Governing Body on 4 and 5 February 2019. An action plan has now been developed and the implementation of recommendations is underway.

### Salary of President

The gross salary of the President during the year 2017-18 was €193,444.70

### Data provided to HEA

Processes are in place both centrally and in the Colleges to ensure the integrity and robustness of data on student numbers which is returned to the HEA for the purpose of calculating and allocating the core grant. The university has, to the best of its ability, satisfied itself as to the robustness of staff numbers provided to the HEA on a quarterly basis or as required.

### Child Protection Policy

The University has revised its Child Safeguarding Statement so that it is in line with the Child First Act, 2015. This has been approved by the Governing Body and is on UCC's website. A relevant liaison person has been nominated. A list of the mandated persons is available. Training has also been provided to UCC staff so that they are aware of their obligations.

### Fees and Expenses

Expenses paid to members of Governing Authority are in accordance with the guidelines from the Department of Finance and are presented in the University's Annual Report. The total expenses paid in 2017/18 amounted to €4,468.00

### Subsidiaries and interests in external companies

#### (i) Compliance with terms and conditions of consent of establishment:

The University confirms that all subsidiary companies of the University continue to operate solely for the purpose as approved by the Governing Authority, remain and continue to remain in full compliance with the terms and conditions of the consent under which they were approved.

#### (ii) Code of governance for trading subsidiaries:

Each subsidiary company produces financial statements which are independently audited and are included in the UCC Consolidated Financial Statements. The subsidiary companies audited statutory financial statements are presented to the Finance Committee and to the Audit Committee of Governing Body. In addition, an annual report from each subsidiary is presented to Governing Body. A tender process has been carried out to identify a suitable external advisor to advise on a governance handbook for University subsidiaries. This governance handbook for subsidiary companies will be put in place in 2019.

### Review of the Statement of Internal Control (Governing Authority and Audit Committee)

The University confirms that the statement on the System of Internal Controls will be reviewed by the Audit and/or Risk Management Committee and the Governing Authority to ensure it accurately reflects the control system in operation during the reporting period.

### Review of the Statement of Internal Control (Auditors)

The University confirms that the statement on the System of Internal Controls will be reviewed by its auditors to confirm that it reflects the University's compliance with the requirements of paragraph 1.9 (iv) BFRR and is consistent with the information of which they are aware from their audit work on the financial statements and where this is not the case, the statutory auditor should report on this in the audit report on the relevant financial statements.

### Key procedures put in place designed to provide effective internal control

#### (i) Appropriate Control Environment:

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.

The Governing Body of UCC acknowledges its responsibility for developing and maintaining an effective system of internal control.

To discharge effectively this responsibility, there are two main standing committees of the Governing Body that provide the assurance to Governing Body around governance, risk and control. These are:



## STATEMENT ON GOVERNANCE AND INTERNAL CONTROL

The Finance Committee under delegation in statute from Governing Body oversees the financial management of the University.

The Audit Committee keeps under review and advises Governing Body on the operation and effectiveness of the University's risk management systems.

The University's system of internal control remains under constant review. The publication of the revised Code of Governance for Universities in 2019 will mean a further review of internal controls will be necessary.

The University continues to review and enhance its internal control environment as required to ensure relevant risks are mitigated to an acceptable level.

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.

The key elements of the system of internal control include:

- Clearly defined management responsibilities including segregation of duties, formal delegated authorities and sample checking of invoices and payments;
- Policies, procedures and regulations;
- Login, profile, management and password controls for access and use of financial systems;
- Strategic planning processes;
- Planning, resource allocation and budgetary control systems which are monitored through regular management reporting including the issuing of monthly reports to budget-holders and review by senior management throughout the year;
- Information systems to ensure timely management reporting;
- A risk management system which identifies and reports key risks and the management actions taken to address these risks;
- Adherence to national policy as informed by HEA and Departmental circulars and communiques.

### (ii) Business Risks

The Audit Committee keeps under review and advises Governing Body on the operation and effectiveness of the University's risk management systems.

A Risk Management Committee is also in place which reports to the University Management Team and the Audit Committee. The signed minutes from each Risk Management Committee meeting are circulated to the Audit Committee and the University Management Team after each meeting.

A University Risk Register is in place and is subject to review at 6 meetings of the Risk Management Committee and 2 Risk Workshops for the University Management Team each year. Risk Management is on the agenda of every University Management Team meeting [c. 26 meetings per year].

The University Risk Register is considered at every meeting of the Governing Body. The Risk Management Committee provides an annual report to the Audit Committee of Governing Body.

The Risk Management Committee has responsibility for the embedding of risk management across the University.

A Risk Management Officer supports Risk Management and Business Continuity Planning within the University.

### (iii) Information Systems

UCC uses the AGRESSO Finance Management system which provides for variance analysis to be undertaken on a regular basis. Reports comparing budget versus actual performance are produced during the financial year.

## STATEMENT ON GOVERNANCE AND INTERNAL CONTROL

The University's annual external audit includes a review of the effectiveness of relevant information systems. The review is considered by Management and the Audit Committee. Any weaknesses identified during that review are addressed during the following financial year.

### (iv) **Financial Implications of Major Business Risks:**

The system of Internal Control has procedures to prevent and detect fraud such as authorisation limits (the Signing Authority and Approval Policy 2017) and segregation of duties. A Fraud Policy is also in place and a Fraud Response Panel is established to deal with any allegations of fraud.

### (v) **Monitoring the Effectiveness of the Internal Control System:**

Monitoring the effectiveness of the system of internal control is informed by the following processes:

- on-going review by the University Management Team and the provision of annual assurance statements by senior officers;
- the Annual Report of the President to the Governing Body;
- the President's Routine Reports presented at each meeting of the Governing Body;
- reports from the Finance Committee meetings relating to income, expenditure, research, treasury, debtors, liabilities/borrowings and capital which are placed before meetings of the Governing Body;
- reports from Academic Council meetings to meetings of the Governing Body;
- Risk Management Committee and monitoring of the risk register;
- Risk Management Committee minutes forwarded after each meeting to UMT and Audit Committee;
- the regular report to Governing Body and the annual report of the Audit Committee to the Governing Body together with the work performed by the Internal Audit function during the year and comments arising from the committee's review of risk management and corporate governance arrangements;
- Management letters and reports from the University's external auditors and the Comptroller and Auditor General which are reviewed by the Audit Committee;
- Quality Assurance reports;
- communication of the results of other periodic reviews.

### **Review of the Effectiveness of the System of Internal Control**

Controls are continually reviewed to ensure they are effective. The review framework includes:

- five-year audit plan cycle covering all financial risks, various internal audit reviews annually on same;
- commercial external auditor review of transactional and ICT controls as part of the annual audit;
- devolved accountability and sign off by managers of SIC confirming individual managers are operating within controls and policies, testing of this local assurance by Internal Audit review with follow up if appropriate,
- benchmarking of our controls vis a vis sector for improvements as part of QA reviews,
- reporting on non-compliance, if any, in addition, the Finance Office risk register includes an assessment of controls – where these are scored as an amber or higher risk, appropriate additional mitigating actions are put in place.

The University comprises of Colleges, Schools, Departments, research centres, administrative and support units.

Each year, key University management personnel review the system of internal controls in their area of responsibility and confirm the adequacy of the systems of internal controls applicable in their functional area.

In addition, the UCC Audit Committee reviews all reports of the University provided to it by the executive, as well as the UCC Internal Audit function reports.

### **Weaknesses in Internal Control. Disclosure of details regarding instances where breaches in control occurred:**

For the period 2017/18 no weaknesses in internal controls were identified which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements.

### **Description of the action taken to correct weaknesses**

Not Applicable



## STATEMENT ON GOVERNANCE AND INTERNAL CONTROL

### Acknowledgement by the Chief Officer that the Governing Body is responsible for the system of internal Control

I Patrick O'Shea, President of University College Cork, hereby confirm that the Governing Body of University College Cork is responsible for its system of internal control.

Signed:  Date: 29<sup>th</sup> October 2019.

### Approval by Governing Body

I Dr Catherine Day, Chairperson of the Governing Body of University College Cork and Chair of the meeting at which the Statement of Governance and Internal Control was approved, hereby confirm that the Governing Body at its meeting on 5th February 2019 approved this Statement of Governance and Internal Control and specifically approved the President's Statement above.

Signed:  Date: 29<sup>th</sup> October 2019.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**Year Ended 30 September 2018**

		Consolidated	Consolidated	Consolidated	Consolidated
	Notes	2018	2018	2017	2017
		€'000	€'000	€'000	€'000
<b>Income</b>					
State grants	3		49,721		44,761
Academic fees	4		142,272		136,859
Research grants and contracts	5		94,750		93,080
Amortisation of state capital grants	24		10,753		11,543
Other operating income	6		56,163		53,684
Interest income	7		45		83
Investment income	8		440		156
Deferred funding for pensions	32		<u>61,475</u>		<u>57,323</u>
<b>Total income before endowments and donations</b>			<u>415,619</u>		<u>397,489</u>
Donations and endowments	9		<u>1,931</u>		<u>2,738</u>
<b>Total Income</b>			<u>417,550</u>		<u>400,227</u>
<b>Expenditure</b>					
Staff costs	10	240,379		230,809	
Pension service cost	32	<u>28,112</u>	268,491	<u>36,036</u>	266,845
Other operating expenses	11		91,631		88,152
Interest payable and similar charges	12	2,719		2,175	
Pension Interest Expense		<u>33,216</u>	35,935	<u>24,679</u>	26,854
Depreciation	15		<u>23,284</u>		<u>21,711</u>
<b>Total expenditure</b>			<u>419,341</u>		<u>403,562</u>
<b>Deficit before other gains/losses</b>			(1,791)		(3,335)
(Loss)/ on disposal of fixed assets			-		(4)
Gain on investments			<u>566</u>		<u>562</u>
<b>Deficit before taxation</b>	14		(1,225)		(2,777)
Taxation	13		<u>-</u>		<u>-</u>
<b>Deficit for the year after depreciation of assets and after taxation</b>	14		<u>(1,225)</u>		<u>(2,777)</u>
Actuarial gain in respect of pension schemes			(71,698)		(227,946)
Movement on pension receivable			<u>71,698</u>		<u>227,946</u>
<b>Total comprehensive income for the year</b>			<u>(1,225)</u>		<u>(2,777)</u>
<b>Represented by:</b>					
Restricted comprehensive income for the year	26		1,245		3,066
Unrestricted comprehensive income for the year			<u>(2,470)</u>		<u>(5,843)</u>

The deficit for the year arose solely from continuing operations.

**CONSOLIDATED AND UNIVERSITY STATEMENT OF CHANGES IN RESERVES**  
**Year Ended 30 September 2018**

**Consolidated**

	Income and Expenditure reserve Unrestricted	Income and Expenditure reserve Restricted	Total
	€'000	€'000	€'000
Balance at 01 October 2016	232,966	10,215	243,181
Deficit from income & expenditure statement	<u>(5,843)</u>	<u>3,066</u>	<u>(2,777)</u>
Balance at 30 September 2017	227,123	13,281	240,404
Deficit from Statement of comprehensive income	<u>(2,470)</u>	<u>1,245</u>	<u>(1,225)</u>
Balance at 30 September 2018	<u>224,653</u>	<u>14,526</u>	<u>239,179</u>

**University**

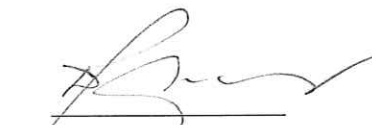
	Income and Expenditure reserve Unrestricted	Income and Expenditure reserve Restricted	Total
	€'000	€'000	€'000
Balance at 01 October 2016	192,585	-	192,585
Deficit from income & expenditure statement	<u>(8,960)</u>	<u>-</u>	<u>(8,960)</u>
Balance at 30 September 2017	183,625	-	183,625
Deficit for the year	<u>(5,216)</u>	<u>-</u>	<u>(5,216)</u>
Balance at 30 September 2018	<u>178,409</u>	<u>-</u>	<u>178,409</u>

**CONSOLIDATED AND UNIVERSITY STATEMENT OF FINANCIAL POSITION**  
**30 September 2018**

	Notes	Consolidated		University	
		2018	2017	2018	2017
		€'000	€'000	€'000	€'000
<b>Non-current assets</b>					
Fixed assets	15	648,029	620,824	534,011	508,940
Heritage assets	16	2,500	2,334	2,500	2,334
Investments in subsidiaries	16	-	-	163	163
Investments	16	<u>17,846</u>	<u>17,908</u>	<u>-</u>	<u>-</u>
		<u>668,375</u>	<u>641,066</u>	<u>536,674</u>	<u>511,437</u>
<b>Current assets</b>					
Stocks	17	506	805	204	437
Debtors	18	36,036	33,044	50,167	44,354
Investments	19	25,000	-	25,000	-
Cash at bank	20	<u>61,656</u>	<u>68,909</u>	<u>49,578</u>	<u>57,577</u>
		<u>123,198</u>	<u>102,758</u>	<u>124,949</u>	<u>102,368</u>
<b>Creditors: Amounts falling due within one year</b>	21	<u>(208,838)</u>	<u>(185,183)</u>	<u>(189,212)</u>	<u>(169,822)</u>
<b>Net current liabilities</b>		<u>(85,640)</u>	<u>(82,425)</u>	<u>(64,263)</u>	<u>(67,454)</u>
<b>Total assets less current liabilities</b>		582,735	558,641	472,411	443,983
<b>Creditors: Amounts falling due after one year</b>	22	(340,311)	(314,845)	(290,757)	(256,966)
Retirement benefit liability	32	(1,481,214)	(1,491,584)	(1,481,214)	(1,491,584)
Retirement benefit receivable	32	<u>1,477,969</u>	<u>1,488,192</u>	<u>1,477,969</u>	<u>1,488,192</u>
<b>Total net assets</b>		<u>239,179</u>	<u>240,404</u>	<u>178,409</u>	<u>183,625</u>
<b>Restricted reserve</b>					
Income and expenditure-restricted reserve	26	14,526	13,281	-	-
<b>Unrestricted reserve</b>					
Income and expenditure unrestricted reserve		<u>224,653</u>	<u>227,123</u>	<u>178,409</u>	<u>183,625</u>
<b>Total</b>		<u>239,179</u>	<u>240,404</u>	<u>178,409</u>	<u>183,625</u>

The financial statements were approved by the Governing Body on the 29<sup>th</sup> October 2019 and were signed on its behalf by:

Signed:   
Professor Patrick O'Shea  
President

  
Dr. Dermot O'Mahoney  
Honorary Treasurer



**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED  
30 September 2018**

	<b>2018</b>	<b>2017</b>
	<b>€'000</b>	<b>€'000</b>
<b>Cash flow from operating activities</b>		
Deficit for year	(1,225)	(2,777)
<b>Adjustment for non-cash items</b>		
Goodwill arising on IMI acquisition	-	(714)
Depreciation	23,284	21,711
Deferred state capital grants released to income	(10,753)	(11,543)
Loss on disposal of fixed assets	-	4
Gain on investments	(566)	(562)
(Increase)/Reduction in deferred funding for pensions	(147)	3,392
<b>Adjustment for working capital movements</b>		
Decrease/(Increase) in stocks	299	(120)
(Increase)/decrease in debtors	(2,992)	4,127
Increase/(decrease) in creditors	10,515	(11,486)
<b>Adjustment for investing or financing activities</b>		
Investment income	(440)	(156)
Donations received	(1,931)	(2,738)
Movement in Trust Fund Investments	62	(3,284)
Interest payable	2,719	2,175
Other interest received	(45)	(83)
<b>Net cash inflow (outflow) from operating activities</b>	<b><u>18,780</u></b>	<b><u>(2,054)</u></b>
<b>Cash flows from investing activities</b>		
Deferred state capital grants received	7,240	14,125
Investment Income	440	156
Purchase of tangible and heritage assets	(37,540)	(35,409)
Proceeds on disposal of fixed assets	3	-
Donations received	1,931	2,738
Interest receivable	45	83
Gain on investments	566	562
	-	-
<b>Net cash outflow from investing activities</b>	<b><u>(27,315)</u></b>	<b><u>(17,745)</u></b>
<b>Cash flows from financing activities</b>		
<i>Debt due within one year:</i>		
Interest payable	(2,719)	(2,175)
Increase/(decrease) in short term borrowings	13,632	(4,567)
<i>Debt due after one year:</i>		
Increase in long term borrowings	15,532	55,890
Payment of finance lease obligations	(163)	-
Decrease in obligations under financing arrangements/other	-	(10,049)
<b>Net cash inflow from financing activities</b>	<b><u>26,282</u></b>	<b><u>39,099</u></b>
<b>Increase in cash and cash equivalents in the year</b>	<b>17,747</b>	<b>19,300</b>
Cash and cash equivalents at beginning of year	68,909	49,119
IMI Cash and Cash Equivalents at Acquisition	-	490
Cash and cash equivalents at end of year	<b><u>86,656</u></b>	<b><u>68,909</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Statement of accounting policies

The significant accounting policies adopted by the University are as follows:

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

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council, and promulgated for use in Ireland by Chartered Accountants Ireland and the statement of recommended practice ("SORP") – accounting for further education/higher education as voluntarily adopted by University College Cork.

#### b. Basis of consolidation

The Group financial statements consolidate the financial statements of the University, the University College Cork Trust Fund and its subsidiary undertakings made up to 30 September 2018.

The activities of the Students' Union of University College Cork have not been consolidated because the University does not control those activities. The financial statements of Cork University Foundation DAC are 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.

#### c. Going concern

The University's activities and its immediate future development are described in the Honorary Treasurer's Report. The financial position of the University, including cash flow, borrowings and liquidity have been assessed as part of future infrastructural funding requirements and in the development of the current strategic plan. The Governing Body is satisfied that the University has adequate resources to meet its obligations as they fall due for the foreseeable future. The net current liability position at 30 September 2018 arises primarily from funds, received in advance of the financial year end, from research, academic and grant funding sources, therefore, the net current liability position does not indicate the need for cash flow funding. These funds, received in advance of year end, are shown as current liabilities at 30 September 2018 and will be utilised by the University in the year to 30 September 2019. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### d. Tangible fixed assets

##### (i) Land and buildings

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. The cost of certain tangible fixed assets includes payroll costs which are directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	50 years
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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.

The last valuation was carried out on 30 September 1994. The University has fixed the value of the land and buildings as at 30 September 1994 as this was the first year of the implementation of generally accepted accounting principles in respect of fixed assets in presenting the financial statements of the University. Consistent with paragraph 35.10(d) FRS 102, the University took the transitional exemption available to a first time adopter, in the financial year ended 30 September 2016, to use this previous GAAP valuation for tangible fixed assets as its deemed cost at the date of transition.

##### (ii) Equipment

All Equipment is capitalised at cost. Capitalised equipment is depreciated over its useful economic life as follows:

Computer equipment	3 years
Equipment	5 years



## NOTES TO THE FINANCIAL STATEMENTS

### 1 Statement of accounting policies - continued

Where equipment is acquired with the aid of state capital grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the statement of comprehensive income over the expected useful economic life of the related equipment.

#### e. Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance lease. Assets held under finance leases are depreciated over the useful life of the related asset if there is reasonable certainty that the University will obtain ownership by the end of the lease term. Lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the Statement of Comprehensive Income in proportion to the reducing capital element outstanding.

#### f. Heritage assets

The University has acquired many assets of unqualified historic and cultural importance to the State. The UCC collection includes artworks and other paintings and artefacts. Artwork purchased for the benefit of the University is capitalised in the Statement of Financial Position at original cost and is not depreciated.

#### g. Investments – Non current

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified at fair value through the statement of comprehensive income. All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

#### h. Investments-Current

Current Investments represent cash deposits with a maturity of 3 months or more. Current investments are short term cash investments with an insignificant risk of change in value.

#### i. 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.

#### j. 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 were objective evidence of impairment, an impairment loss would be recognised in the Statement of Comprehensive Income. There are no indicators of asset impairment at 30 September 2018.

#### k. Taxation

No taxation charge arises as the University and the majority of its subsidiary companies are exempt charities and are not liable for corporation tax or income tax on any of their charitable activities. The University 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 tax relating to these activities is returned to the Revenue by the University.

#### l. 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



## NOTES TO THE FINANCIAL STATEMENTS

tangible fixed 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 state bodies received in respect of the acquisition or construction of fixed assets are recognised over the expected useful life of the asset.

### *Academic Fees*

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

### *Research grants and contracts*

Income from research grants and contracts is recognised based on the performance model i.e. income is recognised to the extent that performance-related conditions have been met. In general, this is equivalent to the expenditure incurred during the year and any related contributions towards overhead costs.

### *Income from short-term deposits*

All income from short-term deposits is credited to the Statement of Comprehensive Income in the period in which it is earned.

### *Investment income*

All investment income is reflected in the financial statements on a receipts basis, except for dividends and income receivable at the financial year end which is accrued.

### *Donations with no restrictions*

Donations with no restrictions include amounts given to the University College Trust Fund 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.

### *Donations with restrictions*

Donations with restrictions are recorded within the Statement of Comprehensive Income on entitlement to the income. The restricted income received is held in the temporarily restricted reserve until such time expenditure is incurred in accordance with the restrictions.

## **m. Retirement benefits**

The University operated three defined benefit pension schemes during the year, as detailed in note 32.

New entrants to the Public Service on or after 1 January 2013 are members of a new pension scheme, the Single Public Service Pension Scheme (SPSPS). This scheme is administered by the Department of Public Expenditure and Reform. The SPSPS applies to all new staff who joined the public sector as new entrants on or after 01 January 2013. It is a defined benefit retirement scheme. All employment retirement contributions to the SPSPS are paid to a State retirement benefit account. The scheme operates on a pay as you go basis.

Pension benefits for certain other employees of certain subsidiary undertakings are met by payments to a defined contribution pension scheme. Contributions are charged to the Consolidated Statement of Comprehensive Income account in the year in which they fall due. Pension costs are accounted for on the basis of charging the cost of providing pensions over the period during which the University benefits from the employees' services. For defined benefit schemes the amounts charged to the statement of comprehensive income are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to the Consolidated Statement of Comprehensive Income and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

### *Retirement benefit receivable asset*

As further detailed in note 32, the University was advised that the State would meet the future retirement benefit liabilities for the University College Cork (closed) scheme as part of the Financial Measures (miscellaneous provisions) Act, 2009. Under FRS 102, if any entity is virtually certain that another party would reimburse some or all of the expenditure required to secure a defined benefit obligation, the entity shall recognise the right to reimbursement as an asset. An entity shall treat those assets in the same way as plan assets. As a result, the financial statements reflect a receivable asset of €1,478.0m which is offset against expected the retirement liability of €1,481.2m. Movements on this retirement benefit receivable are included in the Consolidated Statement of Comprehensive Income in order to mirror the underlying movement on the retirement liability.

## NOTES TO THE FINANCIAL STATEMENTS

### **n. 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.

### **o. Investments**

Investments in subsidiaries are carried at cost less impairment in the University's financial statements. Current asset investments represent monies placed on deposit. Any interest earned thereon is credited to the Statement of Comprehensive Income.

### **p. Goodwill**

Goodwill arising on the acquisition of subsidiary undertakings and businesses, 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. Provision is made for any impairment. Negative goodwill is similarly included in the statement of financial position and is credited to the statement of comprehensive income in the periods in which the acquired non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the statement of comprehensive income in the periods expected to benefit.

## **2 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the University's accounting policies, which are described in note 1, the Governing Body are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis.

### **Critical judgements in applying the University's accounting policies**

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

#### *1) Pension*

As outlined in Note 32 to the financial statements, the University operates three defined benefit pension schemes. On the basis that the Oireachtas will make good any deficiency arising to meet the University's obligations to pay pension benefits, the pension liability has been offset by the recognition of a retirement receivable asset. At 30 September 2018, the pension asset amounted to €1,478.m and the pension liability amounted to €1,481.2m. In view of the significance of these matters, the University considers this a significant area of judgement. Refer to note 32 for additional details.

### **Key source of estimation and uncertainties**

The following estimates have had the most significant effect on the amounts recognised in the financial statements:

#### *1) Useful economic lives*

The useful economic lives of tangible assets are key assumptions concerning the future at the reporting date. In determining these estimates, the University has considered: the expected physical wear and tear, technical and commercial obsolescence and any other limits on the use of assets. The University has also considered whether any material items within classes of assets should have a separate depreciation rate to reflect the useful life of such assets and consider no such items to be relevant following review.

#### *2) Provisions*

Provisions are recognised when the University has a present obligation (legal or constructive) as a result of a past event, that is probable that the University will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.



## NOTES TO THE FINANCIAL STATEMENTS

### 3) Impairment

The University having considered the carrying value of tangible assets consider that there are no indicators of impairment to the University's assets at 30 September 2018.

### 4) Pension benefits – assumptions

The University operates three defined benefit schemes. The cost of these benefits and the present value of the pension obligations is based on actuarial assumptions including; life expectancy, salary increases, pension increases, discount rates and inflation. The assumptions reflect historical experience and current trends. Further details are given in note 32 to the financial statements.

<b>3</b>	<b>State grants</b>	<b>2018</b> <b>€'000</b>	<b>2017</b> <b>€'000</b>
	State grants allocated for recurrent purposes	<u>49,721</u>	<u>44,761</u>
	The above grant income was received from the Higher Education Authority and the Department of Health.		
<b>4</b>	<b>Academic fees</b>	<b>2018</b> <b>€'000</b>	<b>2017</b> <b>€'000</b>
	Academic fee income	<u>142,272</u>	<u>136,859</u>
	A total of €45,272,523 (2017: €43,705,452) included in academic fee income was paid directly by the Higher Education Authority.		
<b>5</b>	<b>Research grants and contracts</b>	<b>2018</b> <b>€'000</b>	<b>2017</b> <b>€'000</b>
	State and semi-state	65,601	64,728
	European Union	15,092	16,797
	Industry	10,167	9,478
	Other	<u>3,890</u>	<u>2,077</u>
		<u>94,750</u>	<u>93,080</u>
<b>6</b>	<b>Other operating income</b>	<b>2018</b> <b>€'000</b>	<b>2017</b> <b>€'000</b>
	Rental income	2,590	2,494
	Funded post income	1,022	986
	Student residences income	7,789	7,504
	Leisure facilities income	2,462	2,683
	Student Facilities & Services (UCC) DAC income	3,386	3,485
	Art Gallery income	334	318
	Irish Management Institute Income	15,499	10,905
	Goodwill arising on the acquisition of Irish Management Institute	-	714
	Academic income – colleges & departments	11,125	10,734
	Service & support areas	11,570	13,474
	Other income	<u>386</u>	<u>387</u>
		<u>56,163</u>	<u>53,684</u>
<b>7</b>	<b>Interest income</b>	<b>2018</b> <b>€'000</b>	<b>2017</b> <b>€'000</b>
	Interest income	<u>45</u>	<u>83</u>



## NOTES TO THE FINANCIAL STATEMENTS

	2018 €'000	2017 €'000
<b>8 Investment income</b>		
Investment income on restricted reserve	308	109
Other investment income	<u>132</u>	<u>47</u>
	<u>440</u>	<u>156</u>
<b>9 Donations and endowments</b>	<b>2018 €'000</b>	<b>2017 €'000</b>
Donations with restrictions	673	2,738
Unrestricted donations	<u>1,258</u>	<u>-</u>
	<u>1,931</u>	<u>2,738</u>

## 10 Staff costs

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

	2018 Number	2017 Number
Teaching and research	1,674	1,679
Technical	116	119
Central administration and services	989	852
Other	<u>451</u>	<u>460</u>
	<u>3,230</u>	<u>3,110</u>
	<b>2018 €'000</b>	<b>2017 €'000</b>
Salaries and wages	201,561	192,585
Social welfare costs	16,542	15,814
Other pension costs	<u>22,276</u>	<u>22,410</u>
	<u>240,379</u>	<u>230,809</u>

### Key management compensation

The total remuneration for key management personnel for the year ended 30 September 2018 totalled €2,025,229. (2017: €1,951,737).

## NOTES TO THE FINANCIAL STATEMENTS

### Higher paid staff

The University has adopted a starting value of €60,000 to identify higher paid staff. Staff remuneration, in salary bands of €10,000, using €60,000 as the starting value, is as follows:

Salary Bands	Year Ended 30 September 2018	*Year Ended 30 September 2017
60,000 – 70,000	283	254
70,001 – 80,000	143	300
80,001 – 90,000	258	157
90,001 – 100,000	171	86
100,001 – 110,000	51	48
110,001 – 120,000	25	24
120,001 – 130,000	15	20
130,001 – 140,000	38	54
140,001 – 150,000	37	5
150,001 – 160,000	3	3
160,001 – 170,000	2	1
170,001 – 180,000	1	1
180,001 – 190,000	2	2
190,001 – 200,000	4	6
200,001 – 210,000	4	3
210,001 – 220,000	2	0
220,001 – 230,000	0	11
230,001 – 240,000	9	0
Over 240,000	0	0
Grand Total	1,048	975

\*Based on staff numbers at 31 December 2017

### Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. The University's key management personnel are members of the senior management team who form the University Management Team, UMT.

11 Other operating expenses	2018 €'000	2017 €'000
Heat, light, water and power	6,136	6,084
Advertising and promotion	2,045	1,214
Professional fees	5,116	5,900
Training and development	975	1,288
Equipment	3,559	3,851
Laboratory consumables	6,581	7,416
Postage, print and stationary supplies	2,886	2,666
Communications	1,086	968
Books and periodicals	2,524	2,301
Rent and rates	1,475	1,348
Motor, travel and subsistence	8,627	8,943
Computer supplies	1,328	1,233
Insurance	1,796	1,558
Software Costs	1,855	1,873
Repairs and maintenance	11,653	11,380
Costs relating to investment management and scholarships	220	249
Consumables and other expenses	33,769	29,880
	<u>91,631</u>	<u>88,152</u>

## NOTES TO THE FINANCIAL STATEMENTS

Auditor's remuneration for work carried out for the group in respect of the financial year is as follows:	<b>2018</b> <b>€'000</b>	<b>2017</b> <b>€'000</b>
C&AG Audit Fees	32	37
Commercial Audit Fees	<u>152</u>	<u>148</u>
<b>12 Interest payable and similar charges</b>	<b>2018</b> <b>€'000</b>	<b>2017</b> <b>€'000</b>
Interest charges and similar charges		
On bank loans, overdrafts and other loans wholly repayable within 5 years	949	535
On bank loans repayable after 5 years	1,770	1,336
On obligations arising under financing arrangements	<u>-</u>	<u>304</u>
	<u>2,719</u>	<u>2,175</u>
Interest payable includes interest on loans drawn down to fund residential accommodation for students and other capital investment programmes.		
Pension Interest Expense (note 32)	<u>33,216</u>	<u>24,679</u>
<b>13 Taxation</b>		
No taxation charge arises as the University and the majority of its subsidiary companies are exempt charities and are not liable for corporation tax or income tax on any of their charitable activities.		
<b>14 Deficit/ surplus on continuing operations for the year</b>	<b>2018</b> <b>€'000</b>	<b>2017</b> <b>€'000</b>
Deficit on continuing operations for the year is made up as follows:		
University's deficit for the year	(5,216)	(8,960)
Surplus generated by subsidiary and other undertakings	<u>3,991</u>	<u>6,183</u>
	<u>(1,225)</u>	<u>(2,777)</u>



NOTES TO THE FINANCIAL STATEMENTS- continued

15 Tangible fixed assets	Land and buildings €'000	Computer equipment €'000	Equipment €'000	Assets in course of construction €'000	Total €'000
<b>CONSOLIDATED</b>					
<b>Cost or valuation</b>					
At 1 October 2017	787,290	49,170	170,304	14,784	1,021,548
Additions	20,281	907	9,314	19,990	50,492
Reclassification	552	-	-	(552)	-
Disposals	-	(41)	(28)	-	(69)
At 30 September 2018	<u>808,123</u>	<u>50,036</u>	<u>179,590</u>	<u>34,222</u>	<u>1,071,971</u>
<b>Depreciation</b>					
At 1 October 2017	195,887	47,083	157,754	-	400,724
Depreciation for year	15,323	1,311	6,650	-	23,284
Disposals	-	(41)	(25)	-	(66)
At 30 September 2018	<u>211,210</u>	<u>48,353</u>	<u>164,379</u>	<u>-</u>	<u>423,942</u>
<b>Net book value</b>					
At 30 September 2018	<u>596,913</u>	<u>1,683</u>	<u>15,211</u>	<u>34,222</u>	<u>648,029</u>
At 1 October 2017	<u>591,403</u>	<u>2,087</u>	<u>12,550</u>	<u>14,784</u>	<u>620,824</u>

Land and buildings and equipment include assets valued in 1994 on a depreciated replacement cost basis by the College Planning Officer of €125,984,000 and €8,219,000 respectively which has been the deemed cost on date of transition. Land and buildings and assets in course of construction includes €51,347,939 (2017: €50,082,593) in respect of freehold land which is not depreciated. Also included is €1,111,477 (2017: €573,342) in respect of capitalised payroll costs. Included in 2018 additions of land and buildings is an amount of €13,117,631 in respect of an educational property in Cork City, the acquisition of which, has been effected by means of a finance lease – see note 25

NOTES TO THE FINANCIAL STATEMENTS- continued

15 Tangible fixed assets - continued

UNIVERSITY

Cost	Land and buildings €'000	Computer equipment €'000	Equipment €'000	Assets in course of construction €'000	Total €'000
At 1 October 2017	655,253	48,518	165,319	14,784	883,874
Additions	16,656	872	8,868	19,381	45,777
Reclassifications	552	-	-	(552)	-
Disposals	-	(11)	-	-	(11)
At 30 September 2018	<u>672,461</u>	<u>49,379</u>	<u>174,187</u>	<u>33,613</u>	<u>929,640</u>
<b>Depreciation</b>					
At 1 October 2017	174,864	46,509	153,561	-	374,934
Charge for year	13,112	1,265	6,329	-	20,706
Disposals	-	(11)	-	-	(11)
At 30 September 2018	<u>187,976</u>	<u>47,763</u>	<u>159,890</u>	<u>-</u>	<u>395,629</u>
<b>Net book value</b>					
At 30 September 2018	<u>484,485</u>	<u>1,616</u>	<u>14,297</u>	<u>33,613</u>	<u>534,011</u>
At 1 October 2017	<u>480,389</u>	<u>2,009</u>	<u>11,758</u>	<u>14,784</u>	<u>508,940</u>

NOTES TO THE FINANCIAL STATEMENTS- continued

16 Non-current assets	Consolidated		University	
Investments & Heritage Assets	2018 €'000	2017 €'000	2018 €'000	2017 €'000
Investments	17,846	17,908	-	-
Heritage assets	<u>2,500</u>	<u>2,334</u>	<u>2,500</u>	<u>2,334</u>
Investments in subsidiaries	<u>-</u>	<u>-</u>	<u>163</u>	<u>163</u>

(a) Investments

The non-current investments represent the investments held by University College Cork Trust Fund. All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

Investments at fair value comprised

	2018 €'000	2017 €'000
Equities	7,422	7,934
Bonds	-	288
Property	2,894	3,795
Infrastructure	1,536	1,397
Financial	1,440	2,317
Forestry	925	946
Other	2,965	566
Private equity	<u>664</u>	<u>665</u>
<b>Total</b>	<b><u>17,846</u></b>	<b><u>17,908</u></b>

16 Non-current assets (continued)

(b) Heritage assets

Included in the above are assets deemed to be held for heritage purposes. The assets primarily relate to manuscripts, artefacts and art works. In addition to this, the University also owns a considerable number of works of art including paintings, silver, sculptures and priceless manuscripts. These works of art are not included in the Statement of Financial Position because, even though they are insured for substantial amounts, it is considered that no meaningful value can be attributed to them.

	Manuscripts, Artefacts & Art Works €'000	Total €'000
<b>Cost</b>		
At 1 October 2017	<u>2,334</u>	<u>2,334</u>
Additions	<u>166</u>	<u>166</u>
At 30 September 2018	<b><u>2,500</u></b>	<b><u>2,500</u></b>



NOTES TO THE FINANCIAL STATEMENTS- continued

Five year summary of heritage assets	2014	2015	2016	2017	2018
	€'000	€'000	€'000	€'000	€'000
<b>Cost</b>					
At 1 October	1,251	1,815	2,090	2,182	2,334
Additions	<u>564</u>	<u>275</u>	<u>92</u>	<u>152</u>	<u>166</u>
<b>Cost 30 September</b>	<u>1,815</u>	<u>2,090</u>	<u>2,182</u>	<u>2,334</u>	<u>2,500</u>

(c) Investments in subsidiaries

The University held an interest in the following subsidiary undertakings:

Subsidiary undertakings	Principal activity	Interest %	Registered office/place of business
<b>Incorporated</b>			
Property Management (UCC) DAC	Property development	100%	University College Cork, Western Road, Cork.
Campus Accommodation (UCC) DAC	Student accommodation	100%	University College Cork, Western Road, Cork.
Art Gallery (UCC) DAC	Art gallery	100%	University College Cork, Western Road, Cork.
Student Facilities & Services (UCC) DAC	Student services	100%	University College Cork, Western Road, Cork.
Mardyke Leisure (UCC) DAC	Leisure facilities	100%	University College Cork, Western Road, Cork.
Biosciences (UCC) DAC	Property holding company	100%	University College Cork, Western Road, Cork.
Tenton DAC	Property holding company	100%	University College Cork, Western Road, Cork
UCC Academy DAC	Educational	100%	University College Cork, Western Road, Cork
Irish Management Institute	Educational	100%	Sandyford Road, Dublin 6

17 Stocks	Consolidated		University	
	2018 €'000	2017 €'000	2018 €'000	2017 €'000
Consumables	6	7	6	7
Finished goods for resale	<u>500</u>	<u>798</u>	<u>198</u>	<u>430</u>
	<u>506</u>	<u>805</u>	<u>204</u>	<u>437</u>

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

18 Debtors	Consolidated		University	
	2018 €'000	2017 €'000	2018 €'000	2017 €'000
Trade debtors	4,271	4,153	1,276	1,476
Research grants and contracts receivable	21,644	14,576	21,644	14,576
Amounts due from subsidiary undertakings	-	-	19,128	16,112
State capital grants receivable - HEA	1,119	4,355	1,119	4,355
Other taxation and social insurance	1,739	1,317	1,466	1,050
Other debtors and prepayments	<u>7,263</u>	<u>8,643</u>	<u>5,534</u>	<u>6,785</u>
	<u>36,036</u>	<u>33,044</u>	<u>50,167</u>	<u>44,354</u>

NOTES TO THE FINANCIAL STATEMENTS- continued

19 Current investments	Consolidated		University	
	2018	2017	2018	2017
	€'000	€'000	€'000	€'000
Short term deposits	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>-</u>

Deposits are held with banks operating in the Republic of Ireland and licensed by the Central Bank of Ireland. These deposits have more than three months' maturity at the statement of financial position date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

20 Cash at bank and in hand	Consolidated		University	
	2018	2017	2018	2017
	€'000	€'000	€'000	€'000
Cash at bank including balances held on short term deposit	57,426	63,208	45,909	51,878
Restricted bank balances	<u>4,230</u>	<u>5,701</u>	<u>3,669</u>	<u>5,699</u>
	<u>61,656</u>	<u>68,909</u>	<u>49,578</u>	<u>57,577</u>

Restricted cash and bank balances are defined as cash and bank balances that are not available for immediate use by the University. Such cash balances can only be used for certain defined purposes.

21 Creditors: Amounts falling due within one year	Consolidated		University	
	2018	2017	2018	2017
	€'167	€'000	€'000	€'000
Trade creditors	6,701	5,547	4,573	4,104
Research grants and contracts in advance	72,370	67,962	72,370	67,962
Academic fees received in advance	48,350	42,886	48,350	42,886
State grant received in advance-HEA	2,753	3,124	2,753	3,124
Bank borrowings (note 23)	19,238	5,606	11,491	2,355
Amounts owed to subsidiary undertakings	-	-	2,333	710
Other taxation and social insurance	6,671	5,921	6,276	5,480
Deferred income	14,509	15,339	7,465	8,167
Deferred capital grants (note 24)	10,753	11,543	10,536	11,326
Short term Finance lease obligation(note 25)	167	-	167	-
Other creditors & accruals	<u>27,326</u>	<u>27,255</u>	<u>22,898</u>	<u>23,708</u>
	<u>208,838</u>	<u>185,183</u>	<u>189,212</u>	<u>169,822</u>

22 Creditors: Amounts falling due after one year	Consolidated		University	
	2018	2017	2018	2017
	€'000	€'000	€'000	€'000
Bank loans (note 23)	116,620	101,088	75,737	52,228
Deferred capital grants (note 24)	209,190	211,913	202,232	204,738
Long term Finance lease obligation(note 25)	12,788	-	12,788	-
Other creditors	<u>1,713</u>	<u>1,844</u>	<u>-</u>	<u>-</u>
	<u>340,311</u>	<u>314,845</u>	<u>290,757</u>	<u>256,966</u>

NOTES TO THE FINANCIAL STATEMENTS- continued

23 Bank Borrowings	Consolidated		University	
	2018 €'000	2017 €'000	2018 €'000	2017 €'000
<b>Bank loans</b>				
Bank loans are repayable as follows:				
In one year or less (note 21)	<u>19,238</u>	<u>5,606</u>	<u>11,491</u>	<u>2,355</u>
Between one and two years	5,330	5,851	2,483	2,334
Between two and five years	19,234	18,055	10,695	8,607
In five years or more	<u>92,056</u>	<u>77,182</u>	<u>62,559</u>	<u>41,287</u>
Total	<u>116,620</u>	<u>101,088</u>	<u>75,737</u>	<u>52,228</u>
Total bank loans	<u>135,858</u>	<u>106,694</u>	<u>87,228</u>	<u>54,583</u>

Lender	Amount of Loan €000's	Balance 2018 (Including interest accrued) €000's	Loan Term Years	Borrower
Danske Bank	4,500	823	15	UCC
Barclays	10,000	3,672	15	UCC
Barclays	1,000	367	15	Campus Accommodation (UCC) DAC
Barclays	8,000	4,533	15	Mardyke Leisure (UCC) DAC
Barclays	6,000	6,014	10	UCC
Bank of Ireland	8,450	8,122	20	UCC
Bank of Ireland	18,441	13,254	20	Campus Accommodation (UCC) DAC
Ulster Bank	15,176	12,710	20	Campus Accommodation (UCC) DAC
Ulster Bank	10,000	9,500	20	Campus Accommodation (UCC) DAC
Ulster Bank	8,736	8,265	20	Campus Accommodation (UCC) DAC
Ulster Bank	20,000	18,526	20	UCC
European Investment Bank	35,000	35,040	23	UCC
European Investment Bank	<u>15,000</u>	<u>15,032</u>	23	UCC
<b>Total</b>	<b><u>160,303</u></b>	<b><u>135,858</u></b>		

The overall consolidated cost of capital for University borrowings in 2018 was 2%.

The University provides a negative pledge for its borrowings.

It has also guaranteed the liabilities in respect of the loans of its subsidiary, Campus Accommodation (UCC) DAC.



NOTES TO THE FINANCIAL STATEMENTS- continued

24 Deferred capital grants

	Consolidated €'000	University €'000
<b>Consolidated</b>		
<b>At 1 October 2017</b>		
Buildings	212,752	205,360
Equipment	<u>10,704</u>	<u>10,704</u>
Total	<u>223,456</u>	<u>216,064</u>
<b>Cash received</b>		
Buildings	111	111
Equipment	<u>7,129</u>	<u>7,129</u>
Total	<u>7,240</u>	<u>7,240</u>
<b>Released to income and expenditure</b>		
Buildings	5,426	5,209
Equipment	<u>5,327</u>	<u>5,327</u>
Total	<u>10,753</u>	<u>10,536</u>
<b>At 30 September 2018</b>		
Buildings	207,437	200,262
Equipment	<u>12,506</u>	<u>12,506</u>
Total	<u>219,943</u>	<u>212,768</u>
The Deferred Capital Grants can be analysed as follows:		
	<b>2018</b>	<b>2017</b>
	<b>€'000</b>	<b>€'000</b>
<b>Consolidated</b>		
Creditors falling due within one year	10,753	11,543
Creditors falling due after one year	<u>209,190</u>	<u>211,913</u>
At 30 September	<u>219,943</u>	<u>223,456</u>
<b>University</b>		
Creditors falling due within one year	10,536	11,326
Creditors falling due after one year	<u>202,232</u>	<u>204,738</u>
At 30 September	<u>212,768</u>	<u>216,064</u>

## NOTES TO THE FINANCIAL STATEMENTS- continued

### 25 Finance lease obligation

	2018 €'000	2017 €'000
The University has entered into a ten-year lease agreement for the use of an educational property in Cork City. In 2018 the University agreed to purchase this property. The agreed purchase price will be paid at the end of the lease period. This lease obligation has the substance of a finance lease. Information about the obligation to make future lease payments is set out below.		
<b>Future payments fall due as follows</b>		
Within one year	426	-
Later than 1 year but within five years	2,129	-
Later than five years	<u>12,832</u>	-
Total	<u>15,387</u>	-
Future Finance costs	<u>(2,432)</u>	-
Lease liability	<u>12,955</u>	-
Analysed as follows: - Current portion	167	-
Long term portion	<u>12,788</u>	-
Lease liability	<u>12,955</u>	-

### 26 Restricted reserve

	Consolidated		University	
	2018 €'000	2017 €'000	2018 €'000	2017 €'000
The restricted reserve is as a result of the consolidation of the University College Cork Trust Fund and is as follows:				
Opening balance	13,281	10,215	-	-
New donations / funds invested	673	2,738	-	-
Investment income	307	109	-	-
Expenditure	(154)	(175)	-	-
Increase in market value of investments	<u>419</u>	<u>394</u>	-	-
Total restricted comprehensive income for the year	<u>1,245</u>	<u>3,066</u>	-	-
Closing Balance	<u>14,526</u>	<u>13,281</u>	-	-
	Consolidated		University	
	2018 €'000	2017 €'000	2018 €'000	2017 €'000
Analysis of other restricted funds /donations by type of purpose:				
Scholarships, bursaries and prizes	673	2,738	-	-

### 27 Contingencies

The University has no known material contingent liabilities at 30 September 2018.

NOTES TO THE FINANCIAL STATEMENTS - continued

	Consolidated		University	
28 Capital commitments	2018	2017	2018	2017
	€'000	€'000	€'000	€'000
Contracted for but not provided	12,403	15,703	11,509	15,658
Authorised but not contracted out	<u>7,853</u>	<u>25,936</u>	<u>7,853</u>	<u>25,936</u>
	<u>20,256</u>	<u>41,639</u>	<u>19,362</u>	<u>41,594</u>

29 Financial instruments

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

	Consolidated		University	
	2018	2017	2018	2017
	€'000	€'000	€'000	€'000
<b>Financial assets</b>				
<i>Measured at fair value through the statement of comprehensive income</i>				
• Investments in listed equity instruments (see note 16)	17,846	17,908	-	-
<i>Measured at undiscounted amounts receivable</i>				
• Trade debtors (see note 18)	4,271	4,153	1,276	1,476
• Amounts due from subsidiary undertakings	-	-	19,128	16,112
<b>Financial liabilities</b>				
• <i>Measured at amortised cost</i>				
Bank loans and other loans (see note 23)	135,858	106,694	87,228	54,583
Obligations under finance leases (see note 25)	12,955	-	12,955	-
• <i>Measured at undiscounted amounts payable</i>				
Trade creditors (see note 21)	6,701	5,547	4,573	4,104
Amounts due to subsidiary undertakings (see note 21)	-	-	2,333	710

30 Analysis of changes in net debt	At 1 October 2017 €'000	Cashflows €'000	At 30 September 2018 €'000
Cash at bank & short term deposits	<u>68,909</u>	<u>(7,253)</u>	<u>61,656</u>
Bank debt due within 1 year	<u>(5,606)</u>	(13,632)	(19,238)
Bank debt due after 1 year	(101,088)	(15,532)	(116,620)
Obligations arising under financing arrangements	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>(37,785)</u>	<u>(36,417)</u>	<u>(74,202)</u>

31 Related parties

Transactions with subsidiaries and other undertakings of the University have been eliminated on consolidation and no disclosure of these transactions has therefore been given. The University considers the following entity to be a related party that requires disclosure:



## NOTES TO THE FINANCIAL STATEMENTS - continued

### Cork University Foundation DAC (CUF DAC)

Cork University Foundation DAC is not consolidated, given the materiality of the balances held and its governance model, where the entity is not controlled by the University. During the period, the University provided the Foundation with office accommodation, use of equipment and administration services. During the same period, the University received from the Foundation an amount of €2.3m for the furtherance of education and research. The amount due to the University from the Foundation at the 30 September 2018 was €117k. The Statement of Financial Position of CUF DAC at 30 September 2018 includes reserves totalling €4.7m.

## 32 Retirement Benefits

During the year the University operated three defined benefit pension schemes.

### *University College Cork – National University of Ireland Cork (Closed) Scheme – known as the “Closed Scheme”*

The main scheme is the University College Cork (Closed) Scheme the “Closed Scheme”. The Closed Scheme applies to pensionable employees appointed prior to 31 December 2004 and is closed to new entrants. Up until 31 March 2010 the University funded the Closed Scheme which operated under Statute, the assets of which were held separately from those of the University.

The Financial Measures (Miscellaneous Provisions) Act, 2009, provided that the Oireachtas will make good any deficiency arising if the aggregate of members’ and employers’ contributions paid to or withheld by the University are insufficient to meet the University’s obligations to pay these benefits in accordance with the scheme. On 31 March 2010, in accordance with S.I. No. 124/2010, Financial Measures (Miscellaneous Provisions) Act 2009, (University College Cork – National University of Ireland, Cork) the assets of the Closed Pension Scheme were transferred to the National Pensions Reserve Fund. The members became members of a statutory unfunded scheme renamed “University College Cork (Closed) Scheme”. There was no effect on the benefits payable to the members, with the underlying basis being that the terms and conditions of entitlement of the members will continue to be no more and no less favourable than existed under the principles of the Scheme established by the UCC Governing Body. Furthermore, the legislation in Section 6(2) sets out the effect the transfer order had on the assets of the Scheme where the relevant body [i.e. UCC] ceases to be liable in relation to the scheme. Following the transfer of assets to the exchequer, all decisions in relation to the Pension Scheme are no longer made by UCC. Within the overall pension liability is an amount of €75.2m relating to professional service added years. This €75.2m is inclusive of professional service added years earned directly in the UCC (Closed) Scheme as well as service earned elsewhere in the public sector, but credited to the UCC (Closed) Scheme following service transfer, typically on recruitment by UCC of a staff member from elsewhere in the public sector. Of the total added years’ liability of €75.2m, the professional service added years’ liability relating to the transferred in service is €14.0m.

In previous years’ financial statements, it was explained that the Department of Education and Skills and the Department of Public Expenditure and Reform did not share UCC’s view regarding the funding of the €14.0m liability related to the professional added years transferred in service. This matter led to the commencement of legal proceedings between the departments involved and UCC. In October 2017, the University reached full and final agreement with the HEA, representing the State, on the future funding of the €14.0m liability referenced above. As a result, the legal action, taken by UCC was withdrawn. The agreement provides for the full entitlement regarding transferred in service to be paid to relevant staff and pensioners. Of the total liability of €14.0m, referenced above, UCC have assessed its portion of the liability to be €3.2m and that the balance of the liability, €10.8m, will be funded by the State. UCC and the departments involved have agreed, in line with actuarial advice, a funding plan in respect of this liability. This funding plan will be reviewed annually as part of the actuarial review undertaken during the preparation of the financial statements of the University.

### *“University College Cork Pension Scheme 2005” – known as the “2005 Scheme”*

The 2005 Scheme applies to all new staff appointed from 1 January 2005. This is an unfunded Scheme which is paid on a pay-as-you-go basis through monies provided to the University by the State for that purpose.

On the basis that the Oireachtas will make good any deficiency arising to meet the university’s obligations to pay pension benefits of the 2005 Scheme and that future pension liabilities of the 2005 Scheme are funded on a pay-as-you-go basis through monies provided to the University by the State for that purpose, the pension liability has been

## NOTES TO THE FINANCIAL STATEMENTS - continued

offset by the recognition of an asset equivalent to the University's pension liabilities, as part of the overall deferred pension funding asset.

### *Single Public Service Pension Scheme*

The Single Public Service Pension Scheme (Single Scheme) is the defined benefit pension scheme for pensionable public servants appointed on or after 1 January 2013 in accordance with the Public Service Pensions (Single Scheme and Other Provisions) Act 2012. Deductions made from employees under the Single Scheme are remitted by the University to the Department of Public Expenditure and Reform.

The University is prescribed in S.I. No 581 of 2012 as a relevant authority for the purposes of the Single Scheme. The University had 1,187 active members of the Single Scheme at 30 September 2018. Future benefits accruing to Scheme members have been provided for in these financial statements, as at 30 September 2018. It is the University's opinion (in accordance with Section 44 of the 2012 Act) that any liability in respect of the Single Scheme would be offset by an equivalent asset in respect of future State funding.

### *Prior year comparatives*

Certain prior year comparatives have been restated with no impact on the net outturn for the year. In the presentation of and accounting for pension reimbursement rights, the 2016/17 financial statements of UCC treated the reimbursement right from the State as if it were a plan asset. Accordingly, UCC accounted for interest income and a return on those reimbursement rights. In 2017/18 UCC have reverted to the approach adopted in earlier years, (i.e. reimbursable rights are not treated as a plan asset, consequently in 2017/18, interest income and a return on plan assets are not shown).

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

	2018 €'000	2017 €'000
Present value of the defined benefit obligations	(1,481,214)	(1,491,584)
Pension liability	<u>(1,481,214)</u>	<u>(1,491,584)</u>
	2018 €'000	2017 €'000
Analysis of pension liability		
Closed Scheme	853,044	887,894
Model Scheme	619,037	596,186
Single Public Sector Pension Scheme	<u>9,133</u>	<u>7,504</u>
	<u>(1,481,214)</u>	<u>(1,491,584)</u>

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

	2018 €'000	2017 €'000
Pension receivable from the Irish State	<u>1,477,969</u>	<u>1,488,192</u>
Net pension deficit	<u>(3,245)</u>	<u>(3,392)</u>

Pension benefits for certain other employees of certain subsidiary undertakings are met by payments to a defined contribution pension scheme. Contributions are charged to the statement of comprehensive income in the year in which they fall due.

The requirements of FRS 102, Section 28 are fully adopted and the following movements are reflected in the financial statements.



NOTES TO THE FINANCIAL STATEMENTS - continued

*Movement in present value of defined benefit obligation*

	2018 €'000	2017 €'000
<b>Present value of defined benefit obligation at beginning of year</b>	(1,491,584)	(1,658,815)
Current service cost	(49,762)	(57,858)
Interest cost	(33,216)	(24,679)
Benefits paid	31,262	28,328
Contributions by plan participants	(7,661)	(7,408)
Effect of changes in assumptions	73,242	246,278
Effect of experience adjustments	(3,495)	(17,430)
Value of Defined benefit obligation at end of year	<u>(1,481,214)</u>	<u>(1,491,584)</u>

*Analysis of movement in pension receivable during the year*

	2018 €'000	2017 €'000
<b>Analysis of deferred pension funding asset</b>		
At beginning of year	1,488,192	1,658,815
Current service cost	49,762	57,858
Interest cost	33,216	24,679
Amounts included in other comprehensive income	(71,698)	(227,946)
Employer contributions	(21,650)	(21,822)
Increase / (decrease) in deferred funding for pensions	<u>147</u>	<u>(3,392)</u>
At end of year	<u>1,477,969</u>	<u>1,488,192</u>

The valuation of liabilities used for these disclosures has been based on an actuarial valuation carried out by an independent professionally qualified actuary at the Statement of Financial Position date. The financial assumptions used to calculate the retirement liabilities in relation to the defined benefit pension schemes under FRS 102, Section 28, are set out as follows:

	2018	2017
<b>Financial Assumptions</b>		
Valuation method	Projected Unit	Projected Unit
Rate of increase in salaries	3.25%	3.25%
Rate of increase in state pension	1.75%	1.75%
Rate of increase in pensions in payment	2.25%	2.25%
Discount rate for scheme liabilities	2.30%	2.25%
Inflation assumption	1.75%	1.75%

The weighted average mortality rate adopted allows for improvements in life expectancy over time, so that life expectancy at retirement will depend on the year in which a member attains retirement age (age 65). The table below shows the life expectancy for members attaining the average retiring age of 65.

The assumptions relating to longevity underlying the pension liabilities at the statement of financial position date are based on standard actuarial mortality tables. The assumptions are equivalent to expecting a 65-year-old to live for a number of years as follows:

	2018 Years M/F	2017 Years M/F
Retiring today (member age 65)	22.4/23.4	23.0/25.0
Retiring in 25 years (member age 40)	24.6/26.5	25.8/27.9



## NOTES TO THE FINANCIAL STATEMENTS - continued

Amounts recognised in the statement of comprehensive income in respect of pension liabilities are as follows:

	2018 €'000	2017 €'000
Amount included in staff costs		
Current service cost	49,762	57,858
Less employer contributions	<u>(21,650)</u>	<u>(21,822)</u>
	<u>28,112</u>	<u>36,036</u>
Other finance charges		
Interest on pension scheme liabilities	33,216	24,679
Net deferred funding for pensions		
Funding recoverable in respect of current year pension costs	(61,328)	(60,715)
Increase / (decrease) in deferred funding for pensions	<u>(147)</u>	<u>3,392</u>
	<u>(61,475)</u>	<u>(57,323)</u>
Amounts recognised in other comprehensive income		
Effect of changes in assumptions	(73,242)	(246,278)
Effect of experience adjustments	3,495	17,430
Return on plan assets	<u>(1,951)</u>	<u>902</u>
Actuarial gain in respect of pension schemes	<u>(71,698)</u>	<u>(227,946)</u>
Movement in pension receivable	<u>71,698</u>	<u>(227,946)</u>

33 Deferred Income	2018 €'000	2017 €'000
State grant received	49,350	43,044
State grant receivable from prior accounting year	3,124	4,841
State grant deferred to subsequent accounting year	<u>(2,753)</u>	<u>(3,124)</u>
State grant per financial statements	<u>49,721</u>	<u>44,761</u>

### 34 Post Statement of Financial Position Events

There have been no significant events affecting the University since the year end.

### 35 Prior Year Comparatives

Prior year comparative values have been restated in the 2018 financial statements, where necessary. Details regarding pension prior year comparatives are outlined in note 32.

### 36 Approval of financial statements

The financial statements were approved by the Governing Body on the 29<sup>th</sup> October 2019.

**University College Cork  
National University of Ireland, Cork**

**Additional Financial Information  
(Not covered by the Auditors Report)**

**Year Ended 30 September 2018**

Consolidated Financial Statements Year ended 30 September 2018

Circular 13/2014 – Management of and Accountability for Grants from Exchequer Funds (not covered by the Auditor's Report)

Research Grants

Grantor	Government Funding Department/Office	Grant (Deferred)/ Due 01/10/17	Cash received 2017/18	Taken to Income 2017/18	Deferred Capital Grants	Grant (Deferred)/ Due 30/09/18
Department of Agriculture Food and the Marine	Dept of Agriculture Food and the Marine	65	(2,181)	2,601		485
Enterprise Ireland	Dept. of Jobs, Enterprise and Innovation	(5,369)	(8,008)	8,547		(4,830)
Department of Health	Dept. of Health	(1,298)	(882)	916		(1,264)
Higher Education authority PRTL	Dept. of Jobs, Enterprise and Innovation	(422)	(378)	446		(354)
Health Research Board	Dept. of Health	(1,111)	(4,928)	4,194		(1,846)
Irish Research Council	Dept. of Education and Skills	(1,556)	(3,071)	4,118		(509)
Science Foundation of Ireland	Dept. of Jobs, Enterprise and Innovation	(27,685)	(31,380)	36,565		(22,499)
Teagasc	Dept. of Agriculture Food and the Marine	(162)	(1,251)	1,405		(8)
Sustainable Energy Ireland (SEI)	Dept. of Communications, Climate Action & Environment	87	(501)	480		66
Department of Jobs, Enterprise and Innovation	Dept. of Jobs, Enterprise and Innovation	97	(8,296)	4,900		(3,299)
Other Irish Government/State Agencies	Various Departments	(13,994)	(12,123)	6,900		(19,217)
Total Exchequer Research Grants		(51,348)	(72,999)	71,072		(53,275)
Total Non-Exchequer Research Grants		(20,628)	(26,235)	29,149		(17,714)
<b>Total per Research Accounts</b>		<b>(71,976)</b>	<b>(99,234)</b>	<b>100,221</b>		<b>(70,989)</b>
Other Adjustments						
GAAP Adjustments		18,590	15	(5,471)	7,129	20,263
<b>Research Grants and Contracts per Financial Statements</b>		<b>(53,386)</b>	<b>(99,219)</b>	<b>94,750</b>	<b>7,129</b>	<b>(50,726)</b>

Capital Grants

The University received grant funding of €3.2m in year ended 30 September 2018, under the programme for research in Third Level Institutions (PRTL I V) and €111k for other capital programmes. Returns are made to the HEA by UCC on a quarterly basis, based upon the actual expenditure incurred on HEA funded capital grants. All such expenditure incurred is in line with the specific terms and conditions of the capital grant. All funding received from the HEA for Capital Grants is treated in line with the specific terms and conditions as set out by the HEA and is also in line with Government policies and guidelines.



**University College Cork  
National University of Ireland, Cork**

**HEA funding statement and reconciliation  
(Not covered by the auditor's report)**

**Year ended 30 September 2018**

**Reconciliation with funding statement**

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## STATEMENT OF RESPONSIBILITIES

The University is required to comply with the Universities Act 1997, and to keep in such form as may be approved of by An tÚdarás um Ard-Oideachas all proper and usual accounts of money received and expended by it. In preparing those accounts, the University is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless that basis is inappropriate.

The University is responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the University and which enables it to ensure that its financial statements comply with the Universities Act 1997. The University is also responsible 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 University

  
President

Date: 29<sup>th</sup> October 2019.



## STATEMENT OF ACCOUNTING POLICIES

### 1. Financial Statements

The financial statements reflect the teaching, research and related service activities of the University and its subsidiaries. The financial statements of the University's Trust Fund are presented separately and are not included in these financial statements.

### 2. Accounting Convention

The financial statements are prepared under the historical cost convention. They are presented in accordance with the existing Harmonisation of Financial Statements agreement as adopted for all Irish Universities, with the exception of Fixed Assets and Depreciation, whereby University College Cork has adopted the transitional provisions and accordingly, the valuations from 30th September 1994 are not being updated. FRS 102 has not been adopted in the preparation of these financial statements.

### 3. State Grants for Recurrent Expenditure

Recurrent grants have been recognised on an accruals basis. Recurrent grant which has been used for the purchase of fixed assets and for the financing of the capital portion of lease charges is transferred to Fixed Assets and General Reserve.

### 4. State Grants for Capital Expenditure

State grants approved by the HEA for capital expenditure are included in the financial statements of the year to the extent of cash received.

### 5. Fee Income

Fee income is accounted for on an accruals basis.

### 6. Fixed Assets and Depreciation

Land and buildings are valued based on a comprehensive valuation carried out on the 30<sup>th</sup> September, 1994. This valuation is based on the replacement cost of buildings and the market value of the existing use of land at that date. These assets and all subsequent additions are depreciated as noted below.

All fixed asset additions since 1<sup>st</sup> October, 1994 are stated at cost. Equipment, Fixtures and Fittings are valued at their depreciated cost as at the 30<sup>th</sup> September 1994. These assets and all subsequent additions are depreciated as noted below. The estimated useful lives of fixed assets by reference to which depreciation has been calculated on a straight-line basis is as follows:

Buildings	50 years
Equipment and furniture	5 years
Computer and related equipment	3 years

Depreciation is not provided on land.

### 7. Heritage Assets

Heritage assets (valuable artefacts held and maintained for their contribution to knowledge and culture) valued at over €10,000 are capitalised and recognised at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable. Heritage Assets are not depreciated.

The University holds a number of heritage assets acquired in past accounting periods which are not capitalised, as reliable cost information is not available and conventional valuation approaches lack sufficient reliability.

### 8. Stocks

The stocks held in teaching and service departments, with the exception of equipment, furniture and fittings, stationery stocks and stocks of building materials, are not included in the Balance Sheet. The items not included are expensed and not capitalised. The stocks which are included in the Balance Sheet are stated at the lower of cost and net realisable value.

### 9. General Reserve

The General Reserve represents the value of funding, after amortisation, applied for capital purposes together with the balance on ancillary service activities.

## STATEMENT OF ACCOUNTING POLICIES (Cont.)

### 10. Research Grants and Projects

Contract research expenditure is shown net of contribution to indirect costs. Income from contract research grants is included in the Income and Expenditure Account to the extent that the related expenditure has been incurred. Contract research contribution to the University's indirect costs is included in Other Income. Fixed Assets financed from contract research grants are capitalised in the Balance Sheet.

### 11. Foreign Currency

Costs denominated in foreign currencies are translated at the exchange rates ruling at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated into Euro at the rate of exchange ruling at the Balance Sheet date. The resulting profits or losses are dealt with in the Income and Expenditure Account.

### 12. Leasing

Operating lease costs are charged to the Income and Expenditure Account as incurred.

### 13. Pensions

The University operated three defined benefit pension schemes during the year, being the Closed Scheme, Model Scheme and the SPSPS Scheme. Pension costs are accounted for on the basis of charging the cost of providing pensions over the period during which the University benefits from the employees' services.

New entrants to the Public Service on or after 1 January 2013 are members of a new pension scheme, the Single Public Service Pension Scheme (SPSPS). Single scheme members' contributions are paid over to the Department of Public Expenditure and Reform.

Pension benefits for certain other employees of certain subsidiary undertakings are met by payments to defined contribution pension schemes. Contributions are charged to the income and expenditure account in the year in which they fall due.

### 14. Taxation

No provision has been made for taxation as the University and the majority of its subsidiary companies hold tax exempt status.

### 15. Ancillary Services

Ancillary Services are services provided on campus, on a cost recovery basis, and are planned to breakeven in the medium term. The net outturn on such activities (excluding student residences, leisure facilities, art gallery and student facilities & services) is transferred to the General Reserve Account.

### 16. Financing Arrangements

Assets held under financing arrangements which transfer substantially all of the risks and rewards of ownership to the University are treated as if they had been purchased outright and are included in the balance sheet as tangible assets at cost. The corresponding commitments are shown as liabilities.

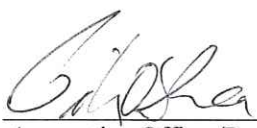
# INCOME AND EXPENDITURE ACCOUNT

Year to 30th September 2018

	Notes	2017/2018 €'000	2016/2017 €'000
<b>Income</b>			
State Grants	1	49,835	44,918
Student Fees	2	141,586	136,180
Other Income	3	<u>42,155</u>	<u>42,061</u>
		233,576	223,159
Research Grants and Projects	4	<u>85,408</u>	<u>85,441</u>
Total		<u>318,984</u>	<u>308,600</u>
<b>Expenditure</b>			
Academic Faculties and Departments	5	141,022	134,846
Academic and Other Services	6	20,168	18,585
Premises	7	20,868	20,947
Amount Allocated for Capital Purposes	8	5,336	5,112
Central Administration and Services	9	23,504	20,227
General Educational Expenditure	10	5,374	5,490
Student Services	11	6,840	6,604
Miscellaneous Expenditure	12	<u>9,498</u>	<u>9,222</u>
		232,610	221,033
Research Grants and Projects		<u>85,408</u>	<u>85,441</u>
Total	13	<u>318,018</u>	<u>306,474</u>
<b>Surplus on Activities before Amortisation of Capital Reserves and Grants, Ancillary Services and Depreciation of Fixed Assets</b>		966	2,126
Deficit on Ancillary Services	14	(657)	(922)
Depreciation of Fixed Assets	15	(23,319)	(21,746)
General Reserve Movement	16	<u>23,344</u>	<u>21,890</u>
<b>Surplus for Year</b>	22	<u>334</u>	<u>1,348</u>
Revenue Reserves at Start of Year	21	<u>(2,887)</u>	<u>(4,235)</u>
Revenue Reserves at End of Year	21	<u>(2,553)</u>	<u>(2,887)</u>

*The Statement of Accounting Policies, Cash Flow Statement and notes from pages 52 to 60 form part of these Accounts.*

Signed:

  
Accounting Officer/President

  
Honorary Treasurer

Date: 29<sup>th</sup> October 2019.



# BALANCE SHEET

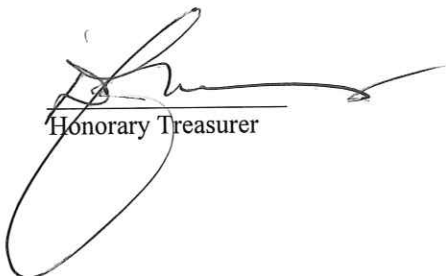
As at 30th September 2018

	Notes	2017/2018 €'000	2016/2017 €'000
<b>Fixed Assets</b>	17	650,748	624,214
<b>Current Assets</b>			
Bank balances and cash		86,095	68,880
Debtors and Prepayments	18	14,392	18,606
Stocks		<u>1,166</u>	<u>805</u>
		<u>101,653</u>	<u>88,291</u>
<b>Current Liabilities</b>			
Creditors and Accrued Expenditure	19	<u>(177,349)</u>	<u>(169,919)</u>
<b>Net Current Liabilities</b>		(75,696)	(81,628)
<b>Long term loans and finance lease obligations</b>		<u>(148,813)</u>	<u>(106,695)</u>
		<u>426,239</u>	<u>435,891</u>
<b>Represented by</b>			
General Reserve	20	428,792	438,778
Revenue Reserves	21	<u>(2,553)</u>	<u>(2,887)</u>
		<u>426,239</u>	<u>435,891</u>

*The Statement of Accounting Policies, Cash Flow Statement and notes from pages 52 to 60 form part of these Accounts.*

Signed:

  
Accounting Officer/President

  
Honorary Treasurer

Date: 29<sup>th</sup> October 2019

# CASH FLOW STATEMENT

Year to 30th September 2018

	Notes	2017/2018 €'000	2016/2017 €'000
<b>Net Cash inflow / (outflow) from Operating Activities</b>	22	13,016	(6,578)
<b>Return on Investments and Servicing of Finance</b>			
Interest Paid		(1,417)	(819)
Interest Received		43	80
<b>Capital Expenditure</b>			
Payments to Acquire Tangible Fixed Assets		(36,738)	(35,409)
<b>Net Cash Outflow before Financing</b>		(25,096)	(42,726)
<b>Financing</b>			
HEA Capital Grants		111	8,139
Non HEA Capital Grants		13,197	12,587
Payment of Finance lease obligation		(163)	-
Increase in Long Term Loans		29,163	41,274
Proceeds from the Disposal of Tangible Fixed Assets		<u>3</u>	<u>-</u>
<b>Cash Inflow from Financing</b>		<u>42,311</u>	<u>62,000</u>
<b>Net Cash Inflow/ (Outflow) after Financing</b>		<u>17,215</u>	<u>19,274</u>
<b>Increase/ (Decrease) in Cash</b>	23	<u>17,215</u>	<u>19,274</u>

## NOTES TO ACCOUNTS

Year to 30th September 2018

	2017/2018 €'000	2016/2017 €'000
<b>1. State Grants</b>		
Recurrent Grant	40,100	35,524
Nursing Grant	2,741	2,482
Targeted Funding for Special Initiatives	3,962	3,713
Minor Works	146	146
Reforms in Medical Education	786	953
Dental School Funding	<u>2,100</u>	<u>2,100</u>
Total	<u>49,835</u>	<u>44,918</u>
<b>2. Student Fees</b>		
Academic	<u>141,586</u>	<u>136,180</u>
Total	<u>141,586</u>	<u>136,180</u>
<b>3. Other Income</b>		
Interest Income	43	80
Funded Posts & Donations	1,051	987
Rent, Concessions and Other Charges	2,590	2,494
Research Grant and Projects Contributions	14,813	14,480
Miscellaneous Income	<u>23,658</u>	<u>24,020</u>
Total	<u>42,155</u>	<u>42,061</u>
<b>4. Research Grants and Projects</b>		
Research Grants	<u>85,408</u>	<u>85,441</u>
Total	<u>85,408</u>	<u>85,441</u>



# NOTES TO ACCOUNTS

Year to 30th September 2018

	Staff Costs €'000	Non Pay €'000	2017/2018 €'000	2016/2017 €'000
<b>5. Academic Faculties and Departments</b>				
Academic	83,817	-	83,817	78,945
Technical	11,985	-	11,985	11,399
Administrative Support	18,394		18,394	16,763
Departmental Grants	-	26,361	26,361	27,475
Miscellaneous Expenses	<u>203</u>	<u>262</u>	<u>465</u>	<u>264</u>
<b>Total</b>	<u>114,399</u>	<u>26,623</u>	<u>141,022</u>	<u>134,846</u>
<b>6. Academic and Other Services</b>				
Library Costs	3,813	2,686	6,499	5,973
Computer/Information Technology	3,225	2,520	5,745	5,459
Language Centre	902	356	1,258	1,140
Cork University Press	150	911	1,061	658
Audio Visual Centre	643	146	789	758
Teaching Development Unit	244	187	431	341
Spoken/Oral Irish	656	65	721	651
Biological Services Unit	536	292	828	757
Teaching and Learning	728	99	827	1,067
Research Support/Technology Transfer Office	<u>1,365</u>	<u>644</u>	<u>2,009</u>	<u>1,781</u>
<b>Total</b>	<u>12,262</u>	<u>7,906</u>	<u>20,168</u>	<u>18,585</u>
<b>7. Premises</b>				
Premises Maintenance	4,256	4,370	8,626	8,545
General Services	3,324	3,702	7,026	6,816
Radiation Protection Office	51	14	65	119
Rent and Rates	-	295	295	279
Insurance	-	1,477	1,477	1,258
Energy Costs	-	<u>3,379</u>	<u>3,379</u>	<u>3,930</u>
<b>Total</b>	<u>7,631</u>	<u>13,237</u>	<u>20,868</u>	<u>20,947</u>
<b>8. Allocated for Capital Purposes</b>				
Capital Projects			4,350	4,342
Equipment			<u>986</u>	<u>770</u>
<b>Total</b>			<u>5,336</u>	<u>5,112</u>

# NOTES TO ACCOUNTS

Year to 30th September 2018

	Staff Costs €'000	Non Pay €'000	2017/2018 €'000	2016/2017 €'000
<b>9. Central Administration and Services</b>				
Administration	15,549	-	15,549	14,016
Expenses	-	2,001	2,001	1,564
Professional Charges	-	3,563	3,563	2,424
Miscellaneous	<u>-</u>	<u>2,391</u>	<u>2,391</u>	<u>2,223</u>
Total	<u>15,549</u>	<u>7,955</u>	<u>23,504</u>	<u>20,227</u>
<b>10. General Educational Expenditure</b>				
Examination Expenses	940	256	1,196	1111
Scholarships & Prizes	-	2,802	2,802	3009
N.U.I. Capitation	-	444	444	433
Miscellaneous Expenses	<u>533</u>	<u>399</u>	<u>932</u>	<u>937</u>
Total	<u>1,473</u>	<u>3,901</u>	<u>5,374</u>	<u>5,490</u>
<b>11. Student Services</b>				
Capitation and Other Grants	-	1,085	1,085	1,093
Student Services	481	151	632	709
Careers Office	776	74	850	801
Sports and Recreation	940	182	1,122	1,067
Health and Counselling	<u>2,459</u>	<u>692</u>	<u>3,151</u>	<u>2,934</u>
Total	<u>4,656</u>	<u>2,184</u>	<u>6,840</u>	<u>6,604</u>
<b>12. Miscellaneous Expenditure</b>				
Pensions	7,659	-	7,659	8,081
Miscellaneous Expenses	-	422	422	322
Bank Interest Payable	-	<u>1,417</u>	<u>1,417</u>	<u>819</u>
Total	<u>7,659</u>	<u>1,839</u>	<u>9,498</u>	<u>9,222</u>
<b>13. Composition of Total Expenditure</b>				
Academic and Related Services	163,629	68,981	232,610	221,033
Research Grants and Projects	<u>64,669</u>	<u>20,739</u>	<u>85,408</u>	<u>85,441</u>
Total Expenditure	<u>228,298</u>	<u>89,720</u>	<u>318,018</u>	<u>306,474</u>

# NOTES TO ACCOUNTS

Year to 30th September 2018

	Income €'000	Expenditure €'000	Surplus/(Deficit) 2017/2018 €'000	Surplus/(Deficit) 2016/2017 €'000
<b>14. Ancillary Services - Summary</b>				
Art Gallery	334	624	(290)	(264)
Leisure Facilities	2,464	4,400	(1,936)	(1,490)
Student Residences	7,788	4,558	3,230	2,980
Student Facilities & Services (UCC) DAC	3,386	4,127	(741)	(680)
UCC Academy	89	2,557	(2,468)	(2,204)
Irish Management Institute	15,499	13,926	1,573	880
Medical/Dental and Other Facilities				
Development Account	<u>2</u>	<u>27</u>	<u>(25)</u>	<u>(144)</u>
Deficit - Ancillary Services	<u>29,562</u>	<u>30,219</u>	<u>(657)</u>	<u>(922)</u>
<b>15. Depreciation of Fixed Assets</b>				
Buildings			15,358	14,833
Equipment			<u>7,961</u>	<u>6,913</u>
			<u>23,319</u>	<u>21,746</u>
<b>16. General Reserve Movement</b>				
Amortisation of General Reserve in line with Depreciation			23,319	21,746
Income and Expenditure to General Reserve Account			<u>25</u>	<u>144</u>
			<u>23,344</u>	<u>21,890</u>



# NOTES TO ACCOUNTS

Year to 30th September 2018

	Land and Buildings (including heritage assets) €'000	Equipment €'000	2017/2018 €'000	2016/2017 €'000
<b>17. Fixed Assets</b>				
<b>Cost/Valuation at 1st October</b>				
Valuation	125,196	8,219	133,415	133,415
Cost	<u>680,940</u>	<u>214,378</u>	<u>895,318</u>	<u>831,426</u>
	806,136	222,597	1,028,733	964,843
IMI Assets Acquired	-	-	-	26,045
Additions at Cost	37,618	12,238	49,856	37,867
Disposals	-	(69)	(69)	(20)
<b>Cost/Valuation at 30th September</b>				
Valuation	125,196	8,219	133,415	133,415
Cost	<u>718,558</u>	<u>226,547</u>	<u>945,105</u>	<u>895,318</u>
Total	<u>843,754</u>	<u>234,766</u>	<u>1,078,520</u>	<u>1,028,733</u>
<b>Depreciation at 1st October</b>	196,558	207,961	404,519	378,661
IMI Assets Acquired	-	-	-	3,128
Less accumulated depreciation on disposals	-	(66)	(66)	(16)
Depreciation for Year	<u>15,358</u>	<u>7,961</u>	<u>23,319</u>	<u>21,746</u>
<b>Depreciation at 30th September</b>	<u>211,916</u>	<u>215,856</u>	<u>427,772</u>	<u>404,519</u>
<b>Net book value at beginning of year</b>	<u>609,578</u>	<u>14,636</u>	<u>624,214</u>	<u>585,180</u>
<b>Net book value at end of year</b>	<u>631,838</u>	<u>18,910</u>	<u>650,748</u>	<u>624,214</u>

*Included in the net book value of land and buildings above, is an amount of €12,881k which relates to assets held under a finance lease. The related liability is included in long term loans and finance lease obligations. Included in the above are assets deemed to be held for heritage purposes. The assets primarily relate to buildings but also include some manuscripts. The University also owns a considerable number of works of art including paintings, silver, sculptures and priceless manuscripts. These works of art are not included in the balance sheet because, even though they are insured for substantial amounts, it is considered that no meaningful value can be attributed to them. The University acquired heritage assets for €166k in the current financial year.*

# NOTES TO ACCOUNTS

Year to 30th September 2018

			2017/2018 €'000	2016/2017 €'000
18.	Debtors and Prepayments			
			<u>14,392</u>	<u>18,606</u>
	Other Debtors and Prepayments		<u>14,392</u>	<u>18,606</u>
19.	Creditors and Accrued Expenditure			
			70,988	71,976
	Contract Research Grants and Projects unexpended		2,040	2,525
	State Grants for Recurrent Expenditure received in advance		48,350	42,886
	Academic Fees received in advance		<u>55,971</u>	<u>52,532</u>
	Other Creditors and Accruals		<u>177,349</u>	<u>169,919</u>
20.	General Reserve	Opening Balance €'000	Current Year Movement €'000	Closing Balance €'000
				Prior Year Movement €'000
	Valuation - Fixed Assets	133,415	-	133,415
	State Capital Grants	347,648	111	347,759
	Recurrent Funding Transfer	91,257	5,336	96,593
	Capital Donations	151,972	706	152,678
	Other	<u>116,482</u>	<u>7,180</u>	<u>123,662</u>
		840,774	13,333	854,107
	Disposals	-	(58)	(58)
	Amortisation			
	Amortisation at start of Year	(401,996)	-	-
	Less Amortisation on Disposal	-	58	-
	Amortisation to I & E Account for Year	-	(23,319)	-
	Amortisation at End of Year	-	-	(425,020)
		<u>438,778</u>	<u>(9,986)</u>	<u>428,792</u>

## NOTES TO ACCOUNTS

Year to 30th September 2018

	2017/2018 €'000	2016/2017 €'000
<b>21. Revenue Reserves</b>		
Opening Balance	(2,887)	(4,235)
Surplus for the year	<u>334</u>	<u>1,348</u>
Closing Balance	<u>(2,553)</u>	<u>(2,887)</u>
<b>22. Cashflow</b>		
<b>Reconciliation of Income and Expenditure Account Surplus to Net Cash (outflow)/ inflow from Operating Activities</b>		
Surplus for the Year	334	1,348
Interest Received	(43)	(80)
Interest Paid	<u>1,417</u>	<u>819</u>
	1,708	2,087
Loss on the disposal of Fixed Assets		4
Depreciation of Fixed Assets	23,319	21,746
Amortisation of General Reserve	(23,319)	(21,746)
Goodwill	-	(714)
Decrease/ (Increase) in Debtors and Prepayments	4,214	(5,699)
Increase in Stocks	(361)	(120)
Increase/ (Decrease) in Creditors and Accruals	7,430	(2,280)
Movement in Ancillary Services	<u>25</u>	<u>144</u>
Net Cash Inflow/ (Outflow) from Operating Activities	<u>13,016</u>	<u>(6,578)</u>
	2017/2018 €'000	2016/2017 €'000
<b>23. Analysis of Change in Cash and Cash Equivalents</b>		
Balance at 1st October	68,880	49,116
IMI Cash and Cash Equivalents at Acquisition	-	490
Net Cash Inflow	<u>17,215</u>	<u>19,274</u>
Balance at 30th September	<u>86,095</u>	<u>68,880</u>
	2017/2018 €'000	2016/2017 €'000
<b>24. Capital Commitments</b>		
Commitments contracted at 30th September	12,403	15,703
Authorised but not contracted at 30th September	<u>7,853</u>	<u>25,936</u>
	<u>20,256</u>	<u>41,639</u>
<b>25. Commitments and Contingencies</b>		

The University, from time to time, is party to various legal proceedings. Provision has been made in the financial statements where it is possible at this time to make a reliable estimate of the financial effects (if any) of these cases.



## NOTES TO ACCOUNTS

Year to 30th September 2018

### 26. Pensions

The University operated three defined benefit pension schemes during the year, being the Closed Scheme, Model Scheme and the SPSPS Scheme. Pension costs are accounted for on the basis of charging the cost of providing pensions over the period during which the University benefits from the employees' services.

New entrants to the Public Service on or after 1 January 2013 are members of a new pension scheme, the Single Public Service Pension Scheme (SPSPS). Single scheme members' contributions are paid over to the Department of Public Expenditure and Reform.

Pension benefits for certain other employees of certain subsidiary undertakings are met by payments to defined contribution pension schemes. Contributions are charged to the income and expenditure account in the year in which they fall due.

The most recent actuarial valuation was undertaken by consulting actuaries and reported in January 2019.

	2017/18 Closed Scheme €'000	2017/18 Model Scheme €'000	2017/18 Model Scheme* €'000	2017/18 SPSPS Scheme €'000	2017/18 Total €'000
<b>27. Pension Control Account</b>					
Opening balance	(59,780)	36,093	12,909	12,359	1,581
<i>Income</i>					
Employer contributions received	7,228	458	1,563	4,743	13,992
Employee contributions received	2,651	1,958	508	1,994	7,111
Pension transfers in (cash received)	24	3			27
Supplementation income	3,051				3,051
HEA Funding – Pension Costs	3,800				3,800
UCC Funding Pension Added years liability	807				807
Income in respect of purchase of added years	<u>393</u>	<u>152</u>	<u>5</u>	<u>-</u>	<u>550</u>
<b>Total Income</b>	<b>17,954</b>	<b>2,571</b>	<b>2,076</b>	<b>6,737</b>	<b>29,338</b>
<i>Expenditure</i>					
Pensions in payment (including supplementation)	24,769	208	27	-	25,004
Lump sum payments on retirement	4,547	218	-	-	4,765
Death in service payments	88	45	-	531	664
Pension transfer out (cash payments)	-	8	-	-	8
Refunds of contributions	32	-	-	161	193
Employee contributions payover	-	-	-	1,806	1,806
Administration and other costs	<u>436</u>	<u>314</u>	<u>65</u>	<u>(160)</u>	<u>655</u>
<b>Total Expenditure</b>	<b>29,872</b>	<b>793</b>	<b>92</b>	<b>2,338</b>	<b>33,095</b>
(Deficit)/Surplus	<u>(71,698)</u>	<u>37,871</u>	<u>14,893</u>	<u>16,758</u>	<u>(2,176)</u>
Grant receivable/(payable) from/to the HEA	<u>71,698</u>	<u>(37,871)</u>	<u>(14,893)</u>	<u>(16,758)</u>	<u>2,176</u>

The net grant payable to the HEA of €1.6m is included in Creditors & Accruals (Note 19).

\*New ECF rate 20%

## NOTES TO ACCOUNTS

Year to 30th September 2018

### 28. Related Party Transactions

The activities of the following 100% owned subsidiaries have been consolidated with the University College Cork Income and Expenditure Account and Balance Sheet:

Property Management (UCC) DAC  
Campus Accommodation (UCC) DAC  
Student Facilities & Services (UCC) DAC  
Biosciences (UCC) DAC  
Mardyke Leisure (UCC) DAC  
Art Gallery (UCC) DAC  
Tenton DAC  
UCC Academy DAC  
Irish Management Institute

### 29. Approval of Financial Statements

The financial statements were approved by the Governing Body on the 29<sup>th</sup> October 2019.

# RECONCILIATION OF HEA FUNDING STATEMENT WITH CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2018

	Consolidated financial statements €'000	Trust Fund €'000	GAAP adjustments €'000	HEA funding statement €'000
<b>INCOME</b>				
State grants	49,721	-	114	49,835
Academic fees	142,272	-	(686)	141,586
Research grants and contracts	94,750	-	(9,342)	85,408
Amortisation of state capital grants	10,753	-	12,566	23,319
Other operating income	56,163	-	15,507	71,670
Interest income	45	-	-	45
Investment income	440	(440)	-	-
Donations and endowments	1,931	(673)	(1,258)	-
Gain on investments	566	(566)	-	-
Net deferred funding for pensions	<u>61,475</u>	<u>-</u>	<u>(61,475)</u>	<u>-</u>
Total income	<u>418,116</u>	<u>(1,679)</u>	<u>(44,574)</u>	<u>371,863</u>
 Total expenditure	 <u>419,341</u>	 <u>(220)</u>	 <u>(47,592)</u>	 <u>371,529</u>
 (Deficit)/ surplus for year	 <u>(1,225)</u>	 <u>(1,459)</u>	 <u>3,018</u>	 <u>334</u>



Elements of both Capital and Recurrent expenditure reported in these Consolidated Financial Statements have been funded under one or more of the following programmes administered by the HEA:



Ireland's EU Structural Funds  
Programmes 2007 - 2013

Co-funded by the Irish Government  
and the European Union



**EUROPEAN REGIONAL  
DEVELOPMENT FUND**



An Roinn Fiontar, Trádála agus Nuálaíochta  
Department of Enterprise, Trade and Innovation

Science  
Foundation  
Ireland **sfi**  
For what's next

**Investing in Your Future**

**Programme for Research in Third Level Institutions  
(PRTL)**

The Programme for Research in Third Level Institutions is Co-funded by the Irish Government and the European Union under Ireland's EU Structural Funds Programme 2007– 2013.

## **APPENDIX 1**

### **CORK UNIVERSITY FOUNDATION DAC-FINANCIAL STATEMENTS 2018**

**Cork University Foundation**  
(A company limited by guarantee, without a share capital)

**Directors' Report and Financial Statements**  
**for the year ended 30 September 2018**



**Cork University Foundation**  
(A company limited by guarantee, without a share capital)

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## **Cork University Foundation**

(A company limited by guarantee, without a share capital)

### **DIRECTORS AND OTHER INFORMATION**

<b>Directors</b>	Cornelius Killian Hurley Patrick O'Shea Michael Dowling Neil O'Leary William M. Murphy Mary Noelle Sheppard (Appointed 20 April 2018, Resigned 01 March 2019)
<b>Company Secretary</b>	Cal Healy (Resigned 21 September 2018) Kelly Kirkpatrick (Appointed 21 September 2018, Resigned 01 March 2019) Robert Donelson (Appointed 01 March 2019)
<b>Company Registered Number</b>	243605
<b>Charity registered number</b>	CHY 11831
<b>Registered Office</b>	Development and Alumni Office 2.12 Western Gateway Building Western Road Cork
<b>Business Address</b>	Development and Alumni Relations Office 2.12 Western Gateway Building Western Road Cork
<b>Independent Auditors</b>	Mazars Chartered Accountants & Statutory Audit Firm Mayoralty House Flood Street Galway
<b>Solicitors</b>	McCann Fitzgerald Solicitors Riverside One Sir John Rogerson's Quay Dublin 2
<b>Bankers</b>	Allied Irish Bank 66 South Mall Cork Ireland

# Cork University Foundation

(A company limited by guarantee, without a share capital)

## DIRECTOR'S REPORT

for the financial year ended 30 September 2018

The Directors are pleased to present their annual Directors' Report together with the audited financial statements of Cork University Foundation (henceforth referred to as the Foundation or the charity) for the year ending 30 September 2018, which are also prepared to meet the requirements of the Companies Act 2014. The financial statements comply with the Charities Act 2009, The Companies Act 2014, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Ireland (FRS 102).

### Directors and Secretary

The directors who served throughout the year, except as noted, were as follows:

Cornelius Killian Hurley  
Patrick O'Shea  
Michael Dowling  
Neil O'Leary  
William M. Murphy  
Mary Noelle Sheppard (Appointed 20 April 2018, Resigned 01 March 2019)

The secretaries who served during the year were;

Cal Healy (Resigned 21 September 2018)  
Kelly Kirkpatrick (Appointed 21 September 2018, Resigned 01 March 2019)  
Robert Donelson (Appointed 1 March 2019)

In accordance with the Constitution, at each General Meeting one quarter of the Directors for the time being, or if their number is not four or a multiple of four, then the number nearest one quarter, shall retire from office and being eligible, offer themselves for re-election.

### Chair's Statement

The Foundation continues to operate successfully in carrying out its mission to raise financial support for University College Cork (henceforth referred to as the University), to help maintain it as an internationally recognised university through the implementation of its Strategic Plan and the quality of its student experience, including excellence in teaching and research.

Continuing good performance in income generation from charitable activities allowed the Foundation to disburse almost €1.7m to The University during the year in direct support of almost 40 programmes, projects, scholarships, grants and prizes, including the Cavanagh Bridge, the UCC Plus+ Programme, and the Glucksman Art Gallery.

The Foundation aims to utilise the additional resources put at its disposal by the University to increase the funding it can make available to the University in the years ahead, particularly for key strategic projects and activities across the four colleges and the University.

Thanks are expressed to the Foundation's donors, whose generous support is of critical importance to the University in achieving its goals and delivering on its Strategic Plan. Thanks are also expressed to the University for its continuing contribution to the Foundation in terms of the provision of staff, services and premises.

### Purpose of the Foundation and Review of Activities

The purpose of the Foundation is set out in its Memorandum of Association as the furtherance of education and research carried out in particular by the University, and its mission is further clarified in the charity's Donor Charter as the raising of support, funding and advice for the maintenance of the University as an internationally recognised world-class university, achieved through the implementation of the University's Strategic Plan.

The strategy employed to achieve the purpose and mission of the Foundation is to strategically align the charity's activities as follows:

- with each of the four colleges of the University in supporting their strategic requirements and initiatives, and
- with cross-university strategic initiatives.

## **Cork University Foundation**

(A company limited by guarantee, without a share capital)

### **DIRECTOR'S REPORT**

for the financial year ended 30 September 2018

Each college is supported by a dedicated fundraiser, who works closely with their respective college Head in identifying and developing funding plans for strategic areas in need of support. Within the University's Development and Alumni Office, fundraisers report to the Director of Development, who with the Executive Director, work to support cross-university strategic initiatives through the charity's infrastructure.

The continuing generous support of alumni and other benefactors to the University is of critical importance to the mission of the Foundation and the charity is committed to nurturing and sustaining relationships of mutual trust and respect with all of its donors.

The Foundation aims to comply with the Charities Institute of Ireland's Guidelines for Charitable Organisations on Fundraising from the Public and staff of the Development and Alumni Office are guided by the following values in carrying out all of the activities of the charity:

- Honesty - in all internal and external interactions.
- Accountability - to donors, the university and all regulatory bodies.
- Perseverance - to maximize effectiveness of efforts.
- Balance - to ensure sustainability of efforts.
- Empowerment - to foster excellence.
- Professionalism - to ensure quality and consistency of work.
- Engagement - to foster fruitful and productive relationships and a sense of community.

The key ongoing activities of the Foundation are aligned with the University's college structure as follows:

- The College of Arts, Celtic Studies and Social Sciences
- The College of Medicine and Health
- The College of Science, Engineering and Food Science
- The College of Business and Law
- Cross-University Support

There has been no significant change in these activities during the year ended 30 September 2018.

#### **Structure, Governance and Management**

The Foundation is limited by guarantee not having a share capital and is governed by its Memorandum and Articles of Association dated 23 December 1996 and controlled by its Board of Directors. The Foundation is registered as a charity with the Charities Regulatory Authority and has charitable tax status.

All funds received by the Foundation are recorded, logged and banked by staff of the University's Development and Alumni Office according to established gift administration and gift accounting policies and processes. All disbursements from the Foundation to the University must be formally requested by the University and approved by the Board of the Foundation. The Foundation continues to monitor evolving corporate governance in the charitable sector.

In accordance with its Constitution, the Foundation is controlled by a Board of Directors who meet at least four times per annum. The Board has the power to appoint additional directors. The Board has a minimum of five members with no maximum limit on membership. Board members include the President of UCC who is an ex-officio member.

#### **Internal controls**

The Directors acknowledge their overall responsibility for the Foundation's system of internal controls. The Foundation maintains a system of robust financial and operational controls including standard operating procedures, segregation of duties, cash management controls and reconciliations. A system of fund accounting controls ensures the accurate designation of funds, reporting of fund balances, and timely disbursement of funds in accordance with donor intent and statutory requirements.



## **DIRECTOR'S REPORT**

for the financial year ended 30 September 2018

### **Achievements and Performance in 2018**

The Board of Directors are pleased to report that 2018 was a positive year with total income from charitable activities of €1,675,945, broken down as follows:

- College of Medicine & Health €755,614 – including €270,373 towards the Cardiovascular Fund and €201,180 towards the Infant Centre.
- College of Science, Engineering and Food Science €186,759 – including €119,000 towards research scholarships.
- College of Arts, Celtic Studies and Social Sciences €161,662 – including €50,000 towards the Locus Project.
- College of Business and Law €8,357
- Cross University €563,557 – including €231,433 towards the UCC Plus+ Programme

Total disbursements to the University was €1,686,220, broken down as follows:

- College of Medicine & Health €168,567 – including €48,798 towards cancer research.
- College of Science, Engineering and Food Science €164,251 – including €127,667 towards academic positions and scholarships.
- College of Arts, Celtic Studies and Social Sciences €70,875 – including €25,000 towards the Locus Project.
- College of Business and Law €500.
- Cross University €1,282,028 – including €705,746 towards the Cavanagh Bridge and €400,000 towards the UCC Plus+ Programme.

The Foundation continues to provide significant funding support to vital cancer research programmes at UCC and in partnership with Cork University Hospital, with over €4m disbursed to these programmes in the last ten years. The Foundation also supports medical research programmes across the College of Medicine and Health including Obstetrics and Gynaecology and the Infant Centre, as well as a number of major programmes and departments such as Clinical Gerontology and Rehabilitation, the School of Pharmacy, and the Molecular Human Reproduction Centre.

In addition, the Foundation provides direct support in terms of grants, scholarships, and funding for academic posts, across the four colleges. All of this support is vital to the maintenance of excellence in teaching and research across the University.

### **Financial Results**

In 2018 the Foundation has a deficit of €43,879 (2017: surplus €657,630), comprising income of €1,702,508 (2017: €2,660,081) and total expenditure of €1,746,387 (2017: €2,002,451). The main element of expenditure was disbursements to the University totalling €1,686,220 (2017: €1,893,551). The deficit is partly due to a fair value loss on the final wind-down of the charity's investment balance with Davy's (€20,732), and partly due to total expenditure exceeding total income. The directors are satisfied with the results for the year.

### **Financial Performance**

Income from charitable activities was €1,675,945, which is €959,023 down on the previous year. The main reason for this movement is a €1,000,000 donation towards a chair in Engineering received in February 2017, with no single donation of a similar magnitude received in 2018. Excluding this donation, income from all other charitable activities is up 3% year on year.

In addition, the charity is showing income from donated services of €46,076, representing the value of staff, serviced accommodation and other services provided by the University for the running of the Foundation during the year. There was no corresponding income in the previous year, because the Foundation refunded the University for these services out of its unrestricted general reserve in 2017, and opted not to do so in 2018. The value of these donated services in 2018 is also recorded as part of the cost of raising funds, €60,167 (2017: €107,302).

# **Cork University Foundation**

(A company limited by guarantee, without a share capital)

## **DIRECTOR'S REPORT**

for the financial year ended 30 September 2018

Disbursements are down €207,331 (11%) on the previous year, reflecting a normal variation in the requirement for funds by the University, including €110,000 towards the carbon-neutral capital building project disbursed in 2017.

The principal funding sources in terms of geographical breakdown are given in Note 5 to the financial statements. In terms of donor type, 43% of cash donations received in 2018 came from individuals, up from 27% in the previous year, and 19% came from corporate donors down from 48% in the previous year. These movements are explained by the €1,000,000 corporate donation for the chair in Engineering in 2017. Other donation sources increased to 39% in 2018 from 25% the previous year, reflecting a legacy gift in 2018 of €258,332.

Overall, these financial results show strong underlying income from charitable activities, supporting a stable and sustainable level of disbursement to the University. In addition, with total funds of €4,742,011 (2017: €4,785,890), of which €897,546 are in unrestricted funds, the Foundation is well positioned to serve the growing funding requirements of the University over the coming years.

### **Reserves Policy**

The Directors do not consider there is a need at the present time to set a target level of reserves, given the willingness of the University to continue to donate the staff, services, and premises required by the charity in order to continue to operate. There are a small number of operating costs borne directly by the charity, which will be adequately covered by unrestricted general reserves for the foreseeable future. The directors will keep the requirement to develop a target level of reserves and a corresponding reserves policy under review.

### **Principal Risks and Uncertainties**

The directors consider that the principal risks and uncertainties faced by the charity are in the following categories:

- Economic Risk – the risk of the current economic environment having an adverse impact on the ability of current and prospective donors to contribute to the Foundation into the future.
- Financial Risks – including investment, liquidity and other financial risks. The Foundation has a system of procedures and controls in place to manage these risks, and compliance is monitored on an ongoing basis.
- Funding Risks – with limited investment income of its own, the charity must keep the funding of its ongoing running costs and overheads under review, to the extent that these costs are not covered by the University.

### **Important events since the year-end**

There have been no significant events affecting the charity since the year-end.

### **Going Concern**

The Directors have no concerns about the ability of the Foundation to continue to carry out its mission and activities into the foreseeable future. We note this given the external audit requirement to assess this annually.

### **Future Developments**

The Foundation will continue to work closely with its key stakeholders to secure philanthropic funding for the University's strategic projects, by aligning its activities with individual college and cross-university priorities. Additionally, a number of specific initiatives are planned in order to build and develop the network between the university and its alumni and other patrons

### **Auditors**

The auditors, Mazars, (Chartered Accountants & Statutory Audit Firm) have indicated their willingness to continue in office in accordance with the provisions of section 383(2) of the Companies Act 2014.

# Cork University Foundation

(A company limited by guarantee, without a share capital)

## DIRECTOR'S REPORT

for the financial year ended 30 September 2018

### Statement of relevant audit information

In the case of each of the persons who are directors at the time this report is approved in accordance with section 332 of Companies Act 2014:

(a) so far as each director is aware, there is no relevant audit information of which the company's statutory auditors are unaware, and

(b) each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's statutory auditors are aware of that information.

### Accounting Records

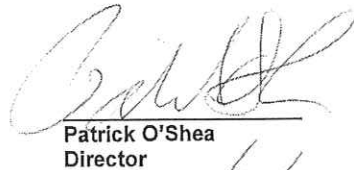
To ensure that adequate accounting records are kept in accordance with sections 281 to 285 of the Companies Act 2014, the directors have employed appropriately qualified accounting personnel and have maintained appropriate computerised accounting systems. The accounting records are located at the Foundation's office at 2.12 Western Gateway Building, Western Road, The University.

Signed on behalf of the board



Neil O'Leary  
Director

Date: 17/06/19



Patrick O'Shea  
Director

Date: 17/6/2019



## Cork University Foundation

(A company limited by guarantee, without a share capital)

### DIRECTOR'S RESPONSIBILITY STATEMENT

for the financial year ended 30 September 2018

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable Irish law and regulations.

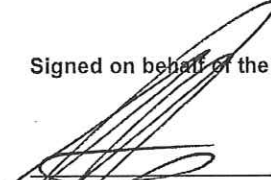
Irish company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with the Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date and of the surplus or deficit of the company for the financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

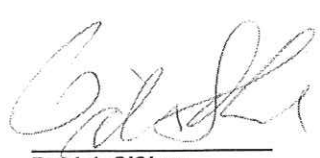
The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and surplus or deficit of the company to be determined with reasonable accuracy and enable them to ensure that the financial statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be readily and properly audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the board



Neil O'Leary  
Director

Date: 17/06/19



Patrick O'Shea  
Director

Date: 17/6/2019



## **INDEPENDENT AUDITOR'S REPORT** **to the Members of Cork University Foundation**

(A company limited by guarantee, without a share capital)

### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the financial statements of Cork University Foundation ('the company') for the year ended 30 September 2018 which comprise the Statement of Financial Activity, the Statement of Financial Position, the Statement of Cash Flows and the related notes to the financial statements, including a summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 30 September 2018 and of its deficit for the year then ended;
- have been properly prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

#### **Basis for opinion**

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 company 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 opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other Information**

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2014**

Based solely on the work undertaken in the course of the audit, we report that:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- in our opinion, the Directors' Report has been prepared in accordance with the Companies Act 2014.

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 company were sufficient to permit the financial statements to be readily and properly audited. The financial statements are in agreement with the accounting records.

# **INDEPENDENT AUDITOR'S REPORT**

## **to the Members of Cork University Foundation**

(A company limited by guarantee, without a share capital)

### **Matters on which we are required to report by exception**

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report. The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

### **Respective responsibilities**

#### **Responsibilities of directors for the financial statements**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operation, or has 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: <[www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description of auditors responsibilities for audit.pdf](http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf)> The description forms part of our Auditor's Report.

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

Our report is made solely to the company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members 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 any responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Austin Sammon**  
for and on behalf of  
**MAZARS**

Chartered Accountants & Statutory Audit Firm  
Mayoralty House  
Flood Street  
Galway

Date:

17/6/19



# Cork University Foundation

(A company limited by guarantee, without a share capital)

## STATEMENT OF FINANCIAL ACTIVITIES

for the financial year ended 30 September 2018

	Notes	Restricted Funds €	Undesignated Funds €	Designated Funds €	Total Funds 2018 €	Total 2017 €
<b>Income from:</b>						
Donated support services	4	-	46,076	-	46,076	-
Charitable activities	5	1,348,409	753	326,783	1,675,945	2,634,968
Interest & Similar Income	6	-	1,219	-	1,219	2,812
Other Recognised Gains/ Losses	7	-	-	(20,732)	(20,732)	22,301
<b>Total</b>		<b>1,348,409</b>	<b>48,048</b>	<b>306,051</b>	<b>1,702,508</b>	<b>2,660,081</b>
<b>Expenditure on:</b>						
Disbursements to projects	8	1,577,959	76,424	31,837	1,686,220	1,893,551
Support & Governance costs	9	-	58,591	-	58,591	107,302
Bank Charges	9	-	1,576	-	1,576	1,598
<b>Total</b>		<b>1,577,959</b>	<b>136,591</b>	<b>31,837</b>	<b>1,746,387</b>	<b>2,002,451</b>
<b>Net income/ (expenditure)</b>		<b>(229,550)</b>	<b>(88,543)</b>	<b>274,214</b>	<b>(43,879)</b>	<b>657,630</b>
Transfer between funds		4,851	10,000	(14,851)	-	-
<b>Net movement in funds</b>		<b>(224,699)</b>	<b>(78,543)</b>	<b>259,363</b>	<b>(43,879)</b>	<b>657,630</b>
Total funds at 1 October 2017		4,069,164	161,913	554,813	4,785,890	4,128,260
<b>Total funds at 30 September 2018</b>		<b>3,844,465</b>	<b>83,370</b>	<b>814,176</b>	<b>4,742,011</b>	<b>4,785,890</b>

There were no recognised gains and losses in the current or prior year other than those included in the Statement of Financial activity.  
All incoming resources and resources expended derive from continued activities

Approved by the Board on 17/6/2019 and signed on its behalf by:



Patrick O'Shea  
Director



Neil O'Leary  
Director

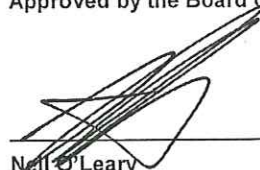


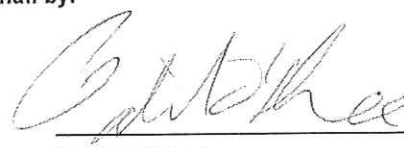
**Cork University Foundation**  
(A company limited by guarantee, without a share capital)

**STATEMENT OF FINANCIAL POSITION**  
as at 30 September 2018

	Note	2018 €	2017 €
<b>Non-Current Assets</b>			
Financial Assets	12	-	779,766
<b>Current assets</b>			
Debtors	13	448	1,067
Cash and cash equivalents	22	4,870,730	4,718,245
		<u>4,871,178</u>	<u>4,719,312</u>
<b>Creditors: amounts falling due within one year</b>	14	(129,167)	(713,188)
<b>Net current assets</b>		<u>4,742,011</u>	<u>4,006,124</u>
<b>Net assets</b>		<u>4,742,011</u>	<u>4,785,890</u>
<b>Funds</b>			
Unrestricted Funds			
- Designated Funds		814,176	554,813
- Undesignated Funds		83,370	161,913
Restricted Funds		<u>3,844,465</u>	<u>4,069,164</u>
<b>Total Funds</b>	15	<u>4,742,011</u>	<u>4,785,890</u>

Approved by the Board on 17/06/2019 and signed on its behalf by:

  
\_\_\_\_\_  
Neil O'Leary  
Director

  
\_\_\_\_\_  
Patrick O'Shea  
Director

## Cork University Foundation

(A company limited by guarantee, without a share capital)

### STATEMENT OF CHANGES IN EQUITY

as at 30 September 2018

	Restricted reserve	Undesignated reserve	Designated reserve	Total
	€	€	€	€
Balance at 30 September 2016	3,256,771	338,208	533,281	4,128,260
Net surplus/(deficit) for the year	812,393	(176,295)	21,532	657,630
Balance at 30 September 2017	4,069,164	161,913	554,813	4,785,890
Net surplus/(deficit) for the year	(224,699)	(78,543)	259,363	(43,879)
Balance at 30 September 2018	3,844,465	83,370	814,176	4,742,011

**Cork University Foundation**  
(A company limited by guarantee, without a share capital)

**CASH FLOW STATEMENT**  
for the financial year ended 30 September 2018

	Note	2018 €	2017 €
<b>Cash flows from charitable activities</b>			
Net expenditure for the year		(43,879)	657,630
Adjustments For:			
Fair value gains and losses		20,732	(22,301)
Interest receivable and similar income		(1,219)	(2,812)
Interest payable and similar charges		1,576	1,598
		<u>(22,790)</u>	<u>634,115</u>
Movement in working capital:			
Movement in debtors		619	894
Movement in creditors		(584,021)	493,978
		<u>(606,192)</u>	<u>1,128,987</u>
Cash used in charitable operations		(606,192)	1,128,987
Interest paid		(1,576)	(1,598)
		<u>(607,768)</u>	<u>1,127,389</u>
<b>Net cash generated from charitable activities</b>		<u>(607,768)</u>	<u>1,127,389</u>
<b>Cash flow from investing activities</b>			
Interest received		1,219	2,812
Realisation of short term investment		759,034	-
		<u>760,253</u>	<u>2,812</u>
<b>Net cash generated from investing activities</b>		<u>760,253</u>	<u>2,812</u>
<b>Net increase in cash and cash equivalents</b>		<b>152,485</b>	<b>1,130,201</b>
<b>Cash and cash equivalents at beginning of financial year</b>		<b>4,718,245</b>	<b>3,588,044</b>
<b>Cash and cash equivalents at end of financial year</b>	<b>22</b>	<b><u>4,870,730</u></b>	<b><u>4,718,245</u></b>



# **Cork University Foundation**

(A company limited by guarantee, without a share capital)

## **NOTES TO THE FINANCIAL STATEMENTS**

for the financial year ended 30 September 2018

### **1. GENERAL INFORMATION**

Cork University Foundation Company Limited by Guarantee (Cork University Foundation CLG) is a company limited by guarantee and does not have a share capital. The Foundation is incorporated in Ireland with a registered office at 2.12 Western Gateway Building, UCC, Western Road, T12 XF62 (previously at University College Cork, 5 Brighton Villas, Western Road), which is also the principal place of business of the Foundation. The primary activity for which the Foundation is established is engaging in fundraising activities for the purposes of the furtherance of education and research carried out by the University in its pursuit of education, teaching and research.

The financial statements of the Foundation comprise the Statement of Financial Activity, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes including the Statement of Charitable Funds. The financial statements are presented in whole euro (€), which is the functional currency of the Foundation.

In order to provide information relevant to understanding the stewardship of the directors and the performance and financial position of the charity, Cork University Foundation CLG has prepared its financial statements in accordance with the formats provided for in the Charities SORP.

As permitted by section 291(3)(4) of the Companies Act 2014, the Company has varied the standard formats specified in that Act for the Statement of Financial Activities, the Statement of Financial Position and the Statement of Cash Flows. Departures from the standard formats, as outlined in the Companies Act 2014, are to comply with the requirements of the Charities SORP and are in compliance with Sections 4.7, 10.6 and 15.2 of the Charities SORP.

### **2. ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### **Statement of compliance**

The financial statements of the company for the year ended 30 September 2018 have been prepared on the going concern basis and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102). The financial statements have also been prepared in accordance with the Statement of Recommended Practice (SORP) (FRS 102) "Accounting and Reporting by Charities".

#### **Basis of preparation**

The financial statements have been prepared on the going concern basis and in accordance with the historical cost convention except for certain assets and financial instruments that are measured at revalued amounts or fair values as explained in the accounting policies below. The financial reporting framework that has been applied in their preparation is based on the Companies Act 2014, FRS 102, as issued by the Financial Reporting Council and promulgated in Ireland by Chartered Accountants Ireland, and SORP, as published by the Charity Commission for England and Wales and considered as best practice for charities in Ireland.

#### **Income**

All income is included in the Statement of Financial Activities when the Foundation is entitled to the income, the amount can be measured with reasonable accuracy and receipt is probable. The following specific policies are applied to particular categories of income:

- Income from fundraising (charitable activities) comprises of cash donations, gifts and legacies, and is recognised in the financial statements in the year in which it is receivable by the Foundation.
- Income from donated services and facilities – services and facilities donated by the University are recognised upon receipt on the basis of the value of the gift to the Foundation, which is measured by reference to the cost of the item to the university or an appropriately determined proportion of that cost.
- Investment income – income earned on funds held on deposit and in short or long term funds is recognised when earned.

# **Cork University Foundation**

(A company limited by guarantee, without a share capital)

## **NOTES TO THE FINANCIAL STATEMENTS**

for the financial year ended 30 September 2018

### **Expenditure**

Expenditure is recognised on an accruals basis as a liability is incurred and is recorded as part of the expenditure to which it relates. Expenditure on charitable activities comprises the costs associated with attracting income from fundraising and costs incurred by the Foundation in the delivery of its charitable objects. It includes both costs that can be allocated directly to charitable activities and those costs of an indirect nature necessary to support them (overheads). The Foundation's direct costs principally comprise of disbursements approved by the Board to the University for appropriately identified projects and activities. The Foundation's overhead costs include its governance and support costs and comprise of a component incurred directly by the Foundation and a component donated by the University as detailed under Income, and bank charges.

### **VAT**

The Foundation is not registered for VAT as its charitable activities lie entirely outside the scope of VAT. Any VAT incurred by the charity on an overhead item is therefore entirely irrecoverable and forms part of the expenditure on the item.

### **Taxation**

The Foundation is a registered charity and is exempt from Corporation Tax.

### **Allocation of support costs**

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include gift administration, finance, secretarial, back office and governance costs. These costs have been allocated entirely against unrestricted general reserves.

### **Foreign currencies**

Cash gifts and donations are recognised as received by the Foundation when they are lodged into the charity's euro bank account. Foreign currency gifts and donations are converted to euro based on the spot exchange rates being operated by the charity's bank on the date of lodgement.

Monetary assets and liabilities denominated in a foreign currency at the Statement of Financial Position date are converted using the interbank closing exchange rate on that date. Any exchange differences subsequently arising are dealt with in the Statement of Financial Activities.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the Statement of Financial Position any bank overdrafts are shown within Creditors.

### **Financial instruments**

The Foundation has only financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans, which are subsequently measured at amortised cost using the effective interest method.

### **Financial assets**

Investments held as fixed assets are stated at initially recognised at fair value which is normally the transaction price excluding transaction costs. At the end of the reporting period, if the fair value can be measured reliably, the investments are measured at fair value through the statement of financial activity.

### **Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

### **Debtors**

Debtors are recognised at the settlement amount due less any trade discounts if applicable. Prepayments are valued at the amount prepaid net of any trade discounts due.



# Cork University Foundation

(A company limited by guarantee, without a share capital)

## NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2018

### Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party (including the University) and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

The Foundation and the University have an agreed policy in respect of the disbursement of funds to the university. Following receipt of an authorised request for funds from the University, the approved amount is transferred from restricted or designated funds to creditors.

### Charity's Funds

- Restricted funds: Funds received that can only be used for particular purposes specified by the donors, which are binding on the Foundation. Such purposes are within the overall aims of the Foundation.
- Unrestricted funds: Funds that are expendable at the discretion of the Foundation in furtherance of any of the objects of the charity. If part of an unrestricted fund is earmarked for a particular project or purpose, it may be designated as a separate fund, the designation has an administrative purpose only, and does not legally restrict the Foundation's discretion to apply the fund.
- Designated funds: Unrestricted funds that have been allocated towards the funding of the companies operating activities and may be utilised at the discretion of the Board for that purpose.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based in 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 that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements relates to the stating of financial assets at market value, which is based on independent valuations obtained.

The directors consider that apart from the accounting policies above, there are no other accounting estimates and assumptions which are required to be disclosed.

### 4. DONATED SUPPORT SERVICES

	2018	2017
	€	€
Administration	33,776	-
Professional fees	11,332	-
Serviced accommodation	615	-
Other	353	-
<b>Total</b>	<b>46,076</b>	<b>-</b>

During the year the overhead expenses incurred in the running of the Foundation were donated by University College Cork. In 2017 the Foundation reimbursed University College Cork for its overhead expenses out of its unrestricted funds .

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**5. INCOME FROM CHARITABLE ACTIVITIES**

	Restricted Funds €	Unrestricted Funds €	Designated Funds €	Total funds 2018 €	Total funds 2017 €
Donations	1,348,409	753	326,783	1,675,945	2,634,968
	<u>1,348,409</u>	<u>753</u>	<u>326,783</u>	<u>1,675,945</u>	<u>2,634,968</u>

Income for the year all of which relates to donations, has derived from

	2018 €	2017 €
Ireland	1,290,650	2,234,528
United Kingdom	254,520	252,617
United States of America	130,735	142,421
Australia	40	170
Canada	-	5,232
<b>Total</b>	<u>1,675,945</u>	<u>2,634,968</u>

**Geographical market**

Republic of Ireland	1,290,650	2,234,528
Europe	254,520	252,617
Rest of World	130,775	147,823
	<u>1,675,945</u>	<u>2,634,968</u>

Income attributable to geographical markets outside the Republic of Ireland amounted to 23% for the year.  
During the year there were no gifts in kind received (2017: €NIL)

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

The amount of interest on or any similar charges in respect of the following have been charged:

	2018 €	2017 €
Bank Interest	1,219	2,812
	<u>1,219</u>	<u>2,812</u>

These balances have been classified as;

Restricted funds	-	-
Undesignated funds	1,219	2,812
Designated funds	-	-
	<u>1,219</u>	<u>2,812</u>

**7. LOSS ON INVESTMENTS AT FAIR VALUE**

	2018 €	2017 €
Gain/ (Loss) on Investments at Fair Value	(20,732)	22,301
	<u>(20,732)</u>	<u>22,301</u>



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**8. DISBURSEMENTS TO PROJECTS**

	Restricted Funds €	Unrestricted Funds €	Designated Funds €	Total funds 2018 €	Total funds 2017 €
Arts Celtic Studies and Social Sciences	70,875	-	-	70,875	97,207
Science Engineering and Food Science	141,390	-	22,860	164,250	285,713
Business and Law	500	-	-	500	9,336
Medicine and Health	163,567	-	5,000	168,567	341,033
Other UCC projects	45,000	-	-	45,000	-
Administration and Support	1,156,627	76,424	3,977	1,237,028	1,160,262
<b>Total</b>	<b>1,577,958</b>	<b>76,424</b>	<b>31,837</b>	<b>1,686,220</b>	<b>1,893,551</b>

**9. COST OF RAISING FUNDS**

	2018 €	2017 €
Direct Staff Costs	-	-
Bank charges	1,576	1,598
Support Costs	58,591	107,302
	<b>60,167</b>	<b>108,900</b>

**10. NET EXPENDITURE**

Net expenditure is stated after charging/ (crediting):	2018 €	2017 €
Auditors' remuneration – for external audit services	7,500	7,500
Auditors' remuneration – other non-audit services	5,000	-
	<b>12,500</b>	<b>7,500</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2018

### 11. SUPPORT COSTS AND ALLOCATION OF EXPENDITURE

(a) **Support Costs**

Support costs include Finance, Governance and Administration which are allocated across Charitable Activities and Fundraising. Costs are not allocated to designated or restricted funds.

(b) **Allocation of expenditure**

	Charitable Activities €	Support and Governance Costs €	Bank Charges €	Total €
Direct Expenditure	1,686,220	-	-	1,686,220
Governance	-	14,607	-	14,607
Finance	-	26,114	-	26,114
Information Technology	-	-	-	-
Other	-	17,870	1,576	19,446
<b>Total Resources Expended</b>	<b>1,686,220</b>	<b>58,591</b>	<b>1,576</b>	<b>1,746,387</b>

(c) **Governance costs**

	2018 €	2017 €
External Audit	12,500	7,500
Board Expenses	-	-
Legal and Consultancy fees	2,107	31,000
	<b>14,607</b>	<b>38,500</b>

Members of the Board do not receive remuneration for their services as Directors. Governance support costs include allocations from general overheads expenditure associated with operating CUF.

### 12. FINANCIAL ASSETS

	Listed Investments €	Total €
<b>Investments</b>		
<b>Cost or Valuation</b>		
At 1 October 2017	779,766	779,766
Revaluations	(20,732)	(20,732)
Disposal	(759,034)	(759,034)
At 30 September 2018	-	-
<b>Net book value</b>		
At 30 September 2018	-	-
At 30 September 2017	779,766	779,766

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**NOTES TO THE FINANCIAL STATEMENTS**

for the financial year ended 30 September 2018

**12.1. FINANCIAL ASSETS PRIOR YEAR**

	Listed Investments €	Total €
<b>Investments</b>		
<b>Cost or Valuation</b>		
At 1 October 2016	757,465	757,465
Revaluations	22,301	22,301
At 30 September 2017	<u>779,766</u>	<u>779,766</u>
<b>Net book value</b>		
At 30 September 2017	<u>779,766</u>	<u>779,766</u>
At 30 September 2016	<u>757,465</u>	<u>757,465</u>

Unlisted investments are measured at market value with gains or losses recognised in the statement of financial activity. In the opinion of the director, the company's investments are worth at least the amount at which they are stated in the Statement of Financial Position.

**13. DEBTORS**

	2018 €	2017 €
Prepayments and accrued income	<u>448</u>	<u>1,067</u>
Prepayments and accrued income	<u>448</u>	<u>1,067</u>

All debtors are due within one year. All transactions were conducted under the company's normal terms, which is thirty days.

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018 €	2017 €
Amounts owed to connected parties (Note 19)	116,667	713,188
Accruals	<u>12,500</u>	<u>-</u>
	<u>129,167</u>	<u>713,188</u>

In line with FRS102 the directors reviewed the terms attached to the intercompany balances. After review, it was concluded that these balances were repayable on demand and in accordance with FRS102 have been presented accordingly.



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## NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2018

### 15. STATEMENT OF FUNDS

2018

	Opening Balance €	Income €	Expenditure €	Investment gains/(losses) €	Transfers €	Closing Balance €
<b>Undesignated funds</b>	<b>161,913</b>	<b>48,048</b>	<b>(136,591)</b>	<b>-</b>	<b>10,000</b>	<b>83,370</b>
<b>Designated funds</b>						
CUH Heart Foundation (Cardiovascular Fund)	13,809	270,374	-	-	-	284,183
Other	541,004	56,409	(31,837)	(20,732)	(14,851)	529,993
<b>Total designated funds</b>	<b>554,813</b>	<b>326,783</b>	<b>(31,837)</b>	<b>(20,732)</b>	<b>(14,851)</b>	<b>814,176</b>
<b>Total unrestricted funds</b>	<b>716,726</b>	<b>374,831</b>	<b>(168,428)</b>	<b>(20,732)</b>	<b>(4,851)</b>	<b>897,546</b>
<b>Restricted funds</b>						
Chair of Process and Chemical Engineering	1,000,000	-	-	-	-	1,000,000
UCC PLUS+ Programme	476,658	207,430	(400,000)	-	3,001	287,089
IT Building/Engineering	232,552	-	-	-	-	232,552
Molecular Human Reproduction Centre	214,456	3,000	-	-	-	217,456
Glucksman Art Gallery & Restaurant	221,725	58,098	(71,527)	-	301	208,597
Infant Centre	5,085	201,180	(5,084)	-	-	201,181
Lectureship in Civil and Environmental Engineering	200,000	-	-	-	-	200,000
Cavanagh Bridge	599,181	106,566	(705,747)	-	-	-
Other	1,119,507	772,135	(395,601)	-	1,549	1,497,590
<b>Total restricted funds</b>	<b>4,069,164</b>	<b>1,348,409</b>	<b>(1,577,959)</b>	<b>-</b>	<b>4,851</b>	<b>3,844,465</b>
<b>Total funds</b>	<b>4,785,890</b>	<b>1,723,240</b>	<b>(1,746,387)</b>	<b>(20,732)</b>	<b>-</b>	<b>4,742,011</b>

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## NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2018

### 15.1. STATEMENT OF FUNDS PRIOR YEAR

2017

	Opening Balance €	Income €	Expenditure €	Investment gains/(losses) €	Transfers €	Closing Balance €
<b>Undesignated funds</b>	<b>338,208</b>	<b>20,932</b>	<b>(197,141)</b>	<b>-</b>	<b>(86)</b>	<b>161,913</b>
<b>Designated funds</b>						
CUH Heart Foundation (Cardiovascular Fund)	3,399	10,410	-	-	-	13,809
Other	529,882	167,612	(178,836)	22,301	45	541,004
<b>Total designated funds</b>	<b>533,281</b>	<b>178,022</b>	<b>(178,836)</b>	<b>22,301</b>	<b>45</b>	<b>554,813</b>
<b>Total unrestricted funds</b>	<b>871,489</b>	<b>198,954</b>	<b>(375,977)</b>	<b>22,301</b>	<b>(41)</b>	<b>716,726</b>
<b>Restricted funds</b>						
Chair of Process and Chemical Engineering	-	1,000,000	-	-	-	1,000,000
UCC PLUS+ Programme	610,852	215,734	(349,969)	-	41	476,558
IT Building/Engineering	232,552	-	-	-	-	232,552
Molecular Human Reproduction Centre	226,456	3,000	(15,000)	-	-	214,456
Glucksman Art Gallery & Restaurant	7,238	230,409	(15,922)	-	-	221,725
Infant Centre	1,419	248,689	(245,023)	-	-	5,085
Lectureship in Civil and Environmental Engineering	200,000	-	-	-	-	200,000
Cavanagh Bridge	1,151,016	-	(551,835)	-	-	599,181
Other	827,238	740,994	(448,725)	-	-	1,119,507
<b>Total restricted funds</b>	<b>3,256,771</b>	<b>2,438,826</b>	<b>(1,626,474)</b>	<b>-</b>	<b>41</b>	<b>4,069,164</b>
<b>Total funds</b>	<b>4,128,260</b>	<b>2,637,780</b>	<b>(2,002,451)</b>	<b>22,301</b>	<b>-</b>	<b>4,785,890</b>

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**NOTES TO THE FINANCIAL STATEMENTS**

for the financial year ended 30 September 2018

**15.2. STATEMENT OF FUNDS RECONCILIATION WITH PREVIOUS YEAR'S BASIS OF PREPARATION**

At the date of transition in applying the classification of charitable funds as defined under Fund Accounting by the Charities SORP, the following restatement of fund balances was required:

The designated funds relate to the funding of the company's operating activities.

The unrestricted funds consist of donor funds which may be applied to University related projects at the discretion of the directors.

Reconciliation of fund balances As at 1 October 2017	As stated Previously €	Net Adjustments €	As Stated €
Unrestricted Funds			
Designated Funds	246,078	308,735	554,813
General Reserves	423,832	(261,919)	161,913
Restricted Funds	4,115,980	(46,816)	4,069,164
<b>Total charitable funds</b>	<b>4,785,890</b>	<b>-</b>	<b>4,785,890</b>

In preparing the accounts, the directors have considered whether in applying the accounting policies required by the Charities SORP (FRS 102) the restatement of comparative items was required.



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## NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2018

### 16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Year Ending 30 September 2018	Unrestricted Funds €	Designated Funds €	Unrestricted Funds €	Restricted Funds €	Total Funds €
Financial Assets	-	-	-	-	-
Debtors	448	-	448	-	448
Cash & cash equivalents	82,922	814,176	897,098	3,973,632	4,870,730
Creditors due within one year	-	-	-	(129,167)	(129,167)
	<u>83,370</u>	<u>814,176</u>	<u>897,546</u>	<u>3,844,465</u>	<u>4,742,011</u>
Total per SOFP	83,370	814,176		3,844,465	
Year Ending 30 September 2017	Unrestricted Funds €	Designated Funds €	Unrestricted Funds €	Restricted Funds €	Total Funds €
Financial Assets	160,846	554,813	715,659	64,107	779,766
Debtors	1,067	-	1,067	-	1,067
Cash & cash equivalents	-	-	-	4,718,245	4,718,245
Creditors due within one year	-	-	-	(713,188)	(713,188)
	<u>161,913</u>	<u>554,813</u>	<u>716,726</u>	<u>4,069,164</u>	<u>4,785,890</u>

## Cork University Foundation

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### NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2018

#### 17. STATUS

The liability of the members is limited.

Every member of the company undertakes to contribute to the assets of the company in the event of its being wound up while they are members, or within one year thereafter, for the payment of the debts and liabilities of the company contracted before they ceased to be members, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributors among themselves, such amount as may be required, not exceeding €1.27.

#### 18. CAPITAL COMMITMENTS

The company had no material capital commitments at the year-ended 30 September 2018.

#### 19. RELATED PARTY TRANSACTIONS

The following amounts are due to other connected parties:

	2018	2017
	€	€
University College Cork	116,667	713,188
	<u>116,667</u>	<u>713,188</u>

University College Cork: The Foundation is engaged in fund raising activities in support of University College Cork. Cork University Foundation CLG is an independent body which is not controlled by UCC. During the year, the Foundation committed €1,686,220 (2017: €1,893,551) in support of the University. At 30 September 2018, €116,667 (2017: €713,188) was outstanding. Amounts paid and payable to UCC are reflected in these financial statements. Note 2 outlines an agreed policy in respect of the drawdown of funds by the University. During the year UCC provided services by way of donation in the amount of €46,076 (2017 €Nil), for the day to day running and management of Cork University Foundation CLG. As has been the practice, no remuneration has been paid to any staff member of UCC.

#### 20. EVENTS AFTER END OF REPORTING PERIOD

There have been no significant events affecting the company since the year-end.

#### 21. CONTROLLING INTEREST

In the opinion of the directors, there is no one identifiable controlling party of the company.

#### 22. CASH AND CASH EQUIVALENTS

	2018	2017
	€	€
Cash and bank balances	4,870,730	4,718,245
	<u>4,870,730</u>	<u>4,718,245</u>

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### **NOTES TO THE FINANCIAL STATEMENTS**

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#### **23. KEY MANAGEMENT PERSONNEL**

The directors and key management have the authority and responsibility for planning, directing and controlling the activities of the company. They are considered to be the key personnel. The directors and key management do not receive any remuneration.

#### **24. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the board of directors on

17/06/19.