

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

Annual Report and Consolidated and University Financial Statements

Year Ended 30 September 2023

CONTENTS

	Page
BURSAR/CHIEF FINANCIAL & OPERATING OFFICER'S REPORT	2 – 6
STATEMENT OF GOVERNING AUTHORITY'S RESPONSIBILITIES	7
INDEPENDENT AUDITOR'S REPORT	8 – 10
STATEMENT ON GOVERNANCE AND INTERNAL CONTROL	11 – 21
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	22
CONSOLIDATED AND UNIVERSITY STATEMENT OF CHANGES IN RESERVES	23
CONSOLIDATED AND UNIVERSITY STATEMENT OF FINANCIAL POSITION	24
CONSOLIDATED STATEMENT OF CASH FLOWS	25
NOTES TO THE FINANCIAL STATEMENTS	26 – 53
ADDITIONAL FINANCIAL INFORMATION	54 - 58

BURSAR/CHIEF FINANCIAL & OPERATING OFFICER'S REPORT

Format of Accounts - Explanatory Note

I am pleased to present the Consolidated Financial Statements of University College Cork, as approved by the Governing Authority on the 12th March 2024. The Consolidated Financial Statements of University College Cork are prepared in accordance with the Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice ("SORP") – Accounting for Further and Higher Education (2019), as issued by the Further Education and Higher Education (FE/HE) SORP Board in the UK, which has been voluntarily adopted by the Irish University sector. In this context, the University has reviewed its accounting policies and made judgements and estimates that are reasonable and prudent to ensure a true and fair view of the University's finances as at 30 September 2023. The Consolidated Financial Statements include the activities of the University and all its subsidiary undertakings as outlined in Note 17 to the financial statements.

Review of the Financial Year

- 2023 was a challenging year financially for UCC. The UCC group recorded a deficit of €8.571m in the year ended 30th September 2023. The main reasons for the deficit were the impacts of:
 - Inflation which drove an increase in all operating costs over almost all cost headings (see note 11).
 - A slower increase in Fees growth at (1%) versus a budgeted increase in fee income of 3%.
 - The impact of the rising interest rate environment that evolved as part of the ECB drive to reduce the aforementioned inflation in the Eurozone.
 - The costs of ongoing pay restoration in the public sector and a modest increase in headcount within the group.
 - The impact of reduced physical presence by staff and students on commercial activities on campus arising from the emergence of long-term impacts of Covid19 on the consumption of certain educational offerings, as remote working and on line learning become engrained in the staff and student experience.
 - The delayed receipt of forecasted spin out revenue, forecasted in 2023, now expected in 2024.
 - The group subsidiaries contributed positively to the overall group result though to a lesser degree than expected.
- The University has developed and is implementing a comprehensive response plan to address the deficit that arose in 2023. The objective of the response plan is to return a surplus position for the financial year to 30th September 2024, and position UCC to be financially sustainable on an underlying basis thereafter. There are 4 pillars to the response plan, these being a programme to reduce non payroll operating costs, manage the growth in payroll related costs, grow academic fees and other operating income and increase the contribution from its subsidiaries to the overall group results.
- The lingering impact of the COVID pandemic and the emergence of cost of living inflation posed financial challenges in all areas of the University's activities. Whilst an overall group deficit of €8.571m was incurred, the University entity financial statements recorded a deficit of €11.907m in 2023. The operating deficit reflects the ongoing systemic funding challenges across the HEI (Higher Education Institution) sector.
- The University Trust Fund returned an investment loss of €618k in 2023 (2022- investment loss of €170k). These investment gains/losses can vary each year and are reflective of the external global economic environment.
- UCC maintained both its EU and Non EU student base at 24,386 (2022: 24,248).
- The University received some additional income from the HEA towards funding the restoration of public sector wages in line with the Building Momentum pay agreement.
- Research continued to perform well in year-end 2023. There was a 16.7% increase in research income from 2022 bringing total research income to €119.1m in 2023. Our reliance on Exchequer Funding decreased slightly to 69% of total research income earned in the period as compared to 72% in the prior year. Research activity increased in the Research Centres/Institutes and income from EU projects increased which was driven by success in securing new ERC (European Research Council) awards.

BURSAR/CHIEF FINANCIAL & OPERATING OFFICER'S REPORT - continued

Review of the Financial Year - continued

- UCC celebrated 12 years as a green campus by achieving a top ten placing on the UI Green Metric Ranking. It ranked 7th best in the world for sustainability and cemented its place in the top 1% of the world university rankings. UI Green Metric rankings measures sustainability among 1,050 institutions in more than 85 countries. This news comes as UCC implemented our student-led ambition to become a single use plastic free campus from 1 January 2023 and the initiative will save more than 140,000 plastic bottles and 370,000 disposable coffee cups per year.
- The summary results for 2022/2023 are set out in Table 1 below, which also shows a comparison to prior years and trends over the last 3 years. The University reported a deficit of € 8.571m in 2022/23, which compares to a surplus of €734k in 2021/22 and a surplus of €8.24m in 2020/21. Earnings before interest, tax, depreciation and amortisation (EBITDA) amounted to €9.1m in 2022/23, 2021/22 EBITDA was €16.3m.

Statement of Comprehensive Income-Consolidated view

	30/09/2023	30/09/2022	30/09/2021
	€'000	€'000	€'000
State grants	89,013	80,238	67,954
Academic fees	162,413	160,282	152,924
Research grants and contracts	119,112	102,141	95,043
Amortisation of state capital grants	9,461	10,202	9,044
Other operating income	51,313	50,861	43,920
Interest income	560	34	5
Investment income	535	535	124
Deferred funding for pensions	43,023	44,122	59,653
Donations and endowments	4,195	4,177	3,346
Total income	479,625	452,592	432,013
Staff and pension service costs	289,377	293,850	298,563
Other operating expenses	115,206	103,181	82,060
Pension and other interest expense	60,857	33,103	26,053
Depreciation	22,388	21,553	20,475
Total expenditure	487,828	451,687	427,151
Surplus/(deficit) before other gains/losses	(8,203)	905	4,862
Profit on disposal of fixed assets	-	(1)	12
Profit on disposal of investments	250	-	-
Gain/(loss) on investments	(618)	(170)	3,370
Surplus/(deficit) before taxation	(8,571)	734	8,244

Total consolidated income for the year grew by €27.03m to €479.6m. **Fig 1.**

Exchequer revenue streams improved as a proportion of overall income, with State grants showing an increase of 11% year on year reflecting increased student numbers, increased grant receipts and pay award funding.

BURSAR/CHIEF FINANCIAL & OPERATING OFFICER'S REPORT - continued

Fig.1 Total Consolidated Income:



Academic fee income of €162.4m in 2022/23 represented an increase of €2m reflecting a 1% rise and growth in student numbers from 24,248 in 21/22 to 24,386 in 22/23 with non-EU students comprising 11.7% of the total student base. Revenue from international students at €42.8m represents an increase of €3.8m this year, highlighting the continuing recovery in the international student market. The University continues to focus on increasing international student numbers to ensure it achieves its overall internationalisation strategic ambition and in doing so generate sufficient resources to support long-term financial sustainability.

Student Mix and Student Number

	EU	Non EU	Total
2022/2023	88.30%	11.70%	24,386
2021/2022	86.28%	13.72%	24,248
2020/2021	89.26%	10.74%	22,934

Of the €162.4m of academic fee income received, a total of €46.9m was paid by the Higher Education Authority (HEA) on behalf of EU Undergraduate students, a decrease of 2% on the previous year. The remaining self-generated fees of €115.5m reflects the diverse recruitment of students across the University.

Other operating income for 2023 is €51.3m, in line with €50.9m in respect of 2022.

Research activity delivered €119.1m of income in the year, an increase €17m, up 17% from 2021/22. This reflects the recovery from a decline in 2021 arising from the pandemic and over head and average rate achieved being less than FEC.

Fig.2 Research Income.

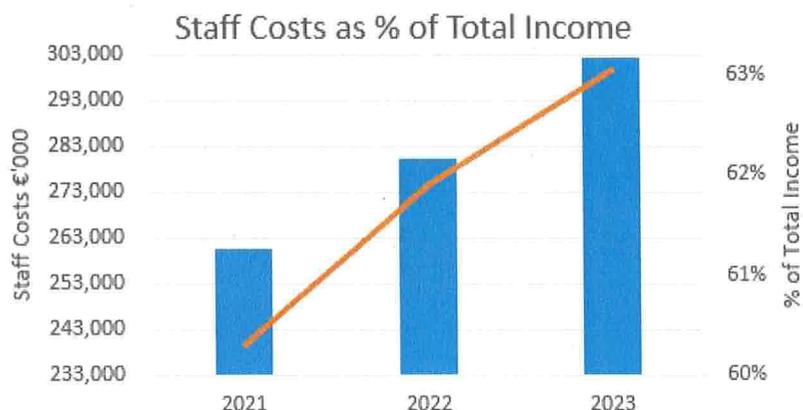


Expenditure

Consolidated expenditure for the year amounted to €487.8m (2021/22: €451.7m), an increase of €36m in the year. Staff costs across the UCC group of companies increased by €22.3m from 2022 levels to €302.4m, reflecting the impact of national pay awards and recruitment activity. As student numbers continue to grow, there was a corresponding increase in permanent and fixed term staff numbers employed by the University to ensure staff student ratios meet the minimum staffing requirements of professional accreditation bodies.

BURSAR/CHIEF FINANCIAL & OPERATING OFFICER'S REPORT - continued

Fig.3 Staff cost as a percentage of Total Income.



Other operating expenses at €115.2m are €12m higher than the previous year. In 2023, the impact of inflation was seen across all expenditure headings within the group. Other factors driving this cost increase was the full return of activity on campus after the COVID19 public health restrictions thus returning certain costs such as travel, consumables and maintenance costs to pre pandemic levels. See note 10 and 11 of the Consolidated Financial Statements for a further breakdown of Staff Costs and Other Operating Expenses.

Fixed assets

The consolidated fixed assets additions in 2023 were €26m and the depreciation charge for the year was €21.5m. At the end of the 2023 financial year the Crows Nest Student accommodation was commissioned (total cost €34m) and is now fully operational. There is a corresponding reduction in assets in the course of construction due to the completion of the Crows Nest Student accommodation project during the year. In 2023 there was also a transfer (€9.1m) from assets in the course of construction to Intangible Assets, this is in respect of the Student Administration System.

Investments

The investments relate to the investments held by the University College Cork Trust Fund as at 30 September 2023. The fund generates income to fund prizes and scholarships across a wide range of programmes. The fund has increased in value over the past 5 years by €3.96m, representing an annualised growth of 4.1 % (2022-6.7%) The decline in the annualised growth in 2023 relates to market volatility and geopolitical challenges.

Receivables

Year on year debtors has increased by €12.26m, 29% higher than the previous year. This increase is due to the variation, year on year, in the timing of the receipt of certain monies including the receipt of funding for pay awards post year end.

Current asset investments & Cash at bank

The University continues to maintain strong liquidity, cash balances and short-term investments are at €150.43m at the 30 September 2023, an increase of €15.79m from 2022. The University has a comprehensive Treasury Policy in place to ensure Treasury risks are minimised.

Payables Amounts falling due within one year

Payables falling due within one year have increased from €271.1m to €343.4m, an increase of 27%. The main reason for the increase is the timing of payments arising from certain Research activities and the receipt of funding for pay awards post year end. Trade creditors have reduced to €4.7m, a reduction from €5m in 2022. This reduction is due to the timing of trade creditor payments near year-end and ongoing working capital operational efficiencies in-group payment processing procedures. Short-term bank borrowings have increased to €57.2m from €8.7m in 2022. This increase was due to the accounting presentation of certain University loans in 2023. As disclosed in note 24, at the statement of financial position date, the University was in breach of a bank covenant attached to its loans, resulting in certain elements of the group's loan portfolio being presented as current liabilities in 'Payables - Amounts falling due within one year'. However, after the statement of financial position date, the University received a waiver for this covenant on the 4th of March 2024 and it is no longer in breach of this covenant as at the date of approval of these financial statements.

BURSAR/CHIEF FINANCIAL & OPERATING OFFICER'S REPORT - continued

Payables Amounts falling due after more than one year

This balance has decreased from €379.7m to €347.4m mainly due to the presentation of certain University borrowings as being payable within one year. Full details of all bank loans and balances at 30 September 2023 are set out in Note 24.

Restricted & unrestricted reserves

The restricted and unrestricted reserves at 30 September 2023 of €235.1m are €8.6m lower than 2022.

Summary & Outlook

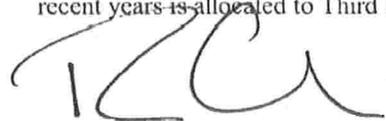
The financial year 2022/23, saw a continuation of the external challenges posed in the aftermath of the COVID 19 pandemic and by the impact of rising inflation, driven by environmental & geopolitical events. Notwithstanding these challenges, the University continued to deliver an agile business model, initially incorporating a hybrid academic experience supported by digital online technologies. In addition, the University saw continued strong research output during the reporting period.

Undergraduate and Postgraduate student numbers improved year on year to 24,386 whilst commercial revenues from ancillary operations continued their recovery in 2023, though some components of ancillary activities still experienced a challenging operating environment.

The University anticipates that the cost of living crisis and related inflationary challenges will continue to impact its finances into 2024 and the medium term, though it is confident that it will emerge positively, strengthening our infrastructure and resource base, driving future growth and success. The University has developed and is implementing a comprehensive response plan to address the deficit that arose in 2023.

The investment in higher education and research announced in recent years by the Government was a recognition by Government that UCC and other Irish Universities have become dependent on non-state income to subsidise and deliver teaching for Irish students; however, this in itself was insufficient to deliver such services in a sustainable manner. The existing recurrent funding model assumes continued exchequer support for ongoing refurbishment, maintenance and infrastructural capacity needs. While the reintroduction of devolved capital grants in 2020 and renewed in 2021/2022 to support the maintenance of the physical campus is welcome, the reintroduction of capital grants will remain a key enabler to meeting future demographic demand, as the level of recurrent funding provided for students to date will not sustain borrowings to fund essential infrastructural investment.

Irish Higher Education continues to show resilience in the face of many challenges; demand remains high, with student participation at record levels. The University looks forward to collaborating further with the Department and the Higher Education Authority through the Irish Universities Association (IUA) to ensure that the promised funding announced in recent years is allocated to Third Level Education, thereby ensuring it plays a pivotal role in Ireland's economic future.



Rory Condon
Bursar/Chief Financial & Operating Officer

Date: 12 March 2024

STATEMENT OF GOVERNING AUTHORITY'S RESPONSIBILITIES

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

The Governing Authority is 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 Authority 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.

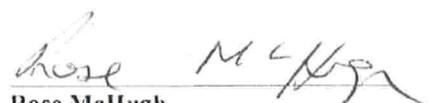
The Governing Authority is responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the University and which enable it to ensure that its financial statements comply with the Universities Act, 1997, the Statement of Recommended Practice 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 Authority is responsible for ensuring that the business of the University is conducted in a proper and regular manner and for safeguarding all assets under its operational control and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Governing Authority



Professor John O' Halloran
President



Rose McHugh
Chair of the Audit & Risk Committee

Date: 12 March 2024



Independent auditors' report to the Governing Authority of University College Cork

Report on the audit of the financial statements

Opinion

In our opinion, University College Cork's consolidated financial statements and University financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and the University's affairs as at 30 September 2023 and of the group's and the University's deficits and the group's cash flows for the year then ended; and
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland").

We have audited the financial statements, included within the Annual Report and Consolidated and University Financial Statements, which comprise:

- the Consolidated and University statement of financial position as at 30 September 2023;
- the Consolidated and University statement of comprehensive income for the year then ended;
- the Consolidated statement of cash flows for the year then ended;
- the Consolidated and University statement of changes in reserves for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)"). Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the University's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Governing Authority's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's or the University's ability to continue as a going concern. Our responsibilities and the responsibilities of the Governing Authority with respect to going concern are described in the relevant sections of this report.



Reporting on other information

The other information comprises all of the information in the Annual Report and Consolidated and University Financial Statements other than the financial statements and our auditors' report thereon. The Governing Authority are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Code of Governance for Irish Universities ("the code")

Under the Code of Governance for Irish Universities we are required to report to you if the statement regarding the system of internal control, as included in the statement of governance and internal control on pages 11 to 21 is not consistent with the information of which we are aware from our audit work on the financial statements. We have nothing to report in respect of this responsibility.

Responsibilities for the financial statements and the audit

Responsibilities of the Governing Authority for the financial statements

As explained more fully in the statement of governing authority's responsibilities set out on page 7, the Governing Authority are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The Governing Authority are also responsible 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 Governing Authority are responsible for assessing the group's and the University's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Governing Authority either intend to liquidate the group or the University or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://iaasa.ie/wp-content/uploads/2022/10/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.



Use of this report

This report, including the opinion, has been prepared for and only for the Governing Authority and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the University, save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers

PricewaterhouseCoopers,
Chartered Accountants
Cork
14 March 2024

STATEMENT ON GOVERNANCE AND INTERNAL CONTROL

1. Statement from Governing Authority in relation to Responsibility and Compliance

The Governing Authority of University College Cork (UCC) confirms its responsibility for and satisfaction that the University has, for the financial year ended 30 September 2023, substantially complied with statutory obligations applicable to the University that are 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 and codes.

2. 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 Authority Regulations, which specifically govern the conduct of Governing Authority business, appointment, selection and recruitment to the Governing Authority and all recruitment procedures of the University. The institution is currently operating under *Code of Governance for Irish Universities*, 2019. This code is based on the principles in the *Code of Practice for State Bodies*. The *Code of Practice for State Bodies* as modified by the relevant legislation, statutes, charters, articles and instruments of governance is to be adopted by the institution in 2024. Academically, the University is managed through four Colleges, each of which has a specific set of College Rules, which are enacted 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 Authority in February 2017. This policy is to be reviewed and will be presented for approval by Governing Authority in 2024. The deficit in respect of the financial year ended 30 September 2023 was reported to Higher Education Authority (HEA) in December 2023 and is addressed in the Chief Financial and Operating Officers Report (on pages 2 to 6). To address the financial deficit which arose in 2023, the University is developing a detailed plan to review operations, streamline costs and adopt a fully sustainable financial model going forward. The financial statements are prepared on a going concern basis and further information underpinning this position are outlined in note 1 (c) of the financial statements.

3. Code of Conduct for Members

A Code of Conduct for Governing Authority Members is in place which includes Governing Authority Committees and is incorporated into the Regulation for the Conduct of Governing Authority Business. This regulation addresses conflicts of interest and obligations under the Ethics in Public Office legislation. The Code of Conduct for Governing Authority Members was revised in October 2022 and will be reviewed every three years going forward. During the year in review, the institution had in place processes to provide reasonable assurance that this code was being complied with.

4. Code of Conduct for Employees

A Code of Conduct for Employees incorporating conflict of interest and ethics in public office policies was in place during the year in review. The conduct of staff is primarily governed by the contract of employment. Employees are required to comply with a range of policies which are communicated as part of an 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. A review of the Code of Conduct for Employees has commenced and will be completed in 2023/2024. During the year in review, the Institution had in place processes to provide reasonable assurance that the Code of Conduct for Employees was being complied with. Guidance on ensuring that external work undertaken by employees does not impact the performance of core contracted duties is in the Policy on University Consultancy 2016.

5. Financially Significant Developments

UCC consolidated financial statements recorded a deficit of €8.6m for the year ended 30 September 2023. The University entity financial statements recorded a deficit of €11.9m in the period. This operating deficit reflects the impact of increased inflation and interest rates as well as an increase in the University's operating cost base which will be addressed and remediated during the current financial year. The University Trust Fund returned an investment loss of €0.6m in the year ended 30 September 2023 (2022: €0.2m loss). The movement in the valuation of investment assets is reflective of global economic conditions. In 2020, the University sold its share in spin out company, PrecisionBiotics Group Limited (previously Alimentary Health Ltd), to Novozymes, a Danish pharmaceutical company. Based on UCC's level of equity at the date of sale, the value of the University's immediate share of the initial consideration was €4.2m with further proceeds possible through an earn-out clause, pending satisfactory performance of the company in meeting certain post-acquisition targets up to December 31 2023. Per the terms of the sale agreement, earn out proceeds fall due in Quarter 3, 2024.

STATEMENT ON GOVERNANCE AND INTERNAL CONTROL - continued

5. Financially Significant Developments – continued

The total amount spent on external consultancy/adviser fees during the year ended 30 September 2023 is €5.9m being 1.24% of total income. This represents an increase of €0.3m (5.3%) from the prior year. During the reporting period, the University incurred costs of €48,000 on external consultancy firms and investigators contracted to carry out investigations and enquiries on internal matters. In total, University incurred external legal costs of €1.2m in 2023. In 2018, UCC and Munster Technological University (MTU) jointly leased premises at Nano Nagle Place in Cork City Centre on the grounds of the site of the South Presentation Convent. This site, known as the Western Apex Building, was developed by UCC and MTU to house a number of joint architecture programmes. The lease is for a duration of ten years following which; UCC has an option to purchase the premises outright in its sole ownership. The lease costs are financed primarily from fee income related to the academic programmes delivered at the Western Apex Building. The operating costs for the building during the term of the lease are shared equally between UCC and MTU.

6. Commercially Significant Developments

The University confirms there were no events of commercial significance or sensitivity to report.

7. Pay & Pensions

UCC confirms that government policy on pay was complied with during the year in review. UCC confirms that government policy on pensions was also complied with including any pension agreements with the HEA, Department of Education, Department of Further and Higher Education, Research, Innovation and Science or any other government department were complied with. Discussions are ongoing with the Department of Education in respect of communication of a 2012 circular for academic consultants.

Details of all redundancy payments are returned to the Central Statistics Office on a quarterly basis. Where a redundancy situation arises, before an ex-gratia payment is processed, approval is received from the Department of Further and Higher Education, Research, Innovation & Science and the Department of Public Expenditure, NDP Delivery and Reform. Any severance payments made during the year in review were made with the consent of the Department of Further and Higher Education, Research, Innovation and Science and were in compliance with the requirements of Circular 09/2018: Consolidation of arrangements for the offer of severance terms in the civil and public service. UCC has in place a policy on University Consultancy, Directorships and Other Remunerated Academic Activity External to University College Cork.

Codification of the University's pension arrangements for the 'Model Scheme' into a statutory instrument is ongoing. Following legal advice, a decision was taken to cease to apply the "UCC cap" to part-time service (and align to the approach to capping part-time service adopted by other third level institutions) and this is being worked through with the Department of Education.

8. Termination/severance

The total amount of termination/severance payments made by the University in the reporting period, with an aggregate value in excess of €10,000 in the reporting period was €222,000.

9. Financial Reporting

The University affirms that all appropriate procedures for the annual financial reporting are in place and were carried out in line with the requirements of the 2019 Code of Governance for Irish Universities. The University confirms that an annual report, including audited financial statements is published in respect of the UCC's consolidated activities.

10. Off Balance Sheet Transactions

There were no off-balance sheet financial transactions during financial year ended 30 September 2023.

11. Trusts and Foundations

There is one legally constituted foundation - Cork University Foundation and this has been consolidated in the group financial statements since 2020. Other Scholarships and bequests to the University are grouped together for investment purposes and collectively are known as the University College Cork Trust Fund, though this is not a separate legal entity. The University College Cork Trust Fund has been consolidated in the group financial statements since 2016 and presented in the UCC entity financial statements since 2021.

STATEMENT ON GOVERNANCE AND INTERNAL CONTROL - continued

12. Internal Audit

The University operates an Independent Internal Audit function reporting to the Audit & Risk Committee (a UCC Governing Authority sub-committee). An Internal Audit Charter is in place, which defines Internal Audit's purpose, authority, responsibility and position within the University. The Internal Audit Charter was most recently approved by the Audit & Risk Committee on the 26th of September 2023. The Internal Audit function carries out a programme of risk-based audits based on an Annual Audit Plan. This annual plan is approved each year by the University's Audit & Risk Committee. The plan relevant to the 2022/23 financial year was approved by the Audit & Risk Committee on 11th November 2022. The conduct of projects included in the Annual Audit Plan aligns to the standards for the Professional Practice of Internal Auditing published by the Institute of Internal Auditors. The Internal Audit function and its activity are commensurate with the size, risks and activities of the Institution. Thirty-one individual reports were presented by the Internal Audit Office to the Audit & Risk Committee during the year. The UCC Audit & Risk Committee considers that the scope of work completed was appropriate as part of oversight and monitoring of internal controls and the control environment.

13. Procurement

a) Procurement Procedures

The University confirms that procurement procedures were in place to ensure compliance with current procurement rules and guidelines as set out by the Office of Government Procurement. These procedures had been published to all relevant staff and were substantially adhered to. The level of non-compliant expenditure (principally due to the timing of contract agreement) is outlined in section 13 (f), below.

b) Office of Government Procurement (OGP)

The University confirms that the services and frameworks of the Office of Government Procurement (OGP) and Education Procurement Service (EPS) were used whenever applicable and available. The University maintains a database/system for all contracts/payments in excess of €25,000, with monitoring systems in place to flag non-compliant and non-competitive procurement.

c) 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. The UCC Corporate Procurement Plan continued to be developed and was adhered to in the period under review.

d) Educational Procurement Services

The University is engaging with the EPS in respect of corporate procurement planning. UCC complies with use of EPS services wherever applicable and has adopted the use of all EPS frameworks when needed and where they appropriately meet UCC's requirements.

e) Details of Non-Compliant Procurement

The University makes every effort to comply fully with national procurement guidelines through devolved authority and reporting structures. Total self-declared, non-compliant procurement for 2022/23 is €1.57m. This is an increase from the 2021/2022 figure of €1.33m and will be subject to further review by the Office of the Comptroller & Auditor General as part of its annual audit.

f) Details of Non-Competitive Procurement:

Total (pre-C&AG audit) self-declared non-competitive procurement for 2022/23 is €8.79m. The reasons for this non-competitive procurement in 2023 were urgent and specific sole supplier environments. Total spend across UCC above €25,000 threshold in 2023 was €95.3m including the stated non-competitive amount.

14. Asset Disposals

The disposal of University assets to third parties and employees is governed by University procedures communicated to all staff. There have been no disposals 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.

15. Guidelines for the Appraisal and Management of Capital Projects

The University confirms that policies and procedures for the management of capital projects and property transactions are reviewed every 3 years and as required are updated where appropriate. All capital projects and property transactions are managed and delivered in compliance with the University's approved policies and procedures as well as relevant principles, requirements and guidelines of the current Public Spending Code and the Capital Works Management Framework, relevant Circulars and Code of Governance of Irish Universities. Policies and procedures are subject to external review with remediation identified in respect of any deficiencies. The Governing Authority approved all expenditure in excess of €2m on capital and property transactions during the financial year.

STATEMENT ON GOVERNANCE AND INTERNAL CONTROL - continued

16. Travel Policy

UCC Travel Policy and associated procedures in place have been developed having regard to Government travel policy requirements.

17. Guidelines on Achieving Value for Money in Public Expenditure

The University, to the best of its knowledge and belief, confirms that the Guidelines on Achieving Value for Money in Public Expenditure as set out in the Department of Public Expenditure, NDP Delivery and Reform Public Spending Code are being followed.

18. 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.

19. Legal Disputes

The University confirms for this reporting period, that there were no legal disputes involving other State bodies.

20. Confidential Disclosure Reporting – Protected Disclosures Act 2014

The University confirms procedures were in place for the making of protected disclosures in accordance with S.21 (1) of the Protected Disclosures Act 2014. The University confirms that the annual report required under section 22(1) of the Act was published in advance of the 30th June 2023 deadline imposed by Section 22(1) of the Act. Two new protected disclosures were received in the reporting period. The disclosures were managed in accordance with the UCC Disclosures Policy. Both disclosures were subject to external investigation and were not upheld.

21. Governing Authority Meetings

Seven meetings of the UCC Governing Authority took place during the financial year ended 30th September 2023. All meetings were quorate throughout. The Governing Authority Chair is satisfied that the number of meetings in the financial year was satisfactory to discharge the duties of the Governing Authority. The Governing Authority conducted one private session without the executive members or management present during the financial year 2022/23. Following the enactment of the Higher Education Act, 2022, the University established a new Governing Authority on 2th November 2023. The new Governing Authority is composed of 19 members and it's first meeting was convened on November 2nd 2023.

22. Salary of President

The gross salary of the President during the financial year 2022/23 was €226,300, excluding Employer PRSI and Employer Pension Contribution.

23. Audit and Risk Management Committee Meetings

The UCC Audit & Risk Committee met on seven occasions during the financial year ended 30th September 2023. In addition, the Committee supplemented these scheduled meetings with four meetings in private session. The Governing Authority considers the number of meetings convened to be appropriate in carrying out its designated responsibilities.

24. Review of Governing Authority Performance

Governance Ireland, a firm of Corporate Governance Advisors & Consultants, were engaged to conduct an external review of the University's Governing Authority and committees in October 2022 and subsequently provided a report to Governing Authority in February 2023. The recommendations in the report related to transition to the new Governing Authority & Committees and updating of related documentation. These recommendations form part of the programme of work of the new Governing Authority. A Working Group has been established to review the role, remit, and terms of reference of Governing Authority's Committees. This review will be completed in spring, 2024.

25. Data provided to Higher Education Authority

The University confirms satisfaction with the integrity and robustness of any data on student numbers and programmes provided to the HEA in the reporting period as well as information on staff numbers provided to the HEA under the Employment Control Framework and as otherwise required.

STATEMENT ON GOVERNANCE AND INTERNAL CONTROL - continued

26. Ending Sexual Violence and Harassment in Irish Higher Education Institutions

The University confirms that it is implementing appropriate structures, policies and processes to support the achievement and monitoring of the outcomes of Safe, Respectful, Supportive and Positive – Ending Sexual Violence and Harassment in Irish Higher Education Institutions (the ‘Framework for Consent’) as per the institution’s published Action Plan to Tackle Sexual Violence and Harassment. As a member of the UCC University Leadership Team, the Deputy President and Registrar of the University was appointed as the sponsor for the implementation of the National Framework and is the Chair of the University Task Force. In 2023, updates were provided to University Leadership Team in January and September, to Governing Authority in April and October and to Academic Council in September and November. UCC’s Ending Sexual Violence and Harassment (SVH) – Sexual Misconduct Policy and Reporting Procedure has been finalised and approved following a 12-month consultation process with internal and external stakeholders, providing extensive feedback, with the outcome being a well-informed, survivor-centred policy to enable investigation of reports of SVH by staff, students, or visitors to UCC. The Sexual Misconduct Policy and Procedure was reviewed by Academic Council in November 2023 and outline approval was given by Governing Authority in December 2023. The policy is due for final approval by Governing Authority in March 2024. A Sexual Harassment and Violence Response Manager was appointed in December 2023 and will oversee the implementation of the policy in 2024 and the roll out of educational/training sessions across the university.

27. 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 Authority and is on the UCC website. Training has also been provided to UCC staff so that they are aware of relevant obligations in this regard.

28. Disability Act 2005

The University confirms that it is meeting its obligations under the *Disability Act 2005*. The University has measures in place to ensure that students have the opportunity to submit a request for an *Independent Assessment of Need* including access to buildings, services and information. As an equal opportunities employer, the University is active in recruitment of people with disabilities.

29. Fees and Expenses

Expenses paid to members of Governing Authority in the reporting period comply with the Government guidelines from the Department of Finance and are presented in the University’s Annual Report. A table of expenses claimed by members of the Governing Authority is included as *Appendix A*.

30. Governing Authority Gender Balance

The University Governing Authority membership for the year in review comprised a minimum of 40% representation of each gender. There were 37 members of Governing Authority as at 30th September 2023 of which, 22 were male and 15 were female

31. Subsidiaries, Joint Ventures and Interests in External Companies

a) 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 for which they were established and remained in compliance with the terms and conditions of the consent under which they were established.

b) Code of Governance for Subsidiary Companies

The Code of Governance for Subsidiary Companies of Irish Universities was officially launched in March, 2022. The University has conducted a gap analysis of current practices within the UCC subsidiary companies against the requirements of the new code. A large majority of requirements are already being met through existing practices and an action plan to address any new requirements of the Code for each subsidiary has been prepared and presented to the respective Boards of Directors of the companies.

c) Annual Statement of Compliance for Subsidiary Companies

Work is ongoing to implement an Annual Statement of Compliance for the subsidiary companies. Following an external review, a letter of expectation was provided to subsidiary companies this year. This together with the Code of Governance for Subsidiary Companies will enable the introduction of a letter of assurance for the 2023/24 financial year. All subsidiaries attend the Finance Committee and are subject to review by Internal Audit on a rolling basis. An Annual Statement of Compliance for the subsidiary companies will be introduced for the 2023/24 financial year.

STATEMENT ON GOVERNANCE AND INTERNAL CONTROL - continued

d) Details of any shareholdings and interests held by the University in external companies

COMPANY NAME	Year of Equity Grant	CURRENT EQUITY %
BioSensia Limited	2000	0.97%
Eblana Photonics Limited	2002	0.03%
Glantreo Limited	2004	9.50%
Atlantia Food Clinical Trials	2013	12.00%
Metabolomic Diagnostics	2013	9.57%
Exceedence Limited	2015	11.67%
Respiro Research & Development Limited	2015	15.00%
Artugen Therapeutics Limited (UCC's Shareholding in Adiso Therapeutics Ltd - Parent Company)	2016	0.03%
Food Choices at Work	2016	11.45%
Mirai Medical Limited	2017	6.60%
Loci Orthopaedics Limited	2017	2.27%
Selio Medical	2018	0.91%
Varadis Limited	2019	15.00%
Seqbiome Ltd	2019	15.00%
BioPixS	2020	15.00%
Liltoda	2020	15.00%
Bcon Medical	2021	3.00%
Cergenx	2021	12.50%
Stimul.AI Limited	2021	12.67%
Ceacam Therapeutics Limited	2022	15.00%
ProVascTec Limited	2022	13.04%
NeuroBell	2023	15.00%
The Well Schools Network	2023	15.00%

e) PUBLICLY LISTED HOLDINGS:

Tucana Health, a UCC spin out company was acquired by 4D Pharma in 2016 by means of a share purchase agreement. In exchange for the UCC equity shareholding in Tucana Health, consideration shares in 4D Pharma Ltd were issued to the University on a phased basis contingent on milestones being met. In June 2022, Oxford Finance LLC called in its outstanding loans with 4D Pharma PLC which totalled \$13.9 million. Unable to secure additional funding, 4D Pharma's board requested that trading of its shares on London's AIM stock exchange be suspended. Oxford Finance then instructed that 4D Pharma PLC be placed into administration. On 21st February 2023, 4D Pharma's wholly owned subsidiaries, including 4D Pharma Cork Limited were also placed into administration. 4D Pharma's ordinary shares will not return from suspension and have instead been cancelled from admission to trading on AIM as of 16th February 2023. The total UCC shareholding in 4D Pharma PLC is 52,315 ordinary shares, 0.08% of the 4D Pharma ordinary shares in issue.

f) Disclosure of cost to the Exchequer

The University confirms there was no cost to the exchequer for any financing arrangements attaching to any joint venture or other similar arrangements (including loans, dividends or other forms of funding provided at the point of establishment of the joint venture / arrangement and thereafter).

32. Intellectual Property and Conflict of Interest

The University confirms that it has in place an *Intellectual Property Policy*, published on its website, which includes all of the following elements:

- National IP Management requirements of the national IP Protocol (IP-Protocol-Resource-Guide.pdf knowledgetransferireland.com);
- Clearly sets out all intellectual property processes and researcher obligations;
- Includes a definition of intellectual property and outlines the intellectual property commercialisation decision-making processes;
- Includes a clear dispute resolution process;
- Describes revenue share mechanisms.

STATEMENT ON GOVERNANCE AND INTERNAL CONTROL - continued

32. Intellectual Property (IP) and Conflict of Interest (continued)

The Finance Committee has satisfied itself as to the propriety of any benefits to staff arising from Intellectual Property commercialisation, joint ventures, spin-out companies or similar. Arrangements regarding staff benefits from participation in spinout companies or joint ventures are notified through the Governing Authority Finance Committee or via the Conflicts of Interests register. The Intellectual Property Policy referred to above specifically addresses staff benefits from income coming to UCC from (a) commercialisation of intellectual property through licensing; or (b) spinout equity return to UCC, and how these financial benefits are distributed to staff. The University confirms that the Governing Authority is made aware of all IP commercialisation and conflicts of interest on an annual basis. This IP policy is approved by the Governing Authority.

33. HEA Principles of Good Practice in Research in Irish Higher Education Institutions.

The University affirms that it is committed to and adhered to the key characteristics of good research practice as set out in the Principles of Good Practice in Research within Irish Higher Education Institutions, published by the Higher Education Authority.

34. System of Internal Controls

The University confirms that an effective system of internal control was maintained and operated in the reporting period. Any areas of weakness highlighted during the course of reviews and audits were communicated to management and recommendation were issued to instigate remediation. The status of outstanding recommendations is kept under review and discussed at each meeting of the Audit & Risk Committee.

35. Control Environment

The University confirms that its control environment was appropriate to the scale and complexity of the Organisation. The university's control environment includes policies, procedures, regulation as well as structured management responsibility, reporting and oversight.

36. Review of the Statement of Internal Control (External Auditors)

A Statement on Governance & Internal Control is included with the audited financial statements for the reporting period. The University confirms that the Statement on Governance & Internal Control is reviewed by the external auditors as part of the financial statements audit to ascertain the consistency of the information in the statement with information of which they are aware from their audit work carried out.

37. Review of the Statement of Internal Control (Governing Authority and Audit and Risk Management Committee)

The Annual Review of the Effectiveness of the System of Internal Control with respect to the year ended 30th September 2023 was completed and approved by the Audit & Risk Committee on 11th December 2023 and will be presented to the Governing Authority on 12th of March 2024 to ensure it accurately reflects the control system in operation during the reporting period.

38. Key procedures put in place designed to provide effective internal control

a) Appropriate Control Environment:

The system of internal control comprises 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.

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

- The Finance Committee under delegation in statute from Governing Authority oversees the financial management of the University. The Audit and Risk Committee keeps under review and advises Governing Authority on the operation and effectiveness of the University's risk management systems.
- Discussions between the University sector and the Higher Education Authority in relation to the adoption of the Code of Practice for the Governance for State Bodies are ongoing. The University continues to review and enhance its 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;

STATEMENT ON GOVERNANCE AND INTERNAL CONTROL - continued

The key elements of the system of internal control include - continued:

- Monthly reports issued to budget-holders throughout the year;
- Electronic approval hierarchy is in place for expenditure;
- Appropriate access and general controls within IT systems;
- 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 Higher Education Authority and other government departments.

(b) Business Risks

The Audit & Risk Committee keeps under review and advises Governing Authority on the operation and effectiveness of the University's risk management systems. Risk management forms a standing agenda item at meetings of the Audit & Risk Committee with regular attendance by the Corporate Secretary (as Chief Risk Officer), the Director of Enterprise Risk and the Chair of the UCC Risk Management Committee. The *University Risk Register* is considered at meetings of the Audit & Risk Committee, which in turn reports on matters of importance thereon to the Governing Authority.

The Enterprise Risk Management Committee reports regularly to the University Leadership Team. The Enterprise Risk Management Committee has responsibility for the embedding of risk management across the University. A dedicated Risk Manager is in place to support risk management and business continuity planning across the University. A University Risk Register is in place and is subject to review during the year at six meetings of the Risk Management Committee as well as two Risk Management Workshops. The University's approach to the management of risk is set out in the University's *Risk Management Policy*, an updated version of which was approved by Governing Authority in October 2020. In the course of the reporting period, the University Risk Register was updated on an ongoing basis to take account of any changes to the description, controls, impact, likelihood and further actions associated with risks identified in the risk register.

(c) Information Systems:

UCC utilises the *Agresso Financial Management System* (Agresso) to record budgetary information and report on income and expenditure on a monthly basis. Agresso has reporting capability at cost-centre and at project level, which enables high-level organisational review of financial performance as well as detailed monitoring by individual budget-holders. The University's annual external audit includes an assessment of the adequacy of the general computer control environment surrounding the main information technology platforms, which support the UCC financial systems. The findings of this review are considered by management and the Audit and Risk Committee.

(d) Financial Implications of Major Business Risks:

The *University's Risk Management Policy* requires consideration of the consequences (including financial consequences) of risks through the completion and monitoring of risk registers. Internal audit reviews carried out include consideration of the adequacy of policies and procedures as well as the appropriate application of authorisation limits. The System of Internal Control has procedures to prevent and detect fraud such as authorisation limits (the *Signing Authority and Approval Policy*) and segregation of duties. An *Anti-Fraud Policy* is also in place and a *Fraud Response Panel* is established to deal with any allegations of fraud.

(e) 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 Leadership Team and the provision of *Annual Assurance Statements* by senior officers;
- The Annual Report of the President to the Governing Authority;
- The President's Routine Reports presented at each meeting of the Governing Authority;
- 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 Authority;
- Reports from Academic Council meetings to meetings of the Governing Authority;
- Enterprise Risk Management Committee in place with monitoring of the risk registers;
- Enterprise Risk Management Committee minutes forwarded after each meeting to University Leadership Team and Audit & Risk Committee;
- The regular report to Governing Authority and the annual report of the Audit & Risk Committee to the Governing Authority 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;

STATEMENT ON GOVERNANCE AND INTERNAL CONTROL - continued

(e) Monitoring the Effectiveness of the Internal Control System - continued:

- Management letters and reports from the University's external auditors and the Comptroller and Auditor General which are reviewed by the Audit & Risk Committee;
- Quality Assurance reports;
- Internal audit reports and updates;
- Communication of the results of other periodic reviews.

(f) IT Security

The University is satisfied that it has implemented adequate ICT Security measures and controls to ensure that the confidentiality, integrity, and availability of data and infrastructure is assured. University College Cork has implemented significant advances in its ICT Security Controls over the past number of years. In 2020, a comprehensive Audit of Cyber Security was completed by EY, at the request of the University's Audit & Risk Committee. The recommendations from this report were built into a security improvement programme. In addition to this work, an external independent detailed review was carried out by Trend Micro, in the wake of the Health Service Executive's cyber-attack in 2021. These action plans were collated into an information security programme and implemented as part of the University's strategic prioritisation plan *UCC 2022 – Delivering a Connected University*. All actions in this plan were completed at the end of 2022. A revised security programme is now in place to also adopt Government Security Baseline standards, as set out at the end of 2021, <https://www.gov.ie/en/publication/d1fd5-cyber-security-baseline-standards/>. UCC has performed a gap analysis against this baseline and will be adopting this as its *IT Security Standard* across the University. In 2023, EY assessed the cyber security controls implemented in University College Cork against their original recommendations to assess the progress made since 2021 and to highlight residual risk (if any). During this review period various cyber-attacks in Ireland resulted in additional focus from the EY audit team on incident response and controls against ransomware attacks. A detailed report was presented to Internal Audit on the 15th May 2023. All residual risk and recommendations from the review are now being tracked through the IT Security worklist (2023-2025). The University's cyber improvement work will continue as outlined in the *IT Security Strategy (2023-2028)*, aligning with the Government Security Baseline, supporting the technology roadmap and keeping UCC safe from cybercrime. Our priorities for the next few years, includes this technology threat assessment roadmap, applications modernisation plans, data exfiltration tools and building organisational resilience to the threat of cyberattacks. UCC has a number of workshops planned in 2024 with business units to help them develop their business continuity plans for a cyber event.

(g) Risk management

- (i) The University confirms it had in place and implemented a risk management framework with processes to identify, evaluate and manage new and existing business risks.
- (ii) The University confirms that the Corporate Risk Register was reviewed and updated at least twice during the year.
- (iii) The University confirms Appropriate policies and procedures were in place to mitigate the risks identified.

(h) General governance and accountability Issues

- As per the Oversight agreement between the University and the HEA, the University confirms that the President kept the HEA informed, on a timely basis, of any governance issues, concerns, or major risks that arose for the Institution in the reporting period.
- The University confirms that there are no governance and accountability issues that the University considers should be brought to the attention of the HEA, other than as set out in the responses in the Annual Governance and Internal Control Statement

Weaknesses in Internal Control- Disclosure of details regarding instances where breaches in control occurred:

A deficit of €8.571m has arisen during the financial year 30 September 2023 which has necessitated immediate management action to contain operating expenditure and ensure the financial sustainability of the University going forward. Progress towards this objective will be monitored by the Audit & Risk Committee and the Governing Authority. Findings related to weakness in internal control have been identified in the course of internal audit reviews carried out which have formed the basis of recommendations. The implementation of these recommendations is tracked and monitored on a periodic basis by the Internal Audit Office and by the Audit & Risk Committee. Internal Audit's Annual Plan for the year ended 30 September 2024 includes continued examination of the processes, policies, procedures and levels of compliance associated with University expenditure and more broadly, its financial performance. The adequacy of the University's control environment and internal controls remains under constant review

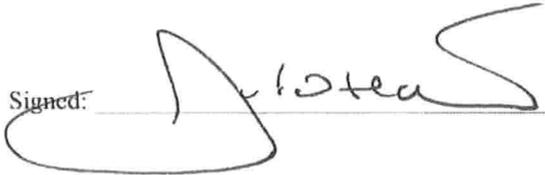
Description of the action taken to correct weaknesses

- i. A University project (Project Alpha) has commenced to improve the financial performance and position of the University by reducing cost, optimising commercial and other income and maximising operational efficiency;
- ii. Governing Authority review of the progress and success of Project Alpha;
- iii. Audit & Risk Committee oversight of the timely implementation of internal audit recommendations;
- iv. Audit & Risk Committee oversight of the scope of Internal Audit's programme of work and the commissioning of additional assurance related where deemed appropriate.

STATEMENT ON GOVERNANCE AND INTERNAL CONTROL - continued

Approval by Governing Authority

I, John O'Halloran, President of University College Cork, hereby confirm that the Governing Authority of University College Cork is responsible for its system of internal control.

Signed:  Date: 12 March 2024

I, Rose McHugh, Chair of the Audit & Risk Committee 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 Authority at its meeting on 12th March 2024 approved this Statement of Governance and Internal Control and specifically approved the President's Statement above.

Signed:  Date: 12 March 2024

STATEMENT ON GOVERNANCE AND INTERNAL CONTROL - continued

Appendix A
Table of Expenses Claimed by Governing Authority Members

Expenses Paid to External Governors	
<i>Name of Governor</i>	<i>Total expenses paid 01.10.2022 to 30.09.2023</i>
Day, Catherine	€ 498.00
Fitzgerald, Michael	€ 124.88
O'Sullivan, Jennifer	€ 348.20
TOTAL	€ 971.08

**CONSOLIDATED AND UNIVERSITY STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 September 2023**

	Notes	Consolidated		University	
		2023 €'000	2022 €'000	2023 €'000	2022 €'000
Income					
State grants	3	89,013	80,238	89,013	80,238
Academic fees	4	162,413	160,282	159,549	157,612
Research grants and contracts	5	119,112	102,141	119,362	102,719
Amortisation of state capital grants	25	9,461	10,202	9,243	9,984
Other operating income	6	51,313	50,861	24,825	23,755
Interest income	7	560	34	564	44
Investment income	8	535	535	535	535
Deferred funding for pensions	33	<u>43,023</u>	<u>44,122</u>	<u>43,023</u>	<u>44,122</u>
Total income before endowments and donations		<u>475,430</u>	<u>448,415</u>	<u>446,114</u>	<u>419,009</u>
Donations and endowments	9	<u>4,195</u>	<u>4,177</u>	<u>2,472</u>	<u>1,784</u>
Total Income		<u>479,625</u>	<u>452,592</u>	<u>448,586</u>	<u>420,793</u>
Expenditure					
Staff costs	10	302,390	280,112	290,216	269,342
Pension service cost	33	(13,013)	13,738	(13,013)	13,738
Pension interest expense	33	56,114	28,836	56,114	28,836
Other operating expenses	11	115,206	103,201	104,545	92,034
Interest payable and similar charges	12	4,743	4,247	3,181	3,307
Depreciation	15	21,482	21,553	18,176	18,356
Amortisation	16	<u>906</u>	<u>-</u>	<u>906</u>	<u>-</u>
Total expenditure		<u>487,828</u>	<u>451,687</u>	<u>460,125</u>	<u>425,613</u>
(Deficit)/surplus before other gains/losses		(8,203)	905	(11,539)	(4,820)
Loss on disposal of fixed assets		-	(1)	-	-
Profit on disposal of investments		250	-	250	-
Loss on investments		<u>(618)</u>	<u>(170)</u>	<u>(618)</u>	<u>(170)</u>
(Deficit)/surplus before taxation	14	(8,571)	734	(11,907)	(4,990)
Taxation	13	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(Deficit)/surplus for the year after depreciation of assets and after taxation	14	<u>(8,571)</u>	<u>734</u>	<u>(11,907)</u>	<u>(4,990)</u>
Actuarial (loss) in respect of pension schemes	33	(47,846)	(593,364)	(47,846)	(593,364)
Movement on pension receivable	33	<u>47,846</u>	<u>593,364</u>	<u>47,846</u>	<u>593,364</u>
Total comprehensive (expense)/income for the year		<u>(8,571)</u>	<u>734</u>	<u>(11,907)</u>	<u>(4,990)</u>
Represented by:					
Restricted comprehensive income for the year	27	1,632	1,370	41	450
Unrestricted comprehensive (expense) for the year		<u>(10,203)</u>	<u>(636)</u>	<u>(11,948)</u>	<u>(5,440)</u>

The deficit for the year arose solely from continuing operations.

**CONSOLIDATED AND UNIVERSITY STATEMENT OF CHANGES IN RESERVES
FOR THE FINANCIAL YEAR ENDED 30 September 2023**

Consolidated

	Income and Expenditure reserve Unrestricted €'000	Income and Expenditure reserve Restricted €'000	Total €'000
Balance at 01 October 2021	219,724	23,219	242,943
Transfers between funds	1,142	(1,142)	-
(Deficit)/surplus from Statement of Comprehensive Income	<u>(636)</u>	<u>1,370</u>	<u>734</u>
Balance at 30 September 2022	<u>220,230</u>	<u>23,447</u>	<u>243,677</u>
Balance at 01 October 2022	220,230	23,447	243,677
(Deficit)/surplus from Statement of Comprehensive Income	(10,203)	1,632	(8,571)
Balance at 30 September 2023	<u>210,027</u>	<u>25,079</u>	<u>235,106</u>

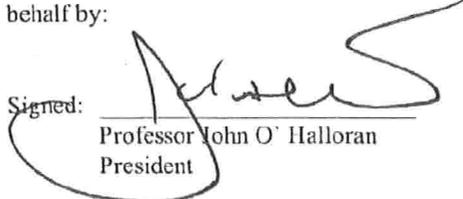
University

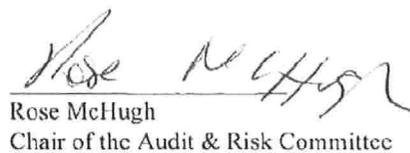
	Income and Expenditure reserve Unrestricted €'000	Income and Expenditure reserve Restricted €'000	Total €'000
Balance at 01 October 2021	171,913	17,653	189,566
(Deficit)/surplus from Statement of Comprehensive Income	<u>(5,440)</u>	<u>450</u>	<u>(4,990)</u>
Balance at 30 September 2022	<u>166,473</u>	<u>18,103</u>	<u>184,576</u>
Balance at 01 October 2022	166,473	18,103	184,576
(Deficit)/surplus from Statement of Comprehensive Income	(11,948)	41	(11,907)
Balance at 30 September 2023	<u>154,525</u>	<u>18,144</u>	<u>172,669</u>

**CONSOLIDATED AND UNIVERSITY STATEMENT OF FINANCIAL POSITION
FOR THE FINANCIAL YEAR ENDED 30 September 2023**

	Notes	Consolidated		University	
		2023 €'000	2022 €'000	2023 €'000	2022 €'000
Non-current assets					
Fixed assets	15	684,396	688,897	576,244	583,055
Intangible assets	16	8,156	-	8,156	-
Heritage assets	17	3,094	2,936	3,094	2,936
Investments in subsidiaries	17	-	-	2,648	2,649
Investments	17	<u>28,567</u>	<u>28,793</u>	<u>28,567</u>	<u>28,793</u>
		<u>724,213</u>	<u>720,626</u>	<u>618,709</u>	<u>617,433</u>
Current assets					
Inventory	18	500	632	305	435
Receivables	19	53,909	41,651	67,059	49,738
Investments	20	15,726	70,813	15,726	70,813
Cash at bank	21	<u>134,706</u>	<u>63,821</u>	<u>113,080</u>	<u>46,615</u>
		<u>204,841</u>	<u>176,917</u>	<u>196,170</u>	<u>167,601</u>
Payables: Amounts falling due within one year	22	<u>(343,368)</u>	<u>(271,096)</u>	<u>(298,890)</u>	<u>(255,854)</u>
Net current liabilities		<u>(138,527)</u>	<u>(94,179)</u>	<u>(102,720)</u>	<u>(88,253)</u>
Total assets less current liabilities		585,686	626,447	515,989	529,180
Payables: Amounts falling due after one year					
Retirement benefit liability	33	(1,383,565)	(1,388,310)	(1,383,565)	(1,388,310)
Retirement benefit receivable	33	<u>1,380,403</u>	<u>1,385,226</u>	<u>1,380,403</u>	<u>1,385,226</u>
Total net assets		<u>235,106</u>	<u>243,677</u>	<u>172,669</u>	<u>184,576</u>
Restricted reserve					
Income and expenditure -restricted reserve	27	25,079	23,447	18,144	18,103
Unrestricted reserve					
Income and expenditure – unrestricted reserve		<u>210,027</u>	<u>220,230</u>	<u>154,525</u>	<u>166,473</u>
Total		<u>235,106</u>	<u>243,677</u>	<u>172,669</u>	<u>184,576</u>

The financial statements were approved by the Governing Authority on the 12th of March 2024 and were signed on its behalf by:

Signed: 
Professor John O' Halloran
President


Rose McHugh
Chair of the Audit & Risk Committee

Date: 12 March 2024

Date: 12 March 2024

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 September 2023**

	Notes	2023 €'000	2022 €'000
Cash flow from operating activities			
(Deficit)/surplus for year		(8,571)	734
Adjustment for non-cash items			
Depreciation	15	21,482	21,553
Amortisation	16	906	-
Deferred state capital grants released to income	25	(9,461)	(10,202)
Loss on disposal of fixed assets		-	1
Profit on disposal of investments		(250)	-
Loss on investments		618	170
Movement in net retirement liability	33	78	(1,547)
Adjustment for working capital movements			
Decrease/(increase) in inventory	18	132	(235)
(Increase)/decrease in receivables	19	(12,258)	13,310
Increase in payables		24,113	15,851
Adjustment for investing or financing activities			
Investment income	8	(535)	(535)
Donations received	9	(4,195)	(4,177)
Movement in investments		226	(220)
Interest payable	12	4,743	4,247
Other interest received	7	(560)	(34)
Net cash inflow from operating activities		<u>16,468</u>	<u>38,916</u>
Cash flows from investing activities			
Deferred state capital grants received	25	27,451	8,184
Investment income	8	535	535
Purchase of tangible and heritage assets		4,195	4,177
Donations received		(26,201)	(22,666)
Interest receivable	7	560	34
Profit on disposal of investments		250	-
(Loss) on investments		(618)	(170)
Net cash inflow/(outflow) from investing activities		<u>6,172</u>	<u>(9,906)</u>
Cash flows from financing activities			
<i>Debt due within one year:</i>			
Interest payable	12	(4,743)	(4,247)
Increase in short term borrowings	22	48,489	198
<i>Debt due after one year:</i>			
(Decrease)/increase in long term borrowings	23	(50,408)	206
Payment of finance lease obligations	26	(180)	(177)
Net cash (outflow) from financing activities		<u>(6,842)</u>	<u>(4,020)</u>
Increase in cash and cash equivalents in the year		15,798	24,990
Cash and cash equivalents at beginning of year		<u>134,634</u>	<u>109,644</u>
Cash and cash equivalents at end of year (note 31)		<u>150,432</u>	<u>134,634</u>

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, its subsidiary undertakings as per Note 17 and Cork University Foundation made up to 30 September 2023. Cork University Foundation have been consolidated on the basis that the University exercises dominant influence over the entity and controls its financial and operating activities. The activities of the Students’ Union of University College Cork have not been consolidated because the University does not control those activities. Other undertakings in which the University has interests that are not material have not been consolidated.

c. Going concern

The University has net current liabilities of €138.5m at year end. The current liabilities of the group at 30 September 2023 include amounts related to deferred income amounting to €220.5m. As disclosed in note 24, at the statement of financial position date, the University was in breach of a bank covenant attached to its loans, resulting in certain elements of the group’s loan portfolio being presented as current liabilities in ‘Payables - Amounts falling due within one year’. However, after the statement of financial position date, the University received a waiver from the bank for this covenant on the 4th of March 2024 and it is no longer in breach of this covenant as at the date of approval of these financial statements. The University is continuing to engage with its bankers in respect of its loan facilities and related covenant arrangements. The University recorded a deficit of €8.571m in the current financial year.

The University is engaging with the Higher Education Authority to ensure the University can maintain a sustainable financial position into the future. The University’s leadership team had put in place a comprehensive plan with a view to identifying the immediate measures necessary to address the current financial deficit and ensure a sustainable approach to University finances, including the achievement of a surplus position. The University in conjunction with the HEA have agreed to temporarily pause expenditure on capital projects to allow UCC and the HEA to agree a process for the review of capital projects. The University continues to actively engage with the HEA with respect to the University’s financial planning.

The University has prepared cash flow forecasts, which illustrate that it has sufficient funding to meet its obligations as they fall due for a period of at least one year from the date of the signing of these financial statements. The University continues to maintain strong liquidity. In conjunction with other third level institutions, the University has made representations to the Irish government stressing the requirement for additional funding for the sector in order to support expected deficits in the future. Based on these forecasts and this additional information, the Governing Authority is satisfied that the financial statements should be prepared on a going concern basis and that the University has sufficient funds to meet its obligations as they fall due. As a result, the financial statements do not include any adjustments that may be necessary were the going concern basis of preparation deemed not to be appropriate.

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 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 to 80 years
Building Improvements	20 years

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.

NOTES TO THE FINANCIAL STATEMENTS - continued

1 Statement of accounting policies - continued

d. Tangible fixed assets - continued

In 2021, the University completed a review of the expected Economic Useful Life (EUL) of certain buildings. This review increased the EUL of certain buildings from 50 to 80 years.

(ii) Equipment

All Equipment is capitalised at cost. Capitalised equipment is depreciated on a straight-line basis over its useful economic life as follows:

Computer equipment	3 years
Equipment	5 years

(iii) Assets in the course of construction

Assets in the course of construction are not depreciated until they are brought into use.

Where assets (other than land) are acquired with the aid of State capital grants, they are 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 asset.

e. Intangible assets

Computer software is carried at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life of 10 years on a straight-line basis. Software is not considered to have a residual value. Where factors, such as technological advancement or changes in market prices, indicate that the software's useful life has changed, the useful life is amended prospectively to reflect the new circumstances. Intangible fixed assets are reviewed for impairment if there is an indication that the intangible fixed asset may be impaired.

f. 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 commitment is shown as obligations under finance leases. 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.

g. Heritage assets

The University holds and maintains certain heritage assets of significant historic and cultural importance to the State. The University collection includes artworks, paintings, silver, sculptures, manuscripts and other artefacts. UCC conserves these assets for research, teaching and for interaction between the university and the public. The university's campus most significant heritage building is the Main Quadrangle. This building forms an integral part of the working infrastructure of the campus and is capitalised in the university's fixed assets at a 1994 valuation and depreciated over a useful life of 80 years. Heritage assets acquired pre-1 October 2013 are not capitalised in the financial statements because it is considered no meaningful value can be attributed to them and these assets are not readily realisable. All costs incurred in the preservation and conservation are expensed as incurred. Heritage Assets purchased for €10,000 or more after 1 October 2013 are capitalised in the Statement of Financial Position at original cost and not depreciated. Assets acquired by donation are not capitalised in the financial statements, as a reliable estimate of the value is not available and cannot be obtained at a cost, which is commensurate with the benefits to users of the financial statements.

h. 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).

i. 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.

j. 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.

NOTES TO THE FINANCIAL STATEMENTS - continued

Statement of accounting policies - continued

k. 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 2023.

l. 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 within the charge of VAT, any input or output tax relating to these activities is returned to Revenue by the University.

m. 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 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 (excluding land) 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

Research grants and contracts Income from research grants and contracts from government sources is recognised based on the performance/accrual model. Income from research grants and contracts from non-government sources is recognised based on the performance model i.e. income is recognised to the extent that performance-related conditions have been met. Research grants from non-government sources Income from grants from non-government sources is recognised in the Statement of Comprehensive Income when performance related conditions are met. If a restriction is in use but no performance related condition exists, the income is recorded in the Statement of Comprehensive Income.

Grants with unfulfilled performance related conditions are held as deferred income until such time as the conditions are met, at which point the income is recorded in the Statement of Comprehensive Income. Grants with restrictions are recorded within the Statement of Comprehensive Income on entitlement of the income and subsequently retained within a restricted reserve until such time that the expenditure is incurred in line with the restriction.

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 receipt basis, except for dividends and income receivable at the financial year end, which is accrued.

Donations without restrictions

Donations without restrictions 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.

n. Retirement benefits

The University operates three defined benefit pension schemes,

- 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.
- University College Cork Pension Scheme 2005 – known as the “2005 Scheme” The 2005 Scheme applies to all new staff appointed from 1 January 2005.
- Single Public Service Pension Scheme - This 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.

NOTES TO THE FINANCIAL STATEMENTS - continued

Statement of accounting policies - continued

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, NDP Delivery 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. 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. Accordingly, the University recognises an asset, an amount comprising the unfunded deferred liability for pensions.

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. As further explained in note 33 to the financial statements, the University has recognised a deferred pension asset in respect of the University College Cork (Closed) Pension Scheme and the University College Cork Pension Scheme 2005, on the basis that it anticipates that funding will be provided by the State to meet retirement benefit obligations as they fall due. This accounting treatment assumes that any income generated by the University will in the first instance be applied towards current expenses and that State funding will meet any shortfall in resources to fund future retirement benefit liabilities.

Pensions costs 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 33, the University operated two closed defined benefit pension schemes. (i) University College Cork (Closed) Scheme the "Closed Scheme", 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. It is the University's opinion (in accordance with Financial Measures (Miscellaneous Provisions) Act, 2009) that any liability in respect of the "Closed Scheme" would be offset by an equivalent asset in respect of future State funding. Accordingly, the University recognises an asset, an amount comprising the unfunded deferred liability for pensions. (ii) "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. 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 €1,380m, which is offset against the expected retirement liability of €1,384m. Movements on this retirement benefit receivable are included in the Consolidated Statement of Comprehensive Income. 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 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.

o. 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.

p. 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.

q. Provisions

Provisions are liabilities of uncertain timing or amount. Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount of the obligation can be estimated reliably. Provisions are measured at the present value of the best estimate of the amount required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at the end of each financial year and adjusted to reflect the current best estimate of the amount required to settle the obligation. The unwinding of the discount is recognised as a finance cost in profit or loss, presented as part of 'interest payable and similar charges' in the financial year in which it arises. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

NOTES TO THE FINANCIAL STATEMENTS - continued

1 Statement of accounting policies - continued

r. Grants

Capital government grants (other than land) are treated as deferred income, which is credited to the income and expenditure account on the same basis as the related assets are depreciated.

Non-government Capital Grants are accounted for under the performance model and are recognised in the Statement of Comprehensive Income when the performance related conditions have been met.

s. Financial assets

Basic financial assets, including trade and other debtors, cash and cash equivalents, short-term deposits.

Trade and other debtors, cash and cash equivalents and financial assets from arrangements which constitute financing transactions are subsequently measured at amortised cost using the effective interest method.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such financial assets are subsequently measured at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are subsequently measured at cost less impairment.

t. Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as due within one year if payment is due within one year or less. If not, they are presented as falling due after more than one year. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

u. Operating leases

Operating leases do not transfer substantially all the risks and rewards of ownership to the lessee. Payments under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease.

v. Short-term employee benefits

Short-term employee benefits, including wages and salaries, paid holiday arrangements and other similar non-monetary benefits, are recognised as an expense in the financial year in which employees render the related service.

w. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities. Cash and cash equivalents are initially measured at transaction price and subsequently measured at amortised cost.

Bank deposits which have original maturities of more than three months are not cash and cash equivalents and are presented as current asset investments.

NOTES TO THE FINANCIAL STATEMENTS - continued

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 Authority 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.

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Governing Authority has made in the process of applying the 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 33 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 2023, the pension asset amounted to €1,380m and the pension liability amounted to €1,384m. In view of the significance of these matters, the University considers this a significant area of judgement. Refer to note 33 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. In 2021, the University completed a review of the expected Economic Useful Life (EUL) of certain buildings. This review increased the EUL of certain assets from 50 to 80 years.

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.

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 2023.

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 33 to the financial statements.

3 State grants	Consolidated		University	
	2023 €'000	2022 €'000	2023 €'000	2022 €'000
State grants allocated for recurrent purposes	<u>89,013</u>	<u>80,238</u>	<u>89,013</u>	<u>80,238</u>

The above grant income was received from the Higher Education Authority.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Academic fees	Consolidated		University	
	2023	2022	2023	2022
	€'000	€'000	€'000	€'000
Academic fee income paid directly by HEA	51,636	50,928	51,636	50,928
Academic fee income all other	<u>110,777</u>	<u>109,354</u>	<u>107,913</u>	<u>106,684</u>
	<u>162,413</u>	<u>160,282</u>	<u>159,549</u>	<u>157,612</u>

A total of €51,636,246 (2022: €50,927,551) is included in academic fee income and was paid directly by the Higher Education Authority. In 2023, €12,093,983 (2022 nil) being a contribution to student cost of living supports was also paid directly by the Higher Education Authority, this amount is included in the €110.8m above.

5 Research grants and contracts	Consolidated		University	
	2023	2022	2023	2022
	€'000	€'000	€'000	€'000
State and semi-state	78,868	70,323	78,868	70,323
European Union	22,456	18,691	22,456	18,691
Industry	10,968	10,115	10,968	10,115
Other	<u>6,820</u>	<u>3,012</u>	<u>7,070</u>	<u>3,590</u>
	<u>119,112</u>	<u>102,141</u>	<u>119,362</u>	<u>102,719</u>

6 Other operating income	Consolidated		University	
	2023	2022	2023	2022
	€'000	€'000	€'000	€'000
Rental income - third party	2,385	2,416	2,385	2,416
Rental income - intercompany	-	-	657	651
Funded post income	1,843	1,649	1,843	1,649
Student residences income	10,166	9,396	-	-
Leisure facilities income	2,385	2,211	-	-
Student Facilities & Services (UCC) DAC income	3,209	2,557	-	-
Art Gallery income	275	405	-	-
Irish Management Institute DAC Income	11,138	12,116	-	-
Academic income – colleges & departments	12,061	10,273	12,061	10,273
Service & support areas	7,416	8,666	7,802	8,766
Government grants	<u>435</u>	<u>1,172</u>	<u>77</u>	<u>-</u>
	<u>51,313</u>	<u>50,861</u>	<u>24,825</u>	<u>23,755</u>

7 Interest income	Consolidated		University	
	2023	2022	2023	2022
	€'000	€'000	€'000	€'000
Interest income	<u>560</u>	<u>34</u>	<u>564</u>	<u>44</u>

Included on the University interest income is €10k (2022: €9k) in respect of loans advanced to Mardyke Leisure (UCC) DAC, a subsidiary entity.

8 Investment income	Consolidated		University	
	2023	2022	2023	2022
	€'000	€'000	€'000	€'000
Investment income on restricted reserve	404	403	404	403
Other investment income	<u>131</u>	<u>132</u>	<u>131</u>	<u>132</u>
	<u>535</u>	<u>535</u>	<u>535</u>	<u>535</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Donations and endowments	Consolidated		University	
	2023	2022	2023	2022
	€'000	€'000	€'000	€'000
Donations with restrictions	3,627	3,836	227	413
Unrestricted donations	<u>568</u>	<u>341</u>	<u>2,245</u>	<u>1,371</u>
	<u>4,195</u>	<u>4,177</u>	<u>2,472</u>	<u>1,784</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:

	Consolidated		University	
	2023	2022	2023	2022
	Number	Number	Number	Number
Teaching and research	1,896	1,849	1,889	1,840
Technical	123	127	123	127
Central administration and services	1,046	1,023	1,042	1,019
Other	<u>456</u>	<u>450</u>	<u>185</u>	<u>185</u>
	<u>3,521</u>	<u>3,449</u>	<u>3,239</u>	<u>3,171</u>

	Consolidated		University	
	2023	2022	2023	2022
	€'000	€'000	€'000	€'000
Salaries and wages	265,957	245,808	255,773	236,841
Social welfare costs	23,635	21,783	22,509	20,792
Other pension costs	<u>12,798</u>	<u>12,521</u>	<u>11,934</u>	<u>11,709</u>
	<u>302,390</u>	<u>280,112</u>	<u>290,216</u>	<u>269,342</u>

The University capitalised €1.1m (2022: €1.3m) in respect of payroll costs during the financial year.

Key management compensation

The total remuneration for key management personnel for the year ended 30 September 2023 totalled €2m (2022: €2.1m). Employer pension costs for key management personnel for the year ended 30 September 2023 totalled €161,596. Key management compensation includes all employee benefits. There were no post retirement or termination benefits paid to key management personnel. The University's key management personnel are members of the senior management team who form the University Management Team, UMT. The UMT includes the President, Deputy President & Registrar, Secretary, Bursar and heads of college.

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	Consolidated		University	
	Year Ended 30 September 2023	Year Ended 30 September 2022	Year Ended 30 September 2023	Year Ended 30 September 2022
60,000 - 70,000	437	478	422	465
70,001 - 80,000	312	163	299	152
80,001 - 90,000	131	298	124	294
90,001 - 100,000	276	152	273	148
100,001 - 110,000	229	122	228	119
110,001 - 120,000	38	70	33	67
120,001 - 130,000	62	45	62	45
130,001 - 140,000	54	20	53	18

NOTES TO THE FINANCIAL STATEMENTS - continued

10 Staff costs - continued

Salary Bands	Consolidated		University	
	Year Ended 30 September 2023	Year Ended 30 September 2022	Year Ended 30 September 2023	Year Ended 30 September 2022
140,001 - 150,000	4	4	3	3
150,001 - 160,000	7	82	7	82
160,001 - 170,000	83	2	83	2
170,001 - 180,000	1	2	1	2
180,001 - 190,000	2	1	2	1
190,001 - 200,000	1	3	1	3
200,001 - 210,000	3	3	3	3
210,001 - 220,000	1	1	1	1
220,001 - 230,000	2	4	2	4
230,001 - 240,000	1	1	1	1
240,001 - 250,000	3	3	3	3
250,001 - 260,000	5	2	5	2
260,001 - 270,000	0	0	0	-
270,001 - 280,000	0	5	0	5
280,001 - 290,000	2	4	2	4
290,001 - 300,000	2	-	2	-
Over 300,001	9	-	9	-
Grand Total	1,665	1,465	1,619	1,424

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

	Consolidated		University	
	2023 €'000	2022 €'000	2023 €'000	2022 €'000
Heat, light, water and power	7,308	6,242	6,086	5,040
Advertising and promotion	1,121	1,290	1,079	1,237
Professional fees	7,234	6,712	6,633	6,174
Training and development	788	633	692	570
Equipment	5,373	5,803	5,373	5,809
Laboratory consumables	6,928	6,625	6,928	6,625
Postage, print and stationery supplies	2,123	1,748	2,055	1,691
Communications	971	1,015	925	961
Books and periodicals	2,270	2,363	2,324	2,341
Rent and rates	2,016	1,604	1,524	1,262
Motor, travel and subsistence – departmental	5,168	3,322	5,229	3,398
Motor, travel and subsistence - research	5,116	2,966	5,116	2,967
Computer supplies	1,315	1,578	965	1,221
Insurance	2,350	2,200	2,101	1,946
Software costs	5,644	4,893	5,632	4,856
Repairs and maintenance	19,848	18,062	16,986	16,119
Costs relating to the management of the UCC trust fund	221	301	220	198
Consumables and other expenses	<u>39,412</u>	<u>35,844</u>	<u>34,677</u>	<u>29,619</u>
	<u>115,206</u>	<u>103,201</u>	<u>104,545</u>	<u>92,034</u>

*Included in the Motor, travel and subsistence expense is hospitality expenditure of €1,078k (2022: €519k). This expenditure was incurred for business purposes.

NOTES TO THE FINANCIAL STATEMENTS - continued

11 Other operating expenses – continued

Auditors' remuneration for work carried out for the group in respect of the financial year is as follows:

	Consolidated		University	
	2023 €'000	2022 €'000	2023 €'000	2022 €'000
C&AG Audit Fees	49	49	49	49
Commercial Audit Fees	323	275	170	142
Other non-audit services	<u>41</u>	<u>40</u>	<u>24</u>	<u>21</u>

12 Interest payable and similar charges

	Consolidated		University	
	2023 €'000	2022 €'000	2023 €'000	2022 €'000
On bank loans, overdrafts and other loans wholly repayable within 5 years	502	715	357	598
On bank loans repayable after 5 years	3,996	3,283	2,579	2,460
On obligations arising under financing arrangements	<u>245</u>	<u>249</u>	<u>245</u>	<u>249</u>
	<u>4,743</u>	<u>4,247</u>	<u>3,181</u>	<u>3,307</u>

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

Pension interest expense (note 33)	<u>56,114</u>	<u>28,836</u>	<u>56,114</u>	<u>28,836</u>
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13 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.

14 Deficit on continuing operations for the year

The UCC group recorded a deficit of €8.571m for the financial year (2022: €0.734m surplus).

UCC entity recorded a deficit of €11.907m for the financial year (2022: €4.990m deficit).

NOTES TO THE FINANCIAL STATEMENTS - continued

15 Fixed assets	Land and buildings	Computer equipment	Equipment	Assets in course of construction	Total
CONSOLIDATED	€'000	€'000	€'000	€'000	€'000
Cost or valuation					
At 01 October 2022	887,079	10,247	78,562	52,552	1,028,440
Additions	8,651	466	6,197	10,729	26,043
Reclassification	33,987	136	834	(44,019)	(9,062)
Disposals	-	(58)	(173)	-	(231)
At 30 September 2023	<u>929,717</u>	<u>10,791</u>	<u>85,420</u>	<u>19,262</u>	<u>1,045,190</u>
Accumulated Depreciation					
At 01 October 2022	268,882	9,366	61,295	-	339,543
Depreciation for year	13,115	645	7,722	-	21,482
Reclassification	-	-	-	-	-
Disposals	-	(58)	(173)	-	(231)
At 30 September 2023	<u>281,997</u>	<u>9,953</u>	<u>68,844</u>	<u>-</u>	<u>360,794</u>
Net book value					
At 30 September 2023	<u>647,720</u>	<u>838</u>	<u>16,576</u>	<u>19,262</u>	<u>684,396</u>
At 01 October 2022	<u>618,197</u>	<u>881</u>	<u>17,267</u>	<u>52,552</u>	<u>688,897</u>

Land and buildings and equipment include assets valued in 1994 on a depreciated replacement cost basis by the College Planning Officer which has been the deemed cost on date of transition. Land and buildings and assets in course of construction includes €69.9m (2022: €68.6m) in respect of freehold land which is not depreciated.

Also included is €1.1m (2022: €1.3m) in respect of capitalised payroll costs. The net book value of Land and buildings includes an amount of €10,430,010 in respect of a site and building which is subject to a Finance Lease - Refer to note 26.

In 2023, €9.1m was transferred from construction in progress to Intangible assets. This transfer relates to the student administration IT system that became operational in 2023- see note 16.

NOTES TO THE FINANCIAL STATEMENTS - continued

15 Fixed assets - continued

UNIVERSITY	Land and buildings	Computer equipment	Equipment	Assets in course of construction	Total
	€'000	€'000	€'000	€'000	€'000
Cost					
At 01 October 2022	749,564	8,664	70,600	52,365	881,193
Additions	4,137	293	5,079	10,918	20,427
Reclassifications	33,987	136	833	(44,018)	(9,062)
Disposals	—	—	(148)	—	(148)
At 30 September 2023	<u>787,688</u>	<u>9,093</u>	<u>76,364</u>	<u>19,265</u>	<u>892,410</u>
Accumulated Depreciation					
At 01 October 2022	235,370	8,141	54,627	-	298,138
Charge for year	10,611	511	7,054	-	18,176
Disposals	—	—	(148)	—	(148)
At 30 September 2023	<u>245,981</u>	<u>8,652</u>	<u>61,533</u>	<u>—</u>	<u>316,166</u>
Net book value					
At 30 September 2023	<u>541,707</u>	<u>441</u>	<u>14,831</u>	<u>19,265</u>	<u>576,244</u>
At 01 October 2022	<u>514,194</u>	<u>523</u>	<u>15,973</u>	<u>52,365</u>	<u>583,055</u>

16 Intangible assets

	Consolidated & University
	Computer software €'000
At 1 October 2022	
Cost	-
Accumulated amortisation	—
Carrying amount	<u>—</u>
Financial year ended 30 September 2023	€'000
Opening carrying amount	-
Transfer from fixed assets (note 15)	9,062
Amortisation	(906)
Closing carrying amount	<u>8,156</u>
At 30 September 2023	
Cost	9,062
Accumulated amortisation	(906)
Carrying amount	<u>8,156</u>

In 2023, €9.1m was transferred from construction in progress to Intangible assets. This transfer relates to the student administration IT system that became operational in 2023- see note 15.

NOTES TO THE FINANCIAL STATEMENTS - continued

17 Non-current assets

Investments & Heritage Assets	Consolidated		University	
	2023 €'000	2022 €'000	2023 €'000	2022 €'000
Investments	<u>28,567</u>	<u>28,793</u>	<u>28,567</u>	<u>28,793</u>
Heritage assets	<u>3,094</u>	<u>2,936</u>	<u>3,094</u>	<u>2,936</u>
Investments in subsidiaries	<u>-</u>	<u>-</u>	<u>2,648</u>	<u>2,649</u>

Investments:

The non-current investments represent the investments held by the University Group. 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 comprise	Consolidated		University	
	2023 €'000	2022 €'000	2023 €'000	2022 €'000
Equities	12,102	10,904	12,102	10,904
Property	2,573	2,727	2,573	2,727
Infrastructure	6,481	8,962	6,481	8,962
Financial	2,952	3,029	2,952	3,029
Forestry	1,092	1,080	1,092	1,080
Other	2,338	1,076	2,338	1,076
Private equity	<u>1,029</u>	<u>1,015</u>	<u>1,029</u>	<u>1,015</u>
Total	<u>28,567</u>	<u>28,793</u>	<u>28,567</u>	<u>28,793</u>

Investments of €28.6m (€28.8m) include restricted investments of €17.5m (2022: €17.7m) in relation to endowment funds commitments.

(b) Heritage assets

Included in Heritage Assets 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, and sculptures. 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. Artwork Archives, printed books and other artefacts donated to the University have not been capitalised, as these are, in effect, inalienable, held in perpetuity, are mostly irreplaceable and are not readily realisable. They are neither disposed of for financial gain nor encumbered in any manner.

The University seeks to acquire, preserve and provide access to unique and distinct materials including rare books, manuscripts and other primary sources, as well as strong collections of supporting published materials. UCC Special Collections is home to UCC's unique collections of literary manuscripts, early printed books pre-1850, books from printing presses, collections donated from individuals, 18th - 20th century newspapers, theses, maps, pamphlets and microfilm. Special Collections has a dual role, not only to facilitate current research but also to care and conserve these unique and distinctive materials for future users. Special Collections work with students and faculty to support learning and teaching at UCC offering access to unique primary sources through instruction sessions and exhibitions. Special Collections also serves the research needs of external scholars, hosting researchers from around the globe interested in using the collections. Special Collections has achieved international recognition in several specific areas of research, most notably: Irish studies, Celtic studies, and Frank O'Connor.

NOTES TO THE FINANCIAL STATEMENTS - continued

17 Non-current assets - continued	Manuscripts, Artefacts & Art Works €'000	Total €'000
Cost		
At 1 October 2022	2,936	2,936
Additions	<u>158</u>	<u>158</u>
At 30 September 2023	<u>3,094</u>	<u>3,094</u>

Five year summary of heritage assets

	2019 €'000	2020 €'000	2021 €'000	2022 €'000	2023 €'000
Cost					
At 1 October	2,500	2,600	2,790	2,916	2,936
Additions	<u>100</u>	<u>190</u>	<u>126</u>	<u>20</u>	<u>158</u>
Cost 30 September	<u>2,600</u>	<u>2,790</u>	<u>2,916</u>	<u>2,936</u>	<u>3,094</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
Incorporated			
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.
UCC Academy DAC	Educational	100%	University College Cork, Western Road, Cork
Irish Management Institute	Educational	100%	Sandyford Road, Dublin 6
SynBioHub DAC	Research	100%	University College Cork, Western Road, Cork.

In addition to the subsidiaries noted above, these financial statements consolidate the results of Cork University Foundation on the basis that the University exercises dominant influence over the entity and governs its financial and operating policies. Cork University Foundation was consolidated for the first time in 2020.

The Governing Authority made the decision to wind down the activity in Tenton DAC by way of Voluntary Strike Off which was completed in the 2023 financial year with the company being dissolved on 17 November 2022.

The Governing Authority made the decision to wind down the activity in Biosciences DAC by way of Voluntary Strike Off which was completed in the 2023 financial year with the company being dissolved on 13 May 2023.

NOTES TO THE FINANCIAL STATEMENTS - continued

18 Inventory	Consolidated		University	
	2023 €'000	2022 €'000	2023 €'000	2022 €'000
Consumables	6	6	6	5
Finished goods for resale	494	626	299	430
	<u>500</u>	<u>632</u>	<u>305</u>	<u>435</u>

Stocks are stated after provision for impairment of €1k (2022: €60k).

19 Receivables	Consolidated		University	
	2023 €'000	2022 €'000	2023 €'000	2022 €'000
Trade debtors	3,349	4,896	1,315	1,549
Research grants and contracts receivable	38,331	27,424	38,331	27,424
Amounts due from subsidiary undertakings	-	-	17,077	13,683
Deferred tax	172	172	-	-
Other debtors and prepayments	12,057	9,159	10,336	7,082
	<u>53,909</u>	<u>41,651</u>	<u>67,059</u>	<u>49,738</u>

Amounts due from subsidiary undertakings are repayable on demand.

Debtors for the Consolidated entity are stated after provision for impairment of €3.8m (2022: €3.3m).

20 Investments	Consolidated		University	
	2023 €'000	2022 €'000	2023 €'000	2022 €'000
Short term deposits	15,726	70,813	15,726	70,813

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.

21 Cash at bank	Consolidated		University	
	2023 €'000	2022 €'000	2023 €'000	2022 €'000
Cash at bank	124,662	52,207	109,246	39,735
Restricted bank balances	10,044	11,614	3,834	6,880
	<u>134,706</u>	<u>63,821</u>	<u>113,080</u>	<u>46,615</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.

NOTES TO THE FINANCIAL STATEMENTS - continued

22 Payables: Amounts falling due within one year

	Consolidated		University	
	2023 €'000	2022 €'000	2023 €'000	2022 €'000
Trade creditors	4,729	4,965	3,455	3,559
Research grants and contracts in advance	125,340	111,027	125,340	111,027
Academic fees received in advance	57,352	54,598	57,352	54,598
State grant received in advance-HEA	16,879	17,962	16,879	17,962
Bank borrowings (note 24)	57,182	8,693	26,392	6,671
Amounts owed to subsidiary undertakings	-	-	1,522	1,206
Other taxation and social insurance	8,578	7,899	8,147	7,497
Deferred income	20,892	20,128	10,841	10,949
Deferred lease income	456	456	456	456
Deferred capital grants (note 25)	9,461	10,202	9,243	9,984
Short term finance lease obligation (note 26)	184	180	184	180
Other creditors & accruals	<u>42,315</u>	<u>34,986</u>	<u>39,079</u>	<u>31,765</u>
	<u>343,368</u>	<u>271,096</u>	<u>298,890</u>	<u>255,854</u>

Amounts owed to subsidiary undertakings are repayable on demand.

23 Payables: Amounts falling due after one year

	Consolidated		University	
	2023 €'000	2022 €'000	2023 €'000	2022 €'000
Bank loans (note 24)	115,378	165,786	115,378	135,047
Deferred capital grants (note 25)	217,493	198,762	211,622	192,675
Deferred lease income	1,255	1,711	1,255	1,711
Long term finance lease obligation (note 26)	11,903	12,087	11,903	12,087
Other creditors	<u>1,389</u>	<u>1,340</u>	-	-
	<u>347,418</u>	<u>379,686</u>	<u>340,158</u>	<u>341,520</u>

24 Bank Borrowings

	Consolidated		University	
	2023 €'000	2022 €'000	2023 €'000	2022 €'000
Bank loans				
Bank loans are repayable as follows:				
In one year or less (note 22)	<u>57,182</u>	<u>8,693</u>	<u>26,392</u>	<u>6,671</u>
Between one and two years	5,953	8,902	5,953	6,831
Between two and five years	17,958	27,430	17,958	20,871
In five years or more	<u>91,467</u>	<u>129,454</u>	<u>91,467</u>	<u>107,345</u>
Total (note 23)	<u>115,378</u>	<u>165,786</u>	<u>115,378</u>	<u>135,047</u>
Total bank loans	<u>172,560</u>	<u>174,479</u>	<u>141,770</u>	<u>141,718</u>

Short-term bank borrowings have increased to €57.2m from €8.7m in 2022. This increase was due to the accounting presentation of certain University loans in 2023. This arose, as at the statement of financial position date, the University was in breach of a bank covenant attached to its loans, resulting in certain elements of the group's loan portfolio being presented as current liabilities. After the statement of financial position date, on the 4th of March 2024, the University received a waiver for this covenant and it is no longer in breach of this covenant as at the date of approval of these financial statements. The decrease in long term bank borrowings also arises substantively from this accounting presentation requirement.

NOTES TO THE FINANCIAL STATEMENTS - continued

24 Bank Borrowings – continued

Lender	Amount of Loan €000's	Balance 2023 (Including interest accrued) €000's	Loan Term Years	Maturity Date	Borrower
Bank of Ireland	20,000	14,044	20	13/01/2038	UCC
European Investment Bank	15,000	12,053	23	18/11/2039	UCC
European Investment Bank	35,000	30,713	23	05/06/2041	UCC
European Investment Bank	50,000	46,116	23	21/06/2041	UCC
Bank of Ireland	8,450	6,413	20	22/09/2037	UCC
Housing Finance Agency	33,000	32,431	30	04/12/2050	UCC
Bank of Ireland	18,441	7,966	20	23/12/2033	Campus Accommodation (UCC) DAC
Bank of Ireland	15,176	9,354	20	14/01/2036	Campus Accommodation (UCC) DAC
Bank of Ireland	10,000	7,234	20	13/01/2038	Campus Accommodation (UCC) DAC
Bank of Ireland	8,736	6,185	20	13/01/2038	Campus Accommodation (UCC) DAC
Bank of Ireland	<u>200</u>	<u>51</u>	1	01/12/2024	IMI DAC
Total	<u>214,003</u>	<u>172,560</u>			

The overall consolidated cost of capital for University borrowings in 2023 was 2.25%.

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.

25 Deferred capital grants

	Buildings €'000	Equipment €'000	Total €'000
Consolidated			
Balances at 1 October 2022	192,620	16,344	208,964
Capital grants received	19,686	7,765	27,451
Released to income and expenditure	<u>(3,665)</u>	<u>(5,796)</u>	<u>(9,461)</u>
Balances at 30 September 2023	<u>208,641</u>	<u>18,313</u>	<u>226,954</u>
	2023		2022
The Deferred Capital Grants can be analysed as follows:	€'000		€'000
Consolidated			
Creditors falling due within one year (note 22)	9,461		10,202
Creditors falling due after one year (note 23)	<u>217,493</u>		<u>198,762</u>
	<u>226,954</u>		<u>208,964</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

25 Deferred capital grants - continued	Buildings €'000	Equipment €'000	Total €'000
University			
Balances at 1 October 2022	186,314	16,345	202,659
Capital grants received	19,684	7,765	27,449
Released to income and expenditure	<u>(3,448)</u>	<u>(5,795)</u>	<u>(9,243)</u>
Balances at 30 September 2023	<u>202,550</u>	<u>18,315</u>	<u>220,865</u>
	2023		2022
The Deferred Capital Grants can be analysed as follows:	€'000		€'000
University			
Creditors falling due within one year (note 22)	9,243		9,984
Creditors falling due after one year (note 23)	<u>211,622</u>		<u>192,675</u>
	<u>220,865</u>		<u>202,659</u>

26 Finance lease obligation

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.

	Consolidated & University	
	2023 €'000	2022 €'000
Future payments fall due as follows		
Within one year	426	426
Later than 1 year but within five years	12,833	1,703
Later than five years	-	<u>11,555</u>
Total	13,259	13,684
Future finance costs	<u>(1,172)</u>	<u>(1,417)</u>
Lease liability	<u>12,087</u>	<u>12,267</u>
<i>Analysed as follows:</i>		
Current portion (note 22)	184	180
Long term portion (note 23)	<u>11,903</u>	<u>12,087</u>
Lease liability	<u>12,087</u>	<u>12,267</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

27 Restricted Reserves

Restricted reserve related to both the University College Cork and Cork University Foundation (CUF) and is as follows:

	Consolidated		University	
	2023 €'000	2022 €'000	2023 €'000	2022 €'000
Opening balance	23,447	23,219	18,103	17,653
Reclassification from unrestricted reserve	-	(1,142)	-	-
New donations / funds invested	3,627	3,836	227	413
Investment income	404	403	404	403
Expenditure	(1,999)	(2,703)	(190)	(200)
Increase/(decrease) in market value of investments	(400)	(166)	(400)	(166)
Total restricted comprehensive income for the year	<u>1,632</u>	<u>1,370</u>	<u>41</u>	<u>450</u>
Closing balance	<u>25,079</u>	<u>23,447</u>	<u>18,144</u>	<u>18,103</u>
<i>Analysis of other restricted funds/donations by type of purpose:</i>				
Education and research	<u>3,627</u>	<u>3,836</u>	<u>227</u>	<u>413</u>

28 Contingencies

The University has no known material contingent liabilities at 30 September 2023.

29 Capital commitments

	Consolidated		University	
	2023 €'000	2022 €'000	2023 €'000	2022 €'000
Contracted for but not provided	3,324	8,949	3,257	6,443
Authorised but not contracted out	<u>102,819</u>	<u>23,678</u>	<u>102,819</u>	<u>20,500</u>
	<u>106,143</u>	<u>32,627</u>	<u>106,076</u>	<u>26,943</u>

30 Financial instruments

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

	Consolidated		University	
	2023 €'000	2022 €'000	2023 €'000	2022 €'000
Financial assets				
<i>Measured at fair value through the statement of comprehensive income</i>				
• Investments in listed equity instruments (note 17)	28,567	28,793	28,567	28,793
<i>Measured at undiscounted amounts receivable</i>				
• Trade debtors (note 19)	3,349	4,896	1,315	1,549
• Amounts due from subsidiary undertakings (note 19)	-	-	17,077	13,683
Financial liabilities				
<i>Measured at amortised cost</i>				
• Bank loans and other loans (note 24)	172,560	174,479	141,770	141,718
• Obligations under finance leases (note 26)	12,087	12,267	12,087	12,267
<i>Measured at undiscounted amounts payable</i>				
• Trade creditors (note 22)	4,729	4,965	3,455	3,559
• Amounts due to subsidiary undertakings (note 22)	-	-	1,522	1,206

NOTES TO THE FINANCIAL STATEMENTS - continued

31 Analysis of changes in net debt	2023 €'000	2022 €'000
Cash at bank/short term deposits/current investments	150,432	134,634
Bank debt due within 1 year	(57,182)	(8,693)
Bank debt due after 1 year	<u>(115,378)</u>	<u>(165,786)</u>
Total	<u>(22,128)</u>	<u>(39,845)</u>

32 Related parties

Transactions with subsidiaries and other undertakings of the University have been eliminated on consolidation.

Transactions with entities that are part of the group and investees of the group, qualifying as related parties, are not disclosed as the University is exempt under FRS 102 33.9 – 'Related Party Disclosures'.

Related party transactions are not required to be disclosed where they are with other entities that are wholly owned subsidiaries of the University.

33 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 Authority. 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 €90.1m relating to professional service added years. This €90.1m 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 €90.1m, the professional service added years’ liability relating to the transferred in service is €12.8m.

In previous years’ financial statements, it was explained that the Department of Education and the Department of Public Expenditure, NDP Delivery and Reform did not share UCC’s view regarding the funding of the €12.8m 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 €12.8m 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 €12.8m, referenced above, UCC have assessed its portion of the liability to be €3.1m and that the balance of the liability, €9.7m, 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.

NOTES TO THE FINANCIAL STATEMENTS - continued

33 Retirement benefits - continued

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

The 2005 Scheme applies to all new staff appointed from between 1 January 2005 and 31 December 2012. 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 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, NDP Delivery 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 1,504 active members of the Single Scheme at 30 September 2023. Future benefits accruing to Scheme members have been provided for in these financial statements, as at 30 September 2023. 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.

The University has reported a net pension liability at 30 September 2023 and 2022 as follows:

	2023 €’000	2022 €’000
Present value of the defined benefit obligations	<u>(1,383,565)</u>	<u>(1,388,310)</u>
Pension liability	<u>(1,383,565)</u>	<u>1,388,310</u>
	2023 €’000	2022 €’000
Analysis of pension liability		
Closed Scheme	(643,982)	(671,634)
2005 Scheme	(676,498)	(660,287)
Single Public Sector Pension Scheme	<u>(63,085)</u>	<u>(56,389)</u>
	<u>(1,383,565)</u>	<u>(1,388,310)</u>
	2023 €’000	2022 €’000
The pension receivable and net deficit at 30 September 2023 and 2022 is as follows:		
Pension receivable from the Irish State	<u>1,380,403</u>	<u>1,385,226</u>
Net pension deficit	<u>(3,162)</u>	<u>(3,084)</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

33 Retirement benefits - continued

<i>Movement in present value of defined benefit obligation</i>	2023	2022
	€'000	€'000
Present value of defined benefit obligation at beginning of year	(1,388,310)	(1,939,100)
Current service cost	(34,886)	(65,293)
Interest cost	(56,114)	(28,836)
Benefits paid	39,339	33,348
Contributions by plan participants	(11,669)	(10,544)
Effect of changes in assumptions	70,351	684,496
Effect of experience adjustments	<u>(2,276)</u>	<u>(62,381)</u>
 Value of Defined benefit obligation at end of year	 <u>(1,383,565)</u>	 <u>(1,388,310)</u>

Analysis of movement in pension receivable during the year

	2023	2022
	€'000	€'000
Analysis of deferred pension funding asset		
At beginning of year	1,385,226	1,934,469
Current service cost	34,886	65,293
Interest cost	56,114	28,836
Amounts included in other comprehensive income	(47,846)	(593,364)
Employer contributions	(47,899)	(51,555)
Increase / (decrease) in deferred funding for pensions	<u>(78)</u>	<u>1,547</u>
 At end of year	 <u>1,380,403</u>	 <u>1,385,226</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:

Financial Assumptions	2023	2022
Valuation method	Projected	Projected
	Unit	Unit
Rate of increase in salaries	4.05%	3.85%
Rate of increase in state pension	2.55%	2.35%
Rate of increase in pensions in payment	3.05%	2.85%
Discount rate for scheme liabilities	4.60%	4.10%
Inflation assumption	2.55%	2.35%

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:

	2023	2022
	Years	Years
	M/F	M/F
Retiring today (member age 65)	22.6/24.3	22.5/24.2
Retiring in 25 years (member age 40)	24.3/26.1	24.2/26.0

NOTES TO THE FINANCIAL STATEMENTS - continued

33 Retirement benefits - continued

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

	2023 €'000	2022 €'000
Amount included in staff costs		
Current service cost	34,886	65,293
Less employer contributions	<u>(47,899)</u>	<u>(51,555)</u>
	<u>(13,013)</u>	<u>13,738</u>
Other finance charges		
Interest on pension scheme liabilities	56,114	28,836
Net deferred funding for pensions		
Funding recoverable in respect of current year pension costs	(43,101)	(42,575)
Increase /(decrease) in deferred funding for pensions	<u>78</u>	<u>(1,547)</u>
	<u>(43,023)</u>	<u>(44,122)</u>
Amounts recognised in other comprehensive income		
Effect of changes in assumptions	(70,351)	(684,496)
Effect of experience adjustments	2,276	62,381
Return on plan assets	<u>20,229</u>	<u>28,751</u>
Actuarial gain/loss in respect of pension schemes	<u>(47,846)</u>	<u>(593,364)</u>
Movement in pension receivable	<u>(47,846)</u>	<u>(593,364)</u>

A subsidiary of the University, Irish Management Institute (a Company Limited by Guarantee) ("IMI") operates a defined contribution pension scheme. Certain permanent employees of IMI are eligible as members of the contributory defined contribution plan. The assets of the defined contribution plan are held separately from those of the University in an independent trustee administered fund. The IMI contributions are charged to the Statement of Comprehensive Income in the year in which contributions are payable. During the financial year, €0.57m (2022: €0.55m) was charged to the Statement of Comprehensive Income and contributions of €0.05m (2022: €0.06m) were outstanding as at 30 September 2023.

	2023 €'000	2022 €'000
34 Deferred Income		
State grant received & receivable	90,282	77,053
State grant receivable from prior accounting year	15,610	18,795
State grant deferred to subsequent accounting year	<u>(16,879)</u>	<u>(15,610)</u>
State grant per financial statements	<u>89,013</u>	<u>80,238</u>

35 US Department of Education Financial Responsibility Supplemental Schedule

In satisfaction of its obligations to facilitate students' access to US federal financial aid, the University is required, by the US Department of Education, to present the following Supplemental Schedule in a prescribed format.

The amounts presented within the schedules have been:

- prepared under the historical cost convention, subject to the revaluation of certain fixed assets;
- prepared using Irish generally accepted accounting practice, in accordance with Financial Reporting Standard 102 (FRS102) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition); and,
- presented in Euro.

The schedules set out how each amount disclosed has been extracted from the financial statements. As set out above, the accounting policies used in determining the amounts disclosed are not intended to and do not comply with the requirements of accounting principles generally accepted in the United States of America.

NOTES TO THE FINANCIAL STATEMENTS - continued

35 US Department of Education Financial Responsibility Supplemental Schedule - continued

Primary Reserve Ratio

Note/Schedule	Term used in the Financial Statements	Term used in US Department of Education Financial Responsibility Supplemental Schedule	2023 €'000	2023 €'000	2022 €'000	2022 €'000
		Expendable Net Assets:				
Consolidated statement of financial position	Income and expenditure – unrestricted reserve	Net assets without donor restrictions	210,027	-	220,230	-
Consolidated statement of financial position	Income and expenditure - restricted reserve	Net Assets with donor restrictions	25,079	-	23,447	-
N/A	N/A	Secured and Unsecured related party receivable	-	-	-	-
N/A	N/A	Unsecured related party receivable	-	-	-	-
15,16,25	Tangible Fixed assets €684,396k plus Heritage Assets €3,094k less Deferred Capital Grants €226,954k	Property, plant and equipment, net (includes Construction in progress)	460,536	-	482,869	-
35	35 - Supplemental disclosure - Line 1.d	Property, plant and equipment – pre-implementation	359,116	-	398,588	-
35	35 - Supplemental disclosure - Line 2.A	Property, plant and equipment – post-implementation with outstanding debt for original purchase	47,070	-	31,598	-
N/A	N/A	Property, plant and equipment – post implementation without outstanding debt for original purchase	-	-	-	-
35	35 - Supplemental disclosure - Line 3.	Construction in progress acquired post-implementation	54,350	-	52,683	-
N/A	N/A	Lease right-of-use asset, net	-	-	-	-
N/A	N/A	Lease right-of- use asset pre- implementation	-	-	-	-
N/A	N/A	Lease right-of- use asset post- implementation	-	-	-	-
16	Intangible Assets	Intangible assets	8,156	-	-	-

NOTES TO THE FINANCIAL STATEMENTS - continued

35 US Department of Education Financial Responsibility Supplemental Schedule - continued

Note/Schedule	Term used in the Financial Statements	Term used in US Department of Education Financial Responsibility Supplemental Schedule	2023 €'000	2023 €'000	2022 €'000	2022 €'000
		Expendable Net Assets:				
33	Net pension deficit	Post-employment and pension liabilities	3,162	-	3,084	-
24	Total bank loans	Long-term debt – for long term purposes	172,560	-	174,479	-
24	2022 Total bank loans €174,479k	Long-term debt – for long term purposes pre-implementation	174,479	-	174,075	-
24	2023 Total bank loans €172,560k less 2022 Total bank loans €174,479k	Long-term debt – for long term purposes post-implementation	(1,919)	-	404	-
N/A	N/A	Line of Credit for CIP	-	-	-	-
N/A	N/A	Lease right-of-use asset liability	-	-	-	-
N/A	N/A	Pre-implementation right-of-use leases	-	-	-	-
N/A	N/A	Post- implementation right-of-use leases	-	-	-	-
N/A	N/A	Annuities with donor restrictions	-	-	-	-
N/A	N/A	Term endowments with donor restrictions	-	-	-	-
N/A	N/A	Life income funds with donor restrictions	-	-	-	-
27	Consolidated statement financial position– Income and expenditure – unrestricted reserve	Net assets with donor restrictions: restricted in perpetuity	25,079		23,447	-
		Total Expenses and Losses:				
Consolidated statement of comprehensive income and expenditure	Consolidated Statement of Comprehensive Income and Expenditure - Total expenditure €487,828k less Note 27 restricted expenditure €1,999k	Total expenses without donor restrictions – taken directly from Statement of Activities	485,829	-	449,059	-
Consolidated statement of comprehensive income and expenditure	Consolidated Statement of Comprehensive Income and Expenditure – Investment income €535k, (Loss)on investments (€618)k, Gain on sale of investments €250k,Deferred funding for pensions €43,023k, Pension service cost credit €13,013k, Pension Interest expense €56,114k.	Non-Operating and Net Investment (loss)	(89)	-	1,913	-

NOTES TO THE FINANCIAL STATEMENTS - continued

35 US Department of Education Financial Responsibility Supplemental Schedule - continued

Note/Schedule	Term used in the Financial Statements	Term used in US Department of Education Financial Responsibility Supplemental Schedule	2023 €'000	2023 €'000	2022 €'000	2022 €'000
		Total Expenses and Losses:				
Consolidated statement of comprehensive income and expenditure	Gain/(Loss) on investments	Net investment gains/(losses)	(618)	-	(170)	-
N/A	N/A	Pension -related changes other than net periodic costs	-	-	-	-

Equity Ratio

Note/Schedule	Term used in the Financial Statements	Term used in US Department of Education Financial Responsibility Supplemental Schedule	2023 €'000	2023 €'000	2022 €'000	2022 €'000
		Modified Net Assets:				
Consolidated statement of financial position	Income and expenditure – unrestricted reserve	Net assets without donor restrictions	210,027	-	220,230	-
Consolidated statement of financial position	Income and expenditure - restricted reserve	Net assets with donor restrictions	25,079	-	23,447	-
Consolidated statement of financial position	Intangible Assets	Intangible assets	8,156	-	-	-
N/A	N/A	Secured and Unsecured related party receivable	-	-	-	-
N/A	N/A	Unsecured related party receivables	-	-	--	-
		Modified Assets:				
Consolidated statement of financial position	Consolidated Statement of financial position – Non-current assets €724,213k plus Current assets €204,841k	Total assets	929,054	-	897,543	-
N/A	N/A	Lease right-of- use asset pre-implementation	-	-	-	-
N/A	N/A	Pre-implementation right-of-use leases	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS - continued

35 US Department of Education Financial Responsibility Supplemental Schedule – continued

Note/Schedule	Term used in the Financial Statements	Term used in US Department of Education Financial Responsibility Supplemental Schedule	2023 €'000	2023 €'000	2022 €'000	2022 €'000
		Modified Assets:				
N/A	N/A	Intangible assets	8,156	-	-	-
N/A	N/A	Secured and Unsecured related party receivable	-	-	-	-
N/A	N/A	Unsecured related party receivables	-	-	-	-
		Net Income Ratio:				
Consolidated statement of comprehensive income and expenditure	Consolidated Statement of Comprehensive Income and Expenditure – Unrestricted comprehensive income for the year	Change in Net Assets Without Donor Restrictions	(10,203)	-	(636)	-
Consolidated statement of comprehensive income and expenditure	Consolidated Statement of Comprehensive Income and Expenditure – total income Total income €479,625k less investment income €535k, add gain on sale of tangible fixed assets €0k, less deferred funding for pensions €43,023k Losses are not included	Total Revenues and Gains	436,067	-	407,935	-

University College Cork, National University of Ireland, Cork Financial Responsibility Supplemental Disclosures Year Ended September 30, 2023				2023 €'000	2022 €'000
Property, plant and equipment, net					
1.	Pre-implementation property, plant and equipment, net				
a.	Ending balance of prior year financial statements (September 30, 2019)			675,915	675,915
b.	Less deferred capital grants (Note 25)			(226,954)	(208,964)
c.	Less subsequent depreciation and disposals			(89,845)	(68,363)
d.	Balance pre-implementation property, plant and equipment, net			359,116	398,588
2.	Debt Financed Post-Implementation property, plant and equipment, net Long-lived assets acquired with debt subsequent to September 30, 2019:				
a.	Total property, plant & equipment, net acquired with debt exceeding 12 months			47,070	31,598
3.	Construction in progress acquired subsequent to September 30, 2019			54,350	52,683
4.	Pre-implementation property, plant and equipment, net acquired without debt:				
a.	long-lived assets acquired without use of debt subsequent to September 30, 2019			-	-
5.	Total property, plant and equipment, net September 30			460,536	482,869

NOTES TO THE FINANCIAL STATEMENTS - continued

36 Contingent Asset

In 2020, the University sold its share in a spin out company, Alimentary Health Ltd, now PrecisionBiotics Group Limited, to Novozymes, a Danish pharmaceutical company. Based on UCC's level of equity at the date of sale, the University's immediate share of the initial consideration was €4.16m, with the potential to rise through an earn-out, pending satisfactory performance of the company in meeting certain post-acquisition targets up to December 31 2023. Any earn-out income will be paid in Q3 2024. An estimate of the earn out income is not available at the date of the approval of these financial statements.

37 Post Statement of Financial Position Events

As disclosed in note 24, at the statement of financial position date, the University was in breach of a bank covenant attached to its loans, resulting in certain elements of the group's loan portfolio being presented as current liabilities in 'Payables - Amounts falling due within one year'. However, after the statement of financial position date, the University received a waiver from the bank for this covenant on the 4th of March 2024 and it is no longer in breach of this covenant as at the date of approval of these financial statements. Subsequent to year end, the directors of the Irish Management Institute (IMI) received an unsolicited non-binding offer for the business, which is under consideration. An estimate of its financial effect cannot be made at this time. There have been no other significant events affecting the University since the year end.

38 Approval of financial statements

The financial statements were approved by the Governing Authority on the 12 March 2024.

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

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

Year Ended 30 September 2023

Consolidated Financial Statements Year ended 30 September 2023

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 01/10/2022	Cash received 2022/23	Taken to Income 2022/23	Deferred Capital Grants	Grant (Deferred)/ Due 30/09/2023
		€'000's	€'000's	€'000's	€000's	€'000's
Department of Agriculture Food and the Marine	Dept. of Agriculture Food and the Marine	132	(1,302)	1,588	-	418
Enterprise Ireland	Dept. of Jobs, Enterprise and Innovation	(5,519)	(9,417)	10,423	-	(4,513)
Health Services Executive	Dept. of Health	(1,649)	(1,297)	1,250	-	(1,696)
Health Research Board	Dept. of Health	(2,842)	(6,155)	5,773	-	(3,224)
Irish Research Council	Dept. of Education and skills	(2,475)	(5,398)	6,390	-	(1,483)
Science Foundation of Ireland	Dept. of Jobs, Enterprise and Innovation	(41,280)	(43,376)	41,942	-	(42,714)
Teagasc	Dept. of Agriculture Food and the Marine	(78)	(1,129)	1,171	-	(36)
Sustainable Energy Ireland (SEI)	Dept. of Communications, Climate Action & Environment	137	(1,800)	1,210	-	(453)
Environmental Protection Agency	Dept. of Communications, Climate Action & Environment	458	(1,153)	804	-	109
Dept. of Communications, Climate Action & Environment	Dept. of Communications, Climate Action & Environment	(698)	(1,102)	977	-	(823)
Department of Jobs, Enterprise and Innovation	Dept. of Jobs, Enterprise and Innovation	(9,643)	(8,800)	5,006	-	(13,437)
Higher Education Authority		(2,879)	(837)	1,586	-	(2,130)
Other Irish Government/State Agencies	Various Departments	(14,478)	(8,083)	8,356	-	(14,205)
Total Exchequer Research Grants		(80,814)	(89,849)	86,476	-	(84,187)
Total Non-Exchequer Research Grants		(25,690)	(40,999)	38,885	-	(27,804)
Total per Research Accounts		(106,504)	(130,848)	125,361	-	(111,991)
Other Adjustments						
GAAP Adjustments		22,901	-	(6,249)	8,330	24,982
Research Grants and Contracts per Financial Statements						
		(83,603)	(130,848)	119,112	8,330	(87,009)

Capital Grants

The University received grant funding of €nil in year ended 30 September 2023, under the programme for research in Third Level Institutions (PRTL I V) and €nil for other capital programmes. 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 in line with Government policies and guidelines.

A review of Research funding sources is performed annually. This annual review may lead to small reanalyses of funding sources, though not a change in overall Research funding sources balances.

Consolidated Financial Statements Year ended 30 September 2023

Governing Authority attendance 1st October 2022 to 30th September 2023

<i>Name</i>	<i>Number of Meetings Attended</i>	<i>Name</i>	<i>Number of Meetings Attended</i>
Adam, Professor Frédéric	7	O'Flaherty, Dr. Brian	6
Breen, Mr Dermot	7	O'Halloran, Professor John	7
Byrne, Prof. Stephen	7	O'Leary, Cllr. John	4
Conrick, Professor Maeve	5	O'Mahoney, Ms. Alison ¹	0
Conway, Cllr. Joe ²	0	O'Mahoney, Dr. Dermot	6
Day, Dr Catherine	7	O'Sullivan, Professor Barry	6
Delargey, Mr Michael	6	O'Sullivan, Ms. Jennifer	4
Dinneen, Mr. Owen	5	Quinn, Mr. J.P.	7
Doyle-O'Neill, Dr. Finola	4	Pierse, Mr. Dan	5
Finnegan, Professor Nuala	6	Power, Cllr. Jody ³	0
Fitzgerald, Cllr, Michael	3	Roche, Ms. Sinead	5
Fitzgibbons, Mr. John	4	Rosney, Ms. Bride	5
Flynn, Dr. Angela	7	Woodhouse, Ms. Asha	5
Flynn, Cllr John Francis	0		
Foley, Mr. Colm ⁴	2		
Forde, Cllr. Deirdre	1		
Hackett, Ms Sinead	7		
Healy, Ms. Michelle	3		
Hurley, Mr Gary	7		
Kerins, Professor David	6		
Laird, Dr. Heather	4		
Lane, Ms. Margaret	6		
Leen, Mr. Colm	4		
Maguire, Professor Anita	7		
Mannix Boyle, Dr. Valerie	7		
McCarthy, Cllr. Kieran ⁵	0		
McHugh, Ms. Rose	6		
Moynihan, Cllr. Bernard	1		
Murphy, Cllr. Jason	1		

¹ Appointment covers only 1 meeting in this period

² Appointment covers only 2 meetings in this period

³ Appointment covers only 1 meeting in this period

⁴ Appointment covers only 1 meeting in this period

⁵ Appointment covers only 1 meeting in this period

Consolidated Financial Statements Year ended 30 September 2023

Audit and Risk committee attendance 01st October 2022 – 30th September 2023.

<i>Name</i>	<i>Number of Meetings Attended</i>
Rose McHugh (Chair)	11
Cora O'Farrell	8
Adrian Wall (resigned 26 th September 2023)	10
Maeve Carton	11
Robert Cahill (appointed 06 th December 2022)	6
Maura Quinn (appointed 04 th February 2023)	10
Aidan O' Donnell (resigned 03 rd February 2023)	7
Terri Moloney (appointed 06 th December 2022)	6

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**

HEA

Higher Education Authority
An tÚdarás um Ard-Oideachas



**An Roinn Breisoideachais agus Ardoideachais,
Taighde, Nuálaíochta agus Eolaíochta**
Department of Further and Higher Education,
Research, Innovation and Science



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.