



**DUBLIN CITY UNIVERSITY**

**ACCOUNTS FOR THE YEAR ENDED**

**SEPTEMBER 2006**

# Dublin City University



## Statement of Responsibilities

The University is required to comply with the Universities Act 1997, and to keep in such form as may be approved of by An tUdaras um Ard Oideachas, all proper and usual accounts and records of all income received or expenditure incurred by it. In preparing these financial statements, the University is required to :

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

The University is responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the University and which enables it to ensure that its financial statements comply with the Universities Act 1997. The University is also responsible for safeguarding all assets under its operational control and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the University,

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Professor Ferdinand von Prondzynski  
President

## Report of the Auditors to the Governing Authority of Dublin City University

We have audited the financial statements of Dublin City University for the year ended 30 September 2006 which comprise the Statement of Accounting Policies, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related Notes 1 to 37. These financial statements have been prepared under the accounting policies set out therein.

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

### Respective Responsibilities of the University and Auditors

The University is responsible for preparing the financial statements, as set out in the Statement of Responsibilities, in accordance with Section 39 of the Universities Act 1997, the agreed accounting policies and harmonised format of financial statements for Irish Universities. The Harmonisation of Accounts Agreement is not in agreement with Generally Accepted Accounting Principles.

Our responsibility, as independent auditors, is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements in accordance with the basis of preparation, give a true and fair view and are properly prepared in accordance with the provisions of the Universities Act 1997, the agreed accounting policies and harmonised format of financial statements for Irish Universities. We also report to you whether, in our opinion, proper books of account have been kept by the University. In addition, we state whether we have obtained all information and explanations necessary for the purposes of our audit and whether the University's balance sheet and income and expenditure account are in agreement with the books of account.

### Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the University in the preparation of the financial statements and of whether the accounting policies are appropriate to the University's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements:

- in accordance with the basis of preparation, give a true and fair view of the state of the affairs of Dublin City University as at 30 September 2006 and of its deficit for the year then ended, and
- have been properly prepared in accordance with the provisions of the Universities Act 1997 and the agreed accounting policies and harmonised format of financial statements for Irish Universities.

We have obtained all the information and explanations we considered necessary for the purpose of our audit. In our opinion, proper books of account have been kept by the University. The University's balance sheet and its income and expenditure are in agreement with the books of account.

Chartered Accountants and Registered Auditors.  
Dublin

10/9/2007

**DUBLIN CITY UNIVERSITY  
STATEMENT OF ACCOUNTING POLICIES  
FOR YEAR ENDED 30 SEPTEMBER 2006**



**A. Financial Statements**

The Financial Statements reflect the teaching, research and related service activities of Dublin City University. The Financial Statements of the University's Trust Fund and of financially independent ancillary activities are prepared annually and audited separately.

**B. Accounting Convention**

The Financial Statements are prepared under the historical cost convention, modified by the revaluation of certain lands and buildings. They are presented in accordance with the most recent 'Harmonisation of Accounts' format as adopted by all Irish Universities.

**C. Unit of Currency**

The amounts in the Financial Statements are stated in Euro.

**D. State Grants for Recurrent Expenditure:**

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

**E. State Grants for Capital Expenditure**

State Grants approved by the Higher Education Authority and the Department of Education & Children for capital expenditure are included in the Financial Statements of the period to the extent of cash received.

**F. Fee Income**

Fee Income is accounted for on an accruals basis.

**G. Approved Allocations**

The Income and Expenditure Account is prepared on an accruals basis.

**DUBLIN CITY UNIVERSITY  
STATEMENT OF ACCOUNTING POLICIES  
FOR YEAR ENDED 30 SEPTEMBER 2006**



**H. Fixed Assets and Depreciation**

Land has been valued on the existing use basis on 30 September 1999 at a valuation of €126,974 per acre.

Buildings acquired and constructed prior to 30 September 1999 have been valued on an existing use basis at a standard cost of €2,413 per square metre. All subsequent additions are stated at cost.

Prefabricated Buildings, Furniture and Equipment and Motor Vehicles are stated at cost less accumulated depreciation.

The estimated useful lives of fixed assets by reference to which depreciation has been calculated on a straight-line basis is as follows:

Buildings	50 years
Prefabricated Buildings	10 years
Furniture and Equipment (Pre 2005)	10 years
Furniture and Equipment	5 years
Computer Equipment	3 years
Motor vehicles	5 years
Leased Assets	Useful life or lease period if shorter

**I. Leased Assets**

The cost of fixed assets acquired under finance leases is included in Fixed Assets and written off over the estimated useful lives of the assets at the rates set out in the policy above, or over the lease period if shorter.

**J. General Reserve**

The general reserve represents the value of funding, after amortisation, applied for capital purposes.

**K. Research Grants and Projects**

Income from contract research grants is included in the Income and Expenditure Account to the extent that the related expenditure has been incurred. Fixed Assets purchased through Research Grants are included in Fixed Assets on the Balance Sheet.

**L. Stocks**

Stocks are stated at the lower of cost and net realisable value.

**M. Pensions**

Superannuation benefits are conferred by the National Institute For Higher Education Dublin, Superannuation Scheme 1985 and the Spouses' and Children's Pension Scheme 1985 which are approved under the National Institute for Higher Education, Dublin Act 1980 and the Dublin City University Act, 1989. The schemes, which provide for defined benefits, are non-funded and benefits are met from current revenue as they arise. Accordingly, the financial statements do not provide for the University's liability in respect of contributions made by members of the scheme or its actuarial superannuation liability to the members of the scheme. The disclosure requirements of the accounting standard FRS 17 'Retirement Benefits' have not been adopted in these financial statements which are presented in accordance with the 'Harmonisation of Accounts' format as adopted by all Irish universities. Full compliance with the accounting standard has occurred in the consolidated financial statements.

**N. Taxation**

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

**O. Foreign Currencies**

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



NATIONAL DEVELOPMENT PLAN



**EUROPEAN UNION  
STRUCTURAL FUNDS**



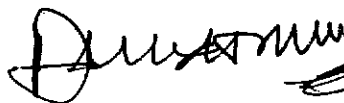
**DUBLIN CITY UNIVERSITY  
INCOME AND EXPENDITURE ACCOUNT  
FOR YEAR ENDED 30 SEPTEMBER 2006**

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	Notes	2006 Euro	2005 Euro
<b>INCOME</b>			
State Grants	2	37,082,997	33,426,112
Student Fees	3	35,019,078	31,775,609
Other Income	4	<u>3,484,061</u>	<u>3,734,012</u>
		75,586,136	68,935,733
St. Patricks College, Drumcondra	1	12,680,169	20,311,943
Mater Dei Institute of Education	1	3,091,745	3,788,495
Research Grants and Projects	5	<u>33,920,978</u>	<u>34,400,237</u>
		49,692,892	58,500,675
Total Income		<u>125,279,028</u>	<u>127,436,408</u>
<b>EXPENDITURE</b>			
Academic Faculties and Departments	6	45,964,707	41,034,370
Academic and Other Services	7	6,257,489	6,023,383
Premises	8	6,737,239	6,309,648
Amount Allocated for Capital Purposes	9	1,570,429	1,433,756
Central Administration and Services	10	9,711,738	9,510,944
General Educational Expenditure	11	409,226	574,969
Student Services	12	3,625,320	3,697,924
Miscellaneous Expenditure	13	<u>1,866,979</u>	<u>1,134,650</u>
		76,143,127	69,719,644
St. Patricks College, Drumcondra	1	12,680,169	20,311,943
Mater Dei Institute of Education	1	3,091,745	3,788,495
Research Grants and Projects	5	<u>33,920,978</u>	<u>34,400,237</u>
		49,692,892	58,500,675
Total Expenditure	14	<u>125,836,019</u>	<u>128,220,319</u>
Deficit on Activities before Amortisation of Capital Reserves and Grants and Depreciation of Fixed Assets		(556,991)	(783,911)
Depreciation of Fixed Assets	15	(8,668,016)	(6,700,651)
General Reserve movement	16	<u>8,668,016</u>	<u>6,700,651</u>
Deficit for the year		<u>(556,991)</u>	<u>(783,911)</u>

The Statement of Accounting Policies, Cash Flow Statement and Notes 1 to 37 form part of these Financial Statements.

Signed:



PRESIDENT



DIRECTOR OF FINANCE

**DUBLIN CITY UNIVERSITY  
BALANCE SHEET  
AS AT 30 SEPTEMBER 2006**



	Notes	2006 Euro	2005 Euro
<b>FIXED ASSETS</b>	17	<u>224,429,536</u>	<u>210,790,057</u>
<b>INVESTMENTS</b>	18	<u>45,728,349</u>	<u>43,449,449</u>
<b>CURRENT ASSETS</b>			
Cash on hand and at bank		753,522	3,929,087
Debtors and Prepayments	19	39,186,528	44,461,894
Stocks	20	<u>278,510</u>	<u>277,752</u>
		40,218,560	48,668,733
<b>Less: CURRENT LIABILITIES</b>			
Creditors and Accrued Expenditure	21	56,392,023	59,091,707
Bank Overdraft		<u>11,604,654</u>	<u>2,633,581</u>
		<u>67,996,677</u>	<u>61,725,288</u>
<b>NET CURRENT LIABILITIES</b>		<u>(27,778,117)</u>	<u>(13,056,555)</u>
<b>LONG TERM LIABILITIES</b>			
Creditors due after one year	22	3,745,855	12,070
		<u>238,633,914</u>	<u>241,170,881</u>
<b>REPRESENTED BY:</b>			
General Reserve	25	199,960,824	204,732,537
Restricted Reserve	26	39,374,599	36,582,862
Revenue Reserve	27	<u>(701,509)</u>	<u>(144,518)</u>
		<u>238,633,914</u>	<u>241,170,881</u>

The Statement of Accounting Policies, Cash Flow Statement and Notes 1 to 37 form part of these Financial Statements.

Signed:

  
 PRESIDENT
   
 DIRECTOR OF FINANCE



**DUBLIN CITY UNIVERSITY  
CASH FLOW STATEMENT  
FOR YEAR ENDED 30 SEPTEMBER 2006**



	NOTES	2006 Euro	2005 Euro
<b>NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b>	28	(9,388,998)	17,977,144
<b>NET INCREASE IN ALLOCATIONS FROM RELATED COMPANIES</b>		202,838	560,222
<b>NET DECREASE/(INCREASE) IN FUNDS ADVANCED TO RELATED COMPANIES</b>		11,301,762	(421,053)
<b>RETURN ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		11,579	9,673
Interest element of Lease Payments		(70,358)	(9,424)
<b>INVESTING ACTIVITIES</b>			
Investments		(2,278,900)	(2,337,085)
Capital Projects Expenditure		(22,332,382)	(5,980,113)
Capital Project Receipts		4,659,319	0
<b>NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>		(17,895,140)	9,799,364
<b>FINANCING ACTIVITIES</b>			
HEA Capital Grants		966,990	(4,469,274)
Non-HEA Capital Grants		3,947,783	3,733,399
Bank Borrowings		2,106,904	0
Capital Element of Finance Lease Repayments		(1,273,175)	(66,397)
<b>NET CASH (OUTFLOW)/INFLOW AFTER FINANCING ACTIVITIES</b>		<u>(12,146,638)</u>	<u>8,997,092</u>
<b>(DECREASE)/INCREASE IN CASH OR CASH EQUIVALENTS</b>		<u>(12,146,638)</u>	<u>8,997,092</u>

# 1 General

Dublin City University is a statutory body established by the Dublin City University Act, 1989 as amended by the Universities Act, 1997.

In the context of the linkage between Dublin City University and St. Patricks College, Drumcondra, the University received a state grant of €12,680,169 in the year ended 30 September 2006 (2005: €20,311,943). The grant is included in current expenditure and is transferred on receipt to St. Patricks College, which is responsible for its day-to-day administration.

In the context of the linkage between Dublin City University and Mater Dei Institute of Education, the University received a state grant of €3,091,745 in the year ended 30 September 2006 (2005: € 3,788,495). The grant is included in current expenditure and is transferred on receipt to Mater Dei Institute of Education, which is responsible for its day-to-day administration.

2 State Grant	2006 Euro	2005 Euro
Recurrent Grant	30,178,777	26,680,027
IT Investment Fund	137,200	57,200
Targeted Funding for Special Initiatives	888,000	1,656,114
Minor Works	67,320	22,000
Skills Programmes	5,811,700	5,010,771
	<u>37,082,997</u>	<u>33,426,112</u>

## HEA Core Grant Deferred Income Analysis

State grant received in respect of calendar year	25,341,574	24,062,000
State grant deferred from prior accounting year	5,948,000	5,640,500
State grant deferred to subsequent accounting years	(6,335,394)	(5,948,000)
	<u>24,954,180</u>	<u>23,754,500</u>

State funding is received on a calendar year basis. The University financial year is based on the academic year from October to September. In accordance with the University's accounting policies recurrent grants have been recognised on an accruals basis. Therefore, in any accounting year, an element of funding will be deferred to subsequent accounting periods in order to match the funding to the related expenditure

3 Student Fees	2006 Euro	2005 Euro
Fees paid by state	16,300,000	15,935,749
Fees paid by student or third party	16,705,454	13,919,234
Capitation Levy	971,864	835,562
Development Levy	628,307	574,332
Total Academic Fees	<u>34,605,625</u>	<u>31,264,877</u>
Miscellaneous Fee Income	<u>413,453</u>	<u>510,732</u>
	<u>35,019,078</u>	<u>31,775,609</u>

## Student Service Charge

Income from student service charge	<u>2,830,373</u>	<u>2,572,318</u>
<u>Expenditure</u>		
Student service costs (note 12)	(3,625,320)	(3,697,924)
Examination costs (note 11)	(409,226)	(574,969)
Space costs associated with student facilities	(221,380)	(210,838)
Costs relating to registration, fees, admissions and records	(1,449,264)	(1,863,745)
Total Expenditure	<u>(5,705,190)</u>	<u>(6,347,476)</u>
Shortfall	<u>(2,874,817)</u>	<u>(3,775,158)</u>

The student service charge is an artificially constructed and de-facto fee and represents part of the inherent service provided by the University. As illustrated above it falls significantly short of meeting the costs it purports to fund.

	2006 Euro	2005 Euro
<b>4 Other Income</b>		
Interest Receivable	11,579	9,673
Non-EU Fees	1,348,233	1,292,595
Miscellaneous income	2,124,249	2,431,744
	<u>3,484,061</u>	<u>3,734,012</u>

	2006 Euro	2005 Euro
<b>5 Research Grants and Projects</b>		
Research Grants	21,582,571	22,514,685
Other Contracted Projects	7,945,983	7,851,180
Other Funded Projects	4,392,424	4,034,372
	<u>33,920,978</u>	<u>34,400,237</u>

Income from research grants and projects is included in the Income and Expenditure Account to the extent that the related expenditure has been incurred.

	2006			2005
	Staff Costs Euro	Non Pay Euro	Total Euro	Total Euro
<b>6 Academic Faculties and Departments</b>				
Academic	28,044,386		28,044,386	24,873,718
Technical	2,755,236		2,755,236	2,655,801
Administration Support	4,030,023		4,030,023	3,340,546
Departmental Materials, Equipment & Travel	0	8,121,618	8,121,618	7,045,789
Distance Education	1,774,395	1,184,195	2,958,590	3,004,918
Miscellaneous	54,854		54,854	113,598
	<u>36,658,894</u>	<u>9,305,813</u>	<u>45,964,707</u>	<u>41,034,370</u>

	2006			2005
	Staff Costs Euro	Non Pay Euro	Total Euro	Total Euro
<b>7 Academic and Other Services</b>				
Computing Services	1,904,171	705,571	2,609,742	2,331,153
Library	1,489,248	981,014	2,470,262	2,480,718
Education Services	308,760	183,143	491,903	497,056
Industrial Liaison	518,208	167,374	685,582	714,456
	<u>4,220,387</u>	<u>2,037,102</u>	<u>6,257,489</u>	<u>6,023,383</u>

	2006			2005
	Staff Costs Euro	Non Pay Euro	Total Euro	Total Euro
<b>8 Premises</b>				
Premises Maintenance	1,215,501	1,295,733	2,511,234	2,192,551
General Services	0	1,169,939	1,169,939	1,582,261
Minor Works	0	67,320	67,320	21,989
Rent and Rates	0	167,376	167,376	176,337
Insurance	0	678,971	678,971	689,841
Energy Costs	0	2,142,399	2,142,399	1,646,669
	<u>1,215,501</u>	<u>5,521,738</u>	<u>6,737,239</u>	<u>6,309,648</u>

	2006			2005
	Staff Costs Euro	Non Pay Euro	Total Euro	Total Euro
<b>9 Allocated for Capital Purposes</b>				
Building and Equipment	0	1,570,429	1,570,429	1,433,756
	<u>0</u>	<u>1,570,429</u>	<u>1,570,429</u>	<u>1,433,756</u>

	2006			2005
	Staff Costs Euro	Non Pay Euro	Total Euro	Total Euro
<b>10 Central Administration and Services</b>				
Administration	5,497,189	0	5,497,189	5,428,542
Other Expenses	0	3,056,221	3,056,221	3,139,169
Professional Charges	0	487,211	487,211	481,863
Miscellaneous	0	671,117	671,117	461,370
	5,497,189	4,214,549	9,711,738	9,510,944
<b>11 General Educational Expenditure</b>				
Examination Expense	0	285,203	285,203	377,996
Scholarships/Prizes	0	20,074	20,074	114,203
Miscellaneous Expense	0	103,949	103,949	82,770
	0	409,226	409,226	574,969
<b>12 Student Services</b>				
Capitation grants	0	1,600,171	1,600,171	1,409,894
Student Services	1,056,216	869,558	1,925,774	2,176,837
Careers Office	0	35,385	35,385	44,987
Sports and Recreation	0	60,226	60,226	63,448
Health and Counselling	0	3,764	3,764	2,758
	1,056,216	2,569,104	3,625,320	3,697,924
<b>13 Miscellaneous Expenditure</b>				
Pensions	1,866,979	0	1,866,979	1,134,650
	1,866,979	0	1,866,979	1,134,650
<b>14 Composition of Total Expenditure</b>				
Academic and Related Services	50,515,166	25,627,961	76,143,127	69,719,644
Research Grants and Projects	19,302,654	14,618,324	33,920,978	34,400,237
	69,817,820	40,246,285	110,064,105	104,119,881
St. Patricks College, Drumcondra			12,680,169	20,311,943
Mater Dei Institute of Education			3,091,745	3,788,495
			125,836,019	128,220,319
<b>15 Depreciation of Fixed Assets</b>				
Buildings			3,988,681	3,619,450
Computer Equipment			1,859,875	1,046,711
Furniture and Equipment			2,819,460	2,034,490
			8,668,016	6,700,651
<b>16 General Reserve Movement</b>				
Amortisation in line with depreciation			8,668,016	6,700,651
			8,668,016	6,700,651

17 Fixed Assets

	LAND	BUILDINGS	COMPUTER EQUIPMENT	FURNITURE and EQUIPMENT	LEASED ASSETS	TOTAL
	Euro	Euro	Euro	Euro	Euro	Euro
<b>Cost/Valuation at 1 October 2005</b>						
Cost	41,982,526	113,188,333	14,518,141	36,927,477	2,380,002	208,996,479
Valuation	3,849,400	67,784,175	0	0	0	71,633,575
Total	45,831,926	180,972,508	14,518,141	36,927,477	2,380,002	280,630,054
<b>Additions at cost</b>		18,461,568	1,622,037	2,248,777		22,332,382
Assets transferred to leased assets		0	(1,228,196)	(1,723,563)	2,951,759	0
Disposals			0	(24,887)		(24,887)
Net Additions	0	18,461,568	393,841	500,327	2,951,759	22,307,495
<b>Cost/Valuation at 30 September 2006</b>						
Cost	41,982,526	131,649,901	14,911,982	37,427,804	5,331,761	231,303,974
Valuation	3,849,400	67,784,175	0	0	0	71,633,575
Total	45,831,926	199,434,076	14,911,982	37,427,804	5,331,761	302,937,549
<b>Depreciation</b>						
Depreciation at 1 October 2005	0	28,072,082	13,536,062	28,231,853	0	69,839,997
Depreciation for Year		3,988,681	1,063,751	1,973,524	1,658,792	8,684,748
Disposals				(16,732)		(16,732)
Depreciation at 30 September 2006	0	32,060,763	14,599,813	30,188,645	1,658,792	78,508,013
<b>Net Book Value 30 September 2006</b>	45,831,926	167,373,313	312,169	7,239,159	3,672,969	224,429,536
<b>Net Book Value 30 September 2005</b>	45,831,926	152,900,426	982,079	8,695,624	2,380,002	210,790,057

Computer Equipment is depreciated over three years in accordance with the most recent 'University Harmonisation of Accounts' format. Computer Equipment acquired prior to 1 October 1997 is included under the heading 'Furniture & Equipment' and is depreciated over 10 years.

Equipment for Research & Development Projects is capitalised in accordance with the most recent 'University Harmonisation of Accounts'. Prior to 1998/99 this expenditure was written off in the year of purchase.

	2006 Euro	2005 Euro
18 INVESTMENTS		
Money Market Deposits	45,728,349	43,449,449
	45,728,349	43,449,449

These amounts are funds deposited on a medium/long term basis in relation to specific capital projects, and includes principal and interest. The purpose of these deposits is to generate sufficient funds to acquire ownership of (i) the Library & Information Resource Centre and Extension to the School of Computer Applications and (ii) the Science Research PRTL1 1 Project at future dates. (Note 26)

(i) the Library & Information Resource Centre and Extension to the School of Computer Applications

In 2000, the University entered into arrangements with a financial institution for the financing of its Library & Information Resource Centre and an extension to its School of Computer Applications. These assets were constructed by the University's subsidiary, Dublin Software Park Limited, at a cost of €24.25m and sold to the financial institution for that amount. The assets are leased to the University at a rent which reflects the availability to the financial institution of tax reliefs associated with the assets. The rent in respect of the current financial year is €1,243,222 and this is included under the heading Reserves in the financial statements.

The University received to date HEA Capital grants of €10million and private donations of €11million towards the acquisition of these assets. These grants and donations have been credited to the restricted reserves (see Note 26).

As part of these arrangements the University has entered into a Put and Call option under which it is expected that it will acquire the assets, at cost, in 2007.

The University is required under the arrangements to establish a sinking fund in order to generate sufficient funds to acquire the assets in the future. The fund, along with any interest earned thereon, is charged in favour of the financial institution, pending the future acquisition of the assets by the University. The funds so invested, including interest, are included in Investments. Interest earned in respect of the current financial year is €1,225,610 of which €955,558 is invested in the sinking fund.

(ii) the Science Research PRTL1 1 Project

In November 2002, the University entered into arrangements with a financial institution for the financing of its Science Research PRTL1 1 Project. These assets were constructed by the University's subsidiary, Dublin Software Park Limited, at a cost of €23.5m (€27.5m including VAT) and sold to the financial institution for that amount. The assets are leased to the University at a rent which reflects the availability to the financial institution of tax reliefs associated with the assets. The rent in respect of the 2006 calendar year is €715,477.

The University received to date HEA Capital grants of €8,172,490 and private donations of €12,545,214 towards the acquisition of these assets. These grants and donations have been credited to the restricted reserves (see Note 26).

As part of these arrangements the University has entered into a Put and Call option under which it is expected that it will acquire the assets, at cost, in 2009.

The University is required under the arrangements to establish a sinking fund in order to generate sufficient funds to acquire the assets in the future. The fund, along with any interest earned thereon, is charged in favour of the financial institution, pending the future acquisition of the assets by the University. The funds so invested including interest are included in Investments. Interest earned in respect of the 2006 calendar year is €905,151 of which €313,847 is invested in the sinking fund.

	2006 Euro	2005 Euro
<b>19 Debtors and Prepayments</b>		
Contract Research Grants and Projects Recoverable	10,627,950	14,505,634
State Grant for Recurrent Expenditure Due	1,768,616	3,014,565
Amounts Due from Subsidiary Companies	21,648,990	22,362,007
Other Debtors and Prepayments	5,140,972	4,579,688
	<u>39,186,528</u>	<u>44,461,894</u>

	2006 Euro	2005 Euro
<b>20 Stocks</b>		
Class Materials	236,248	233,984
Other	42,262	43,768
	<u>278,510</u>	<u>277,752</u>

	2006 Euro	2005 Euro
<b>21 Creditors and Accrued Expenditure</b>		
Contract Research Grants and Projects Unexpended	26,676,091	26,039,124
State Grant for Recurrent Expenditure received in Advance	232,155	5,235,176
Amounts Due to Subsidiary Companies	11,702,579	1,113,834
Lease Obligations	1,648,917	50,574
Loan Obligations	150,420	0
Other Creditors & Accruals	15,981,861	26,652,999
	<u>56,392,023</u>	<u>59,091,707</u>

	2006 Euro	2005 Euro
<b>22 Creditors Due After One Year</b>		
Lease Obligations	1,789,371	12,070
Loan Obligations	1,956,484	0
	<u>3,745,855</u>	<u>12,070</u>

**23 Bank Borrowings and Overdraft Facilities**

In relation to working capital facilities, the University has given a negative pledge to Allied Irish Banks plc that it will not create, agree to create or permit any mortgage, charge or other encumbrance of any nature over any of its assets, without first discussing it with Allied Irish Banks plc.

**24 Finance Leases**

An amount of € 70,358 (2005: €9,424) has been charged in the financial statements in respect of finance charges on finance leases.

	Opening Balance	Restricted Reserve Transfer	Current Year Movement	Closing Balance
	Euro	Euro	Euro	Euro
<b>25 General Reserve</b>				
Revaluation Fixed Assets	71,633,574			71,633,574
State Capital Grants	124,766,631		(533,010)	124,233,621
Recurrent transfers	15,175,942		1,570,429	16,746,371
Capital Donations	37,054,759		373,443	37,428,202
Revaluation Ministerial Property	11,579,412			11,579,412
Campus Company Donations	3,240,603		202,838	3,443,441
Research Equipment	11,124,195		2,282,603	13,406,798
	<u>274,575,116</u>	<u>0</u>	<u>3,896,303</u>	<u>278,471,419</u>
Revaluation Fixed Assets				
Research Equipment	69,842,579		8,668,016	78,510,595
Amortisation			(4,771,713)	
	<u>204,732,537</u>	<u>0</u>	<u>(4,771,713)</u>	<u>199,960,824</u>

	2006 Euro	2005 Euro
<b>26 Restricted Reserve</b>		
Opening balance	36,582,862	36,472,087
State Capital Grants	1,500,000	0
Capital Donations	1,108,500	0
	39,191,362	36,472,087
Movement on Sinking Fund	183,237	110,775
Balance at end of year	39,374,599	36,582,862

These funds comprise monies allocated by the University to fund a range of capital developments including (i) the Library and Information Resource Centre and extension to the School of Computer Applications, and (ii) The Science Research PRTL11 Project. (Note 18).

The University is still due approximately €7.5m from the Higher Education Authority by way of capital grants on these developments, which has not been included in these accounts. This money is in respect of projects completed in 1999, 2000 and 2002.

	2006 Euro	2005 Euro
<b>27 Revenue Reserve</b>		
Opening balance	(144,518)	639,393
Deficit for the year	(556,991)	(783,911)
Closing balance	(701,509)	(144,518)

	2006 Euro	2005 Euro
<b>28 Net Cash Inflow from Operating Activities</b>		
Deficit for the year	(556,991)	(783,911)
Add: Recurrent transfers to capital	1,570,429	1,459,255
Less: Interest received	(11,579)	(9,673)
	1,001,859	665,671
Depreciation of Fixed Assets	8,668,016	6,700,651
Amortisation of General Reserves	(8,668,016)	(6,700,651)
Loss on Disposal of Tangible Assets	14,386	0
Lease Interest paid	70,358	9,424
Decrease/(Increase) in Debtors and Prepayments	4,562,349	(1,061,375)
(Increase)/Decrease in Stocks	(758)	33,412
(Decrease)/Increase in Creditors and Accruals	(15,037,192)	18,330,012
Net Cash (Outflow)/Inflow from Operating Activities	(9,388,998)	17,977,144

	At 30 September 2005 EURO	Cashflow During 2006 EURO	At 30 September 2006 EURO
<b>29 Analysis of Changes in Net Funds</b>			
Cash	1,295,506	(12,146,638)	(10,851,132)
Loans	0	(2,106,904)	(2,106,904)
Finance Leases	(62,644)	(3,375,644)	(3,438,288)
Total	1,232,862	(17,629,186)	(16,396,324)

	2006 Euro	2005 Euro
<b>30 Analysis of Changes in Cash and Cash Equivalents</b>		
Balance at beginning of year	1,295,506	(7,701,586)
Net cash (outflow)/inflow	(12,146,638)	8,997,092
Balance at end of year	(10,851,132)	1,295,506



	2006 Euro	2005 Euro
<b>31 Capital Commitments</b>		
DCU Commitments contracted at 30 September	0	205,909
Subsidiary Commitments contracted at 30 September	0	0
Authorised but not contracted at 30 September	0	0
	<u>0</u>	<u>205,909</u>

### 32 Pensions

Salaries and wages are charged net of employees' pension contributions of 6.5%. Pension benefits are met from current revenue as they arise. The total of such contributions in the period was €2,433,959 (2005: €2,165,194). The scheme is a defined benefit scheme. The accounts do not provide for the University's liability in respect of contributions made by members of the schemes or its actuarial superannuation liability to the members of the schemes, as the University has an undertaking from the HEA that it will fund the pension obligations as they arise in the future.

The University has no liability in respect of the Protection of Employees (Fixed Term Workers) Act 2003 or the Protection of Employees (Part Time Workers) Act 2001.

### 33 Related Companies

Dublin City University owns shares in the following companies as at 30 September 2006.

<u>Company Name</u>	<u>Percentage of Shareholding</u>
City Research & Development Ltd (CRD)	100%
Fluorocap Ltd (FL)	65%
Gas Sensor Solutions (GSS)	45%
Centre for Software Engineering	25%
Archport Limited	20%

#### **Gas Sensor Solutions Limited**

Gas Sensor Solutions was incorporated on 9 July 2003.

#### **Fluorocap Limited**

Fluorocap Limited was incorporated on 30 October 2002.

#### **Centre For Software Engineering Limited**

Incorporated in 1992, this company was established as one of the Department of Science and Technology's Programmes in Advanced Technology (PAT).

#### **Archport Limited**

The company was incorporated in January 1998. Its principal activities are contract manufacture and research for the biotechnology and pharmaceutical industries. 80% (eighty per cent) of the equity was sold to a Swiss Chemical Group in July 2006 for a consideration of €1.6m in cash. The Building was transferred to DCU, and the related loan was novated to DCU. A 25 year lease was put in place, with an initial rental stream of €300,000 per annum.

#### **Invent Patronage**

Under the Patron Funding arrangement, 5% of the equity in companies located in the Invent centre is allocated to the patrons; 1% for each patron. The University's 1% holding is held in trust by Invent.

#### **City Research And Development Limited**

CR&D is wholly owned by Dublin City University and acts as a holding company for all other related companies (other companies are wholly owned by CR&D Ltd.). CR&D owns the Sports Complex and two Student Residence Blocks. The net book value of its tangible assets is €16,105,831 (2005: €16,492,245), which includes Sports Complex of €2,313,758 (2005: €2,378,699) and Student Residence Blocks of €13,303,671 (2005: €13,494,539). These assets were funded by a mixture of loans and leases, and tax based structured finance, which in turn are funded by future income streams, including Student Levies and Student lettings.

The university has given a letter of comfort to facilitate bank borrowing. The balance outstanding by the company as at 30 September 2006 was €4,114,157 (2005: €4,485,945). The proceeds have been utilised to carry out capital works on the campus.

An accumulated surplus of €1,733,544 (2005: €1,003,239) was reported in its financial statements at 30 September 2006.

#### **Campus Property Limited**

This company is a wholly owned subsidiary of CR&D. It owns and manages the Campus Social Centre and operates the Campus Shops. The net book value of its tangible assets is €7,371,929 (2005: €7,539,523), which includes the student centre of €7,161,466 (2005: €7,283,640). These assets were funded by a mixture of loans and leases, which in turn are funded by future income streams.

It generates income by letting units to third parties who provide student facilities on campus, operating the Spar Shop and a Stationery Supply business. An accumulated surplus of €371,160 (2005: €321,315) was reported in its financial statements at 30 September 2006.

#### **Campus Residences Limited**

This company is a wholly owned subsidiary of CR&D and was set up to manage and lease the student residences. The net book value of its tangible fixed assets is €41,070,736 (€43,872,174), which includes one Student Residence Block of €4,500,234 (2005: €4,599,110) and the restaurant extension of €2,294,159 (2005: €2,535,937). These assets were funded by a mixture of loans and leases, which in turn are funded by future income streams.

The university provided an advance of €126,974 to the company in 1993 which is still outstanding.

An accumulated surplus of €4,757,689 (2005: €3,689,057) was reported in its financial statements at 30 September 2006.

#### **Dublin Business School Fund Limited**

A financing vehicle for the Business School Development and a wholly owned subsidiary of CR&D. This company owns two buildings, Business School and Block X, with a net book value of €7,338,925 (2005: €7,533,298). These assets were funded by bank loans, which in turn are funded by future income streams.

The University has given a letter of comfort to facilitate bank borrowing by the company. The balance outstanding as at 30 September 2006 was €2,385,490 (€2,934,673). The proceeds have been utilised to carry out capital works on the campus.

An accumulated surplus of €2,210,920 (€1,571,305) was reported in its financial statements at 30 September 2006.

#### **Dublin City University Language Services Limited**

This company was set up in April 1992 and is a wholly owned subsidiary of CR&D. DCULS provides language courses, interpretation and translation services for companies and the general public.

An accumulated surplus of €329,880 (€206,465) was reported in its financial statements at 30 September 2006.

#### **Dublin Software Park Limited**

Established as a vehicle for future developments, DSPL is a wholly owned subsidiary of CR&D. The company's activities are to develop a number of properties relating to the ongoing development of the university campus.

The net book value of its tangible assets is €46.8m, which includes €5.1m of assets under construction.

These include the following,

VHI Swiftcare	€0.6m
Sports Gym & All Weather Pitches	€1.1m
NCSR Research Facility	€1.2m
Other Projects	€2.2m

DSPL owns and operates the Multi-storey Car Park which has a net book value of €10.2 (2005: €10.4m), and owns The Helix which has a net book value of €31.1 (2005: €30.8m).

These assets are being funded by a mixture of donations, loans and leases, which in turn are being funded by future income streams.

The university has given a letter of comfort to facilitate bank borrowing. The loan balance outstanding by the company as at 30 September 2006 was €187,491 (€187,491). The proceeds have been utilised to carry out capital works on the campus.

An accumulated loss of €(874,058) (2005: €(678,816)) was reported in its financial statements at 30 September 2006.

#### **DCU Executive Education Limited**

This company is a wholly owned subsidiary of CR&D and was set up to provide executive education courses. The company ceased to trade on 1 January 2006.

#### **Invent DCU Limited**

This company is a wholly owned subsidiary of CR&D. Its principal activity is the rental of space to start-up and university companies. The net book value of its tangible assets is €5,924,458 (2005: €6,018,306) which includes the Innovation Centre of €5,280,548 (2005: €5,324,437). These assets were funded by donation, grants and patron funding. A portion of the Patron Funding is outstanding.

An accumulated loss of €(628,456) (2005: (€515,781)) was reported in its financial statements at 30 September 2006.

#### **UAC Management Limited**

This company, incorporated on 6th March 2002, is a wholly owned subsidiary of CR&D. The principal activity of the company is the management of the University's Art Centre, The Helix. The company commenced Trading in October 2003. The net book value of its tangible assets is €247,821 (2005: €431,995).

An accumulated loss of €6,255,663 (2005: €5,253,573) was reported in its financial statements at 30 September 2006.

#### **The DCU Ryan Academy Limited**

This company, incorporated on 16th May 2002, is a wholly owned subsidiary of CR&D. The principal activities of the company are the provision of consultancy, research and niche training programmes

An accumulated loss of €(700,670) (2005: €0) was reported in its financial statements at 30 September 2006.

#### **Trispace Limited**

This company, incorporated on 17th July 2002, is a wholly owned subsidiary of CR&D. The principal activities of the company is the provision of catering and sporting facilities on campus. The net book value of its tangible assets is €9,132,401 (2005: €7,083,137) which includes the swimming pool of €6,697,129 (2005: €6,783,334).

An accumulated loss of €(150,340) (2005: (€254,273)) was reported in its financial statements at 30 September 2006.

#### **All Subsidiaries**

The Net Written Down Value of Fixed Assets of all subsidiary companies amounted to €134,006,817 (2005: 133,847,330).

The Net Book Value of all City Research & Development Limited group of companies amounted to €63,205,583 (2005: €62,759,080)

As at 30 September 2006 the University had no liability in respect of any of its related companies.

### **34 Related Party Disclosures**

#### **Dublin City University and Campus Property Limited**

The university purchased stationery, office supplies, equipment and furniture to the value of €507,291 (2005: €529,365) from Campus Property Ltd. during the year ended 30 September 2006.

The university donated €34,280 to Campus Property Ltd. during the year ended 30 September 2006 as a contribution towards infrastructural expenses.

There is a long-term loan outstanding to DCU in the sum of €481,992.

At 30 September 2006, the balance due to Campus Property Ltd. from the university amounted to €796,883. An amount of €94,664 is due to Campus Property in respect of stationery & office supplies purchased.

**Dublin City University and DCULS Limited**

At 30 September 2006, the balance due from the university to DCULS Ltd amounted to €50,567.

**Dublin City University and City Research and Development Limited**

The university contributed €628,307 to the financing of the Sports Complex, from funds generated by the Development Levy.

The university received an allocation of €36,736 from City Research and Development Ltd. during the year ended 30 September 2006. This allocation is consequent on a condition of the company's charitable status whereby it cannot accumulate funds over a period in excess of two years, without prior approval from the Revenue Commissioners.

At 30 September 2006, the balance due to the university by City Research and Development Ltd. amounted to €17,016,229.

**Dublin City University and Dublin Business School Fund Limited**

The university paid €1,087,801 in respect of rent to Dublin Business School Fund Ltd.

At 30 September 2006, the balance due by the university to Dublin Business School Fund Ltd. amounted to €650,442.

**Dublin City University and Campus Residences Limited**

At 30 September 2006, the balance due from Campus Residences Ltd. (excluding a loan of €126,974) to the university amounted to €3,620,782.

**Dublin City University and Dublin Software Park Limited**

At 30 September 2006, the balance due to Dublin Software Park Ltd. by the university amounted to €9,631,205.

**Dublin City University and DCU Executive Education Limited**

At 30 September 2006, the balance due to DCU Executive Education Limited from the university amounted to €9,452.

**Dublin City University and Invent DCU Limited**

At 30 September 2006, the balance due from Invent DCU Limited to the university amounted to €386,988.

**Dublin City University and UAC Management Limited**

At 30 September 2006, the balance due from UAC Management Limited to the university amounted to €142,999.

**Dublin City University and Trispace Limited**

At 30 September 2006, the balance due to Trispace Limited from the university amounted to €555,644.

**Dublin City University and The Ryan Academy**

At 30 September 2006, the balance due to The Ryan Academy from the university amounted to €8,386.

**35 Comparative Figures**

The comparative figures have been reorganised and restated on the same basis as the current year figures.

### 36 Contingent Liabilities

There are no contingent liabilities as at 30 September 2006, except to the extent that DCU has issued letters of comfort to facilitate bank borrowing in three subsidiary companies, namely City Research and Development Limited (outstanding balance as at 30 September 2006 amounted to €4.1million (2005: €4.5million)), Dublin Business School Fund Limited (balance outstanding as at 30 September 2006 amounted to €2.4million (2005: €2.9million)) and Dublin Software Park Limited (outstanding balance as at 30 September 2006 amounted to €0.2million (2005: €0.2million)) (Note 33).

### 37 Approval of Financial Statements

The accounts were approved by Governing Authority on 10 September 2007.

