



Dublin City University

Consolidated Financial Statements

Year Ended 30 September 2017

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GENERAL INFORMATION

REGISTERED AUDITORS

KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2

AUDITOR

The Comptroller and Auditor General
3A Mayor Street Upper
Dublin 1

PRINCIPAL BANKER

Allied Irish Banks Plc
7/12 Dame Street
Dublin 2

LEGAL ADVISORS

Arthur Cox
Arthur Cox Building
Earlsfort Terrace
Dublin 2

Mason Hayes & Curran
6th Floor
South Bank House
Barrow Street
Dublin 4

TAXATION ADVISORS

PricewaterhouseCoopers
One Spencer Dock
North Wall Quay
Dublin 1

PRESIDENT'S REPORT

Scope of the Financial Statements

The financial statements comprise the consolidated results of the University, its subsidiary companies and the results of DCU Educational Trust. The companies in which the University holds an interest are listed in note 13 to the Financial Statements, together with their principal activities and the University shareholding. DCU Commercial DAC which is 100% owned by the University, is the holding company through which the University channels company activities.

In addition, the comparatives for 2016 have been restated to reflect the merger accounting treatment applied to the Incorporation Project. The net effect of this restatement is that the carrying value of relevant income, expenditure, assets and liabilities of St Patrick's College Drumcondra, the Mater Dei Institute of Education and the Church of Ireland College of Education have been combined with the previously presented and audited results of DCU for financial year 2016. Full details of the Incorporation Project, the merger accounting treatment, and the impact of restatement is described in note 29 to these accounts.

Results for the Year Ended 30 September 2017

The University's consolidated income, expenditure and results for the year to September 2017 are summarised as follows:

	2017	2016
	€'000	Combined €'000
Income	231,631	229,445
Expenditure	(222,842)	(211,440)
Surplus	8,789	18,005

The total income for the Group increased by 1% in the year. In accordance with FRS102 and the SORP, state capital grant funding provided to support the acquisition of the All Hallows campus is apportioned between land and buildings. The amount of the capital grant attributable to land (€10.9m) was recognised in the statement of comprehensive income in 2016. After adjusting for the land, the increase in income was 6% reflecting the expansion of activities across the campus network of the University. Post incorporation, DCU student numbers now stand at over 17,000.

The reported net reserves movement for the year was €8.8m, with accumulated group reserves standing at €230.8m. These reserves reflect accounting timing differences between non-capital grant funded infrastructural investment and associated depreciation costs, sinking fund requirements related to structured finance arrangements, the accounting treatment of non-government sourced capital funding under FRS102, restricted reserves of the DCU Educational Trust, and other longer term initiatives and commitments. Notwithstanding the continued reduction in State funding the University recorded a surplus of €8k on the core activity as set out in the Reconciliation with the HEA Funding Statement.

Balance Sheet and Cash Flow Statement

The additions to tangible fixed assets for the year amounted to €29.5m. Land and building additions for the year including assets under construction reflect campus developments such as the Incorporation infrastructure, the Student Hub redevelopment, and projects delivering an increase in classroom capacity. Computer and other equipment purchases for the year were €5.5m.

Net cash inflows of €48.7m during the financial year have resulted in the group cash position (exclusive of restricted cash balances) of €27.8m increasing to €76.3m at year end. The net funds position of the Group at the balance sheet date after adjusting for debt is €15m. Cash reserves mainly reflect monies committed to future expenditure; for example, student fees received in advance, student accommodation deposits, and research project income.

The University has approved loan facilities with both the European Investment Bank ("EIB") and the Ireland Strategic Investment Fund ("ISIF") to fund the University's Campus Development Plan. Funds to the value of €62.7m were drawn down under the approved facilities during the financial year (Note 18). The loan covenants under the approved loan facilities were met during the financial year.

PRESIDENT'S REPORT

Future Outlook

In September 2017 the University launched its new Strategic Plan 2017 – 2022 'Talent, Discovery and Transformation'. The new strategic plan builds on the successes of the previous strategic plan. With new campuses, a new Faculty of Education, an expanded disciplinary profile, a dramatic growth in student numbers, DCU is now in a much stronger position to address the opportunities and challenges of Higher Education in the 21st Century. As with the previous plan, the new Strategic Plan involves a process of rolling planning which enables the University to revise and update the strategic objectives where necessary while maintaining a focus on the stated strategic mission, vision and values.

With the continued constraint in Government funding to the university sector, DCU has continued to keep expenditure within the available funding. In addition DCU continues to increase the revenues from non-exchequer sources. The University has continued to grow revenues from its commercial group of companies, research activities and student numbers both domestically and abroad. DCU has continued to increase its international and transnational business. In particular, in this regard the University continues to grow its relationship with Princess Nora Bint Abdulrahman University in the Kingdom of Saudi Arabia to deliver additional DCU masters and undergraduate programmes.

The DCU Incorporation Project was brought to a formal conclusion with the signing of legal contracts on 1 October 2016 by DCU with St Patrick's College Drumcondra, the Mater Dei Institute of Education and the Church of Ireland College of Education. This was a historic event in the development of DCU. From that date, the students, staff and activities of those institutions were incorporated as part of DCU. DCU established a new Institute of Education and gained an enhanced capacity in the Humanities and Social Sciences. The University continues to build on the opportunities afforded by the Incorporation Project.

As Ireland's University of Enterprise, DCU has in 2017, continued to remain at the forefront of the sector for the execution of licences of intellectual property. In addition, as a research-intensive University, DCU has been and will continue to be successful in attracting significant research funding.

DCU ALPHA, DCU's innovation campus, has continued to go from strength to strength and now has in excess of 40 companies and approximately 500 people based on the campus. In March 2018 DCU signed a contract with Europe's largest co-working network, Talent Garden, which, in quarter four 2018, launched a new hub for digital innovation, in partnership with DCU. This is the first collaboration of its kind in Europe. Talent Garden has created a facility, based on the DCU Alpha innovation campus, which provides flexible work space for freelancers, tech start-ups and corporate innovation labs, with capacity for 350 people. The co-working building also features Talent Garden's Innovation School, a digital skills 'boot camp' education platform, which works in partnership with the DCU Business School to upskill entrepreneurs and assist corporates on their 'digital transformation' journeys.

The University's campus development plan is ongoing with some significant infrastructural investments already completed providing additional academic space and a significantly enhanced IT network infrastructure. The redevelopment of the Student Hub building was completed in September 2018. This facility provides an additional 3,700m² of modern purpose built space with enhanced accessibility over three storeys for students' cultural, global engagement, entrepreneurial and social activities. The overall physical infrastructure development on the University's campuses is being funded through various supports including those from students, philanthropic donations, government grants and University activities; as well as loan capital from the European Investment Bank and the Ireland Strategic Investment Fund to finance significant elements of the campus development plan.



Prof. Brian MacCraith
President / Chief Officer

Date: 20 May 2019

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.

In preparing those accounts, the University is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.

The University is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and surplus or deficit for the University and which enable it to ensure that its financial statements comply with the Universities Act, 1997, and are prepared in accordance with FRS 102 "The Financial Reporting standard applicable in the UK and Ireland".

The University is also 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.

The DCU Incorporation project was legally completed on 1 October 2016, when the activities of the incorporating colleges were transferred to DCU. As detailed in note 29, this transaction is being accounted for by applying the Merger Public Benefit Entity provisions of FRS102. As a consequence, the comparative financial results for the period 30 September 2016 included in these financial statements would have come under the governance of, and would have been approved by, the governing bodies of the respective incorporating institutions.

On behalf of the Governing Authority of the University:



Prof. Brian MacCraith
President / Chief Officer



Dr. Martin McAleese
Chancellor

Date: 20 May 2019

STATEMENT OF GOVERNANCE AND INTERNAL CONTROL

1. **Governing Authority responsibility for system of internal control**

The Governing Authority acknowledges that it has overall responsibility for the University's system of internal control and formally approves this Statement of Governance and Internal control.

2. **Reasonable assurance against material error**

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives or to conduct affairs in an orderly and legitimate manner. To that extent the system therefore provides reasonable rather than absolute assurance of effectiveness.

3. **Review of the Statement of Governance and Internal Control**

A review of the Statement of Internal Control is carried out by the University's Audit and Risk Committees, as part of the University's reporting on the adequacy and effectiveness of the University's system of internal control.

The review is also informed by the work of senior officers within the University, who have responsibility for the development and maintenance of internal control frameworks. Annual written assurance is provided from each member of the senior management team confirming that to their knowledge, there has been no material deviation from the University's policies and procedures relating to internal controls in the period concerned. Additional assurance that is provided on the effectiveness of internal controls includes risk assessments, quality reports and health and safety reports.

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

- (i) **Appropriate Control Environment (Section 3.4.3 (i) UC):** The steps taken to ensure an appropriate control environment (such as clearly defined management responsibilities and evidence of reaction to control failures).
- (ii) **Business Risks (Section 3.4.3 (ii) UC):** Processes used to identify business risks, evaluate their implications and manage them within the University's risk management framework.
- (iii) **Information Systems (Section 3.4.3 (iii) UC):** Details of the major information systems in place such as budgets, and means of comparing actual results with budgets during the financial year.
- (iv) **Financial Implications of Major Business Risks (Section 3.4.3 (iv) UC):** The procedures for addressing the financial implications of major business risks (such as financial instructions and notes of procedures, delegation practices such as authorisation limits, segregation of duties and methods of preventing and detecting fraud).
- (v) **Monitoring the Effectiveness of the Internal Control System (Section 3.4.3 (v) UC):** The procedures for monitoring the effectiveness of the internal control system which may include: audit committees, management reviews, consultancy, inspection and review studies, the work of internal audit, quality audit reviews and statements from the heads of internal audit.

The following should be noted in relation to key University procedures, designed to ensure an appropriate control environment:

- The Governing Authority is the main governance and decision making entity within the University, as prescribed by the Universities Act 1997. Under Section 34 of the Universities Act 1997 the Governing Authority approves the strategic plan.
- In practice the Governing Authority delegates many of its functions to the President and other staff. The President is appointed by the Governing Authority to oversee the management of the University.
- The principal academic and administrative officer of the University is the President, who also carries the title, Chief Officer.
- The President is supported by a Senior Management Group which comprises the senior officers of the University who advise on the coordination of University activities and strategic planning.
- Members of the Senior Management Group have clearly defined responsibilities.

- The Executive Committee, which is chaired by the President, is the executive decision making group in the University and includes the Senior Management Group, two elected staff members and the President of the Students Union. This group is charged with the task of advising the President and deciding on policy and strategy of the University.
- The Executive Committee has a number of sub-committees which assist the Executive Committee in the execution of its functions.
- The Budget Committee recommends to the Executive Committee the details of the University's budget and its distribution, and other resourcing or budgeting issues as appropriate.
- The Budgetary Control system ensures that funds are allocated strategically and transparently. Spending against these allocations is monitored regularly and where necessary corrective action taken.
- Budgets are delegated to Faculty Deans, Heads of School, and Heads of Support Units, all of whom must deliver a balanced outcome against budget each year. This is monitored via monthly financial reports from the financial IT system Agresso.
- DCU makes extensive use of IT-based information systems to ensure effective controls are in place from financial management, procurement through to student records and exams results. The DCU Finance System, Agresso, provides full user access to all financial information relevant to their role. In addition, monthly budget updates are sent to all units heads showing expenditure to date vs budget.
- Academic Council, subject to the financial constraints determined by Governing Authority, controls the academic affairs of the University, including the curriculum of, and instruction and education provided by, the University.
- The Quality Promotion Unit promotes and facilitates continuous quality improvement activities across academic and administrative units throughout the University. This is undertaken principally through the management of the University's Quality Review process for Schools, Faculties and Units.
- Published policies and procedures are in place in the University in support of the control environment including financial controls, delegation and segregation of duties. These provide reasonable but not absolute assurance for the prevention and detection of fraud.
- Internal control procedures are in place in order to safeguard all assets, protect and safeguard the interests of all relevant parties and ensure the production and integrity of the annual financial statements.
- In November 2015, the University introduced a new Approved Signing Authority Policy which details the approval process, approval thresholds and the approved institutional signatories for all University documentation and legal contracts.
- An Audit Committee, with written terms of reference, operates as a sub-committee of the Governing Authority and reports to it on the work undertaken by the Committee.
- A Risk Committee operates as a sub-committee of the Governing Authority and reports to it on its work and the status of the University's risk management processes. The chair of the Risk Committee is also a member of the University Audit Committee. The risk management process is under the control of the University's Risk and Compliance Officer. This process of risk management includes evaluation of the financial implications of business risks, as appropriate. Risk registers are compiled for major units of the University with the most significant risks captured on the Institutional Risk Register. The University President reports quarterly to the Governing Authority on the status of and mitigation steps taken to address the Institutional Level Risks.
- The Strategic Finance Advisory Committee operates as a sub-committee of the Governing Authority and its role is to assist and advise management in putting in place optimal funding structures to provide the financial resources necessary to support the achievement of the University's Strategic Plan. The Committee, with written terms of reference, operates as a sub-committee of the Governing Authority and reports to it on the work undertaken by the Committee. This committee played a central role in reviewing in detail, and recommending acceptance to the Governing Authority, the loan finance arrangements proposed by the European Investment Bank and the Ireland Strategic Investment Fund.

- Reports are provided by the President and Senior Officers (Finance Director, Vice-President Academic Affairs, Director of Human Resources and the Chief Operations Officer) at each Governing Authority meeting.

5. Review of the effectiveness of the system of internal control

A review of the effectiveness of the system of internal control is carried out by the Audit Committee, on behalf of the Governing Authority, through the Internal Audit function of the University. Recommendations for improvement by the Internal Auditor are presented in reports to the Audit Committee. Internal Audit provides the Audit Committee with an annual opinion on the effectiveness and adequacy of the University's system of internal control with recommendations for improvement as noted in its individual audit reports. The review of the effectiveness of the system of internal control is also informed by the work of senior officers within the University, who have responsibility for the development and maintenance of internal control frameworks. Annual written assurance is provided from each member of the senior management team confirming that to their knowledge, there has been no material deviation from the University's policies and procedures relating to internal controls in the period concerned. Additional assurance that is provided on the effectiveness of internal controls includes, annual internal audit opinion, risk assessments, quality reports and health and safety reports.

6. Weaknesses in internal control - Disclosure of details regarding instances where breaches in control occurred:

No material weaknesses in internal control were noted.

Disclosure of University and subsidiary company compliance with procurement guidelines and policies is described at point 8 below.

7. Description of the action taken to correct weaknesses

No material weaknesses were noted.

8. Procurement

The University has put in place procurement policies and procedures for all non-pay expenditure. The University is actively working with the Office of Government Procurement (OGP) to ensure that procurement activities are taking place in accordance with requirements of the operating model being put in place by the OGP. The implementation of this model is an ongoing process since 2013 and is being managed by the OGP. The University has no control over the process of OGP implementation.

Under the OGP model the University is responsible for compliance with procurement guidelines while being required to use suppliers selected by the OGP. During the ongoing implementation phase of the OGP model and primarily due to resourcing and timing issues it is not always possible to match the output of the OGP process to the procurement requirements of the University. This leads to a risk that contracts expire in advance of being retendered or that contracts are extended temporarily beyond their original duration without going through the appropriate procurement process. There is also a risk that where the OGP cannot deliver a procurement request that the University does not have the resources available to it to complete the necessary process. The University continues to deploy its minimal procurement resources to minimise this risk.

The subsidiaries of the University utilise DCU, OGP and other public procurements frameworks when organising purchasing requirements. Group companies avail of many of the DCU University contracts put in place for goods and services such as utilities and facilities management. In addition, where sectoral and other related subsidiary company purchasing requirements arise these are organised directly by the companies through a private procurement process that reflects the principles of the public procurement guidelines. This approach is in line with the treatment in the EU Procurement Directive applicable to entities that have an industrial or commercial character and is supported by legal advice provided to the University on this matter.

The University and its subsidiaries seek to optimise value for money on its expenditures, including through the use of OGP and other frameworks, and the aggregation of expenditures where appropriate. Aggregation may take place at a national, sectoral, or institutional level. Operating Units within the University and its subsidiaries are responsible for their own expenditure and may not have visibility of the expenditure requirement of other Operating Units. In addition the

timing of certain expenditures (e.g. related to research funding awards) is not predictable in a manner which would facilitate aggregation of procurement requirements. For these reasons, it is therefore not always possible to aggregate certain expenditures lines.

The University and its subsidiaries complied with procurement guidelines and policies in relation to expenditures in excess of €90m in the financial year, with the exception of expenditures of €0.2m which did not fully comply with the procurement requirements. The University and its subsidiaries continue to work towards full compliance with all relevant guidelines.

9. Governing Authority meetings

The DCU Governing Authority met on six occasions in 2016/2017 on the following dates:

- 28th October 2016
- 9th December 2016
- 9th February 2017
- 27th April 2017
- 22nd June 2017
- 7th September 2017

The attendance record for each member of the Authority was as follows:

	Authority Member	Attendance Record	Appointment Date	Resignation Date
1.	Dr. Martin McAleese (Chancellor)	6/6	29 th July 2011	n/a
2.	Prof. Brian MacCraith (President ex-officio)	6/6	n/a	n/a
3.	Prof. Eithne Guilfoyle (ex-officio)	5/6	n/a	n/a
4.	Dr. Declan Raftery (ex-officio)	5/6	n/a	n/a
5.	Ms. Brid Horan (Deputy Chair of Governing Authority and Chair of Audit Committee)	5/6	12 Oct 2014	n/a
6.	Prof. Dorothy Kenny	5/6	28 Oct 2016	n/a
7.	Prof. Gary Murphy	4/6	28 Oct 2016	n/a
8.	Dr. Caroline McMullan	4/6	28 Oct 2016	n/a
9.	Dr. Noel Murphy	5/6	28 Oct 2016	n/a
10.	Dr. Jean-Paul Mosnier	5/6	28 Oct 2016	n/a
11.	Mr. Michael Burke	5/5	09 Dec 2016	n/a
12.	Ms. Orla Nic Aodha	5/5	09 Dec 2016	n/a
13.	Mr. Dylan Kehoe	2/4	22 Sept 2016	22 June 2017
14.	Mr. James Donoghue	2/4	10 Sept 2015	22 June 2017
15.	Ms. Sharon McCooey	3/6	28 Oct 2016	n/a
16.	Mr. Declan Wallace	3/5	09 Dec 2016	n/a
17.	Ms. Rachel Hussey	4/4	09 Feb 2017	n/a
18.	Mr. John Power	6/6	23 Oct 2014	n/a
19.	Ms. Bernie Gray (Chair Risk Committee)	5/6	22 Sept 2016	n/a
20.	Mr. Pat Gilroy	5/6	22 Sept 2016	n/a
21.	Mr. Terence O'Rourke (Chair Strategic Finance Advisory Committee)	4/6	07 May 2015	n/a
22.	Ms. Lynette Fay	3/6	07 May 2015	n/a
23.	Mr. James Corcoran	4/6	08 Sept 2011	n/a
24.	Mr. Deirdre O'Connor	5/6	22 Sept 2016	n/a
25.	Mr. Allan Stevenson	5/6	22 Sept 2016	n/a
26.	Dr. Mary Shine Thompson	4/4	09 Feb 2017	n/a
27.	Mr. Larry Quinn	1/2	22 Sept 2016	09 Dec 2016
28.	Mr. Niall Behan	2/2	22 June 2017	n/a
29.	Ms. Siobhan Nic Thaidhg	2/2	22 June 2017	n/a

10. Audit Committee meetings

The Audit Committee met on the following dates in 2016/2017:

- 15th December 2016
- 24th January 2017
- 21st April 2017
- 13th June 2017
- 6th September 2017

The attendance record for each member of the committee was as follows:

	Audit Committee Member	Attendance Record	Appointment Date	Resignation Date
1.	Ms. Brid Horan (Chair)	5/5	09 Dec 2016	n/a
2.	Ms. Bernie Gray	3/5	09 Dec 2016	n/a
3.	Mr. Cathal Marley	5/5	09 Dec 2016	n/a
4.	Ms. Marion O'Brien	5/5	09 Dec 2016	n/a
5.	Mr. Pat Gilroy	0/1	22 June 2017	n/a

11. Governing Authority Risk Committee meetings

The Governing Authority Risk Committee met on the following dates in 2016/2017:

- 30th January 2017
- 13th April 2017
- 13th June 2017
- 28th August 2017

The attendance record for each member of the committee was as follows:

	Risk Committee Member	Attendance Record	Appointment Date	Resignation Date
1.	Ms. Bernie Gray (Chair)	4/4	09 Dec 2016	n/a
2.	Mr. Michael Burke	2/4	09 Dec 2016	n/a
3.	Mr. James Corcoran	4/4	09 Dec 2016	n/a
4.	Ms. Caroline McMullan	4/4	09 Dec 2016	n/a
5.	Ms. Marie Sinnott	4/4	09 Dec 2016	n/a

Signed on behalf of the Governing Authority:



Prof. Brian MacCraith
President / Chief Officer



Dr. Martin McAleese
Chancellor

Date: 20 May 2019



Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Dublin City University

Opinion on financial statements

I have audited the financial statements of Dublin City University for the year ending 30 September 2017 as required under the provisions of the Universities Act 1997. The financial statements comprise

- the consolidated and University statement of comprehensive income
- the consolidated and University statement of financial position
- the consolidated and University statement of changes in reserves
- the consolidated statement of cash flows and
- the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the University and of the University group at 30 September 2017 and of the income and expenditure of the University and the University group for the year then ended in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

Emphasis of matter — deferred pension funding

Without qualifying my opinion on the financial statements, I draw attention to Note 26 Retirement Benefits and to the recognition as at 30 September 2017 of an asset of €687 million in respect of deferred pension funding.

The recognition of a deferred pension funding asset in respect of the Single Public Service Pension Scheme reflects statutory provisions relating to the funding of that scheme.

The recognition of an asset in respect of the pension schemes approved under the Dublin City University Acts 1980 and 1989, and the Colleges of Education Schemes anticipates that funding will be provided by the State to meet pension liabilities as they fall due. Inherent in this accounting treatment is an assumption 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 required to meet future pension liabilities.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the University and have fulfilled my other ethical responsibilities in accordance with the standards.

In conducting my audit, I seek to rely on evidence from an audit of the financial statements by auditors engaged by the University.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report of the C&AG (continued)

Report on information other than the financial statements, and on other matters

The University has presented certain other information together with the financial statements. This comprises the President's report, the statement of Governing Authority's responsibilities, the statement on governance and internal control and a reconciliation between the financial statements and a university funding statement for 2016/17 prepared for the Higher Education Authority.

My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in regard to those matters.

A handwritten signature in black ink that reads "Seamus McCarthy". The signature is written in a cursive style with a long, sweeping underline.

Seamus McCarthy
Comptroller and Auditor General

27 May 2019

Appendix to the report

Responsibilities of Governing Authority members

The members are responsible for

- the preparation of financial statements in the form prescribed under the Universities Act 1997
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- 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.

Responsibilities of the Comptroller and Auditor General

I am required under the Universities Act 1997 to audit the financial statements of the University and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the University to cease to continue as a going concern.

- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to bodies in receipt of substantial funding from the State in relation to their management and operation. I report if there are material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if there is any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them. I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

CONSOLIDATED AND UNIVERSITY STATEMENT OF COMPREHENSIVE INCOME
Year Ended 30 September

		Consolidated	University	Consolidated Combined	University Combined
	Notes	2017 €'000	2017 €'000	2016 €'000	2016 €'000
State Grants	2	31,175	31,175	27,187	27,187
State Grants for Land		-	-	10,875	10,875
Academic Fees	3	91,744	91,734	90,351	89,850
Research Grants & Projects	4	41,005	40,914	47,944	48,559
Other Income	5	34,453	5,876	28,085	6,975
Investment Income	6	372	345	277	345
Amortisation	19	6,761	6,311	7,097	6,647
Pension Funding	26	26,121	26,121	17,629	17,629
Total Income		231,631	202,476	229,445	208,067
Staff Costs	7	146,343	135,180	136,601	126,927
Other Operating Expenses	8	61,636	49,112	60,361	50,973
Interest & Other Finance Costs	9	883	350	38	17
Depreciation	12	13,600	9,923	12,943	10,222
Total Expenditure		222,462	194,565	209,943	188,139
Surplus before other gains/(losses)		9,169	7,911	19,502	19,928
Net loss on asset disposals	10	-	-	(1,270)	(44)
Surplus before taxation and non-controlling interest		9,169	7,911	18,232	19,884
Gain on Investments		50	-	64	-
Share of profit/(loss) in joint venture		192	-	(20)	-
Taxation	11	(622)	(553)	(401)	(347)
Non-Controlling Interest	13	-	-	130	-
Surplus for the year		8,789	7,358	18,005	19,537
Actuarial adjustments in respect of retirement benefits		51,486	51,486	(142,601)	(142,601)
Movement on retirement benefits receivable		(51,486)	(51,486)	142,601	142,601
Total comprehensive net income for the year		8,789	7,358	18,005	19,537

All items of income and expenditure related to continuing activities.

CONSOLIDATED AND UNIVERSITY STATEMENT OF FINANCIAL POSITION

As at 30 September

		Consolidated	University	Consolidated	University
		2017	2017	Combined	Combined
Notes		€'000	€'000	2016	2016
				€'000	€'000
Non-Current Assets					
Tangible fixed assets	12	429,238	307,994	413,667	286,537
Financial assets	13	5,971	1	6,558	1
<i>Investment in joint ventures</i>					
Share of gross assets	13	380	-	188	-
Share of gross liabilities	13	(380)	-	(380)	-
		<u>435,209</u>	<u>307,995</u>	<u>420,033</u>	<u>286,538</u>
Current Assets					
Inventories	14	464	257	402	218
Trade and other receivables	15	44,653	61,094	38,507	76,060
Cash at bank	20	76,309	60,287	27,772	15,468
Restricted cash	21	807	-	11,405	-
		<u>122,233</u>	<u>121,638</u>	<u>78,086</u>	<u>91,746</u>
Payables falling due with one year	16	(92,513)	(78,269)	(85,542)	(75,283)
		<u>29,720</u>	<u>43,369</u>	<u>(7,456)</u>	<u>16,463</u>
Net current assets/(liabilities)					
		<u>464,929</u>	<u>351,364</u>	<u>412,577</u>	<u>303,001</u>
Payables falling due after one year	17	(61,208)	(23,837)	(34,440)	(76)
Deferred government capital funding	19	(172,925)	(163,642)	(156,130)	(146,398)
<i>Provisions for Liabilities</i>					
Retirement benefit provisions	26	(686,704)	(686,704)	(705,393)	(705,393)
Retirement benefit receivable	26	686,704	686,704	705,393	705,393
		<u>230,796</u>	<u>163,885</u>	<u>222,007</u>	<u>156,527</u>
Total net assets					
		<u>230,796</u>	<u>163,885</u>	<u>222,007</u>	<u>156,527</u>
Capital and Reserves					
Income and expenditure account		216,841	163,885	207,672	156,527
Restricted Reserve		13,955	-	14,335	-
Non-controlling interest		-	-	-	-
Total reserves		<u>230,796</u>	<u>163,885</u>	<u>222,007</u>	<u>156,527</u>

The financial statements on pages 14 to 44 were approved by the Governing Authority on 25 April 2019 and signed on its behalf by:



Prof. Brian MacCraith
President



Dr. Martin McAleese
Chancellor

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

Consolidated	Income & Expenditure Reserve €'000	Restricted Reserve €'000	Non- Controlling Interest €'000	Total €'000
Balance at 1 October 2015	188,261	15,741	130	204,132
Restated surplus from the income and expenditure account	19,411	(1,406)	(130)	17,875
Balance at 30 September 2016	<u>207,672</u>	<u>14,335</u>	<u>-</u>	<u>222,007</u>
Surplus from the income and expenditure account	9,169	(380)	-	8,789
Balance at 30 September 2017	<u>216,841</u>	<u>13,955</u>	<u>-</u>	<u>230,796</u>
University	Income & Expenditure Reserve €'000	Restricted Reserve €'000	Non- Controlling Interest €'000	Total €'000
Balance at 1 October 2015	136,990	-	-	136,990
Restated Surplus from the income and expenditure account	19,537	-	-	19,537
Balance at 30 September 2016	<u>156,527</u>	<u>-</u>	<u>-</u>	<u>156,527</u>
Surplus from the income and expenditure account	7,358	-	-	7,358
Balance at 30 September 2017	<u>163,885</u>	<u>-</u>	<u>-</u>	<u>163,885</u>

CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended 30 September

	Notes	Consolidated 2017 €'000	Consolidated Combined 2016 €'000
<i>Cash flow from operating activities</i>			
Surplus for the year		8,789	18,005
Adjustments for non-cash items			
Depreciation	12	13,600	12,943
Amortisation of deferred capital grants	19	(6,761)	(7,097)
Loss on disposal of tangible fixed assets	10	-	1,270
Loss on transfer of activity		-	339
Reclassification from assets under construction		-	114
Share of (gains)/losses from joint venture		(192)	20
Non-controlling interest reclassification		-	(130)
Gain on investments portfolio		(50)	(64)
Income on investment portfolio		(215)	(98)
Fees on investment portfolio		39	33
State Grants for Land		-	(10,875)
Adjustment for working capital items			
(Increase)\decrease in inventories	14	(62)	117
Decrease)\(increase) in trade receivables		7,896	(10,405)
Increase in trade payables		7,401	3,465
Adjustments for investing and financing			
Investment income	6	(6)	(28)
Interest payable		883	57
Adjustment for taxation charge		622	455
Income taxes paid		(657)	(413)
Net cash inflow from operating activities		31,287	7,708
<i>Cash Flows used in Investing Activities</i>			
Payment to acquire or construct tangible fixed assets		(30,258)	(32,520)
Buyback of college park residences	12	(33,905)	-
Government capital grants received		9,810	18,473
Proceeds for asset disposals		-	40
Net cash outflow from investing activities		(54,353)	(14,007)
<i>Cash Flows from/(used) in Financing Activities</i>			
Interest paid		(716)	(46)
Interest received		6	28
Loans draw down		62,745	-
Additions to new sinking fund	21	(400)	-
Release of college park residences sinking fund	21	9,695	-
Capital repayment on loans		(478)	(1,482)
Capital element of finance lease payments		(46)	(72)
Interest element of finance lease payments	9	(10)	(11)
Debt issuance costs paid		(295)	(744)
Restricted cash	21	1,303	(50)
Net cash inflow/(outflow) from investing activities		71,804	(2,377)
Increase/(Decrease) in cash and cash equivalents		48,738	(8,676)
Cash and cash equivalents at 1 October	20	27,571	36,247
Cash and cash equivalents at 30 September	20	76,309	27,571

NOTES TO THE ACCOUNTS

1. Statement of Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (“SORP”) - Accounting for Further and Higher Education (2015), issued by the HE/FE SORP Board in the UK, which has been voluntarily adopted by the University. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable accounting standards.

The following exemption(s) have been taken into these financial statements:

- The University has taken the exemption under 1.12 (b) of FRS 102 to not produce a cash flow statement for the University as it is the ultimate parent entity.

Accounting convention

The consolidated financial statements have been prepared under the historical cost convention, except for certain assets and liabilities which are measured at valuations explained in accounting policies below.

Basis of consolidation

The consolidated financial statements include the University, its subsidiary undertakings and other undertakings in which the University has a financial interest (as indicated in note 13). The Incorporation Project has been accounted for under merger accounting, resulting in the incorporating colleges being consolidated at book value into the comparatives results for the Group (Note 29).

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. Joint venture undertakings are accounted for on an equity basis.

Unit of currency

The financial statements have been presented in Euro (€) which is also the functional currency of the University.

Recognition of income

State Grants

Recurrent grants from the Higher Education Authority are recognised in the period in which they are receivable and accounted for on an accruals basis.

Non-recurrent grants from the Higher Education Authority or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets. These grants are included as deferred capital grants to the extent that the grant is receivable. Government grants supporting the acquisition of land are recognised when performance conditions attaching to the grant are met.

Academic Fees

Fee income and all other income is accounted for on an accruals basis.

Research grants and contracts

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs.

NOTES TO THE ACCOUNTS - continued*Donations and Endowments*

Investment income and appreciation of endowments are recorded in income in the year in which they arise, and as either restricted or unrestricted income, according to the terms applied to the individual endowment fund. The types of donations and endowments within reserves include:

(i) No restrictions

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

(ii) 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 that the expenditure is incurred in accordance with the restrictions.

(iii) Performance Related Conditions

Non-exchange transactions without performance-related conditions include donations and endowments. Donations and endowments with donor-imposed restrictions are recognised within the consolidated statement of comprehensive income when the University is entitled to the funds. Income is retained within the restricted reserve until such time it is utilised in line with such restrictions at which point the income is released to unrestricted reserves through a reserve transfer.

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 to 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 income and expenditure account in the period in which it is earned.

Accounting Estimates and Judgements

In the preparation of the financial statements various estimates, judgements and assumptions have been made that impact on amounts reported as assets, liabilities, income and expenditure. Estimates and assumptions used are reviewed on an ongoing basis.

1. Property, Plant and Equipment

Depreciation is calculated based on estimates and assumptions on the useful economic life and expected residual value of the asset.

2. Impairments

Judgement is used to determine whether there has been any indication of impairment to the Group's assets.

3. Recoverability of Bad Debts

The provision for bad debt is calculated based on management's expectation on the recoverability of debt. In calculating the provision for bad debt the following factors are considered: age of the debt, the default history and current situation of the debtor and current market conditions.

4. Employee Benefits

The accrual for holidays earned but not taken is based on estimates of total holiday leave less leave taken.

5. Pension Provisions

The pension provision is calculated based on actuarial assumptions provided by an actuary annually. The actuarial assumptions include discount rates, salary increases, pension increases and inflation rates.

NOTES TO THE ACCOUNTS - continued**Tangible fixed assets****(a) Land and buildings**

Land has been stated at cost, and not depreciated. Buildings, with the exception of those donated are stated on the balance sheet at historical cost less accumulated depreciation, and are depreciated over their expected useful economic life with a full year's depreciation charge provided for in the year of acquisition.

Finance and legal costs, which are directly attributable to the construction of land and buildings, are capitalised as part of the cost of those assets.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to the financial year end. They are not depreciated until they are brought into use.

Buildings being acquired using structured finance (s.843 of the Taxes Consolidation Act, 1997 and section 50 relief as described in s.372AK to s.372AV of the Taxes Consolidation Act 1997) arrangements are accounted for at cost less the investors' tax break foregone. Although the buildings are in use, they are not depreciated until the option period ceases. Equipment assets within s.843 structured finance arrangements are depreciated over the lesser of the structured finance lease term or useful economic life generally attributable to that asset category.

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

Buildings and building improvements	10 to 50 years
Leased Assets	Years of asset category or lease period if shorter
Structured Finance Assets	Remaining useful life following cessation of the option period

Works of art and other valuable artefacts valued at over €150,000 are capitalised and recognised at their cost or value where reasonably obtainable. Heritage assets are not depreciated as their long economic life and high residual value mean that any depreciation would not be material.

(b) Equipment

Furniture, Equipment and Motor Vehicles are stated at cost less accumulated depreciation. Leased Equipment, Furniture and Fixtures, and Motor Vehicles are included on the balance sheet at cost and depreciated over the term of the lease. A full year depreciation charge is provided for in the year of acquisition.

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

Furniture and Equipment	5 years
Computer Equipment	3 years
Motor vehicles	5 years
Leased Assets	Years of asset category or lease period if shorter

(c) Donated assets

The University may receive on occasion benefits in kind such as gifts of equipment or other fixed assets. Items of a significant value donated to the University, which, if purchased, the University would treat as tangible fixed assets, are capitalised at their current value and depreciated in accordance with the policy set out above. The recognition of income is accounted for in accordance with the income policy set out above.

The current value of other donated items, if significant, is reflected in the income and expenditure account as a donation received and also as part of other operating expenses.

NOTES TO THE ACCOUNTS - continued**Tangible fixed assets (Continued)****(d) Leased assets**

Leasing agreements that transfer to the University substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The 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 income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

Assets, which are held under hire purchase contracts, which have the characteristics of finance leases, are depreciated over their useful lives.

Rental costs under operating leases are charged to statement of comprehensive income in equal annual amounts over the period of the lease.

Financial assets

Fixed asset investments, other than investments in joint ventures, are carried at market value.

Inventories

Inventories are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective inventory. Expenditure incurred by the University on books and consumable inventory funded from recurrent grants are charged to the statement of comprehensive income.

Impairments of assets, other than financial instruments

Where there is objective evidence that the recoverable amount of an asset is less than its carrying value the carrying amount of the asset is reduced to its recoverable amount resulting in an impairment loss. Impairment losses are recognised immediately in the statement of comprehensive income.

The recoverable amount of tangible fixed assets is the higher of the fair value less cost to sell the asset and its value in use. The value in use of these assets is the present value of the cash flows expected to be derived from those assets.

Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Euro at the rates of exchange at the year-end Balance Sheet date. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs, and subsequently accounted for on an amortised cost basis using the effective interest method. Under the effective interest method, the difference between the redemption value of the borrowing and the initial proceeds (net of related issue costs) is amortised through the statement of comprehensive income to the date of maturity.

Taxation

As an exempt charity, the University is not liable for Corporation Tax or Income Tax on any of its charitable activities. The University is registered for Value Added Tax but as a partially exempt organisation for VAT purposes it is not entitled to recover input tax on the vast majority of its purchases.

Certain trading activities undertaken by the University are administered through its subsidiary companies, which as commercial organisations are liable to Corporation Tax. Some of the subsidiary undertakings are registered charities for taxation purposes and are not liable for Corporation Tax or Income Tax on any of their charitable activities. All subsidiary companies are registered for Value Added Tax but some carry on exempt activities on which no output tax is charged. They are unable to recover input tax on the majority of their purchases.

NOTES TO THE ACCOUNTS - continued**Deferred taxation**

In subsidiary companies, who do not hold a charitable status, deferred taxation is provided on all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Timing differences are temporary differences between profits as computed for taxation purposes and profits as stated in the financial statements, which arise because certain items of income and expenditure in the financial statements are dealt with in different periods for taxation purposes.

Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not discounted.

Financial instruments

Cash includes cash in hand, deposits repayable on demand and overdrafts.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Provisions

Provisions are recognised when the University has a present legal or constructive obligation as a result of a past event and it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Retirement benefits

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. The University holds a commitment from the Higher Education Authority to meet the liabilities of this scheme.

There are no employee contributions paid into the unfunded scheme. In accordance with the Employment Control Framework, employer contributions are made in respect of employees who are funded by research income and similar projects, or self-funded. These employer and related employee contributions are payable to the HEA. The Public Service Pensions (Single Scheme and Other Provisions) Act 2012 became effective on 01 January 2013. Pensionable staff recruited on or after the effective date will be members of the Single Public Service Pension scheme. Single scheme member contributions are remitted monthly to the Department of Public Expenditure and Reform. The employer and employee funding contributions are reclassified to the pension asset and liability on the Balance Sheet recognised as part of accounting for defined benefit pension schemes.

Following the incorporation project, on 1 October 2016 DCU commenced administration of the Colleges of Education Scheme as it pertains for staff incorporating from St. Patrick's College Drumcondra and the Church of Ireland College of Education Rathmines. The scheme, which provide for defined benefits, is non-funded and benefits are met from current revenue as they arise.

Retirement benefit liabilities represent the present value of future retirement benefit payments earned by staff to date. Deferred retirement benefit funding represents the corresponding asset which will be recovered in future periods from the Higher Education Authority.

Actuarial gains or losses arising on the scheme liabilities are reflected in the statement of comprehensive income and a corresponding adjustment is recognised in the amount recoverable from the Higher Education Authority.

Retirement benefits provided to employees in subsidiary undertakings are met by payments to a defined contribution fund, which is independent and held separately from the undertakings. Contributions are charged to the statement of comprehensive income in the year in which they fall due.

NOTES TO THE ACCOUNTS - continued

2 State grants

	Consolidated	University	Consolidated Combined	University Combined
	2017	2017	2016	2016
	€'000	€'000	€'000	€'000
State	31,175	31,175	27,187	27,187

The above grant income was received from the following authorities.

	Consolidated	University	Consolidated Combined	University Combined
	2017	2017	2016	2016
	€'000	€'000	€'000	€'000
Higher Education Authority	31,175	31,175	25,445	25,445
Department of Education	-	-	1,735	1,735
Other State bodies	-	-	7	7

HEA Core Grant Income Analysis

	Consolidated	University	Consolidated Combined	University Combined
	2017	2017	2016	2016
	€'000	€'000	€'000	€'000
Opening Deferral	1,659	1,659	529	529
Grants received	28,006	28,006	28,817	28,817
Amounts recognised as income	(31,175)	(31,175)	(27,687)	(27,687)
Closing (Grants due)/Deferral	(1,510)	(1,510)	1,659	1,659

3 Academic fees

	Consolidated	University	Consolidated Combined	University Combined
	2017	2017	2016	2016
	€'000	€'000	€'000	€'000
Academic fee income	90,155	90,145	89,067	88,566
Miscellaneous fee income	1,589	1,589	1,284	1,284
Total	91,744	91,734	90,351	89,850

Fee income includes payments on behalf of students from the following authorities

Higher Education Authority	35,133	35,133	35,084	35,084
Department of Health	443	443	362	362
Department of Education	-	-	400	400

The amount of grant in lieu of fees funding from the HEA recognised in the year represents the cash received in that year by the University, and therefore no closing grant deferral position arises.

NOTES TO THE ACCOUNTS - continued

4 Research grants and projects

	Consolidated	University	Consolidated Combined	University Combined
	2017	2017	2016	2016
	€'000	€'000	€'000	€'000
State and semi state	27,198	27,198	32,136	32,136
European Union	6,978	6,978	8,781	8,781
Industry	2,165	2,165	2,659	2,659
Other	4,664	4,573	4,368	4,983
Total	41,005	40,914	47,944	48,559

5 Other income

	Consolidated	University	Consolidated Combined	University Combined
	2017	2017	2016	2016
	€'000	€'000	€'000	€'000
Rental and related income	2,943	1,995	2,961	1,293
Residences	8,937	-	5,183	985
Arts Centre	2,803	-	2,401	-
Retail and office supplies	1,713	-	1,871	-
ELT and translation services	8,000	-	5,550	-
Sports facilities	2,028	-	1,935	-
Catering	5,765	-	5,097	347
Other income	2,264	3,070	3,057	3,390
Capital donations	-	811	30	960
Total	34,453	5,876	28,085	6,975

6 Investment income

	Consolidated	University	Consolidated Combined	University Combined
	2017	2017	2016	2016
	€'000	€'000	€'000	€'000
Interest income	6	4	29	27
Income from investment fund	215	-	98	-
Intercompany interest	-	190	-	168
Net return on retirement benefit scheme	151	151	150	150
Total	372	345	277	345

7 Staff costs

	Consolidated	University	Consolidated Combined	University Combined
	2017	2017	2016	2016
	€'000	€'000	€'000	€'000
Wages and salaries	108,429	98,437	105,979	97,416
Social security costs	9,453	8,462	8,884	7,960
Other retirement benefit costs	28,461	28,281	21,738	21,551
Total	146,343	135,180	136,601	126,927

NOTES TO THE ACCOUNTS - continued

7 Staff costs (continued)

Key management compensation

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. The total remuneration for key management personnel for the year 2017 amounted to €1.7m (2016: €1.5m). The colleges of St Patricks College, Drumcondra, The Mater Dei Institute of Education & The Church of Ireland College of Education had distinct key management personnel prior to the incorporation with DCU.

Higher paid staff

The University has adopted a starting value of €60,000 to identify higher paid staff. Group staff remuneration (excluding employer's pension contributions) in bands of €10,000 is provided as follows:

Salary Bands	Consolidated	University	Consolidated	University
	2017	2017	2016	2016
	Number	Number	Combined	Combined
			Number	Number
€60,000 - €69,999	167	155	162	149
€70,000 - €79,999	244	240	246	243
€80,000 - €89,999	128	125	119	117
€90,000 - €99,999	35	33	33	31
€100,000 - €109,999	21	21	27	26
€110,000 - €119,999	22	17	21	16
€120,000 - €129,999	13	11	5	4
€130,000 - €139,999	30	29	27	27
€140,000 - €149,999	6	6	9	9
€150,000 - €159,999	1	1	1	-
€160,000 - €169,999	1	-	1	1
€170,000 - €179,999	-	-	1	1
€180,000 - €189,999	1	1	-	-
€190,000 - €199,999	1	-	1	-
€200,000+	-	-	-	-
	670	639	653	624

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

	Consolidated	University	Consolidated	University
	2017	2017	Combined	Combined
			2016	2016
Teaching	669	669	626	626
Research & Projects	318	318	429	429
Technical, central administration and services	560	560	557	557
Companies	298	-	270	-
Total	1,845	1,547	1,882	1,612

NOTES TO THE ACCOUNTS - continued

8 Other operating expenses

	Consolidated	University	Consolidated Combined	University Combined
	2017	2017	2016	2016
	€'000	€'000	€'000	€'000
Travel & Subsistence	4,572	3,888	5,174	4,914
Facility Management, Cleaning, Security & Insurance	10,865	6,957	10,126	7,586
Catering and Retail	4,691	1,173	4,871	1,578
Scholarships, Student Activities & Course Materials	9,672	8,911	9,028	8,471
Equipment, Hardware, Software & Licenses	3,363	3,256	3,447	2,882
Library, Books, E-Resources & Periodicals	1,364	1,364	1,160	1,160
Memberships, Intermediary & Commission Fees	1,629	1,028	1,376	930
Postage, Print and Stationary Supplies	1,754	2,001	1,621	1,991
Rent, Rates & Property Tax	2,185	964	1,617	948
Employee Related	1,171	1,020	1,239	1,049
Events, Advertising & Marketing	3,467	2,227	3,079	2,113
Professional Fees including Consultancy	3,582	3,082	5,173	4,955
Research Materials & equipment	5,633	5,632	4,849	4,849
Heat, Light, Water, Power	3,366	2,622	3,467	2,820
Other expenses	4,322	4,987	4,134	4,727
Total	61,636	49,112	60,361	50,973

Other operating expenses above includes auditors' remuneration:

	Consolidated	University	Consolidated Combined	University Combined
	2017	2017	2016	2016
	€'000	€'000	€'000	€'000
Comptroller & Auditor General statutory audit	33	33	69	69
Registered auditor financial audit of group	92	51	127	86
Registered auditor other services	9	9	3	3
Total	134	93	199	158

Auditor remuneration disclosed above is exclusive of VAT. The university has an Internal Audit function and the associated payroll costs for the financial year have been reported within staff costs.

9 Interest payable

	Consolidated	University	Consolidated Combined	University Combined
	2017	2017	2016	2016
	€'000	€'000	€'000	€'000
Interest and similar charges on bank overdraft	7	7	6	6
Loan interest	866	318	21	-
Finance lease interest	10	25	11	11
Total	883	350	38	17

NOTES TO THE ACCOUNTS - continued

10 Loss/(Profit) on disposal of tangible fixed assets

	Consolidated	University	Consolidated Combined	University Combined
	2017	2017	2016	2016
	€'000	€'000	€'000	€'000
Student Centre redevelopment works	-	-	1,251	-
Profit on asset disposals	-	-	(26)	-
Loss on asset disposals	-	-	45	44
Total	-	-	1,270	44

As part of the redevelopment of the student centre facility, certain subsidiary company assets within and adjacent to the existing student social centre at DCU Glasnevin campus were derecognised on demolition as part of a project enabling works during the prior financial year. This resulted in the recognition of a loss on asset disposal of €1,250,811.

11 Taxation

	Consolidated	University	Consolidated Combined	University Combined
	2017	2017	2016	2016
	€'000	€'000	€'000	€'000
Current tax - subsidiary companies	88	-	55	-
Adjustments in respect of prior periods	(19)	-	(1)	-
Foreign taxation	553	553	347	347
Total current tax	622	553	401	347
<i>Deferred taxation</i>				
Origination and reversal of timing differences	-	-	-	-
Total deferred tax	-	-	-	-
Tax on surplus on ordinary activities	622	553	401	347

NOTES TO THE ACCOUNTS - continued

11. Taxation (continued)

Reconciliation of effective tax rate	Consolidated	University	Consolidated	University
	2017 €'000	2017 €'000	Combined 2016 €'000	Combined 2016 €'000
Surplus for the year	8,789	7,358	18,005	19,537
Total tax expense	622	553	401	347
Surplus excluding taxation	9,411	7,911	18,406	19,884
Tax using the Irish corporation tax rate of 12.5 %	1,176	989	2,301	2,486
Profits charged at higher rates of tax	26	-	13	-
Activities not subject to taxation	(911)	(686)	(2,318)	(2,336)
Differences in effective overseas rates	250	250	197	197
Non-deductible expenses	54	-	71	-
(Over)/under provided in prior years	(19)	-	(1)	-
Excess depreciation over capital allowances	115	-	218	-
Prior year losses previously unrecognised	(69)	-	(80)	-
Total tax expense	622	553	401	347

The university holds Irish tax exempt status as do several subsidiary companies which have charitable exemption for tax purposes under Section 207 and 208 TCA 1997. The subsidiary undertakings with charitable tax exemption include, DCU Commercial DAC, Campus Residences DAC, Campus Property DAC, Dublin Business School Fund DAC and the DCU Educational Trust. The colleges of St Patrick's College Drumcondra, The Mater Dei Institute of Education & The Church of Ireland College of Education also held Irish tax exempt status prior to the incorporation with DCU.

The subsidiary companies group has not recognised a potential deferred tax asset of €630,425 (2016: €660,013) to the extent it cannot be considered more probable than not that it will be recovered. The deferred tax asset relates primarily to losses carried forward.

NOTES TO THE ACCOUNTS - continued

12 Tangible fixed assets

Consolidated	Land €'000	Buildings €'000	Equipment €'000	Assets in course of construction €'000	Structured finance asset €'000	Total €'000
Cost or Valuation						
As at 1 October 2016	62,060	399,064	97,092	14,700	33,905	606,821
Additions	-	2,973	5,480	21,030	-	29,483
Disposals	-	-	(2)	-	-	(2)
Reclassifications	-	58,682	-	(24,777)	(33,905)	-
Transfers	-	-	(7,475)	-	-	(7,475)
As at 30 September 2017	62,060	460,719	95,095	10,953	-	628,827
Depreciation						
As at 1 October 2016	-	108,604	84,550	-	-	193,154
Depreciation	-	9,411	4,189	-	-	13,600
Disposals	-	-	(2)	-	-	(2)
Transfers	-	-	(7,163)	-	-	(7,163)
As at 30 September 2017	-	118,015	81,574	-	-	199,589
Net book value						
At 1 October 2016	62,060	290,460	12,542	14,700	33,905	413,667
At 30 September 2017	62,060	342,704	13,521	10,953	-	429,238

Under the structured finance arrangement, a student residences facility with a total value of €37.745m (VAT exclusive) was previously transferred to investors. The asset and associated liability under the arrangement were recognised at the option price on repurchase from investors of €33.905m (Note 17). The unwind of the structured finance arrangement occurred on 28 February 2017, and the asset on reclassification to the Buildings asset class is now depreciated over its remaining useful life.

Loan finance provided by the Ireland Strategic Investment Fund("ISIF") in relation to Student Accommodation Facilities is secured against residences on the Glasnevin Campus, and as a condition subsequent against student accommodation residences on the All Hallows and St. Patrick's campuses.

Transfers reflect long lived aged assets arising in incorporated colleges, substantially all fully depreciated, which are derecognised from the Group's Fixed Asset Register system as part of the merger accounting treatment applicable to the Incorporation Project.

Assets with a VAT inclusive cost of €28.1m (2016: €5m) completed during the year are reclassified from "Assets in course of Construction", (with a VAT exclusive construction cost of €24.8m), and are depreciated from the date when brought into use.

NOTES TO THE ACCOUNTS - continued

12 Tangible fixed assets (Continued)

University	Land €'000	Buildings €'000	Equipment €'000	Structured finance asset €'000	Total €'000
Cost or Valuation					
As at 1 October 2016	53,941	296,012	81,984	-	431,937
Additions	-	26,373	5,320	-	31,693
Disposals	-	-	(2)	-	(2)
Transfers	-	-	(7,477)	-	(7,477)
As at 30 September 2017	53,941	322,385	79,825	-	456,151
Depreciation					
As at 1 October 2016	-	72,396	73,004	-	145,400
Depreciation	-	6,267	3,656	-	9,923
Disposals	-	-	(2)	-	(2)
Transfers	-	-	(7,164)	-	(7,164)
As at 30 September 2017	-	78,663	69,494	-	148,157
Net book value					
At 1 October 2016	53,941	223,616	8,980	-	286,537
At 30 September 2017	53,941	243,722	10,331	-	307,994
Tangible assets held under finance leases are as follows:					
		Consolidated 2017 €'000	University 2017 €'000	Consolidated 2016 €'000	University 2016 €'000
Net book value at 30 September		52	52	71	71
Depreciation charge for the year		35	35	25	25

NOTES TO THE ACCOUNTS - continued

12 Tangible Fixed Assets (Continued)

The University holds and maintains certain heritage assets, such as paintings, sculptures and other artworks. There are no heritage assets capitalised in the financial statements as each individual item is valued at less than the €150,000 threshold. The University conserves these assets for research and teaching, and for interaction between the University and its staff and the public. All costs in relation to preservation, conservation and protection are expensed as incurred. There were no additions or disposals of heritage assets between 01 October 2016 and 30 September 2017.

The University operates an on-going preservation programme in respect of the different formats and media under its curation, with relevant items held in secure locations. The University library maintains a secure vault for archival materials. The University holds the personal archive of former Taoiseach Charles J Haughey and the archives of Professor Colum Kenny which contains correspondence from Patrick Pearse, Roger Casement, Arthur Griffith and other prominent figures from Irish history. The archives were donated to the University. It is considered that the uniqueness and historical significance of such assets is such, that no meaningful valuation can be attributed to them.

13 Financial assets

	Consolidated	University	Consolidated	University
	2017	2017	Combined	Combined
	€'000	€'000	2016	2016
			€'000	€'000
Subsidiary companies	-	1	-	1
Investment in joint ventures (net)	-	-	(192)	-
Investment Fund	5,971	-	6,558	-
Total	5,971	1	6,366	1

The investment fund represents the investments held by the DCU Educational Trust. All investments are carried at their fair value.

The Investment Fund is represented by:

	Consolidated	University	Consolidated	University
	2017	2017	Combined	Combined
	€'000	€'000	2016	2016
			€'000	€'000
Cash	1,351	-	578	-
Bonds	1,258	-	1,893	-
Multi asset strategies, absolute return and structured products funds	694	-	202	-
Property	198	-	209	-
Commodities	39	-	-	-
Equity	2,431	-	3,676	-
Total	5,971	-	6,558	-

NOTES TO THE ACCOUNTS - continued

13 Financial assets (continued)

The University held the following subsidiary and associate undertakings at the balance sheet date:

Subsidiary undertakings	Principal activity	Interest %	Registered office/place of business
Incorporated (Direct subsidiary undertaking)			
DCU Commercial DAC (DCL)	Holding Company & Facility Operator	100%	Barrow Street, Dublin 4
Dunroamin Properties DAC	Not Trading	100%	Barrow Street, Dublin 4
DCU Educational Trust	Promotion of Education	0%	Dublin City University
Holding Company Incorporated Subsidiaries of DCL (Indirect subsidiary undertakings)			
Campus Property DAC	Retail & Property Rental	100%	Barrow Street, Dublin 4
Campus Residences DAC	Student Residences	100%	Barrow Street, Dublin 4
DCU Executive Education DAC	Not Trading	100%	Barrow Street, Dublin 4
DCU Healthy Living Centre DAC	Not Trading	100%	Barrow Street, Dublin 4
The DCU Ryan Academy DAC	Entrepreneurship	100%	Barrow Street, Dublin 4
DCULS DAC	ELT & Translation Services	100%	Barrow Street, Dublin 4
Dublin Business School Fund DAC	Property Rental	100%	Barrow Street, Dublin 4
Dublin Software Park DAC	Property Development & Property Rental	100%	Barrow Street, Dublin 4
DCU Invent DAC	Office space and facilities rental	100%	Barrow Street, Dublin 4
Trispace DAC	Catering & Sports	100%	Barrow Street, Dublin 4
UAC Management DAC	Arts Centre	100%	Barrow Street, Dublin 4

While DCU does not hold a direct equity interest in DCU Educational Trust, it is accounted for as a subsidiary undertaking in accordance with the requirements of FRS 102.

DCU held an equity stake of 65% in Fluorocap Limited, with the balancing equity (35%) held by the non-controlling interest. Fluorocap Limited was dissolved on 17 February 2016.

The following associated undertakings are not consolidated.

Associated undertakings	Principal activity	Interest %	Registered office/place of business
3U Collaboration DAC	Education & Research	33 ¹ / ₃ %	North Wall Quay, Dublin 1
Centre for Software Engineering Ltd	Software Training	25%	Earlsfort Terrace, Dublin 2

3U Collaboration DAC is a joint venture between the Royal College of Surgeons, Dublin City University, and NUI Maynooth; with the principal activity of the company to develop world class educational and research opportunities through a collaborative approach among the three institutions. As a result of a restructuring of the collaboration activities within the three institutions the company ceased trading on 9 April 2018.

Other equity interests held in third parties

DCU Invent is the university's commercialisation and technology transfer unit which works with companies to bring university research to the marketplace. DCU Invent provides supports to start-up companies through the Invent Centre facility on the Glasnevin Campus. Under the patron funding arrangement in place for the Invent Centre facility, where DCU Invent takes an equity stake in companies located in the facility, the relevant percentage of the equity is allocated to the patrons, and held in trust for the patrons by DCU Invent DAC. All such investments are recognised for the purposes of these accounts at nil value, given the uncertain nature of any valuation or return.

In addition to the interests outlined above within note 13, the University is also a member of a number of sectoral related companies limited by guarantee with no shareholding.

NOTES TO THE ACCOUNTS - continued

14 Inventories

	Consolidated	University	Consolidated	University
	2017	2017	Combined	Combined
	€'000	€'000	2016	2016
			€'000	€'000
Raw materials and consumables	279	257	217	218
Finished goods for resale	185	-	185	-
Total	464	257	402	218

There is no material difference between the balance sheet amount of inventory and its replacement cost.

15 Trade and other receivables

	Consolidated	University	Consolidated	University
	2017	2017	Combined	Combined
	€'000	€'000	2016	2016
			€'000	€'000
Trade receivables, prepayments, other receivables	6,962	6,659	16,687	14,623
Research grants and contracts receivable	14,861	14,861	15,723	15,723
State recurrent grants receivable	1,546	1,546	823	823
State capital grants receivable	21,284	21,284	5,274	5,274
Amounts due from subsidiary companies	-	16,744	-	39,617
Total	44,653	61,094	38,507	76,060

16 Payables: amounts falling due within one year

	Consolidated	University	Consolidated	University
	2017	2017	2016	2016
	€'000	€'000	€'000	€'000
Overdraft	-	-	201	-
Research grants and contracts in advance	20,350	20,350	17,768	17,768
Bank loans	791	-	183	-
Obligations under finance leases	46	46	44	44
State recurrent grants in advance	5,344	5,344	1,180	1,180
Deferred Income	12,984	444	15,806	6,318
Trade creditors, accruals, other creditors	22,882	22,371	23,512	19,743
Taxation creditors	3,834	3,432	3,835	3,333
Student Fees in advance	26,282	26,282	23,013	23,013
Amounts due from subsidiary companies	-	-	-	3,884
Total	92,513	78,269	85,542	75,283

NOTES TO THE ACCOUNTS - continued

17 Payables: amounts falling due after one year

	Consolidated	University	Consolidated Combined	University Combined
	2017	2017	2016	2016
	€'000	€'000	€'000	€'000
Bank loans	61,125	23,754	459	-
Amounts due to investors	-	-	33,905	-
Obligations under finance leases	83	83	76	76
Total	61,208	23,837	34,440	76

On 28 February 2017, the s50 structured finance arrangement for the College Park student residences, a facility with a total value of €37.745m (VAT exclusive), was unwound. The asset and associated liability under the arrangement were repurchased from investors and recognised at the option price of €33.905m. The asset is now being depreciated over its remaining useful life.

18 Borrowings

	Consolidated	University	Consolidated Combined	University Combined
	2017	2017	2016	2016
	€'000	€'000	€'000	€'000
Bank loans and overdrafts				
Overdraft	-	-	201	-
Amounts due within one year	791	-	183	-
Amounts due between one and five years	61,125	23,754	459	-
Total	61,916	23,754	843	-

The weighted average interest rate during the financial year of Group loans was 2.84%, (2016 1.1%)

The University initiated discussions with both the European Investment Bank (“EIB”) and the Ireland Strategic Investment Fund (“ISIF”) with a view to applying for loan facilities to fund the University’s Capital Development Plan. Following a detailed due diligence process and approval of the facilities by the Governing Authority, the EIB approved a loan of €76m on 21 December 2015, with ISIF approving loans of €54m on 23 December 2015. Loans drawn down by the University under these agreements are reported on the University’s balance sheet as and when drawdowns occur. Funds to the value of €62.7m were drawn down under the approved facilities during the financial year.

The ISIF borrowings are secured against the student accommodation residences on the Glasnevin Campus, as a condition subsequent against student accommodation residences on the All Hallows and St. Patrick’s campuses, and also on the shareholding in Campus Residences DAC through which these residences are operated. Campus Residences DAC is wholly owned by DCU Commercial DAC, which in turn is wholly owned by Dublin City University.

Finance leases

	Consolidated	University	Consolidated Combined	University Combined
	2017	2017	2016	2016
	€'000	€'000	€'000	€'000
Net finance lease obligations				
Lease amounts due within one year	46	46	44	44
Lease amounts due between one and five years	83	83	76	76
Total	129	129	120	120

NOTES TO THE ACCOUNTS - continued

19 Deferred capital grants

	Consolidated	University	Consolidated Combined	University Combined
	2017	2017	2016	2016
	€'000	€'000	€'000	€'000
At 1 October	156,130	146,397	157,997	147,815
Capital grants received/receivable	23,556	23,556	5,230	5,230
Amortisation release	(6,761)	(6,311)	(7,097)	(6,647)
At 30 September	<u>172,925</u>	<u>163,642</u>	<u>156,130</u>	<u>146,398</u>

At 30 September 2017 an amount of €6.7m (University €6.3m) is due for release to the consolidated statement of comprehensive income during the next financial year as grant amortisation.

20 Cash and cash equivalents

	Combined 1 Oct 2016	Cash flows	30 Sep 2017
	€'000	€'000	€'000
Cash at bank	27,772	48,537	76,309
Overdraft	(201)	201	-
Total	<u>27,571</u>	<u>48,738</u>	<u>76,309</u>

21 Restricted cash

	Consolidated	University	Consolidated Combined	University Combined
	2017	2017	2016	2016
	€'000	€'000	€'000	€'000
At 1 October	11,405	-	9,693	-
Interest received	-	-	2	-
Utilisation as part of buyback	(9,695)	-	-	-
Additions to ISIF sinking fund	400	-	-	-
DCU Educational Trust	(1,303)	-	1,710	-
At 30 September	<u>807</u>	<u>-</u>	<u>11,405</u>	<u>-</u>

Opening restricted bank balances represent amounts set aside as a sinking fund under the terms of the financing agreement associated with the Section 50 funding of the College Park student residences. The unwind of the structured finance arrangement occurred on 28 February 2017, and the sinking fund was utilised in conjunction with the provision of loan finance as part of the buyback process. Under the terms of the new loan facility agreement, Campus Residences DAC is required to maintain a sinking fund of €400,000 at the reporting date. These funds are not available to the company for current purposes.

The funds held by DCU Educational Trust are not available to the University for current purposes, until such funds are distributed to the University to fund projects and initiatives.

NOTES TO THE ACCOUNTS - continued

22 Contingencies

There are no contingent liabilities except on certain bank borrowings and structured finance arrangements.

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. The University has undertaken not to dispose of the shareholding in DCU Commercial DAC, the holding company, without the prior written consent of Allied Irish Bank plc.

23 Capital commitments

	Consolidated	University	Consolidated Combined	University Combined
	2017	2017	2016	2016
	€'000	€'000	€'000	€'000
Contracted but not provided for	19,204	8,801	20,621	19,155
Authorised but not contracted for	28,204	24,719	44,681	31,548
Total	<u>47,408</u>	<u>33,520</u>	<u>65,302</u>	<u>50,703</u>

Capital commitments reflect the University's campus development plan which provides the capital investment required to grow and enhance campus facilities. This investment ensures the University can cater for continued growth in student numbers and research activities.

24 Financial commitments

At 30 September the group had annual commitments under non-cancellable operating leases of:

	Consolidated	University	Consolidated Combined	University Combined
	2017	2017	2016	2016
	€'000	€'000	€'000	€'000
Operating leases commitments	<u>26,075</u>	<u>26,075</u>	<u>4</u>	<u>2</u>

As part of the process of incorporation with St. Patrick's College Drumconda (SPD), DCU entered into a 150 year lease with the Dublin Archdiocese for the St. Patrick's campus with effect from 1 October 2016. Under the lease arrangement an annual amount of €175,000 is payable by DCU.

25 Related parties

Transactions with subsidiaries of the University have been eliminated on consolidation and no disclosure of these transactions has therefore been given. The University had no other material related party transactions which require disclosure under FRS 102.

NOTES TO THE ACCOUNTS - continued

26 Retirement benefits

University**(a) Defined benefit pension scheme**

The University operates the following defined benefit pension schemes which are unfunded:

1. DCU Superannuation Scheme
2. Single Public Service Pension Scheme
3. Colleges of Education Scheme (following completion of the incorporation process)

The valuation used for the FRS102 disclosure has been based on the actuarial valuation at 30 September 2017 by a qualified independent actuary to take account of the requirements of FRS102 in order to assess the schemes liabilities at 30 September 2017.

The financial assumptions used to calculate scheme liabilities at 30 September 2017 are;

DCU Superannuation Scheme and the Single Public Service Pension Scheme

	2017	2016	2015
Rate of increase in salaries	3.3%	3.0%	3.1%
Rate of increase in pensions in payment	2.3%	2.0%	2.1%
Discount rate	2.4%	1.7%	2.8%
Revaluation in deferment	2.3%	2.0%	2.1%
Price Inflation	1.75%	1.5%	1.5%

Weighted average life expectancy for mortality tables used to determine benefit obligations:

	2017	2016	2015
	Years	Years	Years
<u>Pensioners- implied life expectancy for a 65 year old</u>			
Male member age 65 (current life expectancy)	22.9	22.9	22.9
Female member age 65 (current life expectancy)	24.9	24.9	24.9
<u>Actives / deferrals – implied life expectancy for a 40 year old retiring in 25 years' time at age 65</u>			
Male member age 40 (life expectancy at age 65)	25.7	25.7	25.7
Female member age 40 (life expectancy at age 65)	27.7	27.7	27.7

Colleges of Education Superannuation Scheme (St. Patrick's College Drumcondra)

	2017	2016	2015
	Years	Years	Years
Rate of increase in salaries	3.3%	2.2%	2.4%
Rate of increase in pensions in payment	2.3%	1.2%	1.4%
Discount rate	2.4%	1.1%	2.4%
Revaluation in deferment	2.3%	1.2%	1.4%
Price inflation	1.75%	1.2%	1.4%

NOTES TO THE ACCOUNTS - continued

26 Retirement benefits (Continued)

Weighted average life expectancy for mortality tables used to determine benefit obligations:

	2017 Years	2016 Years	2015 Years
Pensioners- implied life expectancy for a 65 year old			
Male member age 65 (current life expectancy)	22.9	21.1	21.0
Female member age 65 (current life expectancy)	24.9	23.6	23.5
Actives / deferrals – implied life expectancy for a 45 year old retiring in 20 years' time at age 65			
Male member age 45 (life expectancy at age 65)	25.7	23.6	23.5
Female member age 45 (life expectancy at age 65)	27.7	25.8	25.7

Colleges of Education Superannuation Scheme (Church of Ireland Education Rathmines)

	2017 Years	2016 Years	2015 Years
Rate of increase in salaries	3.3%	2.2%	2.5%
Rate of increase in pensions in payment	2.3%	1.2%	1.4%
Discount rate	2.4%	1.1%	2.5%
Revaluation in deferment	2.3%	1.2%	1.7%
Price Inflation	1.75%	1.2%	1.2%

Weighted average life expectancy for mortality tables used to determine benefit obligations:

	2017 Years	2016 Years	2015 Years
Pensioners- implied life expectancy for a 65 year old			
Male member age 65 (current life expectancy)	22.9	21.0	22.0
Female member age 65 (current life expectancy)	24.9	24.0	25.0

Changes in the present value of defined retirement obligations

	Consolidated 2017 €'000	University 2017 €'000	Consolidated Combined 2016 €'000	University Combined 2016 €'000
Obligation at start of period	705,393	705,393	536,944	536,944
Current service cost	28,281	28,281	21,551	21,551
Interest cost	11,032	11,032	14,350	14,350
Contributions by scheme participants	4,967	4,967	4,741	4,741
Benefits paid	(11,483)	(11,483)	(10,890)	(10,890)
Effect of experience adjustments	(2,287)	(2,287)	(4,137)	(4,137)
Settlement gain	-	-	(3,904)	(3,904)
Change in financial assumptions	(49,199)	(49,199)	146,738	146,738
Obligations at end of period	686,704	686,704	705,393	705,393

NOTES TO THE ACCOUNTS - continued

26 Retirement benefits (Continued)

Changes in the present value of defined retirement reimbursement rights:

	Consolidated	University	Consolidated	University
	2017	2017	Combined	Combined
	€'000	€'000	2016	2016
			€'000	€'000
Reimbursement rights at start of period	705,393	705,393	536,944	536,944
Interest income	11,183	11,183	14,500	14,500
Employer contributions	14,262	14,262	10,890	10,890
Contributions by scheme participants	4,967	4,967	4,741	4,741
Benefit payments from employer	(11,483)	(11,483)	(10,890)	(10,890)
Pension income rights recognised	28,130	28,130	24,137	24,137
Settlement gain	-	-	(3,904)	(3,904)
Change in actuarial assumptions reflected in reimbursement rights	(65,748)	(65,748)	128,975	128,975
Reimbursement rights at end of period	686,704	686,704	705,393	705,393

Analysis of the present value of defined retirement obligations by scheme:

	Consolidated	University	Consolidated	University
	2017	2017	2016	2016
	€'000	€'000	€'000	€'000
DCU Superannuation Scheme	520,101	520,101	551,118	551,118
Single Public Service Pension Scheme	13,490	13,490	8,762	8,762
Colleges of Education Scheme	153,113	153,113	145,513	145,513
	686,704	686,704	705,393	705,393

The University recognises amounts owing from the State for the unfunded deferred liability for pensions on the basis of a number of past events. These events include the statutory backing for the superannuation schemes, and the policy and practice in relation to funding public service pensions including the annual estimates process. In addition, the University holds a commitment from the Higher Education Authority to meet the liabilities of the DCU superannuation scheme.

	2017	2016
	Combined	Combined
	€'000	€'000
Amounts recognised in the Statement of Comprehensive income in respect of the plan are:		
Amounts included in pension funding income	26,121	17,629
Amounts included Staff Costs	(28,281)	(21,551)
Amounts included in Investment Income	151	150
Contributions adjustment	2,009	3,772

Subsidiary Undertakings**Defined contribution pension scheme**

The total pension payments made by subsidiary undertakings in respect of the defined contribution funds were as follows;

	Consolidated	University	Consolidated	University
	2017	2017	2016	2016
	€'000	€'000	€'000	€'000
Pension Costs	180	-	187	-

NOTES TO THE ACCOUNTS - continued**27 Comparative Figures**

Comparative amounts have been restated where necessary as a consequence of the incorporation of the colleges of St Patricks College, Drumcondra, Mater Dei Institute of Education, and the Church of Ireland College of Education on the same basis as those for the current year.

28 Post Balance Sheet Event

There were no events between the balance sheet date and the date on which these financial statements were approved that would require either adjustment to, or disclosure in, these financial statements.

29 Incorporation

On 1 October 2016, the DCU Incorporation project reached a historic point when the legal agreements were signed giving effect to the transfer of the staff, students and activities of St Patrick's College, Drumcondra (SPD), Mater Dei Institute of Education (MDI) and the Church of Ireland College of Education (CICE) into DCU. As part of the Incorporation agreements the institutional bodies were not acquired by DCU.

This project was undertaken with the active assistance and support of the Department of Education and Skills and the Higher Education Authority. With effect from 1 October 2016 all of the staff and students of those institutions became staff and students of DCU and their activities became DCU activities. The funding previously allocated to those institutions by the Department of Education and Skills and the Higher Education Authority was transferred to DCU.

The effect of the project is to give rise to a significant expansion of the DCU student base, the acquisition through a long leasehold of the St Patrick's College Drumcondra campus, the establishment of a new Institute of Education and an enhanced capacity and consolidation in the Humanities and Social Sciences.

At Incorporation, 1 October 2016, specified assets and liabilities of the three Incorporating Institutions were transferred to DCU. Whilst MDI and CICE vacated their premises and ownership of the sites remained with their respective Religious Bodies, relevant IT and other equipment was transferred to DCU. DCU continues to occupy the site previously occupied by SPD through a 150 year lease, with ownership of the site remaining with the Dublin Archdiocese. Under the lease arrangement, all maintenance, insurance risks and rewards of the buildings used by DCU is for the account of the University. The agreement provides for an annual payment of €175k from DCU to the St Laurence O'Toole Diocesan Trust.

Under the terms of the Lease where any building development is undertaken by DCU on the land included within the lease, DCU has an entitlement to acquire the land on which that development has taken place. In addition, the lease provides that the sales proceeds related to any site within the lease acquired by DCU in this manner, will be deferred by the Dublin Archdiocese until such time as, if ever, the lease is terminated. Relevant SPD equipment and furnishings transferred to DCU. Unencumbered cash and bank balances received by DCU have been allocated for capital purposes including upgrade works on both the St. Patrick's and All Hallows campus as part of the Incorporation Project.

DCU has concluded that the appropriate accounting treatment is to apply the Merger Public Benefit Entity ("PBE") provisions to the Incorporation Project transaction.

The key reasons for this conclusion are:

- All entities in the project meet the definition of "public benefit entities".
- While not all of the criteria for merger accounting are met, a Merger PBE can still be applied if an entity considers that it is necessary for the overriding purpose of giving a true and fair view. Relevant applicable considerations regarding the parties to the combination include:
 1. DCU has to continue to operate its activities in relation to teacher education in accordance with the commitments given to the Roman Catholic Archdiocese ("RCA") and the Church of Ireland and therefore both churches would continue to obtain the same benefits (the provision of teachers for denominational schools) as they did prior to incorporation.
 2. Protections exist, in the legal documentation, for the Roman Catholic Church in relation to the SPD campus, leased to DCU at a relatively small annual lease payment to ensure that DCU continues to deliver on its commitments.

NOTES TO THE ACCOUNTS - continued

29 Incorporation (Continued)

3. The activities of the incorporating entities are merged into DCU as an integral part of the normal activities of DCU with the Roman Catholic and Church of Ireland activities given equal status with the non-denominational teaching activities. The DCU Institute of Education has been established with exactly the same structure and reporting lines as any other Faculty in DCU.

FRS 102 notes that in the context of public benefit entities, true mergers that meet all of the criteria are not likely to be common, however an individual public benefit entity may apply the true and fair override if it considers it appropriate to its circumstances.

- Given the nature of the Incorporation Project transaction, the ongoing benefits and assurances accruing to each of the stakeholders of the incorporating entities, all stakeholders believe that the Incorporation is in effect a merger.
- Merger Accounting best reflects the substance of the Incorporation Project Transaction.
- The adoption of merger accounting avoids an artificial profit being brought through the Statement of Comprehensive Income on the combination of publicly funded activities which will continue in existence.
- Merger accounting provides the basis of showing the financial performance of the enhanced DCU on the same basis in the current and previous year, which discloses a consistent more relevant picture of the activities pre and post the incorporation project.

Under the merger accounting treatment, the book value of assets (€55.3m) under the lease between DCU and Dublin Archdiocese (St Laurence O'Toole Diocesan Trust) is recognised on incorporation as fixed assets of DCU, with the associated state capital grant funding (€49.9m) recognised under deferred capital grant funding.

All relevant assets and liabilities have been consolidated into the DCU Financial Statements for financial year ended 30 September 2017, with the prior year comparatives also updated. The assets and liabilities have been transferred at book value.

The Incorporation Project is a unique, large scale multifaceted project, and the resulting complexity is also reflected in the decision as to how the transaction has been accounted for. The approach of merger accounting and treating the lease of the St. Patrick's campus as being a land lease, are considered the most appropriate way to navigate this complexity in order to reflect the substance of the underlying transactions.

The total net comprehensive income for the year prior to the incorporation was:

	Dublin City University	St. Patrick's College Drumcondra	Mater Dei Institute of Education	Church of Ireland Education Rathmines	Total
	€'000	€'000	€'000	€'000	€'000
Total net comprehensive income for the year	17,894	638	(222)	(305)	18,005

The total net assets for the year prior to the incorporation was:

	Dublin City University	St. Patrick's College Drumcondra	Mater Dei Institute of Education	Church of Ireland Education Rathmines	Total
	€'000	€'000	€'000	€'000	€'000
Total net assets	209,790	12,015	169	33	222,007

NOTES TO THE ACCOUNTS - continued

29 Incorporation (Continued)

A summary of the assets and liabilities that transferred to DCU at the date of incorporation is provided below:

	St. Patrick's College Drumcondra	Mater Dei Institute of Education	Church of Ireland Education Rathmines	Total
	€'000	€'000	€'000	€'000
Non-Current Assets				
Tangible fixed assets	55,354	-	-	55,354
	<u>55,354</u>	<u>-</u>	<u>-</u>	<u>55,354</u>
Current Assets				
Trade and other receivables	692	148	174	1,014
Cash at bank	12,092	269	65	12,426
	<u>12,784</u>	<u>417</u>	<u>239</u>	<u>13,440</u>
Payables falling due with one year	(6,208)	(248)	(206)	(6,662)
Net current assets	<u>6,576</u>	<u>169</u>	<u>33</u>	<u>6,778</u>
Total assets less current liabilities	<u>61,930</u>	<u>169</u>	<u>33</u>	<u>62,132</u>
Payables falling due after one year	-	-	-	-
Deferred government capital funding	(49,915)	-	-	(49,915)
<i>Provisions for Liabilities</i>				
Retirement benefit provisions	(127,338)	-	(18,175)	(145,513)
Retirement benefit receivable	127,338	-	18,175	145,513
Total net assets	<u>12,015</u>	<u>169</u>	<u>33</u>	<u>12,217</u>
Capital and Reserves				
Income and expenditure account	12,015	169	33	12,217
Total reserves	<u>12,015</u>	<u>169</u>	<u>33</u>	<u>12,217</u>

NOTES TO THE ACCOUNTS - continued

30. Circular 13/2014 - Management of and Accountability for Grants from Exchequer Funds

Research and Other Project Grant Funding

Grantor	Government Funding Department	Combined Grant Deferred / (Due) 01/10/2016 €'000	Cash Received 2016/17 €'000	Taken to Income 2016/17 €'000	Grant Deferred / (Due) 30/09/2017 €'000
Dept of Agriculture, Food and the Marine	Dept of Agriculture, Food and the Marine	27	11	60	(22)
Dept of Arts, Heritage, Regional, Rural and Gaeltacht Affairs	Dept of Arts, Heritage, Regional, Rural and Gaeltacht Affairs	(24)	10	11	(25)
Dept of Communications, Climate Action and Environment	Dept of Communications, Climate Action and Environment	2	134	171	(35)
Dept of Education and Skills	Dept of Education and Skills	238	1,102	1,394	(54)
Dept of Foreign Affairs and Trade	Dept of Foreign Affairs and Trade	19	9	28	-
Enterprise Ireland	Dept of Jobs Enterprise and Innovation	1,526	4,836	5,902	460
HEA	Dept of Education and Skills	(4,160)	6,608	3,525	(1,077)
HEA PRTLI	Dept of Jobs Enterprise and Innovation	(2,328)	565	967	(2,730)
Health Service Executive	Dept of Health	1,083	308	660	731
IRC	Dept of Education and Skills	729	2,669	2,511	887
Other Irish Government/State Agencies	Various Departments	303	1,587	1,423	467
The Marine Institute	Dept of Agriculture, Food and the Marine	(114)	266	108	44
Science Foundation Ireland	Dept of Jobs Enterprise and Innovation	1,153	13,429	14,041	541
Total Exchequer Funding		(1,546)	31,534	30,801	(813)
Total Non-Exchequer Funding		45,709	27,068	22,687	50,090
Total per Research and Project Accounts		44,163	58,602	53,488	49,277
Other Adjustments		(42,118)	(14,153)	(12,483)	(43,788)
Research Grants and Contracts per Consolidated Financial Statements		2,045	44,449	41,005	5,489

NOTES TO THE ACCOUNTS - continued**30 Circular 13/2014 - Management of and Accountability for Grants from Exchequer Funds (Continued)****Capital Grants**

The University received grant income of €2.63m under the programme for research in Third Level Institutions (PRTL I V), equipment grants of €3.5m, €3.16m under Incorporation project funding and €0.6m from the National Transport Authority in the period. Returns are made to the HEA by DCU based upon the actual expenditure incurred on HEA funded capital grants. All such expenditure incurred is in line with the specific terms and conditions of the capital grant.

All exchequer capital and research funding received by the University is treated in line with the specific terms and conditions as set out by the relevant Government Department/Body and is also in line with Government policies and guidelines.

31 Approval of financial statements

The financial statements were approved by the Governing Authority on 25 April 2019

Dublin City University

Year ended 30 September 2017

Additional Information

Reconciliation with HEA Funding Statement 2017

	Consolidated Financial Statements €'000	Subsidiary Company & Trust Adjustments €'000	GAAP Adjustments €'000	HEA Funding Statement €'000
INCOME				
State Grants	31,175	-	11,483	42,658
Academic Fees	91,744	(10)	(5,621)	86,113
Research Grants & Projects	41,005	5	12,478	53,488
Other Income	34,453	(28,674)	973	6,752
Investment Income	372	(27)	(151)	194
Amortisation	6,761	(450)	5,190	11,501
Pension Funding	26,121	-	(26,121)	-
Total Income	231,631	(29,156)	(1,769)	200,706
EXPENDITURE				
Staff Costs	146,343	(11,163)	(9,516)	125,664
Other Operating Expenses	61,636	(12,525)	14,422	63,533
Interest & Other Finance Costs	883	(533)	(350)	-
Depreciation	13,600	(3,679)	1,580	11,501
Total Expenditure	222,462	(27,900)	6,136	200,698
Surplus before taxation and non-controlling interest	9,169	(1,256)	(7,905)	8
Gains on investments	50	(50)	-	-
Share of gain in joint venture	192	(192)	-	-
Taxation	(622)	69	553	-
Surplus for the year	8,789	(1,429)	(7,352)	8