

**DUBLIN CITY UNIVERSITY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30TH SEPTEMBER 2020**

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**GENERAL INFORMATION**

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**REGISTERED AUDITOR**

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

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**AUDITOR**

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

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**PRINCIPAL BANKER**

Allied Irish Banks Plc  
7/12 Dame Street  
Dublin 2

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**PRINCIPAL LEGAL ADVISORS**

Arthur Cox  
Arthur Cox Building  
Earlsfort Terrace  
Dublin 2

Ronan Daly Jermyn  
The Exchange  
George's Dock  
IFSC  
Dublin 1

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**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 Educational Support Services DAC which is 100% owned by the University, is the holding company through which the University channels company activities.

**Results for the Year Ended 30 September 2020**

The University's consolidated income, expenditure and results for the year to 30 September 2020 are summarised as follows:

|                     | <b>2020</b>  | <b>2019</b>    |
|---------------------|--------------|----------------|
|                     | <b>€'000</b> | <b>€'000</b>   |
| Income              | 257,750      | 252,736        |
| Expenditure Net     | (251,995)    | (254,547)      |
| Surplus / (Deficit) | <u>5,755</u> | <u>(1,811)</u> |

The total income for the Group increased by 2% in the year.

The reported net reserves surplus movement for the year was €5.76m, with accumulated group reserves standing at €245.4m. 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 constraints in recurrent State funding the University recorded a surplus of €11k 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 €20.6m. Land and building additions for the year including assets under construction reflect campus developments such as the new FutureTech building, as well as the Student Information System project. Computer and other equipment purchases for the year were €5.1m.

Net cash inflows of €87.7m during the financial year have resulted in the group cash and cash equivalents (exclusive of restricted cash balances and term deposits) of €39.8m increasing to €127.5m at year end. The net funds position of the Group at the balance sheet date after adjusting for debt, restricted cash balances, and term deposits, is €34.3m. 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 in place 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 €52m were drawn down from the EIB on 21 June 2019 (note 19) under the already approved loan facility, meaning that the facility was fully drawn down in the prior year, in total €76m. The loan covenants under the approved loan facilities were met during the financial year.

## PRESIDENT'S REPORT

### Post Balance Sheet Events

In 2019 an opportunity arose to purchase an additional 9.7 acres of land contiguous to the DCU Glasnevin campus. Following detailed consideration, it was decided to avail of this significant strategic opportunity.

A Put and Call Option for the purchase of the land was put in place on 11 December 2019, with a right for DCU to acquire the property exercisable between 1 February 2021 and 15 February 2021. That right was exercised and the transaction was completed on 10 February 2021 for the agreed purchase price of €34.5m.

A competitive tender process was established for the approved disposal of the DCU Griffith Avenue site. This tender process was completed, however, the winning tenderer did not complete the contract for sale (note 28 refers). A further disposal process will be commenced in due course.

The net effect of these two transactions is that DCU is effectively swapping a site separate from the DCU Glasnevin campus for a slightly larger site contiguous to the DCU Glasnevin campus. As a consequence, the University has maintained the ability to expand the university in an efficient fashion. As the site is contiguous to the University, DCU can avail of all of the related benefits of simply extending the DCU Glasnevin boundary to encompass the new site with all of DCU's services and utilities readily available. In addition, it is anticipated that DCU will generate a net cash surplus on these two transactions for further investment in the University's infrastructure.

### Future Outlook

In September 2017, the University launched its Strategic Plan 2017 – 2022 'Talent, Discovery and Transformation'. This strategic plan builds on the successes of the previous strategic plan. Continued significant progress is being made on the implementation of the strategic goals set out in the plan. A rolling approach to planning provides an annual opportunity to conduct a review and critical evaluation of all of the specific actions underpinning the nine Strategic Goals in the plan. With the appointment of a new president during 2020, the opportunity was taken to update the plan in the context of the changing priorities of the University in a Covid-19 environment. The changes were approved by the DCU Governing Authority.

There has been no progress in the implementation of the recommendations regarding the funding of the third level sector as set out in the Report of The Expert Group On Future Funding For Higher Education, March 2016 (The Cassells Report). In December 2019, the Government announced that a contract was awarded by the Structural Reform Support Service (SRSS) of the European Commission for an economic review to be conducted on increasing future sustainability of higher and further education provision in Ireland and the associated assessment of future funding options for the tertiary education sector. Building on the Cassells Report and following on consultation with the Oireachtas Committee on Education, the SRSS review undertook an economic evaluation of the future funding options for tertiary education in Ireland. It is anticipated that the report will be issued in late 2021 and it is welcome that the Minister for Further and Higher Education, Research, Innovation and Science has committed to act on the findings of the report with a view to having a sustainable funding model put in place for the third level education sector.

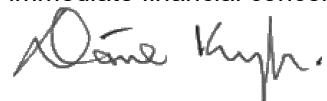
**Future Outlook (continued)**

In November 2019, the Government launched the Human Capital Initiative (HCI) fund of €300m over a five-year period. The key objectives of the fund are to develop new undergraduate places, as well as new conversion courses for graduates to meet identified areas of skills needs in the workforce and drive agility and innovation in the sector. In October 2020, DCU was awarded funding for a number of projects under HCI 3. In particular, DCU was awarded just under €20m in support of the DCU Futures programme which will facilitate DCU's strategic ambition to transform the undergraduate curriculum.

As Ireland's University of Enterprise, DCU has continued in 2020 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.

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 overall physical infrastructure development on the University's campuses is being funded through various supports, including those from philanthropic donations, government grants, a student levy 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. In 2019, DCU received planning permission for the construction of 1,240 student residences on the Glasnevin campus. In July 2020, planning permission was received for the DCU 'Future-Tech' building which is a state-of-the-art science, technology, engineering and mathematics (STEM) facility at DCU. This 10,000m<sup>2</sup> facility, which is partly supported with €24m Government funding and loan capital from the European Investment Bank, is a project that will further advance DCU's international reputation for excellence in science, computing and engineering disciplines, with a capacity to accommodate over 3,000 additional STEM students on the university's Glasnevin campus.

Since March 2020 the impact of the COVID-19 pandemic has been significant on many aspects of DCU operations, its students and staff. The overriding objective of the University is to ensure the safety of the whole DCU community. DCU has supported the national effort against the pandemic in many ways. For example, in February 2021, The Helix at DCU was established as the North Dublin mass vaccination centre. While the financial impact of the COVID-19 pandemic has been significant, DCU entered the pandemic in a strong financial position. This, coupled with direct support from Government, means that DCU has no immediate financial concerns, notwithstanding the ongoing uncertainty surrounding the pandemic.



Prof. Daire Keogh  
President / Chief Officer

Date: 30 November 2021

**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.

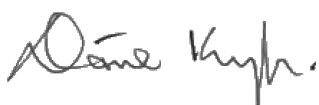
In preparing those accounts, the University is required to:

- 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 Republic of 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.

On behalf of the Governing Authority of the University:



Prof. Daire Keogh  
President / Chief Officer



Ms. Brid Horan  
Chancellor

Date: 30 November 2021

**STATEMENT ON 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 on 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. Key procedures put in place designed to provide effective internal control**

The following should be noted in relation to key University procedures, designed to ensure an appropriate control environment including the identification and management of business risks:

- 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 certain functions to the President and other staff with appropriate reporting and oversight. 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 of Chief Officer.
- 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.
- The President is supported by a Senior Management Group which comprises the senior officers of the University who advise and oversee the coordination of University activities and strategic planning.
- Members of the Senior Management Group have clearly defined responsibilities.
- 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.
- An independent Internal Audit function is in place which carries out a number of audits each year with comprehensive audit reports with management comments and agreed action timelines submitted to the Governing Authority's Audit Committee.
- The University has a comprehensive Risk Management Policy in place. A separate Risk Committee operates as a sub-committee of the Governing Authority and it:
  - o monitors the effectiveness of the University's risk management processes and
  - o the effectiveness of the University's risk management strategy
  - o The chair of the Risk Committee is also a member of the University Audit Committee.
  - o The risk management process is under the control of the University's Chief Operations Officer. The process of risk management includes evaluation of the financial implications of business risks, as appropriate.
- Risk registers are compiled for all major units of the University with the most significant risks captured on the Institutional Risk Register which is prepared by the Executive and reviewed by the Risk Committee prior to its approval and adoption by the Governing Authority.



**STATEMENT ON INTERNAL CONTROL**

- A review of the Institutional Risk Register and the mitigating actions in place for each risk was carried out by the Risk Committee. The University President reports quarterly to the Governing Authority on the status of and mitigating steps taken to address these risks.
- In December 2019, the University adopted its first Risk Appetite statement which summarises its tolerance for risk across a range of activities. Consequently, it contributes to the University's commitment to uphold the highest standards of corporate governance and professional conduct, while also being consistent with, and maintaining, its credibility with a broad range of stakeholder groups.
- 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 of the loan finance arrangements with the European Investment Bank and the Ireland Strategic Investment Fund.
- 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 allocation, and advises on other resourcing or budgeting issues as appropriate.
- The Budgetary Control system ensures that funds are allocated in-line with the approved budget. Spending against these allocations is monitored regularly and where necessary corrective action taken.
- Allocated budgets are delegated to Faculty Executive 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.
- The University makes extensive use of IT-based information systems to ensure effective controls are in place from financial management and 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 versus budget.
- The Academic Council, subject to the financial constraints determined by the Governing Authority, controls the academic affairs of the University, including the curriculum 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.

**STATEMENT ON INTERNAL CONTROL**

- An Approved Signing Authority Policy is in place which details the approval process, approval thresholds and the approved institutional signatories for all University documentation and legal contracts.
- In line with the introduction of new GDPR legislation in May 2018, the University appointed a Data Protection Officer and introduced a new Data Privacy Policy and associated support information and training to ensure compliance with the new legislation.
- The Statement on Internal Control is reviewed by the University's Audit and Risk Committees before it is submitted to the Governing Authority for approval.
- There were no material breaches in control in the financial year ending 30th September 2020.
- There were no material losses or fraud in the financial year ending 30th September 2020.
- The University confirms its compliance with the Code of Governance in all material matters during the financial year.

**4. Review of the Statement on Internal Control**

- The Statement on Internal Control is reviewed by the University's Audit and Risk Committees before it is submitted to the Governing Authority for approval.
- 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 provided on the effectiveness of internal controls includes:
  - a) the Internal Audit opinion on the effectiveness and adequacy of the system of internal controls
  - b) risk assessments
  - c) quality review reports and
  - d) health and safety reports

**5. Procurement****(i) Procurement Procedures**

The University seeks to be compliant with the current procurement legislation and rules, and all appropriate procedures for procurement have been developed, published to all relevant staff and are being carried out, including confirmation that the University is using the services and frameworks of the OGP, and of the EPS, whenever applicable.

**(ii) Procurement Non-Compliance**

Procedures are in place to detect non-compliance with procurement procedures including confirmation that a database with listings of all Purchase Orders in excess of €25,000 is in place to allow for monitoring and to flag potentially non-compliant procurement. In addition, the University's financial system (Agresso Business World) workflows purchasing requests over €25,000 for DCU procurement review prior to the Purchase Order being created.

**STATEMENT ON INTERNAL CONTROL****(iii) Details of Non-Compliant Procurement**

The University's team of internal qualified procurement specialists review expenditure requests over €25,000 from departments within the DCU Group on an on-going basis, as well as conduct an end of year self-compliance review in the format prescribed by the statutory auditor.

In its opinion, and based on the national and sectoral procurement frameworks in place, the University and its subsidiaries report a €Nil amount of non-compliant procurable expenditure for financial year 2019/20. The University continues to avail of a range of national and sectoral frameworks. The University continues to deploy resources to improve procurement processes with the objective of maximising procurement compliance.

**(iv) Corporate Procurement Plan**

The University confirms that the relevant procurement policy and procedures and the development and implementation of the Corporate Procurement Plan are being adhered to where appropriate. The University has put in place procurement policies and procedures for all non-pay expenditure.

**(v) Office of Government Procurement**

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 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, in accordance with the EU Procurement Directive, sectoral related subsidiary company purchasing requirements are organised directly by the companies. Where this arises a private procurement process is followed that reflects the principles of public procurement guidelines.

The University and its subsidiaries seek to optimise value for money on its expenditures, including through the OGP and other frameworks, and 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 expenditure lines.

**6. COVID-19**

With the onset of the COVID-19 pandemic, a subcommittee of Governing Authority met with Senior management on a number of occasions to review the steps taken to address the wide range of issues from the pandemic. The subcommittee reported back to the full Governing Authority. DCU took a number of actions to ensure the maintenance of the internal control environment when most staff were working from home. The University also introduced new IT systems and procedures to provide greater protection against an increased cyber-attack threat.

**STATEMENT ON INTERNAL CONTROL****7. Governing Authority Meetings**

The DCU Governing Authority met on five occasions in 2019/2020 on the following dates:

- 24th October 2019 - cancelled at short notice as a mark of respect on the death of the President's mother.
- 6th December 2019
- 23rd April 2020
- 10th September 2020
- 27th February 2020
- 26th June 2020

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

|     | <b>Authority Member</b>   | <b>Attendance Record</b> |
|-----|---|--------------------------|
| 1.  | Dr. Martin McAleese (Chancellor) - term finished 31st July 2021         | 5/5                      |
| 2.  | Prof. Brian MacCraith (President) - term finished 13th July 2020        | 4/4                      |
| 3.  | Prof. Eithne Guilfoyle - (stepped down 10th September 2020)             | 4/5                      |
| 4.  | Dr. Declan Raftery  | 5/5                      |
| 5.  | Ms. Brid Horan (Appointed Chancellor 9 September 2021)                  | 4/5                      |
| 6.  | Prof. Dorothy Kenny   | 5/5                      |
| 7.  | Prof. Gary Murphy   | 4/5                      |
| 8.  | Dr. Caroline McMullan   | 5/5                      |
| 9.  | Dr. Noel Murphy   | 5/5                      |
| 10. | Dr. Jean-Paul Mosnier   | 5/5                      |
| 11. | Mr. Michael Burke   | 4/5                      |
| 12. | Ms. Orla Nic Aodha  | 5/5                      |
| 13. | Ms. Sharon McCooley   | 3/5                      |
| 14. | Ms. Rachel Hussey   | 5/5                      |
| 15. | Mr. John Power (Chair DCU Educational Support Services)                 | 5/5                      |
| 16. | Ms. Bernie Gray (Chair Risk Committee)                                  | 3/5                      |
| 17. | Mr. Pat Gilroy  | 3/5                      |
| 18. | Mr. Terence O'Rourke (Chair Strategic Finance Advisory Committee)       | 5/5                      |
| 19. | Ms. Lynette Fay (Resigned 23 April 2020)                                | 0/3                      |
| 20. | Mr. James Corcoran  | 3/5                      |
| 21. | Ms. Deirdre O'Connor  | 5/5                      |
| 22. | Dr. Mary Shine Thompson   | 5/5                      |
| 23. | Ms. Aisling Fagan (Resigned 23 April 2020)                              | 3/3                      |
| 24. | Ms. Kara McCann   | 4/5                      |
| 25. | Ms. Kathy Quinn   | 5/5                      |
| 26. | Ms. Christine Farrell (Appointed 27 June 2019) (Resigned 23 April 2020) | 3/3                      |
| 27. | Mr. Patrick Rodgers (Appointed 27 June 2019) (Resigned 6 Dec 2019)      | 0/1                      |
| 28. | Ms Amy Donohoe (Appointed 27 Feb 2020) (Resigned 23 April 2020)         | 0/2                      |
| 29. | Jimmy Guerin (Appointed 27 Feb 2020)                                    | 4/4                      |
| 30. | Chloe McMorrow (Appointed 26 June 2020)                                 | 2/2                      |
| 31. | Fearghal Lynch (Appointed 26 June 2020)                                 | 2/2                      |
| 32. | Isabel Aust (Appointed 26 June 2020)                                    | 0/2                      |
| 33. | Prof Daire Keogh (Incoming President) (Appointed 14 July 2020)          | 1/1                      |

**STATEMENT ON INTERNAL CONTROL****8 Audit Committee meetings**

The Audit Committee met on the following dates in 2019/2020:

- 2nd October 2019
- 20th November 2019
- 22nd April 2020
- 18th June 2020

|    | <b>Audit Committee Member</b> | <b>Attendance Record</b> | <b>Resignation Date</b> | <b>Appointment Date</b> |
|----|-------------------------------|--------------------------|-------------------------|-------------------------|
| 1. | Ms. Brid Horan (Chair)        | 4/4                      | -                       | 11th Dec 2014           |
| 2. | Ms. Bernie Gray               | 3/4                      | -                       | 09th Dec 2016           |
| 3. | Mr. Cathal Marley             | 4/4                      | -                       | 09th Dec 2016           |
| 4. | Ms. Marion O'Brien            | 4/4                      | -                       | 29th Nov 2011           |
| 5. | Mr. Pat Gilroy                | 4/4                      | -                       | 22nd June 2017          |

**9 Governing Authority Risk Committee**

The Governing Authority Risk Committee met on the following dates in 2019/2020:

- 3rd October 2019
- 22nd November 2019
- 7th February 2020
- 5th June 2020

|    | <b>Governing Authority Risk Committee Member</b> | <b>Attendance Record</b> | <b>Resignation Date</b> | <b>Appointment Date</b> |
|----|--|--------------------------|-------------------------|-------------------------|
| 1. | Ms. Bernie Gray (Chair)                          | 4/4                      | -                       | 09 Dec 2016             |
| 2. | Mr. Michael Burke                                | 4/4                      | -                       | 09 Dec 2016             |
| 3. | Dr. Caroline McMullan                            | 4/4                      | -                       | 09 Dec 2016             |
| 4. | Ms. Marie Sinnott                                | 3/4                      | -                       | 22 June 2017            |
| 5. | Ms. Kathy Quinn                                  | 4/4                      | -                       | 12 Oct 2018             |
| 6. | Mr. Pdraig McKeon                                | 3/4                      | -                       | 23 Nov 2018             |

Please note both the Audit and Risk Committees met during the year without University Management being present.

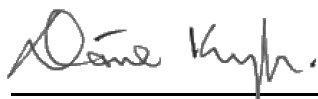
**10 Governance**

An oversight agreement is in place between the Higher Education Authority and DCU which sets out the broad governance and accountability required of DCU by the Higher Education Authority.

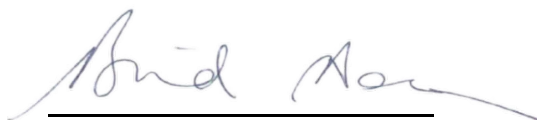
The Governing Authority and its sub-committees carry out an evaluation of their performance on an annual basis through an anonymous questionnaire, the results of which are presented to the full authority and any agreed actions resulting are captured in the minutes of the meeting.

The Governing Authority of DCU approves the proposed financial budget on an annual basis and receives a detailed briefing on performance against the approved budget at each of its meetings.

The University confirms that the Guidelines on Achieving Value for Money in Public Expenditure in accordance with the Department of Public Expenditure and Reform Public Spending Code are being followed.



Prof. Daire Keogh  
President / Chief Officer



Ms. Brid Horan  
Chancellor

Date: 30 November 2021



# Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

## Report for presentation to the Houses of the Oireachtas

### Dublin City University

#### Opinion on the financial statements

I have audited the financial statements of Dublin City University for the year ended 30 September 2020 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 2020 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 27 which relates to retirement benefits accrued by current and former staff up to 30 September 2020.

The recognition of a deferred pension funding asset in respect of the Single Public Service Pension Scheme (€46 million) reflects statutory provisions relating to the funding of that scheme.

The recognition of a deferred pension funding asset in respect of the University's other pension schemes (€792 million) 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 internal control and a reconciliation between the financial statements and a funding statement for 2019/2020 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 that regard.

A handwritten signature in blue ink that reads "Seamus McCarthy".

**Seamus McCarthy**  
**Comptroller and Auditor General**

**16 December 2021**

## Appendix to the report

### Responsibilities of Governing Authority members

The members of the Governing Authority 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 I identify 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 I identify 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   | University     |
|--|-------|----------------|----------------|----------------|----------------|
|  |       | 2020           | 2020           | 2019           | 2019           |
|  | Notes | €'000          | €'000          | €'000          | €'000          |
| State Grants   | 2     | 43,449         | 43,449         | 36,642         | 36,642         |
| Academic Fees  | 3     | 100,434        | 100,510        | 98,741         | 98,672         |
| Research Grants & Projects                                     | 4     | 43,862         | 42,597         | 41,660         | 41,892         |
| Other Operating Income   | 5     | 25,807         | 3,060          | 44,290         | 5,073          |
| Investment Income  | 6     | 217            | 637            | 332            | 700            |
| Grant Amortisation   | 20    | 7,255          | 6,779          | 7,263          | 6,787          |
| Pension Funding  | 27    | 36,726         | 36,726         | 23,808         | 23,808         |
| <b>Total Income</b>  |       | <b>257,750</b> | <b>233,758</b> | <b>252,736</b> | <b>213,574</b> |
| Staff Costs  | 7     | 175,164        | 166,265        | 158,560        | 146,033        |
| Other Operating Expenses                                       | 8     | 58,821         | 48,636         | 71,664         | 53,412         |
| Interest & Other Finance Costs                                 | 9     | 2,134          | 1,141          | 1,851          | 818            |
| Depreciation   | 11    | 16,431         | 12,015         | 15,860         | 11,557         |
| Amortisation of intangible assets                              | 12    | 94             | 83             | 94             | 83             |
| <b>Total Expenditure</b>                                       |       | <b>252,644</b> | <b>228,140</b> | <b>248,029</b> | <b>211,903</b> |
| Surplus before other gains/(losses)                            |       | 5,106          | 5,618          | 4,707          | 1,671          |
| Net Reduction in Asset Value                                   | 28    | -              | -              | (1,240)        | (1,240)        |
| Net Land Swap Asset Release                                    | 28    | -              | -              | (4,659)        | (4,659)        |
| Surplus/(Deficit) before taxation and non-controlling interest |       | 5,106          | 5,618          | (1,192)        | (4,228)        |
| Gain on Investment   |       | 211            | -              | 389            | -              |
| Proceeds on sale of investment                                 | 13    | 946            | 946            | -              | -              |
| Taxation   | 10    | (508)          | (574)          | (1,008)        | (772)          |
| Surplus/(Deficit) for the year                                 |       | 5,755          | 5,990          | (1,811)        | (5,000)        |
| Actuarial adjustments in respect of retirement benefits        | 27    | 55,256         | 55,256         | (145,164)      | (145,164)      |
| Movement on retirement benefits receivable                     | 27    | (55,256)       | (55,256)       | 145,164        | 145,164        |
| <b>Surplus/(Deficit) for the year</b>                          |       | <b>5,755</b>   | <b>5,990</b>   | <b>(1,811)</b> | <b>(5,000)</b> |

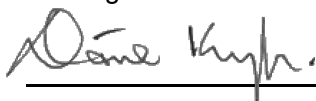
All items of income and expenditure related to continuing activities.

**CONSOLIDATED AND UNIVERSITY STATEMENT OF FINANCIAL POSITION**

Year Ended 30 September

|                                       |    | <b>Consolidated</b> | <b>University</b> | <b>Consolidated</b> | <b>University</b> |
|---------------------------------------|----|---------------------|-------------------|---------------------|-------------------|
|                                       |    | <b>2020</b>         | <b>2020</b>       | <b>2019</b>         | <b>2019</b>       |
| <b>Notes</b>                          |    | <b>€'000</b>        | <b>€'000</b>      | <b>€'000</b>        | <b>€'000</b>      |
| <b>Non-current Assets</b>             |    |                     |                   |                     |                   |
| Tangible fixed assets                 | 11 | 435,154             | 306,102           | 431,029             | 305,936           |
| Intangible fixed assets               | 12 | 105                 | 83                | 199                 | 166               |
| Financial Assets                      | 13 | 6,894               | 1                 | 6,679               | 1                 |
|                                       |    | <u>442,153</u>      | <u>306,186</u>    | <u>437,907</u>      | <u>306,103</u>    |
| <b>Current Assets</b>                 |    |                     |                   |                     |                   |
| Inventories                           | 14 | 560                 | 308               | 576                 | 208               |
| Trade and other receivables           | 15 | 33,976              | 94,922            | 40,003              | 95,112            |
| Cash at bank                          | 21 | 127,459             | 108,618           | 39,783              | 26,848            |
| Term Deposits                         | 16 | -                   | -                 | 92,017              | 74,016            |
| Restricted Cash                       | 22 | 3,688               | -                 | 1,741               | -                 |
|                                       |    | <u>165,683</u>      | <u>203,848</u>    | <u>174,120</u>      | <u>196,184</u>    |
| Payables falling due within one year  | 17 | (110,441)           | (117,750)         | (114,922)           | (111,510)         |
| Net current assets                    |    | <u>55,242</u>       | <u>86,098</u>     | <u>59,198</u>       | <u>84,674</u>     |
| Total Assets Less Current liabilities |    | <u>497,395</u>      | <u>392,284</u>    | <u>497,105</u>      | <u>390,777</u>    |
| Payables falling due after one year   | 18 | (95,036)            | (74,254)          | (96,540)            | (75,252)          |
| Deferred government capital funding   | 20 | (156,926)           | (148,892)         | (160,887)           | (152,377)         |
| <i>Provisions for liabilities</i>     |    |                     |                   |                     |                   |
| Retirement benefit receivable         | 27 | 838,420             | 838,420           | 853,103             | 853,103           |
| Retirement benefit provisions         | 27 | (838,420)           | (838,420)         | (853,103)           | (853,103)         |
| <b>Total net assets</b>               |    | <u>245,433</u>      | <u>169,138</u>    | <u>239,678</u>      | <u>163,148</u>    |
| <b>Capital reserves</b>               |    |                     |                   |                     |                   |
| Income and expenditure account        |    | 231,491             | 169,138           | 226,164             | 163,148           |
| Restricted retained reserves          |    | 13,942              | -                 | 13,514              | -                 |
| <b>Total reserves</b>                 |    | <u>245,433</u>      | <u>169,138</u>    | <u>239,678</u>      | <u>163,148</u>    |

The financial statements on pages 17 to 52 were approved by the Governing Authority on 03 November 2021 and signed on its behalf on 30 November 2021 by:



Prof. Daire Keogh  
President / Chief Officer



Ms. Brid Horan  
Chancellor

**CONSOLIDATED AND UNIVERSITY STATEMENT OF CHANGES IN RESERVES**

Year Ended 30 September

| <b>Consolidated</b>                             | <b>Income &amp;<br/>Expenditure<br/>Reserve<br/>€'000</b> | <b>Restricted<br/>Reserve<br/>€'000</b> | <b>Total<br/>€'000</b> |
|---|---|---|------------------------|
| Balance at 1 October 2018                       | 227,273   | 14,216                                  | 241,489                |
| Deficit from the income and expenditure account | (1,109)   | (702)                                   | (1,811)                |
| Balance at 30 September 2019                    | 226,164   | 13,514                                  | 239,678                |
| Surplus from the income and expenditure account | 5,327   | 428                                     | 5,755                  |
| <b>Balance at 30 September 2020</b>             | <b>231,491</b>  | <b>13,942</b>                           | <b>245,433</b>         |

| <b>University</b>                               | <b>Income &amp;<br/>Expenditure<br/>Reserve<br/>€'000</b> | <b>Restricted<br/>Reserve<br/>€'000</b> | <b>Total<br/>€'000</b> |
|---|---|---|------------------------|
| Balance at 1 October 2018                       | 168,148   | -                                       | 168,148                |
| Deficit from the income and expenditure account | (5,000)   | -                                       | (5,000)                |
| Balance at 30 September 2019                    | 163,148   | -                                       | 163,148                |
| Surplus from the income and expenditure account | 5,990   | -                                       | 5,990                  |
| <b>Balance at 30 September 2020</b>             | <b>169,138</b>  | <b>-</b>                                | <b>169,138</b>         |

**CONSOLIDATED STATEMENT OF CASHFLOWS**

Year Ended 30 September 2020

|  | 2020          | 2019             |
|--|---------------|------------------|
|  | €             | €                |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                |               |                  |
| Surplus/(Deficit) for the year                             | 5,755         | (1,811)          |
| <b>Adjustments for non-cash items</b>                      |               |                  |
| Depreciation of tangible assets                            | 16,431        | 15,860           |
| Amortisation of intangible assets                          | 94            | 94               |
| Amortisation of deferred capital grants                    | (7,255)       | (7,263)          |
| Proceeds of sale of investment                             | (946)         | -                |
| Adjustment for land valuation                              | -             | 5,899            |
| Gain on investments portfolio                              | (211)         | (389)            |
| Income on investment portfolio                             | (53)          | (45)             |
| Fees on investment portfolio                               | 50            | 47               |
| <b>Adjustment for working capital items</b>                |               |                  |
| Decrease/(increase) in inventories                         | 16            | (157)            |
| (Increase)/decrease in trade receivables                   | (3,240)       | 6,800            |
| Increase in payables and accruals                          | 3,399         | 5,348            |
| <b>Adjustments for investing, financing and taxation</b>   |               |                  |
| Investment income  | (34)          | (17)             |
| Interest payable   | 2,134         | 1,851            |
| Adjustment for capital donations and levies                | (489)         | (491)            |
| Adjustment for taxation charge                             | 508           | 1,008            |
| Income taxes paid  | (1,120)       | (603)            |
| <b>Net cash inflow from operating activities</b>           | <u>15,039</u> | <u>26,131</u>    |
| <b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>      |               |                  |
| Payment to acquire and/or construct tangible fixed assets  | (19,900)      | (13,049)         |
| Payment to acquire intangible assets                       | -             | (249)            |
| Transfer from/(to) term deposits                           | 92,017        | (92,017)         |
| Proceeds on sale of investment                             | 946           | -                |
| Government capital grants received                         | 12,563        | 1,547            |
| Capital donations & levies                                 | 3,689         | 491              |
| <b>Net cash inflow/(outflow) from investing activities</b> | <u>89,315</u> | <u>(103,277)</u> |

**CONSOLIDATED STATEMENT OF CASHFLOWS (continued)**

Year Ended 30 September 2020

|  | 2020            | 2019          |
|--|-----------------|---------------|
|  | €               | €             |
| <b>CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES</b>      |                 |               |
| Interest paid  | (1,784)         | (1,782)       |
| Interest received  | 34              | 17            |
| Loan draw down   | -               | 52,000        |
| Additions to new sinking fund                              | (401)           | (411)         |
| Capital repayments on loans                                | (12,940)        | (2,724)       |
| Capital element of finance lease payments                  | (37)            | (21)          |
| Interest element of finance lease payments                 | (4)             | (8)           |
| Restricted cash  | (1,546)         | 555           |
| <b>Net cash (outflow)/inflow from financing activities</b> | <u>(16,678)</u> | <u>47,626</u> |
| Increase/(Decrease) in cash and cash equivalents           | 87,676          | (29,520)      |
| Cash and cash equivalents at beginning of year             | 39,783          | 69,303        |
| Cash and cash equivalents at 30 September                  | <u>127,459</u>  | <u>39,783</u> |

**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) has been availed of in 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 the 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 results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income 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.

**NOTES TO THE ACCOUNTS - continued***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.

*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 statement of comprehensive income 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.

**NOTES TO THE ACCOUNTS - continued****Accounting Estimates and Judgements (continued)****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.

**Tangible assets****(a) Land and buildings**

Land has been stated at cost, and is 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, professional fees, 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 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:

|                                    |  |
|------------------------------------|--|
| Building 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.



**NOTES TO THE ACCOUNTS - continued****Tangible assets (continued)****(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 statement of comprehensive income as a donation received and also as part of other operating expenses.

**(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 statement of comprehensive income 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.

**Intangible Assets**

Intangible assets acquired separately from a business are capitalised at cost.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful life. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

**NOTES TO THE ACCOUNTS - continued****Intangible Assets (continued)**

The useful economic lives of intangible assets are as follows:

|                   |               |
|-------------------|---------------|
| Intangible assets | 3 to 15 years |
|-------------------|---------------|

**Financial assets**

Fixed asset investments, other than investments in joint ventures or start up companies, are carried at fair market value. Equity investments in start-up companies under commercialisation, entrepreneurial, and/or innovation funding support programmes, are recognised at a nil value given the uncertain nature of any valuation or return.

**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 in Ireland. University activities undertaken outside of Ireland may be subject to tax which is calculated at rates enacted or substantially enacted by the Balance Sheet date. 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 in Ireland. 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 a 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 1 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.

**NOTES TO THE ACCOUNTS - continued****Retirement benefits (continued)**

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

| <b>2 State Grants</b> | <b>Consolidated<br/>2020<br/>€'000</b> | <b>University<br/>2020<br/>€'000</b> | <b>Consolidated<br/>2019<br/>€'000</b> | <b>University<br/>2019<br/>€'000</b> |
|-----------------------|--|--------------------------------------|--|--------------------------------------|
| State                 | 43,449                                 | 43,449                               | 36,642                                 | 36,642                               |

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

| <b>HEA Core Grant Income Analysis:</b> | <b>Consolidated<br/>2020<br/>€'000</b> | <b>University<br/>2020<br/>€'000</b> | <b>Consolidated<br/>2019<br/>€'000</b> | <b>University<br/>2019<br/>€'000</b> |
|--|--|--------------------------------------|--|--------------------------------------|
| Opening deferral                       | 676                                    | 676                                  | (3,662)                                | (3,662)                              |
| Grants received                        | 45,070                                 | 45,070                               | 40,980                                 | 40,980                               |
| Amounts recognised as income           | (43,449)                               | (43,449)                             | (36,642)                               | (36,642)                             |
| Closing deferral                       | <u>2,297</u>                           | <u>2,297</u>                         | <u>676</u>                             | <u>676</u>                           |

| <b>3 Academic Fees</b>   | <b>Consolidated<br/>2020<br/>€'000</b> | <b>University<br/>2020<br/>€'000</b> | <b>Consolidated<br/>2019<br/>€'000</b> | <b>University<br/>2019<br/>€'000</b> |
|--------------------------|--|--------------------------------------|--|--------------------------------------|
| Academic fee income      | 98,631                                 | 98,707                               | 96,710                                 | 96,641                               |
| Miscellaneous fee income | 1,803                                  | 1,803                                | 2,031                                  | 2,031                                |
| Total                    | <u>100,434</u>                         | <u>100,510</u>                       | <u>98,741</u>                          | <u>98,672</u>                        |

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

|                            |            |            |            |            |
|----------------------------|------------|------------|------------|------------|
| Higher Education Authority | 37,474     | 37,474     | 36,285     | 36,285     |
| Department of Health       | <u>373</u> | <u>373</u> | <u>362</u> | <u>362</u> |

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.

| <b>4 Research grants and projects</b> | <b>Consolidated<br/>2020<br/>€'000</b> | <b>University<br/>2020<br/>€'000</b> | <b>Consolidated<br/>2019<br/>€'000</b> | <b>University<br/>2019<br/>€'000</b> |
|---------------------------------------|--|--------------------------------------|--|--------------------------------------|
| State and semi state                  | 26,877                                 | 26,877                               | 23,896                                 | 23,896                               |
| European Union                        | 8,619                                  | 8,619                                | 7,083                                  | 7,083                                |
| Industry                              | 4,340                                  | 4,340                                | 5,179                                  | 5,179                                |
| Other                                 | 4,026                                  | 2,761                                | 5,502                                  | 5,734                                |
| Total                                 | <u>43,862</u>                          | <u>42,597</u>                        | <u>41,660</u>                          | <u>41,892</u>                        |

## NOTES TO THE ACCOUNTS - continued

| 5 Other operating income     | Consolidated  | University   | Consolidated  | University   |
|------------------------------|---------------|--------------|---------------|--------------|
|                              | 2020          | 2020         | 2019          | 2019         |
|                              | €'000         | €'000        | €'000         | €'000        |
| Retail and office supplies   | 2,104         | -            | 2,984         | -            |
| Catering                     | 2,618         | -            | 6,291         | -            |
| ELT and translation services | 3,171         | -            | 11,552        | -            |
| Arts Centre                  | 1,557         | -            | 2,592         | -            |
| Rental and related income    | 3,727         | 1,061        | 4,101         | 2,094        |
| Residences                   | 9,047         | -            | 12,354        | -            |
| Sports facilities            | 1,149         | -            | 1,828         | -            |
| Other income                 | 1,945         | 1,999        | 2,097         | 2,979        |
| Capital Donation & Levies    | 489           | -            | 491           | -            |
| <b>Total</b>                 | <b>25,807</b> | <b>3,060</b> | <b>44,290</b> | <b>5,073</b> |

The Student Centre (the U Building) redevelopment was completed in September 2018. The project is funded by philanthropic donations and annual student levy contributions (as voted for by the Student Body). The current year student levies recognised amounted to €488,915 (€490,735).

| 6 Investment income                     | Consolidated | University | Consolidated | University |
|---|--------------|------------|--------------|------------|
|   | 2020         | 2020       | 2019         | 2019       |
|   | €'000        | €'000      | €'000        | €'000      |
| Interest income                         | 34           | 31         | 17           | 16         |
| Income from investment fund             | 53           | -          | 45           | -          |
| Intercompany interest                   | -            | 476        | -            | 414        |
| Net return on retirement benefit scheme | 130          | 130        | 270          | 270        |
| <b>Total</b>                            | <b>217</b>   | <b>637</b> | <b>332</b>   | <b>700</b> |

| 7 Staff costs                  | Consolidated   | University     | Consolidated   | University     |
|--------------------------------|----------------|----------------|----------------|----------------|
|                                | 2020           | 2020           | 2019           | 2019           |
|                                | €'000          | €'000          | €'000          | €'000          |
| Wages and salaries             | 125,028        | 117,149        | 120,833        | 109,485        |
| Social security costs          | 11,590         | 10,763         | 10,759         | 9,717          |
| Other retirement benefit costs | 38,403         | 38,222         | 26,830         | 26,693         |
| Termination benefits           | 143            | 131            | 138            | 138            |
| <b>Total</b>                   | <b>175,164</b> | <b>166,265</b> | <b>158,560</b> | <b>146,033</b> |

The remuneration (excluding amounts payable under the DCU Model public sector pension scheme) of the University President in the financial period to 13 July 2020 amounted to €182,293. A new President took up office on 14 July 2020, and the associated remuneration in this role for the financial period to 30 September 2020 was €42,294. The University Chancellor received a stipend of €17,981, and no other fees or expenses were paid to external Governing Authority members in the year ending 30 September 2020.

## 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 2020 amounted to €1.99m (2019: €2.02m).

## 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, and employer's PRSI) in bands of €10,000 for the year is provided as follows:

| Salary bands        | Consolidated<br>2020<br>Number | University<br>2020<br>Number | Consolidated<br>2019<br>Number | University<br>2019<br>Number |
|---------------------|--------------------------------|------------------------------|--------------------------------|------------------------------|
| €60,000 - €69,999   | 200                            | 181                          | 149                            | 136                          |
| €70,000 - €79,999   | 161                            | 151                          | 153                            | 143                          |
| €80,000 - €89,999   | 237                            | 231                          | 256                            | 248                          |
| €90,000 - €99,999   | 139                            | 137                          | 103                            | 97                           |
| €100,000 - €109,999 | 30                             | 28                           | 34                             | 31                           |
| €110,000 - €119,999 | 29                             | 25                           | 35                             | 30                           |
| €120,000 - €129,999 | 15                             | 12                           | 19                             | 18                           |
| €130,000 - €139,999 | 16                             | 16                           | 9                              | 9                            |
| €140,000 - €149,999 | 10                             | 9                            | 29                             | 29                           |
| €150,000 - €159,999 | 34                             | 34                           | 10                             | 10                           |
| €160,000 - €169,999 | 3                              | 2                            | 3                              | 2                            |
| €170,000 - €179,999 | 1                              | 1                            | -                              | -                            |
| €180,000 - €189,999 | 1                              | 1                            | -                              | -                            |
| €190,000 - €199,999 | 1                              | -                            | 2                              | 1                            |
| €200,000+           | -                              | -                            | -                              | -                            |
| Total               | <u>877</u>                     | <u>828</u>                   | <u>802</u>                     | <u>754</u>                   |

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

|   | Consolidated<br>2020 | University<br>2020 | Consolidated<br>2019 | University<br>2019 |
|---|----------------------|--------------------|----------------------|--------------------|
| Teaching  | 714                  | 714                | 707                  | 707                |
| Research  | 426                  | 426                | 400                  | 400                |
| Technical, central administration<br>and services | 599                  | 599                | 590                  | 590                |
| Companies   | 224                  | -                  | 359                  | -                  |
| Total   | <u>1,963</u>         | <u>1,739</u>       | <u>2,056</u>         | <u>1,697</u>       |

## NOTES TO THE ACCOUNTS - continued

| 8 Other operating expenses                          | Consolidated  | University    | Consolidated  | University    |
|---|---------------|---------------|---------------|---------------|
|   | 2020          | 2020          | 2019          | 2019          |
|   | €'000         | €'000         | €'000         | €'000         |
| Travel & Subsistence                                | 2,098         | 2,091         | 4,282         | 4,288         |
| Facility Management, Cleaning, Security & Insurance | 11,726        | 8,018         | 13,931        | 8,862         |
| Catering and Retail                                 | 2,998         | 581           | 5,925         | 1,223         |
| Scholarships, Student Activities & Course Materials | 10,334        | 10,191        | 10,537        | 9,600         |
| Equipment, Hardware, Software & Licenses            | 6,372         | 6,132         | 5,625         | 5,319         |
| Library, Books, E-Resources & Periodicals           | 1,416         | 1,416         | 1,332         | 1,332         |
| Memberships, Intermediary & Commission Fees         | 2,435         | 2,164         | 1,948         | 1,441         |
| Postage, Print and Stationery Supplies              | 1,379         | 1,242         | 2,018         | 1,855         |
| Rent, Rates & Property Tax                          | 1,491         | 468           | 4,267         | 1,048         |
| Employee Related                                    | 1,112         | 940           | 1,240         | 1,074         |
| Events, Advertising & Marketing                     | 2,671         | 1,990         | 5,064         | 4,221         |
| Professional Fees including Consultancy             | 3,782         | 3,514         | 4,315         | 3,959         |
| Research Materials & Equipment                      | 1,876         | 1,881         | 1,585         | 1,585         |
| Heat, Light, Water, Power                           | 3,332         | 2,388         | 3,795         | 2,331         |
| Other expenses                                      | 5,799         | 5,620         | 5,800         | 5,274         |
| <b>Total</b>  | <b>58,821</b> | <b>48,636</b> | <b>71,664</b> | <b>53,412</b> |

Other operating expenses above includes the following expenditure:

## (i) Auditors' remuneration

|   | Consolidated | University | Consolidated | University |
|---|--------------|------------|--------------|------------|
|   | 2020         | 2020       | 2019         | 2019       |
|   | €'000        | €'000      | €'000        | €'000      |
| Comptroller and Auditor General statutory audit | 40           | 40         | 40           | 40         |
| Registered auditor financial audit of group     | 92           | 51         | 92           | 51         |
| Registered auditor other services               | 3            | 3          | 3            | 3          |
|   | <b>135</b>   | <b>94</b>  | <b>135</b>   | <b>94</b>  |

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

In addition, research grants and projects are subject to regular reviews and audits by independent auditors appointed by, or on behalf of, an external funding authority.



## NOTES TO THE ACCOUNTS - continued

## 8 Other operating expenses (continued)

(ii) Professional fees and consultancy expenditure (excluding auditor remuneration, research grants and projects audit fees, and other audit fees)

In supporting the University's strategic objectives as stipulated in the Universities Act 1997, as well as ensuring the University is in compliance with all of its regulatory, legal, tax, health & safety and other requirements (both domestic and international), the University and its subsidiary companies engage with third party service providers as required and where the appropriate specific skills sets are not available within the organisation. Expenditure incurred on such external professional service fees (inclusive of VAT where appropriate) in the financial year was as follows:

|   | <b>Consolidated<br/>2020<br/>€'000</b> | <b>University<br/>2020<br/>€'000</b> | <b>Consolidated<br/>2019<br/>€'000</b> | <b>University<br/>2019<br/>€'000</b> |
|---|--|--------------------------------------|--|--------------------------------------|
| Domestic & international taxation services  | 464                                    | 432                                  | 189                                    | 167                                  |
| Legal including patent filings**  | 592                                    | 559                                  | 806                                    | 780                                  |
| IT infrastructure support & design, and<br>business process improvement/consolidation | 505                                    | 505                                  | 919                                    | 919                                  |
| Research and Technology Transfer  | 466                                    | 466                                  | 548                                    | 548                                  |
| Estate including Energy Efficiency  | 117                                    | 113                                  | 173                                    | 112                                  |
| Other professional services*  | 1,415                                  | 1,294                                | 1,443                                  | 1,273                                |
| Amounts recognised as revenue<br>expenditure  | <u>3,559</u>                           | <u>3,369</u>                         | <u>4,078</u>                           | <u>3,799</u>                         |
| Professional fees relating to, and capitalised, as part of capital projects includes: |  |                                      |  |                                      |
| Legal   | 9                                      | 9                                    | 18                                     | 18                                   |
| Building and System implementation related<br>professional services                   | 5,653                                  | 1,926                                | 2,133                                  | 596                                  |
| Amounts recognised as capital<br>expenditure  | <u>5,662</u>                           | <u>1,935</u>                         | <u>2,151</u>                           | <u>614</u>                           |
| Total professional fees   | <u>9,221</u>                           | <u>5,304</u>                         | <u>6,229</u>                           | <u>4,413</u>                         |

\* Other professional services include transnational education programme support which contributes to enabling the University to generate non-exchequer sources of income, as well as a wide range of other general professional services.

\*\* The University and its subsidiary companies engage legal firms to provide a range of services, including to ensure that the group is compliant with laws both in a domestic and international setting, to protect the group in its commercial engagements with third parties, as well as to defend claims made by third parties.

Equally, in the normal course of business, claims against the University and subsidiary company insurance policies may arise. These claims are assessed in conjunction with insurance companies, and may as a result require the engagement of legal firms.

The aggregated amount of settlements (including any third party legal fees borne) on legal cases, excluding any such amounts that may arise in the normal course of operation of the insurance policies and the industrial relations frameworks, made during the financial year by the University and its subsidiaries did not exceed €50,000.

## NOTES TO THE ACCOUNTS - continued

## 8 Other operating expenses (continued)

## (iii) Travel

|   | <b>Consolidated<br/>2020<br/>€'000</b> | <b>University<br/>2020<br/>€'000</b> | <b>Consolidated<br/>2019<br/>€'000</b> | <b>University<br/>2019<br/>€'000</b> |
|---|--|--------------------------------------|--|--------------------------------------|
| Domestic travel                           | 870                                    | 881                                  | 2,046                                  | 2,088                                |
| UK and international travel               | 1,228                                  | 1,210                                | 2,236                                  | 2,200                                |
| Amounts recognised as revenue expenditure | <u>2,098</u>                           | <u>2,091</u>                         | <u>4,282</u>                           | <u>4,288</u>                         |

Travel expenditure reflects approved business travel undertaken by staff and third parties. It includes the cost of accommodation, conference fees, and VAT where appropriate. As a University involved in research consortiums with domestic and international partners, staff exchange programmes, delivering educational programmes abroad, as well as undertaking student work placement reviews as part of programme requirements, approved business travel is an essential part of the operational delivery of the University's objectives as described within the Universities Act 1997.

## (iv) Staff hospitality

|                   | <b>Consolidated<br/>2020<br/>€'000</b> | <b>University<br/>2020<br/>€'000</b> | <b>Consolidated<br/>2019<br/>€'000</b> | <b>University<br/>2019<br/>€'000</b> |
|-------------------|--|--------------------------------------|--|--------------------------------------|
| Staff hospitality | 44                                     | 43                                   | 43                                     | 41                                   |
| Total             | <u>44</u>                              | <u>43</u>                            | <u>43</u>                              | <u>41</u>                            |

Any hospitality costs including catering required as part of the delivery of services to students and customers, such as the hosting of academic conferences, the running of residential programmes for students or the delivery of research programmes, is excluded from the above disclosure in line with the definition and reporting requirements of staff hospitality provided by the Department of Public Expenditure and Reform.

## 9 Interest Payable

|   | <b>Consolidated<br/>2020<br/>€'000</b> | <b>University<br/>2020<br/>€'000</b> | <b>Consolidated<br/>2019<br/>€'000</b> | <b>University<br/>2019<br/>€'000</b> |
|---|--|--------------------------------------|--|--------------------------------------|
| Interest and similar charges on bank overdraft and other facilities | 57                                     | 41                                   | 108                                    | 69                                   |
| Loan Interest   | 2,073                                  | 1,096                                | 1,735                                  | 741                                  |
| Finance lease interest  | 4                                      | 4                                    | 8                                      | 8                                    |
| Total   | <u>2,134</u>                           | <u>1,141</u>                         | <u>1,851</u>                           | <u>818</u>                           |

## NOTES TO THE ACCOUNTS - continued

| 10 Taxation  | Consolidated        | University        | Consolidated        | University        |
|--|---------------------|-------------------|---------------------|-------------------|
|  | 2020                | 2020              | 2019                | 2019              |
|  | €'000               | €'000             | €'000               | €'000             |
| Current Tax - subsidiary companies                   | -                   | -                 | 241                 | -                 |
| Adjustments in respect of prior periods - subsidiary | (66)                | -                 | (5)                 | -                 |
| Foreign taxation                                     | 574                 | 574               | 772                 | 772               |
| Total current tax                                    | 508                 | 574               | 1,008               | 772               |
| Tax on surplus on ordinary activities                | 508                 | 574               | 1,008               | 772               |
|  | <b>Consolidated</b> | <b>University</b> | <b>Consolidated</b> | <b>University</b> |
|  | <b>2020</b>         | <b>2020</b>       | <b>2019</b>         | <b>2019</b>       |
|  | <b>€'000</b>        | <b>€'000</b>      | <b>€'000</b>        | <b>€'000</b>      |
| Reconciliation of effective tax rate:                |                     |                   |                     |                   |
| Surplus/(Deficit) for the year                       | 5,755               | 5,990             | (1,811)             | (5,000)           |
| Total tax expense                                    | 508                 | 574               | 1,008               | 772               |
| Surplus/(Deficit) excluding taxation                 | 6,263               | 6,564             | (803)               | (4,228)           |
| Irish Corporation Tax 12.5%                          | 783                 | 821               | (100)               | (528)             |
| Profits charged at higher rates of tax               | 131                 | -                 | 137                 | -                 |
| Activities not subject to taxation                   | (798)               | (522)             | 433                 | 881               |
| Differences in effective overseas rates              | 275                 | 275               | 419                 | 419               |
| Non-deductible expenses                              | 50                  | -                 | (12)                | -                 |
| Over provided in prior years                         | (66)                | -                 | (5)                 | -                 |
| Depreciation in advance of capital                   | 226                 | -                 | 225                 | -                 |
| Prior year losses previously unrecognised            | (37)                | -                 | (89)                | -                 |
| Trading losses carried forward                       | (56)                | -                 | -                   | -                 |
| Total Tax expense                                    | 508                 | 574               | 1,008               | 772               |

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 Educational Support Services DAC, Campus Residences DAC, Campus Property DAC, Dublin Business School Fund DAC and the DCU Educational Trust.

The subsidiary companies group has not recognised a potential deferred tax asset of €472,340 (2019: €468,304) 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.

DUBLIN CITY UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30TH SEPTEMBER 2020

NOTES TO THE ACCOUNTS - continued

11 Tangible fixed assets

|                          | Land<br>€'000 | Buildings<br>€'000 | Equipment<br>€'000 | Assets in<br>course of<br>construction<br>€'000 | Total<br>€'000 |
|--------------------------|---------------|--------------------|--------------------|---|----------------|
| <b>Consolidated</b>      |               |                    |                    |   |                |
| <b>Cost or Valuation</b> |               |                    |                    |   |                |
| As at 01 October 2019    | 57,036        | 495,894            | 102,409            | 4,124   | 659,463        |
| Additions                | -             | 123                | 5,117              | 15,316  | 20,556         |
| Disposals                | -             | -                  | (345)              | -   | (345)          |
| Transfer                 | -             | 6,437              | -                  | (6,437)   | -              |
| As at 30 September 2020  | <u>57,036</u> | <u>502,454</u>     | <u>107,181</u>     | <u>13,003</u>                                   | <u>679,674</u> |
| <b>Depreciation</b>      |               |                    |                    |   |                |
| As at 01 October 2019    | -             | 138,429            | 90,005             | -   | 228,434        |
| Charge for the year      | -             | 11,325             | 5,106              | -   | 16,431         |
| Disposals                | -             | -                  | (345)              | -   | (345)          |
| As at 30 September 2020  | <u>-</u>      | <u>149,754</u>     | <u>94,766</u>      | <u>-</u>  | <u>244,520</u> |
| <b>Net Book Value</b>    |               |                    |                    |   |                |
| At 30 September 2020     | <u>57,036</u> | <u>352,700</u>     | <u>12,415</u>      | <u>13,003</u>                                   | <u>435,154</u> |
| At 30 September 2019     | <u>57,036</u> | <u>357,465</u>     | <u>12,404</u>      | <u>4,124</u>                                    | <u>431,029</u> |

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.

Assets with a VAT inclusive cost of €7.3m (2019: €9.3m) completed during the year are reclassified from "Assets in course of Construction", (with a VAT exclusive construction cost of €6.4m), they are regarded as additions in the year and depreciated from the date when brought into use.

DUBLIN CITY UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30TH SEPTEMBER 2020

NOTES TO THE ACCOUNTS - continued

11 Tangible fixed assets

| University               | Land<br>€'000 | Buildings<br>€'000 | Equipment<br>€'000 | AUC<br>€'000 | Total<br>€'000 |
|--------------------------|---------------|--------------------|--------------------|--------------|----------------|
| <b>Cost or Valuation</b> |               |                    |                    |              |                |
| As at 01 October 2019    | 48,917        | 339,499            | 85,223             | 876          | 474,515        |
| Additions                | -             | 3,945              | 4,543              | 3,693        | 12,181         |
| Disposals                | -             | -                  | (345)              | -            | (345)          |
| As at 30 September 2020  | <u>48,917</u> | <u>343,444</u>     | <u>89,421</u>      | <u>4,569</u> | <u>486,351</u> |
| <b>Depreciation</b>      |               |                    |                    |              |                |
| As at 01 October 2019    | -             | 92,452             | 76,127             | -            | 168,579        |
| Charge for the year      | -             | 7,917              | 4,098              | -            | 12,015         |
| Disposals                | -             | -                  | (345)              | -            | (345)          |
| As at 30 September 2020  | <u>-</u>      | <u>100,369</u>     | <u>79,880</u>      | <u>-</u>     | <u>180,249</u> |
| <b>Net Book Value</b>    |               |                    |                    |              |                |
| At 30 September 2020     | <u>48,917</u> | <u>243,075</u>     | <u>9,541</u>       | <u>4,569</u> | <u>306,102</u> |
| At 30 September 2019     | <u>48,917</u> | <u>247,047</u>     | <u>9,096</u>       | <u>876</u>   | <u>305,936</u> |

|  | Consolidated<br>2020<br>€'000 | University<br>2020<br>€'000 | Consolidated<br>2019<br>€'000 | University<br>2019<br>€'000 |
|--|-------------------------------|-----------------------------|-------------------------------|-----------------------------|
| Tangible assets held under finance leases are as follows |                               |                             |                               |                             |
| Net book value at 30 September                           | <u>3</u>                      | <u>3</u>                    | <u>17</u>                     | <u>17</u>                   |
| Depreciation charge for the year                         | <u>14</u>                     | <u>14</u>                   | <u>25</u>                     | <u>25</u>                   |

## NOTES TO THE ACCOUNTS - continued

**11 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 in this period.

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.

| <b>12 Intangible assets</b> | <b>Consolidated<br/>2020<br/>€'000</b> | <b>University<br/>2020<br/>€'000</b> | <b>Consolidated<br/>2019<br/>€'000</b> | <b>University<br/>2019<br/>€'000</b> |
|-----------------------------|--|--------------------------------------|--|--------------------------------------|
| At 01 October               | 199                                    | 166                                  | 44                                     | -                                    |
| Additions                   | -                                      | -                                    | 249                                    | 249                                  |
| Amortisation                | (94)                                   | (83)                                 | (94)                                   | (83)                                 |
| At 30 September             | <u>105</u>                             | <u>83</u>                            | <u>199</u>                             | <u>166</u>                           |

**13 Financial assets**

|                            | <b>Consolidated<br/>2020<br/>€'000</b> | <b>University<br/>2020<br/>€'000</b> | <b>Consolidated<br/>2019<br/>€'000</b> | <b>University<br/>2019<br/>€'000</b> |
|----------------------------|--|--------------------------------------|--|--------------------------------------|
| Investment Fund            | 6,894                                  | -                                    | 6,679                                  | -                                    |
| Investment in Subsidiaries | -                                      | 1                                    | -                                      | 1                                    |
| Total                      | <u>6,894</u>                           | <u>1</u>                             | <u>6,679</u>                           | <u>1</u>                             |

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

## NOTES TO THE ACCOUNTS - continued

## 13 Financial assets - continued

|   | Consolidated<br>2020<br>€'000 | University<br>2020<br>€'000 | Consolidated<br>2019<br>€'000 | University<br>2019<br>€'000 |
|---|-------------------------------|-----------------------------|-------------------------------|-----------------------------|
| The investment fund is represented by:                                |                               |                             |                               |                             |
| Cash  | 362                           | -                           | 689                           | -                           |
| Bonds   | 2,456                         | -                           | 2,275                         | -                           |
| Multi asset strategies, absolute return and structured products funds | 809                           | -                           | 470                           | -                           |
| Property  | 378                           | -                           | 387                           | -                           |
| Commodities   | 102                           | -                           | 49                            | -                           |
| Equity  | 2,787                         | -                           | 2,809                         | -                           |
| Total   | <u>6,894</u>                  | <u>-</u>                    | <u>6,679</u>                  | <u>-</u>                    |

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

| Subsidiary undertakings   | Principal activity                  | Interest % | Registered office/place of business |
|---|-------------------------------------|------------|-------------------------------------|
| <b>Incorporated (Direct subsidiary undertaking)</b>   |                                     |            |                                     |
| DCU Educational Support Services DAC  | Holding Company & Facility Operator | 100%       | George's Dock, Dublin 1             |
| Dunroamin Properties DAC  | Not Trading                         | 100%       | George's Dock, Dublin 1             |
| DCU Educational Trust   | Promotion of Education              | 0%         | Dublin City University              |
| <b>Holding Company Incorporated Subsidiaries of DESS (Indirect subsidiary undertakings)</b> |                                     |            |                                     |
| Campus Property DAC   | Retail & Property                   | 100%       | George's Dock, Dublin 1             |
| Campus Residences DAC   | Student Residences                  | 100%       | George's Dock, Dublin 1             |
| DCU Executive Education DAC   | Not Trading                         | 100%       | George's Dock, Dublin 1             |
| DCU Healthy Living Centre DAC   | Not Trading                         | 100%       | George's Dock, Dublin 1             |
| The DCU Ryan Academy DAC  | Entrepreneurship                    | 100%       | George's Dock, Dublin 1             |
| DCULS DAC   | ELT & Translation Services          | 100%       | George's Dock, Dublin 1             |
| Dublin Business School Fund DAC   | Support Campus Developments         | 100%       | George's Dock, Dublin 1             |
| Dublin Software Park DAC  | Campus Infrastructure               | 100%       | George's Dock, Dublin 1             |
| DCU Invent DAC  | Office space and facilities rental  | 100%       | George's Dock, Dublin 1             |
| Trispace DAC  | Catering & Sports                   | 100%       | George's Dock, Dublin 1             |
| UAC Management DAC  | Arts Centre                         | 100%       | George's Dock, Dublin 1             |

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 and the SORP.

With effect from 22 October 2021, the name of the subsidiary company DCU Commercial DAC was changed to DCU Educational Support Services DAC (DESS).

**NOTES TO THE ACCOUNTS - continued****13 Financial assets - continued**

The following associated undertakings are not consolidated.

| <b>Subsidiary undertakings</b>      | <b>Principal activity</b> | <b>Interest %</b> | <b>Registered office/place of business</b> |
|-------------------------------------|---------------------------|-------------------|--|
| Centre for Software Engineering Ltd | Software Training         | 25%               | Earlsfort Terrace, Dublin 2                |

**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. During the year one of these investments was disposed of giving rise to a gain of €946k.

The DCU Ryan Academy DAC provides supports to start-up companies through the entrepreneurial programmes that it provides. Through these programmes, the company may be assigned an equity stake in the participating start-up companies. 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 |
|-------------------------------|--------------|------------|--------------|------------|
|                               | 2020         | 2020       | 2019         | 2019       |
|                               | €'000        | €'000      | €'000        | €'000      |
| Raw materials and consumables | 308          | 308        | 208          | 208        |
| Finished goods for resale     | 252          | -          | 368          | -          |
| Total                         | <u>560</u>   | <u>308</u> | <u>576</u>   | <u>208</u> |

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    |
|---|---------------|---------------|---------------|---------------|
|   | 2020          | 2020          | 2019          | 2019          |
|   | €'000         | €'000         | €'000         | €'000         |
| Trade receivables, prepayments, other receivables | 11,861        | 7,739         | 12,092        | 8,505         |
| Research grants and contracts receivable          | 15,297        | 15,297        | 12,144        | 12,144        |
| State capital grants receivable                   | 6,283         | 6,283         | 15,550        | 15,550        |
| Taxation Debtors                                  | 535           | -             | 217           | -             |
| Amounts due from subsidiary companies             | -             | 65,603        | -             | 58,913        |
| Total   | <u>33,976</u> | <u>94,922</u> | <u>40,003</u> | <u>95,112</u> |

| 16 Term deposits    | Consolidated | University | Consolidated  | University    |
|---------------------|--------------|------------|---------------|---------------|
|                     | 2020         | 2020       | 2019          | 2019          |
|                     | €'000        | €'000      | €'000         | €'000         |
| Short Term Deposits | -            | -          | 92,017        | 74,016        |
| Total               | <u>-</u>     | <u>-</u>   | <u>92,017</u> | <u>74,016</u> |

Term deposits with more than 3 months to maturity at inception are held with financial institutions licensed by the Central Bank. The interest rates for these deposits are typically fixed for the duration of the deposit at time of placement.

The fair value of these deposits is not materially different from the book value. Fixed term deposits of 3 months or less to maturity at inception are recognised as 'Cash at Bank' on the balance sheet.

The deposits shown in this note exclude accrued interest, which is included within accrued income in note 15.

## NOTES TO THE ACCOUNTS - continued

## 17 Payables: amounts falling due within one year

|  | Consolidated<br>2020<br>€'000 | University<br>2020<br>€'000 | Consolidated<br>2019<br>€'000 | University<br>2019<br>€'000 |
|--|-------------------------------|-----------------------------|-------------------------------|-----------------------------|
| Research grants and contracts in advance   | 31,537                        | 31,537                      | 25,008                        | 25,008                      |
| Bank loans                                 | 1,769                         | 1,084                       | 12,863                        | 537                         |
| Obligations under finance leases           | 22                            | 22                          | 52                            | 52                          |
| State recurrent grants in advance          | 6,282                         | 6,282                       | 6,677                         | 6,677                       |
| Deferred Income                            | 7,758                         | 5,488                       | 9,298                         | 3,829                       |
| Trade creditors, accruals, other creditors | 24,775                        | 19,373                      | 19,350                        | 15,420                      |
| Taxation creditors                         | 6,981                         | 6,680                       | 6,948                         | 6,391                       |
| Student Fees in advance                    | 29,828                        | 29,828                      | 32,868                        | 32,868                      |
| Security Deposits                          | 1,489                         | -                           | 1,858                         | -                           |
| Amounts due to subsidiary companies        | -                             | 17,456                      | -                             | 20,728                      |
| Total                                      | <u>110,441</u>                | <u>117,750</u>              | <u>114,922</u>                | <u>111,510</u>              |

## 18 Payables: amounts falling due after one year

|                                  | Consolidated<br>2020<br>€'000 | University<br>2020<br>€'000 | Consolidated<br>2019<br>€'000 | University<br>2019<br>€'000 |
|----------------------------------|-------------------------------|-----------------------------|-------------------------------|-----------------------------|
| Bank loans                       | 95,014                        | 74,232                      | 96,510                        | 75,222                      |
| Obligations under finance leases | 22                            | 22                          | 30                            | 30                          |
| Total                            | <u>95,036</u>                 | <u>74,254</u>               | <u>96,540</u>                 | <u>75,252</u>               |

## NOTES TO THE ACCOUNTS - continued

| <b>19 Borrowings</b>             | <b>Consolidated<br/>2020<br/>€'000</b> | <b>University<br/>2020<br/>€'000</b> | <b>Consolidated<br/>2019<br/>€'000</b> | <b>University<br/>2019<br/>€'000</b> |
|----------------------------------|--|--------------------------------------|--|--------------------------------------|
| <b>Bank loans and overdrafts</b> |  |                                      |  |                                      |
| Amounts due within one year      | 1,769                                  | 1,084                                | 12,863                                 | 537                                  |
| Amounts due after one year       | 95,014                                 | 74,232                               | 96,510                                 | 75,222                               |
| Total                            | <u>96,783</u>                          | <u>75,316</u>                        | <u>109,373</u>                         | <u>75,759</u>                        |

The weighted average effective interest rate during the financial year of Group loans was 2.23% (2019 2.77%).

| <b>Net finance lease obligations</b> | <b>Consolidated<br/>2020<br/>€'000</b> | <b>University<br/>2020<br/>€'000</b> | <b>Consolidated<br/>2019<br/>€'000</b> | <b>University<br/>2019<br/>€'000</b> |
|--------------------------------------|--|--------------------------------------|--|--------------------------------------|
| Lease amounts due within one year    | 22                                     | 22                                   | 52                                     | 52                                   |
| Lease amounts due after one year     | 22                                     | 22                                   | 30                                     | 30                                   |
| Total                                | <u>44</u>                              | <u>44</u>                            | <u>82</u>                              | <u>82</u>                            |

| <b>20 Deferred government capital grants</b> | <b>Consolidated<br/>2020<br/>€'000</b> | <b>University<br/>2020<br/>€'000</b> | <b>Consolidated<br/>2019<br/>€'000</b> | <b>University<br/>2019<br/>€'000</b> |
|--|--|--------------------------------------|--|--------------------------------------|
| At 01 October                                | 160,887                                | 152,377                              | 168,940                                | 159,853                              |
| Additions / (transfers)                      | 3,294                                  | 3,294                                | (790)                                  | (689)                                |
| Amortisation release                         | (7,255)                                | (6,779)                              | (7,263)                                | (6,787)                              |
| At 30 September                              | <u>156,926</u>                         | <u>148,892</u>                       | <u>160,887</u>                         | <u>152,377</u>                       |

At 30 September 2020 an amount of €7.1m (University €6.7m) is due for release to the consolidated statement of comprehensive income during the next financial year as grant amortisation.

**21 Cash and cash equivalents (Consolidated)**

|              | <b>1 Oct 2019<br/>€'000</b> | <b>Cashflows<br/>€'000</b> | <b>30 Sep 2020<br/>€'000</b> |
|--------------|-----------------------------|----------------------------|------------------------------|
| Cash at Bank | 39,783                      | 87,676                     | 127,459                      |
| Total        | <u>39,783</u>               | <u>87,676</u>              | <u>127,459</u>               |

## NOTES TO THE ACCOUNTS - continued

| 22 Restricted cash                          | Consolidated | University | Consolidated | University |
|---|--------------|------------|--------------|------------|
|   | 2020         | 2020       | 2019         | 2019       |
|   | €'000        | €'000      | €'000        | €'000      |
| At 01 October                               | 1,741        | -          | 1,885        | -          |
| Additions/(Transfers) DCU Educational Trust | 1,546        | -          | (555)        | -          |
| Additions to ISIF sinking fund              | 401          | -          | 411          | -          |
| At 30 September                             | <u>3,688</u> | <u>-</u>   | <u>1,741</u> | <u>-</u>   |

Under the terms of the ISIF loan facility agreement, Campus Residencies DAC is required to maintain a sinking fund of €2m 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.

## 23 Contingencies

There are no contingent liabilities except on certain bank borrowings.

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 Educational Support Services DAC, the holding company, without the prior written consent of Allied Irish Banks plc.

| 24 Capital commitments            | Consolidated  | University    | Consolidated  | University    |
|-----------------------------------|---------------|---------------|---------------|---------------|
|                                   | 2020          | 2020          | 2019          | 2019          |
|                                   | €'000         | €'000         | €'000         | €'000         |
| Contracted but not provided for   | 14,693        | 12,219        | 15,065        | 11,352        |
| Authorised but not contracted for | 15,877        | 15,352        | 23,148        | 20,549        |
| Total                             | <u>30,570</u> | <u>27,571</u> | <u>38,213</u> | <u>31,901</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.

| 25 Financial commitments     | Consolidated  | University    | Consolidated  | University    |
|------------------------------|---------------|---------------|---------------|---------------|
|                              | 2020          | 2020          | 2019          | 2019          |
|                              | €'000         | €'000         | €'000         | €'000         |
| Operating leases commitments | <u>25,616</u> | <u>25,581</u> | <u>25,827</u> | <u>25,769</u> |

As part of the process of incorporation with St. Patrick's College Drumcondra (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 operating lease arrangement an annual amount of €175,000 is payable by DCU, and the associated future lease commitments are included in the values provided in this disclosure note.

**NOTES TO THE ACCOUNTS - continued****26 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.

**27 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 Superannuation Scheme (following completion of the incorporation process)

The valuation used for the FRS102 disclosure has been based on the actuarial valuation at 30 September 2020 by a qualified independent actuary to take account of the requirements of FRS102 in order to assess the schemes liabilities at 30 September 2020.

The financial assumptions used to calculate scheme liabilities at 30 September 2020 are:

**DCU Superannuation Scheme and the Single Public Service Pension Scheme**

|   | <b>2020</b> | <b>2019</b> | <b>2018</b> |
|---|-------------|-------------|-------------|
| Rate of increase in salaries            | 2.75%       | 2.75%       | 3.30%       |
| Rate of increase in pensions in payment | 1.75%       | 1.75%       | 2.30%       |
| Discount rate                           | 1.45%       | 1.20%       | 2.50%       |
| Revaluation in deferment                | 1.75%       | 1.75%       | 2.40%       |
| Price Inflation                         | 1.25%       | 1.25%       | 1.75%       |

The weighted average life expectancy for mortality tables used to determine benefit obligations are as follows:

|   | <b>2020</b>  | <b>2019</b>  | <b>2018</b>  |
|---|--------------|--------------|--------------|
|   | <b>Years</b> | <b>Years</b> | <b>Years</b> |
| Pensioners- implied life expectancy for a 65 year old           |              |              |              |
| Male member age 65 (current life expectancy)                    | 22.50        | 22.90        | 22.90        |
| Female member age 65 (current life expectancy)                  | 24.40        | 24.90        | 24.90        |
| Actives / deferrals - implied life expectancy for a 45 year old |              |              |              |
| Male member age 45 (life expectancy at age 65)                  | 24.30        | 25.70        | 25.70        |
| Female member age 45 (life expectancy at age 65)                | 26.30        | 27.70        | 27.70        |

## NOTES TO THE ACCOUNTS - continued

## 27 Retirement benefits (continued)

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

|   | 2020  | 2019  | 2018  |
|---|-------|-------|-------|
| Rate of increase in salaries            | 2.75% | 2.75% | 3.30% |
| Rate of increase in pensions in payment | 1.75% | 1.75% | 2.30% |
| Discount rate                           | 1.45% | 1.20% | 2.50% |
| Revaluation in deferment                | 1.75% | 1.75% | 2.40% |
| Price Inflation                         | 1.25% | 1.25% | 1.75% |

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

|  | 2020<br>Years | 2019<br>Years | 2018<br>Years |
|--|---------------|---------------|---------------|
| Pensioners- implied life expectancy for a 65 year old  |               |               |               |
| Male member age 65 (current life expectancy)   | 22.50         | 22.90         | 22.90         |
| Female member age 65 (current life expectancy)   | 24.40         | 24.90         | 24.90         |
| 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)   | 24.30         | 25.70         | 25.70         |
| Female member age 45 (life expectancy at age 65)   | 26.30         | 27.70         | 27.70         |

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

|   | 2020  | 2019  | 2018  |
|---|-------|-------|-------|
| Rate of increase in salaries            | 2.75% | 2.75% | 3.30% |
| Rate of increase in pensions in payment | 1.75% | 1.75% | 2.30% |
| Discount rate                           | 1.45% | 1.20% | 2.50% |
| Revaluation in deferment                | 1.75% | 1.75% | 2.40% |
| Price Inflation                         | 1.25% | 1.25% | 1.75% |

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

|   | 2020<br>Years | 2019<br>Years | 2018<br>Years |
|---|---------------|---------------|---------------|
| Pensioners- implied life expectancy for a 65 year old |               |               |               |
| Male member age 65 (current life expectancy)          | 22.50         | 22.90         | 22.90         |
| Female member age 65 (current life expectancy)        | 24.40         | 24.90         | 24.90         |

## NOTES TO THE ACCOUNTS - continued

## 27 Retirement benefits (continued)

Changes in the present value of defined retirement obligations

|                                      | <b>Consolidated</b> | <b>University</b> | <b>Consolidated</b> | <b>University</b> |
|--------------------------------------|---------------------|-------------------|---------------------|-------------------|
|                                      | <b>2020</b>         | <b>2020</b>       | <b>2019</b>         | <b>2019</b>       |
|                                      | <b>€'000</b>        | <b>€'000</b>      | <b>€'000</b>        | <b>€'000</b>      |
| Obligation at start of the period    | 853,103             | 853,103           | 673,873             | 673,873           |
| Current service cost                 | 38,222              | 38,222            | 26,693              | 26,693            |
| Interest cost                        | 10,157              | 10,157            | 16,336              | 16,336            |
| Contributions by scheme participants | 5,595               | 5,595             | 5,199               | 5,199             |
| Benefits paid                        | (13,401)            | (13,401)          | (14,162)            | (14,162)          |
| Effect of experience adjustments     | 435                 | 435               | (39)                | (39)              |
| Change in financial assumptions      | (55,691)            | (55,691)          | 145,203             | 145,203           |
| Obligations at end of period         | <u>838,420</u>      | <u>838,420</u>    | <u>853,103</u>      | <u>853,103</u>    |

Changes in the present value of defined retirement reimbursement rights:

|   | <b>Consolidated</b> | <b>University</b> | <b>Consolidated</b> | <b>University</b> |
|---|---------------------|-------------------|---------------------|-------------------|
|   | <b>2020</b>         | <b>2020</b>       | <b>2019</b>         | <b>2019</b>       |
|   | <b>€'000</b>        | <b>€'000</b>      | <b>€'000</b>        | <b>€'000</b>      |
| Reimbursements at start of the period                             | 853,103             | 853,103           | 673,873             | 673,873           |
| Interest income   | 10,287              | 10,287            | 16,606              | 16,606            |
| Employer contributions  | 14,766              | 14,766            | 16,777              | 16,777            |
| Contributions by scheme participants                              | 5,595               | 5,595             | 5,199               | 5,199             |
| Benefit payments from employer                                    | (13,401)            | (13,401)          | (14,162)            | (14,162)          |
| Pension income rights recognised                                  | 38,092              | 38,092            | 26,423              | 26,423            |
| Change in actuarial assumptions reflected in reimbursement rights | (70,022)            | (70,022)          | 128,387             | 128,387           |
| Reimbursements at end of the period                               | <u>838,420</u>      | <u>838,420</u>    | <u>853,103</u>      | <u>853,103</u>    |

## NOTES TO THE ACCOUNTS - continued

## 27 Retirement benefits (continued)

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

|   | <b>Consolidated<br/>2020<br/>€'000</b> | <b>University<br/>2020<br/>€'000</b> | <b>Consolidated<br/>2019<br/>€'000</b> | <b>University<br/>2019<br/>€'000</b> |
|---|--|--------------------------------------|--|--------------------------------------|
| DCU Superannuation Scheme                   | 621,832                                | 621,832                              | 639,682                                | 639,682                              |
| Single Public Service Pension Scheme        | 46,274                                 | 46,274                               | 36,974                                 | 36,974                               |
| Colleges of Education Superannuation Scheme | 170,314                                | 170,314                              | 176,447                                | 176,447                              |
| Total                                       | <u>838,420</u>                         | <u>838,420</u>                       | <u>853,103</u>                         | <u>853,103</u>                       |

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.

|  | <b>Consolidated<br/>2020<br/>€'000</b> | <b>Consolidated<br/>2019<br/>€'000</b> |
|--|--|--|
| Amounts included in pension funding income | 36,726                                 | 23,808                                 |
| Amounts included Staff Costs               | (38,222)                               | (26,693)                               |
| Amounts included in Investment Income      | 130                                    | 270                                    |
| Contributions adjustment                   | 1,366                                  | 2,615                                  |

**Subsidiary Undertakings****Defined contribution pension scheme**

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

|               | <b>Consolidated<br/>2020<br/>€'000</b> | <b>University<br/>2020<br/>€'000</b> | <b>Consolidated<br/>2019<br/>€'000</b> | <b>University<br/>2019<br/>€'000</b> |
|---------------|--|--------------------------------------|--|--------------------------------------|
| Pension costs | <u>181</u>                             | <u>-</u>                             | <u>137</u>                             | <u>-</u>                             |



**NOTES TO THE ACCOUNTS - continued****28 Post Balance Sheet Events and Asset Impairments****1) Fixed Assets**

As set out in the President's report, two events related to land and buildings are scheduled for conclusion post financial year 2019/20. These events have required an update to relevant asset values, and this has already been recognised in financial year 2018/19.

To avail of a strategic opportunity to acquire additional land contiguous to the University, DCU organised the approved disposal of its 9.6 acre site on Griffith Avenue Dublin to fund the acquisition of a slightly larger site of 9.7 acres contiguous to the DCU Glasnevin campus. The net effect of these two transactions has been to maintain land within DCU's ownership for the future expansion of the university, to enable DCU to avail of the benefits of simply extending services and utilities to a site contiguous to the University, and the net of the transactions is expected to generate a net cash surplus for investment in the University's infrastructure. The acquisition of the 9.7 acre site was completed on 10 February 2021 for the agreed purchase price of €34.5m. While a competitive tender process was completed for the disposal of the 9.6 acre site, the winning tenderer however did not complete the contract for sale. DCU received a €3.76m non-refundable deposit through this tender process during 2020/21. In September 2021, the winning tenderer issued legal proceedings seeking the return of the non-refundable deposit. A further disposal process for the 9.6 acre site will be commenced in due course.

In 2019, in line with the DCU Strategic Plan objective for the coordination of the activities and strengths of DCU in innovation the DCU Ryan Academy was moved from its Citywest location. As DCU had no ongoing strategic interest in maintaining the Citywest location, DCU is investigating the options for the future use of the building, including its potential sale.

As both of these post balance sheet events provided objective evidence regarding the recoverable amounts of the related assets, an impairment review was undertaken of both of these assets in accordance with FRS102, with relevant adjustments recognised in the prior year (financial year 2018/19).

**a. Site at Griffith Avenue Dublin 9**

The 9.6 acre site at Griffith Avenue was purchased in the year 2000 at a total cost of €41,898,277. The approved disposal of the site in 2020 has provided objective evidence that the historic carrying value of the site in the DCU financial statements has been impaired, based on current market conditions. In accordance with the accounting standard FRS102, the asset should be carried at the lower of its cost or recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. As the site was being held for the future expansion of the university it was not in use, consequently, the only consideration is the recoverable amount. The tender competition for the land disposal provides that the recoverable amount based on market conditions is €37,239,773. While this transaction took place after the year-end 30 September 2019, in accordance with FRS 102 any impairment in the carrying value of the asset must be recognised immediately in the financial statements to 30 September 2019. As a consequence, an impairment loss of €4,658,503 has been recognised in the Statement of Comprehensive Income for the prior year (2018/19).

**b. Land and Building at Citywest**

The DCU Ryan Academy had full use of the building at Citywest Dublin from the time it was constructed at no rental cost to DCU. In the financial year ended 30 September 2015 the building and the site on which it stands were gifted to the university. At that point in time it was intended that the DCU Ryan Academy operations would remain in Citywest. The property was valued at the time of the gift through an independent external valuation and the land and building in Citywest were recognised in the DCU Financial Statements for the year ended 30 September 2015 at €0.8m and €1.8m respectively with the total of €2.6m recognised in deferred capital funding.

**NOTES TO THE ACCOUNTS - continued****28 Post Balance Sheet Events and Asset Impairments (continued)**

As part of the adoption of FRS102 a transition adjustment was made in the DCU Financial Statements for the year ended 30 September 2016 whereby the balance of the deferred capital reserve related to the gift of the Citywest land and building was transferred to revenue reserves as it was a gift that emanated from a non-government grant.

As part of the DCU objective in the 2017 to 2022 DCU Strategic Plan to coordinate the activities and strengths of DCU in innovation, the activities of the DCU Ryan Academy have been moved from Citywest to the DCU Alpha campus. As a consequence, DCU is considering its options in relation to the future use of the building, including its potential sale.

Any proposed sale of the Citywest building would give rise to a number of significant restrictions on the sale, including any proposed change in the approved use of the building. These restrictions potentially have a material impact on the value of the building. In the context of the potential sale of the building, an impairment review was undertaken.

An updated valuation was obtained in 2020 based on an assumption that the building would be sold. On the basis of that valuation, the recoverable amount is estimated at €1.17m. As a consequence, in accordance with FRS 102, given the net carrying value of €2.4m a technical impairment loss of €1.24m has been recognised in the statement of comprehensive income for the prior financial year, albeit that the asset was originally gifted to the university.

The annual impairment review for financial year 2019/20 showed no other events or changes in circumstances which would have a negative impact on the recoverable amount of any other tangible assets held by DCU at the reporting date.

**2) COVID-19 Outbreak**

In early 2020, the existence of a new coronavirus (COVID-19) was confirmed. The coronavirus has subsequently spread across the world, resulting in a pandemic. In addition to the loss of life and impact on societies, the outbreak has caused significant disruption to business and economic activity, resulting in global challenges and uncertainties.

In line with announcements from Government and the Health Service Executive, the University and its subsidiaries have taken the necessary measures to protect students, staff, customers, and operations. Equally, as part of business continuity planning and service continuation, all undergraduate and postgraduate teaching transitioned to on-line delivery from Monday 16 March 2020. The University also continues to engage with state agencies and government departments to support the national efforts in response to the outbreak, as well as to ensure the continued service delivery of educational activities in line with the Universities Act 1997.

The University and its subsidiaries will continue to monitor and manage the situation closely as it evolves, adjusting plans and measures as appropriate. In line with national announcements and guidelines, the University has transitioned academic programme delivery back to primarily on-campus delivery, with effect from financial year 2021/22.

Given the inherent uncertainties, it is not practicable at this time to determine the continued impact of COVID-19 on the University and its subsidiaries, or to provide a quantitative estimate of this impact. The results presented in these financial statements reflects the impact of COVID-19 on operations during financial year ending 30 September 2020.

DUBLIN CITY UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30TH SEPTEMBER 2020

NOTES TO THE ACCOUNTS - continued

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

Research and Other Project Grant Funding

| Grantor   | Government Funding Department                                 | Grant              | Cash     | Taken to | Grant              |
|---|---|--------------------|----------|----------|--------------------|
|   |   | Deferred/<br>(Due) | Received | income   | Deferred/<br>(Due) |
|   |   | 01/10/2019         | 2019/20  | 2019/20  | 30/09/2020         |
|   |   | €'000              | €'000    | €'000    | €'000              |
| Dept of Agriculture, Food and the Marine                            | Dept of Agriculture, Food and the Marine                      | (4)                | 98       | 79       | 15                 |
| Dept of Arts, Heritage, Regional, Rural and Gaeltacht Affairs       | Dept of Arts, Heritage, Regional, Rural and Gaeltacht Affairs | 31                 | 263      | 209      | 85                 |
| Dept of Communications, Climate Action and Environment              | Dept of Communications, Climate Action and Environment        | 373                | 336      | 632      | 77                 |
| Dept of Education   | Dept of Education   | 660                | 1,000    | 1,253    | 407                |
| Enterprise Ireland  | Dept of Enterprise, Trade and Employment                      | 2,684              | 7,670    | 5,291    | 5,063              |
| HEA   | Dept of Education   | 1,489              | 4,526    | 3,021    | 2,994              |
| HEA PRTL I  | Dept of Enterprise, Trade and Employment                      | (1,715)            | 101      | 58       | (1,672)            |
| Health Research Board   | Dept of Health  | 78                 | 829      | 602      | 305                |
| Health Service Executive  | Dept of Health  | 563                | 369      | 705      | 227                |
| IRC   | Dept of Education   | 825                | 2,212    | 2,192    | 845                |
| Other Irish Government/State Agencies                               | Various Departments   | 414                | 2,476    | 1,922    | 968                |
| The Marine Institute  | Dept of Agriculture, Food and the Marine                      | (13)               | 92       | 131      | (52)               |
| Science Foundation Ireland  | Dept of Enterprise, Trade and Employment                      | (3,592)            | 8,160    | 11,314   | (6,746)            |
| Total Exchequer Funding   |   | 1,793              | 28,132   | 27,409   | 2,516              |
| Total Non-Exchequer Funding   |   | 55,318             | 25,999   | 24,563   | 56,754             |
| Total per Research and Project Accounts                             |   | 57,111             | 54,131   | 51,972   | 59,270             |
| Other Adjustments   |   | (44,247)           | (8,158)  | (9,375)  | (43,030)           |
| Research Grants and Contracts per Consolidated Financial Statements |   | 12,864             | 45,973   | 42,597   | 16,240             |

**NOTES TO THE ACCOUNTS - continued****29 Circular 13/2014 - Management of and Accountability for Grants from Exchequer Funds - continued****Capital Grants**

The University received grant income of €8.8m under Incorporation project funding, €0.8m for the FutureTech Building, €0.3m under the programme for research in Third Level Institutions (PRTL I V), equipment grants of €0.7m, and €1.5m under the Devolved Capital Grants programme, in the period. Returns are made by DCU to Funding Bodies based upon the actual expenditure incurred. 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.

**30 Comparatives**

Comparative amounts have been restated, where necessary, on the same basis as those for the current year.

**31 Approval of financial statements**

The financial statements were approved by the Governing Authority on 03 November 2021, and were signed on its behalf on 30 November 2021.

**Dublin City University**

**For the year ended 30th September 2020**

**Additional Information**

|   | Consolidated<br>Financial<br>Statements<br>€'000 | Subsidiary<br>Undertaking<br>Adjustments<br>€'000 | GAAP<br>Adjustments<br>€'000 | HEA Funding<br>Statement<br>€'000 |
|---|--|---|------------------------------|-----------------------------------|
| State Grants  | 43,449   | -   | 13,401                       | 56,850                            |
| Academic Fees   | 100,434  | 76  | (8,133)                      | 92,377                            |
| Research Grants & Projects                              | 43,862   | (1,266)   | 9,374                        | 51,970                            |
| Other Income  | 25,807   | (22,747)  | 3,980                        | 7,040                             |
| Investment Income                                       | 217  | 420   | (637)                        | -                                 |
| Grant Amortisation                                      | 7,255  | (477)   | 6,899                        | 13,677                            |
| Pension Funding   | 36,726   | -   | (36,726)                     | -                                 |
| <b>Total Income</b>                                     | <b>257,750</b>                                   | <b>(23,994)</b>                                   | <b>(11,842)</b>              | <b>221,914</b>                    |
| Staff Costs   | 175,164  | (8,900)   | (17,661)                     | 148,603                           |
| Other Operating Expenses                                | 58,821   | (10,185)  | 10,987                       | 59,623                            |
| Interest & Other Finance Costs                          | 2,134  | (993)   | (1,141)                      | -                                 |
| Depreciation  | 16,431   | (4,416)   | 1,579                        | 13,594                            |
| Amortisation of intangible assets                       | 94   | (11)  | -                            | 83                                |
| <b>Total Expenditure</b>                                | <b>252,644</b>                                   | <b>(24,505)</b>                                   | <b>(6,236)</b>               | <b>221,903</b>                    |
| Surplus before other gains/(losses)                     | 5,106  | 511   | (5,606)                      | 11                                |
| Surplus before taxation and non-controlling interest    | 5,106  | 511   | (5,606)                      | 11                                |
| Proceeds of sale of investments                         | 946  | -   | (946)                        | -                                 |
| Gain on Investment                                      | 211  | (211)   | -                            | -                                 |
| Taxation  | (508)  | (66)  | 574                          | -                                 |
| <b>Surplus for the year</b>                             | <b>5,755</b>                                     | <b>234</b>  | <b>(5,978)</b>               | <b>11</b>                         |
| Actuarial adjustments in respect of retirement benefits | 55,256   | -   | (55,256)                     | -                                 |
| Movement on retirement benefits receivable              | (55,256)   | -   | 55,256                       | -                                 |
| <b>Surplus for the year</b>                             | <b>5,755</b>                                     | <b>234</b>  | <b>(5,978)</b>               | <b>11</b>                         |