

DUNDALK INSTITUTE OF TECHNOLOGY

FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2018

DUNDALK INSTITUTE OF TECHNOLOGY

FINANCIAL STATEMENTS 2018

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DUNDALK INSTITUTE OF TECHNOLOGY

STATEMENT OF INSTITUTE RESPONSIBILITIES

The Institutes of Technology Act 2006 requires the Institute to prepare financial statements in such form as may be approved by the Higher Education Authority and to submit them for audit to the Comptroller and Auditor General.

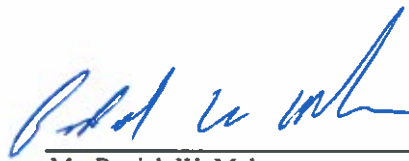
In preparing these financial statements, the Institute is required to:

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

The Institute is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Institute and which enable it to ensure that the financial statements comply with the Institutes of Technology Act 2006.

The Institute is also responsible for safeguarding its assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CHAIRMAN:



Mr. Patrick W. Malone
19th December 2019

PRESIDENT:



Dr. Michael Mulvey
19th December 2019

DUNDALK INSTITUTE OF TECHNOLOGY

STATEMENT ON INTERNAL CONTROL YEAR ENDED 31 AUGUST 2018

1. Governing body responsibility for system of internal control

The Governing Body of Dundalk Institute of Technology acknowledges its responsibility for ensuring that an effective system of internal control is maintained and operated.

The Governing Body adopted the 2018 THEA Code of Governance for Institutes of Technology on 30th November 2017 and is working to achieve compliance with this Code. The Code outlines specific financial disclosure requirements which have been reflected in the financial statements with the exception of reporting requirements related to remuneration, the full details of which are disclosed in Note 9.

2. Reasonable assurance against material error

The system can only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or would be detected on a timely basis.

3. Key procedures put in place designed to provide effective internal control - appropriate control environment

The Governing Body has taken steps to ensure an appropriate control environment including:

- Financial procedures and regulations are documented
- Reviews are carried out by the Governing Body of periodic and annual financial reports which include financial performance against budgets.
- Clearly defined capital investment control guidelines (Department of Education & Skills).
- Finance, Audit & Risk Committee has adopted a defined audit charter which deals with significant control issues.
- The Finance, Audit & Risk Committee receives reports from the Internal Auditors.

4. Key procedures put in place designed to provide effective internal control – business risks

The system of internal control consists of those processes used to identify, evaluate and manage the significant risks identified by the Institute in the management of its affairs.

The Institute has adopted a risk management policy and a risk register identifying key risks and responsibilities that is subject to review by management and the Finance, Audit and Risk Committee.

5. Key procedures put in place designed to provide effective internal control – information systems

The Institute approved an annual budget for 2018 on 25th June 2018. Monthly management reports are prepared showing actual results against budget. Annual financial statements are prepared and submitted for audit to the Comptroller and Auditor General. The annual accounts for 2017/18 were submitted on the 29th November 2018.

6. Key procedures put in place designed to provide effective internal control – financial implications of major business risks

Financial procedures and regulations are documented, implemented and are reviewed regularly.

The Institute carries out a review of its Internal Financial Controls annually. This report on Internal Financial Controls also informs the annual review of Internal Controls carried out as part of internal audit.

DUNDALK INSTITUTE OF TECHNOLOGY

**STATEMENT ON INTERNAL CONTROL
YEAR ENDED 31 AUGUST 2018**

7. Key procedures put in place designed to provide effective internal control – monitoring the effectiveness of the internal control system

The Governing Body, through Internal Audit, kept the adequacy and the effectiveness of the system of internal financial controls under active review. An Internal Audit Plan for 2018/19 was agreed by the Finance, Audit & Risk Committee on 15th January 2019

Internal Audit reviewed the following areas and reported to The Finance, Audit and Risk Committee:

23rd January 2018

- Internal Audit Review of Facilities Management

22nd May 2018

- Internal Audit Review of System of Internal Financial Controls

- Internal Audit Review: High-Level Cybersecurity Assessment

18th September 2018

- Internal Audit Findings follow up review

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

A review of internal controls was carried out by the Finance, Audit and Risk Committee on behalf of the Governing Body. This was reported to the Governing Body on 25th November 2019.

9. Procurement

The Institute ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Institute complied with the guidelines with the exception of 4 suppliers to the value of €182,275.

Chairman:



Mr. Patrick W. Malone

President:



Dr. Michael Mulvey

Name of Institute:

Dundalk Institute of Technology

Date:

19th December 2019



Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Dundalk Institute of Technology

Opinion on the financial statements

I have audited the financial statements of Dundalk Institute of Technology for the year ended 31 August 2018 as required under the provisions of the Institutes of Technology Acts 1992 to 2006. The financial statements comprise

- the consolidated and Institute statement of comprehensive income
- the consolidated statement of changes in reserves and capital account
- the consolidated and institute statement of financial position
- 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 Group and the Institute at 31 August 2018 and of the income and expenditure of the Group and the Institute 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*.

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 Institute and have fulfilled my other ethical responsibilities in accordance with the standards.

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

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

The Institute has presented certain other information together with the financial statements. This comprises the statement of Institute responsibilities and the statement on internal control.

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.

Review of the system of internal control

The statement on internal control discloses that the effectiveness of the internal control system was only reviewed by the Governing Body in November 2019, some fifteen months after the end of the 2017/2018 financial period. There was a delay of nine months in the Governing Body carrying out the review in respect of 2016/2017.

Seamus McCarthy
Comptroller and Auditor General

20 December 2019

Appendix to the report

Responsibilities of Governing Body members

The members are responsible for

- the preparation of financial statements in the form prescribed under Institutes of Technology Acts 1992 to 2006
- 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 Institutes of Technology Acts 1992 to 2006 to audit the financial statements of the Institute 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 Institute'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 Institute 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 Statement of Comprehensive Income
Year ended 31 August 2018

	Note	Consolidated 31/08/18 €000's	Institute 31/08/18 €000's	Consolidated 31/08/17 €000's	Institute 31/08/17 €000's
Income					
State Grants	3	20,539	20,539	18,154	18,154
Tuition Fees	4	19,379	19,379	19,215	19,215
Research Grants & Contracts	5	3,475	3,475	4,510	4,510
Student Support Funding	7	377	377	358	358
Other Income	8	4,886	3,070	4,419	2,743
Amortisation of Deferred Capital Grants	19	2,896	2,896	2,768	2,768
Deferred Pension Funding	24	12,088	12,088	11,528	11,528
Interest Income		1	1	1	1
Total Income		63,641	61,825	60,953	59,277
Expenditure					
Staff costs	9	36,392	36,280	34,263	34,103
Other Operating Expenses	10	10,282	8,735	10,860	9,338
Depreciation	13	3,047	3,047	2,936	2,936
Retirement Benefit Cost	24	12,088	12,088	11,528	11,528
Total Expenditure		61,809	60,149	59,587	57,904
Surplus / (Deficit) before other gains / (losses) and Share of Surplus / (Deficit) in joint ventures & associates		1,833	1,676	1,366	1,373
Surplus / (Deficit) before Tax		1,833	1,676	1,366	1,373
Taxation	11	19	-	-	-
Surplus / (Deficit) for the year		1,814	1,676	1,366	1,373
Experience (losses)/gains on retirement benefit obligations	24	(12,135)	(12,135)	4,501	4,501
Reduction in pension liabilities arising from retirements in the year	24	4,666	4,666	-	-
Changes in the assumptions underlying the present value of retirement benefit obligations	24	(218)	(218)	-	-
Total Actuarial Gains/(Losses) in the year		(7,687)	(7,687)	4,501	4,501
Adjustment to Deferred Retirement Benefits Funding	24	(7,687)	(7,687)	4,501	4,501
Total Comprehensive Income for the Year		1,814	1,676	1,366	1,373

All items of Income & Expenditure relate to continuing activities.
There are no gains or losses other than those recognised above.
Notes 1 - 25 form part of the Consolidated Financial Statements.

Signed on behalf of the Governing Body:


Mr. Patrick W. Malone, Chairman


Dr. Michael Mulvey, President

Date:

19th December 2019

Consolidated Statement of Changes in Reserves and Capital Account
Year ended 31 August 2018

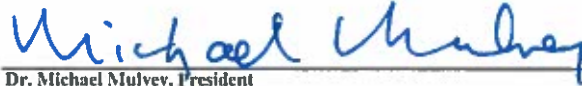
	Deferred Capital Grants €000's	Revenue Reserves €000's	Capital Development Reserve €000's	Total Reserves €000's
Balance at 31 August 2016	88,742	3,133	-	91,875
Surplus for the year <i>before appropriations</i>	-	1,366		1,366
Amortisation of Deferred Capital Grants	(2,768)	-		(2,768)
State Grant Allocated to Capital	592	-		592
Other Grant Allocated to Capital	76	-		76
Restatement of Fixed Assets	(16)	16		-
Transfer to Capital Development Reserve		(166)	166	-
Balance at 31 August 2017- Restated	86,626	4,349	166	91,141
Surplus for the year <i>before appropriations</i>		1,814		1,814
Amortisation of Deferred Capital Grants	(2,896)			(2,896)
State Grant Allocated to Capital	899			899
Other Grant Allocated to Capital	414			414
Restatement of Fixed Assets	(5)	5		-
Transfer to Capital Development Reserve		(600)	600	-
Balance at 31 August 2018	85,038	5,568	766	91,372

Notes 1 - 25 form part of the Consolidated Financial Statements.

Signed on behalf of the Governing Body:



Mr. Patrick W. Malone, Chairman



Dr. Michael Mulvey, President

Date:

19th December 2019

Consolidated and Institute Statement of Financial Position
Year ended 31 August 2018

		Consolidated 31/08/18 €000's	Institute 31/08/18 €000's	Consolidated 31/08/17 €000's	Institute 31/08/17 €000's
Non Current Assets					
Fixed Assets	13	90,410	90,410	92,143	92,143
		<u>90,410</u>	<u>90,410</u>	<u>92,143</u>	<u>92,143</u>
Current Assets					
Inventory	15	22	-	22	-
Receivables	16	2,352	2,316	1,391	1,345
Cash and Cash Equivalents	17	6,426	6,205	6,124	5,825
		<u>8,800</u>	<u>8,521</u>	<u>7,537</u>	<u>7,170</u>
Less Payables ; Amounts due within 1 year	18	(7,838)	(7,707)	(8,539)	(8,185)
Net Current Assets/(Liabilities)		<u>962</u>	<u>814</u>	<u>(1,002)</u>	<u>(1,015)</u>
Total Assets less Current Liabilities		<u>91,372</u>	<u>91,224</u>	<u>91,141</u>	<u>91,128</u>
Retirement Benefits					
Retirement Benefit Obligations	24	(193,214)	(193,214)	(171,887)	(171,887)
Deferred Retirement Benefit Funding Asset	24	193,214	193,214	171,887	171,887
Total Net Assets		<u>91,372</u>	<u>91,224</u>	<u>91,141</u>	<u>91,128</u>
Deferred Capital Grants	19	85,038	85,032	86,626	86,620
Capital Development Reserve	20	766	766	166	166
		<u>85,804</u>	<u>85,798</u>	<u>86,792</u>	<u>86,786</u>
Unrestricted Reserves					
Income & Expenditure Reserve		5,568	5,426	4,349	4,342
Total		<u>91,372</u>	<u>91,224</u>	<u>91,141</u>	<u>91,128</u>

Notes 1 - 25 form part of these Financial Statements.

Signed on behalf of the Governing Body:



Mr. Patrick W. Malone, Chairman



Dr. Michael Mulvey, President

Date:

19th December 2019

Dundalk Institute of Technology

Consolidated Statement of Cash Flows
Year ended 31 August 2018

	Year Ended 31/08/18 €000's	Year Ended 31/08/17 €000's
Net Cash Inflow/Outflow from Operating Activities		
Excess income over expenditure	1,814	1,366
Depreciation of fixed assets	3,047	2,936
Amortisation of deferred capital grants	(2,896)	(2,768)
(Increase)/decrease in Inventory	0	0
(Increase)/decrease in Receivables	(961)	384
Increase/(decrease) in Payables	(701)	1,321
Interest income	(1)	(1)
State funds allocated to capital	899	616
Other funds allocated to capital	414	52
	<u>-</u>	<u>-</u>
Net Cash Outflow from Operating Activities	<u>1,615</u>	<u>3,906</u>
Cash Flows from Investing Activities		
Payments to acquire property, plant & equipment	<u>(1,314)</u>	<u>(668)</u>
Net Cash Flows from Investing Activities	<u>(1,314)</u>	<u>(668)</u>
Cash Flows from Financing Activities		
Interest received	<u>1</u>	<u>1</u>
Net Cash Flows from Financing Activities	<u>1</u>	<u>1</u>
Net (Decrease)/ Increase in cash equivalents in the year	302	3,239
Cash and cash equivalents at 1 September	<u>6,124</u>	<u>2,885</u>
Cash and cash equivalents at 31 August	<u>6,426</u>	<u>6,124</u>

Notes 1 - 25 form part of these Financial Statements.

Signed on behalf of the Governing Body:


Mr. Patrick W. Malone, Chairman


Dr. Michael Mulvey, President

Date:

19th December 2019

DUNDALK INSTITUTE OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2018

1. STATEMENT OF ACCOUNTING POLICIES

A. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

DkIT was established in 1970 and became an autonomous Institute in 1993 and was designated an Institute of Technology in 1998. It provides higher educational opportunities at a variety of levels through full-time and part-time programmes.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standards 102 (FRS 102) issued by the Financial Reporting Council, and promulgated for use in Ireland by Chartered Accountants Ireland.

The consolidated financial statements are presented in euro because that is the currency of the primary economic environment in which the Institute operates. Foreign operations are included in accordance with the policies set out below.

Going Concern

The Governing Body is satisfied that the Institute has adequate resources to meet its obligations as they fall due for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

B. BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Institute and its subsidiaries, Dundalk Campus College Services Limited and DkIT Sport Ltd (note 14 - Investments).

The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Where necessary adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Institute. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

C. RECOGNITION OF INCOME

(a) STATE GRANTS

Recurrent grants from the Higher Education Authority and other bodies are recognised in the period in which they are receivable.

Non recurrent grants from the Higher Education Authority or other State 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.

(b) MINOR CAPITAL WORKS

The Minister for Education and Skills introduced a scheme to devolve responsibility to the Institute for Summer and other Capital Works. Where devolved grant monies in respect of this scheme have not been expended, they are treated as deferred income, provided the projects to which they are committed have been approved by the Governing Body are fully defined, time phased and with estimates of costs.

In all other cases, devolved grant funding is recognised in the period received.

(c) RESEARCH GRANTS AND CONTRACTS

Income from Research Grants and Contracts is matched to expenditure and is included in the income of the year in which the related expenditure is incurred. Full provision is made for foreseeable losses. The most common classes of such transactions are:

(i) Donations with no restrictions

Donations with no restrictions include amounts given to the Institute 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.

DUNDALK INSTITUTE OF TECHNOLOGY

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST AUGUST 2018**

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(ii) Donations with restrictions

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

(iii) Research grants from non-government sources

Income from grants from non-government sources is recognised in the Statement of Comprehensive Income when performance related conditions are met.

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.

(d) FEE INCOME

Fee Income is accounted for on an accruals basis. All fee income is included under this heading including International Student Fee Income, Life Long Learning and Other Fees.

(e) INTEREST INCOME

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

(f) DONATIONS

The Institute receives on occasion benefits in kind such as gifts of equipment. Items of significant value donated to the Institute, which if purchased, the group 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 accounting policy set out below.

D. STOCKS

Expenditure on books and consumable stocks is charged to the Statement of Comprehensive Income as incurred.

E. PROPERTY, PLANT & EQUIPMENT AND DEPRECIATION

Tangible fixed assets, with the exception of land, are stated at historical cost or valuation less accumulated depreciation. Land is stated at historical cost or valuation.

(a) COST OR VALUATION

Tangible fixed assets in existence on 1 January 1993 (date of commencement order) are stated at valuation. Subsequent additions are stated at cost.

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

(b) EQUIPMENT

During the financial year, equipment costing less than €3,000 per individual item was written off to the Statement of Comprehensive Income in the year of acquisition. Where individual items of equipment purchased were below the capitalisation limit (€3,000) and the total purchase invoice was in excess of the limit, these items were individually capitalised in the normal way.

DUNDALK INSTITUTE OF TECHNOLOGY

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST AUGUST 2018**

I. STATEMENT OF ACCOUNTING POLICIES (continued)

(c) DEPRECIATION

All assets purchased before 1 September 2008 and capitalised will continue to be treated as fixed assets and depreciated to the end of their useful life. All assets purchased thereafter are treated as set out below. Depreciation is provided on tangible fixed asset, excluding land, on a straight line basis so as to write off their historical costs or valuations over their estimated useful lives.

The estimated useful lives assigned to tangible fixed assets are as follows:

	Years
Buildings	50
Prefabricated buildings, fixtures, plant and machinery	10
Other computer equipment	3
Educational and administrative equipment	5
Furniture	5
Motor Vehicles	5

Art works are included in Equipment and are not depreciated as they have an infinite useful economic life and a high residual value. All assets, other than equipment funded from research grants and contracts are depreciated over the life of the asset as outlined above.

Leased Land and Buildings are depreciated over the life of the lease.

(d) IMPAIRMENT OF ASSETS

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

F. RECEIVABLES

Short term receivables are measured at transaction price, less any impairment.

G. CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

H. FINANCIAL INSTRUMENTS

The Institute only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

I. PAYABLES

Short term payables are measured at the transaction price.

J. FOREIGN CURRENCIES

Transactions denominated in foreign currencies are translated into euro and recorded at the rates 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 ruling at the Balance Sheet date or at forward contract rates where such contracts exist.

DUNDALK INSTITUTE OF TECHNOLOGY

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST AUGUST 2018**

1. STATEMENT OF ACCOUNTING POLICIES (continued)

K. EMPLOYEE BENEFITS

(a) RETIREMENT BENEFITS

Pension entitlements of staff recruited prior to 1 January 2013 are conferred under a defined benefit pension scheme established under the Education Sector Superannuation Scheme 2015. The scheme is operated on a Pay-as-You-Go basis, with superannuation deductions made from employees being retained by the Institute as an agreed part of its funding.

The Institute also operates the Single Public Service Pension Scheme ("Single Scheme"), which is the defined benefit scheme for pensionable public servants appointed on or after 1 January 2013 in accordance with the Public Service Pensions (Single Scheme and Other Provisions) Act 2012. Single Scheme members' contributions are paid over by the Institute to the Department of Public Expenditure and Reform (DPER).

Pension costs charged to expenditure in the year reflect the benefits earned by current employees during the year and are shown net of staff pension contributions which, in respect of (i) the Education Sector Superannuation Scheme 2015, are retained by the Institute and (ii) the Single Scheme, are remitted to DPER. An amount corresponding to the pension cost is recognised as income to the extent that it is recoverable.

Actuarial gains or losses arising on scheme liabilities are reflected in the Statement of Comprehensive Income and a corresponding adjustment is recognised in the amount recoverable by the Institute from the Higher Education Authority.

The financial statements reflect, at fair value, the assets and liabilities arising from the Institute's pension obligations in respect of its current staff only and any related funding. The costs of providing pension benefits are recognised in the accounting periods in which they are earned by employees. Pension liabilities in respect of former employees who are in receipt of pensions are excluded because pension payments are charged to the appropriation account of the Department of Education and Skills. The reduction in liability arising from members who retire during the year is reflected as an experience gain. Retirement benefit scheme liabilities are measured on an actuarial basis using the projected unit credit method

Subsidiary staff are not part of the public sector schemes.

(b) SHORT-TERM BENEFITS

Short-term benefits such as holiday pay are recognised as an expense in the year, and benefits that are accrued at year-end are included in the Payables figure in the Statement of Financial Position. There is no accrual for holiday pay for Academic staff at year-end due to the nature of their contracts.

L. DEFERRED CAPITAL GRANTS

Deferred Capital Grants represent the unamortised value of accumulated funds allocated for fixed assets.

M. CAPITAL DEVELOPMENT RESERVE

The Capital Development Reserve represents funds set aside by the Institute for specified capital development purposes. Such funds arise from Student Registration Fees, non-State capital donations, Banking Facility Fees and transfers from Revenue Reserves, in the latter case which have had the prior approval of the Higher Education Authority, together with bank interest earned on these monies. Such funds shall be retained in the Capital Development Reserve Account provided the defined projects to which they are committed are in line with the Institute's Capital Development Plan, have been approved by the Governing Body, time phased and with estimates of costs.

N. LEASED ASSETS

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

DUNDALK INSTITUTE OF TECHNOLOGY

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST AUGUST 2018**

1. STATEMENT OF ACCOUNTING POLICIES (continued)

O. TAXATION

(i) Corporation tax and Value Added Tax

As an exempt body, the Institute is not liable for corporation tax or income tax on any of its activities. It is registered for value added tax, but since the supply of education is an exempt activity on which no output tax is charged it is unable to recover input tax on the majority of its purchases.

Certain research and commercial activities within the Institute falls into the VAT net, any input or output tax relating to these activities is returned to the Revenue by the Institute. Certain trading activities undertaken by the Institute are administered through a number of its subsidiary companies and joint ventures, which as commercial organisations are liable to corporation tax.

(ii) Deferred taxation

In subsidiary companies, who do not hold a exempt body status and are therefore liable to corporation tax, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between taxable profits and results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and, therefore, recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

DUNDALK INSTITUTE OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2018

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Institute's accounting policies, which are described in pages 12 to 16, the members of the Governing Body are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

A. CRITICAL JUDGEMENTS IN APPLYING THE INSTITUTE'S ACCOUNTING POLICIES

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

- (1) An analysis performed by the Institute indicates that there is no strict legal obligation to meet performance criteria with private donors and that capital funding received meets the definition of donations with no terms and conditions imposed by the donor in relation to the funds provided. Once a building is in use, the performance criteria can be deemed to be met.
- (2) As more fully referred to below in Note 24(v), the Institute considers that its pension liabilities are guaranteed by the State. As a consequence, the Institute considers that the liability of the pension schemes is matched by the equivalent amount receivable by the Institute from the State.
- (3) Per 1C(c) above, the Institute recognises research income, only to the extent that relevant fully qualifying expenditure is incurred, which is fully refundable by the research funding agency. This accounting methodology is based on the performance obligations required under the contract and is the agreed funding mechanism with the research funding bodies.
- (4) The Governing Body has considered the application of reporting the substance of transactions with regard to certain assets used by the Institute where the legal form of all transactions would indicate that all or part of the assets are not owned by the Institute. The financial substance of all transactions has been reflected in the consolidated financial statements and as such the full value of these assets is included in the fixed assets.
- (5) The assumptions underlying the actuarial valuations for which the amounts recognised in the financial statements are determined (including discount rates, rates of increase in future compensation levels and mortality rates) are updated annually based on current economic conditions, and for any relevant changes to the terms and conditions of the pension and post-retirement plans.

The assumptions can be affected by:

- (i) the discount rate, changes in the rate of return on high-quality corporate bonds
- (ii) future compensation levels, future labour market conditions

Dundalk Institute of Technology

Notes to the Financial Statements
Year ended 31 August 2018

3 State Grants

	Allocated for Recurrent Expenditure €000's	Allocated for Capital Expenditure €000's	2018 Total €000's	Restated 2017 Total €000's
Recurrent Expenditure - HEA	20,539	977	21,516	18,770
EU Funded Capital Grants	0	6	6	0
Capital Expenditure - Enterprise Ireland	0	-	-	10
Capital Expenditure - Other	0	64	64	37
Total 2018	20,539	1,047	21,586	18,817
Total 2017	18,154	663	18,817	

4 Tuition Fees

	2018 Students WTE	2018 State Funded €000's	2018 Non State Funded €000's	2018 Total €000's	2017 Students WTE	2017 State Funded	2017 Non State Funded	2017 Total €000's
Fees paid by State	3,353	3,270	-	3,270	3,388	3,206	-	3,206
Fees paid by other State agencies	-	107	-	107	-	84	-	84
Non EU Fees	498	-	3,858	3,858	513	-	4,114	4,114
Fees paid by students or on behalf of Students	229	-	502	502	244	-	232	232
Life Long Learning and other fees	548	215	587	802	338	103	493	596
Student Contribution including repeat exam fees	-	6,632	4,206	10,839	-	6,999	3,991	10,990
Student Facilities Fee	-	-	-	-	-	-	(7)	(7)
	4,628	10,225	9,153	19,379	4,483	10,392	8,823	19,215
Student Numbers / Net Fee Income	4,628	10,225	9,153	19,379	4,483	10,392	8,823	19,215

The Higher Education Authority paid tuition fees in the year of €1,373,525 (2017: €1,362,547) for full time Level 8 degree courses and €334,500 (2017: €342,875) for higher certificate and ordinary degree courses, the total costs of which are part funded by the ESF. The Higher Education Authority paid €1,562,334 (2017: €1,233,862) in respect of the tuition fee element for full time nursing degree students. Failte Ireland paid €124,000 (2017: €152,800) in respect of the tuition fee element for full time hospitality course students.

Student numbers are stated as wholetime equivalents, based on enrolled credits.

Dundalk Institute of Technology

Notes to the Financial Statements - (continued)
Year ended 31 August 2018

5 Research Grants & Contracts	2018	2017
	Total €000's	Total €000's
Income		
State & semi state	1,459	1,871
European Union	1,729	2,268
Industry	76	8
Other	211	364
	<u>3,475</u>	<u>4,510</u>
Expenditure		
Pay Costs	2,602	2,066
Non Pay Costs	838	2,548
Capital Expenditure - Enterprise Ireland	-	-
	<u>3,440</u>	<u>4,614</u>
Net Outcome	<u>35</u>	<u>(104)</u>

6 Analysis of State Derived Income.

Name of Grantor	Op Deferral 01/09/17	Grant Received 2017/18	CL Deferral 31/08/18	I&E 2018
Note 3 - State Grant				
HEA	276	21,569	(406)	21,438
Allocated for Capital Expenditure				(899)
Total State Income	<u>276</u>	<u>21,569</u>	<u>(406)</u>	<u>20,539</u>
Note 4 - Tuition Fees / Student Contribution Charges				
Higher Education Authority	-	3,270	-	3,270
Health Service Executive	-	217	-	217
Faite Ireland	-	124	-	124
Student Universal Support Ireland	-	6,632	-	6,632
Total State Income	<u>0</u>	<u>10,244</u>	<u>0</u>	<u>10,244</u>
Note 5 - Research & Contracts				
Department of Education & Skills	(16)	66	16	66
Public Water Forum	-	8	-	8
Enterprise Ireland	196	623	(337)	483
Environmental Protection Agency	(37)	22	87	72
ESTHER	1	1	-	2
Faite Ireland	-	12	-	12
Higher Education Authority	21	94	(4)	110
Health Service Executive	46	8	(50)	5
Cork Institute of Technology	-	2	-	2
Irish Research Council	-	18	-	18
Louth County Council	31	128	(82)	78
Marine Institute	93	2	20	114
National Forum for the Enhancement of Teaching & Learning	82	19	(31)	69
Sustainable Energy Authority of Ireland	(43)	111	-	68
Science Foundation Ireland	165	288	(101)	352
Royal Irish Academy	2	-	(2)	-
Total State Income	<u>540</u>	<u>1,402</u>	<u>(483)</u>	<u>1,459</u>
Note 7 - Student Support Funding				
Higher Education Authority	11	372	(8)	375
Total State Income	<u>11</u>	<u>372</u>	<u>(8)</u>	<u>375</u>

7 Student Support Funding

	2018 Disabilities €000's	2018 Assistance €000's	2018 Total €000's	2017 Total €000's
Balance at 1 September	11	0	11	13
Receipts:				
Higher Education Authority	119	258	377	358
Total Receipts	130	258	388	370
Amounts Applied:				
Pay Costs	21	0	21	17
Non Pay Costs	95	255	351	342
Total Expenditure	116	255	372	359
Equipment	8	-	8	0
Balance at 31 August	4	4	8	11

Funding is provided by the Higher Education Authority under the National Development Plan and is part funded by the European Social fund.

8 Other Income

	2018 Total €000's	2017 Total €000's
Superannuation Deductions retained	1,738	1,748
Bank Concession Fee	190	190
Springboard Income	222	406
Sundry Income	920	398
Subsidiary Company Income	1,816	1,834
Net Outcome	4,886	4,576

Dundalk Institute of Technology

Notes to the Financial Statements - (continued)
Year ended 31 August 2018

9 Staff Costs

The average number of persons (including senior post-holders) employed by the Institute during the year, expressed in full time equivalent is:

	2018 No. of employees	2017 No. of employees
Teaching and research	295	279
Technical	40	39
Central administration and services	175	159
	<u>510</u>	<u>477</u>
	2018 €'000	2017 €'000
Salaries and wages	33,412	31,435
Social welfare costs	2,868	2,668
Employer pension costs	0	0
Subsidiary staff costs	112	160
	<u>36,392</u>	<u>34,263</u>

The THEA Code of Governance for Institutes of Technology 2018 requires salaries and wages to be broken down between basic pay, overtime and allowances for all staff, this information is not disclosed in the 2018 Financial Statements. It is intended that this will be available by 31 August 2019.

Key management compensation

For the purposes of this note, key management personnel in the Institute include the President, members of the Leadership Team and members of the Governing Body

	WTE	Salary	Overtime / Allowance	WTE	Salary	Overtime / Allowance
		2018 €'000	2018 €'000		2017 €'000	2017 €'000
Governing Body Members	17	-	-	17	-	-
Leadership Team	7	802	-	7	711	-
	<u>24</u>	<u>802</u>	<u>-</u>	<u>24</u>	<u>711</u>	<u>-</u>

Post employment benefits of key management staff

The current 7 members of the Leadership Team are members of the Institute scheme. The pension scheme is a defined benefit final salary pension arrangement with benefits and contributions defined by reference to current "model" public sector scheme regulations only.

Dundalk Institute of Technology

Notes to the Financial Statements - (continued)
Year ended 31 August 2018

9 Staff Costs - continued

President salary and benefits

	WTE	Salary 2018 €'000	Overtime / Allowance 2018 €'000	WTE	Salary 2017 €'000	Overtime / Allowance 2017 €'000
President	1	147	-	1	143	-
	<u>1</u>	<u>147</u>	<u>-</u>	<u>1</u>	<u>143</u>	<u>-</u>

The President is a member of the Institute scheme. The pension scheme is a defined benefit final salary pension arrangement with benefits and contributions defined by reference to current "model" public sector scheme regulations only.

Termination Payments

There were no termination payments made to staff of the Institute in the period

Higher paid staff

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

Salary Bands	Year Ended 31 August 2018	Year Ended 31 August 2017
60,000 - 70,000	54	49
70,001 - 80,000	37	37
80,001 - 90,000	116	112
90,001 - 100,000	23	24
100,001 - 110,000	5	5
110,001 - 120,000	1	0
120,001 - 130,000	0	0
130,001 - 140,000	0	0
140,001 - 150,000	1	1
Grand Total	<u>237</u>	<u>228</u>

The overall figure for employer pension contribution in the year was €74,918 (€0: 2017)

FRS102 Holiday Pay Accrual for 2018 is €538,271 (2017: €382,458)

10 Other Operating Expenses

	2018	2018	2018	2018	2017
	Pay Costs	Depreciation	Other Operating Expenses	Total	Total
	€000's	€000's	€000's	€000's	€000's
Capital projects	0	2,810	0	2,810	2,539
Research Grants and Contracts	2,602	129	838	3,568	4,875
Academic Department	25,120	62	1,953	27,134	25,155
Academic Services	1,884	10	376	2,269	2,395
Facilities Costs	1,064	9	2,253	3,326	3,043
Central Administration and Services	4,676	8	2,263	6,948	6,514
General Education Expenses	71	0	104	175	186
Student Services	842	14	597	1,453	1,307
Student Support	21	5	351	377	361
Subsidiary Undertakings	112	0	1,548	1,660	1,839
Total Expenditure	36,392	3,047	10,282	49,721	48,216
Total 2017	34,263	2,937	10,860		

10 Other Operating Expenses - Continued

	Consolidated 2018 €000's	Consolidated 2017 €000's
Materials & Other Consumables	9	8
Light, Heat & Power	786	696
Periodicals, Books and Printed materials	174	205
Travel & Subsistence	521	534
Printing, Stationery, Postage and other Office Expenses	299	121
Equipment Maintenance	9	5
Premises Maintenance	491	478
Premises Contract Alarms	44	43
Grounds	63	67
Computer Maintenance & Software	354	417
Class & Library Materials	310	354
Rent, Rates and Insurance Costs	168	382
Recruitment, Training etc.	57	77
External Audit Fees	39	45
Internal Audit Fees	21	75
Student Support Funding	700	707
Health Service	74	77
Subsidiary Undertakings	1,548	1,679
Communications	113	116
Equipment	1,074	255
Transfer to Project Partners	73	1,781
Advertising & Marketing	347	273
Professional Fees	301	169
Laboratory Costs	155	91
Research Costs	97	102
Courses, Conferences	144	33
Catering	118	94
Cleaning	557	467
Training/ Seminars	90	99
Security, Health & Safety	247	167
Bank Charges	50	44
General Education	1,033	944
Impairment of Student Receivables	13	(90)
Other Expenses	205	345
Total Other Operating Expenses	10,282	10,860

Other Operating Expenses Include:

Auditors Remuneration

Statutory Audit of Institute	39	45
Internal Audit Services Provided By Third Party	21	75
External Audit of Subsidiaries	6	6

Dundalk Institute of Technology

Notes to the Financial Statements - (continued)
Year ended 31 August 2018

10 Other Operating Expenses - Continued

	Consolidated 2018 €000's	Consolidated 2017 €000's
Travel & Subsistence		
Travel: Domestic	355	355
Travel: International	166	179
	<u>521</u>	<u>534</u>
	Consolidated 2018 €000's	Consolidated 2017 €000's
Hospitality		
Hospitality: Staff Events	1	2
Hospitality: Student Events	47	34
Hospitality: Other External	70	57
	<u>118</u>	<u>94</u>
	Consolidated 2018 €000's	Consolidated 2017 €000's
Legal Costs		
Legal Costs: Professional Fees	45	48
Legal Costs: Settlements	-	-
	<u>45</u>	<u>48</u>
	Consolidated 2018 €000's	Consolidated 2017 €000's
Professional Fees		
Professional Fees: IT	8	2
Professional Fees: Tax & Financial Advisory	6	33
Professional Fees: Public Relations/Marketing	46	23
Professional Fees: Engineers	7	4
Professional Fees: Other	189	59
	<u>256</u>	<u>121</u>

Dundalk Institute of Technology

Notes to the Financial Statements - (continued)
Year ended 31 August 2018

11 Taxation

Dundalk Institute of Technology is exempt from Corporation Tax under a charitable status order.

12 Operating Leases

DkIT Sport Limited has entered into a lease contract with Third Level Fitness for the supply of fitness equipment. The following is a schedule of the future payments under this operating lease.

	Consolidated 2018 €000's	Consolidated 2017 €000's
Commitments under operating leases		
Within 1 Year	88	88
Between 2 and 5 years	176	264
	<u>264</u>	<u>352</u>

Dundalk Institute of Technology

Notes to the Financial Statements - (continued)
Year ended 31 August 2018

13 Tangible fixed assets
Consolidated

	Land and buildings	Furniture	Equipment	Computer Equipment	Motor Vehicles	Subsidiary Equipment	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Cost							
At 1 September 2017	126,374	860	9,267	4,991	13	96	141,601
Additions in year	0	0	613	693	8	0	1,314
Assets Written Off	0	(33)	(22)	(75)	0	0	(131)
At 31 August 2018	126,374	827	9,858	5,608	21	96	142,784
Depreciation							
At 1 September 2017	35,394	852	8,525	4,589	2	96	49,458
Charge for year	2,513	2	228	301	3	0	3,047
Assets Written Off	0	(33)	(22)	(75)	0	0	(131)
At 31 August 2018	37,907	821	8,731	4,815	5	96	52,374
Net book value							
At 31 August 2018	88,467	6	1,127	793	16	0	90,410
At 1 September 2017	90,980	8	742	402	11	0	92,143

Dundalk Institute of Technology

Notes to the Financial Statements - (continued)
Year ended 31 August 2018

13 Tangible fixed assets - in respect of prior year
Consolidated

	Land and buildings	Furniture	Equipment	Computer Equipment	Motor Vehicles	Subsidiary Equipment	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Cost							
At 1 September 2016	126,372	863	9,012	4,605	5	96	140,953
Additions in year	2	0	255	403	8	0	668
Assets Written Off	0	(3)	0	(17)	0	0	(20)
At 31 August 2017	126,374	860	9,267	4,991	13	96	141,601
Depreciation							
At 1 September 2016	32,881	853	8,267	4,443	1	96	46,541
Charge for year	2,513	2	258	162	1	0	2,936
Assets Written Off	0	(3)	0	(16)	0	0	(19)
At 31 August 2017	35,394	852	8,525	4,589	2	96	49,458
Net book value							
At 31 August 2017	90,980	8	742	402	11	0	92,143
At 1 September 2016	93,491	10	745	162	4	0	94,412

Dundalk Institute of Technology

Notes to the Financial Statements - (continued)
Year ended 31 August 2018

13 Tangible fixed assets
Institute Only

	Land and buildings	Furniture	Equipment	Computer Equipment	Motor Vehicles	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Cost						
At 1 September 2017	126,374	860	9,267	4,991	13	141,505
Additions in year	0	0	613	693	8	1,314
Assets Written Off	0	(33)	(22)	(75)	0	(131)
At 31 August 2018	126,374	827	9,858	5,608	21	142,688
Depreciation						
At 1 September 2017	35,394	852	8,525	4,589	2	49,362
Charge for year	2,513	2	228	301	3	3,047
Assets Written Off	0	(33)	(22)	(75)	0	(131)
At 31 August 2018	37,907	821	8,731	4,815	5	52,278
Net book value						
At 31 August 2018	88,467	6	1,127	793	16	90,410
At 1 September 2017	90,980	8	742	402	11	92,143

Dundalk Institute of Technology

**Notes to the Financial Statements - (continued)
Year ended 31 August 2018**

**13 Tangible fixed assets - in respect of prior year
Institute Only**

	Land and buildings	Furniture	Equipment	Computer Equipment	Motor Vehicles	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Cost						
At 1 September 2016	126,372	863	9,012	4,605	5	140,857
Additions in year	2	0	255	403	8	668
Assets Written Off	0	(3)	0	(17)	0	(20)
At 31 August 2017	126,374	860	9,267	4,991	13	141,505
Depreciation						
At 1 September 2016	32,881	853	8,267	4,443	1	46,445
Charge for year	2,513	2	258	162	1	2,936
Assets Written Off	0	(3)	0	(16)	0	(19)
At 31 August 2017	35,394	852	8,525	4,589	2	49,362
Net book value						
At 31 August 2017	90,980	8	742	402	11	92,143
At 1 September 2016	93,491	10	745	162	4	94,412

Dundalk Institute of Technology

Notes to the Financial Statements - (continued)
Year ended 31 August 2018

14 Investments

The Institute holds minor shareholdings in the following companies:

Nova Leah Ltd - 2.25%
 Tapa Healthcare DAC - 1.75%

The Institute also holds an interest in the following subsidiaries:

Subsidiary undertakings

Dundalk Campus College Services Ltd (DCCS Ltd)
 DKIT Sport Ltd

Principal

DCCS Ltd is involved in the operation of the college stationery shop, the provision of student printing, photocopying services and the booking of facilities within the college.
 DKIT Sport Limited is involved in the provision of leisure facilities.

Interest	100%	
	Profit/(Loss) for the year €'000s	Net Assets €'000s
Dundalk Campus College Services Ltd	(2)	11
DKIT Sport Ltd	140	132

The above subsidiary undertakings have their registered office at Dundalk Institute of Technology.

15 Inventory

Dundalk Campus College Services Ltd holds stationery stock for resale.

16 Receivables

	Consolidated		Institute	
	2018 €'000	2017 €'000	2018 €'000	2017 €'000
Trade Receivables	342	245	342	187
Tuition Fee receivable	377	412	377	412
Impairment of Student Receivables	(317)	(304)	(317)	(304)
Research grants and contracts receivable	1,314	741	1,314	741
Other capital funding receivable	273	6	273	6
Prepayments	303	290	303	287
Amounts due from subsidiary undertakings	-	-	22	16
Other receivables	60	1	2	1
	2,352	1,391	2,316	1,345

17 Cash & cash equivalents

	Consolidated		Institute	
	2018 €'000	2017 €'000	2018 €'000	2017 €'000
Cash at bank including balances held on short term deposit	6,426	6,124	6,205	5,825
	6,426	6,124	6,205	5,825

Dundalk Institute of Technology

Notes to the Financial Statements - (continued)
Year ended 31 August 2018

18 Payables: amounts falling due within one year	Consolidated		Institute	
	2018 €000's	2017 €000's	2018 €000's	2017 €000's
Trade payables	372	350	18	9
Research grants and contracts in advance	1,475	1,976	1,475	1,976
Tuition fees received in advance	1,432	2,119	1,432	2,119
State grants received in advance	406	908	406	908
Accruals	1,075	1,207	1,075	1,205
Amounts owed to subsidiary undertakings			236	-
Other tax and social security	952	861	952	850
Other payables	814	767	801	767
Other amounts received in advance	1,312	351	1,312	351
Total Creditors	7,838	8,539	7,707	8,185

Dundalk Institute of Technology

Notes to the Financial Statements - (continued)
Year ended 31 August 2018

19 Deferred Capital Grants

	Consolidated		Institute	
	2018	2017	2018	2017
	€000's	€000's	€000's	€000's
At 1 September				
Opening Balance	86,626	88,742	86,620	88,736
Cash received in year				
Allocated from State Recurrent Grant - HEA	238	53	238	53
State Grant for Minor Capital Works - HEA	661	539	661	539
EU funded	294	6	294	6
Other Funding	120	70	120	70
Total	1,314	668	1,314	668
Amortised to Income and expenditure in year				
Amortised in line with depreciation	(3,047)	(2,937)	(3,047)	(2,937)
Restatement of Fixed Assets 2016/17	-	(16)	-	(16)
Reduction in Amortisation of Deferred Capital	-	169	-	169
Restatement of Fixed Assets 2017/18	(5)	-	(5)	-
Reduction in Amortisation of Deferred Capital	150	0	150	0
Total	(2,902)	(2,784)	(2,902)	(2,784)
At 31 August				
Closing Balance	85,038	86,626	85,032	86,620

Dundalk Institute of Technology

Notes to the Financial Statements - (continued)
Year ended 31 August 2018

20 Capital Development Reserve

	Consolidated		Institute	
	2018	2017	2018	2017
	€000's	€000's	€000's	€000's
Opening Balance	166	-	166	-
Transfer from Revenue Reserves	600	166	600	166
Closing Balance	<u><u>766</u></u>	<u><u>166</u></u>	<u><u>766</u></u>	<u><u>166</u></u>

21 Related Parties

In the normal course of business the Institute may enter into contractual arrangements with undertakings in which the Institute's Governing Body members are employed or otherwise interested. The Institute has adopted procedures in accordance with the 2018 THEA Code of Governance for Institutes of Technology in relation to the disclosure of interests by members of the Board and the Institute has complied with these procedures during the year.

22 Contingent Liabilities

There were no contingent liabilities existing at 31 August 2018.

23 Post Balance Sheet Events

There were no significant events since the balance sheet date which could have implications for these financial statements.

Dundalk Institute of Technology

Notes to the Financial Statements - (continued)

Year ended 31 August 2018

24 Retirement Benefit Costs

(i) Staffing

Retirement benefit obligations were accounted for the first time in the 2016/2017 financial statements. The opening position at 1 September 2016 was estimated by the actuary, based on market conditions at that time.

(ii) Description of Scheme

Institute Scheme

The pension scheme is a defined benefit final salary pension arrangement with benefits and contributions defined by reference to current "model" public sector scheme regulations. The scheme provides a pension (one eightieth per year of service), a gratuity or lump sum (three eightieths per year of service) and spouse's and children's pensions. Normal Retirement Age is a member's 65th birthday, and pre 2004 members have an entitlement to retire without actuarial reduction from age 60. Pensions in payment (and deferment) normally increase in line with general public sector salary inflation. Deductions from staff are retained by the Institute.

Single Scheme

New entrant staff, employed by the Institute after 1 January 2013 are members of the Single Public Service Pension Scheme in accordance with Public Sector Pensions (Single Scheme and Other Provisions) Acts 2012. Deductions from staff salaries under the Single Scheme are transferred to the Department of Public Expenditure and Reform on a monthly basis in accordance with the act. The Single Scheme is the occupational pension scheme for new-entrant public servants hired since 1 January 2013. It is a defined benefit scheme, with retirement benefits based on career-average pay. The scheme generates pension credits and retirement lump sum credits for each scheme member. These money credits, known as "referable amounts", accrue as percentages of pay on an ongoing basis. The referable amounts accrued each year are revalued annually until retirement in line with inflation increases (Consumer Price Index). The annual pension awarded on retirement is the cumulative total of a scheme member's pension referable amounts, and the retirement lump sum awarded is, similarly, the total of the scheme member's lump sum referable amounts

Valuation

The valuation used for FRS 102 disclosures has been based on a full actuarial valuation by a qualified independent actuary taking account of the requirements of the FRS in order to assess the scheme liabilities at 31 August 2018. On retirement members' pensions are paid by the National Shared Services Office on behalf of the Department of Education and Skills and the payments are charged to that Department's appropriation account. Therefore, former employees of the Institute who are in receipt of a pension have been excluded from the valuation. The reduction in the liability arising from members who retired during the year is reflected as an experience gain and is separately identified in the liability reconciliation.

Dundalk Institute of Technology

Notes to the Financial Statements - (continued)
Year ended 31 August 2018

24 Retirement Benefit Costs (continued)

The principal actuarial assumptions used to calculate the components of the defined benefit cost for the year ended 31 August 2018 were as follows:

	31-Aug-18	31-Aug-17
Discount rate	2.00%	2.15%
Inflation rate	1.85%	1.75%
Salary increases	3.10%	3.25%
Pension increases	2.60%	2.75%

The mortality basis adopted allows for improvements in life expectancy over time, so that life expectancy at retirement will depend on the year in which a member attains retirement age (age 65). The number of members in the Scheme and the number of deaths are too small to analyse and produce any meaningful Scheme-specific estimates of future levels of mortality. Average future life expectancy according to the mortality tables used to determine the pension liabilities are:

	31-Aug-18 Years	31-Aug-17 Years
Male Aged 65	21.5	21.4
Female Aged 65	24.0	23.9

(iii) Analysis of total retirement benefit costs charged to the Statement of Comprehensive Income

	31-Aug-18 €000's	31-Aug-17 €000's
Current service cost	9,839	9,921
Interest on retirement benefit scheme liabilities	3,801	3,114
Employee contributions / (benefits paid)	(1,552)	(1,507)
	<u>12,088</u>	<u>11,528</u>

Dundalk Institute of Technology

Notes to the Financial Statements - (continued)
Year ended 31 August 2018

24 Retirement Benefit Costs (continued)

(iv) *Movement in net retirement benefit obligations during the financial year*

	31-Aug-18 €000's	31-Aug-17 €000's
Net retirement benefit obligation at 1 September	171,887	163,353
Current service costs	9,839	9,921
Interest costs	3,801	3,114
Experience Loss/(Gain) on liabilities	12,135	-
Reduction in pension liabilities arising from retirements in the year	(4,666)	-
Changes in actuarial assumptions	218	(4,501)
Net retirement benefit obligations at 31 August	<u>193,214</u>	<u>171,887</u>
<i>Analysed as follows:</i>		
Education Sector Superannuation Scheme	192,528	171,134
Single Scheme	686	753
	<u>193,214</u>	<u>171,887</u>

(v) *Deferred funding asset for retirement benefits*

The Institute is prescribed in S.I. No 581 of 2012 as a relevant authority for the purposes of the single scheme. It is the Institute's opinion (in accordance with Section 44 of the 2012 Act) that any liability in respect of the Single Scheme would be offset by an equivalent asset in respect of future state funding.

The Institute recognises amounts owing from the State for the unfunded deferred liability for retirement benefits relating to the Education Sector Superannuation Scheme 2015 on the basis of the set of assumptions described above and a number of past events. These events include the statutory basis for the establishment of the retirement benefit scheme, and the policy and practice currently in place in relation to funding public service pensions including contributions by employees and the annual estimates process. The Institute has no evidence that this funding policy will not continue to meet such sums in accordance with current practice.

The net deferred funding for retirement benefits recognised in the Statement of Comprehensive Income was as follows:

	31-Aug-18 €000's	31-Aug-17 €000's
Funding recoverable in respect of current year retirement	12,088	11,528
	<u>12,088</u>	<u>11,528</u>

The deferred funding liabilities for retirement benefit as at 31 August 2018 amounted to €193,214,000 (2017: €171,887,000).

(vi) *History of defined benefits obligations*

	31-Aug-18 €000's	31-Aug-17 €000's
Defined benefit obligations	193,214	171,887

25 Approval of Financial Statements

The financial statements were approved by the Governing Authority on 19th December 2019.