

DUNDALK INSTITUTE OF TECHNOLOGY

FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2019

DUNDALK INSTITUTE OF TECHNOLOGY

FINANCIAL STATEMENTS 2019

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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.

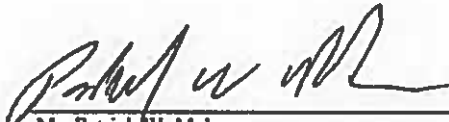
In preparing these financial statements, the Institute is required to:

- 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.

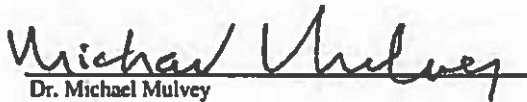
The Institute is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Institute and which enable it to ensure that the financial statements comply with the Institutes of Technology Act 2006.

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

CHAIRPERSON


Mr. Patrick W. Malone
11th December 2020

PRESIDENT:


Dr. Michael Mulvey
14th December 2020

DUNDALK INSTITUTE OF TECHNOLOGY

CORPORATE GOVERNANCE STATEMENT YEAR ENDED 31 AUGUST 2019

1. Governing Body:

The Governing Body of Dundalk Institute of Technology operates in accordance with a Governance Framework which comprises the Institutes of Technology Acts 1992 to 2006, the THEA Code of Governance and other applicable legislation.

The duties of the Governing Body are set out in the Reserved Functions (Appendix B of the THEA Code of Governance). These include approving and reviewing implementation of the Institute's strategic plan, risk management policy, annual operating programmes and budgets, annual financial statements, performance compact and overseeing major capital expenditure and investment decisions. All other functions are management functions. The Governing Body must operate in accordance with the Second Schedule of the Institutes of Technology Acts 1992-2006.

The Governing Body also has overall responsibility for the system of internal control in operation within the Institute. It has established a Finance, Audit & Risk Committee (FAR) as a committee of the Governing Body to support them in their responsibilities for issues of risk management, internal control and other governance matters.

2. Review of Governing Body performance:

The Governing Body conducted a self evaluation of its own performance during 2018/19 in accordance with the THEA Code of Governance. Following the cessation of that Governing Body in March 2020, an external review of its performance commenced in September 2020 and is due for completion in December 2020.

The Internal Auditors (PwC) carried out a review of the Institute's compliance with the THEA Code of Governance in March 2019.

3. Governing Body Composition:

The Governing Body consists a Chairperson, President (ex-officio member) and 16 members. There were 14 meetings of the Governing Body during the year ended 31st August 2019. The Governing Body's membership for the period under review is provided in the table below:

Governing Body Member	Role
Cllr. Clifford Kelly	Chairperson
Dr. Michael Mulvey	President (Ex-Officio Member)
Mr. Richard Crowley	Member - Academic Staff Representative
Ms. Antoinette Rourke	Member - Academic Staff Representative
Mr. Fergal Smyth	Member - Professional, Management & Support Staff Representative
Mr. Brian Harten	Member
Mr. Paschal McGuire	Member
Cllr. Oliver Tully RIP 9th July 2019	Member
Cllr. Cathy Bennett	Member
Ms. Sadie Ward McDermott	Member
Mr. Tomas Sharkey	Member
Mr. Bill Sweeney	Member
Ms. Margaret Swords	Member
Mr. Paddy Matthews	Member
Ms. Kitty Warnock	Member
Ms. Sile O'Connor	Member
Mr. Aaron Geagan	Member
Ms. Maria Maguire	Member - DKIT Students Union Representative

DUNDALK INSTITUTE OF TECHNOLOGY

CORPORATE GOVERNANCE STATEMENT YEAR ENDED 31 AUGUST 2019

4. Finance, Audit and Risk Committee Composition:

The Finance Audit and Risk Committee (FAR) consists of four non-executive members of the Governing Body and originally three independent external members. There were 17 meetings of this committee during the year ended 31st August 2019. The committee's membership for the period is provided in the table below:

FAR member	Role
Mr. Brian Harten	Chairperson (Governing Body Member)
Mr. Bill Sweeney	Acting Chairman from October 2018
Cllr. Cathy Bennett	Governing Body Member
Mr. Paschal McGuire	Governing Body Member (Joined October 2018)
Mr Brendan Murtagh	External Member
Mr. Ger Finn	External Member
Mr. John Kieran	External Member (Resigned October 2018)

5. Fees paid to Governing Body Members in 2018/19

Fees paid to Governing Body members comprise a combination of Interview Panel member fee, taxable travel and non-taxable travel expenses. The following are the payments made to Governing Body members in relation to all expenses from 1st September 2018 to 31st August 2019:

Governing Body Member	Amount
Cllr. Clifford Kelly	€7,005
Cllr. Cathy Bennett	€1,615
Mr. Bill Sweeney	€2,119
Mr. Oliver Tully RIP	€2,073
Mr. Paschal McGuire	€6,831
Total	€19,643

6. Compliance with the Code

The Governing Body confirms compliance with the THEA Code of Governance to the Higher Education Authority on an annual basis in the Annual Governance Statement. Any matters of non-compliance are disclosed in the Statement of Internal Control and the Annual Governance Statement.

DUNDALK INSTITUTE OF TECHNOLOGY

STATEMENT ON INTERNAL CONTROL YEAR ENDED 31 AUGUST 2019

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 system of internal control consists of the processes used to identify, evaluate manage and control the significant risks affecting Dundalk Institute of Technology in pursuing its organisational objectives.

The 2018 THEA Code of Governance for Institutes of Technology was adopted by the Governing Body and is working to achieve compliance with this Code. The Code outlines specific financial disclosure requirements which have been reflected in the financial statements.

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. This includes monthly management accounts to the Finance, Audit & Risk Committee identifying variances from pre-defined budget figures.
- Clearly defined capital investment control guidelines (Higher Education Authority and Department of Further and Higher Education, Research, Innovation and Science).
- Finance, Audit & Risk Committee has adopted a defined audit charter which deals with significant control issues.
- The Institute has an Internal Audit function which operates in accordance with the THEA Code of Governance. The Finance, Audit & Risk Committee approves the annual internal audit work programme and receives and reviews all reports from the Internal Auditors (PwC) along with internally generated Internal Control reports.
- The post of Vice President for Finance, Resources and Diversity was advertised in July 2020. The recruitment campaign was unsuccessful and the post was re-advertised in November 2020 with the view of identifying and appointing a successful candidate in early 2021.

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 the risk register identifying key risks and responsibilities that is subject to review by management and the Finance, Audit and Risk Committee.

The Institute Risk Register, following an exercise by PwC, was approved at Governing Body in February 2017. The Register includes relevant mitigation measures and strategies. In 2019, as part of devising the Internal Audit Plan for the Institute, PwC reviewed the risks in the Risk Register, confirmed the principal risks facing the Institute and accordingly implemented the Audit Plan informed by this exercise.

In addition to the performance review of the Governing Body referenced in the Corporate Governance Statement above, the external consultants concerned are also conducting a review of the Institute's Risk Register including business risks (November 2020). This report, once completed, will be presented to the Finance, Audit & Risk Committee.

DUNDALK INSTITUTE OF TECHNOLOGY

STATEMENT ON INTERNAL CONTROL YEAR ENDED 31 AUGUST 2019

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

The Institute approved the 2019 Programmes and Budget, along with the annual budget for 2019 on 28th March 2019. 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 2018/19 were submitted to the Comptroller and Auditor General on 28th November 2019.

The Institute has also implemented procedures and controls for its major information systems included financial management (Agresso), human resource management and payroll (Core HR and Core Pay) and student records systems (Banner SRS).

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.

The review of Internal Controls for the period was reported to the Finance, Audit and Risk Committee at its meeting on 21st January 2020.

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:

15th January 2019

- Internal Audit GDPR RC02 report
- Audit plan 2019

12th March 2019

- Compliance with the THEA Code of Governance report

16th July 2019

- Review of Internal Financial Controls - International Office

19th November 2019

- Internal Audit Findings Follow Up Review

Review of Preparing and Issuing of Academic/Student Timetables for Academic Year 2018/2019 is ongoing and was incomplete at the end of this audit period.

DUNDALK INSTITUTE OF TECHNOLOGY

STATEMENT ON INTERNAL CONTROL YEAR ENDED 31 AUGUST 2019

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 and reported to the Governing Body on 24th February 2020.

9. Procurement

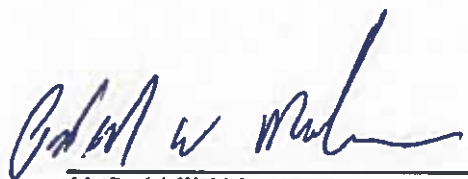
The Institute's procurement procedures are in line with the national guidelines for public procurement and the requirements of the Office of Government Procurement (OGP), Education Procurement Service ("EPS") and Guidelines on Achieving Value for Money in Public Expenditure, as set out by the Minister for Finance on 20 October 2005.

During the year ended 31 August 2019, €402K relating to five suppliers, did not comply with the current procurement legislation in relation to public procurement tendering requirements. Of these, four were identified by Dundalk IT and brought to the attention of the Finance, Audit & Risk Committee and are reported in the 2018/19 Annual Governance Statement. The remaining supplier was identified by the C&AG during the audit. The Institute continues to work towards full compliance with all relevant guidelines.

10. Weaknesses in internal control

To the best of our knowledge, there were no weaknesses in internal control that have resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or the auditor's report on the financial statements.

Chairman:


Mr. Patrick W. Malone

President:


Dr. Michael Mulvey

Name of Institute:

Dundalk Institute of Technology

Date:

14th December 2020



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 2019 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 2019 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, the corporate governance statement 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 Governing Body of the Institute reviewed the effectiveness of the internal control system in February 2020, some six months after the end of the 2018/2019 financial period. While progress has been made in bringing forward the timing of the review, it is still late relative to the requirement under the *Code of Governance for Institutes of Technology* to conduct the review no later than three months after the end of the financial period.

Seamus McCarthy
Comptroller and Auditor General

22 December 2020

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.

Dundalk Institute of Technology

Consolidated and Institute Statement of Comprehensive Income
Year ended 31 August 2019

		Consolidated 31/08/19 €000's	Institute 31/08/19 €000's	Consolidated 31/08/18 €000's	Institute 31/08/18 €000's
Income					
State Grants	3	21,217	21,217	20,539	20,539
Tuition Fees	4	18,796	18,796	19,379	19,379
Research Grants & Contracts	5	4,043	4,043	3,475	3,475
Student Support Funding	7	396	396	377	377
Other Income	8	5,192	3,373	4,886	3,070
Amortisation of Deferred Capital Grants	19	3,061	3,061	2,897	2,896
Deferred Pension Funding	23	12,462	12,462	12,088	12,088
Interest Income		(11)	(11)	1	1
Total Income		65,159	63,348	63,641	61,826
Expenditure					
Staff costs	9	38,153	38,044	36,392	36,280
Other Operating Expenses	10	10,497	8,888	10,282	8,735
Depreciation	13	3,196	3,196	3,047	3,047
Retirement Benefit Cost	23	12,462	12,462	12,088	12,088
Total Expenditure		64,308	62,590	61,809	60,150
Surplus / (Deficit) before other gains / (losses) and Share of Surplus / (Deficit) in joint ventures & associates		851	750	1,833	1,676
Surplus / (Deficit) before Tax Taxation	11	851 (10)	750 -	1,833 (119)	1,676 -
Surplus / (Deficit) for the year		841	750	1,814	1,676
Actuarial Gains					
Experience (losses)/ gains on retirement benefit obligations	23	(215)	(215)	(12,135)	(12,135)
Reduction in pension liabilities arising from retirements in the year	23	1,162	1,162	4,666	4,666
Changes in assumptions underlying the present value of retirement benefit obligations	23	(29,560)	(29,560)	(218)	(218)
Total Actuarial Gains in the year		(28,613)	(28,613)	(7,687)	(7,687)
Adjustment to Deferred Retirement Benefits Funding	23	28,613	28,613	7,687	7,687
Total Comprehensive Income for the Year		841	750	1,814	1,676

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:

14th December 2020

Dundalk Institute of Technology

Consolidated Statement of Changes in Reserves and Capital Account
Year ended 31 August 2019

	Deferred Capital Grants €000's	Revenue Reserves €000's	Capital Development Reserve €000's	Total Reserves €000's
Balance at 31 August 2017 - Restated	86,626	4,349	166	91,141
Surplus for the year before appropriations		1,814		1,814
Amortisation of Deferred Capital Grants	(2,895)			(2,895)
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
Surplus for the year before appropriations		841		841
Amortisation of Deferred Capital Grants	(3,061)			(3,061)
State Grant Allocated to Capital	421			421
Other Grant Allocated to Capital	253			253
Restatement of Fixed Assets	(11)	11		-
Transfer to Capital Development Reserve		(600)	600	-
Balance at 31 August 2019	82,640	5,820	1,366	89,826

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

Signed on behalf of the Governing Body:

Mr. Patrick W. Malone, Chairman

Dr. Michael Malvey, President

Date:

14th December 2020

Dundalk Institute of Technology

Consolidated and Institute Statement of Financial Position
Year ended 31 August 2019

	Note	Consolidated 31/08/19 €000's	Institute 31/08/19 €100's	Consolidated 31/08/18 €000's	Institute 31/08/18 €000's
Non Current Assets					
Fixed Assets	13	87,887	87,887	90,410	90,410
		<u>87,887</u>	<u>87,887</u>	<u>90,410</u>	<u>90,410</u>
Current Assets					
Inventory	15	11	-	22	-
Receivables	16	2,210	2,229	2,352	2,316
Cash and Cash Equivalents	17	7,699	7,501	6,426	6,205
		<u>9,920</u>	<u>9,730</u>	<u>8,800</u>	<u>8,521</u>
Less Payables ; Amounts due within 1 year	18	(7,981)	(8,010)	(7,818)	(7,707)
Net Current Assets		<u>1,939</u>	<u>1,720</u>	<u>962</u>	<u>814</u>
Total Assets less Current Liabilities		<u>89,826</u>	<u>89,587</u>	<u>91,372</u>	<u>91,224</u>
Retirement Benefits					
Retirement Benefit Obligations	23	(236,239)	(236,239)	(193,314)	(197,214)
Deferred Retirement Benefit Funding Asset	23	236,239	236,239	193,214	193,214
Total Net Assets		<u>89,826</u>	<u>89,587</u>	<u>91,372</u>	<u>91,224</u>
Deferred Capital Grants	19	82,640	82,634	85,038	85,032
Capital Development Reserve	20	1,366	1,366	766	766
		<u>84,006</u>	<u>84,000</u>	<u>85,804</u>	<u>85,798</u>
Unrestricted Reserves					
Income & Expenditure Reserve		5,820	5,587	5,568	5,426
Total		<u>89,826</u>	<u>89,587</u>	<u>91,372</u>	<u>91,224</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:

14th December 2020

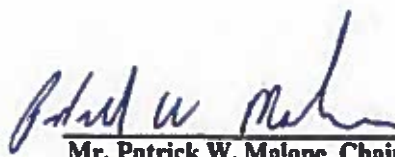
Dundalk Institute of Technology

Consolidated Statement of Cash Flows
Year ended 31 August 2019

	Year Ended 31/08/19 €000's	Year Ended 31/08/18 €000's
Net Cash Inflow/Outflow from Operating Activities		
Excess income over expenditure	841	1,814
Depreciation of fixed assets	3,196	3,047
Amortisation of deferred capital grants	(3,061)	(2,896)
(Increase)/decrease in Inventory	11	0
(Increase)/decrease in Receivables	142	(961)
Increase/(decrease) in Payables	143	(701)
Interest income	8	(1)
State funds allocated to capital	421	899
Other funds allocated to capital	253	414
	<hr/>	<hr/>
Net Cash Inflow from Operating Activities	1,954	1,615
	<hr/>	<hr/>
Cash Flows from Investing Activities		
Payments to acquire property, plant & equipment	(674)	(1,314)
	<hr/>	<hr/>
Net Cash Flows from Investing Activities	(674)	(1,314)
	<hr/>	<hr/>
Cash Flows from Financing Activities		
Interest received	(7)	1
	<hr/>	<hr/>
Net Cash Flows from Financing Activities	(7)	1
	<hr/>	<hr/>
Net (Decrease)/ Increase in cash equivalents in the year	1,273	302
Cash and cash equivalents at 1 September	6,426	6,124
	<hr/>	<hr/>
Cash and cash equivalents at 31 August	7,699	6,426
	<hr/>	<hr/>

Notes 1 - 26 form part of these Financial Statements.

Signed on behalf of the Governing Body:


Mr. Patrick W. Malone, Chairman


Dr. Michael Mulvey, President

Date:

14th December 2020

DUNDALK INSTITUTE OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2019

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 COVID-19 crisis has created major business challenges for all third level institutions. The Institute has engaged continuously with the Department of Education and Skills and the Higher Education Authority in conjunction with the Technological Higher Education Association, in assessing the evolving and projected financial and operational impacts.

A review of the expected financial impact of COVID-19 was conducted and responses provided to the Higher Education Authority illustrating the Institute's financial and operational position with reference to a set of assumptions and guidelines. This was also provided to Governing Body. The Institute developed a comprehensive Operational Plan of which the Governing Body was informed through a detailed presentation. The Governing Body was assured that there will be sufficient funding for the Institute to meet its liabilities as they fall due and to continue as a going concern. On this basis, the Institute considers it appropriate to prepare financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets and liabilities that may arise if the Institute was unable to continue as a going concern.

The evolving financial and operational impacts of COVID-19 will be continuously reviewed and monitored by the Governing Body through the Finance, Audit and Risk Committee.

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 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 Consolidated and Institute Statement of Comprehensive Income on entitlement to the income.

DUNDALK INSTITUTE OF TECHNOLOGY

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST AUGUST 2019**

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(ii) Donations with restrictions

Donations with restrictions are recorded within the Consolidated and Institute 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 Consolidated and Institute 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 Consolidated and Institute Statement of Comprehensive Income.

Grants with restrictions are recorded within the Consolidated and Institute 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 Consolidated and Institute 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 Consolidated and Institute 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 Income and Expenditure 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 2019**

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(e) 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 recognized 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 2019**

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.

Pension liabilities represent the present value of future pension payments earned to date. The retirement benefit funding asset reflects the expectation that the Department of Education and Skills will continue to pay pensions and retirement lump sums as they fall due.

Actuarial gains or losses arising on scheme liabilities are reflected in the Statement of Comprehensive Income and a corresponding adjustment is recognised in the retirement benefit funding asset.

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. 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 2019**

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 balance sheet 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.

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 process 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 above in 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 1 C (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, mortality rates and healthcare cost trend 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
- (iii) health-care cost trend rates, the rate of medical cost inflation in the relevant regions

3 State Grants

	Allocated for Recurrent Expenditure €000's	Allocated for Capital Expenditure €000's	2019 Total €000's	2018 Total €000's
Recurrent Expenditure - HEA	21,217	421	21,638	21,516
EU Funded Capital Grants	-	119	119	6
Capital Expenditure - Other	-	134	134	64
Total 2019	21,217	674	21,891	21,586
Total 2018	20,539	1,047	21,586	

4 Tuition Fees

	2019 Students WTE	2019 State Funded €000's	2019 Non State Funded €000's	2019 Total €000's	2018 Students WTE	2018 State Funded €000's	2018 Non State Funded €000's	2018 Total €000's
Fees paid by State	3,277	3,310	-	3,310	3,353	3,270	-	3,270
Fees paid by other State agencies	-	131	-	131	-	107	-	107
Non EU Fees	450	-	3,636	3,636	498	-	3,858	3,858
Fees paid by students or on behalf of Students	224	-	401	401	229	-	502	502
Life Long Learning and other fees	582	91	657	748	548	215	587	802
Student Contribution inc repeat exam fees	-	6,290	4,280	10,570	-	6,632	4,206	10,839
	4,532	9,822	8,974	18,796	4,628	10,225	9,153	19,379
Student Numbers / Net Fee Income	4,532	9,822	8,974	18,796	4,628	10,225	9,153	19,379

The Higher Education Authority paid tuition fees in the year of €1,324,009 (2018 €1,373,525) for full time Level 8 degree courses and €308,500 (2018 €334,500) for higher certificate and ordinary degree courses the total costs of which are part funded by the ESF. The Higher Education Authority paid €1,677,301 (2018 €1,562,334) in respect of the tuition fee element for full time nursing degree students. Fálte Ireland paid €31,280 (2018 €124,000) in respect of the tuition fee element for full time hospitality course students.

Student numbers are stated as whole-time equivalents, based on enrolled credits.

Dundalk Institute of Technology

Notes to the Financial Statements - (continued)
Year ended 31 August 2019

5 Research Grants & Contracts	2019	2018
	Total	Total
	€000's	€000's
Income		
State & semi state	1,593	1,459
European Union	2,216	1,729
Industry	12	76
Other	222	211
	4,043	3,475
Expenditure		
Pay Costs	2,751	2,602
Non Pay Costs	1,288	838
	4,039	3,440
Net Outcome	4	35

6 Analysis of State Derived Income

Name of Grantor	Op Deferral 01/09/18	Grant Received 2018/19	CL Deferral 31/08/19	I&E 2019
Note 3 - State Grant				
HEA	406	21,768	391	22,565
Allocated for Capital Expenditure	-	-	-	(674)
Total State Income	406	21,768	391	21,891
Note 4 - Tuition Fees / Student Contribution Charges				
Higher Education Authority	-	3,310	-	3,310
Health Service Executive	-	131	-	131
Faile Ireland	-	91	-	91
Student Universal Support Ireland	-	6,290	-	6,290
Total State Income	0	9,822	0	9,822
Note 5 - Research & Contracts				
Department of Education & Skills	(16)	73	27	85
Enterprise Ireland	337	482	(357)	462
Environmental Protection Agency	(87)	101	87	101
Higher Education Authority	4	443	(272)	175
Health Service Executive	50	9	(59)	0
Irish Research Council	-	41	(10)	32
Louth County Council	82	7	(11)	77
Marine Institute	(20)	178	2	161
National Forum for the Enhancement of Teaching & Learning	31	20	29	80
Sustainable Energy Authority of Ireland	-	40	(29)	11
Science Foundation Ireland	101	78	231	410
Royal Irish Academy	2	-	(2)	0
Cork Institute of Technology	-	1	-	1
Total State Income	483	1,474	(364)	1,593
Note 7 - Student Support Funding				
Higher Education Authority	8	396	(8)	396
Total State Income	8	396	(8)	396

Dundalk Institute of Technology

Notes to the Financial Statements - (continued)
Year ended 31 August 2019

7 Student Support Funding

	2019 Disabilities €000's	2019 Assistance €000's	2019 Total €000's	2018 Total €000's
Balance at 1 September	4	4	8	11
Receipts:				
Higher Education Authority	151	245	396	377
Total Receipts	155	249	404	388
Amounts Applied:				
Pay Costs	21	0	21	21
Non Pay Costs	130	245	375	351
Total Expenditure	151	245	396	372
Equipment	4	4	8	8
Balance at 31 August	0	0	0	8

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

	2019 Total €000's	2018 Total €000's
Superannuation Deductions retained	1,732	1,738
Bank Concession Fee	190	190
Springboard Income	331	222
Sundry Income	1,120	920
Subsidiary Company Income	1,819	1,816
Net Outcome	5,192	4,886

Dundalk Institute of Technology

Notes to the Financial Statements - (continued)
Year ended 31 August 2019

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:

	2019 No. of employees	2018 No. of employees
Teaching and research	307	295
Technical	42	40
Central administration and services	179	175
	528	510
	2019 €'000	2018 €'000
Salaries and wages	34,775	33,412
Social welfare costs	3,115	2,868
Employer pension costs	154	0
Subsidiary staff costs	109	112
	38,153	36,392

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 2019 Financial Statements. It will be available by 31 August 2020.

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 2019 €'000	Overtime / Allowance 2019 €'000		WTE	Salary 2018 €'000	Overtime / Allowance 2018 €'000
Governing Body Members	17	-	-		17	-	-
Leadership Team	6	810	-		7	802	-
	23	810	-		24	802	-

Post employment benefits of key management staff

The current six 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 2019

9 Staff Costs - continued

President salary and benefits

	WTE	Salary 2019 €'000	Overtime / Allowance 2019 €'000		WTE	Salary 2018 €'000	Overtime / Allowance 2018 €'000
President	1	153	-		1	147	-
	<u>1</u>	<u>153</u>	<u>-</u>		<u>1</u>	<u>147</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 2019	Year Ended 31 August 2018
60,000 - 70,000	33	54
70,001 - 80,000	57	37
80,001 - 90,000	136	116
90,001 - 100,000	21	23
100,001 - 110,000	15	5
110,001 - 120,000	0	1
120,001 - 130,000	0	0
130,001 - 140,000	0	0
140,001 - 150,000	0	1
150,001 - 160,000	1	0
Grand Total	<u>263</u>	<u>237</u>

The overall figure for employer pension contribution in the year was €154,245 (2018: €74,918).

FRS102 Holiday Pay Accrual for 2019 is €569,252 (2018: €538,271).

Dundalk Institute of Technology

Notes to the Financial Statements - (continued)
Year ended 31 August 2019

10 Other Operating Expenses

	2019	2019	2019	2019	2018
	Pay Costs	Depreciation	Other Operating	Total	Total
	€000's	€000's	Expenses	€000's	€000's
			€000's		
Capital projects	0	2,926	0	2,926	2,810
Research Grants and Contracts	2,751	183	1,288	4,222	3,568
Academic Department	26,200	39	1,074	27,313	27,134
Academic Services	1,860	0	463	2,323	2,269
Facilities Costs	1,146	7	2,225	3,378	3,326
Central Administration and Services	5,020	8	2,700	7,728	6,948
General Education Expenses	103	0	83	186	175
Student Services	943	28	680	1,651	1,453
Student Support	21	5	375	401	377
Subsidiary Undertakings	109	0	1,609	1,718	1,660
Total Expenditure	38,153	3,196	10,497	51,846	49,721
Total 2018	36,392	3,047	10,282		

Dundalk Institute of Technology

Notes to the Financial Statements - (continued)
Year ended 31 August 2019

10 Other Operating Expenses - Continued

	Consolidated 2019 €000's	Consolidated 2018 €000's
Materials & Other Consumables	6	9
Light, Heat & Power	750	786
Periodicals, Books and Printed materials	192	174
Travel & Subsistence	693	521
Printing, Stationery, Postage and other Office Expenses	252	299
Equipment Maintenance	5	9
Premises Maintenance	504	491
Premises Contract Alarms	30	44
Grounds	67	63
Computer Maintenance & Software	429	354
Class & Library Materials	421	310
Rent, Rates and Insurance Costs	348	168
Recruitment, Training etc.	51	57
External Audit Fees	34	39
Internal Audit Fees	38	21
Student Support Funding	733	700
Health Service	73	74
Subsidiary Undertakings	1,609	1,548
Communications	123	113
Equipment	143	1,074
Transfer to Project Partners	355	73
Advertising & Marketing	442	347
Professional Fees	420	301
Laboratory Costs	133	155
Research Costs	107	97
Courses, Conferences	69	144
Catering	148	118
Cleaning	604	557
Training/ Seminars	100	90
Security, Health & Safety	200	247
Bank Charges	59	50
General Education	1,070	1,033
Impairment of Student Receivables	49	13
Other Expenses	240	205
Total Other Operating Expenses	10,497	10,282

Other Operating Expenses Include:

Auditors Remuneration		
Statutory Audit of Institute	34	39
Internal Audit Services Provided By Third Party	38	21
External Audit of Subsidiaries	6	6

Dundalk Institute of Technology

Notes to the Financial Statements - (continued)
Year ended 31 August 2019

10 Other Operating Expenses - Continued

	Consolidated 2019 €000's	Consolidated 2018 €000's
Travel & Subsistence		
Travel: Domestic	423	355
Travel: International	270	166
	<u>693</u>	<u>521</u>

	Consolidated 2019 €000's	Consolidated 2018 €000's
Hospitality		
Hospitality: Staff Events	2	1
Hospitality: Student Events	46	47
Hospitality: Other External	100	70
	<u>148</u>	<u>118</u>

	Consolidated 2019 €000's	Consolidated 2018 €000's
Legal Costs		
Legal Costs: Professional Fees	73	45
Legal Costs: Settlements	-	-
	<u>73</u>	<u>45</u>

	Consolidated 2019 €000's	Consolidated 2018 €000's
Professional Fees		
Professional Fees: IT	-	8
Professional Fees: Tax & Financial Advisory	9	6
Professional Fees: Public Relations/Marketing	41	46
Professional Fees: Engineers	34	7
Professional Fees: Other	263	189
	<u>347</u>	<u>256</u>

Dundalk Institute of Technology

Notes to the Financial Statements - (continued) **Year ended 31 August 2019**

11 Taxation

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

Corporation Tax is applied to the profits of the subsidiary companies of Dundalk Institute of Technology. DKIT Sport Ltd reported a Corporation Tax charge of €10,062 for the year ending 31st August 2019. There was no Corporation Tax charge in Dundalk College Campus Services Ltd for the year ending 31st August 2019.

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 2019 €000's	Consolidated 2018 €000's
Commitments under operating leases		
Within 1 Year	88	88
Between 2 and 5 years	-	88
	<u>88</u>	<u>176</u>

Dundalk Institute of Technology

Notes to the Financial Statements - (continued)
Year ended 31 August 2019

13 Tangible fixed assets
Consolidated

	Land and buildings	Furniture Equipment	Computer Equipment	Motor Vehicles	Subsidiary Equipment	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Cost						
At 1 September 2018	126,374	827	9,858	21	96	142,784
Additions in year	0	0	315	25	0	674
Assets Written Off	0	(4)	(54)	0	0	(152)
At 31 August 2019	126,374	823	10,119	46	96	143,306
Depreciation						
At 1 September 2018	37,907	821	8,731	5	96	52,375
Charge for year	2,513	2	257	5	0	3,196
Assets Written Off	0	(4)	(54)	0	0	(152)
At 31 August 2019	40,420	819	8,934	10	96	55,419
Net book value						
At 31 August 2019	85,954	4	1,185	36	0	87,887
At 1 September 2018	88,467	6	1,127	16	0	90,410

Dundalk Institute of Technology

Notes to the Financial Statements - (continued)
Year ended 31 August 2019

13 Tangible fixed assets - in respect of prior year
Consolidated

	Land and buildings	Furniture Equipment	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 2019

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 2018	126,374	827	9,858	5,608	21	142,688
Additions in year	0	0	315	334	25	674
Assets Written Off	0	(4)	(54)	(94)	0	(152)
At 31 August 2019	126,374	823	10,119	5,848	46	143,210
Depreciation						
At 1 September 2018	37,907	821	8,731	4,815	5	52,279
Charge for year	2,513	2	257	419	5	3,196
Assets Written Off	0	(4)	(54)	(94)	0	(152)
At 31 August 2019	40,420	819	8,934	5,140	10	55,323
Net book value						
At 31 August 2019	85,954	4	1,185	708	36	87,887
At 1 September 2018	88,467	6	1,127	793	16	90,410

Dundalk Institute of Technology

Notes to the Financial Statements - (continued)

Year ended 31 August 2019

**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 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 2019

14 Investments

The Institute holds an interest in the following subsidiaries
Subsidiary Undertakings

DCCS Ltd is involved in the operation of the college stationery shop, the provision of student printing and photocopying services.

	2019 €000's	2018 €000's
Profit after tax for the financial year	20	(2)
Net Assets	31	11

DKIT Sport Limited is involved in the provision of leisure facilities.

	2019 €000's	2018 €000's
Profit after tax for the financial year	70	140
Net Assets	203	133

DKIT Connect Ltd was established in August 2019. It was set up for the sole purpose of an application for capital funding for the RDC complex.

	2019 €000's	2018 €000's
Profit for the financial year	-	-
Net Assets	-	-

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

Campus Companies

The Institute holds minority shareholdings in a number of campus companies. The carrying value of such investments in the Institute financial statements are €11,668 made up as follows:

Company	Nature of Business	Shareholding %	Amount €'000
Nova Leah Ltd	Provides a software platform which allows medical device manufacturers quickly automate the process of identifying and mitigating potential vulnerabilities within their product portfolios.	2.25	12
Tapa Healthcare DAC	Provides several services for hospital managements through its READS software platform. READS is a bedside clinical assessment tool that provides proactive patient safety.	1.75	Nil

15 Inventory

Dundalk Campus College Services Ltd holds stationery stock for resale.

16 Receivables

	Consolidated		Institute	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Trade Receivables	102	342	102	342
Tuition Fee receivable	474	377	474	377
Impairment of Student Receivables	(363)	(317)	(363)	(317)
Research grants and contracts receivable	1,575	1,314	1,575	1,314
Other capital funding receivable	105	273	105	273
Prepayments	233	303	233	303
Amounts due from subsidiary undertakings	-	-	43	22
Other receivables	86	60	62	2
	2,210	2,352	2,229	2,316

Dundalk Institute of Technology

Notes to the Financial Statements - (continued)
Year ended 31 August 2019

17 Cash & cash equivalents

	Consolidated		Institute	
	2019	2018	2019	2018
	€'000	€'000	€'000	€'000
Cash at bank including balances held on short term deposit	7,699	6,426	7,501	6,205
	7,699	6,426	7,501	6,205

18 Payables: amounts falling due within one year

	Consolidated		Institute	
	2019	2018	2019	2018
	€000's	€000's	€000's	€000's
Trade payables	321	372	8	18
Research grants and contracts in advance	1,715	1,475	1,715	1,475
Tuition fees received in advance	1,795	1,432	1,795	1,432
Accruals	1,258	1,075	1,258	1,075
Amounts owed to subsidiary undertakings	-	-	362	236
Other tax and social security	941	952	941	952
Other payables	710	814	710	801
Other amounts received in advance	1,241	1,718	1,241	1,718
Total Creditors	7,981	7,838	8,030	7,707

Dundalk Institute of Technology

Notes to the Financial Statements - (continued)
Year ended 31 August 2019

19 Deferred Capital Grants

	Consolidated 2019 €000's	2018 €000's	Institute 2019 €000's	2018 €000's
At 1 September				
Opening Balance	85,038	86,626	85,032	86,620
Cash received in year				
Allocated from State Recurrent Grant - HEA	213	238	213	238
State Grant for Minor Capital Works - HEA	208	661	208	661
EU funded	119	294	119	294
Other Funding	134	121	134	120
Total	674	1,314	674	1,314
Amortised to Income and expenditure in year				
Amortised in line with depreciation	(3,196)	(3,047)	(3,196)	(3,047)
Restatement of Fixed Assets 2018/19	(11)	-	(11)	-
Reduction in Amortisation of Deferred Capital	135	-	135	-
Restatement of Fixed Assets 2017/18	-	(5)	-	(5)
Reduction in Amortisation of Deferred Capital	-	150	-	150
Total	(3,072)	(2,902)	(3,072)	(2,901)
At 31 August				
Closing Balance	82,640	85,038	82,634	85,032

Dundalk Institute of Technology

Notes to the Financial Statements - (continued)
Year ended 31 August 2019

20 Capital Development Reserve

	Consolidated		Institute	
	2019	2018	2019	2018
	€000's	€000's	€000's	€000's
Opening Balance	766	166	766	166
Transfer from Revenue Reserves	600	600	600	600
Closing Balance	<u>1,366</u>	<u>766</u>	<u>1,366</u>	<u>766</u>

21 Contingent Liabilities

There were no contingent liabilities existing at 31 August 2019.

22 Post Balance Sheet Events

The COVID-19 crisis has created major business challenges for all third level institutions. The Institute has engaged continuously with the Department of Education and Skills and the Higher Education Authority in conjunction with the Technological Higher Education Association, in assessing the evolving and projected financial and operational impacts.

A review of the expected financial impact of COVID-19 was conducted and responses provided to the Higher Education Authority illustrating the Institute's financial and operational position with reference to a set of assumptions and guidelines. This was also provided to Governing Body. The Institute developed a comprehensive Operational Plan of which the Governing Body was informed through a detailed presentation. The Governing Body was assured that there will be sufficient funding for the Institute to meet its liabilities as they fall due and to continue as a going concern. On this basis, the Institute considers it appropriate to prepare financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets and liabilities that may arise if the Institute was unable to continue as a going concern.

The evolving financial and operational impacts of COVID-19 will be continuously reviewed and monitored by the Governing Body through the Finance, Audit and Risk Committee.

Dundalk Institute of Technology

Notes to the Financial Statements - (continued)
Year ended 31 August 2019

23 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 2019. 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 2019**23 Retirement Benefit Costs (continued)**

The principal actuarial assumptions used to calculate the components of the defined benefit cost for the year ended 31 August 2019 were as follows:

	31-Aug-19	31-Aug-18
Discount rate	0.90%	2.00%
Inflation rate	1.30%	1.85%
Salary increases	2.55%	3.10%
Pension increases	2.05%	2.60%

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-19 Years	31-Aug-18 Years
Male Aged 65	21.7	21.5
Female Aged 65	24.1	24.0

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

	31-Aug-19 €000's	31-Aug-18 €000's
Current service cost	10,869	9,839
Interest on retirement benefit scheme liabilities	3,973	3,801
Employee contributions / (benefits paid)	(2,380)	(1,552)
	<u>12,462</u>	<u>12,088</u>

Dundalk Institute of Technology

Notes to the Financial Statements - (continued)
Year ended 31 August 2019

23 Retirement Benefit Costs (continued)

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

	31-Aug-19 €000's	31-Aug-18 €000's
Net retirement benefit obligation at 1 September	193,214	171,887
Current service costs	10,869	9,839
Interest costs	3,973	3,801
Experience Loss/(Gain) on liabilities	(215)	12,135
Reduction in pension liabilities arising from retirements in the year	(1,162)	(4,666)
Changes in actuarial assumptions	29,560	218
Net retirement benefit obligations at 31 August	236,239	193,214
<i>Analysed as follows:</i>		
Education Sector Superannuation Scheme	233,426	192,528
Single Scheme	2,813	686
	236,239	193,214

(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-19 €000's	31-Aug-18 €000's
Funding recoverable in respect of current year retirement		
Benefit costs	12,462	12,088
Benefits paid in year	-	-
	12,462	12,088

The deferred funding liabilities for retirement benefit as at 31 August 2019 amounted to €236,239,000 (2018: €193,214,000).

(vi) History of defined benefits obligations

	31-Aug-19 €000's	31-Aug-18 €000's
Defined benefit obligations	236,239	193,214

25 Approval of Financial Statements

The financial statements were approved by the Governing Body on 11th December 2020.