

**University College Cork
National University of Ireland, Cork**

**University College Cork
National University of Ireland, Cork
Consolidated Financial Statements
Year Ended 30 September 2020**

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HONORARY TREASURER'S REPORT

ON CONSOLIDATED FINANCIAL STATEMENTS – YEAR ENDED 30 SEPTEMBER 2020

Format of Accounts - Explanatory Note

The Consolidated Financial Statements of University College Cork are prepared in accordance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (“SORP”) - Accounting for Further and Higher Education (2015), as issued by the Further Education and Higher Education (FE/HE) SORP Board in the UK, which has been voluntarily adopted by the Irish University sector. In this context, the University has reviewed its accounting policies and made judgements and estimates that are reasonable and prudent to ensure a true and fair view of the University's finances as at 30 September 2020.

The Consolidated Financial Statements include the activities of the University and all its subsidiary undertakings as outlined in Note 16, along with the University College Cork Trust Fund. For the first time the financial statements also include the statement of comprehensive income and statement of financial position of Cork University Foundation (CUF). The decision to consolidate CUF is on the basis that CUF is under the control of University College Cork for financial year ended 30 September 2020.

Highlights of the Financial Year

The impact of the COVID 19 pandemic on all areas of University activity posed significant financial challenges. The overall group deficit of €2.26m was achieved through robust budget management and the continued improvement of certain non-exchequer income generating strategies – specifically international student recruitment. However, revenue from other commercial sources (on-campus retail, concessions and commercial subsidiaries) was severely impacted by the public health restrictions imposed.

During 2019/20, The University sold its shareholding in a former University spin out company, Alimentary Health Ltd, now PrecisionBiotics Group Limited, to Novozymes A/S, a Danish pharmaceutical company. Based on the University's level of equity at the date of sale, the University's immediate share of the initial consideration was €4.16m, with the potential to rise to €6.48m by 2023 pending any claims against the amount held in escrow and satisfactory performance of the company in meeting certain targets, post-acquisition.

Cork University Foundation (CUF) is included for the first time in the group consolidated financial statements for the year ending 30th September 2020. The purpose of the Foundation is to support the furtherance of education and research carried out by the University, and its mission is further clarified in the Charity's Donor Charter as the raising of support, funding and advice for the maintenance of the University as an internationally recognised world-class university. CUF net assets at 30th September 2019 were €3.4m.

Statement of Comprehensive Income

Total Income for the year fell by €11.7m to €421.1m. Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA) was €16m, an increase of €4.8m on 2019 performance. The net outturn for the year was a deficit of €2.26m.

Exchequer revenue streams continue to decline as a proportion of overall income. While State grants increased to 14.6% of total income, this increase reflects additional once off COVID 19 funding received from the State to offset costs arising from the transition to remote learning and the requirements of infection control/prevention measures on the campus. This underlying trend of declining exchequer funding is expected to continue in the absence of certainty around the future funding model for the sector.

To compensate, the University continues to diversify and grow non-exchequer income sources. Revenue from international students at €37.1m performed strongly, an increase of €1.6m year on year. The University continues to focus on improving this position to ensure it generates sufficient resources for long-term sustainability.

Income

Student fees increased in 2019/20 due to the continued growth in student numbers attending the University and the consequent increase in the amount of fees received.

Of the €151.2m academic fee income, a total of €46.3m was paid by the Higher Education Authority (HEA) on behalf of EU undergraduate students, an increase of 2% on the previous year. The remaining €104.9m was generated by the University from higher student numbers on both International undergraduate and EU/International postgraduate programmes. These self-generated fees were €3.1m/3% higher than the prior year outturn, reflecting the University's continued priority to generate its own resources to secure financial sustainability.

HONORARY TREASURER'S REPORT

ON CONSOLIDATED FINANCIAL STATEMENTS – YEAR ENDED 30 SEPTEMBER 2020

Research activity delivered €94m of income in the year, a decrease of €5m/5% from 2018/19. This reflects the reduction in research activity brought about by the impact of the COVID 19 pandemic.

Other operating income stands at €41.2m, a reduction of €19.6m/ 32.2% on the previous year, reflecting the challenging external economic environment for the University's commercial operations due to the pandemic. As a result of the extended public health restrictions, income from subsidiary companies, concession agreements and summer business in particular were significantly impacted, with enforced redundancies and a need for State supports to be availed of where appropriate. Included in other operating income is €1.36m of Government wage subsidies received, due to the COVID 19 pandemic.

Expenditure

As student numbers continue to grow, there was a corresponding increase in permanent and fixed term staff numbers, employed by the University to ensure staff student ratios are not further compromised and to meet the minimum staffing requirements of professional accreditation bodies. However, overall staff costs across the UCC group fell by €1m/1% reflecting enforced redundancies across all subsidiary company operations and a reduction in occasional staff pay due to on-line teaching and examinations.

Other operating expenses at €81.7m are €17.7m/17.8% lower than the previous year. This reflects the reduced activity on campus from March 2020 when the public health restrictions commenced with corresponding reductions in business travel, research expenditure, on site hospitality and other day-to-day expenditure.

Statement of Financial Position

Fixed assets

A significant portion of the additions to Land and Buildings during 2019/20 relates to the ongoing expenditure on the Crow's Nest student accommodation project. Expenditure on equipment, primarily research related, during 2019/20 was €13.6m. The depreciation charge for the year was €26.3m.

Investments

The investments relate primarily to the investments held by the University College Cork Trust Fund as at 30 September 2020. The fund provides a valuable source of income to fund prizes and scholarships across a wide range of programmes. The fund has increased in value over the past 5 years by €6.9m, representing an annualised growth of 10.4%.

Debtors

Year on year debtors have reduced by €3m/6%. This is due to a reduction, due to COVID 19, in overall group activity in the year ended 30th September 2020.

Current asset investments & Cash at bank

Cash at bank and short-term investments are at €84.6m, a reduction of €5.6m/6% from 2019.

Creditors Amounts falling due within one year

Creditors falling due within one year have increased from €213.9m to €223.7m. The main reason for this increase is income received in advance from both State (for COVID 19 support) and non-State sources. Trade creditors have declined from 2019 to 2020 reflecting the previously mentioned reduction in overall group activity. Short-term bank borrowings have increased slightly in the year.

Creditors Amounts falling due after more than one year

This balance has decreased year on year by €7.4m/2%. This is due in the main to a reduction through scheduled repayment of long-term bank loan balances during the year. Full details of all bank loans and balances at 30 September 2020 are set out in Note 23.

Restricted & unrestricted reserves

The restricted and unrestricted reserves at 30 September 2020 of €234.7m are €1.1m higher than 2019. This increase is due to the consolidation of Cork University Foundation (CUF) and the deficit incurred in the year ended 30th September 2020. Unrestricted reserves of €216.2m comprise a Fixed Asset Revaluation Reserve of €134.2m, former non-exchequer related deferred capital grants of €100.8m included in reserves since conversion to FRS102, offset by unrestricted revenue reserves and unrestricted Trust Fund and CUF reserves of (€18.8m).

HONORARY TREASURER'S REPORT

ON CONSOLIDATED FINANCIAL STATEMENTS – YEAR ENDED 30 SEPTEMBER 2020

Summary & Outlook

The unprecedented COVID 19 pandemic made 2019/20 a very difficult operating environment for the higher education sector. University College Cork, in line with so many other HEIs had to fundamentally pivot its delivery and business model from March 2020. In response to the challenges and uncertainties presented by the COVID 19 pandemic, the University took comprehensive measures to protect the health and safety of its students and staff. These measures included moving as much as possible of its academic and research activities online and the implementation of remote working arrangements for University staff.

As a consequence, 2019/20 resulted in a split year in terms of performance. While student numbers at Undergraduate and Postgraduate levels continued their growth path throughout 2019/20, research activity was restricted by the need to work remotely where possible. Significantly the impact of the pandemic on commercial revenues from ancillary operations declined in the second half of the year, undermining the University's ability to maintain its revenue growth in these areas, a key component necessary to support the overall Group financial performance.

As part of its response to COVID 19, the Irish Government allocated an additional funding package for the Third level and Further Education sectors totalling €168m in 2020. This funding is a reflection of the increased costs that the sector incurred arising from the pandemic. The University secured in excess of €21m of this funding, of which approximately €6m is reflected in the 2019/20 financial statements.

The University expects that COVID 19 will continue to have an adverse financial impact in 2021 and while the full scale of the impact is difficult to predict at this time, the Irish Universities Association has calculated revenue reductions of €374m across the sector in the 2020 and 2021 financial years. The University has prepared financial projections and forecasts and is confident that its ongoing activities can be sustained in the current environment. Having applied budgetary savings of €20m in the 2020/21 financial year, the University will continue to monitor and manage the situation as it evolves during 2021 and adjust its forecasts as appropriate.

Post COVID 19, the absence of a decision, on the long term funding model for the Irish Third level sector, has now crystallised, where the over 50% dependency on non-state income, that UCC and other Irish Universities have become dependent on to subsidise and deliver teaching for Irish students, now threatens the sector's ability to deliver such services in a sustainable manner.

The ongoing decline in capital support, as outlined last year, continues to be of major concern. The existing recurrent funding model assumes continued exchequer support for ongoing refurbishment, maintenance and infrastructural capacity needs. While the reintroduction of devolved capital grants in 2020 to support the maintenance of the physical campus is welcome, the absence of capital grants will be a real barrier to meeting future demographic demand, as the level of recurrent funding provided for students will not sustain borrowings to fund essential infrastructural investment.

Irish higher education has shown resilience in the face of many challenges over the last decade. Demand remains high, with student participation at record levels. The provision of financial aid against the coronavirus impact is welcomed and the positive early work of the new Department of Further and Higher Education, Research, Innovation and Science is encouraging in difficult times. The University looks forward to being given an opportunity to engage with the new Department through the Irish Universities Association (IUA) to ensure that adequate funding is allocated to Third level education in Budget 2022 and beyond, thereby ensuring it will play a pivotal role in Ireland's future recovery.

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Dr. Dermot O' Mahoney,
Honorary Treasurer

Date: 09th March 2021

STATEMENT OF GOVERNING BODY'S RESPONSIBILITIES

The Governing Body is required to comply with the Universities Act, 1997, and to keep in such form as may be approved of by An t-Údarás um Ard-Oideachas all proper and usual accounts of money received and expended by it.

The Governing Body is responsible for ensuring the financial statements for each financial year give a true and fair view of the state of the affairs of the University and the University group and the surplus or deficit of the University group for the period.

In respect of the preparation of these financial statements, the Governing Body is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- disclose and explain any material departures from applicable accounting standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the University will continue in operation.

The Governing Body is responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the University and which enable it to ensure that its financial statements comply with the Universities Act, 1997, the Statement of Recommended Practice on Accounting for Further and Higher Education Institutions and are prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by The Financial Reporting Council.

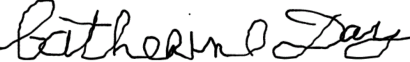
The Governing Body is responsible for ensuring that the business of the University is conducted in a proper and regular manner and for safeguarding all assets under its operational control and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Governing Body:

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Professor John O' Halloran
Interim President

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Dr. Catherine Day
Chairperson UCC Governing Body

Date: 09th March 2021

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF UNIVERSITY COLLEGE CORK

Report on the audit of the financial statements

Opinion on the financial statements of University College Cork

In our opinion the group and university financial statements:

- give a true and fair view of the assets, liabilities and financial position of the group and university as at 30 September 2020 and of the deficit of the group for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework.

The financial statements we have audited comprise:

the group and university financial statements:

- the Consolidated Statement of Comprehensive Income;
- the Consolidated and University Statement of Changes in Reserves;
- the Consolidated and University Statement of Financial Position;
- the Consolidated Statement of Cashflows; and
- the related notes 1 to 36, including a summary of significant accounting policies as set out in note 1.

The relevant financial reporting framework that has been applied in the preparation of the group and the university financial statements is the Universities Act 1997, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council and the Statement of Recommended Practice (the 'SORP') Accounting for Further and Higher Education as voluntarily adopted by the university ('relevant financial reporting framework').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "*Auditor's responsibilities for the audit of the financial statements*" section of our report.

We are independent of the group and university in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Recognition of Pension Scheme Assets

In forming our opinion, we have considered the adequacy of the disclosures made in Note 32 to the financial statements concerning the recognition of an asset equivalent to the university's pension liabilities. The assets of the Closed Scheme have been transferred to the National Pension Reserve Fund and under Section 12(6) of the Financial Measures (Miscellaneous Provisions) Act, 2009, the Oireachtas will make good any deficiency arising if the aggregate of members' and employers' contributions paid to or withheld by the university are insufficient to meet the university's obligations to pay these benefits in accordance with the scheme. The obligations of the '2005 scheme' are met on a 'pay as you go' basis by the State following the transfer of the scheme assets to the National Pension Reserve Fund in 2009, and an asset equivalent to the '2005 scheme' pension liability has been recognised in the financial statements as part of its overall deferred pension funding asset. At 30 September 2020, the pension asset amounted to €1,755m. In view of the significance of these matters, we consider that they should be drawn to your attention. Our opinion is not modified in this respect.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the governing body's use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the governing body have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group or university's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The governing body is responsible for the other information. The other information comprises the information included in the Consolidated Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of governing body

As explained more fully in the Statement of Governing Body's Responsibilities, the governing body are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the governing body determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the governing body are responsible for assessing the group and university's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governing body either intend to liquidate the group and university or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) 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 ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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 our 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.

Auditor's responsibilities for the audit of the financial statements – continued

- 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 group and university's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the governing body.
- Conclude on the appropriateness of the governing body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and university's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the group to express an opinion on the consolidated financial statements. The group auditor is responsible for the direction, supervision and performance of the group audit. The group auditor remains solely responsible for the audit opinion.

We 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 the auditor identifies during the audit.

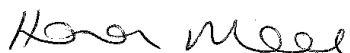
Report on other legal and regulatory requirements

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions of the Code of Governance for Irish Universities which require us to report if, in our opinion, the statement of internal control required by the Code of Governance for Irish Universities made in the Statement of Governance and Internal Control does not reflect the university's compliance with the relevant provisions of the Code and is not consistent with the information of which we are aware from our audit work on the financial statements.

Use of our report

This report is made solely to the governing body of University College Cork in accordance with our engagement letter. Our audit work has been undertaken so that we might state to the university's governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the university and the university's governor's as a body, for our audit work, for this report, or for the opinions we have formed.



Honor Moore
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
No. 6 Lapps Quay, Cork, Ireland.

Date: 12 March 2021

Notes: An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial statements since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in Ireland governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

STATEMENT ON GOVERNANCE AND INTERNAL CONTROL

Statement from Governing Body in relation to responsibility and compliance

The Governing Body of University College Cork confirms its responsibility for and satisfaction that the University is in compliance with all statutory obligations applicable to the University that may be set out in legislation governing the establishment of the University and to the best of its knowledge and belief with those obligations set out in other relevant legislation.

Code of Governance

General Governance and Accountability Issues

The University operates within a comprehensive legislative and statutory framework, which includes the Universities Act 1997, the Principal Statute of the University, a set of Governing Body Regulations, which specifically govern the conduct of Governing Body business, appointment, selection and recruitment to the Governing Body and all recruitment procedures of the University. In addition, the University aligns its activities and governance structures to the Code of Governance for Irish Universities 2019. Academically the University is managed through four Colleges, each of which has a specific set of College Rules, which are enacted in compliance with the University's Principal Statute. The Signing Authority and Approval Policy directs the University's staff and officers in relation to the appropriate sources of approval and ability to bind the University in contracts. The Signing Authority and Approval Policy was reviewed during 2016 and approved by Governing Body in February 2017. The University believes it has in place a comprehensive governance framework, which is necessary for the governance and management of a large and complex institution. There are no specific governance or accountability issues, which are required to be highlighted in this Statement on Governance and Internal Control.

Governing Authority Responsibility for System of Internal Control

The Interim President acknowledges that the Governing Body is responsible for the University's system of internal control, and that this statement requires the formal approval of the Governing Body. The Review of the Effectiveness of the System of Internal Control was approved by Governing Body on 2nd February 2021. The Statement on Governance and Internal Control (contained within the annual financial statements of the University) was approved on 9th March 2021.

Reasonable Assurance against Material Error

A robust system of internal controls reduces but cannot eliminate, the possibility of poor judgement in decision-making; human error; control processes being deliberately circumvented by employees and others; management override of controls; the occurrence of unforeseen circumstances; the organisation failing to meet its operational objectives or all material errors, losses, fraud or breaches of laws / regulation. A robust system of internal controls therefore provides reasonable, but not absolute assurance that an organisation will not be hindered in achieving its objectives, or in the orderly conduct of its operations, or by circumstances, which may be reasonably foreseen.

Code of Conduct for Members

A Code of Conduct for Members of the Governing Body and Governing Body Committees is in place and is incorporated into a Regulation governing the Conduct of Governing Body Business. The aforementioned Regulation addresses conflicts of interest and obligations under the Ethics in Public Office legislation.

Code of Conduct for Employees

A Code of Conduct for Employees is in place. Policies governing the conduct of staff are in place. The conduct of staff is primarily governed by the contract of employment. Employees are required to comply with a range of policies and details of these policies are included in a starter pack issued to new employees with their contract of employment and are part of orientation for new staff. UCC HR policies are available on the UCC website and a web-link to these policies is included in the contract of employment. Conflict of interest policies and ethics in public office are also in place. The University launched an updated Conflict of Interest policy of the University into a single document containing a common set of aligned principles.

Financially Significant Developments

The impact of the COVID 19 pandemic on all areas of University activity has posed significant financial challenges for the group. University College Cork, in line with so many other HEIs had to fundamentally pivot its delivery and business model from March 2020. In response to the challenges and uncertainties presented by the COVID 19 pandemic, the University took comprehensive measures to protect the health and safety of its students and staff. These measures included moving as much as possible of its academic and research activities online and the implementation of remote working arrangements for University staff.

STATEMENT ON GOVERNANCE AND INTERNAL CONTROL

As a consequence, 2019/20 resulted in a split year in terms of performance. The overall group deficit of €2.26m was achieved through robust budget management and the continued improvement of certain non-exchequer income generating strategies – specifically international student recruitment. However, revenue from other commercial sources (on campus retail, concessions and commercial subsidiaries) was severely impacted by the public health restrictions imposed. The University expects that COVID 19 will have an adverse financial impact into 2021 and while the full scale of the impact is difficult to predict at this time, the Irish Universities Association has calculated revenue reductions of €374m across the sector in the 2020 and 2021 financial years.

During 2019/20, The University sold its shareholding in a former University spin out company, Alimentary Health Ltd, now PrecisionBiotics Group Limited, to Novozymes, a Danish pharmaceutical company. Based on UCC's level of equity at the date of sale, the University's immediate share of the initial consideration was €4.16m, with the potential to rise to €6.48m by 2023, pending any claims against the amount held in escrow and satisfactory performance of the company in meeting certain targets, post-acquisition.

The total amount spent on external consultancy/adviser fees paid providing advisory services for YE 2020 is €3.26m being 0.77% of turnover, of which €0.65m relates to research activity. This represents an increase of €0.36m year on year, in the main due to additional costs of consultancy and professional fees associated with infection control procedures arising from the COVID 19 pandemic. External consultants/advisers were appointed to investigate a complaint under the Duty of Respect and Right to Dignity Policy –this later matter cost €41k.

In 2018, UCC and Cork Institute of Technology (now Munster Technological University) jointly leased a premises at Nano Nagle Place in Cork City Centre on the grounds of the site of the South Presentation Convent. This site, known as the Western Apex Building, was developed by UCC and CIT to house their joint architecture programmes. The lease is for a duration of ten years following which, UCC has an option to purchase the premises outright in its sole ownership. The lease costs are financed primarily from fees income related to the academic programmes delivered at the Western Apex Building. The operating costs for the building during the term of the lease are shared equally between UCC and CIT/MTU. There is no cost to the Exchequer as this development is funded from student fee income.

Despite the financial impact of the Covid-19 pandemic on the University, the University continues to operate in a sustainable manner and the financial statements are prepared on a going concern basis.

Pay & Pensions

UCC affirms that Government policy on pay and pensions is being complied with. Details of all redundancy payments are returned to the CSO on a quarterly basis. Where a redundancy situation arises, before an ex gratia payment is processed, approval is received from the Department of Education and Skills and the Department of Public Expenditure and Reform .UCC has in place a Policy on University Consultancy, Directorships and Other Remunerated Academic Activity External to University College Cork which is published here:

https://www.ucc.ie/en/media/research/researchatucc/policiesdocuments/UCCConsultancyPolicy19_12_16v1.pdf

Financial Reporting

The University affirms that all appropriate procedures for the production of the annual financial statements are in place. The University is aligning its reporting to the requirements of the Code of Governance for Irish Universities 2019.

Campus Development

The University has completed discussions with third parties in relation to the purchase of additional space, which will result in future finance lease obligations of approximately €12.6m.

Trusts and Foundations

The University College Cork Trust Fund has been consolidated in the group financial statements since 2016. In addition Cork University Foundation (CUF) is consolidated for the first time as part of the group financial statements for the year ending 30th September 2020.

Internal Audit

The University operates an independent Internal Audit office reporting to the University's Audit & Risk Committee (a committee of Governing Body). The Internal Audit Charter has been updated in line with the Code of Governance for Irish Universities 2019 and amended International Professional Practices Framework (IPPF) and was approved by the Audit Committee on 22nd September 2020. The Internal Audit Office carries out an annual programme of risk-based audits. This annual plan is approved by the University's Audit & Risk Committee. The UCC Internal Audit Office follows the IPPF (updated 2016) as promulgated by the Institute of Internal Auditors (IIA) in the conduct of internal audit projects. The 2020 annual plan was approved by the UCC Audit Committee on 10th January 2020. A total of 16 Internal Audit Reports were presented to Audit and Risk Committee during the year ended 30th September 2020.

STATEMENT ON GOVERNANCE AND INTERNAL CONTROL**Procurement****Procurement Procedures:**

The University confirms that procurement procedures in place have been communicated to all staff and that to the best of UCC's knowledge and belief the University continues to strive to ensure compliance with these procedures in all material ways. UCC can confirm that as an organisation it endeavours to comply with national procurement guidelines, appropriate procedures for procurement are being carried out and implementation of the Corporate Procurement Strategy is being adhered to where appropriate. UCC fully complies with use of OGP/EPS services wherever applicable and has adopted the use of all OGP/EPS frameworks when needed and where they appropriately meet UCC's requirements.

Procurement Non-Compliance: All expenditure in excess of €25,000 is obliged to be notified to the Procurement Officer, to ensure full compliance with procurement guidelines. Workflows on the AGRESSO finance system are set up to ensure all invoices over €25,000 are routed through the Procurement Officer for approval. In addition, Procurement is a standing item on the agenda of the Finance Committee of the University.

Details of Non-Compliant Procurement: The University makes every effort to comply fully with national procurement guidelines through devolved authority and reporting structures. Total self-declared non-compliant procurement in 2018/19 was €1.36m. Following the audit of the 2019 financial statements by the Office of the Comptroller and Auditor General (C&AG), this figure was adjusted to €4.59m to include spend related to services for which public procurement tender processes had commenced but not yet concluded in the financial year (e.g. external cleaning contractor procurement was commenced in the financial year but appointment of the successful tendering party was not completed prior to 30th September 2019 – the spend associated with this service in 2018/19 was €2.99m). Total (pre-C&AG audit) self-declared non-compliant procurement for 2019/20 is €2.77m. This is a decrease of €1.8m approximately, year on year from the adjusted 2018/19 figure. A portion of the 2019/20 non-compliant spend is already addressed following conclusion of public procurement tender processes for the services of the external cleaning contractor. Plans are in place to address the remainder of non-compliant spend in the coming year.

Corporate Procurement Plan:

UCC confirms it has all relevant procurement policies and procedures in place as well as a Procurement Strategy (Corporate Procurement Plan) all of which are available on UCC's website. UCC also submitted their Multi Annual Procurement Plan (MAPP) to the EPS in November last year.

Office of Government Procurement (OGP)

UCC complies with use of OGP/EPS services wherever applicable and has adopted the use of all OGP/EPS frameworks when needed and where they appropriately meet UCC's requirements.

Asset Disposals

The disposal of University assets to third parties and employees is governed by University procedures communicated to all staff. All appropriate procedures for the disposal of assets are being carried out. The disposal of University assets to third parties or grants of access to property or infrastructure for commercial arrangements with third parties above the threshold of €150,000 have been subject to auction or competitive tendering process.

Guidelines for the Appraisal and Management of Capital Proposals

The University confirms that a process is in place to facilitate compliance with the Guidelines for the Appraisal and Management of Capital Projects issued by the Department of Finance in February 2005. The Guidelines for the Appraisal and Management of Capital Proposals are being adhered to where appropriate.

Travel Policy

UCC travel policies and associated procedures in place have been developed having regard to government travel policy requirements.

Guidelines on Achieving Value for Money in Public Expenditure

The University, to the best of its knowledge and belief, confirms that the Guidelines on Achieving Value for Money in Public Expenditure as set out in the Department of Public Expenditure and Reform Public Spending Code are being followed.

Tax Laws

The University is to the best of its knowledge and belief fully compliant with taxation laws and is committed to ensuring that all tax liabilities are paid on the relevant due dates.

STATEMENT ON GOVERNANCE AND INTERNAL CONTROL

Legal Disputes

In 2018, the University appealed a decision of the Information Commissioner in relation to a freedom of information request for the release of the details of the European Investment Bank loan and all of the University banking arrangements to a journalist. The University was successful in this matter in the High Court and received an award of costs in its favour as part of the High Court Order. However, this decision was appealed to the Supreme Court by the Information Commissioner. The Supreme Court overturned the decision of the High Court and remitted the matter back to the Information Commissioner for a fresh consideration of the matter based on the principles determined by the Court. By agreement of the parties to the case, the Information Commissioner and the University have agreed to bear their own legal costs. UCC's legal costs have been discharged and are included in the 2019/20 financial statements.

Confidential Disclosure Reporting – Protected Disclosures Act 2014

The University can confirm that a Whistleblowing Policy is in place. A review and update of this Policy to ensure full adherence to the Protected Disclosures Act 2014 and current best practice was commenced in 2020 and the updated Policy will be considered by Governing Body for approval in the first half of 2021. The 2019 Annual Report has been published. The 2020 Annual Report will be published in advance of the 30th June 2021 deadline imposed by Section 22(1) of the Act. There are two protected disclosures ongoing from previous years. One related to research matters and a second related to employment and various other matters. One further disclosures was received in the 2019/20 financial year relating to an academic matter. This disclosure was withdrawn.

Governing Body meetings

Eight Governing Body meetings took place during the financial year ended 30th September 2020.

Audit and Risk Management Committee meetings

The Audit & Risk Committee met on eleven occasions during the financial year ended 30th September 2020.

Review of Governing Body performance

An external Governing Body effectiveness review was completed in February 2019. An internal self-assessment of the Governing Body's performance was not conducted in 2020 due to the challenges presented by the Covid-19 pandemic however, the University confirms a self-assessment will be conducted in 2021. The previous external review was completed in February 2019. A further review will be conducted prior to the expiration of the current Governing Body's term of office in January 2024. The current Governing Body's term of office commenced in February 2019. An internal self-assessment of the Governing Body's performance was not conducted in 2020 due to the challenges presented by the Covid-19 pandemic however; the University confirms a self-assessment will be conducted in 2021.

Salary of President

The gross salary of the President during the financial year 2019/20 was €243,660 excluding employer's PRSI/Pension.

Data provided to HEA

Processes are in place both centrally and in the constituent Colleges to ensure the integrity and robustness of data on student numbers, which is returned to the HEA for the purpose of calculating and allocating the core grant. The university has, to the best of its ability, satisfied itself as to the robustness of staff numbers provided to the HEA on a quarterly basis or as required.

The Framework for Promoting Consent in Higher Education

The University confirms that it has implemented processes, which will support the achievement of the objectives of the Framework for Promoting Consent and Preventing Sexual Violence in Higher Education. UCC has established a Consent Framework Steering committee and also a working group and the institution is currently working to achieve the objectives of the Framework for promoting consent as set out for Higher Education in Ireland.

Child Protection Policy

The University has revised its Child Safeguarding Statement so that it is in line with the Child First Act, 2015. This has been approved by the Governing Body and is on the UCC website. Training has also been provided to UCC staff so that they are aware of their obligations.

Disability Act 2005

The University confirms that the Institution is meeting its obligations under the Disability Act 2005. The University has measures in place to ensure that students have the opportunity to submit a request for an independent assessment of need including access to buildings, services and information. As an equal opportunities employer, the University is active in recruitment of people with disabilities.

STATEMENT ON GOVERNANCE AND INTERNAL CONTROL

Fees and Expenses

Expenses paid to members of Governing Body are in accordance with the guidelines from the Department of Finance and are presented in the University's Annual Report. The total expenses paid in 2019/20 amounted to (€2,805).

Subsidiaries and interests in external companies

Compliance with terms and conditions of consent of establishment:

The University confirms that all subsidiary companies of the University continue to operate solely for the purpose as approved by the Governing Body, remain and continue to remain in full compliance with the terms and conditions of the consent under which they were approved.

Code of governance for trading subsidiaries

Each subsidiary company of the University produces financial statements, which are independently audited and are included in the UCC Consolidated Financial Statements. The subsidiary companies' audited statutory financial statements are presented to the Finance Committee and to the Audit & Risk Committee of Governing Body. An annual report from each trading subsidiary is presented to the Finance Committee, which the Committee in turn reports on such review to Governing Body as part of the Finance Committee reporting to Governing Body. Following a competitive tender process, an external advisor, Board Excellence, was engaged in 2018/19 to advise on a governance handbook for the University's subsidiaries. Development of this governance handbook for subsidiary companies progressed but was delayed due to the prioritisation of the management of the impact of the Covid-19 pandemic on the University and its subsidiaries. Work on this handbook has recommenced and it is envisaged that the handbook will be submitted for Governing Body approval in the first half of 2021. It is intended that the Subsidiaries Governance Handbook will align to the Code of Governance for Irish Universities 2019 and further that the Handbook will incorporate a formal annual assurance from the subsidiary to the University's Governing Body on its adherence to the key elements of the Handbook (including compliance with relevant obligations and legislation).

Details of any shareholdings and interests held by the University in external companies

COMPANY NAME	Year of Equity Grant	CURRENT EQUITY %	Licence Income Received FY 2019/20
PrecisionBiotics (formally Alimentary Health Limited)	1999	0.00%	Yes
Eblana Photonics Limited	2002	0.03%	
BioSensia Limited	2000	0.97%	
Glantreo Limited	2004	9.50%	
Atlantia Food Clinical Trials	2013	12.00%	
Metabolomic Diagnostics	2013	5.63%	
Exceedence Limited	2015	11.67%	Yes
Respiro Research & Development Limited	2015	15.00%	
Artugen Therapeutics Limited	2016	0.11%	
Food Choices at Work	2016	10.60%	
Mirai Medical Limited	2017	7.00%	Yes
Loci Orthopaedics Limited	2017	2.27%	
Selio Medical	2018	1.00%	
Seqbiome	2019	15.00%	
BioPixS	2019	15.00%	
Varadis Limited	2019	15.00%	

PUBLICLY LISTED HOLDINGS – Tucana Health, a UCC spin out company was acquired by 4D Pharma in 2016 by means of a share purchase agreement. In exchange for the UCC equity shareholding in Tucana Health, consideration shares in 4D Pharma Ltd were issued to the University on a phased basis contingent on milestones being met. The total UCC shareholding in 4D Pharma PLC currently stands at 52,315 ordinary shares. As of 23rd February 2021, there are approx. 131m ordinary shares in issue in 4D Pharma PLC. UCC holds 0.04% of the company's equity. UCC received licence income from 4D Pharma in the financial year ended 30th September 2020.

STATEMENT ON GOVERNANCE AND INTERNAL CONTROL

Intellectual Property (IP) and Conflict of Interest.

The University confirms that it has in place a single IP policy, published on its website, which reflects the National IP Management requirements of the national IP Protocol, sets out all IP processes and researcher obligations and includes a clear description of IP commercialisation decision-making processes. This Policy has been communicated to the University's staff. The University launched an updated Conflict of Interest policy in 2019 (approved by Governing Body in June 2019) which harmonised various Conflict of Interest policies of the University into a single document containing a common set of aligned principles. The University Governing Body is made aware of all IP commercialisation and IP conflicts of interest through the Governing Body/ Finance Committee. A 2019/20 annual report on IP commercialisation was submitted to Governing Body on 2nd February 2021, following review by Governing Body Finance Committee. A conflicts of interest report will be submitted to Governing Body in mid-2021. The University received income from equity sales (PrecisionBiotics) in the year ended 30 September 2020. The University did not receive dividends from equity holdings in the year ended 30 September 2020. The table above details the entities from whom the University received technology license revenue in 2020.

HEA Principles of Good Practice in Research in Irish Higher Education Institutions

The University affirms that it is committed to the key characteristics of good research practice as set out in the HEA Framework.

Statement of Internal Control

Review of the Statement of Internal Control (Governing Body and Audit and Risk Management Committee)

The University confirms that the statement on the System of Internal Controls was reviewed by the Audit and Risk Management Committee and the Governing Body to ensure it accurately reflects the control system in operation during the reporting period.

Review of the Statement of Internal Control (External Auditors)

The University confirms that the statement on the System of Internal Controls will be reviewed by the external auditors to confirm that it is consistent with the information of which they are aware from their audit work on the financial statements.

Key procedures put in place designed to provide effective internal control

(i) Appropriate Control Environment:

The system of internal control covers all material controls including financial, operational and compliance controls, and risk management systems that support the achievement of the University's aims and objectives while safeguarding the public and other funds and assets for which the University is responsible.

The Governing Body of UCC acknowledges its responsibility for developing and maintaining an effective system of internal control.

To discharge effectively this responsibility, there are two main standing committees of the Governing Body that provide the assurance to Governing Body around governance, risk and control. These are:

The Finance Committee under delegation in statute from Governing Body oversees the financial management of the University. The Audit and Risk Committee keeps under review and advises Governing Body on the operation and effectiveness of the University's risk management systems.

The University's system of internal control remains under constant review. An analysis of the Code of Governance for Irish Universities 2019 is in progress to establish what changes may be necessary to the current internal controls in order to align with such Code.

The University continues to review and enhance its internal control environment as required to ensure relevant risks are mitigated to an acceptable level. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve aims and objectives or to conduct university affairs in an orderly and legitimate manner.

The key elements of the system of internal control include:

- clearly defined management responsibilities including segregation of duties, formal delegated authorities and sample checking of invoices and payments;
- policies, procedures and regulations;
- login, profile, management and password controls for access and use of financial systems;
- strategic planning processes;
- planning, resource allocation and budgetary control systems which are monitored through regular

STATEMENT ON GOVERNANCE AND INTERNAL CONTROL

management reporting including the issuing of monthly reports to budget-holders and review by senior management throughout the year;

- information systems to ensure timely management reporting;
- a risk management system which identifies and reports key risks and the management actions taken to address these risks;
- adherence to national policy as informed by HEA and Departmental circulars and communiques.

(ii) **Business Risks**

The Audit and Risk Committee keeps under review and advises Governing Body on the operation and effectiveness of the University's risk management systems. Risk management forms a standing agenda item at meetings of the Committee with regular attendance by the Corporate Secretary, as Chief Risk Officer, the Risk Manager and the Chair of the University Risk Management Committee. A Risk Management Committee is also in place, which reports regularly to the University Management Team and the Audit and Risk Committee. The signed minutes from each Risk Management Committee meeting are circulated to the Audit and Risk Committee and the University Management Team after each meeting. A University Risk Register is in place and is subject to review at 6 meetings of the Risk Management Committee and 2 Risk Workshops for the University Management Team each year. Risk Management is on the agenda of University Management Team meetings. The University Risk Register is considered at meetings of the Audit & Risk Committee, which in turn reports matters of importance thereon to the Governing Body. The Governing Body also periodically reviews the University Risk Register at points during the year. The Risk Management Committee provides an annual report to the Audit and Risk Committee of Governing Body.

(iii) **Information Systems:**

UCC utilises Agresso Financial Management System to record budgetary information and report on income and expenditure on a periodic (monthly basis). Agresso has reporting capability at cost-centre and at project level, which enables high-level organisational review of financial performance as well as detailed monitoring by individual budget-holders. The University's annual external audit includes an assessment of the adequacy of the general computer control environment surrounding the main information technology platforms, which support the UCC financial systems. The review is considered by Management and the Audit and Risk Committee. Any weaknesses identified during that review are addressed during the following financial year.

(iv) **Financial Implications of Major Business Risks:**

The University's risk management process includes consideration of the consequences (including financial consequences) of risks through the completion and monitoring of risk registers. Internal audit reviews carried out include consideration of the adequacy of policies and procedures as well as the appropriate application of authorisation limits. The System of Internal Control has procedures to prevent and detect fraud such as authorisation limits (the Signing Authority and Approval Policy 2017) and segregation of duties. A Fraud Policy is also in place and a Fraud Response Panel is established to deal with any allegations of fraud.

(v) **Monitoring the Effectiveness of the Internal Control System:**

Monitoring the effectiveness of the system of internal control is informed by the following processes:

- on-going review by the University Management Team and the provision of annual assurance statements by senior officers;
- the Annual Report of the President to the Governing Body;
- the President's Routine Reports presented at each meeting of the Governing Body;
- reports from the Finance Committee meetings relating to income, expenditure, research, treasury, debtors, liabilities/borrowings and capital which are placed before meetings of the Governing Body;
- reports from Academic Council meetings to meetings of the Governing Body;
- Risk Management Committee and monitoring of the risk register;
- Risk Management Committee minutes forwarded after each meeting to UMT and Audit Committee;
- the regular report to Governing Body and the annual report of the Audit Committee to the Governing Body together with the work performed by the Internal Audit function during the year and comments arising from the committee's review of risk management and corporate governance arrangements;
- Management letters and reports from the University's external auditors and the Comptroller and Auditor General which are reviewed by the Audit Committee;
- Quality Assurance reports;
- Communication of the results of other periodic reviews.

Review of the Effectiveness of the System of Internal Control

A review of the effectiveness of the System of Internal Control for the year ended 30 September 2020 has been carried out. A specific assessment was carried out by the Internal Audit Office of the UCC Control Environment during Covid-19. It was concluded as part of this review that although challenges have arisen as a result of Covid-19, the controls are

STATEMENT ON GOVERNANCE AND INTERNAL CONTROL

adequate and appropriate to the size and complexity of the organisation and appropriate actions are being taken to address any deficiencies arising. Controls are continually reviewed to ensure they are effective. The review framework includes:

- five-year audit plan cycle covering all financial risks; various internal audit reviews annually on same;
- commercial external auditor review of relevant transactional and ICT controls as part of the annual audit;
- devolved accountability and sign off by managers of SIC confirming individual managers operating within controls and policies; testing of this local assurance by Internal Audit review with follow up if appropriate;
- benchmarking of our controls vis a vis sector for improvement as part of QA reviews;
- reporting on non-compliance, if any; in addition, the Finance Office risk register includes an assessment of controls – where appropriate additional mitigating actions are put in place.

The University comprises of Colleges, Schools, Departments, research centres, administrative and support units. Each year, key University management personnel review the system of internal controls in their area of responsibility and confirm the adequacy of the systems of internal controls applicable in their functional area. In addition, the UCC Audit Committee reviews all reports of the University provided to it by the executive, as well as the UCC Internal Audit function reports.

Weaknesses in Internal Control. Disclosure of details regarding instances where breaches in control occurred:

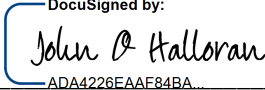
For the period 2019/20 no weaknesses in internal controls were identified which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or the Auditors Report on the Financial Statements.

Description of the action taken to correct weaknesses

Not Applicable

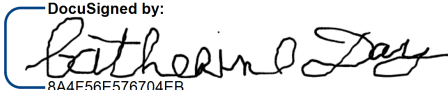
STATEMENT ON GOVERNANCE AND INTERNAL CONTROL

I John O'Halloran, Interim President of University College Cork, hereby confirm that the Governing Body of University College Cork is responsible for its system of internal control.

Signed:  Date: 09th March 2021.
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Approval by Governing Body

I Dr Catherine Day, Chairperson of the Governing Body of University College Cork and Chair of the meeting at which the Statement of Governance and Internal Control was approved, hereby confirm that the Governing Body at its meeting on 09th March 2021 approved this Statement of Governance and Internal Control and specifically approved the President's Statement above.

Signed:  Date: 09th March 2021.
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year Ended 30 September 2020

		Consolidated	Consolidated	Consolidated	Consolidated
	Notes	2020	2020	2019	2019
		€'000	€'000	€'000	€'000
Income					
State grants	3		61,331		57,482
Academic fees	4		151,242		147,279
Research grants and contracts	5		94,414		99,032
Amortisation of state capital grants	24		11,326		9,923
Other operating income	6		41,184		60,742
Interest income	7		20		50
Investment income	8		355		552
Deferred funding for pensions	32		<u>57,660</u>		<u>54,054</u>
Total income before endowments and donations			<u>417,532</u>		<u>429,114</u>
Donations and endowments	9		<u>3,573</u>		<u>3,724</u>
Total Income			<u>421,105</u>		<u>432,838</u>
Expenditure					
Staff costs	10	257,553		258,519	
Pension service cost	32	<u>38,124</u>	295,677	<u>20,714</u>	279,233
Other operating expenses	11		81,663		99,352
Interest payable and similar charges	12	3,301		3,140	
Pension Interest expense	32	<u>19,447</u>	22,748	<u>33,719</u>	36,859
Depreciation	15		<u>26,300</u>		<u>23,622</u>
Total expenditure			<u>426,388</u>		<u>439,066</u>
Deficit before other gains/losses			(5,283)		(6,228)
Profit on disposal of fixed assets			1		119
Profit on disposal of Investments	35		4,159		-
(Loss)/Gain on investments			<u>(1,138)</u>		<u>495</u>
Deficit before taxation	14		(2,261)		(5,614)
Taxation	13		-		-
Deficit for the year after depreciation of assets and after taxation	14		<u>(2,261)</u>		<u>(5,614)</u>
Actuarial gain in respect of pension schemes	32		67,366		232,297
Movement on pension receivable	32		<u>(67,366)</u>		<u>(232,297)</u>
Total comprehensive income for the year			<u>(2,261)</u>		<u>(5,614)</u>
Represented by:					
Restricted comprehensive income for the year	26		992		380
Unrestricted comprehensive income for the year			<u>(3,253)</u>		<u>(5,994)</u>

The deficit for the year arose solely from continuing operations.

CONSOLIDATED AND UNIVERSITY STATEMENT OF CHANGES IN RESERVES
Year Ended 30 September 2020

Consolidated

	Income and Expenditure reserve Unrestricted €'000	Income and Expenditure reserve Restricted €'000	Total €'000
Balance at 01 October 2018	224,653	14,526	239,179
Deficit from Statement of Comprehensive Income	<u>(5,994)</u>	<u>380</u>	<u>(5,614)</u>
Balance at 30 September 2019	218,659	14,906	233,565
Contribution of CUF reserves	781	2,614	3,395
Deficit from Statement of Comprehensive Income	<u>(3,253)</u>	<u>992</u>	<u>(2,261)</u>
Balance at 30 September 2020	<u>216,187</u>	<u>18,512</u>	<u>234,699</u>


University


	Income and Expenditure reserve Unrestricted €'000	Income and Expenditure reserve Restricted €'000	Total €'000
Balance at 01 October 2018	178,409	-	178,409
Transfer from Creditors	49	-	49
Deficit from Statement of Comprehensive Income	<u>(9,371)</u>	<u>-</u>	<u>(9,371)</u>
Balance at 30 September 2019	169,087	-	169,087
Deficit from Statement of Comprehensive Income	<u>(2,596)</u>	<u>-</u>	<u>(2,596)</u>
Balance at 30 September 2020	<u>166,491</u>	<u>-</u>	<u>166,491</u>

CONSOLIDATED AND UNIVERSITY STATEMENT OF FINANCIAL POSITION
30 September 2020

	Notes	Consolidated		University	
		2020	2019	2020	2019
		€'000	€'000	€'000	€'000
Non-current assets					
Fixed assets	15	679,966	673,315	567,862	558,969
Heritage assets	16	2,790	2,600	2,790	2,600
Investments in subsidiaries	16	-	-	163	163
Investments	16	<u>24,959</u>	<u>19,687</u>	<u>4,941</u>	-
		<u>707,715</u>	<u>695,602</u>	<u>575,756</u>	<u>561,732</u>
Current assets					
Stocks	17	381	519	161	218
Debtors	18	43,954	46,896	59,213	63,150
Investments	19	9,008	29,001	9,008	29,001
Cash at bank	20	<u>75,597</u>	<u>61,183</u>	<u>62,967</u>	<u>51,943</u>
		<u>128,940</u>	<u>137,599</u>	<u>131,349</u>	<u>144,312</u>
Creditors: Amounts falling due within one year	21	<u>(223,669)</u>	<u>(213,850)</u>	<u>(205,483)</u>	<u>(197,528)</u>
Net current liabilities		<u>(94,729)</u>	<u>(76,251)</u>	<u>(74,134)</u>	<u>(53,216)</u>
Total assets less current liabilities		612,986	619,351	501,622	508,516
Creditors: Amounts falling due after one year	22	(374,752)	(382,162)	(331,596)	(335,805)
Retirement benefit liability	32	(1,758,149)	(1,767,944)	(1,758,149)	(1,767,944)
Retirement benefit receivable	32	<u>1,754,614</u>	<u>1,764,320</u>	<u>1,754,614</u>	<u>1,764,320</u>
Total net assets		<u>234,699</u>	<u>233,565</u>	<u>166,491</u>	<u>169,087</u>
Restricted reserve					
Income and expenditure-restricted reserve	26	18,512	14,906	-	-
Unrestricted reserve					
Income and expenditure unrestricted reserve		<u>216,187</u>	<u>218,659</u>	<u>166,491</u>	<u>169,087</u>
Total		<u>234,699</u>	<u>233,565</u>	<u>166,491</u>	<u>169,087</u>

The financial statements were approved by the Governing Body on 09th March 2021 and were signed on its behalf by:

Signed: 
 ADA4226EAAF84BA...
 Professor John O' Halloran
 Interim President


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 Dr. Dermot O 'Mahoney
 Honorary Treasurer

Date: 09th March 2021.

University College Cork
National University of Ireland, Cork

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
30 September 2020

	2020	2019
	€'000	€'000
Cash flow from operating activities		
Deficit for year	(2,261)	(5,614)
Adjustment for non-cash items		
Depreciation	26,300	23,622
Deferred State capital grants released to income	(11,326)	(9,923)
Profit on disposal of fixed assets	(1)	(119)
Profit on disposal of Investments	(4,159)	-
Loss/(gain) on investments	1,138	(495)
Movement in net retirement liability	(89)	379
Adjustment for working capital movements		
Decrease/(increase) in stocks	138	(13)
Decrease /(increase) in debtors	3,147	(10,860)
Increase in creditors	7,956	19,243
Adjustment for investing or financing activities		
Investment income	(355)	(552)
Donations received	(3,573)	(3,724)
Movement in Investments	(5,272)	(1,841)
Interest payable	3,301	3,140
Other interest received	<u>(20)</u>	<u>(50)</u>
Net cash inflow from operating activities	<u>14,924</u>	<u>13,193</u>
Cash flows from investing activities		
Deferred State capital grants received	11,441	6,622
Investment Income	355	552
Purchase of tangible and heritage assets	(33,141)	(49,022)
Proceeds on disposal of fixed assets	1	132
Donations received	3,573	3,724
Interest receivable	20	50
Profit on disposal of Investments	4,159	-
(Loss)/gain on investments	<u>(1,138)</u>	<u>495</u>
Net cash outflow from investing activities	<u>(14,730)</u>	<u>(37,447)</u>
Cash flows from financing activities		
<i>Debt due within one year:</i>		
Interest payable	(3,301)	(3,140)
Increase/(decrease) in short term borrowings	302	(13,539)
<i>Debt due after one year:</i>		
(Decrease)/increase in long term borrowings	(5,813)	44,628
Payment of finance lease obligations	<u>(170)</u>	<u>(167)</u>
Net cash (outflow)/inflow from financing activities	<u>(8,982)</u>	<u>27,782</u>
(Decrease)/increase in cash and cash equivalents in the year	(8,788)	3,528
Cash and cash equivalents at beginning of year	90,184	86,656
Cork University Foundation - cash at beginning of year	<u>3,209</u>	-
Cash and cash equivalents at end of year (note 30)	<u>84,605</u>	<u>90,184</u>

NOTES TO THE FINANCIAL STATEMENTS

1 Statement of accounting policies

The significant accounting policies adopted by the University are as follows:

The accounting policies which are considered material in relation to the financial statements are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General information and basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council, and promulgated for use in Ireland by Chartered Accountants Ireland and the statement of recommended practice (“SORP”) – accounting for further education/higher education as voluntarily adopted by University College Cork.

b. Basis of consolidation

The Group financial statements consolidate the financial statements of the University, its subsidiary undertakings as per Note 16, the University College Cork Trust Fund and Cork University Foundation made up to 30 September 2020. The University College Cork Trust Fund and Cork University Foundation have been consolidated on the basis that the University exercises dominant influence over these two entities and controls their financial and operating activities.

The activities of the Students’ Union of University College Cork have not been consolidated because the University does not control those activities. Other undertakings in which the University has interests that are not material have not been consolidated.

c. Going concern

The University’s activities and its immediate future development are described in the Honorary Treasurer’s Report. The financial position of the University, including cash flows, borrowings and liquidity have been assessed as part of future infrastructural funding requirements and in the development of the current strategic plan. The Governing Body is satisfied that the University has adequate resources to meet its obligations as they fall due. The net current liability position at 30 September 2020 arises primarily from funds received in advance of the financial year-end from State and non –State funding sources. Therefore, the net current liability position does not indicate the need for cash flow funding. The University has implemented cost reduction and other mitigating measures to reduce the financial impact arising from COVID 19 and is satisfied that it can sustain its operations into the future. The University has prepared cash flow forecasts, which illustrate that it has sufficient funding to meet its obligations as they fall due. In addition, the University secured €21m of the €168m COVID 19 funding package made available to the sector in 2020. In conjunction with other third level institutions the University has made representations to the Irish government stressing the requirement for additional funding for the sector in order to support expected future deficits arising from the pandemic. Based on these forecasts and this additional information, the Governing Body is satisfied that the financial statements should be prepared on a going concern basis and that the University has sufficient funds to meet its obligations as they fall due. As a result, the financial statements do not include any adjustments that may be necessary were the going concern basis of preparation deemed not to be appropriate.

d. Tangible fixed assets

(i) Land and buildings

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. The cost of certain tangible fixed assets includes payroll costs which are directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	50 years
Building Improvements	20 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

NOTES TO THE FINANCIAL STATEMENTS

The last valuation was carried out on 30 September 1994. The University has fixed the value of the land and buildings as at 30 September 1994 as this was the first year of the implementation of generally accepted accounting principles in respect of fixed assets in presenting the financial statements of the University. Consistent with paragraph 35.10(d) FRS 102, the University took the transitional exemption available to a first time adopter, in the financial year ended 30 September 2016, to use this previous GAAP valuation for tangible fixed assets as its deemed cost at the date of transition.

(ii) Equipment

All Equipment is capitalised at cost. Capitalised equipment is depreciated over its useful economic life as follows:

Computer equipment	3 years
Equipment	5 years

(iii) Assets in the course of construction

Assets in the course of construction are not depreciated until they are brought into use.

Where assets (other than land) are acquired with the aid of State capital grants, they are capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the statement of comprehensive income over the expected useful economic life of the related asset.

e. Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. The assets are included in fixed assets and the capital element of the leasing commitment is shown as obligations under finance leases. Assets held under finance leases are depreciated over the useful life of the related asset if there is reasonable certainty that the University will obtain ownership by the end of the lease term. Lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the Statement of Comprehensive Income in proportion to the reducing capital element outstanding.

f. Heritage assets

The University has acquired many assets of significant historic and cultural importance to the State. The University collection includes artworks and other paintings and artefacts. Heritage Assets purchased for the benefit of the University are capitalised in the Statement of Financial Position at original cost and is not depreciated.

g. Investments – Non current

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified at fair value through the statement of comprehensive income. All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

h. Investments-Current

Current investments represent cash deposits with a maturity of 3 months or more. Current investments are short term cash investments with an insignificant risk of change in value.

i. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

NOTES TO THE FINANCIAL STATEMENTS**j. Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each Statement of Financial Position date. If there were objective evidence of impairment, an impairment loss would be recognised in the Statement of Comprehensive Income. There are no indicators of asset impairment at 30 September 2020.

k. Taxation

No taxation charge arises as the University and the majority of its subsidiary companies are exempt charities and are not liable for corporation tax or income tax on any of their charitable activities. The University 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 University fall within the charge of VAT, any input or output tax relating to these activities is returned to the Revenue by the University.

l. Recognition of income*State Grants*

Grants from the Higher Education Authority and other government bodies are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to tangible fixed assets. Recurrent and non-recurrent grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants from the Higher Education Authority or other State bodies received in respect of the acquisition or construction of fixed assets (excluding land) are recognised over the expected useful life of the asset.

Academic Fees

Academic fees are recognised in the period to which they relate.

Research grants and contracts

Income from research grants and contracts is recognised based on the performance model i.e. income is recognised to the extent that performance-related conditions have been met. In general, this is equivalent to the expenditure incurred during the year and any related contributions towards overhead costs.

Income from short-term deposits

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

Investment income

All investment income is reflected in the financial statements on a receipts basis, except for dividends and income receivable at the financial year end which is accrued.

Donations without restrictions

Donations without restrictions are recorded in the Statement of Comprehensive Income on entitlement to the income.

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 expenditure is incurred in accordance with the restrictions.

m. Retirement benefits

The University operated three defined benefit pension schemes during the year, as detailed in note 32.

New entrants to the Public Service on or after 1 January 2013 are members of a new pension scheme, the Single Public Service Pension Scheme (SPSPS). This scheme is administered by the Department of Public Expenditure and Reform. The SPSPS applies to all new staff who joined the public sector as new entrants on or after 01 January 2013. It is a defined benefit retirement scheme. All employment retirement contributions to the SPSPS are paid to a State retirement benefit account. The scheme operates on a pay as you go basis.

Pension benefits for certain other employees of certain subsidiary undertakings are met by payments to a defined contribution pension scheme. Contributions are charged to the Consolidated Statement of Comprehensive Income in the

NOTES TO THE FINANCIAL STATEMENTS

year in which they fall due. Pension costs are accounted for on the basis of charging the cost of providing pensions over the period during which the University benefits from the employees' services. For defined benefit schemes, the amounts charged to the Statement of Comprehensive income are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to the Consolidated Statement of Comprehensive Income and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Retirement benefit receivable asset

As further detailed in note 32, the University was advised that the State would meet the future retirement benefit liabilities for the University College Cork (closed) scheme as part of the Financial Measures (Miscellaneous Provisions) Act, 2009. Under FRS 102, if any entity is virtually certain that another party would reimburse some or all of the expenditure required to secure a defined benefit obligation, the entity shall recognise the right to reimbursement as an asset. An entity shall treat those assets in the same way as plan assets. As a result, the financial statements reflect a receivable asset of €1,755m which is offset against expected retirement liability of €1,758m. Movements on this retirement benefit receivable are included in the Consolidated Statement of Comprehensive Income.

n. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are reported at the rates of exchange prevailing at that date.

o. Investments

Investments in subsidiaries are carried at cost less impairment in the University's financial statements. Current asset investments represent monies placed on deposit. Any interest earned thereon is credited to the Statement of Comprehensive Income.

p. Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life. Provision is made for any impairment. Negative goodwill is similarly included in the statement of financial position and is credited to the statement of comprehensive income in the periods in which the acquired non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the statement of comprehensive income in the periods expected to benefit.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the University's accounting policies, which are described in note 1, the Governing Body are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis.

Critical judgements in applying the University'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 University's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

1) Pension

As outlined in Note 32 to the financial statements, the University operates three defined benefit pension schemes. On the basis that the Oireachtas will make good any deficiency arising to meet the University's obligations to pay pension benefits, the pension liability has been offset by the recognition of a retirement receivable asset. At 30 September 2020, the pension asset amounted to €1,755m and the pension liability amounted to €1,758m. In view of the significance of these matters, the University considers this a significant area of judgement. Refer to note 32 for additional details.

NOTES TO THE FINANCIAL STATEMENTS

Key source of estimation and uncertainties

The following estimates have had the most significant effect on the amounts recognised in the financial statements:

1) Useful economic lives

The useful economic lives of tangible assets are key assumptions concerning the future at the reporting date. In determining these estimates, the University has considered the expected physical wear and tear, technical and commercial obsolescence and any other limits on the use of assets. The University has also considered whether any material items within classes of assets should have a separate depreciation rate to reflect the useful life of such assets and consider no such items to be relevant following review.

2) Provisions

Provisions are recognised when the University has a present obligation (legal or constructive) as a result of a past event, that is probable that the University will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

3) Impairment

The University having considered the carrying value of tangible assets consider that there are no indicators of impairment to the University's assets at 30 September 2020.

4) Pension benefits – assumptions

The University operates three defined benefit schemes. The cost of these benefits and the present value of the pension obligations is based on actuarial assumptions including; life expectancy, salary increases, pension increases, discount rates and inflation. The assumptions reflect historical experience and current trends. Further details are given in note 32 to the financial statements.

3	State grants	2020	2019
		€'000	€'000
	State grants allocated for recurrent purposes	<u>61,331</u>	<u>57,482</u>
	The above grant income was received from the Higher Education Authority.		
4	Academic fees	2020	2019
		€'000	€'000
	Academic fee income	<u>151,242</u>	<u>147,279</u>
	A total of €46,320,108 (2019: €45,427,269) included in academic fee income was paid directly by the Higher Education Authority.		
5	Research grants and contracts	2020	2019
		€'000	€'000
	State and semi-state	64,154	67,801
	European Union	16,152	14,934
	Industry	10,074	12,251
	Other	<u>4,034</u>	<u>4,046</u>
		<u>94,414</u>	<u>99,032</u>

NOTES TO THE FINANCIAL STATEMENTS

	2020	2019
	€'000	€'000
6 Other operating income		
Rental income	2,534	2,582
Funded post income	1,303	976
Student residences income	5,784	8,635
Leisure facilities income	1,377	2,560
Student Facilities & Services (UCC) DAC income	2,260	3,721
Art Gallery income	233	394
Irish Management Institute Income	11,065	16,530
Academic income – colleges & departments	9,533	11,182
Service & support areas	5,732	13,532
Government grants	1,363	-
Other income	<u> -</u>	<u> 630</u>
	<u>41,184</u>	<u>60,742</u>
7 Interest income	2020	2019
	€'000	€'000
Interest income	<u> 20</u>	<u> 50</u>
8 Investment income	2020	2019
	€'000	€'000
Investment income on restricted reserve	267	413
Other investment income	<u> 88</u>	<u> 139</u>
	<u> 355</u>	<u> 552</u>
9 Donations and endowments	2020	2019
	€'000	€'000
Donations with restrictions	2,796	70
Unrestricted donations	<u> 777</u>	<u> 3,654</u>
	<u> 3,573</u>	<u> 3,724</u>
10 Staff costs		
The average monthly number of persons (including senior post-holders) employed by the University during the year, expressed as full-time equivalent was:		
	2020	2019
	Number	Number
Teaching and research	1,778	1,777
Technical	120	122
Central administration and services	1,049	1,055
Other	<u> 372</u>	<u> 461</u>
	<u> 3,319</u>	<u> 3,415</u>

NOTES TO THE FINANCIAL STATEMENTS

	2020	2019
	€'000	€'000
Salaries and wages	221,749	215,662
Social welfare costs	19,169	18,393
Other pension costs	<u>16,635</u>	<u>24,464</u>
	<u>257,553</u>	<u>258,519</u>

Key management compensation

The total remuneration for key management personnel for the year ended 30 September 2020 totalled €1,931,877. (2019: €1,885,256).

Higher paid staff

The University 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 30 September 2020	Year Ended 30 September 2019
60,000 – 70,000	318	348
70,001 – 80,000	186	145
80,001 – 90,000	253	257
90,001 – 100,000	238	220
100,001 – 110,000	30	32
110,001 – 120,000	60	50
120,001 – 130,000	12	12
130,001 – 140,000	7	15
140,001 – 150,000	27	26
150,001 – 160,000	56	51
160,001 – 170,000	2	6
170,001 – 180,000	3	1
180,001 – 190,000	2	3
190,001 – 200,000	3	1
200,001 – 210,000	1	5
210,001 – 220,000	2	4
220,001 – 230,000	2	2
230,001 – 240,000	1	0
240,001 – 250,000	5	6
250,001- 260,000	1	0
260,001- 270,000	5	0
Over 270,000	3	3
Grand Total	1,217	1,187

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. The University's key management personnel are members of the senior management team who form the University Management Team, UMT.

NOTES TO THE FINANCIAL STATEMENTS

	2020	2019
	€'000	€'000
11 Other operating expenses		
Heat, light, water and power	5,189	5,758
Advertising and promotion	1,004	2,697
Professional fees	4,704	5,674
Training and development	681	785
Equipment	3,865	4,854
Laboratory consumables	4,913	7,850
Postage, print and stationary supplies	1,925	2,866
Communications	1,114	1,065
Books and periodicals	2,082	2,270
Rent and rates	1,674	1,602
Motor, travel and subsistence	4,518	9,432
Computer supplies	1,059	1,750
Insurance	1,948	1,810
Software Costs	3,358	2,705
Repairs and maintenance	10,981	14,381
Costs relating to the management of the UCC trust fund	237	574
Consumables and other expenses	<u>32,411</u>	<u>33,279</u>
	<u>81,663</u>	<u>99,352</u>
Auditors' remuneration for work carried out for the group in respect of the financial year is as follows:	2020	2019
	€'000	€'000
C&AG Audit Fees	44	32
Commercial Audit Fees	<u>173</u>	<u>160</u>
12 Interest payable and similar charges	2020	2019
	€'000	€'000
On bank loans, overdrafts and other loans wholly repayable within 5 years	499	602
On bank loans repayable after 5 years	2,546	2,279
On obligations arising under financing arrangements	<u>256</u>	<u>259</u>
	<u>3,301</u>	<u>3,140</u>
Interest payable includes interest on loans drawn down to fund residential accommodation for students and other capital investment programmes.		
Pension Interest Expense (note 32)	<u>19,447</u>	<u>33,719</u>
13 Taxation		
No taxation charge arises as the University and the majority of its subsidiary companies are exempt charities and are not liable for corporation tax or income tax on any of their charitable activities.		
14 Deficit on continuing operations for the year	2020	2019
	€'000	€'000
Deficit on continuing operations for the year is made up as follows:		
University's deficit for the year	(2,596)	(9,371)
Surplus generated by subsidiary and other undertakings	<u>335</u>	<u>3,757</u>
	<u>(2,261)</u>	<u>(5,614)</u>

NOTES TO THE FINANCIAL STATEMENTS- continued

15 Tangible fixed assets	Land and buildings	Computer equipment	Equipment	Assets in course of construction	Total
CONSOLIDATED	€'000	€'000	€'000	€'000	€'000
Cost or valuation					
At 01 October 2019	834,296	50,494	181,253	50,529	1,116,572
Additions	5,942	580	9,131	17,298	32,951
Reclassification	37,779	1,158	2,278	(41,215)	-
Disposals	-	(82)	(56)	-	(138)
At 30 September 2020	<u>878,017</u>	<u>52,150</u>	<u>192,606</u>	<u>26,612</u>	<u>1,149,385</u>
Depreciation					
At 01 October 2019	226,797	49,809	166,651	-	443,257
Depreciation for year	17,131	1,051	8,118	-	26,300
Disposals	-	(82)	(56)	-	(138)
At 30 September 2020	<u>243,928</u>	<u>50,778</u>	<u>174,713</u>	-	<u>469,419</u>
Net book value					
At 30 September 2020	<u>634,089</u>	<u>1,372</u>	<u>17,893</u>	<u>26,612</u>	<u>679,966</u>
At 01 October 2019	<u>607,499</u>	<u>685</u>	<u>14,602</u>	<u>50,529</u>	<u>673,315</u>

Land and buildings and equipment include assets valued in 1994 on a depreciated replacement cost basis by the College Planning Officer which has been the deemed cost on date of transition. Land and buildings and assets in course of construction includes €68,601,342 (2019: €68,601,342) in respect of freehold land which is not depreciated. Also included is €1,183,642 (2019: €1,206,687) in respect of capitalised payroll costs. The net book value of Land and buildings includes an amount of €11,141,148 in respect of a site and building which is subject to a Finance Lease-Refer to note 25.

NOTES TO THE FINANCIAL STATEMENTS- continued

15 Tangible fixed assets – continued

UNIVERSITY	Land and buildings	Computer equipment	Equipment	Assets in course of construction	Total
	€'000	€'000	€'000	€'000	€'000
Cost					
At 01 October 2019	697,410	49,896	175,635	49,911	972,852
Additions	5,274	509	8,855	17,298	31,936
Reclassifications	37,160	1,158	2,279	(40,597)	-
Disposals	<u>-</u>	<u>-</u>	<u>(35)</u>	<u>-</u>	<u>(35)</u>
At 30 September 2020	<u>739,844</u>	<u>51,563</u>	<u>186,734</u>	<u>26,612</u>	<u>1,004,753</u>
Depreciation					
At 01 October 2019	201,192	49,242	163,449	-	413,883
Charge for year	14,617	1,024	7,402	-	23,043
Disposals	<u>-</u>	<u>-</u>	<u>(35)</u>	<u>-</u>	<u>(35)</u>
At 30 September 2020	<u>215,809</u>	<u>50,266</u>	<u>170,816</u>	<u>-</u>	<u>436,891</u>
Net book value					
At 30 September 2020	<u>524,035</u>	<u>1,297</u>	<u>15,918</u>	<u>26,612</u>	<u>567,862</u>
At 01 October 2019	<u>496,218</u>	<u>654</u>	<u>12,186</u>	<u>49,911</u>	<u>558,969</u>

NOTES TO THE FINANCIAL STATEMENTS- continued

16 Non-current assets	Consolidated		University	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Investments & Heritage Assets				
Investments	24,959	19,687	4,941	-
Heritage assets	<u>2,790</u>	<u>2,600</u>	<u>2,790</u>	<u>2,600</u>
Investments in subsidiaries	—	—	<u>163</u>	<u>163</u>

(a) Investments

The non-current investments represent the investments held by the University Group. All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

Investments at fair value comprise	Consolidated		University	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Equities	9,996	8,909	2,043	-
Bonds	-	-	-	-
Property	2,958	2,401	386	-
Infrastructure	5,489	3,897	1,163	-
Financial	2,536	1,879	537	-
Forestry	966	975	205	-
Other	2,301	880	456	-
Private equity	<u>713</u>	<u>746</u>	<u>151</u>	—
Total	<u>24,959</u>	<u>19,687</u>	<u>4,941</u>	—

(b) Heritage assets

Included in the above are assets deemed to be held for heritage purposes. The assets primarily relate to manuscripts, artefacts and art works. In addition to this, the University also owns a considerable number of works of art including paintings, silver, sculptures and priceless manuscripts. These works of art are not included in the Statement of Financial Position because, even though they are insured for substantial amounts, it is considered that no meaningful value can be attributed to them.

	Manuscripts, Artefacts & Art Works €'000	Total €'000
Cost		
At 1 October 2019	2,600	2,600
Additions	<u>190</u>	<u>190</u>
At 30 September 2020	<u>2,790</u>	<u>2,790</u>

NOTES TO THE FINANCIAL STATEMENTS- continued

Five year summary of heritage assets	2016	2017	2018	2019	2020
	€'000	€'000	€'000	€'000	€'000
Cost					
At 1 October	2,090	2,182	2,334	2,500	2,600
Additions	<u>92</u>	<u>152</u>	<u>166</u>	<u>100</u>	<u>190</u>
Cost 30 September	<u>2,182</u>	<u>2,334</u>	<u>2,500</u>	<u>2,600</u>	<u>2,790</u>

(c) Investments in subsidiaries

The University held an interest in the following subsidiary undertakings:

Subsidiary undertakings	Principal activity	Interest %	Registered office/place of business
Incorporated			
Property Management (UCC) DAC	Property development	100%	University College Cork, Western Road, Cork.
Campus Accommodation (UCC) DAC	Student accommodation	100%	University College Cork, Western Road, Cork.
Art Gallery (UCC) DAC	Art gallery	100%	University College Cork, Western Road, Cork.
Student Facilities & Services (UCC) DAC	Student services	100%	University College Cork, Western Road, Cork.
Mardyke Leisure (UCC) DAC	Leisure facilities	100%	University College Cork, Western Road, Cork.
Biosciences (UCC) DAC	Property holding company	100%	University College Cork, Western Road, Cork.
Tenton DAC	Property holding company	100%	University College Cork, Western Road, Cork
UCC Academy DAC	Educational	100%	University College Cork, Western Road, Cork
Irish Management Institute	Educational	100%	Sandyford Road, Dublin 6
SynBioHub DAC	Research	100%	University College Cork, Western Road, Cork.

In addition to the subsidiaries noted above, these financial statements consolidate the results of University College Cork Trust Fund and Cork University Foundation on the basis that the University exercises dominant influence over these entities and governs their financial and operating policies. Cork University Foundation was consolidated for the first time in the current financial year on the basis that control passed to the University on 1 October 2019 and on that date, the reserves of Cork University Foundation were contributed to the University.

	Consolidated		University	
17 Stocks	2020	2019	2020	2019
	€'000	€'000	€'000	€'000
Consumables	4	2	4	2
Finished goods for resale	<u>377</u>	<u>517</u>	<u>157</u>	<u>216</u>
	<u>381</u>	<u>519</u>	<u>161</u>	<u>218</u>

There is no material difference between the statement of financial position amount of stock and its replacement cost.

NOTES TO THE FINANCIAL STATEMENTS- continued

	Consolidated		University	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
18 Debtors				
Trade debtors	3,920	2,875	846	685
Research grants and contracts receivable	27,093	27,219	27,093	27,219
Amounts due from subsidiary undertakings	-	-	19,798	20,516
State capital grants receivable - HEA	-	141	-	141
Other taxation and social insurance	162	1,286	-	1,105
Other debtors and prepayments	<u>12,779</u>	<u>15,375</u>	<u>11,476</u>	<u>13,484</u>
	<u>43,954</u>	<u>46,896</u>	<u>59,213</u>	<u>63,150</u>

Amounts due from subsidiary undertakings are repayable on demand and do not bear interest.

	Consolidated		University	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
19 Current investments				
Short term deposits	<u>9,008</u>	<u>29,001</u>	<u>9,008</u>	<u>29,001</u>

Deposits are held with banks operating in the Republic of Ireland and licensed by the Central Bank of Ireland. These deposits have more than three months' maturity at the statement of financial position date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

	Consolidated		University	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
20 Cash at bank and in hand				
Cash at bank	69,879	59,699	60,062	50,459
Restricted bank balances	<u>5,718</u>	<u>1,484</u>	<u>2,905</u>	<u>1,484</u>
	<u>75,597</u>	<u>61,183</u>	<u>62,967</u>	<u>51,943</u>

Restricted cash and bank balances are defined as cash and bank balances that are not available for immediate use by the University. Such cash balances can only be used for certain defined purposes.

	Consolidated		University	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
21 Creditors: Amounts falling due within one year				
Trade creditors	9,012	10,436	7,860	7,880
Research grants and contracts in advance	90,223	87,178	90,223	87,178
Academic fees received in advance	48,109	51,790	48,109	51,790
State grant received in advance-HEA	9,571	4,632	9,571	4,632
Bank borrowings (note 23)	6,001	5,699	3,039	2,597
Amounts owed to subsidiary undertakings	-	-	1,687	1,357
Other taxation and social insurance	7,455	8,490	6,608	7,916
Deferred income	17,067	14,115	7,155	6,625
Deferred capital grants (note 24)	11,326	9,923	11,109	9,707
Short term Finance lease obligation(note 25)	173	170	173	170
Other creditors & accruals	<u>24,732</u>	<u>21,417</u>	<u>19,949</u>	<u>17,676</u>
	<u>223,669</u>	<u>213,850</u>	<u>205,483</u>	<u>197,528</u>

Amounts owed to subsidiary undertakings are repayable on demand and do not bear interest.

NOTES TO THE FINANCIAL STATEMENTS- continued

22 Creditors: Amounts falling due after one year	Consolidated		University	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Bank loans (note 23)	155,435	161,248	120,245	123,211
Deferred capital grants (note 24)	205,430	206,718	198,906	199,976
Long term finance lease obligation (note 25)	12,445	12,618	12,445	12,618
Other creditors	<u>1,442</u>	<u>1,578</u>	<u>-</u>	<u>-</u>
	<u>374,752</u>	<u>382,162</u>	<u>331,596</u>	<u>335,805</u>

23 Bank Borrowings	Consolidated		University	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Bank loans				
Bank loans are repayable as follows:				
In one year or less (note 21)	<u>6,001</u>	<u>5,699</u>	<u>3,039</u>	<u>2,597</u>
Between one and two years	7,916	5,812	5,069	2,966
Between two and five years	27,515	26,251	18,976	17,712
In five years or more	<u>120,004</u>	<u>129,185</u>	<u>96,200</u>	<u>102,533</u>
Total	<u>155,435</u>	<u>161,248</u>	<u>120,245</u>	<u>123,211</u>
Total bank loans	<u>161,436</u>	<u>166,947</u>	<u>123,284</u>	<u>125,808</u>

Lender	Amount of Loan €000's	Balance 2020 (Including interest accrued) €000's	Loan Term Years	Maturity Date	Borrower
Ulster Bank	20,000	16,523	20	24/02/2037	UCC
European Investment Bank	15,000	14,278	23	05/06/2041	UCC
European Investment Bank	35,000	35,037	23	18/11/2039	UCC
European Investment Bank	50,000	50,013	23	21/06/2041	UCC
Bank of Ireland	8,450	7,433	20	22/09/2037	UCC
Bank of Ireland	18,441	10,949	20	01/12/2033	Campus Accommodation (UCC) DAC
Ulster Bank	15,176	11,308	20	06/06/2035	Campus Accommodation (UCC) DAC
Ulster Bank	10,000	8,500	20	18/03/2037	Campus Accommodation (UCC) DAC
Ulster Bank	<u>8,736</u>	<u>7,395</u>	20	06/07/2037	Campus Accommodation (UCC) DAC
Total	<u>180,803</u>	<u>161,436</u>			

NOTES TO THE FINANCIAL STATEMENTS- continued

The overall consolidated cost of capital for University borrowings in 2020 was 2%.
The University provides a negative pledge for its borrowings.
It has also guaranteed the liabilities in respect of the loans of its subsidiary, Campus Accommodation (UCC) DAC.

	Consolidated €'000	University €'000
24 Deferred capital grants		
Consolidated		
At 1 October 2019		
Buildings	202,111	195,153
Equipment	<u>14,530</u>	<u>14,530</u>
Total	<u>216,641</u>	<u>209,683</u>
Cash received		
Buildings	2,992	2,992
Equipment	<u>8,449</u>	<u>8,449</u>
Total	<u>11,441</u>	<u>11,441</u>
Released to income and expenditure		
Buildings	5,440	5,223
Equipment	<u>5,886</u>	<u>5,886</u>
Total	<u>11,326</u>	<u>11,109</u>
At 30 September 2020		
Buildings	199,663	192,922
Equipment	<u>17,093</u>	<u>17,093</u>
Total	<u>216,756</u>	<u>210,015</u>

The Deferred Capital Grants can be analysed as follows:

	2020 €'000	2019 €'000
Consolidated		
Creditors falling due within one year	11,326	9,923
Creditors falling due after one year	<u>205,430</u>	<u>206,718</u>
At 30 September	<u>216,756</u>	<u>216,641</u>
University		
Creditors falling due within one year	11,109	9,707
Creditors falling due after one year	<u>198,906</u>	<u>199,976</u>
At 30 September	<u>210,015</u>	<u>209,683</u>

NOTES TO THE FINANCIAL STATEMENTS- continued

25 Finance lease obligation

The University has entered into a ten-year lease agreement for the use of an educational property in Cork City. In 2018, the University agreed to purchase this property. The agreed purchase price will be paid at the end of the lease period. This lease obligation has the substance of a finance lease. Information about the obligation to make future lease payments is set out below.

	Consolidated & University	
	2020	2019
	€'000	€'000
Future payments fall due as follows		
Within one year	426	426
Later than 1 year but within five years	2,129	2,129
Later than five years	<u>11,981</u>	<u>12,407</u>
Total	14,536	14,962
Future finance costs	<u>(1,918)</u>	<u>(2,174)</u>
Lease liability	<u>12,618</u>	<u>12,788</u>
Analysed as follows: -		
Current portion	173	170
Long term portion	<u>12,445</u>	<u>12,618</u>
Lease liability	<u>12,618</u>	<u>12,788</u>

26 Restricted reserve

The restricted reserve is as a result of the consolidation of the University College Cork Trust Fund and Cork University Foundation (CUF) and is as follows:

	Consolidated		University	
	2020	2019	2020	2019
	€'000	€'000	€'000	€'000
Opening balance	14,906	14,526	-	-
Transfer of opening restricted reserve From CUF	2,614	-	-	-
New donations / funds invested	2,796	70	-	-
Investment income	267	413	-	-
Expenditure	(1,280)	(472)	-	-
(Decrease)/increase in market value of investments	<u>(791)</u>	<u>369</u>	<u>-</u>	<u>-</u>
Total restricted comprehensive income for the year	<u>992</u>	<u>380</u>	<u>-</u>	<u>-</u>
Closing Balance	<u>18,512</u>	<u>14,906</u>	<u>-</u>	<u>-</u>
	Consolidated		University	
	2020	2019	2020	2019
	€'000	€'000	€'000	€'000
Analysis of other restricted funds /donations by type of purpose:				
Education and research.	2,796	70	-	-

27 Contingencies

The University has no known material contingent liabilities at 30 September 2020.

NOTES TO THE FINANCIAL STATEMENTS - continued

28 Capital commitments	Consolidated		University	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Contracted for but not provided	28,919	8,173	28,919	6,231
Authorised but not contracted out	<u>17,390</u>	<u>36,148</u>	<u>17,390</u>	<u>35,917</u>
	<u>46,309</u>	<u>44,321</u>	<u>46,309</u>	<u>42,148</u>

29 Financial instruments

The carrying values of the consolidated and University's financial assets and liabilities are summarised by category below:

	Consolidated		University	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Financial assets				
<i>Measured at fair value through the statement of comprehensive income</i>				
• Investments in listed equity instruments (note 16)	24,959	19,687	4,941	-
<i>Measured at undiscounted amounts receivable</i>				
• Trade debtors (note 18)	3,920	2,875	846	685
• Amounts due from subsidiary undertakings (note 18)	-	-	19,798	20,516
Financial liabilities				
• <i>Measured at amortised cost</i>				
Bank loans and other loans (note 23)	161,436	166,947	123,284	125,808
Obligations under finance leases (note 25)	12,618	12,788	12,618	12,788
• <i>Measured at undiscounted amounts payable</i>				
Trade creditors (note 21)	9,012	10,436	7,860	7,880
Amounts due to subsidiary undertakings (note 21)	-	-	1,687	1,357

30 Analysis of changes in net debt

	At 1 October 2019 €'000	Cashflows €'000	At 30 September 2020 €'000
Cash at bank/short term deposits/current investments	<u>90,184</u>	<u>(5,579)</u>	<u>84,605</u>
Bank debt due within 1 year	(5,699)	(302)	(6,001)
Bank debt due after 1 year	<u>(161,248)</u>	<u>5,813</u>	<u>(155,435)</u>
Total	<u>(76,763)</u>	<u>(68)</u>	<u>(76,831)</u>

31 Related parties

Transactions with subsidiaries and other undertakings of the University have been eliminated on consolidation and no disclosure of these transactions has therefore been given.

NOTES TO THE FINANCIAL STATEMENTS - continued

32 Retirement Benefits

During the year the University operated three defined benefit pension schemes.

University College Cork – National University of Ireland Cork (Closed) Scheme – known as the “Closed Scheme”

The main scheme is the University College Cork (Closed) Scheme the “Closed Scheme”. The Closed Scheme applies to pensionable employees appointed prior to 31 December 2004 and is closed to new entrants. Up until 31 March 2010, the University funded the Closed Scheme which operated under Statute, the assets of which were held separately from those of the University.

The Financial Measures (Miscellaneous Provisions) Act, 2009, provided that the Oireachtas will make good any deficiency arising if the aggregate of members’ and employers’ contributions paid to or withheld by the University are insufficient to meet the University’s obligations to pay these benefits in accordance with the scheme. On 31 March 2010, in accordance with S.I. No. 124/2010, Financial Measures (Miscellaneous Provisions) Act 2009, (University College Cork – National University of Ireland, Cork) the assets of the Closed Pension Scheme were transferred to the National Pensions Reserve Fund. The members became members of a statutory unfunded scheme renamed “University College Cork (Closed) Scheme”. There was no effect on the benefits payable to the members, with the underlying basis being that the terms and conditions of entitlement of the members will continue to be no more and no less favourable than existed under the principles of the Scheme established by the UCC Governing Body. Furthermore, the legislation in Section 6(2) sets out the effect the transfer order had on the assets of the Scheme where the relevant body [i.e. UCC] ceases to be liable in relation to the scheme. Following the transfer of assets to the exchequer, all decisions in relation to the Pension Scheme are no longer made by UCC. Within the overall pension liability is an amount of €80.8m relating to professional service added years. This €80.8m is inclusive of professional service added years earned directly in the UCC (Closed) Scheme as well as service earned elsewhere in the public sector, but credited to the UCC (Closed) Scheme following service transfer, typically on recruitment by UCC of a staff member from elsewhere in the public sector. Of the total added years’ liability of €80.8m, the professional service added years’ liability relating to the transferred in service is €14.6m.

In previous years’ financial statements, it was explained that the Department of Education and Skills and the Department of Public Expenditure and Reform did not share UCC’s view regarding the funding of the €14.6m liability related to the professional added years transferred in service. This matter led to the commencement of legal proceedings between the departments involved and UCC. In October 2017, the University reached full and final agreement with the HEA, representing the State, on the future funding of the €14.6m liability referenced above. As a result, the legal action, taken by UCC was withdrawn. The agreement provides for the full entitlement regarding transferred in service to be paid to relevant staff and pensioners. Of the total liability of €14.6m, referenced above, UCC have assessed its portion of the liability to be €3.5m and that the balance of the liability, €11.1m, will be funded by the State. UCC and the departments involved have agreed, in line with actuarial advice, a funding plan in respect of this liability. This funding plan will be reviewed annually as part of the actuarial review undertaken during the preparation of the financial statements of the University.

“University College Cork Pension Scheme 2005” – known as the “2005 Scheme”

The 2005 Scheme applies to all new staff appointed from 1 January 2005. This is an unfunded Scheme which is paid on a pay-as-you-go basis through monies provided to the University by the State for that purpose.

On the basis that the Oireachtas will make good any deficiency arising to meet the university’s obligations to pay pension benefits of the 2005 Scheme and that future pension liabilities of the 2005 Scheme are funded on a pay-as-you-go basis through monies provided to the University by the State for that purpose, the pension liability has been offset by the recognition of an asset equivalent to the University’s pension liabilities, as part of the overall deferred pension funding asset.

Single Public Service Pension Scheme

The Single Public Service Pension Scheme (Single Scheme) is the defined benefit pension 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. Deductions made from employees under the Single Scheme are remitted by the University to the Department of Public Expenditure and Reform.

NOTES TO THE FINANCIAL STATEMENTS - continued

The University is prescribed in S.I. No 581 of 2012 as a relevant authority for the purposes of the Single Scheme. The University had 1,434 active members of the Single Scheme at 30 September 2020. Future benefits accruing to Scheme members have been provided for in these financial statements, as at 30 September 2020. It is the University'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 University has reported a net pension liability at 30 September 2020 and 2019 as follows:

	2020 €'000	2019 €'000
Present value of the defined benefit obligations	(1,758,149)	(1,767,944)
Pension liability	<u>(1,758,149)</u>	<u>(1,767,944)</u>
	2020 €'000	2019 €'000
Analysis of pension liability		
Closed Scheme	883,767	921,957
Model Scheme	817,867	800,775
Single Public Sector Pension Scheme	<u>56,515</u>	<u>45,212</u>
	<u>(1,758,149)</u>	<u>(1,767,944)</u>

The pension receivable and net deficit at 30 September 2020 and 2019 is as follows:

	2020 €'000	2019 €'000
Pension receivable from the Irish State	<u>1,754,614</u>	<u>1,764,320</u>
Net pension deficit	<u>(3,535)</u>	<u>(3,624)</u>

Pension benefits for certain other employees of certain subsidiary undertakings are met by payments to a defined contribution pension scheme. Contributions are charged to the statement of comprehensive income in the year in which they fall due.

The requirements of FRS 102, Section 28 are fully adopted and the following movements are reflected in the financial statements.

Movement in present value of defined benefit obligation

	2020 €'000	2019 €'000
Present value of defined benefit obligation at beginning of year	(1,767,944)	(1,481,214)
Current service cost	(61,647)	(44,262)
Interest cost	(19,447)	(33,719)
Benefits paid	29,477	30,319
Contributions by plan participants	(9,141)	(8,622)
Effect of changes in assumptions	71,064	(240,357)
Effect of experience adjustments	<u>(511)</u>	<u>9,911</u>
Value of Defined benefit obligation at end of year	<u>(1,758,149)</u>	<u>(1,767,944)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

Analysis of movement in pension receivable during the year

	2020	2019
	€'000	€'000
Analysis of deferred pension funding asset		
At beginning of year	1,764,320	1,477,969
Current service cost	61,647	44,262
Interest cost	19,447	33,719
Amounts included in other comprehensive income	(67,366)	232,297
Employer contributions	(23,523)	(23,548)
Increase / (decrease) in deferred funding for pensions	<u>89</u>	<u>(379)</u>
At end of year	<u>1,754,614</u>	<u>1,764,320</u>

The valuation of liabilities used for these disclosures has been based on an actuarial valuation carried out by an independent professionally qualified actuary at the Statement of Financial Position date. The financial assumptions used to calculate the retirement liabilities in relation to the defined benefit pension schemes under FRS 102, Section 28, are set out as follows:

	2020	2019
Financial Assumptions		
Valuation method	Projected Unit	Projected Unit
Rate of increase in salaries	2.75%	2.75%
Rate of increase in state pension	1.25%	1.25%
Rate of increase in pensions in payment	1.75%	1.75%
Discount rate for scheme liabilities	1.30%	1.10%
Inflation assumption	1.25%	1.25%

The weighted average mortality rate 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 table below shows the life expectancy for members attaining the average retiring age of 65.

The assumptions relating to longevity underlying the pension liabilities at the statement of financial position date are based on standard actuarial mortality tables. The assumptions are equivalent to expecting a 65-year-old to live for a number of years as follows:

	2020	2019
	Years	Years
	M/F	M/F
Retiring today (member age 65)	22.5/24.4	22.5/24.3
Retiring in 25 years (member age 40)	24.8/26.7	24.7/26.6

Amounts recognised in the statement of comprehensive income in respect of pension liabilities are as follows:

	2020	2019
	€'000	€'000
Amount included in staff costs		
Current service cost	61,647	44,262
Less employer contributions	<u>(23,523)</u>	<u>(23,548)</u>
	<u>38,124</u>	<u>20,714</u>
Other finance charges		
Interest on pension scheme liabilities	19,447	33,719
Net deferred funding for pensions		
Funding recoverable in respect of current year pension costs	(57,571)	(54,433)
(Decrease) /increase in deferred funding for pensions	<u>(89)</u>	<u>379</u>
	<u>(57,660)</u>	<u>(54,054)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

Amounts recognised in other comprehensive income		
Effect of changes in assumptions	(71,064)	240,357
Effect of experience adjustments	511	(9,911)
Return on plan assets	<u>3,187</u>	<u>1,851</u>
Actuarial gain in respect of pension schemes	<u>(67,366)</u>	<u>232,297</u>
Movement in pension receivable	<u>(67,366)</u>	<u>(232,297)</u>

33 Deferred Income	2020	2019
	€'000	€'000
State grant received	66,270	59,361
State grant receivable from prior accounting year	4,632	2,753
State grant deferred to subsequent accounting year	<u>(9,571)</u>	<u>(4,632)</u>
State grant per financial statements	<u>61,331</u>	<u>57,482</u>

34 Post Statement of Financial Position Events

There have been no significant events affecting the University since the year end.

35 Profit on disposal of Investments

In 2020, the University sold its share in a spin out company, Alimentary Health Ltd, now PrecisionBiotics Group Limited, to Novozymes, a Danish pharmaceutical company. Based on UCC's level of equity at the date of sale, the University's immediate share of the initial consideration was €4.16m, with the potential to rise to €6.48m by 2023, pending any claims against the amount held in escrow and satisfactory performance of the company in meeting certain targets, post-acquisition.

36 Approval of financial statements

The financial statements were approved by the Governing Body on the 09th March 2021.

University College Cork
National University of Ireland, Cork

Additional Financial Information
(Not covered by the Auditors Report)

Year Ended 30 September 2020

Consolidated Financial Statements Year ended 30 September 2020

Circular 13/2014 – Management of and Accountability for Grants from Exchequer Funds (not covered by the Auditor’s Report)

Research Grants

Grantor	Government Funding Department/Office	Grant (Deferred)/ Due 01/10/2019	Cash received 2019/20	Taken to Income 2019/20	Deferred Capital Grants	Grant (Deferred)/ Due 30/09/2020
Department of Agriculture Food and the Marine	Dept. of Agriculture Food and the Marine	1,582	(2,250)	1,665	-	997
Enterprise Ireland	Dept. of Jobs, Enterprise and Innovation	(2,314)	(12,228)	8,468	-	(6,074)
Health Services Executive	Dept. of Health	(486)	(2,048)	1,632	-	(902)
Health Research Board	Dept. of Health	(660)	(5,923)	5,286	-	(1,297)
Irish Research Council	Dept. of Education and Skills	(1,317)	(5,304)	4,520	-	(2,101)
Science Foundation of Ireland	Dept. of Jobs, Enterprise and Innovation	(42,903)	(30,312)	33,838	-	(39,377)
Teagasc	Dept. of Agriculture Food and the Marine	(53)	(1,086)	1,091	-	(48)
Sustainable Energy Ireland (SEI)	Dept. of Communications, Climate Action & Environment	(246)	(783)	814	-	(215)
Environmental Protection Agency	Dept. of Communications, Climate Action & Environment	(30)	(1,608)	1,878	-	240
Dept. of Communications, Climate Action & Environment	Dept. of Communications, Climate Action & Environment	(353)	(1,413)	1,497	-	(269)
Department of Jobs, Enterprise and Innovation	Dept. of Jobs, Enterprise and Innovation	(947)	(4,824)	4,951	-	(820)
Other Irish Government/State Agencies	Various Departments	(13,113)	(5,088)	4,638	-	(13,563)
Total Exchequer Research Grants		(60,840)	(72,867)	70,278	-	(63,429)
Total Non-Exchequer Research Grants		(19,440)	(33,176)	29,858	-	(22,758)
Total per Research Accounts		(80,280)	(106,043)	100,136	-	(86,187)
Other Adjustments						
GAAP Adjustments		20,321	-	(5,722)	8,458	23,057
Research Grants and Contracts per Financial Statements		(59,959)	(106,043)	94,414	8,458	(63,130)

Capital Grants

The University received grant funding of €141k in year ended 30 September 2020, under the programme for research in Third Level Institutions (PRTL I V) and €4.3m for other capital programmes. All such expenditure incurred is in line with the specific terms and conditions of the capital grant. All funding received from the HEA for Capital Grants is treated in line with the specific terms and conditions as set out by the HEA and is in line with Government policies and guidelines.

Elements of both Capital and Recurrent expenditure reported in these Consolidated Financial Statements have been funded under one or more of the following programmes administered by the HEA:



Ireland's EU Structural Funds
Programmes 2007 - 2013

Co-funded by the Irish Government
and the European Union



**EUROPEAN REGIONAL
DEVELOPMENT FUND**

HEA

Higher Education Authority
An tÚdarás um Ard-Oideachas



An Roinn Breisoideachais agus Ardoideachais,
Taighde, Nuálaíochta agus Eolaíochta
Department of Further and Higher Education,
Research, Innovation and Science



An Roinn Fiontar, Trádála agus Nuálaíochta
Department of Enterprise, Trade and Innovation



Investing in Your Future

Programme for Research in Third Level Institutions (PRTL)

The Programme for Research in Third Level Institutions is Co-funded by the Irish Government and the European Union under Ireland's EU Structural Funds Programme 2007– 2013.