

INSTITUTE OF TECHNOLOGY, SLIGO

FINANCIAL STATEMENTS FOR YEAR ENDED 31st AUGUST 2019

INSTITUTE OF TECHNOLOGY, SLIGO

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INSTITUTE OF TECHNOLOGY, SLIGO

Statement of Responsibility of the Institute

The Institutes of Technology Acts 1992 to 2006 require the Institute to prepare Financial Statements in such form as may be approved by the Higher Education Authority and to submit them for audit to the Comptroller and Auditor General. In preparing these financial statements, the Institute is required to:

- * Select suitable accounting policies and apply them consistently.
- * Make judgements and estimates that are reasonable and prudent.
- * Prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Institute will continue in operation.
- * Disclose and explain any material departures from applicable accounting standards.

The Institute is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Institute and which enable it to ensure that the Consolidated Financial Statements comply with the Institutes of Technology Acts 1992 to 2006.

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

Chairman 
Niall O'Donnellan

Date: 29/07/2020

President 
Dr Brendan McCormack

Date: 29/07/2020

INSTITUTE OF TECHNOLOGY, SLIGO

Statement on Internal Control

Governing Body Responsibility for the System of Internal Control

On behalf of the Governing Body of the Institute of Technology, Sligo, we acknowledge our responsibility for ensuring that an effective system of Internal Control is maintained and operated. The system of internal controls consists of those processes used to identify, evaluate and manage the significant risks faced by the Institute in the management of its affairs.

A sound system of internal control contributes to safeguarding the interests of all relevant parties and the Institute's assets. Internal control facilitates the effectiveness and efficiency of operations, helps ensure the reliability of internal and external reporting and assists compliance with laws and regulations.

Reasonable assurance against material error

A sound system of internal control therefore provides reasonable, but not absolute, assurance that the Institute will not be hindered in achieving its objectives, or in the orderly and legitimate conduct of its business, by circumstances which may be reasonably foreseen.

Effective financial controls, including clear delineation and separation of functions and the maintenance of proper accounting records, are an important element of internal control. They help ensure that the Institute is not unnecessarily exposed to avoidable financial risks and that financial information used and published is reliable. They also contribute to the safeguarding of assets, including the prevention and detection of fraud.

Review of the Statement on Internal Control

The Institute confirms that this statement on the System of Internal Controls has been reviewed by the Audit & Risk Committee and the Governing Body to ensure it accurately reflects the control system in operation during the reporting period.

To reflect the Code of Practice for the Governance of State Bodies (2016) a revised Code of Governance for Institutes of Technology was published by THEA, which is effective from 1st January, 2018; this code was approved by the Governing Body of Institute of Technology, Sligo on the 13th June 2018 with an updated version approved on 9th October 2019. During the period being reported the Governing Body considers that it has complied with the requirements of the 2018 Code in relation to additional disclosures required in the financial statements.

Key Procedures put in place designed to provide effective internal control

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

- Clearly defined organisational and management structure with associated policies and procedures.
- The Governing Body approves the Annual Programmes and Budget and formally undertakes an evaluation of actual performance versus budget through the Audit & Risk Committee which receive regular reports of actual versus budget performance. There is also an in-house Finance Committee which also reviews the Annual Programmes and Budget and regularly reviews financial performance versus budget.

INSTITUTE OF TECHNOLOGY, SLIGO
Statement on Internal Control (continued)

- An Institute Risk Management Committee which regularly reviews the risk register. The Audit & Risk Committee receive regular updates and the Governing Body receive updates and approve the risk register. The President is the Chief Risk Officer for the Institute, chairing an in-house Risk Management Committee comprising of the Executive team. The committee meets on a regular basis in line with Audit & Risk Committee meetings to discuss the actions being undertaken to mitigate against the risks facing the Institute. The Committee also seeks to identify any new risks emerging through the functional areas for inclusion on the overall Institute Risk Register. Risk is a standing agenda item at both Governing Body and Audit & Risk Committee meetings with updates provided by the President. In addition each of the risks are individually discussed on a periodic basis at Governing Body meetings.
- The Institute has in place appropriate financial procedures addressing authorisation limits and segregation of duties.
- Capital works management framework (CWMF) is followed by the Institute.
- An Audit & Risk Committee with clear terms of reference. The committee met seven times during the academic year. Agenda items included approving the annual internal audit plan and reviewing the outcome of audits undertaken. The minutes of the meetings are formally presented to the Governing Body. An annual report to the Governing Body covering the period from 01.09.18 to 31.08.19 was approved by the Audit & Risk Committee on 21st November 2019 and was presented to the Governing Body on the 4th December 2019 and approved by it.
- The Institute operates under a national procurement agreement for Internal Audit services for the sector. In addition there is an in-house Corporate Governance resource. The function reports directly to the Audit & Risk Committee. The Annual Internal Audit plan is informed by discussion with management and the Audit & Risk Committee together with an analysis of risk to which the Institute is exposed. The plan is approved by the Committee and all findings of audits carried out during the year are formally reported on and presented to the Committee.
- Regular updates are provided to the Governing Body on the performance of the Institute against the Strategic Plan.
- Academic quality processes are in place for all aspects of the academic programs. These include a range of processes which include external examiners, external validation panels and both internal and external review panels at the relevant stages of the academic quality cycle.

Additional Disclosures

The Governing Body adopted the 2018 THEA Code of Governance for Institutes of Technology at its meeting on 13th June 2018. The Code requires additional disclosures in relation to a number of matters and these disclosures have been made as follows:

INSTITUTE OF TECHNOLOGY, SLIGO
Statement on Internal Control (continued)

Required Disclosure	Reference
Governance procedures, Governing Body and its committees	Annual Report
Governing Body fees and attendance	Annual Report
Governing Body responsibility for Financial Statements and performance evaluation	Annual Report
Confirmation that the Institute is adhering to the Public Spending Code	Annual Report
Remuneration	Financial Statements – note 9
Legal costs and settlements, Consultancy	Financial Statements – note 10a
Travel & Subsistence, Hospitality	Financial Statements – note 10

Monitoring the Effectiveness of the Internal Control Systems

The Governing Body's monitoring and review of the effectiveness of the system of internal control is informed by:

- the work of the Audit & Risk Committee which oversees the work of internal audit,
- executive managers who have responsibility for the development and maintenance of the internal control framework, and
- the recommendations made by the Comptroller and Auditor General in management letter(s) or other reports.

The Internal Controls Framework provides a structured and methodical approach to the review of, and testing of controls in place across IT Sligo. The Internal Audit plan ensures that all areas of the framework are reviewed on a cyclical basis over a number of years.

At least once annually the Internal Auditors provide the Audit & Risk Committee with a verbal report of internal audit activity.

Review of the Effectiveness of the System of Internal Control

The Governing Body carried out a review of the effectiveness of the system of internal control for the year-ended 31 August 2019 at its meeting on the 4th December 2019. This review included assurances from a range of sources across the Institute including the work carried out by the Internal Audit function.

2018/19 Internal Audit Reports

For the year 2018/19, the following Internal Audit reports were formally approved by the Audit & Risk Committee:

- Exam Process Review.
- Code of Governance Readiness Assessment Report.
- Compliance with Financial Aspects of the Internal Control Framework.
- Findings Follow-up Review.

INSTITUTE OF TECHNOLOGY, SLIGO
Statement on Internal Control (continued)

Weaknesses in Internal control

Weaknesses identified by external audit, internal audit or internal reviews are documented with actions to address same and responsible individuals identified. Follow up reviews are carried out and reported to the Audit & Risk Committee and Governing Body.

The Governing Body believes it is in compliance with the HEA requirements regarding the Annual Governance Statement and the Statement of Internal Control as per the Reporting Template received from the HEA on 17th December 2019 and no material breaches of internal control have occurred during the year.

Matters of non-compliance and weaknesses in Internal Control

In the period ended 31 August 2019 expenditures of €525,735 (5 suppliers) were not compliant with procurement rules. Of this expenditure:

- €211,318 was for insurance cover which has historically been provided by Irish Public Bodies Insurances, a mutual company operating within the public sector. The Institute is now progressing the provision of these services through a tendered brokerage service.
- €278,225 (3 suppliers) related to the provision of website design & maintenance, design and printing costs incurred with suppliers which were out of the tender contract. The Institute is now progressing these through the formal procurement processes.
- €36,191 (1 supplier) related to telecommunication landline charges, and the Institute is now progressing this through the formal procurement processes.

While all goods and services procured were found to be for valid business purposes, the Institute recognises the need to comply with Public Procurement Guidelines and is committed to continuously reducing this non-compliant spend in compliance with national and EU procurement guidelines. A procurement officer commenced in a new post on the 3rd February 2020 to implement tighter controls over this area including the creation of a contracts database for all contracts/payments in excess of €25k with monitoring systems in place to flag non-competitive procurement. There are no other weaknesses in Internal Controls identified during the period that are required to be reported.

Signed on behalf of the Governing Body of the Institute of Technology, Sligo:

Chairman 
Niall O'Donnellan

Date: 29/07/2020

President 
Dr Brendan McCormack

Date: 29/07/2020



Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Institute of Technology Sligo

Opinion on the financial statements

I have audited the financial statements of the Institute of Technology Sligo for the year ended 31 August 2019 as required under the provisions of the Institutes of Technology Acts 1992 to 2006. The financial statements comprise

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

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the Institute at 31 August 2019 and of its income and expenditure for the year then ended in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

Basis of opinion

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

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

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

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

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

Non-compliance with procurement rules

The statement on internal control discloses that the Institute incurred significant expenditure on goods and services the procurement of which was not compliant with the relevant procedures.

Seamus McCarthy
Comptroller and Auditor General

31 July 2020

Appendix to the report

Responsibilities of Governing Body members

The members are responsible for

- the preparation of financial statements in the form prescribed under the Institutes of Technology Acts 1992 to 2006
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under the Institutes of Technology Acts 1992 to 2006 to audit the financial statements of the Institute and to report thereon to the Houses of the Oireachtas.

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

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

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.

- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Institute to cease to continue as a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Information other than the financial statements

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

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

Reporting on other matters

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

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

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

INSTITUTE OF TECHNOLOGY, SLIGO

Statement of Comprehensive Income Year ended 31 August 2019

	Note	31/08/19 €000's	31/08/18 €000's
Income			
State Grants	3	23,828	23,038
Tuition Fees and Student Contribution	4	21,288	20,222
Research Grants & Contracts	5	4,731	2,865
Student Support Funding	7	296	287
Other Income	8	2,230	2,111
Amortisation of Deferred Capital Grants	17	2,714	2,897
Interest Income		19	71
Deferred Pension Funding	24	12,923	12,496
Total Income		68,029	63,987
Expenditure			
Staff costs	9	35,702	33,115
Retirement Benefit Cost	24	12,923	12,496
Other Operating Expenses	10	14,329	12,679
Depreciation	12	2,716	2,899
Total Expenditure		65,670	61,189
Surplus before tax		2,359	2,798
Taxation	11	-	-
Surplus for the year before other gains and losses		2,359	2,798
Experience (losses)/gains on retirement benefit obligations		10,979	(4,582)
Reduction in pension liabilities arising from retirements in the year		-	1,355
Changes in assumptions underlying the present value of retirement benefit obligations		(31,957)	(491)
Total actuarial (losses)/gains in the year	24	(20,978)	(3,718)
Adjustment to deferred retirement benefits funding	24	20,978	3,718
Total Comprehensive Income for the year		2,359	2,798

The Statement of Comprehensive Income includes all gains and losses recognised in the year. Notes 1 to 25 form part of these financial statements.

Signed on behalf of the Governing Body:



Chairman, Niall O'Donnellan

29/07/2020

Date



President, Dr Brendan McCormack

29/07/2020

Date

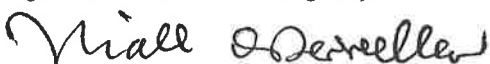
INSTITUTE OF TECHNOLOGY, SLIGO

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

	Note 17	Note 18	I&E	Total
	Deferred Capital Grants €000's	Capital Development Reserve €000's	Revenue Reserves €000's	€000's
Opening Balance at 1 September 2017	78,124	3,895	10,678	92,697
Surplus for the year before appropriations	-	-	2,798	2,798
Amortisation of Deferred Capital Grants	(2,897)	-	-	(2,897)
Adjustment to accumulated depreciation	-	-	-	-
State Grant Allocated to Capital	(340)	-	-	(340)
State Capital Grants	893	-	-	893
Other Capital Grants	22	-	-	22
Transfer to Capital Development Reserve	-	-	-	-
Transfer from Capital Development Reserve to Deferred Capital Grants	2,302	(2,302)	-	-
Movement for the Period	(20)	(2,302)	2,798	476
Balance at 31 August 2018	78,104	1,593	13,476	93,173
Surplus for the year before appropriations	-	-	2,359	2,359
Amortisation of Deferred Capital Grants	(2,714)	-	-	(2,714)
State Grant Allocated to Capital	304	-	-	304
State Capital Grants	1,001	-	-	1,001
Other Capital Grants	279	-	-	279
Transfer to Capital Development Reserve	-	12,000	(12,000)	-
Transfer from Capital Development Reserve to Deferred Capital Grants	5	(5)	-	-
Movement for the Period	(1,125)	11,995	(9,641)	1,229
Balance at 31 August 2019	76,979	13,588	3,835	94,402

Notes 1 to 25 form part of these financial statements.

Signed on behalf of the Governing Body:



Chairman, Niall O'Donnellan

29/07/2020

Date



President, Dr Brendan McCormack

29/07/2020

Date

INSTITUTE OF TECHNOLOGY, SLIGO

Statement of Financial Position Year ended 31 August 2019

	Note	31/08/19 €000's	31/08/18 €000's
Fixed Assets			
Property, Plant & Equipment	12	76,986	78,113
Investments	13	-	-
		<u>76,986</u>	<u>78,113</u>
Current Assets			
Receivables	14	2,463	1,626
Cash and Cash Equivalents	15	25,960	22,085
		<u>28,423</u>	<u>23,711</u>
Less Payables ; Amounts due within 1 year	16	(11,007)	(8,651)
Net Current Assets		<u>17,416</u>	<u>15,060</u>
Total Assets less Current Liabilities		<u>94,402</u>	<u>93,173</u>
Retirement Benefits			
Retirement benefits obligations	24	(233,853)	(198,225)
Deferred retirement benefit funding asset	24	233,853	198,225
Total Net Assets		<u>94,402</u>	<u>93,173</u>
Deferred Capital Grants	17	76,979	78,104
Capital Development Reserve	18	13,588	1,593
		13,588	1,593
Unrestricted Reserves			
Income & Expenditure Reserve		3,835	13,476
		3,835	13,476
Total		<u>94,402</u>	<u>93,173</u>

Notes 1 to 25 form part of these financial statements.

Signed on behalf of the Governing Body:



29/07/2020

Chairman, Niall O'Donnellan

Date



29/07/2020

President, Dr Brendan McCormack

Date


INSTITUTE OF TECHNOLOGY, SLIGO

Statement of Cash Flows Year ended 31 August 2019

	31/08/19 €000's	31/08/18 €000's
Net Cash flow from operating activities		
Excess income over expenditure	2,359	2,798
Depreciation of fixed assets	2,716	2,899
Amortisation of deferred capital grants	(2,714)	(2,897)
(Increase)/Decrease in receivables	(822)	240
Increase in payables	2,350	1,251
Interest Income	(19)	(71)
State funds allocated to capital	1,305	553
Research funds allocated to capital	279	22
Net Cash Inflow from Operating Activities	5,454	4,795
Cash Flows from Investing Activities		
Payments to acquire property, plant & equipment	(1,583)	(3,017)
Net Cash Flows from Investing Activities	(1,583)	(3,017)
Cash Flows from Financing activities		
Interest Received	4	72
Net Cash Flows from Financing Activities	4	72
Net Increase/(Decrease) in cash equivalents in the year	3,875	1,850
Cash & Cash Equivalents at beginning of year	22,085	20,235
Cash & Cash Equivalents at end of year	25,960	22,085

Notes 1 to 25 form part of these financial statements.

Signed on behalf of the Governing Body:



Chairman, Niall O'Donnellan



President, Dr Brendan McCormack

29/07/2020

Date

29/07/2020

Date

Institute of Technology, Sligo

Notes to the financial statements Year ended 31 August 2019

1. Significant accounting policies

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

The primary objectives of the institute are to provide third level education and other associated services.

The financial statements have been prepared under the historical cost convention, 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 with the requirements of the Higher Education Authority.

The functional currency of Institute of Technology, Sligo under FRS102 is considered to be Euro because that is the currency of the primary economic environment in which the Institute operates.

b. Basis of preparation

In 2017, the Institute had 2 subsidiaries and as a result prepared consolidated financial statements. On 30 June 2017, all of the activities of the 2 subsidiaries were transferred to the Institute and the subsidiaries were wound up in March 2018. Consolidated accounts are not required for the years ended 31 August 2018 and 31 August 2019. The remaining assets of the subsidiaries have not yet transferred to the Institute pending distribution of surplus funds by the liquidator. The expected surplus funds totalled €303,000 (see note 13) and it is expected that this transfer will occur during 2020.

c. Property, plant & equipment

(i) Land and buildings

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and 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
Leased Land & Buildings	Over the term of the lease

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.

1. Significant accounting policies (continued)

(ii) Equipment

From 1 September 2008, equipment costing less than €3,000 per individual item is written off to the statement of comprehensive income in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its useful economic life as follows:

Fixtures & Fittings including Prefabs	10 years
Computer equipment	3 years
Plant & Machinery	10 years
Equipment	5 years
Motor Vehicles	5 years

All equipment funded from Research Grants and Contracts is depreciated over the life of the asset in line with the policy for all other Fixed Assets or over the length of the project, depending on the requirements of the funding agreement.

d. Licencing of Intellectual Property

The Institute may enter into arrangements with third parties in relation to the licencing of Intellectual Property created at and owned by the Institute. Such agreements may include direct payment to the Institute and/or shareholding in the entity licencing the Intellectual Property. Where such shareholding are in unquoted entities, the value is not included in the Statement of Financial Position due to difficulties in estimating the related fair value. Details of these arrangements are disclosed in the related party note.

e. 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 is objective evidence of impairment, an impairment loss is recognised in surplus or deficit as described below.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

1. Significant accounting policies (continued)

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

f. Taxation

Corporation tax

As an exempt charity, the Institute is not liable for corporation tax or income tax on any of its charitable activities. It is registered for value added tax, but since the supply of education is an exempt activity on which no output tax is charged it is unable to recover input tax on the majority of its purchases. Certain research and commercial activities within the Institute fall into the VAT net, any input or output tax relating to these activities is returned to the Revenue by the Institute.

g. Recognition of income

State Grants

Recurrent state grants from the Higher Education Authority and other bodies are recognised in the period in which they are receivable. Non Recurrent Grants from the Higher Education Authority or other bodies received in respect of the acquisition or construction of Fixed Assets are treated as deferred Capital Grants and amortised in line with the depreciation over the life of the assets.

Fee Income

Fee income is accounted for on an accruals basis.

Research grants and contracts

Income from research grants and contracts is matched to expenditure and is included in the income of the year in which the related expenditure has been incurred. The most common classes of such transactions are:

(i) Donations with no restrictions

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

(ii) Donations with restrictions

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

1. Significant accounting policies (continued)

(iii) Research grants from non-government sources

Income from grants from non-government sources is recognised in the Statement of Comprehensive Income when performance related conditions are met. If a restriction in use but no performance related condition exists, the income is recorded in the Statement of Comprehensive Income when the Institute becomes entitled to the income.

Grants with unfulfilled performance related conditions are held as deferred income until such time as the conditions are met, at which point the income is recorded in the Statement of Comprehensive Income.

Grants with restrictions are recorded within the Statement of Comprehensive Income on entitlement to the income and subsequently retained within a restricted reserve until such time that the expenditure is incurred in line with the restriction.

Minor Capital Works

The Minister for Education and Skills introduced a scheme to devolve responsibility to the Institute for Summer and other Capital Works.

In all cases Minor Capital Works funding is recognised in the period received.

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.

h. Employee benefits

(i) Retirement Benefits

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

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

Institute of Technology, Sligo

Notes to the financial statements – (continued)

Year ended 31 August 2019

1. Significant accounting policies (continued)

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

Pension liabilities represent the present value of future pension payments earned to date. The retirement benefit funding asset represents future pension payments which will be paid by the Department of Education and Skills.

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

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

Subsidiary staff are not part of the public sector schemes and each company operated its own private scheme.

(ii) *Short-Term Benefits*

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

Retirement Benefit Obligation

The assumptions underlying the actuarial valuations for which the amounts recognised in the financial statements are determined (including discount rates, rates of increase in future compensation levels, and mortality rates) are updated annually based on current economic conditions, and for any relevant changes to the terms and conditions of the pension and post-retirement plans.

The assumptions can be affected by:

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

i. 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.

j. Leases

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the statement of comprehensive income over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

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

k. Deferred Capital Grants

Deferred capital grants represent un-amortised value of accumulated funds allocated for fixed assets.

l. Capital Development Reserve

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

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Institute'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 that are not readily apparent from other sources. The

Notes to the financial statements – (continued)
Year ended 31 August 2019

estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Institute's accounting policies

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

a) Going Concern

COVID-19 crisis has created major business challenges for all third level institutions. The Institute in conjunction with the Department of Education and Skills, the Higher Education Authority and all third level entities is currently assessing the ongoing and projected impacts of this and these are being reported on regularly to the Governing Body. The Governing Body has also considered statements by the Higher Education Authority, Ministers and other Government Representatives and are satisfied that there is sufficient funding for the Institute to meet its liabilities as they fall due and to continue as a going concern. On this basis the Institute considers it appropriate to prepare financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets and liabilities that may arise if the Institute was unable to continue as a going concern.

b) Property, plant and equipment

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

c) Provision for doubtful debts

The Institute makes an estimate of the recoverable value of trade debtors and other debtors. The Institute uses estimates based on historical experience in determining the level of debts, which may not be collected. These estimates include such factors as the current rating of the debtor, the ageing profile of debtors and historical experience. The level of provision required is reviewed on an on-going basis.

d) Holiday pay accrual

The holiday pay accrual is calculated by reference to the days holidays outstanding at the year end. Academic staff do not require an accrual at year end due to the nature of their contract.

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued)
Year ended 31 August 2019

3 State Grants

	Allocated for Recurrent Expenditure €000's	Allocated for Capital Expenditure €000's	2019 Total €000's	2018 Total €000's
Recurrent Expenditure - Higher Education Authority (note 6)	23,627	304	23,931	22,290
Devolved Grant	-	750	750	893
Capital Expenditure - Higher Education Authority	201	251	452	408
Total 2019	23,828	1,305	25,133	23,591
Total 2018	23,038	553	23,591	

4 Tuition Fees and Student Contribution

	2019 Students WTE	2019 State Funded €000's	2019 Non State Funded €000's	2019 Total €000's	2018 Students WTE	2018 State Funded €000's	2018 Non State Funded €000's	2018 Total €000's
Fees paid by State	3,039	1,825	-	1,825	3,107	1,784	-	1,784
Non EU Fees	140	-	845	845	161	-	962	962
Fees paid by students or on behalf of Students	201	-	288	288	243	-	469	469
Life Long Learning and other fees	2,217	1,184	6,886	8,070	1,420	783	5,586	6,369
Student Contribution inc repeat exam fees	-	6,070	4,190	10,260	-	6,342	4,296	10,638
Student Numbers / Net Fee Income	5,597	9,079	12,209	21,288	4,931	8,909	11,313	20,222

The Higher Education Authority paid tuition fees in the year of €1,516,880 for full-time Degree courses, and €308,250 for Higher Certificate and Ordinary Degree courses, the total costs of which are part funded by the European Social Fund.

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

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued)
Year ended 31 August 2019

5 Research Grants & Contracts	2019 Total €000's	2018 Total €000's
Income		
State & semi state (Note 6)	2,816	2,173
European Union	1,907	523
Industry	105	42
Institutes of Technology Ireland	93	38
Other	89	111
Capital Expenditure	(279)	(22)
Total Income	4,731	2,865
Expenditure		
Pay Costs	2,049	1,781
Non Pay Costs	2,884	1,717
Capital Expenditure	-	-
Total Costs	4,933	3,498
Net Outcome	(202)	(633)

6 Analysis of State Derived Income

Name of Grantor	Op Deferral/ (Debtor) 01/09/2018	Grant received	CI Debtor/ (Deferral) 31/08/2019	I&E 2019
Note 3 - State Grant				
Higher Education Authority	(360)	23,765	526	23,931
Devolved Grant	-	750	-	750
Capital Expenditure - Higher Education Authority	170	244	38	452
Allocated for Capital Expenditure	-	(1,305)	-	(1,305)
Total State Income	(190)	23,454	564	23,828
Note 4 - Tuition Fees & Student Contribution				
Higher Education Authority	-	2,848	-	2,848
Student Universal Support Ireland	-	6,070	-	6,070
Mayo Sligo Leitrim ETB	-	161	-	161
Total State Income	-	9,079	-	9,079
Note 5 - Research & Contracts				
Dept of Agriculture & Marine	(51)	19	44	12
Enterprise Ireland	516	489	(169)	836
Environmental Protection Agency	(55)	83	(6)	22
Higher Education Authority	439	1,736	(793)	1,382
Heritage Council	-	21	(13)	8
Irish Research Council	1	-	(6)	(5)
Marine Institute	(15)	47	(14)	18
Science Foundation Ireland	27	236	(226)	37
Teagasc	(2)	22	(3)	17
University of Limerick	-	-	-	-
Western Development Commission	2	-	(2)	-
National Forum	-	-	-	-
Sustainable Energy Ireland	-	481	-	481
National University of Ireland Galway	1	-	-	1
Dept of Arts, Heritage, Regional, Rural & Gaeltacht	(4)	11	(3)	4
Sligo University Hospital	1	4	(5)	-
Sligo County Council	-	3	-	3
Research Grants & Contracts	860	3,152	(1,196)	2,816
HEA	292	338	(334)	296
Student Support Funding (Note 7)	292	338	(334)	296

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued)
Year ended 31 August 2019

7 Student Support Funding

	2019 Disabilities €000's	2019 Student Assistance €000's	2019 Total €000's	2018 Total €000's
Balance at 1 September 2018	25	267	292	234
Receipts				
Higher Education Authority	142	196	338	345
Amounts Applied				
Pay Costs	-	-	-	-
Non Pay Costs	(89)	(207)	(296)	(287)
Net Fee Income (Note 6)	<u>78</u>	<u>256</u>	<u>334</u>	<u>292</u>
Equipment	-	-	-	-
Balance at 31 August 2019	<u>78</u>	<u>256</u>	<u>334</u>	<u>292</u>

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

8 Other Income

	2019 Total €000's	2018 Total €000's
Superannuation deductions retained	1,433	1,379
Bank Concession Fee	150	150
Rental of Facilities	91	92
Sundry Income	556	490
	<u>2,230</u>	<u>2,111</u>

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued)
Year ended 31 August 2019

9 Staff Costs

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

	2019 No. of employees	2018 No. of employees
Teaching and research	362	337
Technical	47	45
Central administration and services	154	137
	<u>563</u>	<u>519</u>
	2019 €'000's	2018 €'000's
Salaries and wages	32,763	29,930
Overtime	430	289
Allowances	39	85
Social welfare costs	2,991	2,636
Employer welfare costs	(521)	175
	<u>35,702</u>	<u>33,115</u>

Key management compensation

For the purposes of this note, key management personnel in the Institute includes the President, members of the Executive Board and members of the Governing Body.

	2019 Headcount	2019 wte	2018 Headcount	2018 wte		
Governing Body Members	n/a	n/a	n/a	n/a		
President	1	1	1	1		
Executive Management	7	7	8	5.79		
	<u>8</u>	<u>8</u>	<u>9</u>	<u>6.79</u>		
	2019 €'000	2019 €'000	2019 €'000	2018 €'000	2018 €'000	2018 €'000
	Salary	Interview fees	Overtime/ allowances	Salary	Interview fees	Overtime/ allowances
Governing Body Members	-	18	-	-	20	-
President	153	-	-	147	-	-
Executive Management	697	-	-	569	-	-
	<u>850</u>	<u>18</u>	<u>-</u>	<u>716</u>	<u>20</u>	<u>-</u>

Post employment benefits of key management staff

Five members of the executive management team are members of the Institute scheme. The pension scheme is a defined benefit final salary pension arrangement with benefits and contributions defined by reference to current "model" public sector scheme regulations.

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued) Year ended 31 August 2019

9 Staff Costs - continued

Three members of the executive management team are members of the single pension scheme. The Single Scheme is the occupational pension scheme for new entrant public servants hired since 1 January 2013. It is a defined benefit scheme, with retirement benefits based on career-average pay.

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

Termination payments

No termination payments were paid to any staff of the Institute.

Higher paid staff

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

Salary Bands	Year Ended 31 August 2019	Year Ended 31 August 2018
60,000 - 70,000	51	55
70,001 - 80,000	54	59
80,001 - 90,000	110	88
90,001 - 100,000	30	13
100,001 - 110,000	2	6
110,001 - 120,000	4	-
120,001 - 130,000	-	-
130,001 - 140,000	-	-
140,001 - 150,000	-	1
150,001 +	1	-
Grand Total	252	222

10 Other Operating Expenses

	2019 Pay Costs €000's	2019 Depreciation €000's	2019 Other Operating Expenses €000's	2019 Total €000's	2018 Total €000's
Academic Departments	26,370	-	3,022	29,392	27,466
Academic Services	1,581	-	1,625	3,206	2,657
Facilities	742	-	2,060	2,802	3,086
Central Administration	4,077	-	2,503	6,580	5,697
General Education	426	-	634	1,060	1,224
Student Services	457	-	1,182	1,639	1,761
Student Support Funding	-	-	296	296	287
Research Grants & Contracts	2,049	-	2,884	4,933	3,498
Other	-	-	123	123	118
Depreciation	-	2,716	-	2,716	2,899
Total Expenditure	35,702	2,716	14,329	52,747	48,693
Total 2018	33,115	2,899	12,679	48,693	

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued) Year ended 31 August 2019

10 Other Operating Expenses - continued

	Note	2019 €000's	2018 €000's
Classroom materials		689	634
Fees payable to educational partners		1,376	1,244
Library materials		244	265
IT licencing/upgrade and maintenance		704	677
General Education		559	479
Student Services		654	626
Students Union and Clubs and Societies subvention		535	521
Grants to students funded by external bodies		63	122
Research costs		2,437	1,412
Equipment		868	1,219
Light and Heat		524	595
Security		253	208
Cleaning and waste disposal		475	534
Services and repairs		824	632
Rent and Rates		129	82
Water rates		51	25
Travel & subsistence - Domestic		492	449
Travel & subsistence - International		261	221
Hospitality		71	61
Training and development		303	235
Audit Fee- Internal Audit		42	19
Audit Fee- C&AG		35	35
Consultancy costs	10a	460	452
Outsourced Services		202	203
Subscriptions to Sectoral Bodies		213	174
Communication costs		145	135
Office stationery and supplies		338	292
Advertising of courses		378	407
Staff recruitment costs		52	46
Insurance costs		229	214
Bad debt costs - Student Fees		683	456
Bad debt costs - Trade Debtors		40	5
Total Other Operating Expenses		14,329	12,679

	2019 €000's	2018 €000's
Other Operating Expenses include,		
Auditors Remuneration;		
External Audit of Institute	35	35
Other Services	-	-

Auditors Remuneration disclosed above excludes VAT.

10a Consultancy Costs	2019 €000's	2018 €000's
Professional fees - Legal costs Professional fees	62	83
Professional fees - Legal costs Settlements	-	-
Professional fees - Tax and financial advisory fees	9	36
Professional fees - Public relations/marketing	142	116
Professional fees - Pensions and human resources	17	9
Professional fees - Other	230	208
	460	452

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued) Year ended 31 August 2019

11 Taxation

The Institute of Technology, Sligo is exempt from Corporation Tax under a charitable status order.

12 Property, Plant & Equipment

	Land and buildings	Fixtures & fittings	Computer equipment	Plant & machinery	Equipment	Motor Vehicles	Total
	€'000's	€'000's	€'000's	€'000's	€'000's	€'000's	€'000's
Cost							
At 1 September 2018	103,447	2,070	2,356	1,765	6,234	42	115,914
Additions in year	1,009	4	171	-	405	-	1,589
Disposals in year	-	-	(67)	(14)	(84)	-	(165)
At 31 August 2019	104,456	2,074	2,460	1,751	6,555	42	117,338
Depreciation							
At 1 September 2018	27,278	1,442	2,312	1,266	5,473	30	37,801
Charge for year	1,882	156	192	79	404	3	2,716
Eliminated on disposals	-	-	(67)	(14)	(84)	-	(165)
At 31 August 2019	29,160	1,598	2,437	1,331	5,793	33	40,352
Net book value							
At 31 August 2019	75,296	476	23	420	762	9	76,986
At 1 September 2018	76,169	628	44	499	761	12	78,113

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued)
Year ended 31 August 2019

12 Property, Plant & Equipment

	Land and buildings	Assets in course of construction	Fixtures & fittings	Computer equipment	Plant & machinery	Equipment	Motor Vehicles	Total
	€'000's	€'000's	€'000's	€'000's	€'000's	€'000's	€'000's	€'000's
Cost								
At 1 September 2017	96,807	4,236	1,976	2,383	1,895	6,026	50	113,373
Additions in year	6,640	(4,236)	94	(27)	89	310	15	2,885
Disposals in year	-	-	-	-	(219)	(102)	(23)	(344)
At 31 August 2018	103,447	-	2,070	2,356	1,765	6,234	42	115,914
Depreciation								
At 1 September 2017	25,274	-	1,291	2,046	1,401	5,184	50	35,246
Charge for year	2,004	-	151	266	84	391	3	2,899
Eliminated on disposals	-	-	-	-	(219)	(102)	(23)	(344)
At 31 August 2018	27,278	-	1,442	2,312	1,266	5,473	30	37,801
Net book value								
At 31 August 2018	76,169	-	628	44	499	761	12	78,113
At 1 September 2017	71,533	4,236	685	337	494	842	-	78,127

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued)
Year ended 31 August 2019

13 Investments

The Institute held an interest in the following subsidiaries:

Subsidiary undertakings	%
Ballinode Catering and Services (Limited by guarantee) - In liquidation	100%
Credco (Limited by guarantee) - In liquidation	100%
Retained Surplus (at 30th June 2017)	€'000's
Ballinode Catering	248
Credco	55

Both of the above subsidiary undertakings had their registered office and place of business at the Institute of Technology, Sligo.

In the last financial year the Institute began proceedings to liquidate the subsidiaries and transfer their activities to the Institute. The companies ceased trading on the 30th June 2017 and all their activities have now been transferred to the Institute. The liquidation is in the final stages of being finalised.

The surplus assets totaling €303k will be transferred to the Institute on completion of the liquidation and formal winding up.

Principal Activity

Ballinode Catering provided various services within the Institute of Technology, Sligo. These services included recreational facilities, hall hire, and the provision of graduate services.

Credco was involved mainly in consultancy, research, the furtherance of education and provision of incubation space.

At the year end the Institute did not owe any money to its subsidiaries, nor was it owed any money by them, on account of trade.

14 Receivables

	2019 €'000's	2018 €'000's
State grant receivable	526	360
Capital grant receivable	138	-
Academic fees receivable	1,156	620
Provision for Academic fees	(863)	(552)
Research Grants and Contracts Receivable	883	640
Prepayments and Accrued Income	390	429
Trade Debtors	204	117
Provision for Trade Receivables	(58)	(18)
Other receivables	87	30
	<u>2,463</u>	<u>1,626</u>

15 Cash & cash equivalents

	2019 €'000's	2018 €'000's
Cash at bank including balances held on short term deposit	<u>25,960</u>	<u>22,085</u>

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued) Year ended 31 August 2019

16 Payables: amounts falling due within one year

	2019 €000's	2018 €000's
Research Grants and Contracts in advance	2,813	1,356
Deferred Income Student Support Funding	335	293
Tuition fees and Student Registration Charges received in advance	2,352	1,983
Trade Payables and Accruals	2,632	3,116
PAYE	591	518
PRSI	347	306
Other payables	117	112
Accruals and Deferred Income	1,820	967
	<u>11,007</u>	<u>8,651</u>

17 Deferred Capital Grants

	2019 €000's	2018 €000's
At 1 September		
Opening Balance	78,104	78,124
Cash received in year		
Allocated from State recurrent grant	304	(340)
State Capital Grants	1,001	893
Other	279	22
Funded from Capital Development Reserve	5	2,302
Total	<u>1,589</u>	<u>2,877</u>
Amortised to Income and expenditure in year		
Amortised in line with depreciation	(2,714)	(2,897)
Adjustment for Non State Assets	-	-
Total	<u>(2,714)</u>	<u>(2,897)</u>
Adjustment to accumulated depreciation (Note 12)	-	-
At 31 August		
Closing Balance	<u>76,979</u>	<u>78,104</u>

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued) Year ended 31 August 2019

18 Capital Development Reserve

	2019 €000's	2018 €000's
Opening Balance	1,593	3,895
Interest earned	-	-
Transfer from Revenue Reserves	12,000	-
Capital Projects	(5)	(2,302)
Closing Balance	<u>13,588</u>	<u>1,593</u>

The Capital Development Reserve balance is made up of monies set aside to fund projects approved by the Governing Body. Project 1 is the refurbishment and extension of the Science Block. The budget approved for this project is €16,700,000, and €464,000 of the balance relates to this project.

Project 2 is the updating of IT Equipment and the IT network across the Institute. The budget for this is €1,515,000 and €417,000 of the balance relates to this project.

Project 3 is the refurbishment of Block C&D and the Foundation Lab. The budget for this is €7,078,000 and €450,000 of the balance relates to this project.

Project 4 is the upgrading of equipment and facilities in the area of Tool Making (Precision Engineering and Manufacturing). The budget for this is €1,000,000 and €257,000 of the balance relates to this project.

Project 5 is the further extension of Block B by 4,550 m². The budget for this is a total of €18,600,000 of which €6,600,000 is funded by the HEA. There is no expenditure on this project to 31.08.19 and €12,000,000 of the balance relates to this project.

19 Capital Commitments

The Institute had capital commitments of €3,101,000 at 31 August 2019.

20 Related Parties

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

The Institute has an 11% shareholding in Nektr Technologies, a company which was formed to commercialise our A31S technology.

The Institute obtained the shareholding as part of a shareholder agreement dated 21st March 2018 and a licence agreement dated 21st March 2018 in relation to the commercialisation of A31S, a platform technology comprising three patents which have a wide range of applications in the healthcare and pharmaceutical fields.

The licence agreement is in place for the duration of the patents up to 2027 and provides for the payment to the Institute of €100,000 in one instalment, which is triggered by the conversion of the licence to an assignment.

The three inventors employed by the Institute also received 24% of the shares in Nektr Technologies as part of the agreement.

21 Contingent Liabilities

There were no contingent liabilities existing at 31 August 2019.

22 Post Balance Sheet Events

The COVID-19 crisis has created major business challenges for all third level institutions. The Institute in conjunction with the Department of Education & Skills, the Higher Education Authority and all third level entities is currently assessing the ongoing and projected impacts of this and these are being reported on regularly to the Governing Body. There were no other significant events since the balance sheet date which could have implications for these financial statements.

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued)
Year ended 31 August 2019

23 CONNACHT-ULSTER ALLIANCE AND TECHNOLOGICAL UNIVERSITY APPLICATION

Through collaboration Galway-Mayo Institute of Technology, Letterkenny Institute of Technology and the Institute of Technology Sligo will achieve the criteria outlined in the Technological Universities Act 2018 to underpin an application for designation as a technological university (TU). Such a development will greatly strengthen the economic and social position of the West/North-West region and contribute significantly to achievement of the outcomes outlined in the National Development Plan and Ireland 2040.

The Connacht Ulster Alliance (CUA) of GMIT, LYIT and IT Sligo has made significant progress towards meeting the TU criteria, development of collaborative projects and preparations for submitting an application. The CUA plans to be in a position to submit an application to become a Technological University, subject to meeting the TU criteria, by the end of this year (2020).

The estimated total project cost to the end of 2019 was €13.2m of which €5.9m has been funded directly by the HEA through the Landscape funding mechanism. This funding was expended in pursuance of the project objectives.

24 Retirement Benefit Costs

(i) Staffing

New entrant staff, employed by the Institute after 1 January 2013 are members of the Single Public Service Pension Scheme in accordance with Public Sector Pensions (Single Scheme and Other Provisions) Acts 2012. Deductions from staff salaries under the Single Scheme are transferred to the Department of Public Expenditure and Reform on a monthly basis in accordance with the act.

(ii) Description of Scheme

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

Institute Scheme

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

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued) Year ended 31 August 2019

24 Retirement Benefit Costs (cont'd)

Single Scheme

The Single Scheme is the occupational pension scheme for new entrant public servants hired since 1 January 2013. It is a defined benefit scheme, with retirement benefits based on career-average pay. The scheme generates pension credits and retirement lump sum credits for each scheme member. These money credits, known as "referable amounts" accrue as percentages of pay on an ongoing basis. The referable amounts accrued each year are revalued annually until retirement in line with inflation increases (Consumer Price Index). The annual pension awarded on retirement is the cumulative total of a scheme member's pension referable amounts, and the retirement lump sum awarded is, similarly the total of the scheme member's lump sum referable amounts.

Valuation

The valuation used for FRS 102 disclosures has been based on a full actuarial valuation by a qualified independent actuary taking account of the requirements of the FRS in order to assess the scheme liabilities at 31 August 2018. On retirement, members' pensions are paid by the National Shared Services Office on behalf of the Department of Education and Skills and those payments are charged to that Department's appropriation account. Therefore, former employees of the Institute who are in receipt of pension have been excluded from the valuation. The reduction in liability arising from members who retire during the year is reflected as an experience gain and is separately identified in the liability reconciliation. The principal actuarial assumptions used to calculate the components of the defined benefit cost for the year ended 31 August 2019 were as follows:

	31 August 2019	31 August 2018
Discount rate	0.90%	2.00%
Inflation rate	1.35%	1.85%
Salary increases	2.60%	3.10%
Pension increases	2.10%	2.60%

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

	31 August 2019 Years	31 August 2018 Years
Male aged 65	21.7	21.5
Female aged 65	24.1	24

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

	31 August 2019 €'000's	31 August 2018 €'000's
Net Current service cost	10,580	10,079
Interest on retirement benefit scheme liabilities	4,070	3,988
Employee contributions / (benefits paid)	(1,727)	(1,571)
	<u>12,923</u>	<u>12,496</u>

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued) Year ended 31 August 2019

24 Retirement Benefit Costs (cont'd)

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

	31 August 2019 €'000's	31 August 2018 €'000's
Net retirement benefit obligation at 1 September	(198,225)	(180,440)
Net Current service costs	(8,853)	(8,508)
Interest costs	(4,070)	(3,988)
Employee contributions	(1,727)	(1,571)
Benefits paid in period	-	-
Reduction in pension liabilities arising from retirements in the year	-	1,355
Experience (loss)/gain on liabilities	10,979	(4,582)
Changes in actuarial assumptions	(31,957)	(491)
Net retirement benefit obligations at 31 August	<u>(233,853)</u>	<u>(198,225)</u>
Split between:		
SPSPS	(5,637)	(3,168)
ESS	<u>(228,216)</u>	<u>(195,057)</u>
	<u>(233,853)</u>	<u>(198,225)</u>

Pension records are being updated with details of transferred in service from previous employments for current staff. This is an on going project and updates applied to some members' records in 2019 has contributed to the experience loss recognised in the year.

(v) Deferred funding asset for retirement benefits

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

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

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

	31 August 2019 €'000's	31 August 2018 €'000's
Funding recoverable in respect of current year retirement Benefit costs	<u>12,923</u>	<u>12,496</u>
(vi) History of defined benefits obligations	2019 €'000's	2018 €'000's
Defined benefit obligations	<u>233,853</u>	<u>198,225</u>

25 Approval of Financial Statements

The financial statements were approved by the Governing Body on the 29th July 2020.