

INSTITUTE OF TECHNOLOGY, SLIGO

FINANCIAL STATEMENTS FOR YEAR ENDED 31st AUGUST 2018

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: 4/12/19

President 
Dr Brendan McCormack

Date: 4/12/19

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. 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.
- 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.
- A Finance Committee which regularly reviews financial information including actual versus budgets with updates provided to the Audit & Risk Committee.
- The Institute has in place appropriate financial procedures addressing authorisation limits and segregation of duties.

INSTITUTE OF TECHNOLOGY, SLIGO

Statement on Internal Control (continued)

- Capital works management framework (CWMF) is followed by the Institute.
- An Audit & Risk Committee with defined audit charter and clear terms of reference. The committee met five 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 01.09.17 to 31.8.18 was approved by the Audit & Risk Committee on 5th December 2018 and was presented to the Governing Body on the 12th December 2018 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.

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 Price Waterhouse Coopers provide the Audit & Risk Committee with a verbal report of internal audit activity.

Review of the Effectiveness of the System of Internal Controls

The Governing Body carried out a review of the effectiveness of the system of internal control for the year-ended 31 August 2018 at its meeting on the 12th December 2018. This review included assurances from a range of sources across the Institute including the work carried out by the Internal Audit function.

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

2017/18 Internal Audit Reports

In the year 2017/18, the following Internal Audit reports were formally approved by the Audit & Risk Committee:

- Student Retention
- Findings Follow-up Review
- International Office Review
- Review of Financial Aspects of the Internal Control Framework.

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 15th January 2019 and no material breaches of internal control have occurred during the year.

Matters of non-compliance and weaknesses in internal control

The Institute notes the findings of the C&AG that in the period ended 31 August 2018 expenditures of €596,000 (8 suppliers) were not compliant with procurement rules. Of this expenditure:

- €39,590 (1 supplier) relates to contracts which have since terminated
- €174,687 (4 suppliers) have since been sourced through a combination of tendering (3 suppliers) and OGP frameworks (1 supplier).
- €114,040 (1 supplier of a commodity) related to 6 written quotations being sought, which provided a saving of €13,700 in 2018 from that on the OGP framework. The extent of any non-compliance with regards to the procurement of these supplies is limited to purely procedural requirements and as such non-compliance was for the sole purpose of delivering value for money whilst maintaining full competition by seeking six quotations for each purchase which has been quantifiably verified by comparison with the OGP framework for the same supplies.
- €219,447 (an established service provider) was identified as non-compliant as part of a sampling exercise. IT Sligo is 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. The Institute is committed to continuously reducing this non-compliant spend in compliance with national and EU procurement guidelines. The Governing Body approved the appointment of a procurement officer on the 11th September 2019 to implement tighter controls over this area.

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

Chairman 
Niall O'Donnellan

Date: 4/12/19

President 
Dr Brendan McCormack

Date: 4/12/19



Ard Reachtair 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 2018 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 2018 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

10 December 2019

Appendix to the report

Responsibilities of Governing Body members

The members are responsible for

- the preparation of financial statements in the form prescribed under 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 readably 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 2018

	Note	31/08/18 €000's	31/08/17 €000's
Income			
State Grants	3	23,038	20,335
Tuition Fees and Student Contribution	4	20,222	19,212
Research Grants & Contracts	5	2,865	2,793
Student Support Funding	7	287	268
Other Income	8	2,111	2,078
Amortisation of Deferred Capital Grants	17	2,897	3,070
Interest Income		71	18
Deferred Pension Funding	24	12,496	11,791
Total Income		63,987	59,565
Expenditure			
Staff costs	9	33,115	30,957
Retirement Benefit Cost	24	12,496	11,791
Other Operating Expenses	10	12,679	12,331
Depreciation	12	2,899	3,071
Total Expenditure		61,189	58,150
Surplus before tax		2,798	1,415
Taxation	11	-	-
Surplus for the year before other gains and losses		2,798	1,415
Experience (losses)gains on retirement benefit obligations		(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		(491)	4,716
Total actuarial (losses)/gains in the year	24	(3,718)	4,716
Adjustment to deferred retirement benefits funding	24	3,718	(4,716)
Total Comprehensive Income for the year		2,798	1,415

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

4/12/19
Date


President, Dr Brendan McCormack

4/12/19
Date

INSTITUTE OF TECHNOLOGY, SLIGO

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

	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 2016	76,262	8,594	9,841	94,697
Surplus for the year before appropriations	-	-	1,415	1,415
Amortisation of Deferred Capital Grants	(3,070)	-	-	(3,070)
Adjustment to accumulated depreciation	(808)	-	-	(808)
State Grant Allocated to Capital	(251)	-	-	(251)
State Capital Grants	750	-	-	750
Other Capital Grants	(36)	-	-	(36)
Transfer to Capital Development Reserve	-	578	(578)	-
Transfer from Capital Development Reserve to Deferred Capital Grants	5,277	(5,277)	-	-
Movement for the Period	1,862	(4,699)	837	(2,000)
Balance at 31 August 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)
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

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

Date 4/12/19

Date 4/12/19

INSTITUTE OF TECHNOLOGY, SLIGO

Statement of Financial Position Year ended 31 August 2018

	Note	31/08/18 €000's	31/08/17 €000's
Fixed Assets			
Property, Plant & Equipment	12	78,113	78,127
Investments	13	-	-
		<u>78,113</u>	<u>78,127</u>
Current Assets			
Receivables	14	1,626	1,867
Cash and Cash Equivalents	15	22,085	20,235
		<u>23,711</u>	<u>22,102</u>
Less Payables ; Amounts due within 1 year	16	(8,651)	(7,532)
Net Current Assets		<u>15,060</u>	<u>14,570</u>
Total Assets less Current Liabilities		<u>93,173</u>	<u>92,697</u>
Retirement Benefits			
Retirement benefits obligations	24	(198,225)	(180,440)
Deferred retirement benefit funding asset	24	198,225	180,440
Total Net Assets		<u>93,173</u>	<u>92,697</u>
Deferred Capital Grants	17	78,104	78,124
Capital Development Reserve	18	1,593	3,895
		1,593	3,895
Unrestricted Reserves			
Income & Expenditure Reserve		13,476	10,678
		13,476	10,678
Total		<u>93,173</u>	<u>92,697</u>

Notes 1 to 25 form part of these financial statements.

Signed on behalf of the Governing Body:


Chairman, Niall O'Donnellan

Date 4/12/19


President, Dr Brendan McCormack

Date 4/12/19


INSTITUTE OF TECHNOLOGY, SLIGO

Statement of Cash Flows Year ended 31 August 2018


	Year Ended 31/08/18 €000's	Year Ended 31/08/17 €000's
Net Cash flow from operating activities		
Excess income over expenditure	2,798	1,415
Depreciation of fixed assets	2,899	3,071
Amortisation of deferred capital grants	(2,897)	(3,070)
Decrease in receivables	240	1,563
Increase in payables	1,251	53
Interest Income	(71)	(18)
State funds allocated to capital	553	790
Research funds allocated to capital	22	14
Net Cash Inflow from Operating Activities	4,795	3,818
Cash Flows from Investing Activities		
Payments to acquire property, plant & equipment	(3,017)	(5,996)
Net Cash Flows from Investing Activities	(3,017)	(5,996)
Cash Flows from Financing activities		
Interest Received	72	19
Net Cash Flows from Financing Activities	72	19
Net Increase/(Decrease) in cash equivalents in the year	1,850	(2,159)
Cash & Cash Equivalents at beginning of year	20,235	22,394
Cash & Cash Equivalents at end of year	22,085	20,235

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

4/12/18

 Date

4/12/17

 Date

Institute of Technology, Sligo

Notes to the financial statements

Year ended 31 August 2018

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. The consolidated financial statements are also presented in Euro.

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 year ended 31 August 2018. The prior year comparatives for the Institute have not been re-stated on the grounds of materiality. 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 2019.

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 assets in line with the policy for all other Fixed Assets.

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.

Institute of Technology, Sligo

Notes to the financial statements – (continued)

Year ended 31 August 2018

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 2018

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 to the extent that it is recoverable.

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

The financial statements reflect, at fair value, the assets and liabilities arising from the Institute's pension obligations in respect of its current staff only and any related funding. The costs of providing pension benefits are recognised in the accounting periods in which they are earned by employees. Pension liabilities in respect of former employees who are in receipt of 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 operates 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, mortality rates and healthcare cost trend rates) are updated annually based on current economic conditions, and for any relevant changes to the terms and conditions of the pension and post-retirement plans.

The assumptions can be affected by:

- (i) the discount rate, changes in the rate of return on high-quality corporate bonds
- (ii) future compensation levels, future labour market conditions
- (iii) health-care cost trend rates, the rate of medical cost inflation in the relevant regions

Institute of Technology, Sligo

Notes to the financial statements – (continued)

Year ended 31 August 2018

1. Significant accounting policies (continued)

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 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

There is no material uncertainty regarding the Institute's ability 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 judgements 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 2018

3 State Grants

	Allocated for Recurrent Expenditure €000's	Allocated for Capital Expenditure €000's	2018 Total €000's	2017 Total €000's
Recurrent Expenditure - Higher Education Authority (note 6)	22,630	(340)	22,290	20,084
Devolved Grant	-	893	893	750
Capital Expenditure - Higher Education Authority	408	-	408	-
Total 2018	23,038	553	23,591	20,834
Total 2017	20,335	499	20,834	

4 Tuition Fees and Student Contribution

	2018 Students WTE	2018 State Funded €000's	2018 Non State Funded €000's	2018 Total €000's	2017 Students WTE	2017 State Funded €000's	2017 Non State Funded €000's	2017 Total €000's
Fees paid by State	3,107	1,784	-	1,784	3,225	1,754	-	1,754
Non EU Fees	161	-	962	962	119	-	624	624
Fees paid by students or on behalf of Students	243	-	469	469	207	-	341	341
Life Long Learning and other fees	1,420	783	5,586	6,369	1,013	722	5,112	5,834
Student Contribution inc repeat exam fees	-	6,342	4,296	10,638	-	6,472	4,187	10,659
Student Numbers / Net Fee Income	4,931	8,909	11,313	20,222	4,564	8,948	10,264	19,212

The Higher Education Authority paid tuition fees in the year of €1,437,000 for full-time Degree courses, and €347,000 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 wholtime equivalents, based on enrolled credits.

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued) Year ended 31 August 2018

5 Research Grants & Contracts	2018 Total €000's	2017 Total €000's		
Income				
State & semi state (Note 6)	2,173	2,190		
European Union	523	206		
Industry	42	150		
Institutes of Technology Ireland	38	162		
Other	111	87		
Capital Expenditure	(22)	(2)		
Total Income	2,865	2,793		
Expenditure				
Pay Costs	1,781	1,522		
Non Pay Costs	1,717	1,552		
Capital Expenditure	-	-		
Total Costs	3,498	3,074		
Net Outcome	(633)	(281)		
6 Analysis of State Derived Income				
Name of Grantor	Op Deferral/ (Debtor) 01/09/2017	Grant received	CI Debtor/ (Deferral) 31/08/2018	I&E 2018
Note 3 - State Grant				
Higher Education Authority	82	21,848	360	22,290
Devolved Grant	-	893	-	893
Capital Expenditure - Higher Education Authority Allocated for Capital Expenditure	405	173	(170)	408
	-	(553)	-	(553)
Total State Income	487	22,361	190	23,038
Note 4 - Tuition Fees & Student Contribution				
Higher Education Authority	-	2,327	-	2,327
Student Universal Support Ireland	-	6,342	-	6,342
Mayo Sligo Leitrim ETB	-	240	-	240
Total State Income	-	8,909	-	8,909
Note 5 - Research & Contracts				
Dept of Agriculture & Marine	6	(25)	51	32
Enterprise Ireland	359	781	(516)	624
Environmental Protection Agency	(4)	-	55	51
Higher Education Authority	114	1,414	(439)	1,089
Heritage Council	-	5	-	5
Irish Research Council	(4)	10	(1)	5
Marine Institute	(12)	18	15	21
Science Foundation Ireland	(72)	140	(27)	41
Teagasc	5	41	2	48
University of Limerick	8	-	-	8
Western Development Commission	6	(1)	(2)	3
National Forum	3	-	-	3
Sustainable Energy Ireland	-	232	-	232
National University of Ireland Galway	3	-	(1)	2
Dept of Arts, Heritage, Regional, Rural & Gaeltacht	1	-	4	5
Sligo University Hospital	-	5	(1)	4
Research Grants & Contracts	413	2,620	(860)	2,173
HEA	234	345	(292)	287
Student Support Funding (Note 7)	234	345	(292)	287

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued)
Year ended 31 August 2018

7 Student Support Funding

	2018 Disabilities €000's	2018 Student Assistance €000's	2018 Total €000's	2017 Total €000's
Balance at 1 September 2017	31	203	234	194
Receipts				
Higher Education Authority	80	265	345	308
Amounts Applied				
Pay Costs	-	-	-	-
Non Pay Costs	(86)	(201)	(287)	(268)
Net Fee Income (Note 6)	<u>25</u>	<u>267</u>	<u>292</u>	<u>234</u>
Equipment	-	-	-	-
Balance at 31 August 2018	<u><u>25</u></u>	<u><u>267</u></u>	<u><u>292</u></u>	<u><u>234</u></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

	2018 Total €000's	2017 Total €000's
Superannuation deductions retained	1,379	1,391
Bank Concession Fee	150	150
Rental of Facilities	92	224
Sundry Income	490	313
	<u><u>2,111</u></u>	<u><u>2,078</u></u>

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued)

Year ended 31 August 2018

9 Staff Costs

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

	2018 No. of employees	2017 No. of employees
Teaching and research	337	314
Technical	45	43
Central administration and services	137	130
	<u>519</u>	<u>487</u>
	2018	2017
	€'000	€'000
Salaries and wages	29,930	28,101
Overtime	289	200
Allowances	85	94
Social welfare costs	2,636	2,387
Employer welfare costs	175	175
	<u>33,115</u>	<u>30,957</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.

	2018 Headcount	2018 wte	2017 Headcount	2017 wte
Governing Body Members	n/a	n/a	n/a	n/a
President	1	1	1	1
Executive Management	8	5.79	8	5.67
	<u>9</u>	<u>6.79</u>	<u>9</u>	<u>6.67</u>
	2018	2018	2017	2017
	€'000	€'000	€'000	€'000
	Salary	Overtime/ allowances	Salary	Overtime/ allowances
Governing Body Members	20	-	12	-
President	147	-	141	-
Executive Management	569	-	534	-
	<u>736</u>	<u>-</u>	<u>687</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 2018

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 2018	Year Ended 31 August 2017
60,000 - 70,000	55	54
70,001 - 80,000	59	70
80,001 - 90,000	88	77
90,001 - 100,000	13	6
100,001 - 110,000	6	2
110,001 - 120,000	-	1
120,001 - 130,000	-	-
130,001 - 140,000	-	-
140,001 - 150,000	1	1
150,001 +	-	-
Grand Total	222	211

10 Other Operating Expenses

	2018	2018	2018	2018	2017
	Pay Costs	Depreciation	Other Operating	Total	Total
	€000's	€000's	Expenses	Total	Total
	€000's	€000's	€000's	€000's	€000's
Academic Departments	24,367	-	3,099	27,466	24,991
Academic Services	1,464	-	1,193	2,657	2,468
Facilities	666	-	2,420	3,086	2,981
Central Administration	3,583	-	2,114	5,697	6,509
General Education	542	-	682	1,224	1,113
Student Services	712	-	1,049	1,761	1,748
Student Support Funding	-	-	287	287	268
Research Grants & Contracts	1,781	-	1,717	3,498	3,074
Other	-	-	118	118	136
Depreciation	-	2,899	-	2,899	3,071
Total Expenditure	33,115	2,899	12,679	48,693	46,359
Total 2017	30,957	3,071	12,331	46,359	

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued)
Year ended 31 August 2018

10 Other Operating Expenses - continued

	Note	2018 €000's	2017 €000's
Classroom materials		634	593
Fees payable to educational partners		1,244	908
Library materials		265	233
IT licencing/upgrade and maintenance		677	629
General Education		479	453
Student Services		626	598
Students Union and Clubs and Societies subvention		521	537
Grants to students funded by external bodies		122	105
Research costs		1,412	1,229
Equipment		1,219	861
Equipment disposed		-	15
Light and Heat		595	628
Security		208	235
Cleaning and waste disposal		534	472
Services and repairs		632	688
Rent and Rates		82	113
Water rates		25	46
Travel & subsistence - Domestic		449	401
Travel & subsistence - International		221	207
Hospitality		61	49
Training and development		235	194
Audit Fee- Internal Audit		19	22
Audit Fee- C&AG		35	47
Consultancy costs	10a	452	717
Outsourced Services		203	158
Subscriptions to Sectoral Bodies		174	175
Communication costs		135	153
Office stationery and supplies		292	263
Advertising of courses		407	409
Staff recruitment costs		46	103
Insurance costs		214	194
Bad debt costs - Student Fees		456	886
Bad debt costs - Trade Debtors		5	10
Total Other Operating Expenses		12,679	12,331

		2018 €000's	2017 €000's
Other Operating Expenses include,			
Auditors Remuneration;			
External Audit of Institute		35	47
Other Services		-	-

Auditors Remuneration disclosed above excludes VAT.

The Institute has an Internal Audit function and the associated payroll costs have been included as part of staff costs for the year.

10a Consultancy Costs		2018 €000's	2017 €000's
Professional fees - Legal costs Professional fees		83	145
Professional fees - Legal costs Settlements		-	-
Professional fees - Tax and financial advisory fees		36	10
Professional fees - Public relations/marketing		116	165
Professional fees - Pensions and human resources		9	5
Professional fees - Other		208	392
		452	717

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued)
Year ended 31 August 2018

11 Taxation

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

12 Property, Plant & Equipment

	Land and buildings	Assets in course of construction	Fixtures & fittings	Computer equipment	Plant & machinery	Equipment	Motor Vehicles	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
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 2018

12 Property, Plant & Equipment

	Land and buildings	Assets in course of construction	Fixtures & fittings	Computer equipment	Plant & machinery	Equipment	Motor Vehicles	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Cost								
At 1 September 2016	94,974	-	5,162	10,974	1,883	13,398	50	126,441
Assets removed from register	-	-	(1,433)	(4,918)	(533)	(4,697)	-	(11,581)
Retired Assets	-	-	(831)	(4,261)	(17)	(2,337)	-	(7,446)
Other adjustments	1,396	-	(916)	183	(152)	(511)	-	-
Additions in year	437	4,236	17	411	714	266	-	6,081
Disposals in year	-	-	(23)	(6)	0	(93)	-	(122)
At 31 August 2017	96,807	4,236	1,976	2,383	1,895	6,026	50	113,373
Depreciation								
At 1 September 2016	23,049	-	3,881	9,284	1,597	12,314	50	50,175
Assets removed from register	-	-	(1,165)	(4,912)	(525)	(4,638)	-	(11,240)
Retired Assets	-	-	(831)	(4,261)	(17)	(2,337)	-	(7,446)
Other adjustments	282	-	(789)	1,603	226	(514)	-	808
Charge for year	1,943	-	218	338	120	452	-	3,071
Eliminated on disposals	-	-	(23)	(6)	0	(93)	-	(122)
At 31 August 2017	25,274	-	1,291	2,046	1,401	5,184	50	35,246
Net book value								
At 31 August 2017	71,533	4,236	685	337	494	842	-	78,127
At 1 September 2016	71,925	-	1,281	1,690	286	1,084	-	76,266

Between November 2016 and May 2018 the Institute carried out an exercise on fixed assets to reconcile the fixed asset register to the nominal ledger balances for fixed assets. This exercise included a physical count.

As a result of this exercise €5,482,000 was removed from the cost of assets in year ended 31st August 2017 for assets previously disposed but not recorded as such (nbv €15,000), €2,299,000 was removed from the cost of fixed assets for assets not found (nbv €nil) and €3,800,000 was removed from the cost of fixed assets as the individual assets cost < €3,000, were purchased after 31st August 2007 and did not comply with the policy on capitalisation of assets (nbv €326,000).

€7,446,000 was also removed from the cost of fixed assets in the year for Retired Assets where the individual assets cost < €3K but they were purchased before 1st September 2007, on which date the policy on capitalisation of fixed assets changed when the limit was increased from €1,200 to €3,000 (nbv €nil).

A further adjustment was made to accumulated depreciation (€808,000) to reflect increased depreciation to take account of depreciation on assets which had been incorrectly classified when capitalised.

The increase in depreciation was offset by a corresponding increase in amortisation of state grant income.

The total adjustment to nbv of fixed assets in the period was €1,149,000.

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued)
Year ended 31 August 2018

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
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

	2018	2017
	€'000	€'000
State grant receivable	360	-
Academic fees receivable	620	902
Provision for Academic fees	(552)	(886)
Research Grants and Contracts Receivable	640	300
Prepayments and Accrued Income	429	300
Trade Debtors	117	1,183
Provision for Trade Receivables	(18)	(13)
Other receivables	30	81
	1,626	1,867

15 Cash & cash equivalents

	2018	2017
	€'000	€'000
Cash at bank including balances held on short term deposit	22,085	20,235

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued) Year ended 31 August 2018

16 Payables: amounts falling due within one year

	2018 €000's	2017 €000's
State grant received in advance	-	82
Research Grants and Contracts in advance	1,356	770
Deferred Income Student Support Funding	293	234
Tuition fees and Student Registration Charges received in advance	1,983	1,740
Trade Payables and Accruals	3,116	3,201
Elimination of inter company balances	-	-
PAYE	518	480
PRSI	306	275
Other payables	112	101
Accruals and Deferred Income	967	649
Total Creditors	8,651	7,532

17 Deferred Capital Grants

	2018 €000's	2017 €000's
At 1 September 2017		
Opening Balance	78,124	76,262
Cash received in year		
Allocated from State recurrent grant	(340)	(251)
State Capital Grants	893	750
Other	22	(36)
Funded from Capital Development Reserve	2,302	5,277
Total	2,877	5,740
Amortised to Income and expenditure in year		
Amortised in line with depreciation	(2,897)	(3,070)
Adjustment for Non State Assets	-	-
Total	(2,897)	(3,070)
Adjustment to accumulated depreciation (Note 12)	-	(808)
At 31 August 2018		
Closing Balance	78,104	78,124

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued) Year ended 31 August 2018

18 Capital Development Reserve

	2018 €000's	2017 €000's
Opening Balance	3,895	8,594
Interest earned	-	-
Transfer from Revenue Reserves	-	578
Capital Projects	(2,302)	(5,277)
Closing Balance	<u>1,593</u>	<u>3,895</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 €455,000 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.

19 Capital Commitments

The Institute had capital commitments of €394,000 at 31 August 2018.

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 2018.

22 Post Balance Sheet Events

There were no 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 2018

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 application to the HEA Landscape Fund 2019 on behalf of the Connacht Ulster Alliance indicates a total project cost to end 2018 of €9.4m, of which €3.9m 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 2018

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 2018 were as follows:

	31 August 2018	31 August 2017
Discount rate	2.00%	2.15%
Inflation rate	1.85%	1.75%
Salary increases	3.10%	3.25%
Pension increases	2.60%	2.75%

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

	31 August 2018	31 August 2017
	Years	Years
Male aged 65	21.5	21.4
Female aged 65	24	23.9

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

	31 August 2018	31 August 2017
	€'000	€'000
Net Current service cost	10,079	10,047
Interest on retirement benefit scheme liabilities	3,988	3,272
Employee contributions / (benefits paid)	(1,571)	(1,528)
	<u>12,496</u>	<u>11,791</u>

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Notes to the financial statements - (continued)

Year ended 31 August 2018

24 Retirement Benefit Costs (cont'd)

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

	31 August 2018	31 August 2017
	€'000	€'000
Net retirement benefit obligation at 1 September	(180,440)	(171,837)
Net Current service costs	(8,508)	(8,519)
Interest costs	(3,988)	(3,272)
Employee contributions	(1,571)	(1,528)
Benefits paid in period	-	-
Reduction in pension liabilities arising from retirements in the year	1,355	-
Experience (loss)/gain on liabilities	(4,582)	-
Changes in actuarial assumptions	(491)	4,716
Net retirement benefit obligations at 31 August	<u>(198,225)</u>	<u>(180,440)</u>
Split between:		
SPSPS	(3,168)	(2,243)
ESS	<u>(195,057)</u>	<u>(178,197)</u>
	<u>(198,225)</u>	<u>(180,440)</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 2018 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 2018	31 August 2017
	€'000	€'000
Funding recoverable in respect of current year retirement Benefit costs	<u>12,496</u>	<u>11,791</u>
(vi) History of defined benefits obligations	2018	2017
	€'000	€'000
Defined benefit obligations	<u>198,225</u>	<u>180,440</u>

25 Approval of Financial Statements

The financial statements were approved by the Governing Body on the 4th December 2019