



Consolidated Financial Statements

Year Ended 31 August 2018

GALWAY-MAYO INSTITUTE OF TECHNOLOGY

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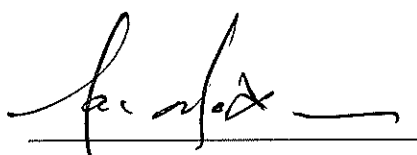
GALWAY-MAYO INSTITUTE OF TECHNOLOGY

Statement of Institute Responsibilities

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 (HEA) and to submit them for audit to the Comptroller and Auditor General. In preparing these financial statements, the Institute is required to:

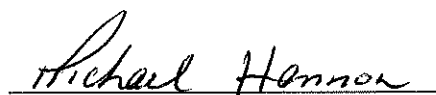
- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis, unless that basis is inappropriate;
- Disclose and explain any material departures from applicable accounting standards.

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



Mr. Cormac MacDonncha
Chairman GMIT Governing Body

Date: 28th NOV 2019



Dr. Michael Hannon
Acting President GMIT

Date: 28-11-2019

GALWAY-MAYO INSTITUTE OF TECHNOLOGY

Statement on Internal Control

Governing Body responsibility for the system of internal control

The Governing Body acknowledges its overall responsibility for the Institute's system of internal control. A sound system of internal control supports the achievement of the Institute's policies, aims and objectives, whilst safeguarding the public funds and assets for which we are responsible. The system of internal control consists of those processes used to identify, evaluate and manage the significant risks faced by Galway-Mayo Institute of Technology in the management of its affairs.

Reasonable assurance against material error

The system is designed to manage rather than eliminate risk, recognising that only reasonable and not absolute assurance can be provided that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected on a timely basis.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

Code of Governance of Irish Institutes of Technology

The Governing Body adopted the THEA Code of Governance for Institutes of Technology 2018 on 26th March 2018 and is working to achieve compliance with this Code by the 31st August 2019. The code outlines specific financial disclosure requirements which have been reflected in the financial statements with the exception of reporting requirements related to:

- remuneration, the full details of which are disclosed in Note 9 to the accounts, and
- hospitality, the full details of which are disclosed in Note 10(b) to the accounts.

Key control procedures put in place designed to provide effective internal control

Appropriate control environment:

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

- Adopting an Internal Control Framework to assist in the review of the system of Internal Control. The framework outlines the controls necessary to meet compliance-based requirements in the following risk areas:
 - Institutional
 - Operational

GALWAY-MAYO INSTITUTE OF TECHNOLOGY

Statement on Internal Control

- Financial
- Compliance
- General compliance

The framework forms an integral part of the review of Internal Control within the Institute.

- Defined management roles and responsibilities which have been communicated across academic departments and supporting functional units.

Business risks:

GMIT has developed processes to identify, evaluate and manage business risk. This is achieved in several ways including:

- An Audit and Risk Committee comprising of three Governing Body members and two external members. The Audit and Risk committee met four times in 2017/2018.
- Outsourced internal audit function which conducts a programme of work agreed with the Audit and Risk Committee.
- Adherence to the Risk Management Policy which was reviewed, updated and approved by the Governing Body in June 2018. The Risk Register was reviewed and updated by the Executive Board and presented to the Audit and Risk Committee on the 19th of June 2018 who recommended it for approval by the Governing Body. The Governing Body approved the Risk Register on the 27th June 2018.
- Maintaining a Strategic Risk Register which identifies key strategic risks, the risk owners and controls to mitigate these risks. Any action plans to further mitigate these risks are assigned to specific staff.
- Cascading the Strategic Risk Register to the School/Functional areas.
- Key risks are regular agenda items at Executive Board, Audit and Risk Committee and Governing Body meetings.
- Ongoing review and enhancement of the risk management framework together with ongoing review of the THEA Code of Governance for Irish Institutes of Technology to further improve and build the risk management and governance framework within GMIT.

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Statement on Internal Control

Information systems:

- A Comprehensive budgeting system with an annual budget which is reviewed and approved by Governing Body.
- Development of targets to measure financial and other performance.
- Regular review by the Governing Body of periodic and annual financial reports, which include financial performance against forecasts.

Financial implications of major business risks:

GMIT employs a range of actions to reduce the potential for fraudulent activity including written policies and procedures requiring transactions to be properly authorised and providing for sufficient segregation of duties including the following key control procedures:

- Financial procedures and regulations are documented, implemented and up to date. Additional policies/procedures required under the THEA Code of Governance for Institutes of Technology 2018 are currently being documented and will be in place by 31st August 2019.
- Clearly defined capital investment control guidelines.
- Formal management controls and checks including segregation of duties and sample checking of invoices and payments.
- Procurement procedures to ensure compliance with current procurement rules and guidelines which have been communicated to all staff. Matters arising regarding controls over procurement are highlighted under weaknesses in internal control.
- An Anti-Fraud Policy.
- Disposal of asset procedures which have been communicated to all staff.
- Processes to facilitate compliance with Guidelines on Achieving Value for Money in Public Expenditure.
- Procedures and systems to facilitate compliance with all relevant taxation laws.

Monitoring the effectiveness of the internal control system:

- An Audit and Risk Committee, with clear terms of reference is in place which deals with significant control issues and receives the reports of the internal and external auditors.
- An outsourced Internal Audit function. The Internal audit plan is approved by the Audit and Risk Committee annually. The plan takes account of areas of potential risk identified in a risk

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Statement on Internal Control

assessment exercise carried out with management at the start of the current planning cycle. Reports are provided to the Audit and Risk Committee on assignments carried out. The Audit and Risk Committee receives regular reports on the status of issues raised.

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

- The work of Internal Audit, which includes annual audits on a rotating selection of the audit universe using a risk-based methodology and including input from senior management, the Audit and Risk Committee and the Governing Body. The Internal Audit Plan considers risk when identifying areas of review. The following Internal audits were conducted during the year:
 - IT Systems and Security Review.
 - Timetabling and Staff Utilisation.
 - Review of Compliance with Financial aspects of the Internal Control Framework.
- The Audit and Risk Committee oversees the work of Internal Audit. The Committee meets the Internal Auditors on a regular basis to review the work of Internal Audit. The Audit and Risk Committee has noted that the significant issues, which they dealt with during the period and reported to the Governing Body were as follows:
 - Oversight of the recommendations of the Internal Auditor including a full look-back review of previous recommendations.
 - Meeting with the Comptroller and Auditor General to review the outcomes of GMIT's annual statutory audit.
 - Regular meetings with the Internal Auditors to discuss their work programme, the outcomes of their audit and a private meeting without the Executive.
 - Review of the Institutes Internal Control framework and the control improvements identified by management.
 - Review of the Risk Management Framework.
- The Institutes Management team who have responsibility for the development and maintenance of the Internal Control Framework. This framework is a key tool for implementing internal control and assessing its effectiveness. The Framework sets out each

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Statement on Internal Control

of the key controls in place within GMIT, together with the owner of each control and any control improvements identified during the annual review of the framework. When reviewing and updating the Internal control framework the Management Team have considered the following:

- The compliance requirement.
 - The control environment.
 - Processes for monitoring continuing effectiveness.
 - Communication and reporting.
-
- The Risk Management process. The Risk management policy was reviewed and updated by the Governing Body in June 2018.
 - The recommendations for improvement made by the Comptroller and Auditor General in the management letter or other reports.

The Governing Body has processes established for reviewing the effectiveness of the system of internal control and reviews were undertaken during the year, including a review of internal operational controls.

The role of the Audit Committee is to provide assurance to the Governing Body that an adequate system of internal control is implemented and operating effectively, and this was done for 2017/2018.

The Governing Body performed its review of the effectiveness of the system of Internal Control and Risk Management for the year ended 31 August 2018 on the 13th of December 2018.

Weaknesses in internal control:

Weaknesses in internal control that have been identified during the period have been addressed, with control actions put in place or in progress at the year end. No material losses or misstatements were identified during the course of independent testing carried out by the internal auditors.

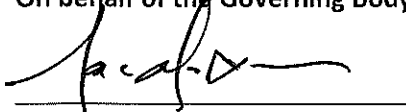
Internal control weaknesses are outlined in the table below.

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Statement on Internal Control

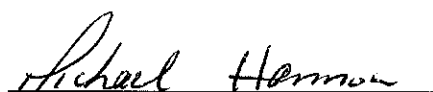
Area of non-compliance or weaknesses in internal control	Actions to be taken to attain compliance or correct weaknesses	Due date or date implemented
Absence of a strategic plan.	The vision and strategy for the Institute for 2019-2022 was finalised through planned consultation and approved by the Governing Body on the 7 th February 2019.	Completed 7 th February 2019.
Absence of a corporate procurement plan.	The Governing Body approved the Institute's corporate procurement plan on November 29 th , 2018.	Completed 29 th November 2018.
No fixed asset cycle counts carried out.	Fixed asset inventory count commenced in April 2018. A complete fixed asset inventory count was carried out during 2018 and the results reported to the ARC at their meeting on December 4 th , 2018.	4 th December 2018.
IT systems and security weaknesses identified in IT governance.	Establish IT governance committee to oversee implementation plan.	Q4 2019.
THEA Code of Governance for Institutes of Technology 2018 compliance.	Gap analysis completed and implementation plan in pace to ensure substantial compliance by 31 st August 2019.	Due 31 st August 2019.
Following a request from the Comptroller and Auditor General, the Institute performed a detailed analysis of the fixed asset depreciation charge. An issue was identified on the historic depreciation calculation of assets transferred to GMIT from Galway VEC in January 1993.	As a result of the analysis, the Institute noted that there was an under-depreciation of certain fixed assets with a corresponding under-amortisation of the capital grant. A prior year adjustment was disclosed in the financial statements. There was no impact on the income and expenditure reserves.	Completed October 2019.
Non-compliant procurement during the year ended 31/08/18 amounted to €146,092.	Purchasing office monitors cumulative spend on a rolling 12-month basis, to ensure compliance with procurement thresholds.	Implemented during the year ended 31 st August 2018.

On behalf of the Governing Body:



Mr. Cormac MacDonncha
Chairman GMIT Governing Body

Date: 28th Nov 2019



Dr. Michael Hannon
Acting President GMIT

Date: 28-11-2019



Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas Galway-Mayo Institute of Technology

Opinion on the financial statements

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

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

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Institute at 31 August 2018 and of the income and expenditure of the Group and Institute for the year then ended in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

Basis of opinion

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

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

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

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

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

I have nothing to report in regard to those matters.

Seamus McCarthy
Comptroller and Auditor General

3 December 2019

Appendix to the report

Responsibilities of Governing Body members

The statement of responsibility of the Institute sets out the Governing Body members' responsibility

- 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.

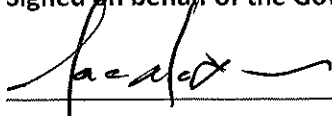
GALWAY-MAYO INSTITUTE OF TECHNOLOGY
Consolidated and Institute Statement of Comprehensive Income
Year ended 31 August 2018

		Consolidated	Institute	Restated Consolidated	Restated Institute
		2018	2018	2017	2017
	Note	€'000	€'000	€'000	€'000
Income					
State grants	3	26,839	26,839	24,424	24,424
Tuition fees and student contribution	4	22,423	22,423	20,650	20,650
Research grants and contracts	5	3,705	3,705	3,198	3,198
Student support funding	7	980	980	926	926
Other income	8	5,373	5,442	4,308	4,366
Amortisation of deferred capital grants	22*	2,932	2,932	2,758	2,758
Interest income		9	9	20	20
Catering		1,458	-	1,524	-
Deferred pension funding	27	21,212	21,104	14,464	14,343
Total income		84,931	83,434	72,272	70,685
Expenditure					
Staff costs	9	47,210	46,510	44,178	43,436
Retirement benefit costs	27	21,212	21,104	14,464	14,343
Other operating costs	10	11,871	11,185	11,564	10,848
Depreciation	13-16*	2,943	2,932	2,768	2,758
Total expenditure		83,236	81,731	72,974	71,385
Surplus / (deficit) before tax		1,695	1,703	(702)	(700)
Taxation		-	-	-	-
Surplus / (deficit) before other gains and losses		1,695	1,703	(702)	(700)
Reduction in pension liabilities arising from retirements	27	10,248	10,248	-	-
Experience gains / (losses) on plan liabilities	27	(1,802)	(1,771)	-	-
Changes in assumptions underlying the present value of retirement benefit obligations	27	(458)	(457)	5,811	5,788
Total actuarial gains / (losses) in the year		7,988	8,020	5,811	5,788
Adjustment to deferred retirement benefits funding	27	(7,988)	(8,020)	(5,811)	(5,788)
Total comprehensive income for the year	12	1,695	1,703	(702)	(700)

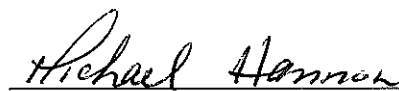
All items of income and expenditure relate to continuing activities. Notes 1 to 31 form part of these Financial Statements.

* See Note 30 for prior year adjustment.

Signed on behalf of the Governing Body:



Mr. Cormac MacDonncha
Chairman GMIT Governing Body



Dr. Michael Hannon
Acting President GMIT

Date: 28th NOV 2019

Date: 28-11-2019

GALWAY-MAYO INSTITUTE OF TECHNOLOGY

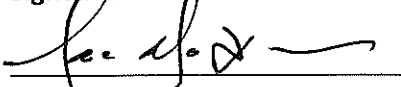
Consolidated and Institute Statement of Changes in Reserves and Capital Account Year ended 31 August 2018

	Note 22 Deferred capital grants	Note 23 Capital development reserve	Revenue reserves	Total
	€'000	€'000	€'000	€'000
Institute				
Opening balance at 1 September 2016 - restated	59,696	8,450	(3,493)	64,653
(Deficit) for the year before appropriations	-	-	(700)	(700)
Amortisation of deferred capital grants	(2,758)	-	-	(2,758)
State grants allocated to capital	996	-	-	996
Transfer from capital development reserve to revenue reserves	-	(55)	55	-
Movement for the period	(1,762)	(55)	(645)	(2,462)
Balance at 31 August 2017 - restated	57,934	8,395	(4,138)	62,191
Surplus for the year before appropriations	-	-	1,703	1,703
Amortisation of deferred capital grants	(2,932)	-	-	(2,932)
State grants allocated to capital	1,949	-	-	1,949
Transfer from capital development reserve to revenue reserves	-	(62)	62	-
Movement for the period	(983)	(62)	1,765	720
Balance at 31 August 2018	56,951	8,333	(2,373)	62,911
Consolidated				
Opening balance at 1 September 2016 - restated	59,696	8,450	(3,299)	64,847
(Deficit) for the year before appropriations	-	-	(702)	(702)
Amortisation of deferred capital grants	(2,758)	-	-	(2,758)
State grants allocated to capital	996	-	-	996
Transfer from capital development reserve to revenue reserves	-	(55)	55	-
Movement for the period	(1,762)	(55)	(647)	(2,464)
Balance at 31 August 2017 - restated	57,934	8,395	(3,946)	62,383
Surplus for the year before appropriations	-	-	1,695	1,695
Amortisation of deferred capital grants	(2,932)	-	-	(2,932)
State grants allocated to capital	1,949	-	-	1,949
Transfer from capital development reserve to revenue reserves	-	(62)	62	-
Movement for the period	(983)	(62)	1,757	712
Balance at 31 August 2018	56,951	8,333	(2,189)	63,095

Notes 1 to 31 form part of these Financial Statements.

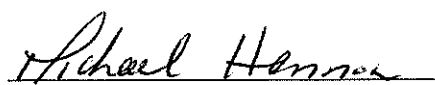
Prior year adjustment restating the opening reserves are set out in Note 30.

Signed on behalf of the Governing Body:



Mr. Cormac MacDonncha
Chairman GMIT Governing Body

Date: 28th Nov 2019



Dr. Michael Hannon
Acting President GMIT

Date: 28-11-2019


GALWAY-MAYO INSTITUTE OF TECHNOLOGY
Consolidated and Institute Statement of Financial Position
Year ended 31 August 2018

		Consolidated 2018 €'000	Institute 2018 €'000	Restated Consolidated 2017 €'000	Restated Institute 2017 €'000
Fixed assets					
Tangible assets	13-16 *	56,981	56,951	57,975	57,934
		56,981	56,951	57,975	57,934
Current assets					
Inventory		6	-	6	-
Receivables	18	2,054	2,018	1,668	1,592
Cash and cash equivalents	19	12,363	12,119	10,240	10,077
		14,423	14,137	11,914	11,669
Less payables: amounts due within one year	20	(8,309)	(8,177)	(7,506)	(7,412)
Net current assets		6,114	5,960	4,408	4,257
Total assets less current liabilities		63,095	62,911	62,383	62,191
Retirement benefits					
Retirement benefit obligations	27	245,104	243,876	229,345	228,283
Deferred retirement benefit funding asset	27	(245,104)	(243,876)	(229,345)	(228,283)
Total net assets		63,095	62,911	62,383	62,191
Deferred capital grants	22 *	56,951	56,951	57,934	57,934
Capital development reserve	23	8,333	8,333	8,395	8,395
		8,333	8,333	8,395	8,395
Unrestricted reserves					
Income and expenditure reserve		(2,189)	(2,373)	(3,946)	(4,138)
Total		63,095	62,911	62,383	62,191

Notes 1 to 31 form part of these Financial Statements.

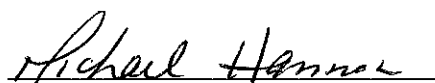
*See Note 30 for prior year adjustment.

Signed on behalf of the Governing Body:



Mr. Cormac MacDonncha
 Chairman GMIT Governing Body

Date: 28th NOV 2019



Dr. Michael Hannon
 Acting President GMIT

Date: 28-11-2019

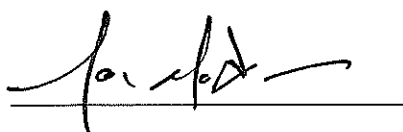
GALWAY-MAYO INSTITUTE OF TECHNOLOGY
Consolidated Statement of Cashflows
Year ended 31 August 2018

	2018	Restated 2017
	€'000	€'000
Net cash flow from operating activities		
Excess income over expenditure / (expenditure over income)	1,695	(702)
Depreciation of fixed assets	2,943	2,768
Amortisation of deferred capital grants	(2,932)	(2,758)
Decrease in inventories	-	5
(Increase) in receivables	(374)	(425)
Increase in payables	667	1,628
Interest income	(9)	(20)
Net cash inflow from operating activities	1,990	496
Cash flows from investing activities		
Payments to acquire tangible fixed assets	(1,803)	(946)
Net cash flows from investing activities	(1,803)	(946)
Cash flows from financing activities		
Interest received	16	31
State funds allocated to capital	1,914	996
Taxation paid	6	(9)
Net cash flows from financing activities	1,936	1,018
Net increase in cash equivalents in the year	2,123	568
Cash and cash equivalents at 1 September	10,240	9,672
Cash and cash equivalents at 31 August	12,363	10,240

Notes 1 to 31 form part of these Financial Statements.

*Prior year adjustments restating 2017 amortisation and depreciation are set out in Note 30.

Signed on behalf of the Governing Body:



Mr. Cormac MacDonncha
 Chairman GMIT Governing Body



Dr. Michael Hannon
 Acting President GMIT

Date: 28th Nov 2019

Date: 28-11-2019

GALWAY-MAYO INSTITUTE OF TECHNOLOGY
Notes to the Financial Statements
For the 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.

General information and statement of compliance

The primary objectives of the Institute are to provide vocational and technical education and training for the economic, technological, scientific, commercial, industrial, social and cultural development of the state with particular reference to the region served by the Institute.

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 HEA.

The functional currency of Galway-Mayo Institute of Technology is 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. Foreign operations are included in accordance with the policies set out below.

Basis of consolidation

The group financial statements consolidate the financial statements of the Institute and its subsidiary undertakings made up to 31 August 2018.

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

Going concern

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

GMIT has taken a number of actions to improve its financial performance in accordance with the five-year financial plans approved by the Governing Body on a rolling annual basis. These measures

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include initiatives linked to GMIT's strategic plan (2019-2023) such as continued development of lifelong learning, programme development and supports for the multi-campus structure.

Property, plant & equipment

(i) Land and buildings

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Buildings which were transferred from Galway VEC on the establishment of GMIT were valued on a depreciated replacement cost on 1st January 1993 (date of commencement order) and were depreciated on the basis of their remaining useful life of 29 years from that date. Depreciation is provided on all remaining tangible fixed assets 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
--------------------	----------

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.

(ii) Equipment

Equipment costing less than €3,000 per individual item is written off to the income and expenditure account in the year of acquisition. Where individual items of equipment purchased are below the capitalisation limit (€3,000) and the total purchase invoice is in excess of the limit, these items are individually capitalised in the normal way. 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
Furniture & 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.

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Inventory

Inventory comprise canteen stock. Inventory is valued at the lower of cost and net realisable value. Expenditure on books and consumable stock is charged to the income and expenditure account as incurred.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in income and expenditure 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.

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.

Taxation

(i) 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 (VAT), but since the supply of education is an exempt activity on which no output tax is charged it is unable to recover input tax on the majority of its purchases. Certain research and commercial activities within the Institute falls into the VAT net, any input or output tax relating to these activities is returned to the Revenue by the Institute.

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(ii) Deferred taxation

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

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

Recognition of income

(i) State Grants

Recurrent state grants from the HEA and other bodies are recognised in the period in which they are receivable. Non-recurrent grants from the HEA 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. State capital Grants for land are accounted for in accordance with the performance model.

(ii) Fee Income

Fee income is accounted for on an accruals basis.

(iii) 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:

- *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 Income and Expenditure on entitlement to the income.

- *Donations with restrictions*

Donations with restrictions are recorded within the Statement of Income & Expenditure on entitlement to the income. The restricted income received is held in the temporarily

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restricted reserve until such time that the expenditure is incurred in accordance with the restrictions.

- *Research grants from non-government sources*

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

Grants with restrictions are recorded within the Statement of Income and Expenditure 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.

(iv) 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.

(v) Income from short-term deposits

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

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 (ESSS 2015). The scheme is operated on a "pay-as-you-go" basis, with superannuation deductions made from employees being retained by the Institute as an agreed part of its funding.

The Institute also operates the Single Public Service Pension Scheme ("Single Scheme"), which is the defined benefit scheme for pensionable public servants appointed on or after 1 January 2013 in accordance with the Public Service Pensions (Single Scheme and Other Provisions) Act 2012. Single

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Scheme members' contributions are paid over by the Institute to the Department of Public Expenditure and Reform (DPER).

Pension costs charged to expenditure in the year reflect the benefits earned by current employees during the year and are shown net of staff pension contributions which, in respect of (i) the ESSS 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. The Institute recognises an offsetting asset which reflects future state funding due in respect of pension liabilities.

The financial statements reflect, at fair value, the assets and liabilities arising from the Institute's pension obligations in respect of its current staff only and any related funding. The costs of providing pension benefits are recognised in the accounting periods in which they are earned by employees. Pension liabilities in respect of former employees who are in receipt of pensions are excluded because payments are charged to the appropriation account of the Department of Education and Skills (DES). 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 (staff of GMIT Catering Company CLG) have the option to join the public sector pension 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.

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Retirement Benefit Obligation

The assumptions underlying the actuarial valuation 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.

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 balance sheet date are reported at the rates of exchange prevailing at that date.

Leases

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.

Deferred Capital Grants

Deferred capital grants represent unamortised value of accumulated funds allocated for fixed assets.

Capital Development Reserve

The capital development reserve represents funds set aside by the Institute for specified capital development purposes. Such funds arose 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 HEA, 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.

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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.

Going Concern

The Going Concern basis has been adopted in preparing the financial statements, as the Governing Body are of the view that the Institute has sufficient resources to meet projected expenditure for at least twelve months from the signing of the accounts. See note 1 above.

Establishing lives for depreciation purposes of property, plant & equipment

Long lived assets, consisting primarily of property, plant and equipment comprise a significant portion of the total assets. The annual depreciation charge depends primarily on the estimated lives of each type of asset and estimates of residual values. The Institute regularly reviews these assets lives and changes them as necessary to reflect current thinking on remaining lives in light of prospective economic utilisation and physical condition of the assets concerned. Change in asset lives can have a significant impact on depreciation charge for the period.

Detail of the useful lives are included in the accounting policies.

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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 is reviewed on an on-going basis.

Holiday Pay Accrual

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

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3. State Grants

	Allocated for Recurrent Expenditure €'000	Allocated for Capital Expenditure €'000	2018 Total €'000	2017 Total €'000
Recurrent Expenditure - HEA	25,808	1,102	26,910	24,451
Other state capital grants - HEA	138	396	534	-
Devolved grant - HEA	893	-	893	750
Total 2018 (Note 6)	26,839	1,498	28,337	25,201
Total 2017	24,424	777	25,201	

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4. Tuition Fees and Student Contribution

	2018			2017			
	Student Numbers WTE	State funded €'000	Non-state funded €'000	Student Numbers WTE	State funded €'000	Non-state funded €'000	Total €'000
Fees paid by state	4,900	3,957	-	4,664	3,549	-	3,549
Fees paid by other state agencies	117	137	-	137	147	-	147
Non-EU fees	101	-	575	71	-	388	388
Fees paid by students or on behalf of students	511	-	340	407	-	303	303
Lifelong learning and other fees	190	-	722	170	-	583	583
Student contribution including repeat exam fees	-	9,621	7,071	-	9,548	6,138	15,686
Transfer to capital account	-	-	-	-	(6)	-	(6)
Net fee income / Student numbers (Note 6)	5,819	13,715	8,708	5,449	13,238	7,412	20,650

- The HEA paid tuition fees in the year of:
 - €3,010,413 (16/17 €2,478,570) for full time degree courses,
 - €414,875 (16/17 €491,786) for higher certificate and ordinary degree courses, and
 - €531,727 (16/17 €578,946) for full time nursing degree course, the total costs of which are partly funded by the ESF.
- SUSI paid tuition and student contribution fees totalling €9,398,835 (2016/17: €9,216,786).
- Fáilte Ireland paid further tuition and student contribution fees totalling €272,984 (2016/17: €366,072) during the year for a number of hospitality courses.

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

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5. Research Grants and Contracts

	2018	2017
	Total	Total
	€000	€000
Income		
State and semi-state	2,679	2,283
European Union	470	399
Industry	330	245
Other	226	271
	<u>3,705</u>	<u>3,198</u>
Expenditure		
Pay costs	2,211	1,661
Non-pay costs	1,875	1,899
	<u>4,086</u>	<u>3,560</u>
Net Outcome	(381)	(362)

6. Analysis of state derived income

Name of Grantor	Opening deferral	Grant received	Closing deferral	I&E 2018
	1 September 2017		31 August 2018	
	€'000	€'000	€'000	€'000
Note 3 - State grant				
HEA	415	27,365	941	26,839
State grant	<u>415</u>	<u>27,365</u>	<u>941</u>	<u>26,839</u>

Note 4 - Tuition fees and student contribution

HEA	22	3,957	22	3,957
Fáilte Ireland	-	273	-	273
Dept. of Education & Skills	-	-	(3)	3
SUSI	(20)	9,419	-	9,399
Other state	-	83	-	83
Tuition fees and student contribution	<u>2</u>	<u>13,732</u>	<u>19</u>	<u>13,715</u>

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6. Analysis of state derived income (continued)

Name of Grantor	Opening deferral 1 September 2017 €'000	Grant received €'000	Closing deferral 31 August 2018 €'000	I&E 2018 €'000
Note 5 - Research grant and contracts				
Dept. of Comms, Climate Action & Environment	(67)	305	6	232
Enterprise Ireland	493	1,381	778	1,096
Environmental Protection Agency	26	151	(27)	204
Irish Research Council	15	69	33	51
Bórd Iascaigh Mhara	12	91	63	40
Marine Institute	222	40	(109)	371
THEA	2	-	2	0
Dept. of Agriculture & Food	172	77	25	224
Intertrade Ireland	15	(5)	8	2
National Parks and Wildlife Service	21	20	3	38
Dept. of Housing, Planning, Community & Local Govt.	(26)	36	-	10
HEA	-	271	18	253
Fáilte Ireland	-	5	1	4
NUIG	-	-	(13)	13
NUI Maynooth	-	5	-	5
Údarás na Gaeltachta	1	76	(36)	113
UCD	-	24	24	-
UCC	-	-	(13)	13
Galway County Council	-	4	(1)	5
Dept. of Foreign Affairs	-	5	-	5
Research grants and contracts	886	2,555	762	2,679

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6. Analysis of state derived income (continued)

Note 7 – Student support funding	Opening deferral	Grant received	Closing deferral	I&E 2018
	1 September 2017		31 August 2018	
	€'000	€'000	€'000	€'000
HEA	18	964	2	980
Student support funding	18	964	2	980

Note 8 - Other income

	€'000	€'000	€'000	€'000
HEA	78	1,731	(40)	1,849
Sundry income	78	1,731	(40)	1,849

7. Student Support Funding

	2018	2018	2018	2017
	Disabilities	Student Assistance	Total	Total
	€'000	€'000	€'000	€'000
Balance at 1 September	18	1	19	164
Receipts:				
HEA	797	362	1,159	922
Less transfer to capital account	(196)	-	(196)	(142)
	619	363	982	944
Balance at 31 August to defer	3	(5)	(2)	(18)
Income	622	358	980	926
Amounts applied:				
Pay costs	484	-	484	484
Non-pay costs	138	358	496	442
Total expenditure	622	358	980	926
Charge to statement of income and expenditure	-	-	-	-

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

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8. Other Income

	2018	2017
	€'000	€'000
Superannuation deductions retained	2,446	2,265
Rental of facilities	388	381
Sundry income	2,539	1,662
Net outcome	5,373	4,308

9. Staff Costs

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

	2018	2017
	No. of	No. of
	employees	employees
Teaching and research	422	391
Technical	64	64
Central administration and services	223	245
	709	700

	2018	2017
	€'000	€'000
Salaries and wages	42,667	39,933
Employer's P.R.S.I.	3,773	3,445
Catering company salaries and wages	770	800
	47,210	44,178

The THEA Code of Governance for Institutes of Technology 2018 requires salaries and wages to be broken down between basic pay, overtime and allowances for all staff, this information is not disclosed in this financial period.

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Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Institute, directly or indirectly, including any Governing Body members (whether executive or otherwise) of the Institute who report directly to the President.

The total remuneration for key management personnel for the year is as follows:

	Headcount	WTE	Fees/Salary Payments	Other Benefits
			€	€
Governing Body Members	n/a	-	8,522	-
President	1	1	150,927	-
Executive Board	8	8	830,586	-
			990,035	-

The Registrar was deputising for the President of GMIT from June 2018. The Registrar received no additional allowance for this role.

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

Higher paid staff

Salary bands	31 August 2018	31 August 2017
€	No. of employees	No. of employees
60,000 - 70,000	75	79
70,001 - 80,000	87	80
80,001 - 90,000	143	122
90,001 - 100,000	22	17
100,001 -110,000	7	2
110,001 - 120,000	2	-
120,001 - 130,000	-	-
130,001 - 140,000	-	-
140,001 – 150,000	1	1
150,001+	-	-
Grand Total	337	301

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10. Other Operating Expenses

	2018	2018	2018	2017
	Pay costs	Other operating expenses	Total	Total
	€'000	€'000	€'000	€'000
Academic departments	34,183	1,849	36,032	34,179
Academic services	1,791	504	2,295	2,320
Facilities	1,700	2,769	4,469	4,515
Central administration	4,220	1,973	6,193	5,527
General education	474	613	1,087	737
Student services	1,377	1,107	2,484	2,465
Student support funding	484	496	980	926
Research grants and contracts	2,211	1,875	4,086	3,557
Catering	770	685	1,455	1,516
Depreciation			2,693	2,518
Retirement benefit costs			21,212	14,464
Total expenditure	47,210	11,871	82,986	72,724
Total 2017	44,178	11,564	72,724	

Analysis of other operating expenditure	2018	2017
	€'000	€'000
Services to students	1,182	1,164
Professional fees	835	981
General education	1,087	845
Materials and other consumables	1,132	1,070
Maintenance costs	817	931
Energy costs	835	831
Catering	685	716
Travel and subsistence	735	711
Other premises costs	491	519
Equipment	506	548
Computer costs	467	463
Miscellaneous	381	360
Rent and rates	430	367
General advertising and publicity	375	296

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Analysis of other operating expenditure (continued)	2018	2017
	€'000	€'000
Personnel costs	365	266
Library materials	222	230
Stationery and office materials	258	241
Postgraduate student grants	374	297
Insurance	239	209
Communications	140	164
Bad debts provision	99	144
Other research costs	130	149
Finance costs	57	30
Auditors remuneration	27	29
Governing body expenses	2	3
Total other operating expenses	11,871	11,564

Other operating expenses include:

Auditors remuneration:

- External audit of Institute	29	28
- External audit of subsidiary	3	3
- Internal audit services provided by a third party	22	76

Auditors remuneration disclosed above excludes VAT.

10(a): Analysis of travel and subsistence

Travel: domestic	325	320
Travel: international	410	391
Total travel	735	711

10(b): Hospitality expenditure

Total hospitality expenditure	85	52
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The THEA Code of Governance for Institutes of Technology 2018 requires the disclosure of the aggregate total expenditure incurred in relation to hospitality in the period. The hospitality expenditure has not been analysed between staff and client hospitality in this financial period.

10(c): Legal costs/settlement in excess of €50k

Legal costs - included in professional fees	41	25
Legal costs - settlements	-	-
Total legal costs and associated compensation costs	41	25

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	2018	2017
	€'000	€'000
10(d): External consultancy costs		
Professional fees - legal	41	25
Professional fees – tax and financial advisory	30	36
Professional fees – public relations/marketing	84	80
Professional fees – pension and human resources	3	2
Professional fees – buildings and estates	78	24
Professional fees - research	101	156
Professional fees - other	12	26

11. Taxation

The Galway-Mayo Institute of Technology is exempt from corporation tax under a charitable status order.

The GMIT Catering Company Limited, a wholly owned subsidiary, is not included in this exemption.

GMIT Catering Company Limited	2018	2017
	€'000	€'000
Current tax on profit on ordinary activities		
Irish corporation tax on profits of subsidiaries for the year	-	-
Deferred tax	-	-
Total tax on profit on ordinary activities	-	-

12. Financial result for the year

The surplus/(deficit) for the year on continuing operations is made up as follows:

	2018	2017
	€'000	€'000
Institute surplus / (deficit) for the year	1,703	(700)
(Deficit) generated by subsidiaries and other undertakings	(8)	(2)
	1,695	(702)

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13. Property, plant & equipment										
Consolidated										
	Land & buildings	Buildings in construction	Fixtures & fittings	Computer equipment	Plant & machinery	Furniture & equipment	Motor vehicles	Other assets in course of construction	Subsidiary	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Cost										
At 1 September 2017	90,067	401	1,785	4,217	822	10,183	95	128	94	107,792
Additions in year	-	198	-	897	66	770	15	3	-	1,949
Transfer from assets in course of construction	-	-	-	-	-	-	-	-	-	-
Disposals in year	-	-	-	(333)	(8)	(698)	-	-	-	(1,039)
At 31 August 2018	90,067	599	1,785	4,781	880	10,255	110	131	94	108,702
Depreciation										
At 1 September 2017 - restated	34,650	-	1,661	3,620	670	9,070	93	-	53	49,817
Charge for year	1,894	-	32	541	32	431	2	-	11	2,943
Eliminated on disposals	-	-	-	(333)	(8)	(698)	-	-	-	(1,039)
At 31 August 2018	36,544	-	1,693	3,828	694	8,803	95	-	64	51,721
Net book value:										
At 31 August 2018	53,523	599	92	953	186	1,452	15	131	30	56,981
At 1 September 2017 - restated	55,417	401	124	597	152	1,113	2	128	41	57,975

*Prior year adjustment restating land and buildings opening accumulated depreciation is set out in Note 30.

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14. Property, plant & equipment

Institute only

	Land & buildings	Buildings in course of construction	Fixtures & fittings	Computer equipment	Plant & machinery	Furniture & equipment	Motor vehicles	Other assets in course of construction	Total
Cost	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
At 1 September 2017	90,067	401	1,785	4,217	822	10,183	95	128	107,698
Additions in year	-	198	-	897	66	770	15	3	1,949
Transfers from assets in course of construction	-	-	-	-	-	-	-	-	-
Disposals in year	-	-	-	(333)	(8)	(698)	-	-	(1,039)
At 31 August 2018	90,067	599	1,785	4,781	880	10,255	110	131	108,608
Depreciation									
At 1 September 2017 - restated	34,650	-	1,661	3,620	670	9,070	93	-	49,764
Charge for year	1,894	-	32	541	32	431	2	-	2,932
Eliminated on disposals	-	-	-	(333)	(8)	(698)	-	-	(1,039)
At 31 August 2018	36,544	-	1,693	3,828	694	8,803	95	-	51,657
Net book value:									
At 31 August 2018	53,523	599	92	953	186	1,452	15	131	56,951
At 1 September 2017 - restated	55,417	401	124	597	152	1,113	2	128	57,934

*Prior year adjustment restating land and buildings opening accumulated depreciation is set out in Note 30.

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15. Property, plant & equipment – in respect of the prior year

Consolidated	Land & buildings	Buildings in course of construction	Fixtures & fittings	Computer equipment	Plant & machinery	Furniture & equipment	Motor vehicles	Other assets in course of construction	Subsidiary	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Cost										
At 1 September 2016	89,823	635	1,772	3,889	697	9,812	95	78	79	106,880
Additions in year	-	10	13	357	125	441	-	50	15	1,011
Transfer from assets in course of construction	244	(244)	-	-	-	-	-	-	-	-
Disposals in year	-	-	-	(29)	-	(70)	-	-	-	(99)
At 31 August 2017	90,067	401	1,785	4,217	822	10,183	95	128	94	107,792
Depreciation										
At 1 September 2016 - restated	32,757	-	1,627	3,204	643	8,782	92	-	43	47,148
Charge for year - restated	1,893	-	34	445	27	358	1	-	10	2,768
Eliminated on disposals	-	-	-	(29)	-	(70)	-	-	-	(99)
At 31 August 2017 - restated	34,650	-	1,661	3,620	670	9,070	93	-	53	49,817
Net book value:										
At 31 August 2017 – restated	55,417	401	124	597	152	1,113	2	128	41	57,975
At 1 September 2016 - restated	57,066	635	145	685	54	1,030	3	78	36	59,732

*Prior year adjustment restating land and buildings opening accumulated depreciation is set out in Note 30.

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16. Property, plant & equipment – in respect of the prior year

Institute only	Land & buildings	Buildings in course of construction	Fixtures & fittings	Computer equipment	Plant & machinery	Furniture & equipment	Motor vehicles	Other assets in course of construction	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Cost									
At 1 September 2016	89,823	635	1,772	3,889	697	9,812	95	78	106,801
Additions in year	-	10	13	357	125	441	-	50	996
Transfers from assets in course of construction	244	(244)	-	-	-	-	-	-	-
Disposals in year	-	-	-	(29)	-	(70)	-	-	(99)
At 31 August 2017	90,067	401	1,785	4,217	822	10,183	95	128	107,698
Depreciation									
At 1 September 2016 - restated	32,757	-	1,627	3,204	643	8,782	92	-	47,105
Charge for year - restated	1,893	-	34	445	27	358	1	-	2,758
Eliminated on disposals	-	-	-	(29)	-	(70)	-	-	(99)
At 31 August 2017 - restated	34,650	-	1,661	3,620	670	9,070	93	-	49,764
Net book value									
At 31 August 2017 - restated	55,417	401	124	597	152	1,113	2	128	57,934
At 1 September 2016 - restated	57,066	635	145	685	54	1,030	3	78	59,696

*Prior year adjustment restating land and buildings opening accumulated depreciation is set out in Note 30.

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17. Subsidiary Undertakings and Investments

The Institute holds an interest in the following subsidiary:

Subsidiary undertakings

GMIT Catering Company Ltd.

Principal activity

Management of canteen

Interest 100%

	2018	2017
	€'000	€'000
Retained profit at 1 st September	191	193
Deficit for the year	(8)	(2)
Retained profit at 31 st August	<u>183</u>	<u>191</u>

The above subsidiary undertaking has their registered office and place of business in GMIT, Dublin Road, Galway.

18. Receivables

	Consolidated		Institute	
	2018	2017	2018	2017
	€'000	€'000	€'000	€'000
Trade receivables	228	209	240	142
Research grants and contracts receivable	902	562	902	562
State capital grant receivable	88	53	88	53
Academic fees receivable	163	146	163	146
Prepayments	262	354	261	352
Other receivables	411	344	364	337
	<u>2,054</u>	<u>1,668</u>	<u>2,018</u>	<u>1,592</u>

19. Cash and Cash Equivalents

	Consolidated		Institute	
	2018	2017	2018	2017
	€'000	€'000	€'000	€'000
Cash at bank including balances held on short term deposit	<u>12,363</u>	<u>10,240</u>	<u>12,119</u>	<u>10,077</u>

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20. Payables: amounts falling due within one year

	Consolidated		Institute	
	2018	2017	2018	2017
	€'000	€'000	€'000	€'000
Trade payables	133	220	133	212
Research grants and contracts in advance	1,797	1,781	1,797	1,781
Tuition fees received in advance	906	775	906	775
State grants received in advance	941	415	941	415
State capital grant received in advance	155	202	155	202
Accruals	3,081	2,883	3,004	2,812
Student support funding	2	18	2	18
Other tax and social security	1,294	1,212	1,239	1,197
	8,309	7,506	8,177	7,412

21. Lease Commitments/Licence Agreements

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land & buildings	Land & buildings
	2018	2017
	€'000	€'000
Operating leases		
<i>Expiring:</i>		
within 1 year	274	257
between 2 and 5 years	62	-
greater than 5 years	-	99
Total commitments	336	356

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22. Deferred Capital Grants	Consolidated		Institute	
	2018	Restated 2017	2018	Restated 2017
	€'000	€'000	€'000	€'000
At 1 September opening balance	57,934	59,696	57,934	59,696
<i>Cash received in year:</i>				
Allocated from state recurrent grant	1,102	777	1,102	777
Other state grants	847	219	847	219
Total	1,949	996	1,949	996
Amortised to income and expenditure in year				
Amortised in line with depreciation	(2,932)	(2,758)	(2,932)	(2,758)
Total	(2,932)	(2,758)	(2,932)	(2,758)
At 31 August closing balance	56,951	57,934	56,951	57,934

Prior year adjustment restating opening Deferred State Capital Grants is set out in Note 30.

23. Capital Development Reserve

	Consolidated		Institute	
	2018	2017	2018	2017
	€'000	€'000	€'000	€'000
At 1 September opening balance	8,395	8,450	8,395	8,450
Transfer to income and expenditure account	(62)	(55)	(62)	(55)
At 31 August closing balance	8,333	8,395	8,333	8,395

24. Capital Commitments

	Consolidated		Institute	
	2018	2017	2018	2017
	€'000	€'000	€'000	€'000
Contracted for but not provided	424	561	424	561
Authorised but not contracted	-	-	-	-
	424	561	424	561

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25. Technological University: Connacht-Ulster Alliance (CUA)

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 CUA 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.

26. 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 THEA Code of Governance for Institutes of Technology 2018 in relation to the disclosure of interests by members of the Governing Body and the Institute has complied with these procedures during the year.

27. Retirement Benefit Costs

(i) Staffing

Retirement benefit obligations were accounted for the first time in the 2016/2017 financial statements. The opening position at 1 September 2016 has been estimated by the actuary, based on market conditions at that time. Examinations of records may identify changes to members' records in the future and these are reflected as past service costs. *(see (iii) below)*

(ii) Description of Schemes

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

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27. Retirement Benefit Costs *(continued)*

eightieths per year of service) and spouse's and children's pensions. Normal Retirement Age is a member's 65th birthday, and pre 2004 members have an entitlement to retire without actuarial reduction from age 60. Pensions in payment (and deferment) normally increase in line with general public sector salary inflation. Deductions from staff are retained by the Institute.

Single Scheme

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

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

Valuation

The valuation used for FRS 102 disclosures has been based on a full actuarial valuation by a qualified independent actuary taking account of the requirements of the FRS in order to assess the scheme liabilities at 31 August 2018. On retirement, members' pensions are paid by the National Shared Services Office on behalf of the DES and those payments are charged to that Department's appropriation account.

Therefore, former employees of the Institute who are in receipt of a pension have been excluded from the valuation. The reduction in liability arising from members who retire during the year is reflected as an experience gain and is separately identified in the liability reconciliation.

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27. Retirement Benefit Costs (continued)

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

	2018	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:

	2018	2017
	Years	Years
Male aged 65	21.5 years	21.4 years
Female aged 65	24.0 years	23.9 years

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

	Consolidated	Consolidated	Institute	Institute
	2018	2017	2018	2017
	€'000	€'000	€'000	€'000
Current service cost	13,633	12,737	13,522	12,623
Past service cost	5,037	-	5,037	-
Interest on retirement benefit scheme liabilities	5,077	4,156	5,054	4,138
Employee contributions / (benefits paid)	(2,535)	(2,429)	(2,509)	(2,418)
	<u>21,212</u>	<u>14,464</u>	<u>21,104</u>	<u>14,343</u>

Past service cost arises from an examination of membership records which identified changes necessary to some member's reckonable service as well as members previously omitted.

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27. Retirement Benefit Costs (continued)

The €5.037m comprises changes in reckonable service of €3.87m for 11 members (arising from records which were found to be incorrect, members purchasing and transferring in service) and €1.167M for 6 members that had been omitted in error in 2017 (including members who had been on career break and members who transferred in).

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

	Consolidated	Consolidated	Institute	Institute
	2018	2017	2018	2017
	€'000	€'000	€'000	€'000
Net retirement benefit obligation at 1 September	229,345	218,263	228,283	217,310
Current service costs	11,098	10,308	11,013	10,205
Employee contributions	2,535	2,429	2,509	2,418
Interest costs	5,077	4,156	5,054	4,138
Benefits paid in period	-	-	-	-
Experience losses / (gains) on liabilities	1,802	-	1,771	-
Changes in actuarial assumptions	458	(5,811)	457	(5,788)
Past service losses / (gains)	5,037	-	5,037	-
Reduction in pension liabilities arising from retirements	(10,248)	-	(10,248)	-
Net retirement benefit obligations at 31 August	245,104	229,345	243,876	228,283
Split between:				
SPSPS	2,469	1,239	2,445	1,216
ESS	242,635	228,106	241,431	227,067

(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.

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27. Retirement Benefit Costs (continued)

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:

	Consolidated 2018 €'000	Consolidated 2017 €'000	Institute 2018 €'000	Institute 2017 €'000
Funding recoverable in respect of retirement benefit costs	21,212	14,464	21,104	14,343
	21,212	14,464	21,104	14,343

The deferred funding liabilities for retirement benefit as at 31 August 2018 amounted to €245,104,257, (2016/17: €229,345,000).

(vi) History of defined benefits obligations

	Consolidated 2018 €'000	Consolidated 2017 €'000	Institute 2018 €'000	Institute 2017 €'000
Defined benefit obligations	245,104	229,345	243,876	228,283

28. Contingent Liabilities

There were no contingent liabilities existing at 31 August 2018.

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29. Post Balance Sheet Events

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

30. Prior Year Adjustment

	As Previously Stated 2017 €'000	Adjustment 2017 €'000	Restated 2017 €'000
Consolidated:			
Land & Buildings (Net Book Value) - <i>Notes 13-16</i>	59,202	(3,785)	55,417
Deferred Capital Grants – <i>Note 22</i>	61,719	(3,785)	57,934
Depreciation – <i>Notes 13-16</i>	2,518	250	2,768
Amortisation of deferred capital grants - <i>Note 22</i>	2,508	250	2,758
Institute:			
Land & Buildings (Net Book Value) - <i>Notes 13-16</i>	59,202	(3,785)	55,417
Deferred Capital Grants - <i>Note 22</i>	61,719	(3,785)	57,934
Depreciation - <i>Notes 13-16</i>	2,508	250	2,758
Amortisation of deferred capital grants – <i>Note 22</i>	2,508	250	2,758

Following a request from the Comptroller and Auditor General, the Institute performed a detailed analysis of the fixed asset depreciation charge. An issue was identified on the historic depreciation calculation of assets transferred to GMIT from Galway VEC on 1st January 1993.

The impact on the prior year financial statements results in a decrease of the net book value of fixed assets (Notes 13-16) by €250k and a corresponding reduction in deferred capital grants by €250k and increase in the amortisation of deferred capital grants and depreciation by €250k. The impact prior to 2017 is a decrease in the net book value of fixed assets (Notes 13-16) by €3.535m and corresponding reduction in deferred capital grants by €3.535m. There is no impact on the income and expenditure reserves.

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30. Prior Year Adjustment (continued)

The overall impact on the FY2017 financial statements as a result of the prior year adjustments noted above was as follows:

	As Previously Stated 2017 €'000	Adjustment 2017 €'000	Restated 2017 €'000
Consolidated:			
Net assets at 31 st August 2017	66,168	(3,785)	62,383
Net assets at 31 st August 2016	68,382	(3,535)	64,847
Institute:			
Net assets at 31 st August 2017	65,976	(3,785)	62,191
Net assets at 31 st August 2016	68,188	(3,535)	64,653

31. Approval of Financial Statements

The financial statements were approved by the Governing Body on 28th November 2019

Michael Hanna