

**FINANCIAL POLICY & PROCEDURES MANUAL****PUBLISHED FINANCIAL STATEMENTS****Effective:** \_\_\_\_\_**Replaces:** \_\_\_\_\_**Approved:** \_\_\_\_\_**Date:** \_\_\_\_\_**1. INTRODUCTION**

- 1.1 In recent years, the Irish Universities have sought to harmonise the presentation and content of their published Financial Statements.
- 1.2 In June of 1995, the Higher Education Authority published a “Framework for Financial Management and Reporting for Irish Universities”. Although not accepted by the Universities in its entirety, many of the recommendations contained in the Framework have been incorporated into an ‘Agreed Harmonisation Format’ which will be implemented by each of the seven Irish Universities commencing in 1997.

**2. POLICY**

- 2.1 It is University policy to conform to best practice in the production and publication of its annual Financial Statements. In this regard it recognises and has adopted the ‘Agreed Harmonisation Format’ published by the UCFOG subcommittee in October 1997 (see Appendix A). Whilst not yet finalised, agreement has been reached on the harmonisation of Income and Expenditure and work is ongoing to agree a harmonised Balance Sheet format. The accounts shall be published in the Irish language with an Irish/English glossary.

**3. SPECIFIC ACCOUNTING TREATMENT/PRESENTATION****3.1 Income & Expenditure**

As a general principle, all items of Income and Expenditure shall be accounted for gross, with a minimum of netting off.

**3.2 State Grants, Recurrent**

Specific analysis headings for State Grants are as per page 4 of Appendix A. attached. No netting off of expenditure against State Grants is permitted.

### 3.3 Fee Income

Fee Income shall similarly be accounted for gross with Capital Levies and an element of economic Fees (see below) being the only item permitted for net off.

Non EU fee income will be included in the accounts to the extent of the Previous year's average Unit Cost Figure (increased by current year undergraduate fee inflation factor). The normal EU Fee (Irish Equivalent) is reflected under the Fee Income heading with the balance (difference between EU fee and the unit cost) being reflected under Other Income. Any excess fee income over the average previous year unit cost figure may be netted and transferred to the Balance Sheet. (See also 3.11 below)

Example:

	£	Tuition Fee Income £	Other Income £	Balance Sheet £
Non-EU Fee	14,000			
Average P/Y Unit Cost Figure	6,000			
EU Fee (Irish Equivalent)	2,000			
		2,000	4,000	8,000

### 3.4 Other Income Headings

Income from the following sources is assigned separate disclosure via notes to accounts, and related expenditure is included under the following groupings:

	<u>Income Grouping</u>	<u>Expenditure Grouping</u>
(a) Funded Posts	Misc. Inc.	Academic Pay
(b) ATS	Government Grants	Academic Pay/Non Pay
(c) Quality Assurance	Government Grants	Academic Pay/Non Pay
(d) Targeted Funding (recurrent)	Government Grants	Academic Pay/Non Pay

### 3.5 Miscellaneous Income

The following items are assigned separate disclosure (via notes to Accounts) under Miscellaneous Income:

- (a) Campus Company dividends received.
- (b) Trust/Development Fund (recurrent) contributions.
- (c) Fees for services (rents, franchises etc)
- (d) Contribution from contract research.
- (e) Bank Interest earned (net).

### 3.6 Other Items of Income & Expenditure

Agreed treatment of other Income and Expenditure items (which have been handled differently by various Universities in the past) is as follows:-

- (a) Postgraduate fellowships (funded from recurrent income) - disclosure under 'General Educational Expenditure'
  - (b) Library income from fines - net off against Library non pay expenditure
  - (c) Academic Departmental Funds
  - (d) Academic Departmental Fees. for services
  - (e) Sports Centre Surplus/Deficit
  - (f) Conferences Surplus/Deficit
  - (g) Catering Surplus/Deficit
- Account for via Balance Sheet account, except to the extent that the activity is 'ringfenced' in a Campus Company, in which case it falls to be presented in the Auxiliary Accounts, see page 16 of Appendix A attached.

### 3.7 Accrual to Budget Allocation

In respect of the following headings, and subject always to the relevant basic accounting concepts, the published accounts expenditure shall equate with the original budget allocation, irrespective of the actual cost incurred:-

Library non pay  
Academic departments non pay  
Targeted funding grant expenditure  
Furniture and equipment grant  
Minor works

### 3.8 Balance Sheet

The proposed layout and content are contained in pages 12 to 14 of attached Appendix A.

### 3.9 Fixed Assets

In addition to the detail disclosed at note 14, on page 13, of the attached Appendix A, Universities will segregate capital expenditure financed by the HEA from that which is financed from other sources.

### 3.10 Depreciation

It is agreed that Universities have the option of charging depreciation on fixed assets, subject to a matching credit being posted to the Income and Expenditure Account, to reflect amortisation of related capital funding.

### 3.11 Transfers of Economic Fees (excess over Unit Costs)

Such transfers, when accounted for by way of net off against fee income, must be separately disclosed by way of note and credited either to capital funding account or special reserve, in the Balance Sheet.

### 3.12 Recurrent Income Transfers to Capital

Such transfers may only be made to the extent that they do not create negative revenue revenues, either cumulative or in the current year.

### 3.13 Capital Grants

Capital Grants and similar capital receipts should be credited to a capital funding account, and matched with the related capital expenditure.

## 4. AUXILIARY ACCOUNTS

4.1 A set of Auxiliary Accounts shall be prepared each year to contain financial information not appropriate for inclusion in the Published Financial Statements.

4.2 The Auxiliary Accounts should include the following Financial information in respect of Auxiliary Activities owned and operated by the University to the extent that the activity is not 'ringfenced' in a Campus Company:

$$\text{Income less Expenditure} = \text{Surplus/(Deficit)}$$

e.g. Residences, Catering, Conferences, Other External Services.

### 4.3 Contract Research

A summary by Department within Faculty/School should be shown in the following format:-

<b>Faculty/School</b>	<b>Expenditure</b>	<b>Balance</b>	<b>Balance P/Y</b>
<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>

Arts

Dept. 1  
Dept. 2  
Dept. 3

**Faculty/School**

Science

Dept. 1  
Dept. 2  
Dept. 3

#### 4.4 **Campus Companies**

Information should be provided over the following headings:

<u>Subsidiaries &gt; 50%</u>	<u>Associate &gt; 20%</u>	<u>Other Participating &lt; 20%</u>
Company Name	Company Name	Company Name
Percentage Shareholding	Percentage Shareholding	Percentage Shareholding
Income Received by	Income Received by	Income Received by
University (i.e dividends)	University (i.e dividends)	University (i.e dividends)

#### 4.5 **Unit Cost Reconciliation**

A reconciliation of Unit Costs to Published Financial Statement should be shown as per page 17 of Appendix A attached.

#### 4.6 **Items NOT to be included in Auxiliary Accounts**

1. Financial Statements of Trust/Development Funds except to the extent of contribution made to the University for stated recurrent purposes. Such statements should be included in the Main Financial Statements.
2. **Pension Fund Financial Statements**  
Exclude where the scheme is established under a separate Trust Deed, it may however be appropriate for some Universities to include in Auxiliary Accounts.

**Note:**

The main Published Financial Statements should disclose in the notes to the Balance Sheet, balances “to and from”, (if material) in relation to items in the Auxiliary Accounts.