

# AAR

ANNUAL REPORT 2012 / 2013

**NCAD** DUBLIN

National College of Art and Design  
*A Recognised College of University College Dublin*

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013**

National College of Art and Design Act, 1971 Section 16(1):

"An Bord shall make a report to the Minister annually of the proceedings under this Act during the previous academic year of the College and the Minister shall cause a copy of the report to be laid before each house of the Oireachtas."

**An Bord**

**Chairman of An Bord**                      Seán O Laoire

**Members of An Bord**                      David Caron (to August 2013)  
Adrienne Eacrett  
Orla Flynn  
Peter Johnson  
Suzanne Macdougald  
Lucy McCaffrey  
Paul O'Brien  
Aoife Soden (to November 2012)  
Helen Steele

**Officer of An Bord**                      Professor Declan McGonagle  
Director and Ex officio Member of An Bord  
  
Damian Downes  
Registrar/Secretary

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013****ANNUAL REPORT 2012/2013**

<b>CONTENTS</b>	<b>PAGE</b>
An Bord	2
Chairman's Report	4
Academic Report	5
Administration Report	8
Student Statistics	9
College Information	11
Statement of Responsibilities of An Bord	12
Comptroller and Auditor General's Report	13
Financial Statements	16



**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013**

**Chairman's Report**

This report covers the second year in which Seán O Laoire was Chairman of An Bord of the National College of Art and Design, so appointed by the Minister for Education and Skills for a three-year term to 1<sup>st</sup> March 2015.

Main activity during the year included the submission of a comprehensive document to the Higher Education Authority on the Education Landscape and Review of Creative Arts.

The Academic Alliance with UCD continued to grow and the Director of NCAD and President of UCD met with the HEA to brief them on the on-going discussions regarding the possibility of a merger. The College was pleased to be informed by the HEA that NCAD would remain in the University Sector.

NCAD welcomed the Initial Teacher Education Review which recommended that all Initial Teacher Education in Dublin be provided in a new Institute of Education. NCAD met with the Dublin Institutes involved, UCD, TCD and Marino Institute of Education and agreed the principle of a single Institute for Teacher Education, but with a proposal that this be a dispersed Institute.

New course documents were prepared for the new three-year degree programme and were reviewed by Sir Christopher Frayling, departmental 'critical friends' and presented to Academic Council and the NCAD/UCD Joint Programme Board. All the course documents were subsequently validated by UCD.

It was encouraging to see the considerable success achieved by NCAD graduates and students.



Bernard Hanratty  
Acting Director, NCAD (2016)

On behalf of  
Seán O Laoire  
Chairman of An Bord NCAD

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013****Academic Report****An Bord**

At its meeting held on 7<sup>th</sup> December, 2012, An Bord noted and the Chairman signed the confirmation letter required by the Higher Education Authority setting out NCAD's compliance on governance issues.

**Education Landscape and Review of Creative Arts/HEA**

A comprehensive document was prepared and submitted to the HEA ahead of the 31 July deadline. This amplified the position papers agreed by the previous Board and discussed at the meetings of this Board in June and July, 2012.

As requested by the HEA, NCAD's response to the separate Review of Creative Arts Provision in the Dublin Region was included in the Education Landscape document.

An international panel assembled for this overarching sectoral review was stood down after making preliminary recommendations in September, 2012, which were not consistent with stated government policy as in the Hunt Report of 2011.

The Creative Arts Review panel visited the College on 1 November for a session/discussion/debate. The review session was short and the College communicated this as an issue to the Chair of the panel and the members and to the HEA in a follow-up document.

**UCD Alliance**

The Academic Alliance with UCD has been formally in place since September 2011. The Alliance mapped out the potential for a closer working relationship between the two institutions. A Joint Oversight Committee and a number of small working groups were established to discuss all aspects of the Human Resources, the Legal, the Academic, the Organisational and Financial issues and to report back to An Bord and UCD Governing Authority. This results from a decision of An Bord, at its meeting held in September, 2012 to endorse the commencement of a limited due diligence exercise on an enhanced relationship, up to and including merger with UCD.

Professor Declan McGonagle, NCAD Director and the President of UCD, Dr Hugh Brady, met with the HEA and gave formal notice of the on-going discussions in relation to the possibility of a merger, both Institutions had already advised the HEA separately.

The HEA subsequently stated that its position now was that NCAD would remain in the University Sector.

**HEA/Strategic Development Fund**

The College was involved in a number of applications to the HEA Strategic Development Fund – Strands 1 and 2 – as either lead institution or partner institution. The fund has two strands – one is programmatic and has to involve partners within and outside education to enhance Learning and Teaching, Engagement and Transition and Economic relations. Strand Two is structural and is intended to support possible merger processes in the sector, which need to be resourced as the processes would be complex.



**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013****Initial Teacher Education Report**

The Initial Teacher Education Review recommended all Initial Teacher Education in Dublin be provided in a new Institute of Education to be established in Marino Institute of Education including provision from TCD and UCD as well as NCAD. In response to the recommendations in the report the Dublin institutions involved – TCD, UCD, Marino Institute of Education and NCAD met on two occasions and agreed the principle of a single Institute for Teacher Education, but with a proposal that this be a dispersed Institute. It will span all stages of teacher education from early childhood, primary and post-primary and includes advocacy, research and development and CPD as part of its remit.

**3+2(+3)**

New course documents were prepared during the year, reviewed by Sir Christopher Frayling, and departmental 'critical friends' and presented to Academic Council and the NCAD/UCD Joint Programme Board. UCD validated all course documents submitted. Initial courses for the +2, or Masters element of the offer were also validated by UCD.

Discussions took place on the detailed implementation issues, especially in relation to the new common 1<sup>st</sup> Year.

**U-VERSITY**

The College signed up to the U-Versity (formerly i-Versity) project, which is being funded by the entrepreneur Dermot Desmond for 5 years. In this project the College will 'sell' existing art/design modules to students recruited internationally by U-Versity (at their cost) in courses put together with modules from other Colleges. It has been confirmed that there are no liabilities for the College or any partners, which already include all the key institutions in Ireland. The donor will fund the whole process for 5 years, with Colleges able to opt out after 3 years.

The Accreditation Committee for U-Versity, under the Chairmanship of Dr Don Thornhill, was announced. Dr. Gary Granville, Head of NCAD's Faculty of Education will represent the grouping of independent colleges/institutions on this key committee.

**Quality Assurance**

In 2012 a new QA Framework was established in tandem with 3+2(+3) procedures. Throughout 2012, programme documents were revised, peer reviewed and submitted to Academic Council and the UCD/NCAD Joint Academic Programme Board for validation.

**Admissions and Student Numbers**

Applications through the CAO to NCAD were up 50% on 2011. The College embarked on a series of intensive communications sessions across the country in 2012 by the Admissions Officer and Head of 1<sup>st</sup> Year, with other staff focussing on the implementation of 3+2(+3).

**GradCAM (Graduate School of Creative Arts and Media)**

An Bord noted the resignation of Dr Mick Wilson as Dean of GradCAM. This had been a funded post up to 2012 through the PRTL process. The full-time secondment of a Dean for GradCAM was confirmed by the appointment of Noel Fitzpatrick from within DIT. A discussion took place at the Board of Management meeting on the future of GradCAM and it was agreed that GradCAM would,

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013**

in the future, take on more of a role of a Research Centre/Cluster, which would include, but not be solely defined, by PhD education. This increases the scope for Masters' programmes and the role of the Fellows. The GradCAM Board discussed extending the partnership nationally. The process for supporting GradCAM was also agreed - that NCAD would provide space, IADT would provide some funding for programmes and DIT would supply the Dean on secondment.

**Library – National Irish Visual Arts Library**

An Bord noted with regret the retirement of the Librarian Edward Murphy in March, 2013. At its meeting held on 25<sup>th</sup> January, 2013, An Bord approved the proposal from staff that the Library be renamed the Edward Murphy Library.

NIVAL received a grant of €63,000 from the Arts Council for the period April 2013 to March 2014. At a time when arts organisations continue to experience significant cuts to grant-in-aid, this is an endorsement of the importance of NIVAL to the arts community and an expression of the Council's commitment to sustain the strategic partnership.

A small grant was awarded to NIVAL under the Philanthropy Initiative of the Department of Arts, Heritage and the Gaeltacht for a project to develop an online catalogue of the Dorothy Walker Archive. The completion of this project was assisted by the generous support of philanthropic donors and was marked by an exhibition in NCAD Gallery entitled '*more adventurous thinking*'... from the archive of Dorothy Walker, with artist's response from Seamus Nolan.

The expansion of online databases of NIVAL collections continued with the further development of the Kilkenny Design Workshops Archive Project and the addition of the Irish Posters Collection illustrated database.

Significant donations of arts documentation have been received from Melanie le Brocquy, Jenny Haughton/Artworking, Kevin O'Dwyer/Sculpture in Parklands, Occupy Space Limerick, Artspace Studios Galway, and artist Áine Phillips.

NIVAL has made it a priority to contact living artists with a view to both advertising NIVAL and aiding the collection of material. More than thirty artists have been visited in their homes or studios across Ireland and in London and New York including Hughie O'Donoghue, Donald Teskey, Stephen McKenna, Brian Bourke, John Behan, Michael Warren, Orla Kiely, Imogen Stuart, Elizabeth Magill, Katie Holten, Gwen O'Dowd, Michael Bulfin, and Ronnie Hughes.

A number of items from the NIVAL collections were made available for outgoing loan to exhibition venues including Dublin City Gallery the Hugh Lane, the Irish Museum of Modern Art, Limerick City Gallery of Art, Kevin Kavanagh Gallery and Temple Bar Gallery and Studios.



**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013**

**Administration Report**

**Declarations under the Ethics in Public Office Acts**

Members of An Bord and designated staff were reminded of their obligations under the Ethics in Public Office Acts.

**Audit Committee**

At its meeting held on 22<sup>nd</sup> February, 2013, An Bord was advised that the Audit Committee had met with the Internal Auditor. It was noted that the Internal Auditor advised that the College ought undertake a number of internal audits appropriate to the risk profile of the College.

**Comptroller and Auditor General**

An Bord were informed at its meeting held on 24<sup>th</sup> May, 2013 that the Registrar/Secretary and the Chairman of the Audit Committee had met with the Deputy Comptroller and Auditor General who indicated they were dissatisfied with the fact that the last audited accounts for the College were for 2010. At that meeting, An Bord approved the recommendations made to the College by the Comptroller and auditor General's Office.

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013**
**Student Statistics**
**1. Number of Undergraduate Certificate & Diploma Students: (Part-Time)**

	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
Male	No Courses Held			54	43
Female	No Courses Held			149	131
Total	No Courses Held			203	174

**2. Number of Full-Time Undergraduate Students: (BA & BDes) (\*Full & Part-Time)**

	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
Male	227	247	247	256 *	253 *
Female	518	506	514	522 *	531 *
Total	745	753	761	778 *	784 *

**3. Number of Full-Time Postgraduate Students: (\*Full & Part-Time)**

	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
Male	39	61	61	53 *	48 *
Female	89	118	131	144 *	141 *
Total	128	179	192	197 *	189 *

**4. Number of Continuing Education Students:**

	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
Total	991 *	968 *	903 *	689 **	573 **

\*Includes Summer, Autumn and Easter Courses.

\*\* Non-Credit Short Courses

**5. Full-Time Students:**

	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
Male	745	753	761	771	784
Female	120	179	192	170	189
Total	865	932	953	941	973

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013****6. Part-Time Students:**

	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
<b>Undergraduate</b>	0	1	9	7	16
<b>Postgraduate</b>	8	12	15	27	43
<b>Total</b>	8	13	24	34	59

Note: The statistics quoted here do not reconcile to the student numbers quoted in Note 2 (Academic Fees) of the Financial Statements, as time-out students, repeat students and other circumstances result in reduced or no fee payment for students who are legitimately on the College records.

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013****College Information****Address**

National College of Art and  
Design  
100 Thomas Street  
Dublin 8

**Auditors**

Comptroller and Auditor General  
3A Mayor Street Upper  
Dublin 1

**Bankers**

Bank of Ireland  
85 James Street  
Dublin 8

**Solicitors**

St John Solicitors  
14, City Gate  
Lower Bridge Street  
Dublin 8



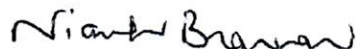
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013****STATEMENT OF RESPONSIBILITIES OF AN BORD**

Under Section 15 (1) of the National College of Art and Design Act, 1971, An Bord is required to prepare financial statements in such form as may be approved by the Minister for Education and Skills with the consent of the Minister for Finance.

In preparing the financial statements, An Bord 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.
- Follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements.

An Bord is responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the National College of Art and Design and which enable it to ensure that the financial statements comply with the statutory requirements. An Bord is also responsible for safeguarding the assets of the National College of Art and Design and for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Professor Niamh Brennan  
Member of An Bord  
02 / 11 / 2016



Bernard Hanratty  
Member of An Bord  
02 / 11 / 2016

**Comptroller and Auditor General****Report for presentation to the Houses of the Oireachtas**

---

**National College of Art and Design**

I have audited the financial statements of the National College of Art and Design for the period ended 30 September 2013 under the National College of Art and Design Act 1971. The financial statements comprise the statement of accounting policies, the income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes. The financial statements have been prepared in the form prescribed under Section 15 of the National College of Art and Design Act 1971, and in accordance with generally accepted accounting practice.

**Responsibilities of the Board**

The Board is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view and for ensuring the regularity of transactions.

**Responsibilities of the Comptroller and Auditor General**

My responsibility is to audit the financial statements and report on them in accordance with applicable law.

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.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland)

and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the College's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

In addition, I read the College's annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.



**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013**

Basis for opinion on the financial statements, including a qualified opinion in relation to the keeping of adequate accounting records

There were significant weaknesses in the College's accounting system in respect of the period ending 30 September 2013, as explained in detail by the Board in the statement on the system of internal financial control. Those weaknesses resulted in delays in the production of the financial statements, and material errors in the draft financial statements presented for audit. They also resulted in significant challenges for the audit to obtain sufficient appropriate evidence to give reasonable assurance that the financial statements present a true and fair view.

However, the audit was able, through substantial additional testing, to gain reasonable assurance in respect of all material figures in the financial statements.

Opinion on the financial statements, including a qualified opinion in relation to the keeping of adequate accounting records

In my opinion, the financial statements

- give a true and fair view of the assets, liabilities and financial position of the College at 30 September 2013 and of its income and expenditure for the period then ended; and
- have been properly prepared in accordance with generally accepted accounting practice.

In my opinion, the College did not keep adequate accounting records for the period ended 30 September 2013. In particular, the accounting records maintained were not sufficient to

- correctly record and explain the transactions of the College, or
- enable the financial position of the College to have been determined with reasonable accuracy at any time, or
- facilitate the preparation of financial statements in the required form, or
- enable the financial statements to be readily and properly audited.

**Future pension arrangements**

The defined benefit pension arrangements operated by the College consist of an unfunded superannuation scheme and the Single Public Service Pension Scheme.

Without qualifying my opinion on the financial statements in this regard, I draw attention to Note 16 and to the recognition as at 30 September 2013 of an asset of €65.7 million in respect of deferred pension funding.

The recognition of this asset anticipates that funding will be provided by the State to meet pension liabilities as they fall due. Inherent in this accounting treatment is an assumption that any income generated by the College will in the first instance be applied towards current expenses and that State funding will meet any shortfall in resources to fund future pension liabilities.

The College has not included a liability in these financial statements in respect of the Single Public Service Pension Scheme, as the amounts are not considered to be material at 30 September 2013.

**Matters on which I report by exception**


I report by exception if I have not received all the information and explanations I required for my audit, or if I find

- any material instance where money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the information in the College's annual report is not consistent with the related financial statements or with the knowledge acquired by me in the course of performing the audit, or
- the statement on the system of internal financial control does not reflect the College's compliance with the governance arrangements set out in the Code of Practice for the Governance of State Bodies, or
- I find there are other material matters relating to the manner in which public business has been conducted.

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013****Governance issues**

The statement on the system of internal financial control discloses a number of governance issues in respect of the period ended 30 September 2013, including failures in relation to the fixed asset register, procurement, documentation of procedures, recording of risks, the internal audit function and the frequency of audit committee meetings. It also discloses that the (then) Board did not carry out a review of the effectiveness of the system of internal control in respect of the period ended 30 September 2013, as required by the Code of Practice for the Governance of State Bodies.

A special report prepared by me on governance and accountability at the College was presented to Dáil Éireann on 4 December 2014, under Section 11 of the Comptroller and Auditor General (Amendment) Act 1993. The report outlined the ongoing delays in the preparation of financial statements as well as failures with regard to the College's governance systems during 2012/2013.



**Seamus McCarthy**  
**Comptroller and Auditor General**

**7** November 2016



## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

### STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

#### Responsibility for the System of Internal Financial Control

On behalf of An Bord, I acknowledge that An Bord is responsible for ensuring that an adequate system of internal financial control is maintained and operated effectively in the College.

Given the need for controls to be commensurate with the level of risk, a system can only provide reasonable but not absolute assurance that: assets are safeguarded; transactions are authorised and properly recorded; and that material errors or other irregularities are either prevented or would be detected in a timely manner.

An Bord was appointed in June 2015. We found that there were considerable deficiencies in the NCAD system of internal financial control which will take some time to remedy. These deficiencies prevailed during the period of account of these financial statements. Because the period of account for these financial statements pre-dates our appointment, An Bord does not accept responsibility for the inadequacy of the system of financial control in that period.

An Bord and senior management of the College are focussed on addressing the control weaknesses. The Audit & Risk Committee of An Bord meets regularly. In accordance with best practice at least one member of the Committee has relevant financial experience. A governance action plan is being overseen jointly by the Higher Education Authority and An Bord. While some progress has been made on the governance action plan, much more remains to be done. In 2016, An Bord procured finance and governance experts and HR experts to assist the College in putting in place fit-for-purpose governance, financial and HR systems. In 2016, An Bord appointed an Acting Director with considerable business experience and governance expertise.

#### Background Information

For reasons explained elsewhere, there has been a time-lag in presenting year-end financial statements. There have been significant changes in staff within the finance function. Financial information on year ended 2012/13 has not been as readily available as it may have been had financial statements been prepared in a timely manner. In early 2015, the Executive Team and the then Chairman of NCAD appeared before the Public Accounts Committee (PAC) following the identification of fundamental flaws in the internal financial control environment for year ended 2012. The timing of this appearance was such that no opportunity existed to make changes to the internal financial control environment that operated in 2012/13.

#### Change in preparation practices for 2012/13 financial statements

##### Overview

The National College of Art and Design (NCAD) 2010/11 and 2011/12 financial statements were qualified by the Comptroller and Auditor General for reasons including not keeping proper books of account.

For this reason, a preliminary investigation of the information available within the NCAD accounting package (Opera) was undertaken. This identified significant gaps in substantiating information that were exacerbated due to changes in staffing resulting in a lack of corporate financial history.

Accordingly, it was decided that relying on the accounts package solely to inform the financial statements would give rise to further doubts about the integrity of any outputs due to incomplete records. The financial statements were generated from the application of first principles using transactions from the College's Bank of Ireland bank statements for 2012/2013. This exercise was underpinned by other reliable 3<sup>rd</sup> party verifications such as grant letters of offer from the Higher Education Authority (HEA), letters of offer from organisations funding research projects and Bank of Ireland correspondence.

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013**

**STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL - CONT'D**

**Specific Disclosure in relation to Internal Controls and Accounting Records**

NCAD acknowledges that control weaknesses were identified in August 2014 during the 2011/12 audit process, with the following areas being considered to be of particular concern: Fixed Assets; Audit Committee; Purchasing and Procurement; Documented Procedures; Risk Register; certain book-keeping practices; HR and payroll controls; and student fee record keeping. These were not addressed sufficiently early to make improvements in the 2012/13 accounting year. Specific disclosures in respect of 2012/13 are listed below.

**Disclosures in respect of on-going weaknesses in the accounting system as identified in the C&AG's special report Number 85 on NCAD, August 2014**

**Fixed Assets**

Prior to 2014, there was no written fixed assets policy, leading to significant inconsistencies in accounting for fixed assets.

During the 2012/13 financial statement preparation a fixed asset register was prepared for the chattel assets of the College, which ties back fully to the Financial Statements. This still has some weaknesses as the assets are not tagged and their locations are not recorded on the register. These weaknesses are to be addressed in 2016.

The land and buildings fixed asset register of the College, is not complete. It is expected that land and buildings will be revalued in 2016 and the revaluation will support the register and consequently the Financial Statements.

**Audit Committee**

In 2012/13, the audit committee met once, short of the minimum of four meeting per annum required by the Department of Public Expenditure and Reform's *Code of Practice for the Governance of State Bodies* which was adopted by An Bord of NCAD on the 18th October, 2013.

**Internal Audit**

In 2012/13, no internal audit work was undertaken. In 2013/14 only one internal audit was undertaken. Following a public tender, in January 2015 RSM Waters McClure were appointed as the College's internal auditors for a 3-year term. They are working closely with the Audit and Risk Committee of An Bord to ensure a comprehensive and effective internal audit work programme is being carried out within the College.

**Procurement**

Management acknowledges that during the 2012/13 Financial Year, National Procurement Guidelines were not consistently complied with. Due to control issues and the failure to keep adequate records it is not possible to determine the level of compliance with National Procurement Guidelines for the period in question. In response, a procurement specialist was appointed in March 2014 and continues to provide expert support when required. This has been followed by a comprehensive education process within the College.

Management also acknowledges that an unacceptably high volume of expenditure on goods and services took place outside of the purchase order system which has now been corrected.

**Lack of Formal Procedures**

Management acknowledges that prior to 2014, there were no written procedures for confidential disclosures, avoidance of conflicts of interest, related party transactions, procurement, fraud, credit cards, travel and subsistence, information technology, banking or processing of journal entries.

Written policies were drafted for all these areas in 2015 and 2016, and are in the process of being finalised and implemented.



**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013**

**STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL - CONT'D**

**Lack of Risk Register**

Management acknowledges that a Risk Register was not in place in NCAD during the financial year 2012/13.

**Issues with Accounting and Book-keeping Practices, as well as Management Information Systems**

**(a) Posting Income to Expense Accounts**

During 2012/13, a significant volume of receipts were posted to expense codes in the NCAD financial system, with both income and expenditure being equally understated as a result.

Certain other practices, including posting of income and expenditure to the balance sheet (resulting in further understatement of both income and expenditure in the financial system), have been discontinued since October 2014.

**(b) Poor Configuration of Financial System**

NCAD has recognised a number of weaknesses in the configuration of the NCAD financial system, including a chart of accounts that was not fit for the organisation's needs, as well as poor reporting functionality. Costs from the payroll system were posted manually into the financial system.

A comprehensive review of processes and procedures has taken place with improvements implemented in 2015/16.

**(c) Sub-optimal use of other Management Information Systems**

In relation to Continuing Education in Art and Design (CEAD) students, it was not possible to produce a comprehensive records listing of the amount of fees paid per student.

There were significant control weaknesses around reporting functionality from the payroll system.

Also due to disparity between the student records system and the accounting system, significant additional work was undertaken by staff within the College to furnish assurances to the external audit team that student fees had been received and recorded correctly within the College.

The above issues with book-keeping practices and system configuration in turn led to delays in the production of the financial statements. In September 2014 a new chart of accounts was introduced into the College. From May 2015, the payroll system automatically updates the accounts package.

**(d) Weaknesses in respect of accounting for Research Income and Expenditure**

Research income and expenditure was coded within the same income and expense codes as all other income and expenditure. Consequently, preparation of the Financial Statements to accurately reflect research related transactions was very difficult as the research expenditure had to be extracted from the operational expenditure within the College. An exercise was undertaken to extract research income and expenditure relating to specific projects when preparing the 2012/13 financial statements. However some uncertainties remain. It should be noted that the College is working towards addressing this historic problem with separate research projects now having their own income and expense codes within the accounts package.

**(e) Weak controls in relation to Payroll / HR**

There were no documented policies or procedures in relation to payroll and expenditure. While monthly meetings were held in 2011/12 and 2012/13 between Finance, HR and Payroll to approve any necessary adjustments from previous months, the paper trail supporting these adjustments was not comprehensive. Since 2014, amendments to payroll from the HR office are documented and an audit trail is in place.

**(f) Student Fee income recognition**

As part of the comprehensive work undertaken to produce a reliable set of financial statements, weaknesses were identified relating to student fees. The accounting policy of the College is to recognise student fees in the academic year to which they relate. As such a student fees debtor should be recognised at year end to recognise outstanding amounts from students.

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013****STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL - CONT'D**

This was not included in the prior year financial statements. However following an extensive exercise at the College to understand the current position of student fees, a debtor in relation to student fees has been included in the 2012/13 financial statements.

**Annual Review on the effectiveness of the System of Internal Financial Control**

I confirm that in respect of the year ended 30 September 2013 there is no evidence of a review on the effectiveness of the System of Internal Financial Control having been conducted by An Bord.

Signed on behalf of An Bord on 2 November 2016.



**Bernard Hanratty**  
**Acting Director**



## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

### STATEMENT OF ACCOUNTING POLICIES

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

(a) Accounting Convention

The Financial Statements have been prepared on an accruals basis, under the historical cost convention and in accordance with Generally Accepted Accounting Principles. Financial reporting standards recommended by the recognised accounting bodies are adopted as they become applicable.

(b) Fixed Assets and Depreciation

Fixed Assets are stated at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis to write off the cost of the Fixed Assets over their estimated useful lives. The Capital Account is amortised in line with depreciation.

Fixed Assets are depreciated on a straight-line basis using the following rates:

Asset Category	Depreciation rate	
Land	0%	(land is presumed to have an infinite lifetime)
Buildings	2%	(50 year life) (formerly 1.5% in year of purchase, 3% thereafter)
Plant and Equipment	10%	(10 year life)
Furniture, Fixtures and Fittings	20%	(5 year life) (formerly 10% in year of purchase, 20% thereafter)
Computer Equipment	33.33%	(3 year life)

Asset Categories were expanded and depreciation rates have changed commencing 1st October 2012 to more accurately reflect the estimated net book value of Fixed Assets over their estimated useful lives. The effect on the profit and loss account of calculating depreciation using the new rates is a reduction in the depreciation charge for the year by €280,170, when compared to the previous depreciation method. This adjustment resulted in a corresponding drop in the amortisation of capital funds thus the net effect on NCAD's financial statements is zero.

(c) Recognition of Income

State Grants

State Grants for recurrent expenditure are allocated by the HEA on a calendar year basis. The grant reported in the Income & Expenditure Account is the amount determined to be appropriate to the relevant academic year, based on a 75% / 25% split of calendar year grant.

Academic Fee Income

Academic Fee Income (including for Continuing Education in Art & Design), is recognised in the academic year to which it relates.

Research Grants & Other Contracts

Income from Research Grants and Other Contracts is matched to expenditure, and is included in the income of the year in which the related expenditure has been incurred.

Interest Income

All income from short term deposits is credited to the Income & Expenditure account in the period in

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013****STATEMENT OF ACCOUNTING POLICIES – CONT'D****(d) Capital Account**

The Capital Account represents the unamortised value of Capital and Current Income used for Capital purposes.

**(e) Leased Assets**

Rentals under operating leases are charged to the Income & Expenditure account in the period in which the expenditure is incurred.

**(f) Pension Schemes**

The National College of Art and Design operates a defined benefit pension scheme, which is funded annually on a pay-as-you-go basis from monies available to it including monies provided by the Higher Education Authority and from pension contributions deducted from staff salaries.

Pension costs reflect pension benefits earned by employees in the period and are shown net of staff contributions which are retained by the College. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable and offset by grants received in the year to discharge pension payments.

Actuarial gains or losses arising on scheme liabilities are reflected in the Statement of Total Recognised Gains and Losses and a corresponding adjustment is recognised in the amount recoverable from the Higher Education Authority.

Pension Liabilities represent the present value of future payments earned by staff to date. Deferred pension funding represents the corresponding asset to be recoverable in future periods from the Higher Education Authority.

The National College of Art and Design also operates the Single Public Service Pension Scheme (Single Scheme) which is the defined benefit pension scheme for pensionable public servants appointed on or after 1 January 2013. Single Scheme member's contributions are paid over to the Department of Public Expenditure and Reform.

**(g) Taxation**

NCAD is exempt from Corporation Tax under a Charitable Status Order. NCAD Charity Registration Number: CHY 07503

**(h) Erasmus**

Erasmus funds are included in the income of the year in which the related expenditure is incurred.

**(j) Heritage Assets**

FRS 30 (Heritage Assets) has not been applied by NCAD for the 2012/13 Financial Statements. NCAD are reviewing the requirements of FRS 30 with a view to future compliance.

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013****STATEMENT OF ACCOUNTING POLICIES – CONT'D****(k) NIVAL**

The National College of Art and Design holds a collection (known as the National Irish Visual Arts Library) of books, manuscripts, and art work that it has acquired mainly through donations and bequests. These items have not been treated as fixed assets in the financial statements as the College has considered that the inclusion of such assets in the financial statements would not provide reliable and relevant financial information.

**(l) Stocks**

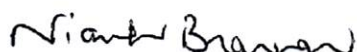
Expenditure on books and consumable stocks is charged to the Income & Expenditure Account as incurred.

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013**
**INCOME & EXPENDITURE ACCOUNT**

	Notes	2013 €000s	2012 €000s
<b>Income</b>			
State Grants	1	7,258	7,840
Academic Fees	2	5,867	5,796
Other Income	3	176	165
Research Grants and Other Contracts	10	635	711
Bank Interest		32	66
Amortisation of Capital Funds	15	728	1,093
Net Deferred Funding for Pension	16c	2,643	2,369
<b>Total Income</b>		<b>17,339</b>	<b>18,040</b>
<b>Expenditure</b>			
Academic Departments	4	7,308	7,525
Academic and Other Central Services	5	592	783
Premises	6	1,759	1,827
Central Administration	7	1,821	1,805
General Education Expenditure	8	7	16
Student Facilities and Amenities	9	342	495
Research Grants and Other Contracts	10	351	794
Depreciation	12	728	1,093
Pensions	16a	4,389	4,273
<b>Total Expenditure</b>		<b>17,297</b>	<b>18,611</b>
<b>Surplus / (Deficit)</b>		42	(571)
Exceptional Item – Release of Pension Reserve	16f	-	232
Balance at beginning of Year		(702)	(363)
<b>Balance at Year End</b>		<b>(660)</b>	<b>(702)</b>

There are no recognised gains or losses, other than those dealt with in the Income & Expenditure Accounts and in the Statement of Total Recognised Gains and Losses.

The Statement of Accounting Policies, and Notes 1-24 form part of the Financial Statements.



Professor Niamh Brennan  
Member of An Bord  
02 / 11 / 2016



Bernard Hanratty  
Member of An Bord  
02 / 11 / 2016



**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	Notes	2013 €000s	2012 €000s
Income & Expenditure Account			
<b>Surplus / (Deficit) for the year</b>		42	(571)
Exceptional Item – Release of Pension Reserve	16f	-	232
Actuarial Gain / (Loss) on Pension Liabilities	16b	6,451	(16,327)
Adjustment to Deferred Pensions Funding	16d	(6,451)	16,327
<b>Total Recognised Gains / (Losses) for the year</b>		<u>42</u>	<u>(339)</u>

There are no recognised gains or losses, other than those dealt with in the Income & Expenditure Accounts and in the Statement of Total Recognised Gains and Losses.

The Statement of Accounting Policies, and Notes 1-24 form part of the Financial Statements.

*Niamh Brennan*

Professor Niamh Brennan  
Member of An Bord  
02 / 11 / 2016

*Bernard Hanratty*

Bernard Hanratty  
Member of An Bord  
02 / 11 / 2016



**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013**
**BALANCE SHEET FOR THE YEAR ENDED 30 SEPTEMBER 2013**

	Notes	2013 €000s	2012 €000s
<b>FIXED ASSETS</b>	12	14,075	14,739
<b>CURRENT ASSETS</b>			
Debtors and Prepayments	13	1,031	330
Bank Balances and Cash		2,320	3,043
		<u>3,351</u>	<u>3,373</u>
<b>CURRENT LIABILITIES</b>			
State Grants Received in Advance		1,076	1,184
Creditors and Accrued Expenses	14	2,935	2,891
		<u>4,011</u>	<u>4,075</u>
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		<u>(660)</u>	<u>(702)</u>
<b>TOTAL ASSETS</b>		<u>13,415</u>	<u>14,037</u>
Deferred Pension Funding	16d	65,689	69,496
Pension Liabilities	16b	(65,689)	(69,496)
Total Assets less Current Liabilities		<u>13,415</u>	<u>14,037</u>
Funded By:			
Capital Account	15	14,075	14,739
Income & Expenditure Account		(660)	(702)
		<u>13,415</u>	<u>14,037</u>

The Statement of Accounting Policies, and Notes 1-24 form part of the Financial Statements.

Niamh Brennan

Professor Niamh Brennan  
Member of An Bord  
02 / 11 / 2016

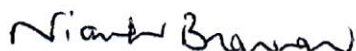
Bernard Hanratty

Bernard Hanratty  
Member of An Bord  
02 / 11 / 2016

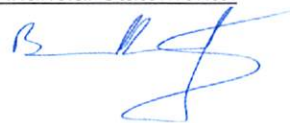
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013****CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2013**

<b>Reconciliation of the Net Movement for the year to Net Cash Inflow from Operating Activities</b>	<b>Notes</b>	<b>2013 €000s</b>	<b>2012 €000s</b>
Surplus / (Deficit) for the year		42	(571)
Exceptional Item – Release of Pension Reserve		-	232
Bank Interest		(32)	(66)
Decrease / (Increase) in Debtors & Prepayments		(701)	148
Increase / (Decrease) in Current Liabilities		(64)	578
<b>Net Cash Inflow / (Outflow) from Operating Activities</b>		<b>(755)</b>	<b>321</b>
<b>Returns on Investments and Servicing of Finance</b>			
Interest Received		32	66
<b>Net Cash Inflow on Investments and Servicing of Finance</b>		<b>32</b>	<b>66</b>
<b>Capital Expenditure and Financial Investments</b>			
Purchase of Fixed Assets	12,15	(68)	(25)
Proceeds from Sale of Fixed Assets		3	-
<b>Net Cash Outflow on Capital Expenditure and Financial Investments</b>		<b>(65)</b>	<b>(25)</b>
<b>Net Cash Outflow before Management of Liquid Resources</b>		<b>(788)</b>	<b>362</b>
<b>Financing</b>		<b>65</b>	<b>25</b>
Increase/(Decrease) in Cash		<b>(723)</b>	<b>387</b>
<b>Reconciliation of Net Cash Flow to Movement in Net Funds</b>			
Increase/(Decrease) in Cash in Year		<b>(723)</b>	<b>387</b>
Net Funds at 1 <sup>st</sup> October 2012	19	3,043	2,656
<b>Net Funds at 30<sup>th</sup> September 2013</b>		<b>2,320</b>	<b>3,043</b>

The Statement of Accounting Policies, and Notes 1-24 form part of the Financial Statements.



Professor Niamh Brennan  
Member of An Bord  
02 / 11 / 2016



Bernard Hanratty  
Member of An Bord  
02 / 11 / 2016

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013**
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013**

<b>1. STATE GRANTS</b>	<b>2013 Allocated for Recurrent Expenditure €000s</b>	<b>2013 Allocated for Capital Expenditure €000s</b>	<b>2013 €000s</b>	<b>2012 €000s</b>
<b>Higher Education Authority</b>				
Recurrent Grants*	6,625	65	6,690	7,298
Information Technology	62		62	57
Disability & Financial Assistance Grants	71		71	116
Quality Assurance	21		21	72
Skills Conversion	62		62	84
Improved Access and Progression	115		115	137
Training of Trainers	31		31	9
Irish Language	10		10	5
<b>Other State Grants</b>				
Arts Council	59		59	76
Digital Repository Ireland	11		11	11
Student Assistance	47		47	-
Other Grants	144		144	-
<b>Total 2013</b>	<b>7,258</b>	<b>65</b>	<b>7,323</b>	<b>7,865</b>
<b>Total 2012</b>	<b>7,840</b>	<b>25</b>	<b>7,865</b>	

\*Included in State Grants is an amount of €591,750 that relates to Pension support from the HEA. This amount is included in accrued income at year end and was subsequently received in full in December 2013.

<b>2. ACADEMIC FEES</b>	<b>2013 €000s</b>	<b>2012 €000s</b>
Full-Time Tuition Fees – 928 students (2012 – 901 students)	3,851	3,895
Student Contribution (formerly FT Registration Fees) – 738 Students (2012 – 739 students)	1,618	1,478
Part-Time Tuition Fees – 38 (2012 – 36 students)	96	110
Continuing Education in Art & Design Fees – 825 (2012 – 834 students)	302	313
	<b>5,867</b>	<b>5,796</b>

<b>3. OTHER INCOME</b>	<b>2013 €000s</b>	<b>2012 €000s</b>
Continuing Professional Development	7	13
Sponsorship	37	36
Event Income	14	-
Student Charges*	15	81
Other Income**	95	24
Photocopy Income	8	11
	<b>176</b>	<b>165</b>

\*Student charges in the prior year included amounts charged by the College to students for materials. This charge was coded to Other Income in the current period.

\*\*Other income denotes sundry income received but not deemed sufficient enough to include as a separate line item. Due to uncertainty around some of the records kept within NCAD, income which would normally be identifiable as either Sponsorship or Event Income was classified into Other Income as it's origin was



**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013**
**4. ACADEMIC DEPARTMENTS**

	<b>2013</b>	<b>2012</b>
	<b>€000s</b>	<b>€000s</b>
Academic Staff	5,495	5,538
Technical Staff and Models	1,010	1,044
Faculty Administrative Staff	338	338
Non-pay Costs	465	605
	<u>7,308</u>	<u>7,525</u>

**5. ACADEMIC AND OTHER CENTRAL SERVICES**

	<b>2013</b>	<b>2012</b>
	<b>€000s</b>	<b>€000s</b>
Library Staff	453	514
Books, Catalogues and Periodicals	116	223
Lease Charges	23	46
	<u>592</u>	<u>783</u>

**6. PREMISES**

	<b>2013</b>	<b>2012</b>
	<b>€000s</b>	<b>€000s</b>
Attendants and Cleaners	479	528
Maintenance Staff	168	176
Light, Heat and Power	344	281
Maintenance Materials*	95	223
Cleaning Costs	251	230
Security Costs	156	144
Rent and Rates	183	183
Telephone	83	62
	<u>1,759</u>	<u>1,827</u>

\*An element of expenses in respect of Maintenance Materials has been reclassified in the current period more accurately to other expense line items. As such Maintenance Material expenses are somewhat lower in the current period, when compared with the prior period.

**7. CENTRAL ADMINISTRATION**

	<b>2013</b>	<b>2012</b>
	<b>€000s</b>	<b>€000s</b>
Administration Staff	1,020	1,080
Quality Assurance Staff	62	60
Quality Assurance (Non-pay)	-	12
Stationery and Supplies	68	153
Postage	22	26
Professional Fees*	217	13
Auditors' Remuneration	31	30
Travel and Subsistence	9	27
Advertising	17	26
Insurance	92	116
Photocopying Costs	10	7
Safety Costs	38	10
Gallery	15	79
Exhibitions, Seminars and Catering	66	98
Miscellaneous**	154	68
	<u>1,821</u>	<u>1,805</u>

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013**

\* The substantial increase in professional fees has occurred as a result of additional spend in areas such as Accountancy Support, Human Resources and a reclassification of IT Support, which was previously included in Stationery and Supplies.

\*\*Included in Miscellaneous are payments made in respect of Death Benefit which amounted to €46k. Also included in this figure is €16k which relates to a suspense amount.

**8. GENERAL EDUCATIONAL EXPENDITURE**

	<b>2013</b> <b>€000s</b>	<b>2012</b> <b>€000s</b>
Examiners' Fees and Expenses	(2)	7
Staff Development	9	9
	<u>7</u>	<u>16</u>

**9. STUDENT FACILITIES AND AMENITIES**

	<b>2013</b> <b>€000s</b>	<b>2012</b> <b>€000s</b>
Examination and Registration Fees	101	105
Students' Union Subvention	70	57
Students' Assistance Scheme	94	126
Health and Counselling Services	65	102
Materials Subvention	(15)	40
Student Travel	(1)	28
Sports and Leisure Facilities	28	37
	<u>342</u>	<u>495</u>

**10. RESEARCH GRANTS AND OTHER CONTRACTS**

	<b>2013</b> <b>€000s</b>	<b>2012</b> <b>€000s</b>
Income		
Research Grants and Other Contracts	635	711
Expenditure		
Staff Costs	145	243
Other Operating Costs*	206	551
	<u>351</u>	<u>794</u>
Net Outcome	<u>284</u>	<u>(83)</u>

\*During the financial statement preparation process, it was identified that research Income & Expenditure was coded in 2012/13 within the same income and expense codes as all other Income & Expenditure. Research expenditure had to be extracted from the operational expenditure within the College. However, given the issues surrounding the books and records of the College for the period, an element of research expenditure may be captured in other operational expenditure line items. The level of expenditure incurred is in the normal course the driver of income recognition in the area of Research Grants and Other Contracts. The outcome is that Income may not have been recognised on the accrual basis and the expenditure total above is likely to be understated, thus overstating the net outcome of Research Grants and Other Contracts. The knock on effect to this is that there is also uncertainty regarding the amounts of income which have been deferred to 2013/14 and also the amounts which have been accrued into the same period.

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013**
**11. ANALYSIS OF EXPENDITURE**

	Staff Costs 2013 €000s	Other Operating Expenses 2013 €000s	Total 2013 €000s	2012 €000s
Academic Departments	6,843	465	7,308	7,525
Academic and Other Central Services	453	139	592	783
Premises	647	1,112	1,759	1,827
Central Administration	1,082	739	1,821	1,805
General Education Expenses	-	7	7	16
Student Facilities and Amenities	-	342	342	495
Research Expenditure	145	206	351	794
	9,170	3,010	12,180	13,245
Depreciation			728	1,093
Pensions			4,389	4,273
			17,297	18,611

Expenditure has dropped significantly in 2012/13 due to three combined events impacting on the accounts. Staff Costs have been reduced, reflecting the impact of the Haddington Road Agreement, Non-Pay costs have been reduced due to a cost savings initiative introduced into the College in this financial reporting period and changes in the deprecation policy have resulted in a reduction to depreciation of circa €300k.

**12. FIXED ASSETS**

	Land & Buildings €000s	Plant & Equipment €000s	Fixtures & Fittings €000s	Computer Equipment €000s	Total €000s
<b>Costs</b>					
Balance at beginning of year	29,731	679	833	3,416	34,659
Additions	20	14	-	34	68
Fixed Assets Written Off	-	(556)	(682)	(2,797)	(4,035)
Disposals	-	-	-	(4)	(4)
Balance at year end	29,751	137	151	649	30,688
<b>Depreciation</b>					
Balance at beginning of year	15,168	654	795	3,303	19,920
Charge for year	595	16	25	92	728
Depreciation Written Off	-	(556)	(682)	(2,797)	(4,035)
Balance at year end	15,763	114	138	598	16,613
<b>Net Book Value at 30/09/2013</b>	<b>13,988</b>	<b>23</b>	<b>13</b>	<b>51</b>	<b>14,075</b>
Net Book Value at 30/09/12	14,563	25	38	113	14,739

During the period a significant exercise was undertaken involving the identification and classification of College Fixed Assets namely, Plant & Equipment, Fixtures & Fittings and Computer Equipment. This resulted in assets being expunged at cost in these asset categories in the amount of €4.035 million when compared with closing balances from the prior period. Accordingly accumulated depreciation was also expunged for the same amount resulting in no change to opening Net Book Value for the period as all of the assets expunged had been fully depreciated.



**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013**

<b>13. DEBTORS AND PREPAYMENTS</b>	<b>2013 €000s</b>	<b>2012 €000s</b>
Payroll Debtor	10	-
Student Debtor	77	-
Trade Debtors	2	4
Accrued Income	746	78
Prepayments	196	248
	<u>1,031</u>	<u>330</u>

<b>14. CREDITORS AND ACCRUED EXPENSES</b>	<b>2013 €000s</b>	<b>2012 €000s</b>
Fees	1,521	1,341
Research Grants and Other Contract Balance	417	675
PAYE	118	117
PRSI	123	78
Pension Levy	42	43
Trade Creditors	320	71
Continuing Education in Art and Design	95	142
Payroll Creditors	35	164
Accrued Payroll Expenses	4	38
Accrued Expenses	260	222
	<u>2,935</u>	<u>2,891</u>

<b>15. CAPITAL ACCOUNT</b>	<b>2013 €000s</b>	<b>2012 €000s</b>
Balance at the Beginning of the Year	14,739	15,807
Grants used for Buildings Acquisition and Development	20	-
Grants applied to Purchase Fixed Assets	48	25
Disposal of Fixed Assets	(4)	-
	<u>14,803</u>	<u>15,832</u>
Less Amortisation	<u>(728)</u>	<u>(1,093)</u>
	<u>14,075</u>	<u>14,739</u>

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013**

**16. PENSION SCHEME**

General Description of the Scheme

A Staff Superannuation Scheme and a Spouses' and Children's Pension Scheme under Section 20 of the National College of Art and Design Act, 1971 were approved in January 1984 and September 1987 respectively. The College's pension schemes are unfunded schemes. Staff contribute at a rate of 5% to the Staff Superannuation Scheme and 1.5% to the Spouses' and Children's Pension Scheme. The scheme provides a pension (one eightieth per year of service), a lump sum (three eightieths per year of service) and spouses' and children's pensions. Normal retirement age is a member's 65<sup>th</sup> 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 pay increases.

The Single Public Service Pension Scheme (Single Scheme) is the defined benefit pension scheme for pensionable public servants appointed on or after 1 January 2013 in accordance with the Public Service Pension (Single Scheme and Other Provisions) Act 2012. The scheme provides for a pension and retirement lump sum based on career-average pensionable remuneration, and spouse's and children's pensions. The minimum pension age is 66 years (rising in line with State pension age changes). It includes an actuarially-reduced early retirement facility from age 55. Pensions in payment increase in line with the consumer price index.

At 30 September 2013 there was one staff member in NCAD who was part of the Single Scheme. Benefits accruing to the Single Scheme members at 30 September 2013 are not considered material and have not been included in the actuarial calculated FRS17 figures in these financial statements.

The valuation used for FRS 17 (revised) disclosures has been based on an actuarial valuation at 30 September 2013 by a qualified actuary taking account of the requirements of the FRS in order to assess the scheme liabilities at 30 September 2013.

	2013 €000s	2012 €000s
<b>(a) Analysis of Total Pension Costs Charged to Expenditure</b>		
Current Service Cost	2,628	1,914
Interest on Scheme Liabilities	2,224	2,794
Employee Pension Contributions	(463)	(435)
	<u>4,389</u>	<u>4,273</u>
<b>(b) Analysis of Movement in Scheme Liability during the Year</b>		
Scheme Liability at Start of Year	69,496	50,800
Current Service Cost	2,628	1,914
Interest on Scheme Liabilities	2,224	2,794
Benefits Paid in the Year	(2,208)	(2,339)
Actuarial (Gain) / Loss*	(6,451)	16,327
Scheme Liability at End of Year	<u>65,689</u>	<u>69,496</u>

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013**

\*The large movement in the actuarial Loss / (Gain) figures shown above is primarily due to movements in the discount rates used at the various FRS 17 (Retirement Benefits) dates.

**(c) Deferred Funding for Pensions**

The National College of Art and Design recognises these amounts as an asset corresponding to the unfunded deferred liability for pensions on the basis of a set of assumptions described in this note and a number of past events. These events include the statutory basis for the establishment of the pension 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. NCAD has no evidence that this funding policy will not continue to meet such sums in accordance with current practice.

The Net Deferred Funding for Pensions recognised in the Income & Expenditure Account was as follows:

	<b>2013</b> <b>€000s</b>	<b>2012</b> <b>€000s</b>
Funding recoverable in respects of current year costs	4,852	4,708
Grants from tUdaras um Ard-Oideachas (HEA) applied to pay pension benefits	(2,209)	(2,339)
Net Deferred Funding for Pension in Year	<u>2,643</u>	<u>2,369</u>

The deferred funding asset for pensions as at 30 September 2013 amounted to (€65,688,600) (2012: €69,496,200).

**(d) History of Deferred Benefit Obligations**

	<b>2013</b> <b>€000s</b>	<b>2012</b> <b>€000s</b>	<b>2011</b> <b>€000s</b>	<b>2010</b> <b>€000s</b>	<b>2009</b> <b>€000s</b>
Deferred Benefit Obligations	65,689	69,496	50,800	58,300	58,300
Experience Gains on Scheme Liabilities Amount	(6,451)	16,327	(10,317)	(4,520)	(1,522)
Percentage of Scheme Liabilities	9.8%	23.5%	20.3%	7.8%	2.6%

**(e) The principal actuarial assumptions were as follows:**

Assumption	<b>2013</b>	<b>2012</b>
Discount Rate	3.5%	3.2%
Salary increase assumption	3%	3%
Pension increase assumption	3%	2%
Price inflation	2%	2%



## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

Average future life expectancy according to the mortality tables used (PNML00 and PNFL00) to determine the pension liabilities:

	2013	2012
Male aged 65	21.9	21.8
Female aged 65	23.6	23.5

### (f) Exceptional Item – Release of Pension Reserve

Under the Protection of Employees (Part-time Work) Act, staff who had been non-full time and full time contract staff were permitted to join the College's main pension scheme and to pay arrears from the date they first entered the College. The vast majority of these arrears have been paid at the salary rate prevailing at 20 December 2001, but the use of this rate had been challenged on the basis that the historic rate should have been used rather than the 2001 rate.

In 2011 Financial Statements, the arrears had not been accounted for pending the resolution of this matter and were shown as a liability. Following the expiration under the Statute of Limitations on the challenge to the previous rate, the amount held in the Balance Sheet no longer met the criteria for recognition as a liability and consequently was released in full to the Income & Expenditure Account. To avoid recognising income in the 2012 period, which had already been recognised in a previous set of Financial Statements, the income appears as an exceptional item in the Income & Expenditure Account.

## 17. CAPITAL COMMITMENTS

Capital Commitments at 30 September 2013 amounted to €Nil (2012 €NIL).

## 18. LEASE COMMITMENTS

The College holds premises at John Street West, Dublin 8 under an operating lease. The lease is for a period of 10 years from March 2006. The annual rent is €134,112 with a rent review every 5 years. The College recognises that contingent on ending of the above lease there is a potential liability in relation to dilapidations on the property which at the time these financial statements refer to had not as yet crystallised.

There are also operating leases for photocopiers / scanners and a portacabin.

There were no finance lease commitments at 30 September 2013.

At year end NCAD had commitments under non-cancellable operating leases expiring as follows:

	2013 €000s	2012 €000s
Within 1 Year	152	-
Between 1 Year and 5 Years	402	553
More than 5 Years	-	-

## 19. ANALYSIS OF CHANGES IN NET FUNDS DURING THE YEAR

	At 1 October 2012 €000s	Cashflows €000s	At 30 September 2013 €000s
Cash at Bank and on Hand	1,366	526	1,892
Short-Term Deposits	1,677	(1,249)	428
	3,043	(723)	2,320

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

### 20. EMPLOYEES

During 2013 there were 82 full time equivalent monthly paid staff (85, 2012), 26 full time equivalent weekly paid staff, (28, 2012) and 23 full time equivalent, part time staff (30, 2012).

### 21. BOARD MEMBERS

No member of An Bord had an interest in any contracts or awards given by the College during the year nor derived any interest or benefit or had any conflict of interest in relation to any of the College's operations during the year.

There were no related party transactions in the year ended 30<sup>th</sup> September 2013.

During 2012/13 there were no Fees paid to any member of An Bord.

The Director of the College was paid total remuneration of €136,276 during the period

Total spend on expenses for An Bord for the year ended 30th September 2013 was €1,922. This relates primarily to train travel expenditure for one member of An Bord who was located outside of Dublin.

Friends of NCAD Ltd (FNCAD) was established in 1992, primarily as a fund raising vehicle for NCAD. Since its inception there have been two members of staff from NCAD on the Board of FNCAD (The holder of the post of Director of NCAD and the holder of the post of College Secretary and Registrar). FNCAD is audited separately from NCAD, and its financial statements are filed with the Companies Registration Office on an Annual Basis). There was no income or expenditure in the FNCAD financial statements for the year ended 30<sup>th</sup> September 2013. Disposal of funds raised by FNCAD is solely at the discretion of FNCAD and NCAD have no influence on any operational decisions within the FNCAD entity.

In the United States, a separate entity was registered in 2000, known as US Friends of NCAD Inc. (USFNCAD). This entity was created primarily to reduce or eliminate the tax payable on any US donations. There was no income or expenditure in the US Friends of NCAD financial statements for the year ended 30<sup>th</sup> September 2013. USFNCAD operated as a similar independent entity to NCAD as FNCAD.

### 22. GOING CONCERN

The college has incurred operating deficits in 2011 (€379k) and 2012 (€571k). In 2013 an operating surplus was incurred of €42k. This has resulted in a cumulative deficit carried forward at 30 September 2013 of (€660k). The College has undertaken a significant cost cutting programme and additional necessary steps to ensure that it operates with a revenue surplus in future periods. On this basis, and combined with the cash reserves held by the College at 30 September 2013, An Bord considers it appropriate to have prepared these financial statements on a Going Concern basis.

### 23. POST BALANCE SHEET EVENTS

There were no post balance sheet events beyond those already disclosed in these financial statements which require adjustment to the financial statements.

### 24. APPROVAL OF FINANCIAL STATEMENTS

The financial statements for the year ended 30th September 2013 were approved by An Bord at its meeting on 29<sup>th</sup> July 2016.