RCSI

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 DECEMBER 2022

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CONTENTS

PRESIDENT'S INTRODUCTION

RCSI has been at the forefront of healthcare education and training in Ireland since its establishment under Royal Charter in 1784 as the national training body for surgery.

Today, as an independent, not-for-profit health sciences institution, RCSI offers education and training programmes at undergraduate, postgraduate and professional training levels. Headquartered in Ireland, in keeping with its mission "to educate, nurture and discover for the benefit of human health", RCSI's activities in education, training, and research span the three continents of Europe, Asia and Africa.

The RCSI University of Medicine and Health Sciences is ranked in the top 250 universities in the Times Higher Education World University Rankings (2023) and in the top 50 for 'Good Health & Well-Being' in the THE Impact Rankings (2022) under the United Nations Sustainable Development Goals.

The RCSI Department of Surgical Affairs oversees postgraduate training in surgery in Ireland and maintains close links and common training curricula with sister Royal Surgical Colleges in England and Scotland. The RCSI Faculties of Radiologists, Dentistry, Nursing and Midwifery, and Sports and Exercise Medicine provide oversight, education, and examination in their respective disciplines. The Irish Institute of Pharmacy provides continuing professional development for pharmacists throughout Ireland.

Partnership is a key tenet of RCSI's delivery encompassing collaboration with other Higher Education Institutions through research, outreach programmes with local communities, clinical placements including an academic partnership with the RCSI Hospitals Group in Ireland, and collaboration in surgical training with the College of Surgeons of East, Central and Southern Africa (COSECSA) which is supported by Irish Aid.

RCSI makes a significant contribution to the Irish economy every year by employing over 1,200 people in Ireland with an estimated additional 2,000 indirectly employed across the Irish economy supported through the expenditure of our staff and students.

As the governing body of the institution, the RCSI Council has responsibility for the College's financial affairs with certain functions delegated to the Finance and Audit & Risk Committees. Overall, the organisation's financial objective is to ensure robust financial stewardship, recognising an increasingly competitive market environment with significant inflationary risks. RCSI is committed to responsible investment principles and has signed up to the United Nations Principles of Responsible Investing as it progresses its sustainable development (SDG) goals.

The Council is pleased to present the RCSI Annual Financial Report for the year ended 30 September 2022. A review of the year is presented by the Vice Chancellor and a review of the financial performance for the year is presented by the Director of Finance on pages 14 and 16 respectively. The accompanying Council Report and Audited Consolidated Financial Statements from page 22 onwards have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and have been audited by the group auditors PricewaterhouseCoopers, Chartered Accountants and Registered Auditors, Dublin. The Statements of Recommended Practice (SORPs) have been applied where appropriate in order to provide additional clarification, explanation and interpretation to IFRS.

Overall, it was a successful year for RCSI, with performance in line with approved plans including bank covenant requirements, despite the global difficulties faced.

Laura Viani

Professor Laura Viani, President

1 December 2022

2021/22 HIGHLIGHTS

2021/22 was another successful year for RCSI. Below are just some of the highlights.

RCSI turns the sod on the new €22m Education and Research Centre at Connolly Hospital, March 2022

Mr James Campbell, Director, Health Workforce at the WHO, conferred with an Honorary Fellow of RCSI Faculty of Nursing & Midwifery, April 2022

Beaumont RCSI Cancer Centre, accredited for the quality and standards of cancer care and research by the OECI, a European organisation who set comprehensive standards for cancer centres and networks, May 2022

RCSI launches transformational development at 118 St. Stephen's Green, May 2022

COUNCIL MEMBERS

Professor Laura Viani
President, RCSI; Consultant Otolaryngologist/Neuro-otologist; Director of The National Hearing Implant and Research Centre, Beaumont Hospital/RCSI

Professor Deborah McNamara
Vice President, RCSI; Consultant Surgeon (General/Colorectal), Beaumont Hospital and Co-Lead National Clinical Programme in Surgery

Mr James Geraghty
Consultant Surgeon (General/ Breast), St Vincent's University Hospital; Associate Professor in Surgery, UCD

Professor Kevin Conlon
Professor of Surgery, Trinity College Dublin; Consultant Surgeon (General/HPB), St Vincent's University Hospital and Tallaght University Hospital

Mr David Moore
Consultant Surgeon (Trauma and Orthopaedics), Children's Health Ireland, Crumlin, Tallaght University Hospital and Blackrock Clinic

Professor K. Simon Cross
Consultant Surgeon (Vascular/ General), University Hospital Waterford

Professor Michael J. Kerin
Professor and Head of Surgery, NUI Galway; Consultant Surgeon (Breast/ Endocrine/ General), Galway University Hospital

Professor Thomas H. Lynch
Consultant Surgeon (Urological), St James's Hospital, National Lead ENT Education in Primary Care

Ms Margaret O'Donnell
Consultant Surgeon (Plastic, Reconstructive and Aesthetic Surgery), Blackrock Clinic and St Vincent's Private Hospital, Group Clinical Director Blackrock Healthcare Group

Professor Camilla Carroll
Consultant Surgeon (Otolaryngology Head and Neck Surgeon) RVEEH Dublin; Clinical Associate Professor, TCD School of Medicine

Mr Sean Johnston
Consultant General Surgeon, Midland regional Hospital, Tullamore

Mr Paddy Kenny
Consultant Surgeon (Orthopaedic), Connolly Hospital Blanchardstown and The National Orthopaedic Hospital at Cappagh

Professor Kilian Walsh
Honorary Senior Lecturer NUI Galway, Consultant Urologist, University College Hospital Galway and Bons Secours Hospital Galway

Mr John Caird
Consultant Paediatric Neurosurgeon, Children's University Hospital, Temple Street

Ms Bridget Egan
Consultant Surgeon (Vascular), Tallaght University Hospital

Mr Keith Synnott
Consultant Surgeon (Trauma and Orthopaedic), Mater Misericordiae University Hospital; National Clinical Lead for Trauma Services

Professor John Quinlan
Consultant Orthopaedic and Trauma Surgeon, Tallaght University Hospital

Professor Paul Ridgway
Consultant General Surgeon, St. Vincent's University Hospital and Tallaght University Hospital

Professor Ronan Cahill
Professor of Surgery, UCD; Consultant Surgeon (General/ Colorectal) Mater Misericordiae University Hospital

Professor David Healy
Associate Clinical Professor, Consultant Surgeon (Cardiothoracic and Transplant), St Vincent's University Hospital and Mater Misericordiae University Hospital

Professor C Coffey

The Hon. Mr Justice Peter Kelly
Retired President of the High Court

Roderick Ryan
Chartered Accountant

ACADEMIC LEADS AND FACULTY DEANS


Professor Hannah McGee
Deputy Vice Chancellor for
Academic Affairs


Professor Fergal O'Brien
Deputy Vice Chancellor for
Research and Innovation


Mr Kieran Ryan
Managing Director of Surgical Affairs


Professor Arnold Hill
Dean of Medical Programmes


Professor Gerry McElvaney
Head of School of Medicine


Professor Alf Nicolson
Vice President Academic Affairs,
RCSI Medical University of Bahrain


Professor Zena Moore
Head of School of Nursing and
Midwifery


Professor Tracy Robson
Head of School of Pharmacy
and Biomolecular Sciences


Professor Suzanne McDonough
Head of School of Physiotherapy


Professor Darran O'Connor
Head of School of Postgraduate
Studies


Professor Ciaran O'Boyle
Director of the Centre for Positive
Psychology and Health


Professor Robert McMurray
Academic Director,
School of Healthcare Management


Professor Edward Gregg
Head of School of Population Health


Dr Catriona Bradley
Executive Director,
Irish Institute of Pharmacy


Professor Albert Leung
Dean, Faculty of Dentistry


Dr Mary Boyd
Dean, Faculty of Nursing
and Midwifery


Dr Peter Kavanagh
Dean of the Faculty of Radiologists


Dr Philip Carolan
Dean of the Faculty of Sports and
Exercise Medicine (RCPI and RCSI)

RCSI IN NUMBERS

WORLD TOP 50 for GOOD HEALTH and WELL-BEING

THE IMPACT RANKINGS 2022

THE TIMES
THE SUNDAY TIMES

GOOD UNIVERSITY GUIDE 2022

UNIVERSITY OF THE YEAR FOR STUDENT ENGAGEMENT

TOP 250

TIMES HIGHER EDUCATION 2023 WORLD UNIVERSITY RANKINGS

Students from more than

70 Countries

4 Overseas Campuses

Malaysia (2), Bahrain and Dubai

28,000 Alumni

98 Countries

INNOVATION*

€5.2M industry funding
7 patents filed
15 inventions disclosed
2 spin-out companies created
33 industry agreements executed

* full year 2021

534 SURGICAL AND EMERGENCY MEDICINE TRAINEES

CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS

17 PARTNERSHIPS FOR THE GOALS

- **4,092** collaborating research institutions worldwide (SciVal 2012– 2021)
- Completion of **SURG-Africa project** to improve access to surgical care for district and rural populations in Africa.
- **Kapuscinski Development Lecture** on surgery, poverty and international development delivered by RCSI Chair of Global Surgery

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- **Zero to landfill** policy for waste
- **Elimination of paper cups** from staff rooms
- **Single-use plastic** removed from cafés

11 SUSTAINABLE CITIES AND COMMUNITIES

- **38,957** registrations for free online courses on **The Science of Health and Happiness** from the Centre for Positive Psychology and Health
- RCSI Library exhibition celebrating **Sir Charles Cameron** and his contribution to public health in Victorian Dublin
- **5,380** registrations for RCSI MyHealth public lecture series 2021/22

10 REDUCED INEQUALITIES

- **Race Equality Action Plan** published, aimed at advancing race equality and tackling racism
- RCSI **guide for Ukrainian doctors** coming to work in Ireland

SDG PRIORITIES FOR 2022/23

1. Launch new Junior Researcher Programme for local secondary schools to increase participation & engagement with STEMM (SDG 4, 10 & 11)
2. Participate in review by the UK Climate and Health Alliance of Net Carbon Zero in healthcare (SDG 3 & 17)
3. Release newly digitised population health archives (SDG 11)
4. Launch new Undergraduate Medical Curriculum (SDG 3 & 4)

3 GOOD HEALTH AND WELL-BEING

- **#33** in the world in Times Higher Education (THE) Impact Ranking 2022
- Strong health research: **5,996** publications and **82,000** citations (SciVal 2017-2021)
- **Beacon Status Award** from the Centre for Sustainable Healthcare (first institution in Ireland)
- Beaumont RCSI Cancer Centre designated **Cancer Centre status by OECI**
- **National Surgical Research Support Centre** launched
- Inaugural **Chair of Population Health** appointed

SUSTAINABLE DEVELOPMENT GOALS

4 QUALITY EDUCATION

- **RCSI Summer School** in its 12th year
- New BSc in **Advanced Therapeutic Technologies**
- **28,000** health professions alumni across 98 countries
- Student electives in 20 countries with **223 collaborating healthcare institutions**
- First cohorts of **Lifestyle Medicine Certificate with 313 participants**
- 29th Carmichael Lecture by Ms Amina J. Mohammed, Deputy Secretary General of the United Nations, on **'Transforming Education to Transform our World by 2030'**

5 GENDER EQUALITY

- Fourth year of the **PROGRESS Women in Surgery Fellowship**
- **Scholarship in Positive Health** launched in collaboration with the 30% Club
- **Women in Vision and Eye Research** conference
- **Athena SWAN bronze awards** for the School of Pharmacy and Biomolecular Sciences and Department of Physiology and Medical Physics

7 AFFORDABLE AND CLEAN ENERGY

- **100% green** electricity procured
- **40% improvement** in energy efficiency(kWh/sqm) since baseline 2006
- **Best Green Campus Award** at the 2022 Education Awards

WORLD TOP 50 for GOOD HEALTH and WELL-BEING
THE IMPACT RANKINGS 2022

8 DECENT WORK AND ECONOMIC GROWTH

- **KeepWell Mark** re-accreditation by IBEC for commitment to employee well-being
- Business & Finance 100 top companies for **Workplace Wellbeing**

SENIOR MANAGEMENT TEAM

Professor Cathal Kelly
Vice Chancellor and
Chief Executive/Registrar

Professor Hannah McGee
Deputy Vice Chancellor for
Academic Affairs

Professor Fergal O'Brien
Deputy Vice Chancellor for
Research and Innovation

Ms Jennifer Cullinane
Director of Finance

Mr Eunan Friel
Managing Director of Healthcare Management

Ms Áine Gibbons
Director of Development, Alumni Relations, Fellows and Members

Mr Barry Holmes
Director of Human Resources

Ms Abi Kelly
Director of International Engagement and External Relations

Mr Michael McGrail
Director of Corporate Strategy

Mr Justin Ralph
Chief Technology Officer

Mr Kieran Ryan
Managing Director of Surgical Affairs

3 PILLARS OF RCSI'S MISSION

EDUCATION

"Our strategy at RCSI University of Medicine and Health Sciences is to transform healthcare education by focusing not just on the quality of the education we deliver but also on the nurturing of young healthcare professionals at the start of their careers, as they begin to develop their personal and professional identity."

Professor Hannah McGee
Deputy Vice Chancellor for Academic Affairs

RESEARCH

"RCSI's research activity continues to grow with newly-funded research programmes, collaborations with clinical and industrial partners and formation of new spin-out companies, which will bring our world-leading scientific breakthroughs closer to impacting directly on patient health."

Professor Fergal O'Brien
Deputy Vice Chancellor for Research and Innovation

IMPACT

"As Ireland's only university dedicated solely to medicine and health sciences, RCSI is in a unique position to direct our research, education and clinical care towards the most pressing health issues."

Ms Abi Kelly
Director of International Engagement and External Relations

VICE CHANCELLOR'S REVIEW

RETURN TO ON-CAMPUS ACTIVITIES

September 2021 saw a welcome return to on-campus activities for our students. While no one would deny the difficulties of delivering effective education in the previous academic year, there have been learnings and efficiencies which have transformed our work practices forever.

As COVID-19 measures were relaxed nationally, it was a pleasure to see students back on a vibrant, busy campus, socialising with their peers, taking part in University events, participating in clubs and societies, and experiencing the benefits of coming together in-person.

118 ST STEPHEN'S GREEN: PROJECT CONNECT

In May 2022, we commenced construction at 118 St Stephen's Green, the next phase of RCSI's campus development in Dublin city centre. The launch was attended by Minister for Further and Higher Education, Research, Innovation and Science, Mr Simon Harris TD.

The €95 million Project Connect, due for completion in 2025, will become the new 'front door' of the University and include a new civic space for public events and exhibitions.

NEW EDUCATION AND RESEARCH CENTRE AT CONNOLLY HOSPITAL, BLANCHARDSTOWN

In March 2022, we were joined by Tánaiste and Minister for Enterprise, Trade and Employment, Leo Varadkar TD, as we turned the sod on a new €22 million Education and Research Centre at Connolly Hospital in Blanchardstown.

Due for completion in February 2024, the new centre will join the Smurfit Building, Education and Research Centre at Beaumont Hospital as RCSI's second clinical centre of academic excellence in Ireland.

UN SUSTAINABLE DEVELOPMENT GOALS

The University is committed to the UN Sustainable Development Goals (UNSDG) and proud to rank within the top 50 in the world in Times Higher Education (THE) Impact Rankings 2022 published in April 2022 for its contribution to the UNSDG 3 'Good Health and Well-being'.

In February 2022, RCSI became the first institution in the Republic of Ireland to be awarded Beacon Status in Sustainable Healthcare. Achieving this reflects RCSI's commitment to integrating a more environmentally, socially and financially sustainable approach to healthcare education.

EDUCATION

The University commenced its new medicine curriculum, Transforming Healthcare Education Programme (THEP) in September 2022.

The new programme has been designed through great collaboration between colleagues across the University with insights gained from international visits to the best medical schools in the US and Europe.

The programme focuses on teaching excellent clinical and communications skills, with a strong emphasis on population health and epidemiology including teaching on healthcare systems. It also emphasises the central tenets of Personal and Professional Identity formation: professionalism, resilience and leadership. This will equip our graduates for a personally and professionally challenging career in an increasingly global, digital and climate-focused world.

RCSI ONLINE

In February 2022, we launched RCSI Online, a new digital platform providing online learning for healthcare professionals. Aimed at healthcare professionals who want to improve patient care and advance their careers while also balancing professional and personal schedules, the RCSI Online programmes are available to students anywhere in the world in an accessible and flexible format.

UNIVERSITY OF THE YEAR FOR STUDENT ENGAGEMENT

In November 2021, The Sunday Times Good University Guide 2022 named RCSI as University of the Year for

Student Engagement. The inaugural award was made in recognition of the University's efforts to negate the impact of the pandemic on students through initiatives such as the deploying of simulation facilities to mimic clinical settings, the establishment of a satellite campus at Croke Park, and the setting up of small-group learning 'bubbles'.

Our priority throughout the pandemic has been to protect patients and frontline healthcare staff on all our clinical sites and to ensure that the education and training of the next generation of healthcare workers was not disrupted. Our ethos is to put the wellbeing of our health sciences students at the centre of everything we do and we are very proud of the recognition shown by this award.

RESEARCH AND INNOVATION

The University's research activity continues to grow with newly-funded programmes, collaborations with clinical and industrial partners, and formation of new spin-out companies all working towards scientific breakthroughs to improve patient health.

A significant strategic achievement was the accreditation of the Beaumont RCSI Cancer Centre by the Organisation of European Cancer Institutes (OECI) which sets comprehensive standards for cancer centres in Europe. A collaboration between RCSI, Beaumont Hospital and St Luke's Radiation Oncology Network, the establishment of the Centre formalises the alliance and commitment to cancer care that has long existed between the three partners. The Centre, independently evaluated by a team of experts, was praised as "a patient-centred organisation with well-coordinated research structures and a dynamic education system".

RCSI has approved the formation of four new spin-out companies. Inthelia Therapeutics is developing novel treatments for sepsis; Vertigenius is focused on a digital health solution for patients with balance disorders; PrOBMet is developing targeted treatments for breast cancer brain metastatic patients; and Phyxiom is a health analytics platform to help patients with uncontrolled asthma and other chronic respiratory diseases.

The value of research commercialisation funding at the University reached €2.4 million, a testament to RCSI's world-class research expertise and focus on commercial application.

SUPPORTING HEALTHCARE AND SOCIETY

Through RCSI Engage, staff and students of the University worked on local community access and engagement programmes to make a sustainable impact on education and health for all. Initiatives included delivering festive gifts to older people in the area at Christmas, a physical activity programme with local primary schoolchildren, and working with local DEIS (Delivering Equality of Opportunity in Schools) schools to inspire curiosity and confidence in science. The University is also engaged with programmes to promote equality of access to education.

Further afield, University staff were involved in projects on safe water in India and on household air pollution in Malawi.

Throughout the year a team from RCSI provided mentorship to the teams competing in the Global Surgical Training Challenge. This $5 million competition aims to stimulate the creation of novel, low-cost surgical training modules that will help surgical practitioners to learn new skills to improve the health of their communities.

In early 2022 a new international research project to drive evidence-based policy and advocacy for Medical Licentiate practitioners in Zambia was announced by the RCSI Institute of Global Surgery, Heidelberg Institute for Global Health, SolidarMed and the Surgical Society of Zambia.

THANK YOU

As Vice Chancellor and CEO of RCSI, I could not be more proud of the commitment of our staff and students, and acknowledge the contribution of the patients, clinicians and staff of our teaching hospitals during what has been another challenging year.

I am particularly grateful for the positive attitude and strong collegiate spirit demonstrated by everyone in the RCSI community. Your outstanding contributions have ensured that we have continued to deliver on our mission, as we navigate our way out of the pandemic.

I extend my sincere thanks to Professor P. Ronan O'Connell for the leadership he demonstrated during his tenure as RCSI President and welcome Professor Laura Viani as his successor. I also extend my gratitude to my colleagues on the Senior Management Team, and the RCSI Council, for their guidance and collegial support.

Professor Cathal Kelly, Vice Chancellor/CEO
1 December 2022

DIRECTOR OF FINANCE'S REVIEW

The 12 months to 30 September 2022 saw RCSI deliver a solid financial performance, in line with approved plans and bank covenant requirements, as we navigate a post pandemic environment while continuing to be alert to the challenges that remain.

The following is an overview of the financial performance for the year ended 30 September 2022 and the financial position at that date, with highlights from the Income and Expenditure, Cashflow and Balance Sheet Statements as set out in the accompanying Council Report and Audited Consolidated Financial Statements.

FINANCIAL MANAGEMENT

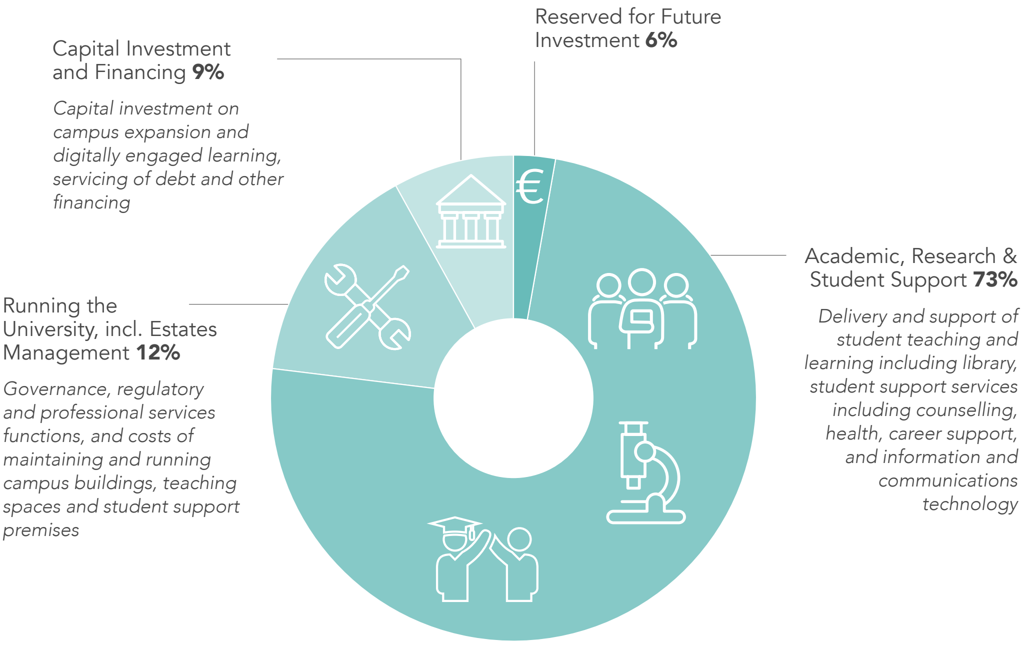
RCSI operates a primarily self-funding model with in the region of 17% of revenue derived from public sources. There is a strong focus to generate annually a positive cash surplus to ensure organisational commitments, both current and capital in nature, are met. In line with its charitable remit, all surpluses generated after funding day-to-day operations, investment in campus infrastructure, and servicing of debt, are reinvested for the furtherance of RCSI's education and research objectives. The graphic below outlines the utilisation of revenue during the year with an amount of 6% reserved for future investment. Reserves are maintained to provide for continued investment to ensure the relevance of RCSI's market offering and to enable responsiveness to general environmental volatilities including inflationary pressures. Robust management of cash reserves continues including managing changes in the interest rate environment.

REVENUE AND EXPENDITURE

Group revenues grew by 7% on 2020/21, primarily due to strong growth in education programmes and increased research activity.

The majority of revenue continues to be generated from those activities that are core to RCSI's mission; degree-awarding and professional postgraduate training activities (86%) and externally funded research (12%), supplemented by a valuable source of ancillary revenue from an investment and development portfolio (2%). Students are represented by nationalities from over 70 countries across the RCSI Group with almost half of all students and trainees attending under a sponsorship agreement or other support.

UTILISATION OF REVENUE FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022



Staff related and non-staff related costs increased by 2% year on year. 2021/22 saw the continued roll out of initiatives under the RCSI strategic plan 2018-2022, while the post-pandemic return to on-campus activities together with challenging global environmental impacts from the war in Ukraine and substantial utilities inflation resulted in an overall increase in costs. RCSI places significant importance on the effective use of resources, with costs closely monitored to ensure "value for money", with a focus on continual improvement and a sustainable environment.

As expected in a higher education institution, the majority of expenditure (73%) arises from academic and student related costs and research activities. A further 12% is utilised in running the University, including governance, regulatory, and professional services functions and the cost of managing and maintaining the RCSI campuses, student teaching spaces and student accommodation.

RCSI remains committed to its research programme with significant research expenditure funded by a mix of competitively awarded Irish and EU research grants, industry collaboration, and RCSI investment. There is a particular focus on clinical and patient-centred research that addresses important national and international health challenges.

An unutilised non-operating net gain of €1m on year-end re-measurements including, currency impacts and property revaluations, was recognised in the Consolidated Statement of Income and Expenditure. The value of the defined benefit pension scheme, as measured under accounting standards, was a surplus of €9m, while the funding plan agreed with the Irish Pensions Board following a 2012 restructure, remains broadly on track.

CAPITAL INVESTMENT AND FINANCING

The cost of debt servicing, capital expenditure and net investment in working capital amounted to €29m. RCSI remains committed to continued investment in its campuses and having paused expenditure on all major capital projects as a direct response to the COVID-19 pandemic, 2022 saw RCSI launch a campus expansion programme with works at 118 St. Stephen's Green and an Education and Research Centre at Connolly Hospital underway. Capital expenditure also continued on the digital transformation programme and campus infrastructure investments in the year.

Significant capital expenditure projects are funded through an appropriate balance of debt and cash reserves and during the year a €40m loan secured from the European Investment Bank to part fund RCSI's ambitious future capital programme was drawn down.

NET ASSET VALUE

RCSI's net asset value increased by 11% year-on-year arising from a strong financial performance and an improved defined benefit pension fund valuation. The net asset value is supported by a high-quality asset base of campus infrastructure, long-term borrowings and a low level revaluation amount. An appropriate level of reserves is maintained to provide for continued investment in strategic opportunities in line with RCSI's mission and to enable responsiveness to general market volatility.

RCSI has a number of investments through subsidiary structures in support of its mission. In Ireland these include a property management services company (West Green Management Company Ltd) and a travel company (RCSI Travel DAC) to support the delivery of programmes overseas. RCSI operates a medical university in Bahrain and a joint venture with University College Dublin in Malaysia (RCSI-UCD Malaysia Campus, formerly known as Penang Medical College).

CONCLUSION

Overall, despite the challenges currently posed in the global environment, financial performance was delivered in line with approved plans and bank covenant requirements.

The organisation continues to manage risk through a Risk Framework including the implementation of mitigation measures. The principal risks and uncertainties facing RCSI include cyber security, market competition and inflationary pressures. RCSI operates in a market where there continues to be strong demand for healthcare education.

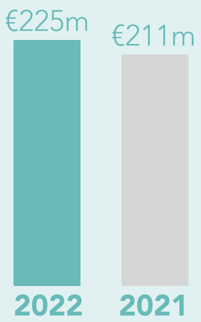
I would like to acknowledge the contribution of Council, external Board members and RCSI staff in the delivery of RCSI's mission "to educate, nurture and discover for the benefit of human health" in line with the RCSI values of respect, collaboration, scholarship and innovation, in a financially sustainable manner.

Ms Jennifer Cullinane, Director of Finance
1 December 2022

INCOME AND EXPENDITURE
SUMMARY

REVENUE €225m ^ 7%

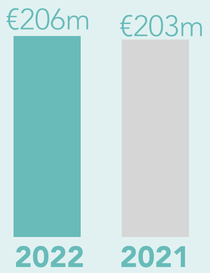
SOURCES OF REVENUE



Education and Training Programmes Undergraduate and postgraduate students and professional trainees	€194m / 86%
Externally Funded Research Almost 500 active research grants	€27m / 12%
Investment Related Investment and development portfolio of campus-adjacent properties	€4m / 2%

Increase in revenue year-on-year primarily due to strong growth in education programmes and increased research activity

EXPENDITURE €206m ^ 2%

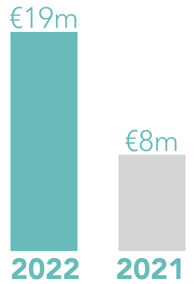


OPERATING COSTS €207m			
Staff and Non Staff related	Financing Costs (Net)	Depreciation and Amortisation	Unrealised Non-trading Surplus (Net)
€192m	€2m	€13m	(€1m)

Increase in operating expenditure year-on-year reflecting post pandemic activity and continued strategic investment

NET SURPLUS
€19m ^ 138%

Growth in net surplus driven by continued growth in core education and research activities



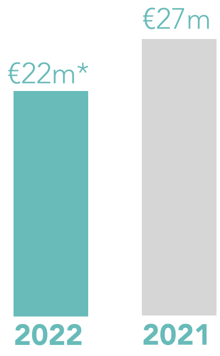
Surpluses generated are reinvested for the furtherance of our education, research and societal objectives

CASHFLOW
SUMMARY

NET OPERATING CASH GENERATED
10% of Revenue

Net cash generated 10% of revenue, having met debt servicing and capital expenditure requirements.

Net cash generated is down on 2021 reflecting post-pandemic capital expenditure.



As an independent institution, the annual generation of a cash surplus for reinvestment is a key strategic enabler

The key cash movements during the year comprise:

» €51m operating cash encompassing revenue, operating costs, and working capital

» (€8m) debt servicing, and

» (€21m) capital and lease repayments

* €22m net operating cash generated excluding €40m loan draw down

Cash reserves and loans provide funding to meet both strategic investment and day-to-day commitments as they fall due.

NET BORROWING POSITION

€103m	Operating Cash
(€143m)	Borrowings
(€40m)	NET BORROWINGS

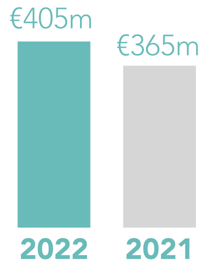
COMMITTED/RINGFENCED CASH, €230m
Includes third-party research grants and capital programme reserves which are unavailable for general day-to-day operational expenditure

OPERATING CASH, €103m
Cash reserved for liquidity and working capital, including prepaid fees for the upcoming academic year

BALANCE SHEET
SUMMARY

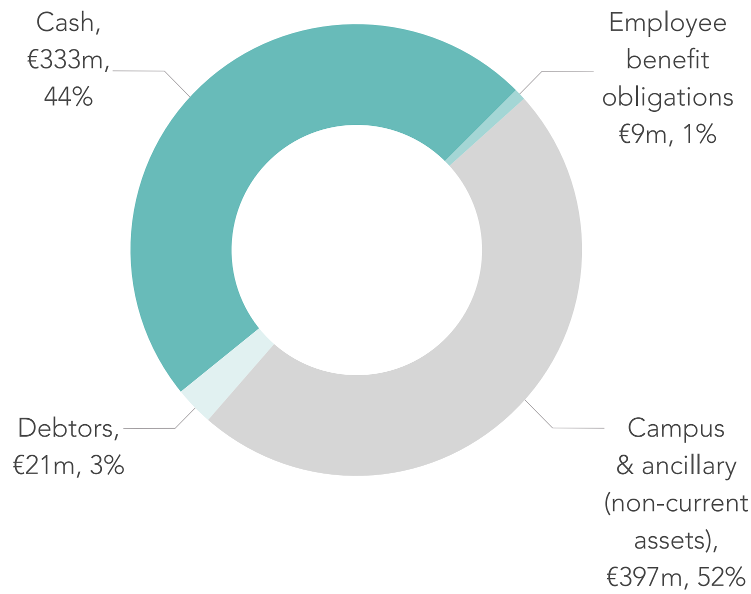
NET ASSET VALUE
€405m △11%

Increase in net asset value of 11% arising from a strong financial performance and improved pension fund valuation based on market conditions

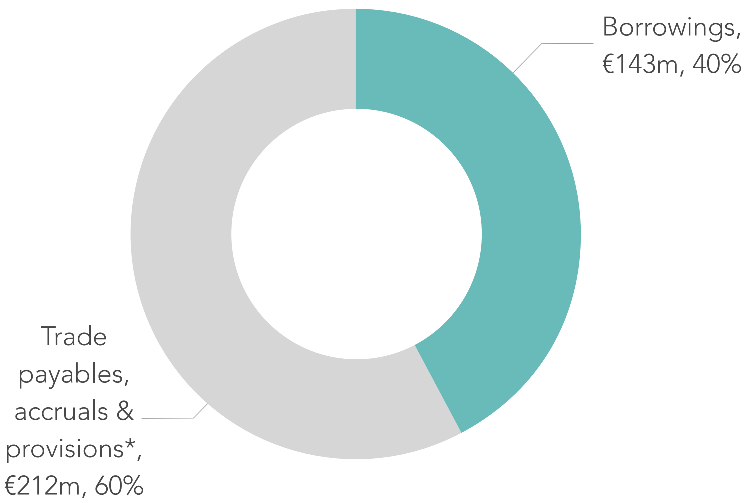


Net asset value is represented by high-quality assets and long-term funding

Total Assets €760m
(increase €93m year-on-year)



Total Liabilities €355m
(increase €53m year-on-year)



- **Campus infrastructure** investment amounted to €26m in the year.
- **Debtor** values continue to be closely monitored given the current challenging environmental conditions.
- **Net cash generated** in the year amounted to €22m, 10% of revenue.

  All reserves are reinvested for the furtherance of our education, research and societal objectives in line with our charitable remit. Cash balance includes amounts ringfenced for campus development, grant funding received in advance, and cash reserves for liquidity and working capital purposes.
- **Employee benefit obligations** relate to a defined pension scheme, valued annually by Willis Towers Watson for accounting purposes, and reflect conditions at the balance sheet date. The scheme is in a surplus position as at 30 September 2022 following the positive movement in key financial assumptions under the accounting valuation at this date. The funding plan as agreed under a 2012 restructure remains on track.
- **Trade payables, accruals and provisions** are up on prior year driven mainly by increased levels of deferred revenue.
- **Borrowings** comprise long-term loans with AIB and EIB at competitive cost. During the year, a second EIB loan of €40m was drawn down to part-fund the expansion of the RCSI city centre campus.


RCSI

RCSI

COUNCIL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

COUNCIL AND RCSI EXECUTIVE MEMBERS

Council Members as at 30 September 2022

Professor L Viani (President)
Professor D McNamara (Vice President)
Mr J Geraghty
Professor K Conlon
Mr D Moore
Professor K S Cross
Professor M Kerin
Professor T H Lynch
Ms M O Donnell
Professor C Carroll
Mr S Johnston
Mr P Kenny
Professor K Walsh
Mr J Caird
Ms B Egan
Mr K Synnott
Professor J Quinlan
Professor P Ridgway
Professor R Cahill
Professor D Healy
Professor C Coffey

External Members on Governing Boards as at 30 September 2022

Professor Y Barnett	Medicine & Health Sciences Board
Mr T Boland	Medicine & Health Sciences Board
Ms C Spillane	Medicine & Health Sciences Board
Ms A Colley	Surgery and Postgraduate Faculties Board
Mr L Halpenny	Surgery and Postgraduate Faculties Board
Professor P Broe	College Advisory Board
Mr R Gammell	College Advisory Board
Dr G McMahon	College Advisory Board
Professor G Saetar	College Advisory Board
Mr D Deasy	College Advisory Board and Audit & Risk Committee
The Hon. Justice P Kelly	Council
Mr R Ryan	Council and Finance Committee
Ms T Harrington	Finance Committee
Ms K Herbert	Audit & Risk Committee
Ms A Maher	Chair of RCSI Hospital Group
Professor A Hyland	Promotions Committee

Medicine and Health Sciences Board as at 30 September 2022

Professor L Viani	President and Chair
Professor D McNamara	Vice President
Professor S Cross	Chair of Academic Council
Professor K Conlon	Chair of Finance Committee
Professor C Carroll	Council representative
Mr P Kenny	Council representative
Professor D Healy	Council representative
Professor C Kelly	Vice Chancellor & CEO/Registrar
Professor H McGee	Deputy Vice Chancellor for Academic Affairs
Professor S Otoom	President RCSI, Medical University of Bahrain
Professor A Nicholson	Vice President Academic Affairs, RCSI, Medical University of Bahrain
Ms J Cullinane	Director of Finance
Mr B Holmes	Director of Human Resources
Professor D Keane	Appointed member of staff
Professor S McDonough	Appointed member of staff
Professor T Robson	Appointed member of staff
Professor H French	Elected staff representative
Professor J Harmey	Elected staff representative
Ms C Behan	Elected staff representative
Mr A Kalra	Representative of undergraduate students
Ms C Flocks Monaghan	Representative of postgraduate students
Professor Y Barnett	Representatives from health service and educational partners
Mr T Boland	Representative of the public interest
Ms C Spillane	Representative of the public interest

COUNCIL AND RCSI EXECUTIVE MEMBERS - continued

Surgery and Postgraduate Faculties Board as at 30 September 2022

Professor L Viani	President
Professor D McNamara	Vice President
Professor K Conlon	Chair of Finance Committee
Ms B Egan	Chair of Surgical Affairs Committee
Professor S Cross	Council representative
Mr S Johnston	Council representative
Mr D Moore	Council representative
Professor C Kelly	Chief Executive Officer
Mr K Ryan	Managing Director of Surgical Affairs
Professor A Leung	Faculty of Dentistry
Dr P Kavanagh	Faculty of Radiologists
Dr P Carolan	Faculty of Sports and Exercise Medicine
Dr M Boyd	Faculty of Nursing & Midwifery
Dr C Bradley	Executive Director, Irish Institute of Pharmacy

Senior Management as at 30 September 2022

Directorate

Professor C Kelly	Vice Chancellor & CEO/Registrar
Professor H McGee	Deputy Vice Chancellor for Academic Affairs
Professor F O'Brien	Deputy Vice Chancellor for Research and Innovation
Mr K Ryan	Managing Director of Surgical Affairs
Ms J Cullinane	Director of Finance
Mr M McGrail	Director of Corporate Strategy
Mr B Holmes	Director of Human Resources
Mr E Friel	Managing Director of Healthcare Management
Ms A Gibbons	Director of Philanthropy
Mr J Ralph	Director of IT and Technology Transformation
Ms A Kelly	Director of International Engagement and External Relations

Heads of Schools/Executive Director

Professor A Hill	Dean of Medical Programmes
Professor N G McElvaney	School of Medicine
Professor T Robson	School of Pharmacy and Biomolecular Sciences
Professor S McDonough	School of Physiotherapy
Professor Z Moore	School of Nursing & Midwifery
Professor D O'Connor	School of Postgraduate Studies
Professor E Gregg	School of Population Health
Professor R McMurray	Academic Director, Graduate School of Healthcare Management
Ms S McDonnell	Executive Director, Graduate School of Healthcare Management

Faculty Deans

Professor A Leung	Faculty of Dentistry
Dr P Kavanagh	Faculty of Radiologists
Dr M Boyd	Faculty of Nursing and Midwifery
Dr P Carolan	Faculty of Sports and Exercise Medicine

Overseas Campuses

Professor S Otoom	President, RCSI Medical University of Bahrain
Mr S Harrison-Mirfield	Chief Operating Officer, RCSI Medical University of Bahrain
Professor A Nicholson	Vice President Academic Affairs, RCSI, Medical University of Bahrain
Professor R Jester	Head of School of Nursing & Midwifery, RCSI Medical University of Bahrain
Professor S Atkins	Head of School of Postgraduate Studies, RCSI Medical University of Bahrain
Professor D Whitford	President and Chief Executive, RUMC, Malaysia
Professor K Morgan	Director, Perdana University-RCSI Medical Programme, Malaysia

OTHER INFORMATION

Principal Solicitors

Arthur Cox
Earlsfort Centre
Earlsfort Terrace
Saint Kevins
Dublin 2
Ireland

Vincent & Beatty
67/68 Fitzwilliam Square
Dublin 2
Ireland

Trowers & Hamlins
West Tower
Bahrain World Trade Centre
Manama
Kingdom of Bahrain

Principal Bankers

Allied Irish Bank (Ireland)
1-4 Lower Baggot Street
Dublin 2
Ireland

Barclays Bank Ireland
1 Molesworth Street
Dublin 2
Ireland

Bank of Ireland
39 St Stephens Green
Dublin 2
Ireland

Ulster Bank Group
George's Quay
Dublin 2
Ireland

The European Investment Bank
100 blvd Konrad Adenauer
Luxembourg
L-2950 Luxembourg

Ahli United Bank B.S.C. (Bahrain)
PO Box 2424 Retail & Corporate Operations
Manama Road
Kingdom of Bahrain

Group Auditors

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

Charity Reference

Charities Regulator Number	20001957
Irish Revenue Number	CHY No 1277

REPORT OF THE COUNCIL AND STATEMENT OF COUNCIL'S RESPONSIBILITIES - continued

The Council present the audited consolidated financial statements for the year ended 30 September 2022.

As the governing body of the institution, the Council has responsibility for RCSI's financial affairs. It delegates certain functions to the Finance and Audit & Risk Committees and recognises the value that external members bring to the discussions.

Statement of Council's Responsibilities

The Council are responsible for preparing the Annual Report and the Financial Statements, which give a true and fair view of RCSI's assets, liabilities and financial position as at the end of the financial year and of the surplus or deficit of RCSI for the financial year. The Council have elected to prepare the financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union (EU). The Statements of Recommended Practice (SORPs) have been applied where appropriate in order to provide additional clarification, explanation and interpretation to IFRS.

In preparing these financial statements, the Council are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on the Going Concern basis unless it is inappropriate to presume that RCSI will continue in business.

The Council are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and represent the transactions of RCSI;
- enable, at any time, the assets, liabilities, financial position and surplus or deficit of RCSI to be determined with reasonable accuracy; and
- enable those financial statements to be audited.

The Council is also responsible for safeguarding the assets of RCSI and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Council and RCSI executive members

The names of all persons who were members of Council, other Governing Boards and Committees and RCSI executives at 30 September 2022 are set out on pages 23 to 24.

Principal activities

As a registered Irish charity, RCSI endeavours to further its education, research and societal objectives through its various activities in line with its mission to *"educate, nurture and discover for the benefit of human health",* in a financially sustainable manner, as set out in the organisation's strategic plan.

RCSI does not anticipate any major changes in the nature of its activities in the future.

Scope of the financial statements

The financial statements consolidate the results of RCSI, its subsidiaries and joint venture (the "group"). The financial statements as set out on pages 30 to 77 have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union (EU). The Statements of Recommended Practice (SORPs) have been applied where appropriate in order to provide additional clarification, explanation and interpretation to IFRS. The measures taken by the Council to secure compliance with RCSI's obligation to keep adequate accounting records include the employment of competent persons and the use of appropriate systems and procedures. The accounting records are maintained at the Royal College of Surgeons in Ireland, St. Stephen's Green, Dublin 2, Ireland.

Environmental matters, health and safety of employees

RCSI will seek to minimise any adverse impacts on the environment from its activities, whilst continuing to address health, safety and environmental issues. RCSI endeavours to comply with all applicable legislation and regulations. The wellbeing of RCSI's employees is safeguarded through strict adherence to health and safety standards including health and safety regulations. In compliance with the Public Health (Tobacco) Act 2002 and the Public Health (Tobacco) (Amendment) Act 2004 and 2009, RCSI is a smoke-free campus.

REPORT OF THE COUNCIL AND STATEMENT OF COUNCIL'S RESPONSIBILITIES - continued

The institution is committed to responsible investment principles. RCSI is a signatory to the internationally-recognised Principles for Responsible Investment (UN PRI), demonstrating RCSI's commitment to responsible investment, as part of a global community seeking to build a more sustainable future. The investment strategy and that of the RCSI Pension Schemes includes preclusions on investments in fossil fuels, tobacco and armaments.

Post Balance Sheet events

There are no events since the year-end that would impact the financial statements.

Principal risks and uncertainties facing the RCSI

The Council has ultimate responsibility for ensuring that the organisation has appropriate systems of control in place. A risk management framework and appropriate internal controls have been designed to identify, manage and mitigate risks that are potentially material to RCSI's operations. Risks are categorised across four main groupings of strategic and environmental, financial and funding, legal and compliance and operational, including key risk themes of programme quality, regulatory compliance, business continuity and financial sustainability. These risks are considered regularly by the Senior Management and Executive team, Audit & Risk Committee and Council. Key financial risks are set out in note 22 on pages 63 to 68. The principal risks and uncertainties addressed include cyber security, market competition, inflationary pressures, geo-political and the post-pandemic environment.

The Council have assessed the ability of RCSI to continue as a Going Concern and are satisfied there are sufficient resources within the Group to enable it to meet its liabilities as they fall due for the foreseeable future.

Political donations and political expenditure

RCSI did not make any political donations during the year.

Future developments

It is the intention of Council to continue to develop the activities of RCSI as an independent, not-for-profit health sciences institution, in a financially sustainable manner, in line with the organisation's strategic plan and principles of good governance.

RCSI looks forward to building on investments and developments made to date and to further advance the opportunities in educating healthcare professionals, translational research and impactful contribution to society presented by the post-pandemic environment, playing its role in "leading the world to better health".

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office.

On behalf of the Council

Laura Viani

Professor L Viani
President

Professor D Healy
Chair, Audit & Risk Committee

Independent auditors' report to the Council members of Royal College of Surgeons in Ireland

Report on the audit of the non-statutory financial statements

Opinion

In our opinion, Royal College of Surgeons in Ireland's consolidated non-statutory financial statements (the "financial statements"):

- give a true and fair view of the group's assets, liabilities and financial position as at 30 September 2022 and of its surplus and cash flows for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

We have audited the financial statements which comprise:

- the consolidated balance sheet as at 30 September 2022;
- the consolidated statement of income and expenditure for the year then ended;
- the consolidated statement of other comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in total reserves for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)"). Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Council members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Council with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Council Report and Audited Financial Statements other than the financial statements and our auditors' report thereon. The Council members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Council members for the financial statements

As explained more fully in the Statement of Council's Responsibilities set out on page 26, the Council members are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The Council members are also responsible for 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.

In preparing the financial statements, the Council members are responsible for assessing the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Council members either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the company's Council members as a body for management purposes in accordance with our engagement letter dated 11 October 2022 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.

Other matter

We draw attention to the fact that these financial statements have not been prepared under section 293 of the Companies Act 2014 and are not the company's statutory financial statements.

PricewaterhouseCoopers
Chartered Accountants
Dublin
2 December 2022

- The maintenance and integrity of the Royal College of Surgeons in Ireland website is the responsibility of the Council members; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE
Financial Year Ended 30 September 2022

	Notes	2022 €'000	2021 €'000
Revenue			
Education and training programmes		194,388	182,208
Externally funded research		26,872	24,955
Investment		3,840	3,641
Total income	3	225,100	210,804
Expenditure			
Staff related costs		(120,075)	(114,382)
Non-staff related costs		(72,130)	(72,688)
Depreciation and amortisation		(13,272)	(12,482)
Foreign exchange gain on intercompany loan		2,307	41
Non-trading losses		(1,502)	(2,008)
Total operating costs	4	(204,762)	(201,519)
Operating surplus before interest, joint venture and taxation		20,428	9,285
Finance income		314	244
Finance costs		(2,370)	(1,943)
Other financial expense		(117)	(172)
Net financing cost	7	(2,173)	(1,871)
Surplus for the financial year before taxation		18,255	7,414
Share of operating surplus of joint venture	8	435	515
Surplus for the financial year before taxation		18,690	7,929
Taxation charge	9	-	-
Surplus for the financial year		18,690	7,929

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
Financial Year Ended 30 September 2022

	Note	2022 €'000	2021 €'000
Surplus for the financial year		18,690	7,929
Other comprehensive income/(expense)			
Foreign exchange gain on joint venture & foreign subsidiary		4,754	271
(Loss)/gain on revaluation of other investments		(245)	281
Actuarial gain in respect of pension scheme	25	16,622	8,902
Total comprehensive income relating to the year		39,821	17,383

CONSOLIDATED BALANCE SHEET
As at 30 September 2022

	Notes	2022 €'000	2021 €'000
ASSETS			
Non-current assets			
Property and equipment	10	307,556	266,608
Right-of-use assets	10	3,945	5,152
Heritage assets	11	3,837	3,857
Investment property	12	66,950	86,255
Intangible assets	13	8,701	9,387
Financial assets – available for sale investments	14	1,709	2,022
Financial assets – investment in joint venture	15	4,407	3,642
Employee benefit obligations	25	8,562	-
		405,667	376,923
Current assets			
Trade and other receivables	16	20,532	18,890
Cash and cash equivalents	17	328,662	267,078
Restricted cash	17	4,736	4,012
		353,930	289,980
Total assets		759,597	666,903
LIABILITIES			
Non-current liabilities			
Other non-current payables	18	(25,594)	(26,618)
Provisions	19	(25,167)	(26,649)
Borrowings	20	(137,567)	(103,028)
Employee benefit obligations	25	-	(8,996)
	18	(188,328)	(165,291)
Current liabilities			
Borrowings	20	(5,461)	(5,461)
Trade and other payables	21	(161,229)	(131,394)
	21	(166,690)	(136,855)
Total liabilities		(355,018)	(302,146)
Total net assets		**404,579**	**364,757**
EQUITY			
Restricted reserves			
Income and expenditure - restricted	26	64,305	49,520
Unrestricted reserves			
Income and expenditure - designated	26	541	577
Income and expenditure - general		339,733	314,660
Total equity		**404,579**	**364,757**

On behalf of the Council

Laura Viani

Professor L Viani
President

Professor D Healy
Chair, Audit & Risk Committee

CONSOLIDATED STATEMENT OF CASH FLOWS
Financial Year Ended 30 September 2022

	Notes	2022 €'000	2021 €'000
Operating activities			
Cash inflow from operating activities	23(a)	50,916	42,400
Returns on investment and servicing of finance			
Interest paid		(2,370)	(1,943)
Interest received		314	244
Other financial expense		(117)	(172)
Net cash outflow from investments and servicing of finance		(2,173)	(1,871)
Investing activities			
Movement in restricted cash		(724)	427
Payments to acquire fixed assets		(19,462)	(6,896)
Disposal of financial assets		68	-
Net cash outflow from investing activities		(20,118)	(6,469)
Financing activities			
Increase in long term debt		40,000	-
Net movement in borrowings		(5,461)	(5,427)
Principal payments of lease liabilities		(1,580)	(1,541)
Net cash inflow/(outflow) from financing activities		32,959	(6,968)
Increase in cash and cash equivalents in the year		61,584	27,092
Reconciliation of net cash flow to movement in net cash			
Increase in cash and cash equivalents in the year		61,584	27,092
Increase/(decrease) in restricted cash		724	(427)
Movement in total cash		**62,308**	**26,665**
Cash flow from movement in borrowings		(34,539)	5,427
Movement in net cash in the year		27,769	32,092
Net cash at beginning of year		162,600	130,508
Net cash at end of year	23(c)	190,369	162,600

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL RESERVES
Financial Year Ended 30 September 2022

	Retained earnings €'000	Foreign operations exchange reserves €'000	Total revenue reserves €'000
Opening balance sheet at 1 October 2021	365,728	(971)	364,757
Surplus for the year	18,690	-	18,690
Loss on revaluation of other investments	(245)	-	(245)
Actuarial gain on pension scheme	16,622	-	16,622
Unrealised gain on revaluation of joint venture	-	282	282
Unrealised loss on retranslation of foreign subsidiary	-	(3,055)	(3,055)
Other foreign operations exchange reserves movement	-	7,528	7,528
Closing balance as at 30 September 2022	**400,795**	**3,784**	**404,579**

	Retained earnings €'000	Foreign operations exchange reserves €'000	Total revenue reserves €'000
Opening balance sheet at 1 October 2020	348,616	(1,242)	347,374
Surplus for the year	7,929	-	7,929
Gain on revaluation of other investments	281	-	281
Actuarial gain on pension scheme	8,902	-	8,902
Unrealised loss on revaluation of joint venture	-	(3)	(3)
Unrealised gain on retranslation of foreign subsidiary	-	578	578
Other foreign operations exchange reserves movement	-	(304)	(304)
Closing balance as at 30 September 2021	**365,728**	**(971)**	**364,757**

INDEX FOR NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

1 Summary of significant accounting policies

(a) Basis of preparation

The consolidated financial statements of the Royal College of Surgeons (RCSI) have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The Statements of Recommended Practice (SORPs), "The Charities SORP" and "The Further & Higher Education SORP" have been applied where appropriate in order to provide additional clarification, explanation and interpretation to IFRS and for purposes of the disclosure of enhanced information.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain classes of fixed assets, available for sale financial assets, and financial assets and financial liabilities at their fair value.

The accounting policies set out below have been applied consistently to all the years presented in the consolidated financial statements.

The financial year end of all RCSI undertakings is 30 September 2022, with the exception of Penang Medical College Sdn. Bhd. which has a year end of 30 June 2022. A review of transactions in the intervening period is carried out to ensure that there are no material post Balance Sheet events which should be adjusted for in the financial statements of RCSI.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires RCSI to exercise its judgement in the process of applying RCSI accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2.

(b) Going concern

The financial statements have been prepared on a going concern basis. The Consolidated Balance Sheet on page 31 indicates a total equity position of €404m *(2021: €365m)*.

RCSI recognises the significant challenges posed by current global economic uncertainties, in particular with increasing inflation and the potential impact of the war in Ukraine and, considering number of key assumptions, has taken these factors into account in preparing future cashflows. RCSI is satisfied that sufficient resources are available, to enable the organisation to meet its liabilities as they fall due for a period of at least 12 months from signing the financial statements.

RCSI has secured long term funding from both AIB PLC and the European Investment Bank and regularly engages with both banks. A €40m loan from the European Investment Bank for a campus development project was drawn down during the year. The Council is satisfied that the existing bank facilities are sufficient to fund the working capital requirements of RCSI and to provide funding for the ongoing investments in education and research. All agreed banking covenants are targeted to be met.

(c) Changes in accounting policy

New standards, amendments and interpretations effective from 1 October 2021

The new/revised IFRSs, amendments and interpretations, which became effective on or after 1 January 2021, are relevant to the Group:

- COVID – 19 – Related Rent Concessions (Amendment to IFRS 16)

On 31 March 2021, the IASB published COVID-19-Related Rent Concessions beyond 30 June 2021 that extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-Related Rent Concession is a lease modification. The amendment is effective for annual reporting periods beginning on or after 1 April 2021. This amendment did not have any impact on the amounts recognised in the financial statements.

- Interest Rate Benchmark Reform-Phase 2 (Amendments to IFRS9, IAS39, IFRS7, IFRS4 and IFRS16)

In Phase 2 of its project, the Board amended requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures. The amendments address the effects of the reform on a company's financial statements that arise when, for example, an interest rate benchmark used to calculate interest on a financial asset is replaced with an alternative benchmark rate. This amendment did not have any impact on the amounts recognised in the financial statements and is not expected to significantly affect future periods.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

1 Summary of significant accounting policies - continued

New standards, amendments and interpretations issued but not yet effective

A number of new standards, amendments and interpretations to standards are effective for annual periods beginning after 1 January 2022. Earlier application is permitted for annual periods beginning on 1 January 2022.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Reference to the Conceptual Framework (Amendments to IFRS 3)

Additionally a number of new standards, amendments and interpretations to standards are effective for annual periods beginning after 1 January 2023. Earlier application is permitted for annual periods beginning on 1 January 2023.

- Classification of liabilities as current or non-current (Amendments to IAS 1)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS12)

The Company does not expect a significant impact on its financial statements upon application.

(d) Consolidation

Subsidiaries

Subsidiaries are all entities over which RCSI has control. RCSI controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. There were no subsidiary acquisitions, disposals or changes of control during the current year or prior year.

Inter-company transactions, balances and unrealised gains on transactions between RCSI's entities are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to RCSI accounting policies.

Joint arrangements

RCSI applies IFRS 11 to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. RCSI has assessed the nature of its joint arrangement from a Control, Decision Making and Rights and Obligations perspective and determined it to be a joint venture. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise RCSI's share of the post-acquisition profits or losses and movements in Other Comprehensive Income. When RCSI's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the RCSI net investment in the joint ventures), RCSI does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between RCSI and its joint ventures are eliminated to the extent of RCSI's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by RCSI.

(e) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Euro' (€), which is the Group presentation currency. These are presented in thousands denoted as €'000.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation. Foreign exchange gains and losses resulting from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

1 Summary of significant accounting policies - continued

Expenditure. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Income and Expenditure within 'finance income or costs'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in the Statement of Income and Expenditure, and other changes in carrying amount are recognised in Other Comprehensive Income.

Subsidiaries and joint arrangements

The results and financial position of all the Group entities and joint arrangements (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet;

(ii) revenue and expenses for each Statement of Income and Expenditure are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case revenue and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in the Statement of Other Comprehensive Income.

(f) Revenue

Revenue from contracts with customers is recognised when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognised over time if one of the following criteria is met:

(i) the customer simultaneously receives and consumes the benefits as RCSI performs its obligations;

(ii) RCSI's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(iii) RCSI's performance does not create an asset with an alternative use to RCSI and RCSI has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognised at a point in time.

The following specific recognition criteria must also be met before revenue is recognised:

Student fee revenue

All educational services provided to students are deemed to be one single performance obligation. Revenue is recognised over time as the benefits of those services are consumed over the academic year.

Registration fee revenue is recognised at a point in time on completion of the registration process.

Externally funded revenue

Recurrent grants from the Higher Education Authority or other funding bodies are recognised in line with the associated expenditure incurred on a grant by grant basis, in line with the performance obligations set out in the specific grant agreement.

Non-recurrent grants from the Higher Education Authority or other funding bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the related assets. Revenue from research grants, contracts and other services rendered is included to the extent of the performance obligation of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs. Grant revenue is initially deferred until the performance obligations are met.

Travel agency services

RCSI also sells travel services to various external parties. Revenue is recognised immediately if it is non-refundable. For revenue from contracts that are refundable, recognition takes place as the travel, that is, the performance obligation on which the revenue is earned, takes place.

Training courses

Revenue from training courses is recognised at a point in time. The performance obligation associated with training courses is the deliverance of the course and revenue is recognised once the course has been delivered. Until this time, any revenue received for training courses is deferred.

Medical Practice

Medical Practice revenue is recognised when the medical consultation is delivered.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

1 Summary of significant accounting policies - continued

Donations and fundraising income
Donations are recognised on a cash receipts basis. Donations which are designated for a particular use are treated as restricted funds. Where donations are received with specific performance obligations, those donations are held in deferred revenue and released to the Statement of Income and Expenditure over the course of the performance of those obligations. Where donations are received with no such obligations, the amounts are recognised in the Statement of Income and Expenditure immediately.

Interest income
Interest income is recognised using the effective interest method. All revenue from short term deposits is credited to the Statement of Income and Expenditure in the year in which it is earned.

(g) Exceptional items
With respect to exceptional items, RCSI has applied a Statement of Income and Expenditure which highlights significant items within RCSI's results for the year. Such items may include restructuring costs, impairment of assets, and profit and loss on disposal of tangible assets and investments. RCSI exercises judgement in assessing the particular items which, by virtue of their scale and nature, should be disclosed in the Statement of Income and Expenditure and related notes as exceptional items. RCSI believes that such a presentation provides a more meaningful analysis as it highlights material items of a non-recurring nature.

(h) Taxation
Current tax
RCSI, as a registered charity, is not liable to corporation tax. Subsidiaries of RCSI registered in Ireland are liable to tax under the Irish Taxes Consolidation Act. Foreign subsidiaries and joint ventures may be subject to tax in their countries of residence/incorporation and any such liability is included in the Statement of Income and Expenditure as appropriate.

Tax comprises current and deferred tax. Tax is recognised in the Statement of Income and Expenditure, except to the extent that it relates to items recognised in Other Comprehensive Income or directly in equity.

Current tax is calculated on the basis of the tax laws enacted or substantively enacted at the Balance Sheet date in the countries where RCSI and its subsidiaries operate and generate taxable income. Management periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax
Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred Tax - Subsidiaries and Joint Ventures
Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by RCSI and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred Tax - Offset
Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and current tax liabilities and when the deferred tax assets and liabilities, and they relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(i) Property and equipment
Owned assets
Items of property and equipment, excluding laptop computers which are distributed to students, are stated at cost less accumulated depreciation and impairment allowances, if any. Cost includes all costs directly attributable to bringing the assets to their present location and condition for their intended use. This includes assets under construction which

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

1 Summary of significant accounting policies - continued

are reviewed on an ongoing basis for any indicators of impairment. Assets under construction are not depreciated until they are available for use.

The cost of laptops distributed to students is recognised in the Statement of Income and Expenditure in the year the student commences their course.

Subsequent measurement
Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditure is recognised in the Statement of Income and Expenditure as an expense as incurred.

Depreciation
Depreciation is charged to the Statement of Income and Expenditure at annual rates that are intended to write off the cost of property and equipment, including research funded equipment, other than those under construction, over their estimated useful lives as follows:

Rate per annum	
Buildings	1-10% straight line
Minor Building Projects	1-10% straight line
Furniture and Equipment	10% straight line
IT hardware/software	20%-33.33% straight line
Motor vehicles	20% reducing balance

When an asset is sold or otherwise retired, the cost and related accumulated depreciation are removed and any resultant gain or loss is taken to the Statement of Income and Expenditure.

The residual values and useful lives of assets are reviewed and revised, if appropriate, at each Balance Sheet date.

(j) Operating Leases
IFRS 16, "Leases" specifies how an entity will recognise, measure, present and disclose leases. Under IFRS 16, a right-of-use asset and a lease liability is recognised on the balance sheet. RCSI adopted IFRS 16 'Leases' using the modified retrospective approach. RCSI depreciates right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life or the end of the lease term. The carrying amounts of right-of-use assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised when the carrying value of an asset exceeds its recoverable amount. Subsequent to the initial measurement, the liability will be reduced for payments made and increased for the interest applied and it is re-measured to reflect any reassessment or contract modifications. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset or in the Consolidated Statement of Income and Expenditure if the right-of-use asset is already reduced to zero.

(k) Heritage assets
RCSI has heritage assets that are tangible assets with historic and artistic qualities that are held and maintained principally for their contribution to culture. RCSI recognised these at deemed cost on the date of transition to IFRS. Amortisation was applied from 1 October 2014. The rate of amortisation is calculated over one hundred years.

Heritage assets are recognised separately as fixed assets in the Balance Sheet and amortisation on these assets is recognised in the Statement of Income and Expenditure for the period in which the expense is incurred.

The policy for the acquisition, preservation, management and disposal of heritage assets (including a description of the records maintained by RCSI of its collection of heritage assets and information on the extent to which access to the assets is permitted) is maintained by RCSI. It is RCSI policy to revalue Heritage Assets every five years.

(l) Investment properties
Investment properties are independently valued every year. Investment properties are measured at fair value and realised and unrealised gains/(losses) are recognised in the Statement of Income and Expenditure.

(m) Intangible assets
Patents, trademarks and licenses
Patents and trademarks arising on the registration of the Group name are amortised over its useful economic life of ten years.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of five years. Licences arising on the rights of access to two properties are amortised over the useful economic life of the asset, which is estimated at 10 and 25 years.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

1 Summary of significant accounting policies - continued

Computer software
Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by RCSI are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development, employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed five years.

(n) Impairment of non-financial assets
Intangible assets that have an indefinite useful life or intangible assets not yet ready to use are not subject to amortisation and are tested annually for impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

(o) Trade and other receivables
Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised when RCSI satisfies the performance obligations of the specific contract and are assessed for impairment at the time of recognition.

(p) Cash and cash equivalents
Cash and cash equivalents comprise cash balances held for the purpose of meeting short term cash commitments. It includes cash in hand and deposits held at call with banks. Restricted cash refers to those amounts that are required to be held as separate funds under contractual agreements.

(q) Creditors and Accruals
Trade payables and accruals are obligations to pay for goods or services, including research investment contractual obligations, that have been acquired or entered into, in the ordinary course of business from suppliers and co-funders. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(r) Capital grants
Capital grants are treated as deferred credits in the Balance Sheet and are credited to the Statement of Income and Expenditure on the same basis as the tangible assets are depreciated.

(s) Provisions
In accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets, provisions for operational costs, contractual obligations including legal claims and research investment contractual obligations, are recognised when RCSI has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation,

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

1 Summary of significant accounting policies - continued

and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

(t) Research Investment Obligations

RCSI enters into strategic research projects and contractual programmes for the furtherance of its education, research, and societal objectives. Programmes may include Doctorate (PhD and MD) sponsorship, provision of seed funding, and co-funding agreements with funders and international educational institutes.

RCSI recognises these research investments in the financial statements when there is a specific legal or constructive obligation as a result of a past event, with no realistic alternative to completion of the project or programme, and the obligation can be reliably estimated.

Research investment obligations are recognised within Accruals and Other Creditors, unless there is uncertainty regarding the timing or amount of settlement, in which case, they are recognised within Provisions.

(u) Bank loans and overdrafts

Bank loans and overdrafts are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Income and Expenditure over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

General borrowing costs are recognised in the Statement of Income and Expenditure. Specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

(v) Financial instruments

RCSI's financial instruments comprise non-current financial assets, trade and other receivables, cash and cash equivalents, borrowings and trade and other payables.

Financial Assets

Financial assets are initially measured at fair value plus transaction costs except for those classified as Fair Value through Statement of Income and Expenditure (FVIE), which are initially measured at fair value.

Financial assets are initially recognised when RCSI becomes a party to the contractual provisions of the instrument.

Classification of financial assets

RCSI classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through the Consolidated Statement of Other Comprehensive Income (OCI) or through the Statement of Income and Expenditure); and
- those to be measured at amortised cost.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVIE:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

1 Summary of significant accounting policies - continued

Financial assets – Business model assessment:
RCSI makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to RCSI's management;
- the risks that affect the performance of the business model and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVIE.

At each reporting date, RCSI assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 365 days past due;
- the restructuring of a trade receivable by RCSI on terms that RCSI would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Fair value hierarchy levels
Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by RCSI is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques, which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Impairment of financial assets is recognised in the Statement of Income and Expenditure.
Assets classified as available for sale
RCSI assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit, is removed from equity and recognised in surplus or deficit. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the Statement of Income and Expenditure, the impairment loss is reversed through the Statement of Income or Expenditure.
For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the Statement of Income and Expenditure, is removed from equity and recognised in surplus or deficit. Impairment losses recognised in the Statement of Income and Expenditure on equity instruments are not reversed through the Statement of Income and Expenditure.

RCSI derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or in which RCSI neither transfers nor retains substantially all of the risks and rewards of

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

1 Summary of significant accounting policies - continued

ownership and it does not retain control of the financial asset. Any gain or loss on derecognition is shown in the Statement of Income and Expenditure.

Trade and other receivables
Trade receivables are initially recognised when they meet the specific performance criteria under IFRS 15.

A trade receivable without a significant financing component is initially measured at the transaction price.

Trade receivables, are subject to IFRS 9's expected credit loss model (ECL). The simplified approach to providing for expected credit losses has been applied to trade receivables, which requires the use of the lifetime expected loss provision.

Lifetime ECLs are those that result from all possible default events over the expected life of the financial instrument. 12 month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which RCSI is exposed to credit risk.

RCSI uses an allowance matrix to measure the ECLs of trade receivables from individual customers.

Loss rates are calculated using a 'roll rate (Net-flow)' method based on the probability of a receivable progressing through successive stages of delinquency to the loss bucket. Recovery from the loss bucket is also considered for computing the historical loss rates. Roll rates are calculated separately for exposures in different segments based on the customer's common credit risk characteristics.

Loss rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and RCSI's view of economic conditions over the expected lives of the receivables. The forward looking adjustment of the loss rates is based on a qualitative score card which factors management's view on the future economic and business conditions.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition when estimating ECLs, RCSI considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on RCSI's historical experience and informed credit assessment including forward looking information.

RCSI considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to RCSI in full, without recourse by RCSI to actions such as realising security (if any is held); or
- trade receivables are more than 365 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which RCSI is exposed to credit risk

Cash and cash equivalents, bank loans and overdrafts
Cash and cash equivalents includes cash in hand and deposits held at call with banks.

Bank loans and overdrafts are recognised initially at fair value, net of transaction costs incurred.

RCSI assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For bank, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Statement of Income and Expenditure. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, RCSI may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Statement of Income and Expenditure.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

1 Summary of significant accounting policies - continued

Impairment on bank balances has been measured on a 12 month expected loss basis and reflects the short maturities of the exposures. RCSI considers that its bank balances have low credit risk based on the external credit ratings of the counterparties. Loss allowances on bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition are measured at 12 month ECLs ("General approach").

Trade and other payables
Financial liabilities are classified as measured at amortised cost. A financial liability is classified as at FVIE if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVIE are measured at fair value and net gains and losses, including any interest expense, are recognised in the Statement of Income and Expenditure. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the Statement of Income and Expenditure.

RCSI derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. RCSI also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the Statement of Income and Expenditure.

(w) Employee benefit obligations
Pension obligations
RCSI operates both defined benefit and defined contribution pension plans.

Defined Contribution Plans
A defined contribution plan is a pension plan that RCSI pays contributions to privately administered pension insurance plans on a mandatory, contractual or voluntary basis. RCSI has no further legal or constructive obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined Benefit Plans
Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The current service cost of the defined benefit plan, recognised in the Statement of Income and Expenditure in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Income and Expenditure.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in Other Comprehensive Income in the period in which they arise.

Termination benefits
Termination benefits are payable when employment is terminated by RCSI before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. RCSI recognises termination benefits at the earlier of the following dates: (a) when it can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

1 Summary of significant accounting policies - continued

termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Performance related pay
RCSI recognises a liability and an expense for performance related pay, based on a formula that takes into consideration agreed objectives set out by RCSI.

RCSI recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(x) Reserves
Reserves are classified as restricted or unrestricted. Restricted reserves represent amounts received through restricted income funds, endowments or those funds with donor conditions attached to them. Unrestricted funds represent designated or general funds. Designated funds are those funds which RCSI has set aside for a specific purpose. General funds are those remaining funds which do not fall under the classification of restricted reserves or designated unrestricted funds.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2 Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires RCSI to exercise its judgement in the process of applying RCSI accounting policies. The Council exercises judgement in applying RCSI's accounting policies and as a not-for-profit institution adopts a cautious approach.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Impairment of receivables
The Council make an assessment at the end of each financial year of whether there is objective evidence that a trade receivable or other receivable is impaired. When assessing impairment of trade and other receivables, the Council consider factors including the current credit rating of the trade receivables, the age profile of outstanding invoices, recent correspondence, trading activity and historical experience of cash collections from the trade receivable. See note 22 for the net carrying amount of the receivables and the impairment loss recognised in the financial year.

Useful economic lives of fixed assets
The annual depreciation/amortisaion on property and equipment, heritage assets and intangible assets, the useful economic lives and residual values are reviewed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See notes 10 and 13 for the carrying amount of the property, plant and equipment and intangible assets and the accounting policies for the useful economic lives for each class of asset.

Provisions
The amount recognised for each provision is Council's best estimate of the expenditure to be incurred. Provisions are measured at each Balance Sheet date based on the contractual obligation and best estimate of the expected settlement amount.

Measurement of defined benefit obligations
The cost of defined benefit pension plans and the present value of pension obligations are determined using actuarial valuations. These valuations involve making various assumptions that may differ significantly from actual developments in the future. The assumptions include determination of appropriate discount rates, future salary increases, inflation, mortality rates and future pension increases. Due to the complex nature of the valuations RCSI employs an international network of professional actuaries to perform these valuations. The critical assumptions and estimates applied along with a sensitivity analysis are provided in the employee benefit obligations note 25.

Income taxes
Provisions for taxes require judgement and estimation in interpreting tax legislation, current case law and the uncertain outcomes of tax audits and appeals. Where the final outcome of these matters differs from the amounts recognised, differences will impact the tax provisions once the outcome is known. In addition, RCSI recognise deferred tax assets, mainly relating to unused tax losses, only when it is probable that the assets will be recovered through future profitability and tax planning. The assessment of recoverability involves judgement. Further information is contained in the income tax credit note 9.

Fair value of derivatives and other financial instruments
The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using RCSI's judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each Balance Sheet date. Fair value disclosures are set out in the financial instruments note 22.

Joint Venture
RCSI's joint arrangement is structured as a limited company and provides RCSI and the parties to the agreements with rights to the net assets of the limited company under the arrangements. Therefore, this arrangement is classified as a joint venture.

Investment property
Investment property is independently valued on an annual basis and measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Revenue

	2022 €'000	2021 €'000
Education and training programmes	194,388	182,208
Externally funded grant research	26,872	24,955
Investments	3,840	3,641
	225,100	210,804

Revenue by geographic location:

Europe	178,394	168,107
Middle East, Asia and Other	46,706	42,697
	225,100	210,804

Revenue from education and training programmes includes tuition fees from undergraduate, postgraduate and professional training programmes. Externally funded grant research revenue relates to research projects, spanning the six key clusters Cancer, Neurological and Psychiatric Disorders, Population Health and Health Services, Regenerative Medicine, Surgical Science and Practice and Vascular Biology. The investment revenue mainly relates to rental agreements. The majority of revenue is earned in Europe with a smaller element earned in Middle East, Asia and other geographic locations including United Stated, United Kingdom and Sudan.

Revenue received from Irish State bodies was €38m (*2021: €32m*) as listed below, comprising 17% of total revenue in the year. Revenue received from Irish Aid, Department of Foreign Affairs and Trade, relates to the RCSI's collaboration with the College of Surgeons in East, Central and Southern Africa (COSECSA) Collaboration Programme (see note 27).

Revenue relating to grants is recognised in the Statement of Income and Expenditure once RCSI has met the performance obligations set out in the specific grant agreement.

	2022 €'000	2021 €'000
Health Service Executive	12,376	11,337
Higher Education Authority	6,043	5,574
Department of Health	600	600
Irish Aid, Department of Foreign Affairs and Trade	458	333
	19,477	17,844
Research grants received from Irish State bodies (note 28)	15,272	14,034
	34,749	31,878

Externally funded grant research revenue also includes amounts funded by the European Union (EU). During the year, the EU provided €3.1m (*2021: €3.9m*) amount of grant funding towards projects.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Operating costs

	2022 €'000	2021 €'000
Total operating costs include:		
Staff related costs	(120,075)	(114,382)
Non-staff related costs	(72,130)	(72,688)
Total staff and non-staff related costs	(192,205)	(187,070)
Total staff and non-staff related costs by function:		
(i) Education, training and student support	(121,924)	(111,376)
(ii) Investment in research	(44,194)	(45,075)
(iii) Running the University including estates management	(26,087)	(30,619)
Total staff and non-staff related costs	(192,205)	(187,070)
Depreciation and amortisation	(13,272)	(12,482)
Unrealised foreign exchange movements on intercompany loan	2,307	41
Non-trading losses		
Reduction in valuation of investment property	(1,505)	(2,008)
Loss on disposal	3	-
Total non-trading losses	(1,502)	(2,008)
Total operating costs and other revenue	(204,672)	(201,519)

(i) Education and training services includes delivery and support of student teaching and learning, including library expenditure. Student support includes all student support services including counselling, health, career advice and IT.

(ii) Research expenditure reflects the investment in research.

(iii) Running the University including estates management costs comprising the expenditures arising from governance, regulatory and professional services functions and the costs of maintaining and running University buildings, teaching spaces and student support premises.

NOTES TO THE FINANCIAL STATEMENTS - continued

5 Operating surplus

	2022 €'000	2021 €'000
Operating surplus is stated after charging:		
(i) Auditors' remuneration (including expenses) for the statutory audit of RCSI financial statements and other services		
Group audit	(191)	(166)
Tax compliance and advisory services	(136)	(98)
Other non-audit services	(34)	(30)
(ii) Employee benefits costs		
Salaries	(104,875)	(100,108)
Social insurance costs	(8,320)	(7,828)
Pension costs (note 25)	(6,880)	(6,446)
Total employee benefit costs	(120,075)	(114,382)

RCSI employs staff across various categories including medical clinical staff and other clinical roles, academic, research, technical, management and professional services roles. Wages and salaries costs increased during the year as a result of planned investments in strategic initiatives including appointments to faculty and organisational capability. Employment contracts are benchmarked to appropriate private and public sector norms.

Employee benefit costs include compensation paid to key management personnel and includes those persons having authority and responsibility for planning, directing and controlling the activities of RCSI, as listed on pages 23 to 24. During the year this cost amounted to €8.3m (*2021: €7.8m*) including pension related benefits of €0.5m (*2021: €0.6m*). It should be noted that not all key management personnel are compensated.

Termination payments to employees during the year amounted to €469k (*2021: €503k*).

The table below shows salary bands and associated salaried staff numbers at 30 September.

Salary Bands	2022 Staff Number	2021 Staff Number
€0 - €100k	1,179	1,176
€101k - €200k	175	169
€201k - €300k	19	18
	1,373	1,363

6 Reduction on fair value of investment property

	2022 €'000	2021 €'000
Reduction in valuation of investment property (note 12)	(1,505)	(2,008)

Investment properties are measured at fair value and the movement is recognised in the Statement of Income and Expenditure. They are revalued annually by independent valuers, Cushman & Wakefield (see note 12).

NOTES TO THE FINANCIAL STATEMENTS - continued

7 Finance costs

	2022 €'000	2021 €'000
Finance income		
Interest receivable	314	244
Finance costs		
Interest expense on lease liabilities	(157)	(106)
Bank interest on borrowings	(2,213)	(1,837)
	(2,370)	(1,943)
Other financial expense		
Interest on pension scheme	(117)	(172)

8 Interest in joint venture

RCSI operates with University College Dublin, under a joint venture agreement, Penang Medical College in Malaysia. At 30 September 2022, the entity has share capital consisting solely of ordinary shares, which are held directly by RCSI. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Country of incorporation	Measurement Method	% of ownership interest	Activity	Carrying amount 2022 €'000	Carrying amount 2021 €'000
Penang Medical College Sdn. Bhd. (RCSI and UCD Malaysia Campus) (RUMC)	Malaysia	Equity	50	Medical College	4,407	3,642

	2022 €'000	2021 €'000
Surplus from continuing operations	435	515
Total comprehensive income	435	515

Related party transactions between the RCSI and the joint venture are detailed in note 30.

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Taxation

The main activities of RCSI have been granted charitable tax exemption by the Revenue Commissioners under charity ('CHY') number 1277. Subsidiary companies do not have charitable tax exemption. Unutilised trading losses forward at 30 September 2022 amounted to €8m (*2021: €8m*). The tax charge in the year was €Nil *(2021: €Nil).* The current tax charge for the year is higher than the charge that would result from applying the standard rate of Irish corporation tax to surplus on ordinary activities before taxation. The differences are explained below:

	2022 €'000	2021 €'000
Surplus on ordinary activities before tax	18,690	7,929
Less: surplus on charitable activities and foreign subsidiaries	(19,151)	(8,311)
Trading loss	(462)	(382)
Loss multiplied by the average rate of Irish corporation tax 12.5%	(58)	(48)
Items taxed at non-standard rate	-	-
Loss relief surrendered / claimed	-	-
Loss relief carried forward	58	48
Total tax charge for the year	-	-

Deferred tax assets/liabilities arise from temporary differences between the expected write down of assets through depreciation and the actual calculated benefit received through capital allowances in calculating the tax charge. A deferred tax asset of €1m on unutilised trading losses has not been recognised as, in the opinion of the Council, sufficient taxable surplus may not be earned to absorb the losses in the foreseeable future.

There is no corporation tax in Bahrain. Corporation tax is charged in Malaysia on surpluses arising in the joint venture. The Group's share of this tax charge is included on an annual basis where appropriate and is included within the joint venture earnings in the Statement of Income and Expenditure.

NOTES TO THE FINANCIAL STATEMENTS - continued

10 Property and equipment

	2022 €'000	2021 €'000
(i) Property and equipment	307,556	266,608
(ii) Right-of-use assets	3,945	5,152
	311,501	271,760

(i) Property and equipment analysis:	Land and Buildings €'000	Assets Under Construction €'000	Information Technology €'000	Fixtures and Fittings €'000	Motor Vehicles €'000	Total €'000
At 01 October 2020						
Cost or Fair Value	263,405	39,747	20,163	79,273	75	402,663
Accumulated Depreciation	(50,283)	-	(17,615)	(64,672)	(25)	(132,595)
Net Book Value	213,122	39,747	2,548	14,601	50	270,068
Year ended 30 September 2021						
Opening Net Book Value	213,122	39,747	2,548	14,601	50	270,068
Foreign exchange translation	213	-	2	8	-	223
Additions	12	1,153	572	3,949	-	5,686
Transfers	-	(61)	36	25	-	-
Disposals / write downs	(10)	(1,000)	-	(25)	-	(1,035)
Depreciation charge	(4,038)	-	(1,436)	(2,845)	(15)	(8,334)
Closing Net Book Value	209,299	39,839	1,721	15,713	35	266,608
At 30 September 2021						
Cost or Fair Value	259,509	39,839	10,116	69,704	75	380,243
Accumulated Depreciation	(50,210)	-	(8,394)	(53,991)	(40)	(113,635)
Net Book Value	209,299	39,839	1,722	15,713	35	266,608
At 01 October 2021						
Cost or Fair Value	259,509	39,839	10,116	69,704	75	380,243
Accumulated Depreciation	(50,210)	-	(8,394)	(53,991)	(40)	(113,635)
Net Book Value	209,299	39,839	1,722	15,713	35	266,608
Year ended 30 September 2022						
Opening Net Book Value	209,299	39,839	1,722	15,713	35	266,608
Foreign exchange translation	7,600	-	64	671	5	8,340
Additions	828	17,133	801	5,820	-	24,582
Transfers	18,150	(382)	-	32	-	17,800
Disposals / write downs	(445)	-	3	(67)	-	(509)
Depreciation charge	(4,647)	-	(1,517)	(3,085)	(16)	(9,265)
Closing Net Book Value	230,785	56,590	1,073	19,084	24	307,556
At 30 September 2022						
Cost or Fair Value	286,867	56,590	11,557	76,564	89	431,668
Accumulated Depreciation	(56,082)	-	(10,484)	(57,480)	(65)	(124,111)
Net Book Value	230,785	56,590	1,073	19,084	24	307,556

NOTES TO THE FINANCIAL STATEMENTS - continued

10 Property and equipment – continued

Transfers include an amount of €17.8m in relation to the temporary transfer of Ardilaun Block B from investment property, in accordance with IAS 40 Investment Property, to property and equipment. This is a temporary transfer for the duration of the development at 118 Stephen's Green, also known as "Project Connect", at which stage RCSI staff will be decanted from Ardilaun Block B to allow the building be developed for third party letting and transferred back to investment property.

Assets Under Construction include investments in the Irish campus development at 118 St. Stephen's Green, the Educational and Research Centre at Connolly Hospital, refurbishment of 121 St. Stephen's Green, and in Bahrain the construction of a Solar Farm project which will make RCSI Medical University of Bahrain, one of the first universities in the region to utilise large scale solar power.

Property assets with a net book value of €3.1m were pledged as contingent assets to the RCSI pension scheme (*2021: €3.4m*) (see note 25).

The foreign exchange retranslation relates to the conversion of the tangible assets held in RCSI Medical University of Bahrain at the closing rate of exchange.

(ii) Right-of-use assets analysis:	Land and Buildings €'000	Total €'000
Cost or Deemed cost		
At 1 October 2020	13,203	13,203
Disposal/adjustment	(4,816)	(4,816)
Foreign exchange translation	(15)	(15)
At 30 September 2021	8,402	8,402
Depreciation		
At 1 October 2021	(1,627)	(1,627)
Depreciation charge	(1,620)	(1,620)
Foreign exchange translation	(3)	(3)
At 30 September 2021	(3,250)	(3,250)
Net book value		
At 30 September 2021	5,152	5,152
At 30 September 2020	11,576	11,576

NOTES TO THE FINANCIAL STATEMENTS - continued

10 Property and equipment – continued

	Land and Buildings €'000	Total €'000
Cost or Deemed cost		
At 1 October 2021	8,402	8,402
Disposal/adjustment	(3,065)	(3,065)
Foreign exchange translation	502	502
At 30 September 2022	5,839	5,839
Depreciation		
At 1 October 2021	(3,250)	(3,250)
Depreciation charge	(1,632)	(1,632)
Lease cessation	3,065	3,065
Foreign exchange translation	(77)	(77)
At 30 September 2022	(1,894)	(1,894)
Net book value		
At 30 September 2022	3,945	3,945
At 30 September 2021	5,152	5,152

The right-of-use assets consist of leases on student accommodation (which ceased in June 2022), office, and training hospital space, and in Bahrain two leases with the Government of Bahrain regarding the University land.

Lease disclosures:	2022 €'000	2021 €'000
(a) Amounts recognised in the consolidated statement of income and expenditure:		
Depreciation charged during the financial year	1,632	1,620
Interest on lease liabilities	157	106
(b) Amounts recognised in the consolidated statement of cashflows:		
Total cash outflow for leases during the year (including interest and principal repayments of lease liabilities)	1,580	1,541
(c) At the balance sheet date RCSI had commitments under non-cancellable leases which fall due as follows:		
In one year or less	590	1,593
In more than one year, but not more than five years	913	1,422
In more than five years	2,447	2,098

NOTES TO THE FINANCIAL STATEMENTS - continued

11 Heritage assets

	Artworks €'000	Antique furniture and effects €'000	Antiquarian books and silverware €'000	Total €'000
At 01 October 2020				
Cost or Fair Value	2,390	507	1,203	4,100
Accumulated Amortisation	(141)	(26)	(35)	(202)
Net Book Value	2,249	481	1,168	3,898
Year ended 30 September 2021				
Opening Net Book Value	2,249	481	1,168	3,898
Amortisation charge	(24)	(5)	(12)	(41)
Closing Net Book Value	2,225	476	1,156	3,857
At 30 September 2021				
Cost or Fair Value	2,390	507	1,203	4,100
Accumulated Amortisation	(165)	(31)	(47)	(243)
Net Book Value	2,225	476	1,156	3,857
At 01 October 2021				
Cost or Fair Value	2,390	507	1,203	4,100
Accumulated Amortisation	(165)	(31)	(47)	(243)
Net Book Value	2,225	476	1,156	3,857
Year ended 30 September 2022				
Opening Net Book Value	2,225	476	1,156	3,857
Additions	20	-	-	20
Amortisation charge	(23)	(5)	(12)	(40)
Closing Net Book Value	2,222	471	1,144	3,857
At 30 September 2022				
Cost or Fair Value	2,410	507	1,203	4,120
Accumulated Amortisation	(188)	(36)	(59)	(283)
Net Book Value	2,222	471	1,144	3,837

Heritage assets are stated at deemed cost less amortisation. In line with the RCSI accounting policy, heritage assets are re-valued every five years. The last valuation was carried out at 30 September 2020 in order to determine if the deemed cost is still reasonable and to value any additions acquired or received through donations since the previous valuation date. That valuation was performed by independent valuers (Adam's Fine Art Auctioneers and Valuers) in accordance with IAS 16 Property, Plant and Equipment. The professional valuers selected have an appropriately recognised professional qualification and relevant experience.

NOTES TO THE FINANCIAL STATEMENTS - continued

12 Investment property

	2022 €'000	2021 €'000
Valuation as at 1 October	86,255	87,096
Additions to investment property	-	1,167
Transfers to own use property and equipment	(17,800)	-
Reduction in valuation of investment property	(1,505)	(2,008)
Valuation as at 30 September	66,950	86,255

RCSI's investment properties are measured at fair value, which reflects current market conditions. The valuation at 30 September 2022 was carried out by independent valuers Cushman & Wakefield in accordance with IAS 40 Investment Property and IFRS 13 Fair Value Measurement. The professional valuers have an appropriately recognised professional qualification and relevant experience.

The valuation as at 30 September 2022 resulted in a loss on revaluation of €1.5m and this has been taken to the Statement of Income and Expenditure in accordance with IAS 40 (see note 6). The reduction in valuation equates to a 1.7% decrease on the prior year reflecting current market conditions.

Transfers include an amount of €17.8m in relation to the temporary transfer of Ardilaun Block B from investment property, in accordance with IAS 40 Investment Property, to property and equipment. This is a temporary transfer for the duration of the development at 118 Stephen's Green, also known as "Project Connect", at which stage RCSI staff will be decanted from Ardilaun Block B to allow the building be developed for third party letting and transferred back to investment property.

Methodology

For all investment properties, the valuers assessed each of the properties' defining market value as being the estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, and where the parties each act knowledgeably, prudently and without compulsion. In assessing the values of each property, the valuers had regard to comparable rents, yields and sales prices from recent market transactions on an arm's length basis and market sentiment. All valuations are undertaken in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards (the "Red Book"). In line with IFRS 13, all investment properties are valued on the basis of their highest and best use.

The valuation of properties is based on the market income capitalisation method which applies market-based yields to the estimated market rental values (ERVs) of each of the properties. Yields are based on current market expectations depending on the location and use of the property, current rental streams, occupancy, and timing of rent reviews. Market ERVs are based on estimated rental potential considering market comparatives and the condition of the property. Using this approach for the Group's investment properties, values of investment properties are arrived at by applying an implied growth capitalisation rate to the assumed income streams. This approach includes current estimated costs associated with any future refurbishment or development, together with the impact of any rental incentives allowed to tenants.

IFRS 13 establishes a fair value hierarchy that categorises the inputs to valuation techniques used to measure fair value into three levels (Level 1, 2 and 3). In general, Level 1 inputs are fully observable and are typically traded in an active market; Level 2 inputs are those other than Level 1 inputs that are observable either directly or indirectly; and Level 3 inputs are unobservable. A full definition is contained in note 1(v). All the RCSI investment properties are classified as Level 3 due to the fact that one or more significant inputs to the valuation are not based on observable market data. If the degree of subjectivity or nature of the measurement inputs changes, then there could be a transfer between Levels 2 and 3 of classification. Transfers into and out of hierarchy levels are recognised at the date of the change in circumstance. No changes requiring a transfer have occurred during the current or previous year.

NOTES TO THE FINANCIAL STATEMENTS - continued

12 Investment properties – continued

Market conditions explanatory note

In their valuation report at 30 September 2022, Cushman & Wakefield have included a “market conditions explanatory note” stating its inclusion is to ensure transparency and to provide further insight as to the market context under which their valuation opinion was prepared.

The explanatory note states that despite the initial recovery of the economy from the pandemic, Ireland is currently experiencing heightened uncertainty due to increased inflationary pressure, rising interest rates, the wider global impacts from the war in Ukraine, and Brexit, all factors which are impacting on growth and consumer confidence.

In recognition of the potential for market conditions to move rapidly in response to wider political and economic changes, Cushman and Wakefield highlight the importance of the valuation date as it is important to understand the market context under which the valuation opinion was prepared.

Analysis of Level 3 investment properties

A detailed review of each property valuation has been conducted by management to ensure that appropriate assumptions have been applied, that all relevant information has been considered, and that the resulting valuations are reasonable. Valuation modelling and sensitivity analysis on movements in key assumptions was also completed. RCSI are satisfied that the valuers’ conclusions and underlying assumptions are appropriate.

Whilst the property valuations include an assessment of the impact of market conditions at the valuation date, RCSI consider the disclosure of a sensitivity analysis appropriate in order to capture the increased uncertainty in these key judgemental valuation assumptions in the current environment. The details of this sensitivity analysis are outlined below.

The following table outlines the key unobservable inputs utilised in the fair value calculation of RCSI investment properties at 30 September 2022, which have been identified as the Equivalent Yield and the Estimated Net Effective Rental Value (ERV). All properties were valued using a market value income capitalisation approach, utilising market-based yields and the estimated market rental values of each of the properties. The fair value includes an amount of €17.8m relating to Ardilaun Block B, which has been transferred from investment property, in accordance with IAS 40 Investment Property, to property and equipment. In line with this approach, the ERVs listed below are estimated market rental values, based on benchmarked data advised by Cushman & Wakefield, taking into account the condition, location and scale of the properties and do not represent actual rental values achieved.

The table also includes a sensitivity analysis showing the impact of a +/-25bps movement in yield or a +/-5% movement in market ERV on these valuations, all other assumptions held constant. The results of the sensitivity analysis show that if yields were to increase by 25bps and market ERVs reduced by 5%, property valuations would decrease by €3.1m and €2.3m respectively. If yields decreased by 25bps and market ERVs increased by 5%, property valuations would increase by €3.5m and €2.3m respectively.

	Key unobservable inputs			Sensitivity analysis			
	Fair Value	**Equivalent Yield**	**Market ERVs**	**+25bps Yield**	**-25bps Yield**	**-5% ERVs**	**+5% ERVs**
	€000	**Range**	**Range**	**€000**	**€000**	**€000**	**€000**
Office property	24,750	4.70%	€42.50 per sq ft	(1,250)	1,380	(950)	940
Other property	42,200	4.50% - 6.15%	€8.50 - €35.50 per sq ft	(1,890)	2,090	(1,310)	1,350
	66,950			**(3,140)**	**3,470**	**(2,260)**	**2,290**
			Percentage of fair value	*(4.7%)*	*5.2%*	*(3.4%)*	*3.4%*

Pledged investment properties

At 30 September 2022, properties included within investment properties with a carrying amount of €64m *(2021: €83.5m)* were pledged as security for loans and borrowings. Investment properties with a valuation of €0.1m were pledged as contingent assets to the RCSI pension scheme *(2021: €0.1m)*.

NOTES TO THE FINANCIAL STATEMENTS - continued

13 Intangible assets

	Computer Software €'000	Patent and Trademarks €'000	Licenses €'000	Total €'000
At 01 October 2020				
Cost	29,158	109	2,477	31,744
Accumulated Amortisation	(19,948)	(109)	(1,202)	(21,259)
Net Book Value	9,210	-	1,275	10,485
Year ended 30 September 2021				
Opening Net Book Value	9,210	-	1,275	10,485
Additions	1,724	-	-	1,724
Amortisation charge	(2,709)	-	(113)	(2,822)
Closing Net Book Value	8,225	-	1,162	9,387
At 30 September 2021				
Cost	19,157	109	2,477	21,743
Accumulated Amortisation	(10,932)	(109)	(1,315)	(12,356)
Net Book Value	8,225	-	1,162	9,387
At 01 October 2021				
Cost	19,157	109	2,477	21,743
Accumulated Amortisation	(10,932)	(109)	(1,315)	(12,356)
Net Book Value	8,225	-	1,162	9,387
Year ended 30 September 2022				
Opening Net Book Value	8,225	-	1,162	9,387
Additions	1,808	-	-	1,808
Amortisation charge	(2,381)	-	(113)	(2,494)
Closing Net Book Value	7,652	-	1,049	8,701
At 30 September 2022				
Cost	20,965	109	2,477	23,551
Accumulated Amortisation	(13,313)	(109)	(1,428)	(14,850)
Net Book Value	7,652	-	1,049	8,701

Computer software relates to warranties and web services used across RCSI. Amortisation is charged at 20% - 33.33%. The patents and trademarks relate to the RCSI name. The licences represent access agreements to two properties with an economic life of 10 and 25 years.

NOTES TO THE FINANCIAL STATEMENTS - continued

14 Financial assets - available for sale investments

	Total €'000
Deemed cost	
At 1 October 2021	2,022
Disposals	(68)
Loss on revaluation of financial assets	(245)
At 30 September 2022	1,709
At 1 October 2020	2,958
Disposals	(1,170)
Gain on revaluation of financial assets	234
At 30 September 2021	2,022

Financial assets include a number of financial investments held for specific activities within the RCSI Group. Financial investments are stated at fair value and are revalued at each balance sheet date. RCSI is committed to responsible investment principles and is a signatory to the internationally-recognised Principles for Responsible Investment (UN PRI), demonstrating RCSI's commitment to responsible investment, as part of a global community seeking to build a more sustainable future. The investment strategy includes preclusions on investments in fossil fuels, tobacco and armaments.

RCSI holds a minority shareholding in a number of spin-out companies. These shares are unlisted and are stated at lower of cost and fair value. As RCSI does not have a significant influence over these companies, does not have director representation on the Board nor participate in policy or management decisions within the companies, they are not therefore accounted for as an associate undertaking.

Trading entities	Place of incorporation	Activity	Shareholding %
IntuMed Ltd	Ireland	Medical eLearning	38
KelAda Pharmachem Ltd.	Ireland	Pharmachemical IP	10
iThree Sixty Medical Ltd.	Ireland	MedTech IP Development	10
PrOBMet	Denmark	Oncology Therapeutics	10

RCSI has approved the formation of three new spin-out companies. Inthelia Therapeutics is developing novel treatments for sepsis, Vertigenius is focused on a digital health solution for patients with balance disorders and Phyxiom is a health analytics platform to help patients with uncontrolled asthma and other chronic respiratory diseases.

15 Financial assets - investments in joint ventures

	Total €'000
Deemed cost	
At 1 October 2021	3,642
Transactions with joint venture	46
Group's share of surplus	435
Foreign exchange on revaluation	284
At 30 September 2022	4,407
At 1 October 2020	3,007
Transactions with joint venture	137
Group's share of surplus	515
Foreign exchange on revaluation	(17)
At 30 September 2021	3,642

NOTES TO THE FINANCIAL STATEMENTS - continued

16 Trade and other receivables

	2022 €'000	2021 €'000
Trade receivables (net of impairment provision (note 22)	11,190	10,105
Prepayments and accrued revenue	5,730	4,392
Other debtors	3,612	4,393
	20,532	18,890

17 Cash and cash equivalents

	2022 €'000	2021 €'000
Cash and cash equivalents	328,662	267,078
Restricted cash	4,736	4,012

Cash and cash equivalents include cash reserved for liquidity and working capital purposes including prepaid fees for the upcoming academic year. From a cash management perspective, cash is ringfenced where it can be directly related to a specific purpose or activity, including research grants, investment obligations, donations and future capital expenditure.

Restricted cash refers to those amounts that are required to be held as separate funds under contractual agreements. The balance at the year-end relates to amounts required by the Higher Education Council in Bahrain relating to the number of students in RCSI Medical University of Bahrain.

18 Creditors – Non-current liabilities

	2022 €'000	2021 €'000
Bank loans (note 20)	137,567	103,028
Provisions (note 19)	25,167	26,649
Employee benefit obligations (defined benefit pension scheme)	-	8,996
Deferred revenue – other	2,491	4,242
Deferred revenue – capital grant	15,502	14,949
Lease liabilities	3,361	3,520
Other creditors	4,240	3,907
	188,328	165,291

Composed of :		
Borrowings	137,567	103,028
Provisions	25,167	26,649
Employee benefit obligations	-	8,996
Other non-current payables	25,594	26,618
	188,328	165,291

NOTES TO THE FINANCIAL STATEMENTS - continued

19 Provisions

	2022 €'000	2021 €'000
At beginning of year	26,649	16,448
Provided for during the year	993	11,179
Released in the year	(1,318)	(474)
Utilised in the year	(1,157)	(504)
At end of year	25,167	26,649

Provisions, including onerous contracts, are assessed under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. They relate to operational costs, contractual obligations including research investment obligations including Population Health, legal claims, and employee termination liabilities. Amounts are recognised on determination of RCSI's present legal or constructive obligation as a result of past events, probability of outflow of resources required to settle the obligation, and reliable estimation of the amount.

20 Bank loans and overdrafts – maturity and security

	2022 €'000	2021 €'000
Maturity of debt :		
In one year or less, or on demand	5,461	5,461
In more than one year but not more than two years	5,495	5,495
In more than two years but not more than five years	19,722	16,694
In more than five years	112,350	80,839
	143,028	108,489

	2022 €'000	2021 €'000
Composed of :		
Current liabilities	5,461	5,461
Non-current liabilities	137,567	103,028
	143,028	108,489

A portion of the above debt is secured on a number of investment property assets (see note 12). During the year RCSI drew down a €40m loan from the European Investment Bank under a 23 year term, expiring in June 2045. During the year ended 30 September 2022, the loans were subject to interest rates ranging from 1.45% - 2.957% *(2021: 1.45% - 1.554%)*.

NOTES TO THE FINANCIAL STATEMENTS - continued

21 Creditors - Current liabilities

	2022 €'000	2021 €'000
Bank loans (note 20)	5,461	5,461
Trade creditors	1,769	332
Deferred revenue – other	117,748	97,274
Deferred revenue – capital grant	1,023	1,236
PAYE/PRSI due	2,638	2,496
VAT payable	278	352
Taxes – Professional Services Withholding Tax	148	85
Lease liabilities	590	1,593
Accruals and other creditors	37,035	28,026
	166,690	136,855

	2022 €'000	2021 €'000
Composed of :		
Borrowings	5,461	5,461
Trade and other payables	161,229	131,394
	166,690	136,855

Collaborator Funding
Other creditors include an amount of €4.6m (*2021: €2.4m*) in respect of collaborator grant funding to be distributed to research partners external to RCSI. RCSI as the lead institution on these grants receives all the funding from the Funding Agency on behalf of the consortium and distributes it to the collaborators in accordance with the consortium/collaboration and grant agreement. National funding agencies and European Union projects often involve collaborations in a consortium between universities based nationally and internationally. Such collaborator funding must be ring-fenced until it is distributable under the terms of the Agreement.

Trade payables
Trade and other payables constitute amounts that are payable at various dates in the next three months in accordance with the suppliers' usual and customary credit terms.

Tax and social insurance amounts are payable at various dates over the coming months in accordance with the applicable statutory provisions.

NOTES TO THE FINANCIAL STATEMENTS - continued

22 Financial instruments

Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	Financial assets at FVIE €'000	Financial assets at FVOCI €'000	Financial assets at amortised cost €'000	Total €'000
Financial assets:				
2022				
Available for sale investments	-	1,709	-	1,709
Trade and other receivables	-	-	14,802	14,802
Cash and cash equivalents	-	-	328,662	328,662
Restricted cash	-	-	4,736	4,736
	-	1,709	348,200	349,909

FVIE - Fair value through the Statement of Income and Expenditure.
FVOCI - Fair value through Other Comprehensive Income.
Trade and other receivables are as shown in note 16 excluding prepayments and accrued revenue.

	Financial assets at FVIE €'000	Financial assets at FVOCI €'000	Financial assets at amortised cost €'000	Total €'000
Financial assets:				
2021				
Available for sale investments	-	2,022	-	2,022
Trade and other receivables	-	-	14,498	14,498
Cash and cash equivalents	-	-	267,078	267,078
Restricted cash	-	-	4,012	4,012
	-	2,022	285,588	287,610

	2022 €'000	2021 €'000
Financial liabilities at amortised cost		
Borrowings	143,028	108,489
Trade and other payables	211,990	193,657
	355,018	302,146

Trade and other payables equates to total liabilities as shown in notes 18 and 21, less borrowings.

NOTES TO THE FINANCIAL STATEMENTS - continued

22 Financial instruments - continued

Fair value
The following table sets out the fair value of RCSI's principal financial assets and liabilities.

	2022		2021	
	Carrying value €'000	Fair value €'000	Carrying value €'000	Fair value €'000
Financial assets				
Available for sale investments	1,709	1,709	2,022	2,022
Trade and other receivables	14,802	14,802	14,498	14,498
Cash and cash equivalents	328,662	328,662	267,078	267,078
Restricted cash	4,736	4,736	4,012	4,012
	349,909	349,909	287,610	287,610
Financial liabilities				
Borrowings	143,028	143,028	108,489	108,489
Trade and other payables	211,990	211,990	193,657	193,657
	355,018	355,018	302,146	302,146

Fair value hierarchy
RCSI has classified its financial instruments into three levels as prescribed under the accounting standards. An explanation of each level is included in note 1(u). Specific valuation techniques used to value financial instruments include the use of quoted market prices or dealer quotes for instruments.

Recurring fair value measurements

At 30 September 2022 Available for sale financial instruments	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Equity securities	1,709	-	-	1,709
	1,709	-	-	1,709

At 30 September 2021 Available for sale financial instruments	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Equity securities	2,022	-	-	2,022
	2,022	-	-	2,022

There were no transfers between the fair value levels for recurring fair value measurements during the year. RCSI's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the date of the change in circumstance.

Financial risk management

RCSI financial risk factors
RCSI activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. A formal risk management and internal control framework is in place. The framework is designed to identify, manage and mitigate risks that are potentially material to the operations of RCSI. RCSI's overall risk management framework seeks to help minimise potential adverse effects on financial performance. The Council have ultimate responsibility for ensuring that RCSI have appropriate systems of control in place. The risks are considered by senior management and the Executive as listed on pages 23 to 24, Audit & Risk Committee, and Council of RCSI on a regular basis.

NOTES TO THE FINANCIAL STATEMENTS - continued

22 Financial instruments - continued

RCSI financial risk factors - continued

This note presents information about RCSI's exposure to each of the above risks and the organisation's objectives, policies and processes for measuring and managing the risk. Further quantitative disclosures are included throughout this note.

Market risk

(i) Foreign exchange risk

RCSI operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Bahraini Dinar and US Dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, and net investments in foreign operations.

RCSI primarily operates in the Republic of Ireland and the majority of its activities are conducted in RCSI's principal current, the Euro. RCSI entities manage their foreign exchange risk against their functional currency. The RCSI's operations at the RCSI Medical University of Bahrain, are carried out in its principal currency, Bahraini Dinar. As a result RCSI is exposed to structural currency fluctuations in respect of Bahraini Dinar which is pegged to the US Dollar. To the extent that the non-Euro denominated assets and liabilities of RCSI do not offset, RCSI is exposed to structural currency risk. Such movements are reported through the Statement of Other Comprehensive Income.

RCSI actively monitors the level of foreign exchange exposure and ensures that its net exposure is kept at a minimal level. At the year-end, RCSI had no contracts or options in place to buy foreign currency.

Amounts recognised in the Statement of Income and Expenditure and Other Comprehensive Income

During the year, the following foreign exchange related amounts were recognised in the Statement of Income and Expenditure and Other Comprehensive Income:

	2022 €'000	2021 €'000
Unrealised net foreign exchange gains included in the Statement of Income and Expenditure	2,307	41
Unrealised net gains recognised in Other Comprehensive Income		
Translation of foreign operations	4,754	271

Sensitivity

The sensitivity of gains/losses to changes in the exchange rates arise mainly from US Dollar/Bahraini Dinar denominated financial instruments.

(ii) Liquidity risk

RCSI manages liquidity risk through maintaining sufficient cash and cash equivalents to meet obligations when due, credit facilities, monitoring and managing the maturity of borrowings and regular review of ageing of customers and bank credit ratings. Inadequate liquidity would hamper the operations of the organisation.

Cash flow forecasting and liquidity requirements are monitored to ensure there is sufficient cash to meet operational needs while maintaining sufficient headroom on committed borrowing facilities. As such, forecasting takes into consideration the organisation's debt financing plans, compliance with covenants and internal Balance Sheet ratio targets and, if applicable, external regulatory or legal requirements.

NOTES TO THE FINANCIAL STATEMENTS - continued

22 Financial instruments - continued

(ii) Liquidity risk - continued

Surplus cash held by the operating entities over and above the balance required for working capital requirements is managed by the group finance function. Surplus cash is invested in interest bearing term deposits where possible, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above mentioned forecasts. During the year, cash was placed on deposit with the least costly negative interest rate available in line with the Treasury policy and despite the current environment of low or negative interest rates, RCSI incurred relatively low costs as a result of robust cash management. At the reporting date, RCSI held money market funds of €329m *(2021: €267m)* and other liquid assets of €5m *(2021: €4m)* that are expected to readily generate cash inflows for managing liquidity risk.

The table below analyses RCSI's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the Balance Sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Less than 6 months €'000	6 to 12 months €'000	Between 1 and 2 years €'000	Between 2 and 5 years €'000	Over 5 years €'000	Total contractual cash flows €'000
At 30 September 2022 contractual maturity of financial liabilities						
Borrowings	2,730	2,731	5,495	19,722	112,350	143,028
Operating leases	347	347	1,257	269	7,446	9,666
Trade payables	4,833	-	-	-	-	4,833
	7,910	3,078	6,752	19,991	119,796	157,527

Trade payables relate to Creditors – amounts falling due within one year as shown in note 21 excluding accruals and other creditors, deferred revenue and borrowings.

Lender covenants

In November 2019 RCSI signed a new banking facility agreement with AIB Plc which is subject to leverage, interest cover, minimum EBITDA and maximum capital expenditure covenants. The two loan facilities held with European Investment Bank (Luxembourg) are subject to covenants in respect of interest cover, debt service cover and a minimum total net assets. The first EIB loan was drawn down in 2017, while a second loan was drawn down in 2022. Both loans are for a term of 23 years until 2040 and 2045 respectively.

(iii) Credit risk

A credit risk is the risk of a payment default on amounts owing to RCSI. As part of normal trading, RCSI provides credit to students and other customers. From time to time, there is a risk that the outstanding balances will remain unpaid. Debts are actively managed, with a low incidence of bad debts. Appropriate measures are in place to collect the outstanding debts. Credit risk arises from credit extended to customers, student repayment plans, loans to subsidiaries, including cash and cash equivalents including deposits with banks and financial institutions.

Trade and other receivables

Individual receivables which are known to be uncollectible are written down by reducing the carrying amount directly. Trade and other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been realised. RCSI considers that there is evidence of impairment if any of the following indicators are present:

- significant financial difficulties of the debtor; and
- probability that the debtor will enter bankruptcy or financial reorganisation.
- trade receivables are more than 365 days past due.

NOTES TO THE FINANCIAL STATEMENTS - continued

22 Financial instruments - continued

(iii) Credit risk - continued

Receivables for which an impairment provision was recognised are written down against the provision when there is no expectation of recovering additional cash.

Impairment losses are recognised in the Statement of Income and Expenditure. Subsequent recoveries of amounts previously written down are credited against the Statement of Income and Expenditure.

Movements in the provision for the impairment of trade receivables, which are assessed for impairment collectively are as follows:

	2022 €'000	2021 €'000
At 1 October	(13,117)	(11,017)
Provision for impairment recognised during the year	(4,801)	(3,799)
Provision for impairment recovered	2,530	1,699
At 30 September	(15,388)	(13,117)

Past due but not impaired

As at 30 September 2022, trade receivables of €3m (*2021: €4m*) were past due but not impaired. These relate to a number of independent debtors for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2022 €'000	2021 €'000
Not past due	7,765	6,081
Past due		
30 - 60 days	243	222
60+ days	3,182	3,802
Total past due	3,425	4,024
Total trade receivables	11,190	10,105

Cash and cash equivalents

RCSI's exposure to credit risk relating to cash and short term deposits is managed by investing funds with a number of different financial institutions with strong credit ratings. The level of deposits with each financial institution and the credit ratings of financial institutions are reviewed regularly.

The carrying amount of financial assets, net of impairment provisions, represents the maximum exposure of RCSI. The maximum exposure to credit risk at year end was as follows:

	2022 €'000	2021 €'000
Trade and other receivables	14,802	14,498
Cash and cash equivalents	328,662	267,078
Restricted cash	4,736	4,012
Total	348,200	285,588

Trade and other receivables are as shown in note 16 excluding prepayments and accrued revenue.

NOTES TO THE FINANCIAL STATEMENTS - continued

22 Financial instruments - continued

(iv) Interest rate risk

RCSI's fixed rate borrowings and receivables are carried at amortised cost.

The exposure of RCSI's borrowings to interest rate changes are as follows:

	2022	2021
	€'000	€'000
Variable rate borrowings	57,361	60,639

Cash flow and fair value interest rate risk

RCSI's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the organisation to cash flow interest rate risk which is partially offset by cash held at variable rates. During 2022, RCSI borrowings held at variable rates, were denominated in Euro.

At 30 September 2022, if interest rates on Euro-denominated borrowings at that date had been 0.5% higher/lower with all other variables held constant, the movement to the Statement of Income and Expenditure for the year would have been higher/lower by €0.6m (*2021: €0.7m*), mainly as a result of increased/decreased interest expense on floating rate borrowings.

(v) Price risk

RCSI's exposure to price risk arises from investments held and classified in the Balance Sheet as available for sale. The available for sale equity investments are measured at fair value through the Statement of Other Comprehensive Income.

RCSI's exposure to equity securities price risk is limited because of the nature of the investments held which are classified on the consolidated Balance Sheet either as available for sale or at fair value through surplus or deficit. RCSI is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, a diversified portfolio is held. Diversification of the portfolio is carried out in accordance with the principles set down by the organisation.

(vi) Capital management

RCSI's objective when managing capital is to safeguard its ability to continue as a Going Concern, maintain an optimal capital structure at an appropriate cost of capital, and continue to provide a reasonable return.

The debt service ability of the organisation is monitored in terms of interest cover and ratio of debt to earnings.

The ratio of debt to earnings was 4.3 times (*2021: 4.5 times*) based on debt at year-end was €143m (*2021: €108m*) and Earnings before interest, tax, depreciation and amortisation amounting to €33m (*2021: €24m*). In the year interest cover amounted to 15 times (*2021: 13 times*) based on finance costs amount of €2.1m for the year (*2021: €1.9m*).

NOTES TO THE FINANCIAL STATEMENTS - continued

23 Notes to the cash flow statement

	2022 €'000	2021 €'000
(a) Reconciliation of operating surplus		
Operating surplus before interest, joint venture and taxation	20,428	9,285
Non trading losses	1,502	2,008
Operating surplus before cash related exceptional items	21,930	11,293
Depreciation charge	10,778	9,660
Amortisation of intangible assets	2,494	2,822
Net movement in pension liability	(936)	(862)
Increase in creditors	21,962	15,655
Increase in receivables	(1,642)	(2,315)
Other non-cash adjustments	(8,424)	5,877
Net cash inflow from operating activities before foreign exchange	46,162	42,130
Unrealised gain/(loss) on foreign exchange on international subsidiaries	4,754	270
Cash inflow from operating activities	50,916	42,400

	2022 €'000	2021 €'000
(b) Reconciliation of net cash flow to movement in net cash		
Increase in cash and overdrafts in the year	61,584	27,092
Increase/(Decrease) in restricted cash	724	(427)
Movement in total cash	62,308	26,665
Cash flow from movement in borrowings	(34,539)	5,427
Movement in net cash in the year	27,769	32,092
Net cash at beginning of year	**162,600**	**130,508**
Net cash at end of year	**190,369**	**162,600**

	1 October 2021 €'000	Cash flow €'000	Non-cash movements €'000	30 September 2022 €'000
(c) Analysis of changes in net cash				
Total cash	271,089	62,308	-	333,397
Bank loans payable within one year	(5,461)	-	-	(5,461)
Bank loans payable after one year	(103,028)	(34,539)	-	(137,567)
Bank loans	(108,489)	(34,539)	-	(143,028)
Net cash	162,600	27,769	-	190,369

Cash and Cash Equivalents include cash reserved for liquidity and working capital purposes including prepaid fees for the upcoming academic year. From a cash management perspective, cash is ringfenced where it can be directly related to a specific purpose or activity, including research grants, investment obligations, donations and future capital expenditure.

NOTES TO THE FINANCIAL STATEMENTS - continued

24 Future capital expenditure not provided for in the financial statements

	2022 €'000	2021 €'000
Future capital expenditure contracted for	261	878
Future capital expenditure programme	110,901	124,663

During the year, the capital programme was recommenced following the pausing of all major capital projects as a direct result of COVID-19 pandemic. Works are underway on the Education and Research Centre in Connolly Hospital and 118 St. Stephen's Green, which is part-funded by a €40m loan from the European Investment Bank drawn down during the year.

25 Employee benefit obligations

RCSI operates defined benefit and defined contribution pension schemes. The assets of the schemes are held in separate trustee administered funds. The trustees are required by law to act in the interest of the members. The trustees are responsible for the investment policy with regard to the assets and are also responsible for the administration of the schemes. The level of defined benefits available to members depends on length of service and their salary partially averaged over their period of employment.

The pension charge for the year is €6.9m (*2021: €6.4m*), comprising defined contribution scheme costs of €5.3m (*2021: €4.8m*) and a current service cost of €1.6m (*2021: €1.6m*) relating to the defined benefit scheme. The net finance costs resulting from the defined benefit scheme deficit is €0.1m (*2021: €0.2m*). Included in accruals and other payables is an amount of €0.8m (*2021: €0.7m*) due in relation to the defined contribution schemes.

Defined benefit pension scheme

The funding requirements in relation to the RCSI defined benefit scheme are assessed in accordance with the advice of independent qualified actuaries and valuations are prepared at triennial intervals. The most recent triennial actuarial valuation of the scheme was carried out at 30 September 2021. Actuarial valuation reports (the most recent one of which used the Attained Age method) are available for inspection by scheme members but are not available for public inspection. RCSI's defined benefit scheme is also assessed annually against the Funding Standard (the statutory minimum funding requirement). A funding proposal was put in place during 2012 with the Irish Pensions Board up to 2022 to address the deficit on the scheme. As part of this plan, a number of properties were pledged as contingent assets to the scheme (net book value €3.1m, *2021: €3.4m*). Based on the actuarial report at 30 September 2022 under the Minimum Funding Standard (MFS), the Scheme is on track to exit the funding proposal agreed in 2012 with the Pensions Board.

An updated actuarial valuation for the purposes of International Accounting Standards 19 "Employee Benefits" (IAS 19) was carried out as at 30 September 2019 by, Willis Towers Watson, qualified independent actuaries, in respect of the RCSI defined benefit pension scheme.

NOTES TO THE FINANCIAL STATEMENTS - continued

25 Employee benefit obligations - continued

Financial instruments held by the defined benefit scheme

At 30 September 2022 the scheme's assets were invested in a diversified portfolio that consisted primarily of equity, debt securities, multi-asset funds, property and infrastructure. Scheme assets do not include any of RCSI's own financial instruments, nor any property occupied by RCSI. The fair values of the scheme's assets at the Balance Sheet date are shown as follows:

	Fair value 2022 €'000	Fair value 2021 €'000
Bonds	52,310	54,698
Multi Asset/Infrastructure	19,142	18,207
Equities	15,162	27,170
Property	7,013	8,892
Cash	1,137	752
	94,764	109,719

Principal actuarial assumptions at the Balance Sheet date

The main financial assumptions used were:

	2022 %	2021 %
Rate of increase in pensionable salaries	N/A	N/A
Rate of increase in pensions in payment	1.65%	1.15%
Rate of revaluation of members' benefits	2.25% - 2.30%	1.85% - 1.90%
Discount rate	3.75%	1.25%
Inflation rate	2.35%	1.90%

The future life expectancy at age 65 for males and females retiring now and in 10 years' time inherent in the mortality tables used are as follows:

		2022	2021
Member retiring in 10 years' time:	Male	24.2	23.0
	Female	26.6	25.2
Member retiring now:	Male	22.6	21.8
	Female	24.9	24.2

The following amounts at the Balance Sheet dates were measured in accordance with the requirements of IAS 19:

	2022 €'000	2021 €'000
Present value of scheme liabilities	(86,202)	(118,715)
Fair value of scheme assets	94,764	109,719
Pension surplus/(deficit)	8,562	(8,996)

NOTES TO THE FINANCIAL STATEMENTS - continued

25 Employee benefit obligations - continued

The amounts recognised in the Statement of Income and Expenditure are as follows:

	2022 €'000	2021 €'000
Charged to operating surplus		
Service cost	1,566	1,610
Defined contribution scheme costs	5,314	4,836
	6,880	6,446
Charged to other finance cost		
Interest on pension scheme assets	1,367	893
Interest on pension scheme liabilities	(1,484)	(1,066)
Net finance cost	(117)	(172)

The actual return on scheme assets for the year was €13m (*2021: €12m*).

The amounts recognised in the Statement of Comprehensive Income are as follows:

	2022 €'000	2021 €'000
Actual return less amounts included in interest and expense	(14,139)	11,130
Experience losses arising on the scheme liabilities	(1,997)	(1,267)
Actuarial gains/(losses) arising from changes in financial assumptions underlying the present value of the scheme liabilities	32,758	(961)
Actuarial gain	16,622	8,902

NOTES TO THE FINANCIAL STATEMENTS - continued

25 Employee benefit obligations - continued

The expected RCSI and member defined benefit contributions for the year ended 30 September 2023 are €3.6m.

	Pension assets €'000	Pension liabilities €'000	Pension (deficit)/surplus €'000
Movement in scheme assets and liabilities			
At 1 October 2020	99,451	(118,211)	(18,760)
Current service cost	-	(1,610)	(1,610)
Return on plan assets greater/(less) than interest income	11,130	-	11,130
Contributions by RCSI	2,645	-	2,645
Contributions by members	234	(234)	-
Interest on scheme liabilities	-	(1,066)	(1,066)
Interest on scheme assets	893	-	893
Actuarial loss arising from:			
- Experience	-	(1,267)	(1,267)
- Financial assumption changes	-	(961)	(961)
Benefits (paid)/settled	(4,634)	4,634	-
At 1 October 2021	109,719	(118,715)	(8,996)
Current service cost	-	(1,566)	(1,566)
Return on plan assets greater/(less) than interest income	(14,139)	-	(14,139)
Contributions by RCSI	2,619	-	2,619
Contributions by members	226	(226)	-
Interest on scheme liabilities	-	(1,484)	(1,484)
Interest on scheme assets	1,367	-	1,367
Actuarial loss arising from:			
- Experience	-	(1,997)	(1,997)
- Financial assumption changes	-	32,758	32,758
Benefits (paid)/settled	(5,028)	5,028	-
At 30 September 2022	94,764	(86,202)	8,562

All of the scheme liabilities arise from schemes that are wholly or partly funded.

	2022 €'000	2021 €'000
Amounts for the current and previous years:		
Present value of scheme liabilities	(86,202)	(118,715)
Fair value of scheme assets	94,764	109,719
Pension surplus/(deficit)	8,562	(8,996)
Experience losses on scheme liabilities:		
Amount (€'000)	(1,997)	(1,267)
Percentage of the present value of the scheme liabilities	2%	1%
Difference between the actual and expected return on scheme assets:		
Amount (€'000)	(14,139)	11,130
Percentage of scheme assets	15%	10%

NOTES TO THE FINANCIAL STATEMENTS - continued

25 Employee benefit obligations - continued

	2022	2021
Average duration		
Average duration of defined benefit obligation	15 years	17 years

Sensitivity of results to actuarial assumptions
The table below shows the impact on the present value of the scheme liabilities of changes to the assumed discount rate, price inflation, and life expectancy.

In each case, the impact on the defined benefit obligation at 30 September 2022 is calculated on the basis that only one assumption is changed with all other assumptions remaining unchanged.

Assumption	Change in assumptions	Impact on liabilities
Discount rate	Decrease by 0.25%	Increase by 3.2%
Price inflation	Increase by 0.25%	Increase by 2.9%
Life expectancy	Increase by 1 year	Increase by 3.0%

26 Reserves

Income & Expenditure Reserve – Restricted
Restricted funds represent amounts received with donor conditions attached and includes externally funded research grants and other funds committed including development campaign funds.

	2022	2021
	€'000	€'000
Restricted funds include research grants and other funds	64,305	49,520

Income & Expenditure Reserve – Designated
Designated funds are those for which a specific purpose has been allocated

	2022	2021
	€'000	€'000
Designated funds include library antiquarian funds.	541	577

27 Irish Aid, Department of Foreign Affairs and Trade – RCSI and the College of Surgeons in East, Central and Southern Africa (COSECSA) Collaboration Programme

Revenue received from Irish Aid relates to the RCSI and the College of Surgeons in East, Central and Southern Africa (COSECSA) Collaboration Programme. The total grant request from Irish Aid for the period 2021-2024 is €2m, to be disbursed at €500k per calendar year. During 2022, as a direct response to the global impact of the COVID-19 pandemic, Irish Aid reduced its funding to COSECSA to €450k. This was received in August 2022.

Revenue is recognised in the Statement of Income and Expenditure once expenditure has incurred. Expenditure on operating costs in the year was €458k *(2021: €333k)* relating to salary and non-salary related spend. Any excess of Irish Aid monies received over expenditure is included in deferred grant income at the balance sheet date. At the date of signing the financial statements, this was €195k *(2021: €314k).* This balance is essential to support continuing projects already initiated under the Grant Agreement with Irish Aid until the next tranche of funding is received.

NOTES TO THE FINANCIAL STATEMENTS - continued

28 Research grants – Irish exchequer funds

Translational Research is at the core of RCSI's mission "to educate nurture and discover for the benefit of human health" and is reflected in the position held as one of the top 250 universities worldwide in the Times Higher Education (THE) World University Rankings. Research studies are published in high impact journals across the six key clusters Cancer, Neurological and Psychiatric Disorders, Population Health and Health Services, Regenerative Medicine, Surgical Science and Practice and Vascular Biology. The growth in research activity has enabled a continued increase in the number of registered MD and PhDs through the development and leveraging of international partnerships with other universities.

External grant funding increased in the year to €27.2m *(2021: €24.9m)*. An amount of €15.3m has been recognised as revenue in the Statement of Income and Expenditure from Irish agencies with €11.9m relating to research revenue from a range of funding bodies including the European Commission.

Research grant income received during the year from the Irish Exchequer is listed below.

	Government Department	**Grant Deferred/ (Due) 01/10/2021 €'000**	**Cash Received €'000**	**Expenditure €'000**	**Grant Deferred/ (Due) 30/09/2022 €'000**
Science Foundation Ireland	Department of Business, Enterprise & Innovation	1,469	5,857	5,693	1,632
Health Research Board	Department of Health	2,596	7,328	5,387	4,537
Health Service Executive	Department of Health	115	74	145	43
Irish Research for Science	Department of Education & Skills	843	428	1,061	210
Higher Education Authority	Department of Education & Skills	1,955	764	1,256	1,464
Enterprise Ireland	Dept of Jobs, Enterprise & Innovation	711	2,271	2,282	701
Pobal	Department of Health	(31)	147	88	27
Total Exchequer Research Grants*		**7,658**	**16,869**	**15,912**	**8,615**

*Total Exchequer Research Grants expenditure excluding capital net of depreciation is €15,272k (*2021: €14,034k*). The capital expenditure net of depreciation is 640k (*2021: €1,487k)*.

The balance of €8.6m at 30 September 2022 is included in restricted reserves at 30th September 2022.

29 Post balance sheet events

There have been no events since the Balance Sheet date that warrant disclosure or adjustment of the accounts.

NOTES TO THE FINANCIAL STATEMENTS - continued

30 Related party transactions

IAS 24 Related Party Disclosures requires RCSI to disclose in its financial statements details of material transactions it had with those who are charged with governance of RCSI, with key management, with connected parties or subsidiary or joint venture undertakings.

Transactions with subsidiaries of RCSI have been eliminated on consolidation. Subsequently no disclosure of these transactions are required.

	2022 €'000
Transactions between the Group and the equity accounted joint venture	
Penang Medical College Sdn. Bhd. (RUMC)	
Transactions: Expenses incurred on behalf of RCSI and recharges of student fees	(117)
Payments: Amounts paid by RCSI in respect of recharges owing to RUMC	194
Loan repayments: Amount repaid by RUMC in respect of loans received	(30)
Balance: Amounts payable at year end in respect of transactions	(28)
Loan balance: Amounts receivable at year end in respect of loans advanced	130

The remaining loan balance of €130k owing to RCSI at 30 September 2022 is repayable annually over a period of four years.

31 Significant subsidiary undertakings and joint venture arrangements

Subsidiary entities	Place of incorporation	Activity	Shareholding %
Trading entities			
RCSI Travel D.A.C.	Ireland	Travel agency	100
West Green Management Company Ltd.	Ireland	Property management	100
Royal College of Surgeons in Ireland, Medical University of Bahrain S.P.C.	Bahrain	University	100
Dormant entities			
Clinical Technologies and Research Development Ltd.	Ireland	Research	100
Joint venture arrangements			
Trading entities			
Penang Medical College Sdn. Bhd. (RUMC)	Malaysia	Medical College	50

Where the RCSI has greater than 50% shareholding, these entities have been consolidated in the Group financial statements, based on the controlling interest in these companies. As the RCSI holding in Penang Medical College Sdn. Bhd. is 50%, it does not control the voting rights or the board of RUMC and as such this investment is accounted for as a joint venture.

NOTES TO THE FINANCIAL STATEMENTS - continued

31 Significant subsidiary undertakings and joint venture arrangements - continued

Details of registered offices are listed below:

Incorporated in Republic of Ireland	Registered office
All Irish incorporated companies	Royal College of Surgeons in Ireland 121 - 123 St. Stephen's Green Dublin 2 Ireland
Incorporated in Bahrain	**Registered office**
Royal College of Surgeons in Ireland, Medical University of Bahrain WLL	Building 2441 Road 2835, Block 228 Al Sayh, Manama Kingdom of Bahrain

32 Reclassification of comparative amounts

Certain comparative amounts have been reclassified in the current year financial statements to reflect the updated disclosure of income, and deferred research income between current and non-current liabilities.

33 Approval of financial statements

The financial statements were approved on 1 December 2022.

RCSI

Royal College of Surgeons in Ireland
123 St Stephen's Green, Dublin 2, Ireland

www.rcsi.com/dublin