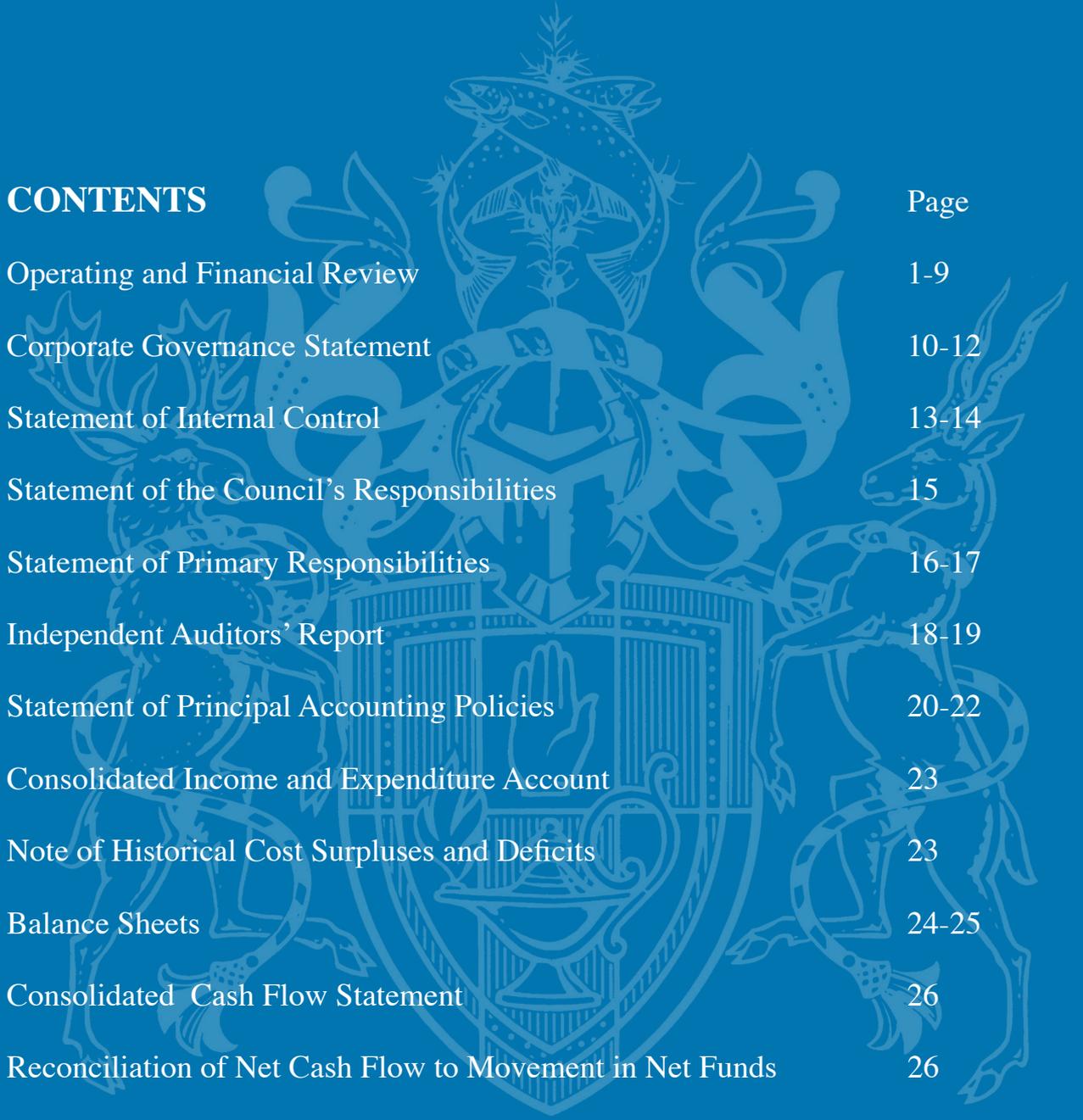


**ANNUAL REPORT  
AND FINANCIAL STATEMENTS**  
for the year to 31 July 2012





# UNIVERSITY OF ULSTER GROUP ACCOUNTS



<b>CONTENTS</b>	<b>Page</b>
Operating and Financial Review	1-9
Corporate Governance Statement	10-12
Statement of Internal Control	13-14
Statement of the Council's Responsibilities	15
Statement of Primary Responsibilities	16-17
Independent Auditors' Report	18-19
Statement of Principal Accounting Policies	20-22
Consolidated Income and Expenditure Account	23
Note of Historical Cost Surpluses and Deficits	23
Balance Sheets	24-25
Consolidated Cash Flow Statement	26
Reconciliation of Net Cash Flow to Movement in Net Funds	26
Consolidated Statement of Total Recognised Gains and Losses	27
Notes to the Financial Statements	28-52



# UNIVERSITY OF ULSTER GROUP ACCOUNTS

## Operating and Financial Review

---

### THE UNIVERSITY

The University is an independent educational charity whose legal status derives from a Royal Charter granted in 1984.

As our name conveys, the University of Ulster (Ulster) is a university of its locality: Northern Ireland. The Ulster community, located across our four campuses in Belfast, Coleraine, Jordanstown and Magee in Derry/Londonderry, is strongly committed to the inclusive economic, social and cultural transformation and advancement of Northern Ireland and the enhancement of its standing globally. The strength, quality and success of our teaching provision, our widening access and participation initiatives, our graduates, our research and innovation, and the commitment of our staff are widely acknowledged. In particular, we value our ability to combine the shaping and delivery of our core academic provision by building close and productive links across the economy and society both locally and internationally.

It is against this background that we have set out the context for our Corporate Plan 2011/12 to 2015/16 – to focus and deepen our contribution to the economic, social and cultural development of Northern Ireland and its global standing.

### CORPORATE STRATEGY

The University Corporate Plan 2011/12 to 2015/16 sets out two core corporate goals under the following headings.

- Excellent, accessible teaching and learning
- Focused research, excellence and innovation

These are facilitated by one enabling goal:-

- A well led, healthy working and learning environment,

which aims to support the delivery of the University's vision of leading in the provision of professional education for professional life - <http://www.ulster.ac.uk/corporateplan/>.

This Corporate Plan has been developed in the knowledge that we are embarking on a phase of considerable uncertainty and change in higher education across the United Kingdom with the differentiation in the students' fees regime, increased global competition and more challenging public finances. The University's Corporate Plan however provides us with a strong strategic focus for the future, a framework for further developing a high quality, world – renowned higher education institution capable of focusing and deepening our contribution to the economic, social and cultural development of Northern Ireland and its global standing. Our Plan is not about standing still, it is about agility, flexibility, ambition and success.

We are determined to manage all our affairs and our resources prudently through robust annual business planning and associated risk management strategies. Therefore the activities and action plans associated with the overarching Corporate Plan, form the basis of our annual business plan, the Integrated Corporate Programme. This programme defines priorities for each year against which achievement in the delivery of our objectives and key success indicators is monitored and reported and risk is assessed.

With regard to the Greater Belfast project, the largest investment in the University's history, our vision is to promote a creative, innovative, transformative and vibrant environment that will stimulate, inspire and add value to our core activities of teaching and learning and research and innovation.

2011/12 saw the completion of our detailed design and submission of planning application. As with any large scale project, our plans for the Greater Belfast Development have a number of key milestones for the project team to meet between now and 2018.

These are summarised below:

<u>Date</u>	<u>Key Milestone</u>
Early 2013	Approval of planning application
Mid 2013	Appointment of contractor
Summer 2015	Block B completed; decant Block C
Early 2018	New Belfast campus ready for occupation
Mid 2018	Transition from Jordanstown
Late 2018	New campus operational

# UNIVERSITY OF ULSTER GROUP ACCOUNTS

## Operating and Financial Review - Continued

With regard to the North West development plans, the University continues to argue for the expansion in student numbers at Magee. In line with our Corporate Plan we are allocating an increase in full-time undergraduate places awarded by the Department for Employment and Learning (DEL) to the Magee expansion.

### REVIEW OF OPERATIONS

The financial statements have been prepared on a consolidated basis and include the results of the University and its subsidiary companies as set out within Note 32.

The financial results of the Group for the year show a surplus of £12.5 million, a margin of 6.3%, and net cash of £43.1m.

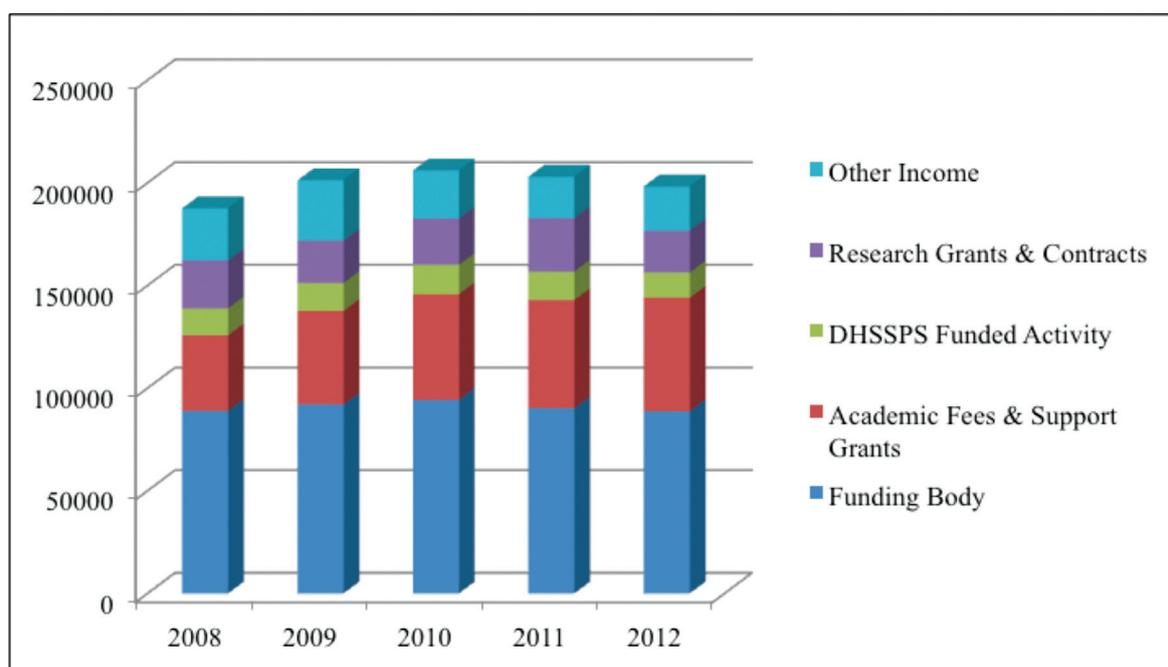
### Income and Expenditure Accounts

Total income fell by 1.8% to £199m while total expenditure also decreased by 5.0% to £190m, reflecting the impact of the University's restructuring plans following the reduction in core funding as part of the DEL budget settlement.

The Consolidated Income and Expenditure account shows:-

	<b>2012</b>	2011
	<b>£000</b>	£000
Income .....	<b>199,379</b>	202,944
Expenditure .....	<b>(190,067)</b>	(200,078)
Surplus Transferred to Endowment Funds .....	<b>9</b>	(7)
Operating Surplus .....	<b>9,321</b>	2,859
Revaluation Reserve Return .....	<b>3,178</b>	3,189
Historical Cost Surplus .....	<b>12,499</b>	6,048

The University's income comes from a number of sources as shown below.



# UNIVERSITY OF ULSTER GROUP ACCOUNTS

## Operating and Financial Review - Continued

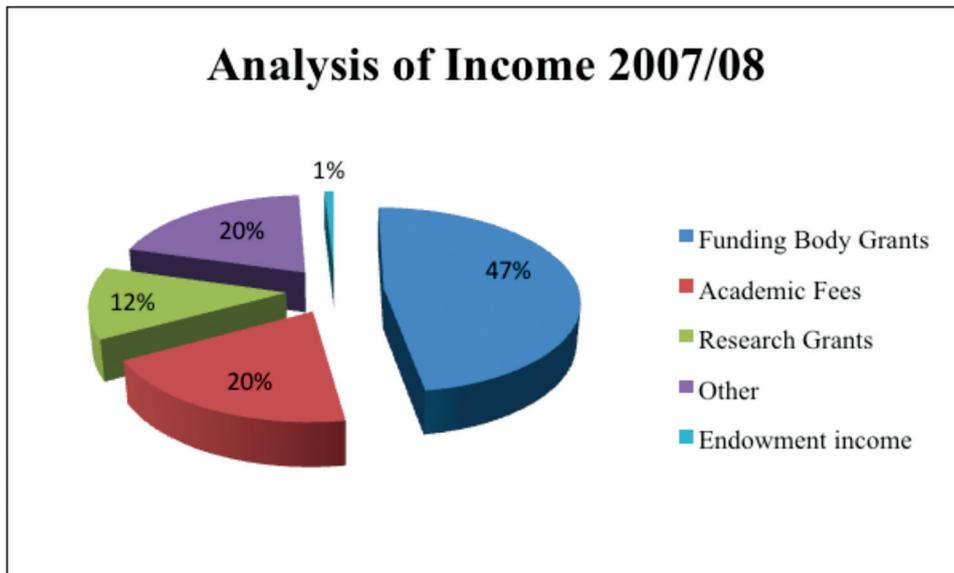
---

Funding Body Grants fell by 1.6% or £1.5m as a result of the reduction in core DEL funding as part of the budget settlement. This has been partially offset by an increase in deferred capital grants release, provided by DEL to support projects within the University's Estate Strategy.

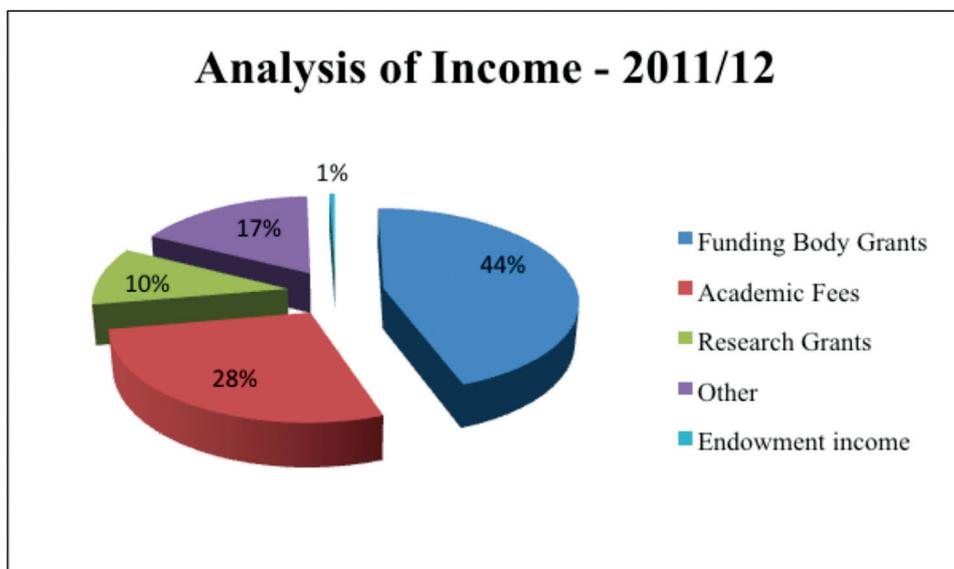
Tuition fee and educational contracts income has increased by 4.7% or £2.5m, the main element of which is a 24% increase in full time students charged overseas fees as a result of income earned from a new collaborative teaching partnership.

Research Grant activity fell by 22.8% or £6.03m, the main element being the cessation of cross border grants and whilst activity levels are being maintained, the value of awards has fallen. Despite this the overall five year trend is in line with previous years.

The overall 1.8% drop in income highlights the continuing pressure on funding streams, from the reduction in central DEL funding, the reduction in other government funding to support specific initiatives and from other commercial bodies as a result of the overall slow growth of the economy. The changes in income source can be clearly illustrated in the diagrams below.



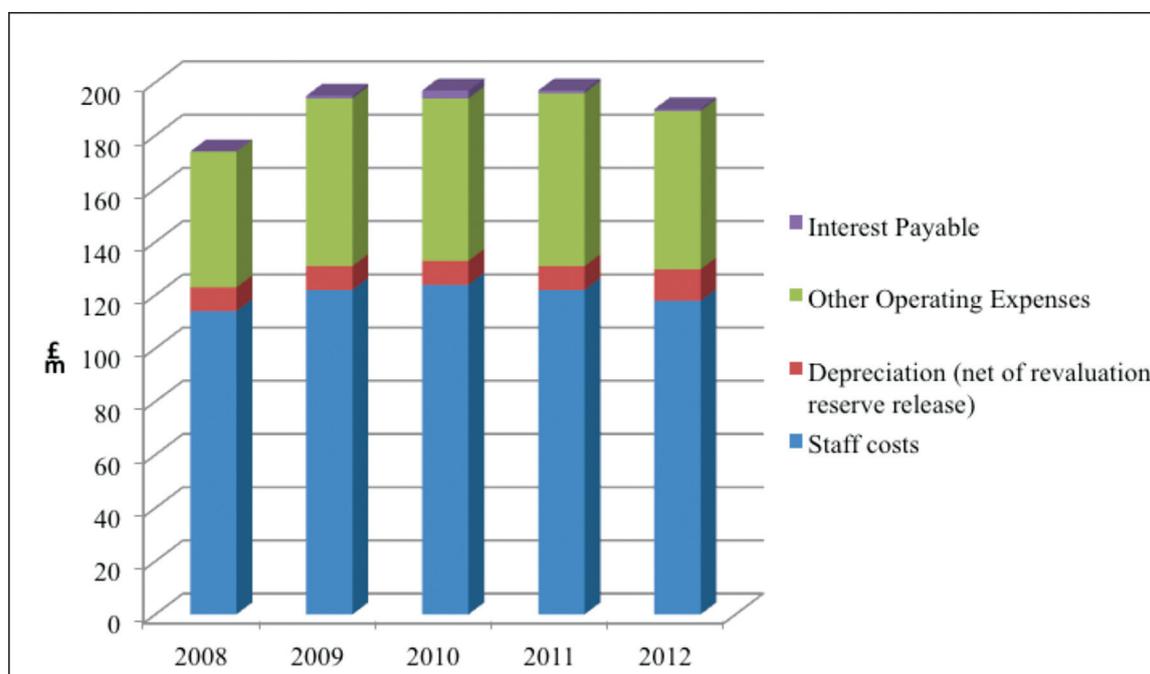
This highlights the reduced reliance on funding council grants with a shift towards academic fees, and also illustrates the reduction in research grant income as a percentage of total income.



# UNIVERSITY OF ULSTER GROUP ACCOUNTS

## Operating and Financial Review - Continued

The University's expenditure is split into four categories:-



Overall expenditure is 5.0% lower than that recorded as at 31 July 2011. The 4.0% reduction in staff costs is as a result of the continued tight control over this expenditure category throughout the year and represents a staff costs to income ratio of 59.2%, which is a 1.4% improvement year on year.

### BALANCE SHEET AS AT 31 JULY 2012

The main feature of the Balance Sheet is the decrease in net assets by £10.5m to £236m. This variance can be attributed to the fluctuation in the pension reserve of £19m from £30.3m last year to £49.3m at 31 July 2012.

Cash and short term investments totalled £48m as at 31 July 2012. This is an increase of 33.6% compared to the previous year end. The increase in cash and short term investments is in line with the University's approved financial strategy to increase cash reserves by 1% of income per annum together with the build up in cash reserves to support the Greater Belfast Development plan and thereby reduce the level of bank debt finance which will be required to fund the building.

Fixed asset additions total £6.5m of which £1.6m related to the purchase of equipment and £4.8m of land and building additions mainly due to the ongoing development of the Greater Belfast project.

Net current assets increased by £16.5m, reflecting the increased investments, to a year end position of £24.1m.

### CASH FLOW FOR THE YEAR TO 31 JULY 2012

The University's Finance Strategy aims to generate a cash surplus of £10m from Operating Activity to support investment in capital works, improve the University's overall liquidity and create a cash reserve fund to support the Greater Belfast Development plans through increasing the self financing of this development and reducing the need for bank borrowings. For the year ended 31 July 2012 net inflow from operating activity of £14.8m was generated. The University invested £6.5m in capital asset additions with £3m received from government sources in support of these investments. As a consequence, the University's short term cash deposits and short term investments increased from £35.9m to £48.0m. The University's liquidity ratio (current assets to annual expenditure excluding depreciation) at 34.7% reflects the planned accumulation of cash reserves.

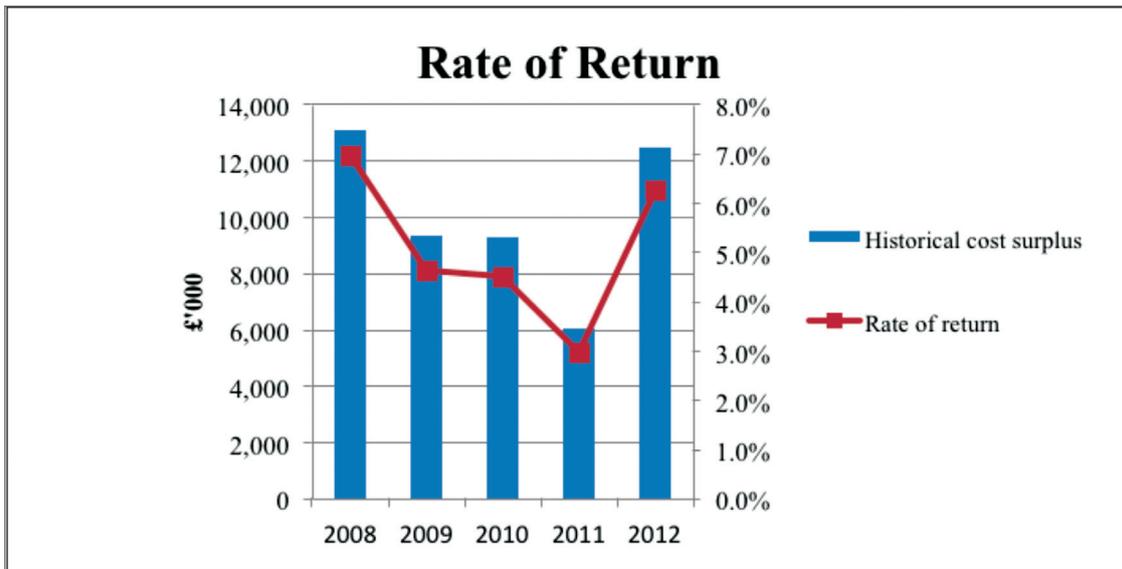
### FINANCIAL STRATEGY

Through the Financial Strategy the University aims to achieve sustainable overall finances, while providing continued funding to support the University's Estates Strategy, which includes the redevelopment of Greater Belfast, the Magee Development plan and the consolidation of the physical estate on the Coleraine campus. The University's level of

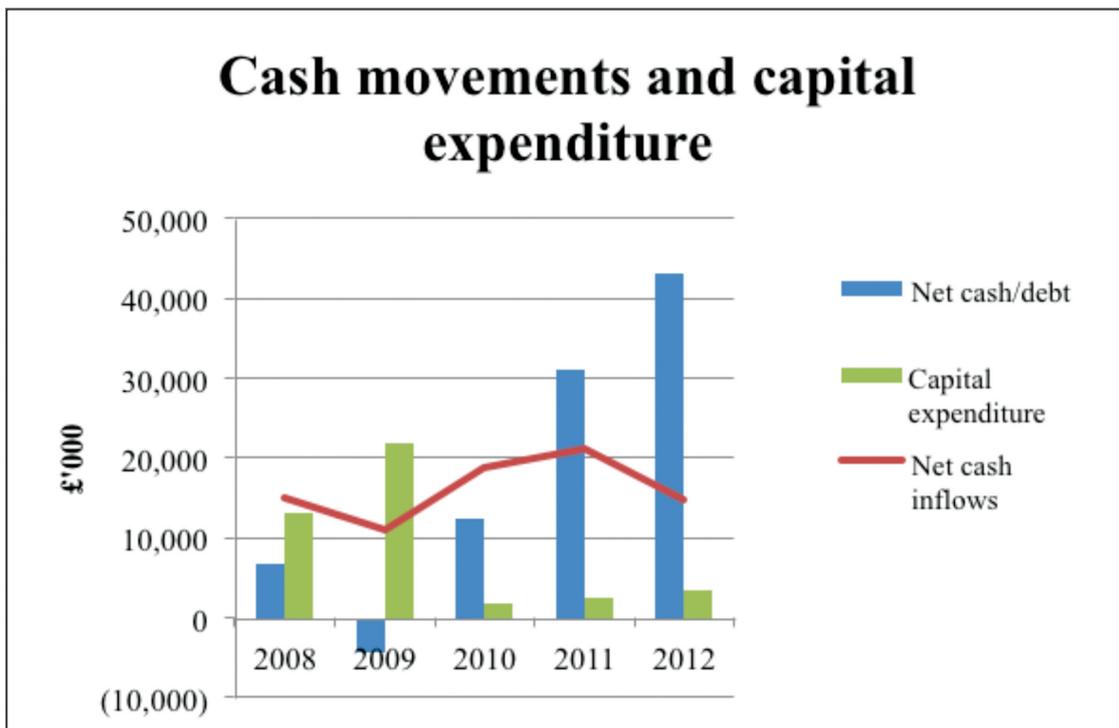
# UNIVERSITY OF ULSTER GROUP ACCOUNTS

## Operating and Financial Review - Continued

capital investment is determined from a HEFCE and DEL – commissioned JM Consulting Report “Future Needs for Capital Funding in HE”, which recommended that in order to maintain a sustainable estate HEIs should invest 4.75% of the insurance replacement value of the estate annually. Coupled with this, the finance strategy sets two key performance indicators. To achieve an annual operating surplus averaging 4.5% over a rolling four year period and to achieve a cash surplus of 1% of total income over the planning period to build the University’s cash reserves closer to the HEFCE liquidity targets.



### TREASURY POLICY AND PERFORMANCE



1

<sup>1</sup> The reduction in cash balances in year ended 31 July 2009 reflects the purchase of land and buildings in that year to support the Greater Belfast Development.

# UNIVERSITY OF ULSTER GROUP ACCOUNTS

## Operating and Financial Review - Continued

---

The investment policy of the University provides that deposits are made on the basis of the short and long term ratings assigned by Moody's and Standard & Poors global rating agencies to the financial institution which the proposed investment is to be made. Deposit limits with any one financial institution range from £1million to £15 million depending on the deposit rate and credit rating.

### PENSION SCHEMES

The University participates in two multi-employer pension schemes, the Universities Superannuation Scheme (USS) and the Northern Ireland Local Government Officers Superannuation Pension Fund (NILGOSC). A small number of employees belong to two other schemes, the Teachers' Superannuation Scheme (TSS) and the Health and Personal Social Services Superannuation Scheme (HPSS). All these schemes are defined benefit schemes.

The USS scheme is unable to identify our share of the underlying assets and is therefore exempt from detailed reporting in the accounts in accordance with the relevant standard Financial Reporting Standard 17 (FRS 17). The latest triennial actuarial valuation of the scheme was at 31 March 2011. At the valuation date the value of assets in the scheme was £32.4bn and the value of liabilities using the schemes technical provision was £35.3bn, a deficit of £2.9bn. The assets were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings. During the year ended 31 March 2012, while the underlying size of the fund increased by 4.44% which included an investment outperformance of 0.52% compared with the benchmark return for the final year, the schemes technical provisions funding level fell from 92% to 77%. This fall in funding is largely due to a 24% increase in the schemes liabilities over the year mainly due to the fall in gilt yields arising at least in part from the Quantitative Easing Programme.

One important step in support of the schemes future sustainability was the change in the schemes benefits effective from 1<sup>st</sup> October 2011. Final salary benefits remain in place for existing members, while career revalued benefits have been introduced for members who joined the scheme at 1<sup>st</sup> October 2011. Other changes include later pension ages, revised benefit indicator arrangements and increased employee contributions for existing members.

The NILGOSC scheme, against which the University is able to show its share of the underlying assets/liability, shows a FRS17 liability of £49.3m for the University of Ulster; up from £30.4m at the previous year end. This results in a £4.3m charge to the Income and Expenditure account of which £3.8m is against staff costs and £0.5m against interest payable.

### RISK FOR THE COMING PERIOD

The University continues to actively manage risk as part of its embedded management control processes. The University conducted a review of the Corporate Risk Management Arrangements in place within the University in 2011/12, implementing a number of changes and developments to the risk management processes employed at both Faculty and Corporate level. This has culminated in a new combined reporting format for the Integrated Corporate Programme (ICP) and the Corporate Risk Register (CRR), thus aligning the risk management and performance reporting processes clearly identifying the key risks in relation to the delivery of key targets. Another key change was the introduction of Institutional Sustainability Indicators (ISIs).

The main risks being monitored as part of the Institutional Sustainability Indicators, identified by the University, which are closely aligned to the delivery of the Corporate Plan are:-

- To achieve the annual Academic Plan while at least maintaining the key indicators of academic standards and teaching quality;
- To grow quality research income and increase the impact of research through innovation and knowledge transfer;
- To successfully implement the Internationalisation Strategy;
- To maintain the University's position as a sector leader for Widening Access
- To achieve the Financial Strategy targets;
- To embed change management culture in support of the University's physical development plans;
- To implement the Organisational Development Strategy; and
- To be proactive in anticipating changes in the political and/or HE policy environment at a local and national level.

# UNIVERSITY OF ULSTER GROUP ACCOUNTS

## Operating and Financial Review - Continued

### STUDENTS

Student numbers have increased from a total enrolment of 30,574 in 2010/11 to 31,273 in 2011/12. This includes students based at partner colleges and institutions. Distribution of students in 2011/12 was as follows:

	<b>2011/12 Number</b>	2010/11 Number
Full-time students .....	<b>16,299</b>	16,424
Full-time students charged overseas fees .....	<b>1,738</b>	651
Part-time fees .....	<b>8,220</b>	8,264
Students at recognised institutions .....	<b>5,016</b>	5,235
Overall total .....	<b>31,273</b>	30,574

The University continues to offer a very wide range of subject mix with business, computing and subjects allied to life and health sciences being the most popular. There has also been growth in the areas of creative arts and engineering.

### INTERNATIONALISATION

At Ulster we are seeking to respond to the challenges of globalisation, increasing our international profile and global impact. The University will work to provide its students with the skills needed to succeed in a global economy. During 2011/12 the University under the guidance of the Pro Vice Chancellor for Educational Partnership and International Affairs developed a revised Internationalisation Strategy which was adopted by Senate in April 2012.

The strategy has been developed in line with the University's aims to consolidate and grow the value of the Ulster brand in international markets in a targeted and sustainable manner; and the following corporate objectives:

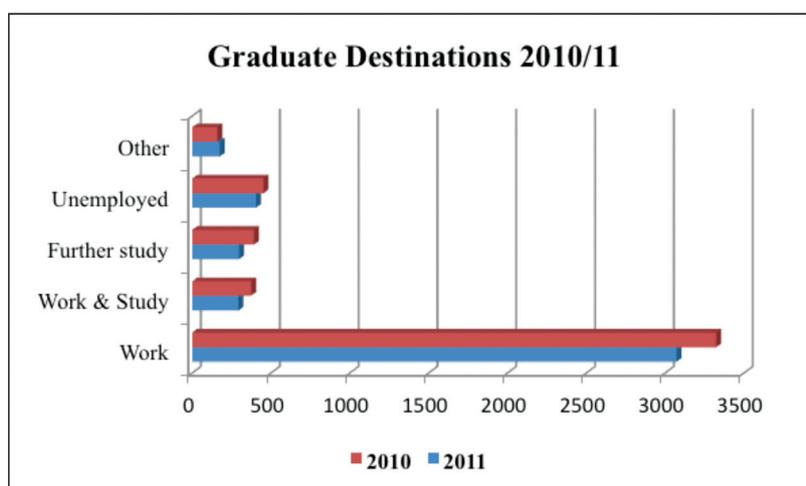
- To diversify the learning environment by increasing the number of international students; and
- To foster, establish and maintain productive research collaborations and partnerships with other institutions and organisations locally, nationally and internationally.

During 2012/13 the University will progress its plans for the further development of the International Department bringing together its international activities to create efficiencies and a consistent approach to international student recruitment and transnational activity.

### DESTINATION OF LEAVERS

Each year the Career Development Centre collects information from recent graduates through the Destination of Leavers from Higher Education Survey (DLHE). Six months after graduation leavers are contacted either by letter or by telephone to ask them to supply details regarding their employment circumstances.

The chart below gives a summary of the reported destinations of Ulster students who graduated in the academic year 2010/11. In this period 4,440 graduates were surveyed with an 83.8% response rate. The University's overall employment rate was 88.7% (previous year 87.1%).



# UNIVERSITY OF ULSTER GROUP ACCOUNTS

## Operating and Financial Review - Continued

---

The destination of all University of Ulster leavers for 2011 was employment 72.4%, work and study 7%, further study 7%, seeking work 9.5% and other 4.1%. Overall 86.4% of all Ulster leavers were working, studying or a combination of both six months following graduation.

### SUSTAINABILITY AND ENVIRONMENT

The University's Sustainability Manager, part of the Physical Resources/Estates Directorate, has responsibility for making the University as energy efficient and environmentally responsible as possible. These responsibilities are reflected in the key performance indicators which relate to the University's position in the People & Planet Green league and to its carbon emissions. The University achieved a 'First' class award in the 2011 league tables, 19<sup>th</sup> position overall, and was the most improved University in the UK.

The University was also recognised with a 'Highly Commended' award in the 'Sustainable Construction and Refurbishment' category for its submission detailing the sustainable refurbishment of the Warwick Building (Block 82) on the Belfast Campus. The year 2011/12 also saw the introduction of a number of key sustainability initiatives including establishment of the Environmental Sustainability Steering Group and supporting Sub Groups; introduction of a University Sustainable Travel Plan; the launch of the 'Carbon Conscious' environmental awareness campaign; and on-going campus energy efficiency improvements, in terms of insulation, lighting, heating and cooling plant to reduce energy consumption.

### PUBLIC BENEFIT

The University as an independent educational charity whose legal status derives from a Royal Charter is dedicated to the advancement of knowledge, learning and understanding in the service of society and seeks to make a positive impact on both its human and its physical environment at a local, regional and international level. Provosts on each campus have a remit which encompasses community relations and where possible, they encourage and facilitate mutually beneficial relationships between students, staff and the local community.

At Ulster we firmly believe that higher education must be accessible to all who have the ability to benefit. We remain committed to accessibility to higher education and to the provision of academic and pastoral support to all of our students. Our Widening Participation Strategy sets out our vision in respect of this issue with particular emphasis on students with disabilities or from a disadvantaged background.

University staff and students engage in a broad range of outreach activities, examples of which have been detailed are:

- AccessAbility Open Evenings - Disability Services introduced these evenings for students with disabilities where they can find out about Ulster and the support that is available.
- Buzzing – This is part of the Widening Access skills in primary school initiative which provides a series of hands on practical workshops to encourage primary 6 and primary 7 school children to enhance their creative and business skills using technology.
- Engaging Young Minds Programme - This programme comprises a series of activities which aim to increase pupils' interest in science, technology, engineering and maths subjects and higher education. Activities include a guest lecture series, science competitions and practical laboratory investigations. This programme is targeted at pupils in year 8 to 12 from schools that are located in areas of social and economic disadvantage.
- Buttle UK Award - This award is made to institutions that prove their commitment to supporting students coming to higher education from a background of care.
- Widening Access by Introducing Programming in Schools - this introduces basic computer programme concepts to year 13 and 14 pupils and gives them a taste of university life.
- During the academic session 2011/12 the University began work on bringing all aspects of our community outreach activity together under our "Your University, Your Community".

# UNIVERSITY OF ULSTER GROUP ACCOUNTS

## Operating and Financial Review - Continued

---

### CONCLUSION

Despite the in-year reduction in government funding it is pleasing that the Corporate Plan targets have been achieved and that the University continues to generate sufficient cash reserves to support its significant capital investment plans. Despite the very uncertain economic climate which remains ahead, the University is determined to continue to meet its financial targets which will allow it to continue to invest in its activities and facilities to meet the needs of both our staff and students. Ulster is committed to delivering on the Executive's vision for higher education as a sector as set out in "Graduating to Success – a HE Strategy for Northern Ireland".

While the University faces considerable challenges in maintaining its level of income over future years, the University achieved its targets in 2011/12 and has developed robust financial plan targets over the next 4 years to continue to operate in a financially sustainable manner and to implement the proposals in strategy.



Mrs R PETERS-GALLAGHER, OBE

23 November 2012

# UNIVERSITY OF ULSTER GROUP ACCOUNTS

## Corporate Governance Statement

---

The University of Ulster is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the University has applied the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange in June 1998. Its purpose is to help the reader of the accounts understand how the principles have been applied.

The University endeavours to structure its governance arrangements and conduct its business in accordance with seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and with the guidance to universities which is provided by the Committee of University Chairs (CUC) from time to time. In line with the CUC's Governance Code of Practice Council has adopted a Statement of Primary Responsibilities which is included on pages 16 to 17. During the course of 2011/12 an independent effectiveness review on the work of the Council was conducted and the recommendations accepted.

The University is an independent educational charity, whose legal status derives from a Royal Charter originally granted in 1984. Its objects, powers and framework of governance are set out in the Charter and its supporting Statutes, the latest version of which was approved by the Privy Council in 2007.

The Charter and Statutes require the University to have three separate bodies, each with clearly defined functions and responsibilities, to oversee and manage its activities, as follows:

- **The Council** is the governing body and its members are trustees of the charity. It is responsible for setting the general strategic direction of the institution and for ensuring effective management and control of: finance, property, investments, structure, staffing and the general business of the University.

The Council has a membership of seventeen (see note at end) the majority of whom are appointed from outside the University and from whom its Chairman and its Deputy Chairman must be drawn. The Chairman and Deputy Chairman hold positions as Pro-Chancellors of the University. An Honorary Treasurer is also appointed from amongst the external members of the Council. The Vice-Chancellor and the Students' Union President are ex-officio members and also included are four members of the staff of the University appointed by the Council on the recommendation of the Nominations Committee. With the exception of the Vice Chancellor whose emoluments are disclosed in note 6 none of the members receive any payment, apart from the reimbursement of expenses, for the work that they do for the University.

The Council of the University was reconstituted with effect from 1 October 2012, with a number of members remaining in office. Members during 2011/12 and those appointed with effect from 1 October 2012 are listed below.

### Ex Officio Members:

Mr G Mallon	Pro-Chancellor and Chairman
Dr J Harbison, CB	Pro-Chancellor
Mrs R Peters-Gallagher, OBE	Honorary Treasurer
Professor RR Barnett	Vice-Chancellor
Miss Claire Flanagan	President of the Students' Union

### Appointed Members:

Mrs M Clark	
Mr J Hunter, CB	
Ms R Kelly, OBE	Until 30 September 2012
Mrs R Laird, CBE	
Dr A M Telford	
Mr L Nellis	
Mr A Lanagan	From 1 October 2012
Mrs H Quigley	From 1 October 2012
Ms J O'Connor	From 1 October 2012

# UNIVERSITY OF ULSTER GROUP ACCOUNTS

## Corporate Governance Statement - Continued

---

### Elected Staff Members:

Mrs L Coulter	Until 30 September 2012
Mr L Fawcett	Until 30 September 2012
Professor J Gillespie	Until 30 September 2012
Mr P Quinn	
Dr B Mason	From 1 October 2012
Mr B Magee	From 1 October 2012
Professor N Black	From 1 October 2012

*Following the death of one member and the retirement of another there were two vacancies on the Council throughout 2011/12.*

- **The Senate** is the academic authority of the University. It is composed mainly of academic staff but provision is also made for membership of non-academic staff and students. Its role is to direct and regulate the teaching and research work of the University and it is chaired by the Vice-Chancellor.
- **The Court** is a larger, mainly formal body representing the University's stakeholders. It offers a means whereby the wider interests served by the University can be associated with the institution, and provides a consultative forum where members of Court can raise any matters about the University. The majority of members are drawn from external organisations representative of the wider corporate, academic and societal interests of the University. Twenty-five of these bodies are nominated by the Council with the same number being nominated by the Senate. Membership also includes representatives of the staff of the University (both academic and non-academic) and the student body. The Court normally meets once a year to receive the annual report and accounts of the University. It is also responsible, on the nomination of the Council, for the appointment of the Chancellor, the Pro-Chancellors and the Honorary Treasurer. In addition, major changes to the constitution of the University require the approval of the Court before they can be submitted to the Privy Council.

The principal academic and administrative officer of the University is the Vice-Chancellor who has a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University. Under the terms of the formal Financial Memorandum between the University and the Department for Employment and Learning (DEL), as advised by the Higher Education Funding Council for England (HEFCE), the Vice-Chancellor is the designated Chief Accounting Officer of the University and in that capacity can be summoned to appear before the Public Accounts Committee of the Northern Ireland Assembly.

The Council met six times during 2011/12, including a joint meeting with the University's Senate. Certain functions of the Council are delegated to its committees. During 2011/12 the Committees comprised: Resources Committee; Strategy and Governance Committee; Audit Committee; Remuneration Committee; and Communications and External Affairs Committee (the latter includes members of Senate). The Nominations Committee is as a sub-committee of Strategy and Governance Committee.

These Committees are formally constituted as Committees of the Council with written terms of reference and specified membership. All Committees of the Council have a lay majority and are chaired by a lay person. The decisions and recommendations of these committees are formally reported to the Council.

The **Resources Committee**, *inter alia*, recommends to the Council the University's annual revenue and capital budgets and monitors performance in relation to the approved budget. The Committee also has oversight of matters pertaining to human resources including health and safety, estate strategy, the information technology strategy and the Students' Union.

The **Strategy and Governance Committee** reviews and makes recommendations to the Council on all matters pertaining to the instruments, articles, structures and effectiveness of institutional and subsidiary company governance; and on policy and legislative matters including risk management policy and strategy. The **Nominations Sub-Committee** is responsible to the Strategy and Governance Committee for reviewing the processes for and recommending the appointment and re-appointment of lay persons to the Council. The Nominations Sub-Committee met on a number of occasions during 2011/12 in preparation for the reconstitution of Council to take effect from 1 October 2012. Appointed members hold office for a period of four years and are eligible for re-appointment for one further period of four years.

# UNIVERSITY OF ULSTER GROUP ACCOUNTS

## Corporate Governance Statement - Continued

---

The **Audit Committee** met six times during the year, with the University's internal auditors in attendance. The University's external auditors also attend all meetings of the Committee. The Committee considered detailed reports together with recommendations for the improvement of the University's systems of internal control and management's responses and implementation timescales. It also received and considered reports and advice from the Funding Council as they affect the University's business and monitor adherence to the regulatory requirements. Whilst Senior Management attend meetings of Audit Committee as necessary, they are not members of the Committee, and the Committee meets both the external auditors and the internal auditors on their own for independent discussions at least once a year.

In 2011/12 the Members of the Audit Committee were:

Mr J Hunter, CB (Chair)  
Mrs M Clark  
Mr L Nellis  
Dr A M Telford

The **Remuneration Committee** reviews annually the performance-related salaries of the senior staff of the University including the Professoriate body and the Vice-Chancellor. The review takes account of any external earnings, including consultancy, by senior staff as well as the salary norms within the higher education sector for a wide variety of senior posts.

The **Communications and External Affairs Committee** has oversight of the development fund-raising strategy; internal and external communication strategies and public relations; and the marketing strategy for the range of the University's activities.

As Chief Executive of the University, the Vice-Chancellor exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos. The Pro-Vice-Chancellors, Provosts, Deans of Faculties and Directors of Administrative Departments all contribute in various ways to these aspects of the work, but the ultimate responsibility for what is done rests with the Vice-Chancellor. The executive structure of the University is represented by the Senior Management Team (SMT) which comprises the Vice-Chancellor, Pro-Vice-Chancellors, Provosts, Deans of Faculty and Administrative Directors which meets monthly. The SMT refers matters for decision to Council or Senate (or the relevant committees thereof). There is also a Vice-Chancellor's Advisory Group (VCAG) which reports to the SMT and which meets regularly to progress operational matters. Both the SMT and the VCAG are chaired by the Vice-Chancellor.

The University maintains a Register of Interests of Members of the Council and Senior Officers, which may be consulted by arrangement with the University Secretary. The Register is available at all meetings of the Council.

Until March 2012 the Head of Governance and Legal Services, under delegated authority of the Director of Corporate Planning and Governance, acted as Secretary to the Council. Following the retirement of the Director of Corporate Planning and Governance a University Secretary has been appointed and the Office of the University Secretary provides the secretariat to the Council. Any enquiries about the constitution and governance of the University are addressed to the University Secretary.

# UNIVERSITY OF ULSTER GROUP ACCOUNTS

## Statement of Internal Control

---

As the governing body of the University of Ulster, we, the Council, have responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, whilst safeguarding the public and other funds and assets for which we are responsible in accordance with the responsibilities assigned to the governing body in the Charter and Statutes and the Financial Memorandum with the Department for Employment and Learning (DEL).

The Council is of the view that there is an ongoing process for identifying the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. Those procedures have been in place for the year ended 31 July 2012.

The following actions have been taken in relation to the risk management policy and for reviewing the effectiveness of the systems of internal control:

- The Council met six times in the year to consider the strategic direction and plans of the University and to monitor performance against those plans;
- There is clear definition of the responsibilities of and authority delegated to committees of the Council and the executive;
- A Corporate Risk Register which incorporates the key risks at institutional level, is maintained;
- The Senior Management Team, the University's designated Risk Management Committee, formally reviews and assesses corporate risks bi-annually;
- All faculties and departments, as part of their planning, maintain and review bi-annually their risk registers and provide, annually, signed stewardship statements confirming their adherence to the risk management policy and process;
- The Council reviews bi-annually progress on the implementation of the Integrated Corporate Programme which combines the University's key annual activities and key performance indicators with corporate risk management and assessment.
- A report on risk management is submitted to the Council annually in November;
- The Audit Committee receives reports from the independent Internal Auditors on the adequacy and effectiveness of the University's systems of internal control with recommendations, as appropriate, for improvements;
- The University's Corporate Plan 2011/12 - 2015/16, adopted by the Council in June 2011 sets the framework of strategic aims and objectives against which risks are assessed and performance is monitored and reported;

In addition to these, other actions were taken in-year to enhance internal control:

- The Council and The Senate met in Spring 2011 to jointly consider the University's strategy and development plans and associated risks and opportunities;
- The Council and the Audit Committee continue to monitor closely the effectiveness and timeliness of actions to address weaknesses in the Information Technology control environment identified by the internal audit service in late 2008/09. Significant progress was made during 2009/10 to address these deficiencies and this progress continued throughout the 2010/11 year. The executive introduced further structural changes during 2010/11 to address the residual issues. The Council approved an IT Strategy in April 2011 and detailed work plans, linking staff resources to financial resources, have been developed to deliver the strategy. The Council and Audit Committee are satisfied that the executive are working through robust action plans to ensure effective control of the Information Technology control environment.
- The internal audit service has reviewed risk management arrangements and has provided a satisfactory level of assurance. The recommendations of the auditors for enhancements to existing processes have been considered by Management and generally endorsed.

The work of the internal audit service has been informed by an analysis of the operational, business and financial risks to which the University is exposed and upon which internal audit activity for 2011/12 was based. The internal audit service operates to standards defined in the HEFCE Accountability and Audit Code of Practice and submits regular reports, which include the head of internal audit's independent opinion on the adequacy and effectiveness of the system of internal controls, together with recommendations for improvement.

# **UNIVERSITY OF ULSTER GROUP ACCOUNTS**

## **Statement of Internal Control - Continued**

---

Our reviews of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the institution who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their year end management letter and other reports. The Audit Committee monitors the effectiveness of the systems of internal control on the Council's behalf. Any system of internal control can, however, only provide reasonable, but not absolute assurance against material loss or misstatement.

# UNIVERSITY OF ULSTER GROUP ACCOUNTS

## Statement of the Council's Responsibilities

---

In accordance with the Statutes, the Council as a governing body, is responsible for the administration and management of the affairs of the University including ensuring an effective system of internal control and is required to present audited Financial Statements for each financial year.

The Council is responsible for ensuring the maintenance of proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and which enable it to ensure that Financial Statements are prepared in accordance with the Statutes, the Statement of Recommended Practice on Accounting in Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Department for Employment and Learning (DEL) and the Council of the University, the Council, through its designated office holder, is required to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

In causing the Financial Statements to be prepared, the Council has ensured that:

- ◆ suitable accounting policies are selected and applied consistently;
- ◆ judgements and estimates are made that are reasonable and prudent;
- ◆ applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- ◆ the Financial Statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The Council is satisfied that the University has adequate resources to continue in operation for the foreseeable future; for this reason the going concern basis continues to be adopted in the preparation of the Financial Statements.

The Council has taken reasonable steps to:

- ◆ ensure that funds from DEL are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Department and any other conditions which the Department may from time to time prescribe;
- ◆ ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- ◆ safeguard the assets of the University and prevent and detect fraud;
- ◆ secure the economical, efficient and effective management of the University's resources and expenditure.

The key elements of the University's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- ◆ a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, and cash flow budgets;
- ◆ regular reviews of financial results involving variance reporting and updates of forecast outturns;
- ◆ clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review by the General Purposes and Finance Committee on behalf of the Council;
- ◆ a Financial Procedures Manual, detailing financial controls and procedures;
- ◆ a professional Internal Audit team whose annual programme is approved by the Audit Committee.

The Audit Committee, on behalf of Council, has reviewed the effectiveness of the University's system of internal financial control. Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

# UNIVERSITY OF ULSTER GROUP ACCOUNTS

## University of Ulster Council Statement of Primary Responsibilities

STRATEGY	STEWARDSHIP	GOVERNANCE
<p>The determination of the character and values of the University through providing initial strategic direction and approving the strategic vision of the University, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of the University community and stakeholders.</p>	<p>To ensure the establishment, resourcing and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest.</p>	<p>To ensure that the University's Charter and Statutes are followed at all times and that appropriate advice is available to enable this to happen.</p>
<p>To ensure processes are in place to monitor and evaluate the performance and effectiveness of the University against the Corporate Plan and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions; and in this regard to cooperate with the Senate in respect of teaching and learning, research and technology and knowledge transfer activities.</p>	<p>To be the principal financial and business authority of the University, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the University's assets, property and estate.</p>	<p>To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.</p>
<p>In conjunction with the Senate to promote student engagement and a positive student experience at Ulster.</p>	<p>To make such provision as it thinks fit for the general welfare of students, in consultation with the Senate.</p>	<p>To ensure that the procedures in place for managing students, including disciplinary procedures are fair and equitable.</p>
<p>To establish processes to monitor and evaluate the performance and effectiveness of the Council.</p>	<p>To regularly review the effectiveness of the Council and its Committees.</p>	<p>To appoint a secretary to the Council and to ensure that, if the person appointed has managerial responsibilities in the University, there is an appropriate separation in the lines of accountability.</p>

# UNIVERSITY OF ULSTER GROUP ACCOUNTS

## University of Ulster Council

### Statement of Primary Responsibilities - Continued

STRATEGY	STEWARDSHIP	GOVERNANCE
<p>To be the employing authority for all staff in the University and to be responsible for the establishment of a human resources strategy, ensuring the University has non-discriminatory systems in place to provide diversity and equality of opportunity for staff, students and applicants as well as setting clear direction for leadership and staff development.</p>	<p>To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.</p>	<p>To safeguard the good name and values of the University.</p>
<p>To establish such other strategies, including financial, estates and ICT, as are necessary to the achievement of the University's strategic aims.</p>	<p>To ensure the University's long-term sustainability.</p>	<p>To be the University's legal authority and, as such, to ensure that systems are in place for meeting all the University's legal and regulatory obligations, including those arising from contracts and other legal commitments made in the University's name.</p>
<p>To appoint the head of the University as Vice-Chancellor and accounting officer, and to put in place suitable arrangements for monitoring his/her performance.</p>		<p>To delegate authority to the head of the University, as Vice-Chancellor and accounting officer, for the academic, corporate, financial, estate and human resource management of the University and to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the head of the University.</p>

# UNIVERSITY OF ULSTER GROUP ACCOUNTS

## Independent Auditors' Report

---

### INDEPENDENT AUDITORS' REPORT TO THE COUNCIL OF THE UNIVERSITY OF ULSTER

We have audited the financial statements of the group and of University of Ulster ('the financial statements') for the year ended 31 July 2012, which comprise the Statement of Principal Accounting Policies, the Consolidated Income and Expenditure Account, the Note of Historical Cost Surpluses and Deficits, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Reconciliation of Net Cash Flow to Movement in Net Funds, the Consolidated Statement of Total Recognised Gains and Losses, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### RESPECTIVE RESPONSIBILITIES OF COUNCIL AND AUDITORS

As explained more fully in the statement of the Council's Responsibilities set out on pages 19 and 20, the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for, and only for, the Council as a body in accordance with the Charters and Statutes of the University and for no other purpose. We do not, in giving these opinions, 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, save where expressly agreed by our prior consent in writing.

The maintenance and integrity of the University of Ulster website is the responsibility of the Council. 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 United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

### OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- i. give a true and fair view of the state of the group's and the University's affairs at 31 July 2012, and of the group's income and expenditure, recognised gains and losses, and statement of cash flows for the year then ended;
- ii. have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- iii. have been properly prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

### Opinion on other matters prescribed in the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- income has been applied in accordance with the University's statutes; and
- funds provided by the Department for Employment and Learning have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.

# UNIVERSITY OF ULSTER GROUP ACCOUNTS

## Independent Auditors' Report - Continued

---

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matter, where the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 requires us to report to you if, in our opinion:

- the statement of internal control included as part of the Corporate Governance Statement is inconsistent with our knowledge of the group and the University.



**PricewaterhouseCoopers LLP**

Chartered Accountants and Statutory Auditors

Belfast

Date

# UNIVERSITY OF ULSTER GROUP ACCOUNTS

## Statement of Principal Accounting Policies

---

### 1. Accounting convention

The Financial Statements have been prepared on a going concern and in accordance with the Statement of Recommended Practice “Accounting for Further and Higher Education” and in accordance with applicable Accounting Standards in the United Kingdom and under the historical cost convention, as modified by the revaluation of certain land and buildings and endowment asset investments. The accounting policies have been applied consistently throughout the year.

### 2. Consolidation

The consolidated Financial Statements include the University and its subsidiary undertakings. The results of the subsidiary companies are included in the consolidated Income and Expenditure Account from the date of acquisition or up to the date of disposal. Intra-Group sales and profits are eliminated fully on consolidation.

The University of Ulster’s Students’ Union is constituted as an independent body and therefore in accordance with FRS 2, its financial statements are not consolidated with the Financial Statements of the University because the University does not control those activities.

### 3. Recognition of income

Income from specific endowments and donations, research grants and contracts and other services rendered is included to the extent of the expenditure incurred during the year, together with any related contributions towards overhead costs. All income from short-term deposits and general endowment asset investments is credited to the Income and Expenditure Account on a receivable basis.

All income from other sources is credited to the Income and Expenditure account on an accruals basis.

### 4. Pension schemes

The two principal pension schemes for the University’s staff are the University’s Superannuation Scheme (USS) and the Northern Ireland Local Government Officers Superannuation Committee Pension Fund (NILGOSC). The funds are valued every three years by actuaries using the aggregate method, the rates of contribution payable being determined by the trustees on the advice of the actuaries.

It is not possible to identify the University’s share of underlying assets and liabilities in the USS scheme. As such, contributions made to the scheme are treated as if it were a defined contribution scheme and charged to the Income and Expenditure Account.

The NILGOSC scheme is a multi employer scheme and the underlying assets and liabilities are disclosed in the Balance Sheet. The difference between the market value of the scheme’s assets and the actuarially assessed present value of the scheme’s liabilities, calculated using the projected unit credit method, is disclosed as a liability on the balance sheets.

The amount charged to the Income and Expenditure account is the actuarially determined cost of pension benefits promised to employees earned during the year plus any benefit improvements granted to members during the year.

A small number of University employees are members of two other schemes, the Teachers’ Superannuation Scheme (TSS) and the Health and Personal Social Services Superannuation Scheme (HPSS). Both of these are defined benefit schemes and contributions are charged in the Income and Expenditure Account in the year in which they become payable.

The expected return on the pension scheme’s assets during the year and the increase in the scheme’s liabilities due to the unwinding of the discount during the year are shown as financing costs in the income and expenditure account.

Any difference between the expected return on assets and that actually achieved and any changes in the liabilities due to changes in assumptions or because actual experience during the year was different to that assumed, are recognised as actuarial gains and losses in the statement of total recognised gains and losses.

# UNIVERSITY OF ULSTER GROUP ACCOUNTS

## Statement of Principal Accounting Policies - Continued

---

### 5. Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

### 6. Freehold land and buildings

The University has adopted the transitional arrangements under FRS 15; Tangible Fixed Assets and is retaining the carrying value of land and buildings at the 30 June 1999 valuation figure (as amended to reflect any impairment in value). For the purposes of identifying any impairment a desktop valuation is performed annually, supported by a periodic formal valuation. Any impairment in value is recognised in the year. The basis of the formal valuation used is depreciated replacement cost. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for intended use. Land is held freehold and is not depreciated as it is considered to have an indefinite useful life. Buildings are depreciated on a straight line basis over their expected useful lives as determined by the University's valuers, on average 40 years.

Pending the transfer of the Jordanstown campus to Belfast, the value of the land and buildings at Jordanstown is reviewed against the market value annually and any impairment is written off in the year.

### 7. Assets Under Construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

### 8. Equipment

Equipment, including software and related software development costs, costing less than £10,000 per individual item or group of related items, is written off in the year of acquisition.

All other equipment including software and related development costs are capitalised. Capitalised equipment (other than research grant equipment) is stated at cost and depreciated on a straight line basis over its expected useful life, assumed to be four years. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for intended use.

Where equipment is acquired with the aid of a specific research grant it is capitalised over the shorter of its estimated useful life or the remaining life of the research grant, with the related grant being credited to a deferred capital grant account and released to the Income and Expenditure account over the remaining life of the related grant.

Research equipment depreciation is charged in the year of acquisition. Depreciation is not charged in the year of acquisition of non-research equipment.

### 9. Deferred capital grants

Where tangible fixed assets are acquired with the aid of specific grants, these grants are treated as deferred capital grants and released to income over the expected useful life of the assets. In the case of research grants the deferred capital grant is released to income over the remaining life of the grant.

### 10. Fixed Asset Investments

The University's Endowment Fund is included in the Balance Sheet at market value and is administered by an external fund manager. Investments in subsidiary companies are shown at the lower of cost and net realisable value. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

### 11. Current Asset Investments

Current asset investments are included at the lower of cost and net realisable value.

### 12. Stocks

Stocks, which are generally consumable in nature, are expensed to the Income and Expenditure account in the year of purchase.

# UNIVERSITY OF ULSTER GROUP ACCOUNTS

## Statement of Principal Accounting Policies - Continued

---

### 13. Provision for bad debts

Bad debts are written off when recognised as irrecoverable. Debts which are considered doubtful are provided for in the accounts.

### 14. Provisions

Provisions are recognised when the University has a present, legal or constructive obligation as a result of a past event and it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligations.

### 15. Maintenance of premises

The University has a 5 year planned maintenance programme which is reviewed on an annual basis. Actual expenditure on maintenance is charged to the Income and Expenditure account in the period it is incurred.

### 16. Taxation status

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Section 506(1) of the Taxes Act 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemption in respect of Value Added Tax. The subsidiaries of the University have no charitable status and can therefore be liable to Corporation Tax on chargeable profits.

### 17. Leases

The cost of operating leases is charged to the Income and Expenditure account as they are accrued.

### 18. Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Liquid resources comprise assets readily disposable but not within 24 hours without penalty. They include short term deposits and other instruments held as part of the University's treasury management activities. They exclude any such assets held as Endowment Asset Investments.

### 19. Endowment Funds

Where charitable donations are restricted to a particular objective specified by the donor, these are accounted for as an endowment. There are three main types:-

Restricted permanent endowments – the capital fund is maintained (and is therefore restricted) but the income thereon can be applied to the general purposes of the institution and is therefore unrestricted.

Unrestricted permanent endowments – these are expendable at the discretion of the University with no requirements that capital be maintained.

Expendable endowments – where trustees have the power of discretion to convert endowed capital into income.

### 20. Subsidiary Accounting Policies

The subsidiaries of the University follow the accounting policies of the University.

**UNIVERSITY OF ULSTER GROUP ACCOUNTS**  
**Consolidated Income and Expenditure Account**  
**for the Year ended 31 July 2012**

	Note	Group 2012 £000	Group 2011 £000
<b>Income</b>			
Funding Body Grants .....	1	88,808	90,290
Tuition Fees and Education Contracts .....	2	55,287	52,796
Research Grants and Contracts .....	3	20,431	26,464
Other Income .....	4	33,757	32,888
Endowment and Investment Income .....	5	1,096	506
<b>Total Income</b> .....		<b>199,379</b>	<b>202,944</b>
<b>Expenditure</b>			
Staff Costs .....	6	117,977	122,906
Depreciation .....	10	11,903	12,332
Other Operating Expenses .....	7	59,415	63,751
Interest and Other Finance Costs .....	8	772	1,089
<b>Total Expenditure</b> .....		<b>190,067</b>	<b>200,078</b>
<b>Surplus after depreciation of assets at valuation before and after tax</b> .....		<b>9,312</b>	<b>2,866</b>
Deficit/(Surplus) transferred to accumulated income in endowment funds .....	12	9	(7)
<b>Surplus retained within Income and Expenditure Reserve</b> .....		<b>9,321</b>	<b>2,859</b>

The income and expenditure of the Group relates wholly to continuing operations.

**Note of Historical Cost Surpluses and Deficits for the Year ended 31 July 2012**

Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount .....	19	3,178	3,189
<b>Historical cost surplus before and after tax</b> .....		<b>12,499</b>	<b>6,048</b>

**UNIVERSITY OF ULSTER GROUP ACCOUNTS**  
**Balance Sheet as at 31 July 2012**

	Group 2012	University 2012	Group 2011	University 2011
Note	£000	£000	£000	£000
<b>Fixed Assets</b>				
Tangible Assets .....	10	262,609	269,118	268,044
Investments .....	11	3,190	1,030	2,838
<b>Total Assets</b> .....		<b>265,799</b>	<b>270,148</b>	<b>270,882</b>
Endowment Assets.....	12	4,337	4,337	4,367
<b>Current Assets</b>				
Debtors .....	13	13,847	15,419	12,780
Investments .....		15,000	15,000	—
Cash at bank and in hand .....		32,983	31,445	35,913
<b>Total current assets</b> .....		<b>61,830</b>	<b>61,864</b>	<b>48,693</b>
Creditors: Amounts Falling Due Within One Year.....	14	(37,731)	(37,005)	(41,136)
<b>Net Current Assets</b> .....		<b>24,099</b>	<b>24,859</b>	<b>7,557</b>
<b>Total Assets Less Current Liabilities</b>		<b>294,235</b>	<b>299,344</b>	<b>282,806</b>
Creditors: Amounts Falling Due After More Than One Year .....	16	(4,648)	(4,648)	(4,830)
Provision for Liabilities .....	15	(3,759)	(3,759)	(570)
<b>Net Assets excluding Pension Liability</b> .....		<b>285,828</b>	<b>290,937</b>	<b>277,406</b>
Net Pension Liability .....	30	(49,330)	(49,330)	(30,377)
<b>Net Assets including Pension Liability</b> .....		<b>236,498</b>	<b>241,607</b>	<b>247,029</b>

**UNIVERSITY OF ULSTER GROUP ACCOUNTS**  
**Balance Sheet as at 31 July 2012 - Continued**

	Note	Group 2012 £000	University 2012 £000	Group 2011 £000	University 2011 £000
Deferred Capital Grants .....	17	<b>92,021</b>	<b>92,021</b>	94,529	94,166
<b>Endowment Fund</b>					
Permanent .....	18	<b>3,612</b>	<b>3,612</b>	3,627	3,627
Expendable .....	18	<b>725</b>	<b>725</b>	740	740
<b>Total Endowments .....</b>		<b>4,337</b>	<b>4,337</b>	4,367	4,367
<b>Reserves</b>					
Income and Expenditure Account					
Excluding Pension Reserve .....	21	<b>102,808</b>	<b>109,463</b>	89,078	95,920
Pension Reserve .....	20	<b>(49,330)</b>	<b>(49,330)</b>	(30,377)	(30,377)
Income and Expenditure Reserve					
Including Pension Reserve		<b>53,478</b>	<b>60,133</b>	58,701	65,543
Revaluation Reserve .....	19	<b>86,662</b>	<b>85,116</b>	89,432	88,294
<b>Total Reserves.....</b>		<b>140,140</b>	<b>145,249</b>	148,133	153,837
<b>Total Funds .....</b>		<b>236,498</b>	<b>241,607</b>	247,029	252,370

The Financial Statements on pages 20 to 52 were approved by the Council on 23 November 2012 and signed on its behalf by:

**Mrs R Peters-Gallagher, OBE**

Honorary Treasurer

**Mr P W Hope**

Chief Finance and Information Officer

**Professor R R Barnett**

Vice Chancellor and Chief Accounting Officer

**UNIVERSITY OF ULSTER GROUP ACCOUNTS**  
**Consolidated Cash Flow Statement for the Year Ended 31 July 2012**

	Note	Group 2012 £000	Group 2011 £000
<b>Net Cash Inflow from Operating Activities</b> .....	24	<b>14,804</b>	20,529
Net Cash Inflow from Returns on Investments and Servicing of Finance .....	25	800	243
Net Cash Outflow from Capital Expenditure .....	26	<b>(3,418)</b>	(2,513)
<b>Net Cash Inflow before Management of Liquid Resources</b> .....		<b>12,186</b>	18,259
Management of Liquid Resources .....	27	(12,196)	(17,923)
Financing.....	28	(172)	(163)
<b>(Decrease) Increase in Cash in the year</b> .....	29	<b>(182)</b>	173

**Reconciliation of Net Cash Flow to Movement in Net Funds**

	Note	Group 2012 £000	Group 2011 £000
(Decrease)/Increase in Cash in the year .....		(182)	173
Increase in Short Term Deposits and Investments .....	27	12,070	18,250
Decrease in bank loans .....	28	172	163
Change in Net Funds.....		<b>12,060</b>	18,586
Net Funds at 1 August.....		<b>31,072</b>	12,486
Net Funds at 31 July .....	29	<b>43,132</b>	31,072

**UNIVERSITY OF ULSTER GROUP ACCOUNTS**  
**Consolidated Statement of Total Recognised Gains and Losses**  
**For the Year Ended 31 July 2012**

	Note	Group 2012 £000	Group 2011 £000
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax .....		9,321	2,859
Unrealised gains on investments .....	19	408	207
Endowment income (released)/retained for year .....	18	(9)	7
(Depreciation)/Appreciation of endowment asset investments .....	18	(113)	303
Actuarial (loss)/gain in respect of pension schemes .....	20	(17,722)	8,840
Net additions from endowment asset investments .....	18	<u>92</u>	<u>218</u>
<b>Total recognised (losses)/gains relating to the year .....</b>		<b><u>(8,023)</u></b>	<b><u>12,434</u></b>
<b>Reconciliation of movement in reserves and endowments</b>			
Opening reserves and endowments .....		152,500	140,066
Total recognised gains for the year .....		<u>(8,023)</u>	<u>12,434</u>
<b>Closing reserves and endowments .....</b>		<b><u>144,477</u></b>	<b><u>152,500</u></b>

# UNIVERSITY OF ULSTER GROUP ACCOUNTS

## Notes to the Financial Statements

		<b>Group 2012</b>	<b>Group 2011</b>
		<b>£000</b>	<b>£000</b>
<b>Note</b>			
<b>1</b>	<b>Funding Body Grants</b>		
	Recurrent Grant .....	84,625	88,559
	Specific Grants		
	Special Initiatives .....	511	51
	Deferred Capital Grants Released in Year (Note 17)		
	Buildings .....	3,672	1,408
	Equipment .....	—	272
		<b>88,808</b>	<b>90,290</b>
		<b>Group 2012</b>	<b>Group 2011</b>
		<b>£000</b>	<b>£000</b>
<b>2</b>	<b>Tuition Fees and Education Contracts</b>		
	Full-time students.....	45,611	43,818
	Full-time students charged overseas fees.....	4,024	3,235
	Part-time fees .....	4,759	4,682
	Short Course Fees .....	893	1,061
		<b>55,287</b>	<b>52,796</b>
		<b>Group 2012</b>	<b>Group 2011</b>
		<b>£000</b>	<b>£000</b>
<b>3</b>	<b>Research Grants and Contracts</b>		
	Research Councils.....	7,957	8,415
	UK Charities .....	1,461	998
	EU Government .....	2,378	2,463
	UK Central Government .....	4,546	10,604
	Overseas (Non-EU) .....	777	321
	Health and Hospital Authorities .....	400	423
	Other Sources .....	2,912	3,240
		<b>20,431</b>	<b>26,464</b>
	Included in Research Grants and Contracts Income is £1,116k in relation to deferred capital grant release		
		<b>20,431</b>	<b>26,464</b>
		<b>Group 2012</b>	<b>Group 2011</b>
		<b>£000</b>	<b>£000</b>
<b>4</b>	<b>Other Income</b>		
	Residences, Catering and Conferences .....	3,341	3,509
	Other Services Rendered.....	5,845	2,973
	Other Income .....	11,792	12,014
	Allied Health Professions Training .....	12,101	13,807
	Deferred Grant Release .....	678	585
		<b>33,757</b>	<b>32,888</b>

**UNIVERSITY OF ULSTER GROUP ACCOUNTS**  
**Notes to the Financial Statements - Continued**

		<b>Group 2012</b>	<b>Group 2011</b>
<b>Note</b>		<b>£000</b>	<b>£000</b>
<b>5</b>	<b>Endowment and Investment Income</b>		
	Income from Expendable Endowments .....	23	23
	Income from Permanent Endowments .....	102	101
	Income from Short Term Investments .....	971	382
		<b>1,096</b>	<b>506</b>
		<b>Group 2012</b>	<b>Group 2011</b>
		<b>£000</b>	<b>£000</b>
<b>6</b>	<b>Staff Costs</b>		
	Wages and Salaries.....	95,735	100,678
	Social Security Costs .....	7,320	7,561
	Other Pension Costs (Note 30) .....	14,922	14,667
		<b>117,977</b>	<b>122,906</b>
		<b>Group 2012</b>	<b>Group 2011</b>
		<b>£000</b>	<b>£000</b>
	Emoluments of the Vice-Chancellor		
	Salary .....	183	183
	Benefits .....	22	26
	Pension contributions to USS .....	22	32
		<b>227</b>	<b>241</b>
	Excluding the Vice-Chancellor, remuneration of other Higher Paid Staff, including employer's pension contributions was in the following bands:-	<b>Group 2012</b>	<b>Group 2011</b>
		<b>Number</b>	<b>Number</b>
	£100,000 - £109,999 .....	2	2
	£110,000 - £119,999.....	3	1
	£120,000 - £129,999 .....	4	4
	£130,000 - £139,999 .....	2	2
	The average weekly number of persons (including senior post-holders) employed by the University during the year, expressed as full-time equivalents, was:-		
	Academic .....	1,125	1,207
	Technical .....	181	192
	Administrative.....	458	485
	Other including Clerical and Manual.....	848	895
		<b>2,612</b>	<b>2,779</b>

**UNIVERSITY OF ULSTER GROUP ACCOUNTS**  
**Notes to the Financial Statements - Continued**

	<b>Group 2012 £000</b>	<b>Group 2011 £000</b>
<b>7 Other Operating Expenses</b>		
Residences, Catering and Conferences.....	1,840	1,733
Consumables and laboratory expenditure .....	2,748	3,848
Equipment not capitalised .....	1,720	1,561
Books and periodicals.....	3,272	3,036
Fellowships, scholarships and prizes.....	381	181
Rates .....	3,059	4,221
Heat, light, water and power.....	3,862	3,942
Long term maintenance .....	7,807	7,567
Grants to University of Ulster Students' Union .....	1,100	1,096
External Auditors' remuneration .....	57	55
External Auditors' remuneration in respect of non-audit services .....	14	10
Internal Auditors' remuneration .....	114	136
Printing and stationery.....	726	1,171
Travel, subsistence and hospitality.....	4,411	5,099
Miscellaneous academic support.....	1,363	1,514
Telephone and postage .....	878	1,032
Research sub-contracting.....	1,934	2,361
Legal and professional fees .....	7,262	6,659
Advertising and publicity .....	509	598
Student Support .....	10,173	16,268
Restructuring Provision.....	3,759	—
Other expenses.....	2,426	1,663
	<b>59,415</b>	<b>63,751</b>
	<b>Group 2012 £000</b>	<b>Group 2011 £000</b>
<b>8 Interest and Other Finance Costs</b>		
Net payable on pension assets .....	476	826
Loans not wholly repayable within five years .....	296	263
	<b>772</b>	<b>1,089</b>

**UNIVERSITY OF ULSTER GROUP ACCOUNTS**  
**Notes to the Financial Statements - Continued**

**9 Analysis of 2012 Expenditure by Activity**

	Staff Costs	Depreciation	Other Operating Expenses	Interest and other Finance Costs	Total
	£000	£000	£000	£000	£000
Academic Departments .....	71,833	1,779	7,010	—	<b>80,622</b>
Academic Services .....	12,113	1,400	6,095	—	<b>19,608</b>
Research Grants & Contracts .....	6,830	155	9,458	—	<b>16,443</b>
Residences, Catering & Conferences .....	2,062	201	2,165	—	<b>4,428</b>
Premises.....	6,443	7,124	12,791	296	<b>26,654</b>
Administration.....	14,282	1,098	14,539	—	<b>29,919</b>
Other Expenses.....	4,414	146	7,357	476	<b>12,393</b>
	<u>117,977</u>	<u>11,903</u>	<u>59,415</u>	<u>772</u>	<u><b>190,067</b></u>

**£000**

The depreciation charged has been funded by:-

Release from Deferred Capital Grants .....	4,350
Release from Research Grants and Contracts .....	1,116
Release from Revaluation Reserve (Note 19) .....	3,178
General income.....	3,259
	<u>11,903</u>

**UNIVERSITY OF ULSTER GROUP ACCOUNTS**  
Notes to the Financial Statements - Continued

**10 Tangible Assets (Group)**

	<b>Freehold Land &amp; Buildings</b>	<b>Assets Under Construction</b>	<b>Equipment</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Valuation or cost</b>				
At 1 August 2011				
Valuation .....	127,808	—	—	127,808
Cost .....	202,478	4,191	47,152	253,821
Additions at Cost.....	63	4,838	1,567	6,468
Transfer CIP .....	2,688	(2,688)	—	—
At 31 July 2012				
Valuation .....	127,808	—	—	127,808
Cost .....	205,229	6,341	48,719	260,289
<b>Total</b>	<b>333,037</b>	<b>6,341</b>	<b>48,719</b>	<b>388,097</b>
<b>Accumulated Depreciation</b>				
At 1 August 2011 .....				
	76,888	—	36,697	113,585
Charge for Year .....	7,823	—	4,080	11,903
At 31 July 2012 .....	<b>84,711</b>	<b>—</b>	<b>40,777</b>	<b>125,488</b>
<b>Net Book Value</b>				
<b>At 31 July 2012.....</b>	<b>248,326</b>	<b>6,341</b>	<b>7,942</b>	<b>262,609</b>
At 31 July 2011.....	253,398	4,191	10,455	268,044

**UNIVERSITY OF ULSTER GROUP ACCOUNTS**  
**Notes to the Financial Statements - Continued**

**10 Tangible Assets (University)**

	<b>Freehold Land &amp; Buildings</b>	<b>Assets Under Construction</b>	<b>Equipment</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Valuation or cost</b>				
At 1 August 2011				
Valuation .....	127,808	—	—	127,808
Cost .....	209,613	4,191	47,527	261,331
Additions at Cost.....	63	4,838	1,857	6,758
Transfer CIP .....	2,688	(2,688)	—	—
At 31 July 2012				
Valuation .....	127,808	—	—	127,808
Cost .....	212,364	6,341	49,384	268,089
	<b>340,172</b>	<b>6,341</b>	<b>49,384</b>	<b>395,897</b>
<b>Accumulated Depreciation</b>				
At 1 August 2011 .....				
	77,131	—	37,436	114,567
Charge for Year .....	8,206	—	4,006	12,212
At 31 July 2012 .....				
	<b>85,337</b>	<b>—</b>	<b>41,442</b>	<b>126,779</b>
<b>Net Book Value</b>				
At 31 July 2012.....				
	<b>254,835</b>	<b>6,341</b>	<b>7,942</b>	<b>269,118</b>
At 31 July 2011.....				
	260,290	4,191	10,091	274,572

**UNIVERSITY OF ULSTER GROUP ACCOUNTS**  
**Notes to the Financial Statements - Continued**

	<b>Group 2012</b>	<b>University 2012</b>	<b>Group 2011</b>	<b>University 2011</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>11 Fixed Asset Investments</b>				
Investment through Innovation Ulster Limited	3,190	—	2,838	—
Investment in Innovation Ulster Limited ....	—	1,030	—	1,030
	<u>3,190</u>	<u>1,030</u>	<u>2,838</u>	<u>1,030</u>

Innovation Ulster Limited is a wholly owned subsidiary incorporated in Northern Ireland which manages the commercial use of the University's intellectual property. Further details have been given in note 32.

Innovation Ulster Limited investment movement during the year:-

	<b>Cost</b>	<b>Revaluation</b>	<b>Valuation</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 August.....	1,711	1,089	2,800
Investments made at cost.....	382	—	382
Investments realised .....	(152)	—	(152)
Revaluation .....	—	644	644
Provision for impairment in value.....	(248)	(236)	(484)
<b>At 31 July.....</b>	<u><b>1,693</b></u>	<u><b>1,497</b></u>	<u><b>3,190</b></u>

The members of the Council believe that the carrying value of the investments is supported by their underlying net assets.

**UNIVERSITY OF ULSTER GROUP ACCOUNTS**  
**Notes to the Financial Statements - Continued**

		<b>Group and University</b>	
		<b>2012</b>	<b>2011</b>
		<b>£000</b>	<b>£000</b>
<b>12</b>	<b>Endowment Assets</b>		
	Balance at 1 August .....	4,367	3,839
	New endowments .....	92	218
	(Decrease)/Increase in market value of investments .....	(113)	303
	Income generated less expenditure.....	(9)	7
	Balance at 31 July .....	<u>4,337</u>	<u>4,367</u>
Investments held at the end of the year are detailed as follows:			
	Securities .....	4,358	4,206
	Cash at bank held for endowment funds .....	(21)	161
	Total Endowment Assets .....	<u>4,337</u>	<u>4,367</u>
<b>13</b>	<b>Debtors</b>	<b>Group</b>	<b>University</b>
		<b>2012</b>	<b>2012</b>
		<b>£000</b>	<b>£000</b>
	Trade debtors .....	11,653	11,179
	Amounts owed by group undertakings	—	2,056
	Prepayments and accrued income	2,194	2,184
		<u>13,847</u>	<u>15,419</u>
		<u>12,780</u>	<u>16,786</u>

**UNIVERSITY OF ULSTER GROUP ACCOUNTS**  
**Notes to the Financial Statements - Continued**

<b>14</b>	<b>Creditors: Amounts Falling Due within One Year</b>	<b>Group 2012</b>	<b>University 2012</b>	<b>Group 2011</b>	<b>University 2011</b>
		£000	£000	£000	£000
	Bank loans .....	182	182	172	172
	Trade creditors .....	26,458	25,777	28,664	27,840
	Taxation and social security .....	4,151	4,150	4,141	4,141
	Accruals .....	6,940	6,896	8,159	8,081
		<u>37,731</u>	<u>37,005</u>	<u>41,136</u>	<u>40,234</u>

<b>15</b>	<b>Provisions for liabilities</b>		<b>Group and University 2012</b>	<b>Group and University 2011</b>
			£000	£000
	At August 2011		570	—
	Charged to the Income and Expenditure Utilisation		3,759	570
			<u>(570)</u>	<u>—</u>
	At 31 July 2012		<u>3,759</u>	<u>570</u>

The provision is in respect of costs of redundancy and early retirement funding costs.

<b>16</b>	<b>Creditors: Amounts Falling Due after more than One Year</b>	<b>Group 2012</b>	<b>University 2012</b>	<b>Group 2011</b>	<b>University 2011</b>
		£000	£000	£000	£000
	Bank loans .....	4,648	4,648	4,830	4,830
		<u>4,648</u>	<u>4,648</u>	<u>4,830</u>	<u>4,830</u>
		<b>Group 2012</b>	<b>University 2012</b>	<b>Group 2011</b>	<b>University 2011</b>
		£000	£000	£000	£000
	Bank loans				
	Amounts falling due:				
	Less than one year (Note 14).....	182	182	172	172
	Between one and two years .....	190	190	182	182
	Between two and five years .....	642	642	616	616
	Greater than five years .....	3,816	3,816	4,032	4,032
		<u>4,830</u>	<u>4,830</u>	<u>5,002</u>	<u>5,002</u>

A fixed rate loan is secured by a negative pledge on a portion of land on the Jordanstown campus.

All bank loans greater than 5 years are repayable by instalments.

**UNIVERSITY OF ULSTER GROUP ACCOUNTS**  
**Notes to the Financial Statements - Continued**

17 Deferred Capital Grants - Group	Department for Employment and Learning	Other Grants	2012 Total	2011 Total
	£000	£000	£000	£000
At 1 August				
Buildings .....	59,947	33,946	<b>93,893</b>	88,754
Equipment .....	—	636	<b>636</b>	1,069
<b>Total</b> .....	<b>59,947</b>	<b>34,582</b>	<b>94,529</b>	<b>89,823</b>
Cash Received				
Buildings .....	2,321	612	<b>2,933</b>	8,038
Equipment .....	—	25	<b>25</b>	967
<b>Total</b> .....	<b>2,321</b>	<b>637</b>	<b>2,958</b>	<b>9,005</b>
Released to Income & Expenditure				
Buildings .....	3,738	1,377	<b>5,115</b>	2,899
Equipment .....	—	351	<b>351</b>	1,400
<b>Total</b> .....	<b>3,738</b>	<b>1,728</b>	<b>5,466</b>	<b>4,299</b>
At 31 July				
Buildings .....	58,530	33,181	<b>91,711</b>	93,893
Equipment .....	—	310	<b>310</b>	636
<b>Total at 31 July</b> .....	<b>58,530</b>	<b>33,491</b>	<b>92,021</b>	<b>94,529</b>

**UNIVERSITY OF ULSTER GROUP ACCOUNTS**  
**Notes to the Financial Statements - Continued**

17 Deferred Capital Grants - University	Department for Employment and Learning	Other Grants	2012 Total	2011 Total
	£000	£000	£000	£000
At 1 August				
Buildings .....	59,947	33,944	<b>93,891</b>	88,753
Equipment .....	—	275	<b>275</b>	1,007
<b>Total</b> .....	<b>59,947</b>	<b>34,219</b>	<b>94,166</b>	<b>89,760</b>
Cash Received				
Buildings .....	2,321	612	<b>2,933</b>	8,037
Equipment .....	—	314	<b>314</b>	639
<b>Total</b> .....	<b>2,321</b>	<b>926</b>	<b>3,247</b>	<b>8,676</b>
Released to Income & Expenditure				
Buildings .....	3,738	1,377	<b>5,115</b>	2,899
Equipment .....	—	277	<b>277</b>	1,371
<b>Total</b> .....	<b>3,738</b>	<b>1,654</b>	<b>5,392</b>	<b>4,270</b>
At 31 July				
Buildings .....	58,530	33,179	<b>91,709</b>	93,891
Equipment .....	—	312	<b>312</b>	275
<b>Total at 31 July</b> .....	<b>58,530</b>	<b>33,491</b>	<b>92,021</b>	<b>94,166</b>

**UNIVERSITY OF ULSTER GROUP ACCOUNTS**  
**Notes to the Financial Statements - Continued**

**18 Endowments - Group and University**

	<b>Unrestricted Permanent</b>	<b>Restricted Permanent</b>	<b>Total Permanent</b>	<b>Restricted Expendable</b>	<b>2012 Total</b>	<b>2011 Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balances at 1 August						
Capital	1,403	1,896	3,299	1,086	<b>4,385</b>	3,864
Accumulated income/ expenditure	133	195	328	(346)	<b>(18)</b>	(25)
	<u>1,536</u>	<u>2,091</u>	<u>3,627</u>	<u>740</u>	<u><b>4,367</b></u>	<u>3,839</u>
New Endowments	—	18	18	74	<b>92</b>	218
Investment Income	44	59	103	22	<b>125</b>	124
Expenditure	—	(51)	(51)	(83)	<b>(134)</b>	(117)
	<u>44</u>	<u>8</u>	<u>52</u>	<u>(61)</u>	<u><b>(9)</b></u>	<u>7</u>
(Decrease)/Increase in market value of investments	(35)	(50)	(85)	(28)	<b>(113)</b>	303
<b>At 31 July</b>	<u><b>1,545</b></u>	<u><b>2,067</b></u>	<u><b>3,612</b></u>	<u><b>725</b></u>	<u><b>4,337</b></u>	<u>4,367</u>
Represented by						
Capital	1,368	1,864	3,232	1,132	<b>4,364</b>	4,385
Accumulated income and expenditure	177	203	380	(407)	<b>(27)</b>	(18)
	<u><b>1,545</b></u>	<u><b>2,067</b></u>	<u><b>3,612</b></u>	<u><b>725</b></u>	<u><b>4,337</b></u>	<u>4,367</u>

**UNIVERSITY OF ULSTER GROUP ACCOUNTS**  
**Notes to the Financial Statements - Continued**

<b>19 Revaluation Reserve</b>	<b>Group 2012</b>	<b>University 2012</b>	<b>Group 2011</b>	<b>University 2011</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Gross Revaluation surplus				
At 1 August .....	<b>141,431</b>	<b>134,303</b>	141,224	134,303
Revalued in Year.....	<b>408</b>	—	207	—
	<b>141,839</b>	<b>134,303</b>	141,431	134,303
Contribution to Depreciation				
At 1 August .....	<b>51,999</b>	<b>46,009</b>	48,810	42,820
Released in Year.....	<b>3,178</b>	<b>3,178</b>	3,189	3,189
	<b>55,177</b>	<b>49,187</b>	51,999	46,009
Net Revaluation Surplus				
At 1 August .....	<b>89,432</b>	<b>88,294</b>	92,414	91,483
At 31 July.....	<b>86,662</b>	<b>85,116</b>	89,432	88,294
 <b>20 Pension Reserve</b>			<b>Group and University 2012</b>	<b>Group and University 2011</b>
			<b>£000</b>	<b>£000</b>
Balance at 1 August .....			<b>(30,377)</b>	(38,123)
Transfer to Income and Expenditure Account Reserve (Note 21)			<b>(1,231)</b>	(1,094)
Actuarial (loss)/gain in respect of pension reserve (Note 30) .....			<b>(17,722)</b>	8,840
Balance at 31 July.....			<b>(49,330)</b>	(30,377)

# UNIVERSITY OF ULSTER GROUP ACCOUNTS

## Notes to the Financial Statements - Continued

21	<b>Income and Expenditure Account Reserve</b>	<b>Group 2012</b>	<b>University 2012</b>	<b>Group 2011</b>	<b>University 2011</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	Balance at 1 August .....	89,078	95,920	81,936	89,032
	Surplus after depreciation of assets at valuation, before and after tax.....	9,321	9,134	2,859	2,605
	Release from Revaluation Reserve (Note 19) .....	3,178	3,178	3,189	3,189
	Transfer from Pension Reserve (Note 20)*	1,231	1,231	1,094	1,094
	Balance at 31 July.....	<u>102,808</u>	<u>109,463</u>	<u>89,078</u>	<u>95,920</u>

\* This represents the Income Statement movement on the pension scheme.

22	<b>Capital Commitments</b>	<b>Group and University 2012</b>	<b>2011</b>
		<b>£000</b>	<b>£000</b>
	Commitments contracted at 31 July	13,342	17,805
	Authorised but not contracted at 31 July	<u>10</u>	<u>418</u>
		<u>13,352</u>	<u>18,223</u>

Outstanding commitments include £13,188 million which relate to the development of the Greater Belfast campus.

### 23 Contingent Liabilities

The University Council has reviewed legal proceedings outstanding at the year end and does not consider that there are any cases where there is the possibility of a liability falling due to the University. Therefore, in accordance with the FRS 12 Provisions, Contingent Liabilities and Contingency Assets, no disclosure is required in the Financial Statements.

**UNIVERSITY OF ULSTER GROUP ACCOUNTS**  
**Notes to the Financial Statements - Continued**

<b>24</b>	<b>Reconciliation of Consolidated Operating Surplus to Net Cash Inflows from Operating Activities</b>	<b>Group 2012</b>	<b>Group 2011</b>
		<b>£000</b>	<b>£000</b>
	Surplus after depreciation of assets at valuation before tax .....	9,321	2,859
	Depreciation .....	11,903	12,332
	Deferred Capital Grants Released to Income (Note 17).....	(5,466)	(4,299)
	Investment Income (Note 5).....	(971)	(382)
	Endowment Income.....	(125)	(124)
	Interest Payable .....	296	263
	(Increase) in Debtors .....	(1,067)	(1,047)
	(Decrease)/Increase in Creditors .....	(226)	9,450
	Pension Costs Less Contributions Payable .....	1,231	1,094
	Revaluation of Investments .....	(83)	376
	Endowment Fund Transfer .....	(9)	7
		<b>14,804</b>	<b>20,529</b>
	<b>Net Cash Inflow from Operating Activities .....</b>		
<b>25</b>	<b>Returns on Investments and Servicing of Finance</b>	<b>Group 2012</b>	<b>Group 2011</b>
		<b>£000</b>	<b>£000</b>
	Income from Endowments .....	125	124
	Income from Short Term Investments (Note 5).....	971	382
	Interest Paid (Note 8).....	(296)	(263)
		<b>800</b>	<b>243</b>
	<b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b>		
<b>26</b>	<b>Capital Expenditure</b>	<b>Group 2012</b>	<b>Group 2011</b>
		<b>£000</b>	<b>£000</b>
	Tangible Assets Acquired (Note 10).....	(6,468)	(11,736)
	Deferred Capital Grants Received (Note 17) .....	2,958	9,005
	Endowments Received .....	92	218
		<b>(3,418)</b>	<b>(2,513)</b>
	<b>Net cash inflow from capital expenditure</b>		

**UNIVERSITY OF ULSTER GROUP ACCOUNTS**  
Notes to the Financial Statements - Continued

<b>27</b>	<b>Management of Liquid Resources</b>	<b>Group 2012</b>	<b>Group 2011</b>	
		<b>£000</b>	<b>£000</b>	
	Movement in Endowment Assets .....	(182)	173	
	Addition to deposits .....	(12,070)	(18,250)	
	Purchase of investments .....	56	154	
	<b>Net cash (outflow) from management of liquid resources</b>	<b>(12,196)</b>	<b>(17,923)</b>	
<b>28</b>	<b>Financing</b>	<b>Group 2012</b>	<b>Group 2011</b>	
		<b>£000</b>	<b>£000</b>	
	Balance at 1 August .....	5,002	5,165	
	Loan Repayments .....	(172)	(163)	
	<b>Balance at 31 July</b> .....	<b>4,830</b>	<b>5,002</b>	
<b>29</b>	<b>Analysis of Changes in Net Cash</b>	<b>At 1 August 2011</b>	<b>Cash Flow</b>	<b>At 31 July 2012</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>
	Cash at Bank and in Hand			
	Endowment Assets .....	161	(182)	(21)
	Investments .....	—	15,000	15,000
	Short Term Deposits .....	35,913	(2,930)	32,983
	Debt due within one year .....	(172)	(10)	(182)
	Debt due after one year .....	(4,830)	182	(4,648)
		30,911	12,242	43,153
	<b>Total</b> .....	<b>31,072</b>	<b>12,060</b>	<b>43,132</b>

# UNIVERSITY OF ULSTER GROUP ACCOUNTS

## Notes to the Financial Statements - Continued

---

### 30 Net Pension Liability

The University participates in four pension schemes. The two principal schemes are the Universities Superannuation Scheme (USS) and the Northern Ireland Local Government Officers Superannuation Committee Pension Fund (NILGOSC). A small number of employees belong to two other schemes, the Teachers Superannuation Scheme (TSS) and the Health and Personal Social Services Superannuation Scheme (HPSS). All of these schemes are defined benefit schemes, which are externally funded and contracted out of the State Second Pension. The assets of each scheme are held in a separate trustee-administered fund. It is not possible to identify the institution's share of the underlying assets and liabilities of the scheme in USS, TSS and HPSS as required by FRS 17 "Retirement Benefits" and as a result the amount charged to the income and expenditure account represents the contributions payable to the schemes in respect of the accounting period.

#### USS Scheme

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

The appointment of directors to the board of the trustee is determined by the trustee company's Articles of Association. Four of the directors are appointed by universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; one is appointed by the Higher Education Funding Councils; and a minimum of two and a maximum of four are co-opted directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

The latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular review of the funding levels. In particular, they carry out a review of the funding level each year between triennial valuations and details of their estimate of the funding level at 31 March 2012 are also included in this note.

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (ie the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.1% per annum, salary increases would be 4.4% per annum (with short-term general pay growth at 3.65% per annum and an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.4% per annum for 3 years following the valuation then 2.6% per annum thereafter.

Standard mortality tables were used as follows:

Male members' mortality	SINA ["light"] YoB tables – No age rating
Female members' mortality	SINA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates. The CMI 2009 projections with a 1.25% pa long term rate were also adopted. The assumed life expectations on retirement at age 65 are:

# UNIVERSITY OF ULSTER GROUP ACCOUNTS

## Notes to the Financial Statements - Continued

---

Males (females) currently aged 65 23.7 (25.6) years

Males (females) currently aged 45 25.5 (27.6) years

At the valuation date, the value of the assets of the scheme was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7 million indicating a deficit of £2,910.2 million. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 93% funded; on a buy-out basis (ie assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS 17 formula as if USS was a single employer scheme, using a AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial actuarial valuation is as at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the determined rates or amounts, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions but the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

As at the valuation date the Scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of Salaries.

Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Prices Index measure of price inflation. Historically these increases had been based on the Retail Prices Index measure of price inflation.

Since the previous valuation as at 31 March 2008 there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011. These include:

### *New Entrants*

Other than in specific, limited circumstances, new entrants are now provided on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

### *Normal pension age*

The normal pension age was increased for future service and new entrants, to age 65.

### *Flexible Retirement*

Flexible retirement options were introduced.

### *Member contributions increased*

Contributions were uplifted to 7.5% p.a. and 6.5% p.a. for FS Section members and CRB Section members respectively.

# UNIVERSITY OF ULSTER GROUP ACCOUNTS

## Notes to the Financial Statements - Continued

### *Cost sharing*

If the total contribution level exceeds 23.5% of Salaries per annum, the employers will pay 65% of the excess over 23.5% and members would pay the remaining 35% to the fund as additional contributions.

### *Pension increase cap*

For service derived after 30 September 2011, USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%.

Since 31 March 2011 global investment markets have continued to fluctuate and following its peak in September 2011 inflation has declined rapidly towards the year end, although the market's assessment of inflation has remained reasonably constant. The actuary has estimated that the funding level as at 31 March 2012 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are sighted as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2012 estimation.

On the FRS 17 basis, using an AA bond discount rate of 4.9% per annum based on spot yields, the actuary calculated that the funding level at 31 March 2012 was 74%. An estimate of the funding level measured on a buy-out basis at that date was approximately 56%.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. The sensitivities regarding the principal assumptions used to measure the scheme liabilities on a technical provisions basis as at the date of the last triennial actuarial valuation are set out below:

Assumption	Change in Assumption	Impact on Scheme Liabilities
Investment return	Decrease by 0.25%	Increase by £1.6 billion
The gap between RPI and CPI	Decrease by 0.25%	Increase by £1 billion
Rate of salary growth	Increase by 0.25%	Increase by £0.6 billion
Members live longer than assumed	1 year longer	Increase by £0.8 billion
Equity markets in isolation	Fall by 25%	Increase by £4.6 billion

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The trustee believes that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a major exposure to equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be theoretically possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee needs to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding what degree of investment risk to take relative to the liabilities, the trustee receives advice from its internal investment team, its investment consultant and the scheme actuary, and considers the views of the employers. The positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new

# UNIVERSITY OF ULSTER GROUP ACCOUNTS

## Notes to the Financial Statements - Continued

entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate although the trustee is mindful of the desirability of keeping the funding level on the scheme's technical provisions close to or above 100% thereby minimising the risk of the introduction of deficit contributions. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

At 31 March 2012, USS had over 145,000 active members and the institution had 1,649 active members participating in the scheme.

The total pension cost for the institution was £11,084,627 (2011: £11,408,632). The contribution rate payable by the institution was 16% of pensionable salaries.

### NILGOSC Fund

The University is able to identify its share of the underlying assets and liabilities of the NILGOSC scheme and accordingly present the following information required by FRS 17:

A valuation of the fund was carried out at 31 March 2012 and updated to 31 July 2012 by a qualified independent actuary.

<b>Balance Sheet</b>	<b>At 31 July 2012</b>	<b>At 31 July 2011</b>
	<b>£000</b>	<b>£000</b>
Present value of scheme liabilities .....	(156,885)	(135,619)
Fair value of scheme assets .....	107,575	105,260
Present value of unfunded liabilities .....	(20)	(18)
<b>Net pension liability .....</b>	<b>(49,330)</b>	<b>(30,377)</b>
<b>Movements in present value of defined benefit obligation</b>	<b>At 31 July 2012</b>	<b>At 31 July 2011</b>
	<b>£000</b>	<b>£000</b>
At beginning of the year .....	(135,637)	(133,486)
Current service cost .....	(3,831)	(3,284)
Member contributions .....	(1,076)	(1,095)
Impact of settlements and curtailments .....	(15)	(44)
Interest cost .....	(7,192)	(7,209)
Benefits paid .....	4,812	4,196
Actuarial (losses)/gains .....	(13,966)	5,285
<b>At end of year .....</b>	<b>(156,905)</b>	<b>(135,637)</b>

**UNIVERSITY OF ULSTER GROUP ACCOUNTS**  
**Notes to the Financial Statements - Continued**

<b>Movements in fair value of plan assets</b>	<b>At 31 July 2012</b>	<b>At 31 July 2011</b>
	<b>£000</b>	<b>£000</b>
At beginning of the year .....	105,260	95,363
Expected return on assets .....	6,716	6,383
Employer contributions .....	3,090	3,059
Member contributions .....	1,076	1,095
Benefits paid .....	(4,812)	(4,196)
Actuarial (losses)/gains .....	(3,755)	3,556
<b>At end of year .....</b>	<b>107,575</b>	<b>105,260</b>

<b>Expense recognised in the income and expenditure accounts</b>	<b>At 31 July 2012</b>	<b>At 31 July 2011</b>
	<b>£000</b>	<b>£000</b>
Current service cost .....	3,831	3,284
Interest on defined benefit pension plan obligation .....	7,192	7,209
Expected return on defined benefit pension plan assets .....	(6,716)	(6,383)
Losses on curtailments and settlements .....	14	—
<b>Total .....</b>	<b>4,321</b>	<b>4,110</b>

The expense is recognised in the following line items in the income and expenditure account:

	<b>At 31 July 2012</b>	<b>At 31 July 2011</b>
	<b>£000</b>	<b>£000</b>
Staff costs	3,845	3,284
Interest payable	476	826
	<b>4,321</b>	<b>4,110</b>

The total amount recognised in the statement of the total recognised gains and losses in respect of actuarial loss is £17,722k (2011 gain: £8,840k).

Cumulative actuarial gains/losses reported in the statement of total recognised gains and losses for accounting periods ending on or after 22 June 2002 are subsequently included by prior year adjustment under paragraph 96 of FRS17, are £(18,531)k, (2011 : (£809k)).

The fair value of the plan assets and the return on those assets were as follows:-

	<b>At 31 July 2012</b>	<b>At 31 July 2011</b>
	<b>Fair Value</b>	<b>Fair Value</b>
	<b>£000</b>	<b>£000</b>
Equities .....	78,529	77,892
Bonds .....	13,985	15,789
Property .....	9,682	7,368
Cash .....	5,379	4,211
<b>Actual return on plan assets .....</b>	<b>107,575</b>	<b>105,260</b>

# UNIVERSITY OF ULSTER GROUP ACCOUNTS

## Notes to the Financial Statements - Continued

The expected rates of return on plan assets are determined by reference to the historical returns, without adjustment, of the portfolio as a whole and not on the sum of the returns on individual asset categories. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

**Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:-**

	At 31 July 2012	At 31 July 2011
Inflation/pension increase rate	2.2%	2.7%
Salary increase rate	4.5%	5.0%
Expected return on results	4.9%	6.4%
Discount rate	4.1%	5.3%

### **Mortality**

Life expectancy is based on the PFA92 and PMA92 tables, with improvements from 2007 in line with the medium cohort and a 1% p.a. underpin. Based on these assumptions, average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	22.9 years	25.7 years
Future pensioners	24.9 years	27.7 years

These figures make no allowance for the age ratings set out in the latest triennial valuation of the Fund.

### **Commutation**

An allowance is included for 50% of future retirements to elect additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% for post April 2009 service.

<b>History of Experience Gains and Losses</b>	At 31 July 2012	At 31 July 2011	At 31 July 2010	At 31 July 2009	At 31 July 2008
	£000/%	£000/%	£000/%	£000/%	£000/%
Difference between the expected and actual return on scheme assets:					
Amount	(3,755)	3,556	9,826	(13,249)	(11,362)
Percentage of scheme assets	(3.5%)	3.3%	10.3%	(16.8)%	(13.4)%
Experience gains and losses on scheme liabilities:					
Amount	(1,485)	7,975	9	1	190
Percentage of the present value of scheme liabilities	0.9%	5.9%	0.0%	0.0%	0.2%
Total amount recognised in statement of total recognised gains and losses:					
Amount	(17,722)	8,840	14,340	(26,651)	(6,935)
Percentage of the present value of scheme liabilities	(11.3)%	6.5%	10.7%	(20.8)%	(6.6)%

The University expects to contribute approximately £3,175m to its defined benefit plans in the next financial year.

# UNIVERSITY OF ULSTER GROUP ACCOUNTS

## Notes to the Financial Statements - Continued

	<b>Group 2012</b>	<b>Group 2011</b>
	<b>£000</b>	<b>£000</b>
<b>The total pension cost for the University was:-</b>		
Contributions to USS.....	11,085	11,409
Charge to staff cost - NILGOSC .....	3,825	3,244
Contribution to TSS.....	7	7
Contribution to HPSS .....	5	7
	<b>14,922</b>	<b>14,667</b>
<b>Total Pension Cost (Note 6).....</b>		
<b>31 Student Support Funds</b>	<b>Group 2012</b>	<b>Group 2011</b>
	<b>£000</b>	<b>£000</b>
Balance Carried Forward.....	(91)	25
Funding Council Grants .....	1,584	991
Disbursed to Students .....	(886)	(1,107)
	<b>607</b>	<b>(91)</b>
<b>Balance Underspent/(Over) at 31 July .....</b>		

DEL Student Support grants are available solely for students: the University acts only as a paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

### 32 Subsidiary Company Information

There are three companies which are subsidiary companies of the University:

- Ulster Educational Partnerships Limited
- Innovation Ulster Limited and
- University of Ulster Foundation.

The above companies have been fully consolidated in the Financial Statements.

The companies are controlled by the University. University of Ulster Foundation Limited and Ulster Educational Partnerships Limited are limited by guarantee.

The companies are all registered and operate in Northern Ireland. Ulster Educational Partnerships Limited provides education and training for Nursing and Midwifery and Allied Health Professions. Innovation Ulster Limited is a company established to develop intellectual property rights by patenting and licensing, and to arrange consultancy activities. University of Ulster Foundation is a charity established to support the University's mission, vision and strategic aims.

On 31 March 2012 Ulster Educational Partnerships Limited ceased to trade. The trade assets and liabilities of the company were transferred to the University on this date.

There is a cross guarantee in place between the University of Ulster and Ulster Educational Partnerships Limited for banking services. This is limited to the available overdraft facility of £5 million.

# UNIVERSITY OF ULSTER GROUP ACCOUNTS

## Notes to the Financial Statements - Continued

### 33 Joint Venture Information

The University has a joint venture with the Sports Council of Northern Ireland in The Sports Institute Northern Ireland (SINI), a company limited by guarantee. Its principal place of business is located at the University of Ulster at Jordanstown. The principal activity of the company is to provide specialist services and expert staff for High Performance Athletes (both able bodied and disabled), enabling the athlete to improve their performance at international and world level.

Management have not consolidated the University's holding in the gross assets and liabilities of the joint ventures in the results of the group at the year end as the University does not share control of the entities, management consider the entity to be an investment and have accounted for it as such, in accordance with FRS 9: Associates and Joint Ventures.

### 34 Other Investments

Through Innovation Ulster Limited, a wholly owned subsidiary, the University has the following holdings:-

10.6% of Intelsens Limited  
 4.4% of Crescent Capital II LLP  
 5.9% of Axis Three Limited  
 1.7% of Bitt Ware Inc  
 10.4% of Performa Sports  
 5.3% Sophia Search Limited  
 1.16% Heartsine Limited  
 Convertible Loan of £23k in Carritech Research Limited.

The Company has holdings of greater than 15% in the following companies:-

Name	Managing Wellbeing Limited (formerly Emtell Limited)	SISAF Limited	Datactics Limited
<b>Country of Incorporation</b>	Northern Ireland	Northern Ireland	Northern Ireland
<b>Principal Activity</b>	Health & Wellbeing Software Services	Dermal drug delivery	Data quality solutions
<b>% Shares Held</b>	20%	21.77%	15.9%
<b>Turnover</b>	£29k	N/A	N/A
<b>Net Liabilities</b>	(£28k)	£65k	(£236k)
<b>Year End</b>	31 December 2011	31 October 2011	31 October 2011

# UNIVERSITY OF ULSTER GROUP ACCOUNTS

## Notes to the Financial Statements - Continued

The Company has holdings of greater than 25% in the following companies:-

Name	Diabetica Limited	Innovation Language Services Limited	Hidinimage Limited	Axis Composites	Tactility Factory Limited
<b>Country of Incorporation</b>	Northern Ireland	Northern Ireland	Northern Ireland	Northern Ireland	Northern Ireland
<b>Principal Activity</b>	Research and development of products for treatment of diabetes and obesity	Language translation services	Secure digital water marking technology	Designs and manufactures 3D woven carbon fibre performs	Textile Reinforced Concrete Design & Manufacture
<b>% Shares Held and type</b>	44.4%	100%	38.5%	28%	30.1%
<b>Convertible Loan Stock</b>	N/A	N/A		—	£50k
<b>Turnover</b>	Nil	Nil	N/A	—	N/A
<b>Profit or Loss Before Tax</b>	£(9k)	£(1k)	N/A	—	N/A
<b>Net Assets/ (Liabilities)</b>	£0.5k	£Nil	N/A	£11k	(£16k)
<b>Financial Year End</b>	30 September 2011	31 July 2012	N/A	29 February 2012	31 July 2011

On 17 June 2011 Innovation Language Services Limited (formerly Flex Language Services Limited) ceased trading. It is expected that during the coming financial year that all assets and liabilities will be liquidated and the net assets will be distributed to Innovation Ulster Limited.

### 35 Related Party Transactions

Due to the nature of the University's operations and the composition of the University's Council (being drawn from local public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of the Council may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures. The University has taken advantage of the exemptions contained in FRS 8 "Related Party Transactions" not to disclose transactions with subsidiaries as all of the voting rights are controlled within the Group.







# Professional Education for Professional Life

[www.ulster.ac.uk](http://www.ulster.ac.uk)