



Annual Report and Financial Statements

for the Year to 31 July 2015

Registered with The Charity Commission
for Northern Ireland NIC 100166

Ulster University Group Accounts

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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 Ulster University (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 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.

Organisation

The University is organised into six faculties, each led by a Dean:

- Arts
- Art, Design and Built Environment
- Computing and Engineering
- Life and Health Sciences
- Social Sciences, and
- Ulster University Business School

Responsibility for overall day to day management of the University is through the Vice Chancellor, supported by a senior team, which includes four Pro-Vice Chancellors and a number of Directors. July 2015 saw the appointment of a new Vice Chancellor, Professor Paddy Nixon, as the out-going Vice Chancellor, Professor Sir Richard Barnett, having been knighted in the New – Year’s Honours List, retired.

Corporate Strategy

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

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

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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 NI 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.

The University's strategic capital development plans are progressing well. The overall Greater Belfast Development programme remains on schedule to achieve operational completion in 2018. The Phase 2 contractor has now achieved completion of the contract for Sections 1, 2 and 3 and the project is in the maintenance period. The contract continues to be administered in accordance with legal and consultant recommendations in representing the University's interests. Relocation activities are progressing in accordance with the overall master development programme and all relocations scheduled have been concluded in readiness for the new 2015/16 academic year.

The phase 3 construction contractor commenced works on 30 March 2015 and works are progressing against the contract programme.

Furniture, fittings and equipment design development and consultations are progressing in accordance with the master development programme. Likewise, the relocation management consultant procurement activities associated with the University physical relocation from Jordanstown to Belfast are underway.

The capital development plans at the North West campuses continue. 2014/15 saw completion of these works, and these new teaching blocks provides learning and teaching accommodation to replace the ageing facilities previously located in the campus's South Buildings. The project achieved practical completion, ahead of programme, on 23 March 2015. Final end point technology (projectors, lecterns etc.) fit out works are complete. The facility was available to all schools from the start of Semester 1 of 2015/16.

Similarly, the new build extension to Central Buildings, facilitated the relocation of the Faculty of Arts from

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its previous location, again in the campus's dated South Buildings. Coupled with this the refurbishment of Block G2 facilitated the relocation of the School of Education from its previous location. This completes the move of all subjects from South Buildings.

At the Magee campus funding has been secured and a contract has been awarded for the proposed new central teaching block, which will be located between the existing library and Aberfoyle House and will provide two new lecture theatres as well as a range of new teaching rooms and informal student learning spaces. The contractor has commenced work on site in September 2015.

Review of Operations

The Financial Statements have been prepared on a consolidated basis and include the results of the University and its subsidiary company as set out within Note 32. The financial results of the Group for the year show a surplus of £15.1 million, a margin of 7.4%, and net cash of £64.4m all of which were in line with our plan to build sufficient reserves in support of the campus developments and to ensure our cash holdings are closer to sector benchmark figures.

Income and Expenditure Accounts

Total income rose by 2.5% to £204m and total expenditure likewise increased to £196m, an increase of 5.4%, the majority of which can be attributed to the provision for restructuring redundancies under the Voluntary Severance Scheme announced in June 2015.

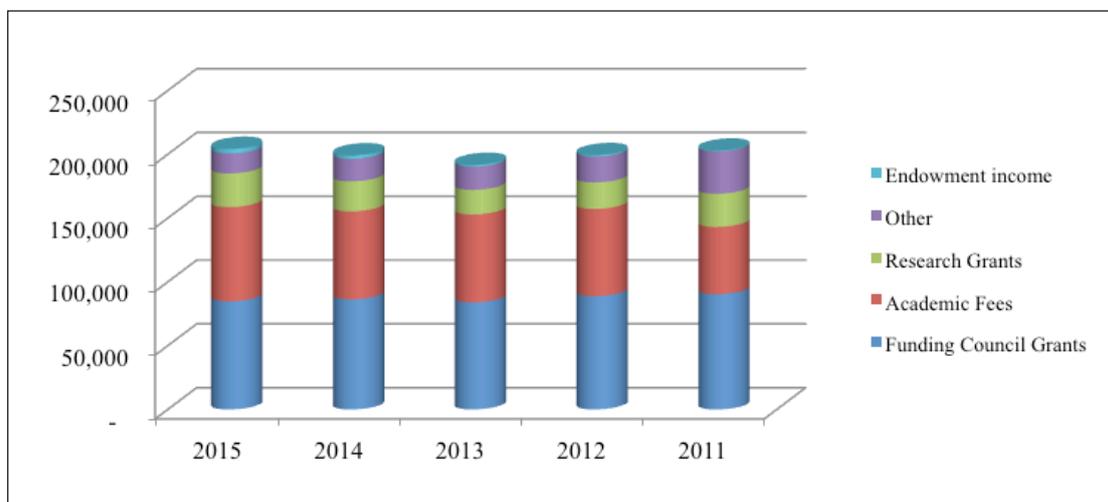
The Consolidated Income and Expenditure Account shows:-

	2015 £000	2014 £000
Income	204,258	199,217
Expenditure	(195,542)	(185,060)
Taxation.....	(563)	—
Deficit Transferred to Endowment Fund.....	15	—
Operating Surplus	<u>8,168</u>	<u>14,157</u>
Revaluation Reserve Return.....	6,989	5,566
Historical Cost Surplus.....	<u>15,157</u>	<u>19,723</u>

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

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Operating and Financial Review - Continued



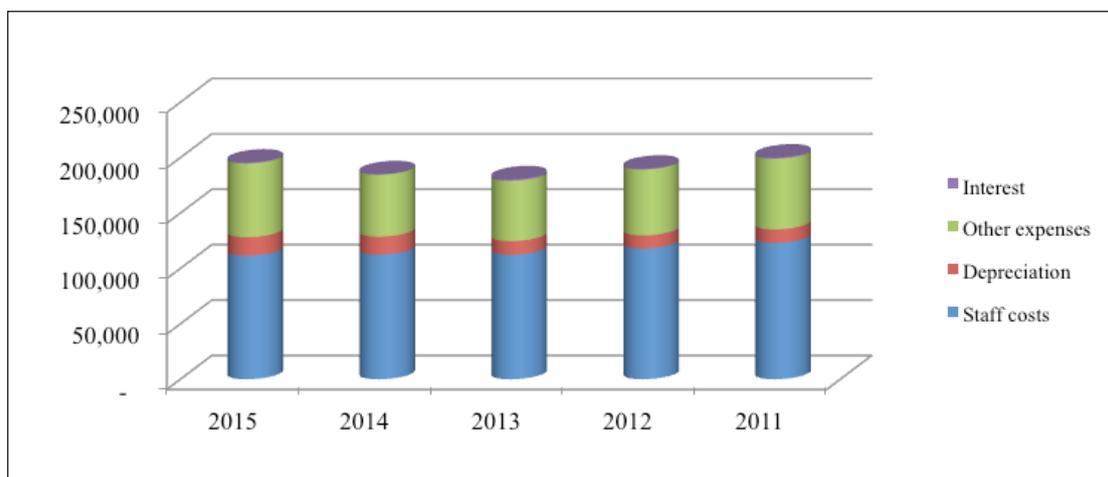
With the further cuts in the block grant funding, Funding Council Grant income fell 1.8% year on year.

Tuition fees and educational contracts income saw an increase of almost £5m versus the year ended 31 July 2014, primarily as a result of the regulatory (as determined by the Stormont Executive) 3% increase in student fees, a 2% increase in student numbers and a reduction in the bad debt provision.

Research Grant income rose by 10.6% or £4.8m, the main element being income accrued in the financial year for the receipt of one off Research and Development Expenditure Credit (RDEC) claims of £2.6m. Such expenditure incurred after 01 August 2015 cannot now be reclaimed following the summer 2015 budget.

The overall 2.5% increase in income highlights the shift in funding streams. Over the past four years, income has been analysed and this highlights the reduced reliance on funding council grants, from 45% in 2010/11 to 41% in 2014/15, with a shift towards academic fees (up from 26% to 36%), research grant income as a percentage of total income, which remains at 13%.

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



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Overall expenditure is broadly in line with that recorded as at 31 July 2014, save for the increase in other operating costs as a result of the provision for restructuring costs of £8.7m.

During 2014/15 we have continued to identify areas of activity which can be delivered more cost effectively or where divestment is appropriate as a means of managing our on-going cost base. Total staff costs are in line with last year, however the staff cost to income ratio of 54.5%, is a further 1.9% improvement year on year, and brings the University closer to the sector benchmark.

Balance Sheet as at 31 July 2015

This year saw a further increase in net assets, up to £289m, from £283m at the year ended 31 July 2015. Similarly reserves increased marginally to £186m.

Cash and short term investments totalled £142.8m as at 31 July 2015. This is an increase of £50.9m (35.6%) over last year although £48.8m is as a result of the draw down of SIB loans linked to the Financial Transactions Capital Funding provided in support of the Greater Belfast Development. The remaining £2.1m increase is in line with the overarching financial strategic objective of increasing cash reserves to move Ulster's cash reserves closer to the sector norms.

Fixed asset movement for this year amounts to £15.3m, including additions of £32.1m, £3.8m of this relates to equipment, and £28.3m of work in progress/assets under construction; including £16.7m due to the ongoing development of the Greater Belfast project, and £9.8m for the rationalisation of the Coleraine estate.

The defined pension liability increased to £36.1m from £30.6m last year. Further comment in respect of same is noted later in this report.

Net current assets increased by £53.8m, reflecting the increased investments and short term deposits, to a year end position of £125.1m.

Cash Flow for the Year to 31 July 2015

The University's Finance Strategy aims to generate a cash surplus of circa. £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 capital development plans thereby reducing the need for bank borrowings.

Cash balances continue to improve due to delays in spend on capital projects, early draw down of loan financing together with lower than projected spend amongst the faculties and departments.

For the year ended net cash flow from operating activities was £20.7m. The University invested £32.1m in capital asset additions with £13.1m having been received from government sources in support of these investments coupled with the SIB loan, University's short term cash deposits and investments increased from £91.9m last year to £142.8m at 31 July 2015. The University's liquidity ratio (current assets to annual expenditure excluding depreciation) at 88% (up from 62.8% in 2014) reflects the planned accumulation of cash reserves.

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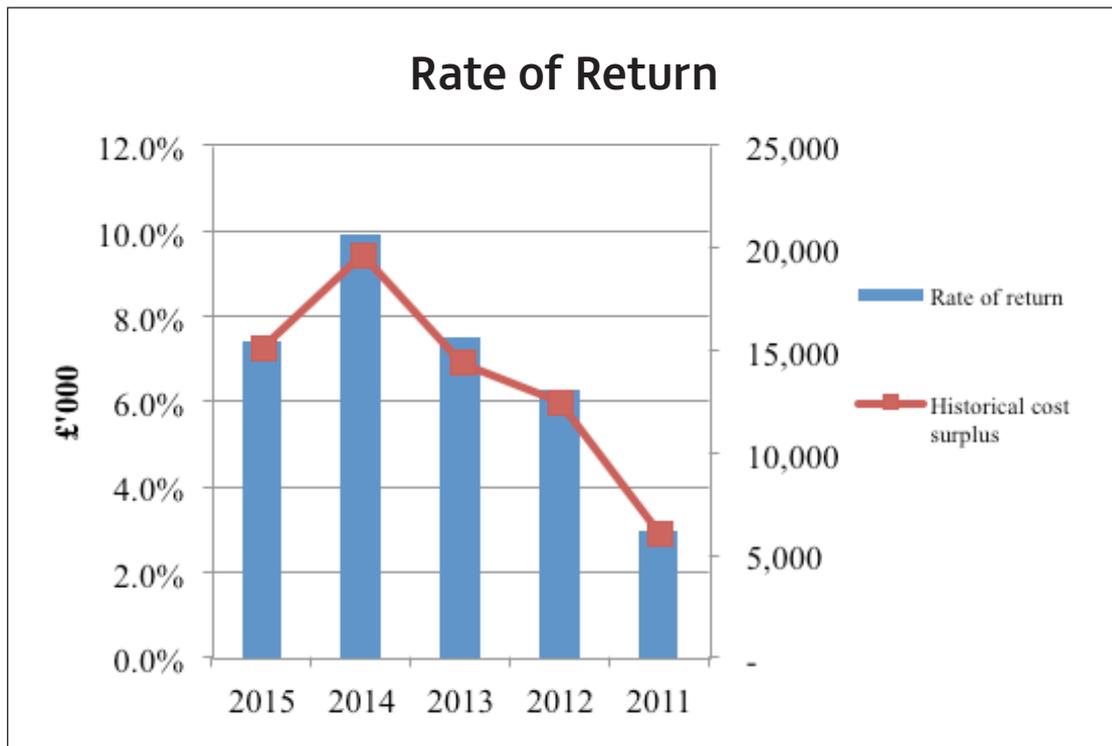
Financial Strategy

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, the consolidation of the physical estate on the Coleraine campus and investment in Information Technology. The University's level of 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.

The University's approved Finance Strategy is as follows:

- To achieve a staff cost to income ratio of 57.2%.
- To achieve an annual operating surplus averaging 4.5% of income on a 4 year rolling average basis.
- To achieve an EBITDA earnings before interest, tax, depreciation and amortisation target of £19m.
- To maintain a liquidity reserve of c£25m - £30m (equivalent to 45-50 days of total expenditure).
- To operate within the EIB facility covenants, ensuring that the annual servicing cost of finance is less than 6% of income; net indebtedness does not exceed 50% of net assets; ratio of EBITDA to service cost does not exceed 1.5.

The University continues to operate in accordance with the defined strategy.



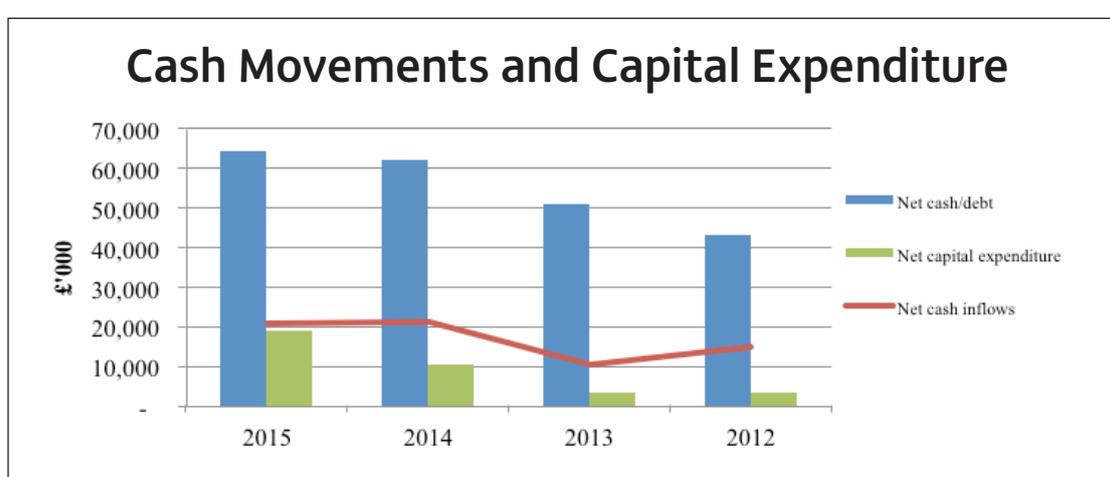
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Treasury Policy and Performance

The University applies a series of policies designed to manage treasury risks including liquidity risk, exchange rate risk and credit and counterparty risk. These policies are contained in the Treasury Management Code of Practice prepared in accordance with HEFCE and Chartered Institute of Resources Committee. In recent years the Resources Committee has paid particular attention to the policies designed to manage liquidity and credit rating risk.

The graph below illustrates the correlation between net cash/debt and capital expenditure.



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 of the financial institution in which the proposed investment is to be made. Deposit limits with one financial institution range from £1m to £35m depending on the deposit rate and credit rating.

Pension Schemes

The University participates in two pension schemes. These schemes are the Universities Superannuation Scheme (USS) and the Northern Ireland Local Government Officers Superannuation Committee Pension Fund (NILGOSC), both of which are defined benefit schemes, which are externally funded and contracted out of the State Second Pension (S2P). 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 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 scheme in respect of the accounting period. In 2015, the percentage was 16%.

The latest triennial actuarial valuation of the USS scheme was at 31 March 2014. At the valuation date the value of assets in the scheme was £41.6bn and the value of the scheme's technical provisions was £46.9bn, indicating a shortfall of £5.3bn. As part of this valuation, it has been determined that employer contributions will increase to 18% from 01 April 2016.

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Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. The sensitivities and assumptions surrounding this and the FRS17 liability are outlined in Note 30.

The NILGOSC scheme, against which the University is able to show its share of the underlying assets/liability, shows a FRS17 liability of £36.2m for Ulster University; up from £30.6m at the previous year end. This results in a £1.2m charge to the Income and Expenditure account of which £3.5m is against staff costs and £2.3m credited against interest payable. The total amount recognised in the Statement of the Total Recognised Gains and Losses in respect of the actuarial loss is £7.2m, against a gain of £5.8m in 2014.

Risk Year End 2014/15

Throughout the 2014/15 financial year, the Senior Executive Team (SET) considered the assessment of Corporate and Operational Risks. The Audit Committee subsequently approved the risk assessment.

Risk for the Coming Period

On 22 September 2014, SET discussed changes to the Corporate Risk Register and the re-categorisation of the Corporate and Operational risks into Strategic (10), Tactical (10) and Operational (5).

Audit Committee (20 October 2014) agreed the new three tier approach and re-allocation of existing risks as follows:

RISK CODE	STRATEGIC RISK
STRT - 01	Failure to undertake due diligence and effective management and administration of partnership activity.
STRT - 02	Failure to continually review the current and ongoing political instability surrounding 3 rd level funding.
STRT - 03	Failure to protect and enhance the University's profile and reputation.
STRT - 04	Ineffective/failure of governance and leadership in setting strategic direction, oversight and in decision-making and delivery.
STRT - 05	Failure to identify a pipeline of activity across the University's Faculties and appropriate routes for commercialisation/job creation.
STRT - 06	Failure to maintain the University's position as a sector leader for Widening Access.
STRT - 07	Failure to deliver our approved Corporate Financial Plan arising from the failure to deliver our core business strategies i.e. Learning & Teaching and Research & Innovation.
STRT - 08	Failure to develop an Organisational Development Strategy and implementation plan on a timely basis.
STRT - 09	Failure to maintain appropriate Capital Investment Strategy.
STRT - 10	Failure to develop an effective public affairs and communication policy and implementation plan on a timely basis with an aim to monitoring and influencing changing government policies.

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RISK CODE	TACTICAL RISK
TACT - 01	Failure to recruit, support and retain a diverse range of students.
TACT - 02	Inability to recruit and retain staff committed to the delivery of excellence in teaching and learning.
TACT - 03	Diminished opportunities for graduate and post-graduate level employment.
TACT - 04	Failure to identify and support effectively innovation and knowledge transfer opportunities that have the potential to contribute positively to economic and societal development.
TACT - 05	Failure to deliver on core University objectives due to a lack of innovation and entrepreneurial behaviour in the conduct of University Business.
TACT - 06	Lack of connectedness with grant-awarding, decision-making bodies and proactivity in horizon-scanning.
TACT - 07	Inadequate physical and environmental infrastructure across all campuses to support core business delivery, development and enhancement.
TACT - 08	Failure to develop effective internal two-way communications and hence a lack of ownership by staff.
TACT - 09	Inadequate IT infrastructure across all campuses to support core business delivery, development and enhancement.
TACT - 10	Failure to achieve fundraising targets in support of other University activities as specified in the Ulster Fundraising Plan.

RISK CODE	OPERATIONAL RISK
OPER - 01	Reduced opportunities for work-based and work-related learning.
OPER - 02	Inability to compete effectively in the international market.
OPER - 03	Lack of focus on activities that support the University's core aims and pursuance of activities which threaten the maintenance of standards.
OPER - 04	Lack of focus on quality and standards in recruiting international students hence threatening our highly trusted sponsor status and compliance to the regulatory environment.
OPER - 05	Lack of consistency across the Research Institutes in terms of developing a culture of successful grant application and succession planning.

Given the volatile climate surrounding HE funding and the recent cuts, it is intended that SET will continue to monitor and manage risk and the 2014/15 year-end review of Strategic, Tactical and Operational risks was presented to SET in October 2015.

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Students

Student numbers have increased slightly from a total enrolment of 32,072 in 2013/14 to 32,423 in 2014/15. This includes students based at partner colleges and institutions. Distribution of students for the period 2012/13 to 2014/15 is as follows:

	2014/15	2013/14	2012/13
Full time students	17,433	16,676	16,303
Full time overseas students	1,696	2,271	2,441
Part time students	7,663	7,990	7,999
Students at recognised institutions	5,631	5,135	5,113
Total	32,423	32,072	31,856

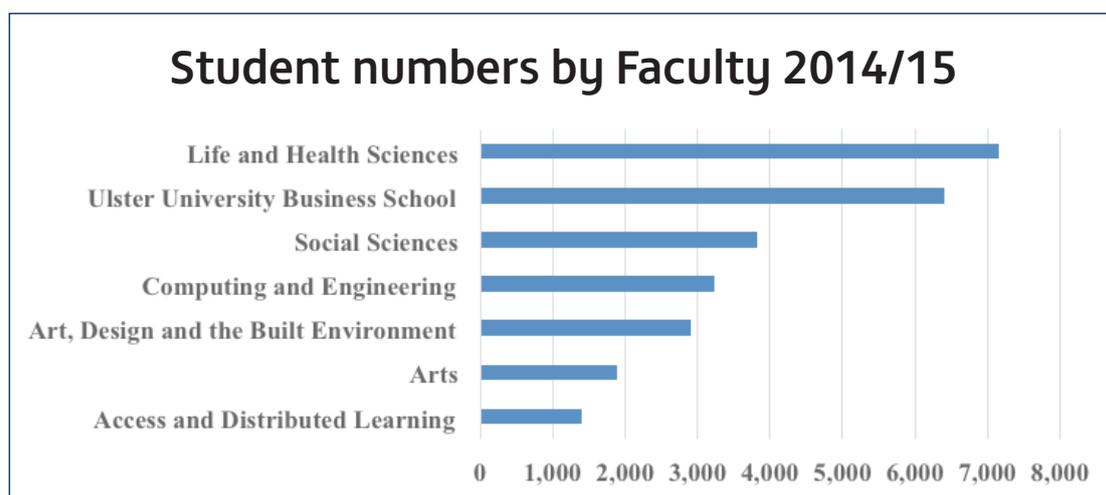
In terms of domicile, the student population, over the past three years has been made up as follows:

	2014/15	2013/14	2012/13
UK	27,896	27,470	26,645
EU	2,462	2,078	2,438
Non EU	2,065	2,524	2,773
Total	32,423	32,072	31,856

Students by Subject Area

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.

The graph below illustrates the range and scale of the student population by faculty:



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Student Involvement

The University has a number of mechanisms in place to facilitate communication with students and it makes extensive use of email and the internet/social media to disseminate information and receive feedback, not least through partnership with the Students' Union.

The Students' Union President is a member of the University Council and a number of Students' Union representatives are members of a variety of University committees including Resources Committee, Library, Information & Student Services Administration Committee, Disbursement Committee and Organisational Development Committee.

In particular the Students' Union is heavily involved in the academic process, with over 900 elected course representatives providing valuable input through Staff Student Consultative Committees, Student Engagement Forums and Faculty Boards.

The University and Students' Union Forum meets five times throughout the academic year to discuss matters of mutual concern and is jointly chaired by the Students' Union President and the PVC (Academic Planning, Partnerships and International Affairs). Membership of the Forum includes the seven elected student officers, UUSU General Manager, Vice Chancellor, University Provosts as well as representatives from Student Support, Facilities Services and Corporate Communications. The Forum minutes are then presented to the University Senior Executive Team by the Students' Union President.

In 2014/15 the Students' Union had over 140 active clubs and societies, with highlights including the Coleraine Amateur Stage Society (CASS) performing 'The Great Gatsby' to a sold out Riverside Theatre, and over £10,000 being raised for charitable causes.

UUSU Sport continued to go from strength to strength with Ulster Elks Ladies Hockey winning the Irish Senior Cup, and Ulster students and teams winning intervarsity titles in Athletics, Badminton, Cricket, Golf, Hockey, Judo, Karate, Netball, Pool, Swimming and Tennis.

Internationalisation

At Ulster University we are expanding our international profile with 11% of our Northern Ireland - based students from outside the UK; 37% of our academic staff and 56% of our research staff from outside the UK; 1,098 institutions are collaborating with Ulster worldwide including 221 in North America, 28 in South America, 39 in Africa, 227 in Asia Pacific and 40 in the Middle East; and more than 24% of our alumni are now living outside Northern Ireland.

Internationalisation is embedded in our approach to teaching, research, the student experience, business engagement and social responsibility. We seek to provide Ulster staff and students with a range of study and travel opportunities which help position them for success within the global employment market. It is our ambition to consolidate those achievements and realise their full benefits. We have considerable international expertise within the University and have developed a number of strong centres of international excellence, including the Confucius Institute.

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Ulster University is a University which makes the right connections. We were delighted to celebrate ten successful years of partnership with the National Policy University of China (NPUC) and the Dongbei University of Finance and Economics (DUFE) in 2014. A delegation of senior staff visited China during November 2014 to mark the milestone with NPUC and visit other partner universities.

Digital marketing activity has been a key focus in 2014/15, evidenced in further development of the International Department's website and the operation of a series of online and social media campaigns. This has included the production and dissemination of a new international prospectus and the creation of Ulster's first virtual campus. Using the virtual campus, the international recruitment team ran online Open Days for prospective students and applicants.

Other recruitment activities included participation in the British Council's Education UK recruitment exhibitions in the United Arab Emirates with visits and information sessions delivered at international schools in Abu Dhabi and Dubai. During this visit a number of new agents were screened for representation in the MENA region. Staff also participated in the annual NAFSA event in the USA to meet with existing and new study abroad partners.

The University has seen significant improvement during this period in forming and progressing international partnerships. In 2014-2015 a total of 113 agreements including 38 Memoranda of Understanding, 18 Articulation agreements and 24 Student Exchange/Study Abroad agreements were facilitated.

During the first year of the new Erasmus+ scheme, 157 contracts have been novated with the new inter-institutional agreement and 17 new partner agreements signed. The recent KA1 application has been approved for €886,720 to facilitate staff and student mobility in the coming year.

Outward mobility road shows and information sessions were held across all campuses to encourage Ulster's home students to take up the wide variety of international study opportunities available to them. International Department staff also participated in the University's Open Days and the Students Unions' Freshers' Fayre across all campuses to raise awareness of outward mobility opportunities among new and prospective students.

Further development of internationalisation of the curriculum across all subjects and disciplines was undertaken through delivery of staff development seminars across all campuses in conjunction with the Centre for Higher Education Research and Practice. Emphasis on internationalisation of learning and teaching has been advanced in the work undertaken by the University's Student Experience Working Group, chaired by the Head of International Student Experience and staffed by colleagues from all faculties and relevant central departments.

Continuous improvement and support for the international student experience at Ulster has been advanced through collaboration with the Students' Union, central departments and faculties. The provision of tailored English language support for international students with English as an additional language has continued to be a focus of work in 2014/15.

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Globalisation is set to continue. It will bring new opportunities and new challenges for the next generations of graduates and academics seeking to prosper in and contribute to an increasingly interdependent world.

Research Activity

The discovery, dissemination, integration and application of new knowledge lie at the heart of this University. The production of research is reviewed through the Research Excellence Framework (REF), which provides Ulster with a level of funding to develop and implement its research agenda, to fund promising new areas, to respond to opportunities and to provide the environment for nurturing new generations of researchers. Research develops intellectual and societal wealth that contributes to teaching and the student transformational experience. In turn, this services and enhances the labour market through the training of human capital for future employment, and creates societal impact, IP, future entrepreneurs and enterprises.

The REF results were published in December 2014. International experts have judged Ulster University as being in the top 25% of UK universities for world-leading research, based on research power. This reinforces our leadership and delivery of research that is making a tangible impact in society and economies both locally and globally. Ulster almost doubled its World Leading Research over the last two exercises (RAE 2008). The significant highlights from this year's REF results include:

- Ulster is in the top 25% of all UK submitting universities (n=155) compared to being in the top 33% in RAE 2008 (n=132).
- We are in the top 10 UK submitting universities for architecture and the built environment, art and design, biomedical sciences, law, and nursing and health sciences research.
- Ulster's overall 4* performance (24.2%) was better than 119 other HEIs, including Surrey (21.8%), Aberdeen (23.9%) and Leicester (20.3%).
- Ulster's 4* Research Impact was better than QUB, Liverpool, Aston, East Anglia and Strathclyde.

Innovation and Technology Transfer

The University's innovation team works in partnership with staff and students of Ulster University to engage business, encourage fresh thinking as well as protect and realise economic impact from our intellectual assets. In 2014/15 the office has:

- Licensed 3 technologies into businesses.
- Launched Access Ulster, a new online portal that brings together Ulster University's research, technologies for licencing, facilities/equipment and expertise into to one easy to use portal.
- Achieved 6th place in the UK national KTP ranking table.
- Led the way in the Creative Industries by spearheading a £3.5m EU Support programme Honeycomb – Creative Works, a project which had 2,500 registered website users, secured £350K of contract work for SMEs in the Creative industries, ran 120 business and networking events, had 1,800 participants in skills courses, created 50 online courses and provided funding for 27 projects.

The Higher Education - Business and Community Interaction (HE-BCI) survey data illustrates the success of the University in engaging with business and community in the past year. In line with the statutory

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reporting deadline, in 2013/14 Ulster University was in the top 25% of UK Universities for its income received through links with business and the community. Ulster University was ranked 32nd out of 158 UK Universities for its income received through consultancy activity and ranked 11th in the UK for its number of interactions with small and medium-sized enterprises.

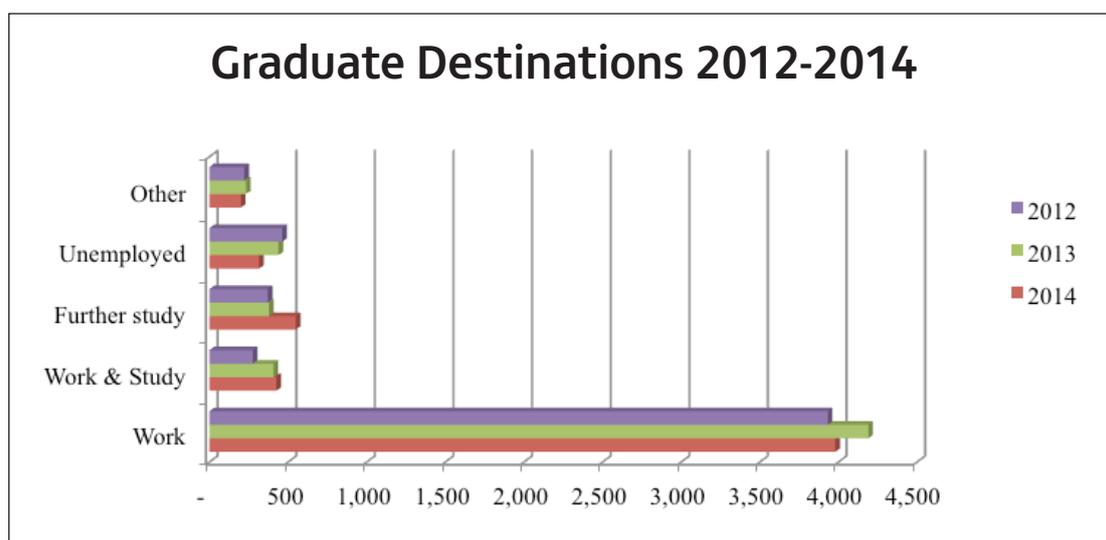
DEL's investment of £5.3m, through the Higher Education Innovation Fund IV, was significant in enabling this, as was the University's own investment in knowledge transfer activities, its infrastructure and the investment of strategic partners such as Invest NI, TSB, and DEL through complementary programmes.

The University is constantly striving to engage and inspire the wider economy and to have a culture of openness to all.

Destination of Leavers

The Employability and Marketing Directorate conducts the Destination of Leavers from Higher Education (DLHE) survey on behalf of the Higher Education Statistics Agency (HESA). The population surveyed is designated by HESA and includes both full-time and part-time leavers on both undergraduate and postgraduate programmes.

The statistics presented below refer to the 2013/14 academic year and give a 'snapshot' of graduate destinations six months after leaving their course.



The University has met the national HESA benchmark for DLHE responses in all categories of leavers.

The 2014 published HESA employment performance indicator (PI) for Ulster leavers obtaining first-degree qualifications from full-time courses is marginally below benchmark (PI – 93.9%; Actual 92.5%) but is an improvement on the result posted for the previous year - 89.7%.

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The destination of Ulster leavers was employment 72.7% , work and study 7.7%, further study 10% and seeking work 5.8%. Overall 90.6% of Ulster University leavers were working, studying or a combination of both six months following graduation.

A measure currently used as part of the Key Information Set (KIS) and in national league tables is the percentage of leavers, who are in employment, gaining professional/managerial level jobs. For the 2013/14 DLHE return Ulster achieved 71.3% on this measure for all leavers in UK employment, which continues the improvement that has been evidenced over past two years.

The vast majority, 89% of Ulster University leavers, reported as being in employment, were employed in Northern Ireland. Whilst the number of graduates remaining to stay and work at home is positive for the Northern Ireland economy, this has been at the cost, for some graduates, of accepting positions in non-graduate jobs rather than seeking to work further afield.

Sustainability and Environment

An Environmental Sustainability Performance Report is issued to Senior Management each year.

Significant achievements in 2014/15 were:-

- Constructed 2 new building developments to BREEAM excellent environmental standard: Belfast Phase 2 and Coleraine Rationalisation Phase 3.
- Celebrated the achievement of 11 cross-campus staff and student teams in implementing positive sustainability changes relating to waste, water, travel and energy through the Green Impact Scheme.
- Reviewed the Carbon Management Plan to take account of changes to Government guidance and to include an update on recent University performance and upcoming projects.
- Reduced waste generated across the Estate due to the operation of the residential waste contract and the management information provided.
- Cut electricity usage/m² by 1.9% maintaining a 5 year downward trajectory in electricity consumption which has been brought about by the rationalisation and modernisation of the Estate along with the introduction of energy efficient technologies and electricity saving projects.
- Obtained a Gold award in the annual ARENA Network environmental benchmarking survey, which annually assesses Northern Ireland organisations on their environmental management, performance and assurance credentials. Ulster achieved 18th position improving from 29th position in the previous year.

Performance of the Ulster University Estate

As part of the HESA Estates Management Statistics (EMS) project Ulster, in common with all UK HEIs, is required to make annual returns of estates information to a common framework and set of agreed definitions. From these returns approximately two hundred performance ratios or Key Estate Ratios (KERs) have been derived.

Ulster University Group Accounts

Operating and Financial Review - Continued

The 2013/14 EMS Key Estate Ratios demonstrate that Ulster's estate continues to operate on an effective and efficient basis.

The statistics also demonstrate that the estate is operating on a satisfactory basis in terms of space management and efficiently in terms of estate, energy, project and facilities management costs.

Public Benefit

Ulster University's charitable purpose is the advancement of education. In setting and reviewing the University's objectives and activities, Council has given due regard to relevant guidance on the reporting of public benefit, in particular, the Charity Commission's supplementary public benefit guidance on the advancement of education. We deliver our charitable purpose for the public benefit, by implementing our corporate plan and delivering on those strategic aims and objectives approved by Council to shape our academic portfolio in response to the demands of students and employers, and to deliver research and innovation that achieves economic and social transformation.

The distinctiveness of the University within the HE sector places it within a small group of HEIs that are research-engaged and business-focused with significant commercialisation of research, major knowledge transfer relationships and diversity in the student population.

While University funding continues to fall in Northern Ireland, we remain committed to our core values of equality, inclusivity and to the principle that a University education should be accessible to everyone with the ability and potential to benefit. The University's aspiration and ambition in this regard being articulated through the Widening Access and Participation Strategy and its statutory obligations delineated in the Widening Access and Participation Plan (formerly known as the Access Agreement).

DELNI expects the University to reinvest a minimum of 10% of annual additional fee income on access measures. To this end and in line with DELNI's regional strategy on Widening Participation (WP), 'Access to Success', Ulster continues to diversify its access measures across financial support, targeted impact-orientated educational outreach and support for student success.

In 2014/15 financial support now extends beyond bursaries through the Widening Access and Participation Fund. The fund reduces the financial hurdles for qualifying Ulster students to undertake employability and international study opportunities. For our wider communities and work-based adult learners, who are in need, fee waivers apply to help increase levels of social inclusion through the achievement of University accredited modules, which offer access to higher education and/or higher level skills at level 4 and above. For those from a care background in need of additional support, Fostering Aspiration provides financial, living and mentoring support for aspiring care-experienced young people.

In outreach, the University has been responsive to a changing regulatory environment by investing in high-impact, outcome-orientated educational engagements, Ulster's Step-Up programme being a key exemplar.

Ulster University Group Accounts

Operating and Financial Review - Continued

Step-Up is the University's flagship educational outreach programme, providing learning opportunities for talented young people from schools in low participation areas. It has a proven track-record of making a direct contribution to the diversity of the student body, particularly across hard-to-reach target groups.

Against a shrinking and increasingly selective regional HE sector, the Step-Up programme represents the University's primary instrument for maintaining institutional Widening Participation performance. Accordingly, in 2014/15, the foundations have been laid for the piloting of Step-Up to Engineering, introduction of the Step-Up Virtual Academy and University accreditation for new entrants, as well as planning for three new schools to join the partnership including, for the first time, geographic expansion outside of the major cities.

Outside of such sustained interventions, additional targeted outreach is underpinned by providing our students with encouragement and opportunity to 'give something back' by taking part in volunteering initiatives such as Science Shop, Tutoring in Schools and Ulster Sports Outreach where, in 2014/15 alone, over 1,200 Ulster students took part in subject-specific projects in communities and schools across the region acting as role models and Higher Education ambassadors.

Increasingly, Ulster is working with external partners where our missions converge, for instance with the Primary Science Teaching Trust and the Royal Academy of Engineering. Widening access and participation for non-traditional groups, primarily adult learners has been significantly enhanced through the provision of flexible frameworks at undergraduate level 4 and postgraduate level 7. This directly contributes to sustained economic growth of the NI region through accessible skills development, which includes:

- Accreditation for existing employer led professional development activity.
- Delivery of learning through partnerships between employers and higher education.
- The ability to build academic credit and work towards recognised certificates in a manner that is affordable in respect of time, money and personal/professional circumstances.

Donor Development, Business Engagement and Fundraising

The Development and Alumni Relations Office (DARO) works with colleagues across Ulster University to develop strategic relationships and source additional income in support of the University's strategic aims.

Like other elements of the University's provision, during 2014/15, DARO operated within the budget constraints and has identified the development of regular-giving among our alumni as a key focus. This allows DARO to build affinity with our alumni in preparation for future major fundraising activities. Some 472 alumni donated to the University during 2014/15, almost trebling the number who donated in the previous year and 238 gave a recurring gift, more than double the previous year's figure.

DARO aims to build on this success in 2015/16 by focusing on deepening its engagement with donors, for example, to encourage one-off givers to make regular gifts, to increase existing regular gift commitments and to secure new gifts.

Ulster University Group Accounts

Operating and Financial Review - Continued

DARO also continues to develop Corporate Partnerships and initiated a long term agreement with SSE Airtricity in 2014/15 which will support 12 SSE Airtricity Scholarships per year for full time Degree and full and part time Masters level courses at the University. Support via the Santander Universities programme also increased during 2014/15, with a further increase pledged for 2015/16. DARO also worked closely with the AFL-CIO, Washington, to raise funds to support an endowed scholarship programme which will support a US student to study at Ulster University each year. DARO continues to work with other departments in the University on a small number of significant proposals which seek funding from statutory agencies.

The section also regularly communicates with over 50,000 alumni and friends through its electronic newsletters and the Ulster Graduate magazine is circulated to over 123,000 recipients in 121 countries around the world.

Staff Development Initiatives

The headline Staff Development Initiatives that have had significant university-wide impact in 2014/15 include the Enhance Professional Development & Recognition Scheme (UKPSF/HEA Professional Recognition) and the ongoing development of an effective coaching culture across the University.

Under the ENHANCE Professional Development & Recognition Scheme it is rewarding to see that Ulster University is increasing its proportion of academic, professional and support staff, at a velocity significantly above the sector norm. Ulster currently has 60% (an increase from 50.4% in February 2015 and 43% in October 2014) of academic staff holding a category of HEA fellowship compared to 30% for all HEIs and just over 22% for pre-92 universities. This is a result of significant work driven by key university initiatives and supported through the breadth of accredited provision on offer. As a result of awareness raising, in relation to the UKPSF, with senior managers, line managers and staff there is now a growing understanding of the value of professional development and recognition and the benefits to the student learning experience.

A second noteworthy staff development initiative in the past year, saw Ulster University's Staff Development Department win the 2015 Irish Training and Development Award for Outstanding Contribution to Excellence in Coaching. This was in recognition of the introduction and ongoing development of a coaching culture across the University. The section will continue to build on the strengths of 2014/15 in the coming academic year.

Conclusion

The University continues to operate within the approved Finance Strategy targets which aim to deliver an operating surplus sufficient to support a sustainable investment strategy in both the University's Physical Resources and Information Technology facilities.

While the University faces considerable challenges as a result of the continuing cuts in the block grant and funding having fallen by some £19m (21%) since 2010/11, we have developed robust financial planning targets over the next 4 years.

Ulster University Group Accounts

Operating and Financial Review - Continued

The under - funding of Northern Irish students, by circa £1,700 per student per year, vis a vis the English HEI sector, makes maintaining a financially sustainable Institution ever – challenging and thus the University has set about delivering an institutional – wide restructuring, which will result in reduced student numbers of 1,250 by 2018, coupled with a decrease in approximately 210 staff posts.

The restructuring will strengthen our focus on the sustainable delivery of high quality teaching and world-leading research that produces graduates with industry ready, relevant skills that benefit business and society. As a multi-campus institution, Ulster University faces particular considerations and our decisions reflect a strategic, longer term vision, not just for each campus but for the entire institution and the regional economy. Each campus will now have specific sectoral alignments, becoming centres of expertise. Consolidation of teaching provision across all faculties will facilitate the necessary reduction of staff numbers without impacting on the quality of teaching which remains paramount.

The Higher Education sector continues to face difficult economic conditions however, these accounting statements demonstrate the commitment to achieve the financial targets set by Council and the strive to continue to operate in a financially sustainable manner.

Ms Rosemary Peters-Gallagher, OBE, FCA
Honorary Treasurer

Ulster University Group Accounts

Corporate Governance Statement

Ulster University 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 the UK Corporate Governance Code (2010) as issued by the Financial Reporting Council (FRC). 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 28 to 29.

The University is an independent educational charity, whose legal status derives from a Royal Charter granted in 1984. The University's objects, powers and framework of governance are set out in the Charter and 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 in their role as members of the Council.

The Council of the University was reconstituted with effect from 1 October 2012, with a number of members remaining in office. Members during 2014/15 are listed below.

Ulster University Group Accounts

Corporate Governance Statement - Continued

Ex Officio members:

Mr G Mallon	Pro-Chancellor and Chairman (Until 31 March 2015)
Dr J Harbison, CB	Pro-Chancellor (also became Chairman with effect from 1 April 2015)
Mr J Hunter, CB	Appointed Pro-Chancellor with effect from 1 April 2015
Ms R Peters-Gallagher, OBE	Honorary Treasurer
Professor Sir RR Barnett	Vice-Chancellor (retired March 2015)
Professor A Adair	Acting Vice-Chancellor (1 April 2015 - 30 June 2015)
Professor P Nixon	Vice Chancellor and President (with effect from 1 July 2015)
Mr M Bell	President of the Students' Union

Appointed Members:

Mrs M Clark
Mr D Clements (from November 2014)
Mrs R Laird, CBE
Mr A Langan
Mr L Nellis
Mrs H Quigley
Dr AM Telford

Elected staff members:

Professor N Black
Mr T Leath
Mr B Magee
Dr B Mason

- 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.

Ulster University Group Accounts

Corporate Governance Statement - Continued

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. Professor Richard Barnett retired as Vice-Chancellor on 31 March 2015 and Professor Alastair Adair served as Acting Vice-Chancellor from 1 April 2015 to 30 June 2015 and was also designated Chief Accounting Officer for that period. A Joint Appointments Committee (JAC) consisting of members of the Council and members of the Senate was constituted in July 2014 to oversee the appointment of a Vice-Chancellor. The work of the JAC concluded in December 2014. Professor Paddy Nixon was appointed and took up post as Vice-Chancellor and Chief Accounting Officer on 1 July 2015.

The Council met six times during 2014/15, including a joint meeting with the University's Senate. Certain functions of the Council are delegated to its committees. During 2014/15 the Committees comprised: Resources Committee; Organisational Development Committee; Audit Committee; Remuneration Committee. The Nominations Committee is as a sub-committee of Organisational Development 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 for the University group and monitors performance in relation to the approved budget. The Committee also has oversight of matters pertaining to the estate strategy and the information technology strategy. It also approves the annual budget for the Students' Union.

The **Organisational Development 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; human resources; and on organisational development and legislative matters. It also has oversight of the development fund-raising strategy; internal and external communication strategies and public relations; the marketing strategy for the range of the University's activities; Students' Union and matters relating to the Students' Union.

The **Nominations Sub-Committee** is responsible for reviewing the processes for and recommending the appointment and re-appointment of members to the Council.

The **Audit Committee** met five 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

Ulster University Group Accounts

Corporate Governance Statement - Continued

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 2014/15 the Members of the Audit Committee were:

Mr J Hunter, CB (Chair)

Mr A Langan

Mr L Nellis

Mrs H Quigley

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.

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, Directors of Administrative Departments and the University Secretary 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 Executive Team (SET) which comprises the Vice-Chancellor, Pro-Vice-Chancellors, Provosts, Deans of Faculty and Administrative Directors which meets monthly.

The SET refers matters for decision to Council or Senate (or the relevant committees thereof). The SET is 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.

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.

Ulster University Group Accounts

Statement of Internal Control

As the governing body of the Ulster University, 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 2015.

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 Executive 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 Institutional Sustainability Indicators 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 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 2014/15 was based. The internal audit service operates to standards defined in the HEFCE Accountability and Audit Code

Ulster University Group Accounts

Statement of Internal Control - Continued

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.

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 Council's behalf. Any system of internal control can, however, only provide reasonable, but not absolute assurance against material loss or misstatement.

Ulster University 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;
- 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.

Ulster University Group Accounts

Statement of the Council's Responsibilities - Continued

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 Resources 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.

Ulster University Group Accounts
 Ulster University 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>

Ulster University Group Accounts
 Ulster University 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>

Ulster University Group Accounts

Independent Auditors' Report

Independent Auditors' Report to the Council of Ulster University

We have audited the financial statements of the group and of Ulster University ('the financial statements') for the year ended 31 July 2015, 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 1 to 36. 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).

This report is made solely to the Council, as a body, in accordance with the Charters and Statutes of the University and for no other purpose. Our audit work has been undertaken so that we might state to the Council, as a body, those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council, as a body, for our audit work, for this report or for the opinions we have formed.

Respective Responsibilities of the Council and Auditors

As explained more fully in the Statement of the Council's Responsibilities set out on pages 26 to 27, 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.

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 annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Ulster University Group Accounts

Independent Auditors' Report - Continued

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 2015, 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.

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.

Ernst & Young LLP
Statutory Auditor
Belfast

DATE

Ernst & Young LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006. The maintenance and integrity of the University's website is the responsibility of its 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.

Ulster University Group Accounts

Statement of Principal Accounting Policies

1. Accounting Convention

The Financial Statements have been prepared on a going concern basis and in accordance with the Statement of Recommended Practice “Accounting for Further and Higher Education 2007” 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 undertaking. The results of the subsidiary company 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 Ulster University 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.

The joint venture results of SINI is not consolidated as the University does not share control of the entity. The joint venture results of Branch Campus (London & Birmingham) Limited, Ulster Equity Partnership, ABC Research & Innovation Limited and NICOM LLP and the investment in NIACE Limited are not consolidated in the Financial Statements on the grounds of materiality.

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.

The USS scheme is a defined benefit scheme but 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

Ulster University Group Accounts

Statement of Principal Accounting Policies - Continued

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.

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.

A small number of University employees are members of one other scheme the Health and Personal Social Services Superannuation Scheme (HPSS). This is a defined benefit scheme but it is not possible to identify the University's share of underlying assets and liabilities. As such, contributions are charged in the Income and Expenditure Account in the year in which they become payable.

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.

Ulster University Group Accounts

Statement of Principal Accounting Policies - Continued

Pending the transfer of the Jordanstown campus to Belfast, the value of the land and buildings at Jordanstown is reviewed annually. The useful economic life of the buildings is revised to reflect the transfer of the campus to Belfast.

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 and depreciated 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

(a) 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.

(b) Fixed Asset Investments through Innovation Ulster Limited

From the menu of valuation methodologies cited by the International Private Equity and Venture Capital Valuation Guidelines (Sept 2009 edition) the company values its fixed asset investments (which comprise trade investments) as follows:

Ulster University Group Accounts

Statement of Principal Accounting Policies - Continued

- Price of Most Recent Investment (PMRI) ; or
- Multiple of earnings or revenues; or
- Net Asset Basis

If valuers consider that the passage of time since the date of the last investment diminishes the appropriateness of that methodology, then a modified version of that valuation may be used which refers to industry benchmark valuations or a company based milestone analysis, ie performance against technical or financial targets of milestones.

It is expected that the company will use the PMRI basis where the investment has been made within 12 months, otherwise the Net Assets basis will be used.

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.

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 considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 287 CTA 2009 and sections 471, 478, 488 CTA 2010 (formerly S505 of ICTA 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

Ulster University Group Accounts

Statement of Principal Accounting Policies - Continued

University receives no similar exemption in respect of Value Added Tax. Innovation Ulster Limited, a subsidiary of the University has 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. Restricted expendable endowments – where trustees have the power of discretion to convert endowed capital into income.

20. Subsidiary Accounting Policies

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

Ulster University Group Accounts

Consolidated Income and Expenditure Account for the Year Ended 31 July 2015

	Note	Group 2015 £000	Group 2014 £000
Income			
Funding Body Grants	1	84,765	86,323
Tuition Fees and Education Contracts.....	2	73,920	68,990
Research Grants and Contracts	3	26,408	23,596
Other Income	4	15,682	17,622
Endowment and Investment Income.....	5	3,483	2,686
Total Income		204,258	199,217
Expenditure			
Staff Costs	6	111,377	112,447
Depreciation.....	10	16,811	16,245
Other Operating Expenses.....	7	66,577	55,971
Interest and Other Finance Costs	8	777	397
Total Expenditure		195,542	185,060
Surplus after Depreciation of Assets at Valuation before Tax			
		8,716	14,157
Taxation.....	3	(563)	—
Surplus after Taxation		8,153	14,157
Deficit Transferred to Accumulated Income in Endowment Funds	18	15	—
Surplus retained within Income and Expenditure Reserve	21	8,168	14,157

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 2015

Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	19	6,989	5,566
Historical Cost Surplus before and after Tax		15,157	19,723

Ulster University Group Accounts

Balance Sheets

as at 31 July 2015

		Group 2015	University 2015	Group 2014	University 2014
	Note	£000	£000	£000	£000
Fixed Assets					
Tangible Assets.....	10	277,578	282,710	262,280	268,021
Investments.....	11	2,190	1,502	2,870	1,502
Total Assets.....		279,768	284,212	265,150	269,523
Endowment Assets.....	12	7,021	7,021	6,483	6,483
Current Assets					
Debtors.....	13	14,370	15,168	14,110	14,975
Investments and short term deposits....		116,621	116,621	68,133	68,133
Cash at bank and in hand.....		26,214	25,715	23,817	23,129
Total current assets.....		157,205	157,504	106,060	106,237
Creditors: Amounts Falling Due Within One Year.....	14	(32,045)	(31,970)	(34,725)	(34,596)
Net Current Assets		125,160	125,534	71,335	71,641
Total Assets Less Current Liabilities		411,949	416,767	342,968	347,647
Creditors: Amounts Falling Due After More Than One Year.....	16	(78,200)	(78,200)	(29,400)	(29,400)
Provision for Liabilities.....	15	(8,696)	(8,696)	—	—
Net Assets excluding Pension Liability		325,053	329,871	313,568	318,247
Net Pension Liability.....	30	(36,189)	(36,189)	(30,633)	(30,633)
Net Assets including Pension Liability		288,864	293,682	282,935	287,614

Ulster University Group Accounts

Balance Sheets

as at 31 July 2015 - Continued

	Group 2015	University 2015	Group 2014	University 2014
Note	£000	£000	£000	£000
Deferred Capital Grants.....	17	96,136	91,400	91,400
Endowment Fund				
Permanent	18	6,100	5,636	5,636
Expendable	18	921	847	847
Total Endowments.....		7,021	6,483	6,483
Reserves				
Income and Expenditure Account Excluding Pension Reserve	21	151,435	137,870	144,001
Pension Reserve	20	(36,189)	(30,633)	(30,633)
Income and Expenditure Reserve Including Pension Reserve.....		115,246	107,237	113,368
Revaluation Reserve	19	70,461	77,815	76,363
Total Reserves		185,707	185,052	189,731
Total Funds		288,864	282,935	287,614

The Financial Statements on pages 32 to 65 were approved by the Council on 27 November 2015 and signed on its behalf by:

Ms R Peters-Gallagher, OBE, FCA Honorary Treasurer

Mr P W Hope Chief Finance and Information Officer

Professor P Nixon Vice Chancellor and Chief Accounting Officer

Ulster University Group Accounts

Consolidated Cash Flow Statement

for the Year Ended 31 July 2015

	Note	Group 2015 £000	Group 2014 £000
Net Cash Inflow from Operating Activities	24	20,676	21,047
Net Cash Inflow from Returns on Investments and Servicing of Finance	25	415	875
Net Cash Outflow from Capital Expenditure	26	(18,971)	(10,533)
Net Cash Inflow before Management of Liquid Resources.....		2,120	11,389
Management of Liquid Resources	27	(48,533)	(18,871)
Financing	28	48,810	24,955
Increase in Cash in the year.....	29	2,397	17,473

Reconciliation of Net Cash Flow to Movement in Net Funds

	Note	Group 2015 £000	Group 2014 £000
Increase in Cash in the year		2,397	17,473
Increase in Short Term Deposits and Investments.....	27	48,488	18,777
Increase in Bank Loans	28	(48,810)	(24,955)
Change in Net Funds.....		2,075	11,295
Net Funds at 1 August		62,347	51,052
Net Funds at 31 July.....	29	64,422	62,347

Ulster University Group Accounts

Consolidated Statement of Total Recognised Gains and Losses for the Year Ended 31 July 2015

	Note	Group 2015 £000	Group 2014 £000
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax.....		8,168	14,157
Unrealised Losses on Investments.....	19	(365)	(197)
Endowment Income Release for Year	18	(15)	—
Appreciation of Endowment Asset Investments	18	316	49
Actuarial (Loss)/Gain in Respect of Pension Schemes.....	20	(7,148)	5,849
Net Additions from Endowment Asset Investments.....	18	237	1,670
Total Recognised Gains Relating to the Year		1,193	21,528

	Group 2015 £000	Group 2014 £000
Reconciliation of Movement in Reserves and Endowments		
Opening Reserves and Endowments	191,535	170,007
Total Recognised Gains for the Year.....	1,193	21,528
Closing Reserves and Endowments.....	192,728	191,535

Ulster University Group Accounts

Notes to the Financial Statements

	Group 2015 £000	Group 2014 £000
1 Funding Body Grants		
Recurrent Grant	77,833	80,176
Specific Grants		
Special Initiatives.....	1,255	787
Deferred Capital Grants Released in Year (Note 17)		
Buildings	5,673	5,360
Equipment	4	—
	84,765	86,323
	Group 2015 £000	Group 2014 £000
2 Tuition Fees and Education Contracts		
Full-time students.....	52,484	48,379
Full-time students charged overseas fees.....	3,673	2,995
Part-time fees.....	4,982	4,794
DHSSPS Education Contract.....	11,813	11,839
Short Course Fees.....	968	983
	73,920	68,990
	Group 2015 £000	Group 2014 £000
3 Research Grants and Contracts		
Research Councils.....	7,090	6,652
UK Charities.....	1,371	1,365
EU Government	3,576	4,684
UK Central Government	10,008	6,577
Overseas (Non-EU)	618	413
Health and Hospital Authorities	356	410
Other Sources	3,389	3,495
	26,408	23,596
Research Grants and Contracts income includes £2,592k in relation to a Research and Development Expenditure Credit tax claim; there is an associated tax charge of £563k charged to taxation. Also included in Research Grants and Contracts Income is £1,425k (2014: £1,466k) in relation to deferred capital grant release.		
	Group 2015 £000	Group 2014 £000
4 Other Income		
Residences, Catering and Conferences.....	2,733	2,292
Other Services Rendered	5,069	7,308
Other Income.....	6,578	6,633
Deferred Grant Release.....	1,302	1,389
	15,682	17,622

Ulster University Group Accounts

Notes to the Financial Statements - Continued

	Group 2015	Group 2014
	£000	£000
5 Endowment and Investment Income		
Income from Expendable Endowments.....	15	26
Income from Permanent Endowments.....	95	127
Income from Short Term Investments	1,082	1,119
Net Receivable on Pension Assets.....	2,291	1,414
	3,483	2,686
	Group 2015	Group 2014
	£000	£000
6 Staff Costs		
Wages and Salaries	89,527	90,580
Social Security Costs.....	6,880	6,889
Other Pension Costs (Note 30)	14,970	14,978
	111,377	112,447
	Group 2015	Group 2014
	£000	£000
Emoluments of the Prior Vice-Chancellor (retired 31 March 2015)		
Salary.....	134	200
Benefits.....	16	22
Emoluments of Acting Vice-Chancellor (1 April 2015 to 30 June 2015)	46	—
Emoluments of Current Vice-Chancellor (appointed 1 July 2015)	21	—
Excluding the Vice-Chancellor, remuneration of other higher paid staff, was in the following bands:-	Group 2015	Group 2014
	Number	Number
£100,000 - £109,999	2	2
£110,000 - £119,999	2	4
£120,000 - £129,999	3	2
£130,000 - £139,000	1	—
The average weekly number of persons (including senior post-holders) employed by the University during the year, expressed as full-time equivalents, was:-		
Academic	1,104	1,109
Technical.....	155	158
Administrative.....	448	434
Other including Clerical and Manual.....	578	573
	2,285	2,274

Ulster University Group Accounts

Notes to the Financial Statements - Continued

	Group 2015	Group 2014
	£000	£000
7 Other Operating Expenses		
Residences and conferences	1,181	777
Consumables and laboratory expenditure	2,956	2,926
Equipment not capitalised.....	1,688	1,961
Books and periodicals	3,629	3,355
Fellowships, scholarships and prizes.....	609	407
Rates	3,177	3,045
Heat, light, water and power	4,006	4,327
Long term maintenance.....	5,986	4,862
Contracted out services	4,727	5,896
Grants to Ulster University Students' Union	1,210	1,130
External Auditors' remuneration	48	48
External Auditors' remuneration in respect of non-audit services.....	6	—
Internal Auditors' remuneration	114	82
Printing and stationery	1,112	794
Travel, subsistence and hospitality.....	5,254	4,945
Miscellaneous academic support	1,347	1,057
Telephone and postage.....	676	510
Research sub-contracting	2,037	2,975
Legal and professional fees	6,035	6,397
Advertising and publicity.....	698	680
Student Support.....	8,782	7,583
Restructuring Provision	8,696	—
Other expenses	2,603	2,214
	66,577	55,971
	Group 2015	Group 2014
	£000	£000
8 Interest and Other Finance Costs		
Loans not wholly repayable within five years.....	777	397
	777	397

Ulster University Group Accounts

Notes to the Financial Statements - Continued

9 Analysis of 2015 Expenditure by Activity

	Staff Costs	Depreciation	Other Operating Expenses	Interest and other Finance Costs	Total
	£000	£000	£000	£000	£000
Academic Departments.....	70,662	907	16,213	—	87,782
Academic Services.....	13,399	943	9,125	—	23,467
Research Grants & Contracts	7,981	634	11,358	—	19,973
Residences, Catering & Conferences	902	542	2,122	—	3,566
Premises.....	3,336	11,982	13,875	777	29,970
Administration.....	13,597	1,803	11,124	—	26,524
Other Expenses.....	1,500	—	2,760	—	4,260
	<u>111,377</u>	<u>16,811</u>	<u>66,577</u>	<u>777</u>	<u>195,542</u>

£000

The depreciation charged has been funded by:-

Release from Deferred Capital Grants	5,541
Release from Research Grants and Contracts	1,409
Release from Revaluation Reserve (Note 19)	6,989
General Income	2,872
	<u>16,811</u>

Ulster University Group Accounts

Notes to the Financial Statements - Continued

10 Tangible Assets (Group)

	Freehold Land & Buildings	Assets Under Construction	Equipment	Total
	£000	£000	£000	£000
Valuation or cost				
At 1 August 2014				
Valuation.....	127,808	—	—	127,808
Cost.....	213,464	19,952	46,705	280,121
Additions at Cost	—	28,305	3,804	32,109
Transfer CIP.....	12,900	(12,900)	—	—
Disposals	—	—	(234)	(234)
At 31 July 2015				
Valuation.....	127,808	—	—	127,808
Cost.....	226,364	35,357	50,275	311,996
Total.....	354,172	35,357	50,275	439,804
Accumulated Depreciation				
At 1 August 2014	105,726	—	39,923	145,649
Charge for Year	13,851	—	2,960	16,811
Disposals	—	—	(234)	(234)
At 31 July 2015	119,577	—	42,649	162,226
Net Book Value				
At 31 July 2015	234,595	35,357	7,626	277,578
At 31 July 2014.....	235,546	19,952	6,782	262,280

Ulster University Group Accounts

Notes to the Financial Statements - Continued

10 Tangible Assets (University)

	Freehold Land & Buildings	Assets Under Construction	Equipment	Total
	£000	£000	£000	£000
Valuation or cost				
At 1 August 2014				
Valuation.....	127,808	—	—	127,808
Cost.....	220,599	19,952	47,370	287,921
Additions at Cost				
Transfer CIP.....	12,900	(12,900)	—	—
Disposals	—	—	(234)	(234)
At 31 July 2015				
Valuation.....	127,808	—	—	127,808
Cost.....	233,499	35,357	50,940	319,796
Total.....	361,307	35,357	50,940	447,604
Accumulated Depreciation				
At 1 August 2014				
	107,119	—	40,589	147,708
Charge for Year				
	14,460	—	2,960	17,420
Disposals				
	—	—	(234)	(234)
At 31 July 2015.....	121,579	—	43,315	164,894
Net Book Value				
At 31 July 2015.....	239,728	35,357	7,625	282,710
At 31 July 2014.....	241,288	19,952	6,781	268,021

Ulster University Group Accounts

Notes to the Financial Statements - Continued

11 Fixed Asset Investments

	Group 2015	University 2015	Group 2014	University 2014
	£000	£000	£000	£000
Investment through Innovation Ulster Limited	2,190	—	2,870	—
Investment in Innovation Ulster Limited	—	1,502	—	1,502
	2,190	1,502	2,870	1,502

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:-

	Cost	Revaluation	Valuation
	£000	£000	£000
At 1 August 2014.....	1,467	1,403	2,870
Investments made at cost.....	50	—	50
Investments realised.....	(5)	—	(5)
Revaluation.....	—	(387)	(387)
Provision for impairment in value.....	(361)	23	(338)
At 31 July 2015	1,151	1,039	2,190

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

Ulster University Group Accounts

Notes to the Financial Statements - Continued

12 Endowment Assets

	Group and University 2015	2014
	£000	£000
Balance at 1 August	6,483	4,764
New endowments.....	237	1,670
Increase in market value of investments	316	49
Income generated less expenditure	(15)	—
	<hr/>	<hr/>
Balance at 31 July	7,021	6,483
	<hr/>	<hr/>
Investments held at the end of the year are detailed as follows:		
Securities.....	7,021	6,483
	<hr/>	<hr/>
Total Endowment Assets.....	7,021	6,483
	<hr/>	<hr/>

13 Debtors

	Group 2015	University 2015	Group 2014	University 2014
	£000	£000	£000	£000
Amounts falling due within one year				
Trade debtors	10,387	10,244	12,689	12,375
Amounts owed by group undertakings	—	959	—	1,182
Prepayments and accrued income	3,983	3,965	1,421	1,418
	<hr/>	<hr/>	<hr/>	<hr/>
	14,370	15,168	14,110	14,975
	<hr/>	<hr/>	<hr/>	<hr/>

Ulster University Group Accounts

Notes to the Financial Statements - Continued

14 Creditors: Amounts Falling Due Within One Year

	Group 2015	University 2015	Group 2014	University 2014
	£000	£000	£000	£000
Bank Loans.....	213	213	203	203
Trade Creditors	19,123	19,077	20,041	19,973
Taxation and Social Security	3,786	3,786	3,793	3,793
Accruals	8,923	8,894	10,688	10,627
	32,045	31,970	34,725	34,596

15 Provisions for Liabilities

	Group and University 2015	Group and University 2014
	£000	£000
At 1 August	—	2,101
Charged to the Income and Expenditure Utilisation	8,696	—
	—	(2,101)
At 31 July 2015	8,696	—

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

16 Creditors: Amounts Falling Due after more than One Year

	Group 2015	University 2015	Group 2014	University 2014
	£000	£000	£000	£000
Bank Loans.....	78,200	78,200	29,400	29,400

	Group 2015	University 2015	Group 2014	University 2014
	£000	£000	£000	£000
Bank Loans				
Amounts falling due:				
Less than one year (Note 14)	213	213	203	203
Between one and two years.....	226	226	213	213
Between two and five years.....	11,252	11,252	717	717
Greater than five years	66,722	66,722	28,470	28,470
	78,413	78,413	29,603	29,603

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. Commercial terms and rates of interest payable have been negotiated.

Ulster University Group Accounts

Notes to the Financial Statements - Continued

17 Deferred Capital Grants - Group and University

	Department for Employment and Learning	Other Grants	2015 Total	2014 Total
	£000	£000	£000	£000
At 1 August				
Buildings.....	60,942	29,369	90,311	92,446
Equipment.....	<u>1,075</u>	<u>14</u>	1,089	<u>193</u>
Total	<u>62,017</u>	<u>29,383</u>	91,400	<u>92,639</u>
Cash Received				
Buildings.....	12,351	—	12,351	5,669
Equipment.....	<u>—</u>	<u>787</u>	787	<u>1,306</u>
Total	<u>12,351</u>	<u>787</u>	13,138	<u>6,975</u>
Released to Income & Expenditure				
Buildings.....	5,772	2,048	7,820	7,804
Equipment.....	<u>3</u>	<u>579</u>	582	<u>410</u>
Total	<u>5,775</u>	<u>2,627</u>	8,402	<u>8,214</u>
At 31 July				
Buildings.....	67,521	27,321	94,842	90,311
Equipment.....	<u>1,072</u>	<u>222</u>	1,294	<u>1,089</u>
Total at 31 July	<u>68,593</u>	<u>27,543</u>	96,136	<u>91,400</u>

Ulster University Group Accounts

Notes to the Financial Statements - Continued

18 Endowments - Group and University

	Unrestricted Permanent	Restricted Permanent	Total Permanent	Restricted Expendable	2015 Total	2014 Total
	£000	£000	£000	£000	£000	£000
Balances at 1 August						
Capital	358	4,768	5,126	1,382	6,508	4,789
Accumulated Income/ Expenditure	6	504	510	(535)	(25)	(25)
	<u>364</u>	<u>5,272</u>	<u>5,636</u>	<u>847</u>	<u>6,483</u>	<u>4,764</u>
New Endowments	—	156	156	81	237	1,670
Transfer of Investment Income and Expenditure	6	89	95	15	110	153
	—	(39)	(39)	(86)	(125)	(153)
	<u>6</u>	<u>50</u>	<u>56</u>	<u>(71)</u>	<u>(15)</u>	<u>—</u>
Increase in Market Value of Investments	6	246	252	64	316	49
At 31 July	<u>376</u>	<u>5,724</u>	<u>6,100</u>	<u>921</u>	<u>7,021</u>	<u>6,483</u>
Represented by Capital	364	5,170	5,534	1,527	7,061	6,508
Accumulated Income and Expenditure	12	554	566	(606)	(40)	(25)
	<u>376</u>	<u>5,724</u>	<u>6,100</u>	<u>921</u>	<u>7,021</u>	<u>6,483</u>

Ulster University Group Accounts

Notes to the Financial Statements - Continued

19 Revaluation Reserve

	Group 2015	University 2015	Group 2014	University 2014
	£000	£000	£000	£000
Gross Revaluation Surplus				
At 1 August	141,745	134,303	141,942	134,303
Revalued in Year	(365)	—	(197)	—
	141,380	134,303	141,745	134,303
Contribution to Depreciation				
At 1 August	63,930	57,940	58,364	52,374
Released in Year	6,989	6,989	5,566	5,566
	70,919	64,929	63,930	57,940
Net Revaluation Surplus				
At 1 August	77,815	76,363	83,578	81,929
At 31 July	70,461	69,374	77,815	76,363

20 Pension Reserve

	Group and University 2015	Group and University 2014
	£000	£000
Balance at 1 August	(30,633)	(36,914)
Transfer to Income and Expenditure Account Reserve (Note 21)	1,592	432
Actuarial (Loss)/Gain in Respect of Pension Reserve (Note 30)	(7,148)	5,849
Balance at 31 July	(36,189)	(30,633)

Ulster University Group Accounts

Notes to the Financial Statements - Continued

21 Income and Expenditure Account Reserve

	Group 2015	University 2015	Group 2014	University 2014
	£000	£000	£000	£000
Balance at 1 August.....	137,870	144,001	118,579	124,965
Surplus after Depreciation of Assets at Valuation.....	8,168	7,942	14,157	13,902
Release from Revaluation Reserve (Note 19).....	6,989	6,989	5,566	5,566
Transfer from Pension Reserve (Note 20)*	(1,592)	(1,592)	(432)	(432)
Balance at 31 July.....	151,435	157,340	137,870	144,001

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

22 Capital Commitments

	Group and University 2015	2014
	£000	£000
Commitments Contracted at 31 July	9,095	35,723
Authorised but not Contracted at 31 July	196,195	211,521
	205,290	247,244

Outstanding commitments include £203.9 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 FRS 12 Provisions, Contingent Liabilities and Contingency Assets, no disclosure is required in the Financial Statements.

Ulster University Group Accounts

Notes to the Financial Statements - Continued

24 Reconciliation of Consolidated Operating Surplus to Net Cash Inflows from Operating Activities

	Group 2015	Group 2014
	£000	£000
Surplus after depreciation of assets at valuation after tax.....	8,168	14,157
Depreciation	16,811	16,245
Loss on disposal of fixed assets.....	—	20
Deferred Capital Grants Released to Income (Note 17).....	(8,402)	(8,214)
Investment Income (Note 5).....	(1,082)	(1,119)
Endowment Income.....	(110)	(153)
Interest Payable	777	397
Increase in Debtors.....	(260)	(630)
Increase in Creditors.....	6,006	403
Pension Costs Less Contributions Payable	(1,592)	(432)
Revaluation of Investments	360	373
Net Cash Inflow from Operating Activities	20,676	21,047

25 Returns on Investments and Servicing of Finance

	Group 2015	Group 2014
	£000	£000
Income from Endowments.....	110	153
Income from Short Term Investments (Note 5).....	1,082	1,119
Interest Paid (Note 8).....	(777)	(397)
Net Cash Inflow from Returns on Investments and Servicing of Finance	415	875

26 Capital Expenditure

	Group 2015	Group 2014
	£000	£000
Tangible Assets Acquired (Note 10).....	(32,109)	(17,508)
Deferred Capital Grants Received (Note 17)	13,138	6,975
New Endowments Received.....	236	1,670
Payments to Acquire Endowment Asset Investments	(236)	(1,670)
Net Cash Outflow from Capital Expenditure	(18,971)	(10,533)

Ulster University Group Accounts

Notes to the Financial Statements - Continued

27	Management of Liquid Resources		Group 2015	Group 2014	
			£000	£000	
	Addition to Deposits.....		(48,488)	(18,777)	
	Purchase of Investments.....		(45)	(94)	
	Net Cash Outflow from Management of Liquid Resources		(48,533)	(18,871)	
28	Financing		Group 2015	Group 2014	
			£000	£000	
	Balance at 1 August.....		29,603	4,648	
	Loan Repayments		(203)	(190)	
	Loan Advances.....		49,013	25,145	
		48,810	24,955	
	Balance at 31 July		78,413	29,603	
29	Analysis of Changes in Net Cash		At 1 August 2014	Cash Flow	At 31 July 2015
			£000	£000	£000
	Cash at Bank and in Hand				
	Total Cash at Bank and in Hand.....	23,817	2,397	26,214	
		23,817	2,397	26,214	
	Short Term Deposits.....	68,133	48,488	116,621	
	Debt due within one year	(203)	(10)	(213)	
	Debt due after one year	(29,400)	(48,800)	(78,200)	
		(29,603)	(48,810)	(78,413)	
	Total	62,347	2,075	64,422	

Ulster University Group Accounts

Notes to the Financial Statements - Continued

30 Net Pension Liability

The University participates in three 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 one other scheme, 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 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 University is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the University's employees. In 2015, the percentage of 16% (2014: 16%). The University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme.

The total cost charged to the profit and loss account is £11,465k (2014: £11,132k) as shown in note 30. There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ('the valuation date'), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires the scheme to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Ulster University Group Accounts

Notes to the Financial Statements - Continued

FRS 17 liability numbers have been produced using the following assumptions:

	2015	2014
Discount rate	3.3%	4.5%
Pensionable salary growth	3.5% in the first year and 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality S1NA ["light"] YoB tables – No age rating

Female members' mortality S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS 17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

	2015	2014
Males currently aged 65	24.2 years	23.7 years
Females currently aged 65	26.3 years	25.6 years
Males currently aged 45	26.2 years	25.5 years
Females currently aged 45	28.6 years	27.6 years

Existing Benefits	2015	2014
Scheme assets	£49.0bn	£41.6bn
FRS 17 liabilities	£67.6bn	£55.5bn
FRS 17 deficit	£18.6bn	£13.9bn
FRS 17 funding level	72%	75%

A contingent liability exists in relation to the pension valuation recovery plan, since the company is an employer of members within the scheme. The contingency liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the University is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of the reimbursement of the University's expenditure is similarly not recognised.

Ulster University Group Accounts

Notes to the Financial Statements - Continued

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 2013 and updated to 31 July 2015 by a qualified independent actuary.

	At 31 July 2015	At 31 July 2014
	£000	£000
Balance Sheet		
Present value of scheme liabilities	(183,429)	(165,339)
Fair value of scheme assets	147,258	134,724
Present value of unfunded liabilities	(18)	(18)
Net pension liability	<u>(36,189)</u>	<u>(30,633)</u>

	At 31 July 2015	At 31 July 2014
	£000	£000
Movements in present value of defined benefit obligation		
At beginning of the year	(165,357)	(165,288)
Current service cost	(3,506)	(3,814)
Member contributions	(884)	(909)
Interest cost	(6,774)	(7,455)
Benefits paid	4,787	4,239
Past service cost	(42)	(272)
Actuarial (losses)/gains	(11,671)	8,142
At end of year	<u>(183,447)</u>	<u>(165,357)</u>

	At 31 July 2015	At 31 July 2014
	£000	£000
Movements in fair value of plan assets		
At beginning of the year	134,724	128,374
Expected return on assets	9,065	8,869
Employer contributions	2,848	3,104
Member contributions	884	909
Benefits paid	(4,786)	(4,239)
Actuarial gains/(losses)	4,523	(2,293)
At end of year	<u>147,258</u>	<u>134,724</u>

Ulster University Group Accounts

Notes to the Financial Statements - Continued

	At 31 July 2015	At 31 July 2014
	£000	£000
Expense recognised in the Income and Expenditure accounts		
Current service cost	3,506	3,814
Interest on defined benefit pension plan obligation	6,773	7,455
Expected return on defined benefit pension plan assets	(9,065)	(8,869)
Past Service cost	42	272
Total	1,256	2,672

	At 31 July 2015	At 31 July 2014
	£000	£000
The expense is recognised in the following line items in the Income and Expenditure account:		
Staff costs	3,548	4,086
Interest payable	(2,292)	(1,414)
Total	1,256	2,672

The total amount recognised in the statement of the total recognised gains and losses in respect of actuarial loss is £7,148k (2014 gain: £5,849k).

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 FRS 17, are £1,900k, (2013 : (£1,117)k).

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

	At 31 July 2015	At 31 July 2014
	Fair Value	Fair Value
	£000	£000
Equities	109,118	100,100
Bonds.....	16,787	16,032
Property	17,966	15,359
Cash	2,945	3,233
Other	442	—
Actual return on plan assets	147,258	134,724

Ulster University 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 not required for 2015/16 accounting period due to FRS 17 being replaced by a new standard FRS 102 and this rate will not be used in future calculations.

	At 31 July 2015	At 31 July 2014
Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:-		
Inflation/pension increase rate	2.0%	2.2%
Salary increase rate	3.5%	3.7%
Expected return on results	6.3%	6.8%
Discount rate	3.5%	4.1%

Mortality

Life expectancy is based on the standard SAPS Normal Health All Amounts (SINFA) 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	22.2 years	24.7 years
Future pensioners	24.4 years	27.0 years

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

History of Experience Gains and Losses

	At 31 July 2015	At 31 July 2014	At 31 July 2013	At 31 July 2012	At 31 July 2011	At 31 July 2010
	£000/%	£000/%	£000/%	£000/%	£000/%	£000/%
Difference between the expected and actual return on scheme assets:						
Amount	4,523	(2,293)	16,355	(3,755)	3,556	9,826
Percentage of scheme assets	3.07	(1.7%)	12.7%	(3.5%)	3.3%	10.3%
Experience gains and losses on scheme liabilities:						
Amount	69	(335)	—	(1,485)	7,975	9
Percentage of the present value of scheme liabilities	0.4%	(0.2%)	0.0%	0.9%	5.9%	0.0%
Total amount recognised in statement of total recognised gains and losses:						
Amount	(7,148)	5,849	13,799	(17,722)	8,840	14,340
Percentage of the present value of scheme liabilities	3.90%	3.5%	8.3%	(11.3%)	6.5%	10.7%

The University expects to contribute approximately £2.969m to its defined benefit plans in the next financial year.

Ulster University Group Accounts

Notes to the Financial Statements - Continued

	Group 2015	Group 2014
	£000	£000
The total pension cost for the University was:-		
Contributions to USS	11,465	11,132
Charge to staff cost - NILGOSC.....	3,502	3,841
Contribution to HPSS	3	5
Total Pension Cost (Note 6)	14,970	14,978
	Group 2015	Group 2014
	£000	£000
31 Student Support Funds		
Balance Carried Forward	14	28
Funding Council Grants	1,246	1,745
Disbursed to Students	(1,134)	(1,759)
Balance Underspent at 31 July	126	14

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

The University has one subsidiary company, Innovation Ulster Limited. This company has been fully consolidated in the Financial Statements. The company is controlled by the University. The company is registered and operates in Northern Ireland. Innovation Ulster Limited is a company established to develop intellectual property rights by patenting and licensing, and to arrange consultancy activities.

Ulster University Group Accounts

Notes to the Financial Statements - Continued

33 Joint Venture Information

The University has four joint ventures. 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 Ulster University 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.

Branch Campus (London and Birmingham) Limited is a joint venture between Ulster University and QAHE (Ulst) Limited for the principal purpose of providing services in support of the provision of degree courses to domestic and international students at campuses in London and Birmingham.

Ulster Equity Partnership is a limited partnership with Ulster University, Invest NI and TechStart NI for the principal purpose of carrying on the business of an investor and in particular to identify, research, negotiate, make or monitor the progress of and sell, realise, exchange or distribute equity or equity-related investments in connection with providing seed capital for the development of post – research post – proof of concept spin-out/in companies from Ulster University including from the technology sectors related to the Ulster University research base.

ABC Research & Innovation Limited is a company limited by guarantee with Ulster University, Derry City Council and the Western Trust as equal partners. The principal activity of the company is to develop an Academia Business Clinical Research Innovation facility.

Management have not consolidated the University's holding in the gross assets and liabilities of SINI 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. The results of Branch Campus (London & Birmingham) Limited, Ulster Equity Partnership and ABC Research and Innovation Limited are not consolidated in the Group Financial Statements on the grounds of materiality.

Through Innovation Ulster Limited (IUL), a wholly owned subsidiary, the University has a joint venture with NICOM LLP. NICOM LLP was incorporated in 2011 to promote collaborative research in advanced composites. It is a joint venture between IUL and Queens Composites Limited, a wholly owned subsidiary of Queen's University, Belfast. The results of NICOM LLP are not consolidated in the Group Financial Statements on the grounds of materiality.

34 Other Investments

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

7.41% of Intelsens Limited

4.44% of Crescent Capital II LLP

1.7% of Bitt Ware Inc

8.98% Performa Sports

Ulster University Group Accounts

Notes to the Financial Statements - Continued

7.45% Sophia Search Limited
 1.16% Heartsine Limited
 10.18% Carritech Research Limited
 Loan £10,000 in InLifeSize Limited
 6% Datactics Limited
 14.75% SISAF
 14.25% Tactility Factory Limited plus £15k loan

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

Name		Get Invited
Country of Incorporation		Northern Ireland
Principal Activity		Ticketing Service
% Shares Held		17.98%
Turnover		N/A
Net Liabilities		N/A
Year End		N/A

Ulster University Group Accounts

Notes to the Financial Statements - Continued

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

Name	Diabetica Limited	EyespyFX	Hidinimage Limited	Axis Composites Limited	Surf-Spec Limited	Jenarron Therapeutics Limited	Vifkon	Solaform
Country of Incorporation	Northern Ireland	Northern Ireland	Northern Ireland	Northern Ireland	Northern Ireland	Northern Ireland	Northern Ireland	Northern Ireland
Principal Activity	Research & development of products for treatment of diabetes and obesity	Applications for mobile devices, eg webcams	Secure digital water marking technology	Design and manufacture of 3D woven carbon fibre preforms	Developer of "made to specification" surfaces	Putty like material applied to wounds	Fire and blast proof concrete products	Solar water heater
% Shares Held and type	44.4%	27.12%	38.5%	28%	25%	49%	30%	28%
Convertible Loan Stock	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Turnover	£Nil	£139,114	£0	£126,019	N/A	N/A	N/A	N/A
Profit or Loss Before Tax	£0	(£4,301)	(0)	(£110)	N/A	N/A	N/A	N/A
Net Assets	£659	£2,269	(£135,903)	£27,030	N/A	£40,805	N/A	N/A
Financial Year End	30 September 2013	31 October 2013	31 May 2014	28 February 2014	28 February 2014	31 March 2014	N/A	N/A

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.

36 Ultimate Controlling Party

There is no one ultimate controlling party.



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