



FINANCIAL STATEMENTS 2016/17

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Operating and Financial Review

Despite the challenging political and economic environment in which the University operated particularly with the absence of the Executive during the year and uncertainty around the consequences of Brexit, it is pleasing that the University has been able to operate in line with the approved finance strategy targets for the last twelve months with a reported surplus of £14.4m against a deficit in the previous year of £2.8m. In particular this reflects the impact of the cost reduction programme that had been completed in the previous year as well as an increase in government grant funding and an increase in earnings through external research projects which is in line with the targets set through the University's new "Five and Fifty" Strategic plan.

During this year and as part of the ongoing review of the professional services Ulster undertook an external benchmarking exercise against a number of universities to which it would aspire to operate in a similar manner. This benchmarking exercise found that the income earned by each academic in the University at £160k was comparable to our competitors despite the fact that at Ulster it was found that we are funded on average £2,700 less per student. This has been achieved however through higher than average staff student ratios which are about 15% above the benchmark group. Likewise, it found that investment in professional services at Ulster was £14.5m less per annum than the peer group. The external consultants concluded that in many respects Ulster was unique given the level of systemic underfunding that it was operating within which was reflected in the current operating structures. It has been forecast that Ulster will have had cumulative real term cuts in government funding by 2019/20 of £130m.

Against this background it is therefore pleasing to note that the University continues to focus on the delivery of its Strategic plan "Five and Fifty", demonstrated through a 9.5% increase in the number of academic staff accredited with Higher Education Academy, a 30% increase in the number of staff identified as being eligible for submission to the next Research Excellence Framework, almost £29m of new research grant awards and that Ulster continues to provide opportunities for students from the lowest quintiles of deprivation with 38.5% of students being from this category.

However, despite the ongoing success of the University in delivering its core mission the University continues to face an uncertain funding environment. In particular, in the last year increases in investment in universities have either taken place or been proposed in England, Scotland, Wales and the Republic of Ireland, whereas Northern Ireland continues to face cuts in the public investment and ongoing one-year budget settlements, prohibiting the University's ability to plan in the longer term. In addition, as the only university operating beside a land border between the UK and the rest of Europe, uncertainty around the impact of Brexit continues as a focus of management's attention to ensure that we continue to compete nationally and internationally.

Highlights of 2017

	2017	2016	↑ Higher ↓ Lower
Staff income ratio %	53.8%	59.8%	↑
Cash spend on fixed assets (£m)	£40m	£27m	↑
Earnings before interest, depreciation and amortisation (EBITDA)	£33m	£20m	↑
% Income from non government sources	21.40%	23.3%	↓

Scope of the Financial Statements

The financial statements presented to the University's Council have been prepared on a consolidated basis and include the results of Ulster University and its subsidiary company Innovation Ulster Limited. This report should be read with the Annual Review 2017 which provides a detailed summary of activities undertaken by the University in delivering its corporate objectives.

Public Benefit

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

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 and major knowledge transfer relationships.

The University's five-year strategic plan 'Five and Fifty' sets the vision and mission of the University, "As Northern Ireland's civic university, Ulster University will deliver outstanding research and teaching that encourages the innovation, leadership and vision needed to help our community thrive".

Results for the Year

The University's financial statements report a surplus of £14.4m, net assets of £277m against a cash outflow of £7.3m.

Overall income has increased by 8.1%. This is mainly as a result of increased block grant funding this year following the reduction in funding body grants of £8.5m over the prior two years, an increase in tuition fees and research grants and contracts income.

The increase in funding body grants comprises of an increase in the teaching grant of £7.2m, increase of £0.6m in the research grant and a one-off grant of £5.3m received for estates maintenance. This increase in government funding follows a reduction of £8.5m over the prior two years. DfE has confirmed a reduction of 2.0% in 2017/18 with a further reduction forecast for future years.

The increase in tuition fee income reflects an increase of £1m in the Department of Health Nursing contract and a small increase in the part-time fee income.

Research grants and contracts income has increased £3.2m. Research Council income increased £1.1m, UK Government funded research projects increased £1.2m and EU Government funded research projects increased by £0.6m.

Ulster continues to maintain tight control over expenditure with a small reduction of 0.7% in costs. A fall of 2.7% in staff costs is a result of the Faculty restructuring program completed in 2016. Staff costs as a percentage of income for 2016/17 fell to 53.8% (2015/16 59.8%) as a result of this cost reduction programme together with the impact of increased block grant funding.

This has had a positive impact on our cash position as measured by Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) at £32.9m (2016: £19.9m).

Investment in our capital development plans was £40.1m. This mainly comprises of the Belfast campus development £24.3m, the new teaching block at Magee £6.1m, Sports Centre at Coleraine £2.4m, wind turbine at Coleraine £1.8m and equipment purchases of £5.3m.

Net cash decreased to £47.2m from £53.6m in July 2016.

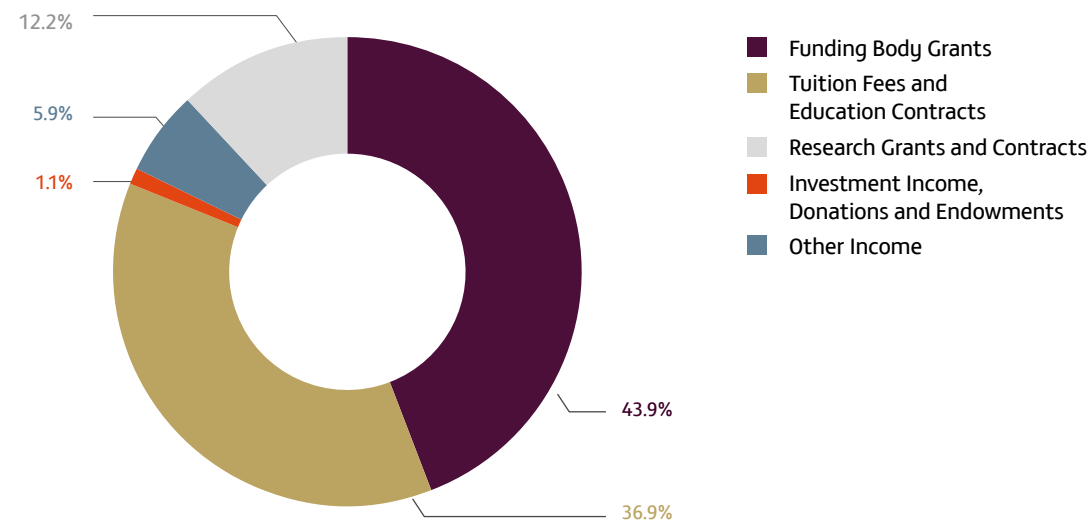
Operating and Financial Review (continued)

Analysis of Results for the Year

The financial year to 31 July 2017 followed a challenging year in 15/16 as Ulster responded to a 9.1% reduction in funding and the University implemented a restructuring exercise which reduced student and staff numbers. The financial year 16/17 benefited from an increase in the block grant funding from the 15/16 level and a reduction in staff costs from the restructuring exercise culminating in a surplus of £14.4m.

A number of graphs and tables below provide further analysis of the 2016/17 results.

Table 1: Where the Money Comes From - £203m



The percentage composition of income compared to prior year shows a fall in non-government income. Funding Body Grants income increased from 41.0% to 43.9%. Tuition Fee and Education Contracts income has lowered from 38.9% to 36.9%, Research Grants and Contracts increased from 11.45% to 12.2% and other income fell also from 7.34% to 5.9%.

Table 2 shows the percentage of total income over the previous five years by funding source.

Table 2: Percentage of Total Income 2012/13 to 2016/17

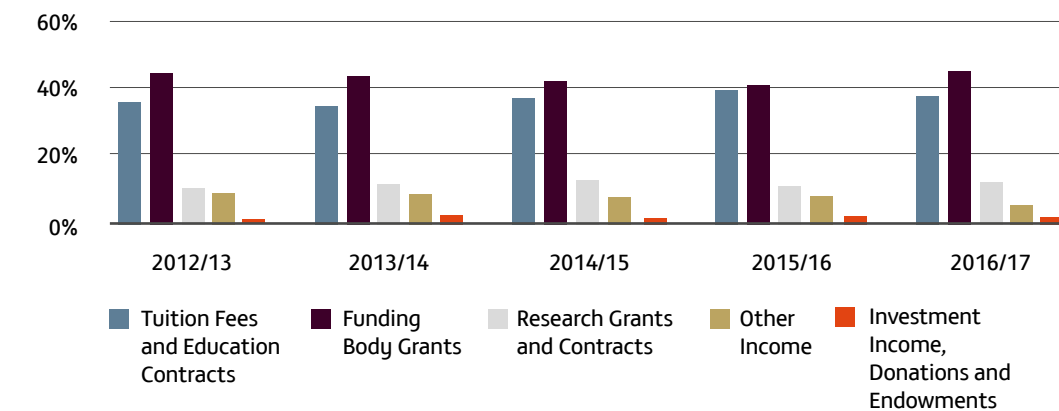


Table 3 shows the breakdown of the University Tuition Fee income by category and reflects the high dependency on full time and Department of Health funding sources.

Table 3: Tuition Fees 2012/13 to 2016/17

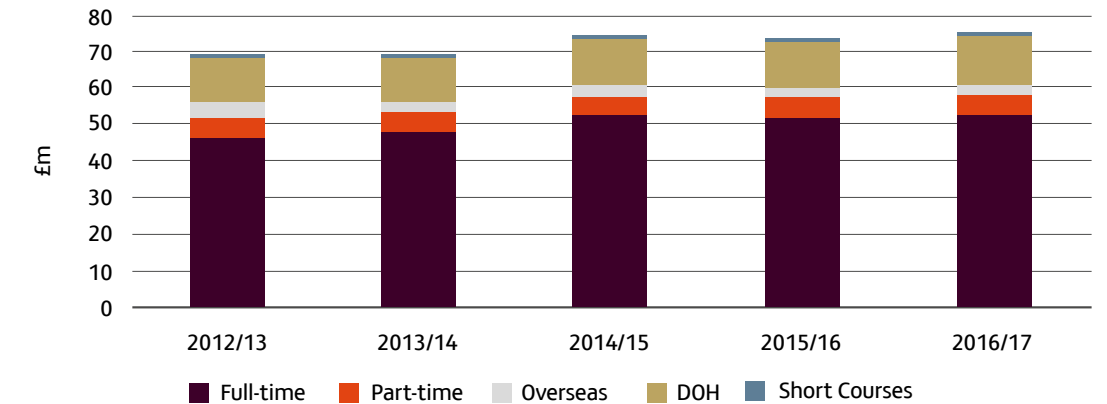
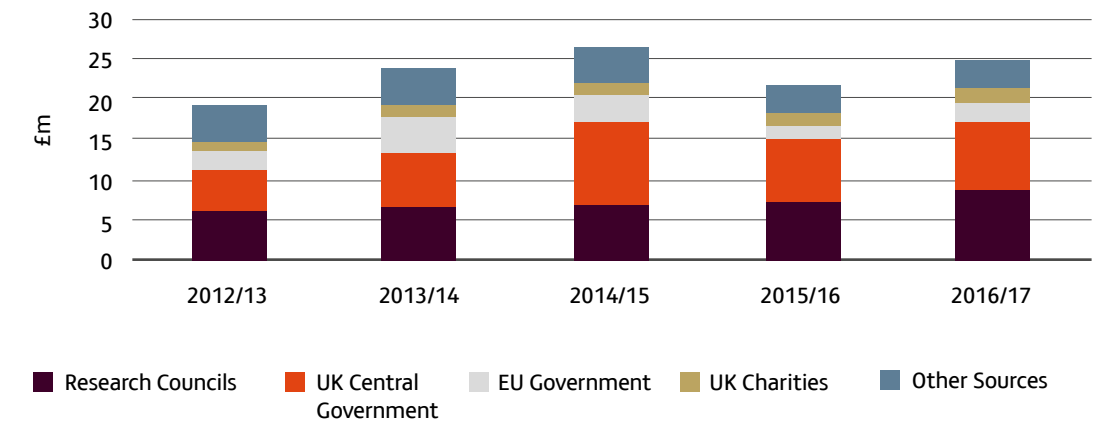


Table 4 shows the mix of research income funding from 2012/13. This reflects the increase in Research Council income and UK Government funded income.

Table 4: Research Grants and Contracts 2012/13 to 2016/17



Operating and Financial Review (continued)

Table 5 shows by activity how Ulster spends its money and table 6 shows expenditure by category.

Table 5: How the University Spends the Money - £190m

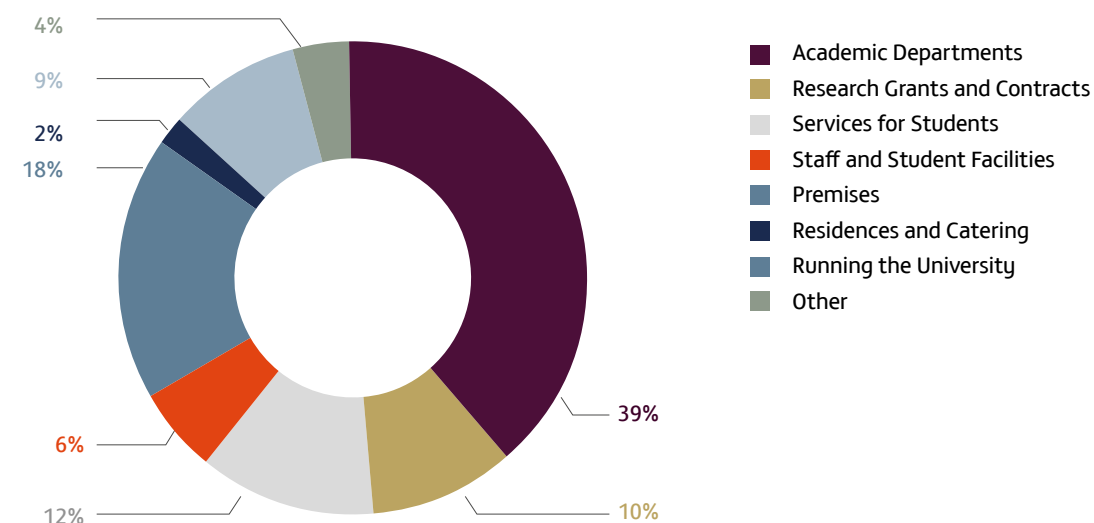
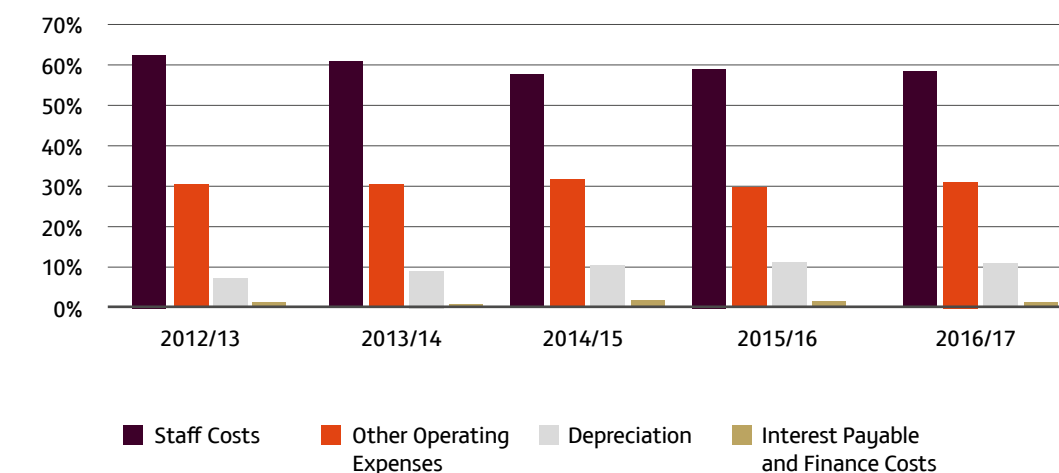
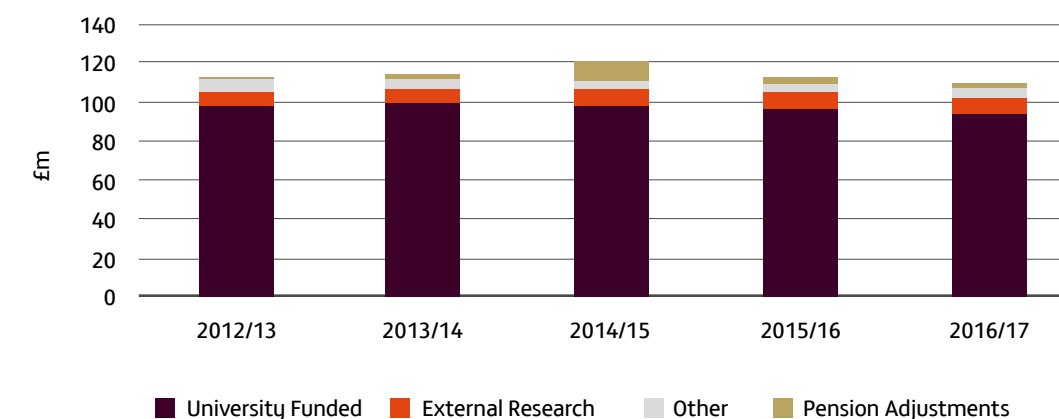


Table 6: Percentage of Expenditure to Total Expenditure 2012/13 to 2016/17



The main expense category is staff costs. Table 7 below shows the degree to which salaries are incurred in support of different funded activity. Staff costs to total income reduced to 52.9% (58.2% in 15/16) following the restructuring exercise in 2016.

Table 7: Staff Costs 2012/13 to 2016/17



Treasury, Borrowings and Investments

Net cash decreased by £6.4m during the year. The movement in funds is summarised below:-

	2017 £m	2016 £m	Change £m
Investments and short term deposits	107.2	106.6	0.6
Cash at bank and in hand			(7.3)
Bank loans	(77.3)	(77.6)	0.3
Net cash			(6.4)

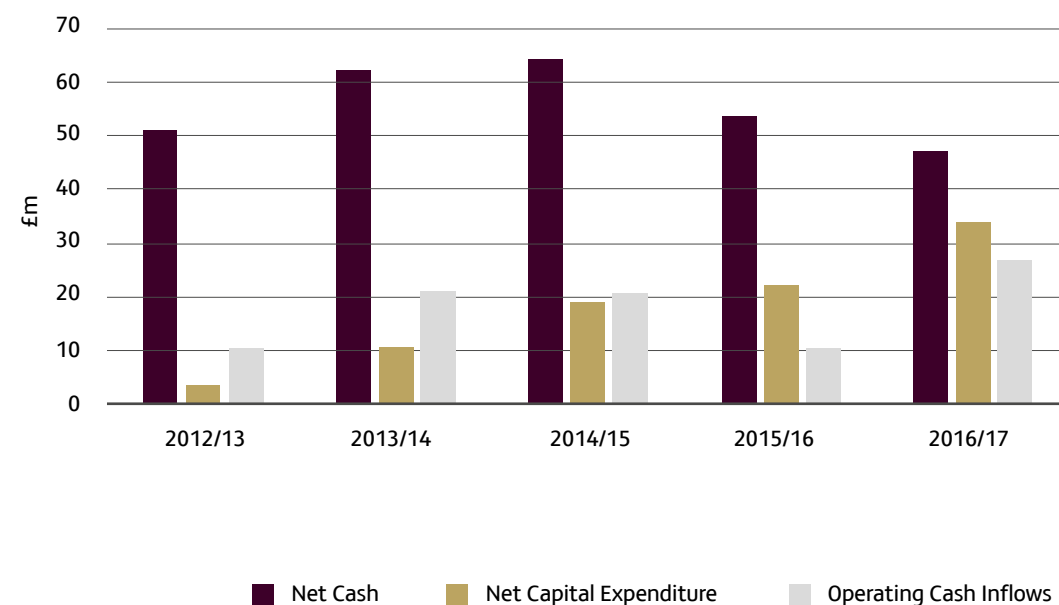
The net cash inflow from operating activities for the year was £26.8 (2016: £10.3m), interest paid totalled £0.8m (2016 £0.8m), and interest received totalled £0.9m (2016 £1.3m). Throughout the year the University operated with a cash surplus and in line with its banking covenants. All treasury decisions are undertaken within the framework of the University's treasury policy. The underlying principle of this policy is that the University operates a low risk approach in managing its investments and liquidity. All funds are placed with counter parties whose underlying credit rating is monitored against minimum criteria. Furthermore, an upper limit of investment in any one financial institution of £35m applies. The University's Treasury Management policy was approved by General Purposes and Finance Committee in April 2015.

Endowment assets at the year-end were £9.0m and are managed by Rathbones Investment Management.

Operating and Financial Review (continued)

During the year £40.1m was spent on acquiring fixed assets against which £6.3m of capital grants were received. The table below shows the impact of this capital investment on our cash balances.

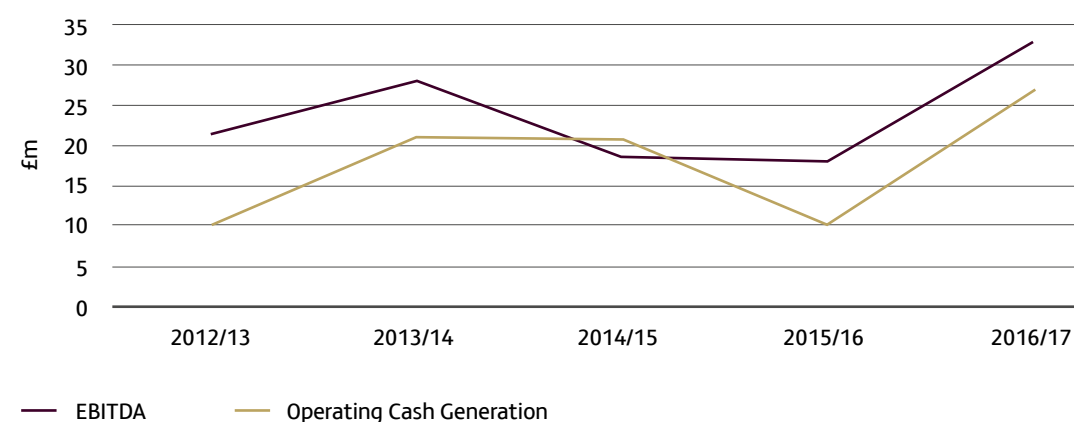
Table 8: Cash Movement and Capital Expenditure 2012/13 to 2016/17



EBITDA and Net Cash Inflow from Operating Activities

One of the key targets which is being monitored as part of the financial strategy is the accumulation of cash to support our corporate ambitions. Two figures are being monitored. Firstly, Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA). EBITDA is a measure of operating surplus excluding major accounting adjustments and finance charges. It provides a good indicator of financial capability to service debt and/or fund capital from internally generated cash. The second figure is net cash from operating activity. This figure takes into account movement in working capital requirements. The following table shows the movement of these two cash indicators over the last five years.

Table 9: EBITDA to Cash Generated from Operating Activities 2012/13 to 2016/17



From the above it can be seen that the University continues to operate in a financially sustainable manner and can support investment in its infrastructure.

Strategic Plan

Ulster has implemented a new strategic plan 'Five and Fifty' covering the period 2016 – 2034 which sets the University's mission "As Northern Ireland's civic university, Ulster University will deliver outstanding research and teaching that encourages the innovation, leadership and vision needed to help our community thrive" and is structured around 4 priorities, namely Civic Contribution, Academic Excellence, Global Vision and Operational Excellence. Detailed implementation plans are being developed and progress of the new strategic plan is being actively monitored through the academic resource allocation and planning processes with the intention to update both Senate and Council. A number of key performance indicators has been agreed by Senate and Council which will enable the University to monitor achievements year on year against targets and overall delivery of the strategy.

The new academic structure of the University is designed to support the delivery of the 'Five and Fifty' strategy. Working alongside the Vice Chancellor and Deputy Vice Chancellor, 3 Pro Vice Chancellors have been appointed to cover Education, Research and Impact and Global Engagement aligned to the first of the three priorities (see above). There are 4 new faculties (previously 6) led by 4 Executive Deans appointed also during the year. As of October 2017 the new structure has been implemented.

A new role of Chief Operating Officer (COO) has been established to lead on the fourth priority of operational excellence. Since taking up her new role the new COO has been leading a review of the professional services with the objective of ensuring the university has 'best in class' professional services to support the delivery of the 'Five and Fifty' strategy. The review covers organisational structure, working culture and smart ways of working, which will be supported by new roles of Director of People and Culture and Chief Digital and Information Officer within the COO portfolio.

Financial Strategy

Ulster continues to operate under an approved financial strategy which aims to deliver an operating surplus to support a sustainable investment strategy in both the University's physical resources and information technology facilities. This includes the generation of sufficient cash reserves to allow the allocation of £20m per annum to capital projects of which £10m per annum is towards the Greater Belfast Development and the repayment of loans to fund this project.

The University's approved financial strategy is as follows:-

- To ensure the financial viability of the University
- To hold cash reserves at a minimum of uncommitted funds of £25m.
- Any borrowings will not exceed that approved in the Business Plan for the Greater Belfast Development and any other projects that may arise which are confirmed as self-funding.
- To support the development of activities that generate income for growth.
- To achieve a staff cost to income ratio of 57.1% over the planning period.

The University in this financial year operated within the financial targets.

Operating and Financial Review (continued)

Efficiency

Ulster continues to monitor and manage all of its activities and ensure value for money. Value for money is embedded throughout all operations of the University and can be demonstrated by Ulster's continuing performance in delivering the financial strategy and our performance in the Research Excellence Framework. These have been achieved despite Ulster operating in an environment where we receive considerably less funding per student per year than comparable institutions in Great Britain. This funding disadvantage is further exacerbated by the funding model adopted by the Department for the Economy not taking into account the cost of supporting activity across four geographically dispersed campuses despite these campuses being central in the support of the regional economy.

Strategic Risk Management

The Council as advised by Audit Committee, keeps under review the strategic risks facing the University and the preventative and corrective control measures in place to manage and mitigate against these risks. Amongst these risks are:-

- The increasing threat to cyber security;
- The inability of the University to invest as needed to deliver the Five & Fifty strategy and to operate in a financially sustainable manner;
- The failure to have a strong reputation for academic excellence (teaching, research and impact) in those markets in which we need to be active in;
- The financial risk of failure to recruit international students.

To mitigate against these strategic risks, the University amongst other things:-

- Has established Computer Emergency Response Teams (CERTs) and Computer Security Incident Response Teams (CSIRTs) which provide early warnings by monitoring various CERT resources e.g. UCISA, JANET/JISC and CERT UK as well as developing mitigation and response strategies.
- Continues to have ongoing discussions with DfE as well as frequent monitoring of the academic plan, modelling of the impact on fee income and roll out and implementation of the new contribution model.
- Has appointed a new Director of Marketing and Communications; established an integrated marketing and communications portfolio with hub and spoke models; launched new work programmes raising perceptions of the University brand in media and schools as well as a specific marketing campaign for GB; introduced and appointed to the new role of Director of Campus Life with the intention of developing campus identity plans led by the Provosts.
- Has redesigned a fit for purpose international department which will provide international recruitment services to deliver agreed Faculty international recruitment strategies.

Future Financial Health

Key performance indicators are set out below with an assessment on progress against the financial strategy target with **red** meaning immediate action required, **amber** more work required and **green** on track. When taken together these measures reflect the strong governance and effective management of the University's resources in sustaining financial health in the short, medium and long term.

Financial Sustainability Indicators	2017 Actual	2016 Actual		Comments
Surplus/(deficit) for the year as a % of total income	7.1%	(2.6)%	■	This indicates the level of return necessary for investment in capital.
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	£32.9m	£19.9m	■	This is a measure of operating surplus excluding accounting adjustments and finance charges. It is a good indicator of financial capability to service debt and/or capital expenditure from internally generated cash.
Liquidity ratio	239 days	250 days	■	This measures our ability to fund short term cash requirements.
Current assets to current liabilities	3.6:1	3.8:1	■	An indicator of financial strength to meet short term liabilities.
% Income from Non-Government sources	21.4%	23.3%	■	This measures the diversification of income sources.

David Clements
Honorary Treasurer

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 Higher Education Code of Governance (December 2014) Council has adopted a Statement of Primary Responsibilities which is included on pages 18 to 19.

The University is an independent educational charity, (now registered with the Charity Commission for Northern Ireland), 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 Governance, Nominations and Remuneration Committee. With the exception of the Vice Chancellor whose emoluments are disclosed in note 7 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 2016, with a number of members remaining in office. Members during 2016/17 are listed below.

Ex Officio members:

Mr J Hunter, CB
Pro Chancellor and Chairman

Mr D Clements
Honorary Treasurer (with effect from 1 August 2016)

Professor P Nixon
Vice Chancellor

Mr C Mackey
President of the Students' Union

Appointed Members:

Mr A Langan

Mr P Lobban

Ms M McKee

Dr P McNaney

Ms J Pyper

Sir Robert Salisbury

Dr J Stuart

Mrs H Quigley

Elected staff members:

Dr K Burnett

Professor M Stringer

Ms H Bingham

Mrs L McKeown

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

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

The Council met six times during 2016/17 including a joint meeting with the University's Senate. Certain functions of the Council are delegated to its committees. During 2016/17, following recommendations from an external effectiveness review of the conduct of Council business, the Committees comprised: Resources Committee; Audit Committee; and Governance, Nominations and Remuneration 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.

Corporate Governance Statement (continued)

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

In 2016/17 the Members of the Audit Committee were:

<u>Mr A Langan (Chair)</u>	<u>Ms M McKee</u>
<u>Ms H Bingham</u>	<u>Mrs H Quigley</u>
<u>Dr K Burnett</u>	<u>Ms J Pyper</u>

The **Governance, Nominations and Remuneration Committee** was established following an externally conducted review of the effectiveness of the conduct of Council business during 2015/16. It brought together the responsibilities of the Remuneration Committee, the Nominations Sub-Committee and the governance element of the Organisational Development Committee. It 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. It is also responsible for reviewing the processes for and recommending the appointment and re-appointment of members to the Council, as well as agreeing development plans for Council. It ensures that Council keeps up to date with best practice governance initiatives both within the sector and at board level generally.

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, Executive Deans of Faculties, the Chief Operating Officer, Professional Service Directors 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 Leadership Team (SLT). This comprises of the Vice-Chancellor, Pro-Vice-Chancellors, Executives Deans of Faculty, Professional Service Directors and the University Secretary. SLT meets monthly.

SLT refers matters for decision to Council or Senate (or the relevant committees thereof) as appropriate. SLT 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.

Statement of Internal Control

As the governing body of 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 the Economy (DFE).

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 2017.

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;
- The University's strategic plan, Five and Fifty, adopted by the Council in June 2016 sets the framework of strategic aims and objectives against which risks are assessed and performance is monitored and reported;
- A Strategic Risk Register which incorporates the key risks at institutional level, is maintained;
- A Resilience Committee has been established which monitors, on a bi-monthly basis, tactical and operational risks that threaten the achievement of the objectives within Five and Fifty.
- The Senior Leadership Team, (SLT), formally reviews and assesses high risks bi-monthly;
- All faculties and departments, as part of their planning, maintain and review, bi-monthly, their risk registers which are then monitored by the Resilience Committee.
- 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;

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 2016/17 was based. The internal audit service operates to standards defined in the HEFCE Accountability and Audit Code of Practice and submits regular reports, which include the head of internal audit's independent opinion on the adequacy and effectiveness of the system of internal controls, together with recommendations for improvement.

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.

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

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

- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, and cash flow budgets;
- regular reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review by the 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.

Statement of the Council's Primary Responsibilities

STRATEGY	STEWARDSHIP	GOVERNANCE
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.	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.	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.
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.	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.	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.
In conjunction with the Senate to promote student engagement and a positive student experience at Ulster.	To make such provision as it thinks fit for the general welfare of students, in consultation with the Senate.	To ensure that the procedures in place for managing students, including disciplinary procedures are fair and equitable.
To establish processes to monitor and evaluate the performance and effectiveness of the Council.	To regularly review the effectiveness of the Council and its committees.	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.
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.	To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.	To safeguard the good name and values of the University.
To establish such other strategies, including financial, estates and ICT, as are necessary to the achievement of the University's strategic aims.	To ensure the University's long-term sustainability	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.
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.		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.

Independent Auditor's Report to the Council of Ulster University

Opinion

We have audited the financial statements of Ulster University for the year ended 31 July 2017 which comprise of the Statement of Principal Accounting Policies, the Consolidated Statement of Comprehensive Income, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Reconciliation of Net Cash Flow to Movement in Net Funds, and the related notes 1 to 26, including a summary of significant accounting policies. 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), including FRS 102 'The Financial Reporting standard applicable in the UK'.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2017 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting standard applicable in the UK'; and
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the University Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the University Council have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the University's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The University Council is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Higher Education Funding Council for England Audit Code of practice (HEFCE)

In our opinion, in all material respects:

- funds from whatever source administered by the HEI for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions applied to them; and
- the requirements of the Higher Education Funding Council for England's Accounts Direction to higher education institutions for the relevant year's financial statements have been met.

Responsibilities of the University Council

As explained more fully in the Statement of the University Council's Responsibilities set out on page 18, the University Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the University Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

This report is made solely to the University Council of Ulster University, as a body, in accordance with the Charters and Statutes of the University. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's 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 Ulster University and the University Council as a body, for our audit work, for this report, or for the opinions we have formed.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Ernst & Young LLP
Statutory Auditor
Belfast

27 November 2017

Ernst & Young LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Notes:

1. The maintenance and integrity of the Ulster University's web site is the responsibility of the University 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 web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 2015' 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. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102.

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's Students' Union is constituted as an independent body and therefore in accordance with FRS 102, 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 the sale of goods and services is credited to the Statement of Comprehensive Income in line with the provision of the associated goods and services.

Academic Fee income is stated gross of any expenditure and credited to the Statement of Comprehensive Income over the period of students study. Where the amount of tuition fee is reduced income receivable is shown net of the discount. Bursaries and Scholarships are accounted for gross of expenditure and are not deducted from income.

Investment income is credited to the Statement of Comprehensive Income on a receivable basis.

Funds the University received and disburses as paying agent on behalf of a funding body are excluded from the Statement of Comprehensive Income where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Grant Funding – Revenue Grants

Revenue grants are recognised as income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income in line with such conditions being met.

Grant Funding – Capital Grants

Where tangible fixed assets are acquired with the aid of Government capital grants, these grants are recognised as deferred income within creditors and released to income over the expected useful economic life of the asset. All other capital grants are recognised in income when the University is entitled to the funds subject to any performance conditions being met. 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 Statement of Comprehensive Income on a receivable basis. All income from other sources is credited to the Statement of Comprehensive Income on an accruals basis.

Donations and Endowments

Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor-imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserves until such time it is utilised in line with the restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the University is entitled to the funds. Investment income and appreciation/depreciation of endowments are recorded in income in the year in which they arise.

There are four types of donations and endowments identified within reserves:

1. Restricted donations – the donor has specified that the donations must be used for a specific objective.
2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
3. Restricted expendable endowments – the donor has specified a particular objective for the use of the funds and the University can convert the endowed capital into income.
4. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

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 are treated as if it were a defined contribution scheme and charged to the Statement of Comprehensive Income. A liability is recorded within the provisions for any contractual commitment to fund past deficits within the USS scheme.

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 Statement of Comprehensive Income 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 Statement of Comprehensive Income.

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 Comprehensive Income.

5. Employment Benefits

Any unused employment benefits for staff with contractual benefits are accrued and measured as the additional amount the University expects to pay as a result of unused entitlement.

6. 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 Statement of Comprehensive Income for the financial year.

Statement of Principal Accounting Policies (continued)

7. Freehold Land and Buildings

The University has adopted the transitional arrangements on conversion to FRS 102 and has revalued land and buildings as at 31 July 2014 on three campuses, namely Coleraine, Magee and Belfast. Land and buildings that have been revalued to fair value prior to the date of transition to FRS 102, are measured on the basis of deemed cost, being the revalued amount at the date of the revaluation.

Pending the transfer of the Jordanstown campus to Belfast in 2019, 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.

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, up to a maximum of 60 years.

8. 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.

9. Equipment

Equipment, including software and related software development costs, costing less than £25,000 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 Statement of Comprehensive Income 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.

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. Any changes in fair value are taken directly to the Statement of Comprehensive Income.

(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:

- 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.

Any changes in fair value are taken directly to the Statement of Comprehensive Income.

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 Statement of Comprehensive Income in the year of purchase.

13. Cash and Cash Equivalents

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.

Cash equivalents comprise of short term 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.

14. Provision for Bad Debts

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

15. Leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The cost of operating leases is charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

16. 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.

17. 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 Statement of Comprehensive Income in the period it is incurred.

18. 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 University is registered as a charity with HM Revenue and Customs and with the Northern Ireland Charity Commission.

The 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.

19. Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which through endowment to the University are held in a permanently restricted fund which the University must hold in perpetuity.

20. Subsidiary Accounting Policies

The subsidiary of the University adopts the same accounting policies of the University.

Consolidated Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income for the Year Ended 31 July 2017			
		Group 2017	Group 2016
Income	Notes	£000	£000
Tuition Fees and Education Contracts	1	74,987	73,044
Funding Body Grants	2	89,216	77,121
Research Grants and Contracts	3	24,780	21,522
Other Income	4	11,969	13,969
Investment Income	5	1,178	1,517
Donations and Endowments	6	1,089	808
Total Income		203,219	187,981
Expenditure			
Other Operating Expenses	8	58,756	56,541
Depreciation	11	20,186	20,679
Interest and Other Finance Costs	9	1,839	1,907
Total Expenditure		190,137	191,532
Surplus/(Deficit) before other gains and losses		13,082	(3,551)
Gain on Disposal of Investments		1,246	788
			(2,763)
Taxation		-	(3)
Actuarial Gain/(Loss) in Respect of Pension Schemes		3,288	(2,148)
Total Comprehensive Surplus/(Deficit) for the Year		17,669	(4,914)
Represented by:			
Endowment comprehensive income for the year		1,469	453
Unrestricted comprehensive income for the year		24,514	3,224
Revaluation reserve comprehensive income for the year		(8,314)	(8,591)
Total		17,669	(4,914)

Consolidated and University Statement of Changes in Reserves

Consolidated Statement of Changes in Reserves Year ended 31 July 2017				
	Income and Expenditure Reserve		Revaluation Reserve	Total
	Endowment	Unrestricted		
Consolidated	£000	£000	£000	£000
Balance at 1 August 2015	7,081	113,635	143,848	264,564
Surplus/(deficit) from the Statement of Comprehensive Income	453	(3,219)	-	(2,766)
Other comprehensive income/(loss)	-	(2,148)	-	(2,148)
	-	-	-	-
Total comprehensive income/(loss) for the year	453	3,224	(8,591)	(4,914)
Balance at 1 August 2016	7,534	116,859	135,257	259,650
Other comprehensive income	-	3,288	-	3,288
	-	-	-	-
Total comprehensive income/(loss) for the year	1,469	24,514	(8,314)	17,669
Balance at 31 July 2017	9,003	141,373	126,943	277,319
University	£000	£000	£000	£000
Balance at 1 August 2015	7,081	113,322	143,848	264,251
Surplus/(deficit) from the income and expenditure statement	453	(3,874)	-	(3,421)
Other comprehensive income/(loss)	-	(2,148)	-	(2,148)
	-	-	-	-
Total comprehensive income/(loss) for the year	453	2,569	(8,591)	(5,569)
Balance at 1 August 2016	7,534	115,891	135,257	258,682
Surplus from the income and expenditure statement	1,469	12,529	-	13,998
Other comprehensive income	-	3,288	-	3,288
Transfers between revaluation and income and expenditure reserve	-	8,314	(8,314)	-
	-	-	-	-
Total comprehensive income/(loss) for the year	1,469	24,131	(8,314)	17,286
Balance at 31 July 2017	9,003	140,022	126,943	275,968

Balance Sheets

Tangible assets	11	382,714	382,714	363,787	363,787
		<u>11,324</u>	<u>10,505</u>	<u>9,384</u>	<u>9,036</u>
Total Fixed Assets		<u>394,038</u>	<u>393,219</u>	<u>373,171</u>	<u>372,823</u>
Debtors	13	22,367	22,797	16,823	17,123
Investments & short term deposits		107,181	107,181	106,566	106,566
Cash at bank and in hand		<u>17,322</u>	<u>16,349</u>	<u>24,636</u>	<u>23,629</u>
Total current assets		<u>146,870</u>	<u>146,327</u>	<u>148,025</u>	<u>147,318</u>
					<u>(38,976)</u>
Net Current Assets		<u>106,500</u>	<u>105,968</u>	<u>108,962</u>	<u>108,342</u>
Total Assets less current liabilities		<u>500,538</u>	<u>499,187</u>	<u>482,133</u>	<u>481,165</u>
Creditors: Amounts Falling Due After More Than One Year	15	(160,865)	(160,865)	(159,079)	(159,079)
Net Assets including Pension Liability		<u>277,319</u>	<u>275,968</u>	<u>259,650</u>	<u>258,682</u>
Reserves					
Income and Expenditure Reserve					
Restricted Reserves – Endowment Reserve	17	9,003	9,003	7,534	7,534
Unrestricted Reserves		141,373	140,022	116,859	115,891
Revaluation Reserve		<u>126,943</u>	<u>126,943</u>	<u>135,257</u>	<u>135,257</u>
Total Reserves		<u>277,319</u>	<u>275,968</u>	<u>259,650</u>	<u>258,682</u>

The Financial Statements on pages 22 - 47 were approved by the Council on 10 November 2017 and signed on its behalf by:

Mr David Clements
Honorary Treasurer

Mr Peter Hope
Chief Finance & Information Officer

Professor P Nixon
Vice Chancellor and Chief Accounting Officer

Consolidated Cash Flow

Consolidated Cash Flow Year ended 31 July 2017			
		Year ended 31 July 2017	Year ended 31 July 2016
	Notes	£000	£000
Cash Flow From Operating Activities			
Surplus/(deficit) for the year		14,381	(2,766)
Adjustment For Non-Cash Items			
Depreciation	11	20,186	20,679
Loss on investments		(1,245)	(258)
Increase in debtors	13	(5,544)	(2,563)
Increase in creditors	14	1,255	3,658
Increase in pension provision	16	3,210	4,803
Decrease in other provisions	16	(972)	(7,724)
Deferred capital grants released income		(4,423)	(4,491)
Adjustment For Investing or Financing Activities			
Investment income	5	(1,178)	(1,518)
Interest payable	9	796	798
New endowment received		(721)	(303)
Loss on disposal of fixed assets		1,036	-
Net Cash Inflow from Operating Activities		<u>26,781</u>	<u>10,315</u>
Cash Flows From Investing Activities			
Capital grants receipts		6,280	4,492
Disposal of non-current asset investments		279	638
Withdrawal of deposits		-	10,055
Investment income		929	1,338
Payments made to acquire fixed assets	11	(40,150)	(26,712)
New non-current asset investments		(724)	(313)
New deposits		(615)	-
		<u>(34,001)</u>	<u>(10,502)</u>
Cash Flows From Financing Activities			
Interest paid	9	(796)	(798)
Endowment cash received		721	303
New unsecured loans		207	-
Repayments of amounts borrowed		(226)	(896)
		<u>(94)</u>	<u>(1,391)</u>
Decrease in Cash and Cash Equivalents in the Year		<u>(7,314)</u>	<u>(1,578)</u>
Cash and cash equivalents at beginning of the year		24,636	26,214
Cash and cash equivalents at end of the year		<u>17,322</u>	<u>24,636</u>

Notes to the Financial Statements

1. Tuition Fees and Education Contracts

	Group 2017	Group 2016
	£000	£000
Full-time students	52,303	51,806
Full-time students charged overseas fees	2,776	2,835
Part-time fees	5,971	5,551
DOH Education Contract	12,918	11,917
Short Course Fees	1,019	935
	<u>74,987</u>	<u>73,044</u>

2. Funding Body Grants

	Group 2017	Group 2016
	£000	£000
Recurrent Grant	78,753	72,516
Specific Grants		
Special Initiatives	7,899	1,822
Deferred Capital Grants Released in Year		
Buildings	2,487	2,779
Equipment	77	4
	<u>89,216</u>	<u>77,121</u>

3. Research Grants and Contracts

	Group 2017	Group 2016
	£000	£000
Research Councils	8,568	7,411
UK Charities	1,896	1,328
EU Government	2,367	1,725
UK Central Government	8,614	7,411
Overseas (Non-EU)	584	362
Health and Hospital Authorities	321	294
Other Sources	2,430	2,991
	<u>24,780</u>	<u>21,522</u>

Included in Research Grants and Contracts Income is £1,486k (2016: £1,349k) in relation to deferred capital grant release.

4. Other Income

	Group 2017	Group 2016
	£000	£000
Residences, Catering and Conferences	2,490	2,329
Other Services Rendered	3,161	4,870
Other Income	5,944	6,339
Deferred Grant Release	374	431
	<u>11,969</u>	<u>13,969</u>

5. Investment Income

	Group 2017	Group 2016
	£000	£000
Investment Income on Expendable Endowments	65	25
Investment Income on Permanent Endowments	185	154
Income from Short Term Investments	928	1,338
	<u>1,178</u>	<u>1,517</u>

6. Donations and Endowments

	Group 2017	Group 2016
	£000	£000
New Expendable Endowments	718	127
New Permanent Endowments	3	176
Donations	368	505
	<u>1,089</u>	<u>808</u>

Notes to the Financial Statements (continued)

7. Staff Costs

	Group 2017	Group 2016
	£000	£000
Wages and Salaries	84,600	87,938
Other Pension Costs (Note 20)	14,668	14,165
Movement on USS Pension Provision	352	1,959
	<u>109,356</u>	<u>112,405</u>
Emolument of the Vice Chancellor	£000	£000
Salary	260	250
	4	3
	264	253
	47	40
	<u>311</u>	<u>293</u>
Excluding the Vice Chancellor, remuneration of other Higher Paid Staff was in the following bands:-	Number	Number
£100,000 - £109,999	4	-
£120,000 - £129,999	2	3
£140,000 - £149,999	4	2
Key Management Personnel	£000	£000
Key management personnel remuneration	2,019	1,824
Compensation for loss of office payable to senior post holders	£000	£000
	380	-
The average weekly number of persons (including senior post-holders) employed by the University during the year, expressed as full-time equivalents, was:-	Number	Number
Technical	137	148
Administrative	417	427
Other including Clerical and Manual	532	552
	<u>2,067</u>	<u>2,155</u>

8. Other Operating Expenses

	Group 2017	Group 2016
	£000	£000
Residences and conferences	1,421	1,132
Consumables and laboratory expenditure		2,643
Equipment not capitalised	2,085	2,070
Books and periodicals		3,908
Fellowships, scholarships and prizes	677	572
Rates		3,517
Heat, light, water and power	3,260	3,511
Long term maintenance		7,202
Contracted out services	4,578	4,582
Grants to Ulster University Students' Union		1,193
External Auditors' remuneration	48	48
External Auditors' remuneration in respect of non-audit services		-
Internal Auditors' remuneration	93	98
Internal Auditors' remuneration in respect of non-audit services		-
Printing and stationery	833	907
Travel, subsistence and hospitality		4,969
Miscellaneous academic support	864	1,176
Telephone and postage		516
Research sub-contracting	1,331	1,253
Legal and professional fees		6,003
Advertising and publicity	887	743
Student Support		8,670
Other expenses	1,715	1,828
	<u>58,756</u>	<u>56,541</u>

9. Interest and Other Finance Costs

	Group 2017	Group 2016
	£000	£000
Loans not wholly repayable within five years	796	798
Exchange differences	(230)	(678)
	<u>1,839</u>	<u>1,907</u>

Notes to the Financial Statements (continued)

10. Analysis of 2017 Expenditure by Activity

	Staff costs	Depreciation	Other Operating Expenses	Interest & other finance costs	Total
	£000	£000	£000	£000	£000
Academic Departments	65,113	689	7,432	-	73,234
Research Grants & Contracts	8,570	1,029	10,113	-	19,712
Premises	3,312	14,338	16,008	796	34,454
Other Expenses	2,981	-	2,840	1,273	7,094
	<u>109,356</u>	<u>20,186</u>	<u>58,756</u>	<u>1,839</u>	<u>190,137</u>
The depreciation charged has been funded by:-					£000
Release from Deferred Capital Grants					2,938
Transfer from Revaluation Reserve					8,314
					<u>7,448</u>
					<u>20,186</u>

11. Tangible Assets - Group and University

	Freehold Land and Buildings	Assets Under Construction	Equipment	Total
	£000	£000	£000	£000
Valuation or cost at 1 August 2016				
Revaluation	182,157	-	-	182,157
Cost	<u>212,448</u>	<u>40,809</u>	<u>52,405</u>	<u>305,662</u>
	<u>394,605</u>	<u>40,809</u>	<u>52,405</u>	<u>487,819</u>
Additions at Cost	-	34,880	5,270	40,150
Transfer CIP	5,588	(5,588)	-	-
Disposals	(10,678)	-	(173)	(10,851)
At 31 July 2017				
Revaluation	173,696	-	-	173,696
Cost	<u>215,819</u>	<u>70,101</u>	<u>57,502</u>	<u>343,422</u>
Total	<u>389,515</u>	<u>70,101</u>	<u>57,502</u>	<u>517,118</u>
Accumulated Depreciation				
At 1 August 2016	79,669	-	44,363	124,032
Charge for year	16,680	-	3,506	20,186
Disposals	(9,641)	-	(173)	(9,814)
At 31 July 2017	<u>86,708</u>	<u>-</u>	<u>47,696</u>	<u>134,404</u>
Net Book Value				
At 31 July 2017	<u>302,807</u>	<u>70,101</u>	<u>9,806</u>	<u>382,714</u>
At 31 July 2016	<u>314,936</u>	<u>40,809</u>	<u>8,042</u>	<u>363,787</u>

Notes to the Financial Statements (continued)

12. Fixed Asset Investments

	Subsidiary Companies	Subsidiary Investment in spinouts	Other fixed assets investments	Total
Group	£000	£000	£000	£000
At 1 August 2016	-	1,850	7,534	9,384
Additions		3	692	695
Revaluation	-	468	777	1,245
At 31 July 2017	-	2,321	9,003	11,324
University				
At 1 August 2016	1,502	-	7,534	9,036
Additions			692	692
Revaluation	-	-	777	777
At 31 July 2017	1,502	-	9,003	10,505

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

13. Debtors

	Group 2017	University 2017	Group 2016	University 2016
Amounts falling due within one year	£000	£000	£000	£000
Trade debtors	14,405	14,396	13,866	13,692
Amounts owed by group undertakings		631	-	502
Prepayments and accrued income	7,962	7,770	2,957	2,929
	22,367	22,797	16,823	17,123

14. Creditors: Amounts Falling Due Within One Year

	Group 2017	University 2017	Group 2016	University 2016
	£000	£000	£000	£000
Bank Loans	239	239	226	226
Trade creditors	19,052	19,049	18,393	18,339
Taxation and social security	4,167	4,167	4,075	4,075
Accruals	12,502	12,494	11,998	11,965
Deferred Capital Grants	4,369	4,369	4,371	4,371
Lease creditor	41	41	-	-
	40,370	40,359	39,063	38,976

15. Creditors: Amounts Falling Due after more than One Year

	Group 2017	University 2017	Group 2016	University 2016
	£000	£000	£000	£000
Bank Loans	3,577	3,577	3,816	3,816
Deferred Capital Grants	83,647	83,647	81,788	81,788
	166	166	-	-
	160,865	160,865	159,079	159,079
Bank Loans - Amounts falling due:	£000	£000	£000	£000
Less than one year (Note 14)	239	239	226	226
Between one and two years	252	252	239	239
Between two and five years	841	841	797	797
Greater than five years	2,484	2,484	2,780	2,780
	3,816	3,816	4,042	4,042
Other Loans - Amounts falling due:	£000	£000	£000	£000
Less than one year	-	-	-	-
Between one and two years	5,248	5,248	-	-
Between two and five years	15,745	15,745	15,745	15,745
Greater than five years	52,482	52,482	57,730	57,730
	73,475	73,475	73,475	73,475
Lease creditor - Amounts falling due:	£000	£000	£000	£000
Less than one year (Note 14)	41	41	-	-
Between one and two years	41	41	-	-
Between two and five years	125	125	-	-
	207	207	-	-

A fixed rate bank loan is secured by a negative pledge on a portion of land on the Jordanstown campus. All loans greater than 5 years are repayable by instalments. Commercial terms and rates of interest payable have been negotiated on all bank and other loans.

Notes to the Financial Statements (continued)

16. Provisions for Liabilities - Group and University

	Obligation to fund deficit on USS pension	Defined Benefit Obligations (Note 20)	Total Pensions Provisions	Restructure Provision	Total Provision
	£000	£000	£000	£000	£000
At 1 August	21,822	40,610	62,432	972	63,404
Additions in 2016/17	1,811	2,135	3,946	-	3,946
At 31 July 2017	<u>22,547</u>	<u>39,807</u>	<u>62,354</u>	<u>-</u>	<u>62,354</u>

USS Deficit

The obligation to fund the past deficit on the University's Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of the provision.

Restructure Provision

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

17. Endowments Reserves

	Unrestricted Permanent	Restricted Permanent	Total Permanent	Restricted Expendable	2017 Total	2016 Total
Group and University	£000	£000	£000	£000	£000	£000
Balances at 1 August						
Capital	368	5,541	5,909	1,757	7,666	7,121
Accumulated Income/expenditure	22	560	582	(714)	(132)	(40)
	390	6,101	6,491	1,043	7,534	7,081
New Endowments	-	3	3	718	721	303
Transfer	-	(500)	(500)	500	-	-
Investment Income	11	174	185	65	250	180
Expenditure	-	(120)	(120)	(159)	(279)	(272)
	11	54	65	(94)	(29)	(92)
Increase in market value of investments	13	488	501	276	777	242
At 31 July	<u>414</u>	<u>6,146</u>	<u>6,560</u>	<u>2,443</u>	<u>9,003</u>	<u>7,534</u>
Represented by Capital	382	5,546	5,928	3,237	9,165	7,666
Accumulated income and expenditure	32	600	632	(794)	(162)	(132)
	<u>414</u>	<u>6,146</u>	<u>6,560</u>	<u>2,443</u>	<u>9,003</u>	<u>7,534</u>
Analysis by Type of Purpose:	£000	£000	£000	£000	£000	£000
Lectureships	-	3,649	3,649	-	3,649	3,338
Scholarship & bursaries	-	-	-	588	588	56
Research support	-	-	-	1,855	1,855	1,203
Prize funds	-	2,497	2,497	-	2,497	2,547
General	414	-	414	-	414	390
	<u>414</u>	<u>6,146</u>	<u>6,560</u>	<u>2,443</u>	<u>9,003</u>	<u>7,534</u>
					2017 Total	2016 Total
Analysis by Asset:					£000	£000
Current & non current asset investments					<u>9,003</u>	<u>7,534</u>

Notes to the Financial Statements (continued)

18. Capital Commitments

	2017	2016
Group and University	£000	£000
Commitments contracted at 31 July	139,623	151,952
Authorised but not contracted at 31 July	26,902	47,466
	<u>166,525</u>	<u>199,418</u>

Outstanding commitments include £161.7 million which relate to the development of the Greater Belfast Campus.

19. 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 Section 21 of FRS 102 'Provisions and Contingencies', no disclosure is required in the Financial Statements.

20. Net Pension Liability

The University participates in two pension schemes. The schemes are the Universities Superannuation Scheme (USS) and the Northern Ireland Local Government Officers Superannuation Committee Pension Fund (NILGOSC). The schemes are defined benefit schemes, which are externally funded. 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 Section 28 of FRS 102 'Employee 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 Pension Scheme

The University participates in the Universities Superannuation Scheme (USS). With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 'Employee benefits', the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

Pension Costs

The total cost charged to the profit and loss account is £12.474m (2016: £13.586m) as included in note 7.

The latest available actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method. The valuation as at 31 March 2017 is underway.

Since the institution cannot identify its share of the schemes assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

20. Net Pension Liability (continued)

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. 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.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2017	2016
Discount rate	2.57%	3.6%
Pensionable salary growth	n/a	n/a
Price inflation (CPI)	2.41%	2.2%

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 98% of S1NA ["light"] YoB tables – No age rating

Female members' mortality 99% of 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 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2017	2016
Males currently aged 65 (years)	24.4	24.3
Females currently aged 65 (years)	26.6	26.5
Males currently aged 45 (years)	26.5	26.4
Females currently aged 45 (years)	29.0	28.8

Existing Benefits	2017	2016
Scheme assets	£60.0bn	£49.8bn
Total scheme liabilities	£77.5bn	£58.3bn
FRS 102 total scheme deficit	£17.5bn	£8.5bn
FRS 102 total funding level	77%	85%

Notes to the Financial Statements (continued)

20. Net Pension Liability (continued)

NILGOSC Pension Scheme

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 102.

A valuation of the fund was carried out at 31 March 2013 and updated to 31 July 2016 by a qualified independent actuary.

Balance Sheet

	At 31 July 2017	At 31 July 2016
	£000	£000
Present value of scheme liabilities	(214,116)	(205,004)
Fair value of scheme assets	174,309	164,413
Present value of unfunded liabilities	-	(19)
Net pension liability	(39,807)	(40,610)

Movements in present value of defined benefit obligation

	At 31 July 2017	At 31 July 2016
	£000	£000
At beginning of the year	(205,023)	(183,447)
Current service cost	(4,223)	(3,819)
Member contributions	(817)	(851)
Interest cost	(4,663)	(6,353)
Benefits paid	5,393	4,828
Past service cost	(300)	(204)
Actuarial (losses)	(4,483)	(15,177)
At end of year	(214,116)	(205,023)

20. Net Pension Liability (continued)

Movements in fair value of plan assets

	At 31 July 2017	At 31 July 2016
	£000	£000
At beginning of the year	164,413	147,258
Expected return on assets	3,763	5,137
Employer contributions	2,938	2,965
Member contributions	817	851
Benefits paid	(5,393)	(4,827)
Actuarial gains	7,771	13,029
At end of year	174,309	164,413

Expense recognised in the income and expenditure accounts

	At 31 July 2017	At 31 July 2016
	£000	£000
Current service cost	4,223	3,819
Expected return on defined benefit pension plan assets	(3,763)	(5,137)
Past service cost	300	204
Total	5,423	5,239

The expense is recognised in the following line items in the income statement:

	At 31 July 2017	At 31 July 2016
	£000	£000
Staff costs	4,523	4,023
Interest payable	900	1,216
Total	5,423	5,239

Notes to the Financial Statements (continued)

20. Net Pension Liability (continued)

Amounts recognised in Other Comprehensive Income

	At 31 July 2017	At 31 July 2016
	£000	£000
Assets gains arising during the period	7,771	13,029
Liability losses arising during the period	(4,483)	(15,177)
Total Amount recognised in Other Comprehensive Income	3,288	(2,148)

Cumulative actuarial losses recognised as Other Comprehensive Income are £9.623m (2016: £12.911m).

The fair value of the plan assets were as follows:-

	At 31 July 2017	At 31 July 2016
	Fair value	Fair value
	£000	£000
Equities	129,337	118,542
Bonds	19,348	19,401
Property	17,257	20,223
Cash	6,624	5,261
Other	1,743	986
Actual return on plan assets	174,309	164,413

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

	At 31 July 2017	At 31 July 2016
Inflation/pension increase rate	2.0%	1.5%
Salary increase rate	3.5%	2.0%
Discount rate	2.6%	2.3%

Mortality	Males	Females
Current pensioners	23.2 years	25.8 years
Future pensioners	25.4 years	28.1 years

20. Net Pension Liability (continued)

The total pension cost for the University was:-

	Group 2017	Group 2016
	£000	£000
Contributions to USS	12,474	13,586
Charge to staff cost – NILGOSC	4,131	3,595
Total pension cost (Note 7)	16,605	17,181

The University expects to contribute approximately £2.758m to its defined benefit plans in the next financial year.

21. Student Support Funds

	Group 2017	Group 2016
	£000	£000
Balance Carried Forward	62	126
Disbursed to Students	(1,403)	(1,408)
Balance Underspent at 31 July	3	62

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.

22. Subsidiary Company Information

There is one company which is a wholly owned subsidiary company of the University:

- 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.

Notes to the Financial Statements (continued)

23. Joint Venture Information

The University has three joint ventures. 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.

The results of Branch Campus (London and 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.

24. Other Investments

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

Investments with holdings under 15%:-		
10.75% of Intelesens Limited	7.81% Performa Sports	12.5% Axial 3D Limited
4.44% of Crescent Capital II LLP	10.18% Carritech Research Limited	9.45% SISAF
1.7% of Bitt Ware Inc	6% Datactics Limited	14.25% Tactility Factory Limited plus £15k loan

Investments with holdings between 15%-25%:-	
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

24. Other Investments (continued)

Investments with holdings of greater than 25%:-									
Status	Name	Country of Incorporation	Principal Activity	% Shares Held	Convertible Loan Stock	Turnover	Profit or Loss Before Tax	Net Assets	Financial Year End
Active	Hidinimage Limited	Northern Ireland	Secure digital water marking technology	38.5%	N/A	N/A	£0	(£205,935)	31 May 2016
Active	Axis Composites Limited	Northern Ireland	Design and manufacture of 3D woven carbon fibre preforms	28%	N/A	N/A	£0	£5,758	28 Feb 2017
Active	Surf-Spec Limited	Northern Ireland	Developer of "made to specification" surfaces	25%	N/A	N/A	N/A	(£195,193)	29 Feb 2016
Active	Jenarron Therapeutics Limited	Northern Ireland	Putty like material applied and removed to wounds	49%	N/A	N/A	N/A	(£34,609)	31 March 2017
Active	Vifkon Limited	Northern Ireland	Fire and blast proof concrete products	30%	N/A	N/A	N/A	(£109,476)	30 June 2016
Active	Solaform Limited	Northern Ireland	Solar water heater	28%	N/A	N/A	N/A	(£131,427)	31 July 2016
Active	Efectis UK/Ireland Limited	Northern Ireland	Fire Testing	33%	N/A	N/A	N/A	N/A	20 June 2018

25. 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 section 33, FRS 102 'Related Party Transactions' not to disclose transactions with subsidiaries as all of the voting rights are controlled within the Group.

26. Ultimate Controlling Party

There is no one ultimate controlling party.

