

**University
of Ulster**

**FINANCIAL STATEMENTS
FOR THE YEAR TO 31 JULY 2000**

ISSN 0307-496X

UNIVERSITY OF ULSTER GROUP ACCOUNTS

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Treasurer's Report

Scope of the Financial Statements

This is the first occasion on which the University has prepared consolidated Financial Statements. Consequently where the Financial Statements refer to the Group this definition includes the activities of the University and two subsidiary companies, viz:-

- INCORE Limited, and
- UUTECH Limited.

Where appropriate the figures for the previous year have been re-stated to facilitate comparison on a consistent basis. In the remainder of this report, references to "the University" are deemed to include the activities of the subsidiary companies.

Results for the Year

The University recorded a deficit for the year of £1.1M on a historical cost basis. This represents a reduction of 27% in the level of the deficit incurred in 1998/99. On a revaluation of assets basis the deficit for the year was £5.0M, the same as for the year 1998/99.

The University's total income was £108M, an increase of 5.6% on the previous year. With the exception of Endowment Income and interest receivable which was £240K lower, all other income streams generated increased above the rate of inflation.

Funding Council block grants for teaching received from the Department of Higher and Further Education and Training and Employment (DHFETE) were inflated by only 1.75% being an increase of 2.5% for inflation and a decrease of 0.75% for efficiency gains as imposed by Government policy across the UK Higher Education sector. However, block grants for research were increased by 8% to £10.5M and the growth in student numbers generated an additional £1.1M of Funding Council income. A further £0.4M was received as part of Government's initiative to improve access to third level education for students from socially disadvantaged backgrounds. The combined effect of these factors was to increase Funding Council income by 5.6%.

Income from Academic fees and support grants increased by 4.5% due, in the main, to an inflationary increase in fee rates (2.5%) and a further increase in full time equivalent student numbers (1.5%).

The emphasis which University management has been placing on research activity is reflected in a 10.5% increase in income from research grants and contracts. Whilst the income reported in the accounts is £9.8M, the research contracts which were awarded to the University during the year totalled £20.5M, including £5.7M awarded by the Engineering and Physical Sciences Research Council for the establishment of a new fire safety research building at Jordanstown campus.

Consequently, the University expects that its income from Research contracts will continue to increase over the foreseeable future. Furthermore, both Universities in Northern Ireland have submitted bids to Northern Ireland Higher Education Council for funding towards major investments in research infrastructure under the auspices of the SPUR programme (Support Programme for University Research).

Staff costs increased by 9% when compared with the previous year. However, 1998/99 costs benefited from a release of £0.9M from the Restructuring Provision and consequently the increase in staff costs is more correctly stated at 7.5%. The main factors affecting this growth in staff costs are inflationary pay awards (2.5% approx), incremental drift (1% approx) and additional staff, mostly for research and self-financing activities (2.3% approx).

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Other operating costs were reduced by 2.4% and this was achieved in the main through lower charges for uncapitalised equipment and long term maintenance.

Liquidity and Cash Flow

The Cash Flow Statement for the year shows a cash outflow of £5.8M, the main component of which was net capital expenditure of £4.6M. Working capital, and in particular the level of debts due by students and sponsors for tuition fees, continues to put a strain on University finances.

Improved systems of credit control were successfully implemented during the year under review, particularly with respect to graduating students. Further tightening of procedures have been implemented in the new financial year for those students who have carried forward debts from the 1999/2000 year.

The cash outflow of £5.8M for the year reduced the University's liquidity position from a net £9.5M on deposit, to £3.9M.

Investment Performance

The University's Endowment Asset Investments were valued at £3.3M at 31 July 2000, an increase of £0.2M in the year, mainly attributable to an increase in the market value of Endowment Assets rather than additional investments.

Income from Short Term Deposits decreased by £0.1M as a result of a reduction in the average level of deposits held.

Capital and Major Maintenance Projects

The revaluation of Freehold Land and Buildings carried out by the Valuation and Lands Agency in 1998/99 was based on data and schedules supplied by the University. The accounts for 1998/99 reflected an uplift in the valuation of Freehold Land and Buildings of £41.2M. During the year under the review the Agency carried out a full inspection of all University estate assets and updated its valuation to reflect changes for inflation and market values. Arising out of this review the valuation has been reduced (impaired) by £1.6M.

Under the terms of the new Financial Reporting Standard, FRS15, the University has opted not to continue with periodic revaluations of its Land and Buildings in the future. Accordingly succeeding balance sheets of the University will reflect the aggregate of the valuation at 31 July 1999 and additions at historical costs, and any adjustments for impairment in value (including the impairment in the current year of £1.6M.)

Gross capital expenditure in the year totalled £7.9M and this was offset by the receipt of capital grants of £3.6M. One third of the gross expenditure was invested in equipment, mostly IT related, for use in both Faculties and Departments. The remainder was invested in the Estate and the largest projects being the Learning Resource Centre and Commercial Block at Jordanstown and the completion of the Research Pavilion and stonework refurbishment at Magee.

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Treasurer's Report

Internal Auditors

Following expiry of the Internal Audit contract on 31 March 2000 the University of Ulster appointed Deloitte and Touche to carry out this function for a sixteen month period ending 31 July 2001. Prior to that date the University proposes to investigate the feasibility of participating with other Universities in an internal audit consortium.

Financial Management

Following a review of the University's arrangements for corporate governance it was decided to segregate the responsibilities for secretarial and financial management. Accordingly Mr Michael Ryan was appointed to the newly created post of Director of Finance with effect from 17 April 2000.

Future Developments

The appointment of Professor P G McKenna to the office of Vice Chancellor took effect on 1 October 1999. During the year under review the new Vice Chancellor developed plans to restructure the central Administrative Departments of the University. These plans received the widespread support of University management and approval by Council and have been implemented with effect from the commencement of the new academic year. The revised structure includes a new directorate for regional development which is tasked with increasing the University's contribution to economic development throughout the Province.

Last year's Treasurer's Report referred to the University's long term development plan to undertake capital projects of up to £150M. Identified above are those projects which have progressed to the construction phase during the year under review. In the same period the Government confirmed its commitment to provide £40M towards the cost of the new Springvale campus. The various legal agreements between the Government, the University and its partner, the Belfast Institute for Further and Higher Education, have been concluded. It is envisaged that student intake to the Springvale campus will commence in the academic year 2003/2004.

As the University continues to progress its development plan, the funding strategy will be to secure external sources wherever possible to minimise the impact on its cash resources and maintain financial probity in its financial gearing.

Conclusion

Whilst this year's results represent an improvement on the previous year, the outturn reflects the difficult environment for Universities and in particular the impact of the reduction in Block Grant teaching income imposed by the Government. However, the University is continuing with its development plans and continues to lobby for an easing of the 'cap' on student numbers in the two Universities in Northern Ireland.

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Treasurer's Report

Finally, as I take up my appointment of Honorary Treasurer it is fitting for me to acknowledge, on behalf of the Council and Management of the University, the debt of gratitude owed to my predecessor, Dr William Carson. He executed his responsibilities as Honorary Treasurer, for a period of eight years, with great integrity and distinction and his contribution to the growth and development of the University is greatly appreciated by Council members and management alike. The award of an honorary doctorate at this year's graduations was a worthy tribute to his service to the University.

**G D B HARKNESS, MA FCA
HONORARY TREASURER**

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Corporate Governance

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

The Council, the University's Governing Body, is responsible for the institution's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Council is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks that has been in place for the period 1 August 1999 to 31 July 2000. This process is regularly reviewed by the Council and accords with the internal control guidance for directors on the Combined Code as amended by the British Universities Finance and Directors Group.

During the period of the Report the University has undertaken a review of the composition and effectiveness of its Governing Body. The membership has been reduced in size and its lay members have been appointed by an independent Nominations Committee on the basis of merit with independent assessment, openness and transparency of process.

The Council will meet more frequently during the current financial year. The revised Standing Orders of the Council indicate that the Council shall meet on at least six occasions per year. Eight meetings are scheduled for the year 2000-2001. As the Council now meets more frequently, a new and condensed committee structure has been established.

Included among the Council committees are the Finance and General Purposes Committee, the Nominations Committee, the Remuneration Committee and the Audit Committee all of which have a lay majority. The University also has a Strategic Planning Working Group reporting to the University's Planning Committee, which is a committee of the Senate, the body responsible for the institution's academic affairs.

The Finance and General Purposes Committee, *inter alia*, recommends to the Governing Body the University's annual revenue and capital budgets and monitors performance in relation to the approved budget.

The Nominations Committee has delegated responsibility for the appointment and reappointment of lay persons to the Governing Body. Appointed members hold office for a period of four years and are eligible for re-appointment for one further period of four years.

The Remuneration Committee determines the remuneration of the most senior staff, including the Vice-Chancellor.

The Audit Committee meets three times a year, with the University's external and internal auditors in attendance. The Committee considers detailed reports together with recommendations for the improvement of the University's systems of internal control and management's responses and implementation. It also receives and considers reports from the Funding Council as they effect the University's business and monitors 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 may meet both the External Auditors and the Internal Auditors on their own for independent discussions.

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Responsibilities of the University's Council

In accordance with the Statutes, the Council is responsible for the administration and management of the affairs of the University 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 DHFETE 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 DHFETE 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.

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Responsibilities of the University's Council - continued

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

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

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

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Auditor's Report to the Council of the University of Ulster

We have audited the Financial Statements on pages 10 to 34, which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and in accordance with the accounting policies set out on pages 10 to 12.

Respective responsibilities of the University's Council and the auditors

The University's Council is responsible for preparing the Financial Statements. Our responsibilities as independent auditors are established by statute, the Auditing Practices Board, the Code of Audit Practice issued by the Higher Education Funding Council for England and our profession's ethical guidance.

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions. We also report to you whether, income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Department of Higher and Further Education, Training & Employment.

We also report to you if, in our opinion, the Treasurer's Report is not consistent with the financial statements, if the University has not kept proper accounting records, the accounting records do not agree with the Financial Statements or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Treasurer's Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the University's Council in the preparation of the Financial Statements and of whether the accounting policies are appropriate to the institution's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Auditor's Report to the Council of the University of Ulster

Opinion

In our opinion:

- the Financial Statements give a true and fair view of the state of affairs of the University at 31 July 2000 and of the excess of expenditure over income and cash flows for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions;
- in all material respects, income from the Department of Higher and Further Education, Training & Employment, grants and income for specific purposes and from other restricted funds administered by the University have been applied for the purposes for which they were received;
- in all material respects, income has been applied in accordance with the University's statutes and, where appropriate, with the Financial Memorandum with the Department of Higher and Further Education, Training & Employment.

KPMG
Chartered Accountants
Registered Auditors
Belfast

8 December 2000

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Statement of Principal Accounting Policies

1. Accounting Convention

The Financial Statements have been prepared in accordance with the Statement of Recommended Practice “Accounting in Further and Higher Education Institutions” and in accordance with applicable Accounting Standards and under the historical cost convention, as modified by the revaluation of certain land and buildings and Endowment Asset Investments.

2. Consolidation

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

The University of Ulster’s Students’ Union is constituted as an independent body and therefore in accordance with FRS2, its financial statements are not consolidated with the Financial Statements of the University.

3. Recognition of Income

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

4. Pension Schemes

The two principal pension schemes for the University’s staff are the Universities Superannuation Scheme (USS) and the Northern Ireland Local Government Officers Superannuation Scheme (NILGOS). The schemes are defined benefit schemes which are externally funded and contracted out of the State Earnings-Related Pension Scheme. 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. Pension costs are assessed on the latest actuarial valuations of the schemes and are accounted for on the basis of charging the cost of providing pensions over the period during which the Institution benefits from the employees’ services. Variations from regular cost are spread over the expected average remaining working lifetime of members of the schemes after making allowances for future withdrawals. A small number of staff remain in other pension schemes.

5. Foreign Currencies

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

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Statement of Principal Accounting Policies - Continued

6. Leases

Fixed assets held under finance leases and the related lease obligations are recorded in the Balance Sheet at the fair value of the leased assets at the inception of the lease. The excess of lease payments over recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations. Rental costs under operating leases are charged to expenditure in equal annual amounts over the periods of the leases.

7. Land and Buildings

Land and Buildings are stated at valuation except for those buildings purchased since the last valuation date which are stated at cost. The basis of valuation is depreciated replacement cost. The valuation on 30 June 1999 was performed by the Valuation and Lands Agency. The University has adopted the transitional arrangements under FRS15; Tangible Fixed Assets and has decided to retain the carrying value of land and buildings at the 30 June 1999 valuation figure (as amended to reflect any impairment in value). This change in accounting policy has no effect on the Profit and Loss Account for the years ending 31 July 2000 and 1999. The revaluation of land and buildings will continue to be undertaken every five years with any impairment in value recognised in the year. Land is held freehold and is not depreciated as it is considered to have an indefinite useful life. Buildings are depreciated over their expected useful lives as determined by the Valuation and Lands Agency. Depreciation is not charged in the year of acquisition.

8. Equipment

Equipment, including software, costing less than £5,000 per individual item or group of related items is written off in the year of acquisition. All other equipment is capitalised. Capitalised equipment (other than research grant equipment) is stated at cost and depreciated over its expected useful life, assumed to be four years. Depreciation is not charged in the year of acquisition.

Where equipment is acquired with the aid of a specific research grant it is capitalised over the remaining life of the research grant, with the related grant being credited to a deferred capital grant account and released to the Income and Expenditure account over the remaining life of the related grant. Research Equipment depreciation is charged in the year of acquisition.

9. Deferred Capital Grants

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

10. Investments

Endowment Asset Investments are included in the Balance Sheet at market value.

11. Stocks

Stocks are valued at the lower of cost and net realisable value.

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Statement of Principal Accounting Policies – Continued

12. Provision for Bad Debts

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

13. Maintenance of Premises

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

14. Taxation Status

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

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Consolidated Income and Expenditure Account for the Year ended 31 July 2000

	Note	Group 2000 £000	Group 1999 Restated £000
Income – continuing operations			
Funding Council Grants	1	62,474	59,132
Academic Fees and Support Grants	2	20,847	19,941
Research Grants and Contracts	3	9,782	8,856
Other Operating Income	4	14,187	13,399
Endowment Income and Interest Receivable	5	<u>1,154</u>	<u>1,398</u>
Total Income		<u>108,444</u>	<u>102,726</u>
Expenditure – continuing operations			
Staff Costs	6	72,262	66,306
Depreciation	10	6,128	5,628
Other Operating Expenses	7	34,838	35,701
Interest Payable	8	<u>253</u>	<u>131</u>
Total Expenditure		<u>113,481</u>	<u>107,766</u>
Deficit after depreciation of assets at valuation, Before and after tax		<u>(5,037)</u>	<u>(5,040)</u>

Note of Historical Cost Surpluses and Deficits

	Group 2000 £000	Group 1999 Restated £000
Deficit after depreciation of assets at valuation, Before and after tax	(5,037)	(5,040)
Difference between historical cost depreciation Charge and the actual depreciation charge for the year calculated on the revalued amount	<u>3,912</u>	<u>3,490</u>
Historical cost deficit before and after tax	<u>(1,125)</u>	<u>(1,550)</u>

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

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Balance Sheets as at 31 July 2000

		Group 2000	University 2000	Group 1999 Restated	University 1999 Restated
	Notes	£000	£000	£000	£000
Fixed Assets					
Tangible Assets	10	159,556	159,312	159,323	159,062
Investments	11	<u>255</u>	<u>250</u>	<u>55</u>	<u>50</u>
		<u>159,811</u>	<u>159,562</u>	<u>159,378</u>	<u>159,112</u>
Endowment Asset Investments	12	<u>3,325</u>	<u>3,325</u>	<u>3,136</u>	<u>3,136</u>
Current Assets					
Stocks		321	321	290	290
Debtors	13	13,423	13,356	12,130	12,123
Short Term Deposits		<u>15,003</u>	<u>14,843</u>	<u>15,308</u>	<u>15,000</u>
		<u>28,747</u>	<u>28,520</u>	<u>27,728</u>	<u>27,413</u>
Creditors: Amounts Falling Due Within One Year	14	<u>(22,938)</u>	<u>(22,717)</u>	<u>(16,619)</u>	<u>(16,315)</u>
Net Current Assets		<u>5,809</u>	<u>5,803</u>	<u>11,109</u>	<u>11,098</u>
Total Assets Less Current Liabilities		168,945	168,690	173,623	173,346
Creditors: Amounts Falling Due after more than One Year	15	(1,013)	(1,013)	(1,033)	(1,033)
Provisions for Liabilities and Charges	16	<u>(484)</u>	<u>(484)</u>	<u>(872)</u>	<u>(872)</u>
NET ASSETS		<u>167,448</u>	<u>167,193</u>	<u>171,718</u>	<u>171,441</u>

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Balance Sheets as at 31 July 2000 – Continued

		Group 2000	University 2000	Group 1999 Restated	University 1999 Restated
	Notes	£000	£000	£000	£000
Deferred Capital Grants	17	<u>9,094</u>	<u>8,854</u>	<u>6,950</u>	<u>6,699</u>
Endowments					
Specific	18	2,266	2,266	2,142	2,142
General	18	<u>1,059</u>	<u>1,059</u>	<u>994</u>	<u>994</u>
		<u>3,325</u>	<u>3,325</u>	<u>3,136</u>	<u>3,136</u>
Reserves					
Revaluation Reserve	19	131,346	131,346	136,824	136,824
Income and Expenditure A/c	20	<u>23,683</u>	<u>23,668</u>	<u>24,808</u>	<u>24,782</u>
Total Reserves		<u>155,029</u>	<u>155,014</u>	<u>161,632</u>	<u>161,606</u>
TOTAL		<u>167,448</u>	<u>167,193</u>	<u>171,718</u>	<u>171,441</u>

The Financial Statements on pages 10 to 34 were approved by the Council on 8 December 2000 and signed on its behalf by:

G D B Harkness MA FCA

Honorary Treasurer

M M Ryan

Director of Finance

Professor P G McKenna

Vice Chancellor

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Consolidated Cash Flow Statement for the Year Ended 31 July 2000

	Note	Group 2000 £000	Group 1999 Restated £000
Net Cash Outflow from Operating Activities	23	(1,950)	(7,141)
Returns on Investments and Servicing of Finance	24	986	1,310
Capital Expenditure and Financial Investment	25	<u>(4,562)</u>	<u>(3,397)</u>
Cash Outflow before Use of Liquid Resources and Financing		(5,526)	(9,228)
Management of Liquid Resources	26	(200)	5,005
Financing	27	<u>(29)</u>	<u>37</u>
Decrease in Cash	28	<u>(5,755)</u>	<u>(4,186)</u>

Reconciliation of Net Cash Flow to Movement in Net Funds

	Note	Group 2000 £000	Group 1999 Restated £000
Decrease in Cash in the Period		(5,755)	(4,186)
Decrease in Short Term Deposits	28	<u>-</u>	<u>(4,973)</u>
Change in Net Funds	28	(5,755)	(9,159)
Net Funds at 1 August	28	<u>9,497</u>	<u>18,656</u>
Net Funds at 31 July	28	<u>3,742</u>	<u>9,497</u>

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Consolidated Statement of Total Recognised Gains and Losses

	Note	Group 2000 £000	Group 1999 Restated £000
Deficit on continuing operations after depreciation of assets at valuation, disposal of assets and tax		(5,037)	(5,041)
Unrealised surplus on revaluation of fixed assets		-	41,248
Impairment of fixed assets	10	(1,566)	-
Appreciation of endowment asset investments	18	120	115
Endowment income retained for year	18	69	101
New endowments	18	—	<u>9</u>
Total recognised (losses)/gains relating to the period		<u>(6,414)</u>	<u>36,432</u>
Reconciliation of movement in reserves and Endowments			
Opening reserves and endowments		164,768	128,336
Total recognised gains and losses for the year		<u>(6,414)</u>	<u>36,432</u>
Closing reserves and endowments		<u>158,354</u>	<u>164,768</u>

UNIVERSITY OF ULSTER GROUP ACCOUNTS

	Notes to the Accounts	Group 2000	Group 1999 Restated £000
1	Funding Council Grants	£000	
	Recurrent Grant*	60,006	57,365
	Specific Grants		
	Special Initiatives	1,725	827
	Other	-	-
	Deferred Capital Grants Released in Year (Note 17)		
	Buildings	190	176
	Equipment	<u>553</u>	<u>764</u>
		<u>62,474</u>	<u>59,132</u>
	* Includes a developmental element of Research Grant which is part funded through the EU's European Regional Development fund.		
2	Academic Fees and Support Grants		
	Full-time students	14,642	13,808
	Full-time students charged overseas fees	1,463	1,072
	Part-time fees	3,157	3,516
	Research Training Support Grants	89	96
	Short Course Fees	<u>1,496</u>	<u>1,449</u>
		<u>20,847</u>	<u>19,941</u>
3	Research Grants and Contracts		
	Research Grants	1,894	1,892
	Research Contracts	<u>7,888</u>	<u>6,964</u>
		<u>9,782</u>	<u>8,856</u>
4	Other Operating Income		
	Residences, Catering and Conferences	3,704	4,187
	Other Services Rendered	3,323	3,980
	Health Authorities	391	241
	Other Income	<u>6,769</u>	<u>4,991</u>
		<u>14,187</u>	<u>13,399</u>

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts - Continued

	Group 2000 £000	Group 1999 Restated £000
5 Endowment Income and Interest Receivable		
Transferred from Specific Endowments (Note 18)	19	28
Income from General Endowment Asset Investments (Note 18)	41	85
Income from Short Term Investments	1,094	1,218
Interest receivable on BES Schemes	-	67
	<u>1,154</u>	<u>1,398</u>
6 Staff Costs		
Wages and Salaries	61,648	57,281
Social Security Costs	4,631	4,344
Other Pension Costs (Note 29)	5,794	5,597
Release of Restructuring Provision	189	(916)
	<u>72,262</u>	<u>66,306</u>

On the 1st October 1999 the previous Vice Chancellor, Professor T A Smith retired and was replaced by Professor P G McKenna. The following emoluments were paid during the year.

	Professor McKenna £000	Professor Smith £000
Total Emoluments (including Pension Contribution)	<u>96</u>	<u>116</u>
Pension Contribution	13	5
Additional Pension	-	86

	Group 2000 Number	Group 1999 Number
Remuneration of other Higher Paid Staff, including employer's pension contributions.		
£50,000 - £59,999	80	67
£60,000 - £69,999	25	13
£70,000 - £79,999	8	11
£80,000 - £89,999	5	-

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts - Continued

	Group 2000 Number	Group 1999 Number
6 Staff Costs (Continued)		
The average weekly number of persons (including senior post-holders) employed by the University during the period, expressed as full-time equivalents, was:-	1,108	1,072
Academic	214	217
Technical	356	343
Administrative	<u>1,086</u>	<u>1,071</u>
Other including Clerical and Manual	<u>2,764</u>	<u>2,703</u>
	Group 2000	Group 1999 Restated
7 Other Operating Expenses	£000	£000
Residences, catering and conferences operating expenses	2,147	2,242
Consumables and laboratory expenditure	2,836	3,089
Equipment not capitalised	3,232	4,166
Books and periodicals	1,813	1,711
Fellowships, scholarships and prizes	677	211
Rates	2,218	1,909
Heat, light water and power	1,823	1,333
Long term maintenance	2,341	3,632
Grants to University of Ulster Students' Union	866	830
Auditors' remuneration	35	33
Auditors' remuneration in respect of non-audit services	110	34
Printing and stationery	1,449	939
Travel, subsistence and hospitality	4,412	4,013
Miscellaneous academic support	2,896	3,382
Telephone and postage	1,343	1,300
Legal and professional fees	3,162	2,294
Advertising and publicity	1,079	1,297
Student Support	1,348	1,760
Other expenses	<u>1,051</u>	<u>1,526</u>
	<u>34,838</u>	<u>35,701</u>
8 Interest Payable		
Business Expansion Scheme	-	49
Loans not wholly repayable within five years	<u>253</u>	<u>82</u>
	<u>253</u>	<u>131</u>

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts – Continued

9 Analysis of 2000 Expenditure by Activity

	Staff Costs	Depreciation	Other Operating Expenses	Interest	Total
	£000	£000	£000	£000	£000
Academic Departments	43,536	534	6,534	-	50,604
Academic Services	6,866	312	3,216	-	10,394
Research Grants & Contracts	3,804	713	3,613	-	8,130
Residences, Catering & Conferences	1,663	13	1,626	-	3,555
Premises	4,514	4,428	8,131	-	17,073
Administration	6,652	80	5,220	253	11,952
Other Expenses	<u>5,227</u>	<u>48</u>	<u>6,498</u>	<u>-</u>	<u>11,773</u>
	<u>72,262</u>	<u>6,128</u>	<u>34,838</u>	<u>253</u>	<u>113,481</u>

£000

The depreciation charged has been funded by:-

Release from Deferred Capital Grants (Note 17)	743
Release from Research Grants and Contracts	706
Release from Revaluation Reserve (Note 19)	3,912
General income	<u>767</u>
	<u>6,128</u>

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts – Continued

10 Tangible Assets (Group)

	Freehold Land & Buildings £000	Construction In Progress £000	Equipment £000	Total £000
Valuation or cost				
At 1 August 1999				
Valuation	135,869	-	-	135,869
Cost	14,885	5,619	12,485	32,989
Additions at Cost	2,578	2,880	2,469	7,927
Disposals at Valuation	-	-	-	-
Impairment	(1,566)	-	-	(1,566)
Transfer WIP	4,951	(4,951)	-	-
	<u>156,717</u>	<u>3,548</u>	<u>14,954</u>	<u>175,219</u>
At 31 July 2000	134,303	-	-	134,303
Valuation	22,414	3,548	14,954	40,916
Cost	<u>156,717</u>	<u>3,548</u>	<u>14,954</u>	<u>175,219</u>
Depreciation				
At 1 August 1999	397	-	9,138	9,535
Charge for Year	4,372	-	1,756	6,128
Disposal	-	-	-	-
At 31 July 2000	<u>4,769</u>	<u>-</u>	<u>10,894</u>	<u>15,663</u>
Net Book Value				
At 31 July 2000	<u>151,948</u>	<u>3,548</u>	<u>4,060</u>	<u>159,556</u>
At 31 July 1999	<u>150,357</u>	<u>5,619</u>	<u>3,347</u>	<u>159,323</u>

The proceeds of any future sale of buildings which have been funded from Exchequer funds will either be surrendered to the Department of Higher and Further Education Education Training & Employment (DHFETE) or used in accordance the Financial Memorandum with the DHFETE. The Freehold Land and Buildings were revalued on the depreciated replacement cost basis by the Valuation and Lands Agency on 30 June 1999. The University has adopted the transitional arrangements under FSR15: Tangible Fixed Assets. Accordingly, the valuation at 30 June 1999 has not been updated. During the current year, an impairment review of tangible fixed assets was conducted, and accordingly, land and building have been written down to reflect the general movement in property prices.

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts - Continued

10 Tangible Assets (University)

	Freehold Land & Buildings £000	Construction In Progress £000	Equipment £000	Total £000
Valuation or cost				
At 1 August 1999				
Valuation	135,869	-	-	135,869
Cost	14,598	5,619	12,462	32,679
Additions at Cost	2,578	2,880	2,469	7,927
Disposals at Valuation	-	-	-	-
Impairment	(1,566)	-	-	(1,566)
Transfer WIP	4,951	(4,951)	-	-
	<u>156,430</u>	<u>3,548</u>	<u>14,931</u>	<u>174,909</u>
At 31 July 2000				
Valuation	134,303	-	-	134,303
Cost	22,127	3,548	14,931	40,606
	<u>156,430</u>	<u>3,548</u>	<u>14,931</u>	<u>174,909</u>
Depreciation				
At 1 August 1999	363	-	9,123	9,486
Charge for Year	4,361	-	1,750	6,111
Disposal	-	-	-	-
At 31 July 2000	<u>4,724</u>	<u>-</u>	<u>10,873</u>	<u>15,597</u>
Net Book Value				
At 31 July 2000	<u>151,706</u>	<u>3,548</u>	<u>4,058</u>	<u>159,312</u>
At 31 July 1999	<u>150,104</u>	<u>5,619</u>	<u>3,339</u>	<u>159,062</u>

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts - continued

11. Investments	Group 2000 £000	Group 1999 Restated £000
Investment in University Challenge Fund	250	-
Investment in Subsidiary Company	5	5
Investment in Ulster Cash Back I PLC	<u>-</u>	<u>50</u>
	<u>255</u>	<u>55</u>

The University Challenge Fund is a joint venture with Queen's University, Belfast, to enable the Universities to access seed venture capital funding in order to assist the successful transformation of good research into good business.

The University owned 50,000 redeemable preference shares of £1 each in Ulster Cash Backed I PLC stated at cost. This amount was written off during the year.

		Group and University 2000 £000	1999 £000
12 Endowment Asset Investments			
Balance at 1 August:	at cost	<u>2,778</u>	<u>2,618</u>
	at valuation	3,136	2,911
Additions		1889	1,894
Disposals		(1,661)	(1,738)
Net Appreciation/(Depreciation) on Disposal and/or Revaluation		<u>(39)</u>	<u>69</u>
Balance at 31 July at valuation		<u>3,325</u>	<u>3,136</u>

Investments held at the end of the year are detailed as follows:

Fixed Interest Stocks	582	543
UK Equities	1,347	1,218
Bank Balances	60	114
Balanced Portfolio	<u>1,336</u>	<u>1,261</u>
Total Endowment Asset Investments at valuation	<u>3,325</u>	<u>3,136</u>
Total Endowment Asset Investments at cost	<u>2,952</u>	<u>2,778</u>

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts – Continued

13	Debtors	Group	University	Group	University
		2000	2000	1999	1999
		£000	£000	£000	£000
	Amounts falling due within one year				
	Debtors	9,831	9,755	9,099	8,951
	Amounts owed by group undertakings				
	Subsidiary undertakings	-	49	-	148
	Prepayments and accrued income	<u>3,592</u>	<u>3,552</u>	<u>3,031</u>	<u>3,024</u>
		<u>13,423</u>	<u>13,356</u>	<u>12,130</u>	<u>12,123</u>
14 Creditors: Amounts Falling Due within One Year					
		Group	University	Group	University
		2000	2000	1999	2000
		£000	£000	£000	£000
	Bank loans and overdrafts	10,321	10,318	4,925	4,925
	Obligations under finance leases	20	20	29	29
	Trade creditors	8,230	8,099	8,892	8,597
	Other taxation and social security	1,654	1,654	1,420	1,420
	Accruals	<u>2,713</u>	<u>2,626</u>	<u>1,353</u>	<u>1,344</u>
		<u>22,938</u>	<u>22,717</u>	<u>16,619</u>	<u>16,315</u>
15 Creditors: Amounts Falling Due after more than One Year					
		Group	University	Group	University
		2000	2000	1999	1999
		£000	£000	£000	£000
	Bank Loans	1,000	1,000	1,000	1,000
	Obligations under finance leases –				
	Between one and five years	<u>13</u>	<u>13</u>	<u>33</u>	<u>33</u>
		<u>1,013</u>	<u>1,013</u>	<u>1,033</u>	<u>1,033</u>

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts – Continued

		Group and University	
		2000	1999
		£000	£000
16	Provision for future pension liabilities		
	At 1 August	872	2,100
	Utilised in Year	(388)	(312)
	Transfer to Income & Expenditure Account	<u>-</u>	<u>(916)</u>
	At 31 July	<u>484</u>	<u>872</u>
17	Deferred Capital Grants	Group and University	
		Other	2000
	Department of	Grants	Total
	Higher & Further	£000	£000
	Education		1999
	Training &		Total
	Employment		£000
	£000		
	At 1 August		
	Buildings	3,034	2,380
	Equipment	<u>762</u>	<u>774</u>
	Total	<u>3,796</u>	<u>3,154</u>
			5,414
			<u>1,536</u>
			<u>6,950</u>
			<u>6,686</u>
	Cash Received		
	Buildings	1,058	2,211
	Equipment	<u>-</u>	<u>324</u>
	Total	<u>1,058</u>	<u>2,535</u>
			3,269
			<u>324</u>
			<u>1,143</u>
			<u>815</u>
			<u>1,958</u>
	Released to Income & Expenditure		
	Buildings (Notes 1 & 9)	137	53
	Equipment (Notes 1 & 9)	<u>553</u>	<u>706</u>
	Total	<u>690</u>	<u>759</u>
			190
			<u>1,259</u>
			<u>176</u>
			<u>1,518</u>
			<u>1,694</u>
	At 31 July		
	Buildings	3,955	4,538
	Equipment	<u>209</u>	<u>392</u>
	Total	<u>4,164</u>	<u>4,930</u>
			8,493
			<u>601</u>
			<u>5,414</u>
			<u>1,536</u>
			<u>6,950</u>

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts – Continued

18 Endowments	Group and University			1999 Total £000
	Specific £000	General £000	2000 Total £000	
At 1 August	2,142	994	3,136	2,911
Additions	-	-	-	9
Appreciation of Endowment – Asset Investments	55	65	120	115
Income for Year	88	41	129	214
Transferred to Income and Expenditure Account (Note 5)	<u>(19)</u>	<u>(41)</u>	<u>(60)</u>	<u>(113)</u>
At 31 July 2000	<u>2,266</u>	<u>1,059</u>	<u>3,325</u>	<u>3,136</u>

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts – Continued

19 Revaluation Reserve	Group 2000 £000	University 2000 £000	Group 1999 £000	University 1999 £000
Gross Revaluation surplus				
At 1 August	135,869	135,869	112,757	112,757
Revalued in Year	-	-	23,112	23,112
Impairment	<u>(1,566)</u>	<u>(1,566)</u>	<u>-</u>	<u>-</u>
	<u>134,303</u>	<u>134,303</u>	<u>135,869</u>	<u>135,869</u>
Contribution to Depreciation				
At 1 August	(955)	(955)	13,691	13,691
Release on revaluation	-	-	(18,136)	(18,136)
Released in year	<u>3,912</u>	<u>3,912</u>	<u>3,490</u>	<u>3,490</u>
	<u>(2,957)</u>	<u>(2,957)</u>	<u>(955)</u>	<u>(955)</u>
Net Revaluation Surplus				
At 1 August	<u>136,824</u>	<u>136,824</u>	<u>99,066</u>	<u>99,066</u>
At 31 July	<u>131,346</u>	<u>131,346</u>	<u>136,824</u>	<u>136,824</u>
20 Income and Expenditure Account Reserve				
	Group 2000 £000	University 2000 £000	Group 1999 £000	University 1999 £000
Balance at 1 August	24,808	24,782	22,053	22,006
Prior year adjustment	<u>-</u>	<u>-</u>	<u>4,305</u>	<u>4,305</u>
Balance at 1 August as restated	24,808	24,782	26,358	<u>26,311</u>
Deficit after depreciation of assets at valuation, before and after tax	(5,037)	(5,026)	(5,040)	(5,019)
Release from Revaluation Reserve	<u>3,912</u>	<u>3,912</u>	<u>3,490</u>	<u>3,490</u>
Balance at 31 July	<u>23,683</u>	<u>23,668</u>	<u>24,808</u>	<u>24,782</u>

UNIVERSITY OF ULSTER GROUP ACCOUNTS

	Group and University 2000	1999 Restated
	£000	£000
21 Capital Commitments		
Commitments contracted at 31 July	9,027	2,497
Authorised but not contracted at 31 July	1,800	-
	<u>10,827</u>	<u>2,497</u>
22 Contingent Liabilities – Group and University		
<p>The University Council consider that as a result of 16 separate legal proceedings outstanding at the year end, there is a potential contingent liability in the amount of £200,000. No valuable Security has been provided by the University in respect of this contingent liability.</p>		
23 Reconciliation of Consolidated Operating Deficit to Net Cash Outflows from Operating Activities	Group 2000	Group 1999 Restated
	£000	£000
Deficit after depreciation of assets at valuation before tax	(5,037)	(5,041)
Depreciation (Note 10)	6,128	5,628
Deferred Capital Grants Released to Income (Note 17)	(1,449)	(1,694)
Investment Income (Note 5)	(1,154)	(1,398)
Loss on Sale of Endowment Assets	88	45
Maturity of BES Investment	-	7,800
Interest Payable	253	131
Profit on Disposal	-	(45)
Increase in Stocks	(31)	(31)
Increase in Debtors	(1,293)	(2,764)
Increase/(Decrease) in Creditors	933	(8,544)
Decrease in Provisions	<u>(388)</u>	<u>(1,228)</u>
Net Cash Outflow from Operating Activities	<u>(1,950)</u>	<u>(7,141)</u>

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts - Continued

		Group 2000	Group 1999 Restated
		£000	£000
24	Returns on Investments and Servicing of Finance		
	Income from Endowments (Note 18)	129	223
	Income from Short Term Investments (Note 5)	1,110	1,218
	Interest Paid (Note 8)	<u>(253)</u>	<u>(131)</u>
	Net Cash Inflow from returns on investments and servicing of finance	<u>986</u>	<u>1,310</u>
		Group 2000	Group 1999 Restated
		£000	£000
25	Capital Expenditure and Financial Investment		
	Tangible Assets Acquired (Other than Leased Equipment) (Note 10)	(7,927)	(5,294)
	Endowment Asset Investments Acquired (Note 12)	<u>(1,889)</u>	<u>(1,894)</u>
	Total Fixed and Endowment Asset Investments Acquired	(9,816)	(7,188)
	Receipts from Sale of Fixed Assets	-	76
	Receipts from Sales of Endowment Assets (Note 12)	1,661	1,757
	Deferred Capital Grants Received (Note 17)	<u>3,593</u>	<u>1,958</u>
	Net cash outflow from capital expenditure and financial investment	<u>(4,562)</u>	<u>(3,397)</u>
		Group 2000	Group 1999 Restated
		£000	£000
26	Management of Liquid Resources		
	Sale of Investments	50	5,005
	Withdrawals from deposits	-	-
	Purchase of investments	(250)	-
	Placing of deposits	<u>-</u>	<u>-</u>
	Net cash inflow/(outflow) from management of liquid resources	<u>(200)</u>	<u>5,005</u>

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts – Continued

27 Analysis of Changes in Financing During the Year

	Mortgages & Loans £000	Finance Leases £000	Group Total £000
Balance at 31 July 1999	1,000	62	1,062
New Leases/Loans	-	-	-
Capital Repayments	<u>(-)</u>	<u>(29)</u>	<u>(29)</u>
Balances at 31 July 2000	<u>1,000</u>	<u>33</u>	<u>1,033</u>

28 Analysis of Changes in Net Funds

	At 1 August 1999 £000	Cash Flows £000	Other Changes £000	At 31 July 2000 £000
Cash at Bank and in Hand				
Endowment Assets	114	(54)	-	60
Other	<u>(4,617)</u>	<u>(5,701)</u>	<u>-</u>	<u>(10,318)</u>
	<u>(4,503)</u>	<u>(5,755)</u>	<u>-</u>	<u>(10,258)</u>
Short Term Deposits	15,000	-	-	15,000
Debt due after one year	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>(1,000)</u>
	<u>9,497</u>	<u>(5,755)</u>	<u>-</u>	<u>3,742</u>

29 Pension Schemes

The two principal pension schemes, both funded, for the University's staff, are the Universities Superannuation Scheme (USS) and the Northern Ireland Government Officers Superannuation Scheme (NILGOS). The assets of the schemes are held in separate trustee-administered funds. The schemes are defined benefit schemes and 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. USS provides benefits based on final pensionable salary for academic and academic related employees of all UK Universities and some other employers. NILGOS provides similar benefits for other staff of the University.

Only a small number of University employees now remain in the other Scheme, the Teachers Superannuation Scheme (TSS).

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts - Continued

29 Pension Schemes - Continued

The assumptions and other data which have the most significant effect on the determination of the contribution levels are as follows:-

	USS	NILGOS
Latest actuarial valuations	31 March 1996	31 March 1998
Investment returns per annum	8.5%	8.5%
Salary scale increases per annum	6.5%	6.0%
Pension increases per annum	5.0%	4.5%
Market value of assets at date of last valuation	£12,087M	£2,100M
Proportion of members' accrued benefits covered by the actuarial value of the assets	108%	126%
	Group 2000	Group 1999
	£000	£000
The total pension cost for the University was:		
Contributions to USS	5,181	5,181
Contributions to NILGOS	580	383
Contribution to TSS	<u>33</u>	<u>33</u>
Total Pension Cost (Note 6)	<u>5,794</u>	<u>5,597</u>

	Group and University	
	Group 2000	Group 1999
	£000	£000
30 Access Funds		
Funding Council Grants	762	351
Disbursed to Students	<u>(750)</u>	<u>(351)</u>
Balance Underspent at 31 July	<u>12</u>	<u>0</u>

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

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts – Continued

31 Subsidiary Company Information

There are two companies which are limited by guarantee and are controlled by the University and are therefore subsidiary companies of the University:

- INCORE Limited
- UUTECH Limited

The companies are both registered and operate in Northern Ireland. INCORE Limited (Initiative on Conflict Resolution and Ethnicity) is a major international research and training centre set up in partnership with the United Nations University. UUTECH Limited is a company established to develop intellectual property rights by patenting and licensing, to lease out University incubator units and to arrange consultancy activities.

A third company has been formed during this year. UUSR Limited (University of Ulster Science Research Park). This company is 100% owned by the University of Ulster. UUSR Limited is a property management and development company for technology transfer.

32 Associate Company Information

The University has an associate interest in Xentox Limited and CDC Limited through UUTECH Limited, its wholly owned subsidiary. UUTECH Limited owns 25% of the issued ordinary share capital in each of these businesses.

33 Joint Venture Information

The University has a joint venture with ICL Ireland Limited in Synergy Centres Limited, a company limited by guarantee. Its principal place of business is located at Springvale Business Park, Belfast.

The University has a joint venture with IRTU, Queens University of Belfast and Loughry College in Manufacturing Technology Partnership (MTP) Limited, a company limited by guarantee. Its principal place of business is located at Springvale Business Park, Belfast.

	Synergy Centres Ltd	MTP Ltd
	Year Ended	Year Ended
	31 December 1999	31 December 1999
	£000	£000
Profit for the year	32	53
Services supplied by the University	1	36
Services received by the University	35	35
Amount owed to the University at the Balance Sheet date	-	9
Amount owed by the University at the Balance Sheet date	-	-
Capital and Reserves as at year end	122	84

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts – Continued

33 **Joint Venture Information - Continued**

The nature of the services supplied by the University to MTP Limited relates to secondment of University staff.

The nature of the service received by the University from Synergy Centres Limited relates to development of distance learning materials. With respect to MTP Limited, the payment made by the University relates to its share of partner contributions.

34 **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 arms length and in accordance with the University's financial regulations and normal procurement procedures. Apart from the disclosures in Notes 31 to 33 above, no transactions were identified which require to be disclosed under Financial Reporting Standard 8: 'Related Party Disclosures'.