

financial statements

for the year ended

31 july 2010



University of Ulster

*FINANCIAL STATEMENTS
FOR THE YEAR TO 31 JULY 2010
ISSN 0307-496X*

UNIVERSITY OF ULSTER GROUP ACCOUNTS

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Operating and Financial Review

This report presents the financial results for the University and its subsidiary undertakings for the year ended 31 July 2010 and provides details of the key achievements of the University in the year as well as noting the challenges and pressures of the environment within which it operates.

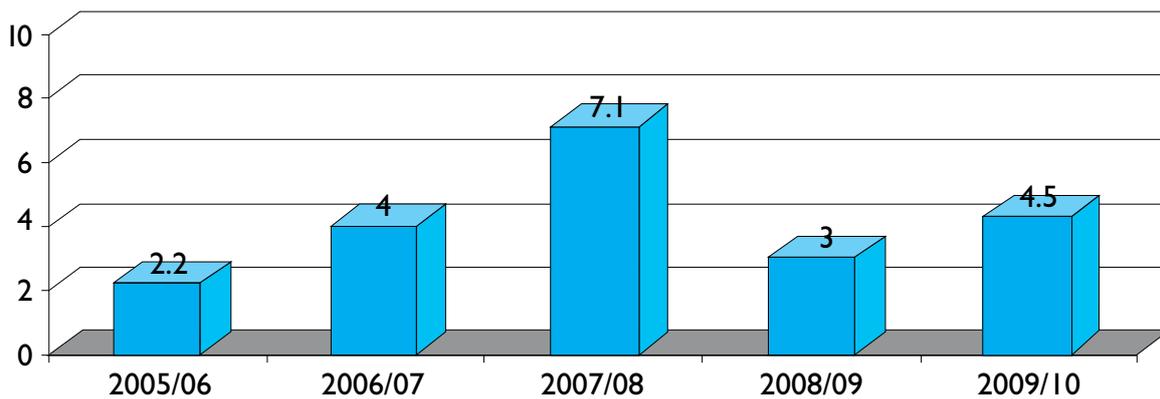
SCOPE OF THE FINANCIAL STATEMENTS

The financial statements, presented to the University Council, have been prepared on a consolidated basis and include the results of the University and its subsidiary companies as set out within note 31.

RESULTS FOR THE YEAR

Total income for the year increased by 1.7% to £205m. Total expenditure for the year remained stable at £199m, giving a surplus after depreciation of assets at valuation of £6.1m. After accounting for the revaluation reserve release of £3m the University reported a surplus of £9.3m which equates to 4.5%, against the Finance Strategy target of 3%. The financial statements for 31 July 2010 include within the Consolidated Statement of Total Recognised Gains and Losses an FRS 17 adjustment following a valuation of the NILGOSC pension scheme at 31 July 2010.

Underlying Surplus (%)



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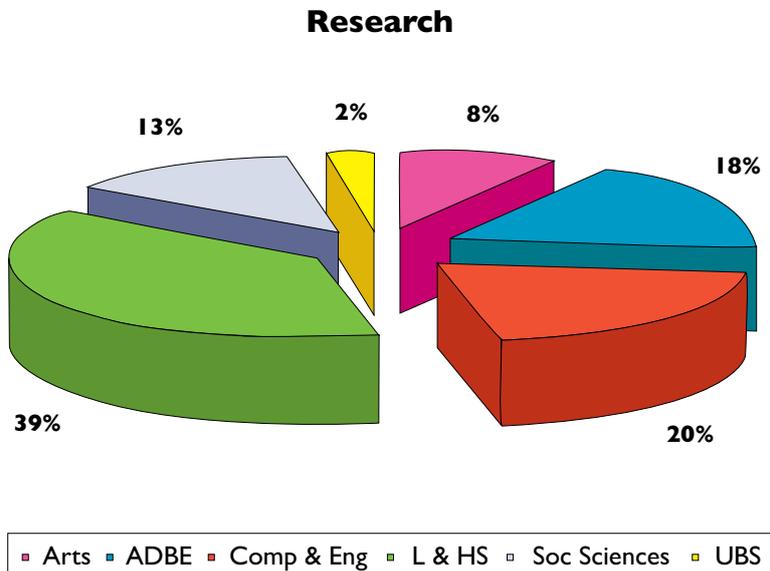
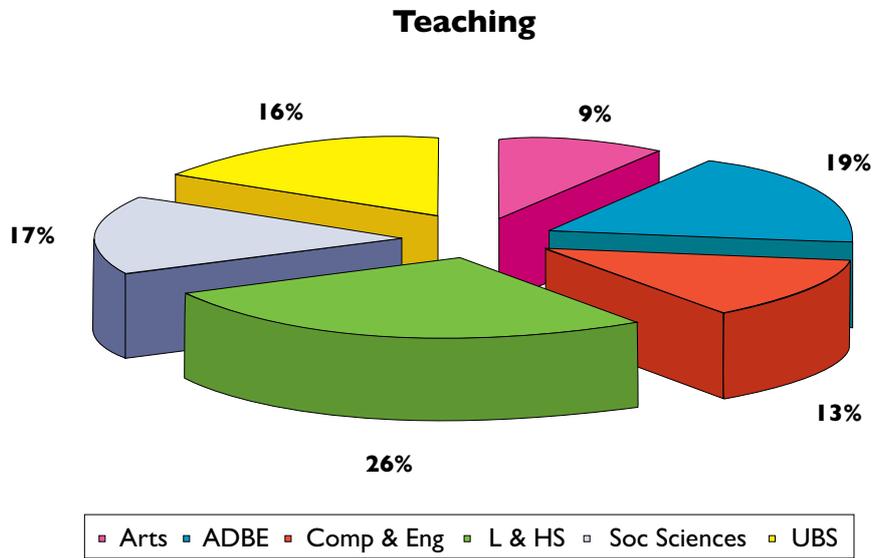
Operating and Financial Review - Continued

REVIEW OF INCOME

The University's teaching and research activity operates through six Faculties, namely the:-

- Faculty of Arts
- Faculty of Art, Design and Built Environment (ADBE)
- Faculty of Computing and Engineering
- Faculty of Life and Health Sciences (L&HS)
- Faculty of Social Sciences
- Ulster Business School (UBS)

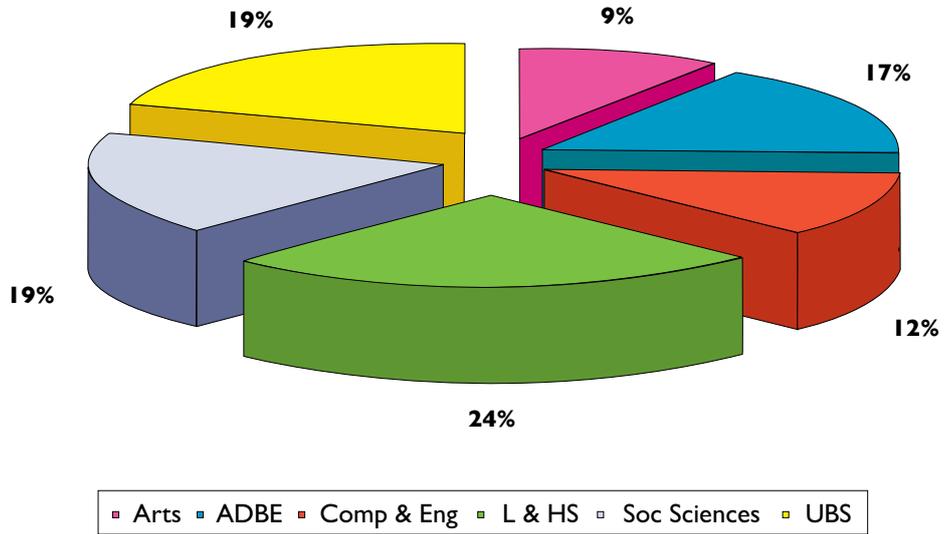
The split of teaching and research income is outlined below:-



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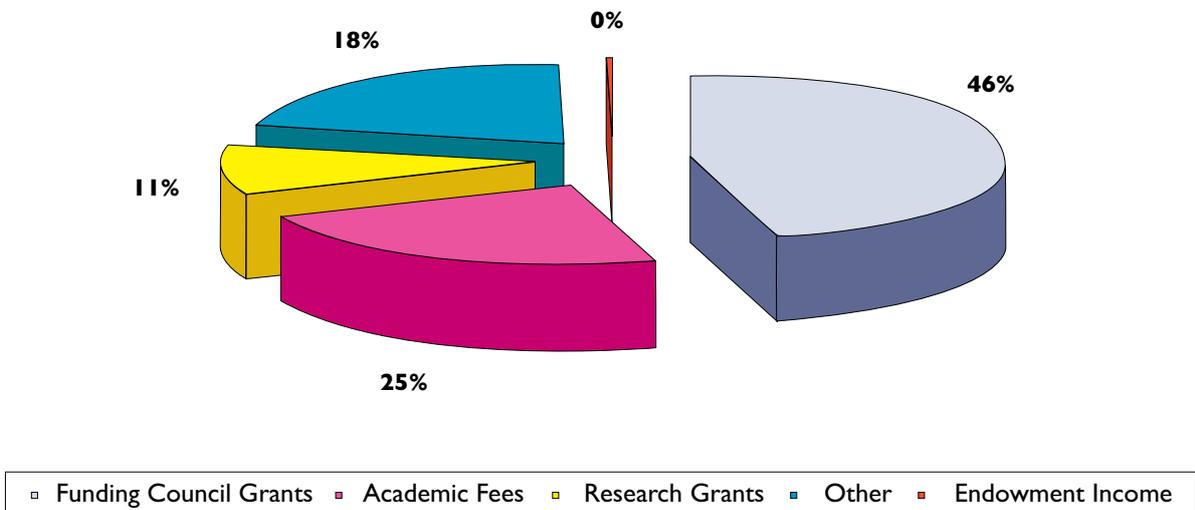
Operating and Financial Review - Continued

The proportion of students by Faculty on a full time equivalent basis is as follows:-



INCOME GROWTH AND DIVERSIFICATION

The University's income is divided into five areas, the relative proportions of which are shown in the diagram below:-



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Operating and Financial Review - Continued

The University's total income in 2009/10 grew by 1.7% compared to an increase of 5.5% in the previous year.

The growth by funding source is detailed below:-

Funding Council Grants	1.6%
Academic Fees and Support Grants	12.6%
Research Grants and Contracts	9.6%
Other Operating Income	(12.5%)
Endowment Income and Interest Receivable	(58.2%)

The main change in academic fees and support grants is accounted for by a £6.3m (17.3%) increase in full time student fees, reflecting the fourth and final year since the introduction of variable/top up student fees.

The increase in Research Grants and Contracts income reflects a £1.3m improvement in attracting Research Council grants and a £1m improvement in UK Central Government funding due mainly to the "Strengthening the All-Island Research Base" initiative.

MOVEMENT IN CATEGORIES OF EXPENDITURE SINCE 2008/09 YEAR END

Staff Costs	1.8%	FRS 17 IMPACT 0.7%
Depreciation	(22.8%)	
Other Expenses	(4.35%)	
Interest Payable	103%	FRS 17 IMPACT 130%

The figures above reflect tight control in 2009/10 on all expense heads, as well as the impact of improved cash balances.

The average number of staff employed by the University fell by 0.3% whilst the average salary cost rose from £42,289 in 2009 to £43,693 in 2010, an increase of 3.3%. Staff cost to income ratio at 60.1% (excluding FRS 17) is close to the Corporate Plan target of 60%.

The decrease in depreciation is consistent with the impact of the write-off of the Portrush site and the Jordanstown residences in the previous year's accounts together with capital additions reported in the financial statements to 31 July 2009. The decrease in Other Operating Expenses of £2.8m reflects tight control over all expense heads in 2010.

LIQUIDITY AND CASHFLOW

The University's Finance Strategy aims to generate a cash surplus of £10m from Operating Activity to support investment in capital works. For the year ended 31 July 2010 net cash of £18.8m was generated, the University invested £11.3m in capital asset additions with £9.5m received from government sources in support of these investments. As a consequence, the University's short term cash deposits increased from £1.1m to £17.7m. The University's liquidity ratio (current assets to annual expenditure excluding depreciation) at 16%, is a significant improvement over the 8% reported last year. In addition, the University's gearing ratio (total long term debt to income) at 2.4% remains low compared to sector norms. This position is likely to change as the Greater Belfast Development project moves into the construction phase.

CAPITAL INVESTMENTS

The last twelve months have seen significant investment by the University in delivering its approved Estates Strategy and in particular in the commencement of the Greater Belfast Campus development plans. The major areas of spend are detailed below:-

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Operating and Financial Review - Continued

Acquisition of Land and Buildings in Greater Belfast	£3.3m
Equipment	£5.4m
Research Capital Projects	£2.6m

In addition, the University, in line with its Estates Strategy, committed £8.4m to operational maintenance on all its campuses.

FUTURE STRATEGY

During the 2009/10 year the University continued to plan for its two strategic initiatives announced the previous year, the Greater Belfast Development and the expansion of student numbers at the Magee campus principally based on Science, Technology, Engineering and Mathematics (STEM) subjects. This targeted expansion is for 1,000 full time undergraduates (these additional MaSN students will require DEL approval) and 1,000 non-MaSN students. The Strategic Outline Case for the Magee expansion has been submitted to the Department for Employment and Learning and is part of their Comprehensive Spending Review bid.

With regard to the Greater Belfast Development, the Space Planning consultation was completed in June 2010 involving Ryder. The appointment of the Design Consultant will see the commencement of the next phase of the project.

At the Coleraine campus general refurbishment work continued with a substantial refurbishment of the Diamond and adjacent areas starting towards the end of the year.

Major areas for future focus are being addressed through the revised University Corporate Plan 2011/12 to 2015/16 to take the University forward over the next number of years following completion of our existing Corporate Plan 2006/07 to 2010/11.

RISKS FOR THE COMING PERIOD

The active management of risk is embedded in the University's management control processes. The main risks for the future period relate to the challenging economic environment:-

- Pressure on government financing and increased uncertainty over the level of public funding;
- Constraints on the growth of tuition fees for home and EU students and uncertainty over the future setting of fees;
- Increased competition for overseas and part time students;
- Uncertainty over future funding levels for external research projects and reduction in other sources of income due to macro economic pressures;
- Implications for Ulster arising from the Research Excellence Framework;
- Pressure on the cost base, particularly pay inflation and the cost of pensions.

These sector issues will continue to be addressed as the University delivers its vision as set out in the Corporate Plan and the significant development plans for Greater Belfast and Magee.

PUBLIC BENEFIT

The University of Ulster is an independent educational charity whose legal status derives from a Royal Charter granted in 1984. It is dedicated to the advancement of knowledge, learning and understanding in the service of society and seeks to make a positive impact on both its human and its physical environment at a local, regional and international level. With four campuses throughout Northern Ireland the University touches upon the lives of many in the communities where we are located. Provosts on each campus have a remit which encompasses community relations and where possible they encourage and facilitate mutually beneficial relationships between students, staff and the local community.

Ulster has a longstanding commitment to widening access to higher education and has an excellent track record in attracting students with both traditional educational backgrounds and those with non traditional qualifications.

The University invested £12m in Scholarships and Bursaries in 2009/10. The University also continues to actively pursue its Widening Participation strategy as outlined in its Widening Access and Participation Strategy for the period 2009/10 – 2011/12 and continues to be ranked in the top ten Widening Access institutions in the Sunday Times University Guide.

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Operating and Financial Review - Continued

University staff and students engage in a broad range of outreach activities which include raising aspiration amongst primary school pupils “**Sparking the Imagination**”; cross community activities; ambassadorial activities with schools and community/voluntary groups and discipline based engagements particularly related to science, technology, engineering and maths (STEM subjects). One such initiative undertaken by the School of Computing and Intelligent Systems at Magee was a one week summer school in computing and electronics sponsored by Seagate Technologies Limited. In addition, as part of Step Up’s “**Engaging Young Minds**” the University was involved in an innovation programme of interactive lessons, games and experiments to primary school pupils. The University also operates a number of sports outreach programmes designed to widen access to sports for students in areas of greatest disadvantage. In an allied initiative, the University’s “**Tutoring in Schools**” programme places student tutors in primary, secondary or special schools for approximately 32 hours over 10 weeks.

The University, through its Physical Resources department, also continues to manage the University’s estate in an environmentally sustainable manner and benchmarks its performance through the Estates Management Statistics against the rest of the sector with plans to design additional wind turbines at the Coleraine campus subject to planning permission and has implemented a **sustainable development design brief**, produced in partnership with the Health Estates and Queens University Belfast. During the year, as part of its focus on environmental sustainability, the University commissioned the wind turbine on its Coleraine campus which generated 20% of the electricity needs for this campus. In addition, the University entered into a waste management contract which aims to ensure that 75% of the University’s waste is being recycled, with the remaining waste being used as part of a waste to energy project.

CONCLUSION

As with the previous year the financial outturn is in excess of the Corporate Plan targets and it is pleasing to note that the University continues to generate sufficient cash reserves to support its significant capital investment plans. Last year I highlighted that for long term sustainability the University will require to generate increasing levels of surplus if it is to realise its strategic ambitions for the development of its greater Belfast and North West campuses. It is pleasing to note that in the current year the University achieved this goal. However, going forward the University faces significant challenges due to an increasingly uncertain economic environment and the impact of this on future funding support for the University from government, students and other sources. In line with all Higher Education Institutions, the greatest financial pressure on the University is the pressure on employee wages and benefits, as well as the need to invest in technology and infrastructure. Unlike other sectors where technology can be used to lower costs by serving as a substitute for labour, in higher education investment in technology, particularly in teaching and research laboratories, tends to increase costs as the University attempts to meet the educational and research needs of its customers. A particular pressure point is the increasing pension costs and reduced funding from central government together with uncertainties at a sector level over future funding proposals for higher education.

While the University is actively engaged in planning to meet these future challenges it is pleasing to note that the University in 2009/10 achieved its Corporate Plan targets.

ROSEMARY PETERS-GALLAGHER,OBE
HONORARY TREASURER

26 November 2010

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Corporate Governance Statement

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

The University endeavours to structure its governance arrangements and conduct its business in accordance with seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and with the guidance to universities which is provided by the Committee of University Chairs (CUC) from time to time. In line with the CUC's Governance Code of Practice, Council has adopted a Statement of Primary Responsibilities which is included on pages 12 and 13.

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

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

- **The Council** is the governing body and its members are charity trustees. 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, 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. At the end of September 2009, they reached the end of their eligible period in office and, in March 2009, the Court, on the recommendation of the Council, appointed their successors. An Honorary Treasurer is also appointed from amongst the external members of the Council. This office is currently held by Mrs R Peters-Gallagher. The Vice-Chancellor and the Students' Union President are ex-officio members and also included are four members of the staff of the University appointed by the Council on the recommendation of the Nominations Committee. None of the members receive any payment, apart from the reimbursement of expenses, for the work that they do for the University.

During 2009/10 the Members of the Council were:

Ex Officio members:

Dr G Burns	Pro-Chancellor and Chairman (until 30 September 2009)
Professor RAJ Spence	Pro-Chancellor (until 30 September 2009)
Mr G Mallon	Pro-Chancellor and Chairman (from 1 October 2009)
Dr J Harbison	Pro-Chancellor (from 1 October 2009)
Mrs R Peters-Gallagher	Honorary Treasurer
Professor RR Barnett	Vice-Chancellor
Mr A Kelly	President of the Students' Union

Appointed Members:

Mrs M Clark	
Mr M Graham	(from 1 October 2009)
Mr J Hunter	
Ms R Kelly	
Mrs R Laird	(from 1 October 2009)
Professor D McCloy	(until 30 September 2009)
Mr J McDaid	
Dr A M Telford	
Mr L Nellis	(from March 2010)

Elected staff members:

Mrs L Coulter
Mr L Fawcett
Professor J Gillespie
Mr P Quinn

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Corporate Governance Statement - Continued

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

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

The Council met five times during 2009/10. Certain functions of the Council are delegated to its committees. During 2009/10 the Committees comprised: Resources Committee; Strategy and Governance Committee; Audit Committee; Remuneration Committee; and Communications and External Affairs Committee (the latter includes members of Senate). The Nominations Committee is as a sub-committee of Strategy and Governance Committee.

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

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

The **Strategy and Governance Committee** reviews and makes recommendations to the Council on all matters pertaining to the instruments, articles, structures and effectiveness of institutional and subsidiary company governance; and on policy and legislative matters including risk management policy and strategy. The **Nominations Committee** is responsible to the Strategy and Governance Committee for reviewing the processes for and recommending the appointment and re-appointment of lay persons to the Council. Appointed members hold office for a period of four years and are eligible for re-appointment for one further period of four years.

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

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Corporate Governance Statement - Continued

In 2009/10 the Members of the Audit Committee were:

Mr J Hunter (Chair)
Mrs R Laird
Mr J McDaid
Mr L Nellis (from March 2010)
Dr A M Telford

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

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

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

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

The Head of Governance and Legal Services, under delegated authority of the Director of Corporate Planning and Governance, acts as Secretary to the Council. Any enquiries about the constitution and governance of the University are addressed to the Head of Governance and Legal Services.

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Statement of Internal Control

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

The Council is of the view that there is an ongoing process for identifying the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. Those procedures have been in place for the year ended 31 July 2010.

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 five times in the year to consider the strategic direction and plans of the University and to monitor performance against those plans;
- There is clear definition of the responsibilities of and authority delegated to committees of the Council and the executive;
- A Corporate Risk Register which incorporates the key risks at institutional level, is maintained;
- The Senior Management Group, the University's designated Risk Management Committee, formally reviews and assesses corporate risks bi-annually;
- All faculties and departments, as part of their planning, maintain and review bi-annually their risk registers and provide, annually, signed stewardship statements confirming their adherence to the risk management policy and process;
- The Council reviews bi-annually progress on the implementation of the Integrated Corporate Programme which combines the University's key annual activities and key performance indicators with corporate risk management and assessment;
- A report on risk management is submitted to the Council annually in November;
- The Audit Committee receives reports from the independent Internal Auditors on the adequacy and effectiveness of the University's systems of internal control with recommendations, as appropriate, for improvements;
- The University's Corporate Plan 2006/07 – 2010/11, adopted by the Council in June 2006 sets the framework of strategic aims and objectives against which risks are assessed and performance is monitored and reported;
- The University in line with the HEFCE revised Financial Memorandum 2008/09 has embedded value for money in its core activities and on an annual basis a report is presented to Audit Committee highlighting how value for money principles have been evidenced based throughout the previous 12 months;
- The Council and The Senate met in Spring 2010 to jointly consider the University's strategy and development plans and associated risks and opportunities;
- The Council and the Audit Committee continue to monitor closely the effectiveness and timeliness of actions to address weaknesses in the Information Technology control environment identified by the internal audit service in late 2008/09. At an operational level significant progress has been made during 2009/10 to address these deficiencies however the Council remained concerned at the end of the year that sufficient strategic progress had been made. The executive has introduced structural changes for 2010/11 to address the residual issues and the Council expects these to be resolved as soon as practicable. This will need to be tied up to KPMG's follow-up review outcomes.
- The internal audit service has reviewed risk assurance and has provided a satisfactory level of assurance. The recommendations of the auditors for enhancements to existing processes have been considered by Management and generally endorsed.

The work of the internal audit service has been informed by an analysis of the operational, business and financial risks to which the University is exposed and upon which internal audit activity for 2009/10 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.

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Statement of the Council's Responsibilities

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 Department for Employment and Learning (DEL) and the Council of the University, the Council, through its designated office holder, is required to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

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

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

The Council has taken reasonable steps to:

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

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

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

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

UNIVERSITY OF ULSTER GROUP ACCOUNTS

University of Ulster Council

Statement of Primary Responsibilities

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

UNIVERSITY OF ULSTER GROUP ACCOUNTS

University of Ulster Council

Statement of Primary Responsibilities - Continued

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

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF THE UNIVERSITY OF ULSTER

We have audited the financial statements of the University of Ulster and its group for the year ended 31 July 2010 which comprise the Consolidated Income and Expenditure Account, the Consolidated Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Group Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the historic cost convention as modified by the revaluation of certain fixed assets.

RESPECTIVE RESPONSIBILITIES OF THE COUNCIL AND AUDITORS

The Council's responsibilities for preparing the financial statements in accordance with the Accounts Direction issued by the Higher Education Funding Council for England, the Statement of Recommended Practice – Accounting for Further and Higher Education, applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), are set out in the Statement of the Council's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Council of the institutions, in accordance with the Charter and Statutes of the institution and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

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 - Accounting for Further and Higher Education and United Kingdom Generally Accepted Accounting Practice.

We report to you whether in our opinion, income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the institution, have been properly applied in all material respects for the purposes for which they were received, and whether income has been applied in all material respects in accordance with the institution's Charter and Statutes and where appropriate with the Financial Memorandum with the Department for Employment and Learning.

We also report to you whether, in our opinion, the information given in the Operating and Financial Review is consistent with those financial statements, the institution has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. This other information comprises only the Operating and Financial Review; Corporate Governance Statement; Statement of Internal Control; and the Statement of the Council's Responsibilities.

We also review the statement of internal control, and comment if the statement is inconsistent with our knowledge of the institution and the group. We are not required to consider whether the statement of internal control covers all risks and controls, or to form an opinion on the effectiveness of the institution's corporate governance procedures or its risk and control procedures. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and with the HEFCE Accountability and Audit Code of Practice contained in the Financial Memorandum 2008/09. 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 judgments made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and institution's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which 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

Independent Auditor's Report - Continued

OPINION

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the institution's affairs at 31 July 2010, and of the group's income and expenditure, recognised gains and losses and statement of cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education, and United Kingdom Generally Accepted Accounting Practice;
- in all material respects, funds from the Department for Employment and Learning, grants and income for specific purposes and from other restricted funds administered by the institution have been properly applied only for the purposes for which they were received; and
- in all material respects, income has been applied in accordance with the institution's Charter and Statutes and funds provided by the Department for Employment and Learning have been applied in accordance with the Financial Memorandum with the Department for Employment and Learning.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Belfast

26 November 2010

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, library books and endowment asset investments.

2. Consolidation

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

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

3. Recognition of income

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

4. Pension schemes

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

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

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

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

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

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

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.

UNIVERSITY OF ULSTER GROUP ACCOUNTS

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

The University has adopted the transitional arrangements under FRS15; Tangible Fixed Assets and is retaining the carrying value of land and buildings at the 30 June 1999 valuation figure (as amended to reflect any impairment in value). For the purposes of identifying any impairment a desktop valuation is performed annually, supported by a periodic formal valuation. Any impairment in value is recognized in the year. The basis of the formal valuation used is depreciated replacement cost. 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 University's valuers, on average 40 years.

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

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 £10,000 per individual item or group of related items, is written off in the year of acquisition.

All other equipment including software and related development costs are capitalised.

Capitalised equipment (other than research grant equipment) is stated at cost and depreciated over its expected useful life, assumed to be four years.

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

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

10. 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.

11. Investments

Endowment asset investments are included in the Balance Sheet at market value.

12. Stocks

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

13. Provision for bad debts

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

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Statement of Principal Accounting Policies - Continued

14. Maintenance of premises

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

15. Taxation status

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

16. Cash flows and liquid resources

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

Liquid resources comprise assets readily disposable but not within 24 hours without penalty. They include 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.

17. Endowment Funds

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

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

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

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

18. Subsidiary Accounting Policies

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

UNIVERSITY OF ULSTER GROUP ACCOUNTS
Consolidated Income and Expenditure Account
for the Year ended 31 July 2010

	Note	Group 2010 £000	Group 2009 £000
Income - continuing operations			
Funding Council Grants	1	93,441	91,997
Academic Fees and Support Grants	2	51,487	45,723
Research Grants and Contracts.....	3	22,564	20,594
Other Operating Income	4	37,299	42,653
Endowment Income and Interest Receivable	5	273	653
Total Income		205,064	201,620
Expenditure - continuing operations			
Staff Costs	6	123,959	121,712
Depreciation	10	11,656	15,106
Other Operating Expenses.....	7	60,657	63,419
Interest Payable	8	2,643	1,302
Total Expenditure		198,915	201,539
Surplus after depreciation of assets at valuation before and after tax		6,149	81
Deficit transferred to accumulated income in endowment funds.....		92	25
Surplus retained within Income and Expenditure Reserve		6,241	106

Note of Historical Cost Surpluses and Deficits

Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	3,040	5,910
Historical cost surplus before and after tax	9,281	6,016

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

UNIVERSITY OF ULSTER GROUP ACCOUNTS
Balance Sheet as at 31 July 2010

	Group 2010	University 2010	Group 2009	University 2009
Note	£000	£000	£000	£000
Fixed Assets				
Tangible Assets.....	10	268,640	275,470	269,007
Investments.....	11	2,858	1,280	2,523
		<u>271,498</u>	<u>276,750</u>	<u>271,530</u>
				<u>280,548</u>
Endowment Asset Investments.....	12	3,839	3,839	3,276
				<u>3,276</u>
Current Assets				
Debtors	13	11,733	13,145	14,385
Short Term Deposits.....		17,663	16,556	1,112
		<u>29,396</u>	<u>29,701</u>	<u>15,497</u>
				<u>13,087</u>
Creditors: Amounts Falling Due Within One Year.....	14	(31,719)	(31,174)	(32,111)
		<u>(2,323)</u>	<u>(1,473)</u>	<u>(16,614)</u>
				<u>(23,238)</u>
Total Assets Less Current Liabilities		273,014	279,116	258,192
Creditors: Amounts Falling Due After More Than One Year	15	(5,002)	(5,002)	(5,191)
		<u>268,012</u>	<u>274,114</u>	<u>253,001</u>
Net Assets excluding Pension Liability		268,012	274,114	253,001
Net Pension Liability	29	(38,123)	(38,123)	(49,462)
		<u>229,889</u>	<u>235,991</u>	<u>203,539</u>
Net Assets including Pension Liability		229,889	235,991	203,539
				<u>205,324</u>

UNIVERSITY OF ULSTER GROUP ACCOUNTS
Balance Sheet as at 31 July 2010 - Continued

	Note	Group 2010 £000	University 2010 £000	Group 2009 £000	University 2009 £000
Deferred Capital Grants	16	89,823	89,760	84,725	81,888
Endowment Fund					
Permanent	17	3,088	3,088	2,568	2,568
Expendable	17	751	751	708	708
		3,839	3,839	3,276	3,276
Reserves					
Revaluation Reserve	18	92,414	91,483	95,346	94,672
Pension Reserve	19	(38,123)	(38,123)	(49,462)	(49,462)
Income and Expenditure Account	20	81,936	89,032	69,654	74,950
Total Reserves		136,227	142,392	115,538	120,160
Total Funds		229,889	235,991	203,539	205,324

The Financial Statements on pages 16 to 47 were approved by the Council on 26 November 2010 and signed on its behalf by:

Rosemary Peters-Gallagher, OBE Honorary Treasurer

P W Hope Chief Finance and Information Officer

Professor R R Barnett Vice Chancellor and Chief Accounting Officer

UNIVERSITY OF ULSTER GROUP ACCOUNTS
Consolidated Cash Flow Statement for the Year Ended 31 July 2010

	Note	Group 2010 £000	Group 2009 £000
Net Cash Inflow from Operating Activities	23	18,820	10,983
Returns on Investments and Servicing of Finance	24	(18)	257
Capital Expenditure and Financial Investment	25	<u>(1,695)</u>	<u>(21,940)</u>
Cash Inflow/(Outflow) before Use of Liquid Resources and Financing		17,107	(10,700)
Management of Liquid Resources	26	(16,886)	11,287
Financing.....	27	<u>(180)</u>	<u>(147)</u>
Increase in Cash	28	<u>41</u>	<u>440</u>

Reconciliation of Net Cash Flow to Movement in Net Debt

	Note	Group 2010 £000	Group 2009 £000
Increase in Cash in the year		41	440
Increase /(Decrease) in Short Term Deposits	26	16,551	(11,563)
Decrease in bank loans after one year.....	27	<u>180</u>	<u>147</u>
Change in Net Cash		16,772	(10,976)
Net (Debt)/Cash at 1 August.....		<u>(4,286)</u>	<u>6,690</u>
Net Cash/(Debt) at 31 July.....	28	<u>12,486</u>	<u>(4,286)</u>

UNIVERSITY OF ULSTER GROUP ACCOUNTS
Consolidated Statement of Total Recognised Gains and Losses

	Note	Group 2010 £000	Group 2009 £000
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax.....		6,241	106
Actuarial gain/(loss) in respect of pension schemes	19	14,340	(26,651)
Appreciation/(Depreciation) of endowment asset investments	17	518	(482)
Net additions from endowment asset investments.....	17	137	21
Endowment income released for year.....	17	(92)	(25)
Unrealised gains on investments	18	108	442
Total recognised gains and (losses) relating to the period		21,252	(26,589)
Reconciliation of movement in reserves and endowments			
Opening reserves and endowments		118,814	145,403
Total recognised gains/(losses) for the year.....		21,252	(26,589)
Closing reserves and endowments		140,066	118,814

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts

Note	Group 2010	Group 2009
	£000	£000
1 Funding Council Grants		
Recurrent Grant	91,379	88,713
Specific Grants		
Special Initiatives	149	297
Deferred Capital Grants Released in Year (Note 16)		
Buildings	1,381	2,287
Equipment	532	700
	93,441	91,997
	Group 2010	Group 2009
	£000	£000
2 Academic Fees and Support Grants		
Full-time students.....	42,624	36,318
Full-time students charged overseas fees.....	3,112	3,490
Part-time fees	4,806	4,771
Short Course Fees	945	1,144
	51,487	45,723
	Group 2010	Group 2009
	£000	£000
3 Research Grants and Contracts		
Research Councils.....	7,268	6,036
UK Charities	1,412	1,583
EU Government	1,988	1,917
UK Central Government	8,467	7,432
Overseas (Non-EU)	454	285
Health and Hospital Authorities	346	411
Other Sources.....	2,629	2,930
	22,564	20,594
	Group 2010	Group 2009
	£000	£000
4 Other Operating Income		
Residences, Catering and Conferences	4,067	4,185
Other Services Rendered.....	6,194	7,362
Other Income	12,820	17,536
Allied Health Professions Training.....	14,218	13,570
	37,299	42,653

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts - Continued

		Group 2010	Group 2009
		£000	£000
Note			
5	Endowment Income and Interest Receivable		
	Income from Expendable Endowments	—	12
	Income from Permanent Endowments	132	128
	Income from Short Term Investments	141	513
		273	653
		Group 2010	Group 2009
		£000	£000
6	Staff Costs		
	Wages and Salaries	101,316	99,724
	Social Security Costs	7,633	7,955
	Other Pension Costs (Note 29)	15,010	14,033
		123,959	121,712
		Group 2010	Group 2009
		£000	£000
	Emoluments of the Vice-Chancellor		
	Salary	193	190
	Benefits	25	24
	Pension contributions to USS	33	29
		251	243
	Excluding the Vice-Chancellor, remuneration of other Higher Paid Staff, including employer's pension contributions was in the following bands:-		
		Group 2010	Group 2009
		Number	Number
	£100,000 - £109,999	4	4
	£110,000 - £119,999	2	3
	£120,000 - £129,999	6	5
	£130,000 - £139,999	1	2
	The average weekly number of persons (including senior post-holders) employed by the University during the year, expressed as full-time equivalents, was:-		
	Academic	1,202	1,181
	Technical	200	208
	Administrative	495	486
	Other including Clerical and Manual	940	973
		2,837	2,848

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts - Continued

7 Other Operating Expenses	Group 2010	Group 2009
	£000	£000
Residences, Catering and Conferences	2,115	1,851
Consumables and laboratory expenditure	3,608	3,543
Equipment not capitalised	2,506	2,594
Books and periodicals	3,072	3,021
Fellowships, scholarships and prizes	358	279
Rates	2,803	2,834
Heat, light, water and power	4,428	3,948
Long term maintenance	8,449	8,350
Grants to University of Ulster Students' Union	1,057	1,053
External Auditors' remuneration	52	60
External Auditors' remuneration in respect of non-audit services ...	9	73
Internal Auditors' remuneration	87	63
Printing and stationery	1,306	1,317
Travel, subsistence and hospitality	5,189	5,545
Miscellaneous academic support	1,723	1,580
Telephone and postage	1,152	1,225
Legal and professional fees	8,110	7,442
Advertising and publicity	941	1,405
Student Support	11,987	11,611
Other expenses	1,705	5,625
	60,657	63,419
8 Interest Payable	Group 2010	Group 2009
	£000	£000
Net payable on pension assets	2,352	906
Loans not wholly repayable within five years	291	396
	2,643	1,302

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts - Continued

9 Analysis of 2010 Expenditure by Activity

	Staff Costs	Depreciation	Other Operating Expenses	Interest	Total
	£000	£000	£000	£000	£000
Academic Departments	72,898	586	8,267	—	81,751
Academic Services	12,572	1,673	6,495	—	20,740
Research Grants & Contracts	7,805	912	9,279	—	17,996
Residences, Catering & Conferences	2,783	72	3,022	—	5,877
Premises.....	7,305	7,685	12,175	291	27,456
Administration.....	14,690	728	15,879	—	31,297
Other Expenses.....	5,906	—	5,540	2,352	13,798
	<u>123,959</u>	<u>11,656</u>	<u>60,657</u>	<u>2,643</u>	<u>198,915</u>

£000

The depreciation charged has been funded by:-

Release from Deferred Capital Grants	2,017
Release from Research Grants and Contracts	2,347
Release from Revaluation Reserve (Note 18)	3,040
General income.....	4,252
	<u>11,656</u>

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts - Continued

10 Tangible Assets (Group)

	Freehold Land & Buildings	Construction In Progress	Equipment	Total
	£000	£000	£000	£000
Valuation or cost				
At 1 August 2009				
Valuation.....	127,943	—	—	127,943
Cost	194,197	730	48,077	243,004
Additions at Cost.....	2,306	2,561	5,454	10,321
Transfer CIP.....	1,946	(1,946)	—	—
Disposals	(277)	—	(11,098)	(11,375)
	127,808	—	—	127,808
At 31 July 2009				
Valuation.....	127,808	—	—	127,808
Cost	198,307	1,345	42,433	242,085
	326,115	1,345	42,433	369,893
Depreciation				
At 1 August 2009				
	62,581	—	39,359	101,940
Charge for Year.....	7,695	—	3,961	11,656
Disposals	(1,245)	—	(11,098)	(12,343)
	69,031	—	32,222	101,253
At 31 July 2010				
	257,084	1,345	10,211	268,640
Net Book Value				
At 31 July 2010	257,084	1,345	10,211	268,640
At 31 July 2009	259,559	730	8,718	269,007

UNIVERSITY OF ULSTER GROUP ACCOUNTS
Notes to the Accounts - Continued

10 Tangible Assets (University)

	Freehold Land & Buildings	Construction In Progress	Equipment	Total
	£000	£000	£000	£000
Valuation or cost				
At 1 August 2009				
Valuation.....	127,943	—	—	127,943
Cost	200,088	730	48,782	249,600
Additions at Cost.....	3,273	2,561	5,455	11,289
Transfer CIP.....	1,946	(1,946)	—	—
Disposals.....	—	—	(11,098)	(11,098)
At 31 July 2010				
Valuation.....	127,808	—	—	127,808
Cost	205,442	1,345	43,139	249,926
	333,250	1,345	43,139	377,734
Depreciation				
At 1 August 2009				
At 1 August 2009	61,412	—	40,155	101,567
Charge for Year	7,862	—	3,933	11,795
Disposals.....	—	—	(11,098)	(11,098)
At 31 July 2010				
At 31 July 2010	69,274	—	32,990	102,264
Net Book Value				
At 31 July 2010				
At 31 July 2010	263,976	1,345	10,149	275,470
At 31 July 2009	266,619	730	8,627	275,976

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts - Continued

	Group 2010	University 2010	Group 2009	University 2009
	£000	£000	£000	£000
11 Investments				
Investment in University Challenge Fund...	250	250	250	250
Investment in Innovation Ulster Limited	2,608	—	2,273	—
Investment in UUSR Limited.....	—	—	—	414
Investment in UU Bibliotech Limited	—	—	—	2,778
Investment in UU Services Limited	—	—	—	100
Investment in Innovation Ulster Limited	—	1,030	—	1,030
	2,858	1,280	2,523	4,572

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.

Innovation Ulster Limited is a wholly owned subsidiary incorporated in Northern Ireland which manages the commercial use of the University's intellectual property.

Innovation Ulster investment movement during the year:-

	Cost	Revaluation	Valuation
	£000	£000	£000
At 1 August.....	1,499	774	2,273
Investments made at cost.....	393	—	393
Convertible Loan Stock Payment.....	(50)	—	(50)
Revaluation.....	—	160	160
Provision for impairment in value.....	(116)	(52)	(168)
At 31 July.....	1,726	882	2,608

UUSR Limited (University of Ulster Science Research Park) is a wholly owned subsidiary incorporated in Northern Ireland which is a property management and development company for technology transfer. The Company ceased to trade on 31 July 2009.

UU Bibliotech Limited is a wholly owned subsidiary incorporated in Northern Ireland which provided library services to the University. The Company ceased to trade in 2007.

UU Services Limited is a wholly owned subsidiary incorporated in Northern Ireland which provided food services in the Jordanstown and Magee campuses. The Company ceased to trade at 31 July 2007.

UNIVERSITY OF ULSTER GROUP ACCOUNTS
Notes to the Accounts - Continued

		Group and University	
		2010	2009
		£000	£000
12	Endowment Asset Investments		
	Balance at 1 August	3,276	3,762
	New endowments	137	21
	Increase/(Decrease) in market value of investments	517	(482)
	Income generated less expenditure.....	(91)	(25)
	Balance at 31 July	3,839	3,276
	Investments held at the end of the year are detailed as follows:		
	Securities	3,851	3,329
	Cash at bank held for endowment funds	(12)	(53)
	Total Endowment Asset Investments	3,839	3,276
13	Debtors	Group	University
		2010	2010
		£000	£000
	Amounts falling due within one year		
	Debtors.....	10,328	9,367
	Amounts owed by group undertakings:		
	Subsidiary undertakings.....	—	2,438
	Prepayments and accrued income	1,405	1,340
		11,733	13,145
		14,385	13,087

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts - Continued

14	Creditors: Amounts Falling Due within One Year	Group 2010 £000	University 2010 £000	Group 2009 £000	University 2009 £000
	Bank loans and overdrafts	163	1,146	154	3,354
	Amounts owed to group undertakings				
	subsidiary undertakings	—	—	—	3,109
	Trade creditors.....	23,633	22,190	23,614	21,868
	Other taxation and social security	4,285	4,285	4,297	4,097
	Accruals.....	3,638	3,553	4,046	3,897
		31,719	31,174	32,111	36,325
15	Creditors: Amounts Falling Due after more than One Year	Group 2010 £000	University 2010 £000	Group 2009 £000	University 2009 £000
	Bank loans	5,002	5,002	5,191	5,191
	Amounts owed by group undertakings				
	Subsidiary undertakings	—	—	—	609
		5,002	5,002	5,191	5,800
		Group 2010 £000	University 2010 £000	Group 2009 £000	University 2009 £000
	Bank loans and overdrafts				
	Amounts falling due:				
	Less than one year (note 14).....	163	1,146	154	3,354
	Between one and two years	172	172	154	154
	Between two and five years.....	575	575	518	518
	Greater than five years.....	4,255	4,255	4,519	4,519
		5,165	6,148	5,345	8,545

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

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts - Continued

16 Deferred Capital Grants - Group	Department for Employment and Learning	Other Grants	2010 Total	2009 Total
	£000	£000	£000	£000
At 1 August				
Buildings	45,818	36,771	82,589	78,462
Equipment	804	1,332	2,136	1,882
Total	46,622	38,103	84,725	80,344
Cash Received				
Buildings	8,925	156	9,081	7,966
Equipment	—	381	381	1,645
Total	8,925	537	9,462	9,611
Released to Income & Expenditure				
Buildings	1,426	1,490	2,916	3,839
Equipment	531	917	1,448	1,391
Total	1,957	2,407	4,364	5,230
At 31 July				
Buildings	53,317	35,437	88,754	82,589
Equipment	273	796	1,069	2,136
Total at 31 July	53,590	36,233	89,823	84,725

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts - Continued

16 Deferred Capital Grants - University	Department for Employment and Learning	Other Grants	2010 Total	2009 Total
	£000	£000	£000	£000
At 1 August				
Buildings	45,818	34,024	79,842	75,567
Equipment	803	1,243	2,046	1,777
Total	46,621	35,267	81,888	77,344
Cash Received				
Buildings	8,926	2,902	11,828	7,966
Equipment	—	381	381	1,629
Total	8,926	3,283	12,209	9,595
Released to Income & Expenditure				
Buildings	1,426	1,491	2,917	3,691
Equipment	531	889	1,420	1,360
Total	1,957	2,380	4,337	5,051
At 31 July				
Buildings	53,318	35,435	88,753	79,842
Equipment	272	735	1,007	2,046
Total at 31 July	53,590	36,170	89,760	81,888

UNIVERSITY OF ULSTER GROUP ACCOUNTS
Notes to the Accounts - Continued

17 Endowments

	Unrestricted Permanent	Restricted Permanent	Total Permanent	Restricted Expendable	2010 Total	2009 Total
	£000	£000	£000	£000	£000	£000
Balances at 1 August						
Capital	1,128	1,246	2,374	957	3,331	3,792
Accumulated Income/ (Expenditure)	53	141	194	(249)	(55)	(30)
	<u>1,181</u>	<u>1,387</u>	<u>2,568</u>	<u>708</u>	<u>3,276</u>	<u>3,762</u>
New Endowments	—	59	59	78	137	21
Investment Income	45	54	99	32	131	140
Expenditure	(7)	(27)	(34)	(189)	(223)	(165)
	<u>38</u>	<u>27</u>	<u>65</u>	<u>(157)</u>	<u>(92)</u>	<u>(25)</u>
Increase/(Decrease)in market value of investments	176	220	396	122	518	(482)
At 31 July	<u>1,395</u>	<u>1,693</u>	<u>3,088</u>	<u>751</u>	<u>3,839</u>	<u>3,276</u>
Represented by						
Capital	1,304	1,525	2,829	1,035	3,864	3,329
Accumulated Income/ (Expenditure)	91	168	259	(284)	(25)	(53)
	<u>1,395</u>	<u>1,693</u>	<u>3,088</u>	<u>751</u>	<u>3,839</u>	<u>3,276</u>

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts - Continued

18 Revaluation Reserve	Group 2010 £000	University 2010 £000	Group 2009 £000	University 2009 £000
Gross Revaluation surplus				
At 1 August.....	141,116	134,303	140,674	134,303
Revalued in Year	108	—	442	—
	<u>141,224</u>	<u>134,303</u>	<u>141,116</u>	<u>134,303</u>
Contribution to Depreciation				
At 1 August.....	45,770	39,631	39,860	33,870
Released in Year	3,040	3,189	5,910	5,761
	<u>48,810</u>	<u>42,820</u>	<u>45,770</u>	<u>39,631</u>
Net Revaluation Surplus				
At 1 August.....	95,346	94,672	100,814	100,433
At 31 July.....	<u>92,414</u>	<u>91,483</u>	<u>95,346</u>	<u>94,672</u>
19 Pension Reserve			Group and University 2010 £000	Group and University 2009 £000
Balance at 1 August.....			(49,462)	(20,464)
Transfer to Income and Expenditure Account Reserve (Note 20)*			(3,001)	(2,347)
Actuarial gain/(loss) in respect of pension reserve (Note 29)			14,340	(26,651)
Balance at 31 July.....			<u>(38,123)</u>	<u>(49,462)</u>

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts - Continued

20	Income and Expenditure Account Reserve	Group 2010	University 2010	Group 2009	University 2009
		£000	£000	£000	£000
	Balance at 1 August.....	69,654	74,950	61,291	66,546
	Surplus after depreciation of assets at valuation, before and after tax.....	6,241	7,892	106	296
	Release from Revaluation Reserve (Note 18).....	3,040	3,189	5,910	5,761
	Transfer from Pension Reserve (Note 19)*	3,001	3,001	2,347	2,347
	Balance at 31 July.....	<u>81,936</u>	<u>89,032</u>	<u>69,654</u>	<u>74,950</u>

* This represents the Income Statement movement on the pension scheme

21	Capital Commitments	Group and University 2010	2009
		£000	£000
	Commitments contracted at 31 July	1,554	3,672
	Authorised but not contracted at 31 July	4,114	720
		<u>5,668</u>	<u>4,392</u>

22 Contingent Liabilities

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

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts - Continued

	Group 2010	Group 2009
	£000	£000
23 Reconciliation of Consolidated Operating Surplus to Net Cash Inflows from Operating Activities		
Surplus after depreciation of assets at valuation before tax	6,241	106
Depreciation	11,656	18,900
Amortisation of Goodwill	—	(3,841)
Deferred Capital Grants Released to Income (Note 16).....	(4,364)	(5,230)
Investment Income (Note 5).....	(141)	(513)
Endowment Income.....	(132)	(140)
Interest Payable	291	396
Decrease/(Increase) in Debtors.....	2,652	(1,154)
(Decrease) in Creditors.....	(401)	(176)
Pension Costs Less Contributions Payable	3,001	2,347
Revaluation of Investments	108	313
Endowment Fund Transfer.....	(91)	(25)
	18,820	10,983
24 Returns on Investments and Servicing of Finance		
	Group 2010	Group 2009
	£000	£000
Income from Endowments	132	140
Income from Short Term Investments (Note 5)	141	513
Interest Paid (Note 8).....	(291)	(396)
	(18)	257
25 Capital Expenditure and Financial Investment		
	Group 2010	Group 2009
	£000	£000
Tangible Assets Acquired (Note 10)	(11,289)	(31,327)
Endowment Funds Invested	—	(245)
Deferred Capital Grants Received (Note 16)	9,462	9,611
Endowments Received	132	21
	(1,695)	(21,940)

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts - Continued

26	Management of Liquid Resources	Group 2010	Group 2009	
		£000	£000	
	(Addition to)/withdrawal from deposits	(16,551)	11,563	
	Purchase of investments	(335)	(276)	
	Net cash (outflow)/inflow from management of liquid resources	(16,886)	11,287	
27	Financing	Group 2010	Group 2009	
		£000	£000	
	Balance at 1 August 2009.....	5,345	5,492	
	Loan Repayments	(180)	(147)	
	Balance at 31 July 2010.....	5,165	5,345	
28	Analysis of Changes in Net Cash	At 1 August 2009	Cash Flow	At 31 July 2010
		£000	£000	£000
	Cash at Bank and in Hand			
	Endowment Assets.....	(53)	41	(12)
	Bank Overdraft	—	—	—
		(53)	41	(12)
	Short Term Deposits.....	1,112	16,551	17,663
	Bank Loans	(5,345)	180	(5,165)
		(4,233)	16,731	12,498
	Total	(4,286)	16,772	12,486

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts - Continued

Males (females) currently aged 65 22.8 (24.8) years

Males (females) currently aged 45 24.0 (25.9) years

At the valuation date, the value of the assets of the scheme was £28,842.6 million and the value of the scheme's technical provisions was £28,135.3 million indicating a surplus of £707.3 million. The assets therefore were sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 71%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 107% funded; on a buy-out basis (ie assuming the Scheme had discounted on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, using an AA bond discount rate of 6.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions except that the valuation rate of interest assumed asset out performance over gilts of 1.7% per annum (compared to 2% per annum for the technical provisions) giving a discount rate of 6.1% per annum; also the allowance for promotional salary increases was not as high. There is currently uncertainty in the sector regarding pay growth. Analysis has shown very variable levels of growth over and above general pay increases in recent years and the salary growth assumption built into the cost of future accrual is based on more stable, historic salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

The scheme-wide contribution rate required for future service benefits alone at the date of the valuation was 16% of pensionable salaries and the trustee company, on the advice of the actuary, agreed to increase the institution contribution rate to 16% of pensionable salaries from 1 October 2009.

Since 31 March 2008, global investment markets have continued to fall and at 31 March 2010 the actuary has estimated that the funding level under the new scheme specific funding regime had fallen from 103% to 91% (a deficit of £3,065million). Compared to the previous 12 months, the funding level has improved from 74% (as at 31 March 2009) to 91%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the two years and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impact on the salary and pension increase assumptions).

On the FRS17 basis, using an AA bond discount rate of 5.6% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2010 was 80%. An estimate of the funding level measured on a buy-out basis at that date was approximately 57%.

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

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts - Continued

Assumption	Change in assumption	Impact on scheme liabilities
Valuation rate of interest	Increase/decrease by 0.5%	Decrease/increase by £2.2 billion
Rate of pension increases	Increase/decrease by 0.5%	Increase/decrease by £1.5 billion
Rate of salary growth	Increase/decrease by 0.5%	Increase/decrease by £0.7 billion
Rate of mortality	More prudent assumption (move to long cohort future improvements from the medium cohort adopted at the valuation)	Increase by £1.6 billion

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

The trustee believes that over the long-term, equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a major exposure to equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be theoretically possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee needs to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund’s liabilities. Before deciding what degree of investment risk to take relative to the liabilities, the trustee receives advice from its internal investment team, investment consultant and the scheme actuary and considers the views of the employers. The strong positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enable it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate although the trustee is mindful of the desirability of keeping the funding level on the scheme’s technical provisions close to or above 100% thereby minimising the risk of the introduction of deficit contributions. The actuary has confirmed that the scheme’s cash flow is likely to remain positive for the next ten years or more.

The next formal triennial actuarial valuation is due at 31 March 2011. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

At 31 March 2010, USS had over 135,000 active members and the institution had 1,707 active members participating in the scheme.

NILGOSC Fund

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

A valuation of the fund was carried out at 31 March 2007 and updated to 31 July 2010 by a qualified independent actuary.

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts - Continued

Balance Sheet	At 31 July 2010	At 31 July 2009	At 31 July 2008
	£000	£000	£000
Present value of scheme liabilities	(133,486)	(128,280)	(105,293)
Fair value of scheme assets	95,363	78,845	84,855
Present value of unfunded liabilities	—	(27)	(26)
Net pension liability	(38,123)	(49,462)	(20,464)
Movements in present value of defined benefit obligation		At 31 July 2010	At 31 July 2009
		£000	£000
At beginning of the year		(128,307)	(105,319)
Current Service Cost		(4,004)	(2,906)
Member contributions		(1,243)	(1,094)
Past Service Costs		8,337	(1,274)
Impact of settlements and curtailments		—	(253)
Interest cost		(7,756)	(7,137)
Benefits paid		3,310	3,078
Actuarial (losses)		(3,823)	(13,402)
At end of year		(133,486)	(128,307)
Movements in fair value of plan assets		At 31 July 2010	At 31 July 2009
		£000	£000
At beginning of the year		78,845	84,855
Expected return on assets		5,404	6,231
Employer contributions		3,354	2,990
Member contributions		1,243	1,094
Benefits paid		(3,309)	(3,076)
Actuarial gains/(losses)		9,826	(13,249)
At end of year		95,363	78,845
Expense recognised in the income and expenditure accounts		At 31 July 2010	At 31 July 2009
		£000	£000
Current service cost		4,004	2,906
Timing difference relating to employer contribution		(275)	—
Past service cost		—	1,274
Curtailments and settlements		—	253
Interest on defined benefit pension plan obligation		7,756	7,137
Expected return on defined benefit pension plan assets		(5,404)	(6,231)
Total		6,081	5,339

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts - Continued

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

	At 31 July 2010	At 31 July 2009
	£000	£000
Staff costs (see page 45)	3,729	4,235
Interest payable.....	2,352	906
	<u>6,081</u>	<u>5,141</u>

The total amount recognised in the statement of the total recognised gains and losses in respect of actuarial gain is £14,340k (2009: £26,651k - loss).

Cumulative actuarial gains/losses reported in the statement of total recognised gains and losses for accounting periods ending on or after 22 June 2002 are subsequently included by prior year adjustment under paragraph 96 of FRS17, are (£9.649m), [(2009: £23.989m)].

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

	At 31 July 2010	At 31 July 2009
	Fair Value	Fair Value
	£000	£000
Equities	70,569	61,499
Bonds.....	14,304	9,461
Property	6,675	4,731
Cash	3,815	3,154
Actual return on plan assets	<u>95,363</u>	<u>78,845</u>

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

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

	At 31 July 2010	At 31 July 2009
Inflation/pension increase rate	2.9%	3.7%
Salary increase rate	4.4%	5.2%
Expected return on results	6.7%	6.9%
Discount rate	5.4%	6.0%

Mortality

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

	Males	Females
Current pensioners	20.8 years	24.1 years
Future pensioners	22.3 years	25.7 years

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

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts - Continued

Commutation

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

History of Experience Gains and Losses	At 31 July 2010	At 31 July 2009	At 31 July 2008	At 31 July 2007	At 31 July 2006
	£000/%	£000/%	£000/%	£000/%	£000/%
Difference between the expected and actual return on scheme assets:					
Amount	9,826	(13,249)	(11,362)	3,262	4,904
Percentage of scheme assets	10.3%	(16.8)%	(13.4)%	3.8%	6.1%
Experience gains and losses on scheme liabilities:					
Amount	9	1	190	(79)	1
Percentage of the present value of scheme liabilities	0.0%	0.0%	0.2%	(0.1)%	0.0%
Total amount recognised in statement of total recognised gains and losses:					
Amount	14,340	(26,651)	(6,935)	12,795	933
Percentage of the present value of scheme liabilities	4.5%	(20.8)%	(6.6)%	12.5%	0.9%

The University expects to contribute approximately £3.162m to its defined benefit plans in the next financial year.

The total pension cost for the University was:	Group 2010	Group 2009
	£000	£000
Contributions to USS.....	11,254	9,774
Charge to staff cost - NILGOSC (see page 44).....	3,729	4,235
Contribution to TSS.....	7	6
Contribution to HPSS.....	20	18
Total Pension Cost (Note 6).....	15,010	14,033

30 Student Support Funds	Group 2010	Group 2009
	£000	£000
Balance Carried Forward.....	43	41
Funding Council Grants	999	884
Disbursed to Students	(1,017)	(882)
Balance Underspent at 31 July.....	25	43

DEL Student Support 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 three companies which are subsidiary companies of the University:

- Ulster Educational Partnerships Limited (formerly UU Health Limited)
- Innovation Ulster Limited (formerly UUTECH Limited)
- UU Foundation Limited

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

The companies are all registered and operate in Northern Ireland. Ulster Educational Partnerships Limited provides education and training for Nursing and Midwifery and Allied Health Professions. Innovation Ulster Limited is a company established to develop intellectual property rights by patenting and licensing, and to arrange consultancy activities.

As the subsidiary companies are 100% owned by the University of Ulster, it has taken advantage of the exemption available not to disclose its transactions with other members of the Group headed by the University of Ulster.

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

32 Joint Venture Information

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

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

33 Other Investments

The University holds 33% of the issued share capital of the University Challenge Fund.

In addition, through Innovation Ulster Limited, its wholly owned subsidiary, the University has the following holdings:-

- 3.8% of SISAF Limited
- 6.8% of Datactics Limited
- 11.16% of Intelsens Ltd
- 4.4% of Crescent Capital II LLP
- 3.16% of Axis 3 Limited
- 13.1% of Eyesyfx Limited
- 1.7% of Bitt Ware Inc
- 3% of Sophia Search Limited

UNIVERSITY OF ULSTER GROUP ACCOUNTS

Notes to the Accounts - Continued

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

Name	Emtell	SPARC
Country of Incorporation	Northern Ireland	Northern Ireland
Principal Activity	Health & Wellbeing Software Services	Developers of Spatially Reinforced Composite Aerostructures
% Shares Held	20%	25%
Turnover	£23k	£33k
Net Assets	(£37)k	(£68)k
Financial Year End	31 December 2009	30 June 2009

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

Name	Diabetica Limited	Tactility Factory Limited	Flex Language Services Limited
Country of Incorporation	Northern Ireland	Northern Ireland	Northern Ireland
Principal Activity	Research and development of products for treatment of diabetes and obesity	Textile reinforced concrete design and manufacture	Language Translation Services
% Shares Held	44.4%	30%	100%
Turnover	£32k	£12k	£341k
Profit Before Tax	—	£13k	£12k
Net Assets	£193k	£13k	£45k
Financial Year End	30 September 2009	31 July 2009	31 July 2010

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'.

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