

# Financial Statements

2019/20

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# Financial Review

Financial performance during the year shows a deficit of £6.6m (2019 deficit £46.3m). This reflects a net charge of £5.3m (2019: charge £60.0m) to cover past service deficits in the USS pension liability following the 2017 valuation. The balance sheet total net assets have reduced to £255.7m (2019 £262.3m) reflecting the increased pensions scheme provision.

## Scope of Financial Statements

The financial statements presented to the University's Council have been prepared on a consolidated basis and include the results of Ulster University and its subsidiary company Innovation Ulster Limited. This report should be read with the Annual Review 2020 which provides a detailed summary of activities undertaken by the University in delivering its corporate objectives.

## Public Benefit

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

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

The distinctiveness of the University within the Higher Education (HE) sector places it within a small group of HE Institutions (HEI's) that are research-engaged and business-focused with significant commercialisation of research, major knowledge transfer relationships.

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

Differential funding is shown in the table below



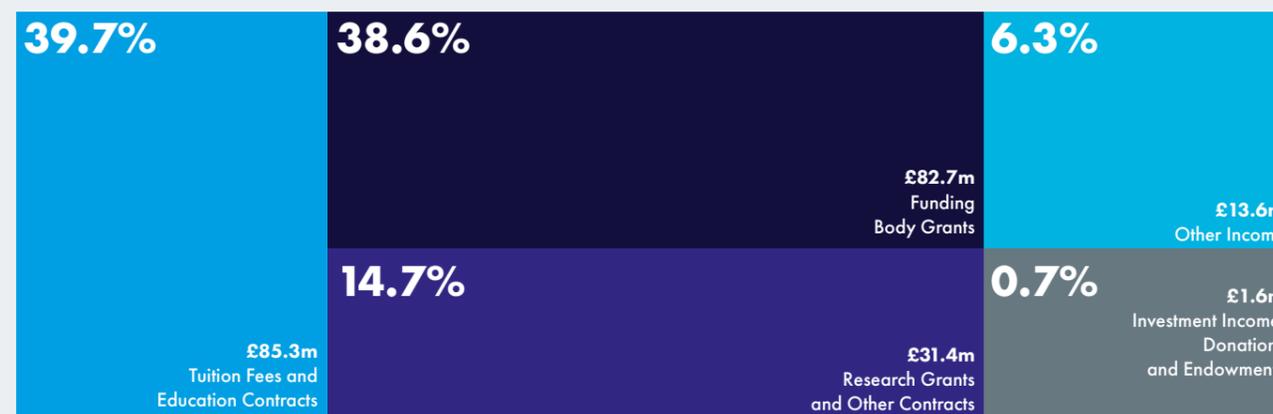
## Financial Performance

Despite the movement in pension liabilities and the impact of Covid 19 the University's underlying financial performance continues to remain strong.

	2020	2019	Higher/Lower
Staff costs excluding pension adjustment: income ratio %	61.2%	55.7%	↑
Cash spend on fixed assets (£m)	£66m	£41m	↑
Earnings before interest, depreciation and amortisation (EBITDA)	£14m	£25m	↓
% Income from non government sources	25%	27%	↓

The University's consolidated comprehensive deficit for the year was £6.6m (2019: deficit £46.3m). This reflects the impact of pension deficits attributable to Ulster relating to both USS and NILGOSC pension schemes with a charge to the Statement of Comprehensive Income of £5.3m (2019: charge £58.9m). The underlying financial performance excluding the pension adjustment is a deficit of £1.2m (2019: surplus £12.6m).

## Sources of Income 2019/20



## Financial Review (continued)

### Income

Total income in 2019/20 was £214.6m (2019: £218.3m). This represents a decrease of 2 per cent from last year and is reflective of the impact of Covid 19 on the trading activity of the University.

A fall in Funding Body Grants due to lower maintenance grants receipts is off-set against an increase in Tuition fees which grew 6% year on year.

Research income grew by 8 per cent on the previous year to £31.5m (2019: £29.0m). This reflects the University's continued success in securing research grants and contracts with 35 per cent from Research Councils (2019: 31 per cent). 20 per cent (2019: 20 per cent) of the total research funding was received from EU Government bodies. The University continues to closely monitor the longer-term outlook for EU research funding in the context of Brexit related issues.

£13.6m of the University's income, 6 per cent (2019: 8 per cent) is earned from other sources. This fall reflects the fall in trading activity including the refund of Residences fees, as a result of Covid 19.

### Expenditure

Total expenditure in 2019/20 was £196.6m (2019: £250.6m), with staff costs representing 61 per cent of the total expenditure (2019: 58 per cent), after excluding the pension adjustment.

Other operating expenses includes expenditure on student accommodation, scholarships and bursaries, library services, utilities and premises maintenance costs and administration costs. Other operating expenses (excluding depreciation) for the year were £64.4m, a 5.6 per cent decrease on last year. The fall in other expenses is due to Covid 19.

### Impact of Pension Deficit

The Statement of Total Comprehensive Income (SOCl) for the year has a net charge of £5m from the University's pension liability movement (18/19 charge £60m). The year on year SOCl movement is largely due to revision of the USS pension deficit recovery plan following the 2018 actuarial valuation. Given this reduction this year

it is anticipated the 2021 USS valuation will result in a significant increase in the deficit provision in July 2021. The NILGOSC pension liability includes an actuarial loss of £23.2m (2019 loss £17.4m).

The pension liability charge is a non cash movement and is not a measure of the University's operational financial performance or surplus generated. It is simply the difference, year on year, of revisions of the estimated value of the scheme assets and liabilities University's defined benefit pension schemes.

Certain assumptions are used to value future liabilities of the pension scheme and the assets belong to the pension scheme. These estimates reflect changes to the actuary's assumptions as a result of another year's experience.

### Impact of Covid 19

Covid 19 presented significant challenges for the University with students transferring to online learning and examination from March 2020. Tuition fee income was maintained. In financial terms the main impact was on the Residences, Sports and other trading areas of the University. This loss of income was mitigated by cost reductions due to campus closures. Overall the University financial performance was above target for the year.

### Estates Capital Plan

The Estates capital work for 19/20 has continued to focus on enhancing the experience for students, staff and the wider community. This included the further development of masterplans for Coleraine, Magee and Belfast Campuses which set out a long term vision for the campus while providing a short to medium framework for the progression of developments such as Belfast Region City Deal and Derry City & Strabane Region City deal projects. The masterplan work will inform the development of the new Estate Strategy which is scheduled for completion in 20/21.

The Estates Services team continues to work closely with academic colleagues and external stakeholders on the development of City Deals for both Belfast Region and Derry City & Strabane Region (and Inclusive Futures Fund for Derry Region). A key element of the Inclusive Futures Fund is the School of Medicine which is scheduled to open in Semester 1 of 2021/22. Design consultants have been appointed for this project with design work ongoing.

In addition, while works programmes were delayed due to the impacts of Covid 19, a number of capital works were delivered across all of the four campuses.

On the Coleraine campus the University invested in social learning spaces, and the library to create areas of social learning and interaction aimed at enhancing the student and staff experience on campus and carried out essential long term maintenance to building fabric such as windows and roofs.

The completion of a major refurbishment of the Magee Campus library created a modern user friendly learning environment providing unique opportunities for students to learn and collaborate with and alongside their peers. The £1.3 million refurbishment project spanning across the three floors has seen the creation of a social, collaborative learning space with modern furniture, group study pods, quick access and information point on the ground floor promoting group study and social learning. Within the refurbished upper floors extensive modern study desks and quiet study areas and café area provide a range of learning environments to satisfy all users. The works also included the recladding and reconfiguration of the rear external façade.

In addition at Magee campus, an extensive refurbishment of the Intelligent Systems Research Centre was completed including the provision of a New SCANi-Hub, the Nursing CTC facility was extended; landscaping and long term maintenance works were undertaken to improve the campus experience for students and staff.

Given that the majority of Jordanstown campus will be vacated on completion of the Belfast campus, only essential maintenance works and minor enhancements to entrances, library and Students' Union facilities were undertaken.

### Cashflow and Financing

Net cash decreased by £45.6m during the year. The movement in funds is summarised below:-

	2020 £m	2019 £m	Change £m
Investments & short term desposits	0.0	66.0	(66.0)
Cash at bank & in hand	37.7	22.8	14.9
Bank and other loans	(66.1)	(71.6)	5.5
<b>Net cash</b>	<b>(28.4)</b>	<b>17.2</b>	<b>(45.6)</b>

The net cash inflow from operating activities for the year was £18.9m (2019: £19.7m), interest paid totalled £0.7m (2019: £0.8m), and interest received totalled £0.5m (2019: £0.9m). Throughout the year the Group operated with a cash surplus and in line with its banking covenants. All treasury decisions are undertaken within the framework of the University's treasury policy. The underlying principle of this policy is that the University operates a low risk approach in managing its investments and liquidity. All funds are placed with counter parties whose underlying credit rating is monitored against minimum criteria. Furthermore, an upper limit of investment in any one financial institution of £35m applies. The University's Treasury Management policy was approved by General Purposes and Finance Committee in April 2015.

Endowment assets at the year-end were £13.9m, a decrease of £1.2m. The endowment funds are managed by Rathbones Investment Management.

During the year £65.6m was spent on acquiring fixed assets against which £1.0m of capital grants were received. The Cashflow Statement table below shows the impact of this capital investment on our cash balances.

### How we allocate our resources 2019/20

<b>£82.8m</b> <b>Academic Departments</b>	Total Staff Costs <b>£111.6m</b>
Staff costs: £73.4m Other: £9.4m	Total Other <b>£85m</b>
<b>£27.6m</b> <b>Research Grants and contracts</b>	Total <b>£196.6m</b>
Staff costs: £13.8m Other: £13.8m	
<b>£29.2m</b> <b>Premises</b>	
Staff costs: £3.6m Other: £25.6m	
<b>£31.1m</b> <b>Administrative and central services</b>	
Staff costs: £17.5m Other: £13.6m	
<b>£4.4m</b> <b>Residences, catering and conferences</b>	
Staff costs: £1.4m Other: £3.0m	
<b>£35.4m</b> <b>Academic services</b>	
Staff costs: £20.0m Other: £15.4m	
<b>(£17.8m)</b> <b>Pension Adjustment</b>	
Staff costs: (£19.7m) *Other: £1.9m	
<b>£3.9m</b> <b>Other</b>	
Staff costs: £1.6m *Other: £2.3m	

\*including income-generating operations

### EBITDA

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

### The EBITDA Table

The EBITDA to Cash Generated from Operating Activities table below shows the movement of these two cash indicators over the last five years. From the graph it can be seen that the University continues to operate in a financially sustainable manner and can support investment in its infrastructure with EBITDA at £14.4m.

### Net Assets

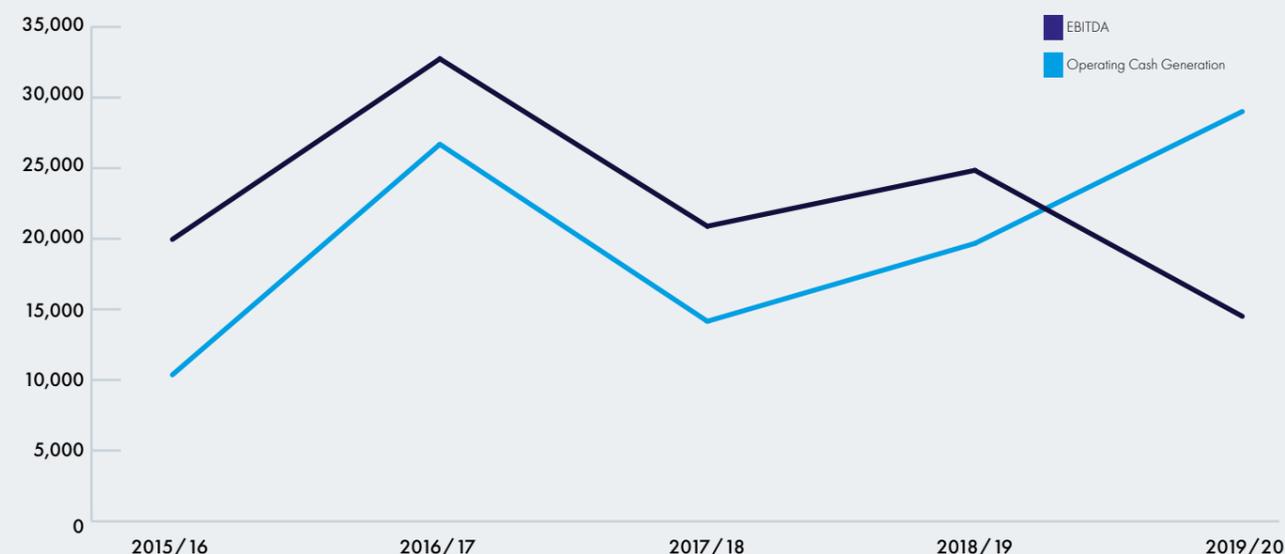
Total net assets £255.8m (2019: £262.3m) have decreased by 2.5 per cent. The net book value of fixed assets increased by £58.0m to £477.3m (2019: £419m) with a decrease in investments and cash at bank of £51 m. This reflects the University's continued investment in the Greater Belfast Development as well as maintaining investment in other campuses.

### Endowments

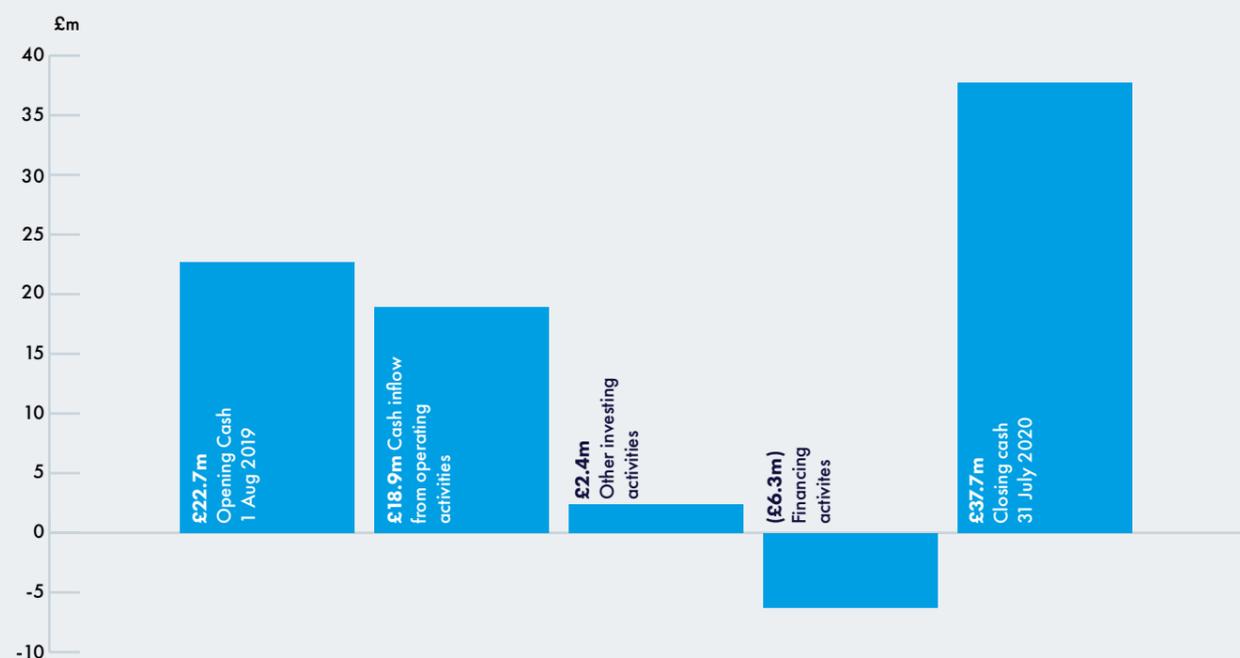
In the year to 31 July 2020 the Endowment fund value fell to £13.9m, (31 July 2019: £15.1 m) representing a decrease of 8 per cent.

The University holds the ethical policy of ensuring investments are made in a responsible manner. In support of this, the University in collaboration with the Students' Union, made the decision to divest from fossil fuel companies and instead invest our endowment fund into more sustainable alternatives. Fossil fuel divestment is the removal of investment assets including stocks, bonds, and investment funds from companies involved in extracting fossil fuels, to reduce climate change by tackling its ultimate causes. The University has fully divested from these investment assets.

EBITDA to Cash Generated from Operating Activities 2015/16 to 2019/20



Cashflow Statement 2019/20



### Events after Reporting Date

#### New Loan Agreement

The University entered into a revised loan agreement from the Strategic Investment Board in October 2020 to assist the funding of the Greater Belfast Development. This was agreed in October 2020 for an additional £126m, with a term of 30 years. The University has drawn down the first instalment of £61m. Security against the University estate has been given as part of the conditions of the loan.

## Financial Review (continued)

### Future Financial Health

Key performance indicators are set out below with an assessment on progress against the financial strategy target with **red** meaning immediate action required, **amber** more work required and **green** on track.

When taken together these measures reflect the strong governance and effective management of the University's resources in sustaining financial health in the short, medium and long term.

Financial Sustainability Indicators	2020 Actual	2019 Actual		Comments
Surplus/(Deficit) after taxation as a % of total income	7.8%	(13.2)%	●	This includes the credit of £18m from movement in the pension funds liabilities.
(Deficit)/Surplus as a % of income after deducting pension provision movement	(0.6)%	6.3%	●	This indicates the level of return necessary for investment in capital
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	£14.4m	£24.9m	●	This is a measure of operating surplus excluding accounting adjustments and finance charges. It is a good indicator of financial capability to service debt and/or capital expenditure from internally generated cash.
Liquidity ratio	70 days	129 days	●	This measures our ability to fund short term cash requirements.
Current assets to current liabilities	1.1:1	2.6:1	●	An indicator of financial strength to meet short term liabilities
% Income from Non-Government sources	25%	27%	●	This measures the diversification of income sources.

# Risk Managing

The University has adopted a risk appetite-based approach to its risk management processes. We have developed an institutional risk appetite statement as well as assigning one of five risk appetites to our strategic priorities. In addition, risk appetite statements and categories have been applied to each of our 16 areas of focus within our Strategic Plan 5&50.

## Risk Management

If Ulster University is to implement an effective risk management process, it must commence with a clear understanding of what it is trying to achieve. Robust risk management is about managing the threats that may hinder the delivery of our objectives and maximising the opportunities that will help to deliver them.

The University's approach to risk management provides assurance to the Senior Leadership Team, Audit Committee, Council and the Department for the Economy that those risks that threaten the achievement of each of the areas of focus within the Strategic Plan, 5&50 are being actively identified, monitored and mitigated against.

## Process

With 5&50, the University embarked on an ambitious journey to be Northern Ireland's civic university, 'and deliver outstanding research and teaching that encourages the innovation, leadership and vision needed to help our community thrive'.

Our approach to managing risks is therefore aligned to the following key strategic priorities within the plan:

- Civic Contribution
- Global Vision
- Research Excellence
- Teaching Excellence
- Operational Excellence

Our Senior Leadership team, (SLT), is responsible for effective risk management in their areas of responsibility, in accordance with the risk management policy and procedures. Key roles of the SLT are to:

- Review annually the institutional risk appetite statement and appetites assigned to the strategic priorities of 5&50, for consideration and approval by Council;
- Twice yearly, review all significant strategic risks faced by the University for consideration by Audit Committee and Council, and keep these risks under scrutiny monthly;

- Provide accurate information on the status of risks and controls to allow timely reporting to Audit Committee and Council;
- Undertake training and development activities associated with risk management;
- Ensure the adoption of risk management amongst their staff.

In addition;

- All senior officers are required to undertake regular reviews and assessment of key risks within their areas of operation as part of routine management arrangements.
- The Deputy Vice Chancellors and Chief Operating Officer are responsible, as project leaders, for the risk management of major institutional projects.
- The Chief Operating Officer is responsible for ensuring that the University operates effective procedures relating to risk management and for undertaking formal reviews on behalf of Council of the risk management policy.
- Staff within Audit, Risk and Business Continuity provide on-going training to risk owners in order to facilitate the effective operation of risk management across the University.
- The Resilience Committee, bimonthly, reviews the tactical and operational risk registers to ensure that they are operating within agreed risk tolerances and significant risks are being escalated on a timely basis.
- Audit, Risk and Business Continuity regularly produce reports for all risk owners highlighting any significant risks across the university that relate to their area of responsibility.

## Risk registers

Risk registers exist at three different levels across the university: strategic; tactical (portfolio level); and operational (faculty and departmental). There are also a number of project risk registers, e.g. GBD, NIGEMS and City Deals. In addition, a separate risk register has been compiled for Brexit.

## Integration with Strategic Planning

There continues to be renewed emphasis on integrating risk management into the Integrated Planning Process and aligning operational, tactical, strategic and project risks across the entire institution.

As part of its Resilience Framework, the University has also refreshed its Crisis Management and Crisis Communication Plans and continues to review its Business Continuity Plans at operational and strategic levels. This further strengthens and embeds effective risk management.

Our internal audit strategy is developed around the University's strategic risks which are listed below, as well as those risks facing the sector. The annual audit plan of reviews across key areas further supports our risk management processes.

## Covid 19 and Risk

This year, the schedule for reporting on risks has been disrupted by the Covid-19 pandemic. The original schedule has instead been replaced by a more agile framework that has allowed frequent identification, assessing and managing of risks as we have navigated through the myriad of issues associated with the widespread impact of Covid-19 on the University's business.

Of particular note was the introduction of individual risk registers for each of the 13 Recovery Workstreams. Very High and High risks were reviewed weekly by the Recovery Planning Steering Group with further reporting to the Crisis Management Team.

Strategic Priority	Risk Description	Risk Management
Financial Sustainability	The University cannot attract/access investment as needed to deliver the 5&50 strategy and to operate in a financially sustainable manner.	The University continues to have ongoing discussions with DfE as well as frequent monitoring of the academic plan, modelling of the impact on fee income and roll out of the new contribution model. We also are exploring other income-generating opportunities and are investing in growing commercial income streams through Campus Life. A Brexit-readiness working group has also been established to oversee the impact of Brexit.
Reputation	Failure to ensure the timely and effective delivery of the full benefits of the expanded Belfast campus	The University continues to prioritise its efforts to ensure the delivery of the expanded Belfast campus. An economic Business Case to support further funding for the project has been completed and a Capital Project Review is being undertaken. A DfE assurance review is also underway. The Strategic Programme Office (Belfast Vision) continues to ensure key transformation Belfast Vision projects are delivered.

## Managing Risk (continued)

Strategic Priority	Risk Description	Risk Management
Reputation	Failure to protect and enhance Ulster's reputation, locally, nationally and internationally.	Given the larger number of transformational projects that the University has embarked upon, the University recognises the potential for reputational damage and is proactively delivering public relations and media management to protect and enhance the University's reputation. We continue to engage with politicians, government departments and stakeholders important to our growth.
World-class Infrastructure	Inability to develop and maintain a high quality, fit for purpose Digital Infrastructure to support teaching and learning.	Investment in developing the digital infrastructure has commenced and a revised Digital Strategy is being developed.
Financial Sustainability	University will be adversely impacted in the event of a cyber-attack due to lack of preparedness.	A wide range of cyber security measures including multi factor authentication, advanced threat protection and training for staff and students, has been introduced to enhance the University network's resilience and protect it from attack. An Information Governance Committee has also been established as a focal point for policy development in this area.
People & Culture	An inability to recruit and retain staff who feel engaged, empowered and valued and whose health and wellbeing are critical to success.	A revised People and Culture structure, focusing on resourcing, talent, developing our staff and promoting health and well-being is being implemented alongside the new People and Culture strategy. This includes a number of initiatives aimed at developing our people to the best of their ability, spotting talent and harnessing it, developing career pathways for both academic and professional services staff, and building our leadership and management capability. The creation of a centre of resourcing excellence will place Ulster University more proactively and progressively in the recruitment market as an employer of choice, and the new Performance Management Framework will allow for expectations around output to be agreed, including a renewed focus on personal and professional development. Our Health and Well-being strategy will help us to support our staff through change and in the future.
People & Culture	Inability to identify and respond to our students' health and well-being	The University recognises the ever-increasing pressures that our students are under and has therefore created a dedicated Student Experience Team that will implement the Student Mental Health and Wellbeing Strategy. The Mind your mood campaign continues to grow in size with funds being generated to support student internships.
Compliance, Regulation & Ethics	The University does not fully comply with its regulatory and legislative requirements.	The University takes very seriously its obligation to comply with the many different regulatory and legislative requirements. As such, a Senior Tier 4 Oversight Group has been established to ensure oversight and review of the monitoring and reporting of International student attendance and adherence to the Tier 4 Policy. CMA Compliance and Information Governance Groups have been established. There is also regular review and adherence to the broad range of policies and procedures that have been developed to guide our practices in all areas of activity including for example, GDPR.
Student Experience	High quality University environment is not developed/ maintained and utilised effectively to deliver a high-quality student and staff experience in respect of learning, research and campus life	The University continues to be mindful of ongoing investment in the fabric of the estate, (including Jordanstown ahead of the move to Belfast), and the need to create vibrant campus communities. To this end strategic dialogue with Derry City & Strabane District Council and Causeway Coast and Glens Council regarding the development of masterplans for Magee and Coleraine is ongoing. A steering group chaired by the DVC-External has now been established to coordinate the proposals for City Deals (Derry and Belfast).
People & Culture	Inability to support the management of change among our staff to deliver the goals of 5&50 and the move to GBD.	Our People & Culture Strategy has increased the capacity of the Directorate to support our staff through change. Performance Management, Leadership & Management and Employee Engagement Frameworks are some of the initiatives that are being currently rolled out.

### Ulster University's appetite for risk



## Outlook

Covid-19 presented significant challenges to the risk profile of universities across the UK as they had to rapidly adapt to undertaking all of their activities through remote access and ensuring full compliance with government regulations. Through a Recovery Planning Steering group the University managed this transition and indeed continues to manage the ongoing impact of Covid across all its business activities. The University continues to deliver all its activities, within NI government guidelines, the key services relating to Education, Research, Campus Services, Accommodation and Student Services & UUSU. It also has academics leading on Covid related research projects such as:

- Professor Tony Bjourson founder of the Transition Research and Innovation Centre (C-TRIC) at Altnagelvin which successfully helped scale up COVID-19 testing in Derry
- Professors Tara Moore and Jim McLaughlin are part of the UK Rapid Test Consortium (UK-RTC), which is aimed at developing and manufacturing a Covid-19 Point of Care antibody test to support the Government's national testing strategy.
- Dr Le Roy Dowey – PHA joint pilot for testing students with Covid-19

Central to our planning is that we ensure at all times the primacy of maintaining the safety of our staff and students. The success of this work has been seen by the degree to which all staff have engaged in the new ways of working and in the provision of direct support to students through the combination of online and on campus activity and the continuation of research activity. Special measures have been implemented to support our Widening Participation mission, such as, an initiative for those students suffering from digital poverty, to access laptops and in some cases mobile networks to allow them to fully engage in the learning experience.

Throughout the spring and summer the University continued to monitor all areas of its activity to react to any issues created through Covid and closely managed its cashflow to ensure that it continued to operate within its existing debt servicing requirements. Furthermore, significant work was undertaken in developing a number of scenarios around which future financial sustainability could be modelled with different assumptions around

the impact of Covid. The success of this planning together with the work of all staff co-ordinated through the Recovery Planning Steering Group is evidenced through the financial statements which have reported an outturn better than planned before Covid and that by the year end the University retained cash reserves in excess of £37m. Good planning has continued into the following financial year and it is pleasing to report that the University is projected to increase its fee income by 8.6% year on year, has been able to maintain its research commitments and continues to maintain its civic commitments. Furthermore, working closely with the main contractor the Greater Belfast Development has continued in line with the build plan. To-date Covid has impacted mainly on the University's trading activities namely, residences, catering and sports all of which been impacted by increased remote learning and restrictions placed by government. Overall the University is projected to increase its short term cash holdings over the next 12 months and will operate in line within its debt servicing requirements. The University will have a significant increase in its long-term debt through the Financial Transactions Capital loan facility which will result in a large increase in the Universities debt gearing ratio. These ratios are within the approved Financial Sustainability Plan.

Finally, it is pleasing to be able to report that the funding for the Greater Belfast Development, through a Finance Transactions Capital loan has been secured.

As the University enters a new chapter through the leadership of Professor Bartholomew as Vice Chancellor, it is pleasing to note the adaptability and resilience of Ulster in addressing the challenges caused by Covid. However, I do not underestimate the future challenges of the post Covid world and in particular the impact it could have upon the public finances, as well as, the pressures being exerted on the sustainability of the University's pension schemes (USS and NILGOSC).

**David Clements**  
Honorary Treasurer

# Corporate Governance Statement

Ulster University is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the University has applied the principles set out in the UK Corporate Governance Code (2010) as issued by the Financial Reporting Council (FRC). Its purpose is to help the reader of the accounts understand how the principles have been applied.

The University endeavours to structure its governance arrangements and conduct its business in accordance with seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and with the guidance to universities which is provided by the Committee of University Chairs (CUC) from time to time. In line with the CUC's Higher Education Code of Governance (December 2014) Council has adopted a Statement of Primary Responsibilities which is included on page 24.

The University is an independent educational charity, (registered with the Charity Commission for Northern Ireland), whose legal status derives from a Royal Charter granted in 1984. The University's objects, powers and framework of governance are set out in the Charter and supporting Statutes, the latest version of which was approved by the Privy Council in 2007.

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

## The Council

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

The Council has a membership of seventeen (see note at end) the majority of whom are appointed from outside the University and from whom its Chair and its Deputy Chair are drawn. The Chair and Deputy Chair hold positions as Pro-Chancellors of the University. An Honorary Treasurer is also appointed from amongst the external members of the Council. The Vice-Chancellor and the Students' Union President are ex-officio members and also included are four members of the staff of the University appointed by the Council on the recommendation of the Governance, Nominations and Remuneration Committee. With the exception of the Vice Chancellor whose emoluments are disclosed in note 7 none of the members receive any payment, apart from the reimbursement of expenses, for the work that they do for the University in their role as members of the Council.

The Council of the University was reconstituted with effect from 1 October 2016, with a number of members from the previous Council being reappointed. Members during 2019/20 are listed below.

### Ex Officio members:

Mrs J Pyper	Pro-Chancellor & Chair (from 3 December 2018 – became Chair 1 July 2019)
Mr A Langan	Pro-Chancellor (from 1 July 2019 – 27 January 2020, deceased)
Mr D Clements	Honorary Treasurer (with effect from 1 August 2016)
Professor P Nixon	Vice-Chancellor (to 29 February 2020)
Professor P Bartholomew	Interim Vice-Chancellor from 1 March 2020
Mr A McAnallen	President of the Students' Union

### Appointed members:

Mr P Lobban	appointed 01 October 2016
Dr P McNaney	appointed 01 October 2016
Dr J Stuart	appointed 01 October 2016
Mrs H Quigley	appointed 01 October 2012
Ms E Way	appointed 26 January 2018
Mr P Sheridan	appointed 9 November 2018
Mrs M Lindsay	appointed 9 November 2018
Mr R Sloan	appointed 15 February 2019

### Elected staff members:

Professor K Burnett	appointed 01 October 2016
Ms H Bingham	appointed 01 October 2016 (left University 10 January 2020)
Ms G Horgan	appointed 15 February 2019

## Corporate Governance Statement (continued)

### The Senate

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

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

The principal academic and administrative officer of the University is the Vice-Chancellor who has a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University. Under the terms of the formal Financial Memorandum between the University and the Department for the Economy (DfE), the Vice-Chancellor is the designated Chief Accounting Officer of the University and in that capacity can be summoned to appear before the Public Accounts Committee of the Northern Ireland Assembly. Professor Paddy Nixon was appointed and took up post as Vice-Chancellor and Chief Accounting Officer on 1 July 2015 to 29 February 2020. Professor Paul Bartholomew took up post as Interim Vice-Chancellor on 1 March 2020.

The Council met six times during 2019/20 including a joint meeting with the University's Senate. Certain functions of the Council are delegated to its committees. The Council also had a number of additional ad hoc meetings as a result of the Covid pandemic and issues relating to the expansion of the Belfast Campus. It has conducted its consequential governance responsibilities to the highest of standards.

During 2016/17, following recommendations from and an external effectiveness review of the conduct of Council business, the Committees were Resources Committee; Audit Committee; and Governance, Nominations and Remuneration Committee.

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

### The Resources Committee

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

### The Audit Committee

The Audit Committee met five times during the year, with the University's internal auditors in attendance. The University's external auditors also attend all meetings of the Committee. The Committee considered detailed reports together with recommendations for the improvement of the University's systems of internal control and management's responses and implementation timescales. Whilst Senior Management attend meetings of Audit Committee as necessary, they are not members of the Committee, and the Committee meets both the external auditors and the internal auditors on their own for independent discussions at least once a year.

### In 2019/20 the Members of the Audit Committee were:

Audit Committee members:	
Mr A Langan	(Chair until January 2020)
Ms H Bingham	
Professor K Burnett	
Mrs H Quigley	
Ms E Way	(member from February 2018 – became Chair February 2020)
Mr P Sheridan	(member from December 2018)
Mr R Sloan	(members from February 2019)

### The Governance, Nominations and Remuneration Committee

The Governance, Nominations and Remuneration Committee was established following an externally conducted review of the effectiveness of the conduct of Council business during to 2015/16. It brought together the responsibilities of the Remuneration Committee, the Nominations Sub-Committee and the governance element of the Organisational Development Committee. It reviews annually the performance-related salaries of the senior staff of the University including the professoriate body and the Vice-Chancellor. The review takes account of any external earnings, including consultancy, by senior staff as well as the salary norms within the higher education sector for a wide variety of senior posts. It is also responsible for reviewing the processes for and recommending the appointment and re-appointment of members to the Council, as well as agreeing development plans for Council. It ensures that Council keeps up to date with best practice governance initiatives both within the sector and at board level generally.

As de facto Chief Executive of the University, the Vice-Chancellor exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos. The Pro-Vice-Chancellors, Provosts,

Executive Deans of Faculties, the Chief Operating Officer, Professional Service Directors and the University Secretary all contribute in various ways to these aspects of the work, but the ultimate responsibility for what is done rests with the Vice-Chancellor. The executive structure of the University is represented by the Senior Leadership Team (SLT). This comprises of the Vice-Chancellor, Pro-Vice-Chancellors, Executives Deans of Faculty, Professional Service Directors and the University Secretary. SLT meets monthly.

SLT refers matters for decision to Council or Senate (or the relevant committees thereof) as appropriate, and in line with the delegated authority framework. SLT is chaired by the Vice-Chancellor.

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

The Office of the University Secretary provides the secretariat to the Council. Any enquiries about the constitution and governance of the University are addressed to the University Secretary.

# Statement of Internal Control

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

The Council is of the view that there is an ongoing process for identifying the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. Those procedures have been in place for the year ended 31 July 2020.

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

- The Council met six times in the year to consider the strategic direction and plans of the University and to monitor performance against those plans;
- There is clear definition of the responsibilities of and authority delegated to committees of the Council and the executive;
- The University's strategic plan, 5&50, adopted by the Council in June 2016, sets the framework of strategic aims and objectives against which risks are assessed and performance is monitored and reported;
- A Strategic Risk Register which incorporates the key risks at institutional level, is maintained;
- A Resilience Committee has been established which monitors, on a bi-monthly basis, tactical and operational risks that threaten the achievement of the objectives within 5&50.
- The Senior Leadership Team, (SLT), formally reviews and assesses high risks bi-monthly;
- All faculties and departments, as part of their planning, maintain and review, bi-monthly, their risk registers which are then monitored by the Resilience Committee.
- The Audit Committee receives reports from the independent Internal Auditors on the adequacy and effectiveness of the University's systems of internal control with recommendations, as appropriate, for improvements;

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

The work of the internal audit service has been informed by an analysis of the operational, business and financial risks to which the University is exposed and upon which internal audit activity for 2019/20 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.

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

# Statement of the Council's Responsibilities

**The Council is responsible for ensuring the maintenance of proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and which enable it to ensure that Financial Statements are prepared in accordance with the Statutes, the Statement of Recommended Practice on Accounting in Higher Education Institutions and other relevant accounting standards.**

In addition, within the terms and conditions of a Financial Memorandum agreed between the Department for the Economy (DfE) and the Council of the University, the Council, through its designated office holder, is required to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

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

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

The Council has taken reasonable steps to:

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

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

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

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

## Statement of Council’s Responsibilities (continued)

### Ulster University Council’s 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>



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

## Opinion

We have audited the financial statements of Ulster University for the year ended 31 July 2020 which comprise Statement of Principal Accounting Policies, the Consolidated Statement of Comprehensive Income, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Reconciliation of Net Cash Flow to Movement in Net Funds, and the related notes 1 to 28, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting standard applicable in the UK".

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2020 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education and relevant legislation.

## Basis for opinion

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

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

## Emphasis of matter – Effects of Covid-19 and New Loan Agreement

We draw attention to Note 1 in the Statement of Principal Accounting Policies of the financial statements, which describes the financial and operational consequences the University is facing as a result of Covid-19. We also draw attention to Note 28 "Events after the Reporting Date", which provides details on the new loan agreement entered into by the University post year end. Our opinion is not modified in respect of this matter.

## Conclusions relating to going concern

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

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

## Other information

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

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

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

We have nothing to report in this regard.

## Opinion on other matters prescribed by the Financial Memorandum issued by the former Department for Employment and Learning (now DfE)

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Department of the Economy have been applied in accordance with the Financial Memorandum and any other terms and conditions applied to them; and

## Responsibilities of the University Council

As explained more fully in the Statement of the University Council's Responsibilities set out on page 23, the University Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the University Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Independent Auditor's Report to the University Council of Ulster University (continued)

### Auditors' responsibilities for the audit of the financial statements

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

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

### Use of our report

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

### Ernst & Young LLP

Statutory Auditor  
Belfast

Date: 20 November 2020

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

Notes:

1. The maintenance and integrity of the Ulster University's website is the responsibility of the University Council; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



# Statement of Principal Accounting Policies

## 1. Basis of Preparation

Ulster University ("the University") is an independent educational charity, registered with the Charity Commission for Northern Ireland, whose legal status derives from a Royal Charter granted in 1984. The address of the University's registered office is Cromore Road, Coleraine, BT52 1SA.

The Financial Statements have been prepared in accordance with the Statement of Recommended Practice "Accounting for Further and Higher Education 2015" and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102"). The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain land and buildings. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102.

The financial statements are presented in Sterling (£) with all values rounded to the nearest £1,000 except when otherwise indicated.

### Going Concern

The University and Group's financial statements have been prepared on a going concern basis. Covid-19 has had implications across the University's range of activities, including changes to teaching, the ability of students to physically attend campuses and required operational changes to facilities. This has created potential volatility in student demand and increased costs.

The University has prepared a 5 year strategic plan and financial forecasts and the current development of the Greater Belfast Campus is a key part of that plan. The University has entered into a revised long-term loan agreement with the Strategic Investment Board to assist the funding of the Greater Belfast Development. This was agreed in October 2020 for an additional £126m, with a term of 30 years. The University has drawn down the first instalment of £61m.

The University has prepared cashflow forecasts to December 2021, based on conservative estimates of student numbers and in line with its Strategic Plan, which show the University operating within the terms of its funding facilities and sufficient cash resources throughout this period. The University has further stress tested these cashflows to reflect potential forecast impacts of Covid 19, including reductions in student numbers, and increased operating costs. Even under these stressed scenarios the cashflow forecasts project the University operating within the terms of its funding facilities and having sufficient cash resources throughout this 12 month period. The University's student registrations for academic year 20/21 have exceeded the conservative estimates used within the cashflow projections. The cashflow demonstrates the University will continue to maintain cash reserves over the next 12 months and meet all its obligations.

On this basis, Council has a reasonable expectation that the University and its subsidiary undertaking have adequate resources to continue in operational existence for the next twelve months. Accordingly, it continues to adopt the going concern basis in preparing the financial statements.

## 2. Consolidation

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

The Ulster University's Students' Union is constituted as an independent body and therefore in accordance with FRS 102, its financial statements are not consolidated with the Financial Statements of the University because the University does not control those activities.

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

## 3. Recognition of Income

Income from the sale of goods and services is credited to the Statement of Comprehensive Income in line with the provision of the associated goods and services.

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

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

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

### Grant Funding – Revenue Grants

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

### Grant Funding – Capital Grants

Where tangible fixed assets are acquired with the aid of Government capital grants, these grants are recognised as deferred income within creditors and released to income over the expected useful economic life of the asset. All other capital grants are recognised in income when the University is entitled to the funds subject to any performance conditions being met.

### Other 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 Statement of Comprehensive Income on a receivable basis. All income from other sources is credited to the Statement of Comprehensive Income on an accruals basis.

## Statement of Principal Accounting Policies (continued)

### Donations and Endowments

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

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

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

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

### 4. Pension Schemes

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

The USS scheme is a defined benefit scheme but it is not possible to identify the University's share of underlying assets and liabilities in the USS scheme. As such, contributions made to the scheme are treated as if it were a defined contribution scheme and charged to the Statement of Comprehensive Income. A liability is recorded within the provisions for any contractual commitment to fund past deficits within the USS scheme.

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

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

The expected return on the pension scheme's assets during the year and the increase in the scheme's liabilities due to the unwinding of the discount during the year are shown as financing costs in the Statement of Comprehensive Income.

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

### 5. Employment Benefits

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

### 6. Foreign Currencies

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

### 7. Freehold Land and Buildings

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

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

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for intended use.

Land is held freehold and is not depreciated as it is considered to have an indefinite useful life. Buildings are depreciated on a straight line basis over their expected useful lives, up to a maximum of 60 years.

## Statement of Principal Accounting Policies (continued)

### 8. Assets Under Construction

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

### 9. Equipment

Equipment, including software and related software development costs, costing less than £25,000 per individual item or group of related items, is written off in the year of acquisition.

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

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

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

### 10. Fixed Asset Investments

(a) The University's Endowment Fund is included in the Balance Sheet at market value and is administered by an external fund manager. Investments in subsidiary companies are shown at the lower of cost and net realisable value. Impairment reviews are performed by the directors when there has been an indication of potential impairment. Any changes in fair value are taken directly to the Statement of Comprehensive Income.

(b) Fixed Asset Investments through Innovation Ulster Limited

From the menu of valuation methodologies cited by the International Private Equity and Venture Capital Valuation Guidelines (Dec 2015 edition) the company values its fixed asset investments (which comprise trade investments) as follows:

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

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

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

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

### 11. Current Asset Investments

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

### 12. Stocks

Stocks, which are generally consumable in nature, are expensed to the Statement of Comprehensive Income in the year of purchase.

### 13. Cash and Cash Equivalents

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

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

### 14. Provisions for bad debts

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

## Statement of Principal Accounting Policies (continued)

### 15. Leases

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

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

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

### 16. Provisions

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

### 17. Maintenance of Premises

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

### 18. Taxation status

The University is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 287 CTA 2009 and sections 471, 478, 488 CTA 2010 (formerly S505 of ICTA 1988) or section 256 of the taxation of Chargeable gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The University is registered as a charity with HM Revenue and Customs and with the Northern Ireland Charity Commission. The University receives no similar exemption in respect of Value Added Tax. Innovation Ulster Limited, a subsidiary of the University has no charitable status and can therefore be liable to Corporation Tax on chargeable profits.

### 19. Reserves

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

The University holds a revaluation reserve resulting from revaluation of fixed assets on conversion to FRS102 as at 31 July 2014.

### 20. Subsidiary Accounting Policies

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

### 21. Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### Carrying value of investments

The Group has investments, as disclosed in note 12, valued using the menu of valuation methodologies cited by the International Private Equity and Venture Capital Valuation Guidelines. Judgement is required to consider if the passage of time since the date of the last investment diminishes the appropriateness of that methodology. Any diminution in value is recognised in profit or loss.

#### NILGOSC Pension benefits

The cost of the NILGOSC defined benefit pension plans is determined using actuarial valuations, as disclosed in note 21. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the yield of high quality bonds of the same term and currency as the future cashflows.

The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates.

#### USS pension scheme

As the institution is contractually bound to make deficit recovery payments to USS, this is recognized as a liability on the balance sheet. The provision is currently based on the USS deficit recovery plan agreed after the 2018 actuarial valuation, which defines the deficit payment required as a percentage of future salaries until 2028. These contributions will be reassessed within each triennial valuation of the scheme. The provision is based on management's estimate of expected future salary inflations, changes in staff numbers and the prevailing rate of discount. Further details are set out in note 21.

## Statement of Comprehensive Income

### Group and University Statement of Comprehensive Income for the Year Ended 31 July 2020

	Note	Group 2020	University 2020	Group 2019	University 2019
		£000	£000	£000	£000
<b>Income</b>					
Tuition Fees and Education Contracts	1	85,288	85,288	80,779	80,779
Funding Body Grants	2	82,693	82,693	89,536	89,536
Research Grants and Contracts	3	31,498	31,498	29,054	29,054
Other Income	4	13,596	13,596	16,568	16,589
Investment Income	5	943	943	1,461	1,461
Donations and Endowments	6	601	601	920	920
<b>Total Income</b>		<b>214,619</b>	<b>214,619</b>	218,318	218,339
<b>Expenditure</b>					
Staff Costs	7	131,295	131,295	121,591	121,591
Movement in USS Pension Provision	7	(23,316)	(23,316)	38,047	38,047
Movement in NILGOSC Pension Provision	7	3,612	3,612	3,385	3,385
		111,591	111,591	163,023	163,023
Other Operating Expenses	8	64,443	64,368	68,253	67,377
Depreciation	11	17,762	17,762	17,631	17,631
Interest and Other Finance Costs	9	2,808	2,808	1,668	1,668
<b>Total Expenditure</b>		<b>196,604</b>	<b>196,529</b>	250,575	249,699
<b>Surplus/(Deficit) before other gains and losses</b>		<b>18,015</b>	<b>18,090</b>	(32,257)	(31,360)
(Deficit)/Gain on investments		(1,438)	(1,098)	3,397	135
<b>Surplus/(Deficit) before taxation</b>		<b>16,577</b>	<b>16,992</b>	(28,860)	(31,225)
<b>Taxation</b>		<b>23</b>	-	(30)	-
<b>Surplus/(Deficit) after taxation</b>		<b>16,600</b>	<b>16,992</b>	(28,890)	(31,225)
Actuarial (Deficit) in Respect of Pension Schemes	21	(23,196)	(23,196)	(17,448)	(17,448)
<b>Total Comprehensive (Deficit) for the Year</b>		<b>(6,596)</b>	<b>(6,204)</b>	(46,338)	(48,673)
Represented by:					
Endowment comprehensive income for the year		(1,223)	(1,223)	726	726
Unrestricted comprehensive income for the year		(209)	183	(39,425)	(41,760)
Revaluation reserve comprehensive income for the year		(5,164)	(5,164)	(7,639)	(7,639)
<b>Total</b>		<b>(6,596)</b>	<b>(6,204)</b>	(46,338)	(48,673)

## Statement of Changes in Reserves

### Group and University Statement of Changes in Reserves Year Ended 31 July 2020

Group	Income and Expenditure Reserve			Total
	Endowment	Unrestricted	Revaluation Reserve	
	£000	£000	£000	£000
Balance at 1 August 2019	14,365	173,957	120,359	308,681
Surplus/(Deficit) from the Statement of Comprehensive Income	726	(29,616)	-	(28,890)
Other comprehensive income	-	(17,448)	-	(17,448)
Transfers between revaluation and income and expenditure reserve	-	7,639	(7,639)	-
Total Comprehensive Income/(Deficit) for the year	726	(39,425)	(7,639)	(46,338)
<b>Balance at 1 August 2020</b>	<b>15,091</b>	<b>134,532</b>	<b>112,720</b>	<b>262,343</b>
Surplus/(Deficit) from the Statement of Comprehensive Income	(1,223)	17,823	-	16,600
Other comprehensive income	-	(23,196)	-	(23,196)
Transfers between revaluation and income and expenditure reserve	-	5,164	(5,164)	-
<b>Total Comprehensive Income/(Deficit) for the Year</b>	<b>(1,223)</b>	<b>(209)</b>	<b>(5,164)</b>	<b>(6,596)</b>
<b>Balance at 31 July 2020</b>	<b>13,868</b>	<b>134,323</b>	<b>107,556</b>	<b>255,747</b>

## Statement of Changes in Reserves (continued)

### Group and University Statement of Changes in Reserves Year Ended 31 July 2020

University	Income and Expenditure Reserve		Revaluation Reserve	Total
	Endowment	Unrestricted		
	£000	£000		
Balance at 1 August 2019	14,365	169,784	120,359	304,508
Surplus/(Deficit) from the Statement of Comprehensive income	726	(31,951)	-	(31,225)
Other comprehensive income	-	(17,448)	-	(17,448)
Transfers between revaluation and income and expenditure reserve	-	7,639	(7,639)	-
Total Comprehensive Income/(Deficit) for the Year	726	(41,760)	(7,639)	(48,673)
<b>Balance at 1 August 2020</b>	<b>15,091</b>	<b>128,024</b>	<b>112,720</b>	<b>255,835</b>
Surplus/(Deficit) from the Statement of Comprehensive income	(1,223)	18,215	-	16,992
Other comprehensive income	-	(23,196)	-	(23,196)
Transfers between revaluation and income and expenditure reserve	-	5,164	(5,164)	-
<b>Total Comprehensive Income/(Deficit) for the Year</b>	<b>(1,223)</b>	<b>183</b>	<b>(5,164)</b>	<b>(6,204)</b>
<b>Balance at 31 July 2020</b>	<b>13,868</b>	<b>128,207</b>	<b>107,556</b>	<b>249,631</b>

## Balance Sheets

### Balance Sheets as at 31 July 2020

Note	Group 2020	University 2020	Group 2019	University 2019
	£000	£000	£000	£000
<b>Fixed Assets</b>				
Tangible assets	11	477,352	477,352	419,266
Investments	12	21,425	15,371	22,958
<b>Total Fixed Assets</b>		<b>498,777</b>	<b>492,723</b>	442,224
<b>Current Assets</b>				
Debtors	13	22,084	22,069	32,806
Investments & short term deposits		-	-	66,015
Cash at bank and in hand		37,710	37,695	22,782
<b>Total Current Assets</b>		<b>59,794</b>	<b>59,764</b>	121,603
Creditors: Amounts falling due within one year	14	(51,558)	(51,590)	(46,951)
<b>Net Current Assets</b>		<b>8,236</b>	<b>8,174</b>	74,652
<b>Total Assets less current liabilities</b>		<b>507,013</b>	<b>500,897</b>	516,876
Creditors: Amounts Falling Due After More Than One Year	15	(140,323)	(140,323)	(148,962)
Provision for Liabilities	16	(110,943)	(110,943)	(105,571)
<b>Net Assets including Pension Liability</b>		<b>255,747</b>	<b>249,631</b>	262,343
<b>Reserves</b>				
<b>Restricted Reserves</b>				
Endowment Reserve	17	13,868	13,868	15,091
<b>Unrestricted Reserves</b>				
Income & Expenditure Account - unrestricted		134,323	128,207	134,532
Revaluation Reserve		107,556	107,556	112,720
<b>Total Reserves</b>		<b>255,747</b>	<b>249,631</b>	262,343

The Financial Statements on pages 30-61 were approved by the Council on 16 November 2020 and signed on its behalf by:

**Mr David Clements** Honorary Treasurer

**Mr Peter Hope** Chief Finance Officer

**Professor P Bartholomew** Vice-Chancellor and Chief Accounting Officer

## Group Cash Flow

### Group Cash Flow Year Ended 31 July 2020

	Note	Year ended 31 July 2020	Year ended 31 July 2019
		£000	£000
<b>Cash Flow from Operating Activities</b>			
Surplus/(Deficit) for the year before taxation		16,577	(28,860)
Taxation		23	(30)
<b>Surplus/(Deficit) for the year after taxation</b>		<b>16,600</b>	<b>(28,890)</b>
<b>Adjustments for Non-Cash Items</b>			
Depreciation	11	17,762	17,631
Deficit/(Gain) on investments		1,438	(3,261)
Decrease/(Increase) in debtors	13	10,722	(10,200)
(Decrease)/Increase in creditors	14	(5,030)	6,584
(Decrease)/Increase in pension provision	16	(17,824)	42,536
Deferred capital grants released income		(4,234)	(3,757)
<b>Adjustments for Investing of Financing Activities</b>			
Investment income	5	(943)	(1,461)
Interest payable	9	737	751
New endowment received		(293)	(231)
<b>Net Cash Inflow from Operating Activities</b>		<b>18,935</b>	<b>19,702</b>
<b>Cash Flows from Investing Activities</b>			
Capital grant receipts		972	1,148
Disposal of non-current asset investments		419	206
Withdrawal of deposits		66,015	27,990
Investment Income		943	894
Payments made to acquire fixed assets	11	(65,662)	(40,847)
New non-current asset investment		(322)	(853)
		<b>2,365</b>	<b>(11,462)</b>
<b>Cash Flows from Financing Activities</b>			
Interest paid	9	(737)	(751)
Endowment cash received		293	231
Repayments of amounts borrowed		(5,928)	(5,891)
		<b>(6,372)</b>	<b>(6,411)</b>
<b>Increase in Cash and Cash Equivalents in the Year</b>		<b>14,928</b>	<b>1,829</b>
Cash and cash equivalents at beginning of the year		<b>22,782</b>	20,953
Cash and cash equivalents at end of the year		<b>37,710</b>	22,782

## Notes to the Financial Statements

### Notes to the Financial Statements

	Group 2020	University 2020	Group 2019	University 2019
	£000	£000	£000	£000
<b>1. Tuition Fees and Education Contracts</b>				
Full-time students	55,145	55,145	53,486	53,486
Full-time students charged overseas fees	5,191	5,191	3,647	3,647
Part-time fees	8,807	8,807	7,933	7,933
DOH Education Contract	15,311	15,311	14,630	14,630
Short Course Fees	834	834	1,083	1,083
	<b>85,288</b>	<b>85,288</b>	80,779	80,779
<b>2. Funding Body Grants</b>				
Recurrent Grant	77,136	77,136	78,634	78,634
Specific Grants				
Special Initiatives	2,859	2,859	8,331	8,331
Deferred Capital Grants Released in Year				
Buildings	2,490	2,490	2,497	2,497
Equipment	208	208	74	74
	<b>82,693</b>	<b>82,693</b>	89,536	89,536
<b>3. Research Grants and Contracts</b>				
Research Councils	11,164	11,164	9,081	9,081
UK Charities	1,251	1,251	1,893	1,893
EU Government	6,382	6,382	5,923	5,923
UK Central Government	7,697	7,697	7,494	7,494
Overseas (Non-EU)	840	840	657	657
Health and Hospital Authorities	338	338	177	177
Other Sources	3,826	3,826	3,829	3,829
	<b>31,498</b>	<b>31,498</b>	29,054	29,054
Included in Research Grants and Contracts Income is £1,008k (2019: £931k) in relation to deferred capital grant release				
<b>4. Other Income</b>				
Residences, Catering and Conferences	1,265	1,265	3,480	3,480
Other Services Rendered	5,756	5,756	4,957	4,978
Other Income	6,296	6,296	7,852	7,852
Deferred Grant Release	279	279	279	279
	<b>13,596</b>	<b>13,596</b>	16,568	16,589

## Notes to the Financial Statements (continued)

### Notes to the Financial Statements

<b>5. Investment Income</b>	<b>Group 2020</b>	<b>University 2020</b>	<b>Group 2019</b>	<b>University 2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Investment Income on Expendable Endowments	73	73	77	77
Investment Income on Permanent Endowments	363	363	489	489
Income from Short Term Investments	507	507	895	895
	<b>943</b>	<b>943</b>	1,461	1,461
<b>6. Donation and Endowments</b>	<b>Group 2020</b>	<b>University 2020</b>	<b>Group 2019</b>	<b>University 2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
New Expendable Endowments	93	93	361	361
Donations	508	508	559	559
	<b>601</b>	<b>601</b>	920	920
<b>7. Staff Costs</b>	<b>Group 2020</b>	<b>University 2020</b>	<b>Group 2019</b>	<b>University 2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Wages and Salaries	101,697	101,697	95,550	95,550
Social Security Costs	9,567	9,567	9,124	9,124
Other Pension Costs (Note 21)	20,031	20,031	16,917	16,917
Movement on USS Pension Provision	(23,316)	(23,316)	38,047	38,047
Movement on NILGOSC Pension Provision	3,612	3,612	3,385	3,385
	<b>111,591</b>	<b>111,591</b>	163,023	163,023
<b>Emolument of the Vice-Chancellor</b>	<b>Group 2020</b>	<b>University 2020</b>	<b>Group 2019</b>	<b>University 2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Salary	220	220	285	285
Benefits	28	28	5	5
	<b>248</b>	<b>248</b>	290	290
Employers Pension Contributions	45	45	53	53
	<b>293</b>	<b>293</b>	343	343
<b>Emolument of the Interim Vice Chancellor</b>	<b>Group 2020</b>	<b>University 2020</b>	<b>Group 2019</b>	<b>University 2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Salary	75	75	-	-
Benefits	-	-	-	-
	<b>75</b>	<b>75</b>	-	-
Employers Pension Contributions	15	15	-	-
	<b>90</b>	<b>90</b>	-	-

Professor Paul Bartholomew was appointed Interim Vice Chancellor on 1 March 2020 and Vice Chancellor on 17 August 2020.

	<b>2020</b>	<b>2019</b>
Ratio of Vice Chancellor's basic salary to median basic salary of member of University staff	<b>7.02:1</b>	7.23:1
Ratio of Vice Chancellor's total remuneration to median total remuneration of member of University staff	<b>7.70:1</b>	7.14:1
Ratio of Interim Vice Chancellor's basic salary to median basic salary of member of University staff	<b>3.73:1</b>	-
Ratio of Interim Vice Chancellor's basic salary to median total remuneration of member of University staff	<b>4.29:1</b>	-

The Vice-Chancellor leads Ulster University to make a significant social, economic and cultural contribution helping our community to thrive and confidently supporting Northern Ireland on the global stage. In an increasingly competitive sector, university leadership reflects the scale, complexity and impact of higher education across research and teaching. The Vice Chancellor's salary is determined by the University's committee responsible for remuneration and governance.

<b>Excluding the Vice Chancellor, remuneration of other Higher Paid Staff was in the following bands:-</b>	<b>Group 2020</b>	<b>University 2020</b>	<b>Group 2019</b>	<b>University 2019</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
£100,000 - £104,999	3	3	5	5
£105,000 - £109,999	1	1	-	-
£110,000 - £114,999	-	-	1	1
£115,000 - £119,999	1	1	5	5
£120,000 - £124,999	7	7	5	5
£125,000 - £129,999	1	1	-	-
£145,000 - £149,999	-	-	1	1
£150,000 - £154,999	2	2	-	-
£155,000 - £159,999	1	1	1	1
£160,000 - £164,000	1	1	1	1
	<b>Group 2020</b>	<b>University 2020</b>	<b>Group 2019</b>	<b>University 2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Key Management Personnel</b>				
Key management personnel remuneration	<b>2,655</b>	<b>2,655</b>	2,255	2,255
<b>Compensation for loss of office</b>				
Compensation payable recorded within staff costs	<b>323</b>	<b>323</b>	596	596
<b>The average weekly number of persons (including senior postholders) employed by the University during the year, expressed as full-time equivalents, was:-</b>	<b>Group 2020</b>	<b>University 2020</b>	<b>Group 2019</b>	<b>University 2019</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
Academic	1,101	1,101	1,050	1,050
Technical	132	132	128	128
Administrative	550	550	497	497
Other including Clerical and Manual	544	544	534	534
	<b>2,327</b>	<b>2,327</b>	2,209	2,209

## Notes to the Financial Statements (continued)

### Notes to the Financial Statements

8. Other Operating Expenses	Group 2020	University 2020	Group 2019	University 2019
	£000	£000	£000	£000
Residences and conferences	1,107	1,107	2,049	2,049
Consumables and laboratory equipment	2,665	2,665	3,473	3,473
Equipment not capitalised	2,474	2,474	2,723	2,723
Books and periodicals	3,911	3,911	4,979	4,979
Fellowships, scholarships and prizes	514	514	505	505
Rates	4,060	4,060	3,862	3,862
Heat, light, water and power	3,140	3,140	4,057	4,057
Long term maintenance	5,992	5,992	7,781	7,781
Contracted out services	4,937	4,937	4,842	4,842
Grants to Ulster University Students' Union	1,670	1,670	1,613	1,613
External Auditors' remuneration	67	62	52	40
External Auditors' remuneration in respect of non-audit services	5	5	67	67
Internal Auditors' remuneration	128	128	104	104
Internal Auditors' remuneration in respect of non-audit services	48	48	28	28
Printing and stationery	766	766	920	920
Travel, subsistence and hospitality	4,190	4,190	7,042	7,042
Miscellaneous academic support	1,716	1,716	987	987
Telephone and postage	281	281	453	453
Research sub-contracting	3,534	3,534	2,455	2,455
Legal and professional services	12,501	12,439	10,278	9,990
Advertising and publicity	671	671	803	803
Student Support	9,182	9,182	7,564	7,564
Other expenses	884	876	1,616	1,040
	<b>64,443</b>	<b>64,368</b>	68,253	67,377

9. Interest and Other Finance Costs	Group 2020	University 2020	Group 2019	University 2019
	£000	£000	£000	£000
Interest on loans not wholly repayable within five years	737	737	751	751
Net charge on pension schemes	1,880	1,880	1,105	1,105
Exchange differences	191	191	(188)	(188)
	<b>2,808</b>	<b>2,808</b>	1,668	1,668

10. Analysis of 2020 Expenditure by Activity	Staff Costs	Depreciation	Other Operating Expenses	Interest and Other Finance costs	Total
	£000	£000	£000	£000	£000
Academic Departments	73,392	604	8,808	-	82,804
Academic Services	20,057	2,592	12,778	5	35,432
Research Grants & Contracts	13,795	1,194	12,579	-	27,568
Residences, Catering & Conferences	1,370	726	2,321	-	4,417
Premises	3,548	11,142	13,785	732	29,207
Administration	17,544	1,504	11,882	191	31,121
Other Expenses	(18,115)	-	2,290	1,880	(13,945)
	<b>111,591</b>	<b>17,762</b>	<b>64,443</b>	<b>2,808</b>	<b>196,604</b>

**£000**

#### The depreciation charged has been funded by:

Release from Deferred Capital Grants	2,977
Release from Research Grants and Contracts	1,008
Transfer from Revaluation Reserve	5,164
General Income	8,613
	<b>17,762</b>

## Notes to the Financial Statements (continued)

### Notes to the Financial Statements

11. Tangible Assets - Group and University	Freehold Land and Buildings	Assets Under Construction	Equipment	Total
	£000	£000	£000	£000
<b>Valuation or cost</b>				
At 1 August 2019				
Revaluation	173,696	-	-	173,696
Cost	230,245	119,314	56,636	406,195
	403,941	119,314	56,636	579,891
Additions at Cost	14	72,458	3,377	75,849
Transfer CIP	(377)	377	-	-
Disposals	-	-	(158)	(158)
At 31 July 2020				
Revaluation	173,696	-	-	173,696
Cost	229,882	192,149	59,855	481,886
<b>Total</b>	<b>403,578</b>	<b>192,149</b>	<b>59,855</b>	<b>655,582</b>
<b>Accumulated Depreciation</b>				
At 1 August 2019	113,801	-	46,824	160,625
Charge for year	13,073	-	4,689	17,762
Disposals	-	-	(157)	(157)
<b>At 31 July 2020</b>	<b>126,874</b>	<b>-</b>	<b>51,356</b>	<b>178,230</b>
<b>Net Book Value</b>				
<b>At 31 July 2020</b>	<b>276,704</b>	<b>192,149</b>	<b>8,499</b>	<b>477,352</b>
At 31 July 2019	290,140	119,314	9,812	419,266

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

12. Fixed Asset Investments	Subsidiary Company	Subsidiary Investment in Spinouts	Endowment Fund Investments	Total
	£000	£000	£000	£000
<b>Group</b>				
At 1 August 2019	-	7,867	15,091	22,958
Additions	-	29	293	322
Disposals	-	-	(419)	(419)
Revaluation	-	(340)	(1,096)	(1,436)
<b>At 31 July 2020</b>	<b>-</b>	<b>7,556</b>	<b>13,869</b>	<b>21,425</b>
<b>University</b>				
At 1 August 2019	1,502	-	15,091	16,593
Additions	-	-	293	293
Disposals	-	-	(419)	(419)
Revaluation	-	-	(1,096)	(1,096)
<b>At 31 July 2020</b>	<b>1,502</b>	<b>-</b>	<b>13,869</b>	<b>15,371</b>

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

13. Debtors	Group 2020	University 2020	Group 2019	University 2019
	£000	£000	£000	£000
<b>Amounts falling due within one year</b>				
Trade debtors	11,592	11,577	15,894	15,864
Prepayments and accrued income	10,492	10,492	16,912	16,912
	22,084	22,069	32,806	32,776
<b>14. Creditors</b>				
<b>Amounts falling due within one year</b>				
Bank Loans	281	281	264	264
Other Loans	5,250	5,250	5,250	5,250
Trade Creditors	15,089	15,089	20,505	20,505
Amounts owed by Group undertakings	-	14	-	14
Taxation and Social Security	5,986	6,009	5,180	5,180
Accruals	21,349	21,344	11,581	11,572
Deferred Capital Grants	3,561	3,561	3,757	3,757
Finance Lease Creditor	42	42	414	414
	51,558	51,590	46,951	46,956

## Notes to the Financial Statements (continued)

### Notes to the Financial Statements

15. Creditors	Group 2020	University 2020	Group 2019	University 2019
	£000	£000	£000	£000
<b>Amounts falling due after more than one year</b>				
Bank Loans	2,779	2,779	3,060	3,060
Other Loans	57,750	57,750	63,000	63,000
Deferred Capital Grants	79,753	79,753	82,819	82,819
Finance Lease Creditor	41	41	83	83
	<b>140,323</b>	<b>140,323</b>	148,962	148,962
<b>Bank Loans</b>				
<b>Amounts falling due:</b>				
Less than one year (Note 14)	281	281	264	264
Between one and two years	281	281	281	281
Between two and five years	992	992	940	940
Greater than five years	1,506	1,506	1,839	1,839
	<b>3,060</b>	<b>3,060</b>	3,324	3,324
<b>Other Loans</b>				
<b>Amounts falling due:</b>				
Less than one year (Note 14)	5,250	5,250	5,250	5,250
Between one and two years	5,250	5,250	5,250	5,250
Between two and five years	15,750	15,750	15,750	15,750
Greater than five years	36,750	36,750	42,000	42,000
	<b>63,000</b>	<b>63,000</b>	68,250	68,250
<b>Finance Lease Creditor</b>				
<b>Amounts falling due:</b>				
Less than one year (Note 14)	42	42	414	414
Between one and two years	41	41	41	41
Between two and five years	-	-	42	42
	<b>83</b>	<b>83</b>	497	497

Included in the loans are the following:-

Lender	Amount £000	Repayable	Interest Rate %
First Trust Bank loan	3,060	2004-2029	5.475%
Strategic Investment Board loan	30,000	2019-2031	1.6%
Strategic Investment Board loan	33,000	2019-2031	0%
Finance Lease Dell	83	2017-2022	11.7%

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

16. Provisions and Liabilities	Obligation to Fund deficit on USS Pension	Defined Benefit Obligations (Note 21)	Total Provision
Group and University	£000	£000	£000
At 1 August	58,653	46,918	105,571
(Credited)/Charged in year	(22,389)	4,565	(17,824)
Actuarial loss	-	23,196	23,196
<b>At 31 July 2020</b>	<b>36,264</b>	<b>74,679</b>	<b>110,943</b>

#### USS Deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions are set out below and further information is provided in note 21.

Following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed of which more detail is given in note 21. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As a consequence the deficit provision has decreased significantly from the prior year of which £21.9m is due to the change in the deficit contributions contractual commitment.

The major assumptions used to calculate the obligation are:

	2020	2019
Discount rate	2.59%	2.44%
Pension increases (CPI)	4.2%	2.11%

## Notes to the Financial Statements (continued)

### Sensitivity Analysis

As set out in the accounting policies, there are some critical judgements made in estimating the obligation to fund the USS deficit. The following sensitivity analysis outlines the potential impact on the revised provision under different scenarios.

	Approximate impact
0.5% pa decrease in discount rate	£875k increase
0.5% pa increase in salary inflation over duration	£856k increase
0.5% pa increase in salary inflation year 1 only	£177k increase
0.5% increase in staff changes over duration	£884k increase
0.5% increase in staff changes year 1 only	£188k increase
1% increase in deficit contributions	£6.7m increase

17. Endowment Reserves	Unrestricted Permanent	Restricted Permanent	Total Permanent	Restricted Expendable	2020 Total	2019 Total
	£000	£000	£000	£000	£000	£000
<b>Group and University</b>						
Balances at 1 August						
Capital	391	11,393	11,784	4,041	15,825	15,459
Accumulated Income/(expenditure)	60	1,019	1,079	(1,813)	(734)	(1,094)
	451	12,412	12,863	2,228	15,091	14,365
Reclassification	-	184	184	(184)	-	-
	451	12,596	13,047	2,044	15,091	14,365
New Endowments	-	(7)	(7)	300	293	231
Investment Income	14	363	377	59	436	566
Expenditure	-	(251)	(251)	(603)	(854)	(206)
	14	112	126	(544)	(418)	360
(Decrease)/Increase in market value of investments	(10)	(875)	(885)	(213)	(1,098)	135
<b>At 31 July</b>	<b>455</b>	<b>11,826</b>	<b>12,281</b>	<b>1,587</b>	<b>13,868</b>	15,091
Represented by						
Capital	381	10,695	11,076	3,944	15,020	15,825
Accumulated income and expenditure	74	1,131	1,205	(2,357)	(1,152)	(734)
	455	11,826	12,281	1,587	13,868	15,091

### Analysis by Type of Purpose:

	Unrestricted Permanent	Restricted Permanent	Total Permanent	Restricted Expendable	2020 Total	2019 Total
	£000	£000	£000	£000	£000	£000
Lectureships	-	4,130	4,130	1	4,131	4,382
Scholarships & bursaries	-	635	635	544	1,179	1,276
Research support	-	5,095	5,095	1,042	6,137	6,944
Prize funds	-	1,966	1,966	-	1,966	2,037
General	455	-	455	-	455	452
	455	11,826	12,281	1,587	13,868	15,091

### Analysis by Asset:

	2020 Total	2019 Total
	£000	£000
Current and non current asset investments	13,868	15,091
<b>18. Capital Commitments</b>		
	2020	2019
	£000	£000
Commitments contracted at 31 July	83,522	153,331
Authorised but not contracted at 31 July	40,721	60,093
	<b>124,243</b>	213,424

Outstanding commitments include £120.3 million which relates to the development of the Greater Belfast Campus.

### 19. Contingent Assets

The University has lodged a claim on a performance bond, in relation to works carried out by a contractor on the Greater Belfast Development. The University believes that it is probable the claim will be recovered. Due to the commercial sensitivities of the claim process the University does not believe it appropriate for any further disclosure on the matter.

### 20. Contingent Liabilities

The University Council has reviewed legal proceedings outstanding at the year end and does not consider that there are any cases where there is the possibility of a liability falling due to the University. Therefore, in accordance with Section 21 of FRS 102 'Provisions and Contingencies', no disclosure is required in the Financial Statements.

## Notes to the Financial Statements (continued)

### 21. Net Pension Liability

The University participates in two pension schemes. The schemes are the Universities Superannuation Scheme (USS) and the Northern Ireland Local Government Officers Superannuation Committee Pension Fund (NILGOSC). The schemes are defined benefit schemes, which are externally funded. The assets of each scheme are held in a separate trustee-administered fund. It is not possible to identify the institution's share of the underlying assets and liabilities of the scheme in USS as required by Section 28 of FRS 102 'Employee Benefits' and as a result the amount charged to the income and expenditure account represents the contributions payable to the schemes in respect of the accounting period.

#### USS Pension Scheme

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

### Pension Costs

The total cost credited to the Statement of Comprehensive Income is £5.3m (2019: charge £52.2m).

Deficit recovery contributions due within one year for the University are £1.7m (2019: £1.3m).

The latest available complete actuarial valuation of the Retirement Income Builder section of the scheme is at 31 March 2018 ("the valuation date"), which was carried out using the projected unit method. As at the year end a valuation as at 31 March 2020 was underway but not yet completed.

Since the institution cannot identify its share of the USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities.

The 2018 valuation was the fifth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles.

Discount rate (forward rates)	<ul style="list-style-type: none"> <li>Years 1-10 CPI +0.14% reducing linearly to CPI -0.73%</li> <li>Years 11-20 CPI +2.52% reducing linearly to CPI +1.55% by year 21</li> <li>Years 21+ CPI +1.55%</li> </ul>
Pension increase (CPI)	<ul style="list-style-type: none"> <li>Term dependent rates in line with the difference between the Fixed Interest and Index linked yield curves less 1.3% pa</li> </ul>

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on updated analysis of the Scheme's experience carried out as part of the 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2018 Valuation	
Mortality base table	<u>Pre-retirement:</u> 71% of AMCOO (duration 0) for males and 112% of AFCOO (duration 0) for females <u>Post retirement:</u> 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females	
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% for females	
	<b>2019</b>	<b>2018</b>
Males currently aged 65 (years)	<b>24.6</b>	24.4
Females currently aged 65 (years)	<b>26.1</b>	25.9
Males currently aged 45 (years)	<b>26.6</b>	26.3
Females currently aged 45 (years)	<b>27.9</b>	27.7

A new deficit recovery plan was put in place as part of the 2018 valuation which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6% until 31 March 2028. The 2020 deficit recovery liability reflects the plan. The liability figures have been produced using the following assumptions:

Key assumptions used are:

	<b>2020</b>	<b>2019</b>
Discount rate	<b>2.59%</b>	2.44%
Pensionable salary growth	<b>n/a</b>	n/a
Pension increases (CPI)	<b>4.2%</b>	2.11%

## Notes to the Financial Statements (continued)

In the year ended 31 July 2019, the liability was based on the previous deficit recovery plan, which required payment of 5% of salaries over the period 1 April 2020 to 30 June 2034.

The reduction in the term of the deficit recovery plan has given rise to a substantial reduction in the deficit provision which has decreased from £58.6million to £36.3million as set out in note 21. £21.9million of this decrease is attributable to the change in the deficit contributions contractual commitment. See also Staff costs note 7 in respect of significant one-off pension costs/gains.

A further full valuation as at 31 March 2020 is currently underway. As the valuation has only recently commenced there is still work to be done agreeing the technical provisions assumptions, the extent of future investment risk, the duration of the deficit period and the level of deficit contributions. Rule changes in respect of strengthening

the employer covenant are also in progress including restrictions on employer exits, debt monitoring and pari passu arrangements. The valuation must be completed by 30 June 2021. However it is generally anticipated that there will be a significant increase in the deficit provision as at 31 July 2021 (assuming the valuation is completed by then).

### NILGOSC Pension Scheme

The University is able to identify its share of the underlying assets and liabilities of the NILGOSC scheme and accordingly present the following information required by FRS 102.

A valuation of the fund was carried out at 31 March 2016 and updated to 31 July 2020 by a qualified independent actuary.

<b>Balance Sheet</b>	<b>At 31 July 2020</b>	<b>At 31 July 2019</b>
	<b>£000</b>	<b>£000</b>
Present value of scheme liabilities	(275,065)	(248,302)
Fair value of scheme assets	200,386	201,384
Net pension liability	<b>(74,679)</b>	(46,918)

<b>Movements in present value of defined benefit obligation</b>	<b>At 31 July 2020</b>	<b>At 31 July 2019</b>
	<b>£000</b>	<b>£000</b>
At beginning of the year	(248,302)	(216,825)
Current service cost	(6,645)	(4,303)
Member contributions	(866)	(826)
Interest cost	(5,153)	(6,004)
Benefits paid	6,847	5,676
Past service cost	(97)	(2,148)
Actuarial gains/(losses)	(20,849)	(23,872)
<b>At end of year</b>	<b>(275,065)</b>	(248,302)

<b>Movement in fair value of plan assets</b>	<b>At 31 July 2020</b>	<b>At 31 July 2019</b>
	<b>£000</b>	<b>£000</b>
At beginning of the year	201,384	191,409
Expected return on assets	4,200	5,335
Employer contributions	3,130	3,066
Member contributions	866	826
Benefits paid	(6,847)	(5,676)
Actuarial (losses)/gains	(2,347)	6,424
<b>At end of year</b>	<b>200,386</b>	201,384
<b>Expense recognised in the income and expenditure accounts</b>	<b>At 31 July 2020</b>	<b>At 31 July 2019</b>
	<b>£000</b>	<b>£000</b>
Current service cost	6,645	4,303
Interest on defined benefit pension plan obligation	5,153	6,004
Expected return on defined benefit pension plan assets	(4,200)	(5,335)
Past service cost	97	2,148
<b>Total</b>	<b>7,695</b>	7,120

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

	<b>At 31 July 2020</b>	<b>At 31 July 2019</b>
	<b>£000</b>	<b>£000</b>
Staff costs	6,742	6,451
Interest payable	953	669
	<b>7,695</b>	7,120

<b>Amounts recognised in Other Comprehensive Income</b>	<b>At 31 July 2020</b>	<b>At 31 July 2019</b>
	<b>£000</b>	<b>£000</b>
Asset (losses)/gains arising during the period	(2,347)	6,424
Liability (losses) arising during the period	(20,849)	(23,872)
Total Amount recognised in Other Comprehensive Income	<b>(23,196)</b>	(17,448)

## Notes to the Financial Statements (continued)

Cumulative actuarial losses recognised as Other Comprehensive Income are £33.153m (2019: £9.957m).

The fair value of the plan assets were as follows:-	At 31 July 2020 Fair Value £000	At 31 July 2019 Fair Value £000
Equities	85,565	80,956
Bonds	77,549	82,366
Property	18,636	21,750
Cash	10,420	9,465
Other	8,216	6,847
	<b>200,386</b>	201,384

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:-	At 31 July 2020	At 31 July 2019
Discount rate	1.4%	2.1%
CPI inflation	2.3%	2.3%
Pension increases	2.3%	2.3%
Pension accounts revaluation rate	2.3%	2.3%
Salary increases	3.8%	3.8%

Mortality		Males	Females
Current pensioners	2020	21.8 years	25.0 years
	2019	22.3 years	24.6 years
Future pensioners	2020	23.2 years	26.4 years
	2019	24.0 years	26.4 years

The total pension cost for the University was:	Group 2020 £000	Group 2019 £000
(Credit)/Charge to staff costs - USS	(6,225)	52,170
Charge to staff cost - NILGOSC	6,552	6,179
<b>Total pension cost (see Note 7)</b>	<b>327</b>	58,349

The University expects to contribute approximately £2.829m to its defined benefit plans in the next financial year.

22. Student Support Funds	Group 2020 £000	Group 2019 £000
Balance carried forward	95	3
Funding Council Grants	1,644	1,344
Disbursed to Students	(1,378)	(1,252)
<b>Balance Underspent at 31 July</b>	<b>361</b>	95

Department for the Economy ("DfE") Student Support grants are available solely for students. The University acts only as a paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

### 23. Subsidiary Company Information

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

- Innovation Ulster Limited

This company has been fully consolidated in the Financial Statements.

The company is controlled by the University.

The company is registered and operates in Northern Ireland and has a registered address of Ulster University, TEIC Building, Jordanstown Campus, Newtownabbey, County Antrim, N Ireland, BT37 0QB

Innovation Ulster Limited is a company established to develop intellectual property rights by patenting and licensing, and to arrange consultancy activities.

### 24. Joint Venture Information

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

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

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

The results of Branch Campus (London & Birmingham) Limited, Ulster Equity Partnership and ABC Research and Innovation Limited are not consolidated in the Group Financial Statements on the grounds of materiality.

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

## Notes to the Financial Statements (continued)

### 25. Other Investments

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

#### Investment with holding under 25%

2.64% of CDS New Ventures Limited
4.44% of Crescent Capital II LLP
7.94% Performa Sports Limited
2.39% Datactics Limited
4.83% Axial 3D Limited
7.48% SISAF Limited
17.98% Get Invited
14.31% of Neuroconcise Limited
6% of Humain Limited
9.80% HARU
7.50% Modern Nature

### 26. Related Party Transactions

Due to the nature of the University's operations and the composition of the University's Council (being drawn from local public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest.

All transactions involving organisations in which a member of the Council may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures. The University has taken advantage of the exemptions contained in section 33, FRS 102 'Related Party Transactions' not to disclose transactions with subsidiaries as all of the voting rights are controlled within the Group.

### 27. Ultimate Controlling Party

There is no one ultimate controlling party.

### 28. Events After The Reporting Period

#### New Loan Agreement

The University entered into a revised loan agreement from the Strategic Investment Board in October 2020 to assist the funding of the Greater Belfast Development. This was agreed in October 2020 for an additional £126m, with a term of 30 years. The University has drawn down the first instalment of £61m. Security against the University estate has been given as part of the conditions of the loan.

Investments with holdings of greater than 25%:-

Status	Active	Active	Active	Active	Active	Active
<b>Name</b>	Actionsense Limited	Axis Composites Limited	Jenarron Therapeutics Limited	Solaform Limited	Efectis UK/Ireland Limited	Metal Forming Innovation Limited
<b>Country of Incorporation</b>	Northern Ireland	Northern Ireland	Northern Ireland	Northern Ireland	Northern Ireland	Northern Ireland
<b>Principal Activity</b>	Secure digital water marking technology	Design and manufacture of 3D woven carbon fibre preforms	Putty like material applied and removed to wounds	Solar Water heater	Fire Testing	Advanced metal design
<b>% Shares Held and type</b>	26.13%	28.02%	33.62%	45.63%	33%	50%
<b>Convertible Loan Stock</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Turnover</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Profit or Loss Before Tax</b>	N/A	£2,165	N/A	N/A	N/A	N/A
<b>Net Assets</b>	(£147,007)	£9,828	(£82,922)	(£192,342)	(£206,346)	£386,478
<b>Financial Year End</b>	31 May 2019	28 February 2019	30 September 2019	31 July 2019	31 December 2019	31 December 2019

In 2018/19 the company invested £446,828 in Enbarr Limited, an investment fund managed by Imprimatur Capital.

