

Financial Statements

FOR THE YEAR TO 31 JULY 2021

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Operating and Financial Review

Financial performance during the year shows a surplus of £54.3m (2020 deficit £6.6m). This includes a net credit of £31.6m (2020: charge £5.3m) due to pension funds recovery in the USS and NILGOSC pension liabilities. The balance sheet has strengthened with total net assets increasing to £310m (2020 £255.7m) reflecting the reduction in pension liabilities and the cash surpluses generated during the year.

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 2021 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.

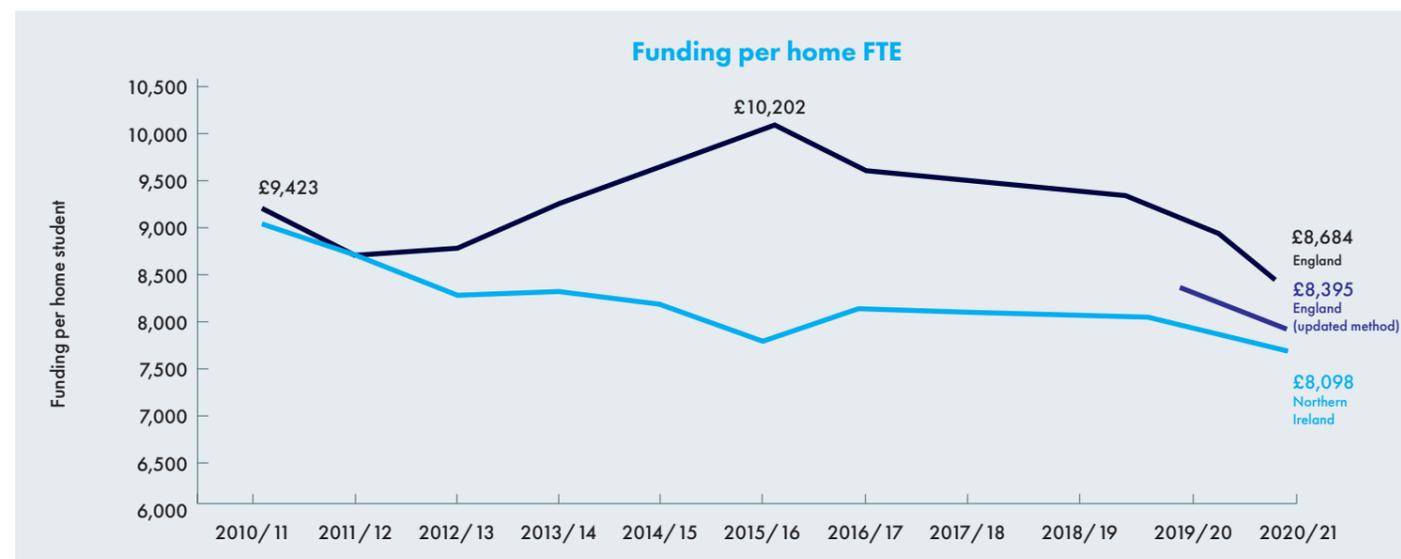
Financial Performance

Despite the impact of COVID-19 the University's underlying financial performance continues to remain strong.

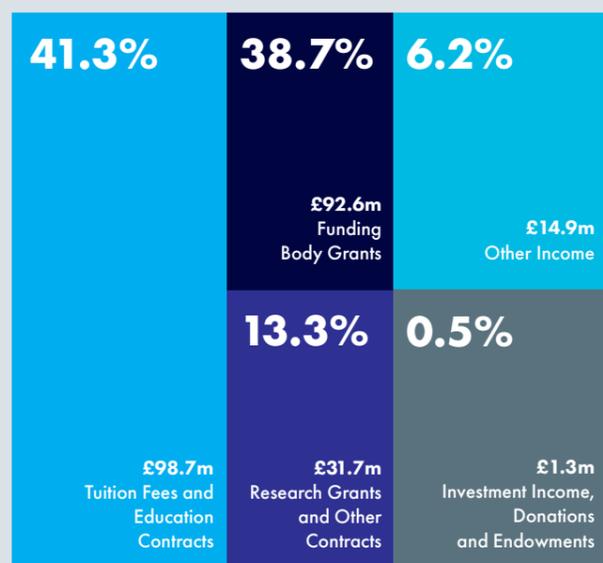
	2021	2020	Higher/ Lower ↑↓
Staff costs excluding pension adjustment: income ratio %	55.9%	61.2%	↑
Cash spend on fixed assets (£m)	£86m	£76m	↑
Earnings before interest, depreciation and amortisation (EBITDA)	£37m	£14m	↑
% Income from non-government sources	26%	27%	↓

The University's consolidated comprehensive surplus for the year was £54.3m (2020: deficit £6.6m). This reflects the impact of pension adjustments attributable to Ulster relating to both USS and NILGOSC pension schemes with a surplus to the Statement of Comprehensive Income of £31.6m (2020: charge £5.3m). The underlying financial performance excluding the pension adjustment is a surplus of £22.6m (2020: deficit £1.2m). Non-government income grew from £59m to £63m year on year, an increase of 7%. This is set against an increase in Government income largely due to Covid Support funds.

Ulster is operating in an environment where we receive considerably less funding per student per year than comparable institutions in England. Differential funding is shown in the table below:



Sources of Income 2020/21



Income

Total income in 2020/21 was £239.2m (2020: £214.6m). This represents an increase of 11.4 % from last year and is reflective of an increase in tuition fees and the receipt of support funds for recovery from COVID 19.

Funding Body Grants increased 12% due to the receipt of DfE funding to support COVID-19 recovery for teaching and research activities. Growth of 15.7% in tuition fees is due to an increase in student numbers and an increase in the Department of Health contract.

Research income of £31.7m remained constant year on year (2020: £31.5m). The University has put in place measures to ensure the continuity of research operations during the COVID-19 pandemic and anticipates further growth arising for international and UK research opportunities as the health restrictions ease.

Other income of £14.9m has increased by £1.3m (9%). This increase is mainly due to increased activity in the Nursing Competency Centre. However, trading activity continued to be impacted by lower activity on campuses due to the pandemic.

Expenditure

Total expenditure in 2020/21 was £222.8m (2020: £196.6m), with staff costs representing 61 % of the total expenditure (2020: 61 %), after excluding 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 £64.2m, which compares to the prior year cost of £64.4m.

Impact of Pension Deficit

The Statement of Total Comprehensive Income (SOCi) for the year has a net credit of £31.6m from the University's pension liability movement (2020 charge £5.3m). The year on year SOCi movement is largely due to the NILGOSC pension actuarial surplus of £36.0m (2020 loss £23.2m).

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 continued to present significant challenges for the University with many students continuing with online learning and examination. There has been a gradual return to face to face teaching in key areas during the year ended July 2021 and the new academic year in 2021/22 is returning to face to face teaching for the majority of students. Additional funding was provided by DfE to support a safer learning and research environment for the impact of COVID-19 on these activities. Funding was also provided for loss of accommodation income and there were additional funds provided to assist with student hardship funds.

The University distributed COVID-19 disruption payments of £9.5m to the students on behalf of Department for the Economy and £1.7m for Department of Health recognition payments to students who assisted with frontline services during the pandemic.

Estates Capital Plan

The Estates capital work for 2020/21 has continued to focus on enhancing the experience for students, staff and the wider community. This included the further development of areas of the campus masterplans for Coleraine and Magee to supplement the long-term masterplan vision for the campus. In addition, this will also provide further short to medium frameworks for the development at Coleraine and Magee in line with masterplans for the respective campuses. The masterplan work will inform the development of the new Estate Strategy which is now scheduled for completion in 2021/22.

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 opened in Semester 1 of 2021/22 following an extensive refurbishment of one of the listed buildings on the Magee campus.

While works programmes were inevitably impacted by COVID-19, a number of capital works were delivered across all of the campuses.

On the Coleraine campus, the University have progressed the concept design planning on the Coleraine campus woodland walk phase 2, this will build on the success of the initial phase which was completed in May 2019. In addition, the University are progressing the engagement on the potential development of a Youth Zone and integrated Indoor Sports Dome. The proposed Harry Gregg Youth Zone development is based on the renowned Youth Zone model which was created by Onside Youth Zones (development charity based in England) and is founded on its award-winning youth facility model which has been successfully replicated across 25+ cities in the UK. The University also carried out essential long-term maintenance to building fabric.

On the Magee campus, a new Nursing & Paramedics Skills suite has been developed to complement the existing Nursing Skills suites by catering for the increase in Nursing students and the new Paramedics degree course students. The new skills suite consists of a shared Nursing & Paramedics Skills space and storage area, shared Nursing and Paramedics training rooms including domestic style training bedroom and living room spaces and a Paramedics training Ambulance space.

In addition, at Magee campus, the space planning relating to the recent decision by the University to relocate the School of Health Science undergraduate programmes to the Magee campus has progressed. The planned programme of works is being progressed to enable commencement of academic activities from September 2022. The completed facilities will provide modern state of the art specialist teaching and learning spaces, student hubs, social spaces, offices and ancillary accommodation.

On the Belfast campus, the University progressed the design work for the extension of the recently created state of the art Screen Production facilities, this will also accommodate the introduction of a new Screen Production course. When completed the extended facility will include a cinema screening room, a virtual production studio with LED screen, green room, editing suite, support areas and ancillary accommodation. Works in August 2020 delivered a high-quality refurbishment of the former Cathedral Eye Clinic establishing a new enterprise area with seminar, co-working, meeting, informal learning and work areas creating a hub for enterprise, innovation and knowledge exchange at the heart of the Belfast campus.

The University is close to completing the Greater Belfast Development project with part of the building handed over and occupied from August 2021. The completion of the final phase is expected in 2021/22.

Cashflow and Financing

Net cash decreased by £11.5m during the year. The movement in funds is summarised below:-

	2021 £m	2020 £m	Change £m
Investments & short term deposits	62.7	0.0	62.7
Cash at bank & in hand	37.9	37.7	0.2
Bank & other loans	(140.5)	(66.1)	(74.4)
Net cash	(39.9)	(28.4)	(11.5)

The net cash inflow from operating activities for the year was £45.9m (2020: £18.9m), interest paid totalled £0.4m (2020: £0.7m), and interest received totalled £0.07m (2020: £0.5m). Throughout the year the Group operated with a cash surplus and in line with its banking covenants. All treasury decisions were 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 £16.1m, an increase of £2.2m. The endowment funds are managed by Rathbones Investment Management.

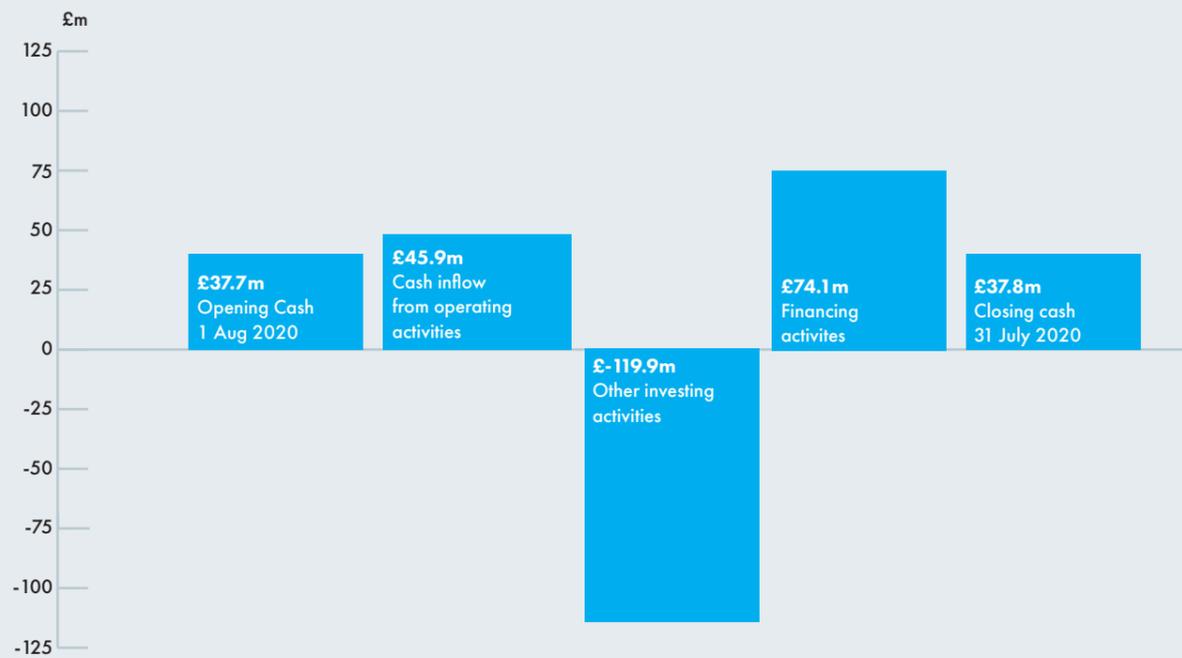
During the year £85.5m cash was spent on acquiring fixed assets against which £27.9m of capital grants were received. Loans were increased to facilitate the continuing build of the Greater Belfast Campus.

How We Allocate Our Resources 2020/21

£84.1m Academic Departments	Total Staff Costs £136.8m
Staff costs: £76.0m Other: £8.1m	Total Other £86m
£26.2m Research Grants and contracts	Total £222.8m
Staff costs: £13.8m Other: £12.4m	
£31.6m Premises	
Staff costs: £3.6m Other: £28.0m	
£33.3m Administrative and central services	
Staff costs: £17.3m Other: £16.0m	
£4.0m Residences, catering and conferences	
Staff costs: £1.3m Other: £2.7m	
£35.8m Academic services	
Staff costs: £19.6m Other: £16.2m	
£4.4m Pension Adjustment	
Staff costs: £3.1m Other: £1.3m	
£3.4m Other Spend	
Staff costs: £2.1m Other spend: £1.3m	

*Including income-generating operations

Cashflow Statement 2020/21



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 following table shows the movement of these two cash indicators over the last five years.

EBITDA to Cash Generated from Operating Activities 2016/17 to 2020/21



From the above it can be seen that the University continues to operate in a financially sustainable manner and can support investment in its infrastructure with EBITDA at £37.3m.

Net Assets

Total net assets £310.0m (2020: £255.8m) have increased by 21 percent. The net book value of fixed assets increased by £60.7m to £538.0m (2020: £477.3m) and an increase in investments and cash at bank of £62.9m. Debtors and creditors remain constant and there is an increase in bank and other loans of £74.5m and a reduction in pension liability of £31.7m. This reflects the University's continued investment in the Greater Belfast Development as well as maintaining investment in other campuses and the recovery of the pension fund.

Endowments

In the year to 31 July 2021 the Endowment fund value increased to £16.1m, (31 July 2020: £13.9m) representing an increase of 16 %.

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.

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	2021 Actual	2020 Actual	Comments
Surplus/(Deficit) as a % of income after deducting pension provision movement	9.5%	(0.6)%	● This indicates the level of return necessary for investment in capital.
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	£37.3m	£14.4m	● 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. Financial Strategy target £18m.
Liquidity ratio	165 days	70 days	● This measures our ability to fund short term cash requirements. Financial Strategy set min level at 42 days.
Current assets to current liabilities	2.4:1	1.1:1	● An indicator of financial strength to meet short term liabilities.

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.

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 the University's strategic objectives are being actively identified, monitored and mitigated against.

Process

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

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

Our Senior Leadership team, (SLT), as a collective and individually, 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:

- Regularly review the institutional risk appetite statement and appetites assigned to the strategic priorities, for consideration and approval by the Audit Committee;
- Regularly review all significant strategic risks faced by the University for consideration by Audit Committee and keep these risks under scrutiny monthly;
- Provide accurate information on the status of risks and controls to allow timely reporting to Audit Committee;
- 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 SLT are responsible, as project leaders, for the risk management of major institutional projects.
- The Chief Strategy and Finance 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.
- SLT has undertaken periodical reviews of the Corporate Risk Register to ensure that it is operating within agreed risk tolerances and significant risks are being escalated and de-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.

Of particular note was the introduction of individual risk registers for each of the 14 Recovery Workstreams. Very high and high risks were reviewed at least fortnightly by the Recovery Planning Steering Group with further reporting to the Crisis Management Team.

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, UU School of Medicine 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.

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.

Corporate Governance Statement

The University is committed to promoting best practice in all aspects of corporate governance. The following statement aims to provide readers of the Financial Statements with an understanding of the governance arrangements applied by Council, the governing body of the University.

The University endeavours to structure its governance arrangements and conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and in line with the CUC's Higher Education Code of Governance (September 2020) and its own Statement of Primary Responsibilities (see pages 24-25).

The University is an autonomous body, 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. Council also seeks to comply with the Charity Commission's guidance on the reporting of public benefit and the supplementary public benefit guidance on the advancement of education.

Council meets formally at least five times each year. It is responsible for the ongoing strategic direction of the University, the stewardship of its revenue and property, and the general conduct of its affairs. Council works closely with the Vice-Chancellor and his Senior Leadership Team (SLT) to set the institutional mission and strategy, and the SLT ensures that steps are taken to deliver the institutional goals, supported by elective systems of control and risk management.

Under its Approval Framework/Scheme of Delegation (currently under review), Council delegates some of its powers and responsibilities to its core Committees. The Scheme provides clarity on those matters reserved to Council for collective decision – this will include, for example, approval of the corporate strategy; authorisation of the audited Financial Statements; and the appointment of the Vice-Chancellor. Each Committee is provided with a clear remit and written Terms of Reference stating the extent and limits of its responsibilities and authority. The key governance Committees are Senate, the Audit Committee, the Resources Committee, and the Governance, Nominations and Remuneration Committee (GNRC). A Greater Belfast Development Sub-Committee has also been established to oversee the delivery of the new Belfast campus project. Further detail on Council and its core Committees is set out below.

Council

The Council has a membership of seventeen, the majority of whom (eleven) are appointed from outside the University. Council has two Pro-Chancellors, who act as Chair and Deputy Chair of Council. The Pro-Chancellors are supported in this role by the Honorary Treasurer, who is also appointed from among the external members of the Council.

Both the Vice-Chancellor and the Students' Union President are ex-officio members of Council and the membership also includes four members of University staff, appointed on the recommendation of the GNRC. With the exception of the Vice-Chancellor, whose emoluments are disclosed in Note 7, none of the members receive any payment other than the reimbursement of reasonable expenses, for the work that they do in their capacity as members of the Council.

The membership of Council, during the 2020-21 academic year, is provided below:

Ex Officio members:

Mrs J Pyper	Pro-Chancellor & Chair of Council (from 1 July 2019)
Dr E Way	Pro-Chancellor (from 20 June 2020)
Mr D Clements	Honorary Treasurer (from 01 August 2016)
Professor P Bartholomew	Vice-Chancellor (from 17 August 2020) Interim Vice-Chancellor (from 1 March 2020 - 16 August 2020)
Ms C Cassidy	President of the Students' Union (from 01 July 2020 - 30 June 2021)

External 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 to 31 December 2020
Mr P Sheridan	appointed 09 November 2018
Mrs M Lindsay	appointed 09 November 2018
Mr R Sloan	appointed 15 February 2019
Mr A Moore	appointed 09 December 2020
Ms J Taggart	appointed 01 January 2021

Elected Staff Members:

Ms G Horgan	appointed 15 February 2019
Mr E Friel	appointed 01 October 2020
Professor A Gallagher	appointed 01 October 2020

The Senate

The Senate, chaired by the Vice-Chancellor, 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.

The Resources Committee

The Resources Committee, chaired by the Honorary Treasurer David Clements, met five times during the academic year. The Committee 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, *inter alia*, oversight of matters pertaining to the estate, information technology and people and culture strategies, together with the annual budget for the Students' Union.

The Audit Committee

The Audit Committee, chaired by Pro-Chancellor Dr Elaine Way, met six times during the year, with the University's Internal and External Auditors in attendance at all meetings. 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. While Senior Management attend meetings of Audit Committee as necessary, they are not members of the Committee, and the Committee meets both the External and Internal Auditors in private session at least once each year.

In 2020/21 the Members of the Audit Committee were:

Audit Committee members:

Dr E Way	(Chair from February 2020)
Mr E Friel	(member from October 2020)
Mrs H Quigley	(member until December 2020)
Mr P Sheridan	(member from December 2018)
Mr R Sloan	(member from February 2019)

The Governance, Nominations and Remuneration Committee

The GNRC, chaired by Jenny Pyper, Chair of Council, met five times during the academic year. The Committee brings together the responsibilities of remuneration, nominations and governance. In this context, it reviews annually the 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.

The Vice-Chancellor

The Vice-Chancellor, as principal academic and administrative officer of the University, has responsibility to the Council for maintaining and promoting the efficiency and good order of the University. Professor Paul Bartholomew took up post as Interim Vice-Chancellor on 1 March 2020 and was, subsequently, appointed Vice-Chancellor on 17 August 2020. 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.

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 Deputy Vice-Chancellor, Pro-Vice-Chancellors, Executive Deans of Faculties, 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), which comprises of the Vice-Chancellor (Chair), the Deputy Vice-Chancellor, the Pro-Vice-Chancellors, the Chief People Officer, and the Chief Strategy and Finance Officer.

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 of Members of the Council is available online on the University's governance webpages.

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 2021.

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 current strategic plan 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;
- The Senior Leadership Team formally reviews and assesses high risks bi-monthly;
- All faculties and departments, as part of their planning, maintain and review their risk registers.
- 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 improvement.

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 2020/21 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 are informed by the work of the Internal Auditors and the SLT 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 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.



Ulster University Council's Statement of Primary Responsibilities

The Council is the governing body of the University and its members are the trustees in relation to the University's status as an exempt charity. The Council is responsible for overseeing the University's activities, determining its future direction, and fostering an environment in which institutional objectives are achieved.

This Statement is based on the model statement contained in the Higher Education Code of Governance, published by the Committee of University Chairs in September 2020, adapted to reflect the powers and responsibilities that the Council derives from its approved Charter and Statutes.

Consistent with the University's constitution, the primary responsibilities of the University Council are as follows:

1. To provide oversight and accountability for the University's arrangements for governance and risk management.
2. To set and agree the mission, strategic vision and values of the University with the Executive, in accordance with its primary objectives of learning, teaching and research.
3. To approve and keep under review the University's long-term academic and strategic plans, including key performance indicators, ensuring that these meet the interests of stakeholders, especially staff, students, alumni and other beneficiaries.
4. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the University against the strategy, plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
5. To delegate authority to the Vice-Chancellor, as Head of the Institution, for the academic, corporate, financial, estate and human resource management of the University.
6. Through an effective Scheme of Delegated Authority, regularly reviewed by Council, to establish and keep under review the policies, procedures and limits within such management functions as shall be undertaken by, and under the authority of, the Vice-Chancellor.
7. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls, risk assessment, value for money arrangements and robust procedures for handling internal grievances and managing conflicts of interest.
8. To establish processes to monitor and evaluate the performance and effectiveness of Council itself.
9. To conduct its business in accordance with best practice in Higher Education corporate governance, the University's agreed values, and with the principles of public life drawn up by the Committee on Standards in Public Life.
10. To safeguard the good name and values of the University.
11. To appoint the Vice-Chancellor as Chief Academic and Administrative Officer of the University, and as its Accounting Officer, and to put in place suitable arrangements for monitoring their performance.
12. To appoint a Secretary to Council and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.
13. To be the employing authority for all staff in the University and to be accountable for ensuring that an appropriate people and culture strategy is established.
14. To seek assurance that the University is meeting the conditions of funding as set by regulatory and funding bodies and other major University funders, and that the use of funds is in line with the principles of regularity, propriety and value for money.
15. 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 accountability for the University's assets, property and estate.
16. To be the University's legal authority and, as such, to ensure systems are in place for meeting all its legal obligations, including those arising from contracts and other legal commitments made in the University's name. This includes accountability for health, safety, wellbeing and security and for equality, diversity and inclusion.
17. In consultation with Senate, to receive assurance that adequate provision has been made for the general welfare of students.
18. To ensure that the procedures in place for managing students, including disciplinary procedures, are fair and equitable.
19. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.
20. To determine regulations for the custody and use of the common seal of the University.
21. To approve, for consideration by Privy Council, changes to the Charter and Statutes and to ensure that the institution's constitution is always followed, and that appropriate advice is available to enable this to happen.
22. To promote a positive culture which supports inclusivity and diversity across the institution, including within Council's own composition.
23. In partnership with Senate, to maintain and protect the principles of academic freedom and freedom of speech legislation.
24. To ensure that all students and staff have appropriate opportunities to engage with the governance and management of the institution by operating in an open, honest and accountable manner.
25. To ensure the University is appropriately accessible and relevant to its local communities and is open to engagement with local communities in identifying its role in delivering public/community benefit and economic civic duties.

Independent Auditor's Report

to the University Council of Ulster University

Opinion

We have audited the financial statements of Ulster University ('the parent') and its subsidiaries (the 'Group' / 'the University') for the year ended 31 July 2021 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 29, 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 including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Group's and of the parent institution's state of affairs as at 31 July 2021, and of the Group's and parent institution's income and expenditure, gains and losses and changes in reserves and of 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 Group and parent institution in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the University Councils' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and parent institution's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the University Council with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report (including the Governance Statement), set out on pages 4-25, 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.

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 course of 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 themselves. 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, based on the work undertaken in the course of the audit, 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; and
- funds provided by the Department of the Economy have been applied in accordance with the applicable Terms and Conditions attached to them.

Responsibilities of the University Council

As explained more fully in the Statement of the University Council's Responsibilities, set out on pages 24-25, 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 Group's and the parent institution'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 Group or the parent institution or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the institution and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the University and determined that the most significant are FRS 102 and Statement of Recommended Practice for Further and Higher Education.
- We understood how Ulster University is complying with those frameworks by making enquiries of senior management and those responsible for legal and compliance procedures. We corroborated our enquires through our review of the University Council minutes and papers provided to the Audit and Risk Committee at a Group level, as well as consideration of the results of our audit procedures to either corroborate or provide contrary evidence which was then followed up. We have considered the culture of honesty and ethical behaviour of management and whether a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment.

- We assessed the susceptibility of the University's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage financial performance. Where this risk was considered higher, we performed audit procedures to address the risk of fraud and management override. These procedures included the use of analytics tools, testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error. We also considered the oversight of those charged with governance (i.e., considering the potential for override of controls or other inappropriate influence over the financial reporting process, such as efforts by management to manage earnings in order to influence the perceptions of stakeholders as to the entity's performance and profitability).
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of management, those charged with governance and those responsible for legal and compliance procedures; journal entry testing with a focus on journals indicating large or unusual transactions based on our understanding of the business; and review of Council minutes to identify any non-compliance with laws and regulations.

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 the 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 University Council 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.

Michael Kidd (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
1 December 2021

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.

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 long-term loan agreement with the Strategic Investment Board to assist the funding of the Greater Belfast Development. The loan agreement was renegotiated during the year and a new loan agreement of £158.75m was approved, with a term of 30 years. The University has drawn down £137.75m of this loan as at 31 July 2021.

The University has prepared detailed monthly cashflow forecasts to December 2022, 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's student registrations for academic year 21/22 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 12 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

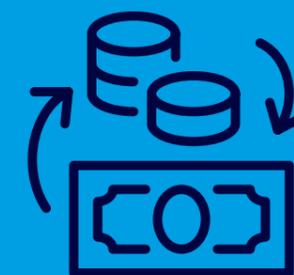
Revenue grants are recognised as income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income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



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.

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, i.e. 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.

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 recognised 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 2021

	Note	Group 2021	University 2021	Group 2020	University 2020
		£000	£000	£000	£000
Income					
Tuition Fees and Education Contracts	1	98,680	98,680	85,288	85,288
Funding Body Grants	2	92,623	92,623	82,693	82,693
Research Grants and Contracts	3	31,736	31,736	31,498	31,498
Other Income	4	14,864	14,833	13,596	13,596
Investment Income	5	458	458	943	943
Donations and Endowments	6	854	854	601	601
Total Income		239,215	239,184	214,619	214,619
Expenditure					
Staff Costs	7	133,720	133,720	131,295	131,295
Movement in USS Pension Provision	7	(2,061)	(2,061)	(23,316)	(23,316)
Movement in NILGOSC Pension Provision	7	5,147	5,147	3,612	3,612
		136,806	136,806	111,591	111,591
Other Operating Expenses	8	64,244	64,240	64,443	64,368
Depreciation	11	15,927	15,927	17,762	17,762
Interest and Other Finance Costs	9	5,830	5,830	2,808	2,808
Total Expenditure		222,807	222,803	196,604	196,529
Surplus/(Deficit) before other gains and losses		16,408	16,381	18,015	18,090
Gain/(Deficit) on investments	12	1,819	2,327	(1,438)	(1,098)
Surplus/(Deficit) before taxation		18,227	18,708	16,577	16,992
Taxation		-	-	23	-
Surplus/(Deficit) after taxation		18,227	18,708	16,600	16,992
Actuarial Gain/(Deficit) in Respect of Pension Schemes	22	36,040	36,040	(23,196)	(23,196)
Total Comprehensive Income/(Deficit) for the Year		54,267	54,748	(6,596)	(6,204)
Represented by:					
Endowment comprehensive income for the year		2,270	2,270	(1,223)	(1,223)
Unrestricted comprehensive income for the year		57,604	58,085	(209)	183
Revaluation reserve comprehensive income for the year		(5,607)	(5,607)	(5,164)	(5,164)
Total		54,267	54,748	(6,596)	(6,204)

Statement of Changes in Reserves

Group and University Statement of Changes in Reserves Year Ended 31 July 2021

Group	Income and Expenditure Reserve			Total
	Endowment	Unrestricted	Revaluation Reserve	
	£000	£000	£000	£000
Balance at 1 August 2020	15,091	134,532	112,720	262,343
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)	-
Total Comprehensive Income/(Deficit) for the year	(1,223)	(209)	(5,164)	(6,596)
Balance at 1 August 2021	13,868	134,323	107,556	255,747
Surplus/(Deficit) from the Statement of Comprehensive Income	2,270	15,957	-	18,227
Other comprehensive income	-	36,040	-	36,040
Transfers between revaluation and income and expenditure reserve	-	5,607	(5,607)	-
Total Comprehensive Income/(Deficit) for the Year	2,270	57,604	(5,607)	54,267
Reclassification between revaluation and income and expenditure reserve	-	2,042	(2,042)	-
Balance at 31 July 2021	16,138	193,969	99,907	310,014

Statement of Changes in Reserves (continued)

Group and University Statement of Changes in Reserves Year Ended 31 July 2021

University	Income and Expenditure Reserve		Revaluation Reserve	Total
	Endowment	Unrestricted		
	£000	£000		
Balance at 1 August 2020	15,091	128,024	112,720	255,835
Surplus/(Deficit) from the Statement of Comprehensive income	(1,223)	(28,177)	-	(29,400)
Other comprehensive income	-	23,196	-	23,196
Transfers between revaluation and income and expenditure reserve	-	5,164	(5,164)	-
Total Comprehensive Income/(Deficit) for the Year	(1,223)	183	(5,164)	(6,204)
Balance at 1 August 2021	13,868	128,207	107,556	249,631
Surplus/(Deficit) from the Statement of Comprehensive income	2,270	16,438	-	18,708
Other comprehensive income	-	36,040	-	36,040
Transfers between revaluation and income and expenditure reserve	-	5,607	(5,607)	-
Total Comprehensive Income/(Deficit) for the Year	2,270	58,085	(5,607)	54,748
Reclassification between revaluation and income and expenditure reserve	-	2,042	(2,042)	-
Balance at 31 July 2021	16,138	188,334	99,907	304,379

Balance Sheets

Balance Sheets as at 31 July 2021

	Note	Group 2021	University 2021	Group 2020	University 2020
		£000	£000	£000	£000
Fixed Assets					
Tangible assets	11	538,036	538,036	477,352	477,352
Investments	12	23,201	17,640	21,425	15,371
Total Fixed Assets		561,237	555,676	498,777	492,723
Current Assets					
Debtors	13	22,093	22,093	22,084	22,069
Investments & short term deposits		62,736	62,736	-	-
Cash at bank and in hand	14	37,881	37,814	37,710	37,695
Total Current Assets		122,710	122,643	59,794	59,764
Creditors: Amounts falling due within one year	15	(50,093)	(50,100)	(51,558)	(51,590)
Net Current Assets		72,617	72,543	8,236	8,174
Total Assets less Current Liabilities		633,854	628,219	507,013	500,897
Creditors: Amounts falling due after more than one year	16	(244,559)	(244,559)	(140,323)	(140,323)
Provision for Liabilities	17	(79,281)	(79,281)	(110,943)	(110,943)
Net Assets including Pension Liability		310,014	304,379	255,747	249,631
Reserves					
Restricted Reserves					
Endowment Reserve	18	16,138	16,138	13,868	13,868
Unrestricted Reserves					
Income & Expenditure Account - unrestricted		193,969	188,334	134,323	128,207
Revaluation Reserve		99,907	99,907	107,556	107,556
Total Reserves		310,014	304,379	255,747	249,631

The Financial Statements on pages 30 to 61 were approved by the Council on 29 November 2021 and signed on its behalf by:

Mr David Clements
Honorary Treasurer

Ms Elaine Hartin
Chief Strategy and Finance Officer

Professor P Bartholomew
Vice Chancellor and Chief Accounting Officer

Group Cash Flow

Group Cash Flow Year Ended 31 July 2021

	Note	Year ended 31 July 2021	Year ended 31 July 2020
		£000	£000
Cash Flow from Operating Activities			
Surplus/(Deficit) for the year before taxation		18,227	16,577
Taxation		-	23
Surplus/(Deficit) for the year after taxation		18,227	16,600
Adjustments for Non-Cash Items			
Depreciation	11	15,927	17,762
(Gain)/Deficit on investments	12	(1,819)	1,438
(Increase)/Decrease in debtors	13	(3,473)	10,722
Increase/(Decrease) in creditors	15	12,710	(5,030)
Increase/(Decrease) in pension provision	17	4,378	(17,824)
Deferred capital grants released income		(3,303)	(4,234)
Amortisation of interest paid on extinguished loan	9	3,464	-
Adjustment for Investing of Financing Activities			
Investment income	5	(458)	(943)
Interest payable	9	412	737
New endowment received	6	(129)	(293)
Net Cash Inflow from Operating Activities		45,936	18,935
Cash Flows from Investing Activities			
Capital grant receipts		27,875	972
Disposal of non-current asset investments		187	419
Withdrawal of deposits		-	66,015
Investment Income	5	458	943
Payments made to acquire fixed assets	11	(85,549)	(65,662)
New non-current asset investment	12	(144)	(322)
New deposits		(62,736)	-
		(119,909)	2,365
Cash Flows from Financing Activities			
Interest paid	9	(412)	(737)
New endowments received		129	293
New unsecured loans		137,750	-
Repayments of amounts borrowed		(63,323)	(5,928)
		74,144	(6,372)
Increase in Cash and Cash Equivalents in the Year		171	14,928
Cash and cash equivalents at beginning of the year		37,710	22,782
Cash and cash equivalents at end of the year		37,881	37,710

Notes to the Financial Statements

	Group 2021	University 2021	Group 2020	University 2020
	£000	£000	£000	£000
1. Tuition Fees and Education Contracts				
Full-time Student Fees	62,053	62,053	55,145	55,145
Full-time Students charged Overseas Fees	7,781	7,781	5,191	5,191
Part-time Fees	10,850	10,850	8,807	8,807
DOH Education Contract	17,279	17,279	15,311	15,311
Short Course Fees	717	717	834	834
	98,680	98,680	85,288	85,288
2. Funding Body Grants				
Recurrent Grant	78,436	78,436	77,136	77,136
Specific Grants				
Covid Support grants	6,897	6,897	-	-
Special Initiatives	4,949	4,949	2,859	2,859
Deferred Capital Grants Released in Year				
Buildings	2,196	2,196	2,490	2,490
Equipment	145	145	208	208
	92,623	92,623	82,693	82,693
3. Research Grants and Contracts				
Research Councils	12,321	12,321	11,164	11,164
UK Charities	1,502	1,502	1,251	1,251
EU Government	5,982	5,982	6,382	6,382
UK Central Government	7,270	7,270	7,697	7,697
Overseas (Non-EU)	737	737	840	840
Health and Hospital Authorities	85	85	338	338
Other Sources	3,839	3,839	3,826	3,826
	31,736	31,736	31,498	31,498
Included in Research Grants and Contracts Income is £729k (2020: £1,008k) in relation to deferred capital grant release				
4. Other Income				
Residences, Catering and Conferences	1,337	1,337	1,265	1,265
Other Services Rendered	7,982	7,950	5,756	5,756
Other Income	5,313	5,314	6,296	6,296
Deferred Grant Release	232	232	279	279
	14,864	14,833	13,596	13,596

Notes to the Financial Statements (continued)

5. Investment Income	Group	University	Group	University
	2021	2021	2020	2020
	£000	£000	£000	£000
Investment Income on Expendable Endowments	48	48	73	73
Investment Income on Permanent Endowments	338	338	363	363
Income from Short Term Investments	72	72	507	507
	458	458	943	943
6. Donation and Endowments	Group	University	Group	University
	2021	2021	2020	2020
	£000	£000	£000	£000
New Endowments	129	129	93	93
Donations	725	725	508	508
	854	854	601	601
7. Staff Costs	Group	University	Group	University
	2021	2021	2020	2020
	£000	£000	£000	£000
Wages and Salaries	103,392	103,392	101,697	101,697
Social Security Costs	9,831	9,831	9,567	9,567
Other Pension Costs (Note 22)	20,497	20,497	20,031	20,031
Movement on USS Pension Provision (Note 17)	(2,061)	(2,061)	(23,316)	(23,316)
Movement on NILGOSC Pension Provision (Note 17)	5,147	5,147	3,612	3,612
	136,806	136,806	111,591	111,591
Emolument of the Vice-Chancellor	Group	University	Group	University
	2021	2021	2020	2020
	£000	£000	£000	£000
Salary	248	248	220	220
Benefits	-	-	28	28
	248	248	248	248
Employers Pension Contributions	52	52	45	45
	300	300	293	293
Emolument of the Interim Vice-Chancellor	Group	University	Group	University
	2021	2021	2020	2020
	£000	£000	£000	£000
Salary	-	-	75	75
Benefits	-	-	-	-
	-	-	75	75
Employers Pension Contributions	-	-	15	15
	-	-	90	90

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

	2021	2020
Ratio of Vice Chancellor's basic salary to median basic salary of member of University staff	5.99:1	7.02:1
Ratio of Vice Chancellor's total remuneration to median total remuneration of member of University staff	6.15:1	7.70:1
Ratio of Interim Vice Chancellor's basic salary to median basic salary of member of University staff	-	3.73:1
Ratio of Interim Vice Chancellor's basic salary to median total remuneration of member of University staff	-	4.29:1

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 current Vice-Chancellor was offered and accepted a fixed salary, on appointment in August 2020, which is subjected to an annual uplift in line with the outcome of the national collective pay bargaining. The Vice-Chancellor's salary was determined by the University's committee responsible for remuneration and governance and was set in line with the benchmarked salaries of other Vice-Chancellors who lead similar sized and income earning Higher Education institutions in the sector in the UK.

Excluding the Vice Chancellor, remuneration of other Higher Paid Staff was in the following bands:-	Group	University	Group	University
	2021	2021	2020	2020
	No.	No.	No.	No.
£100,000 - £104,999	10	10	3	3
£105,000 - £109,999	-	-	1	1
£110,000 - £114,999	1	1	-	-
£115,000 - £119,999	2	2	1	1
£120,000 - £124,999	3	3	7	7
£125,000 - £129,999	2	2	1	1
£130,000 - £134,999	2	2	-	-
£150,000 - £154,999	-	-	2	2
£155,000 - £159,999	1	1	1	1
£160,000 - £164,000	1	1	1	1
£225,000 - £249,999	1	1	-	-
	Group	University	Group	University
	2021	2021	2020	2020
	£000	£000	£000	£000

Key Management Personnel

Key management personnel remuneration	2,432	2,432	2,655	2,655
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Compensation for loss of office

Compensation payable recorded within staff costs	664	664	323	323
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During the year the University paid £664k for compensation for loss of office to 28 members of staff

The average weekly number of persons (including senior postholders) employed by the University during the year, expressed as full-time equivalents, was:-

	Group	University	Group	University
	2021	2021	2020	2020
	No.	No.	No.	No.
Academic	1,146	1,146	1,101	1,101
Technical	134	134	132	132
Administrative	583	583	550	550
Other including Clerical and Manual	536	536	544	544
	2,399	2,399	2,327	2,327

Notes to the Financial Statements (continued)

Notes to the Financial Statements

8. Other Operating Expenses	Group 2021	University 2021	Group 2020	University 2020
	£000	£000	£000	£000
Residences and conferences	564	564	1,107	1,107
Consumables and laboratory equipment	3,882	3,882	2,665	2,665
Equipment not capitalised	5,346	5,346	2,474	2,474
Books and periodicals	3,941	3,941	3,911	3,911
Fellowships, scholarships and prizes	362	362	514	514
Rates	3,643	3,643	4,060	4,060
Heat, light, water and power	3,439	3,439	3,140	3,140
Long term maintenance	5,581	5,581	5,992	5,992
Contracted out services	4,804	4,804	4,937	4,937
Grants to Ulster University Students' Union	2,009	2,009	1,670	1,670
External Auditors' remuneration	68	62	67	62
External Auditors' remuneration in respect of non-audit services	50	48	5	5
Internal Auditors' remuneration	65	65	128	128
Internal Auditors' remuneration in respect of non-audit services	6	6	48	48
Printing and stationery	344	344	766	766
Travel, subsistence and hospitality	732	732	4,190	4,190
Miscellaneous academic support	1,075	1,075	1,716	1,716
Telephone and postage	298	298	281	281
Research sub-contracting	3,687	3,687	3,534	3,534
Legal and professional services	9,344	9,348	12,501	12,439
IT Services	3,822	3,822	-	-
Advertising and publicity	953	953	671	671
Student Support	9,398	9,398	9,182	9,182
Other expenses	831	831	884	876
	64,244	64,240	64,443	64,368

9. Interest and Other Finance Costs	Group 2021	University 2021	Group 2020	University 2020
	£000	£000	£000	£000
Interest on loans not wholly repayable within five years:				
Bank loans – current	407	407	732	732
Bank loans – extinguished	3,464	3,464	-	-
Finance lease interest	5	5	5	5
Net charge on pension schemes	1,292	1,292	1,880	1,880
Exchange differences	662	662	191	191
	5,830	5,830	2,808	2,808

10. Analysis of 2021 Expenditure by Activity	Staff Costs	Depreciation	Other Operating Expenses	Interest and Other Finance Costs	Total
	£000	£000	£000	£000	£000
Academic Departments	75,981	501	7,670	-	84,152
Academic Services	19,643	2,690	13,475	-	35,808
Research Grants & Contracts	13,757	885	11,517	-	26,159
Residences, Catering & Conferences	1,342	698	2,004	-	4,044
Premises	3,537	9,891	14,273	3,876	31,577
Administration	17,333	1,262	14,042	662	33,299
Other Expenses	5,213	-	1,263	1,292	7,768
	136,806	15,927	64,244	5,830	222,807

£000

The depreciation charged has been funded by:

Release from Deferred Capital Grants	2,573
Release from Research Grants and Contracts	729
Transfer from Revaluation Reserve	5,607
General Income	7,018
	15,927

Notes to the Financial Statements (continued)

11. Tangible Assets - Group and University	Freehold Land and Buildings	Assets Under Construction	Equipment	Total
	£000	£000	£000	£000
Valuation or cost				
At 1 August 2020				
Revaluation	173,696	-	-	173,696
Cost	229,882	192,149	59,855	481,886
Total	403,578	192,149	59,855	655,582
Additions at Cost	2,815	68,517	5,279	76,611
Transfer CIP	2,688	(2,688)	-	-
Disposals	-	-	(675)	(675)
At 31 July 2020				
Revaluation	173,696	-	-	173,696
Cost	235,385	257,978	64,459	557,822
Total	409,081	257,978	64,459	731,518
Accumulated Depreciation				
At 1 August 2020	126,874	-	51,356	178,230
Charge for year	11,789	-	4,138	15,927
Disposals	-	-	(675)	(675)
At 31 July 2021	138,663	-	54,819	193,482
Net Book Value				
At 31 July 2021	270,418	257,978	9,640	538,036
At 31 July 2020	276,704	192,149	8,499	477,352

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
Group	£000	£000	£000	£000
At 1 August 2020	-	7,556	13,869	21,425
Additions	-	15	129	144
Disposals	-	-	(187)	(187)
Revaluation	-	(508)	2,327	1,819
At 31 July 2021	-	7,063	16,138	23,201
University				
At 1 August 2020	1,502	-	13,869	15,371
Additions	-	-	129	129
Disposals	-	-	(187)	(187)
Revaluation	-	-	2,327	2,327
At 31 July 2021	1,502	-	16,138	17,640

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

13. Debtors	Group 2021	University 2021	Group 2020	University 2020
	£000	£000	£000	£000
Amounts falling due within one year				
Trade debtors	13,415	13,415	11,592	11,577
Prepayments and accrued income	8,678	8,678	10,492	10,492
	22,093	22,093	22,084	22,069
14. Cash at Bank and in Hand				
	Group 2021	University 2021	Group 2020	University 2020
	£000	£000	£000	£000
Cash at bank and in hand	37,881	37,814	37,710	37,695
	37,881	37,814	37,710	37,695

The cash balance in 2021 includes an amount of £15.6m that is held in an Escrow account between the Strategic Investment Board and Ulster University. The cash funds are not wholly available to Ulster University and permission must be approved by the Strategic Investment Board to withdraw funds.

Notes to the Financial Statements (continued)

15. Creditors	Group 2021	University 2021	Group 2020	University 2020
	£000	£000	£000	£000
Amounts falling due within one year				
Bank Loans	296	296	281	281
Other Loans	-	-	5,250	5,250
Trade Creditors	20,694	20,694	15,089	15,089
Amounts owed by Group undertakings	-	14	-	14
Taxation and Social Security	6,084	6,084	5,986	6,009
Accruals	19,417	19,410	21,349	21,344
Deferred Capital Grants	3,560	3,560	3,561	3,561
Finance Lease Creditor	42	42	42	42
	50,093	50,100	51,558	51,590
16. Creditors				
	Group 2021	University 2021	Group 2020	University 2020
	£000	£000	£000	£000
Amounts falling due after more than one year				
Bank Loans	2,483	2,483	2,779	2,779
Other Loans	137,750	137,750	57,750	57,750
Deferred Capital Grants	104,326	104,326	79,753	79,753
Finance Lease Creditor	-	-	41	41
	244,559	244,559	140,323	140,323
Bank Loans				
Amounts falling due:				
Less than one year (Note 15)	296	296	281	281
Between one and two years	313	313	281	281
Between two and five years	1,047	1,047	992	992
Greater than five years	1,123	1,123	1,506	1,506
	2,779	2,779	3,060	3,060
Other Loans				
Amounts falling due:				
Less than one year (Note 15)	-	-	5,250	5,250
Between one and two years	-	-	5,250	5,250
Between two and five years	12,700	12,700	15,750	15,750
Greater than five years	125,050	125,050	36,750	36,750
	137,750	137,750	63,000	63,000
Finance Lease Creditor				
Amounts falling due:				
Less than one year (Note 15)	42	42	42	42
Between one and two years	-	-	41	41
Between two and five years	-	-	-	-
	42	42	83	83

Included in the loans are the following:-

Lender	Amount £000	Repayable	Interest Rate
First Trust Bank loan	2,779	2004-2029	5.475 %
Strategic Investment Board loan	137,750	2021-2049	0.25 %
Finance Lease Dell	42	2017-2022	11.7 %

Net Debt Movement	Group 2021	University 2021	Group 2020	University 2020
	£000	£000	£000	£000
Balance at 1 August	66,143	66,143	72,071	72,071
New Loans	137,750	137,750	-	-
Loans extinguished	(57,750)	(57,750)	-	-
Capital repayments	(5,572)	(5,572)	(5,928)	(5,928)
Balance at 31 July	140,571	140,571	66,143	66,143

During the year the loan agreement provided by the Strategic Investment Board was renegotiated. The loan of £57.75m was extinguished and a new loan agreement of £158.75m also provided by the Strategic Investment Board was put in place. £137.75m was drawn down at 31 July 2021.

The First Trust bank loan is secured by a negative pledge on a portion of land on the Jordanstown campus.

The Strategic Investment Board loan is secured by a fixed charge on the property of the University's four campuses.

17. Provisions and Liabilities	Obligation to Fund deficit on USS Pension	Defined Benefit Obligations (Note 22)	Total Provision
Group and University	£000	£000	£000
At 1 August 2020	36,264	74,679	110,943
(Credited)/Charged during year:			
Staff Costs	(2,061)	5,147	3,086
Interest Payable	265	1,027	1,292
Actuarial gain	-	(36,040)	(36,040)
At 31 July 2021	34,468	44,813	79,281

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 22.

Following the completion of the 2018 actuarial valuation, a new deficit recovery plan was 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.

The major assumptions used to calculate the obligation are:

	2021	2020
Discount rate	0.87%	0.73%
Salary Growth	1.5%	1.5%

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	£680k increase
0.5% pa increase in salary inflation over duration	£672k increase
0.5% pa increase in salary inflation year 1 only	£170k increase
0.5% increase in staff changes over duration	£682k increase
0.5% increase in staff changes year 1 only	£172k increase
1% increase in deficit contributions	£143k increase

Since the year end, following the completion of the 2020 actuarial valuation, a new deficit recovery plan has been agreed with effect from September 2021. Had the valuation been completed and agreed before 31 July 2021 and with all other assumptions used to calculate the provision remaining unchanged, this would have resulted in a revised provision of £91.6m, an increase of £57.2m, from the current year end provision.

18. Endowment Reserves	Unrestricted Permanent	Restricted Permanent	Total Permanent	Restricted Expendable	2021 Total	2020 Total
	£000	£000	£000	£000	£000	£000
Group and University						
Balances at 1 August						
Capital	381	10,695	11,076	3,944	15,020	15,825
Accumulated Income/(expenditure)	74	1,131	1,205	(2,357)	(1,152)	(734)
	455	11,826	12,281	1,587	13,868	15,091
New Endowments	-	13	13	116	129	293
Investment Income	12	326	338	48	386	436
Expenditure	-	(251)	(251)	(322)	(573)	(854)
	12	75	87	(274)	(187)	(418)
(Decrease)/Increase in market value of investments	22	1,819	1,841	487	2,328	(1,098)
At 31 July	489	13,733	14,222	1,916	16,138	13,868
Represented by						
Capital	403	12,527	12,930	4,547	17,477	15,020
Accumulated Income/(expenditure)	86	1,206	1,292	(2,631)	(1,339)	(1,152)
	489	13,733	14,222	1,916	16,138	13,868

Analysis by Type of Purpose:

	Unrestricted Permanent	Restricted Permanent	Total Permanent	Restricted Expendable	2021 Total	2020 Total
	£000	£000	£000	£000	£000	£000
Lectureships	-	4,712	4,712	14	4,726	4,131
Scholarships & bursaries	-	755	755	717	1,472	1,179
Research support	-	6,070	6,070	1,185	7,255	6,137
Prize funds	-	2,195	2,195	-	2,195	1,966
General	490	-	490	-	490	455
	490	13,732	14,222	1,916	16,138	13,868

Analysis by Asset:

	2021 Total	2020 Total
	£000	£000
Current and non current asset investments	16,138	13,869
19. Capital Commitments		
Group and University		
	2021	2020
	£000	£000
Commitments contracted at 31 July	48,731	83,522
Authorised but not contracted at 31 July	14,479	40,721
	63,210	124,243

Outstanding commitments include £59.3m which relates to the development of the Greater Belfast Campus.

20. 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.

21. 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)

22. Net Pension Liability

The University participates in three pension schemes. The schemes are the Universities Superannuation Scheme (USS), the Northern Ireland Local Government Officers Superannuation Committee Pension Fund (NILGOSC) and the Health & Social Care Service Pension Scheme (HSCPS). The schemes are defined benefit schemes, which are externally funded. The assets of each scheme are held in a separate trustee-administered fund. The University has a small number of staff in the new School of Medicine who are members of the Health & Social Care Service Pension Scheme, a defined benefit pension scheme for health and social care workers in Northern Ireland. Disclosures are not included for this pension scheme on grounds of materiality.

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.

Deficit Recovery Liability

The total cost credited to the profit and loss account is £1.8m (2020: credit £22.4m).

Deficit recovery contributions due within one year for the institution are £4.6m (2020: £1.7m).

The latest available completed actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method.

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 £67.3 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:

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

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on 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	<p><u>Pre-retirement:</u> 71% of AMCO0 (duration 0) for males and 112% of AFC00 (duration 0) for females</p> <p><u>Post-retirement:</u> 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females</p>
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

The current life expectancies on retirement at age 65 are:

	2018 Valuation	2017 Valuation
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	26.6
Females currently aged 45 (years)	27.7	27.9

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 2021 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

Key assumptions used are:	2021	2020
Discount rate	0.87%	0.73%
Pensionable salary growth	1.5%	1.5%

Since the year end, following the completion of the 2020 actuarial valuation, a new deficit recovery plan has been agreed effective from 30 September 2021. This new recovery plan requires deficit payments of 6.3% from 1 April 2022 to 31 March 2038. Had the valuation been completed before 31 July 2021 and with all other assumptions remaining unchanged, this would have resulted in a revised provision of £91.6m, an increase of £57.2m from the current year end provision and a higher charge in the Statement of Comprehensive Income of £55.1m.

Notes to the Financial Statements (continued)

NILGOSC Pension Scheme

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

A valuation of the fund was carried out at 31 March 2019 and updated to 31 July 2021 by a qualified independent actuary.

Balance Sheet	At 31 July 2021	At 31 July 2020
	£000	£000
Present value of scheme liabilities	(276,731)	(275,065)
Fair value of scheme assets	231,918	200,386
Net pension liability	(44,813)	(74,679)

Movements in present value of defined benefit obligation	At 31 July 2021	At 31 July 2020
	£000	£000
At beginning of the year	(275,065)	(248,302)
Current service cost	(7,846)	(6,645)
Member contributions	(850)	(866)
Interest cost	(3,809)	(5,153)
Benefits paid	6,991	6,847
Past service cost	(26)	(97)
Actuarial gains/(losses)	3,874	(20,849)
At end of year	(276,731)	(275,065)

Movement in fair value of plan assets	At 31 July 2021	At 31 July 2020
	£000	£000
At beginning of the year	200,386	201,384
Expected return on assets	2,782	4,200
Employer contributions	2,725	3,130
Member contributions	850	866
Benefits paid	(6,991)	(6,847)
Actuarial gain/(losses)	32,166	(2,347)
At end of year	231,918	200,386
Expense recognised in the income and expenditure accounts	At 31 July 2021	At 31 July 2020
	£000	£000
Current service cost	7,846	6,645
Interest on defined benefit pension plan obligation	3,809	5,153
Expected return on defined benefit pension plan assets	(2,782)	(4,200)
Past service cost	26	97
Total	8,899	7,695

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

	At 31 July 2021	At 31 July 2020
	£000	£000
Staff costs	7,872	6,742
Interest payable	1,027	953
	8,899	7,695

Amounts recognised in Other Comprehensive Income	At 31 July 2021	At 31 July 2020
	£000	£000
Asset gains/(losses) arising during the period	32,166	(2,347)
Liability gains/(losses) arising during the period	3,874	(20,849)
Total Amount recognised in Other Comprehensive Income	36,040	(23,196)

Notes to the Financial Statements (continued)

Cumulative actuarial gains recognised as Other Comprehensive Income are £2.887m (2020: cumulative losses £33.153m).

The fair value of the plan assets were as follows:-	At 31 July 2021 Fair Value	At 31 July 2020 Fair Value
	£000	£000
Equities	100,189	85,565
Bonds	92,767	77,549
Property	20,641	18,636
Cash	11,132	10,420
Other	7,189	8,216
	231,918	200,386

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:-	At 31 July 2021	At 31 July 2020
Discount rate	1.7%	1.4%
CPI inflation	2.6%	2.3%
Pension increases	2.6%	2.3%
Pension accounts revaluation rate	2.6%	2.3%
Salary increases	4.1%	3.8%

Mortality	2021	Males	Females
Current pensioners	2021	21.9 years	25.1 years
	2020	21.8 years	25.0 years
Future pensioners	2021	23.3 years	26.5 years
	2020	23.2 years	26.4 years

The University expects to contribute approximately £2.809m to NILGOSC pension scheme in the next financial year.

The total pension cost for the University was:	Group 2021	Group 2020
	£000	£000
Charge/(Credit) to staff costs - USS	15,736	(6,225)
Charge to staff cost - NILGOSC	7,844	6,552
Charge to staff costs - HSCPS	3	-
Total pension cost (see Note 7)	23,583	327

23. Student Support Funds

	Group 2021	Group 2020
	£000	£000
Balance carried forward	361	95
Funding Council Grants	2,192	1,644
Disbursed to Students	(1,908)	(1,378)
Balance Underspent at 31 July	645	361

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.

24. 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.

25. 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)

26. 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% of Performa Sports Limited
2.39% of Datactics Limited
17.98% of Get Invited Limited
3.09% of Axial 3D Limited
7.48% of SISAF Limited
14.31% of Neuroconcise Limited
6.00% of Humain Limited
8.92% of Haru
7.50% of Modern Nature

27. 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.

28. Ultimate Controlling Party

There is no one ultimate controlling party.

29. Post Balance Sheet Event

USS Pension Scheme

A new schedule of contributions based on the 2020 actuarial valuation has been agreed on 30 September 2021. This results in an increase of £57.2m in the provision for the obligation to fund the deficit on the USS pension, increasing the provision to £91.6m. This adjustment will be reflected in the University's Financial Statements for the year ended 31 July 2022.

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

Status	Active	Active	Active	Active	Active	Active
Name	Actionsense Limited	Axis Composites Limited	Jenarron Therapeutics Limited	Solaform Limited	Efectis UK/Ireland Limited	Metal Forming Innovation Limited
Country of Incorporation	Northern Ireland	Northern Ireland	Northern Ireland	Northern Ireland	Northern Ireland	Northern Ireland
Principal Activity	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
% Shares Held and type	26.13%	28.02%	33.62%	45.63%	33%	50%
Convertible Loan Stock	N/A	N/A	N/A	N/A	N/A	N/A
Turnover	N/A	N/A	N/A	N/A	N/A	N/A
Profit or Loss Before Tax	N/A	£2,165	N/A	N/A	N/A	N/A
Net Assets/ (Liabilities)	(£136,556)	£11,608	£58,492	£62,418	£489,002	£202,714
Financial Year End	31 May 2020	28 February 2020	30 September 2020	31 July 2020	31 December 2020	31 December 2020

In the year ended 31 July 2019 the company invested €500,000 in Enbarr Limited, an investment fund managed by Imprimatur Capital. The value at 31 July 2021 is £426,014.

