

Financial Statements

FOR THE YEAR TO 31 JULY 2022

Contents

Financial Review	04-13
Managing Risk	14-15
Corporate Governance Statement	16-19
Statement of Internal Control	20-21
Statement of the Council’s Responsibilities	22-23
Statement of Primary Responsibilities	24-25
Independent Auditors’ Report to the Council of Ulster University	26-29
Statement of Principal Accounting Policies	30-37
Group and University Statement of Comprehensive Income	38
Group and University Statement of Changes in Reserves	39-40
Balance Sheets	41
Group Cash Flow Statement	42
Notes to the Financial Statements	43-61

Financial Review

Financial performance during the year shows a surplus of £13.4m (2021 surplus £54.3m). This includes a net charge of £5.1m (2021: credit £31.6m) due to pension funds activity in the USS and NILGOSC pension liabilities. The balance sheet has strengthened with total net assets increasing to £323m (2021 £310m) reflecting an increase in capital assets and 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 2022 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 and major knowledge transfer relationships.

Financial Performance

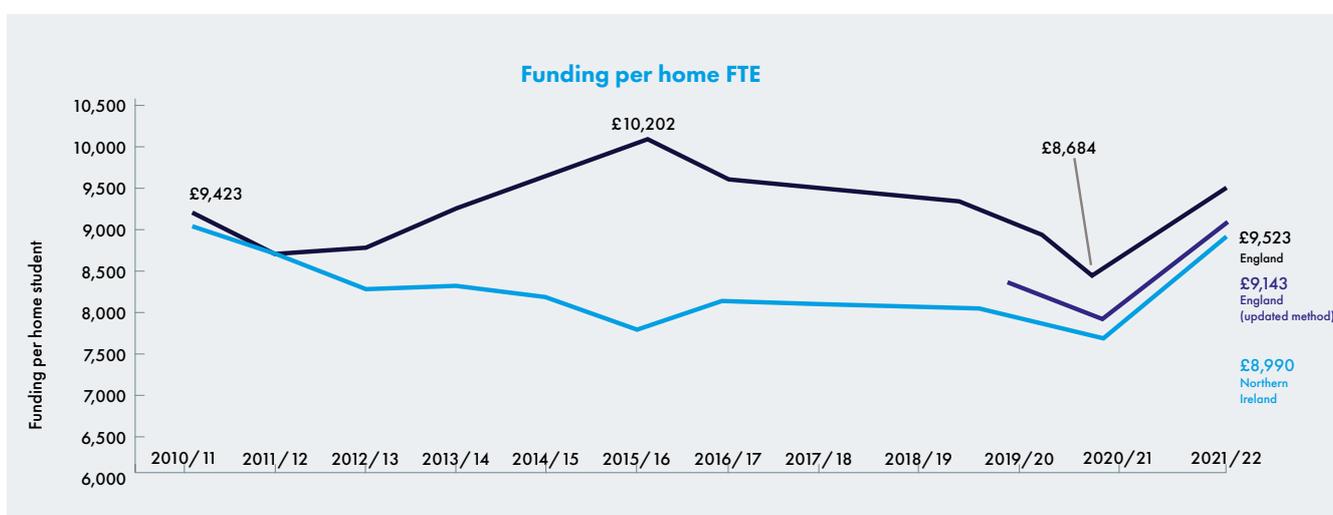
The University's underlying financial performance continues to remain strong as shown below.

	2022	2021
Staff costs excluding pension adjustment: income ratio %	54.23%	55.9%
Cash spend on fixed assets (£m)	£47m	£86m
Earnings before interest, depreciation and amortisation (EBITDA)	£31.5m	£37m
% Income from non-government sources	27%	26%

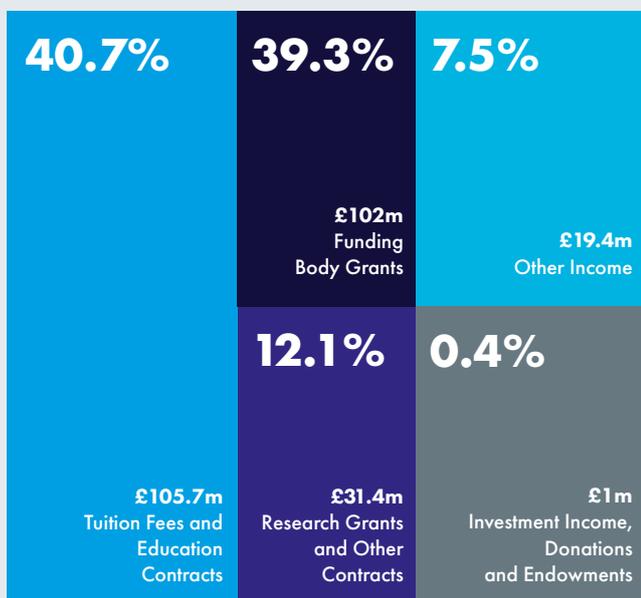
The University's consolidated comprehensive surplus for the year was £13.4m (2021: surplus £54.3m). This reflects the impact of pension adjustments attributable to Ulster relating to both USS and NILGOSC pension schemes with a charge to the Statement of Comprehensive Income of £5.1m (2021: credit £31.6m). The underlying financial performance excluding the pension adjustment is a surplus of £18.5m (2021: surplus £22.6m). Non-government income grew from £62.6m to £70.2m, an increase of 12.1%. 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 2021/22



Income

Total income in 2021/22 was £259.4m (2021: £239.2m). This represents an increase of 8.5 % from last year and is reflective of an increase in tuition fees, increased DFE funding for special initiatives, and an increase in income from trading activity as the pandemic restrictions eased during the year.

Funding Body Grants increased 10.2% due mainly to the receipt of DFE funding for special initiatives. This includes funding for the set up of the Graduate Medical School of £4.4m, funding for Cyber Security enhancements and relocation of Health Sciences to Magee. Growth of 7.1% in tuition fees is due mainly to an increase in student numbers from overseas and an increase in the Department of Health contract.

Research Income of £31.4m remained relatively constant year on year (2021: £31.7m) despite a challenging environment. The University continues to develop measures to ensure continuity after the Covid-19 pandemic, a reduction in funding by the UK Government and the impact of not yet being associated with the European Commission Horizon Europe framework programme. We anticipate growth in several areas due to international opportunities,

the UK Government Guarantee fund, the signing of City Deals and strategic awards being funded.

Other income of £19.3m has increased by £4.4m (29%). This increase is due to increased trading activity on campus as the pandemic eased during the year.

Expenditure

Total expenditure in 2021/22 was £300.4m (2021: £222.8m), with staff costs representing 58.2 % of the total expenditure (2021: 61%), after excluding pension adjustment.

Other operating expenses include 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 £83.1m, which compares to the prior year cost of £64.2m. This increase is due to inflated energy costs, travel costs returning to pre covid levels and high maintenance costs relating to the relocation of the Health Sciences School from the Jordanstown campus to the Magee campus.

Impact of Pension Deficit

The Statement of Total Comprehensive Income (SOC1) for the year has a net charge of £5.1m from the University's pension liability movement (2021 credit £31.6m). The year on year SOC1 movement is due to large movements in the two pension scheme liabilities. A charge of £59.7m in the USS and NILGOSC pension schemes is off set by the NILGOSC pension actuarial gain of £54.6m.

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 of the University's defined benefit pension schemes.

Certain assumptions are used to value future liabilities of the pension schemes and the assets belong to the pension schemes. 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 the variance in the Covid 19 restrictions during the year there was still a mixture of face-to-face teaching and online delivery of courses. However, there was increased activity on all campuses compared to 2021 and as a result trading activity increased significantly during the year, getting closer to pre-pandemic levels. There was additional expenditure during this year due to the DFE Covid 19 special initiatives funding to support a safer learning and research environment.

Estates Capital Plan

The Estates capital work for 2021/22 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 term 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 2022/23.

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. A space brief for a new build School is currently being developed.

While works programmes were impacted by Covid 19, resource challenges, and construction inflation, a number of capital works were delivered across all of the campuses.

On the Coleraine campus, the University has progressed remedial works to address the impact of a fire in a teaching laboratory in Block G4 of the campus and further works will be scheduled in over the coming year. In addition, the University is 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, works have focused on preparation for the arrival of the School of Health Sciences and has included the construction of a new car park on the Duncreggan site and the completion of a new path linking the campus lower levels.

In addition, the refurbishment of Block MF to accommodate the School of Health Science undergraduate programmes has progressed to site. The 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 completed the refurbishment work for the extension of the Screen Production facilities in Block BA, which will also accommodate the introduction of a new Screen Production course. The extended facility includes a cinema screening room, a virtual production studio with LED screen, green room, editing suite, support areas and ancillary accommodation.

The University has completed the Greater Belfast Development project with final handover in advance of the 2022/23 academic year.

Sustainability Strategic Approach

In 2021/22, the university signed the SDG Accord which is a public commitment to embed the Sustainable Development Goals (SDGs) into research, education, leadership, operations, administration, and engagement activities and established a Sustainability Steering Group (SSG) to deliver on this commitment.

The university's strategic approach to managing its climate and sustainability impacts, involves multiple strands of activity:

1. Providing vital research input
2. Accelerating and mainstreaming education for sustainable development, and
3. Estates and professional services prioritising net zero campuses

1. Providing vital research leadership

2021/22 was the first year that Ulster participated in the Time Higher Education (THE) Impact Rankings which capture a university's impact on society based on its demonstrable progress in delivering the United Nations' Sustainable Development Goals. Ulster was ranked in the 101 – 200 rank range with a score of 84.8% relative to 1,410 institutions from 106 countries, placing the University in the Top 15% of participating institutions globally. Ulster ranked in the Top 100 Worldwide for each of the following four SDGs:

- 36th in the world for SDG 17: Partnerships for the Goals
- 54th in the world for SDG 7: Affordable & Clean Energy
- 72nd in the world for SDG 3: Good Health & Wellbeing
- 92nd in the world for SDG 16: Peace, Justice & Strong Institutions

2. Accelerating and Mainstreaming Education for Sustainable Development

In 2021/22 and for the fourth consecutive year the University participated in the Students Organising for Sustainability (SOS) UK SDG Teach In. Ulster achieved second place in the Teach In for staff engagement, with 69 colleagues pledging to include the UN SDGs within their learning and teaching.

As a result of this commitment by staff, nearly 20% of our students were reached, with Ulster achieving fifth place for the proportion of students involved.

3. An integrated sustainability approach to estates and environment

Last year Estates Services commenced a net zero carbon modelling project as part of the next phase of developing a climate and sustainability strategy. The aim of the net zero modelling project is to model interventions across the University campuses, operations, and supply chain to establish a viable route to achieving net zero carbon. The project includes an initial high-level modelling of different decarbonisation scenarios and then more detailed modelling of a selected scenario. A Climate Action Position Statement will also be developed based on the decarbonisation approach agreed.

For academic year 2022/23 we aim to launch the following programmes related to climate change and sustainable development.

1. Strategic - Conduct a sustainability Materiality Assessment to identify and prioritise the most significant impacts Ulster University has on the economy, environment, and people which in turn indicate our contribution (negative or positive) to sustainable development.
2. Research – Develop a new Research Strategy to include a focus on the SDGs through Ulster's Research Strategies, collaborations, and support programmes and continue to link research outputs and individual researcher profiles to the SDGs on PURE, the university's web-based research information system.
3. Education – Participate in Students Organising for Sustainability Responsible Futures which is a whole-institution supported change programme and accreditation mark to embed sustainability across all aspects of student learning.
4. Environment - Develop a Climate Action Position statement based on the decarbonisation approach agreed and commence a Natural Capital Assessment project to provide a biodiversity and ecosystem services baseline for each Campus and Landholding.

Cashflow and Financing

Net cash decreased by £9.6m during the year. The movement in funds is summarised below:-

	2022 £m	2021 £m	Change £m
Investments & short term desposits	82.2	62.7	19.5
Cash at bank & in hand	29.4	37.9	(8.5)
Bank & other loans	(161.1)	(140.5)	(20.6)
Net cash	(49.5)	(39.9)	(9.6)

The net cash inflow from operating activities for the year was £31.3m (2021: £45.9m), interest paid totalled £0.5m (2021: £0.4m), and interest received totalled £0.4m (2021: £0.07m). 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.

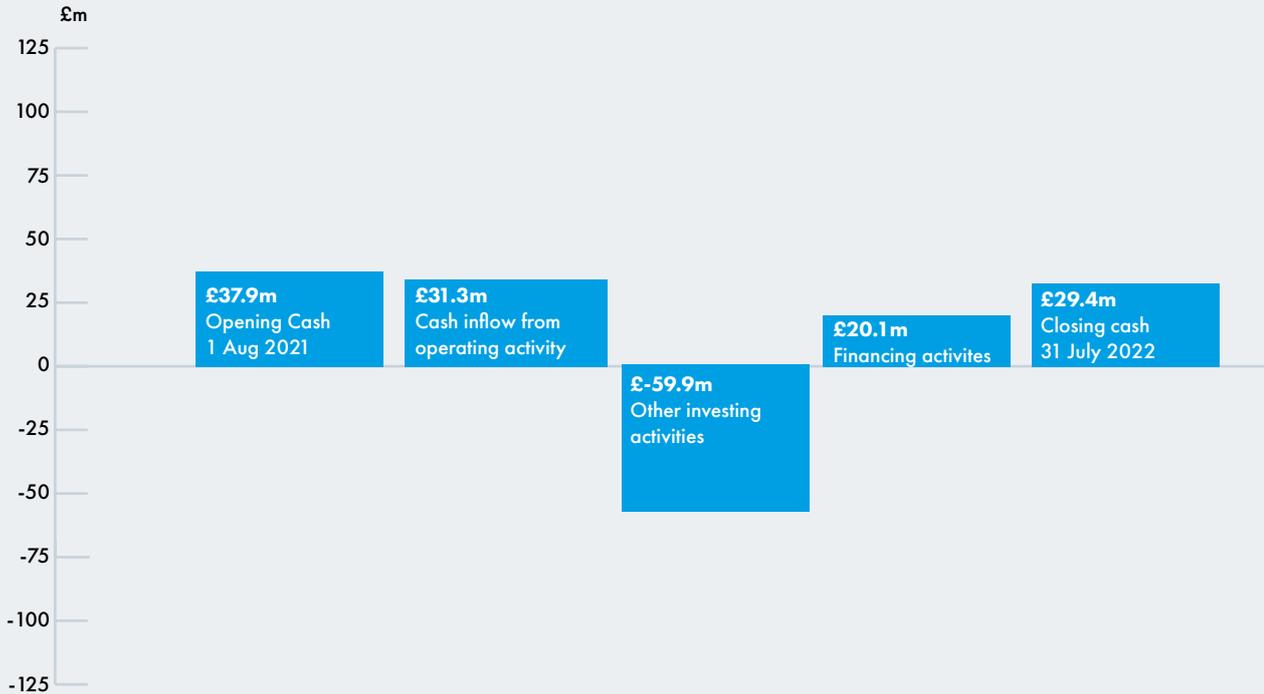
Endowment assets at the year-end were £15.4m, a decrease of £0.7m due to falling market values. The endowment funds are managed by Rathbones Investment Management.

During the year £47.1m cash was spent on acquiring fixed assets against which £7m of capital grants were received. Loans increased £20.8m to facilitate the build of the Greater Belfast Campus.

How We Allocate Our Resources 2021 / 22

£91.1m Academic Departments Staff costs: £80.7m Other: £10.4m	Total Staff Costs £199.4m Total Other £101.0m
£25.3m Research Grants and contracts Staff costs: £12.2m Other: £13.1m	Total £300.4m
£36.8m Premises Staff costs: £3.7m Other: £33.1m	
£35.3m Administrative and central services Staff costs: £18.6m Other: £16.7m	
£5.8m Residences, catering and conferences Staff costs: £1.4m Other: £4.4m	
£41.9m Academic services Staff costs: £21.4m Other: £20.5m	
£59.7m Pension Adjustment Staff costs: £58.7m Other: £1.0m	
£4.5m Other Spend Staff costs: £2.7m Other spend: £1.8m <small>*including income-generating operations</small>	

Cashflow Statement 2021 /22



EBIDTA

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 2021 /22



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 £31.5m.

Net Assets

Total net assets of £323.4m (2021: £310.1m) have increased by 4.3%. The net book value of fixed assets increased by £30.6m to £568.6m (2021: £538.0m) and an increase in investments and cash at bank of £11.0m. The increases in debtors and creditors have little overall impact (deficit of £1.2m) and there is an increase in bank and other loans of £20.6m and an increase in pension liability of £5.1m. 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 2022 the Endowment fund value fell to £15.4m, (31 July 2021: £16.1m) representing a decrease of 4.3 %.

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	2022 Actual	2021 Actual		Comments
Surplus as a % of income after deducting pension provision movement	7.1%	9.5%		This indicates the level of return necessary for investment in capital.
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	£31.5m	£37.3m		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	136 days	165 days		This measures our ability to fund short term cash requirements. Financial Strategy set min level at 42 days.
Current assets to current liabilities	2.5:1	2.4:1		An indicator of financial strength to meet short term liabilities.

Financial Outlook

The financial result for 2021/22 is a testimony to the hard work across all areas of the University and these excellent results will provide cash for strategic and capital investment going forward. During the year the University drew down the remaining balance of the Finance Transaction Capital loan to fund the Greater Belfast Development.

The outlook for the 2022/23 financial year and beyond remains exciting, with the opening of the new campus in Belfast, the successful move of Life and Health Sciences to Magee further consolidating delivery of health provision at Magee and further refurbishment at Coleraine creating opportunities for the University to deliver for staff, students, local communities and Northern Ireland at large. However the wider economic climate presents challenges, with the University, like many others, having to grapple with increasing energy costs and high inflation rates. These will need to be closely monitored in this coming year as income is not anticipated to rise at the same inflation rate.

Over the last five years the University's cash flow from operating activities has averaged over £20m showing the University has a good track record of generating cash to invest in staff and the estate. However, whilst the 2022/23 year has begun well, there are significant risks which remain around the impact of the current economic and cost of living crisis with pressure on public finances.

David Clements
Honorary Treasurer





Risk Managing

When managing risk, the University adheres to its Risk Management Policy which aims to protect the institution and its stakeholders from unforeseen or unacceptable exposure to risks. This policy forms part of the University's internal control and corporate governance arrangements. It applies to strategic, portfolio, departmental, faculty and project risk management.

Risk Management

The University's approach to risk management provides assurance to the Senior Leadership Team, Audit and Risk 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. This systemic risk management process ensures:

- Enhanced decision-making by forecasting important threats and opportunities;
- A more effective use and allocation of resources;
- A recognition of responsibility and accountability;
- A more targeted, risk-based internal audit plan;
- An enhanced communication and escalation of significant risks from within operational and tactical areas

Process

Our Senior Leadership team, (SLT), is, as a collective and individually, 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 and Risk Committee;
- Regularly review all significant strategic risks faced by the University for consideration by Audit and Risk Committee and keep these risks under scrutiny monthly;
- 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 undertakes periodical reviews of the Strategic 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.

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, City Deals and Brexit.

Integration with Internal Audit

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.

Risk Descriptions:

The University cannot attract/access investment as needed to operate in a financially sustainable manner and sustain our multi-campus operation.

Cyber Security Preparedness: University could be adversely impacted in the event of a cyber attack.

Inability to develop and maintain a high quality, fit for purpose, digital infrastructure to support teaching and learning delivery.

Inability to proactively identify and promptly respond to emerging issues following the opening of the full expanded Belfast campus for academic year 22/23.

Failure to fully recognise and react positively to the welfare and wellbeing needs of our staff in the delivery of the University's objectives.

Failure to recruit, retain and progress adequate numbers of students to meet the academic plan.

Failure to have in place effective governance arrangements to support the University in complying with its legal, statutory and regulatory requirements.

Inability to maintain and protect information, digital and physical assets, and maintain business operations while meeting our legal and regulatory obligations.

Inability to identify and respond to our students' expectations and support health and wellbeing.

High quality university environment is not developed/maintained and utilised effectively to deliver a high-quality student and staff experience in respect of learning, research and campus life.

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 Committee of University Chairs (CUC) Higher Education Code of Governance (September 2020) and its own Statement of Primary Responsibilities (see pages 24 to 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 strategy and purpose, and the SLT ensures that steps are taken to deliver the institutional goals, supported by elective systems of control and risk management.

Under its Delegated Authority Framework (updated May 2022), Council delegates some of its powers and responsibilities to its core Committees. The Framework provides clarity on those matters reserved to Council for collective decision to include, for example, approval of the University's Strategic Plan, and those which it delegates to its Committees and to 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 & Risk Committee; the Resources Committee; the People Committee (formerly the Governance, Nominations and Remuneration Committee) and the Belfast Campus Development Committee. Approval was also given, during the reporting period, for the establishment of a City Deals and Special Projects Committee in 2022-23.

Further detail on Council and its core Committees is set out across the page.

Council

The Council has a membership of sixteen (currently under review), 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 Council. Both the Vice-Chancellor and the Students' Union President are ex-officio members of Council and the membership also includes three elected members of University staff. 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 Council.

The membership of Council, during the 2021-22 academic year, is provided below:

Ex Officio members:

Dr J Pyper	Pro-Chancellor & Chair of Council (from 1 July 2019)
Dr E Way	Second Pro-Chancellor (from 20 June 2020)
Mr D Clements	Honorary Treasurer (from 01 August 2016)
Professor P Bartholomew	Vice-Chancellor (from 17 August 2020)
Mr O McCloskey	President of the Students' Union (from 01 July 2021 - 30 May 2022)

External members:

Mr P Lobban	appointed 01 October 2016
Dr P McNaney	appointed 01 October 2016
Dr J Stuart	appointed 01 October 2016
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 Audit & Risk Committee

The Audit & Risk Committee, chaired by Pro-Chancellor Dr Elaine Way, met five 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 & Risk 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.

The Resources Committee

The Resources Committee, chaired by the Honorary Treasurer David Clements, met four 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 People Committee

The People Committee, chaired by Dr Jenny Pyper, Chair of Council, met four 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 that of the Vice-Chancellor. The review takes account of any external earnings, including consultancy, by senior staff as well as the salary norms within the higher education sector for a wide variety of senior posts. The Committee is also responsible for recommending the appointment and re-appointment of members to the Council and ensures that Council keeps up to date with best practice governance initiatives both within the sector and at board level generally.

The Belfast Campus Development Committee

The Belfast Campus Development Committee, chaired by Dr Peter McNaney, met seven times during the academic year. The Committee is responsible to the Council for oversight of all aspects of the Belfast Campus building development and the relocation of staff and students to the new Campus.

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. 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, the Chief Strategy and Finance Officer and the Executive Deans.

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 should be 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, while 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 2022.

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 and Risk 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 2021/22 was based. The Internal Audit service operates to agreed standards 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 and Risk 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 and Risk 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 Council of Ulster University

Opinion

We have audited the financial statements of Ulster University ('the University') and its subsidiaries (the 'group') for the year ended 31 July 2022 which comprise the Group and University Statement of Comprehensive Income, the Group and University Statement of Changes in Reserves, the Group and University Balance Sheets, and the Group Cash Flow Statement and the related notes 1 to 28, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards 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 University's state of affairs as at 31 July 2022, and of the Group's and University'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 FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice);
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, the Financial Memorandum (Part 2) between the Department for Employment and Learning (now the Department for the Economy) and the University of Ulster and the Accounts Direction to Higher Education Institution requirements.

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 Council's 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 to 31 July 2024.

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, 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 (Part 1) between the Department for Employment and Learning (now Department of the Economy) and the University of Ulster ("Financial Memorandum")

In our opinion, based on the work undertaken in the course of the audit, in all material respects:

- funds from whatever source administered by Ulster University have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Department for the Economy have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them; and
- the requirements of the Department for the Economy's Accounts Direction to the Northern Ireland Higher Education Institutions for the relevant year's financial statements have been met.

Matters on which we are required to report by exception

Under the Funding Council's Financial Memorandum, the University is required to include a Statement of Internal Control within the annual financial statements. We are not required to audit this statement, or to form an opinion on the effectiveness of risk management and control procedures but have a duty to report by exception whether this statement is inconsistent with our knowledge of the University.

Responsibilities of the Council

As explained more fully in the Statement of the University Council's Responsibilities (set out on page 22), 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 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 University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the University Council either intends to liquidate the group or the University or to cease operations, or has 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, the Statement of Recommended Practice for Further and Higher Education and the Financial Memorandum between the Department for Employment and Learning (now the Department for the Economy) and the University of Ulster and the Accounts Direction to Higher Education Institution requirements.
- We understood how Ulster University is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquires through reading the University Council minutes and papers provided to the Audit and Risk Committee.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved: inquiring of management, internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the University's policies and procedures relating to:
 - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We assessed the susceptibility of the University's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and identified the recognition of tuition fee, research grants and other income as fraud risks.

Our testing included agreeing a sample of these income streams to supporting agreements or letters, remittances and the receipt of payment in bank statements, and the testing of certain revenue journals to assess recognition in the current year. In addition, for a sample of deferred income items, we reviewed the related supporting documentation to assess performance related conditions, whether the required conditions had been met and that income had therefore been recognised in the correct financial year. We also tested a sample of income items before and after the year end to confirm that they had been recorded in the correct financial year.

In addition to the above, our procedures to respond to the identified risks included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- Reading minutes of meetings of those charged with governance and the Council;
- In addressing the risk of management override of controls we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately. We reviewed significant accounting estimates for management bias and noted that we did not identify any significant unusual transactions in the financial statements.

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

Use of our report

This report is made solely to the 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 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 Council as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Christie (Senior Statutory Auditor)

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

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 2019" 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 continued to have some implications across the University's range of activities. The University provided a blended approach to teaching in 2021/22 due to the continued variation in the Covid 19 health restrictions.

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 and the renegotiated loan of £158.6m that was approved in 2021 was fully drawn down as at 31 July 2022. The new Belfast campus opened to staff and students in September 2022.

The University has prepared detailed monthly cashflow forecasts to 31 July 2024, 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 cashflow demonstrates the University will continue to maintain cash reserves over the period to 31 July 2024 and meet all its obligations.

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

2. Consolidation

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

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

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

3. Recognition of Income

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

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

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

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

Grant Funding – Revenue Grants

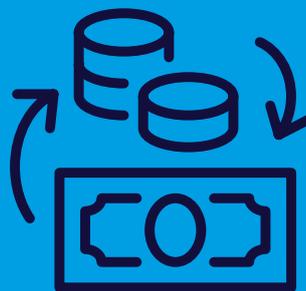
Revenue grants are recognised as income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income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

Grant Funding – Capital Grants

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

Other Income

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



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 sheet. 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 2018 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. Provision for Bad Debts

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

15. Leases

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

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

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

16. Provisions

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

17. Maintenance of Premises

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

18. Taxation Status

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

19. Reserves

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 FRS 102 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 (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. These methodologies require the use of judgement, including assessing the most appropriate methodologies to be used, whether changes in methodologies are required due to the passage of time since the date of the last investment and in certain methodologies the assumptions to be used. Due to the complexity of these methodologies, and the underlying assumptions used, such as estimates are subject to significant uncertainty. 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 22. 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.



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 2020 actuarial valuation, which defines the deficit payment required as a percentage of future salaries until 2038. 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 22.

Carrying value of Jordanstown campus land and buildings

The Jordanstown campus activity fully transferred to the new Belfast campus in September 2022. The carrying value of the Jordanstown campus estate included in fixed assets (see note 11) has been written down to its estimated recoverable amount based on an independent valuation completed in April 2020 by Lambert Smith Hampton, with the fair value of the estate based on market value in accordance with the Royal Institution of Chartered Surveyors Valuation Guidance Standards Red Book Global. The members of the Council have assessed that this fair value continues to be appropriate as at 31 July 2022. However, such valuations are inherently judgemental with the value attributed sensitive to changes arising from market factors and how the value of the estate is ultimately realised.

Statement of Comprehensive Income

Group and University Statement of Comprehensive Income for the Year Ended 31 July 2022

	Note	Group 2022	University 2022	Group 2021	University 2021
		£000	£000	£000	£000
Income					
Tuition Fees and Education Contracts	1	105,693	105,693	98,680	98,680
Funding Body Grants	2	102,044	102,044	92,623	92,623
Research Grants and Contracts	3	31,375	31,375	31,736	31,736
Other Income	4	19,387	19,299	14,864	14,833
Investment Income	5	821	821	458	458
Donations and Endowments	6	154	154	854	854
Total Income		259,474	259,386	239,215	239,184
Expenditure					
Staff Costs	7	140,706	140,706	133,720	133,720
Movement in USS Pension Provision	7	53,239	53,239	(2,061)	(2,061)
Movement in NILGOSC Pension Provision	7	5,441	5,441	5,147	5,147
		199,386	199,386	136,806	136,806
Other Operating Expenses	8	83,126	84,228	64,244	64,240
Depreciation	11	16,154	16,154	15,927	15,927
Interest and Other Finance Costs	9	1,808	1,808	5,830	5,830
Total Expenditure		300,474	301,576	222,807	222,803
(Deficit)/Surplus before other gains and losses		(41,000)	(42,190)	16,408	16,381
(Deficit)/Gain on investments	12	(211)	(1,032)	1,819	2,327
(Deficit)/Surplus before taxation		(41,211)	(43,222)	18,227	18,708
Taxation		-	-	-	-
(Deficit)/Surplus after taxation		(41,211)	(43,222)	18,227	18,708
Actuarial Gain in Respect of Pension Schemes	22	54,643	54,643	36,040	36,040
Total Comprehensive Income for the Year		13,432	11,421	54,267	54,748
Represented by:					
Endowment comprehensive (deficit)/gain for the year		(775)	(775)	2,270	2,270
Unrestricted comprehensive income for the year		19,744	17,733	57,604	58,085
Revaluation reserve comprehensive (deficit) for the year		(5,537)	(5,537)	(5,607)	(5,607)
Total		13,432	11,421	54,267	54,748

Statement of Changes in Reserves

Group and University Statement of Changes in Reserves Year Ended 31 July 2022

Group	Income and Expenditure Reserve			Total
	Endowment	Unrestricted	Revaluation Reserve	
	£000	£000	£000	
Balance at 1 August 2020	13,868	134,323	107,556	255,747
Surplus 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 1 August 2021	16,138	193,969	99,907	310,014
(Deficit) from the Statement of Comprehensive Income	(775)	(40,436)	-	(41,211)
Other comprehensive income	-	54,643	-	54,643
Transfers between revaluation and income and expenditure reserve	-	5,537	(5,537)	-
Total Comprehensive Income/(Deficit) for the Year	(775)	19,744	(5,537)	13,432
Balance at 31 July 2022	15,363	213,713	94,370	323,446

Statement of Changes in Reserves (continued)

Group and University Statement of Changes in Reserves Year Ended 31 July 2022

University	Income and Expenditure Reserve			Total
	Endowment	Unrestricted	Revaluation Reserve	
	£000	£000	£000	
Balance at 1 August 2020	13,868	128,207	107,556	249,631
Surplus 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 1 August 2021	16,138	188,334	99,907	304,379
(Deficit) from the Statement of Comprehensive income	(775)	(42,447)	-	(43,222)
Other comprehensive income	-	54,643	-	54,643
Transfers between revaluation and income and expenditure reserve	-	5,537	(5,537)	-
Total Comprehensive Income/(Deficit) for the Year	(775)	17,733	(5,537)	11,421
Balance at 31 July 2022	15,363	206,067	94,370	315,800

Balance Sheets

Balance Sheets as at 31 July 2022

	Note	Group 2022	University 2022	Group 2021	University 2021
		£000	£000	£000	£000
Fixed Assets					
Tangible assets	11	568,567	568,567	538,036	538,036
Investments	12	24,091	16,865	23,201	17,640
Total Fixed Assets		592,658	585,432	561,237	555,676
Current Assets					
Debtors	13	27,245	27,008	22,093	22,093
Investments & short term deposits	14	82,224	82,224	62,736	62,736
Cash at bank and in hand	15	29,382	29,221	37,881	37,814
Total Current Assets		138,851	138,453	122,710	122,643
Creditors: Amounts falling due within one year	16	(56,441)	(56,463)	(50,093)	(50,100)
Net Current Assets		82,410	81,990	72,617	72,543
Total Assets less Current Liabilities		675,068	667,422	633,854	628,219
Creditors: Amounts falling due after more than one year	17	(267,266)	(267,266)	(244,559)	(244,559)
Pension Liability		(88,007)	(88,007)	(79,281)	(79,281)
Pension Asset		3,651	3,651	-	-
Provision for Liabilities	18	(84,356)	(84,356)	(79,281)	(79,281)
Net Assets including Pension Liability		323,446	315,800	310,014	304,379
Reserves					
Restricted Reserves					
Endowment Reserve	19	15,363	15,363	16,138	16,138
Unrestricted Reserves					
Income & Expenditure Account - unrestricted		213,713	206,067	193,969	188,334
Revaluation Reserve		94,370	94,370	99,907	99,907
Total Reserves		323,446	315,800	310,014	304,379

The Financial Statements on pages 30 to 61 were approved by the Council on 28th November 2022 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 2022

	Note	Year ended 31 July 2022	Year ended 31 July 2021
		£000	£000
Cash Flow from Operating Activities			
(Deficit)/Surplus for the year before taxation		(41,211)	18,227
Taxation		-	-
(Deficit)/Surplus for the year after taxation		(41,211)	18,227
Adjustments for Non-Cash Items			
Depreciation	11	16,154	15,927
Loss/(gain) on investments	12	211	(1,819)
(Increase) in debtors	13	(5,152)	(3,473)
Increase in creditors	16	5,922	12,710
Increase in pension provision	18	59,718	4,378
Deferred capital grants released income		(3,883)	(3,303)
Amortisation of interest paid on extinguished loan	9	-	3,464
Adjustment for Investing of Financing Activities			
Investment income	5	(821)	(458)
Interest payable	9	512	412
New endowment received	6	(105)	(129)
Net Cash Inflow from Operating Activities		31,345	45,936
Cash Flows from Investing Activities			
Capital grant receipts		6,964	27,875
Disposal of non-current asset investments	12	269	187
Investment Income	5	821	458
Payments made to acquire fixed assets	11	(47,145)	(85,549)
New non-current asset investment	12	(1,370)	(144)
New deposits		(19,488)	(62,736)
		(59,949)	(119,909)
Cash Flows from Financing Activities			
Interest paid	9	(512)	(412)
New endowments received	6	105	129
New unsecured loans	17	20,850	137,750
Repayments of amounts borrowed	17	(338)	(63,323)
		20,105	74,144
(Decrease)/Increase in Cash and Cash Equivalents in the Year		(8,499)	171
Cash and cash equivalents at beginning of the year		37,881	37,710
Cash and cash equivalents at end of the year		29,382	37,881

Notes to the Financial Statements

1. Tuition Fees and Education Contracts	Group 2022	University 2022	Group 2021	University 2021
	£000	£000	£000	£000
Full-time Student Fees	62,770	62,770	62,053	62,053
Overseas Student Fees	12,084	12,084	7,781	7,781
Part-time Fees	11,212	11,212	10,850	10,850
DOH Education Contract	18,859	18,859	17,279	17,279
Short Course Fees	768	768	717	717
	105,693	105,693	98,680	98,680
2. Funding Body Grants	Group 2022	University 2022	Group 2021	University 2021
	£000	£000	£000	£000
Recurrent Grant	80,819	80,819	78,436	78,436
Specific Grants				
Covid Support grants	5,517	5,517	6,897	6,897
Special Initiatives	12,715	12,715	4,949	4,949
Deferred Capital Grants Released in Year				
Buildings	2,179	2,179	2,196	2,196
Equipment	814	814	145	145
	102,044	102,044	92,623	92,623
3. Research Grants and Contracts	Group 2022	University 2022	Group 2021	University 2021
	£000	£000	£000	£000
Research Councils	12,797	12,797	12,321	12,321
UK Charities	1,585	1,585	1,502	1,502
EU Government	5,540	5,540	5,982	5,982
UK Central Government	7,267	7,267	7,270	7,270
Overseas (Non-EU)	643	643	737	737
Health and Hospital Authorities	43	43	85	85
Other Sources	3,500	3,500	3,839	3,839
	31,375	31,375	31,736	31,736
Included in Research Grants and Contracts Income is £658k (2021: £729k) in relation to deferred capital grant release				
4. Other Income	Group 2022	University 2022	Group 2021	University 2021
	£000	£000	£000	£000
Residences, Catering and Conferences	2,056	2,056	1,337	1,337
Other Services Rendered	10,294	10,206	7,982	7,950
Other Income	6,805	6,805	5,313	5,314
Deferred Grant Release	232	232	232	232
	19,387	19,299	14,864	14,833

Notes to the Financial Statements (continued)

5. Investment Income	Group 2022	University 2022	Group 2021	University 2021
	£000	£000	£000	£000
Investment Income on Expendable Endowments	50	50	48	48
Investment Income on Permanent Endowments	371	371	338	338
Income from Short Term Investments	400	400	72	72
	821	821	458	458
6. Donation and Endowments	Group 2022	University 2022	Group 2021	University 2021
	£000	£000	£000	£000
New Endowments	105	105	129	129
Donations	49	49	725	725
	154	154	854	854
7. Staff Costs	Group 2022	University 2022	Group 2021	University 2021
	£000	£000	£000	£000
Wages and Salaries	108,580	108,580	103,392	103,392
Social Security Costs	10,661	10,661	9,831	9,831
Other Pension Costs (Note 22)	21,465	21,465	20,497	20,497
Movement on USS Pension Provision (Note 18)	53,239	53,239	(2,061)	(2,061)
Movement on NILGOSC Pension Provision (Note 18)	5,441	5,441	5,147	5,147
	199,386	199,386	136,806	136,806
Emolument of the Vice-Chancellor	Group 2022	University 2022	Group 2021	University 2021
	£000	£000	£000	£000
Salary	253	253	248	248
Benefits	-	-	-	-
	253	253	248	248
Employers Pension Contributions	54	54	52	52
	307	307	300	300

	2022	2021
Ratio of Vice Chancellor's basic salary to median basic salary of member of University staff	5.78:1	5.99:1
Ratio of Vice Chancellor's total remuneration to median total remuneration of member of University staff	6.01:1	6.15:1

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 is employed on a fixed salary contract 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 2022	University 2022	Group 2021	University 2021
	No.	No.	No.	No.
£100,000 - £104,999	7	7	10	10
£105,000 - £109,999	-	-	-	-
£110,000 - £114,999	2	2	1	1
£115,000 - £119,999	1	1	2	2
£120,000 - £124,999	1	1	3	3
£125,000 - £129,999	3	3	2	2
£130,000 - £134,999	2	2	2	2
£145,000 - £149,999	1	1	-	-
£150,000 - £154,999	-	-	-	-
£155,000 - £159,999	-	-	1	1
£160,000 - £164,000	1	1	1	1
£225,000 - £249,999	-	-	1	1
Key Management Personnel	Group 2022	University 2022	Group 2021	University 2021
	£000	£000	£000	£000
Key management personnel remuneration	2,242	2,242	2,432	2,432
Compensation for loss of office	Group 2022	University 2022	Group 2021	University 2021
	£000	£000	£000	£000
Compensation payable recorded within staff costs	368	368	664	664

During the year the University paid £368k for compensation for loss of office to 39 members of staff. The ending of a fixed term contract falls within the legal definition of "termination of employment by way of redundancy" and therefore the provisions of the University's redundancy policy including the provisions relating to redundancy compensation apply when a fixed term contract ends.

The average weekly number of persons (including senior postholders) employed by the University during the year, expressed as full-time equivalents, was:-	Group 2022	University 2022	Group 2021	University 2021
	No.	No.	No.	No.
Academic	1,135	1,135	1,146	1,146
Technical	141	141	134	134
Administrative	611	611	583	583
Other including Clerical and Manual	516	516	536	536
	2,403	2,403	2,399	2,399

Notes to the Financial Statements (continued)

Notes to the Financial Statements

8. Other Operating Expenses	Group 2022	University 2022	Group 2021	University 2021
	£000	£000	£000	£000
Residences and conferences	1,977	1,977	564	564
Consumables and laboratory equipment	3,283	3,283	3,882	3,882
Equipment not capitalised	4,319	4,319	5,346	5,346
Books and periodicals	4,584	4,584	3,941	3,941
Fellowships, scholarships and prizes	461	461	362	362
Rates	4,382	4,382	3,643	3,643
Heat, light, water and power	8,096	8,096	3,439	3,439
Long term maintenance	9,308	9,308	5,581	5,581
Contracted out services	5,835	5,835	4,804	4,804
Grants to Ulster University Students' Union	1,872	1,872	2,009	2,009
External Auditors' remuneration	58	58	68	62
External Auditors' remuneration in respect of non-audit services	52	52	50	48
Internal Auditors' remuneration	69	69	65	65
Internal Auditors' remuneration in respect of non-audit services	6	-	6	6
Printing and stationery	592	592	344	344
Travel, subsistence and hospitality	3,634	3,634	732	732
Miscellaneous academic support	1,455	1,455	1,075	1,075
Telephone and postage	322	322	298	298
Research sub-contracting	4,222	4,222	3,687	3,687
Legal and professional services	10,954	10,954	9,344	9,348
IT Services	5,758	5,758	3,822	3,822
Advertising and publicity	958	958	953	953
Student Support	9,357	9,357	9,398	9,398
Other expenses	1,572	2,680	831	831
	83,126	84,228	64,244	64,240

9. Interest and Other Finance Costs	Group 2022	University 2022	Group 2021	University 2021
	£000	£000	£000	£000
Bank loans – current	512	512	407	407
Bank loans – extinguished	-	-	3,464	3,464
Finance lease interest	-	-	5	5
Net charge on pension schemes	1,038	1,038	1,292	1,292
Exchange differences	258	258	662	662
	1,808	1,808	5,830	5,830

10. Analysis of 2022 Expenditure by Activity	Staff Costs	Depreciation	Other Operating Expenses	Interest and Other Finance Costs	Total
	£000	£000	£000	£000	£000
Academic Departments	80,786	1,065	9,294	-	91,145
Academic Services	21,356	2,440	18,071	-	41,867
Research Grants & Contracts	12,170	499	12,652	-	25,321
Residences, Catering & Conferences	1,419	645	3,729	-	5,793
Premises	3,689	10,193	22,425	512	36,819
Administration	18,639	1,312	15,114	258	35,323
Other Expenses	61,327	-	1,841	1,038	64,206
	199,386	16,154	83,126	1,808	300,474

£000

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

Release from Deferred Capital Grants	3,225
Release from Research Grants and Contracts	658
Transfer from Revaluation Reserve	5,537
General Income	6,734
	16,154

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 2021				
Revaluation	173,696	-	-	173,696
Cost	235,385	257,978	64,459	557,822
Total	409,081	257,978	64,459	731,518
Additions at Cost	-	39,243	7,442	46,685
Transfer CIP	48,283	(48,283)	-	-
Disposals	-	-	(3,074)	(3,074)
At 31 July 2022				
Revaluation	173,696	-	-	173,696
Cost	283,668	248,938	68,827	601,433
Total	457,364	248,938	68,827	775,129
Accumulated Depreciation				
At 1 August 2021	138,663	-	54,819	193,482
Charge for year	12,114	-	4,040	16,154
Disposals	-	-	(3,074)	(3,074)
At 31 July 2022	150,777	-	55,785	206,562
Net Book Value				
At 31 July 2022	306,587	248,938	13,042	568,567
At 31 July 2021	270,418	257,978	9,640	538,036

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 2021	-	7,063	16,138	23,201
Additions	-	844	526	1,370
Disposals	-	-	(269)	(269)
Revaluation	-	821	(1,032)	(211)
At 31 July 2022	-	8,728	15,363	24,091
University				
At 1 August 2020	1,502	-	16,138	17,640
Additions	-	-	526	526
Disposals	-	-	(269)	(269)
Revaluation	-	-	(1,032)	(1,032)
At 31 July 2022	1,502	-	15,363	16,865

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

13. Debtors	Group 2022	University 2022	Group 2021	University 2021
	£000	£000	£000	£000
Amounts falling due within one year				
Trade debtors	15,632	15,395	13,415	13,415
Prepayments and accrued income	11,613	11,613	8,678	8,678
	27,245	27,008	22,093	22,093

14. Investments and Short Term Deposits	Group 2022	University 2022	Group 2021	University 2021
	£000	£000	£000	£000
Investments and Short Term Deposits	82,224	82,224	62,736	62,736
	82,224	82,224	62,736	62,736

Under the terms of the loan agreement with the Strategic Investment Board (see note 17) the University holds a Cash Reserve account. The investments balance in 2022 includes funds of £9.6m in the Cash Reserve account. There are restrictions over the use of these funds that require prior consent from the Strategic Investment Board.

15. Cash at Bank and in Hand	Group 2022	University 2022	Group 2021	University 2021
	£000	£000	£000	£000
Cash at bank and in hand	29,382	29,221	37,881	37,814
	29,382	29,221	37,881	37,814

The cash balance in 2021 included an amount of £15.6m that was held in an Escrow account between the Strategic Investment Board and Ulster University. The cash funds were not wholly available to Ulster University and permission was required by the Strategic Investment Board to withdraw funds.

Notes to the Financial Statements (continued)

16. Creditors: Amounts Falling Due Within One Year	Group 2022	University 2022	Group 2021	University 2021
	£000	£000	£000	£000
Amounts falling due within one year				
Bank Loans	313	313	296	296
Trade Creditors	23,767	23,767	20,694	20,694
Amounts owed by Group undertakings	-	28	-	14
Taxation and Social Security	6,412	6,412	6,084	6,084
Accruals	21,478	21,472	19,417	19,410
Deferred Capital Grants	4,471	4,471	3,560	3,560
Finance Lease Creditor	-	-	42	42
	56,441	56,463	50,093	50,100
17. Creditors: Amounts Falling Due after more than One Year				
	Group 2022	University 2022	Group 2021	University 2021
	£000	£000	£000	£000
Amounts falling due after more than one year				
Bank Loans	2,170	2,170	2,483	2,483
Other Loans	158,600	158,600	137,750	137,750
Deferred Capital Grants	106,496	106,496	104,326	104,326
	267,266	267,266	244,559	244,559
Bank Loans				
Amounts falling due:				
Less than one year (Note 16)	313	313	296	296
Between one and two years	331	331	313	313
Between two and five years	1,105	1,105	1,047	1,047
Greater than five years	734	734	1,123	1,123
	2,483	2,483	2,779	2,779
Other Loans				
Amounts falling due:				
Less than one year (Note 16)	-	-	-	-
Between one and two years	-	-	-	-
Between two and five years	19,050	19,050	12,700	12,700
Greater than five years	139,550	139,550	125,050	125,050
	158,600	158,600	137,750	137,750
Finance Lease Creditor				
Amounts falling due:				
Less than one year (Note 16)	-	-	42	42
Between one and two years	-	-	-	-
Between two and five years	-	-	-	-
	-	-	42	42

Included in the loans are the following:-

Lender	Amount £000	Repayable	Interest Rate
First Trust Bank loan	2,483	2004-2029	5.475 %
Strategic Investment Board loan	158,600	2021-2049	0.25 %

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.

Net Debt Movement	Group 2022 £000	University 2022 £000	Group 2021 £000	University 2021 £000
Balance at 1 August	140,571	140,571	66,143	66,143
New Loans	20,850	20,850	137,750	137,750
Loans extinguished	-	-	(57,750)	(57,750)
Capital repayments	(338)	(338)	(5,572)	(5,572)
Balance at 31 July	161,083	161,083	140,571	140,571

18. Provisions and Liabilities	Obligation to Fund deficit on USS Pension £000	Defined Benefit Obligations (Note 22) £000	Total Provision £000
Group and University	£000	£000	£000
At 1 August 2021	34,468	44,813	79,281
(Credited)/Charged during year:			
Staff Costs	53,239	5,441	58,680
Interest Payable	300	738	1,038
Actuarial gain	-	(54,643)	(54,643)
At 31 July 2022	88,007	(3,651)	84,356

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 2020 actuarial valuation, a new deficit recovery plan was agreed of which more detail is given in note 22. This new plan requires deficit payments of 6.2% of salaries from 1 April 2022 to 31 March 2024 and then payments of 6.3% of salaries from 1 April 2024 to 30 April 2038.

The major assumptions used to calculate the obligation are:

	2022	2021
Discount rate	3.31%	0.87%
Salary Growth	2.5%	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	£3,613k increase
0.5% pa increase in salary inflation over duration	£3,619k increase
0.5% pa increase in salary inflation year 1 only	£424k increase
0.5% increase in staff changes over duration	£3,687k increase
0.5% increase in staff changes year 1 only	£419k increase
1% increase in deficit contributions	£1,542k increase

19. Endowment Reserves	Unrestricted Permanent	Restricted Permanent	Total Permanent	Restricted Expendable	2022 Total	2021 Total
	£000	£000	£000	£000	£000	£000
Group and University						
Balances at 1 August						
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
Reclassification						
Capital	2	(102)	(100)	(818)	(918)	-
Accumulated Income/(Expenditure)	(2)	102	100	818	918	-
	-	-	-	-	-	-
New Endowments	-	3	3	102	105	129
Investment Income	13	358	371	50	421	386
Expenditure	-	(175)	(175)	(94)	(269)	(573)
	13	183	196	(44)	152	(187)
(Decrease)/Increase in market value of investments	(31)	(878)	(909)	(123)	(1,032)	2,328
At 31 July	471	13,041	13,512	1,851	15,363	16,138
Represented by						
Capital	374	11,549	11,923	3,708	15,631	17,477
Accumulated Income/(Expenditure)	97	1,492	1,589	(1,857)	(268)	(1339)
	471	13,041	13,512	1,851	15,363	16,138

Analysis by Type of Purpose:

	Unrestricted Permanent	Restricted Permanent	Total Permanent	Restricted Expendable	2022 Total	2021 Total
	£000	£000	£000	£000	£000	£000
Lectureships	-	4,415	4,415	12	4,427	4,726
Scholarships & bursaries	-	714	714	699	1,413	1,472
Research support	-	5,840	5,840	1,140	6,980	7,255
Prize funds	-	2,072	2,072	-	2,072	2,195
General	471	-	471	-	471	490
	471	13,041	13,512	1,851	15,363	16,138

Analysis by Asset:

					2022 Total £000	2021 Total £000
Current and non current asset investments	471	13,041	13,512	1,851	15,363	16,138

20. Capital Commitments

Group and University

	2022 £000	2021 £000
Commitments contracted at 31 July	14,228	48,731
Authorised but not contracted at 31 July	13,891	14,479
	28,119	63,210

Outstanding commitments include £20.7million which relates to the development of the Greater Belfast Campus.

21. Contingent Liabilities

The University Council has reviewed legal proceedings outstanding at the year end and does not consider that there are any material 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.

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.

Notes to the Financial Statements (continued)

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. Due to 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 University 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 University has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the University 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 charged to the Comprehensive Income account is £53.5m (2021: credit £1.8m).

Deficit recovery contributions due within one year for the institution are £5.9m (2021: £4.6m).

The latest available complete actuarial valuation of the Retirement Income Builder is as at 31 March 2020 (the valuation date), and was carried out using the projected unit method.

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

The 2020 valuation was the sixth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles

(uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles).

CPI assumption	<ul style="list-style-type: none"> Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less: 1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long-term difference of 0.1% p.a. from 2040
Pension increases (subject to a floor of 0%)	<ul style="list-style-type: none"> CPI assumption plus 0.05%
Discount rate (forward rates)	<ul style="list-style-type: none"> Fixed interest gilt yield curve plus: Pre-retirement: 2.75% p.a. Post retirement: 1.00% p.a.

The main demographic assumptions used relate to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

2020 Valuation

Mortality base table	101% of S2PMA "light" for males and 95% of S3PFA for females
Future improvements to mortality	CMI 2019 with a smoothing parameter of 7.5, an initial addition of 0.5% p.a. and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:

	2022 Valuation	2021 Valuation
Males currently aged 65 (years)	23.9	24.7
Females currently aged 65 (years)	25.5	26.1
Males currently aged 45 (years)	25.9	26.7
Females currently aged 45 (years)	27.3	27.9

A new deficit recovery plan was put in place as part of the 2020 valuation, which requires payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024, at which point the rate will increase to 6.3%. The 2022 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

Key assumptions used are:

	2022	2021
Discount rate	3.31 %	0.87 %
Pensionable salary growth	2.5 %	1.5 %

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 2022 by a qualified independent actuary.

Balance Sheet	At 31 July 2022	At 31 July 2021
	£000	£000
Present value of scheme liabilities	(207,067)	(276,731)
Fair value of scheme assets	210,718	231,918
Net pension liability	3,651	(44,813)
Movements in present value of defined benefit obligation	At 31 July 2022	At 31 July 2021
	£000	£000
At beginning of the year	(276,731)	(275,065)
Current service cost	(8,287)	(7,846)
Member contributions	(898)	(850)
Interest cost	(4,653)	(3,809)
Benefits paid	7,084	6,991
Past service cost	-	(26)
Actuarial gains/(losses)	76,418	3,874
At end of year	(207,067)	(276,731)

Movement in fair value of plan assets	At 31 July 2022	At 31 July 2021
	£000	£000
At beginning of the year	231,918	200,386
Expected return on assets	3,915	2,782
Employer contributions	2,846	2,725
Member contributions	898	850
Benefits paid	(7,084)	(6,991)
Actuarial gain/(losses)	(21,775)	32,166
At end of year	210,718	231,918

Expense recognised in the income and expenditure accounts	At 31 July 2022	At 31 July 2021
	£000	£000
Current service cost	8,287	7,846
Interest on defined benefit pension plan obligation	4,653	3,809
Expected return on defined benefit pension plan assets	(3,915)	(2,782)
Past service cost	-	26
Total	9,025	8,899

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

	At 31 July 2022	At 31 July 2021
	£000	£000
Staff costs	8,287	7,872
Interest payable	738	1,027
	9,025	8,899

Amounts recognised in Other Comprehensive Income	At 31 July 2022	At 31 July 2021
	£000	£000
Asset gains/(losses) arising during the period	(21,775)	32,166
Liability gains/(losses) arising during the period	76,418	3,874
Total Amount recognised in Other Comprehensive Income	54,643	36,040

Notes to the Financial Statements (continued)

Cumulative actuarial gains recognised as Other Comprehensive Income are £57.530m (2021: £2.887m).

The fair value of the plan assets were as follows:-	At 31 July 2022 Fair Value	At 31 July 2021 Fair Value
	£000	£000
Equities	81,127	100,189
Bonds	79,651	92,767
Property	25,918	20,641
Cash	14,750	11,132
Other	9,272	7,189
	210,718	231,918

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:-	At 31 July 2022	At 31 July 2021
Discount rate	3.5%	1.7%
CPI inflation	2.7%	2.6%
Pension increases	2.7%	2.6%
Pension accounts revaluation rate	2.7%	2.6%
Salary increases	4.2%	4.1%

Mortality		Males	Females
Current pensioners	2022	21.8 years	25.0 years
	2021	21.9 years	25.1 years
Future pensioners	2022	23.2 years	26.4 years
	2021	23.3 years	26.5 years

The University expects to contribute approximately £2.965m to NILGOSC pensions scheme in the next financial year.

The total pension cost for the University was:	Group 2022	Group 2021
	£000	£000
Charge/(Credit) to staff costs - USS	71,833	15,736
Charge to staff cost - NILGOSC	8,282	7,844
Charge to staff costs - HSCPS	30	3
Total pension cost (see Note 7)	80,145	23,583

23. Student Support Funds

	Group 2022	Group 2021
	£000	£000
Balance carried forward	645	361
Funding Council Grants	1,386	2,192
Disbursed to Students	(1739)	(1,908)
Balance Underspent at 31 July 2022	292	645

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 OQB.

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.

C-TRIC Limited (previously named 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:-

Included in fixed asset investments above, the Company holds investment of under 25% in:

2.64% of CDS New Ventures Limited	6.00% of Humain Limited
4.44% of Crescent Capital II LLP	8.92% of Haru
7.94% of Performa Sports Limited	7.50% of Modern Nature
2.39% of Datactics Limited	20% of StimOxyGen Limited
17.98% of Get Invited Limited	20% of eXRT Intelligent Healthcare Limited
3.46% of Axial 3D Limited	20% of Pneuma Healthcare Limited
6.95% of SISAF Limited	14.62% of SonoTarg Limited
14.31% of Neuroconcise Limited	5.3% of Respiratory Analytics Limited

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%	33.00%	50.00%
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	N/A	N/A	N/A	N/A	N/A
Net Assets/ (Liabilities)	(£142,537)	£8,176	£47,224	£43,056	£1,332,104	£183,487
Financial Year End	31 May 2021	28 February 2021	30 September 2021	31 July 2022	31 December 2021	31 December 2021

In the year ended 31 July 2019 the company invested €500,000 in Enbarr Limited, an investment fund managed by Imprimator Capital. The value at 31 July 2022 is £418,866.

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.

