

Financial Statements

FOR THE YEAR TO 31 JULY 2023

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Operating and Financial Review

Financial performance during the year shows a surplus of £38.3m (2022: surplus £13.4m). This includes a net credit of £25.2m (2022: charge £5.1m) due to pension funds activity in the USS and NILGOSC pension schemes. The balance sheet has strengthened with total net assets increasing to £362m (2022: £323m) 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 2023 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

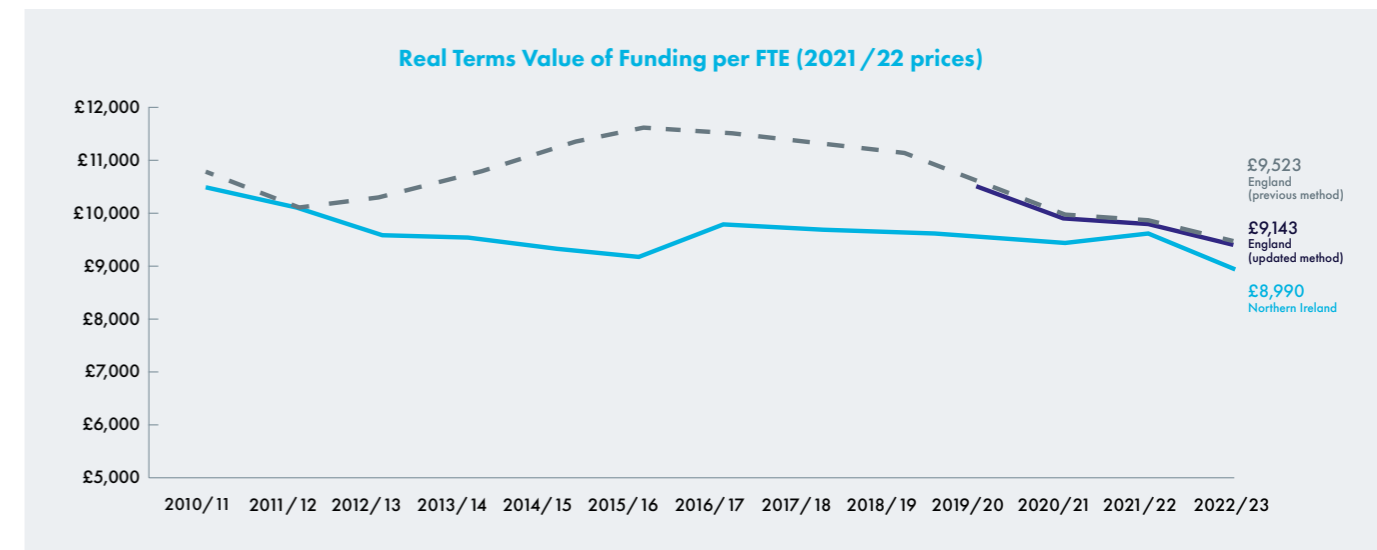
The University's underlying financial performance continues to remain strong as shown below.

| | 2023 | 2022 |
|---|--------|--------|
| Staff costs excluding pension adjustment: Income ratio | 53.7% | 54.2% |
| Cash spend on fixed assets | £18m | £47m |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) | £27.8m | £31.5m |
| % Income from non-government sources | 33% | 27% |

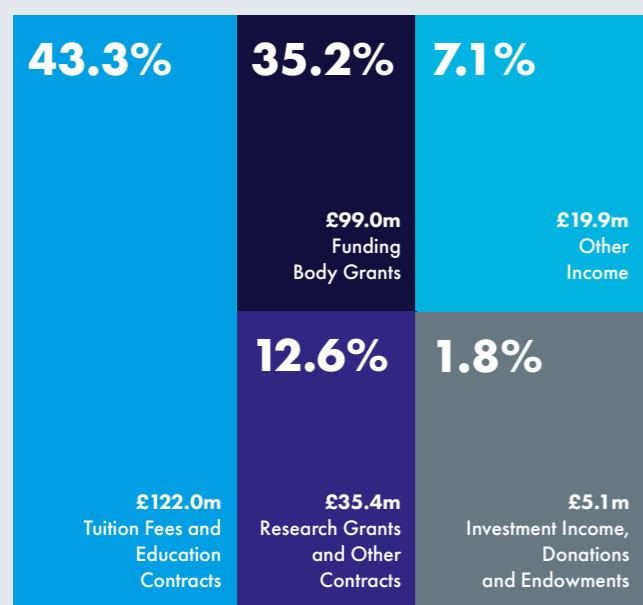
The University's consolidated comprehensive surplus for the year was £38.3m (2022: surplus £13.4m). This reflects the impact of pension adjustments attributable to the University relating to both USS and NILGOSC pension schemes with a credit to the Statement of Comprehensive Income of £25.2m (2022: charge £5.1m). The underlying financial performance excluding the pension adjustment is a surplus of £13.1m (2022: surplus £18.5m). Non-government income grew from £70.2m to £91.6m, an increase of 30.5%. This is a result of the increase in both international and educational partnership tuition fee income.

Ulster University is operating in an environment where we receive less funding per student per year than comparable institutions in England.

Differential funding is shown in the chart below:



Sources of Income 2022/23



Income

Total income in 2022/23 was £281.4m (2022: £259.4m). This represents an increase of 8.5% from last year and is reflective of an increase in tuition fees, research grants and contracts income and improved investment returns.

Funding Body Grants fell 2.9% from 21/22. The recurrent grant for teaching and research activities from the Department for the Economy (DfE) increased 4.8%, this is due to increased student numbers for the new Medical School, an increase in research funding following the outcome of the Research Excellence Framework and an additional one-off research grant funding for 22/23. The grants for special initiatives was lower in 22/23 compared to 21/22 as 21/22 received covid related grants and funding for the set-up of the Graduate Medical School. Growth of 15.4% in tuition fees is due to an increase in student numbers from overseas and in the educational partnerships contracts.

Research Income increased 13% year on year from £31.4m to £35.4m. There was a significant increase in UK government funded grants of over £5m and a fall in EU government funded grants of £2.7m. This can be explained largely to the UK Government underwriting EU funding for the financial year. In addition, the impact of City Deals is taking effect with significant increases in research income within the Faculty of Arts due to Studio

Ulster Limited, with income increasing significantly from AHRC and DfE. While research income from the EU has decreased, this trend will likely change in the future, with the UK associating with Horizon Europe from January 2024. Although this will have little impact in the short term, there will be a significant increase in the medium to long term.

Other income of £19.9m remained stable year on year. The level of trading activity has stabilised after the Covid pandemic.

Expenditure

Total expenditure in 2022/23 was £269m (2022: £300.5m), with staff costs representing 54.0% of the total expenditure (2022: 58.2%), after excluding pension adjustment.

Other operating expenses includes expenditure on utilities and premises maintenance costs, administration costs, equipment, student accommodation, scholarships and bursaries and, library services. Other operating expenses (excluding depreciation) for the year were £96.6m, which compares to the prior year cost of £83.1m. This is due to inflationary increase in costs, increased expenditure in research activity and increased costs for international students, both these costs are in line with increased income from these streams. Travel costs also increased returning to pre covid levels.

Impact of Pension Deficit

The Statement of Total Comprehensive Income (SOCl) for the year includes a net credit of £25.2m from the University's pension liability movement (2022: charge £5.1m). This includes an actuarial gain in the NILGOSC pension scheme of £17.2m (2022: gain £54.6m).

The pension provision credit 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 scheme and the assets belong to the pension scheme. These estimates reflect changes to the actuary's assumptions as a consequence of developments in the year.

The FRS 102 valuation of the NILGOSC pension scheme at 31 July 2023 resulted in an estimated net pension asset of £18.9m.

Estates Capital Plan

The Estates capital work for 2022/23 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 master plans for Coleraine and Derry~Londonderry to supplement the long-term master plan vision for the campuses.

In addition, this work also provides short to medium frameworks for the development at the campuses in line with the respective masterplans. The masterplan work will inform the development of the new Estate Strategy which is now scheduled for completion in 2023/24. Aligned to the delivery of the Estates masterplan the University purchased two new buildings in 22/23. Mount Royal in Derry~Londonderry facilitates student residences needs associated with the campus expansion while the purchase of the Irish News building in Belfast is a longer term investment to facilitate future campus needs.

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 and 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 temporary accommodation for Semester 1 2021/22. This followed an extensive refurbishment of one of the listed buildings on the campus. A space brief for the new build School of Medicine has been developed and will be finalised on agreement of student numbers intake.

On the Coleraine campus, the University have progressed remedial works to address the impact of a fire in a teaching laboratory in Block G4 of the campus with design work for the final reinstatement now well underway.

In addition, the University are progressing the engagement on the potential development of a golf driving range on the campus in tandem with continuing to also carry out essential long-term maintenance to building fabric.

On the Derry~Londonderry campus, significant refurbishment works have been completed on Block MF to facilitate the arrival of the School of Health Sciences which has now completed its first year of teaching on the campus. The completed facilities provide modern state of the art specialist teaching and learning spaces, student hubs, social spaces, offices and ancillary accommodation.

To assist with the Derry~Londonderry campus legibility, new wayfinding signage has been installed throughout the campus and a new pedestrian route through the campus, which links the previously disconnected lower levels, has also been completed. Construction of a new car park on the Duncreggan site, to facilitate the growth in campus numbers, was also completed.

Additional works on the Derry~Londonderry campus included the development of a 'sports yard' to facilitate external activities and the installation of a new heating system in the university owned student accommodation to improve reliability and operational flexibility.

On the Belfast campus, the University has progressed the design work for the refurbishment of the Academy Restaurant and Students' Union both of which will progress to site over summer 2023. Other campus interventions have included the creating of a student social area adjacent to the main campus entrance. The final phase of the Greater Belfast Development project (Block BC) completed in September 2022 and the new campus in Belfast was fully operational for the start of the academic year.

In relation to the Jordanstown campus, the new sports centre projects planning submission was lodged in October 2023 with a view to commencing construction in Spring 2024 while decluttering and clearance of the vacated campus is ongoing with view to having this substantially complete by end of the year.

Other Jordanstown elements include the services rationalisation strategy which has been developed to facilitate the disposal of large areas of the campus.

An initial inspection to identify Reinforced Autoclaved Aerated Concrete (RAAC) has been undertaken and seven roof locations, all located on the Coleraine campus, require further investigation. Conditions indicate there is no urgent or immediate work required. It is however anticipated that some remedial works will be undertaken during 23/24, following a more detailed investigation.

Sustainability

Climate and Nature Positive Action

In recognising that the climate emergency and biodiversity crisis are inextricably linked we are responding to these challenges through our campus Climate and Nature Positive actions, engagement, and accreditations.

Climate Positive

Ulster University have completed a net zero carbon modelling project as part of a foundation phase of developing a climate and sustainability strategy. The modelling project presented a series of decarbonisation pathways to reach net zero with different target dates utilising a mix of varying investment and project interventions across the University's entire value chain emissions.

In 2022/23 a preferred decarbonisation scenario was developed into a more detailed Net Zero Carbon Roadmap outlining the major actions required to achieve emission reductions. The Net Zero Roadmap provides a high-level guide to next actions required, including but not limited to:

- Campus and building portfolio assessments and detailed strategies for reducing electrical and heat demand, phasing out gas usage and assessing embodied carbon on future new build and retrofit construction.
- The creation, adoption, and implementation of relevant policies i.e., introduction of innovative business travel policies.
- Focused engagement with key stakeholders, such as suppliers, local government authorities and the student body, to achieve the emissions reduction targets.
- Target-setting for supply chain decarbonisation to reduce upstream Scope 3 emissions.
- Regular annual assessments of carbon emissions to ensure decarbonisation is proceeding at an optimal rate consistent with the net zero carbon roadmap.
- Improvement of data quality and collection processes.

The new enhanced Belfast campus opened in September 2022, its city centre location provided the ideal location and opportunity to promote active and sustainable travel to the over 15,000 staff and students working and studying on the campus.

A range of sustainable travel improvements were introduced including:

- New Translink shuttle bus service connecting the campus to the nearest train stations and popular student residential areas.
- Free Metro bus transfer from Yorkgate Train Station to campus.

- Enhanced bus service from and to Jordanstown Sports Village (JSV) as well as a park and ride facility at JSV.
- Sustainable Travel Map.
- Opening of Active Travel Hub operated by social enterprise Big Loop Bikes and Sustrans offering cost effective repairs, bike purchase and leasing and a programme of activities, training and events delivered by Sustrans.

Nature Positive

In 2022/23 Ulster University officially pledged to the Nature Positive Universities Alliance committing to assessing the impacts of our natural capital and to determine the most impactful initiatives to introduce and to report progress on. During the year we conducted the first of four pledge requirements by conducting a baseline assessment and ecological survey of the Coleraine campus. Setting nature targets, taking action to protect and restore species and ecosystems and nature reporting will form the next elements of our nature positive pledge and commitments.

Sustainability Engagement and Reward

The Net Zero Challenge digital engagement app was first launched at Ulster University in 2021. The interactive programme is available to all staff and students to engage with individual and university-wide sustainability and wellbeing. By completing positive actions staff and students earn points, a place on the leader board and prizes. After two years the university community has completed almost 10,000 positive sustainability and wellbeing actions so far! Actions have ranged from learning about carbon to travelling actively, and from eating less meat to litter picking.

External Recognition

Ulster University is recognised externally for leading in sustainability through achieving 'Platinum' award in the Business in the Community Environmental Benchmarking Survey and maintaining accreditation to ISO 14001, the International standard for Environmental Management.

For academic year 2023/24 our climate and nature positive commitments will focus on developing a Climate Action Position statement to articulate our position on climate change and focus on completing our first Natural Capital Assessment and Account to facilitate an integrated approach to placing nature on our balance sheet.

Cashflow and Financing

Net cash increased by £18.7m during the year. The movement in funds is summarised below:-

| | 2023 £m | 2022 £m | Change £m |
|-------------------------------------|---------------|---------------|--------------|
| Investments and short term deposits | 102.2 | 82.2 | 20.0 |
| Cash at bank and in hand | 27.7 | 29.4 | (1.7) |
| Bank and other loans | (160.7) | (161.1) | 0.4 |
| Net cash | (30.8) | (49.5) | 18.7 |

The net cash inflow from operating activities for the year was £29.1m (2022: £31.3m), interest paid totalled £0.5m (2022: £0.5m), and interest received totalled £3.5m (2022: £0.4m). 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 valued at £15.0m, a decrease of £0.3m due to falling market values. The endowment funds are managed by Rathbones Investment Management.

During the year £18.2m cash was spent on acquiring fixed assets against which £2.5m of capital grants were received.

How We Allocate Our Resources 2022/23

| | |
|---|--|
| £99.8m Academic Departments | Total Staff Costs £140.3m |
| Staff Costs: £86.7m Other: £13.1m | Total Other £128.7m |
| £28.0m Research Grants and Contracts | Total £269.0m |
| Staff Costs: £12.6m Other: £15.4m | |
| £49.4m Premises | Staff Costs: £4.2m Other: £45.2m |
| £40.0m Administrative and Central Services | Staff Costs: £20.0m Other: £20.0m |
| £6.2m Residences, Catering and Conferences | Staff Costs: £1.5m Other: £4.7m |
| £48.0m Academic Services | Staff Costs: £23.4m Other: £24.6m |
| (£7.8m) Pension Adjustment | Staff Costs: (£10.7m) Other: £2.9m |
| £5.4m Other Spend | Staff Costs: £2.6m * Other: £2.8m <small>*including income-generating operations</small> |

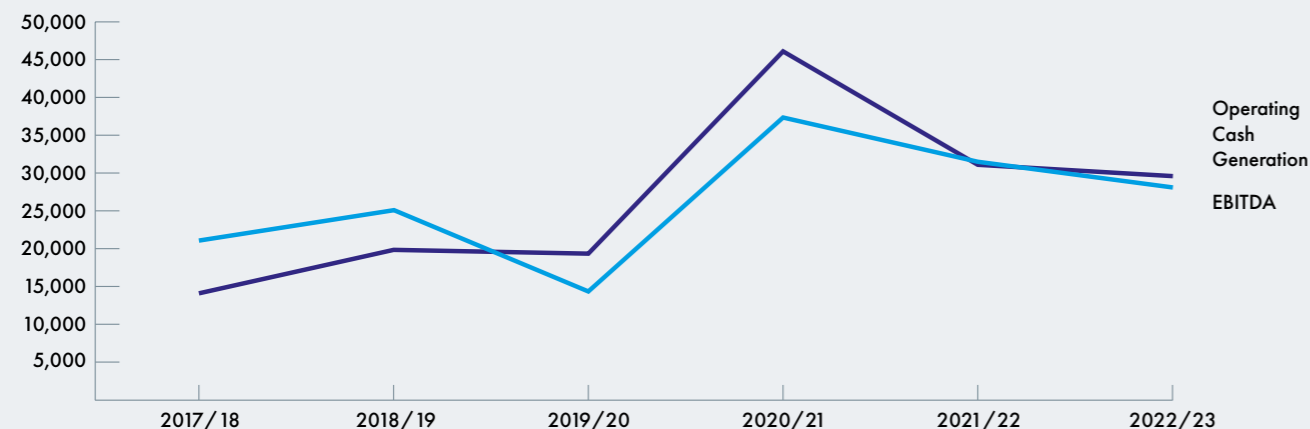
Cashflow Statement 2022/23



EBITDA

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

EBITDA to Cash Generated from Operating Activities 2017/18 to 2022/23



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 £27.8m.

Net Assets

Total net assets £361.8m (2022: £323.4m) have increased by 12.0%. The net book value of fixed assets decreased by £11.7m to £556.9m (2022: £568.6m) which includes the commencement of depreciation for the Greater Belfast Development. The net current assets position remains strong at £92.6m (2022: £82.4m) with an increase of £18.3m in cash funds. The balance sheet 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 2023 the Endowment fund value fell to £15.0m, (31 July 2022: £15.3m) representing a decrease of 2.1 %.

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 | 2023 Actual | 2022 Actual | Comments |
|---|-------------|-------------|---|
| Surplus/(Deficit) as a % of income after deducting pension provision movement | 4.7% | 7.1% | ● This indicates the level of return necessary for investment in capital. |
| Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) | £27.8m | £31.5m | ● 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 | 176 days | 136 days | ● This measures our ability to fund short term cash requirements. Financial Strategy set min level at 42 days |
| Current assets to current liabilities | 2.3:1 | 2.5:1 | ● An indicator of financial strength to meet short term liabilities. |

Financial Outlook

This past year has been very exciting for the University with the official opening of the new Belfast campus by the US President Joe Biden, ongoing growth in Derry~Londonderry and further refurbishment at Coleraine. The financial results for 2022/23 were very positive, with strong growth in international recruitment and significant diversification of income with partners, with a reduced reliance on government funding.

Over the last five years the University cash flow from operating activities has averaged over £25m showing the University has a good track record of generating cash to invest in staff and the estate. This reflects the strong governance and effective management of the University's resources in sustaining financial health.

The University launched its strategy 'People, Place and Partnership' in November 2022, and it recognised the unprecedented time for higher education as it faces the challenge of emerging from the global pandemic and adapting to a changed learning landscape. The University has renewed its commitment to a campus-based university together with a significant expansion of a fully online provision for those wishing to study at a distance. In addition, the strategy has a strong commitment to all areas of sustainability and has recently appointed a new Dean of Sustainability to take forward work in this area.

The strategic commitment to our multi-campus university model is evident in the planned scale of investment across all campuses with funding and investment being committed through a range of Growth and City Deals, and the Irish Government commitment to the provision of capital funding for a new teaching block on the Derry~Londonderry campus.

The outlook for the 2023/24 financial year and beyond is encouraging, however future challenges and an increasingly complex changing operating environment cannot be underestimated particularly upon the 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, 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 project risk registers, e.g. City Deals.

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.

The risks for the 2022/23 year were:

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 generate all benefits from the Greater Belfast Development building due to contractual issues resulting in damage to reputation and/or adverse impact to student and staff experience.

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 promote and embed a strong culture of good governance across the University to support compliance with 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.

Statement Corporate Governance

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, which are currently under review. 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, 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 and Risk Committee; the Resources Committee; the People Committee (formerly the Governance, Nominations and Remuneration Committee); the Belfast Campus Development Committee; and the City Deals and Special Projects Committee).

Further detail on Council and its core Committees is set out overleaf.

Council

The Council, which met six times during the year, has a membership of eighteen, the majority of whom (thirteen) are appointed from outside the University. With the exception of the Students' Union President, Council members serve for a maximum of two terms of four years. 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 2022/23 academic year, is provided below:

Ex Officio Members:

| | |
|-------------------------|---|
| Dr J Pyper | Pro-Chancellor and Chair of Council (from 01 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) |
| Ms G Boyle | President of the Students' Union (from 01 June 2022 - 01 June 2023) |

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 |
| Mr C Conway | appointed 01 March 2023 |
| Mr J Healy | appointed 01 March 2023 |

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 Audit and Risk Committee

The Audit and 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 the Audit and 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 five times during the academic year. The Committee recommends to the Council the University's annual revenue and capital budgets for the University group and monitors performance in relation to the approved budget. The Committee also has, *inter alia*, oversight of matters pertaining to the estate, information technology and people and culture.

The People Committee

The People Committee, chaired by Dr Jenny Pyper, Chair of Council, met seven times during the academic year. The Committee brings together the responsibilities of remuneration, nominations and people and culture. 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 Council and its Committees, together with University appointments on subsidiary companies.

The Belfast Campus Development Committee

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

The City Deals and Special Projects Committee

The City Deals and Special Projects Committee chaired by Mr Peter Sheridan, met five times during the academic year. The Committee is responsible to the Council for oversight in relation to the governance and assurance frameworks underpinning City Deal and Special Projects, with the special projects falling within the scope of the Committee to be determined, from time to time, by Council.

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) currently under review, 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, University Provost, Chief Strategy and Finance Officer, Chief People Officer, 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 University Provost, 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 web pages.

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.

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.

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 these efficiently, effectively and economically. Those procedures have been in place for the year ended 31 July 2023.

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 (SLT) 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 2022/23 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. Deloitte (NI) Ltd were appointed as the University's internal auditors in June 2022 on a three-year contract.

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 and Risk 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.



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 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.
2. To provide oversight and accountability for the University's arrangements for governance and risk management.
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.

Report to the Council of Ulster University Independent Auditor's

Opinion

We have audited the financial statements of Ulster University ('the University') and its subsidiaries (the 'Group') for the year ended 31 July 2023 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, 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 state of the Group's and of the University's affairs as at 31 July 2023 and of the Group's and of the 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been properly prepared in accordance with the Department for the Economy's Accounts Direction to Higher Education Institutions for 2022-23 Financial Statements.

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 the period to 31 July 2025.

Our responsibilities and the responsibilities of the University Council's 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 contained within the annual report.

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 this gives rise to 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 the 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 the institution for specific purposes have been applied properly to those purposes and, if relevant, managed in accordance with relevant legislation; and
- funds provided by Department for the Economy have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.

Matters on which we are required to report by exception

Under the Funding Council's Financial Memorandum (Part 1), 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 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 University Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the University 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 non-compliance 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:
 - o Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - o Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and

- o 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.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of management, those charged with governance and those responsible for legal and compliance procedures; journal entry testing with a focus on journals indicating large or unusual transactions based on our understanding of the business and review of Council.

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 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 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
24 November 2023

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.

The University has prepared a 5 year strategic plan and financial forecasts. The new Belfast campus opened in September 2022 and the long-term loan agreement with the Strategic Investment Board to assist the funding of the Greater Belfast Development is fully drawn down.

The University has prepared detailed monthly cashflow forecasts to 31 July 2025, 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 2025 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 period to 31 July 2025. 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 Innovation Ulster Limited. 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 subsidiary company Studio Ulster Limited, the joint venture results of Branch Campus (London & Birmingham) Limited, C-TRIC Limited (formerly ABC Research & Innovation Limited) and NI Composites O&M LLP (NICOM) and the investment in NIACE Limited are not consolidated in the Financial Statements on the grounds of materiality.

3. Recognition of Income

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

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

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

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

Grant Funding – Revenue Grants

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

Grant Funding – Capital Grants

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

Other Income

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



Donations and Endowments

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

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

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

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

4. Pension Schemes

The two principal pension schemes for the University's staff are the University's Superannuation Scheme (USS) and the Northern Ireland Local Government Officers Superannuation Committee.

Pension Fund (NILGOSC). The funds are valued every three years by actuaries using the aggregate method, the rates of contribution payable being determined by the trustees on the advice of the actuaries.

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

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

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

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

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

5. Employment Benefits

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

6. Foreign Currencies

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

7. Freehold Land and Buildings

The University has adopted the transitional arrangements on conversion to FRS 102 and has revalued land and buildings as at 31 July 2014 on three campuses, namely Coleraine, Derry~Londonderry 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.

Following the transfer of the Jordanstown campus to Belfast, the value of the land and buildings at Jordanstown is reviewed annually.

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.

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 and Ulster Equity Partnership.

From the menu of valuation methodologies cited by the International Private Equity and Venture Capital Valuation Guidelines (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.

Judgement is also required in respect of the amount of the NILGOSC pension asset recognised at 31 July 2023 of £18.9m (see **Note 22**). In the absence of specific guidance in FRS 102 the assessment of the recognition of this asset has been determined using the applicable requirements of International Accounting Standards Board's IFRIC 14 "IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction". Details of the assessment made in determining the amount of the recoverable surplus and hence net asset recognised at 31 July 2023, together with a related sensitivity analysis, are set out in **Note 22**.

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 2023. 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 2023

| | Note | Group 2023 | University 2023 | Group 2022 | University 2022 |
|--|------|----------------|-----------------|------------|-----------------|
| | | £000 | £000 | £000 | £000 |
| Income | | | | | |
| Tuition Fees and Education Contracts | 1 | 121,964 | 121,964 | 105,693 | 105,693 |
| Funding Body Grants | 2 | 99,065 | 99,065 | 102,044 | 102,044 |
| Research Grants and Contracts | 3 | 35,442 | 35,442 | 31,375 | 31,375 |
| Other Income | 4 | 19,905 | 20,907 | 19,387 | 19,299 |
| Investment Income | 5 | 4,114 | 4,141 | 821 | 821 |
| Donations and Endowments | 6 | 961 | 961 | 154 | 154 |
| Total Income | | 281,451 | 282,480 | 259,474 | 259,386 |
| Expenditure | | | | | |
| Staff Costs | 7 | 151,075 | 151,075 | 140,706 | 140,706 |
| Movement in USS Pension Provision | 7 | (12,878) | (12,878) | 53,239 | 53,239 |
| Movement in NILGOSC Pension Provision | 7 | 2,139 | 2,139 | 5,441 | 5,441 |
| | | 140,336 | 140,336 | 199,386 | 199,386 |
| Other Operating Expenses | 8 | 96,600 | 96,591 | 83,126 | 84,228 |
| Depreciation | 11 | 28,857 | 28,857 | 16,154 | 16,154 |
| Interest and Other Finance Costs | 9 | 3,176 | 3,176 | 1,808 | 1,808 |
| Total Expenditure | | 268,969 | 268,960 | 300,474 | 301,576 |
| Surplus/(Deficit) Before Other Gains and Losses | | 12,482 | 13,520 | (41,000) | (42,190) |
| Gain on Disposal of Fixed Assets | | 1,357 | 1,357 | - | - |
| Gain/(Deficit) on Investments | 12 | 7,282 | 1,906 | (211) | (1,032) |
| Surplus/(Deficit) Before Taxation | | 21,121 | 16,783 | (41,211) | (43,222) |
| Taxation | | (4) | - | - | - |
| Surplus/(Deficit) After Taxation | | 21,117 | 16,783 | (41,211) | (43,222) |
| Actuarial Gain in Respect of Pension Schemes | 22 | 17,187 | 17,187 | 54,643 | 54,643 |
| Total Comprehensive Income for the Year | | 38,304 | 33,970 | 13,432 | 11,421 |
| Represented by: | | | | | |
| Endowment Comprehensive (Deficit) for the Year | | (328) | (328) | (775) | (775) |
| Unrestricted Comprehensive Income for the Year | | 43,047 | 38,713 | 19,744 | 17,733 |
| Revaluation Reserve Comprehensive (Deficit) for the Year | | (4,415) | (4,415) | (5,537) | (5,537) |
| Total | | 38,304 | 33,970 | 13,432 | 11,421 |

Statement of Changes in Reserves

Group and University Statement of Changes in Reserves Year Ended 31 July 2023

| Group | Income and Expenditure Reserve | | Revaluation Reserve | Total |
|--|--------------------------------|----------------|---------------------|----------------|
| | Endowment | Unrestricted | | |
| | £000 | £000 | £000 | £000 |
| 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 1 August 2022 | 15,363 | 213,713 | 94,370 | 323,446 |
| Income/(Deficit) from the Statement of Comprehensive Income | (328) | 21,445 | - | 21,117 |
| Other Comprehensive Income | - | 17,187 | - | 17,187 |
| Transfers Between Revaluation and Income and Expenditure Reserve | - | 4,415 | (4,415) | - |
| Total Comprehensive Income/(Deficit) for the Year | (328) | 43,047 | (4,415) | 38,304 |
| Balance at 31 July 2023 | 15,035 | 256,760 | 89,955 | 361,750 |

Statement of Changes in Reserves (continued)

Group and University Statement of Changes in Reserves Year Ended 31 July 2023

| University | Income and Expenditure Reserve | | | Total |
|--|--------------------------------|----------------|---------------------|----------------|
| | Endowment | Unrestricted | Revaluation Reserve | |
| | £000 | £000 | £000 | £000 |
| 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 1 August 2022 | 15,363 | 206,067 | 94,370 | 315,800 |
| Income/(Deficit) from the Statement of Comprehensive Income | (328) | 17,111 | - | 16,783 |
| Other Comprehensive Income | - | 17,187 | - | 17,187 |
| Transfers Between Revaluation and Income and Expenditure Reserve | - | 4,415 | (4,415) | - |
| Total Comprehensive Income/(Deficit) for the Year | (328) | 38,713 | (4,415) | 33,970 |
| Balance at 31 July 2023 | 15,035 | 244,780 | 89,955 | 349,770 |

Balance Sheets

Balance Sheets as at 31 July 2023

| | Note | Group 2023 | University 2023 | Group 2022 | University 2022 |
|--|------|----------------|-----------------|------------|-----------------|
| | | £000 | £000 | £000 | £000 |
| Fixed Assets | | | | | |
| Tangible Assets | 11 | 556,879 | 556,879 | 568,567 | 568,567 |
| Investments | 12 | 31,496 | 18,842 | 24,091 | 16,865 |
| Total Fixed Assets | | 588,375 | 575,721 | 592,658 | 585,432 |
| Current Assets | | | | | |
| Debtors | 13 | 35,604 | 36,604 | 27,245 | 27,008 |
| Investments and Short Term Deposits | 14 | 102,264 | 102,264 | 82,224 | 82,224 |
| Cash at Bank and In Hand | 15 | 27,650 | 27,331 | 29,382 | 29,221 |
| Total Current Assets | | 165,518 | 166,199 | 138,851 | 138,453 |
| Creditors: Amounts Falling Due Within One Year | 16 | (72,908) | (72,915) | (56,441) | (56,463) |
| Net Current Assets | | 92,610 | 93,284 | 82,410 | 81,990 |
| Total Assets Less Current Liabilities | | 680,985 | 669,005 | 675,068 | 667,422 |
| Creditors: Amounts Falling Due After More Than One Year | 17 | (260,074) | (260,074) | (267,266) | (267,266) |
| Pension Liability | | (78,042) | (78,042) | (88,007) | (88,007) |
| Pension Asset | | 18,881 | 18,881 | 3,651 | 3,651 |
| Provision for Liabilities | 18 | (59,161) | (59,161) | (84,356) | (84,356) |
| Net Assets Including Pension Assets and Liabilities | | 361,750 | 349,770 | 323,446 | 315,800 |
| Reserves | | | | | |
| Restricted Reserves | | | | | |
| Endowment Reserve | 19 | 15,035 | 15,035 | 15,363 | 15,363 |
| Unrestricted Reserves | | | | | |
| Income and Expenditure Account – Unrestricted | | 256,760 | 244,780 | 213,713 | 206,067 |
| Revaluation Reserve | | 89,955 | 89,955 | 94,370 | 94,370 |
| Total Reserves | | 361,750 | 349,770 | 323,446 | 315,800 |

The Financial Statements on pages 30 to 61 were approved by the Council on 23 November 2023 and signed on its behalf by:

Mr David Clements
Honorary Treasurer

Ms Elaine Hartin
Chief Strategy and Finance Officer

Professor Paul Bartholomew
Vice-Chancellor and Chief Accounting Officer

Group Cash Flow Statement

Group Cash Flow Year Ended 31 July 2023

| | Note | Year ended 31 July 2023 | Year ended 31 July 2022 |
|--|------|----------------------------|----------------------------|
| | | £000 | £000 |
| Cash Flow from Operating Activities | | | |
| Surplus/(Deficit) for the Year before Taxation | | 21,121 | (41,211) |
| Taxation | | (4) | - |
| Surplus/(Deficit) for the Year after Taxation | | 21,117 | (41,211) |
| Adjustment for Non-Cash Items | | | |
| Depreciation | 11 | 28,857 | 16,154 |
| (Gain)/Loss on Investments | 12 | (7,282) | 211 |
| (Increase) in Debtors | 13 | (8,359) | (5,152) |
| Increase in Creditors | 16 | 14,049 | 5,922 |
| (Decrease)/Increase in Pension Provision | 18 | (8,008) | 59,718 |
| Deferred Capital Grants Released Income | | (6,210) | (3,883) |
| Adjustment for Investing of Financing Activities | | | |
| Investment Income | 5 | (4,114) | (821) |
| Interest Payable | 9 | 525 | 512 |
| New Endowment Received | 6 | (128) | (105) |
| (Profit) on Disposal of Fixed Assets | | (1,357) | - |
| Net Cash Inflow from Operating Activities | | 29,090 | 31,345 |
| Cash Flows from Investing Activities | | | |
| Capital Grant Receipts | | 2,520 | 6,964 |
| Disposal of Non-Current Asset Investments | 12 | 728 | 269 |
| Investment Income | 5 | 4,114 | 821 |
| Payments made to Acquire Fixed Assets | 11 | (18,233) | (47,145) |
| Fixed Asset Disposal Proceeds | | 1,650 | - |
| New Non-Current Asset Investment | 12 | (851) | (1,370) |
| New Fixed Deposits | | (20,040) | (19,488) |
| | | (30,112) | (59,949) |
| Cash Flows from Financing Activities | | | |
| Interest Paid | 9 | (525) | (512) |
| New Endowments Received | 6 | 128 | 105 |
| New Unsecured Loans | 17 | - | 20,850 |
| Repayments of Amounts Borrowed | 17 | (313) | (338) |
| | | (710) | 20,105 |
| (Decrease) in Cash and Cash Equivalents in the Year | | (1,732) | (8,499) |
| Cash and Cash Equivalents at Beginning of the Year | | 29,382 | 37,881 |
| Cash and Cash Equivalents at End of the Year | | 27,650 | 29,382 |

Notes to the Financial Statements

1. Tuition Fees and Education Contracts

| | Group 2023 | University 2023 | Group 2022 | University 2022 |
|------------------------|----------------|--------------------|---------------|--------------------|
| | £000 | £000 | £000 | £000 |
| Full-time Student Fees | 62,987 | 62,987 | 62,770 | 62,770 |
| Overseas Student Fees | 24,061 | 24,061 | 12,084 | 12,084 |
| Part-time Fees | 12,950 | 12,950 | 11,212 | 11,212 |
| DOH Education Contract | 20,714 | 20,714 | 18,859 | 18,859 |
| Short Course Fees | 1,252 | 1,252 | 768 | 768 |
| | 121,964 | 121,964 | 105,693 | 105,693 |

2. Funding Body Grants

| | Group 2023 | University 2023 | Group 2022 | University 2022 |
|--|---------------|--------------------|---------------|--------------------|
| | £000 | £000 | £000 | £000 |
| Recurrent Grant | 84,704 | 84,704 | 80,819 | 80,819 |
| Specific Grants | | | | |
| – Covid Support Grants | - | - | 5,517 | 5,517 |
| Special Initiatives | 8,579 | 8,579 | 12,715 | 12,715 |
| Deferred Capital Grants Released in Year | | | | |
| – Buildings | 3,926 | 3,926 | 2,179 | 2,179 |
| – Equipment | 1,856 | 1,856 | 814 | 814 |
| | 99,065 | 99,065 | 102,044 | 102,044 |

3. Research Grants and Contracts

| | Group 2023 | University 2023 | Group 2022 | University 2022 |
|---------------------------------|---------------|--------------------|---------------|--------------------|
| | £000 | £000 | £000 | £000 |
| Research Councils | 13,802 | 13,802 | 12,797 | 12,797 |
| UK Charities | 1,708 | 1,708 | 1,585 | 1,585 |
| EU Government | 2,785 | 2,785 | 5,540 | 5,540 |
| UK Central Government | 12,397 | 12,397 | 7,267 | 7,267 |
| Overseas (Non-EU) | 876 | 876 | 643 | 643 |
| Health and Hospital Authorities | 217 | 217 | 43 | 43 |
| Other Sources | 3,657 | 3,657 | 3,500 | 3,500 |
| | 35,442 | 35,442 | 31,375 | 31,375 |

Included in research grants and contracts income is £243k (2022: £658k) in relation to deferred capital grant release.

4. Other Income

| | Group 2023 | University 2023 | Group 2022 | University 2022 |
|--------------------------------------|---------------|--------------------|---------------|--------------------|
| | £000 | £000 | £000 | £000 |
| Residences, Catering and Conferences | 2,425 | 2,425 | 2,056 | 2,056 |
| Other Services Rendered | 9,319 | 9,325 | 10,294 | 10,206 |
| Other Income | 7,977 | 8,973 | 6,805 | 6,805 |
| Deferred Grant Release | 184 | 184 | 232 | 232 |
| | 19,905 | 20,907 | 19,387 | 19,299 |

Notes to the Financial Statements (continued)

| 5. Investment Income | Group 2023 | University 2023 | Group 2022 | University 2022 |
|---|-----------------------|----------------------------|-----------------------|----------------------------|
| | £000 | £000 | £000 | £000 |
| Investment Income on Expendable Endowments | 57 | 57 | 50 | 50 |
| Investment Income on Permanent Endowments | 414 | 414 | 371 | 371 |
| Income from Short Term Investments | 3,461 | 3,488 | 400 | 400 |
| Net Receivable Interest on Pension Scheme | 182 | 182 | - | - |
| | 4,114 | 4,141 | 821 | 821 |
| | | | | |
| 6. Donation and Endowments | Group 2023 | University 2023 | Group 2022 | University 2022 |
| | £000 | £000 | £000 | £000 |
| New Endowments | 128 | 128 | 105 | 105 |
| Donations | 833 | 833 | 49 | 49 |
| | 961 | 961 | 154 | 154 |
| | | | | |
| 7. Staff Costs | Group 2023 | University 2023 | Group 2022 | University 2022 |
| | £000 | £000 | £000 | £000 |
| Wages and Salaries | 116,611 | 116,611 | 108,580 | 108,580 |
| Social Security Costs | 11,253 | 11,253 | 10,661 | 10,661 |
| Other Pension Costs (Note 22) | 23,211 | 23,211 | 21,465 | 21,465 |
| Movement on USS Pension Provision (Note 18) | (12,878) | (12,878) | 53,239 | 53,239 |
| Movement on NILGOSC Pension Provision (Note 18) | 2,139 | 2,139 | 5,441 | 5,441 |
| | 140,336 | 140,336 | 199,386 | 199,386 |
| | | | | |
| Emolument of the Vice-Chancellor | Group 2023 | University 2023 | Group 2022 | University 2022 |
| | £000 | £000 | £000 | £000 |
| Salary | 263 | 263 | 253 | 253 |
| Benefits | - | - | - | - |
| | 263 | 263 | 253 | 253 |
| Employers Pension Contributions | 57 | 57 | 54 | 54 |
| | 320 | 320 | 307 | 307 |

| | 2023 | 2022 |
|--|---------------|-------------|
| Ratio of Vice-Chancellor's Basic Salary to Median Basic Salary of Member of University Staff | 6.15:1 | 5.78:1 |
| Ratio of Vice-Chancellor's Total Remuneration to Median Total Remuneration of Member of University Staff | 6.11:1 | 6.01:1 |

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 2023 | University 2023 | Group 2022 | University 2022 |
|--|-----------------------|----------------------------|-----------------------|----------------------------|
| | No. | No. | No. | No. |
| £100,000 - £104,999 | 12 | 12 | 7 | 7 |
| £105,000 - £109,999 | 9 | 9 | - | - |
| £110,000 - £114,999 | 1 | 1 | 2 | 2 |
| £115,000 - £119,999 | 1 | 1 | 1 | 1 |
| £120,000 - £124,999 | 1 | 1 | 1 | 1 |
| £125,000 - £129,999 | 1 | 1 | 2 | 2 |
| £130,000 - £134,999 | 3 | 3 | 2 | 2 |
| £135,000 - £139,999 | 1 | 1 | - | - |
| £140,000 - £144,999 | 2 | 2 | - | - |
| £145,000 - £149,999 | - | - | 1 | 1 |
| £150,000 - £154,999 | - | - | - | - |
| £155,000 - £159,999 | 2 | 2 | - | - |
| £160,000 - £164,999 | - | - | 1 | 1 |
| £165,000 - £169,999 | - | - | - | - |
| £170,000 - £174,999 | 1 | 1 | - | - |

| Key Management Personnel | Group 2023 | University 2023 | Group 2022 | University 2022 |
|---------------------------------------|-----------------------|----------------------------|-----------------------|----------------------------|
| | £000 | £000 | £000 | £000 |
| Key Management Personnel Remuneration | 2,501 | 2,501 | 2,242 | 2,242 |

Compensation for Loss of Office

| | | | | |
|--|--------------|--------------|-----|-----|
| Compensation Payable Recorded Within Staff Costs | 1,130 | 1,130 | 368 | 368 |
|--|--------------|--------------|-----|-----|

During the year the University paid £1,130k for compensation for loss of office to 70 members of staff. These payments in 22/23 were mainly as a result of the relocation of the School of Health Sciences from the Jordanstown campus to the Derry~Londonderry campus, the closure of the Greater Belfast Development project and staff on fixed term contracts.

| The Average Weekly Number of Persons (Including Senior Post Holders) Employed by the University During the Year, Expressed as Full-time Equivalents, was:- | Group 2023 | University 2023 | Group 2022 | University 2022 |
|---|-----------------------|----------------------------|-----------------------|----------------------------|
| | No. | No. | No. | No. |
| Academic | 1,149 | 1,149 | 1,135 | 1,135 |
| Technical | 165 | 165 | 141 | 141 |
| Administrative | 633 | 633 | 611 | 611 |
| Other Including Clerical and Manual | 545 | 545 | 516 | 516 |
| | 2,492 | 2,492 | 2,403 | 2,403 |

Notes to the Financial Statements (continued)

| 8. Other Operating Expenses | Group 2023 | University 2023 | Group 2022 | University 2022 |
|--|---------------|--------------------|---------------|--------------------|
| | £000 | £000 | £000 | £000 |
| Residences and Conferences | 3,204 | 3,204 | 1,977 | 1,977 |
| Consumables and Laboratory equipment | 3,206 | 3,206 | 3,283 | 3,283 |
| Equipment not Capitalised | 4,948 | 4,948 | 4,319 | 4,319 |
| Books and Periodicals | 4,182 | 4,182 | 4,584 | 4,584 |
| Fellowships, Scholarships and Prizes | 562 | 562 | 461 | 461 |
| Rates | 3,727 | 3,727 | 4,382 | 4,382 |
| Heat, Light, Water and Power | 7,666 | 7,666 | 8,096 | 8,096 |
| Long Term Maintenance | 8,994 | 8,994 | 9,308 | 9,308 |
| Contracted Out Services | 7,366 | 7,366 | 5,835 | 5,835 |
| Grants to Ulster University Students' Union | 1,942 | 1,942 | 1,872 | 1,872 |
| External Auditors' Remuneration | 87 | 81 | 58 | 58 |
| External Auditors' Remuneration in Respect of Non-Audit Services | 36 | 34 | 52 | 52 |
| Internal Auditors' Remuneration | 143 | 143 | 69 | 69 |
| Internal Auditors' Remuneration in Respect of Non-Audit Services | 191 | 191 | 6 | - |
| Printing and Stationery | 1,144 | 1,144 | 592 | 592 |
| Travel, Subsistence and Hospitality | 5,292 | 5,292 | 3,634 | 3,634 |
| Miscellaneous Academic Support | 1,716 | 1,716 | 1,455 | 1,455 |
| Telephone and Postage | 310 | 310 | 322 | 322 |
| Research Sub-contracting | 7,032 | 7,032 | 4,222 | 4,222 |
| Legal and Professional Services | 14,931 | 14,931 | 10,954 | 10,954 |
| IT Services | 5,813 | 5,813 | 5,758 | 5,758 |
| Advertising and Publicity | 1,787 | 1,787 | 958 | 958 |
| Student Support | 9,304 | 9,304 | 9,357 | 9,357 |
| Other Expenses | 3,017 | 3,016 | 1,572 | 2,680 |
| | 96,600 | 96,591 | 83,126 | 84,228 |

| 9. Interest and Other Finance Costs | Group 2023 | University 2023 | Group 2022 | University 2022 |
|-------------------------------------|---------------|--------------------|---------------|--------------------|
| | £000 | £000 | £000 | £000 |
| Bank Loans | 128 | 128 | 145 | 145 |
| Other Loans | 397 | 397 | 367 | 367 |
| Net Charge on Pension Schemes | 2,913 | 2,913 | 1,038 | 1,038 |
| Exchange Differences | (262) | (262) | 258 | 258 |
| | 3,176 | 3,176 | 1,808 | 1,808 |

| 10. Analysis of 2023 Expenditure by Activity | Staff Costs | Depreciation | Other Operating Expenses | Interest and Other Finance Costs | Total |
|---|----------------|---------------|--------------------------------|---|----------------|
| | £000 | £000 | £000 | £000 | £000 |
| Academic Departments | 86,752 | 1,752 | 11,304 | - | 99,808 |
| Academic Services | 23,442 | 3,987 | 20,470 | - | 47,899 |
| Research Grants and Contracts | 12,617 | 33 | 15,383 | - | 28,033 |
| Residences, Catering and Conferences | 1,467 | 581 | 4,198 | - | 6,246 |
| Premises | 4,169 | 20,872 | 23,868 | 525 | 49,434 |
| Administration | 20,040 | 1,632 | 18,594 | (262) | 40,004 |
| Other Expenses | (8,151) | - | 2,783 | 2,913 | (2,455) |
| | 140,336 | 28,857 | 96,600 | 3,176 | 268,969 |

£000

The depreciation charged has been funded by:

| | |
|--|---------------|
| Release from Deferred Capital Grants | 5,965 |
| Release from Research Grants and Contracts | 243 |
| Transfer from Revaluation Reserve | 4,415 |
| General Income | 18,234 |
| | 28,857 |

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 2022 | | | | |
| Revaluation | 173,696 | - | - | 173,696 |
| Cost | 283,668 | 248,938 | 68,827 | 601,433 |
| Total | 457,364 | 248,938 | 68,827 | 775,129 |
| Additions at Cost | 5,731 | 5,442 | 6,289 | 17,462 |
| Transfer CIP | 221,829 | (234,488) | 12,659 | - |
| Disposals | (293) | - | (4,138) | (4,431) |
| At 31 July 2023 | | | | |
| Revaluation | 173,696 | - | - | 173,696 |
| Cost | 510,935 | 19,892 | 83,637 | 614,464 |
| Total | 684,631 | 19,892 | 83,637 | 788,160 |
| Accumulated Depreciation | | | | |
| At 1 August 2022 | 150,777 | - | 55,785 | 206,562 |
| Charge for Year | 21,246 | - | 7,611 | 28,857 |
| Disposals | - | - | (4,138) | (4,138) |
| At 31 July 2023 | 172,023 | - | 59,258 | 231,281 |
| Net Book Value | | | | |
| At 31 July 2023 | 512,608 | 19,892 | 24,379 | 556,879 |
| At 31 July 2022 | 306,587 | 248,938 | 13,042 | 568,567 |

| 12. Fixed Asset Investments | Subsidiary Companies | Other Fixed Asset Investments | Subsidiary Investment in Spinouts | Endowment Fund Investments | Total |
|-----------------------------|-------------------------|-------------------------------------|---|----------------------------------|---------------|
| Group | £000 | £000 | £000 | £000 | £000 |
| At 1 August 2022 | - | - | 8,728 | 15,363 | 24,091 |
| Additions | - | - | 252 | 599 | 851 |
| Disposals | - | - | (200) | (528) | (728) |
| Fair Value Adjustments | - | 2,305 | 5,376 | (399) | 7,282 |
| At 31 July 2023 | - | 2,305 | 14,156 | 15,035 | 31,496 |
| University | | | | | |
| At 1 August 2022 | 1,502 | - | - | 15,363 | 16,865 |
| Additions | - | - | - | 599 | 599 |
| Disposals | - | - | - | (528) | (528) |
| Fair Value Adjustments | - | 2,305 | - | (399) | 1,906 |
| At 31 July 2023 | 1,502 | 2,305 | - | 15,035 | 18,842 |

During the year, the investment in Ulster Equity Limited Partnership was revalued and £2.3m was recognised as a fair value adjustment.

| 13. Debtors | Group 2023 | University 2023 | Group 2022 | University 2022 |
|--|----------------|--------------------|---------------|--------------------|
| | £000 | £000 | £000 | £000 |
| Amounts falling due within one year | | | | |
| Trade Debtors | 23,999 | 24,999 | 15,632 | 15,395 |
| Prepayments and Accrued Income | 11,605 | 11,605 | 11,613 | 11,613 |
| | 35,604 | 36,604 | 27,245 | 27,008 |
| 14. Investments and Short Term Deposits | | | | |
| | Group 2023 | University 2023 | Group 2022 | University 2022 |
| | £000 | £000 | £000 | £000 |
| Investments and Short Term Deposits | 102,264 | 102,264 | 82,224 | 82,224 |
| | 102,264 | 102,264 | 82,224 | 82,224 |

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 2023 includes funds of £19.3m in the Cash Reserve account (2022: £9.6m). 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 2023 | University 2023 | Group 2022 | University 2022 |
|------------------------------|---------------|--------------------|---------------|--------------------|
| | £000 | £000 | £000 | £000 |
| Cash at Bank and In Hand | 27,650 | 27,331 | 29,382 | 29,221 |
| | 27,650 | 27,331 | 29,382 | 29,221 |

Notes to the Financial Statements (continued)

| 16. Creditors: | Group 2023 | University 2023 | Group 2022 | University 2022 |
|---|----------------|--------------------|---------------|--------------------|
| | £000 | £000 | £000 | £000 |
| Amounts Falling Due Within One Year | | | | |
| Bank Loans | 331 | 331 | 313 | 313 |
| Trade Creditors | 29,694 | 29,694 | 23,767 | 23,767 |
| Amounts Owed by Group Undertakings | - | 15 | - | 28 |
| Taxation and Social Security | 7,076 | 7,076 | 6,412 | 6,412 |
| Accruals | 28,165 | 28,157 | 21,478 | 21,472 |
| Deferred Capital Grants | 7,642 | 7,642 | 4,471 | 4,471 |
| | 72,908 | 72,915 | 56,441 | 56,463 |
| 17. Creditors: | | | | |
| | Group 2023 | University 2023 | Group 2022 | University 2022 |
| | £000 | £000 | £000 | £000 |
| Amounts Falling Due After More Than One Year | | | | |
| Bank Loans | 1,839 | 1,839 | 2,170 | 2,170 |
| Other Loans | 158,600 | 158,600 | 158,600 | 158,600 |
| Deferred Capital Grants | 99,635 | 99,635 | 106,496 | 106,496 |
| | 260,074 | 260,074 | 267,266 | 267,266 |
| Bank Loans | | | | |
| Amounts Falling Due: | | | | |
| Less Than One Year (Note 16) | 331 | 331 | 313 | 313 |
| Between One and Two Years | 348 | 348 | 331 | 331 |
| Between Two and Five Years | 1,168 | 1,168 | 1,105 | 1,105 |
| Greater Than Five Years | 323 | 323 | 734 | 734 |
| | 2,170 | 2,170 | 2,483 | 2,483 |
| Other Loans | | | | |
| Amounts Falling Due: | | | | |
| Less Than One Year (Note 16) | - | - | - | - |
| Between One and Two Years | 6,344 | 6,344 | - | - |
| Between Two and Five Years | 19,032 | 19,032 | 19,050 | 19,050 |
| Greater Than Five Years | 133,224 | 133,224 | 139,550 | 139,550 |
| | 158,600 | 158,600 | 158,600 | 158,600 |

Included in the loans are the following:-

| Lender | Amount £000 | Repayable | Interest Rate |
|---------------------------------|-------------|-----------|---------------|
| First Trust Bank Loan | 2,170 | 2004-2029 | 5.475 % |
| Strategic Investment Board Loan | 158,600 | 2025-2049 | 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 2023 | University 2023 | Group 2022 | University 2022 |
|---------------------------|----------------|--------------------|----------------|--------------------|
| | £000 | £000 | £000 | £000 |
| Balance at 1 August | 161,083 | 161,083 | 140,571 | 140,571 |
| New Loans | - | - | 20,850 | 20,850 |
| Capital repayments | (313) | (313) | (338) | (338) |
| Balance at 31 July | 160,770 | 160,770 | 161,083 | 161,083 |

| 18. Provisions for Liabilities | Obligation to Fund Deficit on USS Pension (Note 22) | Defined Benefit Obligations (Note 22) | Total Provision |
|-------------------------------------|---|---|--------------------|
| Group and University | £000 | £000 | £000 |
| At 1 August 2022 | 88,007 | (3,651) | 84,356 |
| (Credited)/Charged During the Year: | | | |
| Staff Costs | (12,878) | 2,139 | (10,739) |
| Interest Payable | 2,913 | (182) | 2,731 |
| Actuarial Gain | - | (17,187) | (17,187) |
| At 31 July 2023 | 78,042 | (18,881) | 59,161 |

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 2023 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:

| | 2023 | 2022 |
|---------------|-------|-------|
| Discount Rate | 5.52% | 3.31% |
| Salary Growth | 3.0% | 2.5% |

Notes to the Financial Statements (continued)

A sensitivity analysis on the assumptions used is disclosed in **Note 22**.

Since the year end, the preliminary results of the 2023 actuarial valuation have been produced and these show a significant improvement in the funding position with the scheme moving from a deficit of £14.1b to a surplus of £7.4b. As a result, a consultation is underway to assess the potential use of the surplus to reduce future contributions and improve benefits. The outcome of this is expected to be implemented by April 2024.

| 19. Endowment Reserves | Unrestricted Permanent | Restricted Permanent | Total Permanent | Restricted Expendable | 2023 Total | 2022 Total |
|--|-------------------------------|-----------------------------|------------------------|------------------------------|-------------------|-------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Group and University | | | | | | |
| Balances at 1 August | | | | | | |
| Capital | 374 | 11,549 | 11,923 | 3,708 | 15,631 | 17,477 |
| Accumulated Income and (Expenditure) | 97 | 1,492 | 1,589 | (1,857) | (268) | (1,339) |
| | 471 | 13,041 | 13,512 | 1,851 | 15,363 | 16,138 |
| New Endowments | - | 3 | 3 | 125 | 128 | 105 |
| Investment Income | 14 | 400 | 414 | 57 | 471 | 421 |
| Expenditure | - | (199) | (199) | (329) | (528) | (269) |
| | 14 | 201 | 215 | (272) | (57) | 152 |
| (Decrease)/Increase in Market Value of Investments | (12) | (339) | (351) | (48) | (399) | (1,032) |
| At 31 July | 473 | 12,906 | 13,379 | 1,656 | 15,035 | 15,363 |
| Represented By | | | | | | |
| Capital | 362 | 11,213 | 11,575 | 3,786 | 15,361 | 15,631 |
| Accumulated Income and (Expenditure) | 111 | 1,693 | 1,804 | (2,130) | (326) | (268) |
| | 473 | 12,906 | 13,379 | 1,656 | 15,035 | 15,363 |

Analysis by Type of Purpose:

| | Unrestricted Permanent | Restricted Permanent | Total Permanent | Restricted Expendable | 2023 Total | 2022 Total |
|----------------------------|-------------------------------|-----------------------------|------------------------|------------------------------|-------------------|-------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Lectureships | - | 4,315 | 4,315 | 243 | 4,558 | 4,427 |
| Scholarships and Bursaries | - | 709 | 709 | 453 | 1,162 | 1,413 |
| Research Support | - | 5,806 | 5,806 | 960 | 6,766 | 6,980 |
| Prize Funds | - | 2,076 | 2,076 | - | 2,076 | 2,072 |
| General | 473 | - | 473 | - | 473 | 471 |
| | 473 | 12,906 | 13,379 | 1,656 | 15,035 | 15,363 |

Analysis by Asset:

| | Unrestricted Permanent | Restricted Permanent | Total Permanent | Restricted Expendable | 2023 Total | 2022 Total |
|---|-------------------------------|-----------------------------|------------------------|------------------------------|-------------------|-------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Current and Non Current Asset Investments | 473 | 12,906 | 13,379 | 1,656 | 15,035 | 15,363 |

20. Capital Commitments

Group and University

| | 2023 | 2022 |
|--|---------------|-------------|
| | £000 | £000 |
| Commitments Contracted at 31 July | 5,244 | 14,228 |
| Authorised but not Contracted at 31 July | 10,962 | 13,891 |
| | 16,206 | 28,119 |

Outstanding commitments include £15.3m which relates to the development of the Greater Belfast campus.

21. Contingent Liabilities

At the year end there were no legal proceedings that are expected to result in a settlement of a material amount by the University.

Following the completion of the new campus in Belfast in September 2022, the University is in the process of agreeing the Final Account with the main contractor, including the resolution of claims and counter claims between the parties. The University is confident in its position and that the possibility of settlement of material amounts, if any, beyond those assumed in preparing these financial statements, is remote.

Notes to the Financial Statements (continued)

22. Net Pension Liability

The University participates in three pension schemes. The schemes are the Universities Superannuation Scheme (USS), the Northern Ireland Local Government Officers Superannuation Committee Pension Fund (NILGOSC) and the Health and 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 and Social Care Service Pension Scheme, a defined benefit pension scheme for health and social care workers in Northern Ireland. Disclosures are not included for this pension scheme on grounds of materiality.

USS Pension Scheme

The University participates in the Universities Superannuation Scheme (USS). The scheme is a hybrid scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. 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 credited to the Comprehensive Income account is £12.9m (2022: charge £53.5m).

Deficit recovery contributions due within one year for the institution are £5.7m (2022: £5.9m).

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) | Fixed interest gilt yield curve plus: <ul style="list-style-type: none"> Pre-retirement: 2.75% pa Post retirement: 1.00% pa |

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% p.a. for males and 1.6% p.a. for females |

The current life expectancies on retirement at age 65 are:

| | 2023 | 2022 |
|-----------------------------------|------|------|
| Males currently aged 65 (years) | 24.0 | 23.9 |
| Females currently aged 65 (years) | 25.6 | 25.5 |
| Males currently aged 45 (years) | 26.0 | 25.9 |
| Females currently aged 45 (years) | 27.4 | 27.3 |

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 2023 until 31 March 2024, at which point the rate will increase to 6.3%. The 2023 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

| | 2023 | 2022 |
|---------------------------|-------|-------|
| Discount Rate | 5.52% | 3.31% |
| Pensionable Salary Growth | 3.0% | 2.5% |

Sensitivity Analysis

The sensitivity analysis outlines the potential impact on the provision under different scenarios:

| Change in Assumptions at 31 July 2023 | |
|--|-----------------|
| 0.5% p.a. decrease in discount rate | £2.8m increase |
| 0.5% p.a. increase in salary inflation over duration | £2.9m increase |
| 0.5% p.a. increase in salary inflation year 1 only | £0.4m increase |
| 0.5% increase in staff changes over duration | £2.8m increase |
| 0.5% increase in staff changes year 1 only | £0.4m increase |
| 1% increase in deficit contributions | £12.4m increase |

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 2023 by a qualified independent actuary.

| Balance Sheet | At 31 July 2023 | At 31 July 2022 |
|-------------------------------------|--------------------|--------------------|
| | £000 | £000 |
| Present Value of Scheme Liabilities | (177,945) | (207,067) |
| Fair Value of Scheme Assets | 196,826 | 210,718 |
| Net Pension Asset | 18,881 | 3,651 |

The FRS 102 valuation of the NILGOSC scheme as at 31 July 2023 resulted in an estimated net pension plan asset of £18.881m. FRS 102 requires that an entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. Since FRS 102 provides no further guidance in this respect, as allowed under FRS 102 the University Council have considered the relevant requirements of International Financial Reporting Standards, in particular IFRIC Interpretation 14 IAS 19—“The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction” (IFRIC 14).

The University Council have considered the ability of the University to recover a surplus through reduced contributions in the future. This has included obtaining an assessment from an independent actuary based on the requirements of IFRIC 14. This assessment estimates that using both a perpetuity approach (i.e. assuming the University would never exit the NILGOSC scheme) and using the remaining service life of the current member employees used in the latest triennial funding valuation, that the present value of the estimated future service cost in each period less the estimated minimum funding requirement contributions that would be required for future service in those periods would be negative. Consequently, no economic benefit is available as a reduction in future contributions.

IFRIC 14 requires that the right to recovery through a refund must be unconditional. While the NILGOSC “Admission and Exit Policy” and The Local Government Pension Scheme Regulations (Northern Ireland) 2014 require the calculation of an exit refund and provide NILGOSC with the ability to defer the timing of any resultant refund payment, neither of these conditions are considered as conditional events over the right of the University to a refund on exit from the NILGOSC scheme. The University Council have therefore concluded that the University does have an unconditional right to a refund of a surplus in the NILGOSC scheme.

Based on their assessment as set out above, University Council have concluded that it is appropriate to recognise the estimated net pension plan asset of £18.881m at 31 July 2023.

| Movements in Present Value of Defined Benefit Obligation | At 31 July 2023 | At 31 July 2022 |
|--|--------------------|--------------------|
| | £000 | £000 |
| At Beginning of the Year | (207,067) | (276,731) |
| Current Service Cost | (5,271) | (8,287) |
| Member Contributions | (994) | (898) |
| Interest Cost | (7,132) | (4,653) |
| Benefits Paid | 7,733 | 7,084 |
| Actuarial Gains/(Losses) | 34,786 | 76,418 |
| At End of Year | (177,945) | (207,067) |

| Movement in Fair Value of Plan Assets | At 31 July 2023 | At 31 July 2022 |
|---------------------------------------|--------------------|--------------------|
| | £000 | £000 |
| At Beginning of the Year | 210,718 | 231,918 |
| Expected Return on Assets | 7,314 | 3,915 |
| Employer Contributions | 3,132 | 2,846 |
| Member Contributions | 994 | 898 |
| Benefits Paid | (7,733) | (7,084) |
| Actuarial (Losses)/Gain | (17,599) | (21,775) |
| At End of Year | 196,826 | 210,718 |

| Expense Recognised in the Income and Expenditure Accounts | At 31 July 2023 | At 31 July 2022 |
|---|--------------------|--------------------|
| | £000 | £000 |
| Current Service Cost | 5,271 | 8,287 |
| Interest on Defined Benefit Pension Plan Obligation | 7,132 | 4,653 |
| Expected Return on Defined Benefit Pension Plan Assets | (7,314) | (3,915) |
| Total | 5,089 | 9,025 |

| The (Income)/Expense is Recognised in the Following Line Items in the Income Statement: | At 31 July 2023 | At 31 July 2022 |
|---|--------------------|--------------------|
| | £000 | £000 |
| Staff Costs | 5,271 | 8,287 |
| Interest Payable | (182) | 738 |
| | 5,089 | 9,025 |

| Amounts Recognised in Other Comprehensive Income | At 31 July 2023 | At 31 July 2022 |
|--|--------------------|--------------------|
| | £000 | £000 |
| Asset (Losses) Arising During the Period | (17,599) | (21,775) |
| Liability Gains Arising During the Period | 34,786 | 76,418 |
| Total Amount Recognised in Other Comprehensive Income | 17,187 | 54,643 |

Cumulative actuarial gains recognised as Other Comprehensive Income are £74.7m (2022: £57.53m).

Notes to the Financial Statements (continued)

| The Fair Value of the Plan Assets were as follows:- | At 31 July 2023 Fair Value | At 31 July 2022 Fair Value |
|---|-------------------------------|-------------------------------|
| | £000 | £000 |
| Equities | 84,439 | 81,127 |
| Bonds | 68,101 | 79,651 |
| Property | 20,470 | 25,918 |
| Cash | 12,203 | 14,750 |
| Other | 11,613 | 9,272 |
| | 196,826 | 210,718 |

| Principal Actuarial Assumptions (Expressed as Weighted Averages) at the Year End were as follows:- | At 31 July 2023 | At 31 July 2022 |
|--|-----------------|-----------------|
| Discount Rate | 5.1% | 3.5% |
| CPI Inflation | 2.6% | 2.7% |
| Pension Increases | 2.6% | 2.7% |
| Pension Accounts Revaluation Rate | 2.6% | 2.7% |
| Salary Increases | 4.1% | 4.2% |

| Mortality | | Males | Females |
|--------------------|-------------|-------------------|-------------------|
| Current Pensioners | 2023 | 21.7 years | 24.5 years |
| | 2022 | 21.8 years | 25.0 years |
| Future Pensioners | 2023 | 22.6 years | 25.5 years |
| | 2022 | 23.2 years | 26.4 years |

The University expects to contribute approximately £3.204m to NILGOSC pensions scheme in the next financial year.

The sensitivity analysis outlines the potential impact on the provision under different scenarios:

| Change in Assumptions at 31 July 2023 | |
|---|----------------|
| 0.1% decrease in discount rate | £2.7m increase |
| 0.1% increase in salaries | £0.2m increase |
| 0.1% increase to pensions and rate of revaluation of pension accounts | £2.3m increase |
| 1 year increase in post-retirement mortality | £4.5m increase |

| The Total Pension Cost for the University was: | Group 2023 | Group 2022 |
|--|---------------|------------|
| | £000 | £000 |
| Charge to Staff Costs – USS | 7,126 | 71,833 |
| Charge to Staff Costs – NILGOSC | 5,289 | 8,282 |
| Charge to Staff Costs – HSCPS | 57 | 30 |
| Total Pension Cost (see Note 7) | 12,472 | 80,145 |

23. Student Support Funds

| | Group and University 2023 | Group and University 2022 |
|---|---------------------------|---------------------------|
| | £000 | £000 |
| Balance Carried Forward | 292 | 645 |
| Funding Council Grants | 2,684 | 1,386 |
| Interest | 7 | - |
| Disbursed to Students | (2,572) | (1,739) |
| Balance Underspent at 31 July 2023 | 411 | 292 |

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. The support funds are used to provide financial help to students whose access to higher education might be inhibited by financial considerations or who for whatever reasons, including physical or other disabilities, face financial difficulties in meeting their living costs.

24. Subsidiary Company Information

There are two companies which are wholly owned subsidiary companies 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, BD-004-09 York Street, Belfast, Northern Ireland BT15 1ED.

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

- Studio Ulster Limited

Studio Ulster Limited was incorporated in March 2023. The company has a registered address of Murray House, Murray Street, Belfast, Northern Ireland, BT1 6DN.

Studio Ulster Limited is a company established to provide virtual production centric services in production and post-

production to stakeholders operating in the motion picture, video and television programme industry sectors.

The company is not trading and remains dormant as at 31 July 2023.

25. Joint Venture Information

The University has two joint ventures. Branch Campus (London & 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.

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 and C-TRIC 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 NI Composites O&M LLP (NICOM). NICOM was incorporated in 2011 to promote collaborative research in advanced composites. It is a joint venture between IUL and Queen’s Composites Limited, a wholly owned subsidiary of Queen’s University Belfast. The results of NICOM are not consolidated in the Group Financial Statements on the grounds of materiality.

Notes to the Financial Statements (continued)

26. Other Investments

Ulster Equity Limited Partnership

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.

Through Ulster Equity Partnership the University has the following holdings:

7.49% of Axial Medical Printing Limited

6.92% of Haru Limited

14.92% of Humain Limited

3.96% of Locate Match Limited

6.71% of Neuroconcise Limited

2.82% of Neurovalens Limited

4.23% of CDS New Ventures Limited

Innovation Ulster Limited

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

7.94% of Performa Sports Limited

2.40% of Datactics Limited

3.04% of Axial 3D Limited

6.20% of SISAF Limited

14.31% of Neuroconcise Limited

6.00% of Humain Limited

8.92% of Haru

7.50% of Modern Nature

20.0% of StimOxyGen Limited

20.0% of eXRT Intelligent Healthcare Limited

20.0% of Pneuma Healthcare Limited

18.0% of SonoTarg 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 |
|---------------------------|---|--|---|--------------------|----------------------------|
| Name | Actionsense Limited | Axis Composites Limited | Jenarron Therapeutics Limited | Solaform Limited | Efectis UK/Ireland Limited |
| Country of Incorporation | 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 |
| % Shares Held and Type | 26.13% | 28.02% | 33.62% | 45.63% | 33.00% |
| Convertible Loan Stock | N/A | N/A | N/A | N/A | N/A |
| Turnover | 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 |
| Net Assets/ (Liabilities) | (£151,448) | £2,597 | £28,107 | £44,978 | £2,590,034 |
| Financial Year End | 31 May 2022 | 28 February 2022 | 30 September 2022 | 31 July 2022 | 31 December 2022 |

In the year ended 31 July 2019 the company invested €500,000 in Enbarr Limited, an investment fund managed by Imprimatur Capital. The value at 31 July 2023 is £856,000.

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.

