

Stranmillis University College

A College of Queen's University Belfast.

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2015

ADVISORS

Principal:	Dr A Heaslett
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GOVERNORS

The members of the Governing Body and its Committees during the year are set out in the Table below.

Name	Appointed From Date	Term of Office	Status of Appointment	Committees Served
Professor Sir Desmond Rea OBE MSc(ECON) MBA PHD	13 May 2013	13 May 2017	Chair of the Governing Body	Chair of the HR and Remuneration Committee;
E Jardine CB, MSc, BSc	1 August 2014	31 July 2018	Vice-Chair of the Governing Body	Chair of the Finance and General Purposes Committee; Member of the HR and Remuneration Committee
Dr A Heaslett BA MA D.Phil MSc FRSA	1 August 2007	For period of appointment	Principal and Chief Executive	
Mrs C Moore BA, FCA	1 August 2014	31 July 2018	Member	Chair of the Audit and Risk Assurance Committee
Mrs S Madden	29 March 2013	31 March 2017	Member	Member of the Finance and General Purposes Committee (2014-15); Member of the HR and Remuneration Committee
K Nelson BA, MBA, MSC, MIC, FCMI, CMGR	29 March 2013	31 March 2017	Member	Member of the Audit and Risk Assurance Committee
R Thompson MA, BA, DASE CertED	29 March 2013	31 March 2017	Member	Member of the Finance and General Purposes Committee; Chair of the Education Committee
Dr E Birnie MA, PhD	1 August 2014	31 July 2018	Member	Member of the Finance and General Purposes Committee
W Patterson BA, MBA, FCIPD	1 August 2014	31 July 2018	Member	Member of the Finance and General Purposes Committee; Member of the HR and Remuneration Committee
Mrs E Huddleson BEd MSc	1 August 2014	31 July 2018	Member	Member of the Education Committee
R Hanna BEd MSc PGDip MSc	1 August 2014	31 July 2018	Member	Member of the Audit and Risk Assurance Committee
A Brown BEd, MSSc, FCIEA, FCoIT, FRSA	4 November 2014	3 November 2018	Teaching Staff Representative	None
A Ramage	1 February 2012	31 July 2015	Support Staff Representative	None
Ms I Mercer	1 October 2015	30 September 2019	Support Staff Representative	None
A Leahy	1 June 2015	31 May 2016	Student Representative	None
M Pollock	1 June 2014	31 May 2015	Student Representative	None

1. REPORT OF THE GOVERNING BODY FOR THE YEAR ENDED 31 JULY 2015**Introduction**

- 1.1 The Governing Body is pleased to present its report and the accounts of the University College for the year ended 31 July 2015.
- 1.2 The University College is a Higher Education Institution, the principal business of which is the provision of courses in Initial Teacher Education leading to the award of the BEd (Honours) degree validated by Queen's University, Belfast (QUB). The University College also offers a BA (Early Childhood Studies), a BSc (Health, Physical Activity and Sport), a Postgraduate Certificate in Education (PGCE) in early years education and a range of courses at Master's level.
- 1.3 The College also offers a range of short courses through its Lifelong Learning and Professional Development Programme.
- 1.4 Stranmillis University College was founded in 1922, for the purpose of providing teacher education in Northern Ireland. However, over the years it has developed a vibrant international strategy and currently works with a significant number of overseas partners.
- 1.5 Stranmillis University College's vision, which was revised in 2014-15, is 'Leading innovative professional practice' and its mission, which was also revised is 'to sustain a vibrant, inclusive learning community, educating, shaping and enriching society through excellence in teaching, scholarship and research.'
- 1.6 The University College was created as an incorporated institution by virtue of the Colleges of Education (NI) Order 2005 which received parliamentary approval on 19th July 2005. The Order was effective from 1 October 2005.
- 1.7 Based on this legislation, the Office for National Statistics reclassified the University College as part of Central Government. This has resulted in the University College being determined as a Non Department Public Body (NDPB) with effect from 1 April 2012.

Financial Results for the Year

- 1.8 The University College's Income, Expenditure and Results for the year to 31 July 2015 are summarised below:

	2015	2014
	£'000	£'000
Income	13,435	14,235
Expenditure	(13,172)	(13,631)
Operating Surplus	<u>263</u>	<u>604</u>
Transfer to Reserves	<u>263</u>	<u>604</u>

Income

- 1.9 Total income reduced by £800k or 5.6% compared with the previous year (2014 income increased by £870k or 6.5%). This is partly explained by a further reduction of £215k or 4.7% in recurrent grant funding received from the Department for Employment and Learning (DEL) in the year (2014 – reduction of £263k representing a fall of 5.4%). Recurrent Grant funding of £4,380k (2014 - £4,595k) contributed 32.6% (2014 - 32.3%) of total income received in the year. A reduction in Major Project Income associated with the end of the 3 year SEN Literacy Project in March 2015 contributed £795k to the reduction in income compared to the previous year.
- 1.10 In interpreting income, readers should note that total Funding Grants included £1,682k (2014 - £1,578k) of funding Grants Released, the bulk of which related to the matching depreciation charge on the assets which were inherited by the University College on incorporation in 2005. The Grants Released income therefore does not represent revenue funding actually received in the year from DEL. The amounts released represent some 12.5% (2014 – 11.1%) of amounts recorded as income in the year. As a consequence of the current accounting treatment both Grants Released and Depreciation charges are much higher than the equivalent figures for other similarly sized Higher Education Institutions.
- 1.11 Tuition Fee income increased by £122k or 3.5% in the year (2014 – increase of 6.7%). Full-time equivalent student numbers increased by 31 (3%) which is also the percentage increase in part-time fee income achieved in the year. Full time tuition fee income increased by £109k or 3.7% with an increase of 4 full time students along with a 3.1% inflationary impact of the tuition fee increase over the year. 6 full time students were enrolled on the new International PGCE as part of a new tripartite partnership with Tenby Schools in Malaysia and Queen's University Belfast. Total Tuition Fee income contributed 26.6% (2014 – 24.2%) of Total Income. Tuition fee income also includes fees earned as a result of the Institute for Study Abroad partnership.
- 1.12 Halls of Residence, Catering, Conferencing, Rental and Room Hire income, under the management of the Hospitality Services Department, contributed £2,098k or 15.6% of total income in the year (2014 - £2,109k or 14.8% of total income). This steady performance represents a continuance of the very positive results that have been achieved in recent years despite the challenging economic climate.
- 1.13 Sundry Other Income has reduced by 15% to £249k in the year. This is as a result of the ending of a project in 2014 funded by Lisburn & Castlereagh Council (2014 income was £35k) and a reduced level of income due to smaller numbers involved in the College's innovative Joint Graduate Internship Programme funded by a leading children's charity and delivered in partnership with schools in Tullycarnet and Newtownabbey. Successful graduating student transition to full-time employment reduced the pool of newly graduated students available for taking up Internship positions in 2015. The College also commenced a new partnership with local IT firms which generated £19k of income in the year. Lifelong Learning income increased again by 21% to £91k whilst there was slightly lower level of activity within the College's Continuing Professional Development programme in the year.

Major Project Income

- 1.14 The University College has attracted significant research income in recent years from two Major Projects which contributed £955k (2014 - £1,750k) to income as follows:
- 1.15 A £900k funded 3 year CREDIT (Classrooms Re-imagined: Education in Diversity and Inclusion for Teachers) project ended in December 2013 contributing £154k to 2014 Major Project Income.

The CREDIT project, funded by the International Fund for Ireland was developed by the University College, in joint collaboration with St. Mary's University College and aimed to help all qualified teachers to develop skills and confidence in dealing with issues of diversity, inclusion and community cohesion in the classroom and on a whole-school basis. Youth workers and other educational professionals were also invited to participate.

- 1.16 The Special Educational Needs (SEN) Literacy Project was a 3 year £4m Department of Education funded project also delivered in joint partnership with St Mary's University College, Belfast. The project ended in March 2015 contributing £955k to income (2014 – full year £1,596k).
- 1.17 The overall aims of the project were to help teachers to build on their understanding of literacy development in children of primary school age as follows:
- To develop each teacher's competence and confidence in the ability to identify individual learning profiles;
 - To develop each teacher's competence and confidence to match evidence-based interventions to individual learning needs;
 - To benefit each school through having a specialist teacher and building expertise in literacy development among the whole teaching staff; and
 - To help teachers to identify children's literacy strengths and to address their difficulties.

An innovative model for the delivery of continuing professional development in addressing the needs of children with literacy difficulties was implemented over the three years of the project.

Findings from the research and the subsequent evaluation of the project provide evidence that this model has increased teacher confidence and competence in meeting the needs of children resulting in improved outcomes for children experiencing literacy difficulties.

This model was robustly tested over the three years of the project and was independently evaluated by the Education and Training Inspectorate. This independent evaluation found that the SEN CPD Literacy project has had a significant impact on promoting quality in literacy provision in the schools (page 7). This report can be found at: <http://www.etini.gov.uk/index/surveys-evaluations/surveys-evaluations-primary/surveys-evaluations-primary-2015/survey-inspection-understanding-difficulties-in-literacy-development-cpd-programme-2012-2015.pdf>.

- 1.18 Some 27.5% (2014 – 31.7%) of total income in the year was derived from sources other than DEL Funding Grants and Tuition Fees. Success is therefore evident from these results of the University College's strategy in recent years to diversify the sources of its income and therefore reducing reliance on reducing levels of core government funding.

Expenditure

- 1.19 Expenditure reduced by 3.4% compared to the previous year when expenditure increased by 4.2%.
- 1.20 Adjusting for the impact of FRS 17, staff costs increased by 1.9% or £143k in the year despite the inclusion of £317k of costs connected with a voluntary redundancy scheme implemented during the year (2014 staff costs increased by 13.6% or £898k). The ending of the SEN Literacy Project

in March 2015 resulted in project related staff costs of £726k compared with £1,027k in the previous year – a reduction of £301k. The departure of these project staff and others under the voluntary redundancy scheme explains the reduction of 22 in the average staff numbers employed during the year. The ending of Major Projects has impacted the staff costs proportion of total expenditure over the period and unadjusted staff costs represented 58.7% (2014 – 55.8%) of total expenditure which is below the Northern Ireland HE sector average (as reported by the Higher Education Statistics Agency – staff costs in 2013-14 represented 60.1% of total expenditure).

- 1.21 Other Operating Expenditure decreased by £728k or 17% on the previous year (2014 reduced by £340k and 7.4%). The most significant change in expenditure over the year was due to reduced expenditure of £280k on refurbishment, maintenance and cleaning due to higher costs associated with demolition works and extra grounds maintenance works undertaken in the previous year. In addition there was a further reduced expenditure on Sundry Course Costs of £192k with the ending of several projects including IFI Credit in the previous year and the requirement of the SEN Literacy project to purchase all remaining project resources costing some £111k in the previous year. Hospitality Services operating costs reduced by £112k reflecting lower spend on Energy and Water charges, Food and Maintenance and Repairs/Refurbishment in the year. There has been a continuation of a rolling programme of investment in upgrading Halls accommodation in the year. Other areas which experienced higher costs compared to the previous year include Energy and Water with higher gas costs experienced and Postage and Printing due to the introduction of a Managed Print solution. Reduced expenditure was incurred on Library Costs as a result of investment in equipment in 2014. The ending of the Literacy Project and a lower level of activity in the year account for the reductions in spend on Travel, Stationery and Equipment Replacement costs experienced in the year. Reduced Bursary costs resulted with a recent reduction in the level of bursaries available filtering through each year cohort offset by higher spend on more focussed Widening Participation projects.
- 1.22 Depreciation which represented 14.3% (2014 – 12.8%) of total expenditure is very high for the sector and reflects the transfer of the land and buildings of the campus on incorporation in 2005. Off-setting the related Deferred Capital Grant Release within Funding Grants Income, as detailed above, the net depreciation charge in the year was £206k (2014 - £160k).
- 1.23 Included within the Income & Expenditure Account is a credit of £106k relating to the FRS 17 accounting adjustment required as a result of annual actuarial valuation of the NILGOSC pension scheme. The equivalent for the year to July 2014 was a charge of £29k, resulting in a swing of £135k over the year which illustrates the volatile nature of these adjustments and the resultant challenge in managing the impact of this adjustment and consequently in interpreting the annual financial results.
- 1.24 The reported surplus of £263k (2014 - £604k) for the year represents 2% of income (2014 – 4.2%) and this reflects the Governing Body's commitment to the generation of operating surpluses. This financial strategy supports both investment in the campus and on-going sustainability of operations, whilst the necessity to make efficiency savings has been embraced.

Cash Flow

- 1.25 The cash flow statement shows a net decrease in cash of £76,867 (2014 – reduction of £518k).

Balance Sheet

- 1.26 Net Assets at £51.387m have increased by £644k over the year. General reserves, currently £6.193m, have been strengthened by continued operating surpluses. Despite funding some further capital projects during the year, cash holdings and short term deposits also remain strong at £3.1m. It is expected, however, that cash holdings will reduce over the coming year with

further planned investment in infrastructure improvements in line with the College's Estates Strategy as detailed below.

- 1.27 An actuarial loss of £859k (2014 – gain of £885k) resulted in an increase in the net pension liability, being the University College's share of the NILGOSC pension scheme overall deficit, to £4.834m (2014 - £4.081m).

Capital Investment

- 1.28 During the year the University College invested £3.68m in building works (2014 - £2.49m). The works undertaken in the year include the completion of a major refurbishment project to the Main Building (£2.61m), the completion of the relocation of Scholars Bar to the Refectory Building (£49k), the second phase of works to replace windows and fire escape and to re-clad the Refectory Building (£877k) and the commencement of the refurbishment to the Central Building foyer (£150k). The University College continues to invest its DEL capital allocation in schemes which enhance the teaching and learning environment for staff and students.
- 1.29 During the 2014 year the University College was successful in its application for additional capital funding and was awarded £2.81m to commence major refurbishment works to the Main Building. These works were completed in Spring 2015.
- 1.30 In the year the University College received capital grants of £2,922k (2014 - £893k) from DEL relating to Main Building asbestos removal and refurbishment (£2.23m), the second phase of works to replace windows and fire escape and to re-clad the Refectory Building (£478k) and the commencement of the refurbishment to the Central Building foyer (£215k).

Future Developments

- 1.31 The University College has continued to receive more significant levels of recurring capital funding from DEL than was previously the case. Routine capital funding of £693k was provided for the year to March 2015 whilst a further £609k of capital funding has been provided for the year to March 2016 towards most of the costs of the refurbishment of the Central Building foyer.
- 1.32 It is expected that further significant refurbishment projects on campus will continue in 2016-17 and beyond. The University College's most recent Estates Strategy identifies planned works in 2016-17 to include the completion of the mechanical upgrade within Stranmillis House, and commencement of an upgrade in the University College's sports pitches, adjacent games area and changing facilities. It is hoped that some of these works will be partially funded by the Department as the University College awaits confirmation of availability of and scale of capital funding beyond March 2016.
- 1.33 The Governing Body is also committed to continue to secure the financial solvency of the University College within the context of its long-term strategy and objectives.

Prompt Payment

- 1.35 The Late Payments of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998 requires, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by HM Treasury for payment to suppliers within 30 days is 95%.
- 1.36 During the accounting period 1 August 2014 - 31 July 2015, the University College paid 98% of its invoices within 30 days. The University College incurred no interest charges in respect of late payment for this period.

- 1.37 The Northern Ireland Executive is committed to paying suppliers as quickly as possible, within 10 working days. During the accounting period 1 August 2014 - 31 July 2015, the University College paid 82% of its invoices within 10 days.

Principal Risks and Uncertainties

- 1.38 The second part of the DEL funded Review of Initial Teacher Education Infrastructure in Northern Ireland was carried out by an International Panel of experts which published its Report on 1st July 2014. The Panel formulated four Options to provide a starting point for constructive engagement between Teacher Education providers, stakeholders and politicians in Northern Ireland. A Teacher Education Professional Development strategy is being developed as part of the outworking of the Department of Education's Teacher Education Review. The University College therefore continues to operate in a challenging policy environment.
- 1.39 As outlined in more detail in the Governance Statement, a risk register is maintained at Corporate level which is reviewed at each meeting by the Governing Body and the Audit and Risk Assurance Committee. Risks are also considered by the Finance and General Purposes Committee, the Education Committee and the HR and Remuneration Committee. The risk register identifies the key risks facing the University College, the likelihood of those risks occurring, their potential impact on the University College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. This is supported by a risk management training programme to raise awareness of risk throughout the University College and to roll out the development of Risk Registers at departmental/section level.
- 1.40 Outlined in the Governance Statement is a description of the principal risk factors that may affect the University College. Not all the factors are within the University College's control. Other factors besides those listed below may also adversely affect the University College.
- 1.41 The Governing Body considers that the reclassification in 2012 of the University College as a Non-Departmental Public Body restricts the University College's freedom of movement as an institution. The Governing Body and Senior Management within the University College are nonetheless committed to fulfilling the requirements within the Management Statement and Financial Memorandum agreed with the Department.

Stakeholder Relationships

- 1.42 In line with other University Colleges, the University College has many stakeholders. These include students, the Department for Employment and Learning and the Department of Education, other education institutions, trade unions and professional bodies as well as private sector employers and the voluntary and community sector.
- 1.43 The University College recognises the importance of these relationships and engages in regular communication with them through the University College internet site, by meetings and via representation on various external organisations stakeholder groups, committees etc. The University College considers good communication with its staff and its stakeholders to be very important and has developed a Communications Strategy to ensure continuous improvement in this area. The University College also encourages staff and student involvement through a range of fora, including through membership of the Governing Body.

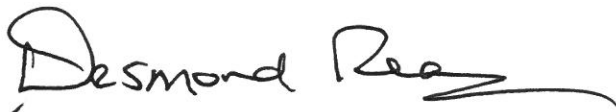
Equal Opportunities and Employment of Disabled Persons

- 1.44 By virtue of Section 75 of the Northern Ireland Act 1998 the University College, in carrying out all its functions, powers and duties is required to have due regard to the need to promote equality of opportunity:
- between persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
 - between men and women generally;
 - between persons with a disability and persons without; and
 - between persons with dependants and persons without.
- 1.45 Without prejudice to its obligations above, the University College has, in carrying out its functions, had regard to the desirability of promoting good relations between persons of different religious belief, political opinion or racial group. The University College has included the promotion of good relations as part of the corporate planning process.
- 1.46 The University College is committed to the fulfilment of its Section 75 obligations in all parts of the organisation. The University College is committed to allocating necessary resources to ensure that the statutory duties are complied with and that the measures within the Equality Scheme to promote equality of opportunity are implemented effectively and on time.

Diversity and Equality Statement

- 1.47 The University College is committed to developing an environment that is inclusive, fair, open and welcoming of individuals from all community backgrounds, all ethnic groups in Northern Ireland and people with disabilities. Diversity and equality are recognised, encouraged, promoted and valued at all levels of the organisation and in all its functions.
- 1.48 Recent years have seen significant alterations to help make the campus buildings more accessible for persons with a disability. Improvements are on-going to further improve physical access and provide additional technologies and support students with a disability including those suffering from dyslexia. The University College will ensure that every effort is made to meet the support needs of its key stakeholders.

Professor Sir Desmond Rea



Chairman: 1st December 2015

2. GOVERNANCE STATEMENT

- 2.1 As the Governing Body of Stranmillis University College, together with the Principal as Accounting Officer, we have the 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 Instrument and Articles and the Management Statement and Financial Memorandum with the DEL.
- 2.2 The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.
- 2.3 The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them effectively, efficiently and economically. This process has been in place for the period ended 31 July 2015 and up to the date of approval of the financial statements, and accords with HEFCE guidance and guidance in the Orange Book, published by HM Treasury.
- 2.4 The University College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the University College has applied the principles set out in the 'Corporate Governance in Central Government Departments (NI): Code of Good Practice (the Code) issued by the Department of Finance and Personnel (DFP) in 2013.
- 2.5 Throughout the period ended 31 July 2015, the University College has been in compliance with the provisions of the Code insofar as they relate to the College. The University College also complies with the Guide for Members of Governing Bodies of Universities and Colleges in England and Wales that was issued by the Committee of University Chairs in 2015.

Composition of the Governing Body

- 2.6 The Governing Body comprises 10 lay members, a student representative and two staff representatives, all of whom are appointed by DEL. The roles of Chair and Vice-Chair of the Governing Body are separated from the role of the College's Chief Executive, the Principal who is also a member of the Governing Body.

Allocation of Responsibilities

- 2.7 The Chief Executive, as Designated Accounting Officer for the University College has allocated responsibilities amongst the Vice-Principal and Directors in the College, while retaining overall responsibility for propriety and regularity, prudent and economical administration of the College, avoidance of waste and extravagance, ensuring value for money, effective and efficient use of available resources, organisation, staffing and management.

Operational Committees

- 2.8 The Chief Executive has established a number of operational committees to support good governance in the University College:

- A Corporate Planning Team, which assists the Chief Executive in developing the core corporate services and associated Business Plan to support the delivery of the University

College's Mission and Vision as articulated in the Corporate Plan which has been approved by the Governing Body; and

- An Academic Planning Team to assist the Chief Executive and senior staff in developing and implementing the Corporate Business Plan to support the College's Mission and Vision.

Governing Body Operating Framework

- 2.9 The Governing Body has established an Operating Framework, which sets out its role and responsibilities for the ongoing strategic direction of the University College, the monitoring of an annual Corporate Business Plan, approval of major developments and the receipt of regular reports from the Chief Executive and senior management on the day-to-day operations of its business.
- 2.10 The University College subscribes to the principles of public life and has adopted a Code of Conduct for members of the Governing Body. A Register of Interests is maintained and updated on a regular basis and is published on the University College Website for the information of staff and the public. Declaration of Conflicts of Interest is a standing Agenda Item for all meetings of the Governing Body and its Committees and these are handled on a case-by-case basis as outlined in the Operating Framework and Terms of Reference for each Committee.

Governing Body Meetings and Attendance

- 2.11 During 2014-15, the Governing Body met on 9 occasions. Attendance at meetings was as follows:

Date	Number in Attendance out of 14
8 September 2014 (Induction)	13
15 September 2014	12
9 October 2014 (Special Meeting)	9
13 November 2014	12
9 December 2014	14
27 January 2015 (Special Meeting)	14
17 February 2015	13
14 April 2015	11
9 June 2015	12

- 2.12 A broad range of business was considered by the Governing Body in keeping with the Instrument and Articles of Government for the College and the Governing Body's Operating Framework and Annual Work Plan. This included amongst other matters:

- Corporate Planning and Reporting;
- Corporate Risks and Risk Management Policy and Strategy, including the Governing Body's Risk Appetite;
- Corporate Finance monitoring and the Annual Financial Statements and Audit Findings;
- Academic and Operational Policies and Strategies ; and
- Staffing, including recruitment and Promotion, salary and Redundancy arrangements.

- 2.13 There was also an opportunity during 2014-15 for individual Members to consider the operation/effectiveness of the Governing Body through the development of the Governing Body's new Operating Framework, revised Code of Conduct and Terms of Reference for new Committee structures, including:

- An Education Committee;
- A HR and Remuneration Committee;
- A Finance and General Purposes Committee;
- An Audit and Risk Assurance Committee.

- 2.14 All Committees comprise Non-Executive members of the Governing Body and have been established to support and advise the Governing Body on matters relating to its full range of responsibilities.

- 2.15 Given that over 50% of the Non-Executive Governing Body members were replaced with effect from 1 August 2014, a more comprehensive review of the Governing Body's effectiveness was not appropriate during 2014-15 as new Members were settling into their role.

Operation of Governing Body Committees

Education Committee

- 2.16 During 2014-15, the Education Committee, comprising two Members, met on 4 occasions. All meetings were quorate, with two members available for each meeting. The Committee fulfilled its core work programme, which included consideration of:

- statistical analysis of data from various surveys;
- annual reports on academic plans and programmes;
- Widening Participation Policy and Strategy;
- presentations on the College's science hub, Student Support and Wellbeing Policy and Strategy and the Shared Education Strategy; and
- the draft Corporate Plan 2015-18, including a revised Mission, Vision and Values for the College.

HR and Remuneration Committee

- 2.17 The HR and Remuneration Committee met on 2 occasions during the year. All meetings were quorate and were attended as follows:

Date	Number in attendance out of 4
21 October 2014	3
2 June 2015	4

- 2.18 During the year the Committee considered:

- a range of staffing matters and recruitment/promotion proposals referred to it by Senior Management;
- key targets for Senior Management;

- Staff Development Policy and Procedures;
- Alcohol and Substance Misuse Policy and Procedures;
- the NILGOSC Discretionary Policy Statement; and
- the draft People Strategy.

- 2.19 The Committee also considered the outcomes of a review of Senior Management Salaries and Appraisal, decisions on which will be made in 2015-16.

Finance and General Purposes Committee

- 2.20 During 2014-15, the Finance and General Purposes Committee met on 6 occasions. All meetings were quorate and attendance was as follows:

Date	Number in attendance out of 5
9 October 2015	5
13 November 2014 (Special Meeting)	4
2 December 2014	4
March 2015	5
27 May 2015	4
2 June 2015	4

- 2.21 At each meeting the Committee considered a detailed Finance Report, including the management accounts, procurement activity, and progress on the development of Business Continuity Plans as well as updates on the College's Estates Strategy. The Committee also received regular updates on the review of the Management Statement and Financial Memorandum between the University College and DEL. This document has been finalised since the end of the financial year.
- 2.22 Consideration was also given to a range of Policies, Strategies and other initiatives, as well as the College Budget and end of year Financial Statements, before these were formally submitted to the Governing Body.

Audit and Risk Assurance Committee

- 2.23 The Audit and Risk Assurance Committee, comprising 3 Non-Executive members held 4 meetings during the year in line with its Terms of Reference; all meetings were quorate and attendance was as follows:

Date	Number in attendance out of 3
September 2014	2
November 2014	3
26 February 2015	2
21 May 2015	2

- 2.24 The Committee operated in accordance with the Audit and Risk Assurance Handbook NI, issued by the Department of Finance and Personnel.
- 2.25 The Committee considered detailed reports from senior management and the Internal and External Auditors on the University College's systems of internal control and governance and

monitored progress on the implementation of recommendations for improvements in internal controls. Specific business included:

- the agreement of Audit Plans for 2014-15;
- the Audit Recommendations Monitoring Schedule;
- Prompt Payment Statistics;
- Business Continuity Planning updates;
- monitoring of Direct Award Contracts;
- a review of the College's Financial and Assurance Statements, Audit Findings and Governance Statement in respect of the year 2013-14.
- consideration of policies on Anti-Fraud and Bribery, Anti-Money Laundering and Procurement, as well as the results of a review against good practice of the College's Policy on Whistleblowing;
- a review and agreement of a revised Terms of Reference for Internal Audit

- 2.26 The Committee also reviewed a report from the Head of Finance on the Budgetary Control process within the University College and concluded that the process was well controlled. Furthermore, the Committee commented favourably on the work that had been undertaken by the University College to develop and implement a revised Risk Management Policy and Strategy and welcomed the new Risk Register format which had been introduced. The Committee also received assurance that full roll-out of the Policy would be completed in 2015-16.
- 2.27 In the Committee's annual report to the Governing Body, the Chair of the Committee concluded that based on the assurances received from Internal and External Audit in respect of 2014-15, the Committee was satisfied that the University College's arrangements for corporate governance and internal control and risk management are basically sound.
- 2.28 In July 2015 the Audit and Risk Assurance Committee held a meeting with Internal Audit at which matters of interest to the Committee were discussed.
- 2.29 The Committee also conducted a review of its effectiveness in July 2015. The National Audit Office Checklist was used as a benchmarking tool for the review and this will be used again in future years to monitor progress year on year.
- 2.30 A number of actions will be taken forward in 2015-16 to improve the effectiveness of the Committee. Specific Audit and Risk Assurance Committee training will be provided for all members of the Committee. Furthermore, the Committee will consider the Post Project Evaluations on large projects, in particular lessons learned.

Quality of Data

- 2.31 The Governing Body is satisfied that comprehensive arrangements are in place within the University College to ensure that quality information is received by the Governing Body to enable it to make informed decisions. Strategic issues reserved for the Governing Body's attention are scheduled in an annual work plan and a categorised agenda is drawn up for each meeting. There are internal controls to validate accuracy and completeness of information presented to the Governing Body; detailed minutes record the business carried out and action agreed. In addition, the Audit and Risk Assurance Committee provide a challenge function

which helps to ensure that emerging issues are highlighted and brought to the attention of the Governing Body.

College Risk Profile and Assessment of Risks

- 2.32 The Governing Body and its Committees, considered risks facing the University College at each meeting during 2014-15. Key Corporate Risks identified and the assessment of these risks were refined during the year and are as set out in the following table:

Risk	Inherent Assessment	Residual Assessment
In light of the current financial climate and the likelihood down the line of future Budget Reductions, failure to develop contingency plans to mitigate the potential impact of these reductions will have a potential major impact on the College's ability to deliver its core business at the current level.	20	9
Failure to secure easements in relation to Procurement will restrict the agility of the College and its ability to deliver greater value for money in Capital Projects particularly in light of the current financial climate.	15	15
Failure to maintain a strong and positive 'Stranmillis Brand' may result in a negative impact on the University College's reputation as a selecting institution of choice for prospective students.	9	3
Loss of critical business data or failure to appropriately manage personal information will compromise the University College's capacity to maintain its core services or conduct its business, which is likely to give rise to major reputational damage.	12	9
Failure to effectively manage the College's Human Resources and to align HR strategy with the College's Business strategy will impact negatively on organisational morale, effectiveness and efficiency.	12	6
Ineffective capital project, procurement and contract management may lead to non-compliance, potential legal challenge and reputational damage.	12	6

- 2.33 Assurance was provided to the Governing Body by Senior Management that all risks were being appropriately managed and controlled and that further actions to manage risks to an appropriate level were continuously being considered.

Data Security

- 2.34 The University College is responsible for processing and storing personal and sensitive information and is committed to ensuring that all information assets are managed lawfully and securely. There were no reports during the year of any significant data losses.


Conclusion

- 2.35 Our review of the effectiveness of the system of internal control is informed by internal audit, which operates to standards defined in the HEFCE Audit Code of Practice and will be reviewed for effectiveness by the HEFCE Audit Service. Internal Audit also complies with Public Sector Internal Audit Standards. The internal auditors submit regular reports which include an independent opinion on the adequacy and effectiveness of the institution's system of internal control, with recommendations for improvement. The University College achieved an overall satisfactory level of assurance as a result of the 2014-15 programme of internal audit reviews.
- 2.36 Our review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the institution, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.
- 2.37 We are satisfied that the University College has an effective governance structure and is operating to a high standard of integrity and probity. In signing this Governance Statement, we have taken assurances from the Audit and Risk Assurance Committee, which will continue to monitor Audit recommendations to ensure that all issues are addressed in a timely manner.

Dr A Heaslett


Principal: 1st December 2015

Professor Sir Desmond Rea


Chairman: 1st December 2015

3 STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY

- 3.1 The Governing Body of the University College is responsible for the administration and management of the affairs of the University College and is required to present audited financial statements for each financial year.
- 3.2 Within the terms and conditions of the Financial Memorandum agreed between the Department for Employment and Learning (the Department) and the Governing Body of the University College, the Governing Body, through its Chairperson, 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 College and the result for that year.
- 3.3 In preparing the financial statements the Governing Body is required to:
- select suitable accounting policies and then apply them consistently;
 - make judgements and estimates that are reasonable and prudent;
 - state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
 - prepare the financial statements on the going concern basis unless it is inappropriate to assume that the University College will continue in operation.
- 3.4 The Governing Body is also required to prepare an Annual Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the University College.
- 3.5 The Governing Body is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University College and enable it to ensure that the financial statements are prepared in accordance with the relevant legislation and other relevant accounting standards. It has general responsibility for taking such steps that are reasonably open to it to safeguard assets of the University College and to prevent and detect fraud and other irregularities.
- 3.6 The maintenance and integrity of the University College website is the responsibility of the Governing Body of the University College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.
- 3.7 The Governing Body has taken reasonable steps to:
- ensure that funds from the Department are used only for the purposes for which they have been given and in accordance with the Financial Memorandum agreed with the Department and 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 College and prevent and detect fraud;
- secure the economic, efficient and effective management of the University College's resources and expenditure.

Disclosure of Information to Auditors

3.8 So far as each of the members of the Governing Body is aware at the time this report is approved:

- a) there is no relevant audit information of which the auditors are unaware and
- b) that the members of the Governing Body have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Approved on behalf of the Governors by:

Professor Sir Desmond Rea



Chairman: 1st December 2015

REPORT OF THE INDEPENDENT AUDITOR TO THE GOVERNING BODY OF STRANMILLIS UNIVERSITY COLLEGE

We have audited the financial statements of Stranmillis University College ('the College') for the year ended 31 July 2015 which comprise the income and expenditure account, the statement of total recognised gains and losses, the University College balance sheet, the cash flow statement, the reconciliation of net cash flow to movement in net funds and the notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Governing Body, as a body, in accordance with the Financial Memorandum with the Department for Employment and Learning. Our audit work has been undertaken so that we might state to the Governing Body 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 College and the Governing Body, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Governing Body and Auditor

As explained more fully in the Governing Body's Responsibilities Statement, the Governing Body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of; whether the accounting policies are appropriate to the college's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as 31 July 2015 and of its income and expenditure, recognised gains and losses and statement of cash flows for the year then ended in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

Opinion on other matters

In accordance with Department for Employment and Learning's Financial Memorandum dated May 2007, we are required to report whether, in our opinion, in all material respects:

- income from the Department for Employment and Learning, grants and income for specific purposes and from other restricted funds administered by the College during the year ended 31 July 2015 have been applied for the purposes for which they were received; and
- income during the year ended 31 July 2015 has been applied in accordance with the College's statutes and, where appropriate, with the Financial Memorandum with the Department for Employment and Learning.

Matter on which we are required to report by exception

We have nothing to report in respect of the following matter where the HEFCE Audit Code of Practice requires us to report to you if, in our opinion the Statement of Internal Control is inconsistent with our knowledge of the College.

Grant Thornton NI LLP

Grant Thornton (NI) LLP
Statutory Auditor, Chartered Accountants
BELFAST

INCOME AND EXPENDITURE ACCOUNT

For the Year Ended 31 July 2015

		2015 £	2014 £
Income	NOTE		
Funding Grants	(2)	6,163,964	6,276,883
Tuition Fees	(3)	3,572,684	3,450,450
Research Grants and Contracts	(4)	169,869	195,502
Other Operating Income	(6)	3,301,577	4,152,718
Interest Receivable (Including FRS 17 amount)		227,239	159,907
		<u>13,435,333</u>	<u>14,235,460</u>
Expenditure			
Staff Costs	(7) & (8)	7,726,329	7,606,701
Other Operating Expenditure	(10)	3,558,271	4,286,512
Depreciation	(12)	1,888,065	1,738,513
Interest Payable (Including FRS 17 amount)		-	-
Total Expenditure		<u>13,172,665</u>	<u>13,631,726</u>
Surplus		<u>262,668</u>	<u>603,734</u>
Taxation		<u>-</u>	<u>-</u>
Surplus on Continuing Operations after Depreciation	(17)	<u>262,668</u>	<u>603,734</u>

The Income and Expenditure Account of the University College relates wholly to continuing operations.

Statement of the Total Recognised Gains and Losses for the year ended 31 July 2015.

	2015 £	2014 £
Surplus on Continuing Operations	262,668	603,734
Actuarial Gain in respect of Pension Scheme (Note 17)	(859,000)	885,000
Total Recognised Gains relating to the year	<u>(596,332)</u>	<u>1,488,734</u>
Reconciliation		
Opening Reserves and Endowments	1,954,990	466,256
Total Recognised Gains for the year	(596,332)	1,488,734
Closing Reserves	(17) <u>1,358,658</u>	<u>1,954,990</u>

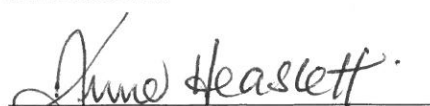
The notes on pages 26 to 41 form part of these financial statements.

BALANCE SHEET**As at 31 July 2015**

	Note	2015 £	2014 £
Tangible Assets	(12)	54,155,121	52,325,169
Total Fixed Assets		<u>54,155,121</u>	<u>52,325,169</u>
Debtors	(13)	435,689	876,248
Short Term Deposits		2,000,000	2,000,000
Cash at Bank and in Hand		1,100,549	1,177,416
Total Current Assets		<u>3,536,238</u>	<u>4,053,664</u>
Less: Bank overdraft		-	-
Creditors – amounts falling within one year	(14)	<u>(1,470,365)</u>	<u>(1,554,873)</u>
Net Current Assets		<u>2,065,873</u>	<u>2,498,791</u>
Total Assets less Current Liabilities		56,220,994	54,823,960
Less: Creditors – Amounts falling due after more than one year		-	-
Less: Provisions for Liabilities and Charges	(15)	(4,834,000)	(4,081,000)
NET ASSETS		<u>51,386,994</u>	<u>50,742,960</u>
Deferred Capital Grants	(16)	50,028,336	48,787,970
Reserves	(17)	6,192,658	6,035,990
FRS 17 Pension Reserve	(17)	(4,834,000)	(4,081,000)
Total funds		<u>51,386,994</u>	<u>50,742,960</u>

The financial statements on pages 23 to 41 were approved by the Governing Body on 1st December 2015 and were signed on its behalf by:

Dr A Heaslett



Principal: 1st December 2015

Professor Sir Desmond Rea



Chairman: 1st December 2015

The notes on pages 26 to 41 form part of these financial statements.

CASH FLOW STATEMENT
For the Year Ended 31 July 2015

		2015 £	2014 £
	Note		
Net Cash Inflow From Operating Activities	(18)	699,524	1,024,456
Returns on Investments			
Servicing of Finance		19,239	63,907
Net Cash Inflow		<u>718,763</u>	<u>1,088,363</u>
Taxation		-	-
Capital Expenditure and Financial Investment	(12)	(3,718,017)	(2,498,857)
Net Cash outflow before Financing		<u>(2,999,254)</u>	<u>(1,410,494)</u>
Capital Grants Received	(16)	<u>2,922,387</u>	<u>892,825</u>
Cash Outflow before use of Liquid Resources and Financing		<u>(76,867)</u>	<u>(517,669)</u>
Decrease in Cash	(19)	<u>(76,867)</u>	<u>(517,669)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2015 £	2014 £
Decrease in Cash in the Period (Note 19)	<u>(76,867)</u>	<u>(517,669)</u>
Change in Net Funds	(76,867)	(517,669)
Net Funds as at 1 August 2014	3,177,416	3,695,085
Net Funds as at 31 July 2015	<u>3,100,549</u>	<u>3,177,416</u>

The notes on pages 26 to 41 form part of these financial statements.

NOTES TO THE ACCOUNTS**For the year to 31 July 2015****1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES****(a) Format of Accounts**

The financial statements have been prepared in accordance with both the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions (SORP) and applicable Accounting Standards and the Financial Memorandum between the Department for Employment and Learning and the University College (May 2007).

(b) Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

(c) Recognition of Income

Income from tuition fees is recognised in the period for which it is receivable and includes all fees chargeable to students or their sponsors. The costs of any fees waived by the University College are included as expenditure in Note 10.

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. All income from short-term deposits and endowments is credited to the income and expenditure account in the period in which it is earned. Income from specific endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to specific endowments.

Income receivable from the Department for Employment and Learning is accounted for on an accruals basis in line with the SORP.

(d) Pension Schemes

The University College has applied the amendment to Financial Reporting Standard, FRS 17 'Retirement Benefit' which is effective for accounting periods commencing on or after 6 April 2007. The amendment to FRS 17 primarily affects disclosures in relation to defined benefit schemes.

Retirement benefits for employees of the University College are provided by defined benefit schemes, which are funded by contributions from the University College and employees. Payments are made to the Northern Ireland Teachers Pension Scheme (NITPS) for academic staff and to the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) for non-academic staff. These are both independently administered schemes. Contributions are charged to the Income and Expenditure account so as to spread the cost of the pensions over the employee's working lives with the University College.

From 1 April 2008 the employer contribution for the Northern Ireland Teachers Pension Scheme was 13.6%. The contribution rate increased to 17.7% in April 2015 and will remain at this rate for the 2015 - 16 financial year. A full actuarial review of the Northern Ireland Teachers Pension Scheme is currently in progress.

The NILGOSC Fund is valued every three years by an independent actuary. The last completed valuation was at 31 March 2013 and is subject to the new regulations for the LGPS (NI) 2015 scheme.

It is expected that the employer contribution rate for support staff will remain at 20% until the next valuation.

(e) Tangible Fixed Assets

Land and Buildings

Land and buildings inherited from the Department for Employment and Learning and buildings acquired since incorporation are stated in the balance sheet at valuation on the basis of depreciated replacement cost, as the open market value for existing use is not readily obtainable. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the University College of between 20 and 50 years. The University College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account, and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the cost of those assets. A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

On adoption of FRS 15, the University College followed the transitional provision to retain the book value of land and buildings, which were re-valued in 1996, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

Equipment

Equipment costing less than £10,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

All assets are depreciated over their useful economic life as follows:

- Motor vehicles and general equipment – 3 - 5 years;
- Computer equipment - 3 years;
- Furniture and fittings - 5 years.

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

(f) Investments

Listed investments held as fixed assets or endowment assets are stated at market value. Current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value.

(g) Maintenance of Premises

The cost of routine corrective maintenance is charged to the income and expenditure account in the period that it is incurred.

(h) Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial year, with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

(i) Taxation

The University College is an exempt charity within the meaning of schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section Part 11 of the Income and Corporation Taxes Act 2010 (CTA 2010). Accordingly, the University College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11 of CTA 2010 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 College receives no similar exemption in respect of Value Added Tax.

(j) Liquid Resources

Liquid resources comprise government securities and short-term deposits with recognised banks and building societies.

(k) Provisions

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

2 FUNDING GRANTS

The total received from the Department of Employment & Learning (DEL) comprised:

	2015 £	2014 £
Recurrent Grant	4,379,863	4,594,700
Grants Released (Note 16)	1,682,021	1,578,048
Widening Access	53,383	54,457
Research Funding	48,697	49,678
	<u>6,163,964</u>	<u>6,276,883</u>

3 TUITION FEES

Variable tuition fees were introduced with effect from 1 August 2006. The rate for 2014-15 was set at £3,685 for full-time students (2014: £3,575). No students were charged tuition fee under the pre 2006 funding regime in 2014-15.

	2015 £	2014 £
Full-time Students	3,065,914	2,956,686
Part-time Students	506,770	493,764
Total Fees paid by/on behalf of Students	3,572,684	3,450,450

4 RESEARCH GRANTS AND CONTRACTS

	2015 £	2014 £
UK Based Charities	31,093	11,439
European Commission	60,132	71,767
Other Grants and Contracts	78,644	112,296
Total	169,869	195,502

5 NUMBER OF STUDENTS

	2015	2014
BEd	543	539
PGCE	15	15
PGCE International	6	-
BA (ECS)	158	153
BSC (H&L)	99	110
TOTAL – FULL TIME	821	817

The University College continued to offer a range of courses at Master's and Certificate level attracting 167 students (2014: 110 students). In addition 125 students (2014: 111 students) undertook part-time undergraduate courses. This equated to 161 full time equivalent students (2014: 134 students) giving a total student population for the year of 982 (2014: 951 students).

6 OTHER OPERATING INCOME

	2015 £	2014 £
Residence and Catering Operations	1,882,040	1,900,274
Rents Receivable	33,348	35,488
Hire of Facilities	182,207	173,472
Major Projects	955,054	1,750,209
Sundry Other Income	248,928	293,275
	<u>3,301,577</u>	<u>4,152,718</u>

7 STAFF COSTS

	2015 £	2014 £
Wages and Salaries	6,264,983	6,228,435
Social Security Costs	426,776	482,400
Pension Costs	932,570	770,866
Other Pension Costs	102,000	125,000
	<u>7,726,329</u>	<u>7,606,701</u>

Staff Numbers	2015	2014
Lecturing Staff	48	55
Support Staff	140	155
	<u>188</u>	<u>210</u>

The amount paid under a voluntary redundancy scheme during the year to 31 July 2015 amounted to £316,840 which includes £48,145 in relation to pension release costs incurred by the University College. The scheme was approved by the Governing Body during the course of the financial year.

There were no payments to members of the Governing Body during the year other than reimbursement of travel and subsistence expenses incurred in the course of their duties.

8 ANALYSIS OF STAFF COSTS BY ACTIVITY

	2015 £	2014 £
Teaching Departments	3,053,152	2,910,499
Teaching Support Services	145,597	108,218
Other Support Services	635,178	498,779
Admin and Central Support Services	1,103,978	1,060,320
Premises	904,060	781,651
Catering and Residences	935,755	822,381
Other Income Generating Activities	846,609	1,299,853
Other Pension Costs	102,000	125,000
	<u>7,726,329</u>	<u>7,606,701</u>

9 SENIOR POST HOLDERS EMOLUMENTS

The remuneration of the highest paid employee, including employer's pension contributions:

	2015 £	2014 £
Salary	95,729	93,852
Pension contributions	14,327	12,764
	<u>110,056</u>	<u>106,616</u>

The pension contributions in respect of the Principal are in respect of employer's contributions to the Northern Ireland Teachers Pension Scheme and are paid at the same rate as other employees who are contributors to the Scheme.

10 OTHER OPERATING EXPENSES

	2015 £	2014 £
Hospitality Services Operating Expenses	733,848	846,126
Course Consumables & Field Trips	88,706	89,456
Purchase, Hire and Repair of Equipment	16,888	12,861
IT Maintenance Costs	28,783	34,978
Library Costs	97,477	125,768
Student Placements – Travel and Subsistence	1,254	870
Energy Costs	382,355	343,851
Rates and Insurance	378,150	381,512
Refurbishment, Maintenance & Cleaning	349,907	630,213
Telephone	36,144	37,697
Sundry Course Costs	84,565	276,167
Postage and Printing	94,884	74,192
Advertising and Recruitment	45,768	43,210
Validation Costs to QUB	339,770	334,004
External Examiner Costs	10,222	12,173
Auditors Remuneration in respect of:		
Internal Audit Services	11,704	11,622
External Audit Services	6,672	6,480
Other Audit Services	4,512	7,386
Other Professional Fees	50,649	50,852
Occupational Health Service	39,896	39,785
Staff Training and Development	60,172	58,093
Widening Participation & Bursary Costs	219,591	237,421
Research Project Costs	152,353	175,415
Equipment Replacement	5,951	34,871
Stationery	17,083	57,580
Publications & Subscriptions	75,413	61,158
Travel Costs	44,054	69,750
Other	181,500	233,021
	<u>3,558,271</u>	<u>4,286,512</u>

11 TAXATION

The University College did not incur any taxation liability during the period (2014: £Nil).

12 FIXED ASSETS

	Freehold Land and Buildings £	Equipment £	Vehicles £	Total £
Cost:				
1 August 2014	65,304,143	2,295,157	13,828	67,613,128
Additions	3,681,129	-	36,888	3,718,017
Disposals	-	-	-	-
31 July 2015	68,985,272	2,295,157	50,716	71,331,145
Depreciation:				
1 August 2014	12,990,036	2,295,157	2,766	15,287,959
Charge for the year	1,877,922	-	10,143	1,888,065
Disposals	-	-	-	-
31 July 2015	14,867,958	2,295,157	12,909	17,176,024
NBV 31 July 2015	54,117,314	-	37,807	54,155,121
NBV 31 July 2014	52,314,107	-	11,062	52,325,169
Inherited	41,293,098	-	-	41,293,098
Financed by Capital Grant	9,835,169	-	-	9,835,169
Other	2,989,047	-	37,807	3,026,854
NBV 31 July 2015	54,117,314	-	37,807	54,155,121

The rules set out in FRS 15 'Tangible Fixed Assets' have been applied on implementing FRS 15. Accordingly, the book values at implementation have been retained. Land and buildings inherited from the Department for Employment and Learning at incorporation were valued at 1 October 2005 at depreciated replacement cost by Land and Property Services.

Land and buildings with a net book value of £51,128,267 (2014: £49,950,265) have been financed by exchequer funds. Should these assets be sold, the University College may be required, under the terms of the Financial Memorandum with the Department for Employment and Learning, to surrender the proceeds.

13 DEBTORS DUE WITHIN ONE YEAR

	2015 £	2014 £
Debtors	174,784	146,677
Prepayments & Accrued Income	260,905	729,571
	<u>435,689</u>	<u>876,248</u>

14 CREDITORS DUE WITHIN ONE YEAR

	2015 £	2014 £
Creditors and Accruals	989,603	1,166,799
Payments Received in Advance	40,377	39,480
Deferred Income	182,108	93,108
Social Security and Other Tax Payable	258,277	255,486
	<u>1,470,365</u>	<u>1,554,873</u>

15 PROVISIONS FOR LIABILITIES AND CHARGES

	2015 £	2014 £
Net Pension Liability	4,834,000	4,081,000
	<u>4,834,000</u>	<u>4,081,000</u>

16 DEFERRED CAPITAL GRANTS

	Department for Employment and Learning £
Balance as at 1 August 2014	
Land and Buildings	48,787,970
Equipment	-
Due for the year	
Land and Buildings	2,922,387
Equipment	-
Disposals	-
Released to Income & Expenditure Account	
Land and Buildings	(1,682,021)
Equipment	-
Balance as at 31 July 2015	<u>50,028,336</u>

17 STATEMENT OF MOVEMENT OF RESERVES

	Trust £	General £	Pension £	Capital £	Total £
Balance as at 1 August 2014	2,029	5,714,108	(4,081,000)	319,853	1,954,990
Retained Surplus	-	262,668	-	-	262,668
Actuarial Gain on Pension Liability	-	-	(859,000)	-	(859,000)
Pension Reserve Transfer	-	(106,000)	106,000	-	-
Adjustment for Depreciation of University College Funded Assets	-	206,044	-	(206,044)	-
Balance as at 31 July 2015	2,029	6,076,820	(4,834,000)	113,809	1,358,658

The Trust Fund represents donations, the income from which is used to provide financial support to students not eligible to access DEL Student Support funding. The funds are maintained in separate identifiable assets and are stated at cost.

18 RECONCILIATION OF SURPLUS TO THE NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2015 £	2014 £
Operating Surplus	262,668	603,734
Interest Receivable	(19,239)	(63,907)
FRS17 Interest Receivable	(208,000)	(96,000)
FRS17 Increased Staff Costs (Note 7)	102,000	125,000
Depreciation (Note 12)	1,888,065	1,738,513
Grants Released (Note 16)	(1,682,021)	(1,578,048)
Decrease in Debtors (Note 13)	440,559	69,046
(Decrease)/Increase in Creditors (Note 14)	(84,508)	226,118
Net Cash Inflow from Operating Activities	699,524	1,024,456

19 ANALYSIS OF CHANGES IN NET FUNDS

	31 July 2015	Cash Flow	1 August 2014
	£	£	£
Cash at Bank and in Hand	1,100,549	(76,867)	1,177,416
Short Term Deposits	2,000,000	-	2,000,000
	<u>3,100,549</u>	<u>(76,867)</u>	<u>3,177,416</u>

20 POST BALANCE SHEET EVENTS

There were no material post balance sheet events.

21 PENSIONS

The University College's employees belong to two principal pension schemes, the Northern Ireland Teachers Pension Scheme (NITPS) and the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC). The total pension cost, excluding FRS17 entries for the period, was £932,570 (2014: £770,866). FRS17 adjustments in the year amounted to a charge of £102,000 (2014: £125,000).

Employer's pension contributions for the year to 31 July 2016 will be approximately £987,000 for both schemes.

Northern Ireland Teachers Pension Scheme (NITPS)

The Teachers' Pension Scheme is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the Scheme for the purpose of determining contribution rates.

Under the definitions set out in Financial Reporting Standard 17 'Retirement Benefits', NITPS is a multi-employer pension scheme. The University College is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University College has accounted for its contributions as if it were a defined contribution scheme.

The total contribution made for the period ended 31 July 2015 was £614,651 (2014: £586,846) of which employer's contributions totalled £357,535 (2014: £333,145) and employees' contributions totalled £257,116 (2014: £253,701). The employer contribution rate increased from 13.6% to 17.7% with effect from 1 April 2015. Employee contributions are in a range between 7.4% and 11.7 % dependent on employee earnings.

Northern Ireland Local Government Officers Superannuation Committee (NILGOSC)

The Northern Ireland Local Government Officers Pension Scheme is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the period ended 31 July 2015 was £747,357 (2014: £579,145) of which employer's contributions totalled £575,035 (2014: £437,565) and employees' contributions totalled £172,322 (2014: £141,580). The employer's contribution rate is expected to remain at 20% for employers from 1 April 2016. From April 2016 employee contributions are expected to be in the range between 5.5% and 10.5% dependent on earnings for employees.

21 PENSIONS (Continued)

The latest valuation was carried out on 31 March 2013 by the Committee's Actuary, AON Hewitt and is subject to the new regulations for the LGPS (NI) 2015 scheme. Employer's contribution rates remain at 20%.

Under the definitions set out in Financial Reporting Standard 17 'Retirement Benefits', NILGOSC is a multi-employer pension scheme. The University College is able to identify its share of the underlying assets and liabilities of the scheme and accordingly presents the following information required by FRS 17.

The principal actuarial assumptions used by the actuaries were as follows:

	2015	2014
Pension Increase Rate	2.0%	2.2%
Salary Increase Rate	3.5%	3.7%
Expected Return on Assets	N/A*	6.8%
Discount Rate	3.5%	4.1%
RPI Inflation	3.1%	3.2%
CPI Inflation	2.0%	2.2%

*The adoption of FRS102 in the next accounting period removes the requirement to recognise an expected return on assets item in the profit and loss charge. This item will be replaced with a net financing charge which is based on the discount rate assumption. As the expected return on assets is based on the assumption at the start of the accounting period, assumptions for the expected return on assets are not required at 31 July 2015.

The post-retirement mortality assumptions used to value the benefit obligation at 31 July 2015 are based on the recent actuarial mortality experience of members within the Fund and allow for expected future mortality improvements using the Standard SAPs Normal Health All Amounts (S1NMA for males and S1NFA for females) year of birth base tables. These are summarised below:

	2015 Male years	2015 Female years	2014 Male years	2014 Female years
Current pensioners	22.2	24.7	22.1	24.6
Future pensioners	24.4	27.0	24.3	26.9

21 PENSIONS (Continued)

The fair value assets in the scheme and expected rates of return were:

	Assets at 31 July 2015 £'000	Long Term Return at 31 July 2014 % p.a.	Assets at 31 July 2014 £'000
Equities	11,792	7.5%	10,568
Government Bonds	859	3.2%	797
Corporate Bonds	955	3.7%	896
Property	1,941	6.8%	1,622
Cash	318	1.1%	341
Other	48	7.5%	-
Total	15,913	6.8%	14,224

The above asset values as at 31 July 2015 are at bid value as required under FRS 17

The amounts recognised in the balance sheet are as follows:

	Year Ended 31 July 2015 £'000	Year Ended 31 July 2014 £'000
Fair Value of Scheme Assets	15,913	14,224
Present Value of Scheme Liabilities	(20,747)	(18,305)
Net (Underfunding) in Funded Plan	(4,834)	(4,081)

Amount in the Balance Sheet

Liabilities	(4,834)	(4,081)
Assets	-	-
Net Pension Liability	(4,834)	(4,081)

The amounts charged to the Income and Expenditure account are as follows:

	Year Ended 31 July 2015 £'000	Year Ended 31 July 2014 £'000
Current Service Cost	636	560
Interest Cost	757	828
Expected Return on Scheme Assets	(965)	(924)
Past Service Cost	6	7
Curtailments and Settlements	-	-
Closing Balance	434	471
Actual Return on Plan Assets	1,449	720

21 PENSIONS (Continued)**Reconciliation of Defined Benefit Obligation:**

	Year Ended 31 July 2015 £'000	Year Ended 31 July 2014 £'000
Opening Defined Benefit Obligation	18,305	18,224
Current Service Cost	636	560
Past Service Costs	6	7
Interest Cost	757	828
Actuarial Losses/(Gains)	1,343	(1,089)
Contributions by Members	175	144
Impact of Settlements and Curtailments	-	-
Estimated Benefits Paid	(475)	(369)
Closing Balance	20,747	18,305

Reconciliation of Fair Value of Employers Assets:

	Year Ended 31 July 2015 £'000	Year Ended 31 July 2014 £'000
Opening Fair Value of Employers Assets	14,224	13,287
Expected Return on Assets	965	924
Contributions by Members	175	144
Contributions by the Employer	540	442
Contributions in Respect of Unfunded Benefits	-	-
Actuarial Gains	484	(204)
Impact of Settlements and Curtailments	-	-
Estimated Unfunded Benefits Paid	-	-
Estimated Benefits Paid	(475)	(369)
Closing Balance	15,913	14,224

Amounts for the current and previous four periods are as follows:

	2015	2014	2013	2012	2011
Present Value of Employers Assets	15,913	14,224	13,287	11,040	10,696
Present Value of Defined Benefit Obligation at 31 July	(20,747)	(18,305)	(18,224)	(17,115)	(12,455)
Surplus/(Deficit) on the Scheme	(4,834)	(4,081)	(4,937)	(6,075)	(1,759)
Experience Gains/(Losses) on Assets	484	(204)	1,686	(384)	846
Experience Gains/(Losses) on Liabilities	71	134	-	(129)	(227)

22 CAPITAL COMMITMENTS

	2015 £	2014 £
Commitments Contracted at 31 July 2015	771,230	1,812,315
	<u>771,230</u>	<u>1,812,315</u>

The balance of monies due on refurbishment contracts relating to the upgrade of facilities with the Refectory and the Central Foyer constitute this liability.

23 CONTINGENT LIABILITY

There were no contingent liabilities at the balance sheet date.

24 RELATED PARTY TRANSACTIONS

Due to the nature of the University College's operations and the composition of the Governing Body (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 Governing Body may have an interest. All transactions involving organisations in which a member of the Governing Body may have an interest are conducted at arm's length and in accordance with the University College's financial regulations and normal procurement procedures.

25 OTHER FUNDS**Support Fund**

	Year Ended 31 July 2015 £	Year Ended 31 July 2014 £
Opening Balance	3,121	3,600
Grants from the Department for Employment and Learning	36,000	33,223
Bank Interest less Charges	4	19
Disbursed to Students	(34,925)	(33,250)
Audit Fees	(471)	(471)
Balance unspent at 31 July 2015	<u>3,729</u>	<u>3,121</u>
Returned to DEL	-	-
Closing Balance	<u>3,729</u>	<u>3,121</u>

In the 2014/15 financial year the Department for Employment and Learning (DEL) allocated £36,000 to the University College to assist, on a discretionary basis, those students whose access to higher education might be inhibited by financial considerations or who, for whatever reason, including physical or other disabilities, face financial difficulties associated with their living costs.

25 OTHER FUNDS (Continued)**Stranmillis Trust**

In 1986 the University College established a charitable trust which, in 1987, was incorporated under the Charities Act (NI) 1964 and named the Stranmillis College Charity Trust. The members are empowered by the deed to apply the income and such of the capital as they think fit to assist the advancement of the education and training of persons entering the University College where such persons have need of such assistance because of economic or other circumstances.

The value of the Trust as at 31 July 2015 was £17,081 (2014: £17,763). As the Trust is a separate legal entity it is not incorporated in the Balance Sheet of the University College.