

Stranmillis University College

A College of Queen's University Belfast.

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2020

ADVISORS**Principal and Chief Executive:** Professor A Heaslett**External Auditor:** Grant Thornton (NI) LLP
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Stranmillis Road
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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	12 May 2021	Chair of the Governing Body	Member of HR and Remuneration Committee;
E Jardine CB, MSc, BSc	1 August 2014	31 July 2022	Vice-Chair of the Governing Body	Member of the HR and Remuneration Committee; Member of the Education Committee
Professor Anne Heaslett BA MA D.Phil MSc FRSA	1 August 2007	For period of appointment	Principal and Chief Executive	None
Mrs C Moore BA, FCA	1 August 2014	31 July 2022	Member	Chair of the Audit and Risk Assurance Committee
Mr K Nelson MBE, BA, MBA, MSc, FCMI, CMGR	29 March 2013	28 March 2023	Member	Chair of the Finance and General Purposes Committee
Mr R Thompson MA, BA, DASE CertED	29 March 2013	28 March 2023	Member	Member of the Finance and General Purposes Committee; Chair of the Education Committee
Dr E Birnie MA, PhD	1 August 2014	31 July 2022	Member	Member of the Finance and General Purposes Committee
Mr W Patterson BA, MBA, FCIPD	1 August 2014	31 July 2022	Member	Member of the Finance and General Purposes Committee; Chair of the HR and Remuneration Committee
Mr R Hanna BEd MSc PGDip MSc	1 August 2014	30 April 2020	Member	Member of the Audit and Risk Assurance Committee
Dr A Brown BEd, MSSc, PhD, FCIEA, FCoIT, FRSA	4 November 2014	3 November 2022	Academic Staff Representative	None
Mrs D Brown BA(Hons) MinstAM	1 April 2017	31 March 2021	Support Staff Representative	None
Mr C Pollock BSc (Hons)	1 June 2019	31 May 2020	Student Representative	Observer Education Committee
Mr J Reid BEd (Hons)	1 June 2020	31 May 2021	Student Representative	Observer Education Committee
Mr P Weil MA Fellow RTS	1 September 2019	31 August 2023	Member	Member of Finance and General Purposes Committee
Professor D S Jones BSc BA PhD DSc FREng FIAE FIMMM FRSC	1 September 2019	31 August 2023	Member	Member of Audit and Risk Assurance Committee
Mrs M Corrigan BA MBA PGCE PGDip	1 September 2019	31 August 2023	Member	Member of Education Committee
Mrs H Miller MBA BA PGDE PG Dip Law SFHEA	1 September 2019	31 August 2023	Member	Member of Education Committee
Dr L Boyce BEM BA BSc MSSC PhD PMDip	1 July 2020	30 June 2024	Member	Member of HR and Remuneration Committee
Dr M Bennett PhD MEd DASE PGCE BA	1 July 2020	30 June 2024	Member	Member of Audit and Risk Assurance Committee

Since his appointment, it has been the Chair's practice to attend also, the Finance and General Purposes Committee and the Education Committee.

1 REPORT OF THE GOVERNING BODY FOR THE YEAR ENDED 31 JULY 2020

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 2020.
- 1.2 Stranmillis University College is a Higher Education Institution, founded in 1922, for the purpose of providing teacher education in Northern Ireland. The principal business of the University College, is the provision of courses in Initial Teacher Education leading to the award of the BEd (Honours). 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, a number of Foundation Degrees in collaboration with the Further Education sector and a range of courses at Master's level. All of the College's award bearing programmes are validated by Queen's University, Belfast (QUB).
- 1.3 In addition, the University College offers a range of short courses through its Lifelong Learning and Continuing Professional Development Programmes. It is currently implementing an Intergenerational Learning Strategy in response to the Learning Leaders Strategy published by the Department of Education.
- 1.4 Over the years the University College has also developed an international strategy and currently works with a number of overseas partners. In addition, the University College has developed a vibrant culture of scholarship and research related to the field of education and is continuing to expand its research capacity. The University College achieved pleasing results in the 2014 Research Excellence Framework and is preparing for the next Research Excellence Framework exercise in 2021.
- 1.5 The Stranmillis University College's mission is: 'transforming the lives of children, young people and communities, through excellence in teaching, scholarship and research.' Its vision is 'to be a high performing specialist higher education institution in the field of teacher education and related professions; driving and leading innovative professional practice that will:
- shape education,
 - unlock potential, and
 - build better futures for all.
- 1.6 The following values shape the way the University College operates:
- The University College:
- is student-focused: nurturing, developing and maximising the potential of every student;
 - pursues excellence: demonstrating leadership in scholarship, teaching, research and professional practice.
 - champions collaboration by creating effective partnerships locally, nationally and internationally.
 - promotes social responsibility, thus embracing diversity and respect: listening to and working with colleagues and the wider College community; and
 - promotes entrepreneurship: delivering innovative programmes and projects, growing income generation and promoting good governance.

- 1.7 The University College pursues its mission by aiming:
- to deliver high-quality teaching and learning that is informed by scholarship and research, promotes critical enquiry and is recognised at regional, national and international level;
 - to attract, develop, motivate and retain high calibre students, improving accessibility, including for those currently under-represented in Higher Education;
 - to enable all learners, from entry to employment, to achieve their full potential through the provision of appropriate and timely support services;
 - to focus scholarship and research to help inform teaching, shape policy, change practice and inform debate;
 - to develop and sustain collaborative partnerships, locally, nationally and internationally which promote the concept of learning communities and sharing resources;
 - to embed the concept of lifelong learning at all levels;
 - to attract, retain and develop high calibre staff;
 - to create a safe and attractive working environment to support the College community;
 - to maximise income generation to ensure financial sustainability; and
 - to improve communication to demonstrate impact to both internal and external stakeholders.
- 1.8 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.
- 1.9 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, uniquely for a Higher Education Institution within the United Kingdom, being determined as a Non-Department Public Body (NDPB) with effect from 1 April 2012. As such, the Department for the Economy (DfE) has sponsorship responsibility for the University College, the terms of which are set out in a Management Statement and Financial Memorandum (October 2015), agreed with the Department and which is published on the University College's website. The Governing Body and Senior Management within the University College are committed to fulfilling the requirements within the Management Statement and Financial Memorandum.
- 1.10 The University College is recognised as an Established Provider. This means that, in the judgement of the Department for the Economy, the quality and standards are at the required standard. This is the highest rating possible under the Established Provider system. This is a significant milestone in the continuing development of the University College and is a reflection of the high-quality programmes the University College provides. There can be confidence that academic standards are reliable and meet UK requirements. The University College also meets the Home Office's requirements for educational oversight for Tier 4 sponsorship required to enable international students to study at a UK Higher Education Institution.

Financial Results for the Year

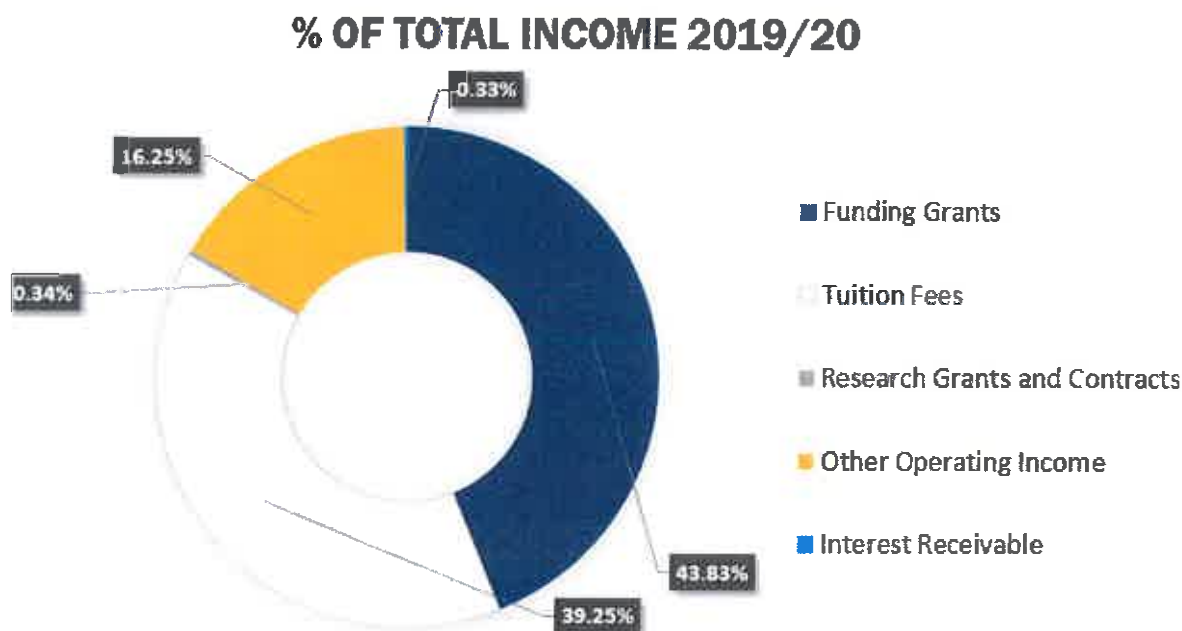
- 1.11 These financial statements have been prepared on the going concern basis in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019, Financial Reporting Standards (FRS102), the Management Statement and Financial Memorandum between the Sponsoring Department and the University College and also the Accounts Direction issued by the Sponsoring Department.

1.12 The University College's Income, Expenditure and Results for the year to 31 July 2020 are summarised below:

	2020 £'000	2019 £'000
Income	11,543	12,213
Expenditure	(12,244)	(12,661)
Operating Deficit	<u>(701)</u>	<u>(448)</u>
Actuarial Loss in respect of NILGOSC pension scheme	(2,414)	(2,560)
Total Comprehensive Expenditure	<u>(3,115)</u>	<u>(3,008)</u>

Income

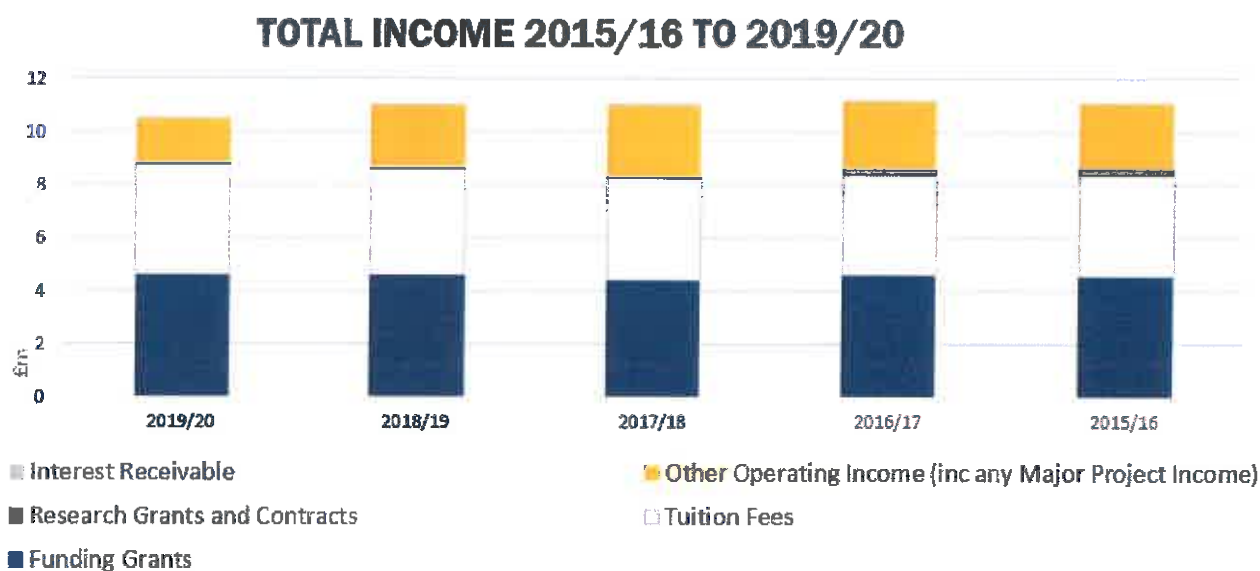
1.13 Total income for the year was £11.5m representing a decrease of £670k (5.5%) on the prior year. The main components of this income (excluding the deferred capital grant release) are shown in the chart below.



1.14 In interpreting income, readers should note that total Funding Grants includes £1,017k (2019 - £1,161k) of Deferred Capital Grants Released, which relates to the matching depreciation charge both on the assets which were inherited by the University College on incorporation in 2005 or which have been grant funded since incorporation. The Deferred Capital Grants released income therefore does not represent revenue funding actually received in the year from the Sponsoring Department. The amounts released represents some 8.8% (2019 - 9.5%) of amounts recorded as income in the year. Recurrent Grant funding received from the Sponsor Department increased by £213k compared with the previous year. Additional Sponsor Department funding was secured to contribute towards the increase in the Northern Ireland Teachers Pension Scheme employer contribution rate, which increased significantly on 1 April 2019. Funding Grant Income also includes £91k (2019 - £nil) in relation the University College availing of the Coronavirus Job Retention (Furlough) Scheme during the year. No funding was

received in the year in relation to the Public Sector Transformation Funded Voluntary Exit Scheme (2019 - £263k). The University College availed of this scheme over the four-year period that it was available until 31 March 2019.

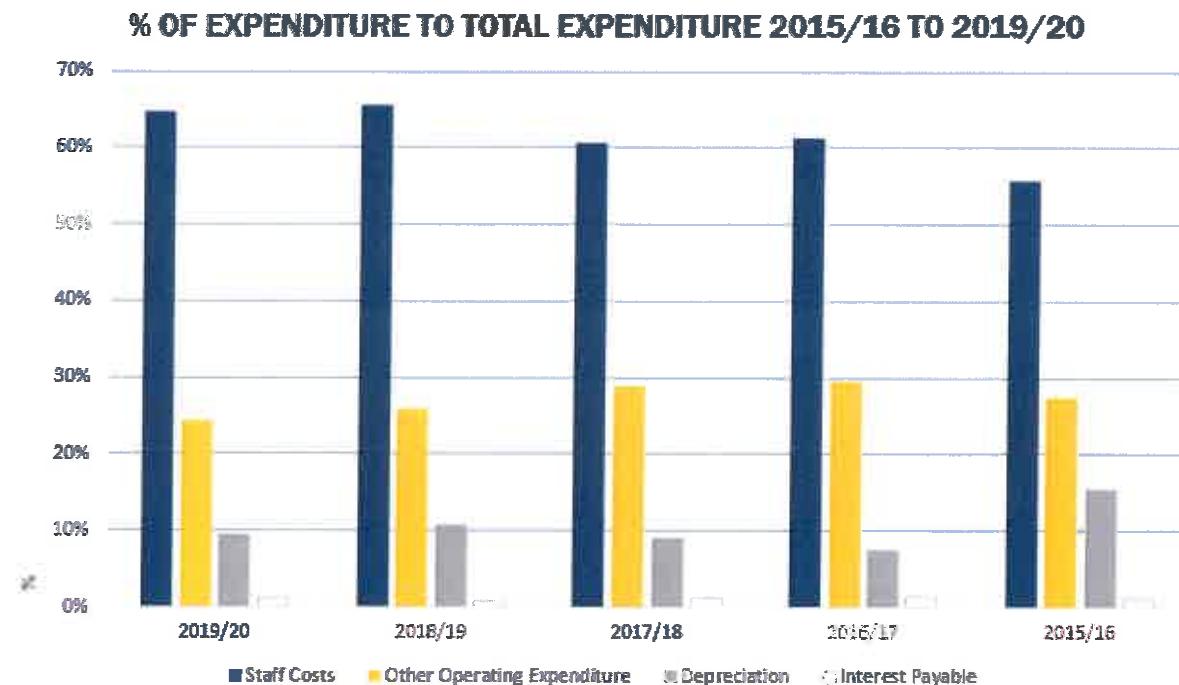
The chart below shows the trends in total income (excluding deferred capital grant release and exceptional items) over the last 5 years.



- 1.15 Tuition Fee income of £4.13m increased by £150k in the year (2019 – increase of £147k) with income relating to full-time tuition fee income increasing by 6% with part-time tuition fee income falling by 9%. Total full-time equivalent student numbers have increased by 23 to 977 (2019 – 954). Tuition Fee income contributed 35.8% (2019 – 32.6%) of Total Income.
- 1.16 Halls of Residence, Catering, Conferencing and Room Hire income, under the management of the Hospitality, Accommodation and Conferencing Services Department, contributed £1,442k or 12.5% of total income in the year (2019 - £2,043k or 16.7%), a decrease of £601k or 29.4%. Students were released early from their Halls of Residence contracts as a result of the COVID-19 lockdown restrictions. The pandemic has also had a detrimental effect on conference, catering and room hire income.
- 1.17 Sundry Other Income has decreased by £93k to £163k in the year (2019 - £256k) largely as a result of COVID-19 having a negative impact on Lifelong Learning and Continuing Professional Development course income.
- 1.18 Some 16.2% (2019 – 20.2%) of Total Income in the year was derived from sources other than Sponsoring Department Funding Grants and Tuition Fees. Despite a reduction over the year, success continues to be evident from these results of the University College’s strategy to diversify the sources of its income and therefore reducing reliance on core government funding.

Expenditure

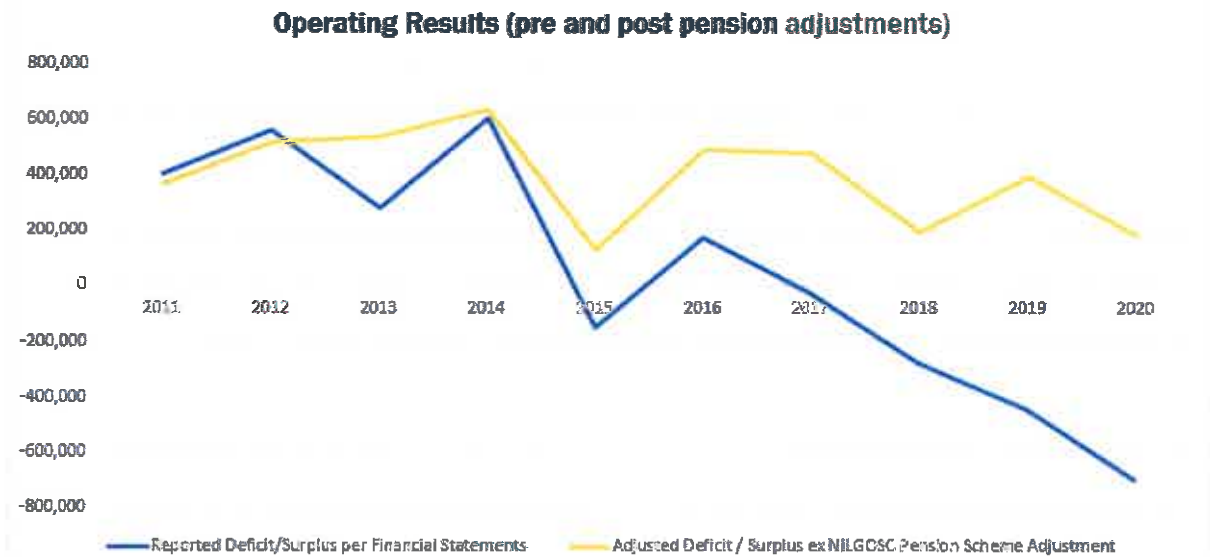
- 1.19 Total Expenditure for the year was £12.2m representing a decrease of £416k (3.3%) on prior year. The chart below shows the percentage of total spend over the last 5 years.



- 1.20 After adjusting for the impact of FRS102 NILGOSC pension scheme actuarial valuation, staff costs decreased by £101k or 1.4%. There were no Voluntary Exit Scheme costs during the year (2019: £266,990). Excluding Voluntary Exit Costs and the FRS102 NILGOSC pension scheme actuarial valuation staff costs have increased by £166k or 2.4%. Due to the lack of income generation opportunities during the COVID-19 lockdown period the University College placed most of the Hospitality, Accommodation and Catering Services staff, along with a small number of Estates staff, on furlough at the start of May 2020. Associated income of £91k was recognised under Funding Grants from the Coronavirus Job Retention Scheme.
- 1.21 Other Operating Expenditure of £2,996k decreased by £192k or 6.0% on the previous year (2019 decreased by £390k and 10.9%). The most significant decrease in expenditure experienced in the year was a reduction Hospitality, Accommodation and Conferencing Services operating expenses by £60k (10.5%). This is due to the reduced level of activities possible as a result of the COVID-19 pandemic restrictions. Energy costs have fallen by £22k (6%) mostly as a result of reduced campus activity during the pandemic lockdown period between the end of March and year-end. Refurbishment, Maintenance and Cleaning costs have also fallen by £37k (9%) as a result of the University College's external maintenance contractors only responding to urgent tasks during the lockdown period. Expenditure has fallen on Travel (£17k), Printing, Postage and Stationery (£9k), Staff Training and Development (£10k), Advertising (£23k) and External Examiner costs (£4k) due to the COVID-19 restrictions. Course Consumables, Equipment and Field trip costs have decreased by £28k on the prior year. The University College can now offer the RE Certificate (which is required to teach in the Maintained Sector) in-house but validated by St Mary's University College Belfast. This has resulted in reduced costs to external providers. IT Maintenance and Software costs have increased by £60k on the prior year largely as a result of annual support costs related to the implementation of the new Virtual Learning Environment as part of the recent IT Infrastructure capital project. This investment in the new system has been essential to enable teaching to continue during the period of COVID-19 restrictions via remote/online means.

Professional Fees have increased by £18k largely as a result of a Strategic Review of the Hospitality, Accommodation and Catering Services Department carried out during the year.

- 1.22 Depreciation costs of £1,161k (2019 - £1,330k) reduced by £169k or 12.7% and represented 9.5% (2019 – 10.5%) of total expenditure.
- 1.23 Included within the Statement of Comprehensive Income and Expenditure is a charge of £886k (2019 - £840k) relating to the FRS102 accounting adjustment required as a result of annual actuarial valuation of the NILGOSC pension scheme.
- 1.24 Adjusting for the impact of the FRS102 NILGOSC pension scheme actuarial valuation, an operating surplus of £185k was achieved (2019 - £392k operating surplus) which is reflected in the increase in Reserves, excluding Pension Reserve. This performance reflects the Governing Body’s commitment to the generation of operating surpluses for reinvestment in teaching, learning and campus facilities. This financial strategy supports both investment in the campus and on-going sustainability of operations, whilst the necessity to make efficiency savings continues to be embraced. The graph below shows the operating surpluses (before pension adjustments) generated over recent years compared with the reported financial deficit/surplus including the pension adjustments.



Statement of Financial Position

- 1.25 Overall the Statement of Financial Position shows a Net Asset position of £14.28m (2019 – Net Assets of £17.39m following the entry of a Prior Year adjustment which is discussed in more detail in Note 20). The reduction in Net Assets is largely as a result of the increase in the pension provision. Despite funding some further capital projects during the year, cash holdings and short term deposits also remain strong at £4.4m (2019 - £4.1m). It is expected, however, that cash holdings will reduce over coming years with further planned investment in infrastructure improvements in line with the University College’s Estates Strategy as detailed below. However, as noted above Reserves, excluding Pension Reserve, have been strengthened by £185k (2019 - £392k) in the year to £25.52m (2019 - £25.33m), an amount equivalent to the operational surplus generated excluding the impact of the £886k (2019 - £840k) pension scheme actuarial charge adjustment required under FRS102.

Cash Flow

- 1.26 The cash flow statement shows a net increase in cash of £311k (2019 – £77k net increase).

Capital Investment

- 1.27 During the year the University College invested £199k in building works (2019 - £300k), £46k in equipment (2019 - £643k) and £nil in vehicle purchases (2019 - £17k). The most significant capital investments during the year related to campus Health & Safety improvements works (£95k) project and the finalisation of the IT Infrastructure Upgrade project to improve campus Wi-Fi and enhancements to IT Security, IT Hardware, a new Virtual Learning Environment and the upgrade of Teaching and Learning IT equipment (£37k). Other capital costs included the start of a Health & Safety upgrade project to the Refectory building kitchens (£42k). The University College continues to invest its Sponsoring Department's capital allocation in schemes which enhance the teaching and learning environment and which improve health and safety for campus.
- 1.28 In the current year the University College received Sponsoring Department capital grants of £138k in relation to building works (2019 - £214k) and £87k in relation to equipment purchases (2019 - £533k).

Future Developments

- 1.29 The University College has continued to receive more significant levels of recurring Sponsoring Department capital funding than was previously the case.
- 1.30 It is expected that, with the support of Sponsor Department capital grant funding, the University College will continue to invest in the upgrade of the campus and facilities to progress priorities identified in the most recent University College Estates Strategy. Estates projects expected to progress during 2020-21 include a project to upgrade the University College's outdoor Sports Facilities which is currently at the planning stage, a project to upgrade the Nendrum student accommodation block and a project to demolish College Hall, a prefabricated building which is beyond the end of its useful life. A number of other Estates projects are also at the early stages of development and it is hoped that some of these works will be partially funded by the Sponsor Department in forthcoming years. However, at present there is uncertainty as to the availability and extent of future Sponsor Department capital funding.
- 1.31 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

- 1.32 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%.
- 1.33 During the accounting period 1 August 2019 - 31 July 2020, the University College paid 99% of its invoices within 30 days (2019: 96%). The University College incurred no interest charges in respect of late payment for this period.
- 1.34 The Northern Ireland Executive is committed to paying suppliers as quickly as possible, within 10 working days. During the accounting period 1 August 2019 - 31 July 2020, the University College paid 90% of its invoices within 10 days (2019: 82%).

Principal Risks and Uncertainties

- 1.35 Outlined in the Governance Statement in the table at paragraph 2.34, is a description of the principal risk factors identified during 2019-20 that may impact on the achievement of the corporate objectives set out in the University College's Corporate Plan 2018-21. These embrace the principal risks and uncertainties identified in the paragraphs below. However, it should be noted in this respect that not all

the factors are within the University College's control. Other factors besides those listed below may also adversely affect the University College.

- 1.36 A significant issue impacting on the achievement of Key Performance Indicator targets in 2019-20 has been and continues to be, the impact of COVID-19. While Business Continuity Plans for such an event are in place, no one had anticipated that before the end of the 2019-20 academic year the University College would be in the midst of a global pandemic situation. Nonetheless, while working under the most exceptional circumstances, the University College achieved the following results:
- 79% of the targets were achieved or exceeded;
 - 18% were partially fulfilled due to the restrictions imposed by the pandemic; and
 - the University College was unable to achieve any element of the target relating to staff mobilities due to restrictions on international travel.
- 1.37 There continues to be considerable budget constraints across NI Departments and consequential budget constraints in relation to Higher Education. These pose further consequential challenges for the Sponsoring Department and in particular for Higher Education, including the University College, in relation to the delivery of its strategic vision.
- 1.38 Uncertainty remains in relation to how Brexit will be delivered and the impact on Higher Education, particularly in relation to EU funding streams for collaborative research projects and staff/student mobility between EU countries. The University College has been proactive in raising these issues with political parties and is working with the Department for the Economy on managing specific risk areas in terms of Brexit planning.
- 1.39 As outlined in more detail in the Governance Statement, a Risk Register is maintained at Corporate level which is reviewed at meetings of 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 to the achievement of the University College's objectives, the likelihood of those risks occurring, their potential impact on the University College, the controls that are in place to manage the risks, the actions being taken to further reduce and mitigate the risks and sources of assurance. Risks are managed by an identified individual and are prioritised using a consistent scoring system. Risk Registers are also maintained in key operational areas within the University College and this is supported by the provision of Risk Management coaching and awareness raising. All information on risks is published internally and staff are encouraged to review the Risk Registers on a regular basis in line with the University College's Risk Management Policy, which is published on the University College's website.

Stakeholder Relationships

- 1.40 In line with other Higher Education institutions, the University College has many stakeholders. These include staff, students, the Department for the Economy and the Department of Education, other education institutions, including Queen's University, St Mary's University College, Further Education Colleges and schools, trade unions and professional bodies as well as private sector employers and the voluntary and community sector.
- 1.41 The University College enjoys positive relationships with all its stakeholders and engages in regular communication with them through the University College website, by meetings and via representation on various external organisations' stakeholder groups, committees etc. The University College considers good communication to be very important and has developed a Communications Strategy. Marketing and Public Relations management also ensures continuous improvement in this area and maximises publicity of the University College's programmes. The University College also encourages

staff and student involvement through a range of fora, including through membership of the Governing Body and Operational Committees.

Equal Opportunities and Employment of Disabled Persons

1.42 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.

1.43 Without prejudice to its obligations above, in carrying out its functions the University College has had regard to the desirability of promoting good relations between persons of different religious beliefs, political opinion or racial group. The University College has included the promotion of good relations as part of the corporate planning process.

1.44 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 the resources necessary 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.

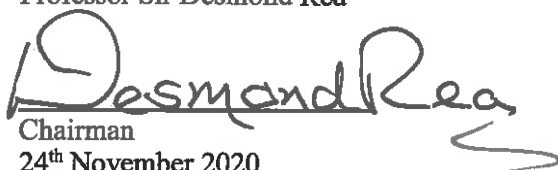
Diversity and Equality Statement

1.45 With respect to its student body and staffing, 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 is embraced as a key value within the University College and equality is recognised, encouraged, promoted and valued at all levels of the organisation and in all its functions.

1.46 Recent years have seen significant alterations to help make the campus 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. Work is also ongoing to upgrade street lighting on campus. The University College will ensure that every effort is made to meet the support needs of its key stakeholders. The University College has enhanced its reporting to the Governing Body on Equality and continues to liaise with the Equality Commission in respect of taking equality matters forward. The University College also continues to implement its Disability Action Plan.

1.47 Despite the difficult circumstances that continue to prevail and the risks and uncertainties that exist, overall, during 2019-20, the University College has continued to deliver on the vast majority of its core business commitments; demonstrating its ongoing commitment to good governance and to delivering a quality experience for students.

Professor Sir Desmond Rea


Chairman
24th November 2020

2 GOVERNANCE STATEMENT

- 2.1 The role of the Governing Body of Stranmillis University College is to support the Principal in the day-to-day management of the Institution and to hold her and through her, her Senior Management to account for doing so. Together with the Principal as Accounting Officer, we 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 Instrument and Articles of Government and the Management Statement and Financial Memorandum agreed with the Sponsoring Department.
- 2.2 The system of internal control is based on the Institution's Corporate/Business Plan and 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 2020 and up to the date of approval of the financial statements, and accords with guidance in the Orange Book, published by HM Treasury. The latter has recently been updated and will be used to inform a further review of the University College's Risk Management arrangements in 2020-21.
- 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) (now the Department of Finance (DoF)) in 2013; and the Higher Education Code of Governance, published by the Committee of University Chairs (CUC) in December 2014 and updated in 2018 and most recently in 2020.
- 2.5 Throughout the period ended 31 July 2020, the University College has been in compliance with the provisions of the Code insofar as they relate to the University College. The University College also substantially complies with the Higher Education Code of Governance (CUC Code 2020). An independent review during 2018-19 of practice in the University College against the CUC Code confirmed that the University College is compliant with all of the primary elements of the Code. A further review undertaken following the publication in September 2020 of the revised CUC Code, also demonstrates compliance with all 6 of the primary elements of the revised Code. The outcome of this review has been considered by the Audit and Risk Assurance Committee and reported to the Governing Body.

The Governing Body aims to continuously keep its effectiveness under review.

A review of academic governance arrangements in the University College was undertaken by an ad-hoc Committee of the Governing Body as referred to in the 2018-19 Governance Report. The ad-hoc Committee, comprising three members appointed by the Governing Body, reported its findings to the Governing Body in June 2019. In September 2020, an Action Plan was agreed by the Governing Body which will take forward a number of recommendations identified in the review, progress against which will be monitored by the Governing Body.

There was also an Annual Review of the remit of the Governing Body and its Committees in 2019-20, as well as an Annual Review of the Governing Body and Committee Work Plan. The Audit and Risk Assurance Committee also reviews its effectiveness annually against the National Audit Office Checklist and this is independently reviewed by the Department for the Economy. Consideration has

also been given to the Induction and Training/Development of Governors which will be further informed by a Training Needs Analysis, to be undertaken during 2020-21.

Composition of the Governing Body

- 2.6 Membership of the Governing Body was increased to 17 Members in total during 2019-20 (13 lay Members, four of whom were appointed on 1 September 2019 and two of whom were appointed from 1 July 2020), a student representative and two staff representatives all of whom are appointed by the Department for the Economy. The Principal as Chief Executive of the University College is also a Member. Governing Body Members are not remunerated for their role.

Allocation of Responsibilities

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

Governing Body Operating Framework

- 2.8 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 Business Plan, approval of major developments and the receipt of regular reports from the Principal as Chief Executive and senior management on the day-to-day operations of its business.
- 2.9 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

- 2.10 During 2019-20, the Governing Body met on 4 occasions. Due to COVID-19 restrictions imposed from March 2020, a further meeting scheduled to take place on 28 April 2020 had to be cancelled. However, papers for the meeting were considered by Members using the 'written procedure' pending the establishment of on-line meetings, the first of which was on 23 June 2020. Attendance at meetings/numbers considering papers by the 'written procedure' was as follows:

Date	Number of Members	Number Attended / Considered Papers by the 'Written Procedure'
1 October 2019	16	13
26 November 2019	16	14
18 February 2020	16	12
28 April 2020	16	16
23 June 2020	15	14

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

- Academic Governance and Accountability, including:
 - the outcome of the Governing Body Review of Academic Governance; a Report from the General Teaching Council for Northern Ireland (GTCNI) which confirmed that the Postgraduate Certificate in Education in Early Years has been accredited for a further four years; and
 - a Report and accompanying action plan relating to the continuous improvement of the student academic experience and student outcomes, including evidence from the provider's own periodic review processes which informed the signing of the annual Assurance Statement for the Department.
- The revised Memorandum of Agreement with Queen's University (QUB) which was finalised in 2019-20;
- A Potential new Partnership Agreement;
- Consideration of the 'New Decade – New Approach' document;
- Consideration and approval of the updated Students' Union Constitution;
- The results of the University College's performance in the 2019 National Students' Survey;
- Governor Development;
- Approval of the Annual Business Plan for 2019-20 and monitoring and reporting on progress against Key Performance Indicator Targets;
- Reports from the Audit and Risk Assurance Committee, Finance and General Purposes Committee, Education Committee and the HR and Remuneration Committee and reports from the Principal and Student President;
- Community relations;
- Visiting Professors' Reports;
- Corporate Risks;
- Corporate Finance monitoring and Budget and the Annual Financial Statements and Audit Findings;
- A formal Report from the Chair of the Audit and Risk Assurance Committee on the work of the Committee throughout 2019-20. (This was considered in November 2020 in advance of the signing of the Accounts);
- Students' Union Audited Accounts for 2018-19;
- An update on progress in respect to the Value for Money (VfM) Action Plan;
- Updates on the Sports Pitches Refurbishment Project;
- The Annual Report for 2018-19;
- Human Resource matters, including Recruitment and Promotion and Senior Staffing arrangements;
- COVID-19 Reports; and
- Policies on Open Access, Teaching and Learning and Travel and Subsistence, a Community Engagement and Partnership Strategy, a COVID-19 Health and Safety Strategy, an updated Estates Strategy and Social Media Guidelines for students and staff.

2.12 The Governing Body also reviewed its Register of Interests and Forward Work Plan and revised its Operating Framework, including the Terms of Reference of the following Committees during 2019-20:

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

2.13 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. The Student Representative also attends the Education Committee in an Observer capacity.

Operation of Governing Body Committees

Education Committee

2.14 During 2019-20, the Education Committee, comprising four Members met on 3 occasions. All meetings were quorate and attendance was as follows:

Date	Number in Attendance out of 4
12 November 2019	4
10 March 2020	4
9 June 2020	4

The Committee fulfilled its core work programme, which included consideration of Reports on Teaching and Learning, Scholarship and Research, Student Support and Wellbeing and Student Recruitment and Marketing, including progress against Key Performance Indicator (KPI) targets. Key areas within these Reports included for example:

- Summary outputs in Scholarship and Research;
- Progress in the preparations for the 2021 Research Excellence Framework (REF) exercise;
- Research Funding;
- Updates on the work of the Centre for Research in Educational Underachievement;
- Consideration of the University College's proposal to introduce a Taught Doctorate in Professional Practice in consultation with Queen's University;
- Undergraduate and Study Abroad recruitment;
- Widening Participation;
- The potential impact of Brexit on international mobility;
- Study Abroad income;
- Updates on Professional and Intergenerational Learning, Lifelong Learning and Continuing Professional Development (CPD) short programmes;
- A review of the Internship Scheme;
- An update on the Graduate Outcome Survey;
- The level of academic offences reported to QUB during 2018-19 and the number of student complaints and appeals;
- A new Community Engagement Strategy;
- Reports on Teaching and Learning and Student Support and Wellbeing during the COVID-19 pandemic;

- Student Recruitment;
- The Erasmus+ Mobility Annual Report;
- Updates on the introduction of the Virtual Learning Environment (VLE);
- The outcome of the GTCNI accreditation of the PGCE in Early Childhood Education;
- Updates on Quality Assurance arrangements;
- Occupational Health Provision and Counselling Services;
- Presentations on the impact of competition from Colleges in England on the articulation of students to the BA in Early Childhood Study courses at the University College.

2.15 The Committee also routinely considered whether there were any risks emerging from discussions that would need to be reflected within operational/corporate Risk Registers.

HR and Remuneration Committee

2.16 The HR and Remuneration Committee met on 2 occasions during the year. The third meeting which had been scheduled to take place on 24 March 2020 had to be cancelled due to COVID-19 and the lockdown of the College. Members considered the papers for this meeting by the ‘written procedure’ pending the establishment of meetings online. On all occasions the Committee was quorate. Attendance at meetings/numbers considering papers by the ‘written procedure’ was as follows:

Date	Number Attended / Considered Papers by ‘Written Procedure’ out of 3
22 October 2019	3
24 March 2020	3
26 May 2020	3

2.17 During the year the Committee considered:

- A range of staffing and other matters, including staffing within the Estates Department and Human Resources Department;
- Performance reports and key objectives and targets for Senior Management;
- The Staff Development End of Year Report for 2018-19 and Staff Development Plan 2019-20;
- An Employment, Equality and Diversity Report;
- A Fair Employment Monitoring report;
- Updates on the development of a general Facilities Agreement;
- Trade Union Recognition;
- Updates on the plans to conduct a Staff Survey;
- Governor Development;
- Whistleblowing complaints;
- An updated Recruitment and Selection Policy;
- The need for a review of Staff Appraisal Policy; and
- A COVID-19 report.

2.18 In the past year a comprehensive report has also been received and considered at each meeting on:

- Staffing, establishment, turnover and recruitment;
- sickness absence rates;
- employee relations, including the number of disciplinary, tribunal and grievance cases;
- employment arrangements; and
- other significant issues and developments.

Furthermore, at each meeting, the Committee considered updates on progress against targets in the HR Business Plan and the HR Department's Risk Register, as well as any risks emerging from the business discussed.

Finance and General Purposes Committee

2.19 During 2019-20, the Finance and General Purposes Committee, which has 5 Members met on 3 occasions. The 4th meeting which had been scheduled to take place on 24 March 2020 had to be cancelled due to COVID-19 and the lockdown of the University College. Members considered the papers for this meeting by the 'written procedure' pending the establishment of meetings online. On all occasions the Committee was quorate. Attendance at meetings/numbers considering papers by the 'written procedure' was as follows:

Date	Number Attended / Considered Papers by 'Written Procedure out of 5
22 October 2019	5
19 November 2019	5
24 March 2020	5
26 May 2020	5

2.20 During the year the Committee considered:

- Comprehensive Finance and Procurement Reports, including Management Accounts at each meeting;
- Draft Financial Statements and Audit Findings for 2018-19;
- The draft Budget 2020-21;
- The Draft College Business Plan 2019-20;
- The final Value for Money (VfM) report for 2018-19 and the draft 2019-20 VfM Action Plan;
- The updated Travel and Subsistence Policy;
- The University College Annual Report for 2018-19;
- Business Continuity Planning;
- Comprehensive Estates Reports and the updated Estates Strategy;
- Digital and Technical Services Reports;
- Hospitality, Accommodation and Conferencing Services Reports, including for example the Marketing of Student Halls accommodation and Conferencing, and Halls Fees;
- A report on the review of the Hospitality, Accommodation and Conferencing business;
- Health and Safety Reports; and
- Furlough arrangements and COVID-19 Contingency Planning Options.

2.21 The Committee also considered any risks emerging from the business discussed during the year.

Audit and Risk Assurance Committee

- 2.22 The Audit and Risk Assurance Committee, comprising 3 Non-Executive members held 3 meetings during the year. The 4th meeting had to be cancelled due to COVID-19 and the lockdown of the University College. Members considered the papers for this meeting under the 'written procedure' pending the establishment of meetings online. On all occasions the Committee was quorate. Attendance at meetings/numbers considering papers by the 'written procedure' was as follows:

Date	Number Attended / Papers Considered by 'Written Procedure' out of 3
10 October 2019	3
21 November 2019	2
2 April 2020	3
4 June 2020	2

College and Other Attendees

Apart from the meeting that had to be cancelled, meetings were attended by the Principal (Accounting Officer), the Head of Finance, the Head of Internal Audit, the Head of External Audit and the Department's Observer during the year as set out below. The Secretary to the Governing Body also attended all meetings to provide secretarial services. In this respect, the Chair discussed the Agenda and any relevant issues with the Secretary before each meeting.

Date/In Attendance	10 October 2019	21 November 2019	2 April 2020	4 June 2020
Principal/Accounting Officer	√	√		√
Head of Finance	√	√		√
Head of Internal Audit	√	√		√
Head of External Audit		√		√
Department for the Economy Representative	√	√		√

- 2.23 The Committee operated in accordance with the Audit and Risk Assurance Committee Handbook NI, issued by the Department of Finance and Personnel (now the Department of Finance).
- 2.24 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 Internal Audit Annual Assurance Statement for 2018-19, follow-up reports and reports on progress against the 2019-20 Audit Plan;
 - The approval of the Internal Audit Plan for 2019-20;
 - The Audit Recommendations Monitoring Schedule;
 - The 2018-19 Business Continuity Planning Activity Report;
 - The Corporate Risk Register;
 - The draft Primary Financial Statements and Audit Findings 2018-19;
 - The External Audit Strategy for 2019-20;
 - The Annual Fraud Report;
 - A Whistleblowing Report;

- Reports in relation to Direct Award Contracts;
- The Annual Report on Lessons Learned in relation to Post Project Evaluations;
- An Information Security update;
- Prompt payment statistics for the period 2018-19 and the statistics for 2019-20, which were considered by the Committee in October 2020;
- A Report on Freedom of Information Requests during 2018-19 and those in respect to 2019-20, 9-which were considered by the Committee in October 2020;
- A COVID-19 Report; and
- A Report on Business Continuity Planning, including lessons learned from testing and an update on Third Party Dependencies which was considered by the Committee in October 2019.

2.25 The Committee also reviewed Reports from Internal Audit as set out in the following Table:

Subject Area	Nature of Audit
Core Financial Controls	Assurance
Data Quality	Assurance
Community Engagement and Widening Participation	Assurance
Income Generation	Assurance
IT Systems	Advisory
Students' Union Governance Training	Advisory
Health & Safety	Follow-up
Income Generation (REF Readiness)	Follow-up
Marketing and Communications	Follow-up

- 2.26 Based on the conclusions of this work, Internal Audit has provided the University College's Accounting Officer with an overall satisfactory level of assurance. Internal Audit was satisfied that sufficient Internal Audit work had been undertaken during 2019-20 to allow an opinion to be given as to the adequacy and effectiveness of governance, risk management and control, effectiveness, efficiency and economy, arrangements i.e. Value for Money. In giving its opinion, Internal Audit noted that assurance can never be absolute. The Internal Audit Service therefore provided reasonable assurance that there are no major weaknesses in the system of internal control in the University College that need to be reported in this Governance Statement.
- 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 2019-20, the Committee was satisfied that the University College's arrangements for corporate governance and internal control and risk management are basically sound.

Meetings with Internal and External Audit

- 2.28 Rather than holding annual meetings with the Auditors to discuss matters of mutual interest, the Committee met in private session with the Heads of Internal Audit and External Audit on two occasions during 2019-20, before the start of the main Committee meetings of the Committee.

Meeting with the Accounting Officer

- 2.29 The annual meeting between the Chair of the Committee and the Accounting Officer took place in June 2020. The purpose of the meeting was to provide an opportunity for mutual reflection on the work of the Committee during 2019-20 and, for example, to seek the Accounting Officer's views on the major risks for the University College in the coming year, and how such risks should be addressed by the Committee going forward.

Review of Effectiveness

- 2.30 The Committee conducted a review of its effectiveness on 10 October 2019, using the National Audit Office Checklist as a benchmarking tool for this year on year.
- 2.31 In conclusion, the Committee was satisfied that based on the National Audit Office Checklist, it is compliant with the good practice therein and apart from the inclusion of additional evidence to support ratings and the need to ensure annual meetings between the Chair of the Committee and the Accounting Officer, there were no material issues to be considered. The Committee effectively supports the Governing Body and Accounting Officer; it reviews its performance on an annual basis; is suitably independent and objective and has the appropriate mix of skills.

Operational and Academic Governance Committees

- 2.32 The Principal as Chief Executive has established a number of operational and Academic Governance Committees to support good governance in the University College:
- **A Corporate Planning Committee**, which assists the Principal as 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;
 - **A Senior Leadership Committee** which is responsible for the development of the Corporate Plan which is subject to approval by the Governing Body. This Committee is also responsible for the development, implementation and reviewing of approved strategies to support the delivery of the Corporate Plan, including financial and resource planning;
 - **An Academic Leadership Committee** to assist the Senior Leadership Committee in the planning and development of a sustainable academic portfolio to support the delivery of the College's Mission and Vision as articulated in the Corporate Plan. This Committee also considers recommendations for approval for new programmes and new partners and the suspension or discontinuation of existing programmes and partners. The Committee identifies the likely resource requirements (including potential requirements for IT, library services, time-tabling, student support, outreach and admissions) of new programmes and partnerships and promotes dialogue between academic and professional services to develop viable, market-informed programmes that are aligned with the University College's strategic plans;
 - **A Teaching & Learning Committee** which acts as a proactive and strategic body for the monitoring and enhancing of the quality and standards of learning, teaching, assessment and curricula of the University College. Its primary role is to ensure that quality assurance procedures are implemented and taking responsibility for promoting quality enhancement across the University College.
 - **A Research and Scholarship Committee** which has overall responsibility for the management and implementation of approved strategies and policies with respect to scholarship and research. The University College's aim is to extend its reputation and performance as a regional, national and international centre of scholarship and research in Education. This will involve creating a rich, vibrant and supportive scholarship and research environment which informs and underpins teaching and learning.

Quality of Data

- 2.33 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 provides a challenge function which helps to ensure that emerging issues are highlighted and brought to the attention of the Governing Body. Assurance on Data Quality is also provided through the work of Internal and External Audit and validation of student data for example, is provided through the submission and review of HESA returns.

College Risk Profile and Assessment of Risks

- 2.34 The Governing Body and its Committees, considered risks facing the University College at all meetings during 2019-20. The Governing Body has received assurance that all Risks, including Fraud Risks, are being managed appropriately and controlled and that further actions to manage risks to an appropriate level were continuously being considered. Following a significant review of the Corporate Risk Register during 2019-20, the following Corporate Risks were identified for inclusion in the Corporate Risk Register:

Risk No. & Residual Status	Summary of Risk Statements
1	Failure, especially in the light of COVID-19, to retain full-time student quotas at least at the current level and to secure part-time enrolments will have a major negative impact on the University College's financial sustainability.
2	Failure to develop the effective use of the University College's IT systems including the VLE system, to ensure the delivery of high quality services given the demand for remote working arising from the COVID-19 pandemic, will negatively impact the outcomes for students and service providers thus undermining the University College's reputation and negatively impacting Income Generation.
3	Failure to develop and implement a coherent strategy for further developing the capacity of the University College to generate and control its own income, including accessing its reserves, will negatively impact the sustainability of the University College's current business model.
4	Failure to successfully secure research monies will impact on the sustainability of the Research Office and the Centre for Research into Educational Underachievement, particularly given the challenging situation arising from COVID-19.
5	Failure to adequately manage, plan and have the available resources (staff, IT etc.) to offer alternative means of delivering teaching, learning and assessment due to the COVID-19 outbreak which could result in students failing to complete the required 2019-20 and 2020-21 academic requirements or potential reputational damage.
6	Failure to have sufficient staff available, due to illness etc. to provide essential campus services including to secure campus grounds and buildings, process payroll and / or essential supplier payments etc.
7	Failure to generate sufficient income to maintain the financial viability of the University College because of the impact of COVID-19 restrictions which have led to a reduction in the income generating capacity of Hospitality, Accommodation and Conferencing Services and international fee paying students.


Data Security

- 2.35 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. A substantial body of work commenced during 2015-16 to strengthen the University College's information asset management arrangements, including the establishment of an Information Asset Register and the development of formal policies on Records Management, Information Security, and Information Security Reporting. A Best Practice Guide and Information Asset Owner Handbook for staff have also been developed and approved by the Governing Body and an Audit of Information held within the University College and who is responsible for managing it has been undertaken. The University College is currently developing an overarching Security Strategy, which will facilitate implementation of comprehensive security arrangements across the University College but because of the disruption caused by the global pandemic this will not be completed until the 2020-21 year. Despite the pandemic and subsequent increased use of remote learning and working, data security remains a priority and there has been no change in data security processes. The assurance arrangements will be monitored by the Corporate Planning Committee. There were no reports during the year of any significant data losses.


Conclusion

- 2.36 Our review of the effectiveness of the system of internal control is informed by Internal Audit, which operates in accordance with Northern Ireland 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 2019-20 programme of Internal Audit reviews.
- 2.37 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 Audit Findings and other reports.
- 2.38 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.

Professor Anne Heaslett


Principal and Chief Executive
24th November 2020

Professor Sir Desmond Rea


Chairman
24th November 2020

3 STATEMENT OF RESPONSIBILITIES OF THE MEMBERS 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 Sponsoring Department and the Governing Body of the University College, the Governing Body, through its Chair, 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 Sponsoring Department are used only for the purposes for which they have been given and in accordance with the Financial Memorandum agreed with the Sponsoring Department and other conditions which the Sponsoring 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.

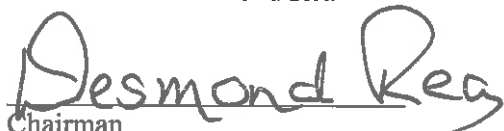
Disclosure of Information to Auditors

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



Desmond Rea

Chairman

24th November 2020



Non-statutory Independent auditor's report to the Governing Body of Stranmillis University College

Opinion

We have audited the non-statutory financial statements of Stranmillis University College ('the College') for the year ended 31 July 2020, which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Statement of Financial Position, the Cash Flow Statement and the related notes, including the Statement of principle accounting policies. The financial reporting framework that has been applied in the preparation of the non-statutory financial statements 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, Stranmillis University College's non-statutory financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the financial position of the University College as at 31 July 2020 and of its financial performance and cash flows for the year then ended; and
- have been properly prepared in accordance with the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education.

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 'Responsibilities of the Auditor for the audit of the non-statutory financial statements' section of our report. We are independent of the University College in accordance with the ethical requirements that are relevant to our audit of the non-statutory financial statements in the United Kingdom, namely FRC's Ethical Standard concerning the integrity, objectivity and independence of the auditor. 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

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

- the governors use of the going concern basis of accounting in the preparation of the non-statutory financial statements is not appropriate; or
- the governors have not disclosed in the non-statutory financial statements any identified material uncertainties that may cast significant doubt about the University College's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the non-statutory financial statements are authorised for issue.

Other information

Other information comprises information included in the annual report, other than the non-statutory financial statements and our auditor's report thereon, including the Report of the Governing Body, Governance Statements and Statement of the Responsibilities of the Governing Body. The governors are responsible for the other information. Our opinion on the non-statutory financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by Financial Memorandum with the Sponsoring Department

In our opinion, in all material respects:

- income from the Sponsoring Department, grants and income, for specific purposes and from other restricted funds administered by the University College during the year ended 31 July 2020 have been applied for the purpose for which they were received; and
- income during the year ended 31 July 2020 has been applied in accordance with the University College's statutes and where appropriate, with the Financial Memorandum with the Sponsoring Department.

Matters on which we are requested to report by exception

In the light of the knowledge and understanding of the University College and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Governing Body and the Government Statement.

We have nothing to report in respect of the following matters where the Financial Memorandum requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the non-statutory financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of senior management specified by law are not made; or
- we have not received all the information and explanations we require for our audit;
- the Reporting of the Governing Body and Governance Statement are inconsistent with our knowledge of the University College.

Responsibilities of the Governing Body

As explained more fully in the Statement of the responsibilities of the Governing Body, the Governing Body is responsible for the preparation of the non-statutory financial statements which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102, and for such internal control as governors determine necessary to enable the preparation of non-statutory financial statements are free from material misstatement, whether due to fraud or error.

In preparing the non-statutory financial statements, governors are responsible for assessing the University College'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 governors either intend to liquidate the University College or to cease operations, or has no realistic alternative but to do so.

The Governing Body are responsible for overseeing the University College's financial reporting process.

Responsibilities of the auditor for the audit of the non-statutory financial statements

The objectives of an auditor are to obtain reasonable assurance about whether the non-statutory 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 non-statutory financial statements.

As part of an audit in accordance with ISAs (UK), the auditor will exercise professional judgment and maintain professional scepticism throughout the audit. They will also:

- Identify and assess the risks of material misstatement of the non-statutory financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University College's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by governors.
- Conclude on the appropriateness of governor's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University College's ability to continue as a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the auditor's report to the related disclosures in the non-statutory financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the University College to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-statutory financial statements, including the disclosures, and whether the non-statutory financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

The auditor communicates with the Governing Body regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.

The purpose of our audit work and to whom we owe our responsibilities

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



Louise Kelly (Senior Statutory Auditor)
For and on behalf of
Grant Thornton (NI) LLP
Chartered Accountants & Statutory Auditors

Belfast

24th November 2020

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
For the Year Ended 31 July 2020

		2020 £	2019 £
Income	NOTE		
Funding Grants	(2)	5,629,935	5,763,632
Tuition Fees	(3)	4,131,685	3,982,065
Research Grants and Contracts	(5)	35,936	45,239
Other Operating Income	(6)	1,710,279	2,388,206
Interest Receivable		34,798	33,518
Total Income		<u>11,542,633</u>	<u>12,212,660</u>
Expenditure			
Staff Costs	(7) & (8)	7,926,973	8,022,519
Other Operating Expenditure	(10)	2,996,208	3,188,498
Depreciation	(12)	1,160,909	1,330,482
Interest Payable		160,000	119,000
Total Expenditure		<u>12,244,090</u>	<u>12,660,499</u>
Operating Deficit before tax		<u>(701,457)</u>	<u>(447,839)</u>
Taxation		-	-
Operating Deficit after tax		<u>(701,457)</u>	<u>(447,839)</u>
Actuarial loss in respect of pension scheme	(19)	(2,414,000)	(2,560,000)
Total comprehensive expenditure for the year	(19)	<u>(3,115,457)</u>	<u>(3,007,839)</u>

All amounts above relate to the continuing operations of the University College.

STATEMENT OF CHANGES IN RESERVES

Reconciliation		2020 £	Restated 2019 £
Opening Reserves	(19)	17,390,459	20,398,298
Total Comprehensive Expenditure for the year		(3,115,457)	(3,007,839)
Closing Reserves	(19)	<u>14,275,002</u>	<u>17,390,459</u>

The notes on pages 34 to 51 form part of these financial statements.


STATEMENT OF FINANCIAL POSITION
As at 31 July 2020

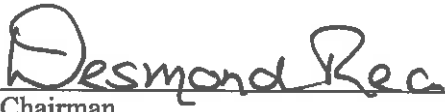
	Note	2020 £	Restated 2019 £
Fixed Assets	(12)	40,666,717	41,582,836
Total Fixed Assets		<u>40,666,717</u>	<u>41,582,836</u>
Trade and other receivables	(13)	231,971	237,959
Cash and cash equivalents	(14)	4,415,332	4,104,509
Total Current Assets		<u>4,647,303</u>	<u>4,342,468</u>
Creditors – amounts due within one year	(15)	(2,122,038)	(2,167,545)
Net Current Assets		<u>2,525,265</u>	<u>2,174,923</u>
Total Assets less Current Liabilities		<u>43,191,982</u>	<u>43,757,759</u>
Less: Creditors – Amounts due after one year	(16)	(17,673,980)	(18,424,300)
Less: Provisions for Liabilities and Charges	(18)	(11,243,000)	(7,943,000)
NET ASSETS		<u>14,275,002</u>	<u>17,390,459</u>
Reserves	(19)	25,518,002	25,333,459
Pension Reserve	(19)	(11,243,000)	(7,943,000)
TOTAL FUNDS		<u>14,275,002</u>	<u>17,390,459</u>

The financial statements were approved by the Governing Body on 24th November 2020 and were signed on its behalf by:

Professor Anne Heaslett

Professor Sir Desmond Rea


Principal and Chief Executive
24th November 2020


Chairman
24th November 2020

The notes on pages 34 to 51 form part of these financial statements.

CASH FLOW STATEMENT
For the Year Ended 31 July 2020

	Note	2020	2019 £
Comprehensive Expenditure		(3,115,457)	(3,007,839)
Adjustments for Non-Cash Items			
Depreciation	(12)	1,160,909	1,330,482
Decrease/(Increase) in Debtors	(13)	5,988	(13,111)
Decrease in Creditors	(15)	(4,020)	(277,727)
Increase in Pension Provision	(18)	3,300,000	3,400,000
Adjustments for Investing or Financing Activities			
Interest Receivable		(34,798)	(33,518)
Interest Payable		160,000	119,000
Capital Grant Income Released	(2) & (17)	(1,017,104)	(1,161,326)
Loss on sale of fixed assets		-	19
Net Cash Inflow From Operating Activities		<u>455,518</u>	<u>355,980</u>
Cash Flows From Investing Activities			
Proceeds from sales of fixed assets		-	18,392
Interest Receivable		34,798	33,518
Capital Grants Received	(17)	225,297	747,582
Payments Made to Acquire Fixed Assets	(12)	(244,790)	(959,939)
Cash Flows from Financing Activities			
Interest Payable		(160,000)	(119,000)
Increase in Cash and Cash Equivalents		<u>310,823</u>	<u>76,533</u>
Net Funds at 1 August	(14)	4,104,509	4,027,976
Net Funds at 31 July	(14)	<u>4,415,332</u>	<u>4,104,509</u>

The notes on pages 34 to 51 form part of these financial statements.

NOTES TO THE ACCOUNTS
For the year to 31 July 2020

1 STATEMENT OF PRINCIPLE ACCOUNTING POLICIES

(a) Format and basis of Accounts

These financial statements have been prepared on the going concern basis in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019, Financial Reporting Standards (FRS102), the Management Statement and Financial Memorandum between the Sponsoring Department and the University College (October 2015) and also the Accounts Direction issued by the Sponsoring Department.

The financial statements are prepared in accordance with the historical cost convention of fixed assets and in accordance with applicable United Kingdom accounting standards.

(b) 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 interest received from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

The recurrent grant and other revenue grants received from the Sponsoring Department are recognised in income over the periods in which the University College recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred capital grants within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

Funding Grants includes amounts receivable under the Coronavirus Job Retention Scheme to reimburse the University for the wages of certain employees who were furloughed during the period but who remained on the University College's payroll. As this scheme involves a transfer of resources from government to the entity, it meets the definition of a government grant. The scheme is designed to compensate for staff costs, so amounts received are recognised in the Statement of Comprehensive Income & Expenditure Account over the same period as the costs to which they relate.

(c) Capital Grants

Non-recurrent grants from the Sponsoring Department received in respect of the acquisition of fixed assets are recognised in income over the expected useful life of the asset.

(d) Pension Schemes

The two principal pension schemes for the University College's staff are the Northern Ireland Teacher's Pension Scheme (NITPS) and the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) defined benefit schemes. 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.

The NITPS is an unfunded contributory, voluntary membership scheme administered by the Department of Education. The current regulations under which the scheme operates are the Teachers' Superannuation

Regulations (NI) 1998 (as amended). The NITPS is a multi-employer scheme and the University College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The NITPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

A full actuarial review of the Northern Ireland Teachers Pension Scheme was carried out during the 2018-19 year which resulted in the employer contribution rate increasing from 17.7% to 25.1% from the 1st April 2019. As far as the University College is aware this rate will continue for the 2020 - 21 financial year.

NILGOSC is a defined benefit scheme which is externally funded. The Funds are valued every three years by actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. Pension costs are assessed on the basis of the latest actuarial valuations of the schemes and are accounted for on the basis of charging the cost of providing pensions over the period during which the University College benefits from the employees' services. Variations from regular cost are spread over the expected average remaining working lifetime of members of the schemes after making allowances for future withdrawals.

The difference between the fair value of the assets held in the University College's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the University College's Statement of Financial Position as a pension scheme asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the University College is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the University College are charged to the Statement of Comprehensive Income & Expenditure.

The NILGOSC Fund is valued every three years by an independent actuary. The latest valuation was carried out on 31 March 2019 by the Committee's Actuary, Aon Hewitt. Employer's contribution rates decreased from 20% to 19.5% during the financial year (April 2020). An additional "Deficit Recovery" standard charge is no longer payable. The employer contribution rate of 19.5% is likely to continue until the fund is revalued again in March 2022.

(e) Tangible Fixed Assets

Land and Buildings

Land and buildings inherited from the Sponsoring Department on incorporation are stated in the Statement of Financial Position at valuation (less any impairment) 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 and major adaptations to buildings are depreciated over their expected useful economic life to the University College of between 20 and 50 years unless there is any evidence that suggests that the useful life is less than 20 years in which case the building is depreciated over the shorter period. A review of building condition and useful lives is reassessed every 3 – 5 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 deferred capital grants and are released to the Statement of Comprehensive Income and Expenditure 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.

Equipment & Motor Vehicles

Equipment costing less than £10,000 per individual item is written off to the Statement of Comprehensive Income and Expenditure 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 - 10 years;
- Computer equipment – 3 - 5 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 depreciation rates, with the related grant being credited to deferred capital grants and released to the Statement of Comprehensive Income and Expenditure over the expected useful economic life of the related equipment.

(f) Maintenance of Premises

The cost of routine corrective maintenance is charged to the Statement of Comprehensive Income and Expenditure in the period that it is incurred.

(g) 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 Statement of Comprehensive Income and Expenditure in the period in which they arise.

(h) 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. The University College is exempted from levying VAT on most of the services it provides to students. For this reason the University College is partially exempt in respect of VAT, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

(i) Liquid Resources

Liquid resources include sums on short-term deposits with recognised banks.

(j) 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.

(k) Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are required when applying accounting policies. These are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The University College makes estimates and assumptions concerning the future, which can involve a high degree of judgement or complexity. These resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below:

i. Recovery of debtors

Estimates are made in respect of the recoverable value of trade and other debtors. When assessing the level of provisions required, factors including current trading experience, historical experience and the ageing profile of debtors are considered.

ii. Defined benefit pension scheme obligations

Pension scheme obligations are an estimate of the amount required to pay the benefits that employees have earned in exchange for current and past service, assessed and discounted to present value using the assumptions shown in Note 22. The University College relies on information received from the independent actuary to determine each assumption used which reflects historical experience and current trends.

(l) Going Concern

The Governors have considered the University College's forecasts and projections, which factor in the loss of revenue arising from the Coronavirus pandemic and the cost reductions that have been implemented such as the furloughing of staff. Whilst the full future financial impact of the pandemic is unknown at present, based upon the projections prepared, the governors have a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. The University College therefore continues to adopt the going concern basis in preparing its financial statements.

2 FUNDING GRANTS

	2020 £	2019 £
Recurrent Grant	4,382,875	4,170,172
Widening Participation	50,634	50,634
Research Funding	61,643	62,288
Diversity and Mutual Understanding (DMU)	16,188	24,228
International Awareness	10,343	32,304
Release of Deferred Capital Grants	1,017,104	1,161,326
Job Retention Scheme	91,148	-
PSTF Voluntary Exit Scheme Funding	-	262,680
	<u>5,629,935</u>	<u>5,763,632</u>

3 TUITION FEES

Variable tuition fees were introduced with effect from 1 August 2006. The rate for 2019-20 was set at £4,275 for full-time students (2019: £4,160).

	2020 £	2019 £
Full-time Students	3,554,059	3,348,517
Part-time Students	577,626	633,548
Total Fees paid by/on behalf of Students	<u>4,131,685</u>	<u>3,982,065</u>

4 NUMBER OF STUDENTS

	2020	2019
BEd	543	524
PGCE	15	15
BA (ECS)	158	145
BSC (HPA&S)	115	115
TOTAL – FULL TIME	<u>831</u>	<u>799</u>

The University College continued to offer a range of courses at Master's and Certificate level attracting 120 students (2019: 110 students). In addition 173 students (2019: 149 students) undertook part-time undergraduate courses. This equated to 146 full time equivalent students (2019: 155 students) giving a total student population for the year of 977 (2019: 954 students).

5 RESEARCH GRANTS AND CONTRACTS

	2020 £	2019 £
UK Based Charities	4,898	7,357
European Commission	11,476	26,787
Other Grants and Contracts	19,562	11,095
	<u>35,936</u>	<u>45,239</u>

6 OTHER OPERATING INCOME

	2020 £	2019 £
Residence and Catering Operations	1,250,468	1,778,334
Rents Receivable	74,772	82,346
Hire of Facilities	116,956	182,502
Other Grant Income	105,153	88,899
Sundry Other Income	162,930	256,125
	1,710,279	2,388,206

7 STAFF COSTS

	2020 £	2019 £
Wages and Salaries	5,480,360	5,686,541
Social Security Costs	535,723	519,950
Pension Costs	1,184,890	1,095,028
Other Pension Costs	726,000	721,000
	7,926,973	8,022,519

Staff Numbers

	2020 No.	2019 No.
Lecturing Staff	45	44
Support Staff	128	132
	173	176

Voluntary Exit Scheme costs during the year amounted to £nil (2019: £266,990) as shown below:

	Exit Cost	2020 Pension Release	Total	Exit Cost	2019 Pension Release	Total
PSTF	-	-	-	230,626	32,054	262,680
College	-	-	-	-	4,310	4,310
Total	-	-	-	230,626	36,364	266,990

Total costs of £nil (2019: £262,680) were funded by the Sponsoring Department through the Public Sector Transformation Fund Voluntary Exit Scheme as shown above and in Note 2.

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 which can be reviewed on the Governance page of the University College website.

8 ANALYSIS OF STAFF COSTS BY ACTIVITY

	2020 £	2019 £
Academic Departments	2,846,134	2,886,464
Academic Support Services	87,075	81,815
Other Support Services	606,986	518,506
Admin and Central Support Services	1,837,349	1,721,770
Premises	688,814	783,641
Catering and Residences	793,417	960,554
Other Income Generating Activities	341,198	348,769
Other Pension Costs	726,000	721,000
	7,926,973	8,022,519

9 KEY MANAGEMENT PERSONNEL

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University College and are represented by the Senior Leadership Team which comprises the Principal and Chief Executive, four Academic Directors, Heads of Finance and Human Resources with inputs from the Head of Estates and Procurement, Head of Hospitality, Accommodation and Conferencing Services, Marketing and Public Relations Manager and the Digital and Technical Services Manager.

Emoluments of Key Management Personnel (including the Principal and Chief Executive) are as follows:

	2020 No.	2020 £	2019 No.	2019 £
Salary	11	736,662	10	650,922
Pension contributions		167,446		129,048
Total Emoluments		904,108		779,970

The above emoluments include amounts payable to the Principal and Chief Executive (who is the highest paid employee) of:

	2020 £	2019 £
Salary	116,691	111,289
Pension contributions	29,289	22,443
	145,980	133,732

The pension contributions in respect of the Principal and Chief Executive 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.

The Principal and Chief Executive is the only employee with a basic salary in excess of £100,000.

The Principal's salary is determined by the University College's HR and Remuneration Committee, a subcommittee of the Governing Body. The salary, which has been benchmarked against comparators, reflects the scale and complexity of the role in providing strategic leadership and accountability.

The Principal and Chief Executive's basic salary is 4.5 times (2019: 4.8 times) the median pay of staff (2020: £25,966, 2019: £23,334), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the University College to all its staff (Academic & Non-Academic). The total remuneration is 5.5 times (2019: 5.0 times) the median total remuneration of staff (2020: £26,715, 2019: £26,875) calculated on a full-time equivalent basis. Median total remuneration is calculated by including employer's pension contributions only for staff in a pension scheme. The median pay and pay ratios derived exclude agency staff (as these are not on the University College payroll system). Where some Institutions outsource lower paid positions, for example catering staff, the University College does not subcontract these roles which impacts on the pay ratios.

10 OTHER OPERATING EXPENDITURE

	2020 £	2019 £
Hospitality Services Operating Expenses	508,578	568,383
Course Consumables, Equipment & Field Trips	34,464	62,275
Purchase, Hire and Repair of Other Equipment	35,439	11,397
IT Maintenance & Software Costs	157,961	98,005
Library Costs	97,936	99,237
Energy Costs	348,573	371,066
Rates and Insurance	460,066	459,258
Refurbishment, Maintenance & Cleaning	384,032	421,034
Telephone	17,424	19,711
Sundry Course Costs	50,651	68,511
Postage, Printing & Stationery	41,813	50,951
Advertising and Recruitment	40,424	63,951
Validation Costs to QUB	393,554	376,117
External Examiner Costs	7,379	11,099
Auditors Remuneration in respect of:		
- Internal Audit Services	15,096	11,544
- External Audit Services	6,600	6,600
- Other Audit Services	-	2,306
Other Professional Fees	38,998	20,601
Occupational Health Service	8,748	7,470
Staff Training and Development	21,414	31,331
Widening Participation & Bursary Costs	122,857	123,170
Research & Funded Project Costs	75,569	127,376
Publications & Subscriptions	68,178	60,769
Travel Costs including student placements	31,835	48,539
Other	28,619	67,797
	2,996,208	3,188,498

11 TAXATION

The University College did not incur any taxation liability during the period (2019: £Nil).

12 FIXED ASSETS

	Freehold Land and Buildings £	Equipment £	Vehicles £	Total £
Cost:				
At 1 August 2019	72,707,426	3,003,109	78,488	75,789,023
Additions	198,788	46,002	-	244,790
Disposals	-	-	-	-
At 31 July 2020	72,906,214	3,049,111	78,488	76,033,813
Depreciation and Impairment:				
At 1 August 2019	31,710,786	2,438,796	56,605	34,206,187
Charge for the year	1,009,386	147,708	3,815	1,160,909
Disposals	-	-	-	-
At 31 July 2020	32,720,172	2,586,504	60,420	35,367,096
NBV 31 July 2020	40,186,042	462,607	18,068	40,666,717
NBV 31 July 2019	40,996,640	564,313	21,883	41,582,836
Inherited	26,691,589	-	-	26,691,589
Financed by Capital Grant	10,471,421	416,086	-	10,887,507
Other	3,023,032	46,521	18,068	3,087,621
NBV 31 July 2020	40,186,042	462,607	18,068	40,666,717

The book values of University College Buildings at implementation have been retained. Land and buildings inherited from the Sponsoring Department 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 £37,163,010 (2019: £37,904,409) and equipment of net book value of £416,086 (2019: £466,495) have been financed by exchequer funds. Under the Management Statement/Financial Memorandum prior consent of the Sponsoring Department is required where the disposal of land and/or buildings is proposed. All receipts derived from the sale of land and buildings must be declared to the Sponsoring Department, which will consult with the Department of Finance on the appropriate budgeting treatment.

13 TRADE AND OTHER RECEIVABLES

	2020	2019
	£	£
Debtors	27,755	77,058
Prepayments & Accrued Income	204,216	160,901
	<u>231,971</u>	<u>237,959</u>

14 CASH AND CASH EQUIVALENTS & ANALYSIS OF CHANGES IN NET FUNDS

	2019	Cashflow	2020
	£	£	£
Cash at Bank and in Hand	704,509	360,823	1,065,332
Short Term Deposits	3,400,000	(50,000)	3,350,000
	<u>4,104,509</u>	<u>310,823</u>	<u>4,415,332</u>

15 CREDITORS: AMOUNTS DUE WITHIN ONE YEAR

	2020	2019
	£	£
Creditors and Accruals	817,831	783,132
Payments Received in Advance	7,205	30,801
Deferred Capital Grants – Land & Buildings	784,222	837,053
Deferred Capital Grants – Equipment	132,898	121,554
Deferred Income	125,224	127,480
Social Security and Other Tax Payable	254,658	267,525
	<u>2,122,038</u>	<u>2,167,545</u>

16 CREDITORS: AMOUNTS DUE AFTER ONE YEAR

	2020	Restated 2019
	£	£
Deferred Capital Grants – Land & Buildings	17,390,792	18,079,359
Deferred Capital Grants – Equipment	283,188	344,941
	<u>17,673,980</u>	<u>18,424,300</u>

17 DEFERRED CAPITAL GRANTS

	Land & Buildings £	Equipment £	Total £
Balance at 1 August 2019 as originally stated	36,686,412	466,495	37,152,907
Release of Deferred Capital Grant Creditor – see Note 20	(17,770,000)	-	(17,770,000)
Restated balance as at 1 August 2019	<u>18,916,412</u>	<u>466,495</u>	<u>19,382,907</u>
Received in the year from the Sponsoring Department	138,340	86,957	225,297
Released to Statement of Comprehensive Income & Expenditure	(879,738)	(137,366)	(1,017,104)
Balance as at 31 July 2020	<u>18,175,014</u>	<u>416,086</u>	<u>18,591,100</u>

Disclosed as:

	2020 £	Restated 2019 £
Creditors: Amounts due within one year (Note 15)		
Deferred Capital Grants – Land & Buildings	784,222	837,053
Deferred Capital Grants – Equipment	132,898	121,554
Creditors: Amounts due after one year (Note 16)		
Deferred Capital Grants – Land & Buildings	17,390,792	18,079,359
Deferred Capital Grants – Equipment	283,188	344,941
	<u>18,591,100</u>	<u>19,382,907</u>

18 PROVISIONS FOR LIABILITIES AND CHARGES

	2020 £	2019 £
Net Pension Liability	11,243,000	7,943,000
	<u>11,243,000</u>	<u>7,943,000</u>

19 STATEMENT OF MOVEMENT IN RESERVES

	Trust £	General £	Pension £	Total £
Balance as at 1 August 2018 as originally stated	2,029	7,169,269	(4,543,000)	2,628,298
Release of Deferred Capital Grant Creditor – see Note 20	-	17,770,000	-	17,770,000
Balance as restated at 1 August 2018	2,029	24,939,269	(4,543,000)	20,398,298
Retained Deficit	-	(3,007,839)	-	(3,007,839)
Actuarial loss on Pension Liability	-	2,560,000	(2,560,000)	-
Pension Reserve Transfer	-	840,000	(840,000)	-
Balance as at 31 July 2019	2,029	25,331,430	(7,943,000)	17,390,459
Retained Deficit	-	(3,115,457)	-	(3,115,457)
Actuarial Loss on Pension Liability	-	2,414,000	(2,414,000)	-
Pension Reserve Transfer	-	886,000	(886,000)	-
Balance as at 31 July 2020	2,029	25,515,973	(11,243,000)	14,275,002

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

20 PRIOR YEAR ADJUSTMENT

Land and buildings inherited from the Sponsoring Department at incorporation were valued at 1 October 2005 at depreciated replacement cost by Land and Property Services. The assets were transferred to the University College and a Deferred Capital Grant creditor was created for both the value of the Land and the Buildings. The Deferred Capital Grant is being unwound/released in line with the University College depreciation policy each year over the life of the related asset. However, as land is not depreciated this resulted in a liability relating to the land which could never be unwound/released. Land is currently been carried in the University College accounts at £17,770,000. Agreement has been reached with the Department for the Economy to release the Deferred Capital Grant creditor of £17,770,000 in relation to the land element only.

There is an equivalent Deferred Capital Grant creditor in relation to Buildings, Plant and Equipment which will continue to be unwound/released in line with the College depreciation accounting policy.

21 POST STATEMENT OF FINANCIAL POSITION EVENTS

There were no material post Statement of Financial Position events.

22 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 FRS102 entries for the period, was £1,184,890 (2019: £1,095,028). This figure includes pension release payments of £nil made during the year (2019: £36,364). FRS102 adjustments in the year amounted to a charge of £726,000 (2019: £721,000).

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 FRS102 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 2020 was £867,467 (2019: £728,989) of which employer's contributions totalled £612,859 (2019: £479,791) and employees' contributions totalled £254,608 (2019: £249,198). The employer contribution rate continued at 25.1% for the duration of the financial year from its implementation in April 2019. 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 2020 was £748,431 (2019: £792,905) of which normal employer's contributions totalled £572,031 (2019: £578,873), employer pension release contributions totalled £nil (2019: £36,364) and employees' contributions totalled £176,400 (2019: £177,668).

The latest valuation was carried out on 31 March 2019 by the Committee's Actuary, Aon Hewitt. Employer's contribution rates decreased from 20% to 19.5% during the financial year (April 2020). An additional "Deficit Recovery" standard charge is no longer payable from April 2020. The employer contribution rate of 19.5% is likely to continue until the fund is revalued again in March 2022.

Under the definitions set out in FRS102, 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 FRS102.

2019 Actuarial Valuation

The results allow for the 2019 Actuarial Valuation of the Fund. The effect of allowing for this is shown in the "Liability Gains/losses arising during the period" and the "Asset gains/losses arising during the period" and is reflected in the balance sheet position. The demographic assumptions have also been updated to reflect those used for the 2019 Actuarial Valuation. The Current Service Cost has also been updated to reflect the results of the 2019 valuation.

Asset Returns

Asset returns over the accounting period have been higher than expected. This has led to a gain on assets over the accounting period and an improvement in the balance sheet position before allowance for the 2019 Actuarial Valuation.

Financial Assumptions

There has been a change to the financial assumptions over the year. The discount has reduced by 0.7%. This has resulted in a less positive balance sheet position than if the financial assumptions at the start of the year had been used. The impact of this change is recognised in the Income and Expenditure account.

McCloud Judgement

An allowance has been made in the figures for the McCloud Judgement. Any change in the allowance over the year has been recognised through the Income & Expenditure account. The Current Service Cost includes a prospective allowance for McCloud liabilities of 3.2% of Pensionable Pay over the year.

Guaranteed Minimum Pension (GMP) Indexation and Equalisation

An allowance for full pension increases to be paid on GMPs to individuals reaching Statutory Pensionable Age after 6 April 2016 has been included. Any movements on prior year have been accounted for through the Income & Expenditure account.

Principal Actuarial Assumptions

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

	2020	2019
Pension Increase Rate	2.3%	2.3%
Salary Increase Rate	3.8%	3.8%
Discount Rate	1.4%	2.1%
Pension Accounts revaluation rate	2.3%	2.3%
CPI Inflation	2.3%	2.3%

The mortality assumptions at the accounting date are based on actual mortality experience of members within the Fund based on analysis carried out as part of the 2019 Actuarial Valuation and allow for future mortality improvements. Sample life expectancies at age 65 in normal health resulting from these mortality assumptions are summarised below:

	2020		2019	
	Male years	Female years	Male years	Female years
Current pensioners	21.8	25.0	22.3	24.6
Future pensioners	23.2	26.4	24.0	26.4

The fair value of the assets in the scheme were:

	Assets at 31 July 2020 £'000	Assets at 31 July 2019 £'000
Equities	10,763	9,371
Government Bonds	6,151	6,830
Corporate Bonds	3,605	2,704
Property	2,344	2,518
Cash	1,311	1,096
Other	1,033	792
Total	<u>25,207</u>	<u>23,311</u>

The above asset values are at bid value as required under FRS102.

The amounts recognised in the Statement of Financial Position are as follows:

	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000
Fair Value of Scheme Assets	25,207	23,311
Present Value of Scheme Liabilities	(36,450)	(31,254)
Net Underfunding in Funded Plan	<u>(11,243)</u>	<u>(7,943)</u>

Amount in the Statement of Financial Position:

Liabilities	(11,243)	(7,943)
Assets	-	-
Net Pension Liability	<u>(11,243)</u>	<u>(7,943)</u>

The amounts charged to the Statement of Comprehensive Income and Expenditure are as follows:

	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000
Current Service Cost	1,316	864
Net Interest Cost	160	119
Past Service Cost	-	441
Curtailments and Settlements	-	-
Closing Balance	<u>1,476</u>	<u>1,424</u>
Actual Return on Plan Assets	1,901	1,354

Reconciliation of Defined Benefit Obligation:

	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000
Opening Defined Benefit Obligation	31,254	26,428
Current Service Cost	1,316	864
Past Service Costs	-	441
Interest Expense on Defined Benefit Obligation	650	733
Actuarial Loss on liabilities	3,825	3,300
Contributions by Members	177	179
Impact of Settlements and Curtailments	-	-
Net Benefits Paid	(772)	(691)
Closing Balance	<u>36,450</u>	<u>31,254</u>

Reconciliation of Fair Value of Employers Assets:

	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000
Opening Fair Value of Employers Assets	23,311	21,885
Interest Income on Assets	490	614
Contributions by Members	177	179
Contributions by the Employer	590	584
Contributions in Respect of Unfunded Benefits	-	-
Actuarial Gains	1,411	740
Impact of Settlements and Curtailments	-	-
Estimated Unfunded Benefits Paid	-	-
Net Benefits Paid	(772)	(691)
Closing Balance	<u>25,207</u>	<u>23,311</u>

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

	2020	2019	2018	2017	2016
Present Value of Employers Assets	25,207	23,311	21,885	19,616	18,105
Present Value of Defined Benefit Obligation	<u>(36,450)</u>	<u>(31,254)</u>	<u>(26,428)</u>	<u>(25,664)</u>	<u>(26,001)</u>
Deficit on the Scheme	(11,243)	(7,943)	(4,543)	(6,048)	(7,896)

23 CAPITAL COMMITMENTS

	2020	2019
	£	£
Commitments Contracted at 31 July	201,144	67,379
	<u>201,144</u>	<u>67,379</u>

At July 2020 the liability constitutes the next phase of the Refectory Health & Safety Improvement works to the University College commercial kitchens.

24 CONTINGENT LIABILITY

There were no contingent liabilities at the Statement of Financial Position date.

25 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.

26 OTHER FUNDS**Support Fund**

	Standard Support Funds	COVID-19 Additional Support	Total Year Ended 31 July 2020	Year Ended 31 July 2019
	£	£	£	£
Opening Balance	273	-	273	2,744
Sponsor Department Grant	36,000	18,000	54,000	36,000
Transferred from College Trust	2,000	-	2,000	-
Disbursed to Students, Dyslexia Services and other costs	(37,750)	(15,600)	(53,350)	(38,471)
Balance unspent at 31 July	523	2,400	2,923	273
Amount returned to DfE	-	-	-	-
Closing Balance	523	2,400	2,923	273

In the 2019-20 financial year the Sponsor Department allocated £36,000 (2019: £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.

An additional £18,000 (2019: £nil) was made available to the University College in July 2020 to support students as a consequence of financial hardship due to the COVID-19 pandemic.

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 2020 was £30,142 (2019: £32,142). A transfer of £2,000 was made to the Support Funds account during the year to assist with the top up of eligible student Support Fund applications.

As the Trust is a separate legal entity it is not incorporated in the Statement of Financial Position of the University College.

27 Comparatives

Comparative information has been reclassified as necessary to conform to current financial year presentation.