



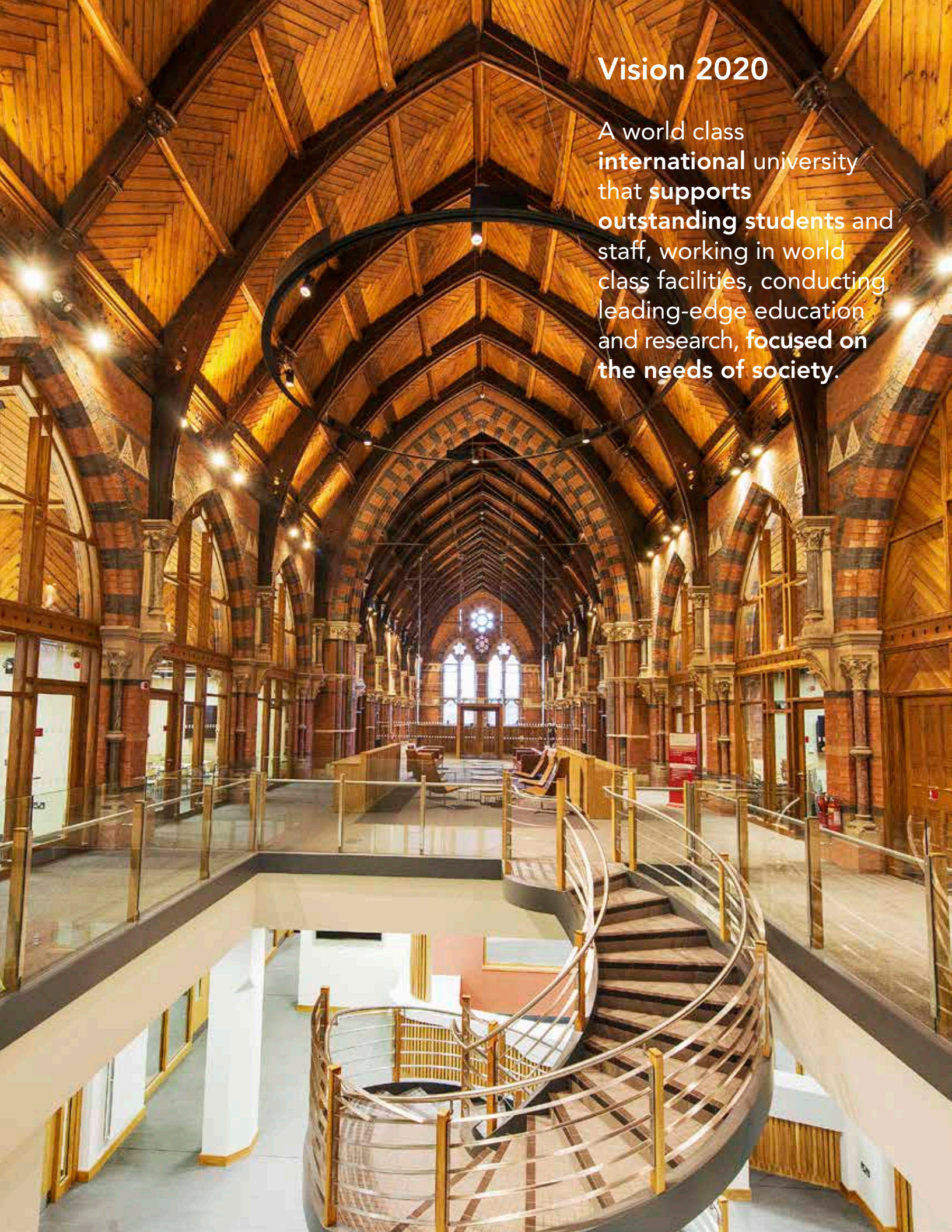
Queen's University  
Belfast

# Consolidated Financial Statements

2014-2015

## Vision 2020

A world class international university that supports outstanding students and staff, working in world class facilities, conducting leading-edge education and research, focused on the needs of society.



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Queen's University Belfast is registered with the Charity Commission for Northern Ireland NIC101788



WE ARE QUEEN'S UNIVERSITY BELFAST  
*We are exceptional*

# Operating and Financial Review

This Operating and Financial Review forms part of the Consolidated Financial Statements which are presented to Senate and which have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions 2007 (SORP).

## Overview

Queen's University Belfast (the University) was founded as Queen's College in 1845, and became a university in its own right in 1908. Today, it is among the top one per cent of global universities and is an international centre of research and education, rooted at the heart of Northern Ireland. It is a member of the prestigious Russell Group, a body encompassing the UK's 24 leading research-intensive universities. With more than 23,000 students and 3,700 staff, Queen's is a dynamic and diverse institution which, in this era of the knowledge-based economy, plays an increasingly important role in the economic development of the region – it is also central to the cultural life of Northern Ireland.

The Consolidated Financial Statements reflect the results of the Group as a whole and include the University's subsidiaries i.e. QUBIS Limited; Queen's Overseas Recruitment Limited; NIACE Limited and Queen's Composites Limited and its share of its joint ventures i.e. INTO Queen's LLP and NI Composites O&M LLP. Further details are included at Note 13 in the Financial Statements.

2014-15 was a successful year for the University, with an operational surplus of £14.4m. In addition, the Financial Statements reflect exceptional income of £27.2m, relating to the profit on sale of part of the Group's holding in Kainos Limited, which listed on the London Stock Exchange in July 2015, and related dividends. The net assets position also remained strong at £607.1m. These results reaffirm the underlying financial stability of the University as it moves forward with a clear and strategic direction focused on the ambition to be "world class".

## Income and Expenditure Review

A summary of the University's consolidated income and expenditure position is provided in **Table 1** below.

**Table 1:**  
Summary of the University's Consolidated Income and Expenditure Position

|  | 2014-15<br>£m | 2013-14<br>£m | 2012-13<br>£m |
|--|---------------|---------------|---------------|
| Income                                   | 312.6         | 298.4         | 286.1         |
| Expenditure                              | (298.2)       | (283.5)       | (274.7)       |
| Surplus before taxation                  | 14.4          | 14.9          | 11.4          |
| Exceptional Items                        | 27.2          | -             | -             |
| Taxation and other items                 | (1.0)         | (0.8)         | (0.7)         |
| <b>Surplus retained in general funds</b> | <b>40.6</b>   | <b>14.1</b>   | <b>10.7</b>   |

The surplus for the year retained in general funds was £40.6m. The University is undergoing a period of transformational change, and resources will be strategically utilised to realise its strategic aims.

# Operating and Financial Review

## Income

Total income for the year was £312.6m, representing an increase of £14.2m (4.8%). An analysis of the main components of the income, over the last three years, is shown in the adjacent chart.

Income from government grants has decreased during 2014-15 as the Department for Employment and Learning (DEL) reduced the University's revenue grant for teaching and research by 3.95%, equivalent to £3.9m. While this was a non-recurrent reduction, the 2015-16 budget settlement to higher education (HE) within NI remains extremely disappointing, with the recurrent grant for teaching and research reduced by 8.6%. In addition to this reduction, DEL's funding from the Economy and Jobs Initiative for previously committed additional undergraduate and postgraduate places, has ceased, and is not available in 2015-16.

Income from student fees has increased over the last number of years. The majority of the key student recruitment targets were achieved, resulting in an increase of £6.4m (7.9%) in income from tuition fees and education contracts. Research income also increased in year by £7.9m, reflecting ongoing success in developing world leading profiles in a number of research areas.

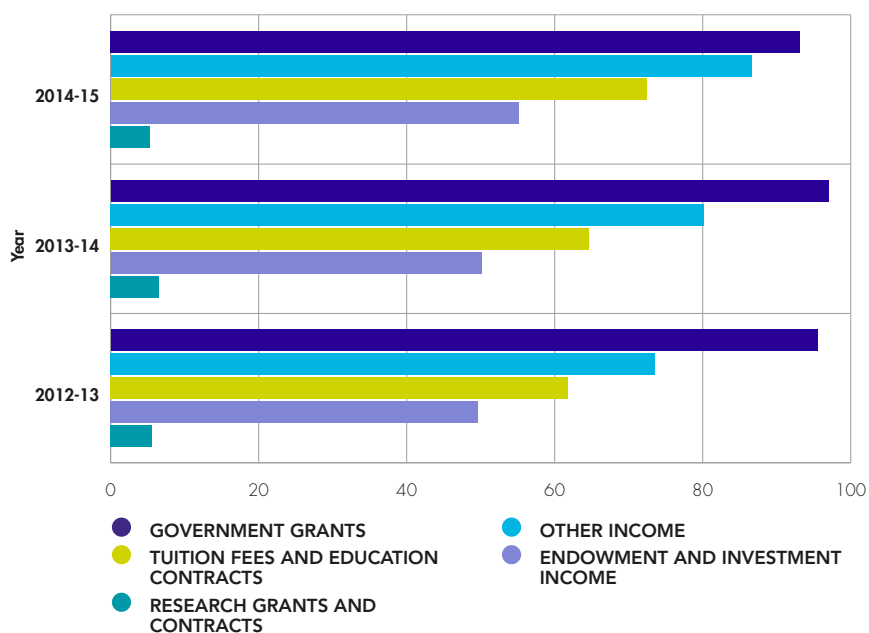
## Expenditure

Total expenditure increased by £14.7m (5.2%). This reflects ongoing investment in key academic posts and a provision of £9.7m to facilitate the introduction of a Voluntary Severance and Voluntary Early Retirement (VS/VER) Scheme, which was approved by Senate at its meeting in April 2015. The VS/VER Scheme provides a key enabler to resize the institution, in response to DEL's funding cuts, and will be implemented during 2015-16.

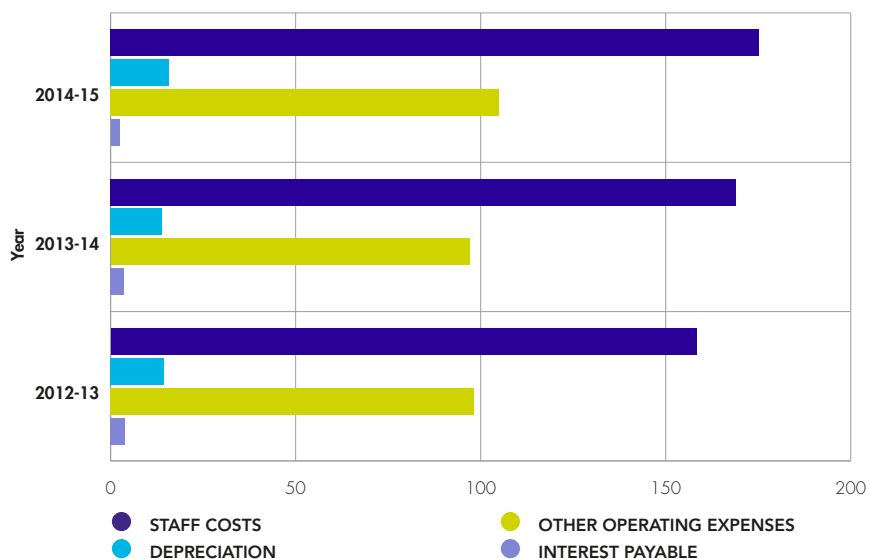
An analysis of the expenditure over the last three years is shown in the adjacent chart.

Staff costs increased by £6.2m (3.7%), mainly as a result of the strategic and highly effective recruitment drive over the last few years, with a number of key academic appointments confirmed. Other operating expenditure increased by £7.8m (8.1%), largely due to the provision for VS/VER, and increased building and equipment maintenance charges.

**Chart 1:**  
Income analysis (£m)



**Chart 2:**  
Expenditure analysis (£m)



# Operating and Financial Review

## Exceptional Items

The exceptional income relates to the profit on sale of part of the Group's holding in Kainos Limited, a University spin-out company. Kainos was founded in 1986 and is a high growth UK-based provider of IT services, with offices throughout the rest of the globe. The listing of Kainos demonstrates the success and growth potential of this innovative company and provides evidence of the real impact that the University's spin-outs generate for the Northern Ireland economy.

## Balance Sheet

The University had total consolidated net assets of £607.1m as at 31 July 2015, an increase of £90.3m (17%) from 2014. This reflects the significant investment in the capital portfolio over the last decade, the strong liquidity position of the University, and its effective working capital management processes, in particular, the robust control of debtors.

## Endowment Assets and Investment Fund

The notes to the Financial Statements set out full details of the Investment Funds of the University. The Investment Fund value increased to £54.7m, which reflects the current restricted level of gains available on investments in the global markets.

## Treasury Management/ Cash Flow

The University has a comprehensive Treasury Policy in place. The policy is regularly reviewed by the Investment Committee, to ensure that risk is minimised and, during the banking and financial sector

uncertainty of recent years, this has proved to be robust.

## Capital and Long Term Maintenance

Significant capital expenditure has continued across the entire University in terms of new build and major refurbishment of the existing estate. The total projected cost of approved building projects is currently in the region of £243m, with £125m (51%) being funded from internal sources. These projects will maintain the momentum of the capital development programme and facilitate the attainment of the University's corporate goals.

A number of specific projects, including the Centre for Experimental Medicine (CEM) and the Graduate School in the refurbished Lynn Building, have been completed in year. The CEM will contribute significantly to the long term vision of consolidating the entire School of Medicine, Dentistry and Biomedical Sciences on the Health Sciences campus (HSC), whilst the Graduate School has provided an intellectual hub which encourages and supports learning and networking activities for the University's entire postgraduate population.

Projects which commenced during the year include the redevelopment of the Bernard Crossland Building, which will house the Computer Science Centre and will be a state of the art teaching environment for a key STEM subject; the consolidation of Biological Sciences; and expansion of the Institute of Global Food Security (IGFS).

## Pension Schemes

The University is a participating employer in two separate defined benefit pension schemes, the Retirement Benefits Plan (RBP), which is available to staff who hold a position graded 1 – 5, and the Universities Superannuation Scheme (USS), which is available to staff who hold a position at grade 6 and above.

The RBP funding position is calculated annually, in accordance with Financial Reporting Standard 17 (FRS 17), and a full Actuarial Valuation is undertaken triennially by the Scheme Actuary.

The funding position under FRS 17 assumptions, as disclosed in the University's Financial Statements, shows a funding deficit of £65.8m at 31 July 2015 (£49.9m at 31 July 2014). The deterioration in the funding position during the 12 months is mainly due to a decline in Corporate Bond yields, which has an adverse impact on the value of pension liabilities.

The most recently completed Actuarial Valuation of the RBP was at 31 March 2014, and this identified a deficit of £24.0m. A recovery plan was agreed between the Trustees and the University which targets elimination of the funding deficit over a 15 year period, with contributions to the RBP remaining unchanged at 28% of pensionable earnings (member contribution rate 9% and University contribution rate of 19%). The next Actuarial Valuation of the RBP will be at 31 March 2017.

The USS is the principal pension scheme provided in the Higher Education sector and, with 147,000 active members, 376 participating employers, and assets of some £49bn, is one of the largest pension schemes in the UK. The multi-employer nature of USS means that participating employers are unable to identify their share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. As a result, current accounting guidance does not require disclosure of the USS funding position in the Financial Statements.

The most recent USS Actuarial Valuation, as at 31 March 2014, identified a funding deficit of £5.3bn. In light of this significant deficit, a proposal was agreed by the USS Joint Negotiating Committee (JNC) for changes to the benefit design of USS, and an increase in the contribution rates for both employers and members. The proposal was approved by the USS Trustee Board and the scheme changes will be implemented from April 2016.

## Vision 2020

The University is currently developing a Corporate Plan reflecting the Vision for the University to 2020, and beyond, in line with the new Vision statement:

*A world class **international university that supports outstanding students and staff, working in world class facilities, conducting leading-edge education and research, focused on the needs of society.***

# Operating and Financial Review

The realisation of Vision 2020 will require a focused effort and raised ambition in the key areas of research income, postgraduate students and international students. Overarching targets for these themes have been agreed as follows, and these will frame the new Corporate Plan for the period to 2020.

**Increase International students to 20%**

**Increase Postgraduate profile to 30%**

**Increase Research income to £110m**

Vision 2020 is underpinned by the development of an ambitious culture change that seeks to embrace the challenges ahead through collective leadership, innovation, transparency and an adaptive approach to change.

In this respect, 2014-15 was a transitional year, during which a review was undertaken of how the principles of quality, selectivity and raised institutional ambition would drive changes to the size and shape of educational and research activity. Significant progress was made during the period including:

- Development of a revised Faculty and Professional Services structure
- Establishment of a Strategic Planning Group
- Opening of the Graduate School
- Launch of the Research Strategy
- Development of a new Academic Year structure

- Appointment of key leadership posts
- Establishment of new academic standards, aligned to Vision 2020 ambitions.

The implementation of Vision 2020 will continue to be embedded throughout the University during 2015-16 to develop a culture of shared leadership, with a continued focus on the key institutional targets.

The development of Vision 2020 supersedes the 2011-16 Corporate Plan and builds on the key strategic priorities included within it. While the development and implementation of Vision 2020 has been the key focus during 2014-15, the targets and performance indicators, which reflected the strategic priorities within the 2011-16 Corporate Plan, have continued to be monitored on a regular basis by Senate.

## Government funding

The level of government funding for teaching and research remains a key concern for the University with the continuing uncertainty presenting significant risks to the future sustainability of the Higher Education (HE) sector. The financial landscape in Northern Ireland (NI) is particularly difficult, DEL imposed unprecedented levels of funding cuts on the HE budget in the last Comprehensive Spending Review (CSR) followed by additional cuts in 2014-15. In addition, the 2015-16 budget settlement to HE is also extremely disappointing, with the recurrent grant for teaching and research reduced by 8.6%. DEL's funding from the Economy and Jobs Initiative has also ceased and no funding is available in 2015-16 for additional undergraduate and postgraduate places. The

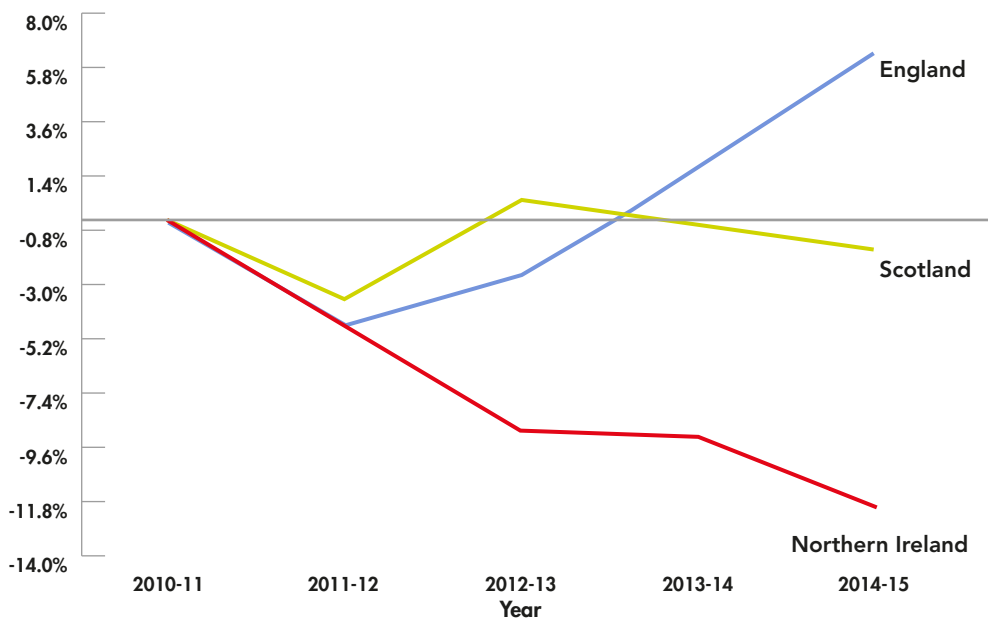
outlook for the next CSR is equally challenging.

As a direct consequence of DEL funding reductions, there will be an overall adverse impact on recruitment of NI and EU student places in the order of 1,010, which equates to a reduction in the annual intake of 290, from 2015-16 onwards.

The funding cuts imposed to date further exacerbate the competitive disadvantage between the University and its comparator UK institutions. In real terms, the funding per student has decreased by 11.5% from 2010-11, while, in comparison, the funding per student in the rest of the UK has increased over the same period providing those HEIs with the opportunity to invest further in enhancing their student experience.

The position is illustrated in the figure below:

**Figure 1: Comparison of funding for teaching per student FTE across the UK**



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## Student Recruitment and Retention

The overall demand for undergraduate places continued to increase, with the 2014-15 undergraduate student intakes for NI, EU and GB students on target at 3,812, and the planned increases in STEM places successfully filled. In line with the international student recruitment strategy, international student numbers continued to increase in 2014-15, with over 1,600 international students now enrolled. This has resulted in an increase in international fee income of 20% in year. The proportion of postgraduate students reduced marginally to 22.7%, with the market for postgraduate taught recruitment remaining challenging. To this end, various initiatives are being considered by government to provide funding support for students wishing to study at postgraduate level. The University has invested considerable resources in promoting postgraduate activity and 2014-15 saw the launch of our new Graduate School based in the refurbished Lynn Library. The Graduate School has been established as an intellectual hub to provide an enriched environment of learning, research, teaching and innovation, to create a platform for bringing together postgraduate students from all subjects, and to support the development of transferable skills to assist in their future careers.

The University has invested in supporting, tracking and monitoring student retention, progression and attainment and these remain areas of key priority. The retention of

students remains challenging with the overall student drop-out rate increasing slightly in 2014-15 to 8.0%. Graduate employability levels remain comparatively strong for 2014-15, with overall employment and further study of 94.6% and "graduate level" employment and further study at 76%.

## Research

The University's commitment to achieving excellence in research and innovation, and driving forward areas of research which have a positive impact on society, was reflected in the results of the Research Excellence Framework (REF) where Queen's was ranked eighth in the UK for research intensity, with over 75% of researchers undertaking world-class or internationally leading research.

Building on this success, a new Research Strategy was launched during 2014-15, which provides a clear framework to take forward key actions which will underpin the delivery of the research ambition within Vision 2020. The strategy identifies the following three main priorities for change and development of the research landscape: creating a culture of research ambition; connecting to tackle global challenges; and fostering a vibrant postgraduate and postdoctoral community. In support of these priorities, a number of cross-cutting programmes of work will be expanded and strengthened, including research internationalisation, research impact and the research environment.

A key strand will be the establishment of Global Research Institutes which

will provide a platform for formal research collaboration across disciplinary and Faculty boundaries. They will act as flagships for the University's research, and will strengthen international partnerships and enhance our global reputation for excellent research with a significant and broad impact on society.

## Risks and Uncertainties

The University has comprehensive corporate governance and risk management processes in place. Both the Senate and the Audit Committee regularly review the University's Corporate Risk Register and the programmes in place to manage and mitigate these risks. In addition to the significant concerns surrounding the deficits on pension schemes noted above, the issues considered to be the key risks to the achievement of the University's strategic objectives are detailed below:

- The University is regulated for research and examination standards by a range of statutory agencies and professional bodies. Failure to maintain rigorous teaching, research and examination processes will therefore have significant consequences for the University and its students. A comprehensive code of practice for examinations and assessments has been developed which is monitored stringently and updated as appropriate.
- As with many large organisations, data and information security and systems continuity represent key risks. The University has in place robust preventative and

detective controls to protect the security of its networks and information and has also in place processes and plans to assure the resistance of its networks.

- Financial sustainability is a significant risk for many universities. The University has in place plans to diversify its income streams, increase its research income and increase the level of donations to the Foundation. In addition, attracting and retaining the best undergraduate and postgraduate students is an important aspect of this. As noted previously, the risk is heightened due to the current uncertainties with Government funding.
- In common with all UK universities, the University must ensure compliance with the Points Based System for immigration (PBS) which governs immigration in the UK for both staff and students. Failure to comply can result in the reduction or loss of licence status, civil penalties and criminal prosecution. Wide-ranging policies and procedures, incorporating comprehensive immigration advice and guidance, have been developed to ensure ongoing compliance.
- There is a statutory requirement to manage health and safety at all levels within the University, recognising the diverse population of staff, students and visitors and the open access to the majority of buildings and the wider



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campus. Accordingly, a comprehensive health and safety management system has been implemented which covers governance and management arrangements and ensures responsibilities are allocated in accordance with sector guidance and best practice.

These, and all other corporate risks, are monitored on an ongoing basis and a full range of mitigating actions has been implemented to ensure their effective management.

## Queen's University of Belfast Foundation

The Queen's University of Belfast Foundation (the Foundation) is a linked charity to the University, the principal activity of which is to advance the strategic goals and objectives of the University, under the direction of the Foundation Board. The Foundation is a separate and independent organisation from the University and its Financial Statements are not, therefore, consolidated within the University group. The opening and closing funds of the Foundation were £1.84m and £2.63m, respectively. Income generated during the year amounted to £14.87m, compared to disbursements of £14.08m. During 2014-15, the Foundation progressed its ambitious fundraising campaign launched in 2012-13 aimed at raising £140m over a 5 year period for projects which will increase and enhance the impact which the University makes on society and the economy, locally and internationally.

## Public Benefit Statement

The University is registered

with the Charities Commission for Northern Ireland, and through Senate, is aware of its responsibilities, as a charity, to act for the public benefit across all of its activities. The University's purpose, as set out in its Charter and Statutes, is the advancement and dissemination of learning and knowledge by teaching and research. The overall objective is to be a broadly-based, research-driven university with a dynamic world-class research and education portfolio of excellence in an environment of equality, tolerance and mutual respect, and it fully embraces its leadership role in Northern Ireland and beyond.

Vision 2020, which will drive forward the growth of the University, further emphasises the importance of our impact on society and the importance of positive engagement with the business and wider community. To support this role, the University has developed a Social Charter to embody the core values and principles of public engagement and highlight the importance of leadership to drive a positive impact on society and equity and social justice.

## Learning

The University is committed to providing students with an education experience that is on par with the best universities in the world. It is also committed to ensuring that those who have the ability to have such an education should have an opportunity to do so, regardless of their background, abilities or beliefs. Applications are encouraged from the most gifted and talented individuals regardless of geography, gender, school type, socio-

economic status, or ethnic grouping.

In order to achieve this aim the Widening Participation Team works with young people, teachers, schools, colleges, parents and older learners to ensure that those who have the ability to succeed in Higher Education should have the opportunity to do so. Its role involves offering a range of activities at schools and on the Queen's campus to raise awareness of Higher Education, enrich the school curriculum, and support attainment through personalised tutoring. The programmes are aimed at all pupils, ranging from primary school through to A level students and a new Junior Academy has also been established that works with selected 12-13 year olds and leads to sustained, personalised support to AS/A-level pupils. Targeted work is also undertaken to allow the primary and secondary pupils to develop key skills in STEM, whereby pupils work in small teams with a student mentor on practical project-based learning activities around a science project.

During 2014-15 the University also became one of a select group of higher education institutions to secure funding from the Research Council UK School-University Partnerships initiative, whereby researchers work alongside pupils to promote cutting edge research to school children, raising their aspirations and encouraging their interest in research. A further new development under technology supported learning and teaching is the delivery of Massive Open Online Courses (MOOCs) with 4 MOOCs developed and delivered in 2014-15. These

courses are free and present an opportunity to offer novel courses to a significant number of people who might not otherwise engage with Higher Education.

The success of the Widening Participation framework is reflected in the proportion of students entering the University from lower socio-economic groups. This continues to increase and was above target with 32.6% of young full-time first degree entrants coming from lower socio economic groups. In addition the number of students supported by Disability Services continues to increase with over 1,400 students registered in 2014-15. The University has been awarded the prestigious Buttle UK Quality Mark in recognition of its commitment to young people in and leaving care.

The University, through the University's Access Agreement, has pledged to provide additional financial support to students from households with lower incomes. Such students are eligible for assistance from the University's bursary scheme, with expenditure of £2.8m being incurred in 2014-15, and in the region of 4,500 students receiving some element of bursary payment.

## Research and Innovation

The University's research mission is to be distinguished by its academic strengths and recognised globally for the social, economic and cultural benefit it delivers through research. Queen's has a long-standing international reputation for successful dissemination and application of cutting-edge research, knowledge transfer and the commercialisation of research

# Operating and Financial Review

ideas and innovations. This successful research base creates numerous benefits to society in terms of policy, culture and business and some examples are listed below:

- Academics within the School of Medicine, Dentistry and Biomedical Sciences are leading pivotal studies for a new treatment for people with cystic fibrosis.
- Researchers within the Centre for Experimental Medicine are driving a mission to improve the lives of patients with glaucoma – the second most common cause of blindness in the western world and the leading cause of irreversible blindness worldwide.
- The impact of research carried out by the School of Education has led to an educational programme which has been adopted and embedded in over 1,200 preschool settings, involving more than 40,000 children, and has been a major positive influence on the lives of children by promoting respect for ethnic diversity.
- Within aeronautical engineering, the development of world-leading collaborative research on advanced composites geared towards 'lightweight' aircraft structures which will impact on future aircraft design.

In this era of the knowledge-based economy, the University is playing an increasingly important role in economic development through knowledge transfer

and the commercialisation of research, which play a pivotal role in underpinning Northern Ireland's industrial base. To support business, Queen's runs a range of events, including lectures, masterclasses, evening events and conferences which are aimed at generating and sharing knowledge and communicating ideas. These activities give free access to the expertise of our academics and students to thousands of people. The percentage of staff providing services to commercial partners rose from 10% to 20%, reflecting the increased attention which has been placed on embedding a culture of outreach and impact within Queen's.

The University has also invested in building a commercial development team to support the development of commercial opportunities from research, and has made a significant contribution to wealth and job creation. In terms of external investment received, Queen's spin-outs attract more seed and venture capital than most other UK universities. Queen's is ranked second throughout UK universities with regard to value creation, demonstrated by the aggregate creation of over 1,500 high-tech private sector new jobs through our spin-out companies, which have combined revenues of £171m. During 2014-15, Kainos became the second Queen's portfolio company to float, demonstrating the beneficial economic impact of the University on the region.

Queen's is the leading UK provider of Knowledge Transfer Partnerships (KTP), where recent graduates spend time in regional

business and industry sharing their expertise. The University has also facilitated a number of successful industry secondments, where academics spend time with Industry partners.

## The Environment

The University recognises that its activities impact on the environment at local, regional and global levels, and that the protection of the environment is fundamental to the future health and well-being of all those involved with the institution and the wider community. The University is committed to ensuring our environmental impact is minimised, and aims to operate and develop in a sustainable way, with continuous improvement in environmental performance embedded into our business model and the culture of the University.

In support of these principles, the University is committed to:

- Maintaining our Environmental Management System (EMS) ISO 14001 certification, in order to ensure that the environmental impact of the University, including associated risks, is monitored, controlled and minimised, and that we continue to make improvements;
- Ensuring full compliance with all relevant environmental legislation, regulations and other requirements;
- Reducing and, where possible, preventing pollution through the development of effective resource procurement

and waste management strategies;

- Promoting environmental awareness and responsibility amongst all staff, students and suppliers.

The University has developed a Carbon Management Plan which identifies a programme of specific carbon saving measures aimed at reducing carbon emissions by 21% by 2020-21, against a 2007-08 base. To date, over 20 projects have been initiated, which will reduce emissions by 1,050 tonnes per annum and the University remains committed to delivering further reductions in this area.

## Local Community

The University has been a significant patron of the arts since its foundation and remains committed to supporting social and economic development within Northern Ireland. Through various community events, the aim of the University is to contribute to the educational, economic, cultural and social life of Northern Ireland. In this respect, the University's Culture and Arts portfolio includes high ranking academic schools with unique offerings, such as the Seamus Heaney Centre of Poetry; the Sonic Arts Research Centre; and the Brian Friel Theatre. In addition, the University is responsible for the Queen's Film Theatre (QFT), Northern Ireland's only art house cinema; and the Naughton Gallery, one of the best known features of the visual arts scene in Belfast.

The development of the Physical Education Centre, and the enhancement of the playing fields at Upper

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Malone, have provided some of the top sporting facilities on these islands, which are used by a variety of local sporting clubs. During the year we were delighted to co-host the annual University Boat Race and provide training facilities and venues for other major public events. Queen's Sport also participates in a number of initiatives aimed at promoting healthy lifestyles and improving health and well-being in the local community. These include the Queen's Community Rowing Programme and hosting a weekly 5k parkrun. Researchers in the Centre for Public Health are also undertaking a study helping to promote physical activity and lifestyle changes for people living within a major Belfast regeneration area.

The University, through the Students' Union, supports students in a range of volunteering activities through a network of over 250 charities and community groups. Overall, 13,000 students took part in volunteering during the year and raised a total of £335,586 for charity. One of the greatest successes is the homework clubs which operate within neighbourhood renewal areas and provide assistance to children who may not otherwise have the opportunity, resource or support to complete their homework. There are now ten clubs across Belfast and their work has received public recognition, winning a top award at the Business in the Community Northern Ireland Impact Awards.

The University is a leader in equality and diversity initiatives and holds a number of Athena Swan awards

which recognise Queen's commitment to advancing the careers of women in Higher Education and research, particularly in STEM disciplines.

Other links between the University and the community are evident in relation to The Northern Ireland Science Shop (involving the provision of access to specialist skills to community and voluntary groups), the Employers' Forum (which aims to ensure our courses are geared towards the needs of the local economy) and in the Outreach to Schools programme.

## Conclusion

The University achieved a satisfactory financial performance in 2014-15, whilst still investing in its students and its core activities. However, it is recognised that the Higher Education market will continue to be challenging into the future and positive steps are being taken to address these challenges through Vision 2020.

# Corporate Governance

The following statement is given to assist readers of the financial statements to obtain an understanding of the governance procedures applied by the Senate of the University.

The University is an autonomous body established under the Irish Universities Act 1908. In common with all public bodies it operates within a strong framework of regulation. Not only does the University comply with all mandatory requirements, but it also strives to operate that guidance which represents best practice. The University has adopted the Guide for Members of Higher Education Bodies in the UK. The Guide sets out current best practice for the corporate governance of higher education institutions. The University already fully complies with the key recommendations made in the Guide.

## Summary of the University's Structure of Corporate Governance

The University's Senate comprises lay and academic persons appointed under the Statutes of the University, the

majority of whom are non-executive.

The Senate was reconstituted with effect from 1 January 2014, and current members, are listed as follows.

|                |                                      |   |
|----------------|--------------------------------------|---|
| Chair:         | <i>Chancellor</i>                    | Mr T Moran  |
| Ex Officio:    | <i>Pro-Chancellors</i>               | Mrs R Johnston  |
|                |                                      | Mr S Prenter  |
|                |                                      | Dr S Kingon (from 1 October 2015)                                     |
|                |                                      | Professor P Johnston  |
|                | <i>President and Vice-Chancellor</i> |   |
|                | <i>Honorary Treasurer</i>            | Dr S Kingon (to 30 September 2015)<br>Ms O Corr (from 1 October 2015) |
|                | <i>President, Students' Union</i>    | Ms C McNeill (with effect from 1 July 2015)                           |
| Other Members: | Mr K Flanagan                        | Dr D McSherry   |
|                | Mr M Benson                          | Dr C Dwyer  |
|                | Ms C Kinkead                         | Professor M Larkin  |
|                | Mr E Bell                            | Dr R Prendergast  |
|                | Mrs L Bourke                         | Mr G Dunn   |
|                | Mr G Cash                            | Mr A Doran  |
|                | Ms A McGregor                        | Mrs S Fleming-Mitchell  |
|                | Mr A Shannon                         | Ms M Matchett   |
|                | Dr D Tiernan                         | Dr M Wardlow  |

# Corporate Governance

The role of the Chair of Senate is separate from the role of the University's Vice-Chancellor as Chief Executive. Senate is responsible for the ongoing strategic direction of the University, whilst the Executive Officers are responsible for the operational management of the institution. Senate approves all major developments and receives regular reports on the day to day activities of the University and its subsidiary companies. Senate meets at least four times a year and is supported by several committees, including a Planning and Finance Committee, a Nominations Committee, a Remuneration Committee and an Audit Committee. All of these committees are formally constituted with Terms of Reference and are comprised mainly of lay members of Senate.

The Planning and Finance Committee supervises all matters relating to the finance and accounts of the University, the investment of its funds, the receipt of its income and the expenditure thereof, and the management of trust funds. The Committee also advises Senate on the raising and financing of loans. It is the duty of the Planning and Finance Committee to present a report to each meeting of Senate.

The Nominations Committee seeks out and recommends new lay members for co-option to the Senate.

The Remuneration Committee reviews and determines the salaries and conditions of service of the senior officers of the University annually, including the Vice-Chancellor.

The current membership of the Audit Committee consists of three independent non-executive members of Senate, namely Mr E Bell (Chair), Mrs S Fleming-Mitchell and Dr M Wardlow and two co-optees, Mrs A Henderson and Miss H Kirkpatrick. Its terms of reference are as follows:

- (a) To appoint the University's External Auditors through a formal procurement process. To reaffirm that appointment, each year during the contracted period, through a recommendation to Senate. The Audit Committee may also remove the External Auditors before the end of their term if serious shortcomings are identified.
- (b) To report to Senate on the appointment of the External Auditors, the audit fee, the provision of any non-audit services by the External Auditors, and any questions of resignation or dismissal of the External Auditors.
- (c) To discuss with the External Auditors, before the audit begins, the nature and scope of the audit.
- (d) To discuss with the External Auditors problems and reservations arising from the interim and final audits, including a review of the External Auditors' Report to the Audit Committee, incorporating management responses, and any other matters the External Auditors may wish to discuss (in the absence of management where necessary).
- (e) To appoint the University's Internal Auditors through a formal procurement process. The Audit Committee may also remove the Internal Auditors before the end of their term if serious shortcomings are identified.
- (f) To report to Senate on the appointment and terms of engagement of the Internal Audit service, the audit fee, the provision of any non-audit services by the Internal Auditors, and any questions of resignation or dismissal of the Internal Auditors.
- (g) To review the Internal Auditors' audit risk assessment, strategy and programme; consider major findings of Internal Audit investigations and management's response and promote co-ordination between the Internal and External Auditors. The Committee will ensure that the resources made available for Internal Audit are sufficient to meet the institution's needs (or make a recommendation to Senate, as appropriate).
- (h) To keep under review the effectiveness of the University's risk management, control and governance arrangements and, in particular, to review the External Auditors' Report to the Audit Committee, the Internal Auditors' Annual Report, and management responses. The Committee shall make recommendations to relevant committees or

to the Vice-Chancellor to ensure that measures are taken to deal effectively with matters raised in audit reports.

- (i) To monitor the implementation of agreed audit-based recommendations, through the Internal Audit – Status of Recommendations report.
- (j) To ensure that all significant losses have been properly investigated and that the Internal and External Auditors and, where appropriate, that DEL have been informed.
- (k) To consider, approve and oversee the implementation of the institution's policies on Fraud and Whistleblowing, including being notified of any action taken under these policies.
- (l) To provide ongoing assurance to Senate, in respect of the management and quality assurance of data.
- (m) To satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness.
- (n) To consider and approve the University's Register of Interests Policy, the Policy for the Acceptance of Gifts, Gratuities and Hospitality and the University's arrangements to ensure compliance with the Bribery Act 2010.
- (o) To receive any relevant report from the Northern Ireland Audit Office, the National Audit Office, HEFCE or any other body

# Corporate Governance

which fulfils a recognised audit function in respect of the University or related institutions, funded in full or part from public funds.

- (p) To monitor annually the performance and effectiveness of the External and Internal Auditors, including any matters affecting their objectivity.
- (q) To consider the draft annual financial statements, in the presence of the External Auditors, ensuring that sufficient consideration has been given to all relevant matters, that there is compliance with relevant legislation, DEL accounts directions, and accounting standards, and that there are no major disagreements between the External Auditors and the Planning and Finance Committee and/or the Director of Finance over accounting policies.
- (r) In the event of the merger or dissolution of the institution, to ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed.
- (s) To report on a regular basis to Senate and to compile an Annual Report which, following consideration by Senate, will be sent to DEL and the HEFCE Assurance Service – this annual report shall include an opinion on the adequacy and effectiveness of the University’s arrangements

for risk management, internal control, governance and value for money.

- (t) The Committee is authorised by Senate to obtain outside legal or other independent professional advice and to secure the attendance of non-members with relevant experience and expertise if it considers this necessary, normally in consultation with the Registrar and Chief Operating Officer and/or the Chair of Senate. However, it may not incur direct expenditure in this respect in excess of £10,000 without the prior approval of Senate.

The University has implemented a process for identifying, assessing and managing the University’s significant risks in line with the relevant DEL Accounts Direction. The University has also adopted the Higher Education Code of Governance, published by the Committee of University Chairs in December 2014. A Risk Management Committee has been established, and the process of embedding risk management at School/ Directorate level, in both the planning processes and operational arrangements of the University, is well developed. This process is regularly reviewed by the

Audit Committee, on behalf of Senate, to ensure that a sound system of internal control, covering all risks, is in place.

## Statement on Internal Control

As the governing body of Queen’s University Belfast, the Senate has responsibility for maintaining a sound system of internal control that supports the achievement of the University’s policies, aims and objectives, while safeguarding the public and other funds and assets for which we are responsible. This responsibility has been assigned to Senate in accordance with the University’s Charter and Statutes, and the Financial Memorandum with DEL.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve policies, aims and objectives. To that extent it can therefore only provide reasonable, and not absolute, assurance of effectiveness.

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 efficiently, effectively and economically. This process has been in place for the year ended 31 July 2015 and up to the date of approval of the financial statements, and accords in full with DEL guidance.

As the governing body, we have responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established:

- a) We meet at regular intervals (at least four times a year) to consider the strategies and plans of the University.
- b) We receive regular reports from the Chairman of the Audit Committee concerning internal control, and we require regular reports from managers on the steps they are taking to manage risk in their areas of responsibility, including progress reports on key projects.
- c) We have established a Risk Management Committee to oversee risk management.
- d) The Audit Committee receives regular reports from the Internal Auditors which include their independent opinion on the adequacy and effectiveness of the University’s system of internal control, together with recommendations for improvement.

# Corporate Governance

- e) Programmes of facilitated workshops have been held in both Schools and Directorates to identify new and emerging risks and to ensure the adequacy of counter measures. Schools and Directorates are responsible for identifying, evaluating and managing their significant risks.
- f) A programme of risk awareness training is ongoing and risk management is integrated within the University's business planning process.
- g) A system of key performance and risk indicators has been developed.
- h) A robust risk prioritisation methodology, based on risk ranking and cost-benefit analysis, has been established.
- i) A Corporate Risk Register is maintained and regularly reviewed and updated with responsibility for the management of each risk embedded within the management structure of the University.
- j) All information used for both operational and financial reporting purposes is captured and processed accurately, and to an appropriate quality standard, particularly where it is used by third parties or relied on by other parts of government.
- k) Reports are received from budget holders and project managers on internal control activities.

Our review of the effectiveness of the system of internal control is undertaken, on an annual basis, with reference to the HEFCE guidance on risk management. It is our view that the University has an effective risk management process in place and that the Corporate Risk Register is being managed on an active basis with specific action plans in place to address all risks. This view is informed by the work of the University's Internal Auditors who operate to standards defined in the UK Public Sector Internal Audit Standards (PSIAS).

Our review of the effectiveness of the system of internal control is also informed by the work of the senior officers within the University, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the External Auditors in their report to those charged with governance and other reports.

As a result of our overall review of the effectiveness of the system of internal control, including risk management, we are content that no significant weaknesses have been identified. This has been confirmed by the assurance given to the University's Accounting Officer by the Internal Auditors, in their Annual Statement of Assurance.

# Responsibilities of the Senate of the University

In accordance with the University's Charter and Statutes the Senate, as the governing body, is responsible for the oversight of the management and administration of the University's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

Senate is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks. This process has been in place for the year ended 31 July 2015 and up to the date of approval of the financial statements, is regularly reviewed by Senate and accords with the Higher Education Code of Governance.

The Senate is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and enable it to ensure that the financial statements are prepared in accordance with the University's Charter and Statutes, the Statement of Recommended Practice: Accounting for Further and Higher Education and other relevant accounting standards. In addition, within the terms and conditions of the Financial Memorandum between DEL and the University, the Senate, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the University and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the Senate has ensured that:

- Suitable accounting policies are selected and applied consistently.
- Judgements and estimates are made that are reasonable and prudent.
- Applicable accounting standards have been followed, subject to any material departures being disclosed and explained in the financial statements.
- The financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation.

The Senate has taken reasonable steps to:

- Ensure that funds from DEL are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Department and any other conditions which the Department may from time to time prescribe.
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources.
- Safeguard the assets of the University and prevent and detect fraud.
- Secure the economical, efficient and effective management of the University's resources and expenditure.

- Ensure the maintenance and integrity of the corporate and financial information included on the University's website.

The key elements of the University's system of internal control, which is designed to discharge the responsibilities set out above, include the following:

- Clear definitions of the responsibilities of, and authority delegated to, resource managers.
- A medium and short-term planning process, supplemented by detailed annual income, expenditure and capital budgets.
- Monthly reviews of financial results involving variance reporting and updates of forecast outcomes.
- Clearly defined and formalised requirements for approval and control of expenditure, with decisions involving material capital or revenue expenditure being subject to formal detailed approval.
- A professional Internal Audit service whose annual programme is approved by Senate.
- A system of risk management including the clarification, assessment and management of key risks.

The Audit Committee, on behalf of Senate, monitors the effectiveness of the University's system of internal control. Any system of internal control can, however, only provide reasonable, but not absolute, assurance against material loss or misstatement.



# Independent Auditor's Report to the Senate of Queen's University Belfast

We have audited the group and University financial statements (the "financial statements") of Queen's University Belfast for the year ended 31 July 2015 which comprise the Statement of Principal Accounting Policies, the Consolidated Income and Expenditure Account, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Reconciliation of Net Cash Flow to Movement in Net Funds, the Consolidated Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

## Opinions and conclusions arising from our audit

### 1a Our opinion, on the financial statements is unmodified.

In our opinion the financial statements:

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

- meet the requirements of the Department for Employment and Learning's (DEL) Accounts Direction to higher education institutions for 2014-15 financial statements.

### 1b Opinion on other matters prescribed in the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
  - income has been applied in accordance with the University's Statutes; and
  - funds provided by DEL have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them; and
- 2 We have nothing to report in respect of matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during

our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

We have nothing to report in respect of the above responsibilities.

### Basis of our report, responsibilities and restrictions on use

As explained more fully in the Statement of Responsibilities of the Senate set out on page 16, the Senate is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with UK law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Senate; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

# Independent Auditor's Report to the Senate of Queen's University Belfast

This report is made solely to the Senate, in accordance with the Charter and Statutes of the University. Our audit work has been undertaken so that we might state to the Senate those matters we are required to state to it 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 Senate for our audit work, for this report, or for the opinions we have formed.



**Arthur O'Brien (Senior Statutory Auditor)**  
**For and on behalf of**  
**KPMG, Statutory Auditor**  
Chartered Accountants  
17-25 Stokes House  
College Square East  
Belfast

24 November 2015

# Statement of Principal Accounting Policies

## 1. Basis of Preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of Endowment and Fixed Asset Investments, and in accordance with both the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and applicable Accounting Standards.

Senate has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

## 2. Consolidation

In accordance with Financial Reporting Standard (FRS) 2 (amended), the consolidated financial statements of the University include its wholly owned subsidiaries, QUBIS Limited, Queen's Overseas Recruitment Limited, Queen's Composites Limited, and its partially owned subsidiary NIACE Limited.

The results of its joint ventures, INTO Queen's LLP, and NI Composites O&M LLP have also been included, based on the share of the operating deficit and net assets. Details are presented in Note 13.

## 3. Recognition of Income

Government grants are accounted for in the period to which they relate.

Fee income is stated gross and credited to the income and expenditure account over the period in which the students are studying. Bursaries and scholarships are accounted for gross, as expenditure, and not deducted from income.

Recurrent income from research and other grants and contracts is accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the balance sheet as liabilities.

Grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants, which can include government grants, are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended, is transferred from the income and expenditure account to restricted endowments.

Any increase or decrease in value arising from revaluation of fixed assets is carried to the revaluation reserve via the statement of recognised gains and losses. Increases or decreases arising on the revaluation or disposal of endowment assets are added to, or subtracted from, the funds concerned and accounted for through the balance sheet and reported in the statement of total recognised gains and losses.

## 4. Pension Schemes

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the Retirement Benefits Plan of Queen's University Belfast (RBP).

The assets of the USS Scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the

contributions payable to the scheme in respect of the accounting period.

The schemes are defined benefit schemes which are externally funded and contracted out of the state Pension Scheme. 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 scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the University's defined benefit pension schemes expected to arise from employee service in the period is charged to operating profit. The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

The difference between the fair value of the assets held in the University's defined benefit pension scheme (RBP) and the scheme's liabilities, measured on an actuarial

# Statement of Principal Accounting Policies

basis using the projected unit method, is recognised in the University's balance sheet 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 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, are charged to the income and expenditure account or the statement of total recognised gains and losses, in accordance with FRS 17.

## 5. Foreign Currencies

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

## 6. Land and Buildings

All University property is held freehold or under long lease. Freehold land is not depreciated. Buildings are depreciated over their expected useful lives of either 40 years or 60 years, depending on the category of building in question. All land and

buildings are stated at cost. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to income over the expected useful life of the buildings.

## 7. Heritage Assets

Heritage assets are defined in FRS 30 as tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. Assets meeting the definition of a heritage asset, that have a cost or value of over £25,000 and were acquired since 1 August 2007, are capitalised at cost or value on acquisition, where such a valuation is reasonably obtainable, ie. when not acquired at market value/gifted. Such assets are not depreciated.

Heritage assets acquired before this date are not capitalised as reliable cost information is not available and conventional valuation approaches lack sufficient reliability. The cost of obtaining and

maintaining valuations for these assets would be prohibitively expensive due to the uniqueness of the collections.

## 8. Equipment

Equipment, including micro-computers and software, costing less than £25,000 per individual item or group of related items, is written off in the year of acquisition. All other equipment is capitalised.

Capitalised equipment is stated at cost. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. The capitalised equipment is depreciated on a straight line basis over its expected useful life, as follows:

- Motor vehicles and other general equipment – 4 years.
- Equipment acquired for specific research projects – 2-3 years.

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated as above. The related grant is treated as a deferred capital grant and released to income over the expected useful life of the equipment (or the period of the grant in respect of specific research projects).

Where assets are donated or acquired with the aid of specific grants or donations they are capitalised and depreciated as above.

## 9. Investments

## Basis of Valuation

Endowment assets and University investments are included in the balance sheet at market value. Current asset investments are included at the lower of cost and net realisable value. In the consolidated financial statements, investments held through QUBIS are not associate accounted for in accordance with FRS 5 and are valued using VC guidance methodology. In the University's balance sheet, investments in subsidiary undertakings are stated at lower of cost and net realisable value.

## Revaluation

Net surpluses or deficits on the revaluation of the University's fixed asset investments are taken to the revaluation reserve (except that deficits which reduce the value of an investment to less than cost are charged through the Income and Expenditure Account).

Any increase or decrease in value arising on the revaluation of Endowment assets is added to or subtracted from the funds and assets concerned and reported in the statement of total recognised gains and losses.

## 10. Cash Flows and Liquid Resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are termed repayable on demand if they are, in practice, available within

# Statement of Principal Accounting Policies

24 hours, without penalty. No investments, however liquid, are included as cash. Liquid resources include term deposits, government securities and loan stock held as part of the University's treasury management activities. They exclude any such assets held as endowment asset investments.

## 11. Stocks

Stocks are valued at the lower of cost or net realisable value. Cost is determined on a first in first out basis. Where it is deemed necessary provision is made for obsolete, slow-moving and defective stocks.

## 12. Maintenance of Premises

The University has a rolling maintenance plan which is reviewed on an annual basis, and the cost of routine corrective maintenance is charged to the income and expenditure account as incurred.

## 13. Accounting for Charitable Donations

### Unrestricted donations

Charitable donations are recognised when they are received or there is sufficient evidence to indicate the donation

will be received and the value of the receipt can be measured with sufficient reliability.

### Endowment Funds

Where charitable donations are to be retained for the benefit of the University, as specified by the donors, these are accounted for as endowments. There are three main types:

- i) Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University;
- ii) Restricted expendable endowments – the donor has specified a particular objective (other than the purchase or construction of fixed assets) and the University can convert the donation into income; and
- iii) Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

### Donations for fixed assets

Donations received in respect of the purchase or construction of fixed assets are shown on the balance sheet as a deferred capital grant and released to the income and expenditure account over the estimated useful life of the asset, in line with the depreciation charge relating to the asset.

## 14. Provisions and contingent liabilities

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

Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met and includes three scenarios: a possible rather than a present obligation; a possible rather than a probable outflow of economic benefits; and an inability to reliably measure the economic outflow.

## 15. Taxation Status

The University 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 506(1) of the Taxes Act 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The University's non-charitable subsidiaries are liable to Corporation tax in the same way as any other commercial organisation.

The University receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on inputs is included in the cost of such inputs. Any irrecoverable VAT arising on fixed assets is included in their cost.

Where appropriate, deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that they are regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.



# Consolidated Income & Expenditure Account

For the year ended 31 July 2015

|   | Note | 2015<br>£000 | 2014<br>£000 |
|---|------|--------------|--------------|
| <b>INCOME</b>   |      |              |              |
| Government grants   | 1    | 93,100       | 97,007       |
| Tuition fees, support grants and education contracts                      | 2    | 86,591       | 80,170       |
| Research grants and contracts   | 3    | 72,498       | 64,546       |
| Other operating income  | 4    | 58,353       | 52,548       |
| Endowment and investment income   | 5    | 5,308        | 6,496        |
| Total income  |      | 315,850      | 300,767      |
| Less: Share of income from joint ventures                                 | 4    | (3,220)      | (2,378)      |
| Net income  |      | 312,630      | 298,389      |
| <b>EXPENDITURE</b>  |      |              |              |
| Staff costs   | 6    | 175,235      | 168,989      |
| Depreciation  | 12   | 15,698       | 13,914       |
| Other operating expenses  | 7    | 104,882      | 97,054       |
| Interest and other finance costs  | 8    | 2,431        | 3,567        |
|   |      | 298,246      | 283,524      |
| <b>SURPLUS BEFORE TAXATION</b>  |      |              |              |
| Exceptional income: Profit on disposal of investment                      | 9    | 27,182       | -            |
| Share of joint ventures' deficit before taxation                          | 13   | (153)        | (216)        |
| Taxation  | 10   | -            | -            |
| <b>SURPLUS FOR THE YEAR AFTER TAXATION</b>                                |      |              |              |
| Surplus for the year transferred to accumulated income in endowment funds | 20   | (812)        | (539)        |
| <b>SURPLUS FOR THE YEAR RETAINED IN GENERAL RESERVES</b>                  |      |              |              |
|   | 21   | 40,601       | 14,110       |

The income and expenditure of the Group relates wholly to continuing operations.

Note on historical cost surplus:

During 2014-15 the Group realised £3,664k (2014 £1,392k) in respect of revaluation gains on investments in prior years. Accordingly, on a historical cost basis the surplus before taxation would be £45,077k (2014 £16,041k) and the surplus for the year retained in general reserves would be £44,265k (2014 £15,502k).

The notes on pages 28 to 61 form part of these financial statements.

# Balance Sheets

As at 31 July 2015

|  | Note | Consolidated |              | University   |              |
|--|------|--------------|--------------|--------------|--------------|
|  |      | 2015<br>£000 | 2014<br>£000 | 2015<br>£000 | 2014<br>£000 |
| <b>FIXED ASSETS</b>  |      |              |              |              |              |
| Tangible assets  | 12   | 381,730      | 353,656      | 376,174      | 347,950      |
| Investments:   |      |              |              |              |              |
| Investments in joint ventures:                                 |      |              |              |              |              |
| Share of gross assets  |      | 1,638        | 1,543        | -            | -            |
| Share of gross liabilities                                     |      | (3,695)      | (3,447)      | -            | -            |
|  | 13   | (2,057)      | (1,904)      | -            | -            |
| Other investments  | 13   | 104,897      | 44,776       | 70,829       | 38,993       |
| Total fixed assets   |      | 484,570      | 396,528      | 447,003      | 386,943      |
| <b>ENDOWMENT ASSETS AND OTHER INVESTMENTS</b>                  | 14   | 53,411       | 51,977       | 53,411       | 51,977       |
| <b>CURRENT ASSETS</b>  |      |              |              |              |              |
| Stocks   |      | 465          | 404          | 465          | 404          |
| Debtors  | 15   | 32,314       | 30,287       | 59,326       | 30,493       |
| Investments - short term deposits                              |      | 185,173      | 187,489      | 185,173      | 187,489      |
| Cash at bank and in hand                                       |      | 36,040       | 6,845        | 4,634        | 6,660        |
| Total current assets   |      | 253,992      | 225,025      | 249,598      | 225,046      |
| <b>CURRENT LIABILITIES</b>                                     |      |              |              |              |              |
| Creditors: Amounts falling due within one year                 | 16   | (65,538)     | (61,526)     | (66,040)     | (62,339)     |
| <b>NET CURRENT ASSETS</b>                                      |      | 188,454      | 163,499      | 183,558      | 162,707      |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      |              |              |              |              |
|  |      | 726,435      | 612,004      | 683,972      | 601,627      |
| <b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b> |      |              |              |              |              |
|  | 17   | (43,329)     | (44,363)     | (43,329)     | (44,363)     |
| <b>PROVISIONS FOR LIABILITIES AND CHARGES</b>                  |      |              |              |              |              |
|  | 18   | (10,186)     | (999)        | (10,186)     | (999)        |
| <b>NET ASSETS EXCLUDING PENSION LIABILITY</b>                  |      |              |              |              |              |
|  |      | 672,920      | 566,642      | 630,457      | 556,265      |
| <b>NET PENSION LIABILITY</b>                                   |      |              |              |              |              |
|  | 26   | (65,852)     | (49,887)     | (65,852)     | (49,887)     |
| <b>NET ASSETS INCLUDING PENSION LIABILITY</b>                  |      |              |              |              |              |
|  |      | 607,068      | 516,755      | 564,605      | 506,378      |



# Balance Sheets

As at 31 July 2015 (continued)

|  | Note | Consolidated |              | University   |              |
|--|------|--------------|--------------|--------------|--------------|
|  |      | 2015<br>£000 | 2014<br>£000 | 2015<br>£000 | 2014<br>£000 |
| Represented by:-   |      |              |              |              |              |
| <b>DEFERRED CAPITAL GRANTS</b>                           | 19   | 371,392      | 340,876      | 365,836      | 335,170      |
| <b>ENDOWMENTS AND OTHER FUNDS</b>                        |      |              |              |              |              |
| Expendable endowments                                    | 20   | 16,589       | 16,347       | 16,589       | 16,347       |
| Permanent endowments                                     | 20   | 36,586       | 35,398       | 36,586       | 35,398       |
| Undistributed investment fund income                     | 20   | 236          | 232          | 236          | 232          |
| Total endowments   |      | 53,411       | 51,977       | 53,411       | 51,977       |
| <b>RESERVES</b>  |      |              |              |              |              |
| Income and expenditure reserve excluding pension reserve | 21   | 192,669      | 148,605      | 192,063      | 151,807      |
| Accumulated pension deficit                              | 21   | (65,852)     | (49,887)     | (65,852)     | (49,887)     |
| Income and expenditure reserve including pension reserve | 21   | 126,817      | 98,718       | 126,211      | 101,920      |
| Revaluation reserve                                      | 22   | 55,448       | 25,184       | 19,147       | 17,311       |
| Total reserves   |      | 182,265      | 123,902      | 145,358      | 119,231      |
| <b>TOTAL FUNDS</b>                                       |      | 607,068      | 516,755      | 564,605      | 506,378      |

The notes on pages 28 to 61 form part of these financial statements.

The financial statements on pages 19 to 61 were approved by the Senate on 24 November 2015 and were signed by:

Ms O Corr,  
Honorary Treasurer

Professor P. Johnston,  
Vice-Chancellor

Mrs W. Galbraith,  
Director of Finance

# Consolidated Cash Flow Statement

For the year ended 31 July 2015

|   | Note     | 2015<br>£000 | 2014<br>£000 |
|---|----------|--------------|--------------|
| Net cash inflow from operating activities                                   | 25 (i)   | 25,283       | 24,665       |
| Net cash inflow from returns on investments and servicing of finance        | 25 (ii)  | 2,923        | 1,712        |
| Net cash (outflow)/inflow from capital expenditure and financial investment | 25 (iii) | (2,024)      | 12,577       |
|   |          |              |              |
| Net cash inflow before management of liquid resources and financing         |          | 26,182       | 38,954       |
|   |          |              |              |
| Financing   | 25 (iv)  | (1,001)      | (953)        |
| Management of liquid resources  | 25 (v)   | 2,316        | (37,264)     |
| Increase in cash in the year  |          | 27,497       | 737          |

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

|  |         | 2015<br>£000 | 2014<br>£000 |
|--|---------|--------------|--------------|
| Increase in cash in the year               |         | 27,497       | 737          |
| (Decrease)/increase in short term deposits |         | (2,316)      | 37,264       |
| Decrease in bank borrowings                |         | 1,001        | 953          |
| Increase in net funds                      |         | 26,182       | 38,954       |
| Net funds at 1 August                      |         | 158,302      | 119,348      |
| Net funds at 31 July                       | 25 (vi) | 184,484      | 158,302      |

# Consolidated Statement of Total Recognised Gains and Losses

For the year ended 31 July 2015

|  | Note | 2015<br>£000   | 2014<br>£000   |
|--|------|----------------|----------------|
| Surplus for the year                             |      | 41,413         | 14,649         |
| Unrealised surplus on revaluation of investments | 22   | 33,958         | 4,407          |
| Opening adjustment to revaluation reserve        | 22   | (30)           | -              |
| Appreciation of endowment asset investments      | 20   | 868            | 553            |
| Actuarial (loss)/gain on pension scheme          | 26   | (16,166)       | 111            |
| New endowments                                   | 20   | (181)          | 2,073          |
| Transfers from endowments to research            | 20   | (65)           | (30)           |
| Total recognised gains relating to the year      |      | <u>59,797</u>  | <u>21,763</u>  |
| Reconciliation:                                  |      |                |                |
| Opening reserves and endowments                  |      | 175,879        | 154,116        |
| Total recognised gains in the year               |      | 59,797         | 21,763         |
| Closing reserves and endowments                  |      | <u>235,676</u> | <u>175,879</u> |
| Total reserves                                   |      | 182,265        | 123,902        |
| Endowments and other funds                       |      | 53,411         | 51,977         |
|  |      | <u>235,676</u> | <u>175,879</u> |

# Notes to the Accounts

For the year ended 31 July 2015

## 1. GOVERNMENT GRANTS

|   | Consolidated  |               |
|---|---------------|---------------|
|   | 2015<br>£000  | 2014<br>£000  |
| Recurrent Grants:                             |               |               |
| Teaching                                      | 46,711        | 50,356        |
| Research                                      | 32,577        | 32,964        |
| Other Specific Grants                         | 3,630         | 4,512         |
| Deferred Capital Grants released in the year: |               |               |
| Buildings (note 19)                           | 7,937         | 7,369         |
| Equipment (note 19)                           | 2,245         | 1,806         |
|   | <u>93,100</u> | <u>97,007</u> |

The University received £95.8m (2014: £99.3m) of Recurrent Grant funding in the year, of which some £16.5m (2014: £15.9m) has been deferred as detailed in note 19.

## 2. TUITION FEES, SUPPORT GRANTS AND EDUCATION CONTRACTS

|  | Consolidated  |               |
|--|---------------|---------------|
|  | 2015<br>£000  | 2014<br>£000  |
| Full-time students (NI,GB and EU)                      | 49,315        | 46,331        |
| International students                                 | 19,859        | 16,482        |
| Part-time fees   | 4,095         | 4,309         |
| Short courses  | 889           | 994           |
| Research training, other support grants and other fees | 1,872         | 1,171         |
| DHSSPS nursing contract                                | 10,561        | 10,883        |
|  | <u>86,591</u> | <u>80,170</u> |

# Notes to the Accounts

For the year ended 31 July 2015

## 3. RESEARCH GRANTS AND CONTRACTS

|                                 | Consolidated  |               |
|---------------------------------|---------------|---------------|
|                                 | 2015<br>£000  | 2014<br>£000  |
| Research Councils and charities | 26,920        | 25,223        |
| UK government and EU            | 38,884        | 31,567        |
| Other sources                   | 6,694         | 7,756         |
|                                 | <u>72,498</u> | <u>64,546</u> |

Income from research grants and contracts includes deferred capital grants released in the year totalling £1.426m (2014: £1.545m) note 19. Included within income from research grants and contracts are amounts relating to Research and Development Expenditure Credits (RDEC) of £5.4m for the period to 31 July 2015.

## 4. OTHER OPERATING INCOME

|  | Consolidated  |               |
|--|---------------|---------------|
|  | 2015<br>£000  | 2014<br>£000  |
| Hospitality and accommodation services     | 10,729        | 10,270        |
| Other services rendered                    | 14,504        | 13,145        |
| Contribution to joint appointment salaries | 6,035         | 6,253         |
| Other income                               | 23,865        | 20,502        |
| Share of joint ventures' income            | 3,220         | 2,378         |
|  | <u>58,353</u> | <u>52,548</u> |

Details of the joint ventures are included at note 13.

Other income and other services rendered income include deferred capital grants released in the year totalling £2.684m (2014: £1.755m) note 19.

# Notes to the Accounts

For the year ended 31 July 2015

## 5. ENDOWMENT AND INVESTMENT INCOME

|  | Consolidated |              |
|--|--------------|--------------|
|  | 2015<br>£000 | 2014<br>£000 |
| Transferred from expendable endowments (note 20) | 1,065        | 652          |
| Transferred from permanent endowments (note 20)  | 1,298        | 1,248        |
| Realised (loss)/profit on investments            | (111)        | 1,187        |
| Income from short-term investments               | 3,056        | 3,409        |
|  | <u>5,308</u> | <u>6,496</u> |

## 6. STAFF

|   | Consolidated   |                |
|---|----------------|----------------|
|   | 2015<br>£000   | 2014<br>£000   |
| Staff Costs:  |                |                |
| Gross salaries and wages                              | 138,028        | 133,588        |
| Employer's national insurance contributions           | 10,113         | 9,878          |
| Current service cost - RBP pension scheme (note 26)   | 4,754          | 3,787          |
| Employer's pension contributions - USS pension scheme | 16,305         | 15,483         |
|   | <u>169,200</u> | <u>162,736</u> |
| Joint appointment salaries                            | 6,035          | 6,253          |
|   | <u>175,235</u> | <u>168,989</u> |

Included within staff costs is £6,446k (2014: £5,753k) relating to amounts paid to assistants, temporary lecturers etc who were not employed under contract by the University, and are therefore not included in staff numbers.

### Emoluments of the Vice-Chancellor:

|                       |            |            |
|-----------------------|------------|------------|
| Gross Salary          | 249        | 202        |
| Pension contributions | 40         | 32         |
|                       | <u>289</u> | <u>234</u> |

An additional £19k (2014:£14k) was also paid as employer's pension contribution, which represented the employee's contribution relinquished under the University's salary sacrifice scheme. The emoluments for the prior year ended 31 July 2014 relate to the Acting Vice-Chancellor, for the period to 28 February 2014, and the current Vice-Chancellor from 1 March 2014.

# Notes to the Accounts

For the year ended 31 July 2015

## 6. STAFF (continued)

Remuneration of higher paid staff, excluding employer's pension contributions but including NHS merit payments and the NHS funded element of joint appointments

|                     | Consolidated |             |
|---------------------|--------------|-------------|
|                     | 2015 Number  | 2014 Number |
| £100,001 - £110,000 | 24           | 29          |
| £110,001 - £120,000 | 15           | 18          |
| £120,001 - £130,000 | 10           | 12          |
| £130,001 - £140,000 | 4            | 4           |
| £140,001 - £150,000 | 5            | 3           |
| £150,001 - £160,000 | 1            | 2           |
| £160,001 - £170,000 | 3            | 6           |
| £170,001 - £180,000 | 5            | 3           |
| £180,001 - £190,000 | 3            | 3           |
| £190,001 - £200,000 | 2            | 4           |
| £200,001 - £210,000 | 1            | 1           |
| £210,001 - £220,000 | 1            | 1           |
| £220,001 - £230,000 | 1            | -           |
| £230,001 - £240,000 | -            | -           |
| £240,001 - £250,000 | -            | -           |
| £260,001 - £270,000 | -            | 1           |

Average monthly staff numbers by category:

|                  | Consolidated |              |
|------------------|--------------|--------------|
|                  | 2015 Number  | 2014 Number  |
| Academic         | 1,145        | 1,148        |
| Academic Related | 628          | 596          |
| Technical        | 293          | 304          |
| Research         | 574          | 532          |
| Clerical         | 667          | 643          |
| Other            | 446          | 440          |
|                  | <b>3,753</b> | <b>3,663</b> |

# Notes to the Accounts

For the year ended 31 July 2015

## 7. OTHER OPERATING EXPENSES

|   | Consolidated   |               |
|---|----------------|---------------|
|   | 2015<br>£000   | 2014<br>£000  |
| Consumables and laboratory expenditure          | 8,818          | 9,034         |
| Books and periodicals                           | 4,523          | 4,551         |
| Studentships and bursaries                      | 15,909         | 15,185        |
| Heat, light, water and power                    | 5,335          | 6,223         |
| Repairs and general maintenance                 | 6,367          | 7,729         |
| Auditors' remuneration                          | 56             | 56            |
| Auditors' remuneration for non-audit services   | 240            | 47            |
| Rates, insurance and telecommunication expenses | 6,221          | 6,352         |
| Hospitality and accommodation services          | 3,222          | 3,208         |
| Equipment and equipment maintenance             | 6,151          | 5,972         |
| Postage, photocopying and printing              | 2,185          | 2,356         |
| Patent fees                                     | 252            | 533           |
| Provision for restructuring                     | 9,700          | -             |
| Other   | 35,903         | 35,808        |
|   | <u>104,882</u> | <u>97,054</u> |

The auditors' remuneration of £56k (2014: £56k) includes £10k (2014: £9k) in respect of subsidiary companies.

## 8. INTEREST AND OTHER FINANCE COSTS

|   | Consolidated |              |
|---|--------------|--------------|
|   | 2015<br>£000 | 2014<br>£000 |
| On loans not wholly repayable within five years | 2,219        | 2,256        |
| Other   | 212          | 1,311        |
|   | <u>2,431</u> | <u>3,567</u> |

The other interest payable charges include the finance costs relating to the RBP pension scheme (note 26).



# Notes to the Accounts

For the year ended 31 July 2015

## 9. EXCEPTIONAL ITEM

The exceptional income comprises the realised profit of £23,350k, and associated dividend income of £3,832k, relating to the sale of part of the Group's holding in Kainos Limited, a spin-out company which listed on the London Stock Exchange in July 2015.

## 10. TAXATION

There is no taxation charge arising from the operating activities of the Group. The tax assessed for the period differs from the standard rate of corporation tax in the UK of 20.67% (2014: 22.33%). The differences are explained as follows:

|   | Consolidated |              |
|---|--------------|--------------|
|   | 2015<br>£000 | 2014<br>£000 |
| Relevant profit/(loss) on ordinary activities of subsidiaries                                   | 3,963        | (1,468)      |
| Relevant profit/(loss) on ordinary activities by standard UK tax rate of 20.67 % (2014: 22.33%) | 819          | (328)        |
| Effects of:   |              |              |
| Deferred losses utilised  | -            | (4)          |
| Expenses not deductible for tax purposes  | 52           | 94           |
| Non-taxable income  | (6,454)      | (348)        |
| Chargeable gains  | 5,583        | 586          |
| Tax credit for the year   | -            | -            |

# Notes to the Accounts

For the year ended 31 July 2015

## 11. ANALYSIS OF EXPENDITURE BY ACTIVITY

|  | Consolidated        |               |                                  |                          |                    |
|--|---------------------|---------------|----------------------------------|--------------------------|--------------------|
|  | Staff Costs<br>£000 | Dep'n<br>£000 | Other Operating Expenses<br>£000 | Interest Payable<br>£000 | 2015 Total<br>£000 |
| Academic departments                         | 97,272              | 1,725         | 15,093                           | -                        | 114,090            |
| Academic services                            | 11,240              | 854           | 8,903                            | -                        | 20,997             |
| Research grants and contracts                | 27,630              | 1,120         | 24,809                           | -                        | 53,559             |
| Hospitality and accommodation services       | 2,477               | 10            | 3,222                            | -                        | 5,709              |
| Premises                                     | 5,502               | 11,933        | 16,690                           | -                        | 34,125             |
| Administration                               | 22,152              | 47            | 17,590                           | -                        | 39,789             |
| Other  | 8,962               | 9             | 18,575                           | 2,431                    | 29,977             |
| Total per the Income and Expenditure Account | <u>175,235</u>      | <u>15,698</u> | <u>104,882</u>                   | <u>2,431</u>             | <u>298,246</u>     |

The depreciation charge has been funded by:

|  |               |
|--|---------------|
| Deferred capital grants released (note 19) | 14,292        |
| General income                             | 1,406         |
|  | <u>15,698</u> |

# Notes to the Accounts

For the year ended 31 July 2015

## 12. TANGIBLE ASSETS

|                                 | Consolidated          |   |  |                   |                         |               |
|---------------------------------|-----------------------|---|--|-------------------|-------------------------|---------------|
|                                 | Freehold Land<br>£000 | Freehold and Long Leasehold Buildings<br>£000 | Assets in the Course of Construction<br>£000 | Equipment<br>£000 | Heritage Assets<br>£000 | Total<br>£000 |
| <b>COST</b>                     |                       |   |  |                   |                         |               |
| At 1 August 2014                | 990                   | 425,541                                       | 26,480                                       | 25,231            | 118                     | 478,360       |
| Additions                       | -                     | 2,652   | 35,142                                       | 5,978             | -                       | 43,772        |
| Disposals                       | -                     | (14)  | -  | (5,370)           | -                       | (5,384)       |
| Transfers                       | -                     | 43,321  | (43,321)                                     | -                 | -                       | -             |
| At 31 July 2015                 | 990                   | 471,500                                       | 18,301                                       | 25,839            | 118                     | 516,748       |
| <b>ACCUMULATED DEPRECIATION</b> |                       |   |  |                   |                         |               |
| At 1 August 2014                | -                     | 103,172                                       | -  | 21,532            | -                       | 124,704       |
| Charge for the year             | -                     | 11,980  | -  | 3,718             | -                       | 15,698        |
| Eliminated on disposal          | -                     | (14)  | -  | (5,370)           | -                       | (5,384)       |
| At 31 July 2015                 | -                     | 115,138                                       | -  | 19,880            | -                       | 135,018       |
| <b>NET BOOK VALUE</b>           |                       |   |  |                   |                         |               |
| At 31 July 2015                 | 990                   | 356,362                                       | 18,301                                       | 5,959             | 118                     | 381,730       |
| At 31 July 2014                 | 990                   | 322,369                                       | 26,480                                       | 3,699             | 118                     | 353,656       |

# Notes to the Accounts

For the year ended 31 July 2015

## 12. TANGIBLE ASSETS (continued)

|                                 | University            |   |  |                   |                         |               |
|---------------------------------|-----------------------|---|--|-------------------|-------------------------|---------------|
|                                 | Freehold Land<br>£000 | Freehold and Long Leasehold Buildings<br>£000 | Assets in the Course of Construction<br>£000 | Equipment<br>£000 | Heritage Assets<br>£000 | Total<br>£000 |
| <b>COST</b>                     |                       |   |  |                   |                         |               |
| At 1 August 2014                | 990                   | 419,541                                       | 26,480                                       | 25,224            | 118                     | 472,353       |
| Additions                       | -                     | 2,652   | 35,142                                       | 5,978             | -                       | 43,772        |
| Disposals                       | -                     | (14)  | -  | (5,370)           | -                       | (5,384)       |
| Transfers                       | -                     | 43,321  | (43,321)                                     | -                 | -                       | -             |
| At 31 July 2015                 | 990                   | 465,500                                       | 18,301                                       | 25,832            | 118                     | 510,741       |
| <b>ACCUMULATED DEPRECIATION</b> |                       |   |  |                   |                         |               |
| At 1 August 2014                | -                     | 102,878                                       | -  | 21,525            | -                       | 124,403       |
| Charge for the year             | -                     | 11,830  | -  | 3,718             | -                       | 15,548        |
| Eliminated on disposal          | -                     | (14)  | -  | (5,370)           | -                       | (5,384)       |
| At 31 July 2015                 | -                     | 114,694                                       | -  | 19,873            | -                       | 134,567       |
| <b>NET BOOK VALUE</b>           |                       |   |  |                   |                         |               |
| At 31 July 2015                 | 990                   | 350,806                                       | 18,301                                       | 5,959             | 118                     | 376,174       |
| At 31 July 2014                 | 990                   | 316,663                                       | 26,480                                       | 3,699             | 118                     | 347,950       |

### Consolidated and University

Buildings with a net book value of £249.5m (2014: £244.9m) and cost of £338.5m (2014: £325.6m) have been funded in part from Treasury sources. Should these particular buildings be sold, the University would either have to surrender that element of the proceeds equal to the grant aided proportion of the original cost to Department for Employment and Learning (DEL), or apply the proceeds in accordance with the Financial Memorandum with DEL.

# Notes to the Accounts

For the year ended 31 July 2015

## 12. TANGIBLE ASSETS (continued)

### Heritage Assets

Heritage Assets with an initial cost or value over £25,000 and acquired after 1 August 2007 are capitalised. In the last five years the University has acquired Heritage Assets of £118k relating to pieces of sculpture.

The University holds other Heritage Assets in its main library and throughout the general campus. The special collections service at Queen's provides access to the Library's rare and early printed book, map and manuscript collections, as well as to more modern material relating to Ireland and Ulster in particular. The books, pamphlets, manuscripts, correspondence, photographs and maps are considered to be of lasting research value and include examples of the earliest printed works published between the 16th and early 19th centuries. In order to preserve the material for future readers these collections are housed in a secure and environmentally controlled setting. The University also has an important collection of fine art, silver and sculpture, as well as a build environment which contains some of the best architecture in Ireland. The University has a Curator of Art who manages and develops the collection as well as developing an ambitious programme of educational work.

## 13. INVESTMENTS

|   | Consolidated   |               | University    |               |
|---|----------------|---------------|---------------|---------------|
|   | 2015<br>£000   | 2014<br>£000  | 2015<br>£000  | 2014<br>£000  |
| Investment in subsidiary and other companies (note 13 (i))    | -              | -             | 2,255         | 2,255         |
| Investment in CVCP Properties plc.                            | 50             | 50            | 50            | 50            |
| General Investment Fund (note 13 (iii))                       | 61,212         | 29,523        | 61,212        | 29,523        |
| Shares in University Investment Fund (note 14)                | 7,312          | 7,165         | 7,312         | 7,165         |
| Interests in group and associated undertakings (note 13 (iv)) | 641            | 7,528         | -             | -             |
| Other unlisted investments (note 13 (iv))                     | 345            | 510           | -             | -             |
| Listed investments (note 13 (iv))                             | 35,337         | -             | -             | -             |
|   | <u>104,897</u> | <u>44,776</u> | <u>70,829</u> | <u>38,993</u> |

The carrying value of investments is believed to be supported by their underlying net assets.

# Notes to the Accounts

For the year ended 31 July 2015

## 13. INVESTMENTS (continued)

### (i) Investments in subsidiaries

The University holds the entire share capital of the following limited companies which have been fully consolidated into the financial statements. The companies are all incorporated in Northern Ireland.

|                                      |   |
|--------------------------------------|---|
| QUBIS Limited                        | Technology transfer company which engages in the commercial exploitation of the academic and research activities of the University by establishing corporate ventures.  |
| Queen's Overseas Recruitment Limited | Promotion and funding of educational courses and the recruitment of students.   |
| Queen's Composites Limited           | Promotion of collaborative research in advanced composites.   |
| NIACE Limited                        | Ownership of the NIACE centre building which is a technology hub to support research in advanced engineering and materials technologies. The University owns and manages 70% of the company which commenced trading in 2012-13. |

### (ii) Investments in joint ventures

The University has interests in the following joint ventures:

|                                     |  |
|-------------------------------------|--|
| INTO Queen's LLP (50% holding)      | A Limited Partnership which was incorporated in April 2009 to recruit and provide education to international students. It is a joint venture between Queen's Overseas Recruitment Limited and INTO University Partnerships Limited, a company registered in England. It is based in Belfast. |
| NI Composites O&M LLP (50% holding) | A Limited Partnership which was incorporated in 2011 to promote collaborative research in advanced composites. It is a joint venture between Queen's Composites Limited and Innovation Ulster Limited. It is based in Belfast.   |

|                             | Consolidated   |                |
|-----------------------------|----------------|----------------|
|                             | 2015<br>£000   | 2014<br>£000   |
| Interest in joint ventures: |                |                |
| Net assets at 1 August      | (1,904)        | (1,688)        |
| Share of deficit retained   | (153)          | (216)          |
| Other adjustments           | -              | -              |
| Net assets at 31 July       | <u>(2,057)</u> | <u>(1,904)</u> |

# Notes to the Accounts

For the year ended 31 July 2015

## 13. INVESTMENTS (continued)

### (ii) Investments in joint ventures (continued)

The University had the following balances with its joint ventures at the year end:

|                                 | Consolidated and University |              |
|---------------------------------|-----------------------------|--------------|
|                                 | 2015<br>£000                | 2014<br>£000 |
| Amounts owed to the University: |                             |              |
| INTO Queen's LLP                | 1,770                       | 1,791        |
| NI Composites O&M LLP           | 194                         | 154          |
|                                 | <u>1,964</u>                | <u>1,945</u> |
| Amounts owed by the University: |                             |              |
| INTO Queen's LLP                | 400                         | 686          |
| NI Composites O&M LLP           | -                           | 21           |
|                                 | <u>400</u>                  | <u>707</u>   |

The balances all relate to ongoing trading activity.

### (iii) Investment in the General Investment Fund

|  | Consolidated and University |               |
|--|-----------------------------|---------------|
|  | 2015<br>£000                | 2014<br>£000  |
| UK equities and investment trusts (listed) at market value | 61,212                      | 29,523        |
| UK equities and investment trusts (listed) at cost         | <u>46,748</u>               | <u>16,748</u> |

# Notes to the Accounts

For the year ended 31 July 2015

## 13 INVESTMENTS (continued)

### (iv) Group and Associated Undertakings, Listed Investments and Other Unlisted Investments

|  | Consolidated                              |                                    |                            |
|--|---|------------------------------------|----------------------------|
|  | Group and Associated Undertakings<br>£000 | Other Unlisted Investments<br>£000 | Listed Investments<br>£000 |
| <b>COST OR VALUATION</b>                             |   |                                    |                            |
| At 1 August 2014                                     | 7,637                                     | 1,630                              | -                          |
| Opening balance adjustment                           | (30)                                      | -                                  | -                          |
| Transfers  | (7,063)                                   | 96                                 | 6,967                      |
| Additions  | 150                                       | 41                                 | -                          |
| Disposals  | (10)                                      | (28)                               | (10)                       |
| Net increase in unrealised appreciation              | 47  | (59)                               | 28,380                     |
| At 31 July 2015 (note 22)                            | <u>731</u>                                | <u>1,680</u>                       | <u>35,337</u>              |
| <b>PROVISIONS</b>                                    |   |                                    |                            |
| At 1 August 2014                                     | 109                                       | 1,120                              | -                          |
| Provided during the year                             | 7   | 243                                | -                          |
| Disposals  | (26)                                      | (28)                               | -                          |
| At 31 July 2015                                      | <u>90</u>                                 | <u>1,335</u>                       | <u>-</u>                   |
| <b>NET BOOK VALUE</b>                                |   |                                    |                            |
| At 31 July 2015                                      | <u>641</u>                                | <u>345</u>                         | <u>35,337</u>              |
| At 1 August 2014                                     | <u>7,528</u>                              | <u>510</u>                         | <u>-</u>                   |
| Cost or valuation at 31 July 2015 is represented by: |   |                                    |                            |
| Valuation  | 381                                       | 34                                 | 35,327                     |
| Cost   | 350                                       | 1,646                              | 10                         |
|  | <u>731</u>                                | <u>1,680</u>                       | <u>35,337</u>              |

The opening balance adjustment to cost or valuation was a final adjustment made to reduce the value of Group and Associated Undertakings held in a subsidiary company, after the University's Financial Statements were signed.



# Notes to the Accounts

For the year ended 31 July 2015

## 13 INVESTMENTS (continued)

The Group's listed investments, which are listed on the London Stock Exchange, are stated at market value. The listed investment which the Group holds is in Kainos Group PLC.

Details of the Group's interests in associated undertakings are set out below. Each company is incorporated in Northern Ireland and the investments relate to ordinary £1 shares:

|                                 | % of equity held | Latest Audited Accounts | Share of net assets £000 | Profit/(loss) for the year £000 | Principal Activity   |
|---------------------------------|------------------|-------------------------|--------------------------|---------------------------------|--|
| Acksen Limited                  | 24%              | 31-Jul-14               | 33                       | (12)                            | Supply of instruments for monitoring electromagnetic radiation |
| Marenco Limited                 | 28%              | 31-Dec-14               | 10                       | (48)                            | Marine and environmental consultancy services                  |
| Biocolor Limited                | 20%              | 31-Jul-14               | 214                      | 113                             | Supply and development of assay kits for tissue laboratories   |
| Lewis Fertility Testing Limited | 22%              | 30-Jun-15               | 33                       | (1)                             | Provision of infertility testing services                      |
| Titan IC Systems Limited        | 27%              | 30-Jun-15               | 48                       | 58                              | Development of semi-conductor technology                       |
| TruCorp Limited                 | 22%              | 31-Jul-14               | 155                      | 67                              | Development of medical simulators                              |
| Lamhroe Limited                 | 33%              | 30-Apr-14               | -                        | (82)                            | Development of microchips for communication and applications   |

In addition to the above the Group has shareholdings, of less than 20%, in twenty unlisted companies, all of which are incorporated in the United Kingdom.

# Notes to the Accounts

For the year ended 31 July 2015

## 14. ENDOWMENT ASSETS AND OTHER INVESTMENTS

The University Investment Fund is an investment fund operated on unit trust principles, and administered under the terms of the Queen's University (Trust Scheme) Order (Northern Ireland) 1982. The purpose of the Investment Fund is to provide an investment vehicle for the greater part of the University endowment funds and, in addition, the University itself holds investment units as a longer term investment funded from its general reserves.

The total movement in the value of the investments in the Investment Fund, and of the other assets held directly on behalf of individual endowments, is as follows:

|   | Consolidated & University |                          |                    |                    |
|---|---------------------------|--------------------------|--------------------|--------------------|
|   | Investment Fund<br>£000   | Other Endowments<br>£000 | 2015 Total<br>£000 | 2014 Total<br>£000 |
| At 1 August   | 53,222                    | 5,920                    | 59,142             | 55,919             |
| Additions   | 13,699                    | 117                      | 13,816             | 10,100             |
| Disposals   | (9,478)                   | -                        | (9,478)            | (7,425)            |
| (Depreciation)/Appreciation on disposals /revaluation | (2,757)                   | -                        | (2,757)            | 548                |
| At 31 July  | 54,686                    | 6,037                    | 60,723             | 59,142             |
| Balance at 31 July held on behalf of:                 |                           |                          |                    |                    |
| Endowments :  |                           |                          |                    |                    |
| Permanent   | 33,777                    | 2,809                    | 36,586             | 35,398             |
| Expendable  | 13,361                    | 3,228                    | 16,589             | 16,347             |
|   | 47,138                    | 6,037                    | 53,175             | 51,745             |
| Investment Fund (undistributed income)                | 236                       | -                        | 236                | 232                |
| Total endowments and other funds (note 20)            | 47,374                    | 6,037                    | 53,411             | 51,977             |
| University funds (note 13)                            | 7,312                     | -                        | 7,312              | 7,165              |
|   | 54,686                    | 6,037                    | 60,723             | 59,142             |

# Notes to the Accounts

For the year ended 31 July 2015

## 14. ENDOWMENT ASSETS AND OTHER INVESTMENTS (continued)

Consolidated & University

|  | Investment Fund<br>£000 | Other Endowments<br>£000 | 2015 Total<br>£000 | 2014 Total<br>£000 |
|--|-------------------------|--------------------------|--------------------|--------------------|
| Investments held at the year end comprise: |                         |                          |                    |                    |
| UK gilts and fixed interest stocks         | 6,358                   | -                        | 6,358              | 6,857              |
| UK equities (listed)                       | 24,641                  | -                        | 24,641             | 24,713             |
| Overseas investments (listed)              | 12,069                  | -                        | 12,069             | 9,839              |
| Total fixed interest stocks and equities   | 43,068                  | -                        | 43,068             | 41,409             |
| Land and property                          | 5,248                   | 210                      | 5,458              | 3,995              |
| Other investments                          | 4,473                   | 90                       | 4,563              | 4,406              |
| Bank balances                              | 1,897                   | 5,737                    | 7,634              | 9,332              |
| Total investments                          | 54,686                  | 6,037                    | 60,723             | 59,142             |
| Fixed interest stocks and equities at cost | 35,092                  | -                        | 35,092             | 30,724             |
| Land and property at cost                  | 5,182                   | 4                        | 5,186              | 3,986              |

# Notes to the Accounts

For the year ended 31 July 2015

## 15. DEBTORS

|                                      | Consolidated  |               | University    |               |
|--------------------------------------|---------------|---------------|---------------|---------------|
|                                      | 2015<br>£000  | 2014<br>£000  | 2015<br>£000  | 2014<br>£000  |
| Amounts falling due within one year: |               |               |               |               |
| Debtors for research services        | 2,943         | 4,719         | 2,943         | 4,719         |
| Other debtors                        | 7,818         | 9,243         | 7,261         | 9,113         |
| Prepayments and accrued income       | 21,553        | 16,325        | 21,552        | 16,074        |
| Due from subsidiaries:               |               |               |               |               |
| QUBIS Limited                        | -             | -             | 26,982        | -             |
| Queen's Overseas Recruitment Limited | -             | -             | 438           | 437           |
| Queen's Composites Limited           | -             | -             | 147           | 145           |
| NIACE Limited                        | -             | -             | 3             | 5             |
|                                      | <u>32,314</u> | <u>30,287</u> | <u>59,326</u> | <u>30,493</u> |

## 16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|  | Consolidated  |               | University    |               |
|--|---------------|---------------|---------------|---------------|
|  | 2015<br>£000  | 2014<br>£000  | 2015<br>£000  | 2014<br>£000  |
| Research funds received in advance         | 21,702        | 17,768        | 21,702        | 17,768        |
| Creditors                                  | 27,885        | 26,814        | 27,885        | 26,808        |
| Social security and other taxation payable | 4,126         | 3,881         | 4,126         | 3,881         |
| Accruals and deferred income               | 10,791        | 12,062        | 10,842        | 12,139        |
| Due to subsidiary, QUBIS Limited           | -             | -             | 451           | 742           |
| Bank loan                                  | 1,034         | 1,001         | 1,034         | 1,001         |
|  | <u>65,538</u> | <u>61,526</u> | <u>66,040</u> | <u>62,339</u> |

# Notes to the Accounts

For the year ended 31 July 2015

## 17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Consolidated and University

|  | 2015<br>£000  | 2014<br>£000  |
|--|---------------|---------------|
| Bank loan                              | 42,901        | 43,935        |
| Other long term creditors              | 428           | 428           |
|  | <u>43,329</u> | <u>44,363</u> |
| The bank loan is repayable as follows: |               |               |
| Between one and two years              | 1,111         | 1,034         |
| Between two and five years             | 3,664         | 3,498         |
| In five years or more                  | 38,126        | 39,403        |
|  | <u>42,901</u> | <u>43,935</u> |

The bank loan is at a fixed interest rate and is repayable by instalments.

## 18. PROVISIONS FOR LIABILITIES

Consolidated and University

|                         | At<br>1 August<br>2014<br>£000 | Additions/<br>(Release)<br>£000 | Expenditure<br>£000 | At<br>31 July<br>2015<br>£000 |
|-------------------------|--------------------------------|---------------------------------|---------------------|-------------------------------|
| Restructuring provision | 324                            | 9,700                           | (513)               | 9,511                         |
| Pension provision       | 675                            | -                               | -                   | 675                           |
|                         | <u>999</u>                     | <u>9,700</u>                    | <u>(513)</u>        | <u>10,186</u>                 |

The restructuring provision is in relation to the Voluntary Severance and Voluntary Early Retirement Scheme which was approved by Senate in April 2015.

# Notes to the Accounts

For the year ended 31 July 2015

## 19. DEFERRED CAPITAL GRANTS

|   | Consolidated   |  |                |
|---|----------------|--|----------------|
|   | DEL<br>£000    | Other<br>Grants and<br>Benefactors<br>£000 | Total<br>£000  |
| <b>BALANCE AT 1 AUGUST 2014</b>           |                |  |                |
| Buildings                                 | 248,351        | 88,741                                     | 337,092        |
| Equipment                                 | 2,064          | 1,603                                      | 3,667          |
| Heritage Assets                           | 117            | -  | 117            |
| Total                                     | <u>250,532</u> | <u>90,344</u>                              | <u>340,876</u> |
| <b>CASH RECEIVED</b>                      |                |  |                |
| Buildings                                 | 29,313         | 6,921                                      | 36,234         |
| Equipment                                 | 4,163          | 4,411                                      | 8,574          |
| Total                                     | <u>33,476</u>  | <u>11,332</u>                              | <u>44,808</u>  |
| <b>RELEASED TO INCOME AND EXPENDITURE</b> |                |  |                |
| Buildings (notes 1, 3 & 4)                | 7,937          | 2,694                                      | 10,631         |
| Equipment (notes 1, 3 & 4)                | 2,245          | 1,416                                      | 3,661          |
| Total                                     | <u>10,182</u>  | <u>4,110</u>                               | <u>14,292</u>  |
| <b>BALANCE AT 31 JULY 2015</b>            |                |  |                |
| Buildings                                 | 269,727        | 92,968                                     | 362,695        |
| Equipment                                 | 3,982          | 4,598                                      | 8,580          |
| Heritage Assets                           | 117            | -  | 117            |
| Total                                     | <u>273,826</u> | <u>97,566</u>                              | <u>371,392</u> |

Cash received includes £16.5m (2014: £15.9m) of Recurrent Government Grant which has been deferred.

DEL - Department for Employment and Learning

# Notes to the Accounts

For the year ended 31 July 2015

## 19. DEFERRED CAPITAL GRANTS (continued)

|   | University     |                              |                |
|---|----------------|------------------------------|----------------|
|   | DEL            | Other Grants and Benefactors | Total          |
|   | £000           | £000                         | £000           |
| <b>BALANCE AT 1 AUGUST 2014</b>           |                |                              |                |
| Buildings                                 | 248,351        | 83,274                       | 331,625        |
| Equipment                                 | 2,064          | 1,364                        | 3,428          |
| Heritage Assets                           | 117            | -                            | 117            |
| <b>Total</b>                              | <b>250,532</b> | <b>84,638</b>                | <b>335,170</b> |
| <b>CASH RECEIVED</b>                      |                |                              |                |
| Buildings                                 | 29,313         | 6,921                        | 36,234         |
| Equipment                                 | 4,163          | 4,411                        | 8,574          |
| <b>Total</b>                              | <b>33,476</b>  | <b>11,332</b>                | <b>44,808</b>  |
| <b>RELEASED TO INCOME AND EXPENDITURE</b> |                |                              |                |
| Buildings                                 | 7,937          | 2,544                        | 10,481         |
| Equipment                                 | 2,245          | 1,416                        | 3,661          |
| <b>Total</b>                              | <b>10,182</b>  | <b>3,960</b>                 | <b>14,142</b>  |
| <b>BALANCE AT 31 JULY 2015</b>            |                |                              |                |
| Buildings                                 | 269,727        | 87,651                       | 357,378        |
| Equipment                                 | 3,982          | 4,359                        | 8,341          |
| Heritage Assets                           | 117            | -                            | 117            |
| <b>Total</b>                              | <b>273,826</b> | <b>92,010</b>                | <b>365,836</b> |

Cash received includes £16.5m (2014: £15.9m) of Recurrent Government Grant which has been deferred.

# Notes to the Accounts

For the year ended 31 July 2015

## 20. ENDOWMENTS AND OTHER FUNDS

Consolidated and University

|   | Unrestricted Permanent | Restricted Permanent | Total Permanent | Restricted Expendable | Undistributed Investment Fund Income | 2015 Total    | 2014 Total    |
|---|------------------------|----------------------|-----------------|-----------------------|--------------------------------------|---------------|---------------|
|   | £000                   | £000                 | £000            | £000                  | £000                                 | £000          | £000          |
| Balance at 1 August                         |                        |                      |                 |                       |                                      |               |               |
| Capital value                               | 2,456                  | 31,564               | 34,020          | 15,262                | -                                    | 49,282        | 46,301        |
| Accumulated income                          | -                      | 1,378                | 1,378           | 1,085                 | 232                                  | 2,695         | 2,541         |
|   | <u>2,456</u>           | <u>32,942</u>        | <u>35,398</u>   | <u>16,347</u>         | <u>232</u>                           | <u>51,977</u> | <u>48,842</u> |
| Income for the year                         | 59                     | 1,239                | 1,298           | 1,065                 | -                                    | 2,363         | 1,900         |
| Expenditure for the year                    | (59)                   | (808)                | (867)           | (684)                 | -                                    | (1,551)       | (1,361)       |
| Surplus retained                            | -                      | 431                  | 431             | 381                   | -                                    | 812           | 539           |
| Transfers to research and other funds       | -                      | (63)                 | (63)            | (2)                   | -                                    | (65)          | (30)          |
| Endowment additions / (disposals)           | -                      | 191                  | 191             | (376)                 | 4                                    | (181)         | 2,073         |
| Appreciation of endowment asset investments | 35                     | 594                  | 629             | 239                   | -                                    | 868           | 553           |
| At 31 July (note 14)                        | <u>2,491</u>           | <u>34,095</u>        | <u>36,586</u>   | <u>16,589</u>         | <u>236</u>                           | <u>53,411</u> | <u>51,977</u> |
| Represented by:                             |                        |                      |                 |                       |                                      |               |               |
| Capital value                               | 2,491                  | 32,640               | 35,131          | 15,198                | -                                    | 50,329        | 49,282        |
| Accumulated income                          | -                      | 1,455                | 1,455           | 1,391                 | 236                                  | 3,082         | 2,695         |
|   | <u>2,491</u>           | <u>34,095</u>        | <u>36,586</u>   | <u>16,589</u>         | <u>236</u>                           | <u>53,411</u> | <u>51,977</u> |



# Notes to the Accounts

For the year ended 31 July 2015

## 20. ENDOWMENTS AND OTHER FUNDS (continued)

Endowment funds are grouped for specific purposes as follows:

Chairs and lectureships

Scholarship, studentship, medal and prize funds

Research, directorate, school or faculty use

Public lectures

Travel

Student amenities and associated objects

Student assistance

Other restricted funds

General funds

Total endowments

Being:

Permanent endowments

Restricted expendable endowments

Consolidated and University

|  | 2015<br>£000  | 2014<br>£000  |
|--|---------------|---------------|
|  | 7,112         | 6,969         |
|  | 11,706        | 11,186        |
|  | 25,085        | 24,729        |
|  | 1,799         | 1,583         |
|  | 225           | 216           |
|  | 1,717         | 1,657         |
|  | 1,444         | 1,415         |
|  | 1,597         | 1,535         |
|  | 2,490         | 2,455         |
|  | <u>53,175</u> | <u>51,745</u> |
|  |               |               |
|  | 36,586        | 35,398        |
|  | 16,589        | 16,347        |
|  | <u>53,175</u> | <u>51,745</u> |

## 21. RESERVES

Balance at 1 August 2014

Surplus for the year

Transfer from revaluation reserve

Actuarial loss - RBP pension scheme

Balance at 31 July 2015

Consolidated University

|  | 2015<br>£000   | 2015<br>£000   |
|--|----------------|----------------|
|  | 98,718         | 101,920        |
|  | 40,601         | 40,457         |
|  | 3,664          | -              |
|  | (16,166)       | (16,166)       |
|  | <u>126,817</u> | <u>126,211</u> |

# Notes to the Accounts

For the year ended 31 July 2015

## 21. RESERVES (continued)

|                         | Consolidated   | University     |
|-------------------------|----------------|----------------|
|                         | 2015<br>£000   | 2015<br>£000   |
| Analysis of reserves    |                |                |
| Capital reserves        | 79,445         | 79,445         |
| Departmental reserves   | 37,694         | 37,694         |
| Other reserves          | 75,530         | 74,924         |
|                         | <u>192,669</u> | <u>192,063</u> |
| Pension reserve         | (65,852)       | (65,852)       |
| Balance at 31 July 2015 | <u>126,817</u> | <u>126,211</u> |

## 22. REVALUATION RESERVE

|                              | Consolidated   |  |                                       |                       |                       |
|------------------------------|--|--|---------------------------------------|-----------------------|-----------------------|
|                              | Associated<br>Undertakings,<br>Listed and<br>Unlisted<br>Investments<br>£000 | University<br>Investment<br>Fund<br>£000 | General<br>Investment<br>Fund<br>£000 | Total<br>2015<br>£000 | Total<br>2014<br>£000 |
| Market value (notes 13 & 14) | 38,306   | 7,312                                    | 61,212                                | 106,830               | 46,148                |
| Cost                         | (2,005)  | (2,629)                                  | (46,748)                              | (51,382)              | (20,964)              |
| Revaluation surplus          | <u>36,301</u>  | <u>4,683</u>                             | <u>14,464</u>                         | <u>55,448</u>         | <u>25,184</u>         |
| At 1 August 2014             | 7,873  | 4,536                                    | 12,775                                | 25,184                | 22,169                |
| Opening balance adjustment   | (30)   | -  | -                                     | (30)                  | -                     |
| Transfer to reserves         | (3,664)  | -  | -                                     | (3,664)               | (1,392)               |
| Revaluation in the year      | <u>32,122</u>  | <u>147</u>                               | <u>1,689</u>                          | <u>33,958</u>         | <u>4,407</u>          |
| At 31 July 2015              | <u>36,301</u>  | <u>4,683</u>                             | <u>14,464</u>                         | <u>55,448</u>         | <u>25,184</u>         |

The opening revaluation reserve as at 1 August 2014 includes a final adjustment made to reduce the value of Associated Undertakings, Listed and Unlisted investments held in a subsidiary company.

# Notes to the Accounts

For the year ended 31 July 2015

## 22. REVALUATION RESERVE (continued)

|                              | University                         |                                 |                    |                    |
|------------------------------|------------------------------------|---------------------------------|--------------------|--------------------|
|                              | University Investment Fund<br>£000 | General Investment Fund<br>£000 | Total 2015<br>£000 | Total 2014<br>£000 |
| Market value (notes 13 & 14) | 7,312                              | 61,212                          | 68,524             | 36,688             |
| Cost                         | (2,629)                            | (46,748)                        | (49,377)           | (19,377)           |
| Revaluation surplus          | <u>4,683</u>                       | <u>14,464</u>                   | <u>19,147</u>      | <u>17,311</u>      |
| At 1 August 2014             | 4,536                              | 12,775                          | 17,311             | 15,852             |
| Revaluation in the year      | 147                                | 1,689                           | 1,836              | 1,459              |
| At 31 July 2015              | <u>4,683</u>                       | <u>14,464</u>                   | <u>19,147</u>      | <u>17,311</u>      |

## 23. CAPITAL COMMITMENTS

|  | Consolidated and University |                |
|--|-----------------------------|----------------|
|  | 2015<br>£000                | 2014<br>£000   |
| Commitments contracted at 31 July        | 36,410                      | 53,515         |
| Authorised but not contracted at 31 July | 206,444                     | 245,591        |
|  | <u>242,854</u>              | <u>299,106</u> |

## 24. CONTINGENT LIABILITIES

The University has entered into a limited partnership agreement with Crescent Capital III LLP. The terms of this agreement have resulted in the University having a financial commitment to provide future finance of up to £1m in the Crescent Capital III Fund. As at 31 July 2015 funding of £200k had been provided to Crescent Capital III LLP.

A contingent liability exists in relation to the USS pension valuation recovery plan, since the University is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the University is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of the reimbursement of the University's expenditure is similarly not recognised. Further details of the USS pension scheme are given in Note 26.

# Notes to the Accounts

For the year ended 31 July 2015

## 25. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

|   | 2015<br>£000  | 2014<br>£000  |
|---|---------------|---------------|
| <b>(i) Reconciliation of the operating surplus to the net cash inflow from operating activities</b> |               |               |
| Operating surplus   | 40,601        | 14,110        |
| Movement on RBP pension and liability   | (200)         | 61            |
| Transfer to endowment reserves  | 812           | 539           |
| Share of joint venture's deficit (note 13)  | 153           | 216           |
| Depreciation (note 12)  | 15,698        | 13,914        |
| Deferred capital grants released (note 19)  | (14,292)      | (12,475)      |
| Investment income (note 5)  | (5,308)       | (6,496)       |
| (Profit)/loss on sale of endowment assets   | (904)         | 1,710         |
| (Profit)/loss on sale of fixed assets   | (499)         | 25            |
| (Profit) on sale of fixed asset investments   | (23,350)      | -             |
| Interest payable (note 8)   | 2,431         | 3,567         |
| Provision against investments   | 249           | 420           |
| (Increase)/decrease in stocks   | (61)          | 37            |
| Increase in debtors   | (2,027)       | (1,862)       |
| Increase in creditors   | 3,978         | 6,324         |
| (Decrease)/increase in endowment bank balance (see note 25 vi)                                      | (1,698)       | 3,900         |
| Increase in provisions for liabilities  | 9,700         | 675           |
| Net cash inflow from operating activities   | <u>25,283</u> | <u>24,665</u> |
| <b>(ii) Return on investments and servicing of finance</b>  |               |               |
| Income from endowments (note 20)  | 2,363         | 1,900         |
| Income from short term investments (note 5)   | 3,056         | 3,409         |
| Endowment income transferred to research and other funds (note 20)                                  | (65)          | (30)          |
| Interest paid (note 8)  | (2,431)       | (3,567)       |
|   | <u>2,923</u>  | <u>1,712</u>  |

# Notes to the Accounts

For the year ended 31 July 2015

## 25. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

|   | 2015<br>£000 | 2014<br>£000 |
|---|--------------|--------------|
| <b>(iii) Capital expenditure and financial investment</b> |              |              |
| Tangible assets acquired (note 12)                        | (43,772)     | (33,108)     |
| Subsidiary investments acquired                           | (192)        | (375)        |
| Fixed asset investments acquired                          | (30,000)     | -            |
| Endowment asset investments acquired (note 14)            | (13,816)     | (10,100)     |
| Total fixed and endowment asset investment acquired       | (87,780)     | (43,583)     |
| Receipts from sales of endowment assets                   | 10,382       | 5,715        |
| Receipts from sale of fixed assets                        | 499          | 18           |
| Receipts from sale of subsidiary's investments            | 26,988       | 2,601        |
| Deferred capital grants received (note 19)                | 44,808       | 46,036       |
| Payment of provisions for liabilities and charges         | (513)        | (376)        |
| Other investments/endowments                              | 3,773        | 93           |
| Endowments (disposals)/receipts (note 20)                 | (181)        | 2,073        |
|   | (2,024)      | 12,577       |
| <b>(iv) Financing</b>                                     |              |              |
| Bank and Other Loans:                                     |              |              |
| New loans   | -            | -            |
| Repayments of amounts borrowed                            | (1,001)      | (953)        |
| Balance at 31 July  | (1,001)      | (953)        |
| <b>(v) Management of liquid resources</b>                 |              |              |
| Decrease /(increase) in short term deposits               | 2,316        | (37,264)     |
|   | 2,316        | (37,264)     |

# Notes to the Accounts

For the year ended 31 July 2015

## 25. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

| (vi) Analysis of changes in net funds | At<br>1 August<br>2014<br>£000 | Cash<br>Flows<br>£000 | At<br>31 July<br>2015<br>£000 |
|---------------------------------------|--------------------------------|-----------------------|-------------------------------|
| Cash at bank and in hand:             |                                |                       |                               |
| Endowment assets (note 14)            | 9,332                          | (1,698)               | 7,634                         |
| Other                                 | 6,845                          | 29,195                | 36,040                        |
|                                       | 16,177                         | 27,497                | 43,674                        |
| Short term deposits                   | 187,489                        | (2,316)               | 185,173                       |
| Debt due within one year (note 16)    | (1,001)                        | (33)                  | (1,034)                       |
| Debt due after one year (note 17)     | (44,363)                       | 1,034                 | (43,329)                      |
|                                       | 158,302                        | 26,182                | 184,484                       |

## 26. PENSION LIABILITY

### Defined Benefit Schemes

The University participates in two separate defined benefit occupational schemes, each of which is valued triennially by professionally qualified actuaries. The schemes are the Universities Superannuation Scheme (USS) for academic and academic-related staff, in which all UK universities participate, and the Retirement Benefits Plan of the Queen's University of Belfast (RBP) for non-academic staff. The assets of the schemes are held in trustee-administered funds, and the rates of contribution payable are determined by the trustees on the advice of the actuaries. The pension costs are assessed using the projected unit method.

#### (i) Universities Superannuation Scheme (USS) - unaudited

The University participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The University is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the University's employees. In 2015, the percentage was 16% (2014: 16%). The University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme.

The total cost charged to the profit and loss account is £16,305k (2014: £15,483k) as shown in note 6. This includes £1,597k (2014: £1,405k) outstanding contributions at the balance sheet date. The disclosures below represent the position from the Scheme's Financial statements.

# Notes to the Accounts

For the year ended 31 July 2015

## 26. PENSION LIABILITY (continued)

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016.

The 2014 valuation was the third valuation for USS under the scheme specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

FRS 17 liability numbers have been produced for the using the following assumptions:

|                           | 2015                                      | 2014 |
|---------------------------|---|------|
| Discount rate             | 3.3%                                      | 4.5% |
| Pensionable salary growth | 3.5 % in the first year and 4% thereafter | 4.4% |
| Price inflation (CPI)     | 2.2%                                      | 2.6% |

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality S1NA ["light"] YoB tables – no age rating  
 Female members' mortality S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females.

The current life expectancies on retirement at age 65 are:

|                                   | 2015 years | 2014 years |
|-----------------------------------|------------|------------|
| Males currently aged 65 (years)   | 24.2       | 23.7       |
| Females currently aged 65 (years) | 26.3       | 25.6       |
| Males currently aged 45 (years)   | 26.2       | 25.5       |
| Females currently aged 45 (years) | 28.6       | 27.6       |

Existing Benefits:

|                   | 2015    | 2014    |
|-------------------|---------|---------|
| Scheme Assets     | £49.0bn | £41.6bn |
| FRS liabilities   | £67.6bn | £55.5bn |
| FRS deficit       | £18.6bn | £13.9bn |
| FRS funding level | 72.0%   | 75.0%   |

# Notes to the Accounts

For the year ended 31 July 2015

## 26. PENSION LIABILITY (continued)

### (ii) Retirement Benefits Plan (RBP)

The latest actuarial valuation of the RBP, for which results are available, was carried out at 31 March 2014 by a qualified independent actuary. The valuation has been projected forward as at 31 July 2015.

The major assumptions used by the actuary for the purposes of these accounts are:

|                                    | 2015<br>% | 2014<br>% |
|------------------------------------|-----------|-----------|
| Pay increase                       | 3.70%     | 3.70%     |
| Pension increase                   | 2.40%     | 2.40%     |
| Pension increase rate in deferment | 2.40%     | 2.40%     |
| Discount rate                      | 3.60%     | 4.20%     |
| Inflation assumption               | 2.40%     | 2.40%     |

The weighted average life expectancies on retirement at age 65 used to determine benefit obligations are:

|  | 2015<br>Years | 2014<br>Years |
|--|---------------|---------------|
| Member age 65 (current life expectancy) male | 22.0          | 22.1          |
| female                                       | 23.9          | 24.6          |
| Member age 40 (life expectancy at 65) male   | 24.2          | 24.3          |
| female                                       | 26.3          | 26.8          |

The split of assets in the scheme and the expected rate of return were:

|                              | 31 July 2015              |  | 31 July 2014              |  | 31 July 2013              |  |
|------------------------------|---------------------------|--|---------------------------|--|---------------------------|--|
|                              | %<br>of<br>Plan<br>Assets | Expected<br>long-<br>term<br>rate of<br>return | %<br>of<br>Plan<br>Assets | Expected<br>long-<br>term<br>rate of<br>return | %<br>of<br>Plan<br>Assets |  |
| Equities                     | 61.16%                    | 6.60%  | 61.19%                    | 6.50%  | 62.30%                    |  |
| Bonds & Gilts                | 26.61%                    | 3.10%  | 26.03%                    | 3.60%  | 29.40%                    |  |
| Corporate bonds              | 4.92%                     | 4.10%  | 5.02%                     | -  | -                         |  |
| Property                     | 6.95%                     | 6.00%  | 6.98%                     | 0.00%  | -                         |  |
| Cash and other               | 0.36%                     | 3.10%  | 0.78%                     | 0.50%  | 8.30%                     |  |
| Total market value of assets | 100.00%                   | <b>5.49%</b>                                   | 100.00%                   | <b>5.15%</b>                                   | 100.00%                   |  |

From 1 January 2015 a new UK GAAP accounting standard issued by the UK Financial Reporting Council (FRC) will replace the current accounting practices outlined in FRS17. One of the key changes is the pension net interest income/expense will be determined by applying the discount rate assumption to the net balance sheet pension liability at the beginning of the period. As a result the expected rate of return of each class of pension asset is no longer applicable.



# Notes to the Accounts

For the year ended 31 July 2015

## 26 . PENSION LIABILITY (continued)

|  | 2015<br>£000    | 2014<br>£000    |
|--|-----------------|-----------------|
| <b>(i) Analysis of the amount charged to staff costs within operating surplus</b>                    |                 |                 |
| Service cost   | 4,754           | 3,787           |
| Past service cost  | -               | -               |
| Total pension cost (note 6)  | <u>4,754</u>    | <u>3,787</u>    |
| <b>(ii) Analysis of net return on pension scheme charged to interest payable</b>                     |                 |                 |
| Expected return on pension scheme assets   | 7,886           | 7,074           |
| Interest on pension liabilities  | (8,098)         | (8,385)         |
| Net charge   | <u>(212)</u>    | <u>(1,311)</u>  |
| <b>(iii) Analysis of amount recognised in Statement of Total Recognised Gains and Losses (STRGL)</b> |                 |                 |
| Actuarial (loss)/gain recognised in STRGL  | (16,166)        | 111             |
| Cumulative amount of actuarial losses recognised   | (80,038)        | (63,872)        |
| Actual return on scheme assets   | <u>13,747</u>   | <u>6,126</u>    |
| <b>(iv) Movement in deficit during the year</b>  |                 |                 |
| Deficit in scheme at 1 August  | (49,887)        | (49,937)        |
| Movement in the year:  |                 |                 |
| Current service cost   | (4,754)         | (3,787)         |
| Contributions  | 5,167           | 5,037           |
| Other finance costs  | (212)           | (1,311)         |
| Actuarial (loss)/gain  | (16,166)        | 111             |
| Deficit in scheme at 31 July   | <u>(65,852)</u> | <u>(49,887)</u> |

The valuation at 31 July 2015 showed an increase in the deficit from £49.887m to £65.852m.

# Notes to the Accounts

For the year ended 31 July 2015

## 26. PENSION LIABILITY (continued)

### (v) Analysis of the movement in the present value of the benefit obligation

|                                  | 2015<br>£000 | 2014<br>£000 |
|----------------------------------|--------------|--------------|
| Benefit obligation at 1 August   | 192,968      | 187,407      |
| Current service cost             | 4,754        | 3,787        |
| Interest cost                    | 8,098        | 8,385        |
| Plan participants' contributions | 34           | 56           |
| Actuarial loss/(gain)            | 22,027       | (1,059)      |
| Benefits paid                    | (5,650)      | (5,608)      |
| Benefit obligation at 31 July    | 222,231      | 192,968      |

### (vi) Analysis of the movement in the market value of the scheme assets

|                                      | 2015<br>£000 | 2014<br>£000 |
|--------------------------------------|--------------|--------------|
| Value of assets at 1 August          | 143,081      | 137,470      |
| Expected return on plan assets       | 7,886        | 7,074        |
| Actuarial gain/(loss) on plan assets | 5,861        | (948)        |
| Employer contributions               | 5,167        | 5,037        |
| Member contributions                 | 34           | 56           |
| Benefits paid from plan              | (5,650)      | (5,608)      |
| Value of assets at 31 July           | 156,379      | 143,081      |

### (vii) History of experience; gains and losses

|  | 2015<br>£000 | 2014<br>£000 | 2013<br>£000 | 2012<br>£000 | 2011<br>£000 |
|--|--------------|--------------|--------------|--------------|--------------|
| Difference between expected and actual return on scheme assets | 5,861        | (948)        | 10,343       | (2,918)      | 6,061        |
| Percentage of scheme assets                                    | 4%           | -1%          | 8%           | -2%          | 5%           |
| Experienced gains and losses on scheme liabilities             | (767)        | (293)        | (626)        | (3,472)      | 891          |
| Percentage of present values of plan liabilities               | 0%           | 0%           | 0%           | -1%          | 1%           |
| Total amount recognised in STRGL                               | (16,166)     | 111          | (3,206)      | (18,767)     | (8,663)      |
| Percentage of scheme assets                                    | -11%         | 0%           | -2%          | -15%         | -8%          |

The contributions expected to be paid during 2015-16 are £5.1m. The contribution rates are 9% for employees and 19% for employers.

# Notes to the Accounts

For the year ended 31 July 2015

## 27. STUDENT SUPPORT FUNDS

|  | 2015<br>£000 | 2014<br>£000 |
|--|--------------|--------------|
| Department for Employment and Learning | 1,351        | 1,349        |
| Interest received                      | 5            | 8            |
| University contribution                | 118          | 85           |
|  | <u>1,474</u> | <u>1,442</u> |
| Disbursed to students                  | (1,478)      | (1,440)      |
| (Over)/underspend in the year          | (4)          | 2            |
| Opening balance as at 1 August         | 302          | 300          |
| Closing balance as at 31 July          | <u>298</u>   | <u>302</u>   |

## 28. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The University is aware of the availability of derivatives and other financial instruments and their potential use in the mitigation of financial risk (including interest rate risk and exchange rate risk). Given the nature of its funding arrangements and its limited external borrowings (see notes 16 and 17), the University considers that no material risk currently exists under the above headings and it makes no use of derivatives and complex financial instruments.

## 29. POST BALANCE SHEET EVENTS

There were no material post balance sheet events up to the date of signature of these financial statements.

## 30. DISCLOSURE OF RELATED PARTY TRANSACTIONS

During the year ended 31 July 2015 the University had transactions with a number of organisations which fell within the definition of Related Parties under Financial Reporting Standard 8 'Related Party Disclosures'. Transactions are disclosed where members of Senate and other senior members of staff disclose an interest in a body with which the University undertakes transactions which are considered material to the University's financial statements and/or the other party.

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

# Notes to the Accounts

For the year ended 31 July 2015

## 30. DISCLOSURE OF RELATED PARTY TRANSACTIONS (continued)

Included in the Consolidated Income and Expenditure account are the following transactions, with a value greater than £5k, with related parties:

|   | Income<br>£000 | Expenditure<br>£000 |
|---|----------------|---------------------|
| Northern Ireland Science Park (Holdings) Limited  | 8              | 3                   |
| CBI - Confederation of British Industry           | -              | 9                   |
| Almac Diagnostics Limited                         | 14             | 333                 |
| Medical Research Council                          | 2,947          | 70                  |
| NIE Energy  | -              | 86                  |
| University of Edinburgh                           | -              | 95                  |
| Belfast University and College Union              | -              | 14                  |
| Northern Ireland Chamber of Commerce and Industry | 1              | 7                   |
| Belfast Health and Social Care Trust              | 344            | 3,591               |
| Barclays Bank PLC                                 | -              | 2,220               |
| Kainos Limited                                    | 250            | 10                  |
| Queen's INTO LLP                                  | 1,324          | 66                  |
| NI Composites O&M LLP                             | -              | 118                 |
| Economic and Social Research Council              | 2,112          | 5                   |
| Technology Strategy Board                         | 369            | -                   |
| Grand Opera House (Theatre) Limited               | 12             | -                   |
| Grand Opera House (Trust) Limited                 | -              | 40                  |
| Committee on the Administration of Justice        | -              | 18                  |
| Dantes Foodservice Limited                        | -              | 19                  |
| United Dairy Farmers/Dale Farm Limited            | 6              | -                   |
| Fusion Antibodies Limited                         | 2              | 12                  |
| Anderson Spratt Group                             | -              | 323                 |

# Notes to the Accounts

For the year ended 31 July 2015

## 30. DISCLOSURE OR RELATED PARTY TRANSACTIONS (continued)

In addition to the amounts noted, the University received income of £5,165k from the Belfast Health and Social Care Trust in relation to the Trust's element of clinical joint appointment posts which are commissioned by the Department of Health, Social Services and Public Safety.

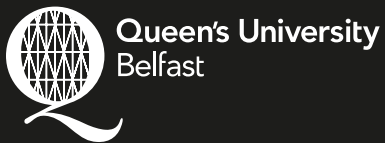
In 2014-15 the University also paid £1,001k to Barclays Bank Plc in respect of the capital element of loan repayments for which the related interest payments are noted above. As at 31 July 2015, the University also had £50m on short term deposit with Barclays Bank Plc.

The University received disbursements of £14,088k from the Queen's University of Belfast Foundation Limited in respect of capital and revenue items. The Queen's University of Belfast Foundation Limited is a linked charity to the University, further information is included in the operating and financial review.

The University has taken advantage of the exemptions contained in FRS 8 'Related Party Transactions' not to disclose transactions with subsidiaries as all of the voting rights are controlled within the Group.







WE ARE QUEEN'S UNIVERSITY BELFAST  
*We are exceptional*

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