

# DIRECTORS' REPORT AND CONSOLIDATED ACCOUNTS

For the year ended

31 July 2019



UCAS



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31 JULY 2019

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# LEGAL AND ADMINISTRATIVE INFORMATION

FOR THE YEAR ENDED  
31 JULY 2019



## BOARD STRUCTURE

<b>CHAIR</b>	Professor Sir Steve Smith	(resigned 31 August 2019)
	Professor Koen Lamberts	(appointed 01 September 2019)
<b>DIRECTORS</b>	Dr David Ashton	
	Mr Rob Behrens CBE	(resigned 10 March 2019)
	Professor Joy Carter CBE DL	
	Mr Thomas Chambers	
	Professor Bob Cryan CBE	(resigned 20 September 2018)
	Professor Sir Ian Diamond	(resigned 31 December 2018)
	Mr Mark Felix	(appointed 01 September 2019)
	Mr Andrew Forbes	
	Ms Caroline Hoddinott	(appointed 01 September 2019)
	Professor Sally Mapstone	(appointed 31 December 2018)
	Mr Thomas Newman	(appointed 07 March 2019)
	Professor Edward Peck	(appointed 20 September 2018)
	Mr Gerry Pennell OBE	
	Professor Malcolm Press	(appointed 01 September 2019)
	Professor Colin Riordan	(resigned 29 April 2019)
Professor Karen Stanton	(resigned 31 August 2019)	
Mrs Sian Thornhill	(resigned 31 August 2019)	
Professor Elizabeth Treasure	(appointed 29 April 2019)	
<b>COMPANY SECRETARY</b>	Mrs Tessa Yates	(appointed 02 July 2019)
	Ms Danya Young	(resigned 25 June 2019)
<b>EXECUTIVE TEAM</b>	Mrs Clare Marchant	Chief Executive
	Mr Kevin Allison	Director of Finance and Corporate Services
	Dr David Best	Director of Analysis and Insights
	Mrs Elaine Chandler	Head of Human Resources
	Mr Andrew Irving	Interim Director of Technology (resigned 31 December 2018)
	Ms Fiona Johnston	Interim Director of Operations (resigned 02 October 2019) Director of Operations (appointed 03 October 2019)
	Mr Sander Kristel	Executive Director, UCAS Media
	Mr Aaron Powell	Chief Technology Officer (appointed 01 January 2019)
	Ms Helen Thorne MBE	Director of External Relations



## REGISTERED OFFICE

Rosehill  
New Barn Lane  
Cheltenham  
Gloucestershire  
GL52 3LZ

## AUDITORS

### External auditor

RSM UK Audit LLP  
Hartwell House  
55 – 61 Victoria Street  
Bristol  
BS1 6AD

### Internal auditor

PricewaterhouseCoopers LLP  
2 Glass Wharf  
Bristol  
BS2 0FR

## BANKERS

Barclays Business Banking  
Britannia Warehouse  
The Docks  
Gloucester  
GL1 2EH

## SOLICITORS

Wiggin LLP  
Jessop House  
Jessop Avenue  
Cheltenham  
Gloucestershire  
GL50 3WG

## ACTUARY

Little and Company Actuaries and Consultants Ltd  
i2 Office  
450 Brook Drive  
Green Park  
Reading  
RG2 6UU

## INVESTMENT MANAGERS

Rathbone Greenbank Investments  
8 Finsbury Circus  
London  
EC2M 7AZ





# REPORT OF THE DIRECTORS

FOR THE YEAR ENDED  
31 JULY 2019







The Directors of The Universities and Colleges Admissions Service, also known as UCAS (the 'Charity'), who are also Trustees of the Charity, are responsible for the financial and organisational control and management of UCAS.

The Directors present their report for the year ended 31 July 2019. This report is deemed to encompass all matters which are required to be included in both the Strategic and Directors' Reports of the Charity.

## GOVERNANCE, ORGANISATIONAL STRUCTURE, AND MANAGEMENT

UCAS was incorporated on 27 July 1993. It is a private company limited by guarantee, without share capital. It is registered as a company in England (number 2839815), as a charity in England and Wales (number 1024741), and as a cross-border charity in Scotland (number SC038598). Its governing document is the Articles of Association (the 'Articles'). UCAS is also a registered trademark.

UCAS is governed by a Board of thirteen Directors (the 'Board'), which usually meets five times a year to discharge its duties. It delegates to UCAS' Executive Team such powers as are necessary for the day-to-day management of the Charity. The Board adopts the Charity Governance Code.

The Board is supported by four subcommittees (the Finance, Audit, Remuneration, and Nominations Committees). They meet regularly to carry out responsibilities delegated by the Board.

The Board also receives advice from the UCAS Council, an advisory body comprising around 30 members, that represents the interests of UCAS' customers, and other key stakeholders. The role of the UCAS Council is to challenge and inform the work of the Board, give feedback to the Board on UCAS' performance, and inform the strategic direction of UCAS.

The 'Matters Reserved for the Board', 'Terms of Reference' for the subcommittees and UCAS Council, and details of UCAS Council members, are published on [ucas.com](https://ucas.com).

## SUBCOMMITTEE MEMBERSHIP DURING 2018/19 WAS:

### Audit Committee:

- > Professor Sir Ian Diamond (Chair) (resigned 31 December 2018)
- > Dr David Ashton (Chair) (appointed 31 December 2018)
- > Mr Rob Behrens CBE (resigned 10 March 2019)
- > Ms Caroline Hoddinott (appointed 01 September 2019)
- > Dr Jim McGeorge\*
- > Ms Sarah Randall-Paley\*
- > Professor Malcolm Press (appointed 01 September 2019)
- > Mrs Sian Thornhill (resigned 31 August 2019)

### Finance Committee:

- > Mr Thomas Chambers (Chair)
- > Dr David Ashton (resigned 31 December 2018)
- > Professor Joy Carter CBE DL
- > Ms Joanne Jones\*
- > Mr Thomas Newman (appointed 08 March 2019)
- > Ms Liz Rylatt\* (appointed 01 May 2019)
- > Professor Elizabeth Treasure\* (resigned 30 April 2019) (\*Co-opted Committee member)

### Nominations Committee:

- > Professor Sir Steve Smith (Chair) (resigned 31 August 2019)
- > Professor Koen Lamberts (Chair) (appointed 01 September 2019)
- > Professor Joy Carter CBE DL (resigned 08 March 2019)
- > Professor Sir Ian Diamond (resigned 31 December 2018)
- > Mr Andrew Forbes
- > Professor Sally Mapstone (appointed 08 March 2019)
- > Professor Edward Peck (appointed 07 March 2019)

### Remuneration Committee:

- > Professor Sir Steve Smith (Chair) (resigned 31 August 2019)
- > Professor Koen Lamberts (Chair 01-18 September 2019) (appointed 01 September 2019)
- > Mr Thomas Chambers (Chair from 19 September 2019)
- > Professor Joy Carter CBE DL (appointed 08 March 2019)
- > Professor Sir Ian Diamond (resigned 31 December 2018)
- > Mr Thomas Newman (appointed 19 September 2019)
- > Professor Colin Riordan (resigned 29 April 2019)
- > Professor Elizabeth Treasure (appointed 30 April 2019)





## **DIRECTORS' RECRUITMENT, APPOINTMENT, AND TRAINING**

UCAS' Articles determine the constitution of the Board and appointment of Directors.

All Directors and co-opted Committee members are independently selected, and formally appointed on merit for an initial fixed term of up to four years. This is based on their specific skills, experience, and expertise, against objective criteria. With due regard for the benefits of diversity on the Boards and Committees, UCAS' recruitment processes are formal, rigorous, transparent, proportionate, and appropriate to each vacancy. This enables the widest choice of candidates to be considered.

All new Board and Committee members receive an induction pack of essential governance, and UCAS documents. They are also invited to attend a formal induction session at UCAS' registered office, covering UCAS' operations. This includes meeting members of the Executive Team. Thereafter, they receive training which typically includes regular updates on legal and regulatory developments, Charity Commission, and other relevant guidance. Board and Committee members are given the opportunity to have ongoing learning and development, including site visits, to expand their knowledge of UCAS' operational developments.

UCAS regularly conducts a skills gap analysis, to inform succession planning, and enable specific training needs to be identified.

UCAS also conducts annual Board effectiveness reviews, which enable the Board to regularly consider its effectiveness, and that of its subsidiary and Committees.

## **SUBSIDIARIES**

UCAS owns 100 per cent of the share capital of its subsidiary, UCAS Media Limited. UCAS Media Limited is used for non-primary purpose trading activities.

UCAS Media Limited financially supports its parent, UCAS, by Gift Aiding its annual profits to the Charitable Company.

The profit before tax and Gift Aid donations, for UCAS Media Limited, during the year ended 31 July 2019, amounted to £4.3m, which represented a decrease of 1.3 per cent over the profit for the year ended 31 July 2018. Revenue increased by 7.2 per cent (2018: increase of 6.6 per cent) to £20.5m (2018: £19.1m).

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the strategic report, the Directors' report, and the accounts, in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare accounts for each financial year, which give a true and fair view of the state of affairs, the incoming resources and application of resources, including of income and expenditure, of the Charitable Company, and the Group for that period. In preparing these accounts, the Directors are required to:

- > select suitable accounting policies, and apply them consistently
- > observe the methods and principles in the Charities SORP
- > make judgements and estimates that are reasonable and prudent
- > state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the accounts
- > prepare the accounts on the going concern basis, unless it is inappropriate to presume the Group and Charitable Company will continue in business



The Directors are responsible for keeping proper accounting records that show and explain both the Group's and Charitable Company's transactions, with reasonable accuracy, at any time, and the financial position of the Group and Charitable Company, and enable them to ensure the accounts comply with the Companies Act 2006, Charities and Trustees Investment (Scotland) Act 2005, and The Charities Accounts (Scotland) Regulation 2006. They are also responsible for safeguarding the assets of the Group and Charitable Company, and for taking reasonable steps for the prevention and detection of fraud, and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's websites. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

The Charitable Company paid a premium of £3,142 (2018: £3,491) to indemnify Directors and officers against legal liabilities arising through wrongful acts in the performance of their duties. The policy excludes claims arising through malicious or intentional breach of conduct, dishonesty, or fraud.

## STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

Each Director confirms, insofar as he or she is aware, that there is no relevant information of which UCAS' auditors are unaware. As Directors, they have taken all the steps they ought to have taken to make themselves aware of any relevant audit information, and to establish that UCAS' auditors are aware of that information.

## AUDITORS

RSM UK Audit LLP was re-appointed as auditor by electronic written resolution of UCAS' members in March 2019.

## REMUNERATION

UCAS operates a structured pay framework, which rewards employees based on performance. All salary levels are benchmarked externally, to ensure consistency and alignment with the sector and national markets. The remuneration for UCAS' Executive Team is subject to external benchmarking, with a separate meeting held regarding CEO remuneration. Awards given are reviewed and approved by UCAS' Remuneration Committee.

## OBJECTIVES AND ACTIVITIES:

### Public benefit

The Directors have reviewed the Charity's aims and objectives, and complied with their duties in the Charities Act 2011, with due regard to the Charity Commission's guidance on public benefit (published in September 2013) when exercising any powers or duties where the guidance is relevant.

UCAS is an independent charity, focused on connecting people to higher education. The charitable objectives are 'to advance and to assist in the advancement of education in universities and other higher, further, or secondary establishments, insofar as such advancement and assistance shall be exclusively charitable in nature, in particular, but without prejudice to the foregoing, by providing and maintaining an organisation to facilitate the consideration by such universities and other higher, further, or secondary education establishments of applications for admission to, and to assist applicants in gaining access to, such universities and educational establishments'.





UCAS does not conduct any fundraising activities, nor use any fundraising agencies, and has received no complaints in this regard.

UCAS provides public benefit by providing information, advice, and admissions services to inspire and facilitate progression in education. The section below outlines how UCAS delivers public benefit through these services.

## INFORMATION AND ADVICE SERVICES

Our aim is to help people make well-informed choices about their post-secondary education, using our in-depth insight about how and when students make their decisions.

UCAS supports students throughout their journey to post-secondary study, from initial research, refinement of options, final decision-making, and transition to their chosen destination. We provide information and advice to around 161,000 young people through our national programme of 50 student exhibitions, enabling them to meet representatives from universities and colleges, explore, and narrow down their choices. Our online content expands beyond traditional HE, covering the range of destinations available to students, including apprenticeships and teacher training.

We attract over 30 million people from across the world to our website, [ucas.com](https://ucas.com), where visitors can use our search tool to explore and filter over 40,000 undergraduate, postgraduate, and conservatoire courses. Students can also explore the latest degree and higher apprenticeship opportunities.

Not everyone has access to the same levels of support and advice when considering what to do when they leave school or college, or when thinking about higher education as an adult. We work in partnership with charities and other organisations to provide practical and inspiring information, advice, and resources for underrepresented groups, including students with disabilities, care leavers, those with parental or caring responsibilities, and estranged students.

Enabling people to make the right choices about their post-secondary education delivers public benefit by enabling people to fulfil their potential. Choice of the right subject and university or college contributes to improving widening participation, student retention, and successful progression to a degree, employment, or further study, and, ultimately, value for money for the taxpayer. Increasingly, people expect personalised and tailored information and advice, and the launch of a beta version of UCAS Hub early in 2019 sets the foundations for this personalised approach within the context of UK higher education admissions.

## ADMISSIONS SERVICES

While our core purpose is to provide an accessible and trusted undergraduate admissions service, we also provide admissions services for conservatoires, postgraduate courses, and teacher training programmes.

In offering centralised services, UCAS enables universities and colleges to connect with a wide range of potential students. We help to manage risks from fluctuating numbers of applications, and deliver cost-effective, efficient services to help universities and colleges plan and manage admissions decision-making. For undergraduate admissions, we provide data and services to support contextualised admissions that take account of students' educational backgrounds, and help universities evaluate the effectiveness of widening participation activities. Our centralised services, including dedicated contact centres for universities, colleges, schools, and students, with a common application process, and agreed timescales and business rules, also facilitates student choice, and supports fairness and transparency.

We employ robust eligibility criteria to our higher education provider customers, to ensure students, parents, teachers, and advisers can be confident the universities and colleges applied to are bona fide course providers, offering quality courses of educational benefit.



To support public and policy debate about widening access and participation, UCAS publishes comprehensive analysis and insight about who is applying to higher education, receiving offers, and securing places. Taking into account the characteristics of the applicant population, and patterns of applications, offers, and acceptances, our analysis shows that at an aggregate level, admissions to full-time higher education are fair.

## STRATEGIC REPORT

### Achievements and performance

UCAS' core purpose is to deliver an accessible and trusted undergraduate admissions service, while leveraging this to support other markets. This is achieved through the delivery of six strategic objectives. Examples of progress against these objectives during 2018/19 are outlined below.

#### 1. Admissions services – deliver accessible and trusted admissions services in our priority markets, that are responsive to the needs of the next generation of customers

- > Successfully delivered the UCAS Undergraduate, UCAS Teacher Training, UCAS Conservatoires, and UCAS Postgraduate admissions services, supporting over 765,000 applicants, with more than 565,000 of those securing a place.
- > Worked with 36 awarding bodies, to process over 3.8 million examination results, across 319 qualifications, contributing to a 90 per cent satisfaction rating for Confirmation and Clearing from universities and colleges.
- > Launched our new online portals for teachers, advisers, and international agents for them to manage their students' applications more effectively.

#### 2. Information and advice – inspire and enable students to make well-informed choices, through the timely provision of personalised information and advice

- > Held 50 exhibitions across the UK, enabling 161,000 students to discuss their futures with universities, colleges, and potential employers offering apprenticeships. 88 per cent of students rated these as 'good' or 'great'.
- > Achieved 65 million total views across our social media channels, answering 135,005 individual questions through Facebook, Twitter, Instagram, Snapchat, and YouTube.
- > Introduced new, personalised emails for students – targeted, informative results day emails were sent to 25,000 students on SQA results day, and to 300,000 students on A level results day.
- > Launched a beta of UCAS Hub, enabling thousands of students to feed back on the personalised approach and content.

#### 3. Customer experience – deliver an excellent service and integrated digital experience to all our customer groups

- > Achieved high levels of customer satisfaction – student satisfaction increased by 3 per cent to 92 per cent, teachers' and advisers' satisfaction remained high at 95 per cent, while universities' and colleges' satisfaction with UCAS' services was at 84 per cent.
- > Introduced a new visual identity for the UCAS brand, boosting engagement with students.
- > Improved applicant experience through personalised email advice and online content, which has contributed to a 19 per cent reduction in calls on A level results day compared to 2017, and a 15 per cent increase in the use of social media, supported by a dedicated team.





#### **4. Data and insights – provide accessible, timely data and insights to facilitate progression and participation in education**

- > Published applicant statistics and analysis daily during Confirmation and Clearing, within nine working days of application deadlines, and within 25 working days of the end of cycle.
- > Replaced many previous PDF format outputs with data explorers and visualisations, allowing users to select, filter, and view different selections of data on a self-select basis.
- > Extended the coverage of our multiple equality measure, which combines various applicant characteristics to provide a holistic view of equality in undergraduate admissions.
- > Published nearly 3 million data points in an open data format to download and re-use, including a major set of equalities data on behalf of the university sector, exploring applications, offers, and acceptances for UK students, by sex, ethnic group, and area background.
- > Produced specific insight reports during the course of the year, including specific reports on awareness of the Teaching Excellence Framework, use of unconditional offers, and behaviours of mature students, calling on our survey work with students through the application cycle.

#### **5. Our People Promise – deliver on our People Promise to be an employer that provides a place where people flourish, perform, and achieve**

- > Conducted a full staff survey with a 96 per cent response rate, in which 84 per cent of staff would recommend working at UCAS to a friend or relative, and overall satisfaction is up by 9 per cent.
- > Invested in wellbeing, identifying mental health first aiders and champions, delivering mental health awareness events, and promotion of volunteering.
- > Developed a new apprenticeship strategy to support talent acquisition and staff retention, by adding Level 4 apprentices.

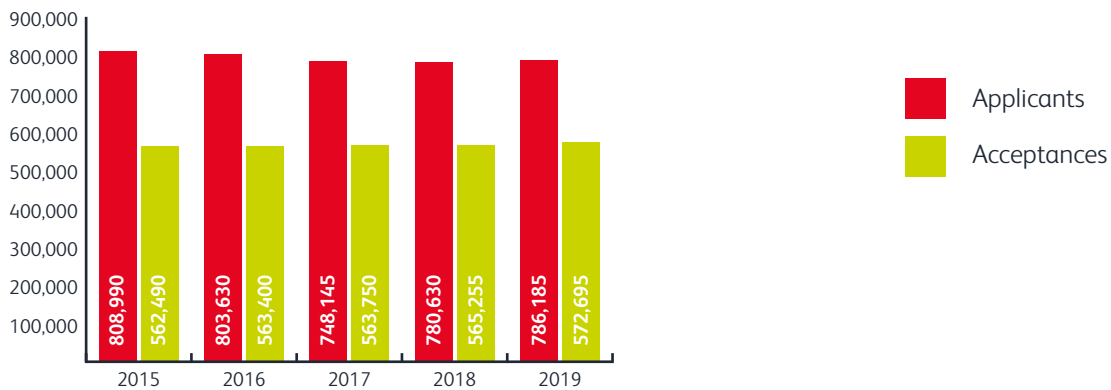
#### **6. Efficiency and value – work towards core elements of the Charity being self-funded in the medium term, by increasing efficiency, and ringfencing specific initiatives for investment from Gift Aided monies**

- > Aligned end to end procurement activities with business goals to obtain greater value from supplier contracts.
- > Worked with Higher Education Statistics Agency (HESA), Joint Information Systems Committee (JISC) and Higher Education Careers Services Unit (HECSU) to develop a new student information tool.
- > Introduced a remote working policy, offering greater flexibility and digital tools to increase productivity and efficiency, and make better use of our assets generating additional income.

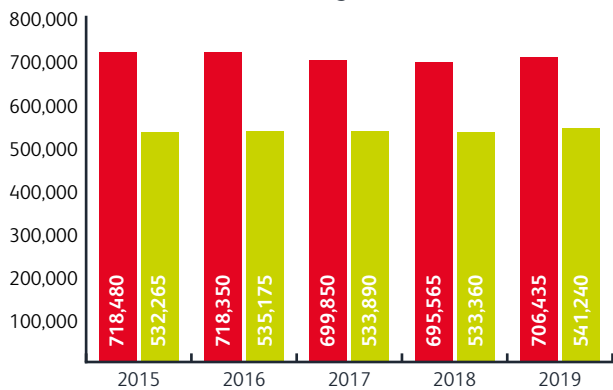


## APPLICANT NUMBERS BY SCHEME

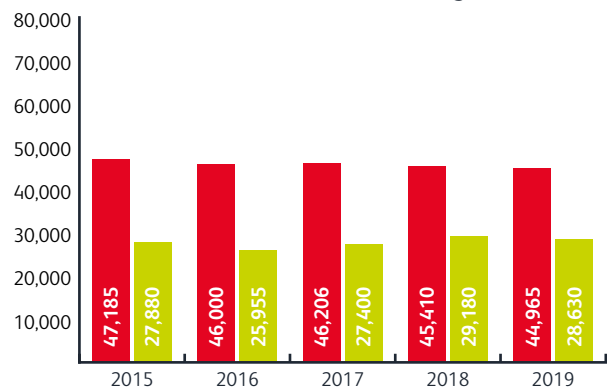
All schemes



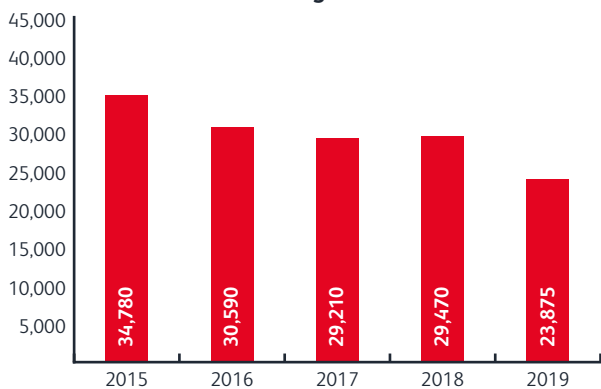
UCAS Undergraduate



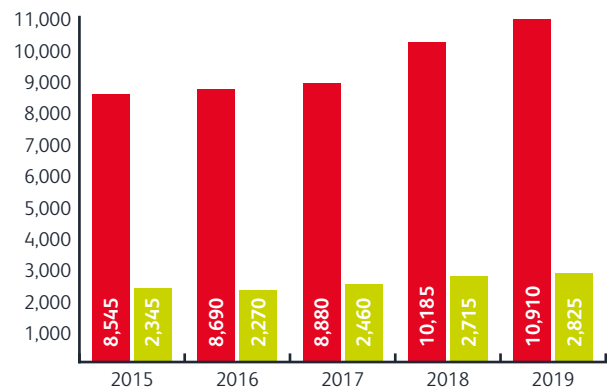
UCAS Teacher Training



UCAS Postgraduate



UCAS Conservatoires





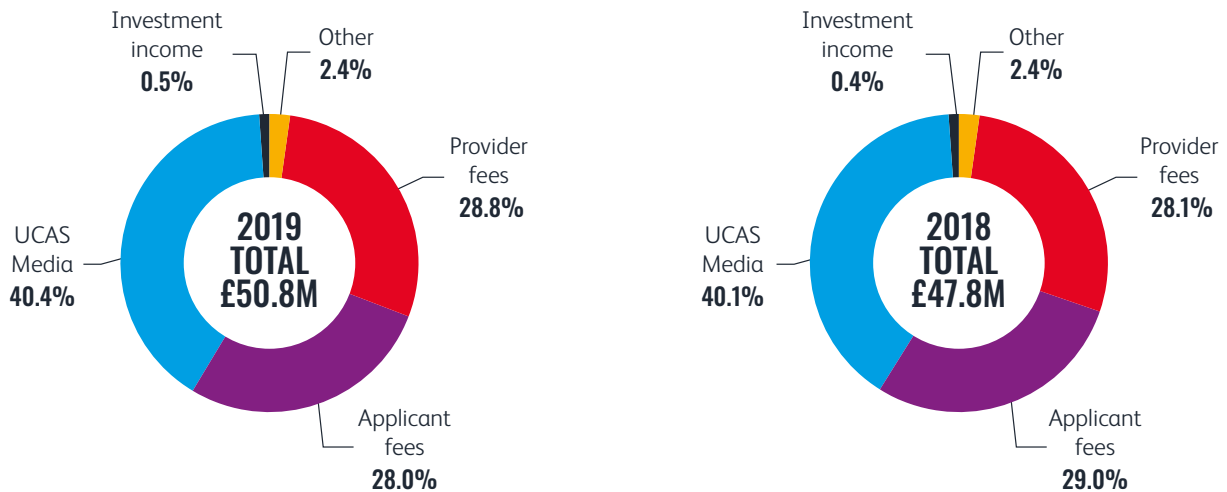


## FINANCIAL REVIEW

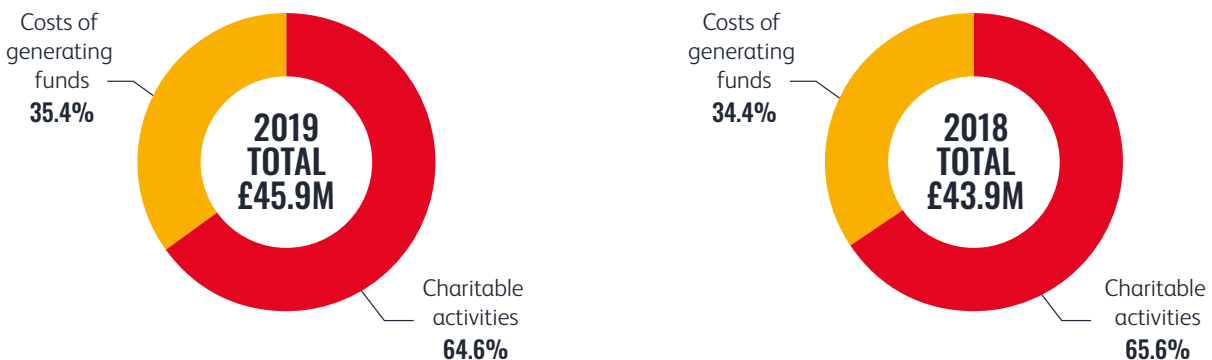
The applicant numbers detailed on page 12, and the associated income disclosed below, are some of the key performance indicators used to measure the performance of the charity. The performance of UCAS Media Limited, as detailed below, is also considered a key indicator of the Group's performance.

Total income increased by 6.4 per cent, to £50.8m. An increase in income was seen from both charitable and trading activities, with the revenue generated by the commercial subsidiary increasing by 7.2 per cent. The year-on-year growth was as a result of an increase in capitation and application income, coupled with organic growth in commercial activities.

Total income (note 3) in 2019 vs. 2018 is shown below:



Expenditure (note 4) in 2019 vs. 2018 is shown below.



Expenditure was tightly controlled across all areas of the organisation, with cost savings being reinvested in developing key areas of the Group, to enhance the services available to UCAS' customers.



Cash reserves for the Group increased from £8.6m to £15.2m, mainly due to the surplus reported for the year to 31 July 2019. An increase in creditors (including accrued expenditure and deferred income) also contributed to the increased levels of cash reserves.

UCAS also holds a liquid investment portfolio, containing a combination of bonds, equities, and property. This year has seen the investment grow by 4.3 per cent to a value of £7.2m as at 31 July 2019 (2018: £6.9m value). This performance is in line with UCAS' investment policy.

Details of UCAS' pension arrangements, including two final salary schemes, and two money purchase arrangements, are set out in note 19 of the accounts. The net charge for the UCAS Pension and Life Assurance Scheme for the year ended 31 July 2019 is £0.7m (2018: £0.5m), included in note 19, after cash contributions of £1m (2018: £1.2m). The contributions were made under a formal agreement with the Trustees of the pension scheme, to alleviate the pension Trustees' measure of the deficiency of net assets in the scheme. In the year ended 31 July 2019, the return on scheme assets, and actuarial losses on the scheme liabilities totalling (£3.8m), were recognised in other comprehensive income (2018: £0.5m). The deficit recognised on the balance sheet increased to £9.6m (2018: £6.1m).

Under FRS 102, the Group has also recognised the present value of future deficit contributions payable to the Universities Superannuation Scheme (USS) pension scheme, resulting in a deficit of £2.5m (2018: £0.8m) being recognised on the balance sheet.

The Group's financial reserves mainly comprise cash at bank, and liquid investment funds. The main purpose of these reserves is to maintain sufficient finance for the Group's planned future operations and activities. The main financial risk arising from the Group's operations and activities, is liquidity risk. The Group funds its operations and activities from operating income and cash reserves.

The Group made no political contributions or donations during the two years ended 31 July 2019.

As a registered charity, UCAS seeks to benefit from the appropriate tax exemptions where it can.

## PLANS FOR THE FUTURE

Successful delivery of the UCAS Undergraduate admissions service remains our first priority. As part of this, we have accelerated the greater personalisation of information and advice for prospective students with the new UCAS Hub which fully launched in September 2019 and to date has over 100,000 sign ups.

UCAS will continue its activities to help mature students engage or re-engage with higher education, and improve our resources and support for students who apply independently, without the support of a school or college. UCAS will continue working closely with stakeholders to support the planned introduction of T Levels in England, progression from apprenticeships to higher education and to higher/degree apprenticeships, and national efforts to support the mental health and wellbeing of students going to university.

As part of our commitment to transparency, we will continue to publish comprehensive data on admissions to higher education, including data about UCAS' verification service, and the use of unconditional offers.

UCAS will respond swiftly to any changes needed in a post-Brexit environment, and we will continue where appropriate to collaborate with the Office for Students with their programme of activities and research.

We expect to make significant progress on the redevelopment of the software applications underpinning the UCAS Undergraduate admissions service. A new and improved set of services for teachers and international agents has now launched, with a new service for universities and college to track their admissions activity also due to launch.





We will continue our postgraduate admissions service. We will strengthen our international offering and complete pilot work on further supporting students who are interested in higher and degree apprenticeships.

We will continue to work closely with the Department for Education (DfE) to support them with the development of options to attract and support students into postgraduate teacher training in England.

UCAS Media will continue to develop and expand its portfolio of data and insight services in response to customer demand.

In partnership with other organisations, UCAS will continue to seek efficiency savings through the optimisation of technology services, and more efficient procurement of goods and services.

## RISK MANAGEMENT

The Directors have given consideration to the significant risks UCAS is exposed to, and have satisfied themselves that controls are in place to mitigate those risks. The UCAS Board seeks to manage and mitigate risk, particularly through the activities of its Audit Committee. Working in conjunction with the Executive Team, the Audit Committee monitors the following activity:

**1. Risk management** – the Corporate Risk Management Framework sets out UCAS' approach to risk management, covering the end-to-end process, roles, and responsibilities, and defining the scope of its activities.

The Directors consider the key principal strategic risks to be monitored currently are:

> compromise of sensitive or personal data – we are continuing to make improvements to our technical security, in response to the constantly changing cyber threat landscape. We have robust security incident management procedures, as well as well-tested backup and recovery plans. We also continue to run awareness campaigns, to increase the vigilance and diligence of our employees, and help mitigate the risk of a compromise of sensitive or personal data.

> financial stability – we conduct horizon scanning, modelling, and forecasting on a rolling basis, to anticipate possible scenarios and their impact on UCAS' financial stability and sustainability. UCAS continues to build its reserves value towards the target amount outlined in the reserves policy in order to manage the risk within its appetite level.

Strategic risks are reviewed by the Executive Team on a regular basis, and UCAS' corporate risk exposure is reported to all meetings of the Audit Committee and UCAS Board. Tactical risks at a business unit level are reviewed frequently.

**2. Internal audit** – PricewaterhouseCoopers (PwC), as UCAS' internal auditor, undertakes a series of audits in which they review the organisation's activities and governance functions, and report their findings to the Audit Committee. A risk-based approach is taken to the development of the annual audit plan. This is agreed with, and guided by, the Executive Team and the Audit Committee. The 2018/19 audit programme included reviews of our data governance, events, and UCAS Media. Internal audit is conducted in conjunction with the external audit function, provided by RSM.

**3. Health and safety** – UCAS maintains a dedicated and centrally-managed health, safety, and environmental function. This role undertakes regular reviews of operational activities, and provides advice, including risk assessments, reporting to the Chief Executive and Audit Committee, through the Executive sponsor for health and safety. The priorities are to maintain a healthy and safe environment for the UCAS workforce, ensure compliance with relevant health and safety legislation and regulation, ensure the requirements of the Energy Savings Opportunities Scheme (ESOS) are being satisfied, and effectively manage UCAS' environmental impact.



## RESERVES POLICY

The aim of the reserves policy is to protect UCAS from unforeseen financial challenges, while making funds available for investment in future activities.

Due to the recurring nature of the annual application cycles, UCAS' income can vary seasonally. By contrast, expenditure is, for the most part, incurred evenly throughout the year. This can cause timing issues, where expenditure exceeds income at certain points in the year. There are also risks which need to be managed. There is, therefore, a need for cash at a sufficient level to fund expenditure, as noted in the general reserve section below.

The Directors recognise that the sectors in which UCAS operates are constantly evolving, and are subject to many external factors. As such, there is a need for reserves. This is highlighted in the income and technology reserve sections below.

The reserves policy sets out the criteria used to designate UCAS' reserves, and explains the reasoning behind putting each reserve in place. Where the full value of any reserve cannot be designated from available funds, the reserve will be partially set aside, with the aspiration to build the full reserve in subsequent years.

The policy is reviewed annually, to take account of changes to the external environment, and the performance of current operations.

For the purposes of this policy, the calculation of the reserves held in the UCAS Group balance sheet is based on the net assets, excluding the pension scheme liability, minus tangible and intangible fixed assets. The pension liability has been excluded from the total, as UCAS has committed to a multi-year scheme recovery plan, which can be met from projected future income without significant impact on its planned levels of charitable activity. UCAS has also set aside two years of recovery payments in the general reserve, equivalent to £2.0m as at 31 July 2019.

The value of the reserves target is currently £25.8m based on the definition in the reserves policy versus actual reserves of £22.3m, which accounts for a shortfall of £3.5m. UCAS continues to work towards closing this gap in order to meet the need outlined above.

When considering the appropriateness of the level of reserves for the UCAS Group (the Charity and subsidiaries), the Directors have regard to the strategic risks facing the business and their possible financial implications, and the current business plan. This includes the availability of cash in the bank and investment funds, and the need for reserves to offset significant timing differences in the receipt of cash, particularly at the year end, when cash balances are typically at their lowest levels. The establishment of appropriate levels of reserves is therefore considered important to the continued operation of UCAS.

The Directors have noted that UCAS Media is a wholly owned subsidiary of UCAS, which Gift Aids its profits to the Charity. It was therefore not considered appropriate to devise a separate reserves policy for UCAS Media.

The following unrestricted reserves have been identified (none of UCAS' reserves are deemed to be restricted):

## GENERAL RESERVES

UCAS' income is seasonal, largely due to the application cycles, while expenditure is relatively constant throughout the year. There are also risks to be managed. There is, therefore, a need for cash at a sufficient level to fund expenditure. The total value of liquid assets (cash plus investment fund) that UCAS should look to maintain at any given time as general reserves, is based on the following assumptions:

- > Two and half months' working capital.
- > Two years of PLAS deficit recovery plan payments.
- > USS liability (as per balance sheet).

As UCAS has entered into a multi-year deficit recovery plan for the UCAS Pension and Life Assurance Scheme, and because two years of PLAS deficit recovery payments and the USS balance sheet liability are now included in the general reserve, it is not considered necessary to designate a separate pension reserve. The value of general reserves as at 31 July 2019 was £18.7m.





## INCOME RESERVE

The Directors recognise that the sectors in which UCAS operates are constantly evolving, and are subject to many external factors. They therefore consider it important to establish sufficient reserves to protect against any unforeseen reduction in income. The Directors have designated a specific reserve to protect against any strategic risks that could lead to a loss of income.

Each risk identified at the corporate level, where a potential financial loss is highlighted, is assigned a likelihood in percentage terms. This percentage is multiplied by the estimated loss, to arrive at a corresponding value. The total of all amounts is reflected in the final value of the income reserve. The value of this reserve as at 31 July 2019 was £2.0m.

## TECHNOLOGY RESERVE

Acknowledging the dependency of technology, coupled with the risks of operational failure and the serious compromise of sensitive or personal data, the Directors believe a designated technology reserve should be held. Although UCAS has made significant historic investment in its technology, new development must continue to ensure successful delivery of core services. The Directors therefore consider it essential to hold sufficient reserves for this purpose. UCAS' technology spend can be segmented into three core areas:

- > Tier one – architectural building blocks for the future.
- > Tier two – technology suppliers.
- > Tier three – other smaller technology suppliers.

The target value should represent the annual cost of tier one, as this represents building blocks for the future. The value of this reserve as at 31 July 2019 was £8m.

## INVESTMENT POLICY

UCAS' memorandum of association allows the Group to make such investments, including securities or property as may be thought fit, subject to legal and constitutional conditions and consents. This also allows the Group to subscribe for interests in any company or undertaking established, with the intention of directly or indirectly benefiting the Company. All cash funds generated by UCAS, or any subsidiary companies, will be invested and managed through UCAS, in accordance with all legal requirements, and with regard to UCAS' reserves policy, and both short-term and long-term working capital requirements. The funds to be invested represent the excess of cash reserves over the amount needed to fund investment in the company's infrastructure.

The objective for the fund is to achieve a balance of income and capital growth, while at least maintaining the real capital value of the investment funds in the long term. UCAS seeks an annual return equal to three percentage points above the consumer prices index (CPI) over a period of at least five years, and the fund is benchmarked against the Asset Risk Consultants (ARC) Charity Sterling Steady Growth Index or suitable equivalent.

For managed funds, the appointed investment manager may use their discretion in selecting the most appropriate investments, subject to the risk appetite and ethical parameters set out in UCAS' investment policy.



## EMPLOYEE ENGAGEMENT

Our 'People Promise' aims to deliver on our promise to be an employer that provides a place where people flourish, perform, and achieve.

This is to be achieved through:

- > providing a performance framework that measures and rewards success
- > developing clear career pathways and growth opportunities
- > ensuring all our leaders are role models for the UCAS values in action
- > offering learning academies linked to career frameworks, and promoting a balanced approach to development

## EQUALITY AND INCLUSION

UCAS is committed to equality, and promotes an inclusive working environment and admissions service for its employees and customers, in line with the Equality Act 2010. Equality Impact Assessments are completed for relevant changes to products and services closely connected to our applications and admissions functions. UCAS supports and welcomes gender pay gap reporting. Equality and inclusion are being driven forward internally, in the form of awareness campaigns and training, to support our efforts to make the organisation, and UCAS as an employer, a more equal and inclusive place to work. Applications for employment are encouraged from individuals with disabilities. The application process includes the facility to specify any special requirements that would need to be met to facilitate an interview, or eventual employment. HR representatives would work with any employee who became disabled, to ensure their employment, training, and development needs were met at that time, and in the future.

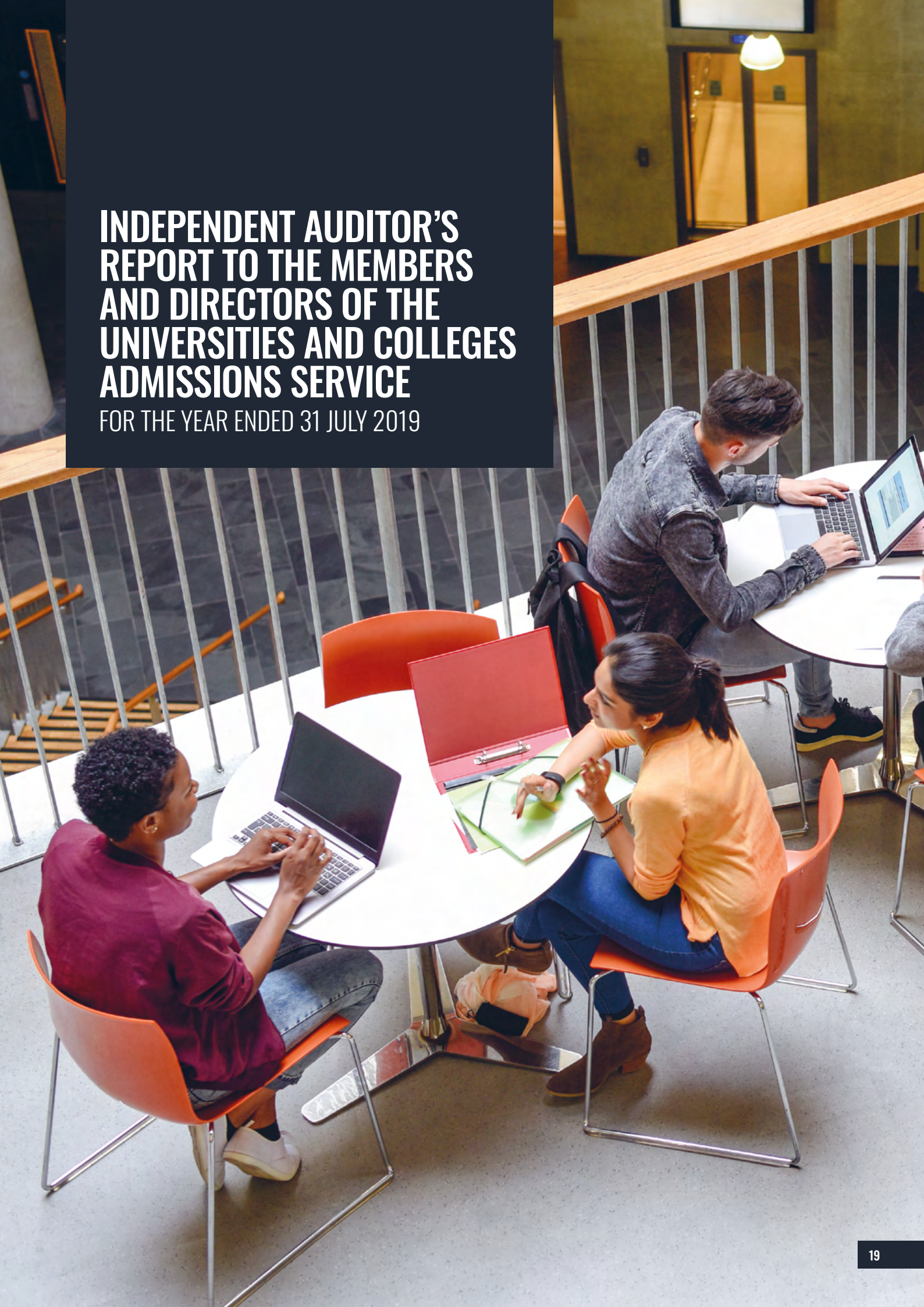
UCAS is committed to equality and inclusion, and values diversity on its Board and Committees. The Board consults relevant guidance on equality and diversity, to ensure the promotion of fairness and diversity in the selection process, and seeks to maintain and enhance diversity through consulting best practice.

The Directors' Report and incorporated Strategic Report were approved by the Board on 5 December 2019, and signed on its behalf by:

Professor Koen Lamberts  
Chair  
Date: 5 December 2019



**INDEPENDENT AUDITOR'S  
REPORT TO THE MEMBERS  
AND DIRECTORS OF THE  
UNIVERSITIES AND COLLEGES  
ADMISSIONS SERVICE  
FOR THE YEAR ENDED 31 JULY 2019**







## OPINION ON FINANCIAL STATEMENTS

We have audited the financial statements of The Universities and Colleges Admissions Service (the 'parent charitable company') and its subsidiaries (the 'Group') for the year ended 31 July 2019, which comprise the Consolidated and Charity Statements of Financial Activities (incorporating an Income and Expenditure Account), the Consolidated and Charity Statements of Financial Position, the Consolidated and Charity Statements of Cash Flows, and notes to the financial accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

### In our opinion, the financial statements:

- > give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 July 2019, and of the group's and the parent charitable company's incoming resources and application of resources, including their income and expenditure, for the year then ended
- > have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- > have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

## BASIS FOR OPINION

We have been appointed an auditor under section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005, and under the Companies Act 2006, and report in accordance with regulations made under those Acts.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## CONCLUSIONS RELATING TO GOING CONCERN

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

- > the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- > the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.





## OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies, or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements, or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- > the information given in the Report of the Directors, and the incorporated Strategic Report, for the financial year for which the financial statements are prepared, is consistent with the financial statements
- > the Report of the Directors, and the incorporated Strategic Report, have been prepared in accordance with applicable legal requirements

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors, and the incorporated Strategic Report.

We have nothing to report in respect of the following matters, where the Companies Act 2006, and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- > the parent charitable company has not kept proper and adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us
- > the parent charitable company financial statements are not in agreement with the accounting records and returns
- > certain disclosures of Directors' remuneration specified by law are not made
- > we have not received all the information and explanations we require for our audit



## RESPECTIVE RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Statement of Directors' responsibilities set out on page 7, the Directors (who are also the trustees for the purposes of charity law) are responsible for the preparation of the financial statements, and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

## USE OF OUR REPORT

This report is made exclusively to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charitable company's trustees those matters we are required to state to them in an auditor's report, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, its members as a body, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

HANNAH CATCHPOOL (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
Hartwell House  
55 – 61 Victoria Street  
Bristol  
BS1 6AD

Date: 20 December 2019

RSM UK AUDIT LLP is eligible to act as an auditor, in terms of section 1212 of the Companies Act 2006.



# **CONSOLIDATED AND CHARITY STATEMENT OF FINANCIAL ACTIVITIES**

**(INCORPORATING AN INCOME AND  
EXPENDITURE ACCOUNT)**

**FOR THE YEAR ENDED 31 JULY 2019**







	Notes	Group		Charity	
		Unrestricted Funds		Unrestricted Funds	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
<b>Income</b>					
Income from charitable activities:					
Provider and applicant fees	3	28,846	27,270	28,846	27,270
Other incoming resources	3	1,189	1,183	8,276	7,394
Raising funds:					
Income from trading activities	3	20,489	19,099	-	-
Gift Aid		-	-	8,650	-
Investment income	3	267	206	241	200
<b>Total income</b>		<b>50,791</b>	<b>47,758</b>	<b>46,013</b>	<b>34,864</b>
<b>Expenditure</b>					
Raising funds	4	(16,274)	(15,109)	(48)	(31)
Charitable activities	4	(29,665)	(28,812)	(36,759)	(35,347)
<b>Total expenditure</b>		<b>(45,939)</b>	<b>(43,921)</b>	<b>(36,807)</b>	<b>(35,378)</b>
Net gain on investments	9	205	263	205	263
<b>Net income before tax</b>		<b>5,057</b>	<b>4,100</b>	<b>9,411</b>	<b>(251)</b>
Taxation	5	-	-	-	-
<b>Net income</b>		<b>5,057</b>	<b>4,100</b>	<b>9,411</b>	<b>(251)</b>
Other recognised gains:					
Remeasurements of defined benefit obligation	19	(3,801)	527	(3,801)	527
<b>Net movement in funds</b>		<b>1,256</b>	<b>4,627</b>	<b>5,610</b>	<b>276</b>
Reconciliation of funds:					
Total funds brought forward		27,473	22,846	23,889	23,613
Total funds carried forward		<b>28,729</b>	<b>27,473</b>	<b>29,499</b>	<b>23,889</b>

There are no recognised surpluses or losses in the year, other than those included in the Statement of Financial Activities above. All the above results are derived from continuing activities.



**CONSOLIDATED AND  
CHARITY STATEMENTS  
OF FINANCIAL POSITION**  
FOR THE YEAR ENDED  
31 JULY 2019





	Notes	Group		Charity	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
<b>Fixed assets</b>					
Goodwill	7	-	-	-	-
Other intangible assets	7	13,584	12,844	13,577	12,831
Total intangible assets		13,584	12,844	13,577	12,831
Tangible assets	8	6,540	7,200	6,462	7,053
Investments	9	7,171	6,876	7,171	6,876
Investment in subsidiaries	10	-	-	1,026	1,026
		<b>27,295</b>	<b>26,920</b>	<b>28,236</b>	<b>27,786</b>
<b>Current assets</b>					
Debtors due within one year	11	8,378	7,933	7,643	3,561
Cash at bank and in hand		15,238	8,623	11,365	4,399
		<b>23,616</b>	<b>16,556</b>	<b>19,008</b>	<b>7,960</b>
<b>Current liabilities</b>					
Creditors amounts falling due within one year	12	(9,880)	(9,014)	(5,443)	(4,868)
<b>Net current assets</b>		<b>13,736</b>	<b>7,542</b>	<b>13,565</b>	<b>3,092</b>
<b>Creditors: amounts falling due after more than one year</b>					
Deposit from property tenant		(130)	(50)	(130)	(50)
Finance lease due after one year	15	-	(29)	-	(29)
		<b>(130)</b>	<b>(79)</b>	<b>(130)</b>	<b>(79)</b>
<b>Net assets excluding pension scheme liability</b>		<b>40,901</b>	<b>34,383</b>	<b>41,671</b>	<b>30,799</b>
<b>Deduct:</b>					
Defined benefit pension scheme liability	19	(9,643)	(6,107)	(9,643)	(6,107)
Defined contribution pension scheme provision	19	(2,529)	(803)	(2,529)	(803)
<b>Net assets</b>		<b>28,729</b>	<b>27,473</b>	<b>29,499</b>	<b>23,889</b>
<b>Funds</b>					
Unrestricted funds: designated	16	10,000	11,200	10,000	11,200
Unrestricted funds: general	17	30,901	23,183	31,671	19,599
Pension scheme liability	19	(12,172)	(6,910)	(12,172)	(6,910)
<b>Total funds</b>		<b>28,729</b>	<b>27,473</b>	<b>29,499</b>	<b>23,889</b>

The financial statements on pages 23 to 61 were approved by the Board of Directors, and authorised for issue on 5 December 2019.  
Signed on behalf of the Board



Professor Koen Lamberts  
Chair



# CONSOLIDATED AND CHARITY STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED  
31 JULY 2019



	Notes	Group		Charity	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
<b>Net cash flow from operating activities</b>		<b>11,355</b>	<b>9,507</b>	<b>7,459</b>	<b>3,271</b>
<b>Cash flow from investing activities</b>					
Interest received on bank and cash balances		119	23	93	17
Gift Aid income from subsidiary		-	-	4,274	4,053
Purchase of intangible fixed assets	7	(4,732)	(4,163)	(4,732)	(4,163)
Purchase of tangible fixed assets	8	(11)	(172)	(12)	(106)
<b>Net cash used in investing activities</b>		<b>(4,624)</b>	<b>(4,312)</b>	<b>(377)</b>	<b>(199)</b>
<b>Cash flow from financing activities</b>					
Repayments of obligations under finance leases		(116)	(115)	(116)	(115)
<b>Net cash used in financing activities</b>		<b>(116)</b>	<b>(115)</b>	<b>(116)</b>	<b>(115)</b>
Change in cash and cash equivalents in the reporting period		6,615	5,080	6,966	2,957
Cash and cash equivalents at the beginning of the reporting period		8,623	3,543	4,399	1,442
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>15,238</b>	<b>8,623</b>	<b>11,365</b>	<b>4,399</b>

## NOTES TO THE STATEMENTS OF CASH FLOWS

	Notes	Group		Charity	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
Income for the year		50,791	47,758	46,013	34,864
Less Gift Aid income for the year		-	-	(8,650)	-
Expenditure in the year	4	(45,939)	(43,921)	(36,807)	(35,378)
Add back investment charges	9	48	31	48	31
Add back VAT reclaimed on investment charges	9	10	6	10	6
Less investment income	3	(267)	(206)	(241)	(200)
<b>Operating surplus/(deficit)</b>		<b>4,643</b>	<b>3,668</b>	<b>373</b>	<b>(677)</b>
(Increase)/decrease in debtors	11	(445)	40	(4,082)	3,024
Less increase/(decrease) in Gift Aid debtor		-	-	4,376	(4,053)
Debtor adjustment		87	-	87	-
Increase in creditors	12	866	1,543	575	817
Deposit received from tenant		80	-	80	-
Depreciation	8	671	827	603	743
Amortisation	7	3,992	4,121	3,986	4,115
Loss on disposal of fixed assets	7&8	-	174	-	168
Remeasurement of USS liability	19	1,705	(219)	1,705	(219)
FRS102 pension adjustment	19	(244)	(647)	(244)	(647)
<b>Net cash flow from operating activities</b>		<b>11,355</b>	<b>9,507</b>	<b>7,459</b>	<b>3,271</b>



**NOTES TO  
THE FINANCIAL  
ACCOUNTS**  
FOR THE YEAR ENDED  
31 JULY 2019





## 1. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been used consistently, in dealing with items that are considered material in relation to the Group's and Charitable Company's accounts.

### General information

UCAS is a private limited company by guarantee, without share capital. In the event of the Charitable Company being wound up, the liability in respect of the guarantee is limited to £1 per member of the Company. UCAS is registered as a company in England (number 2839815), as a charity in England and Wales (number 1024741), and as a cross-border charity in Scotland (number SC038598). The address of the Group's registered office and principal place of business is: Rosehill, New Barn Lane, Cheltenham GL52 3LZ.

The Group consists of UCAS and its subsidiary. The Group's principal activities, and the nature of the Group's operations, are as described in the Report of the Directors.

### Basis of accounting

These financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102'). The accounts comply with the following:

- > The Companies Act 2006.
- > The Statement of Recommended Practice (SORP), Accounting and Reporting by Charities, in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), issued on 16 July 2014.
- > The Charities and Trustee Investment (Scotland) Act 2005.
- > The Charities Accounts (Scotland) Regulations 2006 (as amended).

The Charitable Company has availed itself of Section 4 of Schedule 1, Part 1 of the large- and medium-sized Companies and Groups (Accounts and Reports) regulations 2008, and adapted the Companies Act formats, to reflect the special nature of the Charitable Company's activities.

The Charitable Company constitutes a public benefit entity, as defined by FRS 102.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

### Going concern

The Trustees consider there are no material uncertainties that would cast significant doubt around the Group's and the Charitable Company's ability to operate as a going concern.

### Basis of consolidation

Assets and liabilities of the subsidiaries are consolidated on a line-by-line basis using acquisition accounting. They include the assets and liabilities of UCAS Media Limited – a wholly owned subsidiary of UCAS.

All intra-group transactions, balances, and unrealised gains on transactions between group companies, are eliminated on consolidation.

### Functional and presentational currencies

The consolidated financial statements are presented in sterling, which is also the functional and presentational currency of the Charitable Company.





### Foreign currencies

Transactions in currencies other than the functional currency (foreign currencies), are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

### Income

All income is included in the Statement of Financial Activities, in respect of the services provided during the period, and is stated net of value added tax.

Income is recognised in the accounts when all of the following criteria are met:

- > Entitlement – control over the rights or other access to the economic benefit has passed to the charity.
- > Probable – it is more likely than not that the economic benefits associated with the transaction or gift will flow to the charity.
- > Measurement – the monetary value or amount of the income can be measured reliably and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

### Income is shown in two main categories:

- > Income from charitable activities includes capitation fees from higher education providers, application fees, grants, and other income.
- > Income from raising funds includes income from trading subsidiaries and investment income.

Provider and applicant income, grants, and other income is accounted for on a receivable basis. Other income includes income from the provision of training, the UCAS search tool facility available to providers, other consultancy work, subscriptions, and student financial assessment. For subscriptions, income is recognised over the life of the subscription, during which time the service is delivered in full.

Income from trading operations includes marketing services and income from events. For these categories, income is recognised in line when the services are delivered, and is deferred as necessary.

The Group and Charitable Company also receive income from investments. This is accounted for on a receivable basis.

### Expenditure

All expenditure is accounted for on an accruals basis, and has been classified under the headings:

- > costs of charitable activities
- > costs of raising funds

Costs of charitable activities relate to costs incurred in delivering UCAS' charitable objectives. These costs include those related to operating UCAS' core admissions services, as well as the development, implementation, and maintenance of our infrastructure capabilities. Also included in this category are costs incurred in delivering insight through UCAS' Analysis and Insights department.

Costs of raising funds relate primarily to the activities of the trading subsidiary, UCAS Media Limited. These costs are incurred in generating trading income.

Support costs are incurred in the process of supporting the above activities, and are allocated to those activities on the basis set out in note 4. Governance costs include audit fees, legal and professional fees, and consultancy, plus costs associated with Trustee meetings and the AGM, (contained within Support costs) are recorded centrally, and allocated according to the activity that the associated cost is supporting.



### Investment policy

Investments in subsidiary undertakings are measured at cost, less any impairments recognised.

Other fixed asset investments are valued at their fair value on the last day of the accounting period. Changes in the valuation of the investments during the year are shown as unrealised gains or losses. Gains or losses arising from the disposal of investment assets are disclosed as being realised, being the difference between the sales proceeds, and the fair value at the start of the year.

### Tangible fixed assets and depreciation

Tangible fixed assets costing over £5,000 in UCAS and UCAS Media Limited are capitalised. Tangible fixed assets are initially measured at cost, and subsequently measured at cost, net of depreciation, and any impairment losses. Depreciation is provided against tangible fixed assets, other than freehold land, at the following straight-line rates. This reflects the anticipated useful lives, and estimated residual values:

- > Freehold buildings                      50 years
- > Computer hardware                      Three years
- > Office equipment                        Four years
- > Other plant                                Ten years
- > Motor vehicles                            Four years

During the year, the capitalisation policy was reviewed, with no changes made.

Where elements of the freehold buildings are rented under formal lease arrangement, the directors consider whether this element of the buildings is required to be accounted for as mixed-use property under FRS 102.

### Intangible assets and amortisation

Internally developed software is amortised, once it becomes available to use, over the expected useful life of that software prior to replacement (up to a maximum of five years, depending on the characteristics of the asset). Ahead of the completion of internally developed software, the cumulative direct cost of resources and services incurred during development are held as software or work in progress. Capitalised software licences are amortised over the shorter of five years or the agreed licence period.

- |                                      |   |
|--------------------------------------|---|
| > Goodwill                           | Five years  |
| > Software<br>(internally developed) | Five years  |
| > Licences                           | The shorter of five years or<br>the period of the licence |

### Impairment policy

An assessment is made at each reporting date, whether there are indications a fixed asset may be impaired, or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets, and their recoverable amounts – being the higher of fair value less costs to sell, and value in use – are recognised as impairment losses in profit or loss.

Any impairment loss recognised for goodwill is not reversed. For fixed assets other than goodwill, recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss. On reversal of an impairment loss, the depreciation or amortisation is adjusted, to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.





### **Policy on capitalisation of software development costs**

Only expenditure of substantial amounts for enhancements on authorised projects, incurred in direct relation to the project, may be incorporated into capitalised software development costs. In general, costs incurred necessarily, and exclusively, in the creation of an asset that will deliver future economic benefit, are capitalised and amortised over the useful life of that asset, subject to the amortisation periods set out above. This will not generally include any pre-development costs, such as feasibility studies or market research. However, this will include any beta testing period, where an application has been made available to customers in a pre-final version for feedback, with a view to further enhancements before release into production.

Development is deemed to end when the application is released into production. Any subsequent development expenditure is deemed to be continuous improvement, and would not be considered for capitalisation, unless it contributes to a significant increase in the economic value of the asset. Capitalised development expenditure is initially recognised at cost, and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

### **Leases**

The Group as lessee – finance leases

An asset and corresponding liability are recognised for leasing agreements which transfer to the Group substantially all of the risks and rewards incidental to ownership ('finance leases'). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease.

Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss, so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The Group as lessee – operating leases

All other leases are operating leases, and the annual rentals are charged to profit or loss on a straight-line basis over the lease term. Rent free periods, or other incentives received for entering into an operating lease, are accounted for as a reduction to the expense, and are recognised on a straight-line basis over the lease term.

### **Cash and cash equivalents**

These amounts comprise cash at the bank and in hand, as well as short-term deposits, typically with a short maturity of three months or less from the date of acquisition.

### **Financial instruments**

The Group has applied the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all its financial instruments.

Financial assets and financial liabilities are recognised when the Group and Charitable Company become a party to the contractual provisions of the instrument, and are offset only when the Group and Charitable Company currently have a legally enforceable right to set off the recognised amounts, and intend either to settle on a net basis, or to simultaneously realise the asset and settle the liability.



### **Trade, group, and other debtors**

Trade, group, and other debtors (including accrued income), which are receivable within one year, and which do not constitute a financing transaction, are initially measured at the transaction price, and subsequently measured at amortised cost, being the transaction price less any amounts settled, and any impairment losses. Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially measured at the present value of future payments discounted at a market rate of interest, for a similar debt instrument, and subsequently measured at amortised cost.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected, according to the original terms of the contract. Impairment losses are recognised in profit or loss, for the excess of the carrying value of the trade debtor over the present value of the future cash flows, discounted using the original effective interest rate. Subsequent reversals of an impairment loss, that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

### **Creditors**

Trade, group, and other creditors, including accruals, payable within one year, that do not constitute a financing transaction, are initially measured at the transaction price, and subsequently measured at amortised cost, being transaction price less any amounts settled.

### **Taxation**

The parent company is a registered charity and, as such, is exempt from taxation of its income and gains falling within Part II of the Corporation Tax Act 2010, or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that they are applied to its charitable objectives. Any tax charge arising in the subsidiary is mitigated via the payment of Gift Aid to the parent charity.

### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability, and an expense.

The Group's holiday entitlement year runs from April to March, and employees are entitled to carry forward any unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits, is recognised immediately as an expense, when the Group is demonstrably committed to terminate the employment of an employee, or to provide termination benefits.





## Retirement benefits

The Group participates in four pension schemes.

- > UCAS Pension and Life Assurance Scheme (1993) is a defined benefit scheme. The scheme was closed to future accrual of benefits on 31 December 2017. The assets and liabilities of the scheme are held in a separate trust, and the net defined benefit asset/liability represents the present value of the defined benefit obligation, minus the fair value of plan assets, out of which obligations are to be settled. Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan. The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds, with terms and currencies consistent with those of the benefit obligations.

Gains or losses recognised in Statement of Financial Activities:

- The change in the net defined benefit liability arising from employee service during the year, is recognised as an employee cost.
- Net interest on the net defined benefit asset/liability comprises the interest cost on the defined benefit obligation, and interest income on the plan assets. This is calculated by multiplying the fair value of the plan assets at the beginning of the period, by the rate used to discount the benefit obligations.

Gains or losses recognised in other comprehensive income:

- Actuarial gains and losses.
- The difference between the interest income on the plan assets, and the actual return on the plan assets.

- > UCAS participates in Universities Superannuation Scheme (USS). The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions, and a scheme-wide contribution rate is set. UCAS is therefore exposed to actuarial risks associated with other institutions' employees, and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 'Employee benefits', UCAS therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Statement of Financial Activities represents the contributions payable to the scheme. Since UCAS has entered into an agreement (the 'Recovery Plan') that determines how each employer in the scheme will fund the overall deficit, UCAS recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit), and therefore an expense is recognised.

- > UCAS Group Stakeholder Pension Plan (2007), and UCAS Group Stakeholder Pension Plan (2014), are defined contribution schemes with associated life assurance attachment. The employer liability towards these schemes is limited to the contributions made on a regular monthly basis. These are subject to an upper limit, graduated on the option made by the employee to the scheme. These contributions are charged to the Statement of Financial Activities as they become due.

Further details of the accounting adopted for these schemes is detailed in note 19 to these accounts.

## Fund accounting

General funds are unrestricted funds that are available for use at the discretion of the Directors, for the general objectives of the Group, and which have not been designated for other purposes.

Designated funds comprise unrestricted funds set aside by the Directors for specific purposes.



## 2. STAFF NUMBERS AND COSTS

The average monthly number of employees during the year was as follows:

	Group		Charity	
	2019 No.	2018 No.	2019 No.	2018 No.
Application and administrative services	390	414	390	430
Commercial activities	70	67	-	-
	<b>460</b>	<b>481</b>	<b>390</b>	<b>430</b>

The aggregate payroll costs of these persons were as follows:

	Group		Charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Salaries	17,482	17,956	13,652	14,402
Social security costs	1,920	2,018	1,655	1,761
Defined contribution pension cost	890	684	774	620
Other pension costs and current service cost	544	373	544	373
Pensions costs – multi-employer DB scheme Capitalised	588	600	538	559
	(3,802)	(3,519)	(3,802)	(3,519)
	<b>17,622</b>	<b>18,112</b>	<b>13,361</b>	<b>14,196</b>
Restructure costs	298	503	101	457
	<b>17,920</b>	<b>18,615</b>	<b>13,462</b>	<b>14,653</b>

While all staff are employed through the Charity, those staff that are conducting commercial activities through UCAS Media are excluded from the Charity numbers. Group numbers include all staff.

Employer costs relating to Defined Contribution (DC) and Defined Benefit (DB) pension schemes are analysed separately.





During the year, redundancy costs of £298k (2018: £503k) were incurred (of which £109k (2018: £245k) were statutory and non-statutory/voluntary payments), to align staff capability to new roles. Such costs are recognised as expenses immediately within expenditure, and are included in the table below. At the reporting date, all such payments had either been made, or were due to be made to employees participating in consultation.

Included in the above table are costs for the following numbers of employees, whose emoluments (including benefits in kind, but not pension costs) fell within the following bands:

	Group		Charity	
	2019 No.	2018 No.	2019 No.	2018 No.
£60,000 - £69,999	16	22	14	21
£70,000 - £79,999	11	9	10	9
£80,000 - £89,999	2	4	2	4
£90,000 - £99,999	4	1	3	1
£100,000 - £109,999	2	4	2	3
£110,000 - £119,999	-	2	-	1
£120,000 - £129,999	3	-	2	-
£130,000 - £139,999	1	1	1	1
£140,000 - £149,999	1	-	1	-
£150,000 - £159,999	1	-	-	-
£180,000 - £189,999	-	1	-	1
£200,000 - £209,999	1	-	1	-
£230,000 - £239,999	-	1	-	1

The key management personnel of UCAS comprises the Executive Team, which includes the Chief Executive, Director of Analysis and Insights, Chief Technology Officer, Director of Operations, Director of Finance and Corporate Services, Director of External Relations, Head of HR, and Executive Director of UCAS Media. The Chief Executive (in band £200,000 — £209,999 above) received total employee benefits, including pension contributions, of £236,070 (2018: £211,600), and the associated NI contributions were £26,489 (2018: £24,315). The total employee benefits, including employer pension contributions of the key management personnel of UCAS, were £1,275,496 (2018: £1,152,215), and employer NI contributions for these personnel were £139,136 (2018: £118,637). An independent review of key management personnel remuneration will be conducted by the Remuneration Committee during 2019/20.

Pension scheme contributions paid by the Group in respect of the people listed above amounted to £517,973 (2018: £514,749). The pension scheme contributions paid by the Charity in respect of the people listed above amounted to £458,305 (2018: £480,472). In the year 2018/19, the contribution to the USS scheme was £469,670 (2018: £472,040), and to the UCAS Group Stakeholder Pension Plan was £48,303 (2018: £33,660). The contribution to the UCAS Pension and Life Assurance Scheme was £nil (2018: £9,048).

## Directors

None of the Directors received remuneration for services to the Charity (2018: nil). Travelling expenses of £2,548 were reimbursed to seven of the Directors (2018: six Directors, £5,440), in respect of attendance at meetings. During the year, no emoluments were paid to non-executive Directors of UCAS Media Limited (2018: £nil).

## Professional indemnity insurance

The Charitable Company paid a premium of £3,142 (2018: £3,491) to indemnify Directors and officers against legal liabilities arising through wrongful acts in the performance of their duties. The policy excludes claims arising through malicious or intentional breach of conduct, dishonesty, or fraud.

## 3. INCOME

	2019 £'000	2018 £'000
<b>Institutional and applicant fees</b>		
Provider fees	14,615	13,404
Applicant fees	14,231	13,866
	<b>28,846</b>	<b>27,270</b>
<b>Other income</b>		
Data services sales	426	436
Licences sales	191	206
Brand and data charge	4,175	3,832
Management and resourcing recharge	2,912	2,379
Fraud grant	67	67
Other income	505	474
	<b>8,276</b>	<b>7,394</b>
Investment income	241	200
	<b>37,363</b>	<b>34,864</b>
<b>Charity income excluding Gift Aid</b>		
<b>Trading operations</b>		
UCAS Media Limited	20,509	19,135
Investment income	26	6
	<b>20,535</b>	<b>19,141</b>
Intercompany	(7,107)	(6,247)
<b>Group income</b>	<b>50,791</b>	<b>47,758</b>

UCAS Media's principal business activity is the provision of marketing services to commercial clients, higher education providers seeking to contact applicants, and prospective applicants to higher education courses.

The majority of the accounting profits of the trading subsidiary are Gift Aided to the parent company under the deed of covenant. A Gift Aid payment of £4,297k (2018: £4,353k) from UCAS Media to UCAS will be paid by 30 April 2020.



## 4. EXPENDITURE

<b>GROUP:</b>	<b>Direct staff costs</b>	<b>Direct costs</b>	<b>Brand and data</b>	<b>Other support costs</b>	<b>Total 2019</b>	<b>Total 2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Raising funds</b>						
Cost of investments	-	48	-	-	48	31
Commercial activities	4,171	4,807	4,175	3,073	16,226	15,078
	<u>4,171</u>	<u>4,855</u>	<u>4,175</u>	<u>3,073</u>	<u>16,274</u>	<u>15,109</u>
<b>Charitable activities</b>						
Admissions service	8,746	1,968	(4,175)	11,293	17,832	17,056
Special projects	619	7,502	-	811	8,932	8,903
Analysis and research	1,419	116	-	1,366	2,901	2,853
	<u>10,784</u>	<u>9,586</u>	<u>(4,175)</u>	<u>13,470</u>	<u>29,665</u>	<u>28,812</u>
<b>Total expenditure of the group</b>	<b><u>14,955</u></b>	<b><u>14,441</u></b>	<b><u>-</u></b>	<b><u>16,543</u></b>	<b><u>45,939</u></b>	<b><u>43,921</u></b>

<b>Analysis of support costs</b>	<b>Raising funds</b>	<b>Admissions service</b>	<b>Special projects</b>	<b>Analysis &amp; research</b>	<b>Total 2019</b>	<b>Total 2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Governance	266	538	-	-	804	1,084
Finance	210	1,494	-	16	1,720	1,558
Human resources	168	705	63	105	1,041	1,082
Information technology	1,977	7,209	662	1,102	10,950	11,198
Facilities	220	1,006	86	143	1,455	1,504
General management	232	341	-	-	573	492
<b>Total support costs</b>	<b><u>3,073</u></b>	<b><u>11,293</u></b>	<b><u>811</u></b>	<b><u>1,366</u></b>	<b><u>16,543</u></b>	<b><u>16,918</u></b>

<b>Analysis of governance costs</b>	<b>Total 2019</b>	<b>Total 2018</b>
	<b>£'000</b>	<b>£'000</b>
Internal audit	43	61
External audit	27	32
Legal and professional consulting	466	480
Trustees	117	102
AGM	-	17
Other governance costs	151	392
<b>Total governance costs</b>	<b><u>804</u></b>	<b><u>1,084</u></b>

The support costs detailed above have been allocated to the activities listed on the basis of:

- > direct cost allocation (governance and finance costs)
- > departmental headcount (human resources, IT, and facilities costs)
- > income (general management costs)

<b>CHARITY:</b>	<b>Direct staff costs</b>	<b>Direct costs</b>	<b>Other support costs</b>	<b>Total 2019</b>	<b>Total 2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Raising funds</b>					
Cost of investments	-	48	-	48	31
	-	48	-	48	31
<b>Charitable activities</b>					
Admissions service	8,743	1,975	14,201	24,919	23,656
Special projects	619	7,509	811	8,939	8,838
Analysis and research	1,419	116	1,366	2,901	2,853
	10,781	9,600	16,378	36,759	35,347
<b>Total expenditure of the group</b>	<b>10,781</b>	<b>9,648</b>	<b>16,378</b>	<b>36,807</b>	<b>35,378</b>

<b>Analysis of support costs</b>	<b>Admissions service</b>	<b>Special projects</b>	<b>Analysis &amp; research</b>	<b>Total 2019</b>	<b>Total 2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Governance	790	-	-	790	1,069
Finance	1,553	-	16	1,569	1,189
Human resources	873	63	105	1,041	1,082
Information technology	9,187	662	1,102	10,951	11,196
Facilities	1,225	86	143	1,454	1,504
General management	573	-	-	573	492
<b>Total support costs</b>	<b>14,201</b>	<b>811</b>	<b>1,366</b>	<b>16,378</b>	<b>16,532</b>

<b>Analysis of governance costs</b>	<b>Total 2019</b>	<b>Total 2018</b>
	<b>£'000</b>	<b>£'000</b>
Internal audit	43	61
External audit	21	19
Legal and professional consulting	460	478
Trustees	116	102
AGM	-	17
Other governance costs	150	392
<b>Total governance costs</b>	<b>790</b>	<b>1,069</b>

The support costs detailed above have been allocated to the activities listed on the basis of:

- > direct cost allocation (governance and finance costs)
- > departmental headcount (human resources, IT, and facilities costs)
- > income (general management costs)



## 5. TAXATION

	Group		Charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
<b>Current tax</b>				
UK corporation tax	-	-	-	-

### Factors affecting the tax charge for the year:

	Group		Charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Net income for the year before tax	5,057	4,100	9,411	(251)
Tax on income at standard CT rate of 19 per cent	961	779	1,788	(48)
Effects of: Income not taxable for tax purposes	(961)	(779)	(1,788)	48
<b>Total current tax charge</b>	-	-	-	-

## 6. NET INCOME FOR THE YEAR IS STATED AFTER CHARGING

	Group		Charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Depreciation of tangible fixed assets	671	827	603	743
Loss on disposal of fixed assets	-	6	-	-
Amortisation of intangible assets	3,992	4,121	3,986	4,115
Impairment of intangible assets	-	168	-	168
Auditor's remuneration – audit fees	27	32	21	20
Auditor's remuneration – taxation compliance services	9	5	8	3
Internal auditor's remuneration	43	61	43	61
<b>And after crediting:</b>				
Interest on deposits receivable	119	23	93	17
Dividends receivable on investment portfolio	148	183	148	183



## 7. INTANGIBLE ASSETS

<b>CONSOLIDATED:</b>	<b>Goodwill</b>	<b>Licences</b>	<b>Software</b>	<b>Work in progress</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>					
At 31 July 2018	1,361	952	21,698	2,252	26,263
Additions	-	57	-	4,675	4,732
Disposals	-	-	-	-	-
At 31 July 2019	1,361	1,009	21,698	6,927	30,995
<b>Amortisation and impairment</b>					
At 31 July 2018	1,361	789	11,269	-	13,419
Disposals	-	-	-	-	-
Amortisation charge for the year	-	149	3,843	-	3,992
At 31 July 2019	1,361	938	15,112	-	17,411
<b>Net book value</b>					
At 31 July 2018	-	163	10,429	2,252	12,844
At 31 July 2019	-	71	6,586	6,927	13,584

Amortisation charges are reflected in Expenditure: Charitable activities in the Statement of Financial Activities.





## CHARITY:

	Licences £'000	Software £'000	Work in progress £'000	Total £'000
<b>Cost</b>				
At 31 July 2018	952	21,667	2,252	24,871
Additions	57	-	4,675	4,732
Disposals	-	-	-	-
At 31 July 2019	1,009	21,667	6,927	29,603
<b>Amortisation and impairment</b>				
At 31 July 2018	789	11,251	-	12,040
Disposals	-	-	-	-
Amortisation charge for the year	149	3,837	-	3,986
At 31 July 2019	938	15,088	-	16,026
<b>Net book value</b>				
At 31 July 2018	163	10,416	2,252	12,831
At 31 July 2019	71	6,579	6,927	13,577

Amortisation charges are reflected in Expenditure: Charitable activities in the Statement of Financial Activities.

As at 31 July 2019, intangible assets with the following carrying values and remaining amortisation periods were considered to be material in the context of the Group and the Charitable Company:

Asset description	Carrying amount (£'000)	Remaining amortisation period (Years)
Postgraduate collect tool	605	1.9
Postgraduate search tool	472	1.9
Undergraduate collect tool	603	2.7
Customer relationship management system	674	3.1
Postgraduate application tool	2,126	3.8
System integration tool	617	3.8

## 8. TANGIBLE ASSETS

### CONSOLIDATED:

	Land £'000	Buildings and contents £'000	Hardware and equipment £'000	Vehicles £'000	Total £'000
<b>Cost</b>					
At 31 July 2018	3,150	5,671	13,795	15	22,631
Additions	-	11	-	-	11
Disposals	-	-	-	-	-
At 31 July 2019	3,150	5,682	13,795	15	22,642
<b>Depreciation</b>					
At 31 July 2018	-	2,448	12,968	15	15,431
Disposals	-	-	-	-	-
Depreciation charge for the year	-	217	454	-	671
At 31 July 2019	-	2,665	13,422	15	16,102
<b>Net book value</b>					
At 31 July 2018	3,150	3,223	827	-	7,200
At 31 July 2019	3,150	3,017	373	-	6,540

### CHARITY:

	Land £'000	Buildings and contents £'000	Hardware and equipment £'000	Vehicles £'000	Total £'000
<b>Cost</b>					
At 31 July 2018	3,150	5,629	12,339	15	21,133
Additions	-	12	-	-	12
Disposals	-	-	-	-	-
At 31 July 2019	3,150	5,641	12,339	15	21,145
<b>Depreciation</b>					
At 31 July 2018	-	2,406	11,659	15	14,080
Disposals	-	-	-	-	-
Depreciation charge for the year	-	217	386	-	603
At 31 July 2019	-	2,623	12,045	15	14,683
<b>Net book value</b>					
At 31 July 2018	3,150	3,223	680	-	7,053
At 31 July 2019	3,150	3,018	294	-	6,462





## 9. INVESTMENTS

	Group		Charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Opening value	6,876	6,467	6,876	6,467
Interest and dividends	148	183	148	183
Net unrealised gain	205	263	205	263
Charges for the period	(48)	(31)	(48)	(31)
VAT payable on charges	(10)	(6)	(10)	(6)
Closing value	7,171	6,876	7,171	6,876

VAT is payable on investment management charges. Gross charges are deducted from the portfolio, with the VAT element reclaimed via the Charitable Company's VAT return.

The original value of the investment was £5,000k. Income receivable from dividends and interest is reinvested in the portfolio.

Investments comprise:

	Group		Charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
UK bonds	1,272	1,236	1,272	1,236
Equities				
UK	3,275	2,415	3,275	2,415
Europe	287	326	287	326
North America	196	917	196	917
Japan	-	246	-	246
Far East	-	182	-	182
Asia Pacific	218	-	218	-
Emerging markets	182	137	182	137
Property	344	475	344	475
Alternative assets	1,052	578	1,052	578
Interest accrued	-	16	-	16
Cash	345	348	345	348
	7,171	6,876	7,171	6,876

The Directors do not consider any individual investment to be material in the context of the investment portfolio.

## 10. SUBSIDIARY UNDERTAKINGS (CHARITY ONLY)

Name of undertaking	Class of shareholding	Proportion of nominal value held directly	Cost (£'000)	Nature of business
UCAS Media Limited	Ordinary	100%	1,026	Marketing services

UCAS Media Limited, registered in England, is a wholly owned subsidiary of the Charitable Company, UCAS, with issued share capital of 1,000 ordinary shares (2018: 1,000 shares). This investment is held at a carrying amount of £1,025,768 (2018: £1,025,768). The principal activity of the company is to assist the parent company in achieving its objective, through the provision of marketing services concerned with higher education. Profits of the subsidiary company are transferred under the Gift Aid regime to the parent company.

UCAS Media's accounts are fully audited, and published separately. For summary results of UCAS Media Limited, refer to note 20.

## 11. DEBTORS

	Group		Charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade debtors	5,370	4,993	244	80
Amounts owed by subsidiary	-	-	5,063	926
Other debtors	54	-	76	-
Prepayments and accrued income	2,673	2,468	1,979	2,083
Value-added tax	281	472	281	472
	<b>8,378</b>	<b>7,933</b>	<b>7,643</b>	<b>3,561</b>

## 12. CREDITORS

Amounts falling due within one year	Group		Charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade creditors	2,607	1,834	2,008	1,357
Social security and other taxes	781	900	469	479
Finance leases due within one year	29	116	29	116
Other creditors	326	296	327	296
Accruals and deferred income	6,137	5,868	2,610	2,620
	<b>9,880</b>	<b>9,014</b>	<b>5,443</b>	<b>4,868</b>





#### Deferred income

	Group		Charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Deferred income at 31 July 2018	2,878	2,501	138	196
Deferred income released during the year	(2,878)	(2,501)	(138)	(196)
Income deferred during the year	3,016	2,878	210	138
Deferred income at 31 July 2019	<b>3,016</b>	<b>2,878</b>	<b>210</b>	<b>138</b>

Deferred income relates to advertising income, events income, and income from subscriptions. For advertising campaigns and events, income is deferred on the basis of when the service is to be delivered. In the case of subscriptions, income is recognised over the life of the subscription, during which time, the service is delivered in full.

#### Amounts due after more than one year

	Group		Charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Obligations under finance leases	-	29	-	29
	<b>-</b>	<b>29</b>	<b>-</b>	<b>29</b>



## 13. FINANCIAL INSTRUMENTS

The carrying value of financial instruments for the Group and the Charitable Company as at 31 July were:

	Group		Charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
<b>Financial assets:</b>				
Measured at amortised cost				
Cash	15,238	8,623	11,365	4,399
Trade debtors	5,370	4,993	244	80
Other debtors	54	-	5,139	926
Accrued income	473	96	73	115
Measured at cost less impairment				
Fixed asset investment	-	-	1,026	1,026
Measured at fair value through profit or loss				
Investments	7,171	6,876	7,171	6,876
<b>Total</b>	<b>28,306</b>	<b>20,588</b>	<b>25,018</b>	<b>13,422</b>
<b>Financial liabilities:</b>				
Measured at amortised cost				
Trade creditors	2,607	1,834	2,008	1,357
Other creditors	355	412	356	412
Accrued expenditure	3,122	2,963	2,633	2,456
<b>Total</b>	<b>6,084</b>	<b>5,209</b>	<b>4,997</b>	<b>4,225</b>

## 14. COMMITMENTS UNDER OPERATING LEASES

The total future minimum lease payments for both the Group and the Charitable Company, under non-cancellable operating leases, are as follows:

	2019 £'000	2018 £'000
<b>Amounts due:</b>		
Within one year	28	30
Between one and five years	63	57
	<b>91</b>	<b>87</b>





## 15. COMMITMENTS UNDER FINANCE LEASES

Obligations under finance leases are secured by the related assets. Finance charges relating to the lease are set at 0 per cent per annum.

The total future minimum lease payments for both the Group and the Charitable Company, under non-cancellable finance leases, are as follows:

<b>Amounts due:</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	29	116
Between one and five years	-	29
	<b>29</b>	<b>145</b>

Finance lease payments represent rentals payable by the Group for certain items of equipment. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The lease term is three years. All leases are on a fixed repayment basis, and no arrangements have been entered into for contingent rental payments.

## 16. UNRESTRICTED FUNDS: DESIGNATED

	<b>Technology reserve</b>	<b>Income reserve</b>	<b>Total</b>	<b>Total</b>
	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Group</b>				
Value at beginning of the year	8,200	3,000	11,200	9,623
Redesignations	-	-	-	(3,934)
Movement in the year	(200)	(1,000)	(1,200)	5,511
Value at end of the year	<b>8,000</b>	<b>2,000</b>	<b>10,000</b>	<b>11,200</b>
<b>Charity</b>				
Value at beginning of the year	8,200	3,000	11,200	9,074
Redesignations	-	-	-	(3,934)
Movement in the year	(200)	(1,000)	(1,200)	6,060
Value at end of the year	<b>8,000</b>	<b>2,000</b>	<b>10,000</b>	<b>11,200</b>

Designated reserves reflect the Directors' view of the funds required to be allocated to meet future obligations and to ensure the sustainability of the Group's and Charity's core operations. Further detail of the Reserves Policy is given on page 16 of the Report of the Directors.



## 17. UNRESTRICTED FUNDS: GENERAL

	Group		Charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Value at beginning of the year	23,183	21,526	19,599	22,842
Surplus for the year	5,057	4,100	9,411	(251)
Transfer from/to designated funds	1,200	(1,577)	1,200	(2,126)
FRS102 pension adjustments	1,461	(866)	1,461	(866)
Value at end of the year	<b>30,901</b>	<b>23,183</b>	<b>31,671</b>	<b>19,599</b>
Unrestricted funds: designated	10,000	11,200	10,000	11,200
Unrestricted funds: general	30,901	23,183	31,671	19,599
Pension	(12,172)	(6,910)	(12,172)	(6,910)
	<b>28,729</b>	<b>27,473</b>	<b>29,499</b>	<b>23,889</b>

Funds are transferred between unrestricted designated and general funds to maintain key technology contracts, and to protect against loss of income through realisation of strategic risks (note 16) as agreed by the Directors in the Reserves Policy.





## 18. NET ASSETS BY FUND

### Group

The consolidated net assets held as at 31 July 2019 for the various funds are as follows:

	Fixed assets (excl. investments)	Net current assets and investments	Long term liabilities	Pension scheme liability	Total	Total
	2019	2019	2019	2019	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds: designated	8,000	2,000	-	-	10,000	11,200
Unrestricted funds: general	12,124	18,907	(130)	(12,172)	18,729	16,273
	<b>20,124</b>	<b>20,907</b>	<b>(130)</b>	<b>(12,172)</b>	<b>28,729</b>	<b>27,473</b>

### Charity

The net assets held as at 31 July 2019 for the various funds are as follows:

	Fixed assets (excl. investments)	Net current assets and investments	Long term liabilities	Pension scheme liability	Total	Total
	2019	2019	2019	2019	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds: designated	8,000	2,000	-	-	10,000	11,200
Unrestricted funds: general	12,039	19,762	(130)	(12,172)	19,499	12,689
	<b>20,039</b>	<b>21,762</b>	<b>(130)</b>	<b>(12,172)</b>	<b>29,499</b>	<b>23,889</b>



## 19. PENSION SCHEMES

The Group participates in four pension schemes: one defined benefit pension scheme, one defined benefit scheme that is accounted for as if it were a defined contribution scheme (as required by FRS 102 section 28 'Employee Benefits'), and two defined contribution schemes. Employees join the appropriate scheme depending on their employment terms. The total cost to the Group for the year ended 31 July 2019, in respect of pension contributions, which have been allocated between expenditure categories in proportion to staff costs, and charged to the consolidated statement of financial activities as appropriate, are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Defined benefit scheme	544	373
Defined contribution schemes	890	684
Multi-employer defined benefit scheme	588	600
	<b>2,022</b>	<b>1,657</b>

At 31 July, there were outstanding employer's and employees' contributions, including any additional voluntary contributions to the schemes, as follows:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Defined benefit scheme	75	77
Defined contribution schemes	113	93
Multi-employer defined benefit scheme	83	83
	<b>271</b>	<b>253</b>





### UCAS Pension and Life Assurance Scheme (1993)

The scheme was closed to future accrual of benefits on 31 December 2017. Active members of the scheme at the closure date became 'active deferred' members, and transferred to UCAS' Group Stakeholder Plan at that time. The UCAS Pension and Life Assurance Scheme currently has 60 active deferred members, 182 preserved members, and 158 pensioners. The assets of the scheme are held in a separate, trustee-administered fund.

The most recent comprehensive actuarial valuation of the plan assets, and the present value of the defined benefit obligation, was carried out at 31 July 2016. The defined benefit obligation, included in these accounts as at 31 July 2019, has been calculated on the basis of updated actuarial assumptions and membership information, based on actuarial advice given to the Directors.

The triennial funding review, as at 31 July 2016, identified an initial deficit in the longer-term assets over liabilities of £11,201k (2013: deficit of £3,731k). The main contributing factor to the increase in the deficit was the change in market conditions, as gilt yields were lower than expected. The Directors agreed with the Trustees of the pension scheme to adopt a Liability Driven Investment (LDI) strategy in the year, which had the effect of reducing the deficit to £9,200k.

Following the funding review, the Directors worked with the pension scheme Trustees to agree a plan to address the pension deficit. During the year to 31 July 2019, UCAS made additional contributions of £950k, with this amount set to increase by 3.5 per cent each year, until 31 July 2025.

The principal assumptions used in the calculation of the present value of the defined benefit obligation include:

Assumptions	31 July 2019 Per cent	31 July 2018 Per cent
Discount rate	2.19	2.72
Salary increase	3.83	3.71
Inflation (RPI)	3.33	3.21
Inflation (CPI)	2.43	2.31
Pension increases (pre-April 2005)	4.21	4.19
Pension increases (post-April 2005)	2.25	2.22
Revaluation in deferment (CPI max 5.0 per cent)	2.43	2.31
Revaluation in deferment (CPI max 2.5 per cent)	2.43	2.31
Mortality base table	SP3xA	SP2xA
Projection basis	CMI 2018	CMI 2017
Long term improvement trend	1.00	1.00
Percentage of death rates applied	100	100



<b>Life expectancies from age 65 years</b>	<b>31 July 2019</b>	<b>31 July 2018</b>
	<b>Years</b>	<b>Years</b>
Male currently aged 45	22.60	22.80
Female currently aged 45	25.00	24.90
Male currently aged 65	21.60	21.80
Female currently aged 65	23.90	23.70

Amounts recognised in the Statement of Financial Activities (SoFA), in respect of the defined benefit scheme, are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Past service cost	544	373
Net interest on net defined benefit liability	153	175
Total operating charge	<b>697</b>	<b>548</b>

<b>Changes in the fair value of the scheme assets</b>	<b>31 July 2019</b>	<b>31 July 2018</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of scheme assets at the beginning of the year	46,103	43,769
Employer contributions	963	1,219
Interest income on plan assets	1,251	1,111
Contribution by scheme participants	-	59
Benefits paid	(1,153)	(1,218)
Expenses and term assurance premium	-	(95)
Remeasurement gain	3,453	1,258
Fair value of scheme assets at the end of the period	<b>50,617</b>	<b>46,103</b>





<b>Changes in the present value of the defined benefit obligation</b>	<b>31 July 2019</b>	<b>31 July 2018</b>
	<b>£'000</b>	<b>£'000</b>
Present value of scheme liabilities at the beginning of the period	52,210	51,074
Past service cost	544	373
Contribution by scheme participants	-	59
Interest cost	1,405	1,286
Benefits paid	(1,153)	(1,218)
Expenses and insurance premiums paid	-	(95)
Actuarial loss on liabilities	7,254	731
Present value of scheme liabilities at the end of the period	<b>60,260</b>	<b>52,210</b>
<b>Amounts to be recognised on the balance sheet</b>		
Fair value of scheme assets	50,617	46,103
Present value of scheme liabilities	(60,260)	(52,210)
Balance sheet liability	<b>(9,643)</b>	<b>(6,107)</b>

#### **Total Actuarial Loss featured in the Statement of Financial Activities**

The Statement of Financial Activities (SoFA) includes a total actuarial loss for the UCAS Pension and Life Assurance Scheme (1993) of £3,801k (2018: £527k, gain), comprising a remeasurement gain on scheme assets of £3,453k and an actuarial loss on scheme liabilities of £7,254k.

The actuarial return on plan assets was £4.7m (2018: £2.37m). The analysis of the scheme assets at the reporting date was as follows:

	<b>31 July 2019</b>	<b>31 July 2018</b>
	<b>Per cent:</b>	<b>Per cent:</b>
Equities	26.4	27.9
Bonds (non-gilt)	18.8	24.2
LDI funds	27.6	19.1
Multi-asset growth	26.7	28.3
Cash and net current assets	0.5	0.5
	<b>100.0</b>	<b>100.0</b>

The Scheme invests in a mix of equity, bond, diversified growth, and liability-driven investment funds, managed by State Street, BMO, and Baillie Gifford.



### Universities Superannuation Scheme (USS)

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control, typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control, and represents (typically) an industry-wide scheme, such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit, results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit), and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The Directors are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme, and have therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2017.

Since the institution cannot identify its share of Retirement Income Builder section of the Scheme assets and liabilities, the following disclosures reflect those relevant for the section as a whole.

The 2017 valuation was the fourth 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 £60 billion, and the value of the Scheme's technical provisions was £67.5 billion, indicating a shortfall of £7.5 billion.

Defined benefit liability numbers for the scheme, for accounting purposes, have been produced using the following assumptions as at 31 March 2018 and 2019:

	2019	2018
Discount rate	2.44 per cent	2.64 per cent
Pensionable salary growth	n/a	n/a
Pensions increases (CPI)	2.11 per cent	2.02 per cent





The main demographic assumption used relates to the mortality assumptions. These assumptions have been updated for the 31 March 2019 accounting position, based on updated analysis of the Scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2019	2018
Mortality base table	<p><b>Pre-retirement:</b> 71 per cent of AMC00 (duration 0) for males, and 112 per cent of AFC00 (duration 0) for females</p> <p><b>Post-retirement:</b> 96.5 per cent of SAPS S1NMA 'light' for males, and 101.3 per cent of RFV00 for females</p>	<p><b>Pre-retirement:</b> 71 per cent of AMC00 (duration 0) for males, and 112 per cent of AFC00 (duration 0) for females</p> <p><b>Post-retirement:</b> 96.5 per cent of SAPS S1NMA 'light' for males, and 101.3 per cent of RFV00 for females</p>
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8 per cent p.a. for males, and 1.6 per cent p.a. for females	CMI_2016 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8 per cent p.a. for males, and 1.6 per cent p.a. for females

The current life expectancies on retirement at age 65 are:

	2019 Years	2018 Years
Male currently aged 45	26.6	26.5
Female currently aged 45	27.9	27.8
Male currently aged 65	24.6	24.5
Female currently aged 65	26.1	26.0

	2019 £bn	2018 £bn
Scheme assets	67.4	63.6
Total scheme liabilities	79.2	72.0
FRS 102 total scheme deficit	11.8	8.4
FRS 102 total funding level	85%	88%



<b>Amounts recognised in the balance sheet</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Liabilities at beginning of the year	(803)	(998)
Interest costs	(21)	(24)
Remeasurement of the scheme liabilities	(1,705)	219
Balance sheet liability	<u>(2,529)</u>	<u>(803)</u>

At 31 July 2019, UCAS had 40 active members participating in the scheme.

The total pension cost for the group was £588k (2018: £600k). This includes £52k (2018: £46k) outstanding employer's contributions at 31 July 2019. The contribution rate payable by the Company was 19.5 per cent of annual pensionable salaries.

#### **UCAS Group Stakeholder Pension Plan (2007)**

As contributions are treated on the basis of defined contributions, and ultimate benefits are formed from the scheme operated by an external provider, the Group has no underlying liability.

#### **UCAS Group Stakeholder Pension Plan (2014)**

UCAS implemented auto-enrolment on 1 January 2014. 148 employees were auto-enrolled in the scheme at that time, and re-enrolment assessments are carried out every subsequent three years. Following the transfer of members from the UCAS Pension and Life Assurance Scheme on its closure, the current scheme membership is 398 (2018: 402).

As contributions are treated on the basis of defined contributions, and ultimate benefits are formed from the scheme operated by an external provider, the Group has no underlying liability.

The total pension cost for the Group, for both contribution schemes, was £890k (2018: £684k). This includes £78k (2018: £71k) outstanding employer's contributions as at 31 July 2019.





## 20. TRADING RESULTS OF UCAS MEDIA LIMITED

UCAS MEDIA LIMITED, REGISTERED IN ENGLAND, COMPANY NUMBER 2737300.

	2019	2018
	£'000	£'000
<b>Turnover</b>	20,509	19,134
Distribution costs	(7,186)	(6,230)
Brand and data charge	(4,175)	(3,832)
	<b>9,148</b>	<b>9,072</b>
<b>Expenses</b>		
Administrative	(4,879)	(4,725)
Total administrative expenses	(4,879)	(4,725)
Operating profit	<b>4,269</b>	<b>4,347</b>
Interest receivable	26	6
<b>Profit before tax</b>	<b>4,295</b>	<b>4,353</b>
Taxation	-	-
<b>Profit after tax</b>	<b>4,295</b>	<b>4,353</b>

The aggregate amount of the capital and reserves of UCAS Media Limited, as at 31 July 2019, was £259k (2018: £4,611k). Aggregate assets were £9,727k (2018: £9,541k), and aggregate liabilities were £9,553k (2018: £5,090k).



## 21. RELATED PARTY TRANSACTIONS

### Directors

The Directors of UCAS hold a variety of senior positions at educational providers, and other organisations, many of which undertake transactions with UCAS on a regular basis. Such transactions are undertaken on an 'arm's length' basis, and the Directors make annual declarations confirming the position they hold in these organisations. The educational providers do not meet the definition of related parties, but are included in the interest of transparency. Therefore, full details of the value of such transactions, or the balances outstanding between UCAS (or its subsidiary undertakings) and these organisations, are not provided.

During the year, no non-executive Director of UCAS Media Limited was paid emoluments (2018: £nil).

### The Universities and Colleges Admissions Service, and wholly owned subsidiary

The following related party transactions and balances are included in the accounts of the Charitable Company, in respect of its related party subsidiary company:

2019						
Intercompany debtor as at 31 July 2019 £'000	Conference attendance fees charged to parent £'000	Staff costs recharged to subsidiary £'000	Brand and data charges to subsidiary £'000	Management charge to subsidiary £'000	Gift Aid distribution to parent £'000	
UCAS Media Limited	5,063	(20)	1,218	4,175	2,912	8,650

2018						
Intercompany debtor as at 31 July 2018 £'000	Conference attendance fees charged to parent £'000	Staff costs recharged to subsidiary £'000	Brand and data charges to subsidiary £'000	Management charge to subsidiary £'000	Gift Aid distribution to parent £'000	
UCAS Media Limited	926	(36)	1,211	3,832	2,379	-





## 22. CAPITAL COMMITMENTS

As at 31 July 2019, the Charitable Company had no capital commitments (2018: £nil).

## 23. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

### Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, within the next financial year, are those used by the actuary in calculating the Group's defined benefit pension scheme liability (see note 19 for details), and those involved in estimating an intangible software asset's likely useful life upon capitalisation (see policy on capitalisation of software assets for details).

### Critical areas of judgement

Senior management exercise judgement in determining that an internally-generated asset may be capitalised as an intangible asset, by reference to the likelihood that future economic benefit will be delivered by the asset, as well as the level of completeness of the asset. Details of UCAS' policy on capitalisation of software development costs is given in note 1.

UCAS participates in Universities Superannuation Scheme (USS), a multi-employer hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. UCAS is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. Therefore, the scheme is accounted for as if it were a wholly defined contribution scheme (see note 19 for details).

The charity commenced the rental of part of one of the floors at the Rosehill site during the year. Under FRS 102, where a discrete element of a property is leased to a third party, consideration needs to be given as to whether this constitutes a mixed-use property, which would necessitate that the rented element should be accounted for as an investment property and held at market value. It is UCAS' view that this arrangement does not get captured by the mixed-use rules, due to factors including the use of a shared reception, entrance through a shared corridor, and use of certain shared facilities.

