



Directors' Report & Consolidated Accounts

for the year ended 31 July 2016

UCAS



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Directors' Report and Consolidated Accounts for the year ended 31 July 2016

The Universities and Colleges Admissions Service (LIMITED BY GUARANTEE)

Board structure

CHAIR

Professor Sir Steve Smith

DIRECTORS

Dr David Ashton

Professor Janet Beer

Professor Joy Carter

Professor Bob Cryan CBE

(Appointed 26 September 2015)

Professor Sir Ian Diamond (Deputy Chair)

Professor David Fleming

(Resigned 31 August 2015)

Mr Andrew Forbes

Mr Terry Grote OBE

(Resigned 13 June 2016)

Mrs Caragh Merrick

Mr Gerry Pennell OBE

Professor Colin Riordan

Professor Toby Salt

COMPANY SECRETARY

Mrs Helen Cornish

MANAGEMENT

Mrs Mary Curnock Cook OBE

Chief Executive

Dr Mark Corver

Director of Analysis and Research

Mr Andrew Hargreaves

Director of Customer Experience, Marketing & UCAS Media Limited

Mrs Fatuma Mahad

Director of Technology and Operations

Mr Iain Moore

Director of Finance and Corporate Services (appointed 1 July 2016)

Mrs Helen Thorne MBE

Director of External Relations

REGISTERED OFFICE

Rosehill

New Barn Lane

Cheltenham

Gloucestershire

GL52 3LZ

AUDITORS

External auditor

RSM UK Audit LLP
Chartered Accountants
Hartwell House
55-61 Victoria Street
Bristol
BS1 6AD

Internal auditor

PriceWaterhouseCoopers LLP
2 Glass Wharf
Bristol
BS2 0FR

BANKERS

Barclays Business Banking
P O Box 288
Britannia Warehouse
The Docks
Gloucester
GL1 2YJ

SOLICITORS

Veale Wasbrough Vizards
Narrow Quay House
Narrow Quay
Bristol
BS1 4QA

ACTUARY

Little & Company
i2 Office
450 Brook Drive
Green Park
Reading
RG2 6UU

INVESTMENT MANAGERS

Investec Wealth & Investment Limited
2 Gresham Street
London
EC2V 7QN





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 2016.

Governance, organisational structure and management

UCAS was incorporated on 27 July 1993. It is a private limited company 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 ten Directors (the Board), which usually meets five times a year to discharge its duties and it can, and does, delegate to UCAS' Management such powers as are necessary for the day-to-day management of UCAS.

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

The Board also receives advice from the UCAS Council, an advisory body comprising 31 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; to give feedback to the Board on UCAS' performance; and to inform the strategic direction of UCAS.

The 'Matters Reserved for the Board', 'Terms of Reference' for the sub-committees and UCAS Council, and details of the UCAS Council members are published on ucas.com.

Sub-committee membership during 2015–16 was:

Audit Committee:

Professor Sir Ian Diamond (Chair)

Dr David Ashton

Dr Jim McGeorge*

Ms Louise Parr Morley* (resigned 13 November 2015)

Mr Gerry Pennell OBE

Ms Sarah Randall-Paley* (appointed 27 April 2016)

Finance Committee:

Mrs Caragh Merrick (Chair)

Professor Joy Carter

Professor Bob Cryan (appointed 27 April 2016)

Mr Terry Grote OBE (resigned 13 June 2016)

Ms Joanne Jones* (appointed 27 April 2016)

Professor Jonathan Michie* (resigned 9 February 2016)

Professor Elizabeth Treasure*

Nominations Committee:

Professor Sir Steve Smith (Chair)

Professor Janet Beer (appointed 25 September 2015)

Professor David Fleming (resigned 31 August 2015)

Mr Andrew Forbes (appointed 25 September 2015)

Professor Sir Ian Diamond

Remuneration Committee:

Professor Sir Steve Smith (Chair)

Professor David Fleming (resigned 31 August 2015)

Professor Sir Ian Diamond (appointed 1 September 2015)

Mrs Caragh Merrick

Professor Colin Riordan

*Co-opted Committee member

Directors' recruitment, appointment, and training

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

Two Directors, Terry Grote and Professor David Fleming, resigned, and new Director Professor Bob Cryan was appointed to the Board during the period. A full list of Directors and Committee members are given on pages 2 and 5 of these accounts.

All Directors and co-opted Committee members are independently selected and formally appointed (for an initial four-year fixed term) on merit, based on their specific skills, experience, and expertise, against objective criteria.

The majority of the Directors are from a higher or further education background, including six heads of providers of higher education; one head of a further and higher education provider; one secondary education provider head; and up to four additional Directors. The Board is chaired by a Vice-Chancellor nominated by UUK (in consultation with GuildHE). The Directors' biographies can be found on ucas.com.

All new Board and Committee members receive an induction pack of essential governance and UCAS documents, and they are invited to attend a formal induction session at UCAS' registered office, covering UCAS' operations and to meet members of the Executive Team. Thereafter, they receive training typically comprising regular updates on legal and regulatory developments, Charity Commission and other relevant guidance, and site visits to expand knowledge of UCAS' operational developments.

UCAS conducted a skills gap analysis in the period, to inform succession planning and enable specific training needs to be identified.

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. There is one non-trading subsidiary, S-Cool Limited, which is wholly owned by UCAS Media Limited.

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

The profit on ordinary activities, before tax and Gift Aid donations, for UCAS Media Limited during the year ended 31 July 2016 amounted to £3,199,480, which represented an increase of 108 per cent over the profit for the year ended 31 July 2015, which was stated after a charge of £1,257,467 for the impairment of goodwill relating to the acquisition of S-Cool. Revenue increased by 4.9 per cent (2015: increase of 21.8 per cent) to £16,780,098 (2015: £16,002,840).

See note 10 for full details of subsidiaries.

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, and of 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 that the Charitable Company will continue in business

The Directors are responsible for keeping proper accounting records that disclose, with reasonable accuracy, at any time, the financial position of the 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 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 £3,491 (2015: £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, in so far as he or she is aware, that there is no relevant information of which UCAS' auditors are unaware, and that they have taken all the steps that they ought to have taken, as Directors, 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 at the Annual General Meeting of its members in February 2016. A resolution to re-appoint RSM UK Audit LLP will be proposed at the Annual General Meeting.

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 the UCAS Executive Team is subject to external benchmarking and awards given are reviewed and approved by the UCAS Remuneration Committee.

Group strategic report

UCAS' vision is that we are at the heart of connecting people to higher education. Our mission is to inspire and facilitate progression in education, through information and admissions services.

UCAS' charitable objects are to advance education, and to assist in the advancement of education.

UCAS delivers public benefit by offering students information and advice, to help them understand and explore the range of study choices available, and by providing cost-effective and trusted admissions services that support applications to secondary, further, and higher education. UCAS wants to help people understand the different educational pathways open to them, and to choose the pathway that is the best fit for them.

UCAS particularly supports young people during key transitions at the ages 16 and 18, as well as anyone looking to access full-time undergraduate education, initial teacher training, or postgraduate taught courses – whether from the UK or beyond. Measurement of UCAS' public benefit is achieved through regular monitoring, satisfaction surveys, analysis, and reporting.

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

Provision of information and advice for prospective students

UCAS offers information, advice and assistance to anyone who is thinking about educational opportunities, particularly higher education. UCAS provides independent, impartial, accurate information, which we increasingly target so it reaches people at the right time and via the channels they want to use.

Our UCAS Progress service offers information and advice for young people in England and Wales, who are making decisions about what and where to study after their GCSEs, whether they're thinking about higher education or considering other options after 18. Through **ucas.com**, young people, teachers, and parents can find a wealth of information about careers and progression routes. Students can search over 144,000 post-16 courses and around 16,000 apprenticeships by subject and sector, provider, and location, exploring academic options alongside vocational qualifications, apprenticeships, and other work-based learning.

For people considering higher education, whether post-18 or later in life, UCAS provides information about the benefits of higher education, what's involved, and advice on how to explore study options, whether full-time, part-time, via distance learning, or outside the UK. UCAS provides straightforward advice about things to take into account when considering going to university, and encourages students to attend open days. UCAS understands that financial issues are very important, and provides information about tuition fees, student finance, and advice on managing money.

UCAS also provides information on alternatives to higher education, such as apprenticeships, employment, volunteering, or further study, alongside information about degrees, and link this to external resources.

Information and advice is delivered primarily through **ucas.com** and social media. UCAS' website has been designed in conjunction with students, and those who work with them, to support their educational progression. There is information for mature students, part-time learners, Welsh speakers, those with disabilities, those who have been in care, for young carers, and for parents, guardians and teachers.

UCAS' search tool offers prospective undergraduate students comparable information on over 40,000 higher education courses offered by universities and colleges across the UK, together with information on entry requirements, fees, and financial support. This is an important means for raising awareness of the wide range of different courses available at different universities and colleges, and a key instrument for facilitating student choice at undergraduate level.

UCAS applies robust eligibility criteria to ensure universities and colleges promoting their courses through our search tool are bona fide institutions, offering high-quality courses of educational benefit.

For students looking to progress to postgraduate study, UCAS provides information and advice about the different pathways into teacher training, and a wide range of postgraduate provision covering master's programmes, doctorates, and professional qualifications. UCAS' postgraduate search tool encompasses over 20,000 postgraduate opportunities at UK universities and colleges.

Enabling and assisting students to apply for educational places

UCAS offers admissions services to enable students to apply for entry to full-time undergraduate courses at universities and colleges through a single gateway, using a standard online form and a common process, supporting fair and transparent admissions. This provides an efficient means for enabling student choice and managing interactions between students, schools and colleges, qualification awarding organisations, and higher education providers, and helps institutions effectively plan and manage admissions and student services.

UCAS charges a modest application fee (£12 for a single course and £23 for two to five choices, rising to £13 and £24 respectively for 2016-17) to help to fund the admissions service. The Directors consider that the level of the fee, and frequency with which the service is likely to be used, does not preclude access by less-advantaged students.

UCAS distributes millions of free newsletters to learners, parents, advisers, schools, and colleges across the UK and internationally. Our website offers comprehensive information about the application process, step-by-step guides on how to apply, and how the universities and colleges make and confirm offers of places. UCAS offers specific advice for applicants with disabilities, and our systems meet accessibility requirements.

Students can track the progress of their applications with UCAS, talk to our experienced advisers, ask questions via social media, or watch our 'how to' videos. UCAS handled over 594,000 telephone calls in 2015-16 and 111,000 social media enquiries. During the critical exam results period, UCAS hosted the Department for Education's Exam Results Helpline, which offers unplaced students advice and guidance about their options, including retaking exams, taking a gap year, and work and apprenticeship opportunities.

Around 718,000 students used the undergraduate admissions service in the 2015 admissions cycle. UCAS' data show that applicants come from across the world and from a full range of ethnic, socio-economic and educational backgrounds.

UCAS also offers admissions services for courses at conservatoires, for teacher training courses, and postgraduate taught courses, which were used by 9,000, 47,000, and 35,000 applicants, respectively.

Every year, UCAS works with 38 qualification awarding organisations, to process almost five million examination results across more than 150 different qualifications, to help universities and colleges take decisions on conditional offers made to prospective students.

Running admissions services generates high quality data about progression to higher education. Each year, UCAS publishes information about trends in applications, offers, and acceptances to higher education to inform the public debate about university admissions, progression, and social mobility. The 2015 UCAS Undergraduate end of cycle datasets comprised more than 1.2 million data points, and there are currently almost two million data points freely available on **ucas.com**. The data and insight that UCAS generates is used by universities and colleges to plan and evaluate the delivery of their programmes, as well as offering improved services for students, such as accommodation, and outreach and support services.

Strategic objectives: achievements and performance

UCAS' corporate strategy 2015-2020 places the student journey at its heart, with the aim of making UCAS the go-to destination for people looking for educational opportunities, and the best place for students, education providers, employers, and other organisations to interact with each other. This is being achieved through the accelerated redevelopment of core services, and investment in new capabilities, to enable us to respond more rapidly to the changing needs of students, universities, and colleges, to deliver services more efficiently, and to enable more sophisticated and personalised engagement.

In 2015-16, UCAS made significant progress against its strategy. Work commenced on re-developing and integrating our data collection, course search, and application services across undergraduate, postgraduate, and other schemes. Major milestones were achieved with the release of an identity management service, and UCAS' new postgraduate search and collection tools, which provide the foundations for the redevelopment of the undergraduate tools. UCAS also deployed a customer relationship management (CRM) system, enabling us to manage interactions with universities and colleges in a joined-up way, and deliver newsletters and email campaigns more effectively.

All the improvements being made to current services, and the new services we're building, are designed around the needs of students and education providers, and how they want to do business with us. This focus on customer logic is at the heart of how UCAS operates and how services are developed through an agile process, using fast feedback.

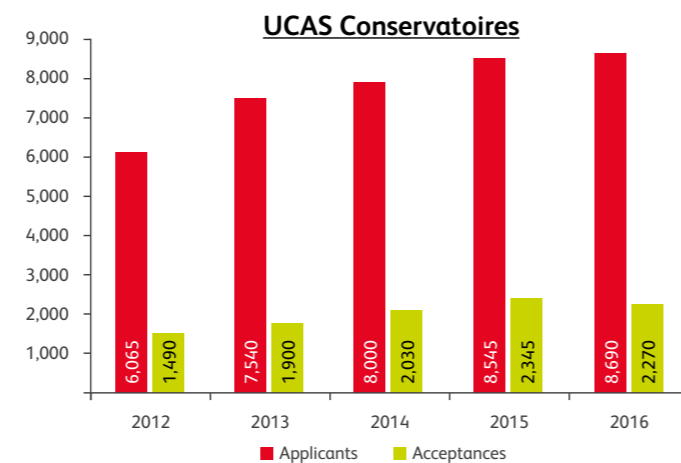
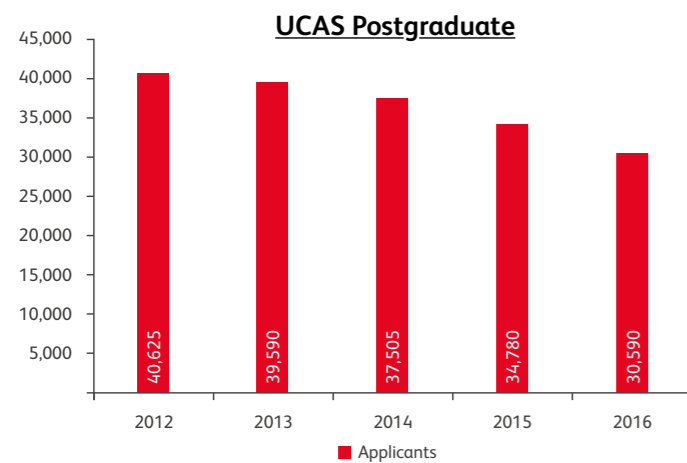
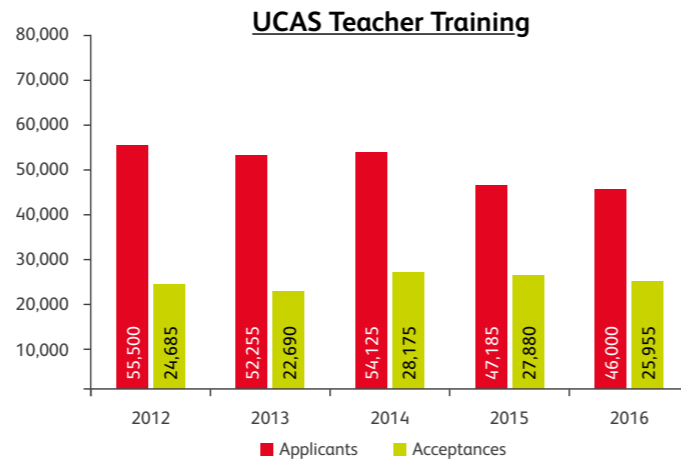
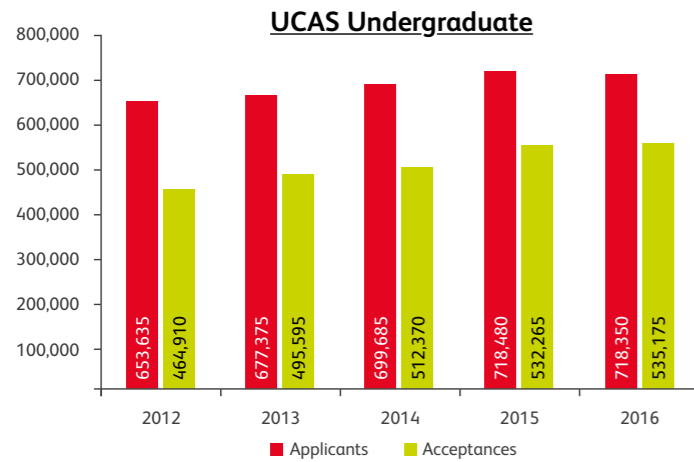
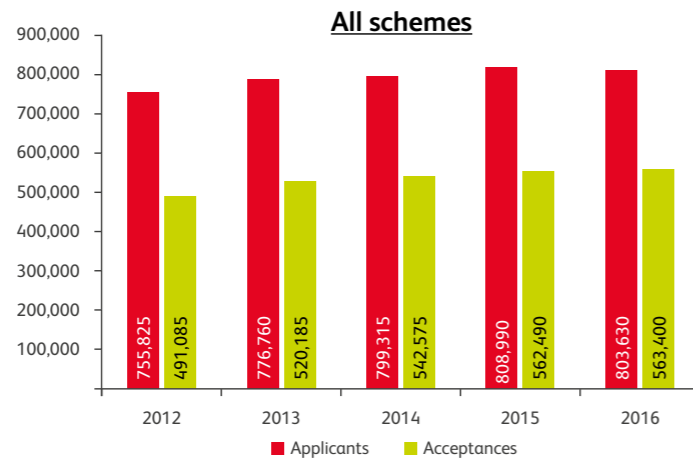
While the redevelopment is underway, UCAS continues to focus on improving existing services for students and advisers. 2015-16 has seen the provision of a range of improved information and advice services, notable advances in data services, and substantial efficiency improvements in how UCAS deploys its technology.

The focus of activity in the year, towards delivering each of the strategic objectives, has been as follows:

- **Students:** students know that UCAS is where you find out about progression in education and make applications. UCAS has:
 - delivered the undergraduate admissions service successfully, handling applications from 718,000 people and helping 532,000 to secure an undergraduate place. Overall student satisfaction with UCAS services reached 83%
 - enabled 2,000 students to find a place at a conservatoire, 28,000 on initial teacher training programmes, and 9,000 on postgraduate courses
 - introduced a new service in Clearing that allows students to opt in to having their data shared with providers they haven't applied to, if they are unplaced. This enables universities with vacancies to proactively contact suitable students about potential offers. 97% of students who used this service said they found it useful
 - launched a new version of the postgraduate course search tool
 - improved the provision of information and advice for students by:
 - publication of advice for young carers in partnership with the Carers Trust
 - introduction of a customer relationship management (CRM) system to send personalised communications to students, based on where they are in their admissions journey
 - release of a significantly improved version of **ucas.com**, making it easier for students to find the content they want, more quickly
 - provision of information about the Teaching Excellence Framework
 - held 55 conventions across the UK, enabling 179,000 students to discuss their futures with universities, colleges, and potential employers
 - hosted the Department for Education's Exam Results Helpline
- **Education providers:** UCAS is a trusted partner for attraction, recruitment, and admissions services. UCAS has:
 - supported 388 higher education providers and eight conservatoires with undergraduate and postgraduate student recruitment; and over 1,100 universities, colleges, and schools with initial teacher training recruitment Overall provider satisfaction with UCAS services reached 77%, with a 91% satisfaction rate for Confirmation and Clearing
 - strengthened collaboration with exam awarding organisations to reduce risks around provision of results, including phasing the receipt of results data to reduce the risks around on-time delivery of results to universities and colleges
 - launched a new version of the postgraduate collection tool
 - ran a communications campaign to help providers translate entry requirements and information in response to the new Tariff. Added 126 new qualifications to the Tariff
 - repeated and published a survey of English schools and colleges about A level reforms, to help providers understand the extent to which schools are offering the new AS
 - funded Supporting Professionalism in Admissions (SPA), so universities and colleges can continue to access expert support and advice on good practice and fair admissions. Good practice published included advice on asylum seekers and refugees, minimising unconscious bias, and handling complaints and appeals. SPA also launched an online toolkit to help train admissions teams
- **Advisers:** UCAS provides comprehensive resources to support learners who want to progress. UCAS has:
 - organised 12 conferences and events for teachers and advisers, to help them better support their students
 - launched a Massive Open Online Course (MOOC), 'Smart Horizons', in partnership with FutureLearn, to offer teachers an overview of UK higher education, and other post-18 options, and how to go about addressing individual students' needs
 - improved the information available for teachers about exam re-marks and appeals, and admissions to higher education, and offered a new service to flag up with teachers which students have mismatched results
 - introduced an adviser sign-up for information and newsletters, reaching an additional 2,500 teachers and advisers with UCAS information
 - run a nationwide campaign to explain the new Tariff, which goes live for the 2017 cycle, including the release of a Tariff points calculator
 - produced additional content and videos to help advisers understand how and when qualification reforms are likely to impact on admissions to higher education, including a major report on understanding different progression pathways. Overall teacher satisfaction with UCAS services reached 93%

- **Data and analysis:** UCAS is the trusted and authoritative source of intelligence about achievement, progression, and participation in education. UCAS has:
 - published comprehensive end of cycle reports for the UCAS Undergraduate service, UCAS Conservatoires, and UCAS Teacher Training, as well as scheduled analytical reports throughout the year
 - published, on behalf of the university sector, a major set of equalities data, exploring applications, offers, and acceptances for UK students, by sex, ethnic group and area background, by named universities, for 2010 to 2015. These reports place applicant numbers in the context of population differences, and place differences in offer rates in the context of predicted grades and courses applied to, and are designed to further understanding of social mobility in higher education. All of the underpinning data is available in an open data format to download and re-use
 - undertaken a major survey of UK applicants, to understand what motivates young people to apply to higher education, and the factors that influence this, as well as publishing a report making recommendations for universities, colleges, and schools
 - surveyed universities and colleges as part of an evidence-gathering exercise, to understand the risks of bias in admissions and the potential for using name-blind applications to mitigate risks
 - provided analysis and input into numerous public consultations, including the Green Paper on the future of higher education in England, the Universities UK Social Mobility Advisory Group, and the Ofqual consultation on improving exam marking and appeals
- **Commercial:** UCAS Media is the premier channel for education providers, and carefully selected, appropriate commercial customers, for marketing to potential students. UCAS Media has:
 - achieved a year-on-year growth in revenue of 4.9 per cent
 - increased revenue from data services by 32 per cent, through improvements in presentation and positioning of analytical services, and the introduction of a new digital student identification service
 - introduced a new career finder service, to enable students to search and apply for graduate employment opportunities, higher and degree apprenticeships, and internships
 - achieved a level of 72 per cent of revenue originating from within the education sector
- **Business model:** UCAS is an exemplar of an efficient and effective national shared service. UCAS has:
 - maintained ISO27001 accreditation for information security
 - maintained the Payment Card Industry Data Security Standard
 - achieved c£450k of savings through optimisation of use of Cloud and other software services, and decommissioning outdated services
 - achieved £211k of procurement savings
 - achieved a five per cent year-on-year reduction in energy usage at Rosehill
 - introduced a number of digital tools to improve communications internally (including Office 365, a new intranet, visitor management service, and presentation software and equipment) and externally with advisers and providers (including webinars and Skype)
 - introduced a new financial management system, and made improvements to UCAS' HR management system

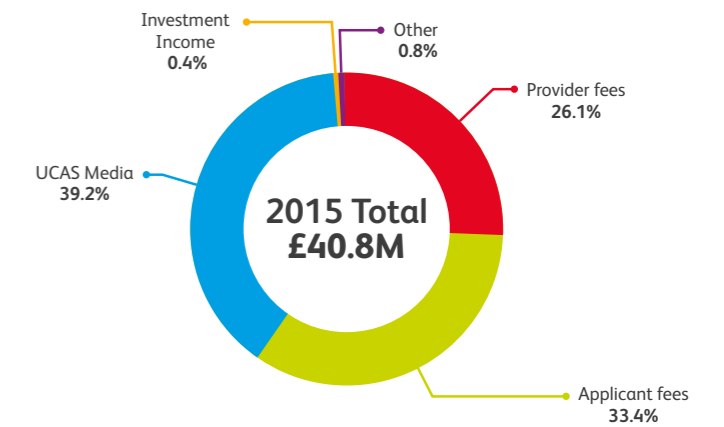
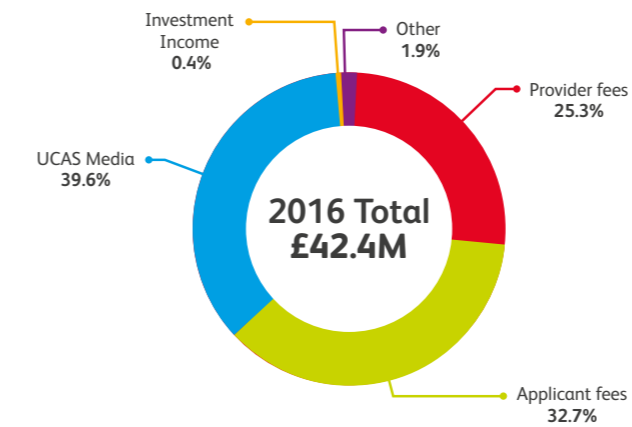
Applicant numbers by scheme



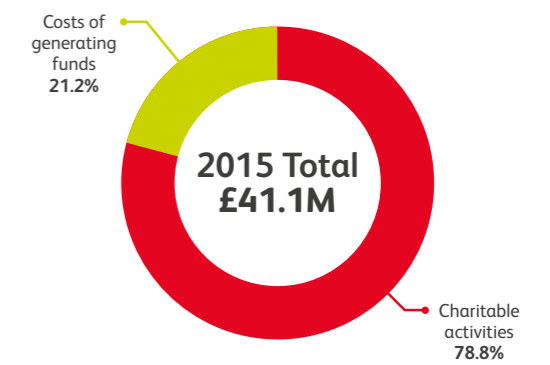
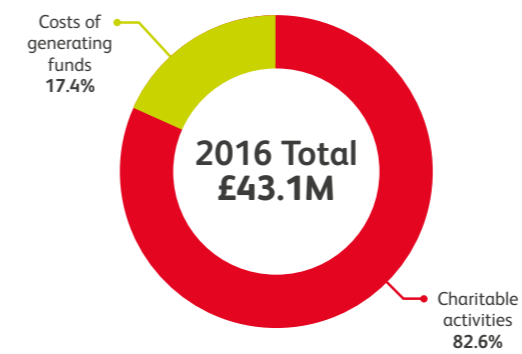
Financial review

Total income increased by 3.8 per cent, to £42.4m. The main contributor to this increase was revenue generated by the commercial subsidiary, which increased by 4.9 per cent.

Total income (note 3) in 2016 vs. 2015 are shown below.



Expenditure (note 4) in 2016 vs. 2015 are shown below.



Overall cash reserves for the Group decreased to £3.6m from £7.3m. The reduction of funds was in line with the current UCAS five-year strategy to invest funds into its Digital Acceleration strategy, investing in the development of systems and processes to maintain and improve the delivery of UCAS's admission services.

Details of UCAS' pension arrangements, including two final salary schemes and two money purchase arrangements, are set out in note 18 to the accounts. The UCAS Pension and Life Assurance Scheme was subject to a triennial valuation as at 31 July 2013. The triennial valuation due as at 31 July 2016 will be completed within 18 months of that date. It is too early to report the estimated outcome of that valuation. The scheme deficit, measured on a funding basis as at 31 July 2013, reduced to £3.7m (2010: £4.5m). The net charge for the year ended 31 July 2016 is £0.9m (2015: £0.8m), included in note 18, after cash contributions of £1.2m (2015: £1.2m). The contributions include both normal employer contributions (calculated at a rate of 16.6 per cent of individual pensionable salaries) and also an amount of £0.86m 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. Under FRS 102, the Group has also recognised the present value of future deficit contributions payable to the Universities Superannuation Scheme (USS) pension scheme for the first time, resulting in a deficit of £871k (2015: £818k) being recognised on the balance sheet.

The Group's financial reserves comprise mainly 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's reserves policy is set out later in this report.

The Group made no political contributions or donations during the two years ended 31 July 2016.

UCAS, being a registered charity, seeks to benefit from the appropriate tax exemptions where it is able to.

Reserves policy

In light of the ever-increasing need for investment in digital technology, the Directors have continued to ensure that the designation of reserves reflects the needs of the changing UCAS business. Given the importance to UCAS of its IT systems, the Directors believe a designated reserve should be held, equivalent to the net book value of computer hardware and software, to reflect the investment commitment needed in the future to keep pace with the demands of a fast-changing digital world.

However, the Directors do not consider that other tangible and intangible fixed assets are business critical in the same way as UCAS' IT capability and, in their judgement, the net book value of these assets does not need to be reflected in a designated fixed asset reserve.

They have taken the same view regarding UCAS' investment portfolio. This portfolio is only one of a range of investment vehicles used to secure the best return on the business's cash balances, having regard to the likely period over which the cash will be required. It is not the objective of UCAS to maintain an investment portfolio and, although the Directors currently consider this portfolio to be invested for the long term, it is nevertheless available for drawdown to finance business projects if and when required. However, accounting standards require that the investment portfolio is revalued each year-end at market rates and the cumulative effect is reflected in the investment revaluation reserve. The Directors believe it is appropriate to continue to designate this reserve, because it is unrealised.

The Directors take seriously their obligation to current and former employees in respect of the UCAS pension fund, and believe it is prudent for an amount equivalent to the contribution committed to be made to the net pension fund deficit to continue to be held as a designated reserve. The Directors do not consider that any other designated reserves need to be held, and so amounts previously held for working capital and for other fixed assets, including the investment portfolio, have been transferred to undesignated and unrestricted general reserves. When considering the appropriateness of the level of general reserves, the Directors have regard to the strategic risks facing the business and their possible financial implications, to the availability of bank finance and to the need for reserves to offset significant timing differences in the receipt of cash, particularly at the year-end when cash balances are at their lowest levels. Taking all these factors into account, in the opinion of the Directors, the level of general reserves, amounting to approximately £14.7 million at 31 July 2016, is prudent and appropriate.

None of UCAS' reserves are deemed as restricted.

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, and 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- 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 to maximise funds available for infrastructure investment, while at least maintaining the real capital value of the investment funds in the long term.

Plans for the future

UCAS' corporate strategy for 2015-2020 focuses on our commitment to helping learners access the information and advice they need to make well-informed decisions about educational choices, and make effective applications. It recognises that UCAS is also well-placed to play a wider advocacy role in articulating the benefits of higher education.

UCAS' strategic focus is on providing better services that are easier to use, cost-effective, reliable, and that can be easily adapted to the changing needs of learners and education providers.

The strategy sets out a ten-point plan for achieving these goals. Highlights include:

- an emphasis on the continued redevelopment of UCAS' IT systems towards Cloud-based, service-orientated applications, which will enable us to respond more quickly to changing requirements, and offer improved efficiency, reliability, and resilience
- re-positioning **ucas.com** as a central information hub for connecting learners to the widest possible range of educational opportunities
- increasing deployment of analysis to support non-traditional learners and those who advise them

During 2016-17, UCAS will continue to develop its information and advice services for students and teachers and advisers, with a strong emphasis on linking careers and employment information with qualification pathways. UCAS will be launching a MOOC for students, in partnership with FutureLearn, that showcases the full range of post-18 choices, and continuing to promote information for students, advisers, and admissions professionals about the impacts of qualification reforms on admissions to HE. The 2017 undergraduate admissions cycle will see the first use of the new Tariff, and students applying with reformed A levels, so UCAS will be focusing our communication activities accordingly.

As universities and colleges using UCAS' services look to reduce costs, reach out to younger learners, and continue to recruit the students they want, effectively and fairly, UCAS will be able to offer more segmented services to assist them with targeting the students they are interested in. We will deliver reliable admissions services that support applications, selection, and recruitment.

UCAS expects to launch a new postgraduate applications service, and make significant progress on the redevelopment of the software applications underpinning the undergraduate admissions service. UCAS will be considering a number of possible changes to the Clearing process, to make it easier for students to use.

The Higher Education and Research Bill is likely to result in significant changes to how HE is regulated, as well as the introduction of the Teaching Excellence Framework (TEF) in England. UCAS will need to review a number of policies and processes, once the Bill is passed, and we will put additional effort into providing students with information about the TEF and its implications for student finance.

UCAS will be looking to achieve efficiency savings through continued optimisation of IT services, more efficient procurement of small-scale goods and services, and in partnership with agencies that provide other services to universities and colleges.

Risk management

The Directors have given consideration to the significant risks to which UCAS is exposed, and have satisfied themselves that controls are in place to mitigate those risks. The UCAS Board seeks to manage and mitigate risk, in particular through the activities of its Audit Committee, which, working in conjunction with the Executive Team, 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. This is reviewed annually. The 2016 refresh is being undertaken in conjunction with the introduction of a new risk management tool, which will enable us to monitor more dynamically UCAS' risk exposure across a range of categories and at corporate and business unit level.

The annual review of the UCAS Statement of Risk Appetite has resulted in the risk tolerance levels for all risk categories being revalidated, with no changes deemed necessary at this time.

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

- Major systems failure – significant investment has been made to migrate all of UCAS' critical customer-facing technology to the Cloud, to increase resilience and scalability. This investment continues to migrate back-office systems. An infrastructure strategy has been developed to address vulnerabilities, as UCAS transitions to a new technology platform and sophisticated systems monitoring and disaster recovery plans have been developed and tested.
- Financial instability – horizon scanning, modelling, and forecasting is completed on an annual basis, to anticipate possible scenarios and their impact on UCAS' financial health, including changes to demographics, political and economic environment.
- Compromise of sensitive or personal data – a continuous improvement programme is underway, and the Technology Security Board has been established to prioritise resources supporting information security initiatives. A comprehensive internal controls review is underway, which will cover governance, policies and processes, training, and awareness raising and monitoring and review.
- Failure to interpret the policy or market environment for UK higher education – dedicated resource is in place to continually monitor the marketplace and analyse trends in admissions for early indicators of changes in demand for UCAS services. Key stakeholder relationships and customer groups and forums have been established, to ensure customer needs are understood and managed effectively.

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. Reporting to the latter also includes an update on the risk exposure associated with UCAS' Digital Acceleration change delivery initiative.

Tactical risks, at business unit level, are reviewed frequently and reported to the corporate monthly Management Board. The Executive Team also reviews risks that have been escalated from the tactical level to ensure senior visibility and attention, if required. A Risk and Resilience Champions Forum is also held monthly, to peer review risk management in each business area and identify emerging risks.

2. Internal audit: PricewaterhouseCoopers was appointed as UCAS' new internal auditor in March 2016. They undertake a series of audits in relation to the organisation's operational and financial activities, and report to the Audit Committee. A risk-based approach is taken to the development of the annual audit plan, which is agreed with, and guided by, the Executive Team and the Audit Committee. A key area of focus is the Digital Acceleration philosophy, which UCAS has embarked on to deliver a range of new services using agile methodology. The internal audit function is helping to provide assurance of the effectiveness of this approach and the extent to which it is delivering value for money. The internal audit programme of work is conducted in conjunction with the external audit function.

3. Health and safety: UCAS maintains a dedicated, centrally managed health and safety and environmental function. This function undertakes regular reviews of operational activities, provides advice, including risk assessments, and reports to the Chief Executive and Audit Committee. This year saw completion of requirements in line with the introduction of the Energy Savings Opportunity Scheme (ESOS). Cross-functional working is underway to ensure compliance with these regulations.

Employee engagement

The strategic outcomes set out within UCAS' Corporate Strategy are:

- staff at UCAS are highly committed to our mission, and we will continue to develop our culture of excellence and high performance
- we want UCAS to be an employer of choice and for our employees to experience fulfilment and motivation at work
- UCAS has a comprehensive approach to staff development, training people with new skills and building digital literacy across the whole organisation

UCAS conducts an annual employee engagement survey, which asks for feedback on a number of areas, including UCAS as an employer, management and support, reward and recognition, and organisational communications. The results from the survey, coupled with other feedback gleaned from other channels, are used to inform engagement plans at a corporate and business unit level.

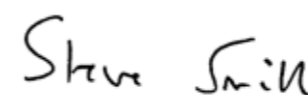
During the year, UCAS has invested in a workplace nursery within the Charitable Company's head office, to provide additional support for working parents.

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 all changes to products and services. Equality and inclusion is being driven forward internally as part of the UCAS wellbeing agenda, 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.

The Board is committed to equality, and values diversity on its Boards and Committees, welcoming and encouraging applications from all candidates, in line with the Equality Act 2010. The Board consults Charity Commission, and other relevant guidance and best practice on equality and diversity, to ensure the promotion of fairness and diversity in the selection process, and to seek to maintain and enhance diversity.

The Directors' report and incorporated Strategic report were approved by the Board on 1 December 2016, and signed on its behalf by:



Professor Sir Steve Smith

Chair

Date: 1 December 2016



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 2016 which comprise the Consolidated and Charity Statement of Financial Activities, the Consolidated and Charity Statement of Financial Position, the Consolidated and Charity Statements of Cash Flows and notes to the financial statements, 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 2016; 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 requirements of 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).

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires 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; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Respective responsibilities of Trustees and Auditor

As explained more fully in the Statement of Directors' responsibilities set out on page 6, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditors 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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

HEATHER WHEELHOUSE (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: 9 January 2017

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

Registered company number: 2839815

		Group		Charity	
		2016	2015	2016	2015
Income		£	£	£	£
Income from charitable activities					
Provider and applicant fees	3	24,591,085	24,325,060	24,591,085	24,325,060
Other incoming resources	3	867,998	415,644	7,059,091	6,265,361
Income from trading activities	3	16,731,619	15,908,711	-	-
Gift Aid		-	-	3,189,769	1,537,382
Investment income	3	191,917	174,628	183,197	171,869
Total income		42,382,619	40,824,043	35,023,142	32,299,672
Expenditure					
Raising funds	4	(7,496,655)	(8,718,416)	(27,260)	(28,568)
Charitable activities	4	(35,643,334)	(32,374,491)	(35,691,813)	(32,468,620)
Total expenditure		(43,139,989)	(41,092,907)	(35,719,073)	(32,497,188)
Net gain on investments	9	207,286	322,800	207,286	322,800
Net (expenditure)/income before tax		(550,084)	53,936	(488,645)	125,284
Taxation	5	-	(212,026)	-	(212,026)
Net (expenditure)/income		(550,084)	(158,090)	(488,645)	(86,742)
Other recognised gains/(losses):					
Remeasurements of defined benefit obligation	18	(6,468,000)	(2,326,000)	(6,468,000)	(2,326,000)
Net movement in funds		(7,018,084)	(2,484,090)	(6,956,645)	(2,412,742)
Reconciliation of funds:					
Total funds brought forward		22,499,052	24,983,142	22,991,995	25,404,737
Total funds carried forward		15,480,968	22,499,052	16,035,350	22,991,995

During the year, restricted grants were received from the Higher Education Funding Council for Wales for Supporting Professionalism in Admissions. The value of the grant received was £20,000. The amount received was fully expended in the year, and there was no restricted fund balance brought forward or carried forward.

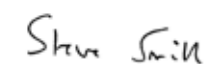
There are no recognised surpluses or losses in the year, other than those included in the Statement of Financial Activities above. All of the above results are derived from continuing activities.

		Group		Charity	
		2016	2015	2016	2015
		£	£	£	£
Fixed assets					
Goodwill	7	213,438	284,583	-	-
Other intangible assets	7	13,576,894	13,407,599	13,471,268	13,216,296
Total intangible assets		13,790,332	13,692,182	13,471,268	13,216,296
Tangible assets	8	8,011,913	7,786,434	7,840,099	7,629,733
Investments	9	5,769,779	5,435,676	5,769,779	5,435,676
Investments in subsidiaries	10	-	-	1,025,768	1,025,768
		27,572,024	26,914,292	28,106,914	27,307,473
Current assets					
Debtors due within one year	11	6,644,990	4,854,651	6,738,942	5,386,077
Cash at bank and in hand		3,629,278	7,321,385	894,104	4,146,464
		10,274,268	12,176,036	7,633,046	9,532,541
Current liabilities					
Creditors due within one year	12	(7,206,581)	(7,631,237)	(4,545,867)	(4,887,980)
Net current assets		3,067,687	4,544,799	3,087,179	4,644,561
Net assets excluding pension scheme liability		30,639,711	31,459,091	31,194,093	31,952,034
Deduct					
Defined benefit pension scheme liability	18	(14,288,000)	(8,142,000)	(14,288,000)	(8,142,000)
Defined contribution pension scheme provision	18	(870,743)	(818,039)	(870,743)	(818,039)
Net assets		15,480,968	22,499,052	16,035,350	22,991,995
Funds					
Unrestricted funds: designated	15	15,930,408	14,938,476	16,052,410	15,039,157
Unrestricted funds: general	16	14,709,303	16,520,615	15,141,683	16,912,877
Pension scheme liability	18	(15,158,743)	(8,960,039)	(15,158,743)	(8,960,039)
Total funds		15,480,968	22,499,052	16,035,350	22,991,995

The financial statements on pages 25 to 59 were approved by the Board of Directors and authorised for issue on 1 December 2016.

Signed on behalf of the Board

Professor Sir Steve Smith



Chair

1 December 2016

Statements of cash flows

	Notes	Group		Charity	
		2016	2015	2016	2015
		£	£	£	£
Net cash flow from operating activities		911,558	4,399,166	(895,308)	1,609,164
Cashflow from investing activities					
Interest received on bank and cash balances		37,840	39,371	29,120	36,612
Gift Aid income from subsidiary		-	-	2,168,836	1,440,000
Purchase of intangible fixed assets	7	(3,895,203)	(2,578,830)	(3,895,203)	(2,547,331)
Purchase of tangible fixed assets	8	(746,302)	(990,559)	(659,805)	(897,843)
Purchase of investments	10	-	-	-	(1,025,766)
Net cash used in investing activities		(4,603,665)	(3,530,018)	(2,357,052)	(2,994,328)
Change in cash and cash equivalents in the reporting period		(3,692,107)	869,148	(3,252,360)	(1,385,164)
Cash and cash equivalents at the beginning of the reporting period		7,321,385	6,452,237	4,146,464	5,531,628
Cash and cash equivalents at the end of the reporting period		3,629,278	7,321,385	894,104	4,146,464
Notes to the Statements of cash flows					
Income for the year		42,382,619	40,824,043	35,023,142	32,299,672
Less gift aid income for the year		-	-	(3,189,769)	(1,537,382)
Expenditure in the year	4	(43,139,989)	(41,092,907)	(35,719,073)	(32,497,188)
Add back investment charges	9	27,260	28,568	27,260	28,568
Less investment income	3	(191,917)	(174,628)	(183,197)	(171,869)
Operating deficit		(922,027)	(414,924)	(4,041,637)	(1,878,199)
Increase in debtors	11	(1,790,339)	(1,663,134)	(1,352,865)	(956,289)
Less increase in gift aid debtor		-	-	1,020,933	97,382
Increase / (decrease) in creditors	12	(424,656)	1,509,753	(342,113)	837,731
Depreciation	8	520,823	716,460	449,439	666,043
Amortisation and impairment	7	3,797,053	4,038,643	3,640,231	2,630,128
Loss on disposal of fixed asset	8	-	306,941	-	306,941
Remeasurement of USS liability	2	24,919	295,275	24,919	295,275
FRS102 pension adjustment	2	(294,215)	(389,848)	(294,215)	(389,848)
Net cash flow from operating activities		911,558	4,399,166	(895,308)	1,609,164

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. 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).

The address of the Group's registered office and principal place of business is: Rosehill, New Barn Lane, Cheltenham GL52 3LZ.

Basis of preparation and assessment of going concern

The accounts 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 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, and Charities Act 2011
- 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. The impact on the Charitable Company of adopting FRS 102 for the first time is given in note 22 to the accounts.

The Trustees consider that there are no material uncertainties around 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. They include the assets and liabilities of UCAS Media Limited – a wholly owned subsidiary of UCAS – and S-Cool Limited, a subsidiary of UCAS Media Limited.

Income

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

Income is shown in two main categories:

- Income from charitable activities include capitation and application fees, grants, and other income.
- Income from raising funds include income from subsidiaries and investment income.

Provider and applicant income, grants, and other income is accounted for on a receivable basis. Other income includes income from training, course search facility provided to providers, consultancy and student financial assessment is accounted for on an accruals basis.

Government grants are recognised when receivable, provided conditions for receipt have been complied with, unless they relate to a specific future period, in which case they are deferred.

Investment income is accounted for on a receivable basis.

Expenditure

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

- charitable costs
- costs of raising funds

Cost of charitable activities relate to costs incurred in delivering UCAS' charitable objects, and include costs related to development, implementation, and maintenance of our infrastructure capabilities.

Cost of raising funds relates to the trading subsidiary. These costs are incurred to generate trading income.

Investment policy

UCAS has elected on transition to hold investments in subsidiary undertakings at cost less any impairments recognised.

Other fixed asset investments are valued at their market 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 market value at the start of the year.

Tangible fixed assets and depreciation

Tangible fixed assets above £5,000 in UCAS and UCAS Media Limited are capitalised. Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Depreciation is provided against fixed assets, other than land, at the following straight-line rates, to reflect both the anticipated useful lives and estimated residual values. Leasehold improvements are capitalised and depreciated over their useful life on a straight-line basis:

- | | |
|-----------------------------|----------|
| • freehold buildings | 50 years |
| • computer equipment | 4 years |
| • office equipment | 4 years |
| • office machinery (leased) | 5 years |
| • other plant | 10 years |

Intangible assets and amortisation

Goodwill is amortised over five years, due to the long-term nature of the UCAS activities supported by the goodwill. Intellectual property includes software and web applications developed in-house, for internal and external use, and the life of each asset is assessed on an individual basis and reviewed regularly.

- | | |
|---------------------------------|---|
| • Goodwill | 5 years |
| • software and work in progress | 4 – 20 years |
| • licenses | shorter of years or the period of the license |

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 becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts, and intends 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.

Impairment policy

Tangible assets – UCAS undertakes a review of tangible fixed assets to ensure that, where the net book value of an asset is greater than its economic value, it will be deemed to be impaired and written down to its economic value.

Intangible assets and goodwill – Goodwill and other intangible assets that are amortised over a finite period, not exceeding 20 years, will be reviewed for impairment at the end of the first full financial year following the acquisition or as may be determined by the Director of Finance and Corporate Services, if circumstances indicate that the carrying values may not be recoverable thereafter.

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 depreciated over the useful life of that asset, subject to the depreciation periods set out above. This will not generally include any pre-development costs, such as feasibility studies or market research, but 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.

Operating leases

Rentals applicable to the operating leases are charged on a straight-line basis, over the period of the lease, to the Statement of Financial Activities.

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.

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 assets and liabilities of the scheme are held in a separate trust, and are accounted for as required by FRS 102.
- Universities Superannuation Scheme (USS) is a multi-employer scheme, which does not separately identify each employer's share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and, therefore, as required by FRS 102, accounts for the scheme as if it were a defined contribution scheme. The present value of future deficit contributions payable to USS is recognised on the balance sheet, and the resulting expense is charged to the Statement of Financial Activities.
- 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 and subject to an upper limit graduated upon the option made by the employee to the scheme. These contributions are charged to the Statement of Financial Activities.

Further details of the accounting adopted for these schemes is detailed in note 18 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 that have been set aside by the Directors for particular purposes.

2. Staff numbers and costs

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

	Group		Charity	
	2016	2015	2016	2015
	No.	No.	No.	No.
Application services	361	299	361	299
Administrative	62	70	62	70
Cost of generating funds	69	76	–	–
	<u>492</u>	<u>445</u>	<u>423</u>	<u>369</u>

The aggregate payroll costs of these persons were as follows:

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Salaries	17,767,371	15,573,161	14,564,919	12,176,195
Social security costs	1,819,174	1,527,559	1,595,049	1,253,551
Pensions costs – DC schemes	491,156	350,451	436,042	292,683
Pensions costs – DB schemes	964,202	1,042,689	939,963	1,000,083
Pensions costs – multi-employer DB scheme	534,344	464,258	515,670	435,998
Remeasurement of USS liability	24,919	295,275	24,919	295,275
Capitalised	<u>(3,120,501)</u>	<u>(1,593,781)</u>	<u>(3,120,501)</u>	<u>(1,593,781)</u>
	<u>18,480,665</u>	<u>17,659,612</u>	<u>14,956,061</u>	<u>13,860,004</u>
FRS102 adjustment – net pensions adjustment	(294,215)	(389,848)	(294,215)	(389,848)
FRS102 adjustment – holiday pay accrual	51,828	4,613	61,538	4,411
Restructure costs	<u>183,898</u>	<u>330,829</u>	<u>102,881</u>	<u>316,120</u>
	<u>18,422,176</u>	<u>17,605,206</u>	<u>14,826,265</u>	<u>13,790,687</u>

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

During the year, redundancy costs of £183,898 and termination payments of £76,549 were incurred to align staff capability to functions. Such costs are recognised as expenses immediately within expenditure.

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	
	2016 No.	2015 No.	2016 No.	2015 No.
£60,000 – £69,999	23	16	22	16
£70,000 – £79,999	7	10	6	9
£80,000 – £89,999	5	5	4	4
£90,000 – £99,999	4	2	4	-
£100,000 – £109,999	1	1	1	1
£110,000 – £119,999	-	-	-	-
£120,000 – £129,999	1	4	-	3
£130,000 - £139,999	-	-	-	-
£140,000 - £149,999	1	-	1	-
£150,000 - £159,999	2	-	2	-
£160,000 - £189,999	-	-	-	-
£190,000 - £199,999	-	1	-	1
£200,000 – £209,999	1	-	1	-

Pension scheme contributions paid by the Group, in respect of the people listed above, amounted to £469,653 (2015: £376,410). The pension scheme contributions paid by the Charity, in respect of the people listed above, amounted to £445,599 (2015: £336,877). There is one employee in the UCAS Pension and Life Assurance Scheme, 34 employees in the USS scheme and nine employees in the UCAS Group Stakeholder Pension Plan. One employee opted not to benefit from a company pension. In the year 2015-16, the contribution to the USS scheme was £429,155 (2015: £357,681) and the UCAS Group Stakeholder Pension Plan was £30,152 (2015: £9,280). The contribution to the UCAS Pension and Life Assurance Scheme was £10,346 (2015: £9,449).

The key management personnel of UCAS comprises the Executive Team, which includes the Chief Executive, Director of Analysis and Research, Director of Customer Experience, Marketing & UCAS Media Limited, Director of Technology and Operations, Director of Finance and Corporate Services, and Director of External Relations. The total employee benefits, including employer pension contributions of the key management personnel of UCAS were £1,117,041 (2015: £1,087,485), and employer NI contributions for these personnel were £112,082 (2015: £113,135). The Chief Executive received total employee benefits, including pension contributions, of £237,018 (2015: 221,495) and the associated employer NI contributions were £26,599 (£24,377).

Directors

None of the Directors received remuneration for services to the Charity (2015: nil). Travelling expenses of £3,825 were reimbursed to seven of the Directors (2015: eight Directors, £5,111), in respect of attendance at meetings. During the year, Mr Terry Grote, a Non-Executive Director, was paid emoluments of £13,750 (2015: £20,533) under a contract entered into with UCAS Media Limited.

Professional indemnity insurance

The Charitable Company paid a premium of £3,491 (2015: £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

	2016 £	2015 £
Institutional and applicant fees		
Provider fees	10,727,414	10,673,006
Applicant fees	13,863,671	13,652,054
	<u>24,591,085</u>	<u>24,325,060</u>
Other income		
Data services sales	263,562	78,429
Licences sales	398,673	-
Supporting Professionalism in Admissions	33,534	122,807
Brand and data charge	4,004,061	3,886,544
Management and resourcing recharge	2,187,032	2,009,732
Fraud grant	67,000	67,000
Other income	105,229	147,408
Recharge	-	(46,559)
	<u>7,059,091</u>	<u>6,265,361</u>
Investment income	183,197	171,869
	<u>31,833,373</u>	<u>30,762,290</u>
Charity income excluding gift aid		
Trading operations		
UCAS Media Limited	16,780,098	16,002,840
Investment income	8,720	2,759
	<u>16,788,818</u>	<u>16,005,599</u>
Intercompany	(6,239,572)	(5,943,846)
Group income	<u>42,382,619</u>	<u>40,824,043</u>

UCAS Media's principal business activity is the provision of marketing services to commercial clients and higher education providers seeking to make contact with 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. A Gift Aid payment of £3,189,769 (2015: £1,537,382) is due from UCAS Media to UCAS. The Directors of the subsidiary company are of the opinion that it has achieved a good trading result.

4. Expenditure

	Charity 2016	Cost of Generating Funds 2016	Group 2016	Charity 2015	Cost of Generating Funds 2015	Group 2015
	£	£	£	£	£	£
Staff costs	14,826,265	3,595,911	18,422,176	13,790,687	3,814,519	17,605,206
Other staff costs	3,498,464	57,860	3,556,324	1,726,123	70,013	1,796,136
Net pension scheme finance costs	279,000	-	279,000	243,000	-	243,000
Technology	9,240,101	333,856	9,573,957	8,638,391	235,416	8,873,807
Office costs	143,327	15,868	159,195	439,109	16,380	455,489
General expenses	50,896	22,681	73,577	73,698	7,654	81,352
Premises	743,420	20,678	764,098	575,152	24,698	599,850
Legal & professional fees	1,415,882	152,614	1,568,496	1,776,746	131,433	1,908,179
Marketing services	260,634	242,132	502,766	411,245	281,910	693,155
Printing & publishing	109,990	16,522	126,512	165,809	27,784	193,593
Postage	91,409	657,981	749,390	111,062	485,443	596,505
Finance	204,961	20,964	225,925	519,754	47,038	566,792
Depreciation	449,439	71,384	520,823	666,043	50,417	716,460
Amortisation	3,640,231	156,822	3,797,053	2,630,128	1,408,515	4,038,643
Events	540	1,949,827	1,950,367	(810)	1,867,424	1,866,614
Travel	737,254	181,555	918,809	702,483	249,772	952,255
Brand and data charge	-	4,004,061	4,004,061	-	3,886,544	3,886,544
Management charge	-	2,187,032	2,187,032	-	2,009,732	2,009,732
Consolidation adjustment	(48,479)	(6,191,093)	(6,239,572)	(94,129)	(5,896,276)	(5,990,405)
	<u>35,643,334</u>	<u>7,496,655</u>	<u>43,139,989</u>	<u>32,374,491</u>	<u>8,718,416</u>	<u>41,092,907</u>

4. Expenditure (cont'd)

Expenditure analysed by activity

	Direct staff costs £	Direct costs £	Other support costs £	Total 2016 £	Total 2015 £
Charitable activities	13,011,001	18,294,051	4,338,282	35,643,334	32,374,491
Raising funds	3,159,226	3,303,667	1,033,762	7,496,655	8,718,416
Total expenditure for Group 2016	<u>16,170,227</u>	<u>21,597,718</u>	<u>5,372,044</u>	<u>43,139,989</u>	<u>-</u>
Total expenditure for Group 2015	<u>13,890,653</u>	<u>19,992,578</u>	<u>7,209,676</u>	<u>-</u>	<u>41,092,907</u>

Support costs consist of governance, finance, facilities, health and safety, internal communications, legal, human resources, procurement, and UCAS Media administration. These have been allocated to the activities in the above note, based on total costs incurred. Staff costs of £2,530,949 relating to support functions are included within 'Other support costs' above.

5. Taxation on ordinary activities

	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Current tax				
UK corporation tax	-	212,026	-	212,026
Factors affecting the tax charge for the year				
	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
Net income/ (expenditure) for the year before tax	(550,084)	53,936	(488,645)	125,284
Tax on income at standard CT rate of 20% (2015: 20.67%)	(110,017)	11,149	(97,729)	25,896
Effects of:				
Income not taxable for tax purposes	110,017	(11,149)	97,729	(25,896)
Income attributable to a non-qualifying investment under s.511 of the Corporation Tax Act 2010	-	212,026	-	212,026
Total current tax charge	<u>-</u>	<u>212,026</u>	<u>-</u>	<u>212,026</u>



6. Net (expenditure)/income for the year is stated after charging

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Depreciation of tangible fixed assets	520,823	716,460	449,439	666,043
Loss on disposal of fixed assets	-	306,941	-	306,940
Amortisation of intangible assets	3,797,053	2,781,176	3,640,231	2,630,128
Impairment of intangible assets	-	1,257,467	-	-
Auditor's remuneration – audit fees	33,600	25,500	22,000	18,500
Auditor's remuneration – FRS advice	2,500	-	2,500	-
Auditor's remuneration – taxation compliance services	3,550	3,000	3,000	1,500
Auditor's remuneration – taxation advisory services	3,150	3,000	3,150	3,000
Internal auditor's remuneration	43,535	70,396	43,535	70,396
And after crediting:				
Interest on deposits receivable	38,010	39,940	29,290	37,181
Dividends receivable on investment portfolio	153,907	134,688	153,907	134,688

7. Intangible assets

Consolidated	Goodwill	Licences	Software	Work in progress	Total
	£	£	£	£	£
Cost					
At 31 July 2015	1,930,936	839,635	14,647,699	1,672,486	19,090,756
Additions	-	-	149,083	3,746,120	3,895,203
Reclassification	-	-	4,531,666	(4,531,666)	-
At 31 July 2016	<u>1,930,936</u>	<u>839,635</u>	<u>19,328,448</u>	<u>886,940</u>	<u>22,985,959</u>
Amortisation and impairment					
At 31 July 2015	1,646,353	219,373	3,532,848	-	5,398,574
Amortisation charge for the year	71,145	167,927	3,557,981	-	3,797,053
At 31 July 2016	<u>1,717,498</u>	<u>387,300</u>	<u>7,090,829</u>	<u>-</u>	<u>9,195,627</u>
Net book value					
At 31 July 2015	284,583	620,262	11,114,851	1,672,486	13,692,182
At 31 July 2016	<u>213,438</u>	<u>452,335</u>	<u>12,237,619</u>	<u>886,940</u>	<u>13,790,332</u>

During 2015, the goodwill arising in the books of UCAS Media Ltd, on the acquisition of S-Cool, was fully impaired. The balance of the goodwill arising on consolidation was considered to still have value, and continues to be written off annually.

7. Intangible assets (cont'd)

Charity	Licences	Software	Work in progress	Total
	£	£	£	£
Cost				
At 31 July 2015	839,635	14,248,187	1,640,987	16,728,809
Additions	-	149,083	3,746,120	3,895,203
Reclassification	-	4,500,167	(4,500,167)	-
At 31 July 2016	<u>839,635</u>	<u>18,897,437</u>	<u>886,940</u>	<u>20,624,012</u>
Amortisation and impairment				
At 31 July 2015	219,373	3,293,140	-	3,512,513
Amortisation charge for the year	167,927	3,472,304	-	3,640,231
At 31 July 2016	<u>387,300</u>	<u>6,765,444</u>	<u>-</u>	<u>7,152,744</u>
Net book value				
At 31 July 2015	620,262	10,955,047	1,640,987	13,216,296
At 31 July 2016	<u>452,335</u>	<u>12,131,993</u>	<u>886,940</u>	<u>13,471,268</u>

8. Tangible assets

Consolidated	Land	Buildings and contents	Hardware and equipment	Work in progress	Total
	£	£	£	£	£
Cost					
At 31 July 2015	3,150,000	5,063,870	15,554,420	453,016	24,221,306
Additions	-	229,387	411,519	105,396	746,302
Reclassification	-	14,620	438,396	(453,016)	-
At 31 July 2016	<u>3,150,000</u>	<u>5,307,877</u>	<u>16,404,335</u>	<u>105,396</u>	<u>24,967,608</u>
Depreciation					
At 31 July 2015	-	1,714,359	14,720,513	-	16,434,872
Depreciation charge for the year	-	191,832	328,991	-	520,823
At 31 July 2016	<u>-</u>	<u>1,906,191</u>	<u>15,049,504</u>	<u>-</u>	<u>16,955,695</u>
Net book value					
At 31 July 2015	3,150,000	3,349,511	833,907	453,016	7,786,434
At 31 July 2016	<u>3,150,000</u>	<u>3,401,686</u>	<u>1,354,831</u>	<u>105,396</u>	<u>8,011,913</u>
Charity					
Cost					
At 31 July 2015	3,150,000	4,998,119	14,646,486	53,504	22,848,109
Additions	-	253,279	301,130	105,396	659,805
Reclassification	-	14,620	38,884	(53,504)	-
At 31 July 2016	<u>3,150,000</u>	<u>5,266,018</u>	<u>14,986,500</u>	<u>105,396</u>	<u>23,507,914</u>
Depreciation					
At 31 July 2015	-	1,666,280	13,552,096	-	15,218,376
Depreciation charge for the year	-	198,052	251,387	-	449,439
At 31 July 2016	<u>-</u>	<u>1,864,332</u>	<u>13,803,483</u>	<u>-</u>	<u>15,667,815</u>
Net book value					
At 31 July 2015	3,150,000	3,331,839	1,094,390	53,504	7,629,733
At 31 July 2016	<u>3,150,000</u>	<u>3,401,686</u>	<u>1,183,017</u>	<u>105,396</u>	<u>7,840,099</u>

9. Investments

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Opening value	5,435,676	5,010,164	5,435,676	5,010,164
Interest & dividends	154,077	131,280	154,077	131,280
Net unrealised gain	207,286	322,800	207,286	322,800
Charges for the period	(27,260)	(28,568)	(27,260)	(28,568)
Closing value	<u>5,769,779</u>	<u>5,435,676</u>	<u>5,769,779</u>	<u>5,435,676</u>

Income receivable from dividends and interest is reinvested in the portfolio.

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
UK bonds	1,245,554	1,209,055	1,245,554	1,209,055
Equities				
UK	2,121,491	1,974,653	2,121,491	1,974,653
Europe	268,111	262,975	268,111	262,975
North America	815,610	732,808	815,610	732,808
Japan	183,801	198,223	183,801	198,223
Far East	138,836	135,447	138,836	135,447
Emerging markets	105,774	98,956	105,774	98,956
Property	358,462	367,461	358,462	367,461
Infrastructure	410,814	394,789	410,814	394,789
Interest accrued	18,768	-	18,768	-
Cash	102,558	61,309	102,558	61,309
	<u>5,769,779</u>	<u>5,435,676</u>	<u>5,769,779</u>	<u>5,435,676</u>

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

10. Fixed asset investments (Charity only)

Name of undertaking	Class of shareholding	Proportion of nominal value held directly	Valuation (£)	Nature of business
UCAS Media Limited	Ordinary	100%	1,025,768	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 (2015: 1,000 shares). This investment is held at a carrying amount of £1,025,768 (2015: £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 Limited's current trading continues to be highly profitable. UCAS Media Limited continues to hold 100 per cent of the share capital of S-Cool Limited, a dormant company registered in England.

UCAS Media's accounts are fully audited and published separately. For summary results of UCAS Media Limited, refer to note 19.

11. Debtors

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	4,110,133	2,838,035	133,874	81,637
Amounts owed by subsidiary	-	-	4,308,806	3,741,715
Other debtors	13,573	13,137	15,063	13,486
Prepayments & accrued income	2,030,782	1,668,029	1,790,697	1,213,789
Value Added Tax	490,502	335,450	490,502	335,450
	<u>6,644,990</u>	<u>4,854,651</u>	<u>6,738,942</u>	<u>5,386,077</u>



12. Creditors: amounts due within one year

	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Trade creditors	1,797,456	772,604	1,509,424	672,103
Social security and other taxes	725,669	734,326	520,596	460,097
Other creditors	319,914	294,823	317,327	282,675
Corporation tax	-	212,026	-	212,026
Accruals and deferred income	4,363,542	5,617,458	2,198,520	3,261,079
	<u>7,206,581</u>	<u>7,631,237</u>	<u>4,545,867</u>	<u>4,887,980</u>

Deferred income	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Deferred income at 31 July 2015	1,794,766	1,385,213	117,952	35,244
Deferred income released during the year	(1,794,766)	(1,385,213)	(117,952)	(35,244)
Income deferred during the year	<u>2,094,442</u>	<u>1,794,766</u>	<u>200,026</u>	<u>117,952</u>
Deferred income at 31 July 2016	<u>2,094,442</u>	<u>1,794,766</u>	<u>200,026</u>	<u>117,952</u>

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.

13. Financial instruments

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

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Financial assets:				
Measured at amortised cost				
Cash	3,629,278	7,321,385	894,104	4,146,464
Trade debtors	4,110,133	2,838,035	133,874	81,637
Other debtors	504,075	348,587	4,814,371	4,090,651
Accrued income	8,852	246,927	18,500	19,429
Measured at cost less impairment				
Fixed asset investment	-	-	1,025,768	1,025,768
Measured at fair value through profit or loss				
Investments	5,769,779	5,435,676	5,769,779	5,435,676
Total	14,022,117	16,190,610	12,656,396	14,799,625
Financial liabilities				
Measured at amortised cost				
Trade debtors	1,797,456	772,604	1,509,424	672,103
Other debtors	1,045,583	1,241,175	837,923	954,798
Accrued income	2,176,088	3,786,608	1,900,472	3,111,743
Total	5,019,127	5,800,387	4,247,819	4,738,644

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:

	2016	2015
	£	£
Amounts due:		
Within one year	33,702	32,980
Between one and five years	40,167	60,528
	<u>73,869</u>	<u>93,508</u>



15. Unrestricted funds: designated

	Equipment reserve 2016 £	Investment reserve 2016 £	Pension reserve 2016 £	Total 2016 £	Total 2015 £
Group					
Value at beginning of the year	11,948,754	320,149	2,669,573	14,938,476	28,352,064
Change in Reserves Policy	-	-	-	-	(13,565,462)
Movement in the year	1,643,696	207,286	(859,050)	991,932	151,874
Value at end of the year	13,592,450	527,435	1,810,523	15,930,408	14,938,476
Charity					
Value at beginning of the year	12,049,435	320,149	2,669,573	15,039,157	27,576,960
Change in Reserves Policy	-	-	-	-	(12,727,279)
Movement in the year	1,665,017	207,286	(859,050)	1,013,253	189,476
Value at end of the year	13,714,452	527,435	1,810,523	16,052,410	15,039,157

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, and the reason for the change, is given on page 14 of the Directors' Report.

16. Unrestricted funds: general

	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Value at beginning of the year	16,520,615	3,359,690	16,912,877	4,556,389
Surplus/(Deficit) for the year	(550,084)	(158,090)	(488,645)	(86,742)
Transfer from/(to) designated funds	(991,932)	13,413,588	(1,013,253)	12,537,803
FRS102 pension adjustments	(269,296)	(94,573)	(269,296)	(94,573)
Value at end of the year	14,709,303	16,520,615	15,141,683	16,912,877
Unrestricted funds: designated	15,930,408	14,938,476	16,052,410	15,039,157
Unrestricted funds: general	14,709,303	16,520,615	15,141,683	16,912,877
Pension	(15,158,743)	(8,960,039)	(15,158,743)	(8,960,039)
	15,480,968	22,499,052	16,035,350	22,991,995

Funds are transferred between unrestricted designated and general funds to maintain equipment, investment, and pension reserves (note 15) as agreed by the Directors in the Reserves Policy.

17. Net assets by fund

Group

The net assets held as at 31 July 2016 for the various funds are as follows:

	Fixed assets (excl investments) 2016 £	Net current assets and investments 2016 £	Pension scheme liability 2016 £	Total 2016 £	Total 2015 £
Unrestricted funds: designated	13,592,450	2,337,958	-	15,930,408	14,938,476
Unrestricted funds: general	8,209,795	6,499,508	(15,158,743)	(449,440)	7,560,576
	21,802,245	8,837,466	(15,158,743)	15,480,968	22,499,052

Charity net assets by fund

The net assets held as at 31 July 2016 for the various funds are as follows:

	Fixed assets (excl investments) 2016 £	Net current assets and investments 2016 £	Pension scheme liability 2016 £	Total 2016 £	Total 2015 £
Unrestricted funds: designated	13,714,452	2,337,958	-	16,052,410	15,039,157
Unrestricted funds: general	7,596,915	7,544,768	(15,158,743)	(17,060)	7,952,838
	21,311,367	9,882,726	(15,158,743)	16,035,350	22,991,995

18. 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 2016, 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:

	2016 £	2015 £
Defined benefit scheme	669,987	625,841
Defined contribution schemes	491,156	350,451
Multi-employer defined benefit scheme	534,344	464,258
	1,695,487	1,467,550

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

	2016	2015
	£	£
Defined benefit scheme	114,903	113,840
Defined contribution schemes	70,878	60,398
Multi-employer defined benefit scheme	65,508	51,240
	251,289	225,478

UCAS Pension and Life Assurance Scheme (1993)

The Group operates a defined benefit (final salary related) pension scheme, which currently has 78 active members, 190 preserved members, and 144 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 2013. The triennial valuation due as at 31 July 2016 will be completed within 18 months of that date. It is too early to report the estimated outcome of that valuation. The defined benefit obligation, included in these accounts as at 31 July 2016, 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, at 31 July 2013, identified a deficiency in the longer-term assets over liabilities of £3,731,000 (2010: deficiency of £4,478,000). The contributing factors to the reduction in deficit are positive variances on actual investment returns, increase in contribution rate since the last valuation, salary increases lower than assumed, offset by lower than expected gilt yields.

Based on the results of the triennial valuation, the Trustees have agreed the following with UCAS:

1. Change in the future funding contribution, from 17.8 per cent to 22.6 per cent (inclusive of the member's contribution at 6.0 per cent), of annual pensionable salaries.
2. Additional contributions of £830,000 per annum, beginning 1 August 2014, increasing by 3.5 per cent each year, until 31 July 2018.

The Charitable Company, between 2006 and 2009, paid special contributions, at its discretion and without prejudice towards any subsequent contributions. These had amounted to £2,527,236. Despite budgetary plans for the year ended 31 July 2010, the Directors of the Charitable Company ultimately elected to defer any special payments. Volatility in market conditions for equities and movements in bond values presented an element of risk. However, the Directors, in the continuing support of the pension scheme, increased the designated reserve in the year ending 31 July 2013, to £3.5m from £2m for this purpose; accounting note 15 refers. This reserve is being reduced each year as the payments referred to in point 2 above are charged against income.

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

Assumptions

	31 July 2016	31 July 2015
	%	%
Discount rate	2.30	3.48
Salary increase	3.22	3.64
Inflation (RPI)	2.72	3.14
Inflation (CPI)	2.02	2.44
Pension increases (pre-April 2005)	4.11	4.18
Pension increases (post-April 2005)	2.05	2.20
Revaluation in deferment (CPI max 5.0%)	2.02	2.44
Revaluation in deferment (CPI max 2.5%)	2.02	2.44

Mortality: 100% of S2PxA CMI 2015, 1.00%

Life expectancies from age 65 years

	31 July 2016	31 July 2015
	Years	Years
Male currently aged 45	23.20	23.40
Female currently aged 45	25.40	25.60
Male currently aged 65	21.90	22.10
Female currently aged 65	23.90	24.10

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

	2016	2015
	£'000	£'000
Current service cost	641	588
Past service cost	-	4
Net interest on net DB liability	279	243
Total operating charge	920	835



Changes in the fair value of the scheme assets:

	31 July 2016	31 July 2015
	£'000	£'000
Fair value of scheme assets at the beginning of the year	35,117	31,099
Employer contributions	1,242	1,243
Interest income on plan assets	1,225	1,280
Contribution by scheme participants	139	157
Benefits paid	(1,116)	(765)
Expenses and term assurance premium	(118)	(103)
Return on scheme assets less interest income	3,247	2,206
Fair value of scheme assets at the end of the period	39,736	35,117

Changes in the present value of the defined benefit obligation:

	31 July 2016	31 July 2015
	£'000	£'000
Present value of scheme liabilities at the beginning of the period	43,259	37,323
Current service cost	641	588
Past service cost	-	4
Contribution by scheme participants	139	157
Interest cost	1,504	1,523
Benefits paid	(1,116)	(765)
Expenses and assurance premium	(118)	(103)
Actuarial loss on liabilities	9,715	4,532
Present value of scheme liabilities at the end of the period	54,024	43,259

Amount to be recognised in the balance sheet:

Fair value of scheme assets	39,736	35,117
Present value of scheme liabilities	(54,024)	(43,259)
Balance sheet liability	(14,288)	(8,142)

The actuarial return on plan assets was £4.47m (2015: £3.49m). The analysis of the scheme assets at the reporting date was as follows:

	31 July 2016	31 July 2015
	%	%
Equities	55.5	54.9
Gilts	22.6	22.2
Bonds	21.7	22.5
Cash and net current assets	0.2	0.4
	100.0	100.0

The equities, bonds, and other investments were held under asset management by SEI Investments (Europe) Limited.

Universities Superannuation Scheme

UCAS participates in the Universities Superannuation Scheme (USS), a multi-employer scheme. The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. UCAS is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the company's employees. On 1 April 2016, the percentage changed from 16 per cent to 18 per cent. The company is unable to identify its share of the underlying assets and liabilities of the scheme, on a consistent and reasonable basis, and therefore, as required by FRS 102, accounts for the scheme as if it were a defined contribution scheme.

USS is a 'last man standing' scheme, so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension-funding shortfall (which cannot otherwise be recovered), in respect of that employer, will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

From 1 April 2016, there were changes to the benefits provided by USS. From that date, the final salary arrangements, which formerly applied to some members, came to an end. All members now build up benefits on a Career Revalued Basis (CRB) in the new USS Retirement Income Builder. From 1 October 2016, USS Retirement Income Builder will only be built up in respect of salary up to a threshold of £55,000. Contributions, in respect of salary above £55,000, will be paid into the new DC section of the scheme, the USS Investment Builder. This salary threshold will be revalued each year, in line with CPI (subject to certain restrictions and reviewed in 2020).

The financing of scheme benefits is through contributions from the sponsoring employers and from the scheme members. These contributions are paid into the scheme and, together with the investment returns earned on these amounts, are used to pay benefits to members and/or their eligible dependants when they fall due, as well as meeting the costs of operating the scheme.

The latest actuarial valuation calculated that, as at 31 March 2014, the scheme's assets as a percentage of the liabilities (described as the funding ratio) stood at 89 per cent on a technical provisions basis and 54 per cent on a buy-out basis. These funding ratios reflect the changes to future benefits, as decided by the scheme's stakeholders. Contributions paid to USS go towards funding continuing accrual, paying expenses, and clearing the deficit.

In accordance with FRS 102, the liability disclosed on the balance sheet has been calculated as the present value of all future contributions that relate to clearing the deficit, based on the membership at each year end. The disclosures have been calculated on the defined contribution disclosure methodology, using the following assumptions:

	2016	2015
Discount rate	2.30%	3.48%
Pensionable salary growth	3.22%	3.64%
Mortality during recovery plan	nil	nil

Amounts recognised in the balance sheet:

	2016	2015
	£	£
Liabilities at beginning of the year	(818,039)	(504,612)
Interest costs	(27,785)	(18,152)
Remeasurement of the scheme liabilities	(24,919)	(295,275)
Balance sheet liability	(870,743)	(818,039)

At 31 March 2016, USS had over 180,000 active members, and UCAS had 43 active members participating in the scheme.

The total pension cost for the group was £534,344 (2015: £464,258). This includes £45,352 (2015: £39,766) outstanding at 31 July 2016. The contribution rate payable by the Company was 16 per cent of annual pensionable salaries, up to 31 March 2016, and 18 per cent with effect from 1 April 2016.

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 & Life Assurance Scheme (1993) of £6,468,000 (2015: £2,326,000).

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 current membership is 355 (2015: 243).

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 £491,156 (2015: £350,451).

19. Trading results of UCAS Media Limited

	2016	2015
	£	£
Turnover	16,780,098	16,002,840
Distribution costs	(5,482,467)	(5,398,549)
Brand and data charge	(4,004,061)	(3,886,544)
	<u>7,293,570</u>	<u>6,717,747</u>
Expenses		
Administration expenses	(4,102,810)	(3,925,859)
Impairment of goodwill	-	(1,257,467)
Total administrative expenses	<u>(4,102,810)</u>	<u>(5,183,326)</u>
Operating profit	<u>3,190,760</u>	<u>1,534,421</u>
Interest receivable	8,720	2,759
Profit on ordinary activities before tax	<u>3,199,480</u>	<u>1,537,180</u>
Taxation on ordinary activities	-	-
Profit on ordinary activities after tax	<u>3,199,480</u>	<u>1,537,180</u>

The aggregate capital and reserves of UCAS Media Limited, as at 31 July 2016, were £257,949. The comparative profit and loss account of UCAS Media Limited was restated, to reflect the FRS 102 accounting standards.



20. Related party transactions

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 within these organisations. 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. The educational providers do not meet the definition of related parties but are included in the interest of transparency.

During the year, Mr Terry Grote, a Non-Executive Director was paid emoluments of £13,750 (2015: £20,533), under a contract entered into with UCAS Media Limited.

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:

		2016					
UCAS Media Limited	Intercompany debtor as at 31 July 2016	Conference attendance fees charged to parent	Staff costs recharged to subsidiary	Brand & data charges to subsidiary	Management charge to subsidiary	Gift Aid distribution to parent	
	£	£	£	£	£	£	
	4,308,806	(48,479)	947,896	4,004,061	2,187,032	3,189,769	

		2015					
UCAS Media Limited	Intercompany debtor as at 31 July 2015	Conference attendance fees charged to parent	Staff costs recharged to subsidiary	Brand & data charges to subsidiary	Management charge to subsidiary	Gift Aid distribution to parent	
	£	£	£	£	£	£	
	3,741,715	(94,129)	560,408	3,886,544	2,009,732	1,537,382	

21. Capital commitments

At 31 July 2016, the Charitable Company had capital commitments that were contracted, but not provided for in the financial statements, totalling £207k. These related to freehold improvements and developments at its headquarters. There were no capital commitments at 31 July 2015.

22. First-time adoption of FRS 102

These financial statements are the first consolidated and charitable company financial statements of UCAS prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The consolidated and charitable company financial statements of UCAS for the year ended 31 July 2015 were prepared in accordance with the previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements, and accounting policy choices differ from the previous UK GAAP. Consequently, the Directors have amended certain accounting policies to comply with FRS 102. The Directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102, chapter 35 'Transition to this FRS'.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Directors have taken advantage of exemptions to retrospective application of FRS 102, permitted by FRS 102, chapter 35 'Transition to this FRS'. Adjustments are recognised directly within the cumulative funds.

Under FRS 102, the Statement of Cash Flows presents changes in cash and cash equivalents (which include cash in hand, deposits repayable on demand, and overdrafts and short-term, highly liquid investments), showing changes arising from operating activities, investing activities, and financing activities, separately. Under previous UK GAAP, the Cash Flow Statement presented changes in cash (which includes cash in hand, deposits repayable on demand, and overdrafts) under the headings of operating activities, returns on investments and servicing of finance, taxation, capital expenditure and financial investment, acquisitions and disposals, equity dividends paid, management of liquid resources, and financing.

Reconciliation of Consolidated Funds

	Unrestricted funds 31 July 2015	Unrestricted funds 1 August 2014
	£	£
Consolidated funds as reported under previous UK GAAP	23,358,276	25,524,325
Holiday pay accrual	(41,184)	(36,571)
Impact of accounting for USS pension scheme deficit contributions on balance sheet:		
Liabilities brought forward	(504,612)	(504,612)
Net interest cost on net DB liabilities	(18,153)	-
Remeasurement of the scheme liabilities	(295,275)	-
	<u>22,499,052</u>	<u>24,983,142</u>

Reconciliation of Consolidated net income for year ended 31 July 2015

	Note	Unrestricted funds Previous UK GAAP £	Unrestricted funds Effect of transition to FRS 102 £	Unrestricted funds FRS 102 £
Total income		40,824,043	-	40,824,043
Expenditure:				
Charitable activities	A	(31,913,592)	(460,899)	(32,374,491)
Governance costs	B	(79,707)	79,707	-
Investment management charges	C	(28,568)	28,568	-
Costs of raising funds	D	(8,608,999)	(109,417)	(8,718,416)
Total expenditure		(40,630,866)	(462,041)	(41,092,907)
Net gain on investments	E	-	322,800	322,800
Net income for the year before tax		193,177	(139,241)	53,936
Taxation		(212,026)	-	(212,026)
Net income/ (expenditure) for the year before other recognised gains and losses		(18,849)	(139,241)	(158,090)
Unrealised gain on investments	E	322,800	(322,800)	-
Actuarial loss on defined benefit pension scheme	F	(2,470,000)	144,000	(2,326,000)
Net movement in funds		(2,166,049)	(318,041)	(2,484,090)

Note	£	Note	£
Note A		Note D	
Holiday pay accrual	(4,411)	Holiday pay accrual (subsidiary company)	(203)
Revision of net interest cost on DB scheme	(144,000)	Reclassification of governance costs	(9,500)
USS pension scheme costs	(313,427)	Reclassification of investment management charges	(28,568)
Reclassification of governance costs	(70,207)	Reclassification of goodwill on consolidation	(71,146)
Reclassification of goodwill on consolidation	71,146		(109,417)
	<u>(460,899)</u>		
Note B		Note E	
Reclassification of governance costs	79,707	Reclassification of gain on investment	322,800
	<u>79,707</u>		<u>322,800</u>
Note C		Note F	
Reclassification of investment management charges	28,568	Actuarial gain on UCAS scheme assets (revaluation)	144,000
	<u>28,568</u>		<u>144,000</u>

Reconciliation of Charity Funds

	Unrestricted funds 31 July 2015 £	Unrestricted funds 1 August 2014 £
Charity funds as reported under previous UK GAAP	23,846,518	25,941,422
Holiday pay accrual	(36,483)	(32,073)
Impact of accounting for USS pension scheme deficit contributions on balance sheet:		
Liabilities brought forward	(504,612)	(504,612)
Net interest cost on net DB liabilities	(18,153)	-
Remeasurement of the scheme liabilities	(295,275)	-
	<u>22,991,995</u>	<u>25,404,737</u>

Reconciliation of Charity net income for year ended 31 July 2015

	Note	Unrestricted funds Previous UK GAAP £	Unrestricted funds Effect of transition to FRS 102 £	Unrestricted funds FRS 102 £
Total income		32,299,672	-	32,299,672
Expenditure:				
Charitable activities	G	(31,936,575)	(532,045)	(32,468,620)
Governance costs	H	(70,207)	70,207	-
Investment management charges	J	(28,568)	28,568	-
Costs of raising funds	J	-	(28,568)	(28,568)
Total expenditure		(32,035,350)	(461,838)	(32,497,188)
Net gain on investments	K	-	322,800	322,800
Net income for the year before tax		264,322	(139,038)	125,284
Taxation		(212,026)	-	(212,026)
Net income/ (expenditure) for the year before other recognised gains and losses		52,296	(139,038)	(86,742)
Unrealised gain on investments	K	322,800	(322,800)	-
Actuarial loss on defined benefit pension scheme	L	(2,470,000)	144,000	(2,326,000)
Net movement in funds		(2,094,904)	(317,838)	(2,412,742)

Note G	£	Note J	£
Holiday pay accrual	(4,411)	Reclassification of investment management charges	28,568
Revision of net interest cost on DB scheme	(144,000)		28,568
USS pension scheme costs	(313,427)		
Reclassification of governance costs	(70,207)		
	<u>(532,045)</u>		
Note H	£	Note K	£
Reclassification of governance costs	70,207	Reclassification of gain on investment	322,800
	<u>70,207</u>		322,800
		Note L	£
		Revision of net interest cost on UCAS scheme liability	144,000
			<u>144,000</u>

In addition to the above changes impacting on equity and statement of funds, under FRS 102, the Charitable Company reclassified £10,955,046 tangible assets and £1,640,988 software work in progress (WIP) to intangible assets and intangible WIP, respectively. The Group correspondingly reclassified £11,114,851 tangible assets and £1,672,487 software WIP to intangible assets and intangible WIP.

UCAS