

Directors' Report & Consolidated Accounts

for the year ended 31 July 2017



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Directors' Report and Consolidated Accounts for the year ended 31 July 2017

The Universities and Colleges Admissions Service (LIMITED BY GUARANTEE)

Board structure

CHAIR

Professor Sir Steve Smith

DIRECTORS

Dr David Ashton

Professor Janet Beer (resigned 5 July 2017)

Mr Rob Behrens CBE (appointed 19 January 2017)

Mrs Sian Carr (appointed 1 August 2017)

Professor Joy Carter

Mr Thomas Chambers (appointed 1 March 2017)

Professor Bob Cryan CBE

Professor Sir Ian Diamond (Deputy Chair)

Mr Andrew Forbes

Mrs Caragh Merrick (resigned 2 December 2016)

Mr Gerry Pennell OBE

Professor Colin Riordan

Professor Toby Salt (resigned 10 May 2017)

Professor Karen Stanton (appointed 1 August 2017)

COMPANY SECRETARY

Mrs Helen Cornish

EXECUTIVE TEAM

Mrs Mary Curnock Cook OBE Chief Executive (resigned 30 April 2017)

Mrs Clare Marchant Chief Executive (appointed 3 July 2017)

Mr Kevin Allison Director of Finance and Corporate Services (appointed 23 October 2017)

Dr Mark Corver Director of Analysis and Research (resigned 5 December 2017)

Mr Andrew Hargreaves Director of Customer Experience, Marketing and UCAS Media Limited (resigned 30 September 2017)

Ms Fiona Johnston Interim Director of Analysis and Research (appointed 25 September 2017)

Mr Stephen Leonard Interim Director of Finance and Corporate Services (appointed 2 February 2017, resigned 25 April 2017)

Mrs Fatuma Mahad Director of Technology and Operations

Mr Iain Moore Director of Finance and Corporate Services (appointed 1 July 2016, resigned 3 February 2017)

Mrs Helen Thorne MBE Director of External Relations

REGISTERED OFFICE

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Gloucestershire
GL52 3LZ

AUDITORS

External auditor

RSM UK Audit LLP
Chartered Accountants
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Internal auditor

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SOLICITORS

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INVESTMENT MANAGERS

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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 2017.

Governance, organisational structure and management

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

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

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

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

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

Sub-committee membership during 2016/17 was:

Audit Committee:

Professor Sir Ian Diamond (Chair)

Dr David Ashton

Dr Jim McGeorge*

Mr Gerry Pennell OBE

Ms Sarah Randall-Paley*

Finance Committee:

Mr Thomas Chambers (Chair) (appointed 1 March 2017)

Mrs Caragh Merrick (Chair) (resigned 2 December 2016)

Professor Joy Carter

Professor Bob Cryan

Ms Joanne Jones*

Professor Elizabeth Treasure*

Nominations Committee:

Professor Sir Steve Smith (Chair)

Professor Janet Beer (resigned 5 July 2017)

Mr Andrew Forbes

Professor Sir Ian Diamond

Remuneration Committee:

Professor Sir Steve Smith (Chair)

Mr Thomas Chambers (appointed 1 March 2017)

Professor Sir Ian Diamond

Mrs Caragh Merrick (resigned 2 December 2016)

Professor Colin Riordan

*Co-opted Committee member

Directors' recruitment, appointment, and training

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

Three Directors, Professor Janet Beer, Caragh Merrick and Professor Toby Salt, resigned, and four new Directors, Thomas Chambers, Rob Behrens CBE, Sian Carr and Professor Karen Stanton were appointed to the Board during the period. A full list of Directors and Committee members is given on pages two and five 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. This is based on their specific skills, experience, and expertise, against objective criteria. With due regard for the benefits of diversity on the Boards and Committees, UCAS' recruitment processes are formal, rigorous, transparent, proportionate and appropriate to each vacancy. This enables the widest choice of candidates to be considered.

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 senior leader in secondary education, and four or more Directors. The Board is chaired by a Vice-Chancellor nominated by Universities UK (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. They are also invited to attend a formal induction session at UCAS' registered office, covering UCAS' operations. This includes meeting members of the Executive Team. Thereafter, they receive training which typically includes regular updates on legal and regulatory developments, Charity Commission, and other relevant guidance. Board and Committee members are given the opportunity to have ongoing learning and development, including site visits, to expand 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.

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

Subsidiaries

UCAS owns 100 per cent of the share capital of its subsidiary, UCAS Media Limited. UCAS Media Limited is used for non-primary-purpose trading activities. 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, 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 2017, amounted to £4.0m, which represented an increase of 26 per cent over the profit for the year ended 31 July 2016. Revenue increased by 6.9 per cent (2016: increase of 4.9 per cent) to £17.9m (2016: £16.8m).

Statement of Directors' responsibilities

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

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

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

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

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

The Charitable Company paid a premium of £3,491 (2016: £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. As Directors, they have taken all the steps they ought to have taken, to make themselves aware of any relevant audit information, and to establish that UCAS' auditors are aware of that information.

Auditors

RSM UK Audit LLP was re-appointed as auditor 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.

Public benefit

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

UCAS' 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, and by reflecting our charitable objects and our commitment to public benefit.

Information services

As articulated in our strategy, we recognise there are many different educational pathways. We believe that all progression in education increases the potential pool of people able to benefit from higher education. Our aim is to help people from the UK and beyond, to make well-informed choices that are right for them, wherever they are on their educational journey, by using our in-depth insight about how and when students make their decisions.

Helping students to choose the right qualifications, pathways, and higher education courses, delivers public benefit by enabling people to develop their educational potential. It also contributes to improving student retention, and successful progression to a degree, employment or further study, and, ultimately, value for money for the tax payer.

Building on these principles, our relationships, and analysis, we provide independent, impartial, and accurate information and advice to students, parents, teachers, and advisers, about a wide range of qualifications and educational pathways, that may – or may not – lead to higher education. This includes information about vocational and technical qualifications, volunteering, apprenticeships, and other employment opportunities.

For people considering higher education, whether post-18 or later in life, UCAS provides information about the benefits of higher education and what's involved. We also provide advice on how to explore study options, whether full-time, part-time, distance learning, or outside the UK. UCAS provides straightforward advice about considering going to university, and encourages students to attend open days. We understand the financial commitment involved, and provide information about tuition fees, student finance, and advice on managing money, as well students' consumer protection rights and responsibilities.

Our multi-destination search tool allows people to explore over 50,000 full-time undergraduate and conservatoire courses, and 10,700 taught postgraduate courses, through a single online interface. This includes course information about entry requirements and tuition fees, as well as links to national data sets about student satisfaction and teaching quality. This is an important means for raising awareness of the wide range of different courses available at universities and colleges, and a key instrument for facilitating student choice. Students can search by the criteria which are relevant to them, and save and manage information.

We also continue to offer three other search services.

UCAS Progress is 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 post-18. Learners can search 114,000 post-16 courses, and around 12,000 apprenticeships. They can search by subject, sector, provider, and location. Learners can also explore academic options alongside vocational qualifications, apprenticeships, and other work-based learning.

UCAS Teacher Training provides information about the different routes into teaching, as well as the ability to search around 36,000 opportunities provided in schools, colleges and universities.

Our careers' finder service carries information about apprenticeship opportunities at Level 3 and above, alongside graduate and school leaver jobs, paid internships, and similar employment opportunities.

Increasingly, UCAS is using its analysis and insight to offer students more individual information about their choices, and to support their decision making. UCAS makes sure the right information is delivered at the right time, through personalised emails and web content. This year, we tested an offer rate calculator. This gives learners an indication of the likelihood of receiving an offer for a particular subject and university, given their selected A level subjects and predicted grades.

UCAS' strategy sets out our commitment to supporting national efforts to widen participation to higher education. We work in partnership with a large number of groups, who support students who're underrepresented in higher education, to offer information and advice which reflects their circumstances and needs. We provide information for mature students, part-time learners, those with disabilities, those who have been in care, young carers, refugees, and estranged students. The new UCAS Tariff was successfully employed for the first time during 2016-17, to support the 2017 admissions cycle. The Tariff enables more qualifications to receive points, helping to support widening participation efforts.

Admissions services

UCAS offers trusted, internationally recognised admissions services. This enables students to apply to full-time undergraduate courses at universities and colleges, through a single gateway, using a standard online form and a common process, to support 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. This helps providers to effectively plan and manage admissions and student services.

We employ robust eligibility criteria, to ensure students, parents, and teachers can be confident the universities and colleges applied to are bona fide institutions, offering high-quality courses of educational benefit.

UCAS charges an application fee (£13 for a single course, and £24 for two to five choices) to help fund the admissions service. The Directors consider the level of the fee, and frequency the service is likely to be used, to make sure less-advantaged students are not prevented from applying.

UCAS offers comprehensive information about how the application and admissions process works, including step-by-step guides on how to apply, alongside videos and advice from other students. We offer specific advice for applicants with disabilities, and our systems meet accessibility requirements. Students can track the progress of their applications, talk to our experienced advisers, ask questions via social media, or watch our 'how to' videos. In 2016-17, UCAS handled over 431,000 telephone calls from students and parents, and 133,000 social media enquiries. UCAS hosted the Department for Education's Exam Results Helpline, which supported 7,600 students with guidance about their options.

Around 718,000 students used the undergraduate admissions service in the 2016 admissions cycle. UCAS' analysis shows that applicants continue to apply from across the world, from a full range of ethnic, socio-economic and educational backgrounds. At an aggregate level, admissions to full-time higher education are fair, and free from any systematic bias. Overall, student satisfaction with UCAS services increased to 85%.

In addition, UCAS' admissions services for conservatoires, teacher training courses, and postgraduate taught courses were used by 9,000, 46,000, and 29,000 applicants, respectively.

UCAS continues to publish comprehensive information, about who applies to higher education, who receives offers, and how this is changing over time, to inform the public debate about university admissions, progression, and social mobility. The 2016 UCAS Undergraduate End of Cycle datasets comprised more than 2.2 million data points, doubling the volume of data available in 2015.

Our commercial subsidiary, UCAS Media Limited, generates income to reduce costs for students, universities and colleges. It also offers services which enable learners to connect with education providers, and other organisations offering services of interest.

Strategic report – 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.

The strategy is underpinned by a significant programme of technology development, to redesign core services and technology architecture, and introduce new capabilities to enable UCAS to:

- respond more rapidly to the changing needs of students, universities, and colleges
- deliver services and make change more efficiently
- offer timely, personalised information and support to students

The design and delivery of these services is wholly centred around the needs of students and education providers, and reflects their preferences for engagement.

Activities undertaken in relation to each of our six strategic objectives are:

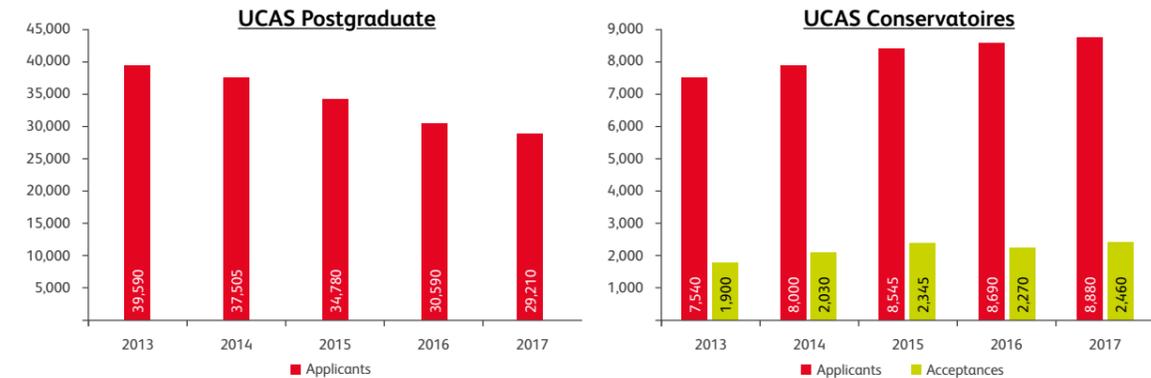
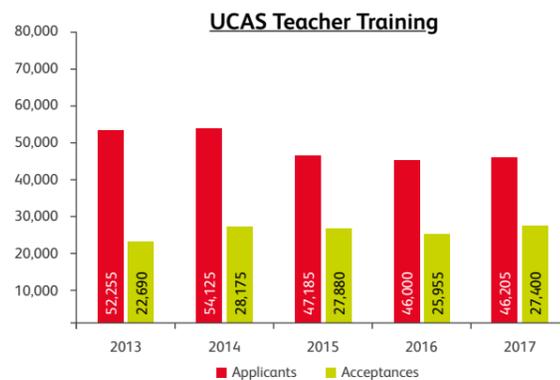
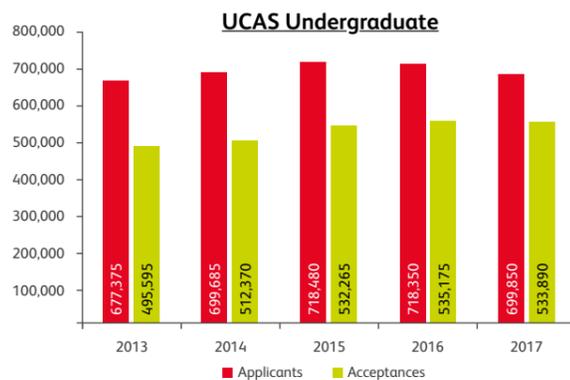
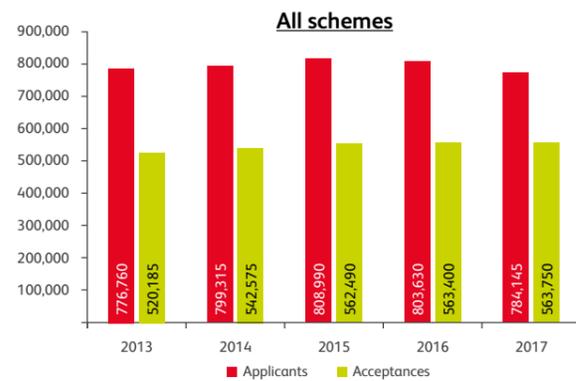
- **Students:** students know that UCAS is where you find out about progression in education and make applications. UCAS has:
 - delivered the undergraduate admissions service successfully, handling applications from 718,400 people (the same number as in 2016), and helping 535,200 to secure an undergraduate place (up 0.5%). Overall, student satisfaction with UCAS services reached 85% (up 2%)
 - enabled 2,250 students to find a place at a conservatoire, 26,000 on initial teacher training programmes, and 7,288 on postgraduate courses
 - extended and improved our direct contact service, which allows unplaced students who opt in, to have their data shared with universities they haven't applied to, and where they are likely to be a good match for vacancies. This enables universities with vacancies to proactively contact suitable students about potential offers.
 - improved the provision of information and advice for students by:
 - launching a new, multi-destination, search tool service, which provides an improved online search of undergraduate, conservatoire and postgraduate courses
 - providing new and enhanced information about degree apprenticeships, taking a gap year, studying abroad, and applying to HE with new kinds of qualifications
 - providing UCAS' student advisers with mental health awareness training in partnership with Student Minds, and training about the needs of estranged learners
 - deploying new tools in UCAS' customer relationship management (CRM) system to send personalised communications to students, including those attending UCAS exhibitions
 - providing information about the Teaching Excellence Framework, and publication of TEF ratings in UCAS course search tool
 - trialling an offer rate calculator, which gives students an indication of the likelihood of receiving an offer for a particular subject and university, given selected A level subjects and predicted grades
 - held 53 exhibitions across the UK, enabling 174,000 students to discuss their futures with universities, colleges, and potential employers. 82% of students rated these events as 'good' or 'great'
 - hosted the Department for Education's Exam Results Helpline, enabling 7,600 students and parents to access personalised careers guidance after receiving their exam results
- **Education providers:** UCAS is a trusted partner for attraction, recruitment, and admissions services. UCAS has:
 - supported 386 higher education providers, and eight conservatoires, with undergraduate and postgraduate student recruitment, and 1,103 universities, colleges, and schools with initial teacher training recruitment. Launching a new, multi-destination data collection service, and accompanying search tool, was a significant milestone. Overall provider satisfaction with UCAS services reached 78%, with a 91% satisfaction rate for Confirmation and Clearing
 - worked with 38 awarding organisations to process over 4.7 million examination results across 216 qualifications, to facilitate decisions about admissions to higher education. This included the introduction of the new Tariff, a range of new qualifications including A levels, BTECs and GCSEs, as well as the changes to the grading structure of the Access to HE diploma

- ran a zero results embargo breach project, to support universities and colleges with managing embargoed exam results. Over 4,000 people completed the training
- added 126 new qualifications to the UCAS Tariff, and provided qualification information profiles to help admissions teams understand them
- published the results of 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, new applied general qualifications, and to help schools understand the impact of new GCSE grading in England on entry requirements
- 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 positive action, equal consideration deadlines, and applicants with criminal convictions. UCAS hosted events for universities and colleges on minimising the risks of unconscious bias, and three new e-learning modules were released. These covered unconscious bias, complaints and appeals, and applicant feedback
- **Advisers:** UCAS provides comprehensive resources to support learners who want to progress. UCAS has:
 - run a campaign to help students and teachers inform UCAS of changes in qualifications being taken and address mismatches. This improves the speed of processing, and admissions decisions for students
 - introduced new online training and support, to help teachers use UCAS' services, and address common errors
 - released new online training modules on student finance, and how to use the UCAS Extra service
 - introduced a new service, which advises teachers which of their students has not secured a place, to enable them to target their resources and support learners more effectively
 - continued our campaign to explain the new Tariff
 - published a factsheet for teachers, to help them understand contextualised admissions, and how and why information is used
 - organised four major conferences and events for teachers and advisers, to help them better support their students. This has reached around 600 teachers
 - increased overall teacher satisfaction. UCAS services have reached 95%
- **Data and analysis:** UCAS is the trusted and authoritative source of intelligence regarding 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 a major set of equalities data on behalf of the university sector, exploring applications, offers, and acceptances for UK students, by sex, ethnic group, and area background, by named universities, for 2010 to 2016. 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. These are designed to further understanding of social mobility in higher education. All the underpinning data is available in an open data format, to download and re-use
 - made nine years of admissions data available to researchers, via the secure Administrative Data Research Network, as part of a shared commitment to improve the understanding of equality of access to higher education. The data is already being used by researchers, to better understand how education contributes to social mobility
 - published a major report examining understanding about alternative to full-time undergraduate study (Progression Pathways), and making recommendations for schools, colleges and universities
 - provided analysis and input into numerous public consultations, including submitting evidence to the Department Education and Bill Committee on the Higher Education and Research Bill, the Social Mobility Advisory Group, the Better Schools for Everyone Green Paper, Careers and Enterprise Company's 'Moments of Choice' proposals.
- **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 7.0 per cent
 - generated 68 per cent of revenue originating from within the education sector, evidencing a diversification of income across different markets

– undertaken a comprehensive overhaul of its products and services, removing less popular products, and replacing them with new opportunities, such as a strong programmatic offering. This has improved Student Decisions Reports and Conversion Analysis. In addition, we have continued to extend our income-generating analytical products, in particular EXACT, which is a standardised way of reporting UCAS data.

- **Business model:** UCAS is an exemplar of an efficient and effective national shared service. UCAS has:
 - contributed to Universities UK’s review of higher education sector organisations. The review noted that ‘UCAS is very highly regarded, an exemplar of a collaborative approach to a shared need that provides huge benefits to potential students and higher education institutions alike.’
 - achieved £456k in direct and indirect procurement savings, consisting of fees relating to IT support, licencing, equipment, recruitment agency and office furniture. Savings also achieved through replacing existing software, and utilising government and educational framework agreements, including the staff benefits provision
 - achieved a nine percent reduction in energy usage at Rosehill, and implemented a number of energy saving measures to increase efficiency, such as switching to LED lighting, replacing old equipment and installing automated power systems in meeting rooms
 - maintained ISO27001 accreditation for information security
 - maintained the Payment Card Industry Data Security Standard
 - secured a ‘one to watch’ rating in the national Best Companies survey, reflecting good employee engagement
 - become the first company in Gloucestershire to be awarded the Workplace Wellbeing Charter
 - introduced a new, digital telephony platform providing greater resilience in busy periods and better reporting, as well as improving our interactive voice response options, to enable customers to self-serve more effectively
 - introduced further improvements within the business, to speed communication and collaboration, including the roll-out of SharePoint, a new video streaming service, and new policies to support flexible working.

Applicant numbers by scheme

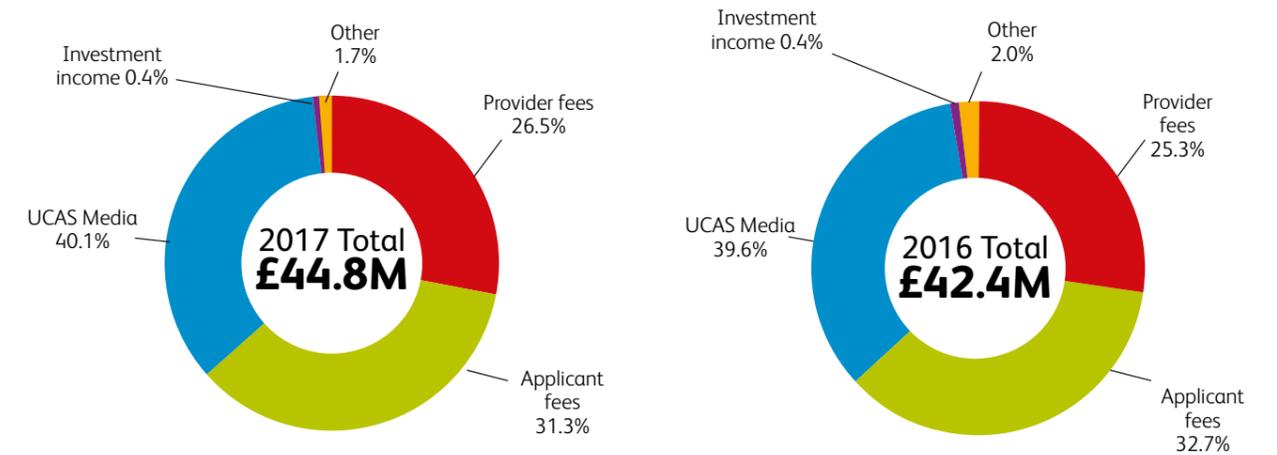


Financial review

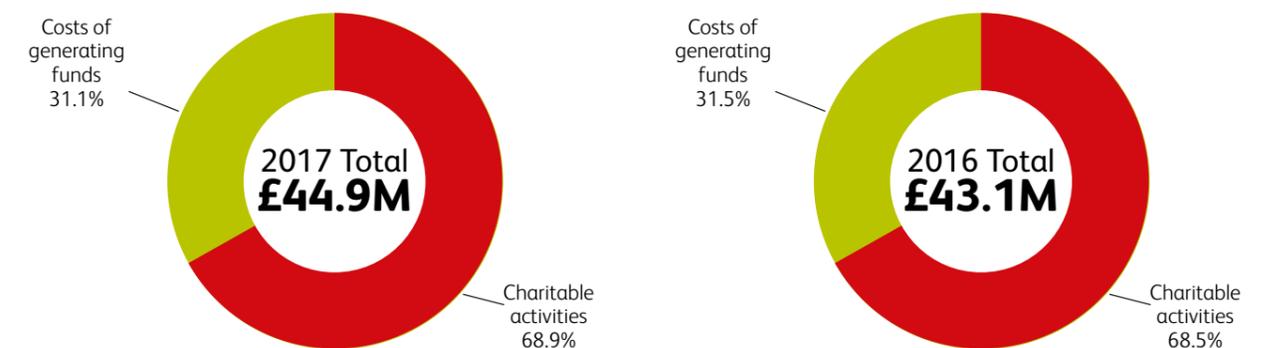
The applicant numbers detailed on pages 12 and 13, and the associated income disclosed below, are considered to be the key performance indicators used to measure the performance of the charity. The performance of UCAS Media Limited, as detailed below, is also considered a key indicator of the Group’s performance.

Total income increased by 5.6 per cent, to £44.8m. An increase in income was seen from both charitable and trading activities, with the revenue generated by the commercial subsidiary increasing by 7.1 per cent.

Total income (note 3) in 2017 vs. 2016 is shown below.



Expenditure (note 4) in 2017 vs. 2016 is shown below.



Overall, cash reserves for the Group decreased slightly from £3.6m to £3.5m. This reduction was in line with the current UCAS five-year strategy, to invest funds into its Digital Acceleration strategy, and invest in the development of systems and processes to maintain and improve the delivery of UCAS's admission services. This approach continued during the year to 31 July 2017, with investment in new technology infrastructure assets and the capitalisation of £4.3m (2016: £3.9m) of internal software development.

UCAS also holds a liquid investment portfolio containing a combination of bonds, equities, and property. Following an uncertain year for the global markets in 2016, this year has seen a marked improvement on performance, and the investment has grown by 12% to a value of £6,467k as at 31 July 2017 (2016: 6% growth to £5,770k value).

Details of UCAS' pension arrangements, including two final salary schemes, and two money purchase arrangements, are set out in note 19 to the accounts. The UCAS Pension and Life Assurance Scheme was subject to a triennial valuation as at 31 July 2016. The scheme deficit, measured on a funding basis as at 31 July 2016, increased to £11.2m (2013: £3.7m). The net charge for the year ended 31 July 2017 is £1.2m (2016: £0.9m), included in note 19, after cash contributions of £1.3m (2016: £1.2m). The contributions include both normal employer contributions (calculated at a rate of 16.6 per cent of individual pensionable salaries), and an amount of £0.9m under a formal agreement with the Trustees of the pension scheme, to alleviate the pension Trustees' measure of the deficiency of net assets in the scheme. In the year ended 31 July 2017, the return on scheme assets, and actuarial gains on the scheme liabilities totalling £6.9m were recognised in other comprehensive income (2016: loss of £6.6m). The deficit recognised on the balance sheet reduced to £7.3m (2016: £14.3m).

Under FRS 102, the Group has also recognised the present value of future deficit contributions payable to the Universities Superannuation Scheme (USS) pension scheme, resulting in a deficit of £998k (2016: £871k) being recognised on the balance sheet.

The Group's financial reserves mainly comprise cash at bank, and liquid investment funds. The main purpose of these reserves is to maintain sufficient finance for the Group's planned future operations and activities. The main financial risk arising from the Group's operations and activities, is liquidity risk. The Group funds its operations and activities from operating income and cash reserves. The Group'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 2017.

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

Plans for the future

UCAS' corporate strategy for 2015-2020 emphasises our commitment to helping students access the information and advice they need, to make well-informed decisions about their educational choices, and make effective applications to higher education or elsewhere. The strategy sets out a ten-point plan for achieving these goals, including:

- positioning **ucas.com** as a central information hub, for connecting learners to the widest possible range of educational opportunities, and other service providers
- 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
- increasing deployment of analysis, to support non-traditional learners and those who advise them

Work will continue on the development of information and advice services for students, teachers, and advisers. UCAS will place an emphasis on understanding the impacts of qualification reforms, particularly to applied general qualifications, and the planned introduction of T levels in England.

UCAS will continue to deliver reliable admissions services, which support applications, selection, and recruitment, and will launch a new postgraduate applications management service. We expect to make significant progress on the redevelopment of the software applications underpinning the undergraduate admissions services.

As universities and colleges using UCAS' services look to 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 providers with targeting the students they are interested in.

The Higher Education and Research Act 2017 will see the establishment of the Office for Students and new regulatory framework in England, whilst the Diamond and Hazelkorn Reviews will see changes to higher education funding and student support in Wales, and the establishment of a new Tertiary Education and Research Commission. UCAS will look to establish effective working relationships with

these new regulatory bodies, and contribute appropriately to the effective co-regulation of higher education.

In partnership with agencies that provide other services to universities and colleges, UCAS will continue to seek efficiency savings through the optimisation of IT services, and more efficient procurement of small-scale goods and services. As recommended by the Universities UK review of sector agencies, we will seek to collaborate with HESA, HECSU, and Jisc to explore how we could better use data, and improve services for students and higher education providers.

Risk management

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

1. Risk management: The Corporate Risk Management Framework sets out UCAS' approach to risk management, covering the end-to-end process, roles, and responsibilities, and defining the scope of its activities. This is reviewed annually. A new risk management tool is being introduced in autumn 2017. This will enable us to monitor UCAS' risk exposure more dynamically, across a range of categories, at corporate and business unit level.

The annual review of the UCAS Statement of Risk Appetite was conducted by the Executive in August 2017. Several changes were proposed, and these will be submitted to the Audit Committee for endorsement in November. The most significant proposal was the introduction of a Legal and Regulatory category, designed to bring greater clarity to our risk exposure in relation to compliance.

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

- Compromise of sensitive or personal data – we are continuing to make improvements to our technical security, in response to the constantly changing cyber threat landscape. We have robust security incident management procedures, well-tested backup and recovery plans. We also continue to run awareness campaigns, to increase the vigilance and diligence of our employees and help mitigate the risk of a compromise of sensitive or personal data.
- 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. Sophisticated systems monitoring, and disaster recovery plans have been developed and tested.
- Financial stability – a number of factors have increased the likelihood of a material impact. There has been a 4% drop in undergraduate applications, which has resulted in some loss of revenue from application fees. However, this is being mitigated through an increase in capitation fees, growing UCAS Media income, and internal savings. In addition, the latest valuations of the technical provision deficit, in our defined benefit employee pension schemes, are higher than before, and are material. We are working with the Trustees of the UCAS Pension and Life Assurance Scheme on a multi-year recovery plan, and expect to receive proposals from the USS in due course. We conduct horizon scanning, modelling, and forecasting on an annual basis, to anticipate possible scenarios and their impact on UCAS' financial stability and sustainability.
- Failure to interpret the policy or market environment for UK higher education – a 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. Reports also include an update on the risk exposure associated with UCAS' Digital Acceleration change delivery initiative.

Tactical risks, at business unit level, are reviewed frequently. They have been reported by exception to the 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 help identify emerging risks across the business.

2. Internal audit: PricewaterhouseCoopers (PwC) have completed their second year as UCAS' internal auditor. Each year, they undertake a series of audits in relation to the organisation's activities and governance functions, and report their findings to the Audit Committee. A risk-based approach is taken to the development of the annual audit plan. This is agreed with, and guided by, the Executive

Team, and the Audit Committee. The 2016-17 audit programme included reviews of our Digital Acceleration initiative, IT Change and Release Management, and Fraud Risk Management. The internal audit is conducted in conjunction with the external audit function, provided by RSM.

3. Health and safety: UCAS maintains a dedicated, centrally-managed health and safety and environmental function. This function undertakes regular reviews of operational activities and 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). We will continue to implement these savings, to reduce electricity costs. Cross-functional working is underway to ensure compliance with these regulations.

Reserves policy

The Directors take their legal obligation to act in the interests of the Charity and its beneficiaries seriously. The Directors have developed a reserves policy, that aims to protect UCAS from unforeseen financial challenges, whilst making funds available for investment in future activities. The policy is reviewed annually, to ensure it remains reflective of UCAS' current operating model, and to recognise any strategic risks that have been identified since the last assessment.

Acknowledging the ever-increasing need for the funding of digital technology, and the escalating pressures upon cyber security, the Directors have continued to ensure the designation of reserves reflects the needs of the changing UCAS business. Given the importance of UCAS' IT systems, the Directors believe a designated technology reserve should be held, with a target value equivalent to the total of all non-cancellable, contracted IT commitments. Work to assess the value of all contracts is ongoing, but due to the complexity of the task, the decision has been taken to set an initial reserve value of £5,000k, with the aspiration to designate the full value in future years, once known. As UCAS' software assets are either hosted in the Cloud or backed-up off-site, the Directors feel that a reserve taking account of the replacement value of onsite hardware (as was implemented in the past), is no longer appropriate.

UCAS' investment portfolio is only one of a range of investment vehicles used to secure the best return on the business's cash balances. It is not the objective of UCAS to maintain an investment portfolio. Although the Directors currently consider this portfolio to be invested for the medium term, it is nevertheless available for drawdown, to finance business projects if, and when, required. In recognition of the fact that the value of the investment can fluctuate, the Directors believe it is appropriate to designate reserves in respect of any unrealised gain. The value of the investment portfolio is monitored regularly, and the investment reserve is adjusted accordingly each year. As at 31 July 2017, the reserve value was £1,076k.

The Directors take seriously their responsibility to current and former employees, in respect of the UCAS pension fund. They believe it is prudent to hold a designated reserve equivalent to a rolling three years' committed contributions to the net pension fund deficit. Valuations of the fund are carried out triennially. It is felt that this level of reserve is appropriate because of the movements in fund value that can be experienced between successive valuations. The latest triennial valuation was issued during the year, and a new multi-year deficit recovery plan subsequently agreed. The pension reserve has therefore been increased in line with the new plan, to £2,858k as at 31 July 2017.

The Directors have designated a further reserve, to protect against any strategic risks that could lead to a loss of income. Each risk identified at the corporate level, where a potential financial loss is highlighted, is assigned a likelihood in percentage terms. This percentage is multiplied by the estimated loss, to arrive at a corresponding value. This will be included in the reserve. The total of all amounts is reflected in the final value of the income reserve, which stood at £689k for the Group and £140k for the Charitable Company as at 31 July 2017.

The Directors do not consider any other designated reserves need to be held. 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, the availability of cash in the bank and the need for reserves to offset significant timing differences in the receipt of cash, particularly at the year-end, when cash balances are typically at their lowest levels. Taking these factors into account, in the opinion of the Directors, the level of general reserves, amounting to approximately £21.5 million at 31 July 2017, 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. This also allows the Group to subscribe for interests in any company or undertaking established, with the intention of directly or indirectly benefiting the Company. All cash funds generated by UCAS, or any subsidiary companies, will be invested and managed through UCAS, in accordance with all legal requirements, and with regard to UCAS' reserves policy and both short-term and long-term working capital requirements. The funds to be invested represent the excess of cash reserves over the amount needed to fund investment in the company's infrastructure. The objective for the fund is to achieve a balance of income and capital growth, to maximise funds available for infrastructure investment, while at least maintaining the real capital value of the investment funds in the long term.

Employee engagement

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

- 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, benchmarking itself using the Best Companies methodology, 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.

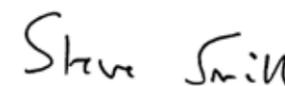
During the year, UCAS has invested in a workplace nursery in the Charitable Company's head office, to provide additional support for working parents.

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 relevant changes to products and services closely connected to our applications and admissions function. Equality and inclusion is being driven forward internally, in the form of awareness campaigns and training, to support our efforts to make the organisation, and UCAS as an employer, a more equal and inclusive place to work. Applications for employment are encouraged from individuals with disabilities. The application process includes the facility to specify any special requirements that would need to be met to facilitate an interview, or eventual employment. HR representatives would work with any employee who became disabled, to ensure their employment, training and development needs were met at that time, and in the future.

The Board is committed to equality, and values diversity on its Boards and Committees. The Board welcomes and encourages applications from all candidates, in line with the Equality Act 2010. It has introduced a 40% gender-neutral target for Board members by 2020, and will require at least one individual from an ethnic minority by 2021 on the Boards of UCAS and UCAS Media. The Board consults Charity Commission, other relevant guidance, and the 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 7 December 2017, and signed on its behalf by:



Professor Sir Steve Smith

Chair

Date: 7 December 2017



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 2017 which comprise the Consolidated and Charity Statements of Financial Activities (incorporating an Income and Expenditure Account), the Consolidated and Charity Statements of Financial Position, the Consolidated and Charity Statements of Cash Flows and notes to the financial accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 July 2017 and of the group's and the parent charitable company's incoming resources and application of resources, including their income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

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

Conclusions relating to going concern

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

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

Other information

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

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

Opinion on other matters prescribed by the Companies Act 2006

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES
OF THE UNIVERSITIES AND COLLEGES ADMISSIONS SERVICE
for the year ended 31 July 2017**

Matters on which we are required to report by exception

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

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

- the parent charitable company has not kept proper and adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; 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 and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

RSM UK Audit LLP

MICHAEL HUGGINS (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: 19 December 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

Income	Notes	Group		Charity	
		Unrestricted funds 2017	Unrestricted funds 2016	Unrestricted funds 2017	Unrestricted funds 2016
Income from charitable activities		£'000	£'000	£'000	£'000
Provider and applicant fees	3	25,893	24,591	25,893	24,591
Other incoming resources	3	771	868	7,046	7,059
Raising funds:					
Income from trading activities	3	17,913	16,732	-	-
Gift Aid		-	-	4,013	3,190
Investment income	3	189	192	187	183
Total income		44,766	42,383	37,139	35,023
Expenditure					
Raising funds	4	(13,963)	(13,610)	(30)	(27)
Charitable activities	4	(30,933)	(29,530)	(37,026)	(35,692)
Total expenditure		(44,896)	(43,140)	(37,056)	(35,719)
Net gain on investments	9	549	207	549	207
Net income/(expenditure) before tax		419	(550)	632	(489)
Taxation	5	-	-	-	-
Net income/(expenditure)		419	(550)	632	(489)
Other recognised gains/(losses):					
Remeasurements of defined benefit obligation	19	6,946	(6,468)	6,946	(6,468)
Net movement in funds		7,365	(7,018)	7,578	(6,957)
Reconciliation of funds:					
Total funds brought forward		15,481	22,499	16,035	22,992
Total funds carried forward		22,846	15,481	23,613	16,035

During the year, no grants were received (2016: a restricted grant of £20,000 was received from the Higher Education Funding Council for Wales, for Supporting Professionalism in Admissions). No restricted fund balance was brought forward or carried forward.

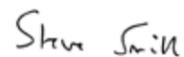
There are no recognised surpluses or losses in the year, other than those included in the Statement of Financial Activities above. All the above results are derived from continuing activities.

CONSOLIDATED AND CHARITY STATEMENTS OF FINANCIAL POSITION
 for the year ended 31 July 2017

	Notes	Group		Charity	
		2017 £'000	2016 £'000	2017 £'000	2016 £'000
Fixed assets					
Goodwill	7	-	213	-	-
Other intangible assets	7	12,970	13,577	12,951	13,471
Total intangible assets		12,970	13,790	12,951	13,471
Tangible assets	8	7,861	8,012	7,690	7,840
Investments	9	6,467	5,770	6,467	5,770
Investments in subsidiaries	10	-	-	1,026	1,026
		27,298	27,572	28,134	28,107
Current assets					
Debtors due within one year	11	7,973	6,645	6,585	6,739
Cash at bank and in hand		3,543	3,629	1,442	894
		11,516	10,274	8,027	7,633
Current liabilities					
Creditors due within one year	12	(7,471)	(7,206)	(4,051)	(4,546)
Net current assets		4,045	3,068	3,976	3,087
Creditors: amounts falling due after more than one year					
Deposit from property tenant		(50)	-	(50)	-
Finance lease due after one year	15	(144)	-	(144)	-
		(194)	-	(194)	-
Net assets excluding pension scheme liability		31,149	30,640	31,916	31,194
Deduct					
Defined benefit pension scheme liability	19	(7,305)	(14,288)	(7,305)	(14,288)
Defined contribution pension scheme provision	19	(998)	(871)	(998)	(871)
Net assets		22,846	15,481	23,613	16,035
Funds					
Unrestricted funds: designated	16	9,623	15,930	9,074	16,052
Unrestricted funds: general	17	21,526	14,710	22,842	15,142
Pension scheme liability	19	(8,303)	(15,159)	(8,303)	(15,159)
Total funds		22,846	15,481	23,613	16,035

The financial statements on pages 21 to 59 were approved by the Board of Directors and authorised for issue on 7 December 2017.

Signed on behalf of the Board



Professor Sir Steve Smith

Chair

7 December 2017

	Notes	Group		Charity	
		2017 £'000	2016 £'000	2017 £'000	2016 £'000
Statements of cash flows					
Net cash flow from operating activities		4,835	912	2,199	(895)
Cash flow from investing activities					
Interest received on bank and cash balances		5	38	3	29
Gift Aid income from subsidiary		-	-	3,190	2,169
Purchase of intangible fixed assets	7	(4,417)	(3,895)	(4,417)	(3,895)
Purchase of tangible fixed assets	8	(706)	(747)	(624)	(660)
Add back cost of fixed assets acquired under finance lease		284	-	284	-
Net cash used in investing activities		(4,834)	(4,604)	(1,564)	(2,357)
Cash flow from financing activities					
Repayments of obligations under finance leases		(87)	-	(87)	-
Net cash used in financing activities		(87)	-	(87)	-
Change in cash and cash equivalents in the reporting period		(86)	(3,692)	548	(3,252)
Cash and cash equivalents at the beginning of the reporting period		3,629	7,321	894	4,146
Cash and cash equivalents at the end of the reporting period		3,543	3,629	1,442	894

CONSOLIDATED AND CHARITY STATEMENTS OF CASH FLOWS
 for the year ended 31 July 2017

Statements of cash flows (cont'd)		Group		Charity	
		Notes	2017 £'000	2016 £'000	2017 £'000
Notes to the statements of cash flows					
		44,766	42,383	37,139	35,023
Income for the year		-	-	(4,013)	(3,190)
Less Gift Aid income for the year		(44,896)	(43,140)	(37,056)	(35,719)
Expenditure in the year	4	30	27	30	27
Add back investment charges	9	6	-	6	-
Add back VAT claimed on investment charges	9	(189)	(192)	(187)	(183)
Less investment income	3	(283)	(922)	(4,081)	(4,042)
Operating deficit					
(Increase) / decrease in debtors	11	(1,328)	(1,790)	154	(1,353)
Less increase in Gift Aid debtor		-	-	823	1,021
Less increase in prepaid expenditure due to finance lease		63	-	63	-
Increase / (decrease) in creditors	12	265	(425)	(495)	(342)
Less increase in creditors due to finance lease	15	(116)	-	(116)	-
Deposit received from tenant		50	-	50	-
Depreciation	8	853	521	770	449
Amortisation	7	4,947	3,797	4,860	3,641
Impairment of goodwill	7	213	-	-	-
Loss on disposal of fixed assets	7 & 8	81	-	81	-
Remeasurement of USS liability	19	108	25	108	25
FRS102 pension adjustment	19	(18)	(294)	(18)	(294)
Net cash flow from operating activities		4,835	912	2,199	(895)



1. Principal accounting policies

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

General information

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

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

Basis of accounting

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

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

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

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

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

Going concern

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

Basis of consolidation

Assets and liabilities of the subsidiaries are consolidated on a line-by-line basis. 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.

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

Functional and presentational currencies

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

Foreign currencies

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

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

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

Income

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

Income is shown in two main categories:

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

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

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.

Income from trading operations includes marketing services, and income from events. For these categories, income is recognised on the basis of when the service is to be delivered, and is deferred as necessary.

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

Expenditure

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

- costs of charitable activities
- costs of raising funds

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

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

Support costs are incurred in the process of supporting the above activities, and are allocated to those activities on the basis set out in note 4.

Restatement of comparative balances

A more detailed, systematic cost allocation method has been used in the preparation of these accounts than was previously available. For consistency, the prior year expenditure figures have been restated on the same basis, to aid direct comparison. This affects the split of expenditure in the prior year, between 'Raising Funds' and 'Charitable Activities', disclosed in the Statement of Financial Activities for the Group. Expenditure on raising funds has reduced by £6,113k from that previously reported, with an equal and opposite restatement of the expenditure on charitable activities. The overall expenditure total is unaffected by this restatement.

Investment policy

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

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

Tangible fixed assets and depreciation

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

- freehold buildings 50 years
- computer equipment four years
- office equipment four years
- office machinery (leased) five years
- other plant ten years

Intangible assets and amortisation

Goodwill is capitalised, and then amortised evenly over five years. In the Directors' opinion, this represents the period over which the goodwill is expected to give rise to economic benefits.

Internally developed software is amortised, once it becomes available to use, over the expected useful life of that software prior to replacement (usually between four and 20 years depending on the characteristics of the asset). Capitalised software licences are amortised over the shorter of five years or the agreed licence period.

- goodwill five years
- software (internally developed) four – 20 years
- licenses shorter of five years or the period of the license

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. However, this will include any beta testing period, where an application has been made available to customers in a pre-final version for feedback, with a view to further enhancements before release into production. Development is deemed to end when the application is released into production. Any subsequent development expenditure is deemed to be continuous improvement, and would not be considered for capitalisation, unless it contributes to a significant increase in the economic value of the asset. Capitalised development expenditure is initially recognised at cost, and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Leases

The Group as lessee – finance leases

An asset and corresponding liability are recognised for leasing agreements which transfer to the Group substantially all of the risks and rewards incidental to ownership ('finance leases'). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The Group as lessee – operating leases

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

Cash and cash equivalents

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

Financial instruments

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

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

Trade, group, and other debtors

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

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

Creditors

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

Impairment policy

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

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

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

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 the net defined benefit asset/liability represents the present value of the defined benefit obligation, minus the fair value of plan assets out of which obligations are to be settled. Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan. The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds, with terms and currencies consistent with those of the benefit obligations.

Gains or losses recognised in profit or loss:

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

Gains or losses recognised in other comprehensive income:

- Actuarial gains and losses.
 - The difference between the interest income on the plan assets and the actual return on the plan assets.
- UCAS participates in Universities Superannuation Scheme (USS). With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme, to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions, and a scheme-wide contribution rate is set. UCAS is therefore exposed to actuarial risks associated with other institutions' employees, and is unable to identify its share of the underlying assets and liabilities of the scheme, on a consistent and reasonable basis. As required by Section 28 of FRS 102, UCAS therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since UCAS has entered into an agreement (the Recovery Plan), that determines how each employer within the scheme will fund the overall deficit, UCAS recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit). Therefore, an expense is recognised. 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. These are 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 as they become due.

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

Fund accounting

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

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

2. Staff numbers and costs

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

	Group		Charity	
	2017	2016	2017	2016
	No.	No.	No.	No.
Application services	370	361	370	361
Administrative	60	62	60	62
Cost of generating funds	68	69	-	-
	<u>498</u>	<u>492</u>	<u>430</u>	<u>423</u>

The aggregate payroll costs of these persons were as follows:

	Group		Charity	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Salaries	18,260	17,767	15,108	14,565
Social security costs	1,897	1,819	1,670	1,595
Defined contribution pension cost	549	586	491	530
Other pension costs and current service cost	914	641	914	641
Pensions costs – multi-employer DB scheme	578	441	556	423
Capitalised	(3,478)	(3,121)	(3,478)	(3,121)
	<u>18,720</u>	<u>18,133</u>	<u>15,261</u>	<u>14,633</u>
Restructure costs	109	184	57	103
	<u>18,829</u>	<u>18,317</u>	<u>15,318</u>	<u>14,736</u>

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

During the year, redundancy costs of £109k (2016: £184k) were incurred, to align staff capability to functions. Such costs are recognised as expenses immediately within expenditure, and at the reporting date all such payments had been made.

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	
	2017	2016	2017	2016
	No.	No.	No.	No.
£60,000 - £69,999	24	23	24	22
£70,000 - £79,999	9	7	7	6
£80,000 - £89,999	8	5	7	4
£90,000 - £99,999	-	4	-	4
£100,000 - £109,999	2	1	2	1
£110,000 - £119,999	1	-	1	-
£120,000 - £129,999	-	1	-	-
£140,000 - £149,999	-	1	-	1
£150,000 - £159,999	1	2	1	2
£160,000 - £169,999	1	-	1	-
£180,000 - £189,999	1	-	1	-
£200,000 - £209,999	-	1	-	1

Pension scheme contributions paid by the Group, in respect of the people listed above, amounted to £514,580 (2016: £469,653). The pension scheme contributions paid by the Charity, in respect of the people listed above, amounted to £501,445 (2016: £445,599). There is one employee in the UCAS Pension and Life Assurance Scheme, 33 employees in the USS scheme, and eleven employees in the UCAS Group Stakeholder Pension Plan. Two employees opted not to benefit from a company pension. In the year 2016-17, the contribution to the USS scheme was £467,329 (2016: £429,155) and the UCAS Group Stakeholder Pension Plan was £36,300 (2016: £30,152). The contribution to the UCAS Pension and Life Assurance Scheme was £10,951 (2016: £10,346).

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 £943,382 (2016: £1,117,041), and employer NI contributions for these personnel were £105,821 (2016: £112,082). The Chief Executive received total employee benefits, including pension contributions, of £207,706 (2016: £237,018) and the associated employer NI contributions were £24,973 (2016: £26,599).

Directors

None of the Directors received remuneration for services to the Charity (2016: nil). Travelling expenses of £4,630 were reimbursed to seven of the Directors (2016: seven Directors, £3,825), in respect of attendance at meetings. During the year, no emoluments were paid to Non-Executive Directors of UCAS Media Limited (2016: £13,750, one Non-Executive Director).

Professional indemnity insurance

The Charitable Company paid a premium of £3,491 (2016: £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

	2017 £'000	2016 £'000
Institutional and applicant fees		
Provider fees	11,862	10,727
Applicant fees	14,031	13,864
	<u>25,893</u>	<u>24,591</u>
Other income		
Data services sales	307	263
Licences sales	332	399
Supporting Professionalism in Admissions	14	34
Brand and data charge	4,001	4,004
Management and resourcing recharge	2,274	2,187
Fraud grant	67	67
Other income	51	105
	<u>7,046</u>	<u>7,059</u>
Investment income	187	183
	<u>33,126</u>	<u>31,833</u>
Charity income excluding Gift Aid		
Trading operations		
UCAS Media Limited	17,941	16,780
Investment income	2	9
	<u>17,943</u>	<u>16,789</u>
Intercompany	(6,303)	(6,239)
Group income	<u>44,766</u>	<u>42,383</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 £4,013k (2016: £3,190k) 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

	Direct staff costs £'000	Direct costs £'000	Brand and data £'000	Other support costs £'000	Total 2017 £'000	Total 2016 £'000
Raising funds						
Cost of investments	-	30	-	-	30	27
Commercial activities	3,350	4,114	4,001	2,468	13,933	13,583
	<u>3,350</u>	<u>4,144</u>	<u>4,001</u>	<u>2,468</u>	<u>13,963</u>	<u>13,610</u>
Charitable activities						
Admissions service	8,189	4,045	(4,001)	9,739	17,972	17,389
Special projects	1,354	6,300	-	2,921	10,575	10,587
Analysis and research	1,204	82	-	1,100	2,386	1,554
	<u>10,747</u>	<u>10,427</u>	<u>(4,001)</u>	<u>13,760</u>	<u>30,933</u>	<u>29,530</u>
Total resources expended by the group	<u>14,097</u>	<u>14,571</u>	<u>-</u>	<u>16,228</u>	<u>44,896</u>	<u>43,140</u>
Analysis of support costs	Raising funds £'000	Admissions service £'000	Special projects £'000	Analysis and research £'000	Total 2017 £'000	Total 2016 £'000
Governance	353	777	-	-	1,130	1,245
Finance	248	1,406	-	14	1,668	1,527
Human Resources	109	500	204	76	889	1,066
Information Technology	1,325	5,698	2,347	872	10,242	9,549
Facilities	165	956	370	138	1,629	1,419
General Management	268	402	-	-	670	715
Total support costs	<u>2,468</u>	<u>9,739</u>	<u>2,921</u>	<u>1,100</u>	<u>16,228</u>	<u>15,521</u>
Analysis of governance costs	Total 2017 £'000	Total 2016 £'000				
Internal Audit	46	44				
External audit	35	34				
Legal & Professional Consulting	490	495				
Trustees	141	149				
AGM	21	17				
Other governance costs	397	506				
Total governance costs	<u>1,130</u>	<u>1,245</u>				

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

- direct cost allocation (Governance and Finance costs)
- departmental headcount (Human Resources, Information Technology and Facilities costs)
- income (General Management costs)

4. Expenditure (cont'd)

Charity	Direct staff costs £'000	Direct costs £'000	Other support costs £'000	Total 2017 £'000	Total 2016 £'000
Raising funds					
Cost of investments	-	30	-	30	27
	-	30	-	30	27
Charitable activities					
Admissions service	8,189	3,874	12,002	24,065	23,551
Special projects	1,354	6,300	2,921	10,575	10,587
Analysis and research	1,204	82	1,100	2,386	1,554
	10,747	10,256	16,023	37,026	35,692
Total resources expended by the charity	10,747	10,286	16,023	37,056	35,719
Analysis of support costs					
	Admissions service £'000	Special projects £'000	Analysis and research £'000	Total 2017 £'000	Total 2016 £'000
Governance	1,116	-	-	1,116	1,230
Finance	1,465	-	14	1,479	1,327
Human Resources	609	204	76	889	1,066
Information Technology	7,021	2,347	872	10,240	9,549
Facilities	1,121	370	138	1,629	1,419
General Management	670	-	-	670	715
Total support costs	12,002	2,921	1,100	16,023	15,306
Analysis of governance costs					
	Total 2017 £'000	Total 2016 £'000			
Internal Audit	46	44			
External audit	27	22			
Legal & Professional Consulting	487	494			
Trustees	138	144			
AGM	21	17			
Other governance costs	397	509			
Total governance costs	1,116	1,230			

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

- direct cost allocation (Governance and Finance costs)
- departmental headcount (Human Resources, Information Technology and Facilities costs)
- income (General Management costs)

5. Taxation on ordinary activities

	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Current tax				
UK corporation tax	-	-	-	-
Factors affecting the tax charge for the year				
	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Net income/ (expenditure) for the year before tax	419	(550)	632	(489)
Tax on income at standard CT rate of 19.67% (2016: 20%)	82	(110)	124	(98)
Effects of:				
Income not taxable for tax purposes	(82)	110	(124)	98
Total current tax charge	-	-	-	-

6. Net expenditure for the year is stated after charging

	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Depreciation of tangible fixed assets	853	521	770	449
Loss on disposal of fixed assets	4	-	4	-
Amortisation of intangible assets	4,947	3,797	4,860	3,640
Impairment of goodwill	213	-	-	-
Impairment of intangible assets	72	-	72	-
Auditor's remuneration - audit fees	35	34	27	22
Auditor's remuneration - FRS advice	-	3	-	3
Auditor's remuneration - taxation compliance services	5	4	3	3
Auditor's remuneration - taxation advisory services	-	3	-	3
Internal auditor's remuneration	46	44	46	44
And after crediting:				
Interest on deposits receivable	5	38	3	29
Dividends receivable on investment portfolio	184	154	184	154

7. Intangible assets

Consolidated	Goodwill £'000	Licences £'000	Software £'000	Work in progress £'000	Total £'000
Cost					
At 31 July 2016	1,931	840	19,328	887	22,986
Additions	-	94	5	4,318	4,417
Disposals	(570)	-	(287)	(5)	(862)
Reclassification	-	-	1,876	(1,876)	-
At 31 July 2017	1,361	934	20,922	3,324	26,541
Amortisation and impairment					
At 31 July 2016	1,718	388	7,090	-	9,196
Disposals	-	-	(215)	-	(215)
Amortisation charge for the year	-	223	4,724	-	4,947
Impairment charge for the year	(357)	-	-	-	(357)
At 31 July 2017	1,361	611	11,599	-	13,571
Net book value					
At 31 July 2016	213	452	12,238	887	13,790
At 31 July 2017	-	323	9,323	3,324	12,970

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

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 has been fully impaired during the year ending 31 July 2017, following the cessation of certain projects. This charge is reflected within the line Expenditure: Charitable activities in the Statement of Financial Activities.

During the year, software assets with a cost of £287k and net carrying value of £72k were identified as no longer in use as core system components. They have therefore been fully impaired as at 31 July 2017.

7. Intangible assets (cont'd)

Charity	Licences £'000	Software £'000	Work in progress £'000	Total £'000
Cost				
At 31 July 2016	840	18,897	887	20,624
Additions	94	5	4,318	4,417
Disposals	-	(287)	(5)	(292)
Reclassification	-	1,876	(1,876)	-
At 31 July 2017	934	20,491	3,324	24,749
Amortisation and impairment				
At 31 July 2016	388	6,765	-	7,153
Disposals	-	(215)	-	(215)
Amortisation charge for the year	223	4,637	-	4,860
Impairment charge for the year	-	-	-	-
At 31 July 2017	611	11,187	-	11,798
Net book value				
At 31 July 2016	452	12,132	887	13,471
At 31 July 2017	323	9,304	3,324	12,951

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

During the year, software assets with a cost of £287k and net carrying value of £72k were identified as no longer in use as core system components. They have therefore been fully impaired as at 31 July 2017.

As at 31 July 2017, intangible assets with the following carrying values and remaining amortisation periods were considered to be material in the context of the Group and the Charitable Company:

Asset description	Carrying amount (£'000)	Remaining amortisation period (Years)
IT model implementation	503	1.833
Stabilisation projects	807	1.678
Admissions 2015 system	767	2.583
IT remediation project	522	2.917
Postgraduate collect tool	1,237	3.917
Postgraduate search tool	964	3.917
Undergraduate collect tool	508	4.500

8. Tangible assets

Consolidated	Land £'000	Buildings and contents £'000	Hardware and equipment £'000	Work in progress £'000	Total £'000
Cost					
At 31 July 2016	3,150	5,308	16,404	105	24,967
Additions	-	250	456	-	706
Disposals	-	-	(1,766)	-	(1,766)
Reclassification	-	105	-	(105)	-
At 31 July 2017	<u>3,150</u>	<u>5,663</u>	<u>15,094</u>	<u>-</u>	<u>23,907</u>
Depreciation					
At 31 July 2016	-	1,906	15,049	-	16,955
Disposals	-	-	(1,762)	-	(1,762)
Depreciation charge for the year	-	288	565	-	853
At 31 July 2017	<u>-</u>	<u>2,194</u>	<u>13,852</u>	<u>-</u>	<u>16,046</u>
Net book value					
At 31 July 2016	<u>3,150</u>	<u>3,402</u>	<u>1,355</u>	<u>105</u>	<u>8,012</u>
At 31 July 2017	<u>3,150</u>	<u>3,469</u>	<u>1,242</u>	<u>-</u>	<u>7,861</u>

During the year, equipment with a cost of £53k and a carrying value of £3k was identified as no longer in use. It has therefore been fully impaired as at 31 July 2017.

A further £1,713k of fully depreciated equipment was also identified as no longer in use. This was disposed of during the year.

8. Tangible assets (cont'd)

Charity	Land £'000	Buildings and contents £'000	Hardware and equipment £'000	Work in progress £'000	Total £'000
Cost					
At 31 July 2016	3,150	5,266	14,987	105	23,508
Additions	-	250	374	-	624
Disposals	-	-	(1,766)	-	(1,766)
Reclassification	-	105	-	(105)	-
At 31 July 2017	<u>3,150</u>	<u>5,621</u>	<u>13,595</u>	<u>-</u>	<u>22,366</u>
Depreciation					
At 31 July 2016	-	1,864	13,804	-	15,668
Disposals	-	-	(1,762)	-	(1,762)
Depreciation charge for the year	-	289	481	-	770
At 31 July 2017	<u>-</u>	<u>2,153</u>	<u>12,523</u>	<u>-</u>	<u>14,676</u>
Net book value					
At 31 July 2016	<u>3,150</u>	<u>3,402</u>	<u>1,183</u>	<u>105</u>	<u>7,840</u>
At 31 July 2017	<u>3,150</u>	<u>3,468</u>	<u>1,072</u>	<u>-</u>	<u>7,690</u>

During the year, equipment with a cost of £53k and a carrying value of £3k was identified as no longer in use. It has therefore been fully impaired as at 31 July 2017.

A further £1,713k of fully depreciated equipment was also identified as no longer in use. This was disposed of during the year.

9. Investments

	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Opening value	5,770	5,436	5,770	5,436
Interest and dividends	184	154	184	154
Net unrealised gain	549	207	549	207
Charges for the period	(30)	(27)	(30)	(27)
VAT payable on charges	(6)	-	(6)	-
Closing value	<u>6,467</u>	<u>5,770</u>	<u>6,467</u>	<u>5,770</u>

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

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

Investments comprise:

	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
UK bonds	1,171	1,246	1,171	1,246
Equities				
UK	2,343	2,121	2,343	2,121
Europe	322	268	322	268
North America	883	816	883	816
Japan	228	184	228	184
Far East	177	139	177	139
Emerging markets	132	106	132	106
Property	425	358	425	358
Infrastructure	559	411	559	411
Interest accrued	14	19	14	19
Cash	213	102	213	102
	<u>6,467</u>	<u>5,770</u>	<u>6,467</u>	<u>5,770</u>

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

10. Subsidiary undertakings (Charity only)

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

UCAS Media Limited, registered in England, is a wholly owned subsidiary of the Charitable Company, UCAS, with issued share capital of 1,000 ordinary shares (2016: 1,000 shares). This investment is held at a carrying amount of £1,025,768 (2016: £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 20.

11. Debtors

	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade debtors	4,883	4,110	170	134
Amounts owed by subsidiary	-	-	3,780	4,308
Other debtors	17	13	2	15
Prepayments and accrued income	2,740	2,031	2,300	1,791
Value Added Tax	333	491	333	491
	<u>7,973</u>	<u>6,645</u>	<u>6,585</u>	<u>6,739</u>



12. Creditors

Amounts due within one year	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade creditors	1,806	1,797	1,413	1,509
Social security and other taxes	949	726	526	521
Other creditors	423	320	423	317
Corporation tax	-	-	-	-
Accruals and deferred income	4,293	4,363	1,689	2,199
	<u>7,471</u>	<u>7,206</u>	<u>4,051</u>	<u>4,546</u>

Deferred income	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Deferred income at 31 July 2016	2,094	1,795	200	118
Deferred income released during the year	(2,094)	(1,795)	(200)	(118)
Income deferred during the year	2,501	2,094	196	200
Deferred income at 31 July 2017	<u>2,501</u>	<u>2,094</u>	<u>196</u>	<u>200</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.

Amounts due after more than one year	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Obligations under finance leases	144	-	144	-
	<u>144</u>	<u>-</u>	<u>144</u>	<u>-</u>

13. Financial instruments

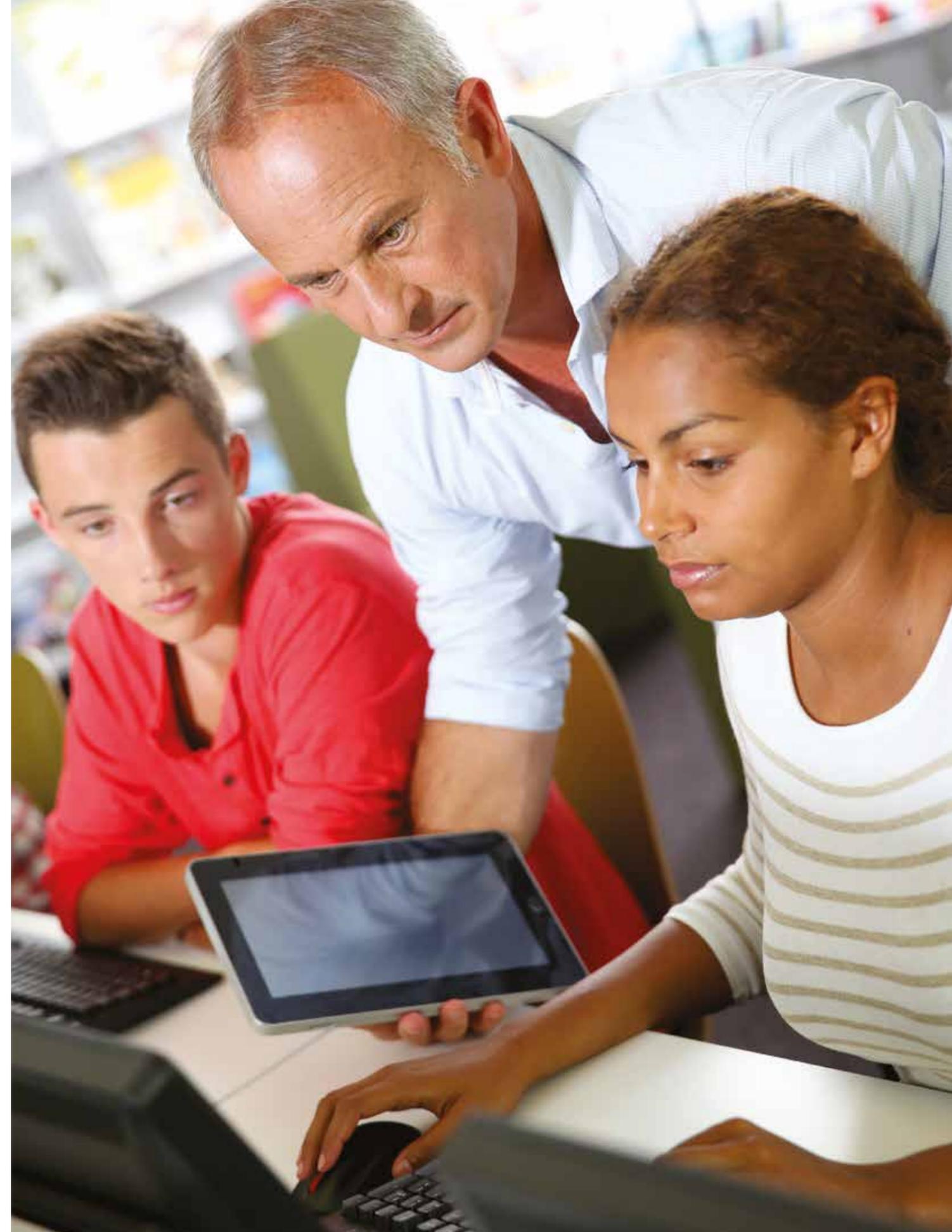
The carrying value of financial instruments for the Group and the Charitable Company as at 31 July were:

	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Financial assets:				
Measured at amortised cost				
Cash	3,543	3,629	1,442	894
Trade debtors	4,883	4,110	170	134
Other debtors	17	13	3,782	4,323
Accrued income	75	9	15	19
Measured at cost less impairment				
Fixed asset investment	-	-	1,026	1,026
Measured at fair value through profit or loss				
Investments	6,467	5,770	6,467	5,770
Total	14,985	13,531	12,902	12,166
Financial liabilities				
Measured at amortised cost				
Trade debtors	1,806	1,797	1,413	1,509
Other debtors	423	320	423	317
Accrued income	1,765	2,176	1,466	1,900
Total	3,994	4,293	3,302	3,726

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:

	2017 £'000	2016 £'000
Amounts due:		
Within one year	19	34
Between one and five years	21	40
	<u>40</u>	<u>74</u>



15. Commitments under finance leases

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

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

	2017 £'000	2016 £'000
Amounts due:		
Within one year	116	-
Between one and five years	144	-
	<u>260</u>	<u>-</u>

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

16. Unrestricted funds: designated

	Technology reserve 2017 £'000	Investment reserve 2017 £'000	Pension reserve 2017 £'000	Income reserve 2017 £'000	Total 2017 £'000	Total 2016 £'000
Group						
Value at beginning of the year	13,592	527	1,811	-	15,930	14,938
Change in Reserves Policy	(8,592)	-	1,936	689	(5,967)	-
Movement in the year	-	549	(889)	-	(340)	992
Value at end of the year	<u>5,000</u>	<u>1,076</u>	<u>2,858</u>	<u>689</u>	<u>9,623</u>	<u>15,930</u>
Charity						
Value at beginning of the year	13,714	527	1,811	-	16,052	15,039
Change in Reserves Policy	(8,714)	-	1,936	140	(6,638)	-
Movement in the year	-	549	(889)	-	(340)	1,013
Value at end of the year	<u>5,000</u>	<u>1,076</u>	<u>2,858</u>	<u>140</u>	<u>9,074</u>	<u>16,052</u>

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 16 of the Directors' Report.

17. Unrestricted funds: general

	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Value at beginning of the year	14,710	16,521	15,142	16,913
Surplus/(Deficit) for the year	419	(550)	632	(489)
Transfer from/(to) designated funds	6,307	(992)	6,978	(1,013)
FRS102 pension adjustments	90	(269)	90	(269)
Value at end of the year	<u>21,526</u>	<u>14,710</u>	<u>22,842</u>	<u>15,142</u>
Unrestricted funds: designated	9,623	15,930	9,074	16,052
Unrestricted funds: general	21,526	14,710	22,842	15,142
Pension	(8,303)	(15,159)	(8,303)	(15,159)
	<u>22,846</u>	<u>15,481</u>	<u>23,613</u>	<u>16,035</u>

Funds are transferred between unrestricted designated and general funds, to maintain equipment, investment, income, and pension reserves (note 16) as agreed by the Directors in the Reserves Policy.

18. Net assets by fund

Group: The net assets held as at 31 July 2017 for the various funds are as follows:

	Fixed assets (excl investments) 2017 £'000	Net current assets and investments 2017 £'000	Long term liabilities 2017 £'000	Pension scheme liability 2017 £'000	Total 2017 £'000	Total 2016 £'000
Unrestricted funds: designated	5,000	4,623	-	-	9,623	15,930
Unrestricted funds: general	15,831	5,889	(194)	(8,303)	13,223	(449)
	<u>20,831</u>	<u>10,512</u>	<u>(194)</u>	<u>(8,303)</u>	<u>22,846</u>	<u>15,481</u>

Charity net assets by fund: The net assets held as at 31 July 2017 for the various funds are as follows:

	Fixed assets (excl investments) 2017 £'000	Net current assets and investments 2017 £'000	Long term liabilities 2017 £'000	Pension scheme liability 2017 £'000	Total 2017 £'000	Total 2016 £'000
Unrestricted funds: designated	5,000	4,074	-	-	9,074	16,052
Unrestricted funds: general	15,641	7,395	(194)	(8,303)	14,539	(17)
	<u>20,641</u>	<u>11,469</u>	<u>(194)</u>	<u>(8,303)</u>	<u>23,613</u>	<u>16,035</u>

19. Pension schemes

The Group participates in four pension schemes: one defined benefit pension scheme, one defined benefit scheme that is accounted for as if it were a defined contribution scheme (as required by FRS 102 section 28 'Employee Benefits'), and two defined contribution schemes. Employees join the appropriate scheme, depending on their employment terms. The total cost to the Group for the year ended 31 July 2017, 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:

	2017	2016
	£'000	£'000
Defined benefit scheme	914	641
Defined contribution schemes	549	586
Multi-employer defined benefit scheme	578	441
	<u>2,041</u>	<u>1,668</u>

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

	2017	2016
	£'000	£'000
Defined benefit scheme	118	115
Defined contribution scheme	70	70
Multi-employer defined benefit scheme	76	66
	<u>264</u>	<u>251</u>

UCAS Pension and Life Assurance Scheme (1993)

The Group operates a defined benefit (final salary related) pension scheme, which currently has 77 active members, 182 preserved members, and 150 pensioners. The assets of the scheme are held in a separate trustee-administered fund.

The most recent comprehensive actuarial valuation of the plan assets, and the present value of the defined benefit obligation, was carried out at 31 July 2016. The defined benefit obligation, included in these accounts as at 31 July 2017, has been calculated on the basis of updated actuarial assumptions and membership information, based on actuarial advice given to the Directors.

The triennial funding review, as at 31 July 2016, identified an initial deficit in the longer-term assets over liabilities of £11,201,000 (2013: deficit of £3,731,000). The main contributing factor to the increase in the deficit is the change in market conditions, as gilt yields have continued to be lower than expected. The Directors have agreed with the Trustees of the pension scheme to adopt a Liability Driven Investment (LDI) strategy in future, which has the effect of reducing the deficit to £9,200,000.

Following the funding review, the Directors worked with the pension scheme Trustees, to agree a plan to address the pension deficit. The agreed recovery plan will make additional contributions of £920,000 per annum, beginning 1 August 2017. This will increase by 3.5 per cent each year, until 31 July 2025.

The review also indicated the necessity for a change in the future funding contribution, from 22.6 per cent, to 36.3 per cent (inclusive of the member's contribution at 6.0 per cent) of annual pensionable salaries. This level of contribution was felt to be unsustainable for UCAS. Consequently, a 90-day consultation was initiated on 2 October 2017, to close the scheme to future accrual with effect from 31 December 2017. It was proposed that all active members of the scheme would transfer to the existing group stakeholder pension scheme on 1 January 2018.

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

Assumptions

	31 July 2017	31 July 2016
	%	%
Discount rate	2.54	2.30
Salary increase	3.70	3.22
Inflation (RPI)	3.20	2.72
Inflation (CPI)	2.30	2.02
Pension increases (pre-April 2005)	4.19	4.11
Pension increases (post-April 2005)	2.22	2.05
Revaluation in deferment (CPI max 5.0%)	2.30	2.02
Revaluation in deferment (CPI max 2.5%)	2.30	2.02

Mortality: 100% of S2PxA CMI 2016, 1.00%

Life expectancies from age 65 years

	31 July 2017	31 July 2016
	Years	Years
Male currently aged 45	23.00	23.20
Female currently aged 45	25.00	25.40
Male currently aged 65	21.90	21.90
Female currently aged 65	23.70	23.90

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

	2017	2016
	£'000	£'000
Current service cost	914	641
Past service cost	-	-
Net interest on net DB liability	322	181
Total operating charge	<u>1,236</u>	<u>822</u>



Changes in the fair value of the scheme assets:

	31 July 2017	31 July 2016
	£'000	£'000
Fair value of scheme assets at the beginning of the year	39,736	35,117
Employer contributions	1,275	1,242
Interest income on plan assets	916	1,225
Contribution by scheme participants	139	139
Benefits paid	(1,123)	(1,116)
Expenses and term assurance premium	(82)	(118)
Remeasurement gain	2,908	3,247
Fair value of scheme assets at the end of the period	43,769	39,736

Changes in the present value of the defined benefit obligation:

	31 July 2017	31 July 2016
	£'000	£'000
Present value of scheme liabilities at the beginning of the period	54,024	43,259
Current service cost	914	641
Contribution by scheme participants	139	139
Interest cost	1,240	1,504
Benefits paid	(1,123)	(1,116)
Expenses and insurance premiums paid	(82)	(118)
Actuarial (gain)/loss on liabilities	(4,038)	9,715
Present value of scheme liabilities at the end of the period	51,074	54,024

Amount to be recognised in the balance sheet:

Fair value of scheme assets	43,769	39,736
Present value of scheme liabilities	(51,074)	(54,024)
Balance sheet liability	(7,305)	(14,288)

Total Actuarial Loss featured in the Statement of Financial Activities

The Statement of Financial Activities (SoFA) includes a total actuarial gain for the UCAS Pension & Life Assurance Scheme (1993) of £6,946k (2016: actuarial loss of £6,468k), comprising a remeasurement gain on scheme assets of £2,908k and an actuarial gain on scheme liabilities of £4,038k.

The actuarial return on plan assets was £3.82m (2016: £4.47m). The analysis of the scheme assets at the reporting date was as follows:

	31 July 2017	31 July 2016
	%	%
Equities	54.3	55.5
Gilts	22.5	22.6
Bonds	22.5	21.7
Cash and net current assets	0.7	0.2
	100.0	100.0

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

Universities Superannuation Scheme

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

The latest available full actuarial valuation of the scheme was at 31 March 2014 (the valuation date), which was carried out using the projected unit method. The valuation as at 31 March 2017 is underway.

Since UCAS cannot identify its share of the scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third valuation for USS, under the scheme-specific funding regime introduced by the Pensions Act 2004. This requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £49.6 billion, indicating a shortfall of £5.3 billion. After allowing for future increases in earnings, the assets were sufficient to cover 89% of the benefits which had accrued to members.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2017	2016
Discount rate	2.57%	3.6%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.41%	2.2%

The main demographic assumption used related to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1Na tables as follows:

- Male members' mortality 98% of S1NA ['light'] YoB tables – no age rating
- Female members' mortality 99% of S1NA ['light'] YoB tables – rated down one year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates, the CMI 2014 projections with a 1.5% per annum long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2017	2016
	Years	Years
Male currently aged 45	26.5	26.4
Female currently aged 45	29.0	28.8
Male currently aged 65	24.4	24.3
Female currently aged 65	26.6	26.5
	2017	2016
	£bn	£bn
Scheme assets	60.0	49.8
Total scheme liabilities	77.5	58.3
FRS 102 total scheme deficit	17.5	8.5
FRS 102 total funding level	77%	85%

Amounts recognised in the balance sheet:

	2017	2016
	£'000	£'000
Liabilities at beginning of the year	(871)	(818)
Interest costs	(19)	(28)
Remeasurement of the scheme liabilities	(108)	(25)
Balance sheet liability	(998)	(871)

At 31 July 2017 UCAS had 46 active members participating in the scheme.

The total pension cost for the group was £578k (2016: £441k). This includes £51k (2016: £45k) outstanding employer's contributions at 31 July 2017. The contribution rate payable by the Company was 18 per cent of annual pensionable salaries.

UCAS Group Stakeholder Pension Plan (2007)

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

UCAS Group Stakeholder Pension Plan (2014)

UCAS implemented auto enrolment on 1 January 2014. 148 employees were auto-enrolled in the scheme at that time. Re-enrolment assessments were carried out during the year (following the triennial anniversary of UCAS' original staging date), and current membership is 349 (2016: 355).

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 £549k (2016: £586k).

20. Trading results of UCAS Media Limited

UCAS Media Limited, registered in England, company number 2737300.

	2017	2016
	£'000	£'000
Turnover	17,941	16,780
Distribution costs	(5,445)	(5,482)
Brand and data charge	(4,001)	(4,004)
	<u>8,495</u>	<u>7,294</u>
Expenses		
Administration expenses	(4,484)	(4,103)
Total administrative expenses	(4,484)	(4,103)
	<u>4,011</u>	<u>3,191</u>
Operating profit	4,011	3,191
Interest receivable	2	8
	<u>4,013</u>	<u>3,199</u>
Profit on ordinary activities before tax	4,013	3,199
Taxation on ordinary activities	-	-
Profit on ordinary activities after tax	4,013	3,199

The aggregate amount of the capital and reserves of UCAS Media Limited, as at 31 July 2017, was £258k (2016: £258k). Aggregate assets were £7,458k (2016: £7,247) and aggregate liabilities were £7,200k (2016: £6,989k).



21. Related party transactions

Directors

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

During the year, no Non-Executive Director of UCAS Media Limited was paid emoluments (2016: Mr Terry Grote was paid emoluments of £13,750).

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:

		2017					
		Intercompany debtor as at 31 July 2017	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
UCAS Media Limited		£'000	£'000	£'000	£'000	£'000	£'000
		3,780	(28)	875	4,001	2,274	4,013
		2016					
		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
UCAS Media Limited		£'000	£'000	£'000	£'000	£'000	£'000
		4,308	(48)	948	4,004	2,187	3,190

22. Capital commitments

As at 31 July 2017, the Charitable Company had no capital commitments (2016: £207k of capital commitments that were contracted, but not provided for in the financial statements).

23. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

Critical areas of judgement

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

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

