



# UCAS DIRECTORS' REPORT AND CONSOLIDATED ACCOUNTS

For the year ended  
31 July 2020

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31 JULY 2020

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Registered company number: 2839815  
Registered charity number in England and Wales: 1024741  
Charity registered in Scotland: SC038598

# LEGAL AND ADMINISTRATIVE INFORMATION

FOR THE YEAR ENDED  
31 JULY 2020



## BOARD STRUCTURE

<b>CHAIR</b>	Professor Sir Steve Smith	(resigned 31 August 2019)
	Professor Koen Lamberts	(appointed 01 September 2019)
<b>DIRECTORS</b>	Dr David Ashton	
	Professor Joy Carter CBE DL (Deputy Chair)	
	Mr Thomas Chambers	
	Mr Mark Felix	(appointed 01 September 2019)
	Mr Andrew Forbes	
	Ms Caroline Hoddinott OBE	(appointed 01 September 2019)
	Professor Sally Mapstone	
	Mr Thomas Newman	
	Professor Edward Peck	
	Mr Gerry Pennell OBE	
	Professor Malcolm Press	(appointed 01 September 2019)
	Professor Karen Stanton	(resigned 31 August 2019)
Mrs Sian Thornhill	(resigned 31 August 2019)	
Professor Elizabeth Treasure		
<b>COMPANY SECRETARY</b>	Mrs Tessa Yates	
<b>EXECUTIVE TEAM</b>	Mrs Clare Marchant	Chief Executive
	Mr Kevin Allison	Director of Finance and Corporate Services
	Dr David Best	Director of Analysis and Insights (resigned 15 June 2020)
	Mrs Elaine Chandler	Executive Head of Human Resources
	Ms Fiona Johnston	Director of Operations (resigned 10 May 2020)
		Executive Business Sponsor, Digital Transformation (appointed 11 May 2020)
	Mr Sander Kristel	Executive Director, UCAS Media (resigned 10 May 2020)
		Chief Operations Officer (appointed 11 May 2020)
	Mr Aaron Powell	Chief Technology Officer (appointed 01 January 2019 – resigned 10 May 2020)
		Chief Digital and Data Officer (appointed 11 May 2020)
Ms Helen Thorne MBE	Director of External Relations (resigned 31 October 2020)	

## REGISTERED OFFICE

Rosehill  
New Barn Lane  
Cheltenham  
Gloucestershire  
GL52 3LZ

## AUDITORS

### External auditor

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

### Internal auditor

PricewaterhouseCoopers LLP  
2 Glass Wharf  
Bristol  
BS2 0FR

## BANKERS

Barclays Business Banking  
Britannia Warehouse  
The Docks  
Gloucester  
GL1 2EH

## SOLICITORS

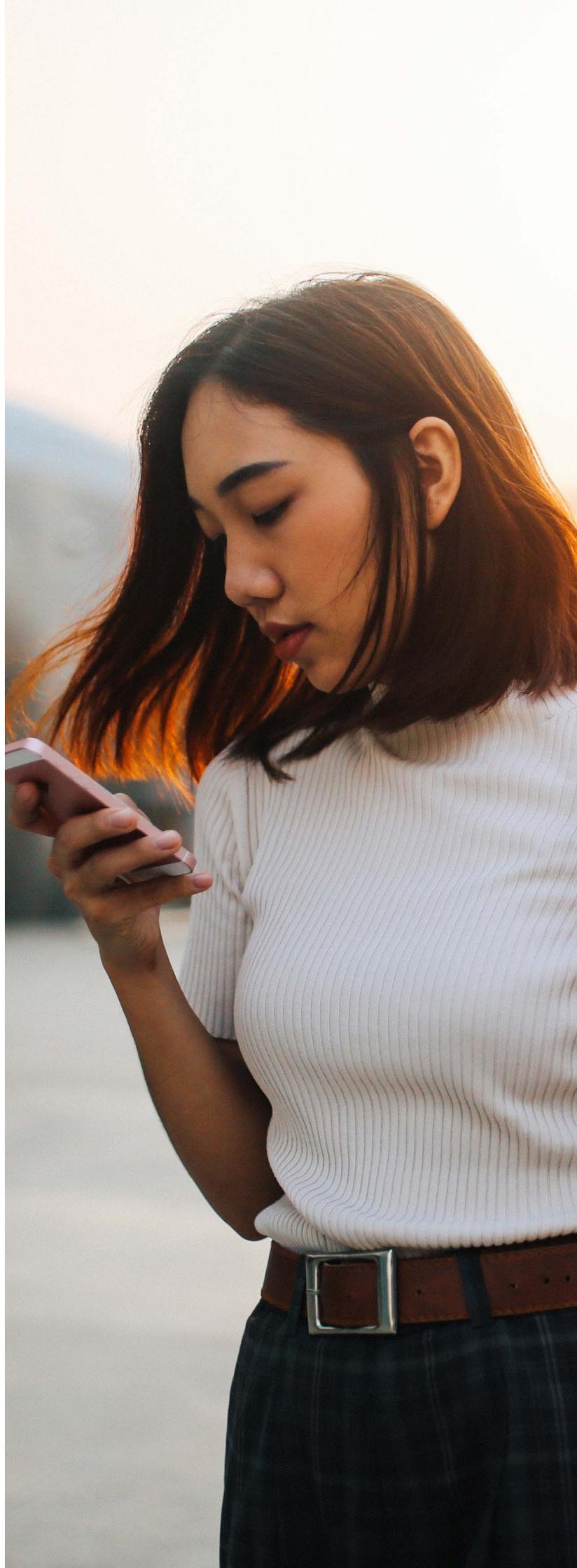
Wiggin LLP  
Jessop House  
Jessop Avenue  
Cheltenham  
Gloucestershire  
GL50 3WG

## ACTUARY

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

## INVESTMENT MANAGERS

Rathbone Greenbank Investments  
8 Finsbury Circus  
London  
EC2M 7AZ



# REPORT OF THE DIRECTORS

FOR THE YEAR ENDED  
31 JULY 2020





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 2020. This report is deemed to encompass all matters which are required to be included in both the Strategic and Directors' Reports of the Charity.

## GOVERNANCE, ORGANISATIONAL STRUCTURE, AND MANAGEMENT

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

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

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

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

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

## SUBCOMMITTEE MEMBERSHIP DURING 2019/20 WAS:

### Audit Committee:

- > Dr David Ashton (Chair)
- > Ms Caroline Hoddinott OBE (appointed 01 September 2019)
- > Dr Jim McGeorge\*
- > Ms Sarah Randall-Paley\*
- > Professor Malcolm Press (appointed 01 September 2019)
- > Mrs Sian Thornhill (resigned 31 August 2019)

### Finance Committee:

- > Mr Thomas Chambers (Chair)
- > Professor Joy Carter CBE DL
- > Ms Joanne Jones\*
- > Mr Thomas Newman
- > Ms Liz Rylatt\*

### Nominations Committee:

- > Professor Sir Steve Smith (Chair) (resigned 31 August 2019)
- > Professor Koen Lamberts (Chair) (appointed 01 September 2019)
- > Mr Andrew Forbes
- > Professor Sally Mapstone
- > Professor Edward Peck

### Remuneration Committee:

- > Professor Sir Steve Smith (Chair) (resigned 31 August 2019)
- > Professor Koen Lamberts (Chair 01-18 September 2019) (appointed 01 September 2019)
- > Mr Thomas Chambers (Chair from 19 September 2019)
- > Professor Joy Carter CBE DL
- > Mr Thomas Newman (appointed 19 September 2019)
- > Professor Elizabeth Treasure

(\*Co-opted Committee member)



## OTHER DIRECTORS' REPORT DISCLOSURES

Disclosures required by the Companies Act 2006 to be included in the directors' report about engagement with employees, suppliers, customers and other stakeholders, and energy and carbon reporting have been included below in the Strategic Report section of this report.

## DIRECTORS' RECRUITMENT, APPOINTMENT, AND TRAINING

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

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

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

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

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

## SUBSIDIARIES

UCAS owns 100 per cent of the share capital of its subsidiaries, UCAS Media Limited and UCAS Consultancy and Insights Limited. UCAS Media Limited is used for non-primary purpose trading activities and UCAS Consultancy and Insights Limited is a dormant company.

Profit from UCAS Media is gift aided back to the charity for the purposes of investment in new, and improvements to existing, products and services. Our investment is customer led, using insight and data to prioritise those investments that are most important to our customers. In 2019/20 our investment from gift aid was used for a number of developments including but not limited to; creating a seamless student interface to Unibuddy within [ucas.com](https://ucas.com), developing a beta version of a mobile app for students, development of an underlying data platform and continuous improvement to our portal for over 100,000 teachers and advisers around the world.

The profit before tax and Gift Aid donations, for UCAS Media Limited, during the year ended 31 July 2020, amounted to £1.7m, which represented a decrease of 61.2 per cent over the profit for the year ended 31 July 2019. The decrease in profit was due to a reduction in revenue which decreased by 14.9 per cent (2019: increase of 7.2 per cent) to £17.5m (2019: £20.5m). Revenue was impacted during the year by Covid-19.

## 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.

- > select suitable accounting policies, and apply them consistently
- > observe the methods and principles in the Charities SORP
- > make judgements and estimates that are reasonable and prudent



- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the accounts
- prepare the accounts on the going concern basis, unless it is inappropriate to presume the Group and Charitable Company will continue in business

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

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

The Charitable Company paid a premium of £3,142 (2019: £3,142) 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 reappointed as auditor at the Annual General Meeting of its members in February 2020 for the year ended 31 July 2020.

## REMUNERATION

UCAS operates a structured pay framework, which rewards employees based on performance. All salary levels are benchmarked externally, to ensure consistency and alignment with the sector and national markets.

The remuneration for UCAS' Executive Team is subject to external benchmarking, with a separate meeting held regarding CEO remuneration. Awards given are reviewed and approved by UCAS' Remuneration Committee.

## OBJECTIVES AND ACTIVITIES:

### Public benefit

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

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

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

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



### Information and advice services

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

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

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

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

Enabling people to make the right choices about their post-secondary education delivers public benefit by enabling people to fulfil their potential. Choice of the right subject and university or college contributes to improving widening participation, student retention, and successful progression to a degree, employment, or further study, and, ultimately, value for money for the taxpayer

### Admissions services

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

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

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

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



## STRATEGIC REPORT

### Achievements and performance

UCAS' core purpose is to run an accessible, trusted, and personalised undergraduate admissions and information service. Our strategy *Discover Your Future (2020 to 2025)* focuses on delivery of six strategic objectives. Examples of progress against these objectives during 2019/20 are outlined below.

#### 1. Inspire and empower people to make aspirational choices about higher education and learning

- > Invested in more personalised, relevant, and far reaching social media content to support student decision-making during the Covid-19 pandemic. This included Facebook Live Q&A sessions featuring a cross section of partners and government ministers. Across the year our social media content was seen more than 226 million times with almost 2.4 million interactions.
- > Since its launch in Autumn 2019, the UCAS Student Hub, which provides personalised information and advice, has been accessed more than 337,000 times.
- > 181,000 questions from students have been answered on social media over the year.
- > Began the transformation of our data reporting to be more accessible, easier to use, and insight driven, including the end of cycle Realising Ambition report designed to support teachers and UCAS advisers to provide the best advice on options available for applicants.
- > We partnered with Unibuddy, the BBC, and Which? to provide applicants with engaging and inspiring content.
- > 47% of those registered on the Student Hub indicated they are also interested in apprenticeship opportunities, not just university. Content on the hub supporting this rapidly growing route was improved this year, with plans agreed to transform UCAS into a single destination for students to equally consider the range of options, including FE, apprenticeships, and higher technical qualifications.

#### 2. Deliver trusted and flexible admissions services for the digital age

- > Successfully delivered the UCAS Undergraduate, UCAS Teacher Training, UCAS Conservatoires, and UCAS Postgraduate admissions services, supporting over 760,000 applicants, with more than 570,000 of those securing a place.
- > Made a step change towards the digitisation of Clearing:
  - Self-Release was launched, enabling applicants to decline their place in Track. In previous years, this had to be actioned by the provider.
  - Clearing Plus, a data led service that helps unplaced applicants find a course with vacancies and digitally express an interest in those they are matched to.
- > Simplified and consolidated applicant decision making deadlines after the government announced a moratorium on all unconditional offer making.
- > This year UCAS delivered continued and sustained enhancements to features and functionality of the Adviser Portal for teachers and advisers following the launch in March 2019 for their 2020 cohort. Based on customer feedback from around the world, the annual survey and interaction analysis, over 40 improvements have been delivered to co-ordinate with various deadlines and milestones, including improvement for pre and post submission to support advisers and their students.

### 3. Be the go-to place for higher education data-driven insights

- > Published applicant statistics and analysis daily during Confirmation and Clearing, within nine working days of application deadlines, and within 25 working days of the end of cycle.
- > Replaced previous PDF outputs with interactive data dashboards – both sector-level and securely for individual providers, allowing users to select, filter, and view different selections of data on a self-serve basis.
- > Published nearly 3 million data points in an open data format to download, including equalities data covering applications, offers, and acceptances for UK students, by sex, ethnic group, area, and background.
- > Responded to Covid-19 by publishing insight on HE admissions mid-cycle – drawing on UCAS' surveys and behavioural patterns in admissions data – via webinars for providers, think tanks such as HEPI, and sector media such as WonkHE.
- > With permission from the DfE, integrated Free School Meal data into the multiple equality measure for use across the sector.
- > Deposited admissions data within the ONS Secure Research Service, enabling safe access to HE admissions data to all accredited UK researchers.
- > Throughout and beyond the lockdown period, UCAS provided the sector with highly valued insights into student opinion and concerns through a programme of surveys and webinars in partnership with Youthsight.

### 4. Connect the world to UK higher education

- > UCAS continued to achieve high levels of customer satisfaction across students, teachers, advisers (all around 90%), as well as providers.
- > Over 140,000 international students applied to UK higher education through UCAS.
- > Supported EU advisers and students with enhanced information and advice during transitional arrangements leading to and following the UK's departure from the EU, including joint activities with stakeholders. UCAS has run online information sessions for EU advisers as well as working with UUK-i and UKCISA as key sector and student support organisations, delivered international Facebook Live sessions which covered the changes to fee and visa status for EU nationals.
- > We saw an increase of 325 EU and international schools and agents as registered centres, taking the total to 5,373.

### 5. Embed efficiency and value in everything we do

- > Successfully renegotiated contracts driving savings and improved performance.
- > Supply chain consolidation, decommissioning and reduction in services generating savings.
- > Implemented a new approach to delivery and to support this, adopted new ways of working in the form of established multi-disciplinary, customer-focused teams, that support iterative development and continuous improvement.
- > Through the internal volunteering programme known as Project Octopus, staff from all over UCAS work on the phones in the customer experience centre during results and deadline days. This does not only save tens of thousands of pounds but also increases knowledge, customer service and intimacy across the organisation.

### 6. Be an employer of choice where people flourish, perform, and achieve

- > Conducted a full review of UCAS' pay, reward, and wider terms and conditions, engaging with staff throughout the review.
- > Implemented a new approach to total reward ensuring a fair, transparent, and simple scheme which rewards good performance.
- > Continued investing in wellbeing and maturing the mental health first aiders scheme. Achieved a Gloucestershire Health workplace award showing UCAS as a "top example of a workplace that embeds wellbeing into the culture of the organisation and promotes health and wellbeing from the highest level." Absence levels were also lower than prior year.
- > Significant support for staff throughout Covid-19 with UCAS implementing its fully remote working practices swiftly and with minimum disruption. A staff survey showed that in the height of lockdown, 95% of colleagues still felt connected to their teams with 81% still engaged in business delivery. 91% of line managers felt confident their teams were productive through a fully remote working environment.
- > Launched a new *Talent Framework* which complements UCAS' performance framework, enabling colleagues to reach their full potential and providing UCAS with a 'grow your own' channel for succession planning.

## PLANS FOR THE FUTURE

Successful delivery of the UCAS undergraduate admissions service is our first priority. As part of this, we have accelerated the greater personalisation of information and advice for prospective students with the new Student Hub and through the launch of Clearing Plus.

Early digital deliveries in 2020/21 include a Mobile app beta, a programme of digital events and conferences and an accommodation portal to provide a more connected journey as students transition to the next stage of their education journey. Significant deliveries, such as the 'My Application' initiative that will deliver a modern new user interface for Apply and Track, including enabling centralised log-in across the UCAS estate are planned within this financial year along with new insight product launches such as the 'Leaky Hosepipe' and continuous improvements to key customer products such as the adviser portal. UCAS began to expand on this priority by agreeing a strategy to transform into a single destination for students to equally consider and compare every option post-18 by fully encompassing further education options, higher technical education at Level 4/5, conservatoires, modular study, apprenticeships, and other high-quality routes.

This transformation will start with improved content on the Student Hub and an end to communications or insight work that furthers the misperception that UCAS only covers higher education and universities. This will be followed by embedding apprenticeships into UCAS' business through a suite of products and services to support employers, students, and providers. Importantly, we will also consider with government and regulators how to improve access to the most prestigious apprenticeships by applying UCAS' expertise in fair admissions.

UCAS is currently modelling options for post-qualification admissions and our modelling is feeding directly into government and stakeholder thinking on future admissions reform.

The UK's International Education Strategy aims to increase the number of international students from c.450,000 to over 600,000. To deliver this, UCAS will have to play a key role with new or improved relationships urgently needed with the Department for International Trade and international education teams at the DfE, especially as the UK agrees its future relationship with the European Union.

Moving away from reactive or end of cycle retrospective reports will be crucial if UCAS is to become a thought leader on education policy with a new two-year UCAS output grid under development for 2021-2023. This will set out strategically outputs and interventions across the policy issues UCAS cares about and is able to publish data-led policy work to inform the public debate. Issues include 'levelling up,' growing apprenticeships, widening participation to higher education, regional growth, trends in student behaviour, and the UK's international competitiveness.

UCAS will continue its activities to help mature students engage or re-engage with higher education; and improve our resources and support for students who apply independently, without the support of a school or college.

The drive to publish more data in an open format, with interactive, easy to use dashboards for a varied audience, will continue. This will be in line with the code of practice for statistics that UCAS voluntarily adopted this year and with advice from the UCAS open data task and finish group. The use of more automation and dashboards will enable the transformation of the data science service and will focus on the publication of more timely insights, relevant research, and forecasting based on UCAS and third-party data.

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

We will continue to work closely with the DfE and governments across the devolved nations to support them with the development of options to attract and support students into postgraduate teacher training in England.

During 2019/20, UCAS Media launched a new strategy 'Connections that create value' with a focus to put clients at the heart of everything UCAS Media does and focus on delivering value rather than predominantly volume to customers. UCAS Media also launched a new advisory group in 2019/20 to support UCAS Media in its commitment to operate ethically, demonstrate integrity and act responsibly to its customers and wider stakeholders. Over the coming year, further progress will be made against the strategy and continue to develop and expand UCAS Media's portfolio of data, consultancy, and insight services in response to customer demand. Further work will also be conducted with the advisory group.

UCAS will continue to ensure value is delivered as a UK wide shared service. For example, efficiency savings through the optimisation of technology services, and more efficient procurement of goods and services. Additionally, to ensure we can respond to fast changing situations and fluctuations in demand, we're exploring the integration of an intelligent chatbot solution into our CRM.



## SECTION 172 STATEMENT

The Board of Directors are aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company in achieving its charitable purpose and, in doing so, to have regard (amongst other matters) to:

- > The likely consequences of any decision in the long term.
- > The interests of the Company's employees.
- > The need to foster the Company's business relationships with suppliers, customers and others.
- > The impact of the Company's operations on the community and the environment.
- > The desirability of the Company maintaining a reputation for high standards of business conduct.

Throughout this report, we have summarised our governance framework and how we are engaged with stakeholders during the year. The Trustees have considered the views and needs of key stakeholders in Board discussions and decision making. The following points are not intended to be an exhaustive list but are illustrative of how the Trustees have fulfilled these duties during the year.

### Engagement with employees

- > The Executive team are actively involved in the engagement of staff through frequent briefings, use of internal communication tools, and regular CEO stand ups to provide updates on business developments and to answer questions directly.
- > Conducted a full review of UCAS' pay, reward and wider terms and conditions, with staff engaged throughout the review.
- > Continued investing in wellbeing and maturing the mental health first aiders scheme.
- > In line with our objective of being an employer of choice, the Directors have recently been focused on mitigating employee risks arising from the Covid-19 pandemic, including wellbeing while working remotely.

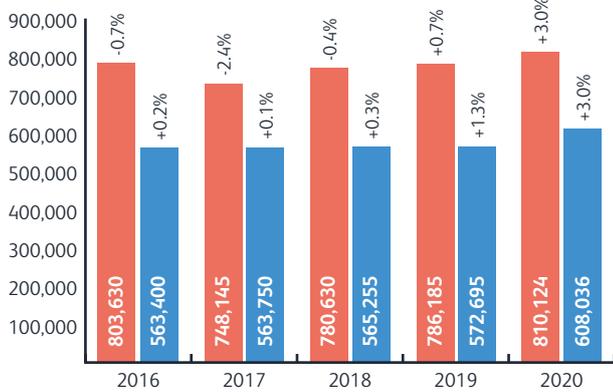
### Engagement with stakeholders

- > The Trustees recognise the importance of a number of external stakeholders such as applicants, providers, advisers, education and commercial customers, government and sector agencies, legal members and suppliers, as well as internal stakeholders.
- > The Trustees remain committed to effective engagement of all stakeholders and are mindful that the organisations success depends on its ability to engage effectively, work together constructively and to take stakeholder views into account.
- > The Trustees also review financial and operational performance, as well as information covering areas such as external drivers which includes the number of applications, staff including UCAS' people promise, pensions, delivery, and key risks. This information is provided to the Trustees through routine reports circulated in advance of each Board meeting which were then reviewed, discussed and approved, as necessary.
- > Responded to Covid-19 by publishing insight on HE admissions mid-cycle, drawing on UCAS's survey insight as well as observed behavioural patterns in admissions data, via webinars for provider audiences and through organisations such as HEPI and WonkHE.
- > Conducted a Corporate Governance review leading to special resolutions being presented to legal members at the AGM which were approved.
- > Following stakeholder consultation, the Board approved the new corporate strategy *Discover Your Future*.

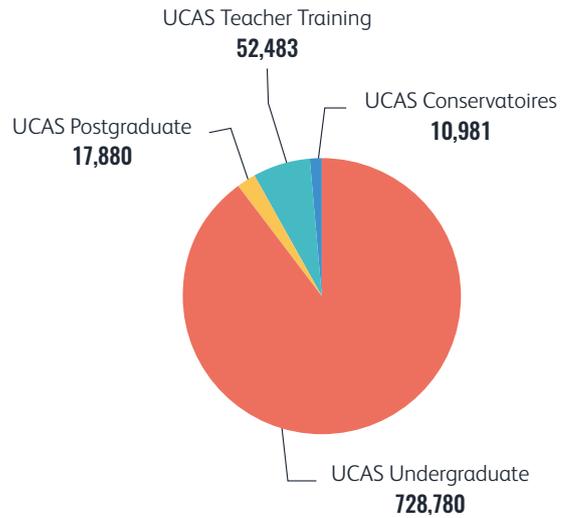
# APPLICANT NUMBERS BY SCHEME



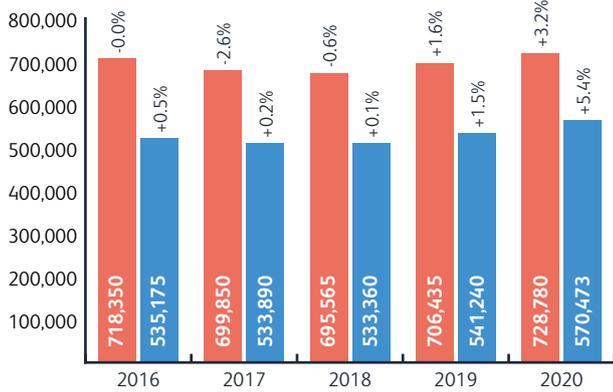
All schemes



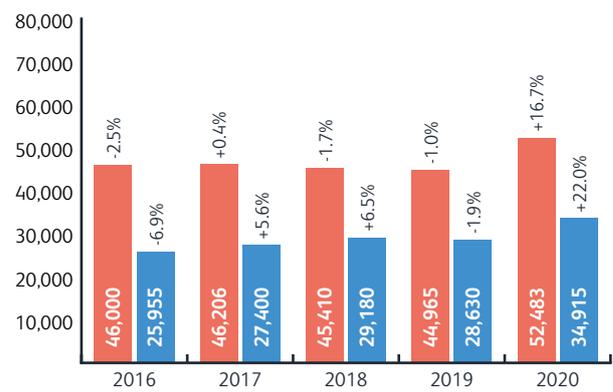
2020 applicants by scheme



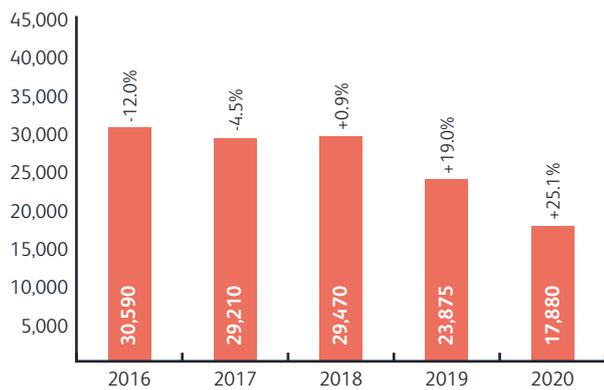
UCAS Undergraduate



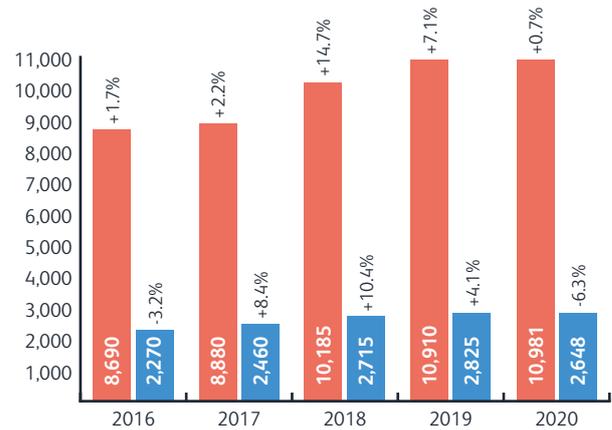
UCAS Teacher Training



UCAS Postgraduate



UCAS Conservatoires



## FINANCIAL REVIEW

The applicant numbers detailed on page 14, and the associated income disclosed below, are some of the key performance indicators used to measure the performance of the charity. The performance of UCAS Media Limited, as detailed below, is also considered a key indicator of the Group's performance.

Total income decreased by 1.8 per cent, to £49.9m. An increase in income was seen from charitable activities which given the timing of the cycle was not impacted by Covid-19 in 2019/20. The year-on-year charity income growth was as a result of an increase in capitation and application income. The revenue generated by the commercial subsidiary UCAS Media decreased by 14.9 per cent as this was negatively impacted by Covid-19, primarily through the cancellation of activities.

**Total income (note 3) in 2020 vs. 2019 is shown below:**



Provider fees	30.5%
Applicant fees	30.8%
UCAS Media	35.0%
Investment income	0.6%
Other	3.1%



Provider fees	28.8%
Applicant fees	28.0%
UCAS Media	40.3%
Investment income	0.5%
Other	2.3%

**2020 expenditure (note 4) is further broken down below, showing expenditure by business area.**



Digital & Data	37.0%
Operations	11.6%
Sales & Marketing	27.9%
Support	13.1%
Other	10.4%

Expenditure was tightly controlled across all areas of the organisation, with cost savings being reinvested in developing key areas of the Group, to enhance the services available to UCAS' customers. An impairment review of development costs and contracts was conducted during the year which resulted in a charge of £6.4m.

Looking ahead, UCAS will look to augment existing services, and develop new ones in response to strong value propositions and will actively manage product lifecycles to maximise efficiencies. The implementation of a new target operating model positioning UCAS as a 'Customer Centric, Product Focused' organisation also supports this enabling the delivery of innovation at pace.

Cash reserves for the Group increased from £15.2m to £18.5m due to the net cash inflow from operating activities.

UCAS also holds a liquid investment portfolio, containing a combination of bonds, equities, and property. This year has seen the investment decline by 2.8 per cent to a value of £7.0m as at 31 July 2020 (2019: £7.2m value) as a result of market conditions.

Details of UCAS' pension arrangements, including two final salary schemes, and two money purchase arrangements, are set out in note 19 of the accounts. The net charge for the UCAS Pension and Life Assurance Scheme (PLAS) for the year ended 31 July 2020 is £0.2m (2019: £0.7m), included in note 19, after cash contributions of £1.0m (2019: £1.0m). The contributions were made under a formal agreement with the Trustees of the pension scheme, to alleviate the pension Trustees' measure of the deficiency of net assets in the scheme. In the year ended 31 July 2020, the return on scheme assets, and actuarial losses on the scheme liabilities totalling (£3.4m) negatively impacted by market conditions, were recognised in other comprehensive income (2019: £3.8m). The deficit recognised on the balance sheet increased to £12.2m (2019: £9.6m).



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 £1.4m (2019: £2.5m) being recognised on the balance sheet.

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

The Group made no political contributions or donations during the two years ended 31 July 2020. As a registered charity, UCAS seeks to benefit from the appropriate tax exemptions where it can.

## STREAMLINED ENERGY AND CARBON REPORTING

UCAS is reporting for the first time under the Streamlined Energy and Carbon Reporting regulations. This report was undertaken in accordance with the Streamlined Energy and Carbon Reporting ("SECR") requirements outlined in the Companies Act (2006) for large quoted and unlisted companies which requires UCAS to report on its Greenhouse Gas (GHG) emissions. This report contains details on annual GHG emissions, total energy consumption from our Cheltenham head office, transport assets, and energy efficiency actions implemented for each financial year. This report contains our SECR disclosure for the 2019/20 financial year.

UCAS participated in the Energy Savings Opportunity Scheme (ESOS) during 2019/20. A number of recommendations made by the external assessor have been addressed to improve energy efficiency. Remaining recommendations which involve large scale adjustments will be considered as part of the capital budget.

Over the year we have collected primary data for our head office site, including: electricity consumption (kWh), electricity transmission and distribution (kWh) and natural gas consumption (kWh). Transport data has been collated from our small fleet of owned vehicles (business mileage) and our grey fleet mileage from hire and staff car usage. All primary data used within this report is from 01 August 2019 – 31 July 2020, covering our financial year. The scope of our GHG emissions calculation covers all of UCAS' operations from our head office, as a consolidated group report.

Emissions source	GHC Scope (GHG Protocol)	1 Aug 2019 – 31 Jul 2020*
Electricity	Scope 2	994,890
Natural gas	Scope 1	513,883
Owned vehicles	Scope 1	57,908
Grey fleet	Scope 3	54,410
<b>Total energy consumption (kWh)</b>		<b>1,621,091</b>

\*Reporting unit kilowatts per hour (kWh)

In accordance with the SECR Emissions Reporting requirements outlined in the Companies Act for large companies our GHG disclosure for the financial year is listed below. Results have been split by Scope and source as outlined by the BEIS and Greenhouse Gas Protocol Corporate Reporting Standard (GHG Protocol) methodology for compiling the GHG data and calculations using the 2019 Conversion Factors for Company Reporting published annually by Defra and BEIS. m<sup>2</sup> has been used as the measure for intensity given that most emissions are driven by the building.

GHG emissions scope	1 Aug 2019 – 31 Jul 2020	Percentage of GHG emissions
Scope 1	108.64	28.9%
Scope 2	254.29	67.7%
Scope 3	12.95	3.4%
<b>Total GHG emissions*</b>	<b>375.88</b>	<b>100%</b>
<b>GHG emissions intensity**</b>	<b>0.07</b>	

\*Results unit tonnes CO<sub>2</sub>e

\*\*Results unit tonnes CO<sub>2</sub>e/m<sup>2</sup>



## RISK MANAGEMENT

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

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

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

- > compromise of sensitive or personal data – we are continuing to make improvements to our technical security, in response to the constantly changing cyber threat landscape. We have robust security incident management procedures, as well as well-tested backup and recovery plans. We also continue to run awareness campaigns, to increase the vigilance and diligence of our employees, and help mitigate the risk of a compromise of sensitive or personal data.
- > financial stability – we conduct horizon scanning, modelling, and forecasting on a rolling basis, to anticipate possible scenarios and their impact on UCAS' financial stability and sustainability. UCAS continues to build its reserves value towards the target amount outlined in the reserves policy in order to manage the risk within its appetite level.

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

- 2. Internal audit** – PricewaterhouseCoopers (PwC), as UCAS' internal auditor, undertakes a series of audits in which they review the organisation's activities and governance functions, and report their findings to the Audit Committee. A risk-based approach is taken to the development of the annual audit plan. This is agreed with, and guided by, the Executive Team and the Audit Committee. The 2019/20 audit programme included reviews such as our cyber security response plans, business case processes, student voice and purchase order controls. Internal audit is conducted in conjunction with the external audit function, provided by RSM.
- 3. Health and safety** – UCAS maintains a dedicated and centrally-managed health, safety, and environmental function. This role undertakes regular reviews of operational activities, and provides advice, including risk assessments, reporting to the Chief Executive and Audit Committee, through the Executive sponsor for health and safety. The priorities are to maintain a healthy and safe environment for the UCAS workforce, ensure compliance with relevant health and safety legislation and regulation (including the recent Government guidelines for Covid-19), ensure the requirements of the Energy Savings Opportunities Scheme (ESOS) are being satisfied, and effectively manage UCAS' environmental impact.



## RESERVES POLICY

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

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

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

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

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

For the purposes of this policy, the calculation of the reserves held in the UCAS Group balance sheet is based on the net assets, excluding the pension scheme liability, minus tangible and intangible fixed assets. The pension liability has been excluded from the total, as UCAS has committed to a multi-year scheme recovery plan, which can be met from projected future income without significant impact on its planned levels of charitable activity. UCAS has also set aside two years of recovery payments in the general reserve, equivalent to £2.0m as at 31 July 2020.

The value of the reserves target is currently £26.4m based on the definition in the reserves policy versus actual reserves of £25.5m, which accounts for a shortfall of £0.9m. UCAS continues to work towards closing this gap by increasing its net cashflow from operating activities in order to meet the need outlined above.

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

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

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

## GENERAL RESERVES

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

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

As UCAS has entered into a multi-year deficit recovery plan for the UCAS Pension & Life Assurance Scheme, and because two years of PLAS deficit recovery payments and the USS balance sheet liability are now included in the general reserve, it is not considered necessary to designate a separate pension reserve. The value of general reserves as at 31 July 2020 was £11.0m.



## INCOME RESERVE

The Directors recognise that the sectors in which UCAS operates are constantly evolving, and are subject to many external factors. They therefore consider it important to establish sufficient reserves to protect against any unforeseen reduction in income. The Directors have designated a specific reserve to protect against any strategic risks that could lead to a loss of income. Each risk identified at the corporate level, where a potential financial loss is highlighted, is assigned a likelihood in percentage terms. This percentage is multiplied by the estimated loss, to arrive at a corresponding value. The total of all amounts is reflected in the final value of the income reserve. The value of this reserve as at 31 July 2020 was £3.2m.

## TECHNOLOGY RESERVE

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

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

The target value should represent the annual cost of tier one, as this represents building blocks for the future. The value of this reserve as at 31 July 2020 was £8.0m.

## INVESTMENT POLICY

UCAS' memorandum of association allows the Group to make such investments, including securities or property as may be thought fit, subject to legal and constitutional conditions and consents. This also allows the Group to subscribe for interests in any company or undertaking established, with the intention of directly or indirectly benefiting the Company. All cash funds generated by UCAS, or any subsidiary companies, will be invested and managed through UCAS, in accordance with all legal requirements, and with regard to UCAS' reserves policy, and both short-term and long-term working capital requirements. The funds to be invested represent the excess of cash reserves over the amount needed to fund investment in the company's infrastructure. The objective for the fund is to achieve a balance of income and capital growth, while at least maintaining the real capital value of the investment funds in the long term. UCAS seeks an annual return equal to three percentage points above the consumer prices index (CPI) over a period of at least five years, and the fund is benchmarked against the Asset Risk Consultants (ARC) Charity Sterling Steady Growth Index or suitable equivalent. For managed funds, the appointed investment manager may use their discretion in selecting the most appropriate investments, subject to the risk appetite and ethical parameters set out in UCAS' investment policy which is monitored by Finance Committee.



## EMPLOYEE ENGAGEMENT

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

This is achieved through:

- > providing a performance framework that measures and rewards success
- > clear career pathways and growth opportunities
- > ensuring all our leaders are role models for the UCAS values in action
- > offering learning academies linked to career frameworks, and promoting a balanced approach to development
- > having multiple ways to communicate to and engage with colleagues, including through the staff consultation group
- > an update and review on people promise at each Board meeting which is presented as part of the CEO update, covering areas such as talent and development. A more detailed review is also undertaken by Remuneration Committee

## 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 and inclusion are being driven forward internally, in the form of awareness campaigns and training, supporting our efforts to make UCAS an equal and inclusive place to work. UCAS is committed to equality and inclusion, and values diversity on its Board and Committees. The Board consults relevant guidance on equality, diversity and inclusion, to ensure the promotion of fairness and diversity in the selection process and seeks to maintain and enhance diversity through consulting best practice. Should any employee of UCAS become disabled during their time with us, we will actively make reasonable adjustments to their environment where possible. Recruitment, training, development and promotion of disabled persons should be identical to that of other employees.

Key updates for 2019/20 include:

- > The introduction of an Equality, Diversity and Inclusion (EDI) policy
- > EDI action plan (based on staff feedback)
- > Established EDI champions and working group to deliver actions
- > Staff training and information events
- > Talent and attraction strategy to include focus on women in Technology roles
- > Adjustments made to the office environment for disabled persons
- > Ongoing gender pay reporting

The Directors' Report and incorporated Strategic Report were approved by the Board on 10 December 2020, and signed on its behalf by:

Professor Koen Lamberts  
Chair

Date: 10 December 2020



**INDEPENDENT AUDITOR'S  
REPORT TO THE MEMBERS  
AND DIRECTORS OF THE  
UNIVERSITIES AND COLLEGES  
ADMISSIONS SERVICE**  
FOR THE YEAR ENDED 31 JULY 2020



## 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 2020 which comprise the Consolidated and Charity Statement of Financial Activities, the Consolidated and Charitable Company Balance Sheets, the Consolidated and Charitable Company Cash Flow Statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, 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 2020; 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 and parent charitable company 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 other information comprises the information included in the Report of the Directors other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

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

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

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

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

- > adequate and proper accounting records have not been kept by the parent charitable company, 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 DIRECTORS

As explained more fully in the statement of trustees' responsibilities set out on page 7 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 [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## USE OF OUR REPORT

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

RSM UK Audit LLP

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

Date: 20 December 2019

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

A woman with long dark hair is shown in profile, focused on her work in a control room. She is operating a video switcher console with numerous buttons and knobs. In front of her are several large monitors displaying various video feeds, including a color calibration chart and a scene of a person. The room is dimly lit, with the primary light source being the screens and the console's interface lights.

# CONSOLIDATED AND CHARITY STATEMENT OF FINANCIAL ACTIVITIES

(INCORPORATING AN INCOME AND  
EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 JULY 2020



	Notes	Group		Charity	
		Unrestricted Funds		Unrestricted Funds	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Income</b>					
Income from charitable activities:					
Provider and applicant fees	3	30,560	28,846	30,560	28,846
Other incoming resources	3	1,528	1,189	7,296	8,276
Raising funds:					
Income from trading activities	3	17,459	20,489	-	-
Gift Aid		-	-	1,666	8,650
Investment income	3	311	267	289	241
<b>Total income</b>		<b>49,858</b>	<b>50,791</b>	<b>39,811</b>	<b>46,013</b>
<b>Expenditure</b>					
Raising funds	4	(15,162)	(16,274)	(20)	(48)
Charitable activities	4	(37,488)	(29,665)	(42,584)	(36,759)
<b>Total expenditure</b>		<b>(52,650)</b>	<b>(45,939)</b>	<b>(42,604)</b>	<b>(36,807)</b>
Net gain on investments	9	(372)	205	(372)	205
<b>Net income before tax</b>		<b>(3,164)</b>	<b>5,057</b>	<b>(3,165)</b>	<b>9,411</b>
Taxation	5	-	-	-	-
<b>Net income</b>		<b>(3,164)</b>	<b>5,057</b>	<b>(3,165)</b>	<b>9,411</b>
Other recognised gains:					
Remeasurements of defined benefit obligation	19	(3,390)	(3,801)	(3,390)	(3,801)
<b>Net movement in funds</b>		<b>(6,554)</b>	<b>1,256</b>	<b>(6,555)</b>	<b>5,610</b>
Reconciliation of funds:					
Total funds brought forward		28,729	27,473	29,499	23,889
Total funds carried forward		<b>22,175</b>	<b>28,729</b>	<b>22,944</b>	<b>29,499</b>

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

# CONSOLIDATED AND CHARITY STATEMENTS OF FINANCIAL POSITION

FOR THE YEAR ENDED  
31 JULY 2020



	Notes	Group		Charity	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Fixed assets</b>					
Goodwill	7	-	-	-	-
Other intangible assets	7	7,056	13,584	6,174	13,577
Total intangible assets		7,056	13,584	6,174	13,577
Tangible assets	8	5,857	6,540	5,822	6,462
Investments	9	6,971	7,171	6,971	7,171
Investment in subsidiaries	10	-	-	1,026	1,026
		<b>19,884</b>	<b>27,295</b>	<b>19,993</b>	<b>28,236</b>
<b>Current assets</b>					
Debtors due within one year	11	8,501	8,378	5,744	7,643
Cash at bank and in hand		18,508	15,238	16,015	11,365
		27,009	23,616	21,759	19,008
<b>Current liabilities</b>					
Creditors amounts falling due within one year	12	(10,939)	(9,880)	(5,029)	(5,443)
<b>Net current assets</b>		<b>16,070</b>	<b>13,736</b>	<b>16,730</b>	<b>13,565</b>
<b>Creditors: amounts falling due after more than one year</b>					
Deposit from property tenant		(100)	(130)	(100)	(130)
Finance lease due after one year	15	-	-	-	-
		<b>(100)</b>	<b>(130)</b>	<b>(100)</b>	<b>(130)</b>
<b>Net assets excluding pension scheme liability</b>		<b>35,854</b>	<b>40,901</b>	<b>36,623</b>	<b>41,671</b>
<b>Deduct:</b>					
Defined benefit pension scheme liability	19	(12,247)	(9,643)	(12,247)	(9,643)
Defined contribution pension scheme provision	19	(1,432)	(2,529)	(1,432)	(2,529)
<b>Net assets</b>		<b>22,175</b>	<b>28,729</b>	<b>22,944</b>	<b>29,499</b>
<b>Funds</b>					
Unrestricted funds: designated	16	11,200	10,000	11,200	10,000
Unrestricted funds: general	17	24,654	30,901	25,423	31,671
Pension scheme liability	19	(13,679)	(12,172)	(13,679)	(12,172)
<b>Total funds</b>		<b>22,175</b>	<b>28,729</b>	<b>22,944</b>	<b>29,499</b>

The financial statements on pages 26 to 62 were approved by the Board of Directors and authorised for issue on 10 December 2020.



Professor Koen Lamberts  
Chair



# CONSOLIDATED AND CHARITY STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED  
31 JULY 2020

	Notes	Group		Charity	
		2020	2019	2020	2019
		£'000	£'000	£'000	£'000
<b>Net cash flow from operating activities</b>		<b>11,355</b>	<b>9,507</b>	<b>7,459</b>	<b>3,271</b>
<b>Cash flow from investing activities</b>					
Interest received on bank and cash balances		115	119	93	93
Gift Aid income from subsidiary		-	-	4,401	4,274
Purchase of intangible fixed assets	7	(5,214)	(4,732)	(4,304)	(4,732)
Purchase of tangible fixed assets	8	(74)	(11)	(74)	(12)
<b>Net cash used in investing activities</b>		<b>(5,173)</b>	<b>(4,624)</b>	<b>116</b>	<b>(377)</b>
<b>Cash flow from financing activities</b>					
Repayments of obligations under finance leases		(29)	(116)	(29)	(116)
<b>Net cash used in financing activities</b>		<b>(29)</b>	<b>(116)</b>	<b>(29)</b>	<b>(116)</b>
Change in cash and cash equivalents in the reporting period		3,270	6,615	4,650	6,966
Cash and cash equivalents at the beginning of the reporting period		15,238	8,623	11,365	4,399
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>18,508</b>	<b>15,238</b>	<b>16,015</b>	<b>11,365</b>

## NOTES TO THE STATEMENTS OF CASH FLOWS

	Notes	Group		Charity	
		2020	2019	2020	2019
		£'000	£'000	£'000	£'000
Income for the year		49,858	50,791	39,811	46,013
Less Gift Aid income for the year		-	-	(1,666)	(8,650)
Expenditure in the year	4	(52,650)	(45,939)	(42,604)	(36,807)
Add back investment charges	9	20	48	20	48
Add back VAT reclaimed on investment charges	9	4	10	4	10
Less investment income	3	(311)	(267)	(289)	(241)
<b>Operating surplus/(deficit)</b>		<b>(3,079)</b>	<b>4,643</b>	<b>(4,724)</b>	<b>373</b>
(Increase)/decrease in debtors	11	(123)	(445)	1,899	(4,082)
Less increase/(decrease) in Gift Aid debtor		-	-	(2,735)	4,376
Debtor adjustment		29	87	26	87
Increase in creditors	12	1,059	866	(414)	575
Deposit received from tenant		(30)	80	(30)	80
Depreciation	8	596	671	553	603
Amortisation	7	4,400	3,992	4,367	3,986
Loss on disposal of fixed assets	7&8	7,503	-	7,503	-
Remeasurement of USS liability	19	(1,151)	1,705	(1,151)	1,705
FRS102 pension adjustment	19	(732)	(244)	(732)	(244)
<b>Net cash flow from operating activities</b>		<b>8,472</b>	<b>11,355</b>	<b>4,563</b>	<b>7,459</b>

# NOTES TO THE FINANCIAL ACCOUNTS

FOR THE YEAR ENDED  
31 JULY 2020





## 1. PRINCIPAL ACCOUNTING POLICIES

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

### General information

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

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

### Basis of accounting

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

- > The Companies Act 2006.
- > The Statement of Recommended Practice (SORP), Accounting and Reporting by Charities, in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective 01 January 2019.
- > 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

Throughout the year, the Trustees at the Board meetings and through the relevant Committees review the financial performance, business planning and the financial outlook and scenarios.

Financial modelling of income, surplus and cash has been conducted around a range of possible impacts from Covid-19 through to 2022/23, notably a possible reduction in the number of applications to Higher Education as well as potentially reduced commercial income. Mitigation measures were identified such as a reduction in employees and non-pay spend, as well as utilising the Coronavirus Job Retention Scheme and in some cases were implemented. As at July 2020, UCAS has a cash balance of £18.5m and an investment fund of £7.0m.

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

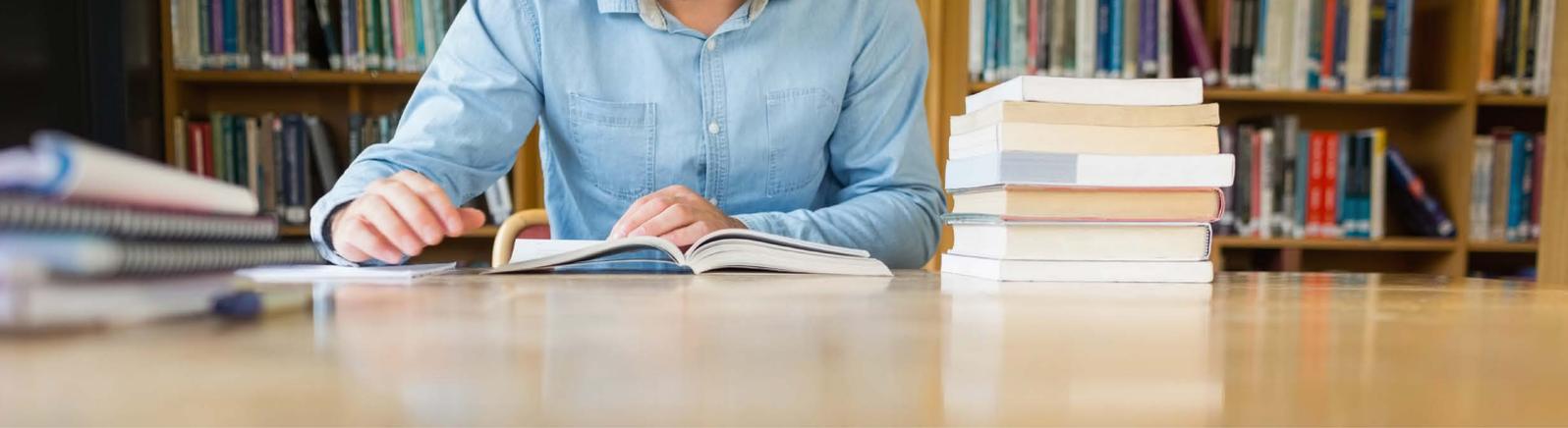
### Basis of consolidation

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

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

### Functional and presentational currencies

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



### Foreign currencies

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

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

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

### Income

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

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

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

### Income is shown in two main categories:

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

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

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

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

### Expenditure

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

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

Costs of charitable activities relate to costs incurred in delivering UCAS' charitable 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 Insights department.

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

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



### Investment policy

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

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

### Tangible fixed assets and depreciation

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

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

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

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

### Intangible assets and amortisation

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

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

### Impairment policy

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

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

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

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

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

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

### **Leases**

The Group as lessee – finance leases

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

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

The Group as lessee – operating leases

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

### **Cash and cash equivalents**

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

### **Financial instruments**

The Group has applied the provisions of Section 11 'Basic Financial Instruments' 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.

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

### **Creditors**

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

### **Taxation**

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

## Employee benefits

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

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

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

## Retirement benefits

The Group participates in four pension schemes.

- > UCAS Pension and Life Assurance Scheme (1993) is a defined benefit scheme. The scheme was closed to future accrual of benefits on 31 December 2017. The assets and liabilities of the scheme are held in a separate trust, and the net defined benefit asset/liability represents the present value of the defined benefit obligation, minus the fair value of plan assets, out of which obligations are to be settled. Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan. The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds, with terms and currencies consistent with those of the benefit obligations.
- > Gains or losses recognised in Statement of Financial Activities:
  - The change in the net defined benefit liability arising from employee service during the year, is recognised as an employee cost.
  - Net interest on the net defined benefit asset/liability comprises the interest cost on the defined benefit obligation, and interest income on the plan assets. This is calculated by multiplying the fair value of the plan assets at the beginning of the period, by the rate used to discount the benefit obligations..
- > Gains or losses recognised in other comprehensive income:
  - Actuarial gains and losses.
  - The difference between the interest income on the plan assets, and the actual return on the plan assets.

- > UCAS participates in Universities Superannuation Scheme (USS). The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions, and a scheme-wide contribution rate is set. UCAS is therefore exposed to actuarial risks associated with other institutions' employees, and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 'Employee benefits', UCAS therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Statement of Financial Activities represents the contributions payable to the scheme. Since UCAS has entered into an agreement (the 'Recovery Plan') that determines how each employer in the scheme will fund the overall deficit, UCAS recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit), and therefore an expense is recognised.
- > UCAS Group Stakeholder Pension Plan (2007), and UCAS Group Stakeholder Pension Plan (2014), are defined contribution schemes with associated life assurance attachment. The employer liability towards these schemes is limited to the contributions made on a regular monthly basis. These are subject to an upper limit, graduated on the option made by the employee to the scheme. These contributions are charged to the Statement of Financial Activities as they become due.

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

## Fund accounting

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

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



## 2. STAFF NUMBERS AND COSTS

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

	Group		Charity	
	2020 No.	2019 No.	2020 No.	2019 No.
Application and administrative services	390	390	390	390
Commercial activities	78	70	-	-
	<b>468</b>	<b>460</b>	<b>390</b>	<b>390</b>

The aggregate payroll costs of these persons were as follows:

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Salaries	18,286	17,482	14,115	13,652
Social security costs	2,004	1,920	1,727	1,655
Defined contribution pension cost	1,034	890	884	774
Other pension costs and current service cost	-	544	-	544
Pensions costs - multi-employer DB scheme	683	588	624	538
Capitalised	(730)	(3,802)	(730)	(3,802)
	<b>21,277</b>	<b>17,622</b>	<b>16,620</b>	<b>13,361</b>
Restructure costs	497	298	441	209

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

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



During the year, redundancy costs of £497k (2019: £298k) were incurred (of which £161k (2019: £109k) were statutory and non-statutory/voluntary payments), to align staff capability to new roles. Such costs are recognised as expenses immediately within expenditure, and are included in the table below where appropriate. At the reporting date, all such payments had either been made, or were due to be made to employees participating in consultation.

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

	Group		Charity	
	2020 No.	2019 No.	2020 No.	2019 No.
£60,001 - £69,999	15	16	11	14
£70,001 - £79,999	11	11	11	10
£80,001 - £89,999	2	2	2	2
£90,001 - £99,999	5	4	4	3
£100,001 - £109,999	1	2	1	2
£120,001 - £129,999	1	3	1	2
£130,001 - £139,999	1	1	1	1
£140,001 - £149,999	2	1	2	1
£150,001 - £159,999	1	1	-	-
£190,001 - £199,999	1	-	1	-
£200,001 - £209,999	-	1	-	1

The key management personnel of UCAS comprises the Executive Team, which includes the Chief Executive, Chief Digital and Data Officer, Chief Operations Officer, Director of Finance and Corporate Services, Executive Head of HR, and Executive Sponsor – Digital Transformation. During the course of 2019/20, it also included the Director of Analysis and Insights (resigned June 2020) and Director of External Relations (resigned October 2020). Both positions have now been removed from the Executive Team structure.

The Chief Executive (in band £190,000 - £199,999 above) received total employee benefits, including pension contributions, of £231,673 (2019: £236,070), and the associated NI contributions were £24,936 (2019: £26,489). The total employee benefits, including employer pension contributions of the key management personnel of UCAS, were £1,324,584, (2019: £1,275,496), and employer NI contributions for these personnel were £143,490 (2019: £139,136). An independent review of key management personnel remuneration was conducted by the Remuneration Committee during 2019/20.

Pension scheme contributions paid by the Group in respect of the people listed above amounted to £603,240 (2019: £517,973). The pension scheme contributions paid by the Charity in respect of the people listed above amounted to £527,733 (2019: £458,305). In the year 2019/20, the contribution to the USS scheme was £545,519 (2019: £469,670), and to the UCAS Group Stakeholder Pension Plan was £58,021 (2019: £48,303).

## Directors

None of the Directors received remuneration for services to the Charity (2019: nil). Travelling expenses of £4,152 were reimbursed to eleven of the Directors (2019: seven Directors, £2,548), in respect of attendance at meetings. During the year, no emoluments were paid to non-executive Directors of UCAS Media Limited (2019: £nil).

## Professional indemnity insurance

The Charitable Company paid a premium of £3,142 (2019: £3,142) 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

	2020 £'000	2019 £'000
<b>Institutional and applicant fees</b>		
Provider fees	15,216	14,615
Applicant fees	15,344	14,231
	<u>30,560</u>	<u>28,846</u>
<b>Other income</b>		
Data services sales	298	426
Licences sales	-	191
Brand and data charge	3,030	4,175
Management and resourcing recharge	2,738	2,912
Fraud grant	67	67
Other income	1,163	505
	<u>7,296</u>	<u>8,276</u>
Investment income	289	241
	<u>38,145</u>	<u>37,363</u>
<b>Charity income excluding Gift Aid</b>		
<b>Trading operations</b>		
UCAS Media Limited	17,460	20,509
Investment income	22	26
	<u>17,482</u>	<u>20,535</u>
Intercompany	(5,769)	(7,107)
<b>Group income</b>	<u>49,858</u>	<u>50,791</u>

UCAS Media's principal business activity is the provision of marketing services to commercial clients, 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 under the deed of covenant. A Gift Aid payment of £1,666k (2019: £4,297k) from UCAS Media to UCAS will be paid by 30 April 2021.

## 4. EXPENDITURE

<b>GROUP:</b>	<b>Direct staff costs £'000</b>	<b>Direct costs £'000</b>	<b>Brand and data £'000</b>	<b>Other support costs £'000</b>	<b>Total 2020 £'000</b>	<b>Total 2019 £'000</b>
<b>Raising funds</b>						
Cost of investments	-	20	-	-	20	48
Commercial activities	5,576	3,735	3,030	2,801	15,142	16,226
	<u>5,576</u>	<u>3,755</u>	<u>3,030</u>	<u>2,801</u>	<u>15,162</u>	<u>16,274</u>
<b>Charitable activities</b>						
Admissions service	6,692	2,489	(3,030)	12,366	18,517	17,832
Special projects	3,421	12,536	-	1,009	16,966	8,932
Analysis and research	574	53	-	1,378	2,005	2,901
	<u>10,687</u>	<u>15,078</u>	<u>(3,030)</u>	<u>14,753</u>	<u>37,488</u>	<u>29,665</u>
<b>Total expenditure of the group</b>	<b><u>16,263</u></b>	<b><u>18,833</u></b>	<b><u>-</u></b>	<b><u>17,554</u></b>	<b><u>52,650</u></b>	<b><u>45,939</u></b>

<b>Analysis of support costs</b>	<b>Raising funds £'000</b>	<b>Admissions service £'000</b>	<b>Special projects £'000</b>	<b>Analysis &amp; research £'000</b>	<b>Total 2020 £'000</b>	<b>Total 2019 £'000</b>
Governance	34	858	-	-	892	804
Finance	389	1,634	-	16	2,039	1,720
Human resources	70	818	64	107	1,059	1,041
Information technology	2,099	7,706	702	1,119	11,626	10,950
Facilities	-	1,145	243	136	1,524	1,455
General management	208	205	-	-	413	573
<b>Total support costs</b>	<b><u>2,800</u></b>	<b><u>12,366</u></b>	<b><u>1,009</u></b>	<b><u>1,378</u></b>	<b><u>17,553</u></b>	<b><u>16,543</u></b>

<b>Analysis of governance costs</b>	<b>Total 2020 £'000</b>	<b>Total 2019 £'000</b>
Internal audit	48	43
External audit	32	27
Legal and professional consulting	619	466
Trustees	47	117
AGM	9	0
Other governance costs	138	151
<b>Total governance costs</b>	<b><u>892</u></b>	<b><u>804</u></b>

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

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

<b>CHARITY:</b>	<b>Direct staff costs</b>	<b>Direct costs</b>	<b>Other support costs</b>	<b>Total 2020</b>	<b>Total 2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Raising funds</b>					
Cost of investments	-	20	-	20	48
	-	20	-	20	48
<b>Charitable activities</b>					
Admissions service	5,643	2,636	15,874	24,153	24,919
Special projects	1,808	12,385	1,107	15,300	8,939
Analysis and research	1,487	53	1,591	3,131	2,901
	8,938	15,074	18,572	42,584	36,759
<b>Total expenditure of the group</b>	<b>8,938</b>	<b>15,094</b>	<b>18,572</b>	<b>42,604</b>	<b>36,807</b>

<b>Analysis of support costs</b>	<b>Admissions service</b>	<b>Special projects</b>	<b>Analysis &amp; research</b>	<b>Total 2020</b>	<b>Total 2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Governance	879	-	-	879	790
Finance	1,441	-	16	1,457	1,569
Human resources	888	64	107	1,059	1,041
Information technology	11,108	800	1,332	13,240	10,951
Facilities	1,145	243	136	1,524	1,454
General management	413	-	-	413	573
<b>Total support costs</b>	<b>15,874</b>	<b>1,107</b>	<b>1,591</b>	<b>18,572</b>	<b>16,378</b>

<b>Analysis of governance costs</b>	<b>Total 2020</b>	<b>Total 2019</b>
	<b>£'000</b>	<b>£'000</b>
Internal audit	48	43
External audit	28	21
Legal and professional consulting	610	460
Trustees	47	116
AGM	9	0
Other governance costs	138	150
<b>Total governance costs</b>	<b>879</b>	<b>790</b>

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

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

## 5. TAXATION

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Current tax</b>				
UK corporation tax	-	-	-	-

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

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Net income for the year before tax	(3,164)	5,057	(3,165)	9,411
Tax on income at standard CT rate of 19 per cent	(601)	961	(601)	1,788
Effects of: Income not taxable for tax purposes	601	(961)	601	(1,788)
<b>Total current tax charge</b>	-	-	-	-

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

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Depreciation of tangible fixed assets	596	671	553	603
Impairment of tangible fixed assets	161	-	161	-
Amortisation of intangible assets	4,400	3,992	4,366	3,986
Impairment of intangible assets	6,282	-	6,282	-
Loss on disposal of intangible assets	1,060	-	1,060	-
Operating Lease costs	20	21	20	21
Auditor's remuneration - audit fees	32	27	22	21
Auditor's remuneration - taxation compliance services	10	9	5	8
Internal auditor's remuneration	48	43	48	43
<b>And after crediting:</b>				
Interest on deposits receivable	115	119	93	93



## 7. INTANGIBLE ASSETS

<b>CONSOLIDATED:</b>	<b>Goodwill</b>	<b>Licences</b>	<b>Software</b>	<b>Work in progress</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>					
At 31 July 2019	1,361	1,009	21,698	6,927	30,995
Additions	-	-	-	5,214	5,214
Transfers	-	-	6,838	(6,838)	-
Disposals	-	(140)	(3,800)	(1,060)	(5,000)
At 31 July 2020	<u>1,361</u>	<u>869</u>	<u>24,736</u>	<u>4,243</u>	<u>31,209</u>
<b>Amortisation and impairment</b>					
At 31 July 2019	1,361	938	15,112	-	17,411
Disposals	-	(140)	(3,800)	-	(3,940)
Impairment charge for the year	-	-	3,132	3,150	6,282
Amortisation charge for the year	-	25	4,375	-	4,400
At 31 July 2020	<u>1,361</u>	<u>823</u>	<u>18,819</u>	<u>3,150</u>	<u>24,153</u>
<b>Net book value</b>					
At 31 July 2019	-	71	6,586	6,927	13,584
At 31 July 2020	<u>-</u>	<u>46</u>	<u>5,917</u>	<u>1,093</u>	<u>7,056</u>

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



## CHARITY:

	Licences £'000	Software £'000	Work in progress £'000	Total £'000
<b>Cost</b>				
At 31 July 2019	1,009	21,667	6,927	29,603
Additions	-		4,304	4,304
Transfers		5,927	(5,927)	0
Disposals	(140)	(3,800)	(1,060)	(5,000)
At 31 July 2020	869	23,794	4,243	28,907
<b>Amortisation and impairment</b>				
At 31 July 2019	938	15,087	-	16,025
Disposals	(140)	(3,800)	-	(3,940)
Impairment charge for the year		3,132	3,150	6,282
Amortisation charge for the year	25	4,340	-	4,366
At 31 July 2020	823	18,760	3,150	22,733
<b>Net book value</b>				
At 31 July 2019	71	6,580	6,927	13,577
At 31 July 2020	46	5,034	1,093	6,173

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

As at 31 July 2020, 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)
Undergraduate adviser portal	697	3.7
Undergraduate agent portal	501	3.6
Undergraduate collect tool	591	3.1
Clearing Plus tool	510	5.0

## 8. TANGIBLE ASSETS

### CONSOLIDATED:

	Land £'000	Buildings and contents £'000	Hardware and equipment £'000	Vehicles £'000	Total £'000
<b>Cost</b>					
At 31 July 2019	3,150	5,682	13,795	15	22,642
Additions	-	46	29	-	74
Disposals	-	(547)	(8,995)	-	(9,541)
At 31 July 2020	3,150	5,181	4,829	15	13,175
<b>Depreciation</b>					
At 31 July 2019	-	2,665	13,422	15	16,102
Disposals	-	(547)	(8,995)	-	(9,541)
Depreciation charge for the year	-	362	235	-	596
Impairment charge for the year	-	161	-	-	161
At 31 July 2020	-	2,641	4,662	15	7,318
<b>Net book value</b>					
At 31 July 2019	3,150	3,017	373	-	6,540
At 31 July 2020	3,150	2,540	167	-	5,857

### CHARITY:

	Land £'000	Buildings and contents £'000	Hardware and equipment £'000	Vehicles £'000	Total £'000
<b>Cost</b>					
At 31 July 2019	3,150	5,641	12,339	15	21,145
Additions	-	45	29	-	74
Disposals	-	(547)	(8,434)	-	(8,981)
At 31 July 2020	3,150	5,139	3,934	15	12,238
<b>Depreciation</b>					
At 31 July 2019	-	2,623	12,045	15	14,683
Depreciation on re-recognition	-	-	-	-	-
Disposals	-	(547)	(8,434)	-	(8,981)
Depreciation charge for the year	-	362	191	-	553
Impairment charge for the year	-	161	-	-	161
At 31 July 2020	-	2,599	3,802	15	6,416
<b>Net book value</b>					
At 31 July 2019	3,150	3,018	294	-	6,462
At 31 July 2020	3,150	2,540	132	-	5,822



## 9. INVESTMENTS

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Opening value	7,171	6,876	7,171	6,876
Interest and dividends	196	148	196	148
Net unrealised gain	(372)	205	(372)	205
Charges for the period	(20)	(48)	(20)	(48)
VAT payable on charges	(4)	(10)	(4)	(10)
Closing value	6,971	7,171	6,971	7,171

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

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

Investments comprise:	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
UK bonds	1,292	1,272	1,292	1,272
Equities				
UK	3,016	3,275	3,016	3,275
Europe	286	287	286	287
North America	448	196	448	196
Asia Pacific	215	218	215	218
Emerging markets	168	182	168	182
Property	332	344	332	344
Alternative assets	1,172	1,052	1,172	1,052
Cash	41	345	41	345
	6,971	7,171	6,971	7,171

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 Consultancy and Insights	Ordinary	100%	-	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 (2019: 1,000 shares). This investment is held at a carrying amount of £1,025,768 (2019: £1,025,768). The principal activity of the company is to assist the parent company in achieving its objective, through the provision of marketing services concerned with higher education. Profits of the subsidiary company are transferred under the Gift Aid regime to the parent company.

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

## 11. DEBTORS

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade debtors	5,581	5,370	535	244
Amounts owed by subsidiary	-	-	2,963	5,063
Other debtors	73	54	66	76
Prepayments and accrued income	2,847	2,673	2,180	1,979
Value-added tax	-	281	-	281
	<b>8,501</b>	<b>8,378</b>	<b>5,744</b>	<b>7,643</b>



## 12. CREDITORS

### Amounts falling due within one year

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade creditors	2,180	2,607	1,690	2,008
Social security and other taxes	1,824	781	1,330	469
Finance leases due within one year	-	29	-	29
Other creditors	254	326	254	327
Accruals and deferred income	6,681	6,137	1,755	2,610
	<b>10,939</b>	<b>9,880</b>	<b>5,029</b>	<b>5,443</b>

### Deferred income

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Deferred income at 31 July 2019	3,016	2,878	210	138
Deferred income released during the year	(3,016)	(2,878)	(210)	(138)
Income deferred during the year	4,599	3,016	126	210
Deferred income at 31 July 2020	<b>4,599</b>	<b>3,016</b>	<b>126</b>	<b>210</b>

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



### 13. FINANCIAL INSTRUMENTS

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

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Financial assets:</b>				
Measured at amortised cost				
Cash	18,508	15,238	16,015	11,365
Trade debtors	5,581	5,370	535	244
Other debtors	73	54	3,029	5,139
Accrued income	101	473	48	73
Measured at market value through profit or loss				
Investments	6,971	7,171	6,971	7,171
<b>Total</b>	<b>31,234</b>	<b>28,306</b>	<b>27,624</b>	<b>25,018</b>
<b>Financial liabilities:</b>				
Trade creditors	2,180	2,607	1,690	2,008
Other creditors	254	355	254	356
Accrued expenditure	3,122	2,963	2,633	2,456
<b>Total</b>	<b>5,556</b>	<b>5,925</b>	<b>4,577</b>	<b>4,820</b>

### 14. COMMITMENTS UNDER OPERATING LEASES

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

	2020 £'000	2019 £'000
<b>Amounts due:</b>		
Within one year	28	28
Between one and five years	35	63
	<b>63</b>	<b>91</b>



## 15. COMMITMENTS UNDER FINANCE LEASES

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

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

<b>Amounts due:</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	-	29
Between one and five years	-	-
	<u>-</u>	<u>29</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

	<b>Technology reserve</b>	<b>Income reserve</b>	<b>Total</b>	<b>Total</b>
	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Group</b>				
Value at beginning of the year	8,000	2,000	10,000	11,200
Movement in the year		1,200	1,200	(1,200)
Value at end of the year	<u>8,000</u>	<u>3,200</u>	<u>11,200</u>	<u>10,000</u>
<b>Charity</b>				
Value at beginning of the year	8,000	2,000	10,000	11,200
Movement in the year		1,200	1,200	(1,200)
Value at end of the year	<u>8,000</u>	<u>3,200</u>	<u>11,200</u>	<u>10,000</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 is given on page 18 of the Report of the Directors



## 17. UNRESTRICTED FUNDS: GENERAL

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Value at beginning of the year	30,901	23,183	31,671	19,599
(Deficit)/surplus for the year	(3,164)	5,057	(3,165)	9,411
Transfer (to)/from designated funds	(1,200)	1,200	(1,200)	1,200
FRS102 pension adjustments	(1,883)	1,461	(1,883)	1,461
Value at end of the year	<b>24,654</b>	<b>30,901</b>	<b>25,423</b>	<b>31,671</b>
Unrestricted funds: designated	11,200	10,000	11,200	10,000
Unrestricted funds: general	24,654	30,901	25,423	31,671
Pension	(13,679)	(12,172)	(13,679)	(12,172)
	<b>22,175</b>	<b>28,729</b>	<b>22,944</b>	<b>29,499</b>

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



## 18. NET ASSETS BY FUND

### Group

The consolidated net assets held as at 31 July 2020 for the various funds are as follows:

	Fixed assets (excl. investments)	Net current assets and investments	Long term liabilities	Pension scheme liability	Total	Total
	2020	2020	2020	2020	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds: designated	8,000	3,200	-	-	11,200	10,000
Unrestricted funds: general	4,913	19,841	(100)	(13,679)	10,975	18,729
	<b>12,913</b>	<b>23,041</b>	<b>(100)</b>	<b>(13,679)</b>	<b>22,175</b>	<b>28,729</b>

### Charity

The net assets held as at 31 July 2020 for the various funds are as follows:

	Fixed assets (excl. investments)	Net current assets and investments	Long term liabilities	Pension scheme liability	Total	Total
	2020	2020	2020	2020	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds: designated	8,000	3,200	-	-	11,200	10,000
Unrestricted funds: general	3,995	21,527	(100)	(13,679)	11,743	19,499
	<b>11,995</b>	<b>24,727</b>	<b>(100)</b>	<b>(13,679)</b>	<b>22,943</b>	<b>29,499</b>



## 19. PENSION SCHEMES

The Group participates in four pension schemes: one defined benefit pension scheme, one defined benefit scheme that is accounted for as if it were a defined contribution scheme (as required by FRS 102 section 28 'Employee Benefits'), and two defined contribution schemes. Employees join the appropriate scheme, depending on their employment terms. The total cost to the Group for the year ended 31 July 2020, in respect of pension contributions, which have been allocated between expenditure categories in proportion to staff costs, and charged to the consolidated statement of financial activities as appropriate, are as follows:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Defined benefit scheme	-	544
Defined contribution schemes	1,034	890
Multi-employer defined benefit scheme	683	588
	<b>1,717</b>	<b>2,022</b>

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

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Defined benefit scheme	82	75
Defined contribution scheme	131	113
Multi-employer defined benefit scheme	92	83
	<b>305</b>	<b>271</b>



## UCAS Pension and Life Assurance Scheme (1993)

The scheme was closed to future accrual of benefits on 31 December 2017. Active members of the scheme at the closure date became 'active deferred' members, and transferred to UCAS' Group Stakeholder Plan at that time. The UCAS Pension and Life Assurance Scheme currently has 56 active deferred members, 179 preserved members, and 162 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 2019.

The triennial funding review, as at 31 July 2019, identified an initial deficit in the longer-term assets over liabilities of £6,590k (2016: deficit of £9,216k). The main contributing factor to the decrease in the deficit was the return on investments.

The Directors and the pension scheme Trustees to agree a plan to address the pension deficit. During the year to 31 July 2020, UCAS made additional contributions of £986k, with this amount set to increase by 3.5 per cent each year, until 31 July 2025.

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

Assumptions	31 July 2020	31 July 2019
	Per cent	Per cent
Discount rate	1.47	2.19
Salary increase	3.50	3.83
Inflation (RPI)	3.00	3.33
Inflation (CPI)	2.10	2.43
Pension increases (pre-April 2005)	4.15	4.21
Pension increases (post-April 2005)	2.15	2.25
Revaluation in deferment (CPI max 5.0 per cent)	2.10	2.43
Revaluation in deferment (CPI max 2.5 per cent)	2.10	2.43
Mortality base table	SP3xA	SP3xA
Projection basis	CMI 2019	CMI 2018
Long term improvement trend	1.00	1.00
Percentage of death rates applied	100	100



Life expectancies from age 65 years	31 July 2020 Years	31 July 2019 Years
Male currently aged 45	22.7	22.6
Female currently aged 45	25.2	25.0
Male currently aged 65	21.7	21.6
Female currently aged 65	24.0	23.9

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

	2020 £'000	2019 £'000
Past service cost	-	544
Net interest on net defined benefit liability	200	153
Total operating charge	<b>200</b>	<b>697</b>

Changes in the fair value of the scheme assets	31 July 2020 £'000	31 July 2019 £'000
Fair value of scheme assets at the beginning of the year	50,617	46,103
Employer contributions	986	963
Interest income on plan assets	1,108	1,251
Contribution by scheme participants	-	-
Benefits paid	(1,063)	(1,153)
Expenses and term assurance premium	-	-
Remeasurement gain	4,125	3,453
Fair value of scheme assets at the end of the period	<b>55,773</b>	<b>50,617</b>



<b>Changes in the present value of the defined benefit obligation</b>	<b>31 July 2020 £'000</b>	<b>31 July 2019 £'000</b>
Present value of scheme liabilities at the beginning of the period	60,260	52,210
Past service cost	-	544
Interest cost	1,308	1,405
Benefits paid	(1,063)	(1,153)
Expenses and insurance premiums paid	-	-
Actuarial loss on liabilities	7,515	7,254
Present value of scheme liabilities at the end of the period	<b>60,020</b>	<b>60,260</b>
<b>Amounts to be recognised on the balance sheet</b>		
Fair value of scheme assets	55,773	50,617
Present value of scheme liabilities	(68,020)	(60,260)
Balance sheet liability	<b>(12,247)</b>	<b>(9,643)</b>

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

The Statement of Financial Activities (SoFA) includes a total actuarial loss for the UCAS Pension and Life Assurance Scheme (1993) of £3,390k (2019: £3,801k, loss), comprising a remeasurement gain on scheme assets of £4,125k and an actuarial loss on scheme liabilities of £7,515k.

The actuarial return on plan assets was £5.2m (2019: £4.7m). The analysis of the scheme assets at the reporting date was as follows:

	<b>31 July 2020 Per cent:</b>	<b>31 July 2019 Per cent:</b>
Equities	24.9	26.4
Bonds (non-gilt)	22.7	18.8
LDI funds	27.9	27.6
Multi-asset growth	24.0	26.7
Cash and net current assets	0.5	0.5
	<b>100.0</b>	<b>100.0</b>

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



## Universities Superannuation Scheme (USS)

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

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2018.

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

The 2018 valuation was the fifth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the Scheme was £63.7 billion, and the value of the Scheme's technical provisions was £67.3 billion, indicating a shortfall of £3.6 billion.

Defined benefit liability numbers for the scheme, for accounting purposes, have been produced using the following assumptions as at 31 March 2020 and 2019:

	2020	2019
Discount rate	2.55 per cent	2.44 per cent
Pensionable salary growth	n/a	n/a
Pensions increases (CPI)	2.05 per cent	2.11 per cent



The main demographic assumption used relates to the mortality assumptions. These assumptions have been updated for the 31 March 2020 accounting position, based on updated analysis of the Scheme's experience carried out as part of the 2019 actuarial valuation. The mortality assumptions used in these figures are as follows

	2020	2019
Mortality base table	<p><b>Pre-retirement:</b> 71 per cent of AMC00 (duration 0) for males, and 112 per cent of AFC00 (duration 0) for females</p> <p><b>Post-retirement:</b> 96.5 per cent of SAPS S1NMA 'light' for males, and 101.3 per cent of RFV00 for females</p>	<p><b>Pre-retirement:</b> 71 per cent of AMC00 (duration 0) for males, and 112 per cent of AFC00 (duration 0) for females</p> <p><b>Post-retirement:</b> 96.5 per cent of SAPS S1NMA 'light' for males, and 101.3 per cent of RFV00 for females</p>
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8 per cent p.a. for males, and 1.6 per cent p.a. for females	CMI_2016 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8 per cent p.a. for males, and 1.6 per cent p.a. for females

The current life expectancies on retirement at age 65 are:

	2020 Years	2019 Years
Male currently aged 45	26.3	26.6
Female currently aged 45	27.7	27.9
Male currently aged 65	24.4	24.6
Female currently aged 65	25.9	26.1

	2020 £bn	2019 £bn
Scheme assets	66.5	67.4
Total scheme liabilities	79.7	79.2
FRS 102 total scheme deficit	13.2	11.8
FRS 102 total funding level	83%	85%



<b>Amounts recognised in the balance sheet</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Liabilities at beginning of the year	(2,529)	(803)
Interest costs	(54)	(21)
Remeasurement of the scheme liabilities	1,151	(1,705)
Balance sheet liability	<u>(1,432)</u>	<u>(2,529)</u>

At 31 July 2020, UCAS had 41 active members participating in the scheme.

The total pension cost for the group was £683k (2019: £588k). This includes £57k (2019: £52k) outstanding employer's contributions at 31 July 2020. The contribution rate payable by the Company was 21.1 per cent of annual pensionable salaries.

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

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

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

UCAS implemented auto-enrolment on 1 January 2014. 148 employees were auto-enrolled in the scheme at that time, and re-enrolment assessments are carried out every subsequent three years. Following the transfer of members from the UCAS Pension and Life Assurance Scheme on its closure, the current scheme membership is 415 (2019: 398).

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 £1,034k (2019: £890k). This includes £136k (2019: £78k) outstanding employer's contributions as at 31 July 2020.



## 20. TRADING RESULTS OF UCAS MEDIA LIMITED

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

	Notes	2020 £'000	2019 £'000
<b>Turnover</b>	2	17,460	20,509
Distribution costs	3	(5,978)	(7,186)
Brand and data charge		(3,030)	(4,175)
		<b>8,452</b>	<b>9,148</b>
<b>Expenses</b>			
Administrative		(6,806)	(4,879)
Total administrative expenses		(6,806)	(4,879)
Operating profit		<b>1,646</b>	<b>4,269</b>
Interest receivable		20	26
<b>Profit before tax</b>	3	<b>1,666</b>	<b>4,295</b>
Taxation	4	-	-
<b>Profit after tax</b>		<b>1,666</b>	<b>4,295</b>

The aggregate amount of the capital and reserves of UCAS Media Limited, as at 31 July 2020, was £259k (2019: £259k). Aggregate assets were £8,217k (2019: £9,727k), and aggregate liabilities were £8,880k (2019: £9,553k).



## 21. RELATED PARTY TRANSACTIONS

### Directors

The Directors of UCAS hold a variety of senior positions at educational providers, and other organisations, many of which undertake transactions with UCAS on a regular basis. Such transactions are undertaken on an 'arm's length' basis, and the Directors make annual declarations confirming the position they hold in these organisations. The educational providers do not meet the definition of related parties, but the existence of the relationship is included here 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 (2019: £nil).

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

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

	2020					
	Intercompany debtor as at 31 July 2020 £'000	Conference attendance fees charged to parent £'000	Staff costs recharged to subsidiary £'000	Brand and data charges to subsidiary £'000	Management charge to subsidiary £'000	Gift Aid distribution to parent £'000
UCAS Media Limited	2,963	(1)	2,835	3,030	2,738	1,666

	2019					
	Intercompany debtor as at 31 July 2018 £'000	Conference attendance fees charged to parent £'000	Staff costs recharged to subsidiary £'000	Brand and data charges to subsidiary £'000	Management charge to subsidiary £'000	Gift Aid distribution to parent £'000
UCAS Media Limited	5,063	(20)	1,218	4,175	2,912	8,650



## 22. CAPITAL COMMITMENTS

As at 31 July 2020, the Charitable Company had no capital commitments (2019: £nil).

## 23. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

### Critical accounting estimates and assumptions

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

### Critical areas of judgement

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

Senior management also exercise judgement in reviewing any potential impairment of tangible or intangible assets which is determined by future economic value or the asset is no longer in use.

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

The charity commenced the rental of part of one of the floors at the Rosehill site during 2018/19. Under FRS 102, where a discrete element of a property is leased to a third party, consideration needs to be given as to whether this constitutes a mixed-use property, which would necessitate that the rented element should be accounted for as an investment property and held at market value. It is UCAS' view that this arrangement does not get captured by the mixed-use rules, due to factors including the use of a shared reception, entrance through a shared corridor, and use of certain shared facilities.

## 24. POST BALANCE SHEET EVENT

In October 2020, UCAS acquired 100% of the shares of a student mobile application start-up (UK Unified Ltd) to create a UK gateway for international postgraduate students. The new multi-language mobile app will support international students and their agents and advisers apply for postgraduate courses in the UK. The cost was £1.5m which was paid in cash. There is a deferred and contingent consideration which would be funded by cash but it is not possible to quantify this as it is based on future revenue.

