



UCAS DIRECTORS' REPORT AND CONSOLIDATED ACCOUNTS

For the year ended
31 July 2021

UCAS

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31 JULY 2021

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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 2021



BOARD STRUCTURE

CHAIR	Professor Koen Lamberts	(resigned 10 December 2020)
	Mrs Trudy Norris-Grey	(appointed 11 December 2020)
DIRECTORS	Dr David Ashton	(resigned 31 January 2021)
	Professor Colin Bailey CBE	(appointed 10 December 2020)
	Professor Joy Carter CBE DL (Deputy Chair)	(resigned 10 December 2020)
	Mr Thomas Chambers	(Senior Independent Director from 11 December 2020)
	Mr Mark Felix	
	Mr Andrew Forbes	
	Ms Caroline Hoddinott OBE	
	Professor Sally Mapstone	
	Mr Thomas Newman	
	Professor Edward Peck CBE	(Deputy Chair from 11 December 2020)
	Mr Gerry Pennell OBE	(resigned 13 May 2021)
	Professor Malcolm Press	
	Mrs Katharine Purser	(appointed 14 May 2021)
	Professor Colin Riordan	(appointed 10 August 2021)
Mr Shuvo Saha	(appointed 01 May 2021)	
Professor Elizabeth Treasure	(resigned 14 July 2021)	
COMPANY SECRETARY	Mrs Tessa Yates	
EXECUTIVE TEAM	Mrs Clare Marchant	Chief Executive
	Mr Kevin Allison	Chief Financial Officer
	Mrs Katie Bell	Chief Marketing Officer (appointed 1 February 2021)
	Mrs Elaine Chandler	Director of People
	Mr John Cope	Director of Strategy, Policy and Public Affairs (appointed 1 March 2021)
	Ms Fiona Johnston	Chief Product Officer
	Mr Sander Kristel	Chief Operating Officer
	Mr Aaron Powell	Chief Digital and Data Officer and MD UCAS International Limited (resigned 31 October 2021)
	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
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London
EC4A 4AB

Internal auditor

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Bristol
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BANKERS

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Gloucestershire
GL50 1EL

SOLICITORS

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Jessop House
Jessop Avenue
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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 2021



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 2021. 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 35 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.

SUBCOMMITTEE MEMBERSHIP DURING 2020/21 WAS:

Audit Committee:

- > Ms Sarah Randall-Paley* (Chair from 10 March 2021)
- > Dr David Ashton (Chair) (resigned 31 January 2021)
- > Professor Colin Bailey CBE (appointed 10 December 2020)
- > Mr Mark Felix (appointed 10 December 2020)
- > Ms Caroline Hoddinott OBE
- > Dr Jim McGeorge* (resigned 31 March 2021)
- > Professor Malcolm Press (resigned 10 December 2020)
- > Professor Wendy Robinson* (appointed 31 March 2021)

Finance Committee:

- > Mr Thomas Chambers (Chair)
- > Professor Joy Carter CBE DL (resigned 10 December 2020)
- > Ms Joanne Jones*
- > Mr Thomas Newman
- > Ms Liz Rylatt*

Nominations Committee:

- > Professor Koen Lamberts (Chair) (resigned 10 December 2020)
- > Mrs Trudy Norris-Grey (Chair) (appointed 11 December 2020)
- > Mr Andrew Forbes
- > Professor Sally Mapstone
- > Professor Edward Peck CBE
- > Mrs Katharine Purser (appointed 14 May 2021)

Remuneration Committee:

- > Mr Thomas Chambers (Chair)
- > Professor Koen Lamberts (resigned 10 December 2020)
- > Professor Joy Carter CBE DL (resigned 10 December 2020)
- > Mr Thomas Newman
- > Mrs Trudy Norris-Grey (appointed 11 December 2020)
- > Mrs Katharine Purser (appointed 14 May 2021)
- > Professor Elizabeth Treasure (resigned 14 July 2021)

(*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, 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 subsidiaries and Committees.

SUBSIDIARIES

UCAS owns 100 per cent of the share capital of its subsidiaries, UCAS Media Limited, UCAS International Limited and UCAS Consultancy and Insights Limited. UCAS Media Limited is used for non-primary purpose trading activities, UCAS International Limited supports international students and their agents and advisers apply for postgraduate courses in the UK, and UCAS Consultancy and Insights Limited is not trading.

Profit from UCAS Media and UCAS International 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 2020/21 our investment from gift aid was used for a number of developments including but not limited to; our new UCAS application, admissions reform, and further improvements to our information, advice and insight for all our stakeholders.

The profit before tax and Gift Aid donations, for UCAS Media Limited, during the year ended 31 July 2021, amounted to £2.1m, which represented an increase of 24.0 per cent over the profit for the year ended 31 July 2020. The increase in profit was due to an increase in revenue which grew by 1.1 per cent (2020: decrease of 14.9 per cent) to £17.7m (2020: £17.5m), coupled with savings in expenditure. Physical events revenue was again impacted this year by Covid-19 but this was mitigated by growth in other sectors.

In October 2020, UCAS acquired 100% of the shares of a student mobile application start-up (UK Unifyed Ltd which is now UCAS International) to create a UK gateway for international postgraduate students. The deficit for the year was £0.6m with investment in the product prior to launch.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

In preparing these accounts, the Directors are required to:

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

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

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

Given the composition of the Board, UCAS does have a relationship with the employing organisations of some of its Directors. However, all Directors have a legal obligation to act in the best interests of UCAS and in accordance with UCAS' governing document, and to avoid situations where there may be a potential conflict of interest. On accepting membership as a Director of the UCAS Board or a Director of a UCAS trading subsidiary, a Director shall supply to the Company Secretary an entry to the Declarations of Interests Register. The Company Secretary is responsible for maintaining the register and each Director is to communicate with the Company Secretary any significant additions or deletions from his/her entry as soon as practicable.

Notwithstanding any declaration made on the register, a Director shall make a further declaration of any duality or conflict of interests or conflict of loyalty at any meeting of the Board meeting where decisions are to be made on the supply of goods or services to the Company or other matters with potential financial consequences, and shall be bound by the provision of the Companies Act 2006. All such declarations are minuted.

THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

The Charitable Company paid a premium of £5,215 (2020: £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 for the year ended 31 July 2021.

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 through our national programme of physical and virtual exhibitions, enabling students to meet representatives from universities and colleges, explore and narrow down their choices. Our online content expands beyond traditional Higher Education (HE), covering the range of destinations available to students, including apprenticeships and teacher training.

We attract over 32 million people from across the world to our website, ucas.com, where visitors can use our search tool to explore and filter over 50,000 undergraduate, postgraduate, and conservatoire courses. Students can also explore the latest degree and higher apprenticeship opportunities through the 'UCAS Hub' which provides students with all the tools and information they need, in one place, and for free. When it comes to exploring subjects, considering apprenticeships, shortlisting their final five, and writing an impactful personal statement or CV, the 'UCAS Hub' has it covered. Each student has their own dashboard which they can customise and tailor to their needs, organise tools, and tick off their to do list. The 'UCAS Hub' is their space, and their future.

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

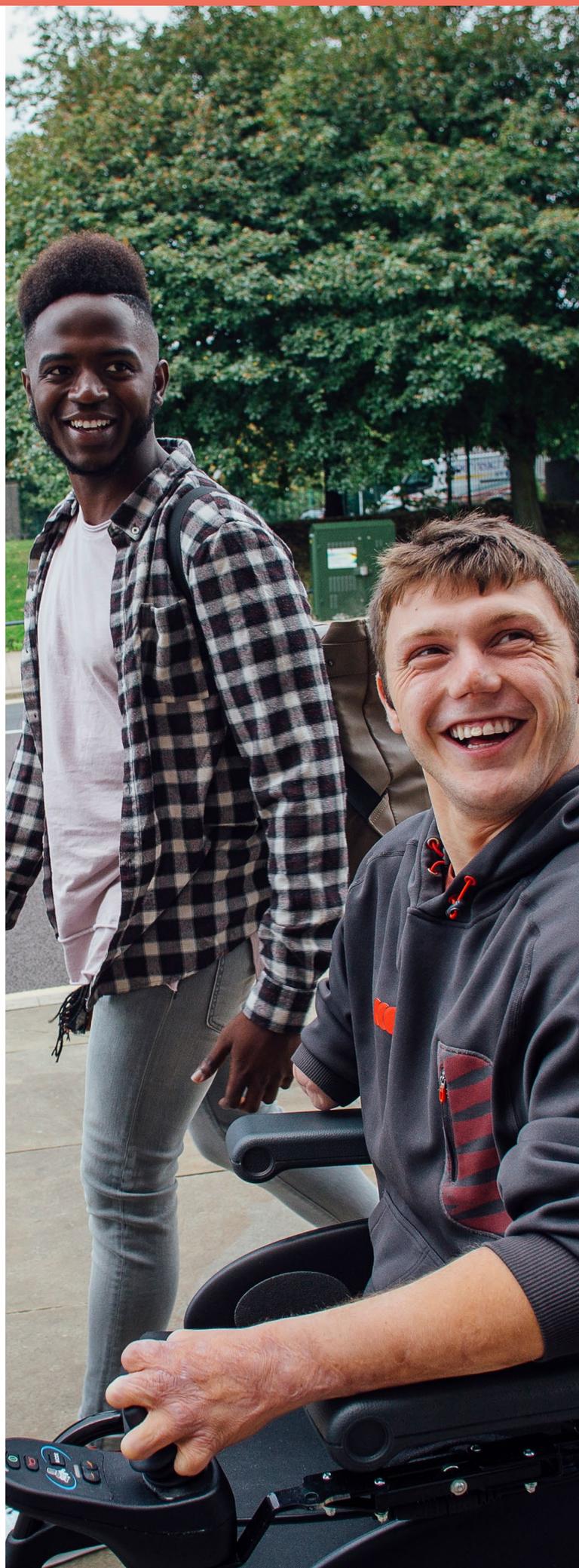
While our core purpose is to provide an accessible and trusted undergraduate admissions service, we also provide admissions services for conservatoires, postgraduate courses, and teacher training programmes.

In offering centralised services, UCAS enables universities and colleges to connect with a wide range of potential students in a more efficient and effective way across the UK and globally. 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 participation trends including widening access, 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.

UCAS will publish a specific impact report in early 2022 which will be available on ucas.com. The report will provide an overview of the last year to give our stakeholders a real sense of the value UCAS has delivered on behalf of our customers. UCAS' role in providing a UK-wide admissions service, on behalf of all its customers, is not to be taken for granted. We will continue to innovate and reform. We have a critical role in proactively helping shape current HE admissions reviews. We want to make sure that students from more than 200 countries have fair and transparent choice and can make aspirational choices, regardless of their background or circumstance.





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 2020/21 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, including expanding our presence to TikTok, to support student decision-making during the COVID-19 pandemic. This included more Live Q&A sessions for both applicants and pre-applicants, with dedicated sessions for international students. Across the year our social media content attracted 1.7 million interactions.
- > We have increased our engagement with the pre-applicant audience through a series of virtual exhibitions attracting as many as 20,000 registrations for one event. Our overall pre-applicant audience has almost doubled in two years to over 500,000. We have achieved this through expanding our breadth of content to include practical content on future pathways and giving parity to apprenticeships, as well as offering deeper more inspirational content.
- > Transformed 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.
- > Our content for apprenticeships has improved leading to job views on Career Finder increasing by 43% and more than 50,000 registered 'apprenticeship seekers' who have signed up to our new alerts service.
- > Clearing Plus returned for a second year as a smart, fair, and personal way for students to find courses that they might not otherwise have thought about.

- > Released a pilot historic entry grades tool, which shows advisers the grades students held when they were accepted onto courses during the 2017 – 2019 application cycles providing a key step in providing transparency to the sector to underpin informed decision making.
- > Traffic volumes on ucas.com is an example of a KPI used to track this strategic objective.

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 774,000 applicants, with 560,000 of those securing a place and almost 421,000 securing their first choice on an undergraduate degree course. This was in the context of a significant change in qualification awarding during the summer of 2020.
- > Launched our new undergraduate interface for students which now brings together the ability to submit and track the progress of their application in one easy-to-use interface and eliminates multiple log ons.
- > Simplified the cycle for applicants and providers with fewer deadline days, a single results day and new January deadline to provide schools with more time to support applicants after the Christmas break.
- > Continuously improved products such as Clearing Plus, including allowing providers to upload courses in bulk and apply multiple sets of criteria.
- > Launched our new Record of Prior Acceptance (RPA) service to give providers an efficient route to share details of students they recruit directly.
- > We began work to improve our core services which includes the provision of an automated end to end testing suite for our core admissions system, creating greater flexibility and speed in development paths.
- > Applicant numbers across all the different schemes is one of UCAS' KPIs

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

- > Provided significant support throughout the sector with additional insight and analytics including for DfE and Awarding Bodies and expanded the use of transparent data dashboards freely available to the public.
- > Delivered a number of new data products for customers including the Untapped Geographies and Leaky Hosepipe products to provide visualisations for Higher Education providers to support their recruitment and onboarding strategies.
- > Utilised a variety of machine learning techniques to analyse and optimise commercial emails sends by UCAS Media for customers to predict which were the most likely to be opened based on the profile of the recipient.
- > Shifted the dial on our outputs, combining policy and analysis to produce a series of forward-looking reports exploring widening access and participation, student choice, apprenticeships, and mental health.
- > Conducted a number of insightful surveys using UCAS expertise or third parties when needed.
- > Qualitative KPIs are in place such as UCAS' policy outputs, in addition to quantitative KPIs.

4. Connect the world to UK higher education

- > 2020/21 saw a record number of non-EU applicants apply to UK universities through UCAS, with 102,000 applicants (a 14% increase on the previous year).
- > There were record numbers of applicants placed at UK universities from China, India and the USA, as well as Malaysia and Nigeria.
- > The acquisition of UCAS International Ltd in October 2020 supports this strategic objective as it provides a route to offer services to the international market that encourages and enables international students looking to, and when transitioning to, study in the UK. Technical, financial and legal due diligence was performed utilising third party specialists, along with third party valuation support, customer insight research and also a number of 1-to-1 interviews directly with representatives of Higher Education Providers (HEPs), international recruitment agents and international recruitment specialists.
- > Since the acquisition, UCAS International Ltd has been developing and preparing to launch the service (now launched in October 2021), Myriad by UCAS, providing a one stop shop for international postgraduate applicants. This further development has been built out from significant primary and secondary research pieces with students, education agents and advisors, and HEPs.
- > To ensure the Myriad platform was created through a journey with the UK Higher Education sector, to meet both expectations and needs, UCAS undertook a wide-reaching and comprehensive series of engagement activity with HEPs, including: delivering several group information sessions, liaison with university Vice Chancellors, representation at mission groups and forums, running a sequence of platform-shaping focus groups, working closely with BUILA International Directors, and hosting approximately 70+ 1-to-1 meetings.
- > Throughout 2020/21 UCAS also supported international advisers and undergraduate applicants with information and advice, including Facebook Live sessions, WeChat updates, adviser webinars and joint virtual activities with stakeholders.
- > UCAS Hub international traffic numbers is an example of a KPI in this area.

5. Embed efficiency and value in everything we do

- > A significant new technology agreement with Infosys which enables UCAS to focus on delivering seamless customer service experiences through greater automation, innovation and efficiency.
- > A continued focus on the supply chain which has delivered savings through better clarity of the business need, consolidating contracts, downscaling contracts to match usage, framework agreements, benchmarking of pricing, building competition and negotiating price reductions.
- > Continuing to build out the 'Product' function in support of UCAS' digital strategy and 'product focussed, customer centric' business model while also ensuring that UCAS have better intelligence on the use and success of products. This is also supported by establishing the platform engineering function to ensure a faster pace and greater reliability in UCAS' product delivery.
- > Implemented UCAS' first chatbot which is performing well.
- > A continuation of the internal volunteering programme where staff from all over UCAS work on the phones in the customer experience centre during results and deadline days. This increases knowledge, customer service and intimacy across the organisation, as well as delivering savings.
- > Income, surplus and cash are KPIs which are reported at each Board meeting.

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

- > A new integrated HR, Payroll, Talent and Recruitment system implemented allowing managers, employees and recruitment candidates far greater and more efficient self-service.
- > Continued investing in wellbeing and maturing the mental health first aiders scheme with significant support for staff throughout the further COVID-19 lockdowns. In our wellbeing staff survey, 99% of respondents agreed that UCAS cares about employee wellbeing.
- > Developed and launched a new Leadership programme 'ULead' and successfully embedded the new talent framework 'Grow with UCAS', including launching our first Top Talent Programme and our 'UThrive' Graduate and Apprenticeship Programme.
- > Commenced work on the re-purposing of the UCAS office to enable a move to a hybrid way of working, responding to UCAS' colleague feedback where majority of the workforce envisage returning to the office on average 2 days per week.
- > Conducted a refresh of all our Equality, Diversity and Inclusion (EDI) data, resulting in over 70% of the workforce fully disclosing their equality data. Introduction of a new EDI framework and increasing the number of diverse applicants for our non-executive recruitment.
- > There are a number of people KPIs in place including FTE, unplanned turnover, and absence.

PLANS FOR THE FUTURE

Building on the significant sector engagement on reform during 2021, UCAS will be continuing to seek customer and stakeholder feedback to reimagine the admissions service. We will be proactively updating the base technology of our core systems and launching a new datalink service for universities which will deliver efficiencies and flexibility in the ways in which we capture and share new information. UCAS is also exploring with the sector areas such as how students make application choices and decisions, to develop a series of changes which could be made ahead of implementation of a potential post qualifications model.

UCAS plays a critical and wide-ranging role in supporting widening participation, spanning from delivering personalised content about a range of post-secondary opportunities and student circumstances, to promoting a holistic and thorough understanding of an applicant's circumstance, to answering the strategic questions in widening access and participation through data, analysis and insights. UCAS is seeking to enhance its role in widening access and participation, and has recently committed to a significant, multi-year investment to support disadvantaged students.

Furthermore, the interests of disadvantaged students are central to our consideration regarding admissions reform and continuous improvement. Over the next few cycles, we will deliver a series of initiatives, including enhanced information, advice and guidance, new cohort-specific questions in the application, and increased transparency on grades on entry.

UCAS is making significant investment in the development of a higher and degree apprenticeships service, which will have at its core an outstanding information, advice and guidance provision, as well as the provision of accessible careers-assessment and careers-finder services that will support learners in making the choices that are right for them by helping them to navigate the pathways available through their higher education journeys.

Following the successful launch of the new virtual events platform, work has commenced in readiness for the next events series starting Autumn 2021 alongside looking at the requirements to support virtual conferences. Overall student satisfaction has increased from 5/10 to 7/10 with 20% of attendees rating it 10/10. Over the coming months the focus is on how we can provide a seamless customer journey, that enables multiple events to be run in parallel as part of a blended events model (i.e. combination of face to face and virtual events offering).

UCAS has partnered with Route 101 to implement a new omnichannel platform to support customer contact. This platform routes all contacts to staff via a single source, embedding the contact application through Salesforce directly. UCAS will continue to innovate and build on the success of the chatbot launched in January 2021, which will provide more and more comprehensive self-serve options 24/7 – meeting customers' needs when they want to contact us.

Following the launch of Myriad by UCAS in October 2021, UCAS will continue to develop the platform's existing functionality and ensure it meets the needs of customers and stakeholders in line with sector engagement, rolling feedback and market demand. The platform will continue to be student-centric, targeting the pain points of international applicants in order to deliver improvements to the student experience, deliver benefits to the UK HE sector and ultimately UK plc, enhance Myriad and UCAS' reputations, and build up a significant, diverse user base.

The focus for the coming year in commercial data products and services is threefold. Firstly, to grow the revenue we directly support through the delivery of data products with an associated increase in margin, all of which can be invested back into customer facing products and services in the charity. Secondly, to deliver new products to market which utilise machine learning to provide real-time and predictive recommendations to our customers and combining this with use of proprietary data sources to increase the value of our products to customers. Thirdly, we are committed to extending our support for internal business processes using our skills in data science.

Our work in delivering a data platform which supports innovative data mining is critical to achieving our goals to build a suite of data products which is of great value to customers and provides them with a product which cannot be obtained elsewhere.

Finally, how, and where employees work is a contributing factor when choosing whether to work for UCAS (either with a view to moving to UCAS, or away from UCAS) and Covid-19 has forced UCAS, along with many others, to broaden our horizons as to the art of the possible. Using the views and feedback from colleagues we will be repurposing Rosehill (the UCAS office) focusing on both the physical and technical environments needed to work in a hybrid way. Helping colleagues make the transition to this new way of working, as well as supporting managers to lead their teams though this change is a key priority for 2021/22. There will be focus on the new policies and behaviour frameworks that will help this change, as well as the engagement and wellbeing support throughout the immediate return to the office, through the transition and as we embed good habits to sustain best practice in the longer term.

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.
- > The need to act fairly as between members of the company.

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 stakeholders

- > Stakeholder engagement is one of the core ways that we deliver on Discover Your Future. Effective engagement provides us with opportunities to build and maintain confidence in UCAS and our products, and with the insight and intelligence we need for both operational purposes and to ensure our products and services are fit for purpose. During the year, the Trustees approved the approach and their responsibilities, recognising 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.
- > Following approval from UCAS' legal membership of universities and colleges in 2020 to recruit an independent Chair, Trudy Norris-Grey, was appointed. Professor Edward Peck became Deputy Chair of the Board, and Thomas Chambers was appointed as the Senior Independent Director.
- > The Chair of the Board has engaged with a number of stakeholders as part of their induction and continues to meet regularly with Chairs of relevant bodies as well as groups of university leaders and employer organisations. On results day, some of the Trustees were present at the Rosehill location and they met with students, government, sector agencies, suppliers, and listened to calls from applicants.
- > The governance arrangements for the UCAS Council have been clarified and the Council's impact, responsibilities, and its membership have been strengthened. Where possible, Council papers and meetings have been aligned to the UCAS Board which will aid decision making. Council agendas have also moved away from operational matters towards a greater focus on the external environment and shaping UCAS' policy work. The Council's membership has also broadened to better reflect the views of apprentices, employers, policy thinkers, students, and the sector as a whole.

- > The Trustees 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.
- > Key publications were issued over the course of the year such as on student mental health, and *Where Next? Improving the journey to becoming an apprentice* report in May which showed that over half of students looking to apply to higher education in 2022 said they are interested in apprenticeships, but many find it hard to get the information they need about them. UCAS' goal is for its service to be as strong for would-be apprentices as it is for prospective undergraduates, allowing students to explore their options in a truly comparable manner.
- > Following stakeholder input, the Board initially paused the launch of Myriad by UCAS to conduct further stakeholder engagement. Subsequently and incorporating the further stakeholder feedback, the Board approved the launch of the Myriad platform, the new multi-language mobile app will support international students and their agents and advisers apply for postgraduate courses in the UK.
- > UCAS have worked closely with DfE officials, UUK, and the devolved nations on the government's post qualification admissions (PQA) consultation. Our submission to the consultation was informed by extensive engagement with 180 universities and colleges, over 700 teachers and their representative bodies, and nearly 15,000 students. It also draws on UCAS data from the nearly three million applications each cycle.

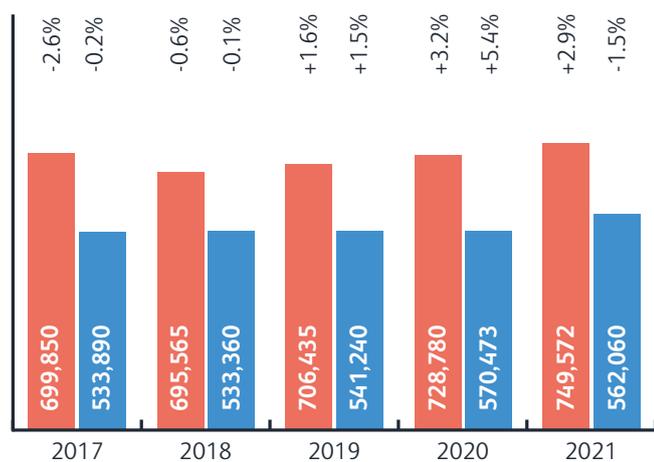
Engagement with employees

- > In line with our objective of being an employer of choice, a significant amount of workforce improvement has been delivered to develop the culture, capacity and capability of the workforce, including, a much greater focus on absence and turnover management, new terms and conditions, a new pay and grading framework, a performance and potential framework as well as changes to staff engagement and wellbeing.
- > How and where employees work is a contributing factor when choosing whether to work for UCAS and Covid-19 has forced UCAS, along with many others, to broaden our horizons as to the art of the possible. The Directors approved investment in the Rosehill site to re-purpose its use, redesigning the use of space and technology to allow a future flex approach, where colleagues can utilise the environment in which they think they excel best.
- > 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.
- > Further steps to improve equality and grow diversity and inclusion supported by data and a new EDI lead role has also been appointed to accelerate the delivery of a more ambitious set of targets in line with our 'Discover your Future' strategy.
- > Continued investing in wellbeing with 99% of respondents believing that UCAS cares about employee wellbeing.



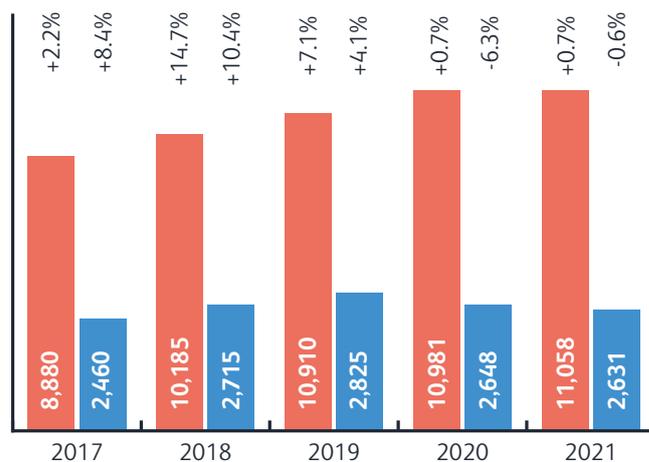
APPLICANT NUMBERS BY SCHEME

UCAS Undergraduate



■ Applicants
■ Acceptances

UCAS Conservatoires



■ Applicants
■ Acceptances

FINANCIAL REVIEW

The applicant numbers detailed on page 17, 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 group income increased by 3.8 per cent, to £51.7m. 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 increased by 1.3 per cent despite the impact of Covid-19 on physical events.

Total income (note 3) in 2021 vs. 2020 is shown below:



Provider fees	31.9%
Applicant fees	31.8%
UCAS Media	34.1%
Investment income	0.3%
Other	1.8%



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

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



Digital & Data	47%
Operations	13%
Sales & Marketing	21%
Support	18%



Digital & Data	57%
Operations	11%
Sales & Marketing	18%
Support	14%

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 £0.6m (2020 £6.4m). This is a key driver of the lower year on year expenditure with other notable savings in pay and third-party contracts. It is also worth noting that there were some cost reductions linked to the lockdown impositions of Covid-19 albeit much lower than the impact on income. Some of these costs are set to return in 2021/22.

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.

During the course of the year, UCAS acquired 100% of the shares of a student mobile application start-up (UK Unified Ltd) and created UCAS International. The cost was £1.5m which was paid in cash and in its first year of trading recorded a deficit of £0.6m. 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.

Cash reserves for the Group increased from £18.5m to £26.3m 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 increase by 20.5 per cent to a value of £8.4m as at 31 July 2021 (2020: £7.0m 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 18 of the accounts. The net charge for the UCAS Pension and Life Assurance Scheme (PLAS) for the year ended 31 July 2021 is £0.2m (2020: £0.2m), included in note 18, after cash contributions of £0.8m (2020: £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 2021, the return on scheme assets, and actuarial gain on the scheme liabilities totalling £4.8m positively impacted by market conditions, were recognised in other comprehensive income (2020: deficit £3.8m). The deficit recognised on the balance sheet decreased to £6.6m (2020: £12.2m).

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 £1.3m (2020: £1.4m) 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 2021. As a registered charity, UCAS seeks to benefit from the appropriate tax exemptions where it can.

STREAMLINED ENERGY AND CARBON REPORTING

UCAS is required to report 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 2020/21 financial year.

UCAS participated in the Energy Savings Opportunity Scheme (ESOS) during 2020/21. During the reporting year UCAS undertook a retrofit of the heating system at the Rosehill location which improves energy efficiency. In addition, existing gas-fired water heaters were replaced with efficient electrically heated tanks and the Building Management System was replaced with the most up to date Trend IQ control system to improve its environmental controls. It should also be noted that the lockdown impositions of Covid-19 have resulted in the Rosehill building having a significantly reduced occupancy, with a significant reduction in energy demand compared to our baseline reporting year (2019 financial year). Similarly, business travel was suspended, resulting in lower travel-related emissions.

Moving forwards UCAS are planning to construct a smaller data centre, which will have less energy demand in terms of cooling and power supply. UCAS are also planning to transition more of the building at the Rosehill location to LED lighting. These measures will help to further reduce UCAS' annual energy demand.

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 2020 – 31 July 2021, 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	1 Aug 2019 – 31 Jul 2020*	1 Aug 2020 – 31 Jul 2021*	Y.o.Y % change
Electricity	Scopes 2 & 3	994,890	951,587	-4.4%
Natural gas	Scope 1	513,883	456,354	-11.2%
Owned vehicles	Scope 1	57,908	1,497	-97.4%
Grey fleet	Scope 3	54,410	2,760	-94.9%
Total energy consumption (kWh)		1,621,091	1,412,197	-12.9%

*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 2020/21 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 2020 Conversion Factors for Company Reporting published annually by Defra and BEIS. m2 has been as the measure for intensity given that most emissions are driven by the building.

GHG emissions scope	1 Aug 2019 – 31 Jul 2020	1 Aug 2020 – 31 Jul 2021	Y.o.Y % change
Scope 1	108.64	84.29	-22.4%
Scope 2	254.29	221.85	-12.8%
Scope 3	12.95	0.69	-94.7%
Total GHG emissions*	375.89	306.84	-18.4%
GHG emissions intensity**	7.54	5.94	-21.2%
GHG emissions intensity***	0.07	0.06	-18.4%

*Results unit tonnes CO₂e

**Results unit tonnes CO₂e/£M Gross Income

***Results unit tonnes CO₂e/m²

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 continue to make improvements to our technical security, in response to the constantly changing cyber threat landscape. We have robust security incident management procedures, backup and recovery plans, as well as a comprehensive plan for business continuity and recovery. 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.
- > **Inability to attract and retain a sufficient number of specialist skills** – The recruitment market for certain skills has become increasingly competitive, particularly due to most organisations now recruiting these roles with the option to work remotely, with London based organisations that attract higher salaries now drawing from a much wider pool. To help mitigate this risk, a more structured approach to sourcing and resourcing has been implemented, focusing on short term vs long term resource requirements, talent mobility and expediting internal processes.
- > **Pensions deficit** – There is currently a deficit on the UCAS Pension and Life Assurance Scheme (PLAS) and the Universities Superannuation Scheme (USS). With regard to PLAS, the Directors and the pension scheme Trustees have agreed a plan to address the deficit with additional employer contributions. At the time of preparing the financial statements, the latest valuation for the USS scheme was underway with an effective date of 31 March 2020 but remained incomplete. Since the year end the 2020 actuarial valuation has been completed and is outlined in Note 23 Post Balance Sheet Event.

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 2020/21 audit programme included reviews such as homeworking controls, customer onboarding, contact centre, data platform, and cyber security. In addition, PwC also conducted an advisory report regarding product development, as well as fraud and verification. 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, as well as wellbeing developments, 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 Government guidelines for Covid-19), ensure the requirements of the Energy Savings Opportunities Scheme (ESOS) are being satisfied, and effectively manage UCAS' environmental impact and wellbeing.

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 cyclical 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 within the year. There are also risks which need to be managed.

There is therefore a need for cash at a sufficient level to fund expenditure as noted in the general reserve section below.

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

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

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

For the purposes of this policy, the calculation of the reserves held in the UCAS Group balance sheet is based on the net assets, excluding the pension scheme liability, minus tangible and intangible fixed assets. The pension liability has been excluded from the total, as UCAS has committed to a multi-year scheme recovery plan, which can be met from projected future income without significant impact on its planned levels of charitable activity. UCAS has also set aside two years of recovery payments in the general reserve, equivalent to £2.0m as at 31 July 2021.

The value of the reserves target is currently £27.2m (2020 £26.4m) based on the definition in the reserves policy versus actual reserves of £34.7m. (2020 £25.5m). Now that UCAS has met its reserves policy, significant investment is now underway to deliver the Discover your Future strategy which is available at ucas.com. It's likely that the amounts

above the reserves policy will be used over the next few years given the investment levels are aligned to the 2020 to 2025 strategy. The level of investment is a material step up for the organisation and is targeted in areas such as reform, higher and degree apprenticeships service, international, as well as information, advice and guidance. Further examples are outlined in the plans for the future section 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 which 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 and UCAS International are wholly owned subsidiaries of UCAS, which Gift Aid their profits to the Charity. It was therefore not considered appropriate to devise a separate reserves policy for UCAS Media or UCAS International. The total balance sheet fund value is £39.2m.

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 (PLAS), 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 2021 was £27.2m (2020 £11.0m).

INCOME RESERVES

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 therefore 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 2021 was £4.0m (2020 £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, as well as security and recovery provision. 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 and security and recovery provision
- > Tier two – technology suppliers
- > Tier three – other smaller technology suppliers

The target value should represent the annual cost of tier one. The value of this reserve as at 31 July 2021 was £8.0m (2020 £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 rolling 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, along with investment managers performance, by Finance Committee.

EMPLOYEE ENGAGEMENT

Our 'People Promise' aims to deliver on our promise to be an employer that provides a place where people belong, 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

- > promoting a hybrid way of working where people are able to work in way which suits both the business and individual success, while also creating a culture space within the office where people can connect and collaborate
- > 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

At UCAS everyone, no matter their identity, background or abilities, can Discover their Future. We believe that each individual is different with something unique to offer, and we realise the value this has for our UCAS community and the work we do. We are firmly committed to advancing equality, diversity and inclusion and this will be measured and evident through our workforce demographics and employee experience and satisfaction scores.

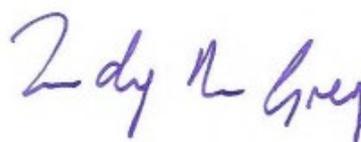
UCAS gives full and fair consideration to applications for employment from people with disabilities, having regard to their particular aptitudes and abilities. All reasonable adjustments are made for the continued employment and training, career development and promotion of people with disabilities employed by UCAS. UCAS do not condone or tolerate any form of discrimination in our recruitment or employment practices.

Key updates which were discussed by the Directors for 2020/21 include:

- > As part of UCAS' 'People promise' strategic objective, the introduction of a strategic measure to improve employee diversity by 2025
- > An established set of UCAS Executive EDI commitments, including flexible and remote working, collection of equality monitoring data and introducing diversity targets for UCAS employees and Board
- > The introduction of an 'Equality, Diversity and Inclusion Lead' role to manage all EDI activities under a central scheme

- > The development of UCAS' 'EDI Framework', to provide an assessment of organisational maturity and roadmap to improve this by 2025
- > Increased employee equality monitoring data disclosure to 70% (this includes an increase of 70% for some protected characteristics (such as sexual orientation) as these were not previously collected
- > The development of the office in consultation with employees to ensure this is inclusive, with recommendations made to improve accessibility and services. As an example, the redeveloped outside patio and meeting space is fully accessible to support current and future employees with a disability, and the new kitchen areas under construction will all have low level sinks.
- > Development of talent attraction to improve content, networks and attraction tools
- > Obtained Advance HE Affiliate membership
- > Ongoing gender pay reporting

The Directors' Report and incorporated Strategic Report were approved by the Board on 09 December 2021, and signed on its behalf by:



Trudy Norris-Grey
Chair
Date: 09 December 2021



**INDEPENDENT AUDITOR'S
REPORT TO THE MEMBERS
AND DIRECTORS OF THE
UNIVERSITIES AND COLLEGES
ADMISSIONS SERVICE**
FOR THE YEAR ENDED 31 JULY 2021

OPINION

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 2021 which comprise the Consolidated and Charity Statements of Financial Activities (incorporating an income and expenditure account), the Consolidated and Charity Statements of Financial Position, the Consolidated and Charity Statements of Cash Flows and notes to the financial statements, including 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 2021; 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the Report of Directors other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Report of Directors. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- > the information given in the directors' report and the strategic report, prepared for the purposes of company law and included within the Report of the Directors, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- > The directors' report and the strategic report, included within the Report of the Directors, 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 directors' report or the strategic report, included within the Report of the Directors.

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.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the statement of trustees' responsibilities set out on page 6 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

THE EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance

with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- > obtained an understanding of the nature of the sector, including the legal and regulatory framework that the group and parent charitable company operate in and how the group and parent charitable company are complying with the legal and regulatory framework;
- > inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- > discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, Charities and Trustee Investment (Scotland) Act 2005, the parent charitable company's governing document and tax legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the



financial statements including the Report of the Directors, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from internal/external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to UK General Data Protection Regulation (UK GDPR). We performed audit procedures to inquire of management whether the group is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The group audit engagement team identified the risk of management override of controls and income recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and performing data analytics, analytical review, test of controls and substantive tests of details over a sample of income transactions.

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

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
25 Farringdon Street
London
EC4A 4AB

Date: 12 January 2022

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

CONSOLIDATED AND CHARITY STATEMENT OF FINANCIAL ACTIVITIES

(INCORPORATING AN INCOME AND
EXPENDITURE ACCOUNT)

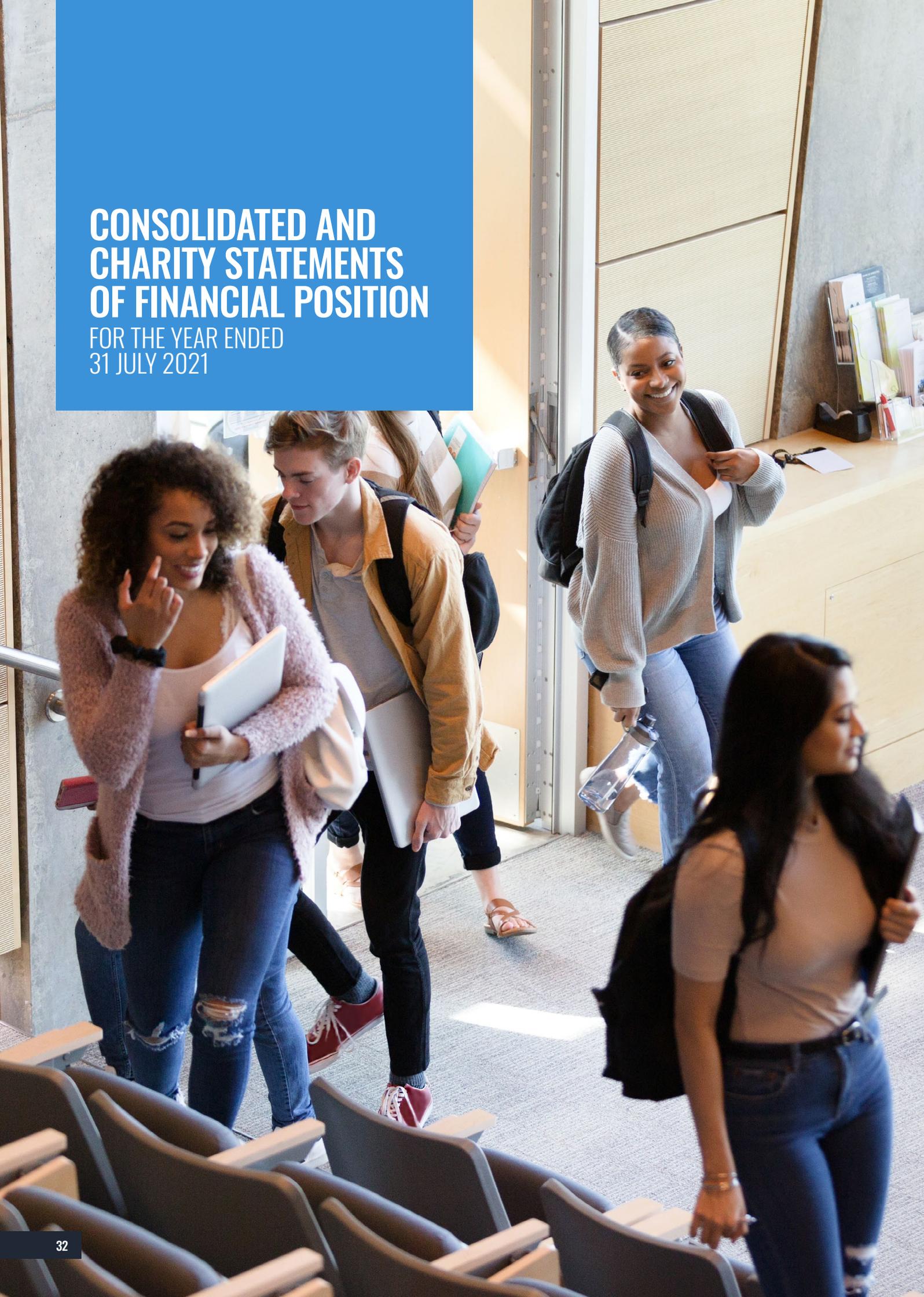
FOR THE YEAR ENDED 31 JULY 2021



	Notes	Group		Charity	
		Unrestricted Funds		Unrestricted Funds	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
Income					
Income from charitable activities:					
Provider and applicant fees	3	32,943	30,560	32,943	30,560
Other income	3	954	1,528	6,206	7,296
Raising funds:					
Income from trading activities	3	17,652	17,459	-	-
Gift Aid		-	-	2,066	1,666
Investment income	3	179	311	179	289
Total income		51,728	49,858	41,394	39,811
Expenditure					
Raising funds	4	(15,547)	(15,162)	(63)	(20)
Charitable activities	4	(25,368)	(37,488)	(29,926)	(42,584)
Total expenditure		(40,915)	(52,650)	(29,989)	(42,604)
Net gain on investments	9	1,362	(372)	1,362	(372)
Net income		12,175	(3,164)	12,767	(3,165)
Other recognised gains:					
Remeasurements of defined benefit obligation	18	4,844	(3,390)	4,844	(3,390)
Net movement in funds		17,019	(6,554)	17,611	(6,555)
Reconciliation of funds:					
Total funds brought forward		22,175	28,729	22,944	29,499
Total funds carried forward		39,194	22,175	40,555	22,944

CONSOLIDATED AND CHARITY STATEMENTS OF FINANCIAL POSITION

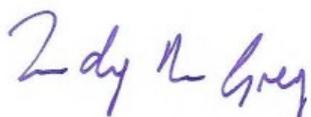
FOR THE YEAR ENDED
31 JULY 2021



	Notes	Group		Charity	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
Fixed assets					
Goodwill	7	204	-	-	-
Other intangible assets	7	7,569	7,056	5,178	6,174
Total intangible assets		7,773	7,056	5,178	6,174
Tangible assets	8	6,361	5,857	6,298	5,822
Investments	9	8,403	6,971	8,403	6,971
Investment in subsidiaries	10	-	-	2,479	1,026
		22,537	19,884	22,358	19,993
Current assets					
Debtors due within one year	11	8,455	8,501	5,924	5,744
Debtors due after more than one year	11	-	-	1,200	-
Cash at bank and in hand		26,325	18,508	23,961	16,015
		34,780	27,009	31,085	21,759
Current liabilities					
Creditors amounts falling due within one year	12	(10,150)	(10,939)	(4,915)	(5,029)
Net current assets		24,630	16,070	26,170	16,730
Creditors: amounts falling due after more than one year					
Deposit from property tenant		(80)	(100)	(80)	(100)
		(80)	(100)	(80)	(100)
Net assets excluding pension scheme liability		47,087	35,854	48,448	36,623
Deduct:					
Defined benefit pension scheme liability	18	(6,560)	(12,247)	(6,560)	(12,247)
Defined contribution pension scheme provision	18	(1,333)	(1,432)	(1,333)	(1,432)
Net assets		39,194	22,175	40,555	22,944
Funds					
Unrestricted funds: designated	15	12,000	11,200	12,000	11,200
Unrestricted funds: general	16	35,087	24,654	36,448	25,423
Pension scheme liability	18	(7,893)	(13,679)	(7,893)	(13,679)
Total funds		39,194	22,175	40,555	22,944

The financial statements on pages 30 to 71 were approved by the Board of Directors and authorised for issue on 09 December 2021.

Signed on behalf of the Board



Trudy Norris-Grey
Chair



CONSOLIDATED AND CHARITY STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED
31 JULY 2021

	Notes	Group		Charity	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
Net cash flow from operating activities		12,379	8,472	10,283	4,563
Cash flow from investing activities					
Interest received on bank and cash balances		33	115	33	93
Gift Aid income from subsidiary		-	-	1,668	4,401
Purchase of intangible fixed assets	7	(4,022)	(5,214)	(2,071)	(4,304)
Purchase of tangible fixed assets	8	(574)	(74)	(514)	(74)
Acquisition of subsidiary	10	-	-	(1,453)	-
Net cash used in investing activities		(4,563)	(5,173)	(2,337)	116
Cash flow from financing activities					
Repayments of obligations under finance leases		-	(29)	-	(29)
Net cash used in financing activities		-	(29)	-	(29)
Change in cash and cash equivalents in the reporting period		7,816	3,270	7,946	4,650
Cash and cash equivalents at the beginning of the reporting period		18,508	15,238	16,015	11,365
Cash and cash equivalents at the end of the reporting period		26,325	18,508	23,961	16,015

NOTES TO THE STATEMENTS OF CASH FLOWS

	Notes	Group		Charity	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
Income for the year		51,728	49,858	41,394	39,811
Less Gift Aid income for the year		-	-	(2,066)	(1,666)
Expenditure in the year	4	(40,915)	(52,650)	(29,989)	(42,604)
Add back investment charges	9	63	20	63	20
Add back VAT reclaimed on investment charges	9	13	4	13	4
Less investment income	3	(179)	(311)	(179)	(289)
Operating surplus/(deficit)		10,710	(3,079)	9,236	(4,724)
(Increase)/decrease in debtors	11	46	(123)	(1,380)	1,899
Less increase/(decrease) in Gift Aid debtor		-	-	398	(2,735)
Debtor adjustment		(53)	29	(51)	26
Increase in creditors	12	(789)	1,059	(114)	(414)
Deposit received from tenant		(20)	(30)	(20)	(30)
Depreciation	8	122	596	90	553
Amortisation	7	2,748	4,400	2,509	4,367
Impairment and loss on disposal of fixed assets	7 & 8	557	7,503	557	7,503
Remeasurement of USS liability	18	(120)	(1,151)	(120)	(1,151)
FRS102 pension adjustment	18	(822)	(732)	(822)	(732)
Net cash flow from operating activities		12,379	8,472	10,283	4,563



**NOTES TO
THE FINANCIAL
ACCOUNTS**
FOR THE YEAR ENDED
31 JULY 2021

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 through to 2023/24 and is presented to the Board as part of the business planning agenda in July. As at July 2021, UCAS has a cash balance of £26.3m and an investment fund of £8.4m.

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 and UCAS International Limited – wholly owned subsidiaries of UCAS. Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 July.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the parent Charity.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs.

The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent consideration acquired is recognised as goodwill.

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 income or expenditure, 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.

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 its subsidiaries 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

Intangible fixed assets – goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the identifiable assets and liabilities acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years, which represents the period over which the goodwill is expected to give rise to economic benefits. Amortisation is charged to the expenditure: charitable activities line on the statement of financial activities.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Intangible fixed assets – other than goodwill

Internally developed software is initially recognised at cost and, once it becomes available to use, amortised 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.

Intangible assets arising on a business combination are recognised separately from goodwill if the intangible asset is both separable and arises from legal or contractual rights. Intangible assets acquired on a business combination are initially recognised at cost (the fair value of the asset at acquisition date) and, once it becomes available to use, amortised over the useful life of that software.

Capitalised software licences are initially recognised at cost and then amortised over the shorter of five years or the agreed licence period.

Intangible assets are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:

- > Software (internally developed) Five years
- > 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 income or expenditure.

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 income or expenditure. 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 – operating leases

All other leases are operating leases, and the annual rentals are charged to income or expenditure 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 subsidiaries are 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 18 to these accounts.

Fund accounting

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

Designated funds comprise unrestricted funds 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	
	2021 No.	2020 No.	2021 No.	2020 No.
Application and administrative services	358	390	358	390
Commercial activities	85	78	-	-
	443	468	358	390

The aggregate payroll costs of these persons were as follows:

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Salaries	17,746	18,286	11,352	14,115
Social security costs	1,867	2,004	1,553	1,727
Defined contribution pension cost	1,213	1,034	998	884
Pensions costs – multi-employer DB scheme	674	683	610	624
	21,500	22,007	14,513	17,350
Capitalised	(2,091)	(730)	(2,016)	(730)
	19,409	21,277	12,497	16,620
Restructure costs	444	497	291	441
	19,853	21,774	12,788	17,061

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 £444k (2020: £497k) were incurred (of which £142k (2020: £161k) 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	
	2021 No.	2020 No.	2021 No.	2020 No.
£60,001 - £70,000	14	15	12	11
£70,001 - £80,000	12	11	10	11
£80,001 - £90,000	6	2	5	2
£90,001 - £100,000	2	5	2	4
£100,001 - £110,000	1	1	1	1
£120,001 - £130,000	-	1	-	1
£130,001 - £140,000	1	1	1	1
£140,001 - £150,000	2	2	2	2
£150,001 - £160,000	-	1	-	-
£170,001 - £180,000	1	-	1	-
£190,001 - £200,000	-	1	-	1

The key management personnel of UCAS comprises the Executive Team, which includes the Chief Executive, Chief Digital and Data Officer and Managing Director UCAS International, Chief Operations Officer, Chief Financial Officer, Director of Human Resources, Chief Marketing Officer, Director of Strategy, Policy and Public Affairs and Director, Digital Transformation Programme. During the course of 2020/21, it also included the Director of External Relations (resigned October 2020) but this position has now been removed from the Executive Team structure.

The Chief Executive (in band £170,001 — £180,000 above) received total employee benefits, including pension contributions, of £213,853 (2020: £231,673), and the associated NI contributions were £24,936 (2020: £23,795). The total employee benefits, including employer pension contributions of the key management personnel of UCAS, were £1,386,850, (2020: £1,324,584), and employer NI contributions for these personnel were £128,436 (2020: £143,490).

Pension scheme contributions paid by the Group in respect of the people listed above amounted to £611,105 (2020: £603,240). The pension scheme contributions paid by the Charity in respect of the people listed above amounted to £547,427 (2020: £527,733). In the year 2020/21, the contribution to the USS scheme was £571,205 (2020: £545,519), and to the UCAS Group Stakeholder Pension Plan was £46,008 (2020: £58,021).

Directors

None of the Directors received remuneration for services to the Charity (2020: nil). Travelling expenses of £nil were reimbursed to the Directors (2020: eleven Directors, £4,152), in respect of attendance at meetings. During the year, no emoluments were paid to non-executive Directors of UCAS Media Limited (2020: £nil) and UCAS International Limited.

Professional indemnity insurance

The Charitable Company paid a premium of £5,215 (2020 £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

	2021 £'000	2020 £'000
Institutional and applicant fees		
Provider fees	16,508	15,216
Applicant fees	16,435	15,344
	32,943	30,560
Other income		
Data services sales	158	298
Brand and data charge	3,051	3,030
Management and resourcing recharge	2,201	2,738
Fraud grant	67	67
Other income	729	1,163
	6,206	7,296
Investment income	179	289
	39,328	38,145
Trading operations		
UCAS Media Limited	17,652	17,460
Investment income	-	22
	17,652	17,482
Intercompany	(5,252)	(5,769)
Group income	51,728	49,858

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 £2,066k (2020: £1,666k) from UCAS Media to UCAS will be paid by 30 April 2022.

4. EXPENDITURE

GROUP:	Direct staff costs	Direct costs	Brand and data	Other support costs	Total 2021	Total 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Raising funds						
Cost of investments	-	63	-	-	63	20
Commercial activities	6,347	3,578	3,051	2,508	15,484	15,142
	<u>6,347</u>	<u>3,641</u>	<u>3,051</u>	<u>2,508</u>	<u>15,547</u>	<u>15,162</u>
Charitable activities						
Admissions service	6,047	2,350	(3,051)	11,106	16,452	18,517
Special projects	2,512	3,516	-	777	6,805	16,966
Analysis and research	738	65	-	1,308	2,111	2,005
	<u>9,297</u>	<u>5,931</u>	<u>(3,051)</u>	<u>13,191</u>	<u>25,368</u>	<u>37,488</u>
Total expenditure of the group	<u>15,644</u>	<u>9,572</u>	<u>-</u>	<u>15,699</u>	<u>40,915</u>	<u>52,650</u>

Analysis of support costs	Raising funds	Admissions service	Special projects	Analysis & research	Total 2021	Total 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Governance	79	747	-	-	826	892
Finance	629	1,084	-	14	1,727	2,039
Human resources	442	584	74	123	1,222	1,059
Information technology	1,325	7,572	641	1,067	10,604	11,626
Facilities	-	870	62	104	1,036	1,524
General management	34	249	-	-	283	413
Total support costs	<u>2,508</u>	<u>11,106</u>	<u>777</u>	<u>1,308</u>	<u>15,699</u>	<u>17,553</u>

Analysis of governance costs	Total 2021	Total 2020
	£'000	£'000
Internal audit	81	48
External audit	41	32
Legal and professional consulting	539	619
Trustees	44	47
AGM	-	9
Other governance costs	121	138
Total governance costs	<u>826</u>	<u>892</u>

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

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

CHARITY:

Raising funds

	Direct staff costs £'000	Direct costs £'000	Other support costs £'000	Total 2021 £'000	Total 2020 £'000
Cost of investments	-	63	-	63	20
	-	63	-	63	20

Charitable activities

Admissions service	5,882	2,307	12,821	21,010	24,153
Special projects	2,512	3,516	777	6,805	15,300
Analysis and research	738	65	1,308	2,111	3,131
	9,132	5,888	14,906	29,926	42,584

Total expenditure of the group

	9,132	5,951	14,906	29,989	42,604
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Analysis of support costs

	Admissions service £'000	Special projects £'000	Analysis & research £'000	Total 2021 £'000	Total 2020 £'000
Governance	796	-	-	796	879
Finance	1,159	-	14	1,173	1,457
Human resources	817	74	123	1,014	1,059
Information technology	8,896	641	1,067	10,604	13,240
Facilities	870	62	104	1,036	1,524
General management	283	-	-	283	413
Total support costs	12,821	777	1,308	14,906	18,572

Analysis of governance costs

	Total 2021 £'000	Total 2020 £'000
Internal audit	81	48
External audit	27	28
Legal and professional consulting	523	610
Trustees	44	47
AGM	-	9
Other governance costs	121	138
Total governance costs	796	879

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	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Current tax				
UK corporation tax	-	-	-	-

Factors affecting the tax charge for the year:

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Net income for the year before tax	12,175	(3,164)	12,767	(3,165)
Tax on income at standard CT rate of 19 per cent	2,313	(601)	2,426	(601)
Effects of: Income not taxable for tax purposes	(2,313)	601	(2,426)	601
Total current tax charge	-	-	-	-

6. NET INCOME FOR THE YEAR IS STATED AFTER CHARGING

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Depreciation of tangible fixed assets	70	596	38	553
Impairment of tangible fixed assets	-	161	-	161
Amortisation of intangible assets	2,748	4,400	2,509	4,366
Impairment of intangible assets	557	6,282	557	6,282
Loss on disposal of intangible assets	-	1,060	-	1,060
Operating Lease costs	18	20	18	20
Auditor's remuneration - audit fees	41	32	27	22
Auditor's remuneration - taxation compliance services	7	10	4	5
Internal auditor's remuneration	81	48	81	48
And after crediting:				
Interest on deposits receivable	33	115	33	93
Dividends receivable on investment portfolio	146	196	146	196



7. INTANGIBLE ASSETS

CONSOLIDATED:

	Goodwill £'000	Licences £'000	Software £'000	Work in progress £'000	Total £'000
Cost					
At 1 August 2020	1,361	869	24,736	4,243	31,209
Additions – Internally developed	-	-	807	1,715	2,522
Additions – on acquisition of subsidiary	240	-	-	1,260	1,500
Transfers	-	-	1,643	(1,643)	-
At 31 July 2021	1,601	869	27,186	5,575	35,231
Amortisation and impairment					
At 1 August 2020	1,361	823	18,819	3,150	24,153
Impairment charge for the year	-	-	-	557	557
Amortisation charge for the year	36	15	2,697	-	2,748
At 31 July 2021	1,397	838	21,516	3,707	27,458
Net book value					
At 1 August 2020	-	46	5,917	1,093	7,056
At 31 July 2021	204	31	5,670	1,868	7,773

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

CHARITY:

	Licences £'000	Software £'000	Work in progress £'000	Total £'000
Cost				
At 1 August 2020	869	23,794	4,243	28,907
Additions	-	431	1,640	2,071
Transfers	-	1,643	(1,643)	-
At 31 July 2021	<u>869</u>	<u>25,869</u>	<u>4,239</u>	<u>30,978</u>
Amortisation and impairment				
At 1 August 2020	823	18,760	3,150	22,733
Impairment charge for the year	-	-	557	557
Amortisation charge for the year	15	2,494	-	2,509
At 31 July 2021	<u>838</u>	<u>21,254</u>	<u>3,707</u>	<u>25,799</u>
Net book value				
At 1 August 2020	<u>46</u>	<u>5,034</u>	<u>1,093</u>	<u>6,173</u>
At 31 July 2021	<u>31</u>	<u>4,615</u>	<u>532</u>	<u>5,178</u>

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

As at 31 July 2021, 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	507	2.7
Undergraduate agent portal	551	4.8

8. TANGIBLE ASSETS

CONSOLIDATED:	Land	Buildings and contents	Hardware and equipment	Vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 August 2020	3,150	5,181	4,829	15	13,175
Additions	-	498	76	-	574
Disposals	-	-	(39)	-	(39)
At 31 July 2021	3,150	5,679	4,866	15	13,710
Depreciation					
At 1 August 2020	-	2,641	4,662	15	7,318
Disposals	-	-	(39)	-	(39)
Depreciation charge for the year	-	(52)	122	-	70
At 31 July 2021	-	2,589	4,745	15	7,349
Net book value					
At 1 August 2020	3,150	2,540	167	-	5,857
At 31 July 2021	3,150	3,090	121	-	6,361
CHARITY:					
	Land	Buildings and contents	Hardware and equipment	Vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 August 2020	3,150	5,139	3,934	15	12,238
Additions	-	498	16	-	514
Disposals	-	-	(37)	-	(37)
At 31 July 2021	3,150	5,637	3,913	15	12,715
Depreciation					
At 1 August 2020	-	2,599	3,802	15	6,416
Disposals	-	(52)	(37)	-	(89)
Depreciation charge for the year	-	-	90	-	90
At 31 July 2021	-	2,547	3,855	15	6,417
Net book value					
At 1 August 2020	3,150	2,540	132	-	5,822
At 31 July 2021	3,150	3,090	58	-	6,298

9. INVESTMENTS

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Opening value	6,971	7,171	6,971	7,171
Interest and dividends	146	196	146	196
Net unrealised gain	1,362	(372)	1,362	(372)
Charges for the period	(63)	(20)	(63)	(20)
VAT payable on charges	(13)	(4)	(13)	(4)
Closing value	8,403	6,971	8,403	6,971

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	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
UK bonds	1,084	1,292	1,084	1,292
Equities				
UK	3,198	3,016	3,198	3,016
Europe	549	286	549	286
North America	1,062	448	1,062	448
Asia Pacific	266	215	266	215
Emerging markets	161	168	161	168
Property	364	332	364	332
Alternative assets	1,549	1,172	1,549	1,172
Cash	170	41	170	41
	8,403	6,971	8,403	6,971

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 International Limited	Ordinary	100%	1,453	Educational support 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 (2020: 1,000 shares). This investment is held at a carrying amount of £1,025,768 (2020: £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.

During the year, the Charitable Company acquired 100% of the issued share capital of UCAS International Limited, registered in England. This investment is held at a carrying amount of £1,453,282. The principal activity of the company is educational support services. Profits of the subsidiary company are transferred under the Gift Aid regime to the parent company.

UCAS Consultancy and Insights is not trading.

The statutory accounts of UCAS Media Limited and UCAS International Limited are fully audited and published separately. Refer to notes 19 and 20 for a summary of the trading results of UCAS Media Limited and UCAS International Limited respectively.

Acquisition of UCAS International Limited

On 20 October 2020, the Charitable Company acquired 100% of the issued share capital of UCAS International Limited for consideration of £1,453,282. The principal activity of UCAS International Limited is Educational support services.

The acquisition has been accounted for under the purchase method. The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group:

	Book Value £'000	Revaluation £'000	Fair value to Group £'000
Fixed assets			
Intangible fixed assets	-	1,260	1,260
Current assets			
Debtors due within one year	12	-	12
Current liabilities			
Creditors: amounts falling due within one year	(59)	-	(59)
Net assets	(47)	1,260	1,213
Goodwill			240
			<u>1,453</u>
Satisfied by:			
Cash consideration			<u>1,453</u>
			<u>1,453</u>



11. DEBTORS

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Amounts falling due within one year				
Trade debtors	4,972	5,581	149	535
Amounts owed by subsidiaries	-	-	3,280	2,963
Other debtors	116	73	115	66
Prepayments and accrued income	3,219	2,847	2,140	2,180
Value-added tax	148	-	240	-
	8,455	8,501	5,924	5,744

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Amounts falling due after more than one year				
Amounts owed by subsidiaries	-	-	1,200	-
	-	-	1,200	-



12. CREDITORS

Amounts falling due within one year

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade creditors	2,732	2,180	2,231	1,690
Social security and other taxes	489	1,824	489	1,330
Other creditors	314	254	247	254
Accruals and deferred income	6,615	6,681	1,948	1,755
	10,150	10,939	4,915	5,029

Deferred income

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Deferred income at 31 July	4,599	3,016	126	210
Deferred income released during the year	(4,599)	(3,016)	(126)	(210)
Income deferred during the year	4,252	4,599	38	126
Deferred income at 31 July	4,252	4,599	38	126

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	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Financial assets:				
Cash	26,325	18,508	23,961	16,015
Trade debtors	5,567	5,581	149	535
Other debtors	116	73	3,395	3,029
Accrued income	475	101	6	48
Investments	8,403	6,971	8,403	6,971
Total	40,886	31,234	38,393	27,624
Financial liabilities:				
Trade creditors	3,327	2,180	2,231	1,690
Other creditors	314	254	247	254
Accrued expenditure	2,367	3,122	1,914	2,633
Total	6,008	5,556	4,392	4,577

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:

	2021 £'000	2020 £'000
Amounts due:		
Within one year	9	28
Between one and five years	13	35
	22	63

15. UNRESTRICTED FUNDS: DESIGNATED

	Technology reserve	Income reserve	Total	Total
	2021	2021	2021	2020
	£'000	£'000	£'000	£'000
Group				
Value at beginning of the year	8,000	3,200	11,200	10,000
Movement in the year	-	800	800	1,200
Value at end of the year	8,000	4,000	12,000	11,200
Charity				
Value at beginning of the year	8,000	3,200	11,200	10,000
Movement in the year	-	800	800	1,200
Value at end of the year	8,000	4,000	12,000	11,200

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 in the Report of the Directors.

16. UNRESTRICTED FUNDS: GENERAL

	Group		Charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Value at beginning of the year	24,654	30,901	25,423	31,671
Surplus / (deficit) for the year	12,175	(3,164)	12,767	(3,165)
Transfer (to)/from designated funds	(800)	(1,200)	(800)	(1,200)
FRS102 pension adjustments	(942)	(1,883)	(942)	(1,883)
Value at end of the year	35,087	24,654	36,448	25,423

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. It's likely that the amounts above the reserves policy will be used over the next few years given the investment levels are aligned to the 2020 to 2025 strategy.



17. NET ASSETS BY FUND

Group

The consolidated net assets held as at 31 July 2021 for the various funds are as follows:

	Fixed assets (excl. investments)	Net current assets and investments	Long term liabilities	Pension scheme liability	Total	Total
	2021	2021	2021	2021	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds: designated	8,000	4,000	-	-	12,000	11,200
Unrestricted funds: general	6,134	29,033	(80)	(7,893)	27,194	10,975
	14,134	33,033	(80)	(7,893)	39,194	22,175

The consolidated net assets held as at 31 July 2020 for the various funds were 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
	12,913	23,041	(100)	(13,679)	22,175	28,729

Charity

The net assets held as at 31 July 2021 for the various funds are as follows:

	Fixed assets (excl. investments)	Net current assets and investments	Long term liabilities	Pension scheme liability	Total	Total
	2021	2021	2021	2021	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds: designated	8,000	4,000	-	-	12,000	10,000
Unrestricted funds: general	3,476	33,053	(80)	(7,893)	28,555	19,499
	11,476	37,053	(80)	(7,893)	40,555	29,499

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
	11,995	24,727	(100)	(13,679)	22,943	29,499



18. PENSION SCHEMES

The Group participates in four pension schemes: one defined benefit pension scheme, one defined benefit scheme that is accounted for as if it were a defined contribution scheme (as required by FRS 102 section 28 'Employee Benefits'), and two defined contribution schemes. Employees join the appropriate scheme, depending on their employment terms. The total cost to the Group for the year ended 31 July 2021, 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:

	2021	2020
	£'000	£'000
Defined contribution schemes	1,213	1,034
Multi-employer defined benefit scheme	674	683
	1,887	1,717

At 31 July, there were outstanding employer's and employees' contributions, including any additional voluntary contributions to the schemes, included in social security and other taxes within the creditors note, as follows:

	2021	2020
	£'000	£'000
Defined benefit scheme	86	82
Defined contribution scheme	135	131
Multi-employer defined benefit scheme	82	92
	303	305

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 50 active deferred members, 181 preserved members, and 165 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 2021, UCAS made additional contributions of £819k.

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

Assumptions	31 July	31 July
	2021	2020
	Per cent	Per cent
Discount rate	1.62	1.47
Salary increase	3.84	3.50
Inflation (RPI)	3.34	3.00
Inflation (CPI)	2.84	2.10
Pension increases (pre-April 2005)	4.22	4.15
Pension increases (post-April 2005)	2.25	2.15
Revaluation in deferment (CPI max 5.0 per cent)	2.84	2.10
Revaluation in deferment (CPI max 2.5 per cent)	3.14	2.10
Mortality base table	SP3xA	SP3xA
Projection basis	CMI 2020	CMI 2019
Long term improvement trend	1.00	1.00
Percentage of death rates applied	100	100



Life expectancies from age 65 years	31 July 2021 Years	31 July 2020 Years
Male currently aged 45	22.70	22.70
Female currently aged 45	25.20	25.20
Male currently aged 65	21.70	21.70
Female currently aged 65	24.10	24.00

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

	2021 £'000	2020 £'000
Past service cost	4	-
Net interest on net defined benefit liability	173	200
Total operating charge	177	200

Changes in the fair value of the scheme assets	31 July 2021 £'000	31 July 2020 £'000
Fair value of scheme assets at the beginning of the year	55,773	50,617
Interest income on plan assets	819	1,108
Employer contributions	1,020	986
Benefits paid	(1,088)	(1,063)
Remeasurement gain	2,759	4,125
Fair value of scheme assets at the end of the period	59,283	55,773

Changes in the present value of the defined benefit obligation	31 July 2021	31 July 2020
	£'000	£'000
Present value of scheme liabilities at the beginning of the period	68,020	60,260
Past service cost	4	-
Interest cost	992	1,308
Benefits paid	(1,088)	(1,063)
Expenses and insurance premiums paid	-	-
Actuarial (gain)/loss on liabilities	(2,085)	7,515
Present value of scheme liabilities at the end of the period	65,843	68,020
Amounts to be recognised on the balance sheet		
Fair value of scheme assets	59,283	55,773
Present value of scheme liabilities	(65,843)	(68,020)
Balance sheet liability	(6,560)	(12,247)

Total Actuarial Loss featured in the Statement of Financial Activities

The Statement of Financial Activities (SoFA) includes a total actuarial gain/loss for the UCAS Pension and Life Assurance Scheme (1993) of £4,844k, gain (2020: £3,390k, loss), comprising a remeasurement gain on scheme assets of £2,759k and an actuarial gain on scheme liabilities of £2,085k.

The actuarial return on plan assets was £3.6m (2020: £5.2m). The analysis of the scheme assets at the reporting date was as follows:

	31 July 2021	31 July 2020
	Per cent:	Per cent:
Equities	29.7	24.9
Bond (non-gilt)	18.2	22.7
LDI funds	26.4	27.9
Multi-asset growth	25.3	24.0
Cash and net current assets	0.4	0.5
	100.0	100.0

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 income or expenditure 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 2021 and 2020:

	2021	2020
Discount rate	2.15 per cent	2.55 per cent
Pensionable salary growth	n/a	n/a
Pensions increases (CPI)	2.50 per cent	2.05 per cent

The main demographic assumption used relates to the mortality assumptions. These assumptions have been updated for the 31 March 2021 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:

	2021	2020
Mortality base table	<p>Pre-retirement: 71 per cent of AMCO0 (duration 0) for males, and 112 per cent of AFC00 (duration 0) for females</p> <p>Post-retirement: 97.6 per cent of SAPS S1NMA 'light' for males, and 102.7 per cent of RFV00 for females</p>	<p>Pre-retirement: 71 per cent of AMCO0 (duration 0) for males, and 112 per cent of AFC00 (duration 0) for females</p> <p>Post-retirement: 97.6 per cent of SAPS S1NMA 'light' for males, and 102.7 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_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

The current life expectancies on retirement at age 65 are:

	31 July 2021	31 July 2020
	Years	Years
Male currently aged 45	26.70	26.30
Female currently aged 45	27.90	27.70
Male currently aged 65	24.70	24.40
Female currently aged 65	26.10	25.90

	2021	2020
	£bn	£bn
Scheme assets	80.6	66.5
Total scheme liabilities	95.5	79.7
FRS 102 total scheme deficit	14.9	13.2
FRS 102 total funding level	84%	83%

Amounts recognised in the balance sheet	2021 £'000	2020 £'000
Liabilities at beginning of the year	(1,432)	(2,529)
Interest costs	(21)	(54)
Remeasurement of the scheme liabilities	120	1,151
Balance sheet liability	<u>(1,333)</u>	<u>(1,432)</u>

At 31 July 2021, UCAS had 37 active members participating in the scheme.

The total pension cost for the group was £674k (2020: £683k). This includes £54k (2020: £57k) outstanding employer's contributions at 31 July 2021 included in social security and other taxes within the creditors note. 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 403 (2020: 415).

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 £1,598k (2020: £1,034k). This includes £135k (2020: £136k) outstanding employer's contributions as at 31 July 2021 included in social security and other taxes within the creditors note.



19. TRADING RESULTS OF UCAS MEDIA LIMITED

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

	Notes	2021 £'000	2020 £'000
Turnover	2	17,651	17,460
Distribution costs		(5,827)	(5,978)
Brand and data charge	3	(3,001)	(3,030)
		8,823	8,452
Expenses			
Administrative		(6,757)	(6,806)
Total administrative expenses		(6,757)	(6,806)
Operating profit		2,066	1,646
Interest receivable		-	20
Profit before tax	3	2,066	1,666
Taxation	5	-	-
Profit after tax		2,066	1,666

The aggregate amount of the capital and reserves of UCAS Media Limited, as at 31 July 2021, was £259k (2020: £259k). Aggregate assets were £7,066k (2020: £8,217k), and aggregate liabilities were £7,931k (2020: £8,880k).



20. TRADING RESULTS OF UCAS INTERNATIONAL LIMITED – FROM ACQUISITION DATE TO 31 JULY 2021

UCAS INTERNATIONAL LIMITED, REGISTERED IN ENGLAND, COMPANY NUMBER 12083693.

	Notes	2021 £'000
Turnover	2	-
Brand and data charge	3	(50)
Expenses		
Administrative		(504)
Total administrative expenses		(554)
Operating profit / (loss) and profit / (loss) before tax		(554)
Interest receivable		-
Profit / (loss) before tax	3	(554)
Taxation	5	-
Profit / (loss) after tax		(554)

The aggregate amount of the capital and reserves of UCAS International Limited, as at 31 July 2021, was (£601k). Aggregate assets were £1,374k, and aggregate liabilities were £1,975k.

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 or UCAS International Limited was paid emoluments (2020: £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 companies:

	2021					
	Intercompany debtor as at 31 July 2021 £'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	-	-	3,390	3,001	2,086	2,066
UCAS International Limited	1,200	-	-	50	115	-

	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	-	(1)	2,835	3,030	2,738	1,666
UCAS International Limited	-	-	-	-	-	-

22. 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 18 for details), and those involved in estimating an intangible software asset's likely useful life upon capitalisation and impairment (see policy on capitalisation of software assets for details).

On the acquisition of UCAS International Limited, that occurred on 20 October 2020, the Directors of the Group considered the fair value of the assets and liabilities acquired and identified a separately identifiable intangible asset, in addition to the assets and liabilities included on the acquisition balance sheet of UCAS International, in the form of partially developed software. The fair value on acquisition of this intangible asset has been determined as £1,260,000 and this has been recognised separately from goodwill. In determining the fair value on acquisition, the Directors used estimates and assumptions based on market data and a third-party valuation.

Critical areas of judgement

The Directors considered the useful economic life of goodwill for UCAS International Limited and concluded that the useful economic life is limited to 5 years, which represents the period over which the goodwill is expected to give rise to economic benefits. At the reporting date the carrying value of goodwill was £204,000 (2020: £nil). Amortisation of £36,000 (2020: £nil) was recognised in the year.

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. During the year, this resulted in a charge of £0.6m.

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 18 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.

23. POST BALANCE SHEET EVENT

Universities Superannuation Scheme (USS) Pension

Since the year end, the 2020 actuarial valuation has been completed and a new dual rate schedule of contributions has been agreed with an effective date of 1 October 2021. 'Leg 1' applies from 1 October 2021 and assumes the benefit change deed will be entered into on or before 28 February 2022 and overall contribution rates are set at 31.2% of salaries (previously 30.7%). 'Leg 2' is a backstop schedule of higher contributions should the recommended deed on benefit changes by the Joint Negotiating Committee not be executed by February 2022. In this scenario, higher deficit recovery contributions will commence from 1 October 2022 at 3% and then increase every 6 months until they reach 20% at 1 October 2025 (resulting in a total contribution rate of 57.0% from October 2025). Recalculating the USS provision on the basis of these contributions would result in an increased obligation to fund the deficit for 'Leg 1' of £3.5m, an increase of £2.2m, and for 'Leg 2' £5.9m, an increase of £4.6m. UCAS' Financial Statements for the year ended 31 July 2022 will reflect the outcome of 'Leg 1' or 'Leg 2', subject to any other changes in the financial and operational assumptions.

